TISCALI

The European Internet Company

First half 2002 results

1H 02 highlights

- € 367.7 m revenues, up 42% from 1H 2001

- Gross margin at 47% up from 22% in 1H 2001, led by successful integration of all the assets acquired

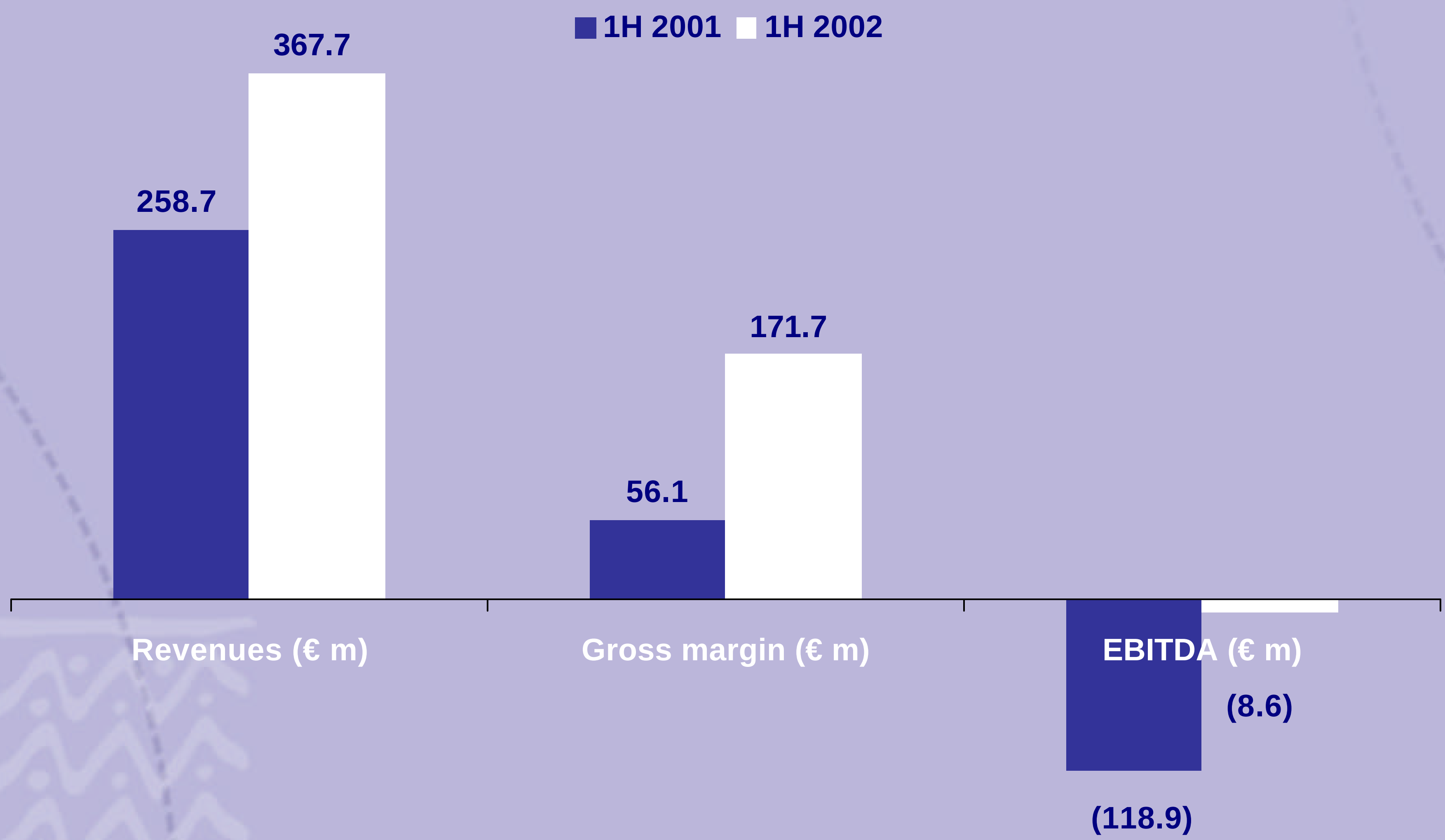
- EBITDA at (8.6) € m, compared to an EBITDA loss equal to (118.9) in 1H 01

