

tiscali.

3Q2006 financial results

Milan, 9th November 2006

Key 3Q06 results

■ **New perimeter**

- Results include Italy, UK and some minor entities. Following business plan announcement Netherlands, Germany and Czech Republic are deemed discontinued operations
- Following acquisition in August 2006, Video Networks is consolidated as of September 1st

■ **New financing from Banca Intesa**

- EUR 280 ml, to replace Silver Point facility
- Significant reduction of cost of debt

■ **Solid growth of economic results:**

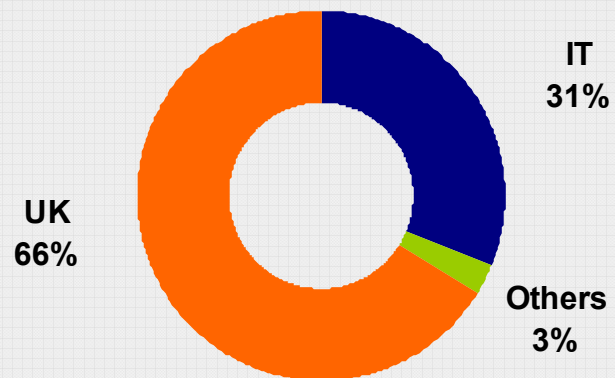
- 3Q06 revenues at EUR 168.9 ml (+31% YoY)
- 3Q06 ADSL revenues at EUR 92.3 ml (+63% YoY)
- 3Q06 Gross Operating Result (EBITDA) at EUR 26.5 ml (16% of revenues) +117% YoY

■ **Over 1.7 ml ADSL customers:**

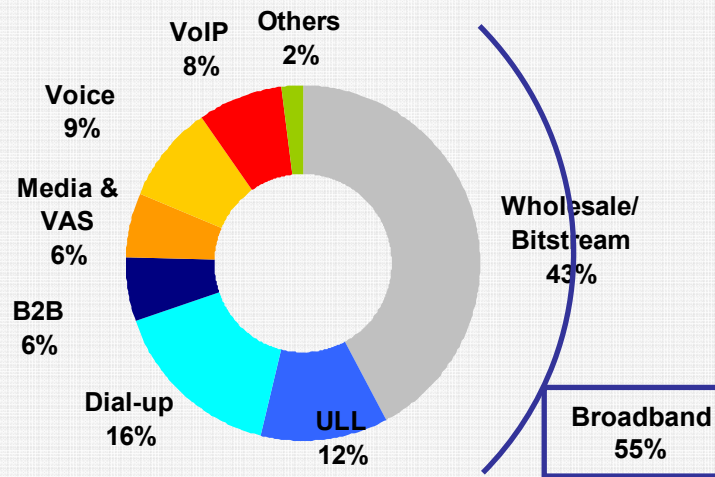
- >160,000 new ADSL adds in the quarter
- 442,000 ULL customers

Operational breakdown and dynamics

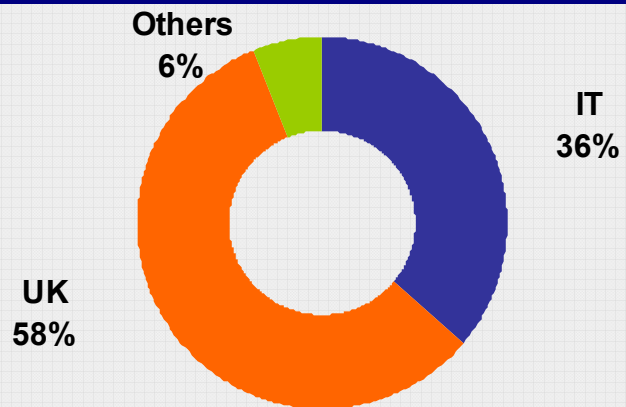
Geographical breakdown of revenues – 3Q06



