



The Internet Communication Company

First Quarter 2003 results



- **Organic revenue growth trend confirmed: total revenues at € 212.5 ml, up 6% vs 4Q 02**
- **Performance on ADSL stronger than expected: 360,000 ADSL customers with an acquisition rate of 11,000 new customers per week. Over 400,000 ADSL customers as of end of April**
- **EBITDA at € 15.6 ml, vs € 13.2 ml in 4Q02 (+18%). Margin of 7%, above year-end target**
- **Cash burn at € 23.9 ml (including non-recurrent items), -25% compared to 4Q 02**
- **Cash available € 314.6 ml**

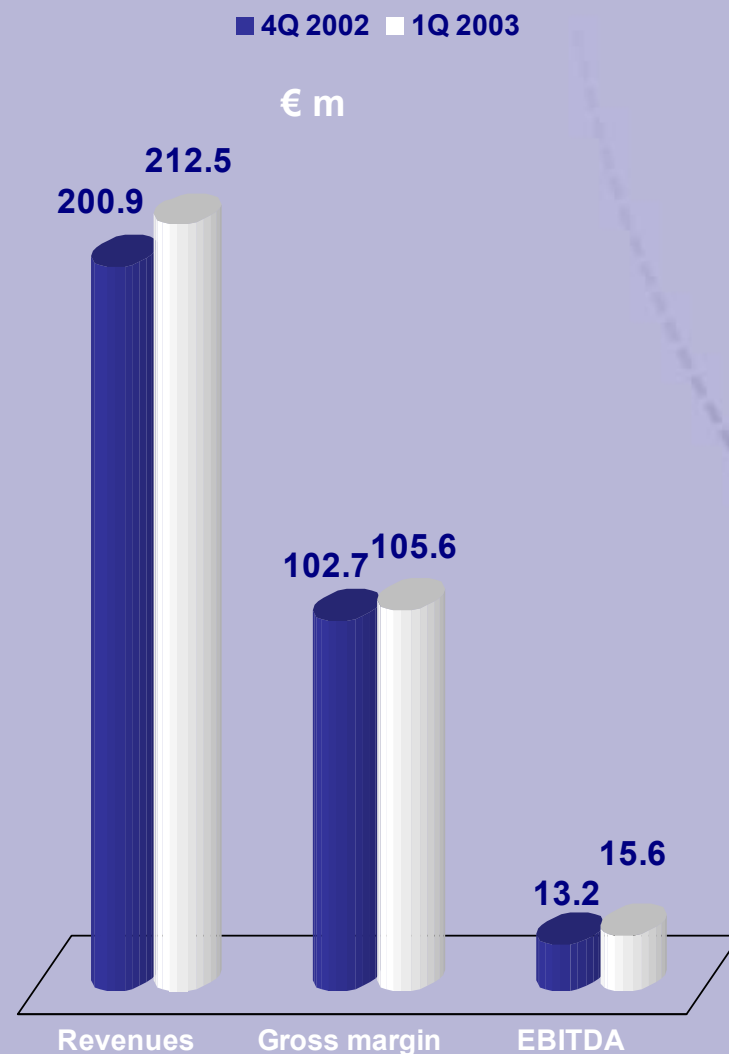


- **Total active users at 7.6 ml vs 7.3 ml as of 31.12.2002**
- **Consistent gross margin at 50% confirming consolidation of operating efficiency**
- **EBIT loss at € 66.2 ml, slightly improving vs 4Q 02, in spite of higher amortisation**

Key financials: 4Q02 vs 1Q03



€ m	4Q02	1Q 03	% diff
Revenues	200.9	212.5	6%
Gross margin	102.7	105.6	3%
EBITDA	13.2	15.6	18%
EBIT	(67.5)	(66.2)	2%
Cash burn	(31.7)	(23.9)*	25%

