

tiscali.

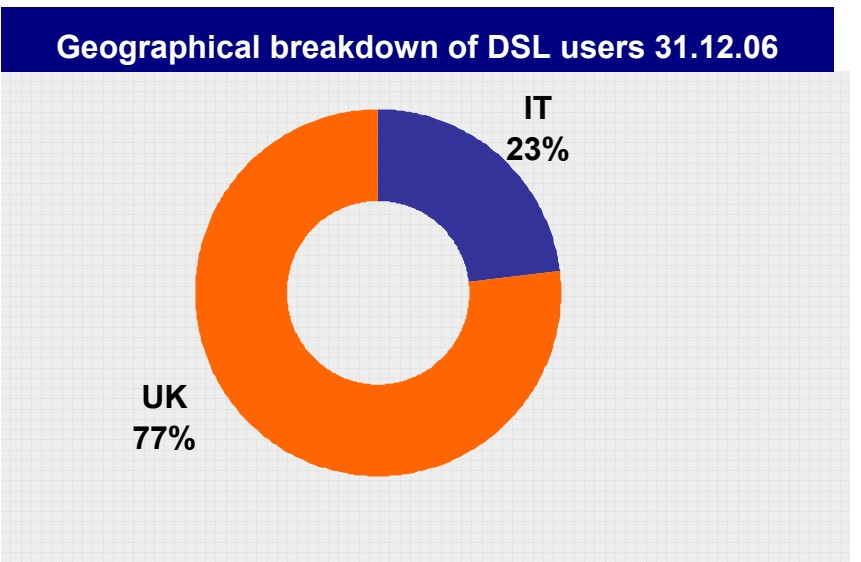
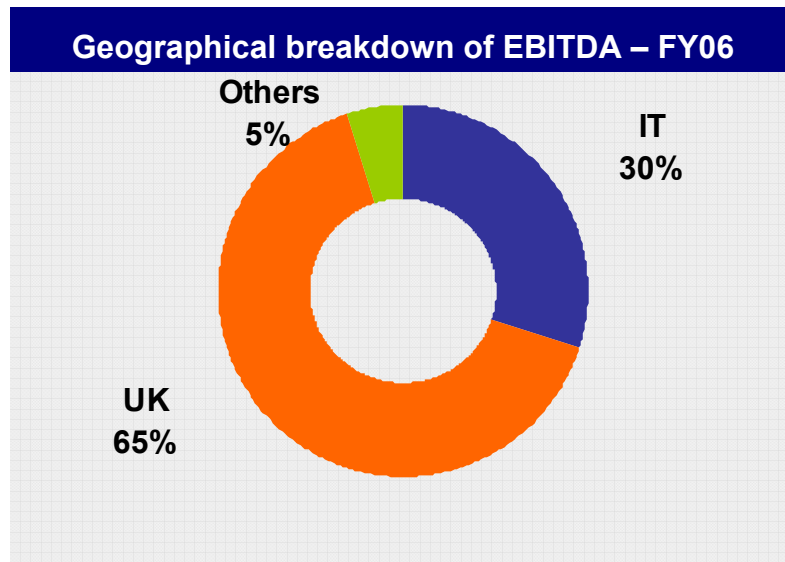
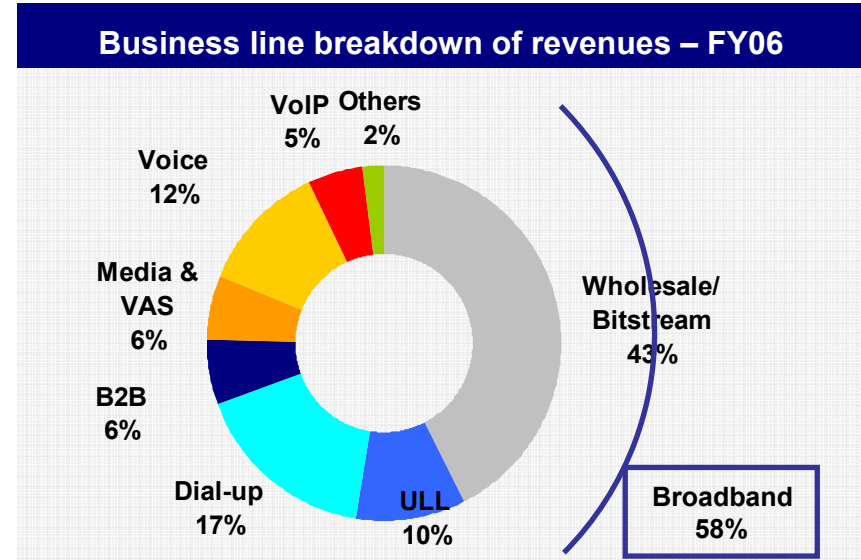
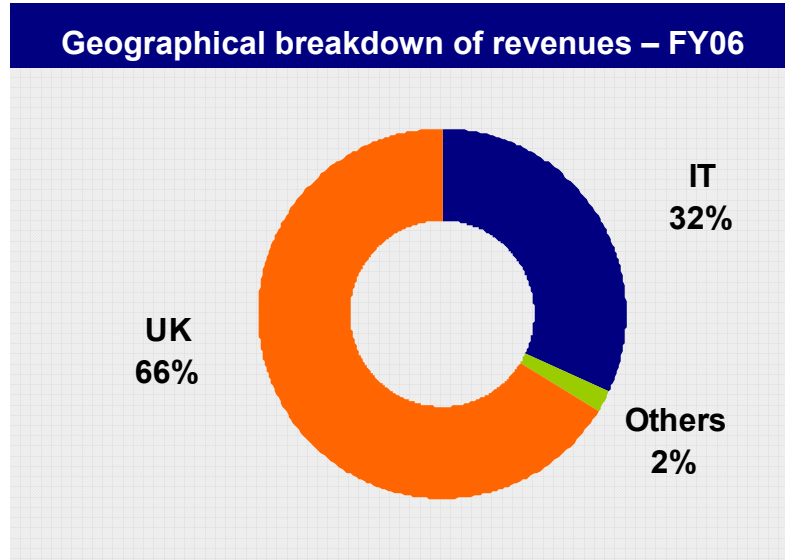
**FY2006 financial results**

