

4Q2005 financial results

Milan, 14th February 2006

Key 4Q05 results

- **Full year 2005 revenue and DSL customer targets in line, outperformed EBITDA target:**
 - 4Q05 revenues at €200.0 ml (+14% YoY), bring FY05 revenues to €739.3 ml (+13% YoY)
 - 4Q05 Gross Operating Result (EBITDA) at €32.9 ml (16% of revenues) bring FY05 Gross Operating Result (EBITDA) at €116.9 ml (16% on revenues), +51% YoY

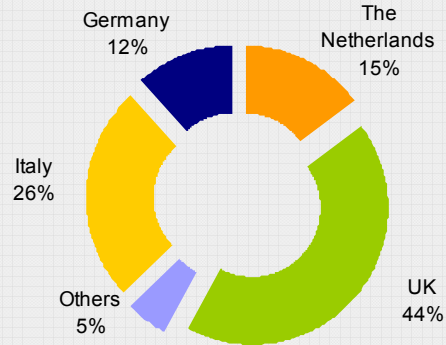
- **Outperformed ADSL market growth in 3 markets:**
 - +235,000 new ADSL adds in the quarter, +682,000 new adds in 2005, reaching over 1.7 ml ADSL customers
 - Total active customers (including dial-up) at 4.7 ml

- **Continues LLU roll-out and migration:**
 - >355,000 LLU customers as of 31.12.05 (+27% vs 30.09.05)
 - Increased LLU network coverage

- **Free Cash Flow continues improving, in line with FY2005 target:**
 - -€16 ml in 4Q05 vs -€23 ml in 3Q05. NFP at -€284 ml vs -€269 ml as of 30.09.05

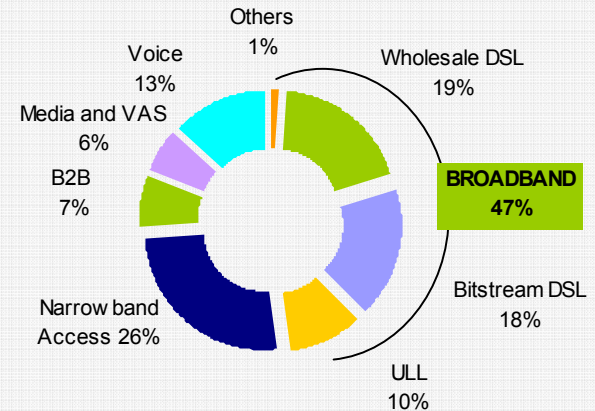
Revenue breakdown and dynamics

Geographical breakdown of revenues – FY05

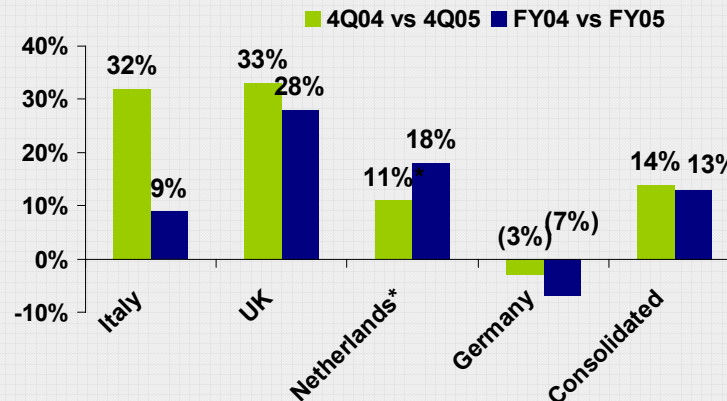


Note: Others include Czech Republic, TiNet IP

Business line breakdown of revenues 4Q05



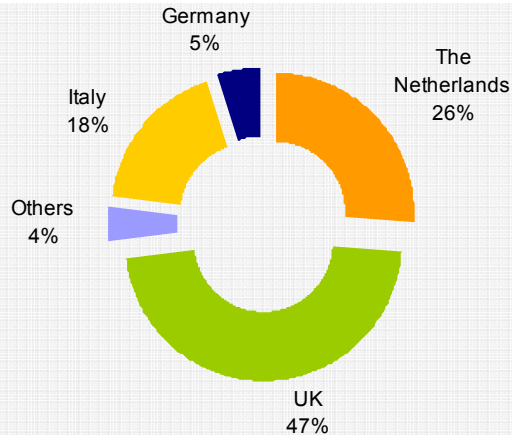
Revenue growth: contribution by country YoY