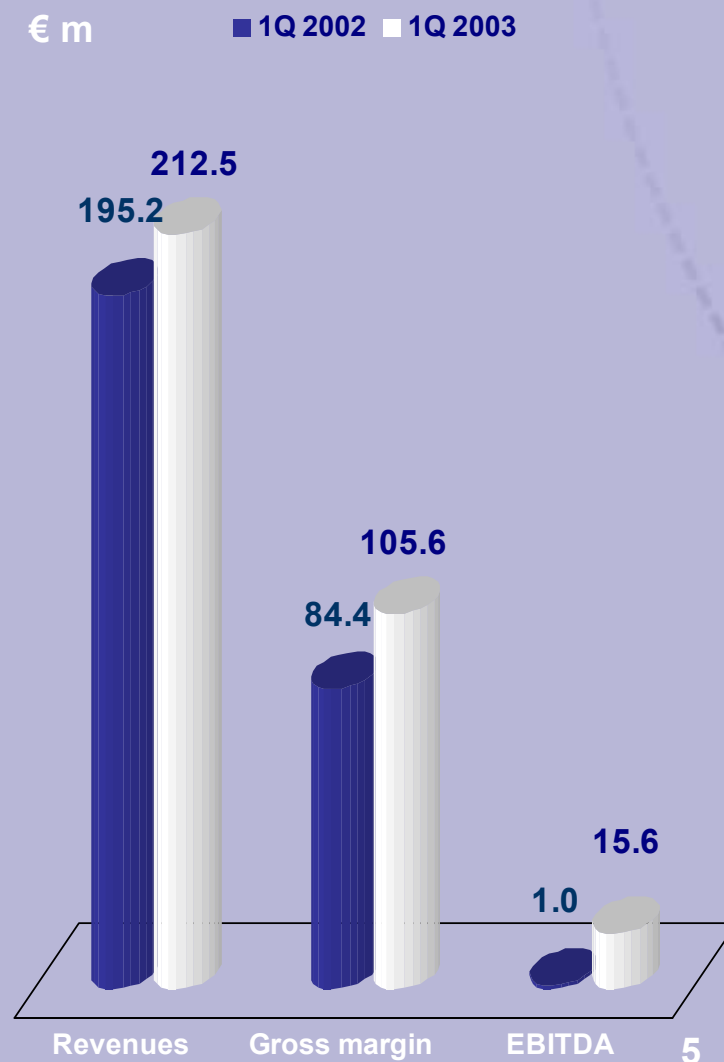


Key financials: 1Q02 vs 1Q03

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€ m	1Q02	1Q 03	% diff
Revenues	195.2	212.5	9%
Gross margin	84.4	105.6	25%
EBITDA	1.0	15.6	nm
EBIT	(105.9)	(66.2)	37%
Cash burn	(148.0)	(23.9)*	84%



1st quarter 2003 results May 15th 2003

* Including € 5.1 ml for the headquarter in Cagliari

Revenues by business line 4Q02 vs 1Q03

€ m		4Q 02	1Q 03	% diff
Access		137.0	148.3	8%
	<i>% of rev.</i>	<i>68%</i>	<i>70%</i>	
Portal		11.3	12.0	6%
	<i>% of rev.</i>	<i>6%</i>	<i>6%</i>	
Business services		32.2	34.2	6%
	<i>% of rev.</i>	<i>16%</i>	<i>16%</i>	
Voice		14.6	15.6	7%
	<i>% of rev.</i>	<i>7%</i>	<i>7%</i>	
Others		5.8	2.5	(57%)
	<i>% of rev.</i>	<i>3%</i>	<i>1%</i>	
Total revenues		200.9	212.5	6%

Revenues by business line 1Q02 vs 1Q03

€ m		1Q 02	1Q 03	% diff
Access		137.6	148.3	8%
	<i>% of rev.</i>	<i>70%</i>	<i>70%</i>	
Portal		19.7	12.0	(39%)
	<i>% of rev.</i>	<i>10%</i>	<i>6%</i>	
Business services		21.9	34.2	56%
	<i>% of rev.</i>	<i>11%</i>	<i>16%</i>	
Voice		12.0	15.6	30%
	<i>% of rev.</i>	<i>6%</i>	<i>7%</i>	
Others		4.0	2.5	(38%)
	<i>% of rev.</i>	<i>2%</i>	<i>1%</i>	
Total revenues		195.2	212.5	9%