Milan, 20th March 2007

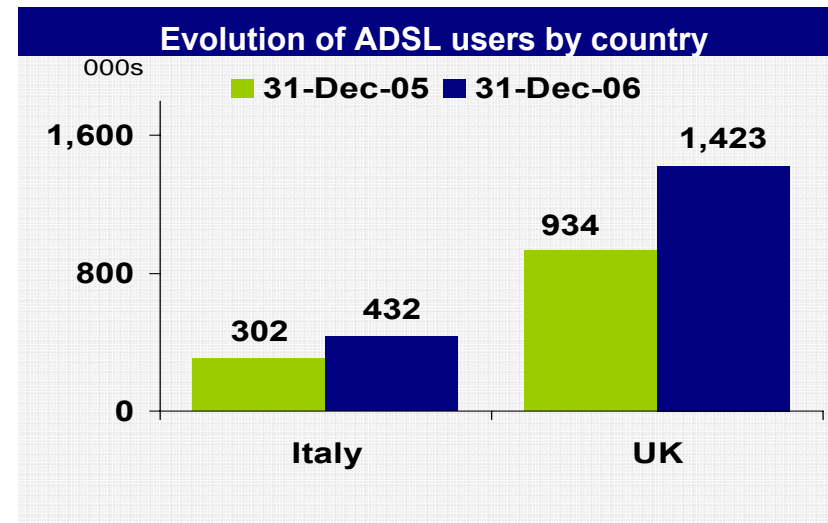
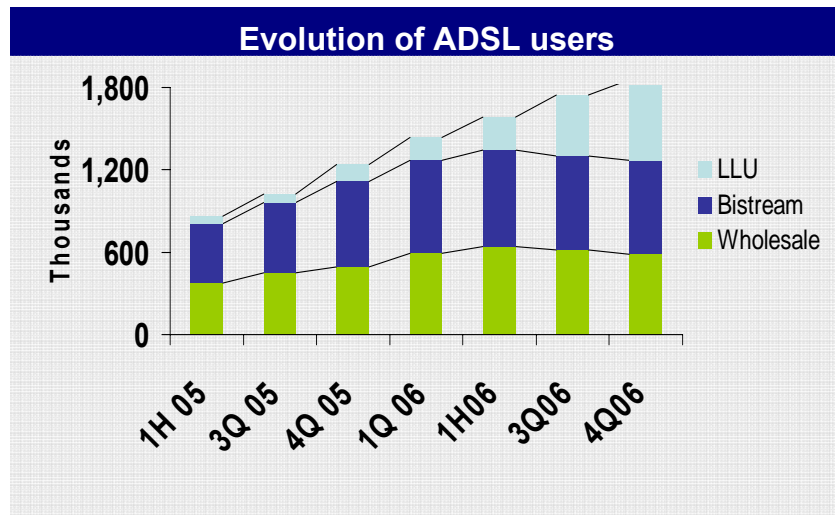
## Key FY06 results