* Net of the sale of 60K wholesale customers

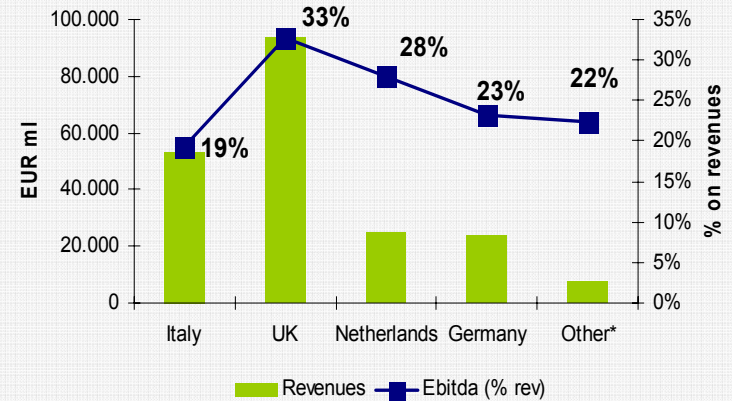
Analysis by country

Geographical breakdown of EBITDA FY05

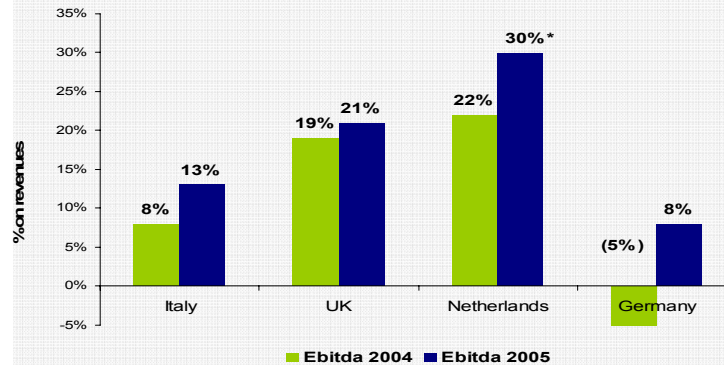


Note: Others includes Czech Republic, TiNet IP

Revenues and EBITDA by country 4Q05



EBITDA by country FY 2005 vs 2004

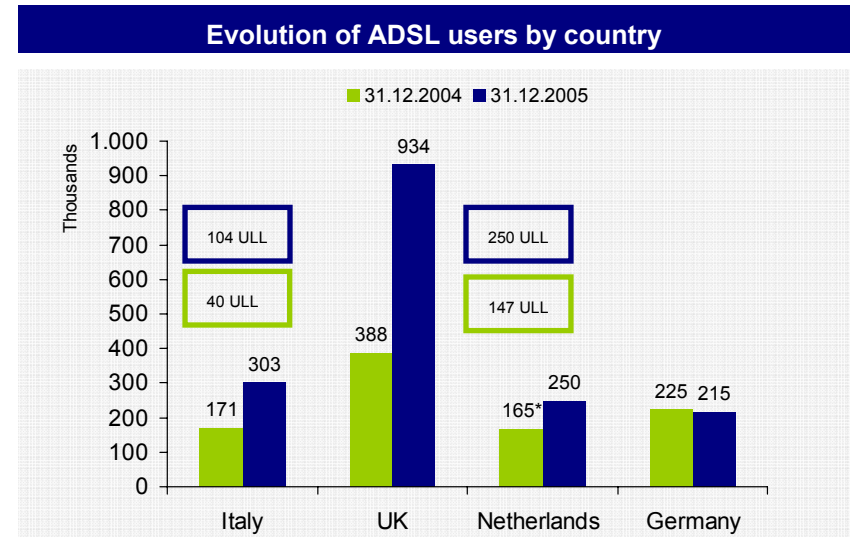
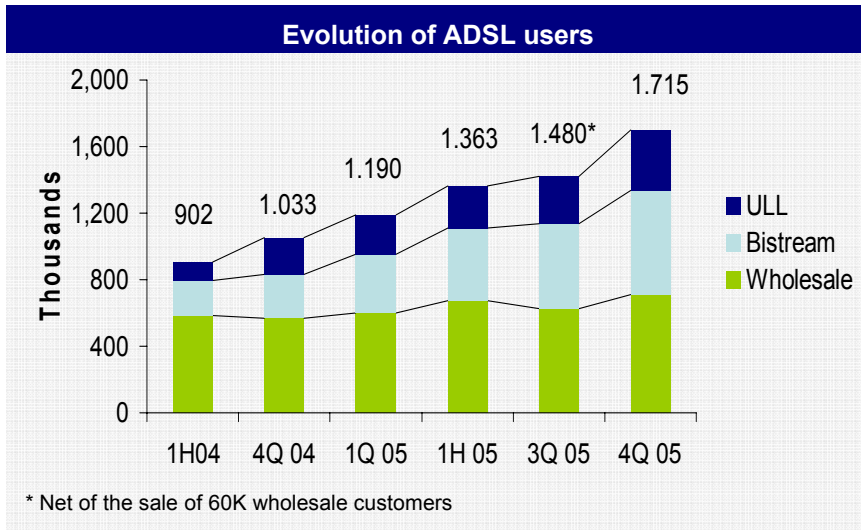


