

tiscali.

1Q09 financial results

Milan, 14th May 2009

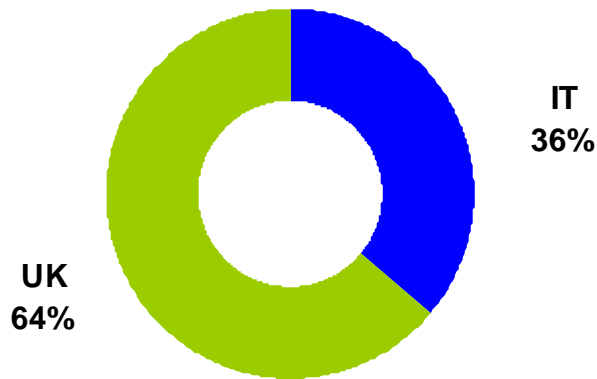
- Revenue at EUR 202 million; -25% YoY; FX effect accounts for 50% of this difference
 - UK revenues at GBP 119.3 ml ; -17% YoY
 - Italy revenues at EUR 75.0 ml; flat YoY
- EBITDA Gross of bad debt at EUR 41 million, 20% of revenues; -14% YoY
 - UK EBITDA at GBP 17.2 ml; -31% YoY
 - Italy EBITDA at EUR 21.3 ml; +82% YoY
- Total DSL customers over 2.2 million:
 - 1,3 ml dual play and CPS voice customers
 - 1.2 ml LLU customers
- Net loss at EUR 17.2 million, more than halved vs 1Q08. Italy is net income positive
- Net financial debt at EUR 629.8 ml vs EUR 601.1 ml as of 31st December 2008
- On May 8th Tiscali entered in an agreement with the Carphone Warehouse Group plc for the disposal of Tiscali UK at GBP 255.5 million EV
 - UK considered as continuing operations, pending the final implementation of the debt restructuring plan

Groups results 1Q09 vs 1Q08



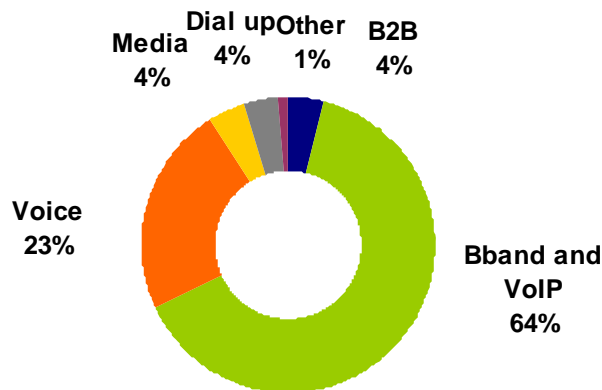
€ml	1Q09	% of rev.	1Q08	% of rev.	Delta 09/08
Revenues	202.6	100%	269.0	100%	-25%
Access	108.9	54%	159.8	59%	-32%
of which ADSL	100.7	50%	144.7	54%	-30%
Voice	74.3	37%	82.7	31%	-10%
of which dual play voice traffic	28.0	14%	31.8	12%	-12%
B2B	8.9	4%	10.3	4%	-14%
Media and VAS	8.6	4%	12.9	5%	-33%
Other	1.8	1%	3.2	1%	-44%
Gross Margin	87.5	43%	124.9	46%	-30%
Operating costs	47.6	23%	78.2	29%	-39%
Sales & Marketing costs	8.4	4%	31.0	12%	-73%
Personnel costs	19.9	10%	22.8	8%	-13%
G&A costs	19.3	10%	24.4	9%	-21%
Gross Operating Result (adjusted EBITDA)	41.0	20%	47.7	18%	-14%
Bad debt and other provisions	6.7	3%	7.5	3%	-11%
Gross Operating Result (EBITDA)	34.4	17%	40.2	15%	-14%
EBIT pre restructuring costs	(4.8)	nm	(2.8)	nm	nm
EBIT	(7.2)	nm	(15.8)	nm	54%
Net result of the Group	(17.2)	nm	(37.5)	nm	54%