- **New perimeter : Italy and UK**
  - 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
- **Solid growth of economic results, in line with business plan:**
  - FY06 revenues at EUR 678.5 ml (+28% YoY)
  - FY06 ADSL revenues at EUR 357.9 ml (+61% YoY)
  - FY06 Gross Operating Result (EBITDA) at EUR 100.4 ml (15% of revenues) +44% YoY
  - FY06 Net result from continuing operations at minus EUR 59.7 ml, +44% YoY
- **Over 1.8 ml ADSL customers:**
  - >618,000 new ADSL adds in the year
  - 584,000 ULL customers
- **New financing from Intesa Sanpaolo in 1Q07**
  - EUR 280 ml at Euribor +250 bps, to replace Silver Point facility
  - Significant reduction of cost of debt

Operational breakdown and dynamics

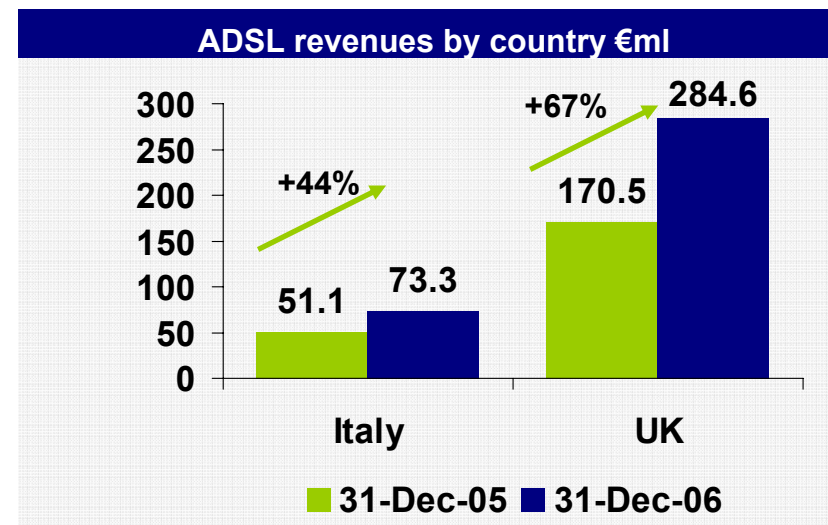


ADSL: the growth driver

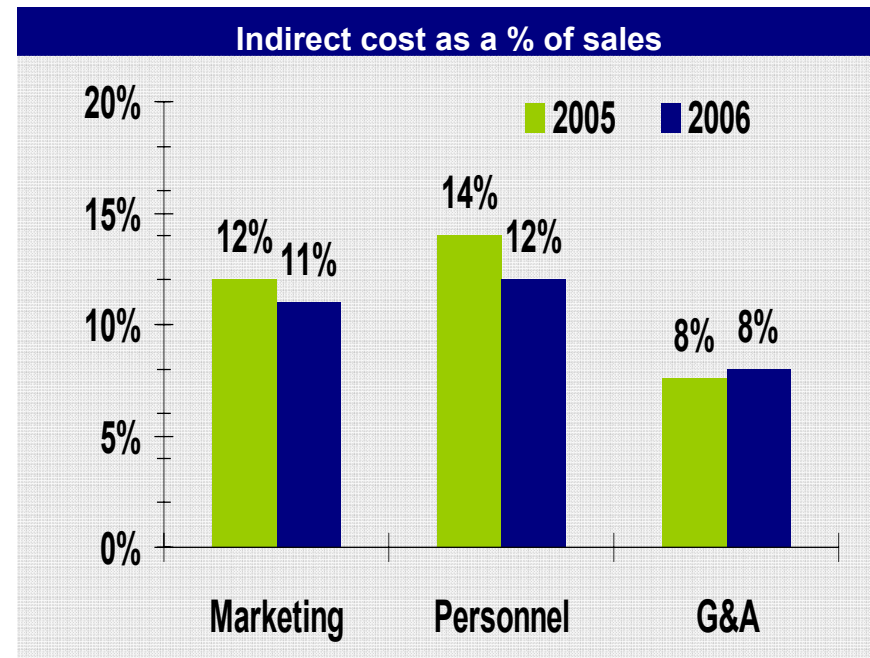
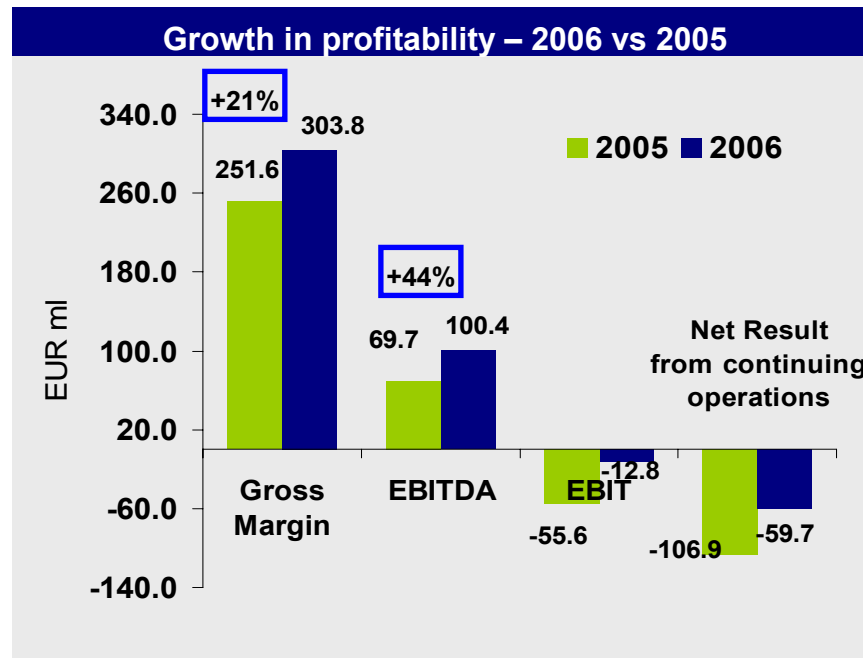


### Network coverage

	N. of Colos		% of HH	
	3Q06	4Q06	3Q06	4Q06
Italy	435	440	30%	30%
UK	370	420	33%	34%



Improvement in profitability and indirect cost reduction



- **Both EBIT and Net Result** in FY06 discount two opposite effects related to the acquisition of VNL:
  - Restructuring costs for EUR 35.8 ml