- Total cash resources equal to € 477 m including the recent € 150m bond issue

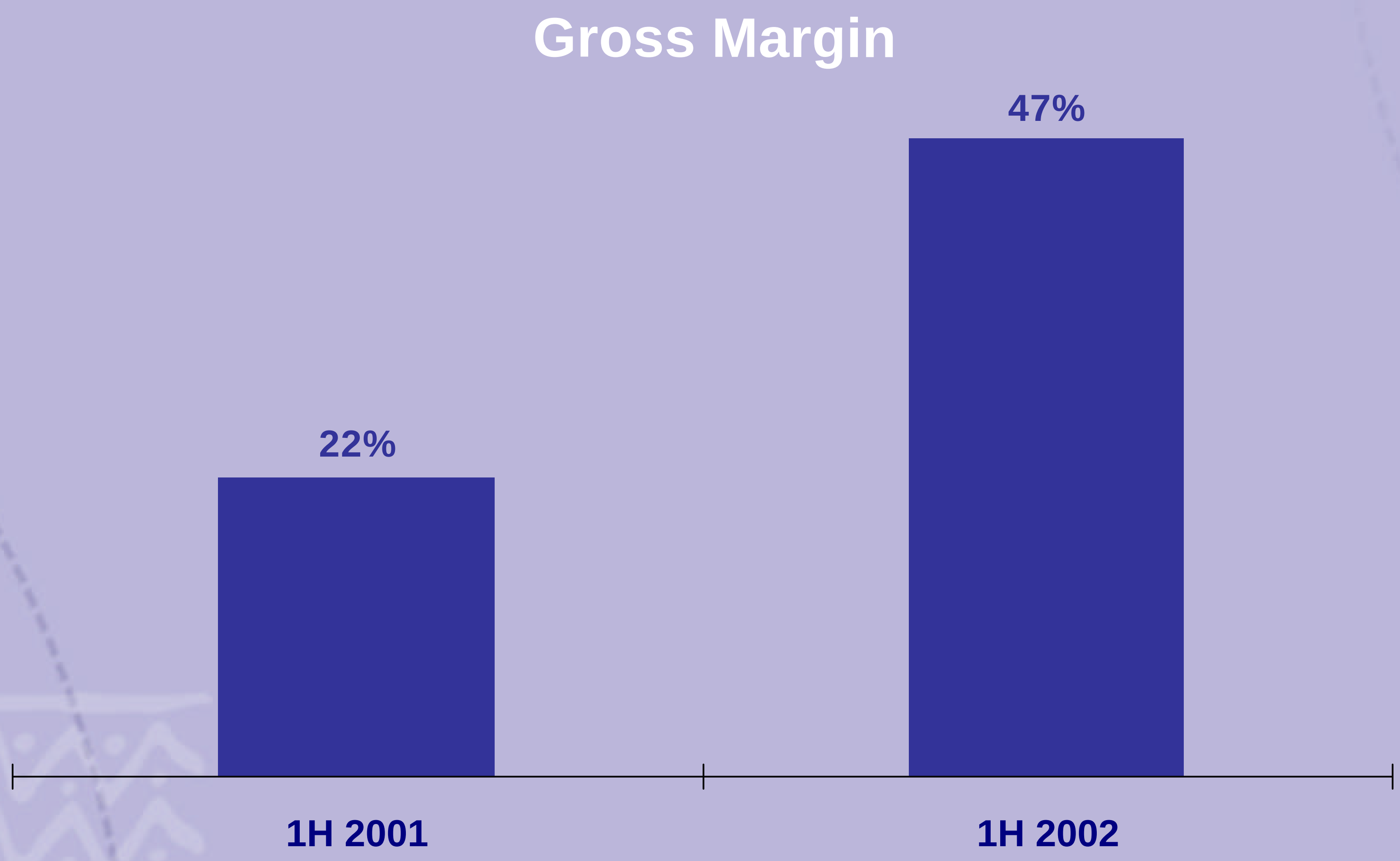
1H 02 highlights

- € 257.7 m access revenues, up 53% from 1H 2001
- 20,5 m registered dial up subscribers, 7.0 million active users, 100K ADSL customers
- 20 bn dial up minutes in 1H 02
- Portal revenues in 1H 02 equal to 27.2, up 30 % from 1H 01
- B2B revenues up 31% compared to 1H 01