Geographical breakdown of revenues – 1Q09



- Companies within the TiNet group have been accounted for as discontinued operations
- Broadband and dual play (VoIP) revenues are over 60% of total revenues, including voice about 87%. VoIP revenues are traffic generated revenues in dual play offers
- Network coverage as of 31.03.2009:
 - Italy: 486 LLU sites
 - UK: ca 958 LLU sites

Business line breakdown of revenues – 1Q09



ITALY					
€m	1Q09	% of rev.	1Q08	% of rev.	Delta 08/07
Revenues	75.0	100%	75.2	100%	0%
<i>of which ADSL</i>	31.6	42%	28.6	38%	10%
<i>of which Voice</i>	24.8	33%	21.8	29%	14%
Gross Margin	41.7	56%	42.8	57%	-3%
Operating costs	19.9	27%	30.4	40%	-35%
<i>Sales & Marketing costs</i>	5.1	7%	14.0	19%	-64%
<i>Personnel costs</i>	9.1	12%	10.1	13%	-10%
<i>G&A costs</i>	5.7	8%	6.3	8%	-10%
Gross Operating Result (adjusted EBITDA)*	21.3	28%	11.8	16%	81%
Bad debt	3.4	5%	1.9	3%	79%
Gross Operating Result (EBITDA)**	17.9	24%	9.9	13%	81%
EBIT pre restructuring costs	5.0	<i>nm</i>	(3.5)	<i>nm</i>	<i>nm</i>
Restructuring	-	<i>nm</i>	(0.1)	<i>nm</i>	<i>nm</i>
EBIT	5.0	<i>nm</i>	(3.6)	<i>nm</i>	<i>nm</i>

* Gross Operating Results is after deduction of management fee

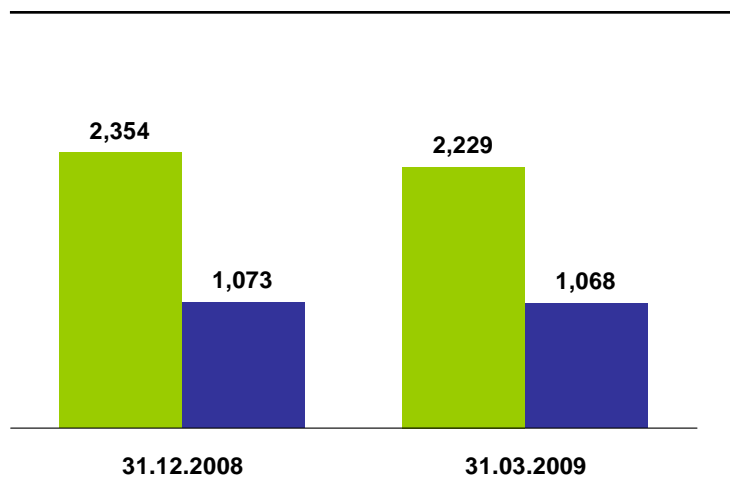
** EBITDA is after bad debt and other provisions

UK						
€m	1Q09	% of rev.	1Q08	% of rev.	Delta 08/07	
Revenues	131.3	100%	197.9	100%	-34%	
	<i>of which ADSL</i>	69.2	53%	116	59%	-40%
	<i>of which Voice</i>	49.5	38%	60.9	31%	-19%
Gross Margin	48.1	37%	84.8	43%	-43%	
Operating costs	23.9	18%	48.4	24%	-51%	
	<i>Sales & Marketing costs</i>	3.2	2%	16.3	8%	-80%
	<i>Personnel costs</i>	8.4	6%	10.8	5%	-22%
	<i>G&A costs</i>	12.3	9%	21.3	11%	-42%
Gross Operating Result (adjusted EBITDA)*	19.0	14%	34.7	18%	-45%	
	Bad debt	3.1	2%	4.1	2%	-24%
Gross operating result (EBITDA)**	15.8	12%	29.4	15%	-46%	
EBIT pre restructuring costs	(10.0)	nm	(0.1)	nm	nm	
Restructuring costs	(2.4)	nm	(8.0)	nm	nm	
EBIT	(12.4)	nm	(8.1)	nm	nm	