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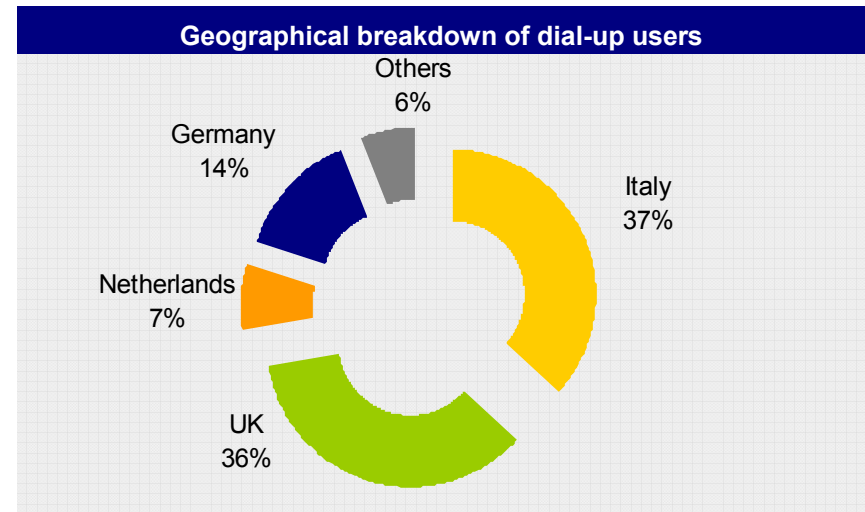
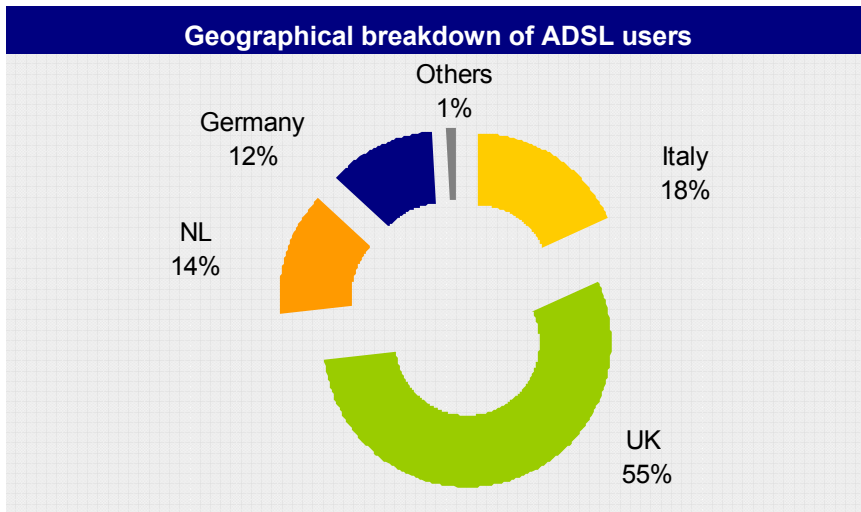
- EBITDA ratio to revenues improves in all countries thanks to revenues growth and lower indirect costs.