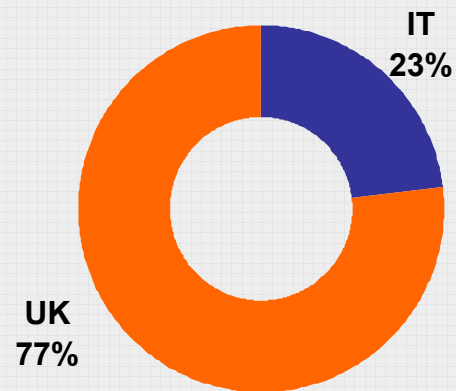
Business line breakdown of revenues – 3Q06



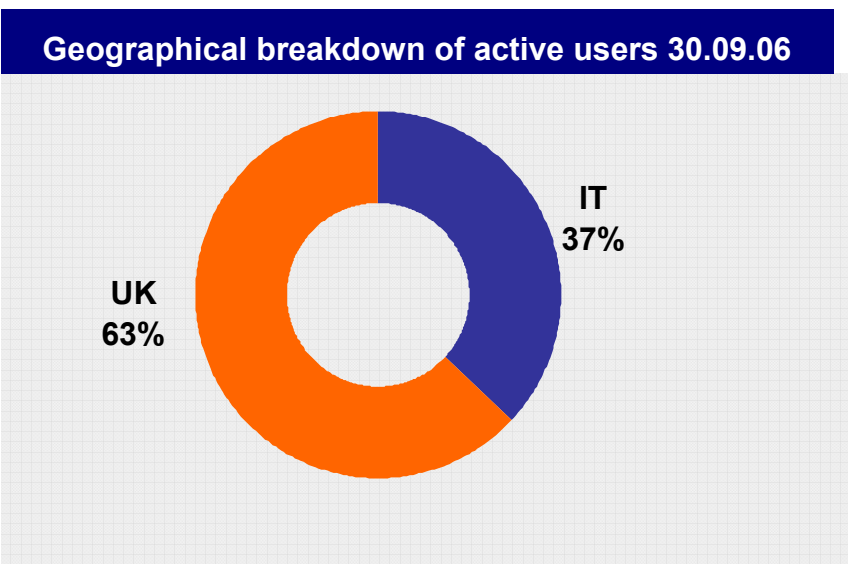