Operating costs 4Q02 vs 1Q03

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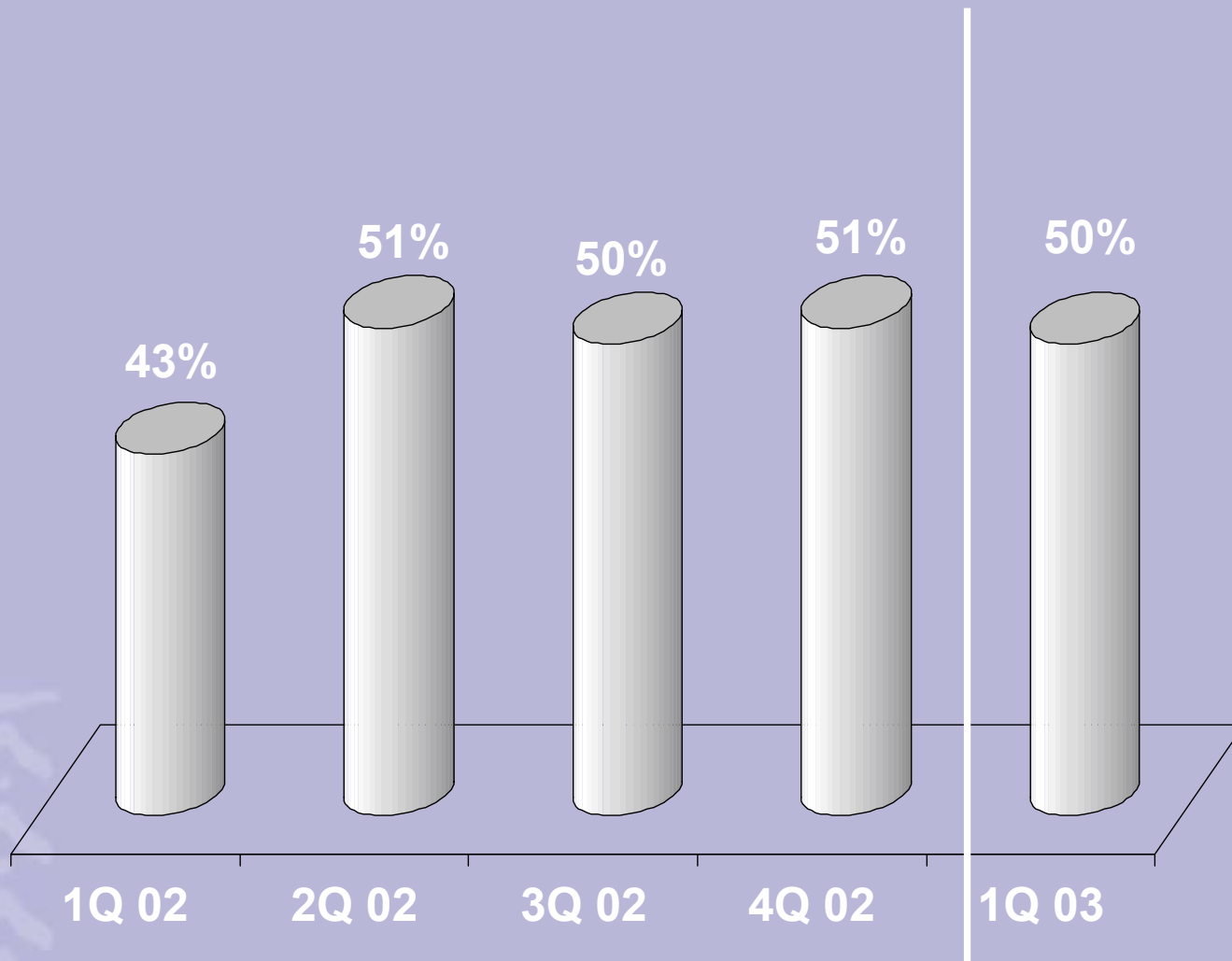


