

tiscali.

FY08 financial results

Milan, 27th March 2009

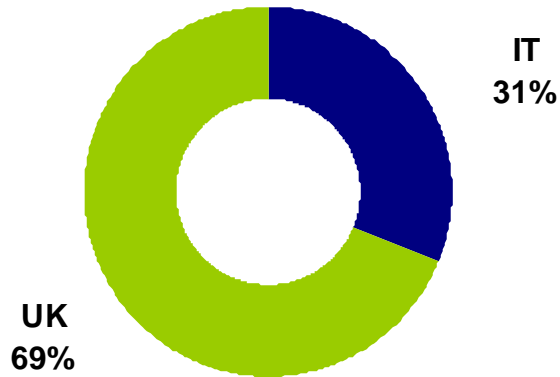
- Revenue, in line with target, at EUR 984 million, +11% YoY
- EBITDA in line with market consensus: EUR 197 million +24% YoY
- Significant increase in voice revenues: EUR 335.3 million , +46% YoY
- Gross Margin at EUR 454.2 million, +11% YoY
- Total DSL users over 2.3 million
- Net financial debt at EUR 601.1 ml vs EUR 636.5 ml as of 31st December 2007
- Write downs of assets as a result of the impairment test at Tiscali SpA statutory level

Groups results FY08 vs FY07

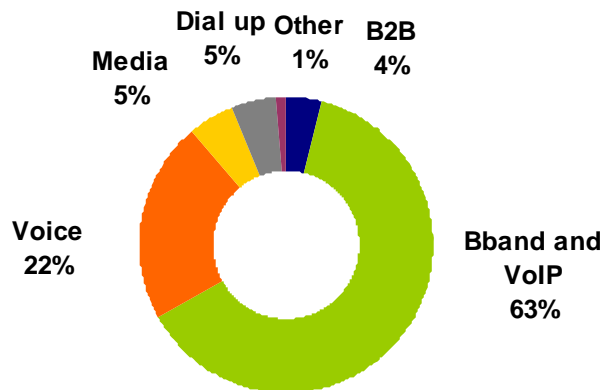


| €ml | FY08 | % of rev. | FY07 | % of rev. | Delta 08/07 |
|---|----------------|-------------|---------------|-------------|-------------|
| Revenues | 983,6 | 100% | 883,1 | 100% | 11% |
| Access | 547,7 | 56% | 549,9 | 62% | 0% |
| of which ADSL | 496,4 | 50% | 471,9 | 53% | 5% |
| Voice | 335,3 | 34% | 228,9 | 26% | 46% |
| of which dual play voice traffic | 121,2 | 12% | 125,5 | 14% | -3% |
| B2B | 44,1 | 4% | 40,5 | 5% | 9% |
| Media and VAS | 46,1 | 5% | 50,2 | 6% | -8% |
| Other | 10,3 | 1% | 13,5 | 2% | -24% |
| Gross Margin | 454,2 | 46% | 408,4 | 46% | 11% |
| Operating costs | 276,4 | 28% | 251,2 | 28% | 10% |
| Sales & Marketing costs | 84,7 | 9% | 87,6 | 10% | -3% |
| Personnel costs | 91,1 | 9% | 89,9 | 10% | 1% |
| G&A costs | 100,6 | 10% | 73,7 | 8% | 36% |
| Gross Operating Result (adjusted EBITDA) | 197,0 | 20% | 158,7 | 18% | 24% |
| Bad debt and other provisions | 41,9 | 4% | 38,8 | 4% | 8% |
| Gross Operating Result (EBITDA) | 155,1 | 16% | 119,9 | 14% | 29% |
| EBIT pre restructuring costs | (45,4) | nm | (44,7) | nm | nm |
| EBIT | (99,9) | nm | (74,9) | nm | nm |
| Net result of the Group | (242,7) | nm | (65,3) | nm | nm |