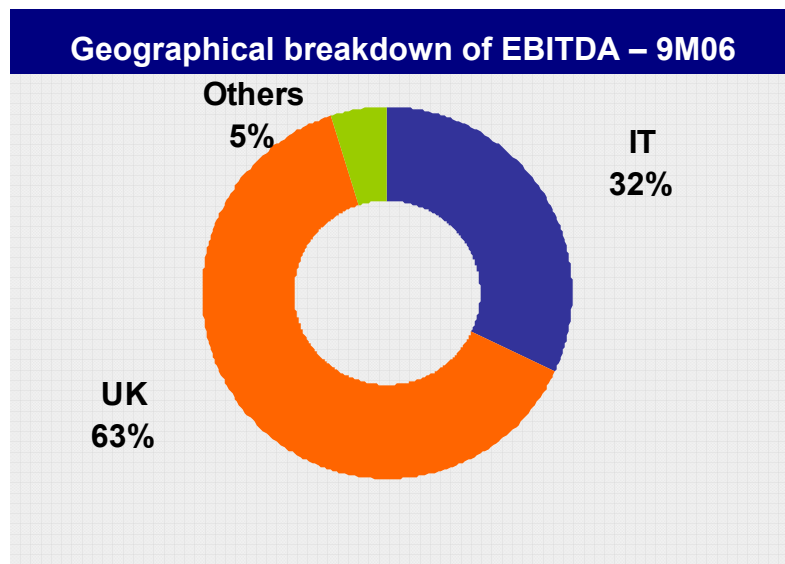
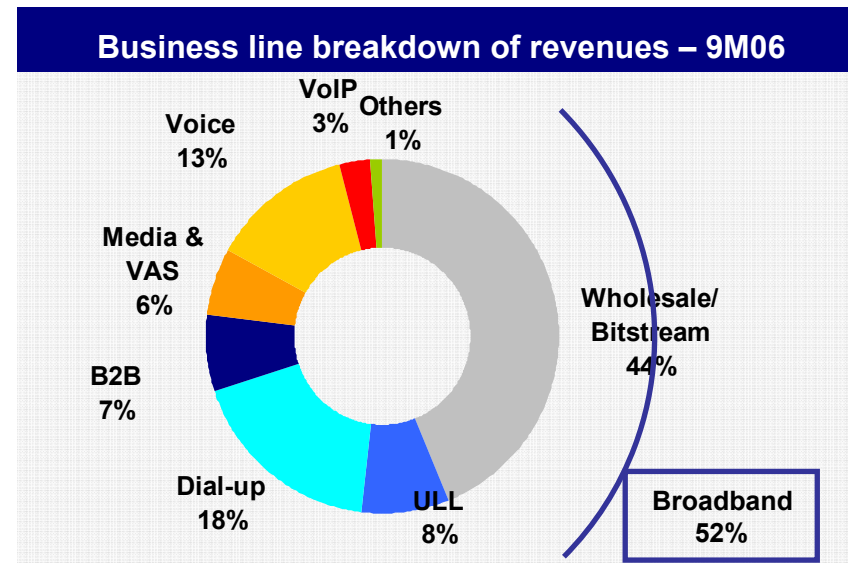
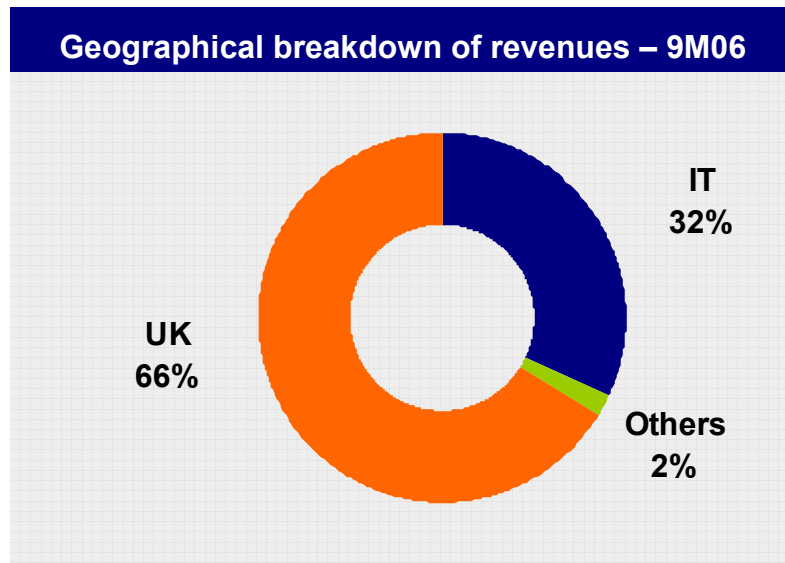
Geographical breakdown of EBITDA – 3Q06