€ m		4Q 02	1Q 03	% diff
Gross Margin		102.7	105.6	
	<i>% of rev.</i>	<i>51%</i>	<i>50%</i>	3%
Sales & Marketing		32.0	32.2	1%
	<i>% of rev.</i>	<i>16%</i>	<i>15%</i>	
Personnel costs		33.8	33.7	-
	<i>% of rev.</i>	<i>17%</i>	<i>16%</i>	
G&A		23.7	24.0	1%
	<i>% of rev.</i>	<i>12%</i>	<i>11%</i>	
Total operating costs		89.5	89.9	-
	<i>% of rev.</i>	<i>45%</i>	<i>42%</i>	
EBITDA		13.2	15.6	18%
	<i>% of rev.</i>	<i>7%</i>	<i>7%</i>	

Operating costs 1Q02 vs 1Q03

€ m		1Q 02	1Q 03	% diff
Gross Margin		84.4	105.6	25%
	<i>% of rev.</i>	<i>43%</i>	<i>50%</i>	
Sales & Marketing		22.8	32.2	41%
	<i>% of rev.</i>	<i>12%</i>	<i>15%</i>	
Personnel costs		35.2	33.7	(4%)
	<i>% of rev.</i>	<i>18%</i>	<i>16%</i>	
G&A		25.6	24.0	(6%)
	<i>% of rev.</i>	<i>13%</i>	<i>11%</i>	
Total operating costs		83.4	89.9	8%
	<i>% of rev.</i>	<i>43%</i>	<i>42%</i>	
EBITDA		1.0	15.6	nm
	<i>% of rev.</i>	<i>nm</i>	<i>7%</i>	

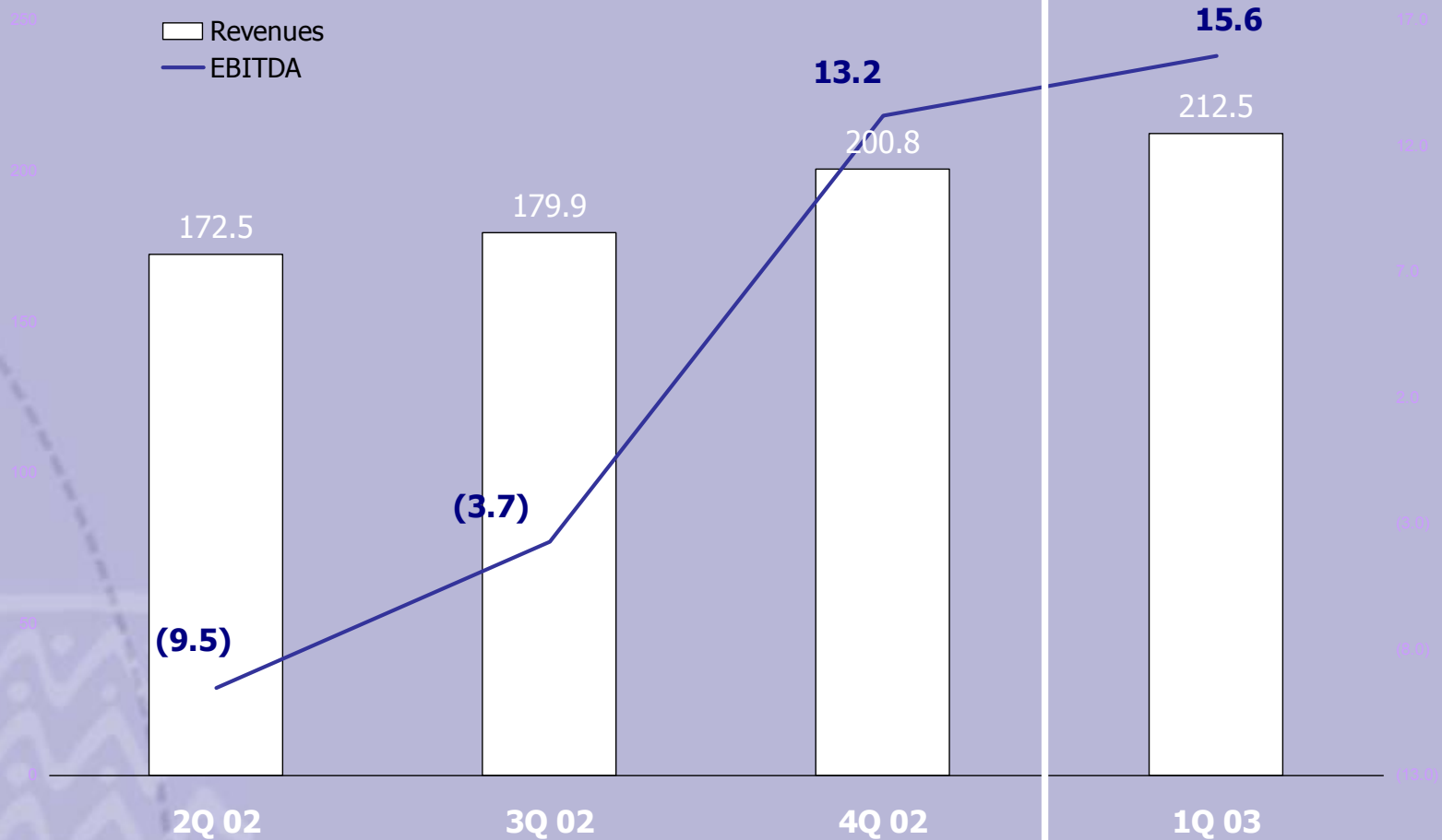
Gross Margin (% on total revenues)