Note: Others includes Czech Republic, TiNet IP. EBITDA by country does not include corporate costs

Active users as of 31.12.2005



*Following the sale of 60K wholesale customers



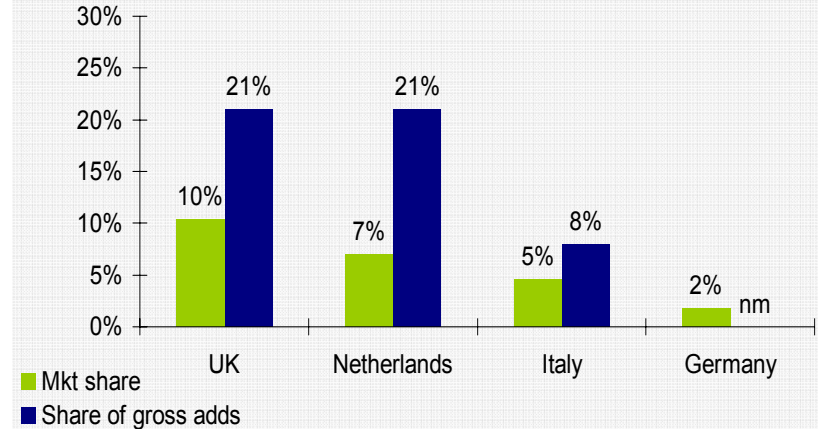
DSL market dynamics

Tiscali ADSL growth vs market (number of lines) 2005

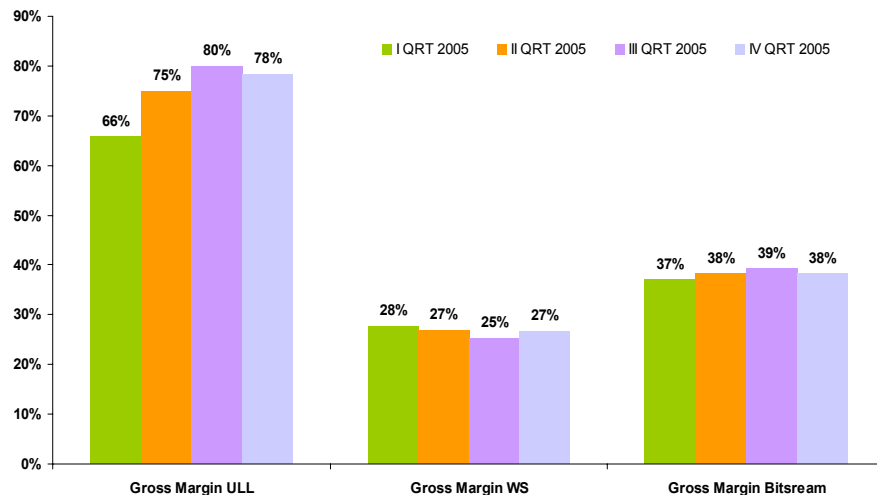
- Italy:** Growth higher than the market's in 2005 (75% vs 55%)
- UK:** Growth higher than the market's in 2005 (141% vs 52%)
- Netherlands:** Growth higher than the market's in 2005 (49% vs 23%)
- Germany:** Growth lower than the market's, due to strategic rethinking of market positioning

