

tiscali:

**1H2010 Results  
Presentation**

August 2010

## 1H2010 Key results

- **Revenues** at EUR 140.6 million, - 7.3% YoY, mainly due to negative effect of UK disposal; +5% on 2Q10 (EUR 68.6 in 1Q10);
- **EBITDA** (gross of bad debt) at EUR 36.3 million; Adjusted EBITDA (net of bad debt) at EUR 26.2 million;
- **EBIT** positive at EUR 4.2 million (EUR 10.9 million in 1H09);
- **Net result** negative for EUR 12.6 million (including EUR 8.2 million negative result from discontinued operations) up 97% YoY (negative for EUR 402.8 million in 1H09);
- **Net financial debt** at EUR 193.1 million\*, vs EUR 211.1 as of 31st December 2009, 68% down compared to 30 June 2009, thanks to the restructuring process;
- **Free cash flow** neutral (net of extraordinary);
- **Total ADSL customers** 609K (582 k already active). Dual play customers at 362K, 9% up on 1Q10. LLU customers at 395K. Mobile customers @ 55k at 30/6/10

(\*) It includes the cash in of EUR 21.9 million related to the Escrow account released

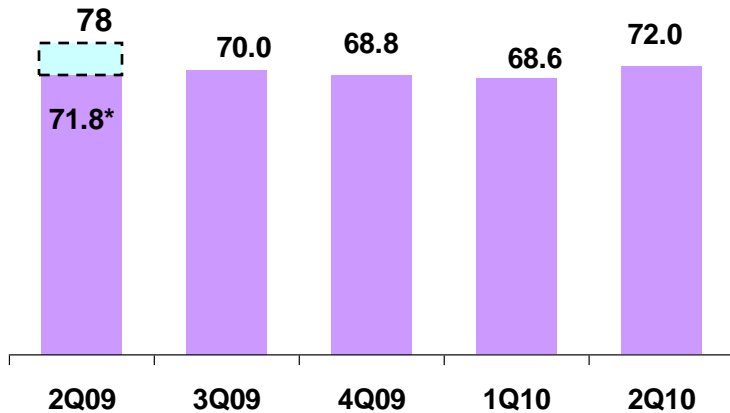
## Main operational achievements in 1H2010

- Continued re-launch of commercial activities:
  - +68% increase in ADSL registrations YoY
  - +146% increase in VoIP registrations YoY
- Ongoing deployment of business sales force
- Media sales force and portfolio enlargement
- Completed internalisation of customer service
- Launched new credit collection procedure
- Network roll-out on LLU
- Deep involvement in FTTH project
- Opened first flagship stores

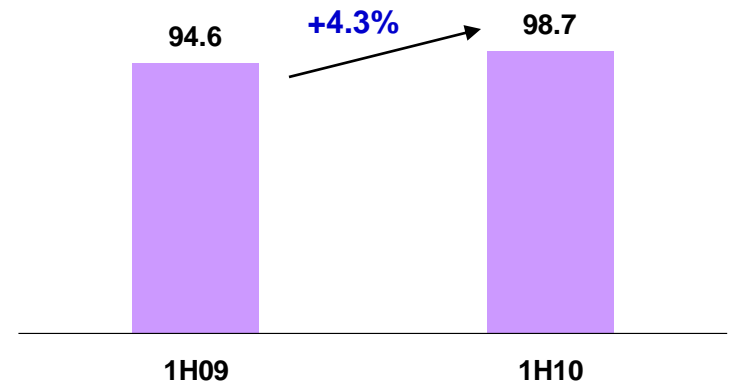


# Trading Performance Key Items

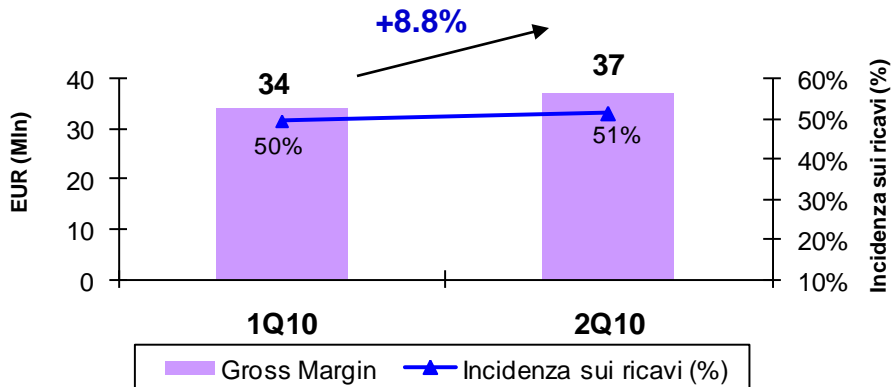
Sales (€ Mln)