  - “Capital gain” for EUR 77,2 ml, deriving from the capital increase of Tiscali UK in favour of VNL’s shareholders at fair value

## Financials FY05 vs FY06

€ ml	FY06	% of rev.	FY05	% of rev.	Delta 05/06
<b>Revenues</b>	<b>678.5</b>	<b>100%</b>	<b>530.8</b>	<b>100%</b>	<b>28%</b>
<i>Access</i>	473.5	70%	372.1	70%	27%
<i>Voice</i>	112.2	17%	82.9	16%	35%
<i>B2B</i>	44.4	7%	41.2	8%	8%
<i>Media and VAS</i>	42	6%	24.9	5%	69%
<i>Other</i>	6.3	1%	9.7	2%	-35%
<b>Gross Margin</b>	<b>303.8</b>	<b>45%</b>	<b>251.6</b>	<b>47%</b>	<b>21%</b>
<b>Operating costs</b>	<b>205.2</b>	<b>30%</b>	<b>179.2</b>	<b>34%</b>	<b>15%</b>
<i>Sales &amp; Marketing costs</i>	75.9	11%	63.6	12%	19%
<i>Personnel costs</i>	77.9	11%	73.5	14%	6%
<i>G&amp;A costs</i>	51.5	8%	42.1	8%	22%
<i>Extraordinary Income &amp; Expenses</i>	(1.8)	0%	2.7	1%	<i>nm</i>
<b>Gross Operating Result (EBITDA)</b>	<b>100.4</b>	<b>15%</b>	<b>69.7</b>	<b>13%</b>	<b>44%</b>
<b>EBIT</b>	<b>(12.8)</b>	<b><i>nm</i></b>	<b>(55.6)</b>	<b><i>nm</i></b>	<b>77%</b>
<b>Net result from continuing operations</b>	<b>(59.7)</b>	<b><i>nm</i></b>	<b>(106.9)</b>	<b><i>nm</i></b>	<b>44%</b>
<b>Net result</b>	<b>(130.6)</b>	<b><i>nm</i></b>	<b>(12.8)</b>	<b><i>nm</i></b>	<b><i>nm</i></b>