H1 02 vs H1 01

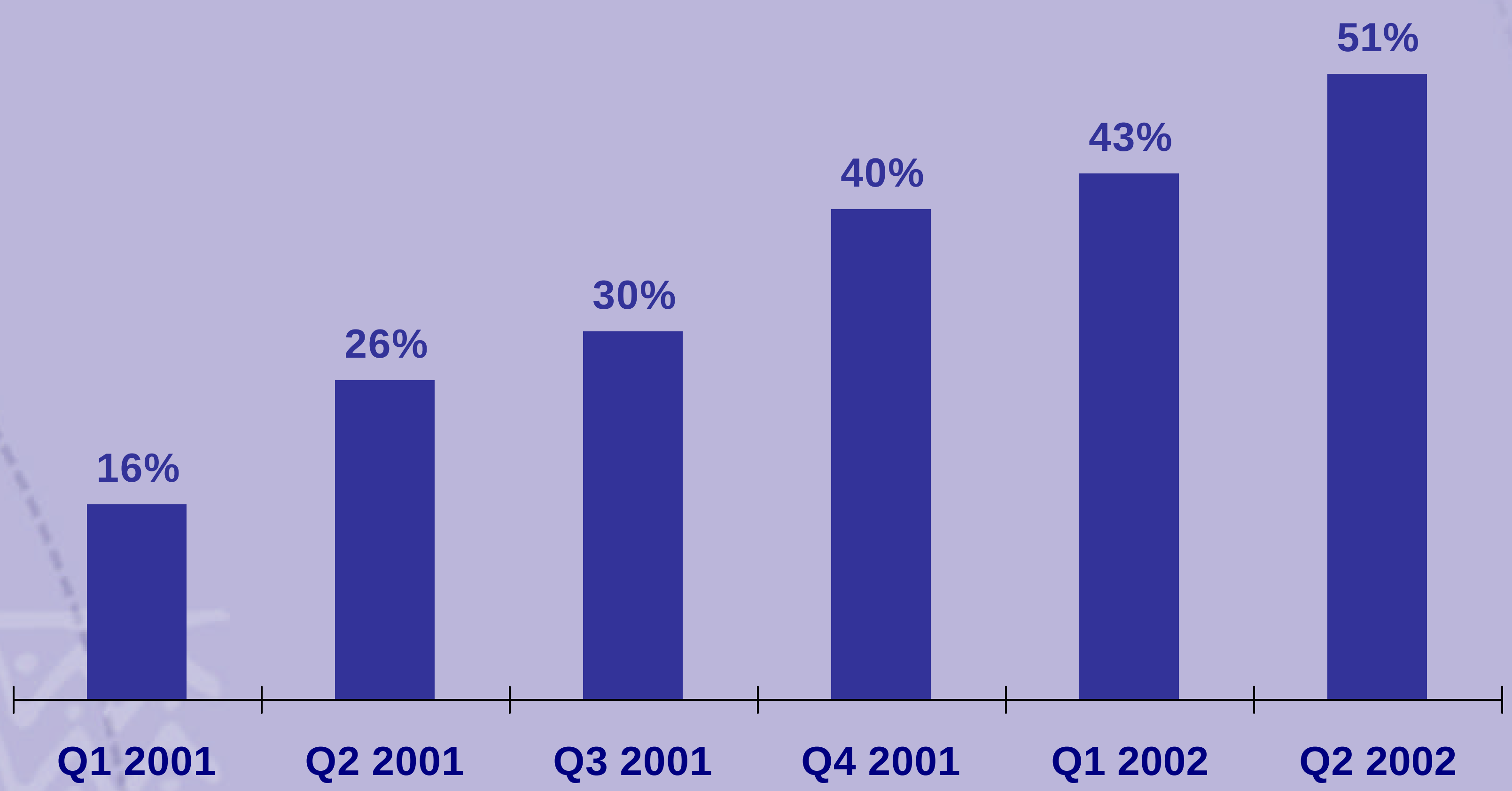

1H 2001
1H 2002
367.7
258.7
171.7
56.1
(8.6)
(118.9)
Revenues (€ m)
Gross margin (€ m)
EBITDA (€ m)