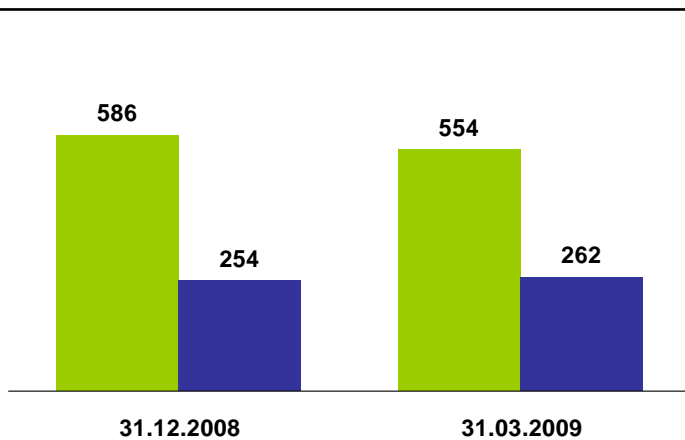
* Gross Operating Results is after deduction of management fee and of Tiscali Services IC costs

** EBITDA is after bad debt and other provisions

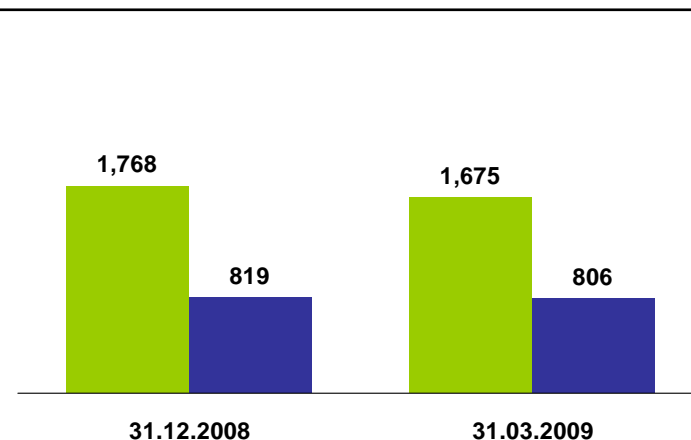
Group DSL users



Italy DSL users*



UK DSL users

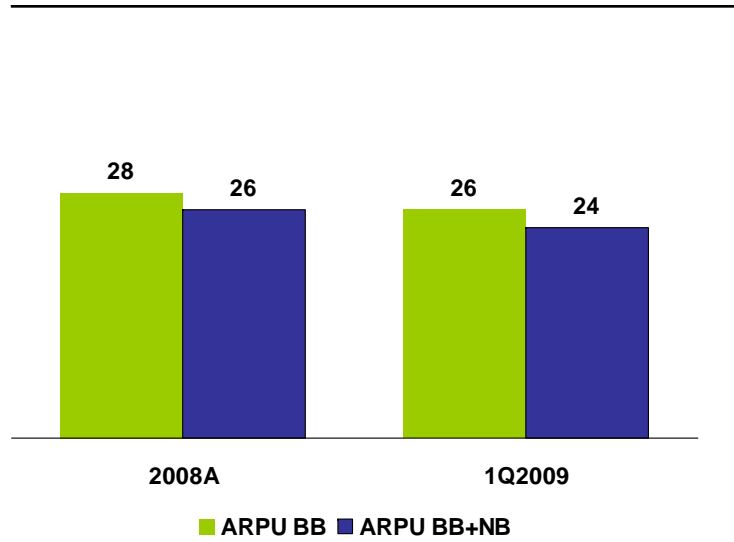


■ DSL ■ Dual play