## Financials FY05 vs FY06

ITALY					
€ m	FY06	% of rev.	FY05	% of rev.	Delta 05/06
<b>Revenues</b>	<b>217.5</b>	<b>100%</b>	<b>188.9</b>	<b>100%</b>	<b>15%</b>
<i>of which ADSL</i>	73.3	34%	51.0	27%	44%
<b>Gross Margin</b>	<b>112.3</b>	<b>52%</b>	<b>86.8</b>	<b>46%</b>	<b>29%</b>
<b>Operating costs</b>	<b>72.5</b>	<b>33%</b>	<b>58.3</b>	<b>31%</b>	<b>24%</b>
<i>Sales &amp; Marketing costs</i>	30.4	14%	19.7	10%	54%
<i>Personnel costs</i>	29.4	14%	24.0	13%	23%
<i>G&amp;A costs</i>	12.7	6%	14.5	8%	-12%
<b>Gross Operating Result (EBITDA)</b>	<b>39.7</b>	<b>18%</b>	<b>28.5</b>	<b>15%</b>	<b>39%</b>

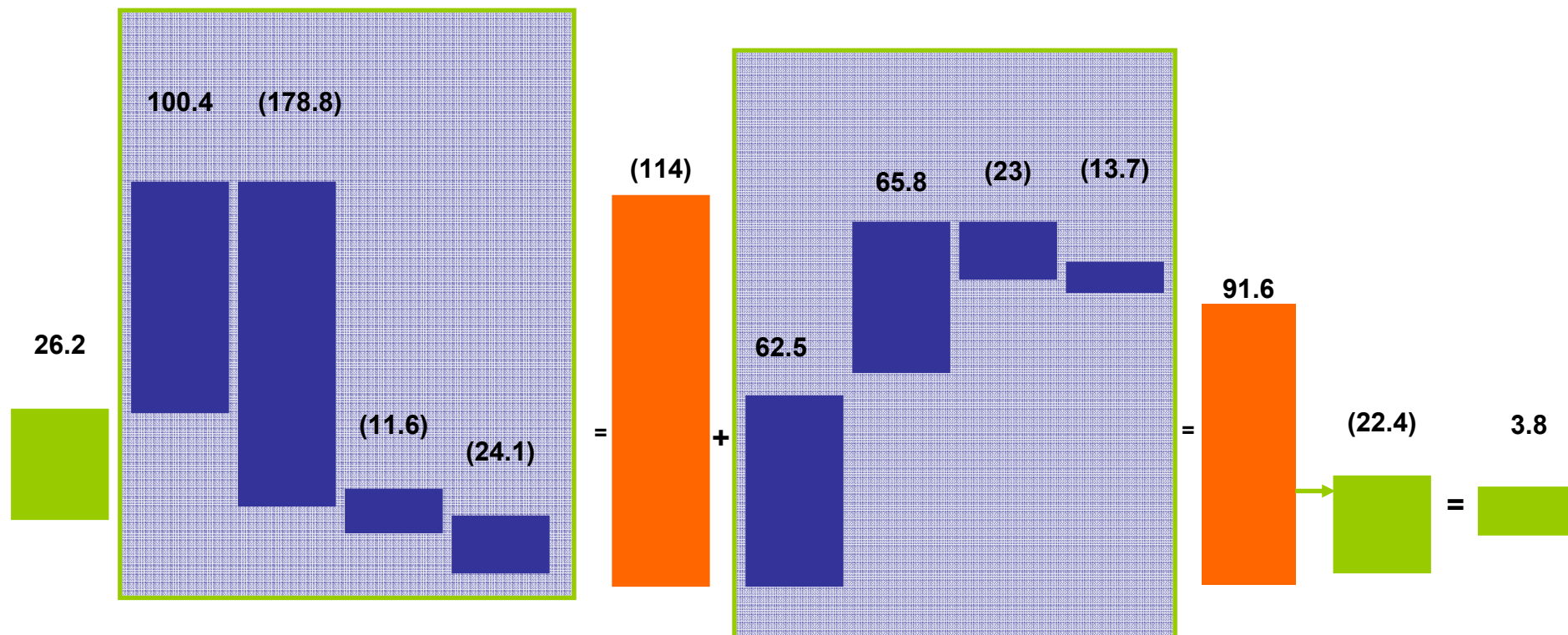
UK					
€ m	FY06	% of rev.	FY05	% of rev.	Delta 05/06
<b>Revenues</b>	<b>445.2</b>	<b>100%</b>	<b>324.9</b>	<b>100%</b>	<b>37%</b>
<i>of which ADSL</i>	284.6	64%	170.5	52%	67%
<b>Gross Margin</b>	<b>183.6</b>	<b>41%</b>	<b>155.4</b>	<b>48%</b>	<b>18%</b>
<b>Operating costs</b>	<b>102.8</b>	<b>23%</b>	<b>84.8</b>	<b>26%</b>	<b>21%</b>
<i>Sales &amp; Marketing costs</i>	43.8	10%	39.9	12%	10%
<i>Personnel costs</i>	30.1	7%	24.3	7%	24%
<i>G&amp;A costs</i>	28.9	6%	20.5	6%	41%
<b>Gross Operating Result (EBITDA)</b>	<b>80.8</b>	<b>18%</b>	<b>70.6</b>	<b>22%</b>	<b>14%</b>