Source: Tiscali, Gartner

Tiscali DSL market share YE 2005



Tiscali ADSL GM evolution 04 vs 05 - Average of 4 countries

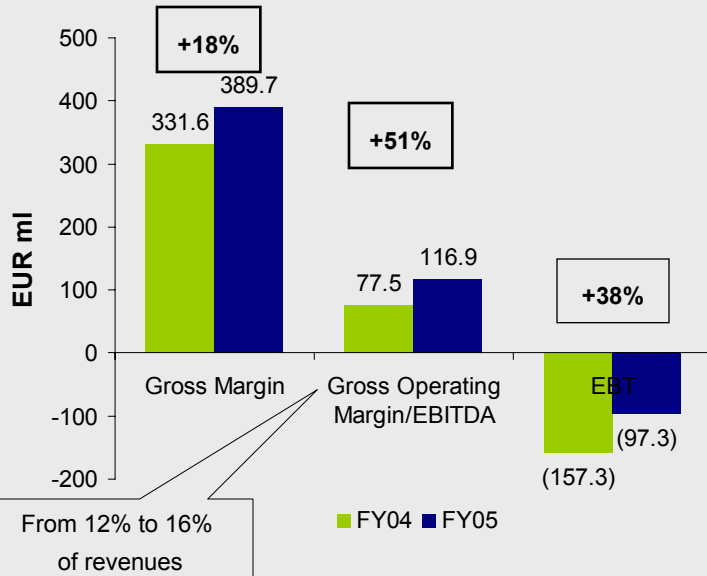


LLU network coverage and investments

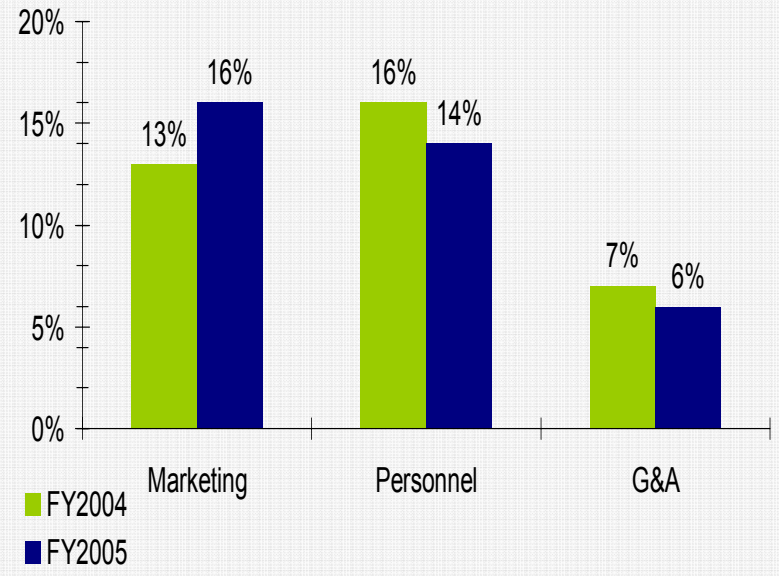
Country	N. of CoLos		% of HH		Capex ULL (€ml)	
	04	05	04	05	04	05
Italy	240	367	23%	40%	60.0	29.3
UK	-	26	-	3%	-	9.1
Netherlands	231	260	58%	60%	16.0	19.4
Germany	Test in Frankfurt					

Sharp improvement in profitability and indirect cost reduction

Growth in profitability – FY05 vs FY04



Indirect cost reduction – FY05 vs FY04



Financials 4Q05 vs 4Q04

€ ml	4Q05	% of rev.	4Q04	% of rev.	Delta 04/05
Revenues	200.0		175.8		14%
<i>Italy</i>	53.3	27%	40.2	23%	32%
<i>UK</i>	93.7	47%	70.2	40%	33%
<i>Netherlands</i>	24.7	12%	26.0*	15%	(5%)
<i>Germany</i>	23.5	12%	24.2	14%	(3%)
<i>Others</i>	7.8	4%	10.2	6%	(23%)
Gross Margin	101.3	51%	95.6	54%	6%
Operating costs	61.7	31%	61.9	35%	0%
<i>Sales & Marketing costs</i>	29.5	15%	26.4	15%	12%
<i>Personnel costs</i>	23.3	12%	22.9	13%	2%
<i>G&A costs</i>	8.9	4%	12.6	7%	(29%)
Trading Margin (EBITDA)	39.4	20%	33.7	19%	17%
<i>Other Operating charges & income</i>	-6.6	<i>nm</i>	(1.7)	<i>nm</i>	<i>nm</i>
Gross Operating Result (EBITDA)	32.9	16%	31.9	18%	3%

* Includes revenues of 60K wholesale customers sold in 3Q05 to KPN

Financials FY05 vs FY04

€ ml	FY05	% of rev.	FY04	% of rev.	Delta 04/05
Revenues	739.3		655.1		13%
<i>Italy</i>	196.4	26%	180.8	27%	9%
<i>UK</i>	324.9	44%	254.5	38%	28%
<i>Netherlands</i>	109.9	15%	93.1	14%	18%
<i>Germany</i>	87.9	12%	94.8	14%	(7%)
<i>Others</i>	35.2	4%	40.9	6%	(14%)
Gross Margin	389.3	53%	331.6	51%	18%
Operating costs	265.4	36%	236.5	36%	12%
<i>Sales & Marketing costs</i>	118.5	16%	83.7	13%	42%
<i>Personnel costs</i>	105.9	14%	106.3	16%	-
<i>G&A costs</i>	40.8	6%	46.5	7%	(12%)
Trading Margin (EBITDA)	124.5	17%	95.1	15%	31%
<i>Other Operating charges & income</i>	-7.6	<i>nm</i>	(17.7)	<i>nm</i>	<i>nm</i>
Gross Operating Result (EBITDA)	116.9	16%	77.5	12%	51%