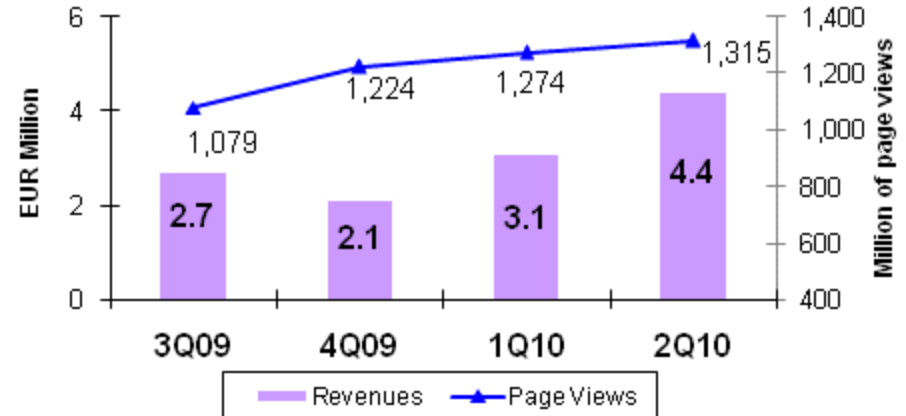
Broadband & Dual Play Revenues (€ Mln)



Gross Margin



Media Revenues and Page Views

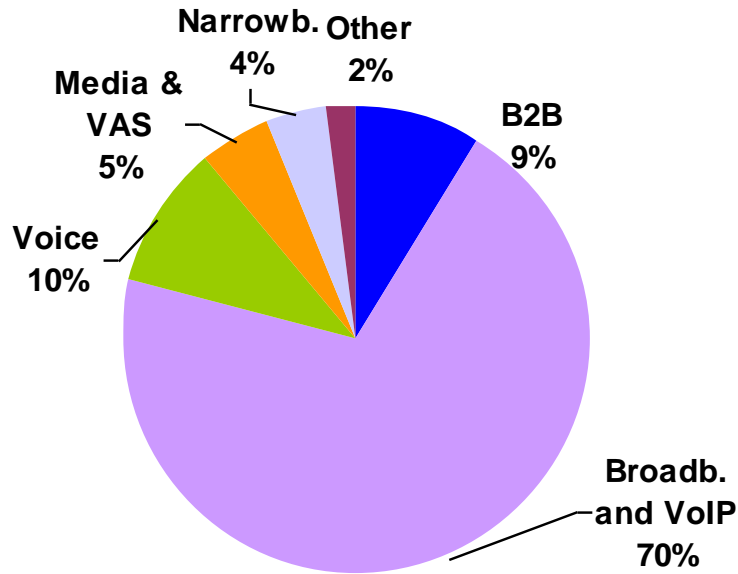


- QoQ revenues increase: + 5% vs 1Q10;
- Dual Play revenues increase: strong up selling customers to migrate on dual play offers, +60K in 1H10;
- Media revenues steadily up 42% vs 1Q10, driven by traffic growth and network enlargement
- Gross margin increase to 51% vs 50% in 1Q10.

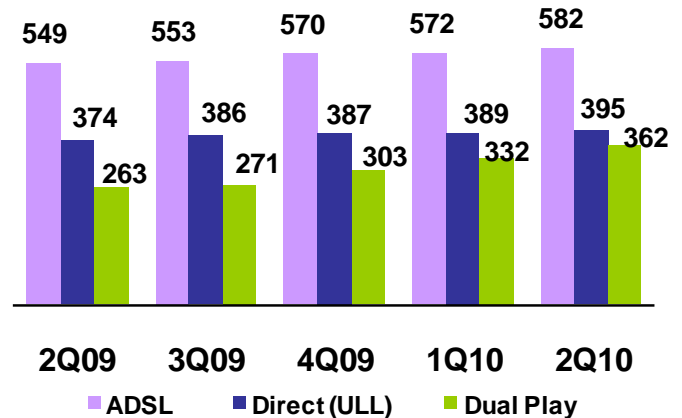
(\*) Pro-Forma net of non recurring items related to UK disposal