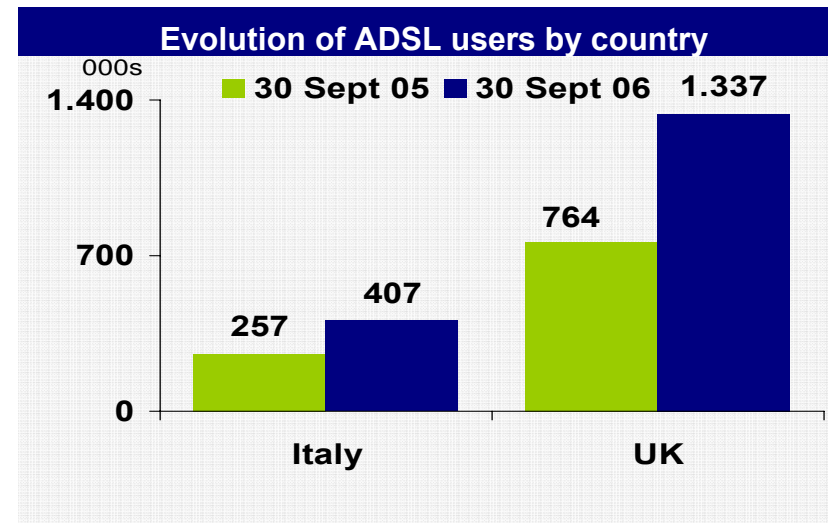
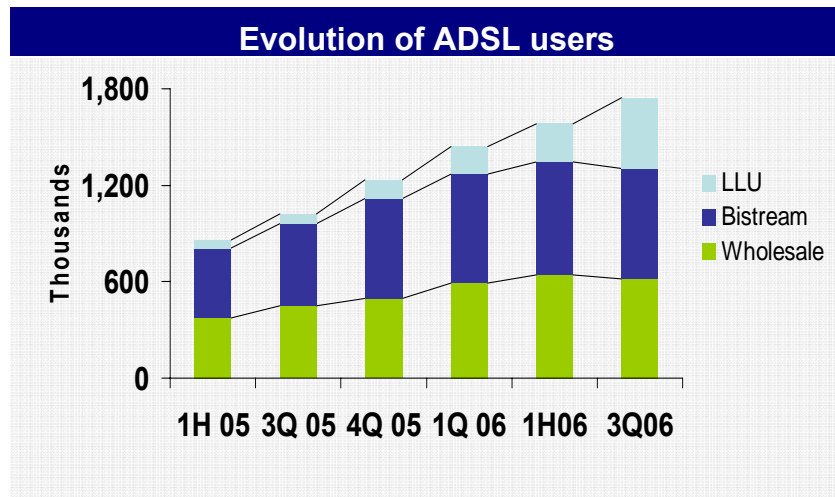
Geographical breakdown of DSL users 30.09.06