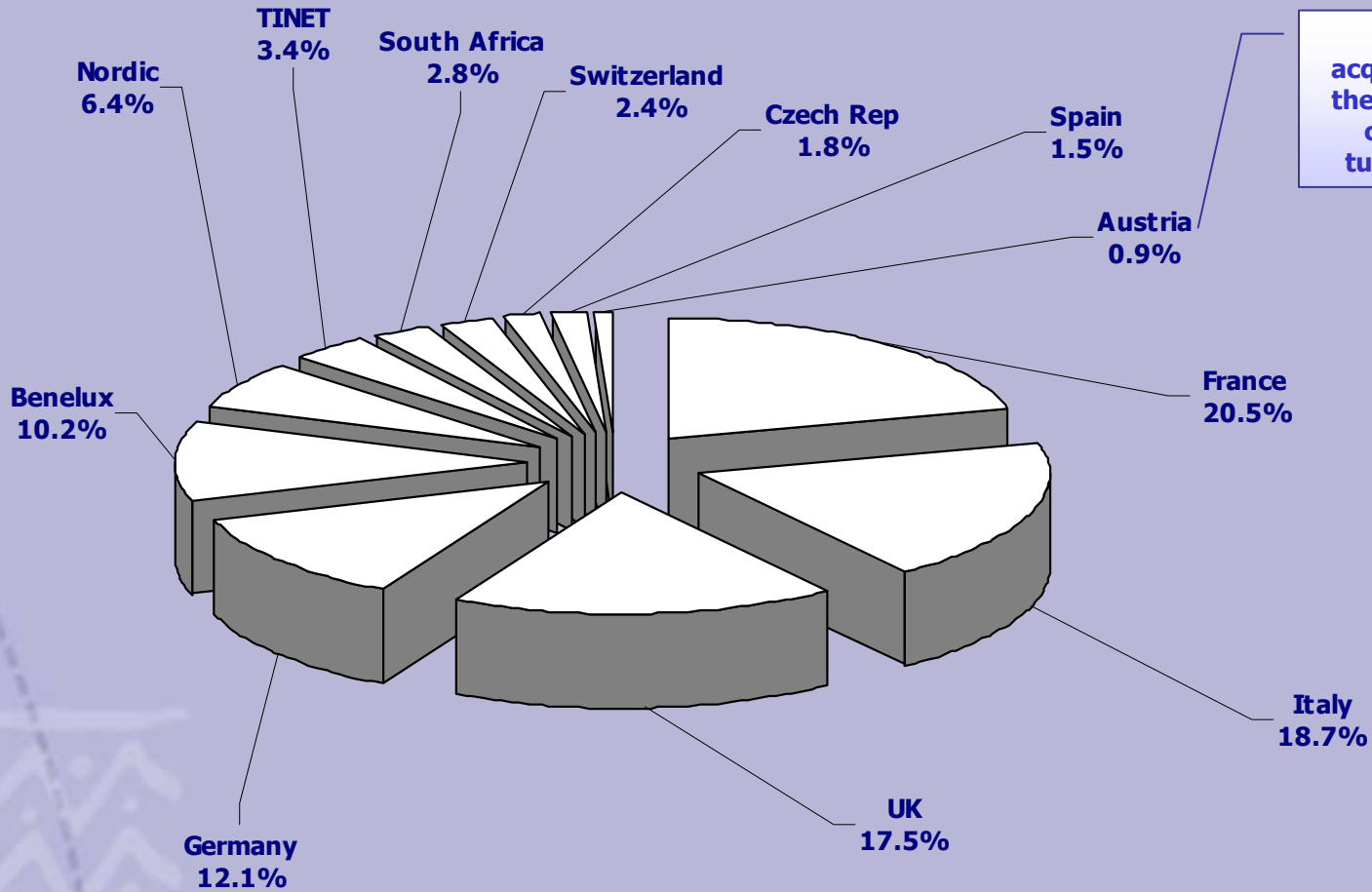


Turnaround completed: focus on growth and