Geographical breakdown of revenues – FY08



Business line breakdown of revenues – FY08



- Companies within the TiNet group have been accounted for as discontinued operations
- Broadband and dual play (VoIP) revenues are over 60% of total revenues, with voice about 85%. VoIP revenues are traffic generated revenues in dual play offers
- Network coverage as of 31.12.2008:
 - Italy: 486 LLU sites
 - UK: ca 900 LLU sites

| ITALY | | | | | |
|--|---------------|------------------|--------------|------------------|--------------------|
| €m | FY08 | % of rev. | FY07 | % of rev. | Delta 08/07 |
| Revenues | 313,5 | 100% | 292,0 | 100% | 7% |
| <i>of which ADSL</i> | 124,6 | 40% | 101,8 | 35% | 22% |
| <i>of which Voice</i> | 95,1 | 30% | 73,9 | 25% | 29% |
| Gross Margin | 185,8 | 59% | 169,3 | 58% | 10% |
| Operating costs | 105,4 | 34% | 103,2 | 35% | 2% |
| <i>Sales & Marketing costs</i> | 35,5 | 11% | 41,8 | 14% | -15% |
| <i>Personnel costs</i> | 41,3 | 13% | 40,6 | 14% | 2% |
| <i>G&A costs</i> | 28,5 | 9% | 20,8 | 7% | 37% |
| Gross Operating Result (adjusted EBITDA)* | 76,3 | 24% | 62,9 | 22% | 21% |
| Bad debt | 16,6 | 5% | 11 | 4% | 51% |
| Gross Operating Result (EBITDA)** | 59,3 | 19% | 51,9 | 18% | 14% |
| EBIT pre restructuring costs | (8,8) | <i>nm</i> | (2,3) | <i>nm</i> | <i>nm</i> |
| Restructuring | (8,6) | <i>nm</i> | (0,1) | <i>nm</i> | <i>nm</i> |
| EBIT | (17,4) | <i>nm</i> | (2,4) | <i>nm</i> | <i>nm</i> |

* Gross Operating Results is after deduction of management fee

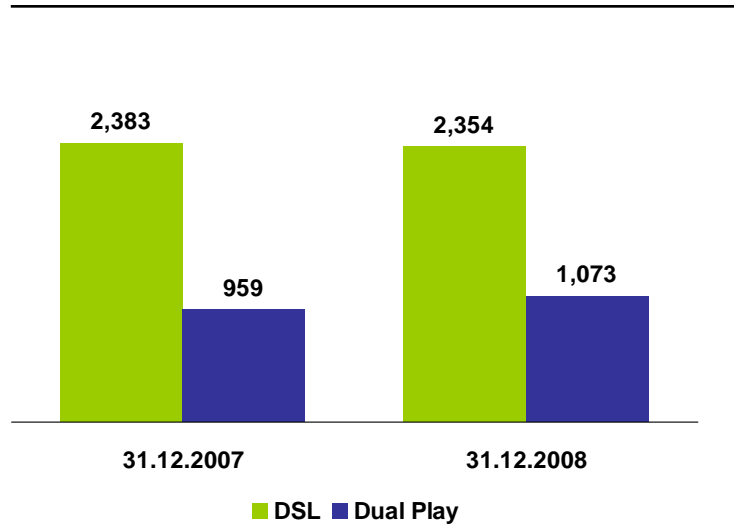
** EBITDA is after bad debt and other provisions

| UK | | | | | | |
|--|------------------------------------|--------------|---------------|--------------|-------------|------------|
| € m | FY08 | % of rev. | FY07 | % of rev. | Delta 08/07 | |
| Revenues | 683,6 | 100% | 608,7 | 100% | 12% | |
| | <i>of which ADSL</i> | <i>371,8</i> | <i>54%</i> | <i>370,6</i> | <i>61%</i> | <i>0%</i> |
| | <i>of which Voice</i> | <i>240,3</i> | <i>35%</i> | <i>155,1</i> | <i>25%</i> | <i>55%</i> |
| Gross Margin | 276,9 | 41% | 249,6 | 41% | 11% | |
| Operating costs | 152,2 | 22% | 131,2 | 22% | 16% | |
| | <i>Sales & Marketing costs</i> | <i>48,3</i> | <i>7%</i> | <i>41,1</i> | <i>7%</i> | <i>18%</i> |
| | <i>Personnel costs</i> | <i>40,0</i> | <i>6%</i> | <i>40,5</i> | <i>7%</i> | <i>-1%</i> |
| | <i>G&A costs</i> | <i>63,9</i> | <i>9%</i> | <i>49,6</i> | <i>8%</i> | <i>29%</i> |
| Gross Operating Result (adjusted EBITDA)* | 108,1 | 16% | 98,6 | 16% | 10% | |
| | Bad debt | 17,2 | 3% | 15,3 | 3% | 12% |
| Gross operating result (EBITDA)** | 86,2 | 13% | 72,6 | 12% | 19% | |
| EBIT pre restructuring costs | (46,5) | nm | (30,0) | nm | nm | |
| Restructuring costs | (42,1) | nm | (24,2) | nm | nm | |
| EBIT | (88,6) | nm | (54,2) | nm | nm | |