Operational breakdown and dynamics

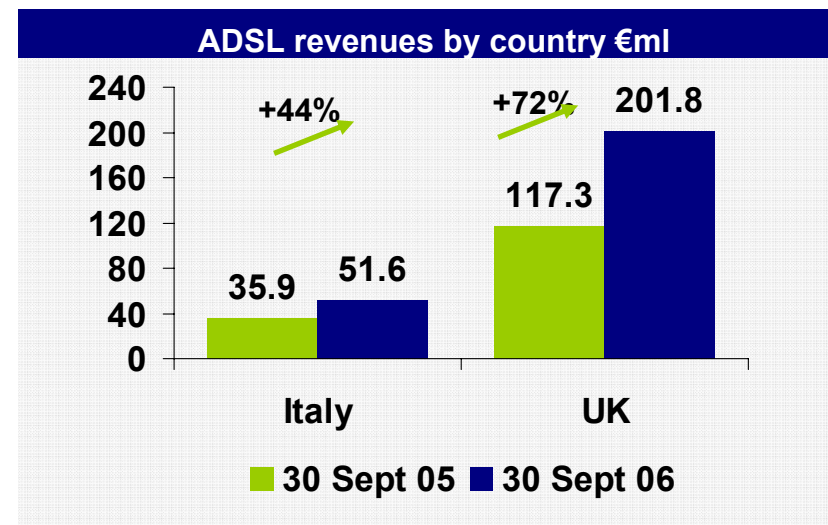


ADSL: the growth driver

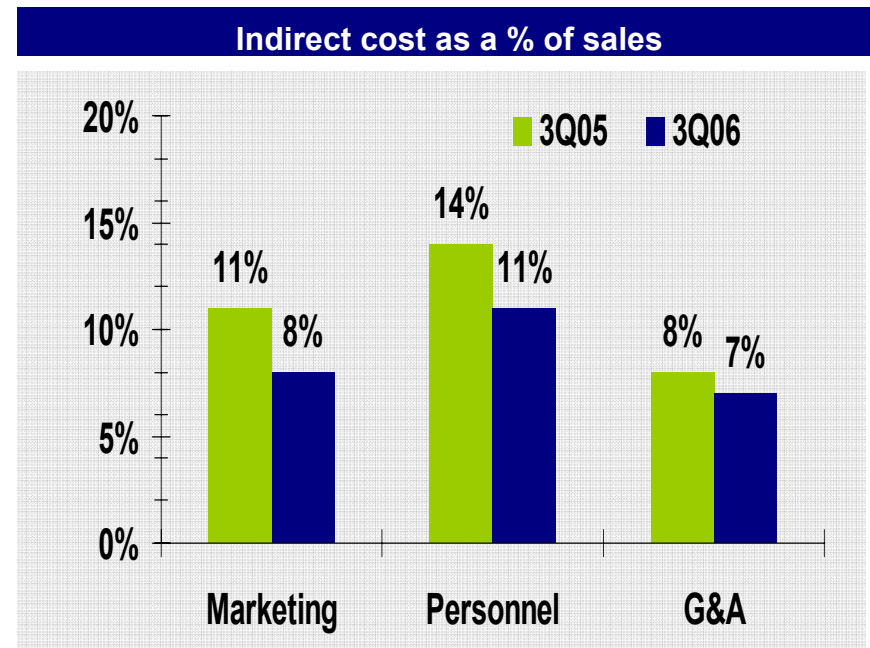
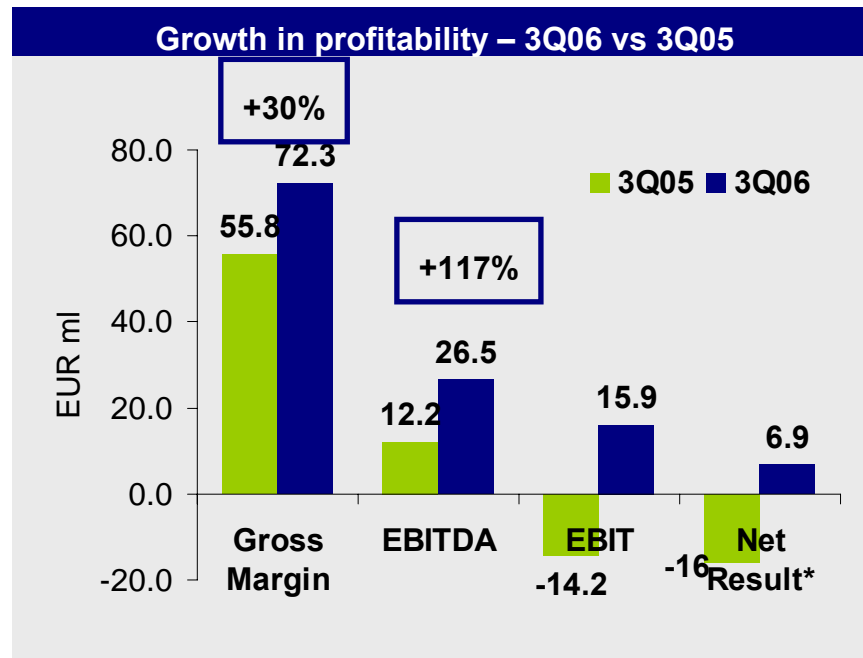