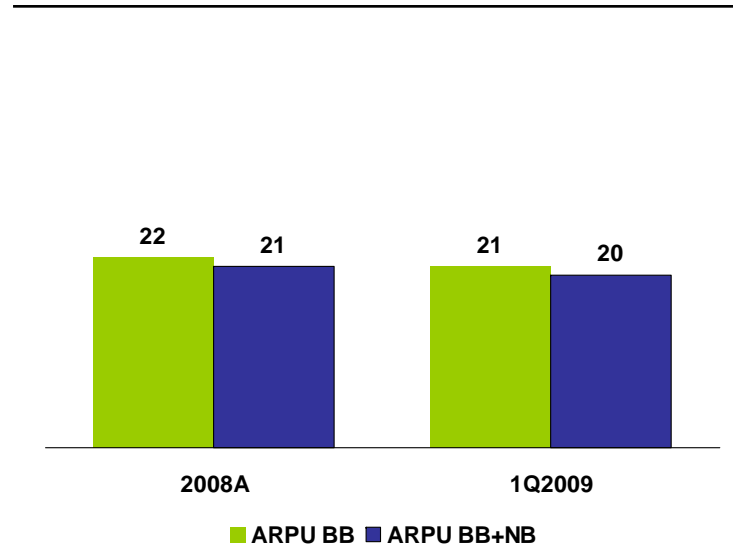
* Of which 545K active users as of 31.12.08 and 542K active users as of 31.03.09

■ DSL ■ Dual Play

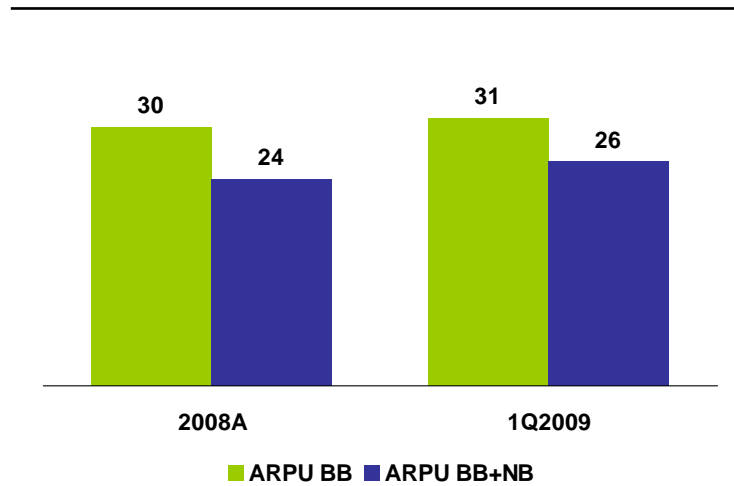
Group (€)



UK (£)



Italy (€)



- In Italy, ARPU increasing thanks to clients' refocusing activity
- In the UK ARPU reduction due to market conditions and strong competition