# Trading Performance Key Items

Operational Breakdown on Revenues

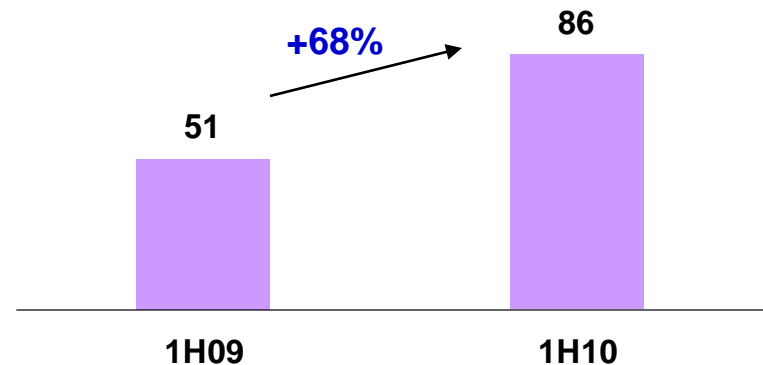


ADSL Active Customers (000s)



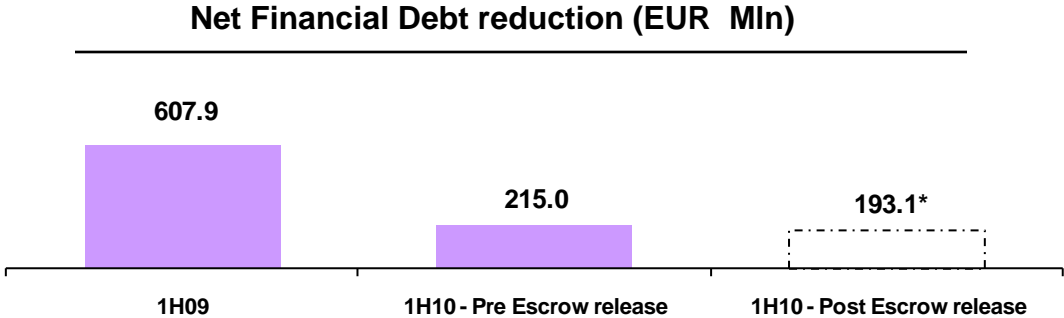
- Broadband & Dual play (VoIP) revenues 70% of total revenues, up 4.3% vs 1H09, driven by client growth
- Network coverage: 672 LLU sites, +186 YoY, migration process on-going
- Broadband Customers +6% YoY;
- Dual Play Customers increase of 99K YoY and ca 9% vs 1Q10;
- Total registrations in 1H10 up 68% vs 1H09, as a result of push channels introduction and pull channels enhanced performance

ADSL Registrations Trend (000s)



# Net Financial Position

- Defined the release of the Escrow account for a total of ca EUR 24.9 million. Immediate positive effect on Cash for EUR 21.9, 88% of the total.
- Total net debt reduction of ca 68% YoY



(\*) It includes the Escrow release with immediate effect of EUR 21.9 million

# 1H10 vs 1H09

EUR mln	1H10	% of rev.	1H09	% of rev.	Delta 10/09
<b>Revenues</b>	<b>140.6</b>	<b>100%</b>	<b>151.6</b>	<b>100%</b>	<b>-7.3%</b>
Access	66.9	48%	72.0	47%	-7.1%
of which ADSL	62.1	44%	61.7	41%	0.6%
Voice	50.3	36%	48.7	32%	3.3%
of which dual play voice traffic	36.6	26%	32.9	22%	11.2%
B2B	12.8	9%	7.6	5%	68.4%
Media and VAS	7.5	5%	12.8	8%	-41.4%
Other	3.1	2%	10.5	7%	-70.5%
<b>Gross Margin</b>	<b>71.0</b>	<b>50%</b>	<b>90.5</b>	<b>60%</b>	<b>-21.5%</b>
<b>Operating costs</b>	<b>37.8</b>	<b>27%</b>	<b>43.2</b>	<b>28%</b>	<b>-12.5%</b>
Sales & Marketing costs	5.7	4%	9.1	6%	-37.4%
Personnel costs	23.5	17%	21.1	14%	11.4%
G&A costs	8.6	6%	12.9	9%	-33.3%
Other (Income) / Expenses	(3.1)	nm	(1.1)	nm	nm
<b>Gross Operating Result (adjusted EBITDA)</b>	<b>36.3</b>	<b>26%</b>	<b>48.4</b>	<b>32%</b>	<b>-25.0%</b>
Bad debt and other provisions	10.1	7%	10.5	7%	-3.8%
<b>Gross Operating Result (EBITDA)</b>	<b>26.2</b>	<b>19%</b>	<b>37.9</b>	<b>25%</b>	<b>-30.9%</b>
<b>EBIT</b>	<b>4.2</b>	<b>3%</b>	<b>10.9</b>	<b>7%</b>	<b>-61.5%</b>
<b>Net result of the Group</b>	<b>(12.6)</b>	<b>nm</b>	<b>(402.8)</b>	<b>nm</b>	<b>96.9%</b>