Network coverage

	N. of Colos		% of HH	
	1H06	3Q06	1H06	3Q06
Italy	435	435	30%	30%
UK	250	370	25%	33%

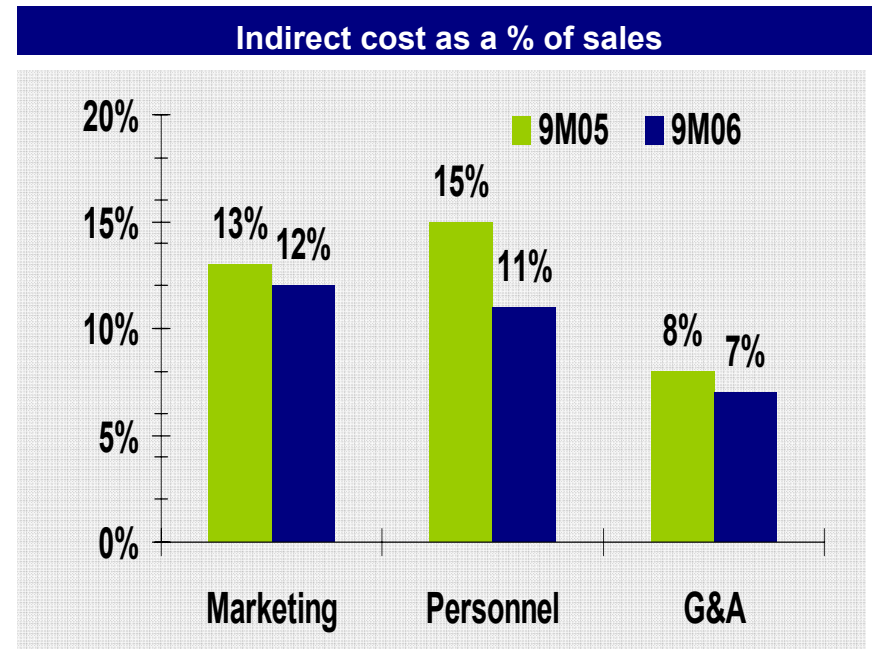
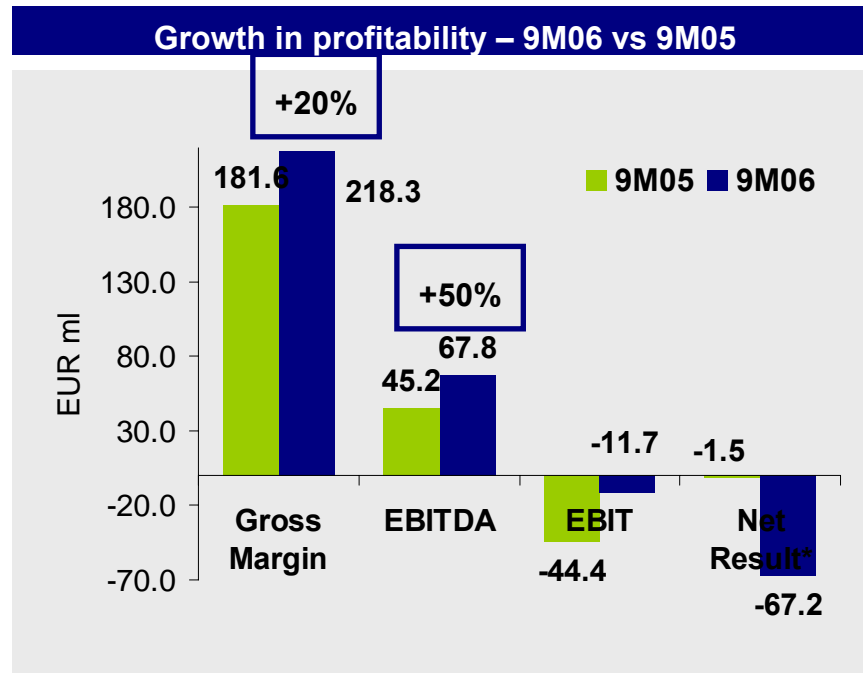


Sharp improvement in profitability and indirect cost reduction



- Both EBIT and Net Result in 3Q06 discount two opposite effects related to the acquisition of VNL:
 - Restructuring costs for EUR 35.8 ml
 - “Capital gain” for EUR 64.4 ml, deriving from the capital increase of Tiscali UK in favour of VNL’s shareholders at fair value

Sharp improvement in profitability and indirect cost reduction



- 9M05 net result mainly relates to the EUR 144 ml capital gain from the disposal of Liberty Surf (Tiscali France)





Financials 3Q05 vs 3Q06

€ m	3Q06	% of rev.	3Q05	% of rev.	Delta 05/06
Revenues	168,9	100%	128,6	100%	31%
Access	118,6	70%	91,6	71%	29%
Voice	28,4	17%	19,7	15%	44%
B2B	10,9	6%	12	9%	-9%
Media and VAS	9,9	6%	4,1	3%	141%
Other	1,1	1%	1,2	1%	-8%
Gross Margin	72,3	43%	55,8	43%	30%
Operating costs	44,7	26%	43,1	34%	4%
Sales & Marketing costs	14,2	8%	14,2	11%	0%
Personnel costs	18,7	11%	18,6	14%	1%
G&A costs	11,8	7%	10,3	8%	15%
Extraordinary Income & Expenses	1,1	1%	0,5	0%	120%
Gross Operating Result (EBITDA)	26,5	16%	12,2	9%	117%
EBIT	15,9	9%	(14.2)	nm	nm
EBT	2,9	2%	(16.8)	nm	nm
Net result	6,9	4%	(16)	nm	nm