profitability TISQALI

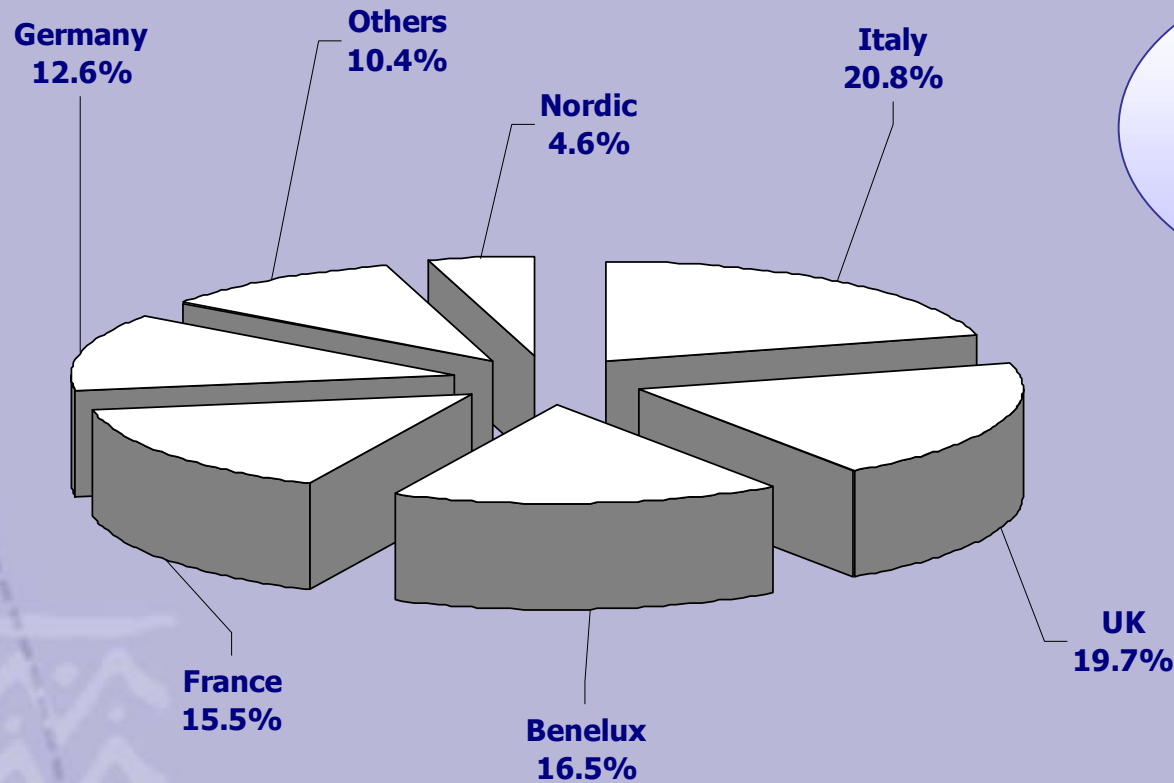


Revenues/EBITDA (€ m)