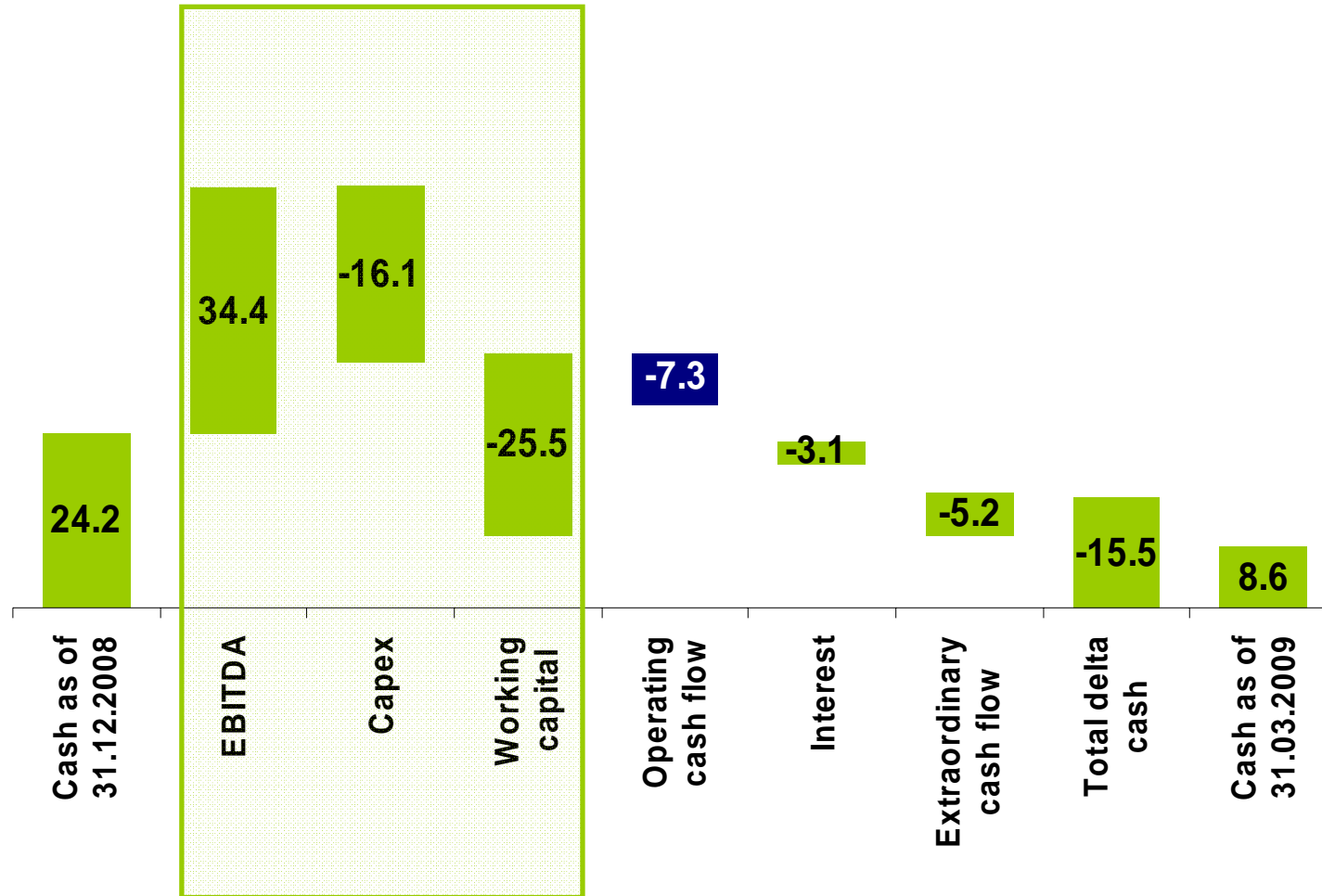
Net financial position

€ ml	31-Mar-09	31-Dec-08
A. Cash	8.6	24.2
B. Other liquid assets	13.0	12.7
C. Securities	-	-
D. Total cash and other financial assets (A) + (B) + (C)	21.7	36.9
E. Other current financial assets	4.8	5.3
F. Non-Current financial payables	1.5	1.4
G. Current bank debt	520.7	510.0
H. Long term loans falling within one year	-	-
I. Other current financial debt (*)	22.7	21.4
J. Current financial debt (G) + (H) + (I)	543.4	531.4
K. Net current financial debt (J) – (E) – (F) – (D)	515.4	487.7
L. Non current bank loans	-	-
M. Bonds	-	-
N. Other non current debt (**)	114.4	113.4
O. Non current financial debt (L) + (M) + (N)	114.4	113.4
P. Net financial debt (K) + (O)	629.8	601.1

(*) includes leasing debts

(**) includes leasing debt and debts to shareholders

- Pending the renegotiation process of the debt and the standstill agreement, the long term bank debt has been reclassified as current bank debt



- Operating FCF at EUR -7.3 ml, of which EUR 5.9 ml positive from Italy and minus EUR 13.3 ml from the UK
- Working capital variation accounted for by EUR 22.9 ml negative in the UK EUR 2.6 ml negative in Italy and rest of the Group
- Extraordinary cash includes restructuring costs in Italy and in the UK

Disclaimer

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