Financials 3Q05 vs 3Q06

€ m	3Q06	% of rev.	3Q05	% of rev.	Delta 05/06
Revenues	168.9	100%	128.6	100%	31%
<i>Italy</i>	52.6	31%	42.6	33%	23%
<i>UK</i>	113.5	67%	82.8	64%	37%
<i>Other</i>	2.8	2%	3.2	2%	-12%
Gross Margin	72.3	43%	55.8	43%	30%
Operating costs	44.7	26%	43.1	34%	4%
<i>Sales & Marketing costs</i>	14.2	8%	14.2	11%	0%
<i>Personnel costs</i>	18.7	11%	18.6	14%	1%
<i>G&A costs</i>	11.8	7%	10.3	8%	15%
<i>Extraordinary Income & Expenses</i>	1.1	1%	0.5	0%	120%
Gross Operating Result (EBITDA)	26.5	16%	12.2	9%	117%

Financials 9M05 vs 9M06

€ m	9M06	% of rev.	9M05	% of rev.	Delta 05/06
Revenues	487	100%	382	100%	27%
Access	342,3	70%	269,1	70%	27%
Voice	78,4	16%	59,1	15%	33%
B2B	31,9	7%	31,2	8%	2%
Media and VAS	29,7	6%	15,4	4%	93%
Other	4,6	1%	7,1	2%	-35%
Gross Margin	218,3	45%	181,6	48%	20%
Operating costs	151,1	31%	137,2	36%	10%
Sales & Marketing costs	58,9	12%	50,5	13%	17%
Personnel costs	55,8	11%	55,8	15%	0%
G&A costs	36,3	7%	30,9	8%	17%
Extraordinary Income & Expenses	(0.7)	nm	-0,8	nm	nm
Gross Operating Result (EBITDA) 	67,8	14%	45,2	12%	50%
EBIT 	(11,7)	nm	(44,4)	nm	74%
EBT 	(35,7)	nm	(65,2)	nm	45%
Net result 	(67,2)	nm	(1,5)	nm	nm

Financials 9M05 vs 9M06

€ m	9M06	% of rev.	9M05	% of rev.	Delta 05/06
Revenues	487	100%	382	100%	27%
<i>Italy</i>	157.3	32%	138	36%	14%
<i>UK</i>	319.1	66%	231.2	61%	38%
<i>Other</i>	10.6	2%	12.8	3%	-17%
Gross Margin	218.3	45%	181.6	48%	20%
Operating costs	151.1	31%	137.2	36%	10%
<i>Sales & Marketing costs</i>	58.9	12%	50.5	13%	17%
<i>Personnel costs</i>	55.8	11%	55.8	15%	0%
<i>G&A costs</i>	36.3	7%	30.9	8%	17%
<i>Extraordinary Income & Expenses</i>	(0.7)	<i>nm</i>	(0.8)	<i>nm</i>	13%
Gross Operating Result (EBITDA)	67.8	14%	45.2	12%	50%