Financials 4Q05 vs 4Q04

€ ml	4Q05	% of rev.	4Q04	% of rev.	Delta 04/05
Revenues	200.0		175.8		14%
<i>Access</i>	144.7	72%	130.9	74%	11%
<i>Voice</i>	25.8	13%	26.6	15%	(3%)
<i>B2B</i>	14.0	7%	11.0	6%	27%
<i>Media and VAS</i>	12.8	6%	6.8	4%	87%
<i>Others</i>	2.7	1%	0.4	<i>nm</i>	<i>nm</i>
Gross Margin	101.3	51%	95.6	54%	6%
Operating costs	61.7	31%	61.9	35%	0%
<i>Sales & Marketing costs</i>	29.5	15%	26.4	15%	12%
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<i>Other Operating charges & income</i>	(6.6)	<i>nm</i>	(1.7)	<i>nm</i>	<i>nm</i>
Gross Operating Result (EBITDA)	32.9	16%	31.9	18%	3%
EBIT	(14.5)	<i>nm</i>	(45.8)	<i>nm</i>	68%
EBT	(20.3)	<i>nm</i>	(52.9)	<i>nm</i>	62%

Financials FY05 vs FY04

€ ml	FY05	% of rev.	FY04	% of rev.	Delta 04/05
Revenues	739.3		655.1		13%
Access	546.6	74%	476.3	73%	15%
Voice	91.4	12%	96.2	15%	(5%)
B2B	59.3	8%	49.1	7%	21%
Media and VAS	33.8	5%	28.8	4%	17%
Others	8.2	1%	4.7	1%	143%
Gross Margin	389.7	53%	331.6	51%	18%
Operating costs	265.2	36%	236.5	36%	12%
Sales & Marketing costs	118.5	16%	83.7	13%	42%
Personnel costs	105.9	14%	106.3	16%	-
G&A costs	40.8	6%	46.5	7%	(12%)
Trading Margin (EBITDA)	124.5	17%	95.1	15%	31%
Other Operating charges & income	(7.6)	nm	(17.7)	nm	nm
Gross Operating Result (EBITDA)	116.9	16%	77.5	12%	51%
EBIT	(68.7)	nm	(120.8)	nm	43%
EBT	(97.3)	nm	(157.4)	nm	38%
Net result	(37.0)	nm	(134.2)	nm	72%

Financials FY05 vs FY04

€ ml	FY05	% of rev.	FY04	% of rev.	Delta 04/05
Revenues*	739.3		655.1		
<i>Italy</i>	196.4	26%	180.8	27%	9%
<i>UK</i>	324.9	44%	254.5	38%	28%
<i>Netherlands</i>	109.9	15%	93.1	14%	18%
<i>Germany</i>	87.9	12%	94.8	14%	(7%)
<i>Others</i>	35.2	4%	40.9	6%	(14%)
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Operating costs	265.2	36%	236.5	36%	12%
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<i>Personnel costs</i>	106.0	14%	106.3	16%	-
<i>G&A costs</i>	40.8	6%	46.5	7%	(12%)
Trading Margin (EBITDA)	124.5	17%	95.1	15%	31%
<i>Other Operating charges & income</i>	(7.6)	<i>nm</i>	(17.7)	<i>nm</i>	<i>nm</i>
Gross Operating Result (EBITDA)	116.9	16%	77.5	12%	51%
<i>Italy</i>	26.0	13%	15.1	8%	72%
<i>UK</i>	68.8	21%	47.7	19%	44%
<i>Netherlands</i>	38.0	35%	20.5	22%	85%
<i>Germany</i>	7.3	8%	(5.2)	(5%)	(240%)
<i>Others</i>	5.3	15%	9.5	23%	(44%)