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

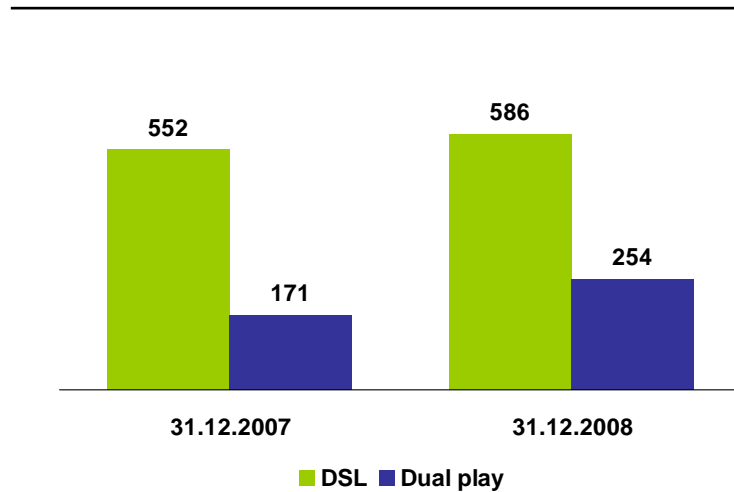
** EBITDA is after bad debt and other provisions

Group DSL users

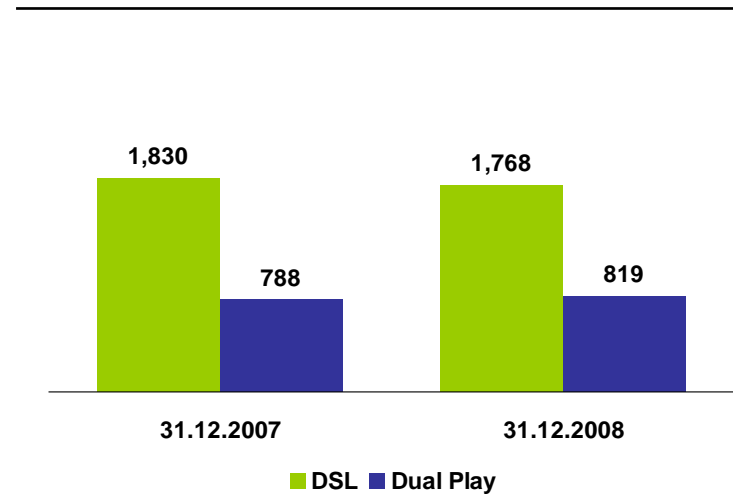


- Growth of Group's customer base, reflecting growth in Italy and decline in the UK, due to market conditions
- Improvement of product mix in the UK, consistent with LLU migration strategy