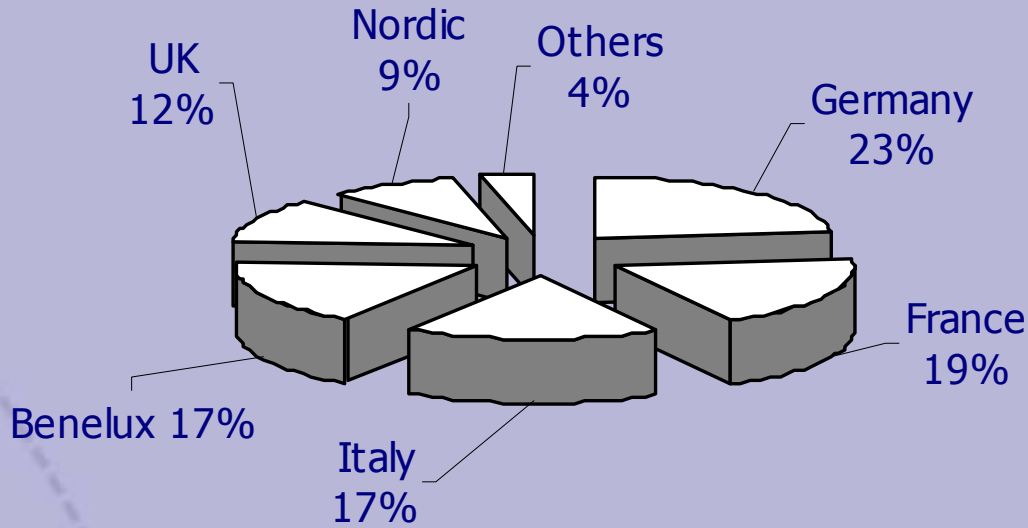




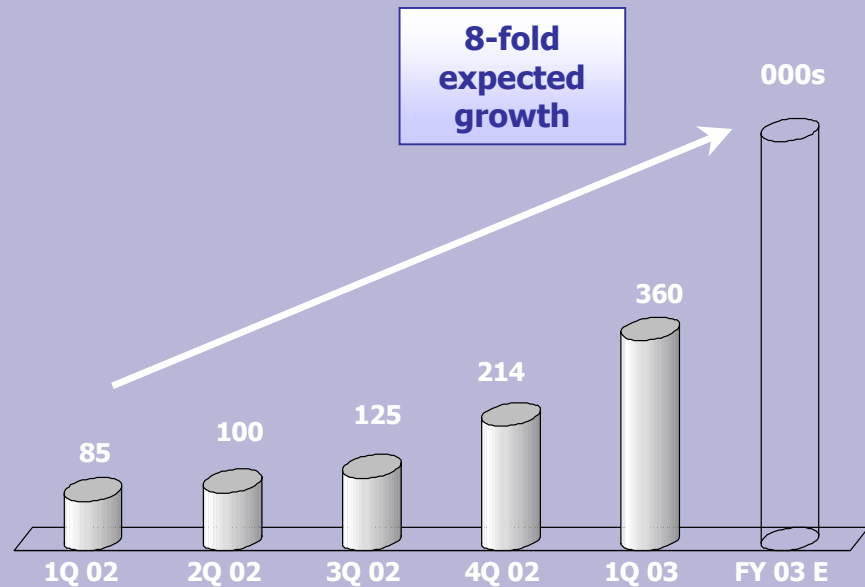
Following the acquisition of EUNET, the expected annual combined 2003 turnover is €28 ml