*: Revenue breakdown doesn't include Corp. adjustments

Evolution of capital structure

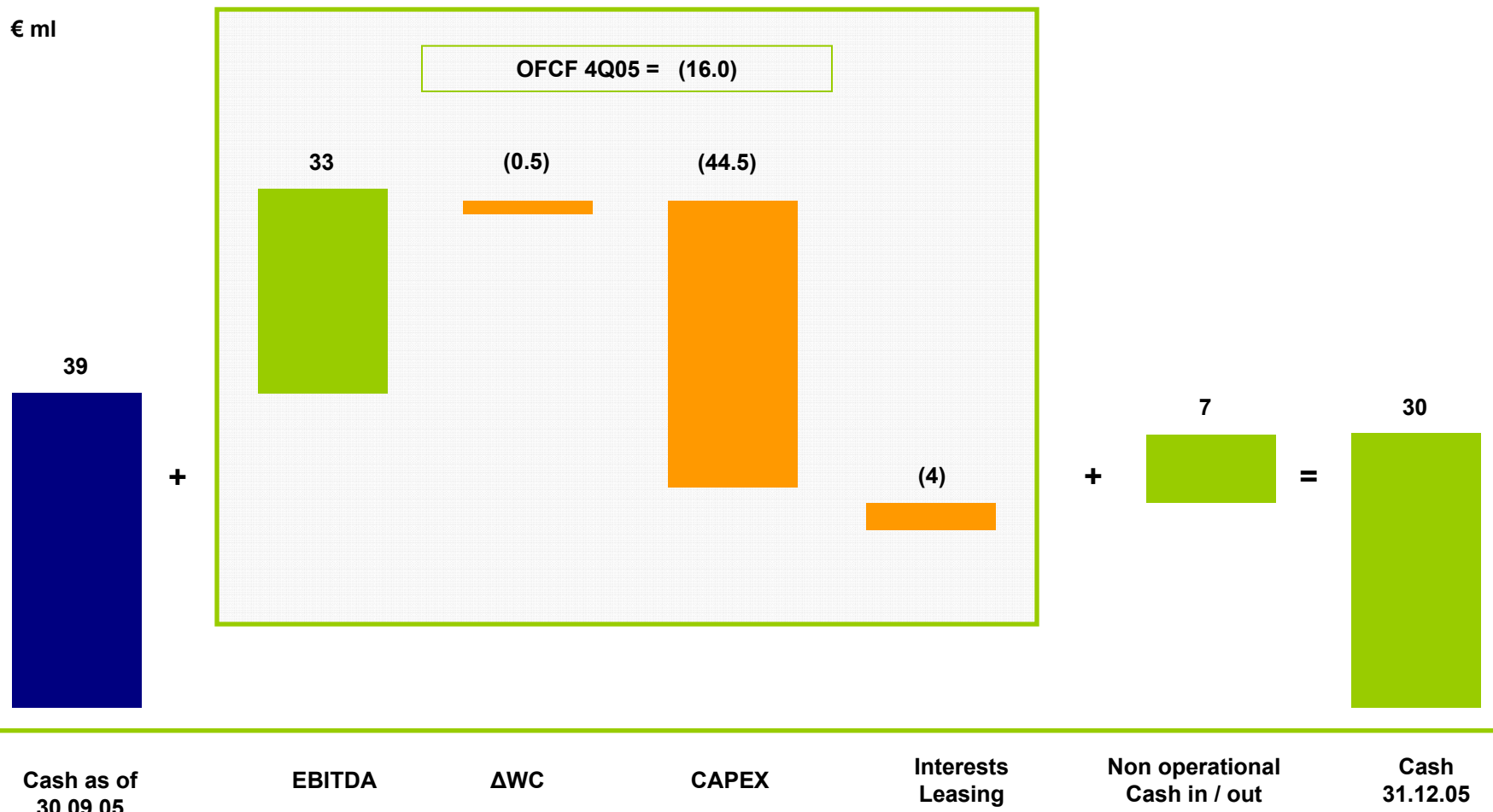
€ ml	31 December 2005	30 September 2005
Cash	29.9	38.8
Other Financial Assets	35.0	42.7
<i>of which</i>		
Escrow accounts	18.4	17.3
Tax receivables and other assets	16.6	25.4
Total cash and other financial assets	64.9	81.5
Equity Linked 2006*	211.0	208.6
Total Bonds	211.0	208.6
Long term loans	89.2	91.7
Bank overdraft and short term lines	19.7	17.9
Total Bank Debt	108.8	109.6
Leasing	29.4	32.0
Total Financial Debt**	349.3	350.2
Net Financial Debt	284.4	268.7