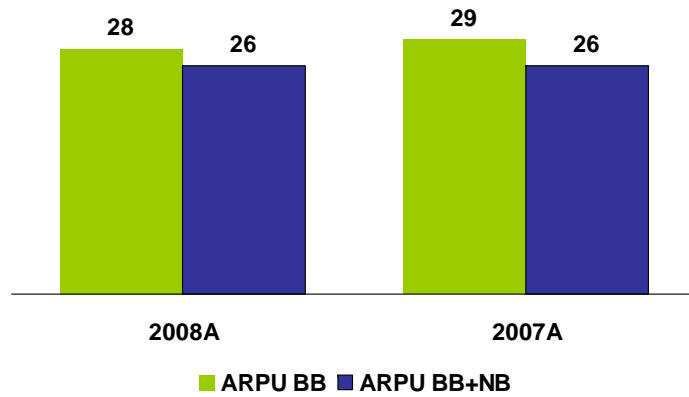
Italy DSL users



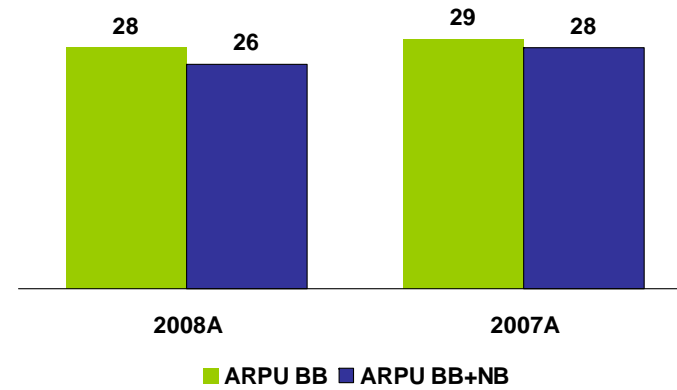
UK DSL users



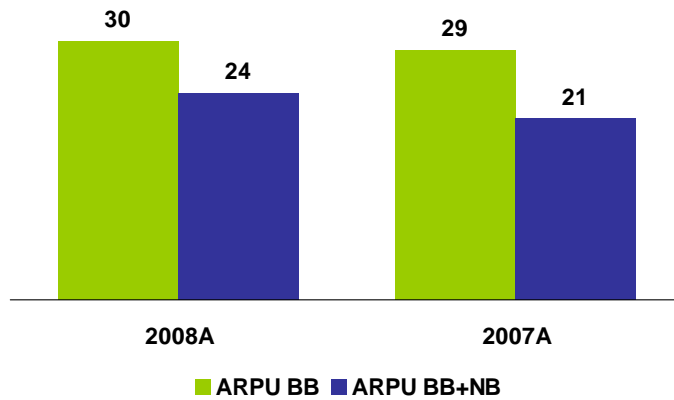
Group (€)



UK (€)



Italy (€)