Evolution of capital structure

€ ml	31-dic-06	31-dic-05
A. Cash	3,8	26,2
B. Other liquid assets	11,5	9,2
C. Securities	-	-
<b>D. Total cash and other financial assets (A) + (B) + (C)</b>	<b>15,3</b>	<b>35,4</b>
<b>E. Other current financial assets</b>	<b>21,2</b>	<b>24,4</b>
F. Bank Overdraft	374,8	17,9
G. Long term loans falling within one year	-	-
H. Other financial debt (*)	12,3	10,7
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>387,1</b>	<b>28,6</b>
<b>J. Net current financial debt (I) – (E) – (D)</b>	<b>350,6</b>	<b>(31,2)</b>
K. Non current bank loans	-	89,2
L. Bonds	-	211
M. Other non current debt (**)	46,6	36,5
<b>N. Non current financial debt (K) + (L) + (M)</b>	<b>46,6</b>	<b>336,7</b>
<b>O. Net financial debt (J) + (N)</b>	<b>397,2</b>	<b>305,5</b>
(*) includes leasing debts		
(**) includes leasing debt and debts to shareholders		



Cash-Flow & Net debt



Cash as of 31.12.05	EBITDA	CAPEX	Δ WC	Interests	Δ Operating cash	Capital Increase	Net New debt	VNL impact	Financial Restructuring	Δ Extraord. Cash	Δ Tot Cash	Cash as of 31.12.06
26.2	100.4	(178.8)	(11.6)	(24.1)	(114)	62.5	65.8	(23)	(13.7)	91.6	(22.4)	3.8

## Disposals update and 2007 targets

- Disposal of German assets and of residual Spanish activities for a total of approx 50 million
  
- 2007 targets:
  - Revenues at EUR 820 ml
  
  - Gross Operating Result (EBITDA) at ca EUR 150 ml (over 18% margin)
  
  - Capex at EUR 200 ml

## Disclaimer

**This presentation contains unaudited and/or proforma financial data; it also includes forward-looking information that is subject to risks and uncertainties associated with Tiscali and the Internet sector. This information reflects Tiscali's management expectations, based on currently available information. The forward-looking information reflects certain assumed market parameters and other assumptions, but may differ materially from actual future results.**

**This presentation does not constitute an offer of Tiscali shares.**

**Not for release, publication or distribution, in whole or in part, in or into United States, Canada, Australia or Japan.**