**7.2 dial-up active users:
almost 40%
of customers are
billed directly**



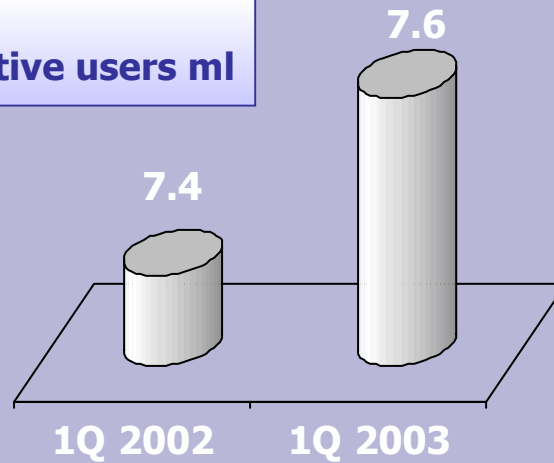
360,000 ADSL customers



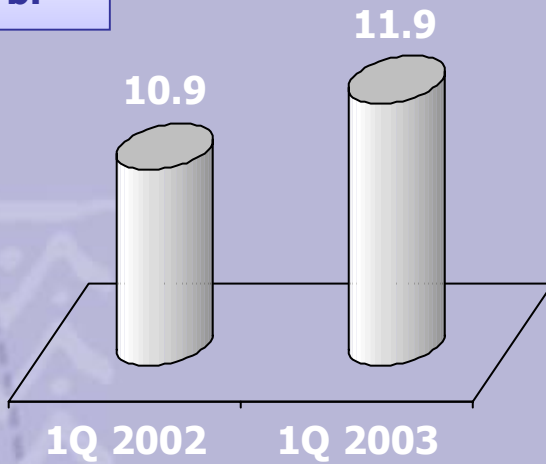
1Q 2003: key metrics YoY



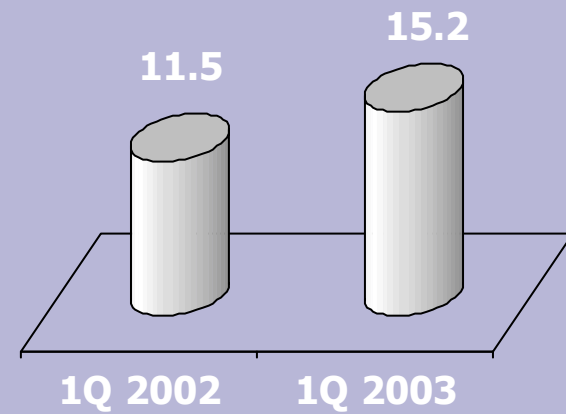
Active users ml



Minutes bl



Unique visitors ml





- **Bit-stream model already available in UK, France, Denmark, Belgium, Netherlands**
- **In Italy, while waiting for bit-stream, wholesale price improved with reduction of tariffs (retail -50%) and no adjustment period for 3 months**
- **ADSL margin increasing, expected to be in line with dial-up margin**
- **Enhanced leverage on the existing network**



- **Opportunistic approach: good companies still available on the market**
- **Key criteria:**
 - **Market position**
 - **Quality of management and customer base**
 - **Profitability**
 - **Smooth integration**
 - **Control**



- **Two recent acquisitions (in shares)**
 - **Nextra Italy**
 - **3,000 business customers in north east and central Italy**
 - **Net profit in 2002, turnover € 10 ml**
 - **€ 2.1 ml net cash, price paid € 2.4 ml**
 - **Eunet AG Austria**
 - **15,000 business customers in Austria, first independent in B2B**
 - **Net profit in 2002, € 3.3 ml annualised EBITDA**
 - **28 ml combined turnover in 2003**
 - **€ 1.9 ml net cash, price paid € 15.9 ml**



- **More than 20% full-year revenues growth, mainly driven by growth in broadband access**
- **Over 700K ADSL customers by year-end**
- **FY 03 EBITDA margin at 7%**
- **Positive free cash flow in 2H 03**
- **Capex at 6% of turnover**
- **Possibility to use loss carried forward (up to € 1.1 billion). Corresponding improvement of bottom line**



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