- Revenues reduction due to ca EUR 6 million effect of non recurring items in 1H09
- Narrowband down EUR 5.5 million and analog voice down EUR 2 million, VOIP up due to dual play up-selling results
- Operating costs reduction thanks to customer operation internalizations
- Strong impact of discontinued operations, of which EUR 7.1 million due to the escrow write-off

## 2Q10 vs 1Q10

EUR mln	2Q10	% of rev.	1Q10	% of rev.	Delta 2Q/1Q
<b>Revenues</b>	<b>72.0</b>	<b>100%</b>	<b>68.6</b>	<b>100%</b>	<b>5.0%</b>
Access	33.5	47%	33.4	49%	0.3%
of which ADSL	31.4	44%	30.8	45%	1.9%
Voice	26.1	36%	24.2	35%	7.9%
of which dual play voice traffic	19.0	26%	17.5	26%	8.6%
B2B	6.4	9%	6.4	9%	0.0%
Media and VAS	4.4	6%	3.1	5%	41.9%
Other	1.6	2%	1.5	2%	6.7%
<b>Gross Margin</b>	<b>37.0</b>	<b>51%</b>	<b>34.0</b>	<b>50%</b>	<b>8.8%</b>
<b>Operating costs</b>	<b>19.3</b>	<b>27%</b>	<b>18.5</b>	<b>27%</b>	<b>4.3%</b>
Sales & Marketing costs	2.4	3%	3.3	5%	-27.3%
Personnel costs	12.3	17%	11.1	16%	10.8%
G&A costs	4.6	6%	4.0	6%	15.0%
Other (Income) / Expenses	(0.6)	nm	(2.5)	nm	nm
<b>Gross Operating Result (adjusted EBITDA)</b>	<b>18.3</b>	<b>25%</b>	<b>18.0</b>	<b>26%</b>	<b>1.7%</b>
Bad debt and other provisions	6.5	9%	3.6	5%	80.6%
<b>Gross Operating Result (EBITDA)</b>	<b>11.8</b>	<b>16%</b>	<b>14.4</b>	<b>21%</b>	<b>-18.1%</b>
<b>EBIT</b>	<b>0.4</b>	<b>1%</b>	<b>3.8</b>	<b>6%</b>	<b>-89.5%</b>
<b>Net result of the Group</b>	<b>(12.3)</b>	<b>nm</b>	<b>(0.3)</b>	<b>nm</b>	<b>nm</b>

- 5% sequential increase on revenues mainly driven by VoIP, ADSL and Media
- EUR 3 mln Gross margin increase
- Higher personnel cost due to customer service internalisation and B2B sales force
- Net result down mainly due to discontinued operations and higher bad debt provision