* Includes accrued interests

**Does not include shareholders' loan

Free cash flow 4Q05

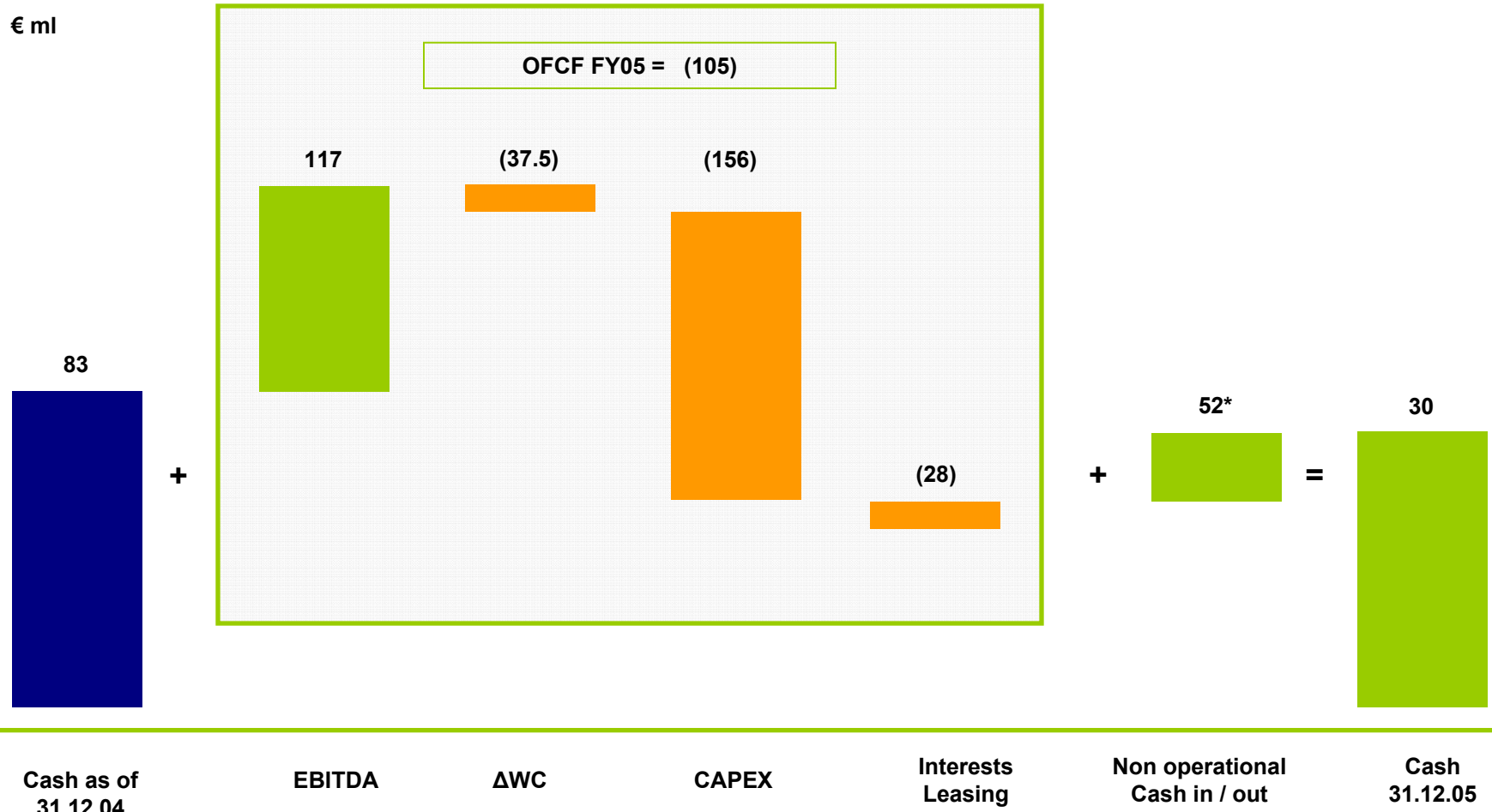
€ ml



■ A positive trend. FCF in 1Q05 was -€46 ml, in 2Q05 -€20 ml, in 3Q05 -€23 ml and 4Q05 -€16 ml

Free cash flow FY05

€ ml



- A positive trend: FY05 OFCF at €105 ml.
FCF in 1Q05 was -€46 ml, in 2Q05 -€20 ml, in 3Q05 -€23 ml, in 4Q05 -€16 ml

*Including cash in from disposed assets and July 05 bond repayment

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