Outstanding business performance



Outstanding business performance

Gross Margin



Financials

€ m	1H 01	1H 02	%Change
Revenues	258.7	367.7	42%
Gross margin	56.1	171.7	206%
EBITDA	(118.9)	(8.6)	93%
EBIT	(346.2)	(353.0)(*)	2%
Net income	(412.3)	(403.8)	(2)%

(*) includes exceptional provisions for € 113 m

Revenues increase compared to 1H 01

€ m	1H 01	1H 02	% Change
Access	169.2	257.7	52%
Portal	20.9	27.2	30%(*)
B2B	33.6	43.9	31%
Voice	22.4	25.3	13%
Other	12.6	13.7	9%
Total revenues	258.7	367.7	42.1%

(*) excludes € 5 m in revenues related to US and Spain non core businesses disposed in Q2 02

Gross margin and operating costs

€ m	1H 01	1H 02	%Change
Gross margin	56.1	171.7	206%
Sales and marketing	72.8	59.3	(19)%
Staff	75.0	71.1	(5%)
G&A	27.2	49.9	83%
Total operating costs	175.0	180.3	3%

Q2 02 vs Q2 01

€ m	Q2 01	Q2 02	%Change
Revenues	148.9	172.5	16%
Gross Margin	38.2	87.2	130%
EBITDA	(60.8)	(9.5)	(84%)
EBIT before goodwill amortization	(179.5)	(211.9)(*)	18%

(*) includes exceptional provisions for € 113 m

Quarterly revenues comparison

€ m	Q2 01	Q2 02	%Change
Access	98.0	120.7	19%
Portal	12.6	7.6	(40%) (*)
B2B	15.6	22.1	42%
Voice	11.9	12.4	38%
Other	10.7	9.6	(10%)
Total revenues	148.9	172.5	16%

(*) excludes € 5 m in revenues related to US and Spain non core businesses disposed in Q2 02

Q2 02 highlights

- Total revenues amounting to € 172.5 m, up 16% from q2 01, down 15 % compared to q1 02

- Jump in gross margin equal to 51% of revenues in q2 02, up from 43% in q1 01, due to network implementation and optimization

- Decline in revenues compared to q1 02 due to

  - unexpected decline in customer base in Germany and France mainly attributable to implementation of new technological platform (Unit) which have caused unexpected service outages and elimination of databases duplication

  - Flat market growth in the dial up market in which, however, Tiscali maintains an outstanding competitive position

  - Adverse regulatory environment in the fast growing ADSL market still to be addressed effectively by Tiscali, in light of the rapidly changing conditions for alternative operators

Q2 02 highlights

- Decrease in portal revenues due both to adverse seasonal effect and gloomy environment for on-line advertising
- Satisfying performance on the B2B segment
- 84% reduction in quarterly EBITDA loss compared to Q2 01
- 16% increase in total operating costs mainly related to a one- off increase in marketing costs for the european rebranding campaign

Country operations highlights

- Achieved breakeven in UK
- Increased profitability in South Africa and Netherlands
- All the country operations recorded in Q2 a substantial improvement in gross margin performance
- Disposal of non core US and Spain operations in Q2 02
- Germany and France operations affected by hard competitive environment

2002 outlook

- Positive mid-term outlook, targetting total 2002 turnover to about 800 € m

- Confirming target of full year EBITDA profitability

- Solid 51% gross margin business case, additional revenues generate more than proportional additional margins

- Targetting 250K ADSL customers by year end, in light of more favourable regulatory environment

Disclaimer

This presentation contains unaudited proforma financial data; it also includes forward-looking information that is subject to risks and uncertainties associated with Tiscali and the Internet sector. This information reflects Tiscali's management expectations, based on currently available information. The forward-looking information reflects certain assumed market parameters and other assumptions, but may differ materially from actual future results.

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