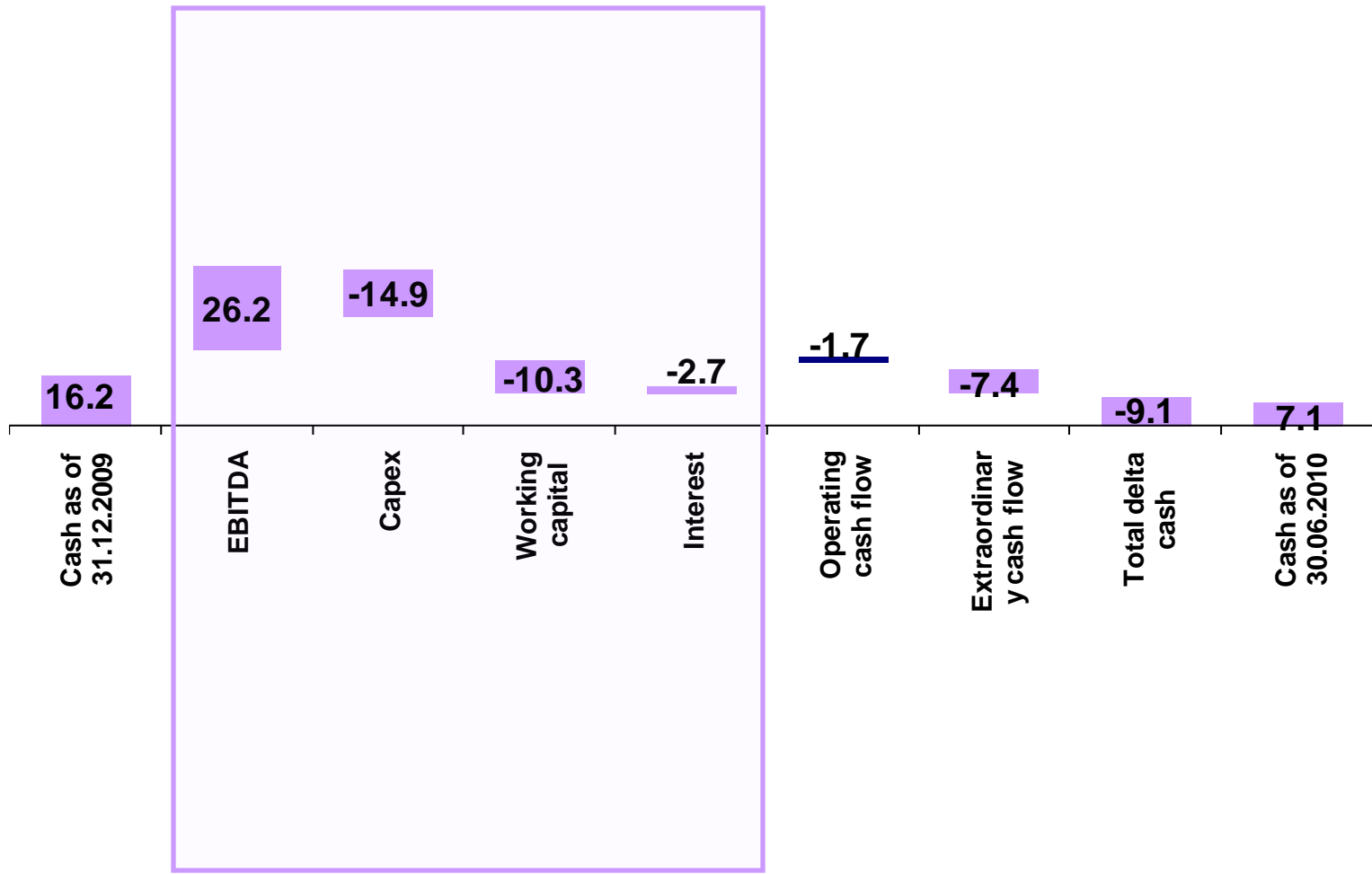
## Net financial position

EUR Mln	30-Jun-10	31-Dec-09
A. Cash	7.1	16.2
B. Other cash equivalents	0.6	0.6
C. Securities held for trading	-	-
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>	<b>7.7</b>	<b>16.8</b>
<b>E. Current financial receivables</b>	<b>21.9</b>	<b>-</b>
F. Non-Current financial receivables	12.6	12.7
G. Current bank payables	10.9	13.6
H. Long term loans falling within one year	27.8	10.9
I. Other current financial payables(*)	2.7	4.3
<b>J. Current financial debt (G) + (H) + (I)</b>	<b>41.4</b>	<b>28.8</b>
<b>K. Net current financial debt (J) – (E) – (F) – (D)</b>	<b>(0,8)</b>	<b>(0,8)</b>
L. Non current bank payables	135.7	152.9
M. Bonds issued	-	-
N. Other non current payables (**)	58.2	59.0
<b>O. Non current financial debt (L) + (M) + (N)</b>	<b>193.9</b>	<b>211.8</b>
<b>P. Net financial debt (K) + (O)</b>	<b>193.1</b>	<b>211.1</b>

(\*) includes leasing debts

(\*\*) includes leasing debts and debts to shareholders

# Tiscali Group: 1H2010 – Cash flow analysis (EUR ml)



■ Senior loan partial repayment of ca EUR 5.3 million in March 2010

## Final Remarks

- Re-launch of commercial activities starting to show top-line results and Gross Margin results;
- Further operational efficiency actions on G&A going ahead
- Strong competitive environment, FY2010 Revenues expected at EUR 290 million.



## Disclaimer

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