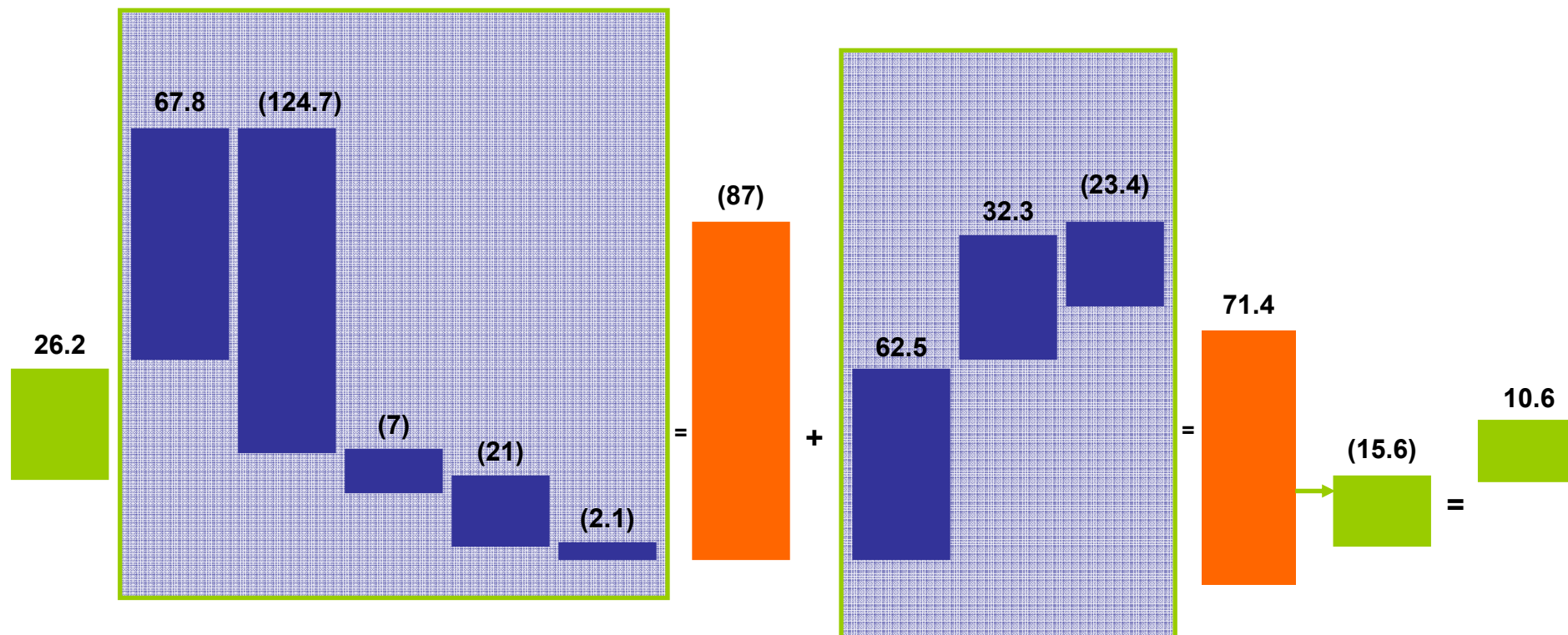
Evolution of capital structure

€ m	31 December 2005	30 June 2006	30 September 2006
Cash	26.3	17.8	10.6
Other Financial Assets	33.7	26.5	35.5
<i>of which</i>			
Escrow accounts	16.1	10.1	19.5
Tax receivables and other assets	17.6	16.4	16.0
Total cash and other financial assets	60.0	44.4	46.1
Equity Linked 2006	211.0	215.9*	-
Total Bonds	211.0	215.9	-
Long term loans	96.5	101.1	169.6
Bank overdraft and short term lines	22.9	38.5	167.9
Total Bank debt	119.4	139.6	337.6
Leasing	19.0	15.2	19.9
Total Financial debt**	349.4	370.7	357.5
Net Financial Debt	(289.4)	(326.4)	(311.3)

* Includes accrued interests

**Does not include shareholders' loan of €30.7 as of Sept 30th 2006

Cash-Flow & Net debt as of 30 September 2006 YTD



Cash as of 31.12.05	EBITDA	CAPEX	Δ WC	Interests	Others	Δ Operating cash	Capital Increase	Net New debt	VNL impact	Δ Extraord. Cash	Δ Tot Cash	Cash as of 30.09.06
26.2	67.8	(124.7)	(7)	(21)	(2.1)	(87)	62.5	32.3	(23.4)	71.4	(15.6)	10.6

Targets

- Tiscali confirms the targets of the new strategic plan.
 - 2006, new perimeter:
 - Revenues at EUR 688 ml
 - Gross Operating Result (EBITDA) at ca EUR 98 ml (over 14% margin)
 - Over 3 million active users, of which more than 1,7 million ADSL customers and more than one-third receiving ULL services.

Disclaimer

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