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

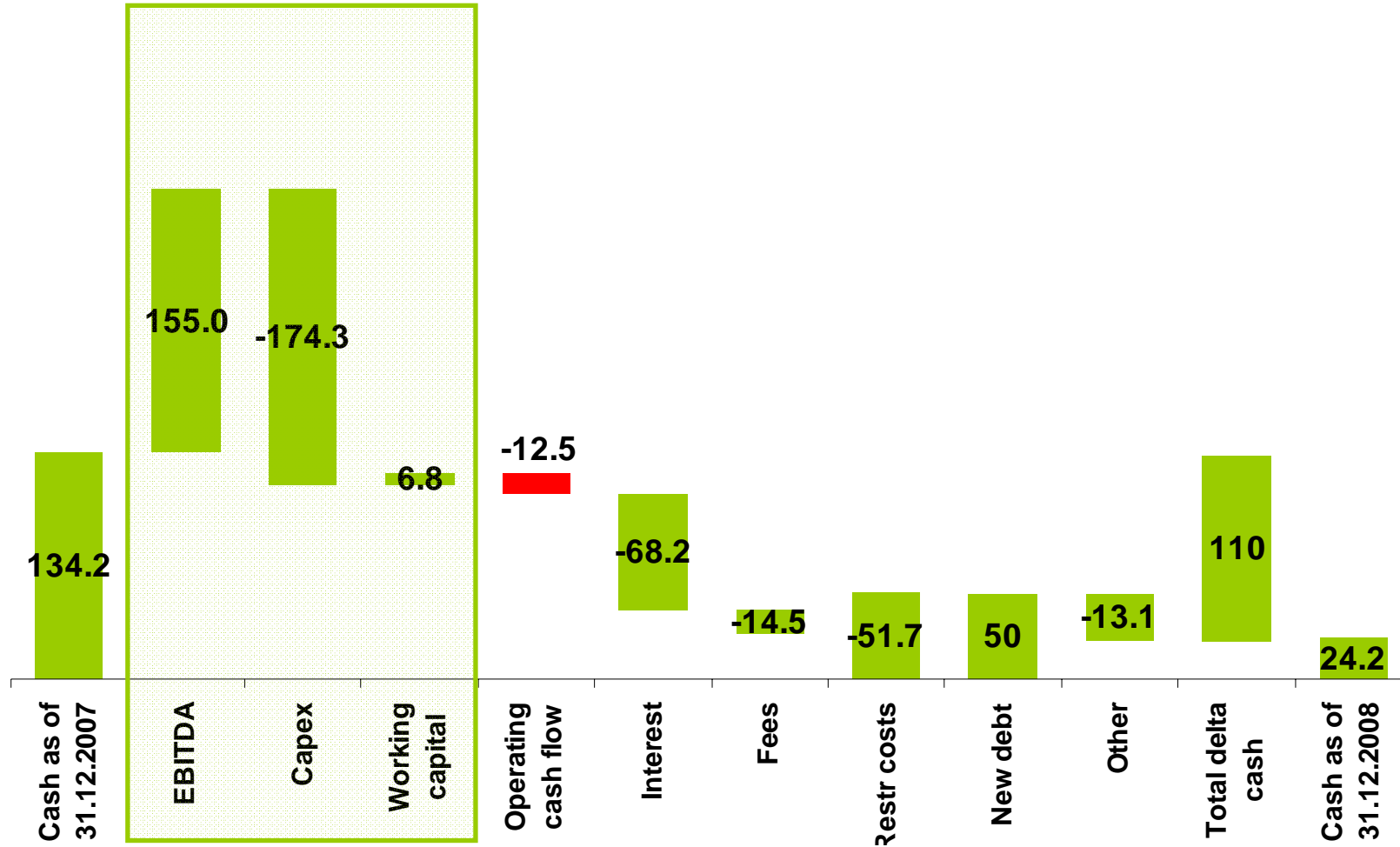
Net financial position

| € ml | 31-dic-08 | 31-dic-07 |
|---|--------------|--------------|
| A. Cash | 24,2 | 134,2 |
| B. Other liquid assets | 12,7 | 16,3 |
| C. Securities | - | - |
| D. Total cash and other financial assets (A) + (B) + (C) | 36,9 | 150,5 |
| E. Other current financial assets | 5,3 | 12,1 |
| F. Non-Current financial payables | 1,4 | - |
| G. Current bank debt | 510,0 | 176,2 |
| H. Long term loans falling within one year | - | - |
| I. Other current financial debt (*) | 21,4 | 19,5 |
| J. Current financial debt (G) + (H) + (I) | 531,4 | 195,7 |
| K. Net current financial debt (J) – (E) – (F) – (D) | 487,7 | 33,1 |
| L. Non current bank loans | - | 450,0 |
| M. Bonds | - | 43,8 |
| N. Other non current debt (**) | 113,4 | 109,5 |
| O. Non current financial debt (L) + (M) + (N) | 113,4 | 603,4 |
| P. Net financial debt (K) + (O) | 601,1 | 636,5 |

(*) includes leasing debts

(**) includes leasing debt and debts to shareholders

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



- Operating FCF at EUR -12,5 ml
- Other includes buy back of own shares and discontinued operations

- **Group level:**

- The impairment test , based on a DCF valuation of the Group's assets, has shown that there is no need to impair the Group's assets

- **Tiscali SpA statutory level:**

- The impairment test, based on the DCF valuation analysis, has shown that an impairment of ca Euro 950 million is requested on the WOL participation

- This results in a reduction of Tiscali SpA's net equity in excess of one third (Art 2446 of the Italian civil code)

- Report on the situation to be submitted to the shareholders' meeting on April 29/30
- Remedies to be put in place by 31st December 2009

Disclaimer

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