

2Q04 FINANCIAL RESULTS

August 2004

Key results

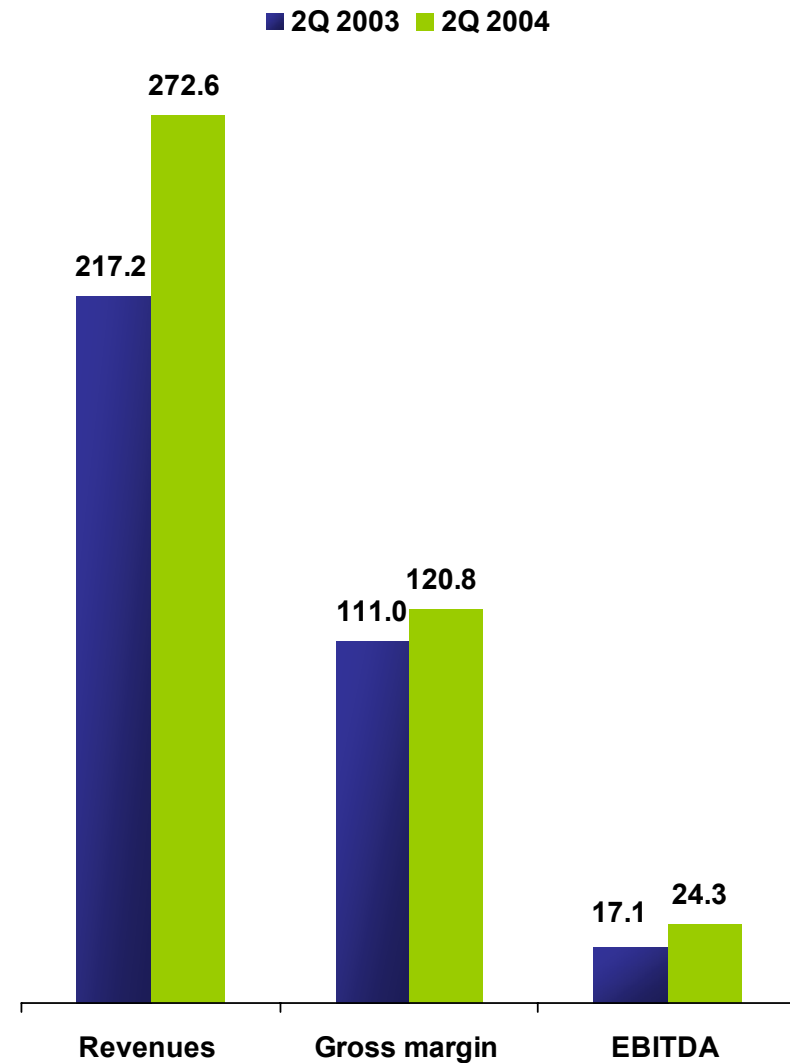
- **Revenue growth**: revenues at €272.6 ml +26% YoY mainly driven by ADSL (41% of total access revenues). 1H2004 revenues at €539.7 ml (+26% YoY)
- **ADSL growth**: 200,000 new ADSL subscribers vs 1Q04, reaching 1.44 million ADSL customers. Total active customers at 7.9 million
- **ULL deployment** continues in Italy and France. 127,000 customers now unbundled in the Netherlands and Denmark
- **2Q04 EBITDA** at €24.3 ml (9% on revenues) +42% YoY. 1H2004 EBITDA at €48.2 ml (+47% YoY)
- **Cash burn at €28.9 million** as of 30.06.2004, halving the cash burn in 1Q04. FCF generation target from 4Q04
- **Proceeds from announced disposals** of non-core countries expected by YE2004

Guidelines for 2004-2005 financial plan

- The Board of Directors of Tiscali and has analysed the financial prospects and situation of the Company in the next 12 months, defining the following guidelines:
 - **Further improvement of free cash flow from 3Q04**, and free cash flow generation starting from 4Q04
 - **Disposal of further assets** for a total of EUR 250 million, to allow the full repayment of the bond due July 2005 – independently from the financial markets
 - **15% decrease of operating costs (excluding marketing)** in the next 12 months, also due to the asset disposals

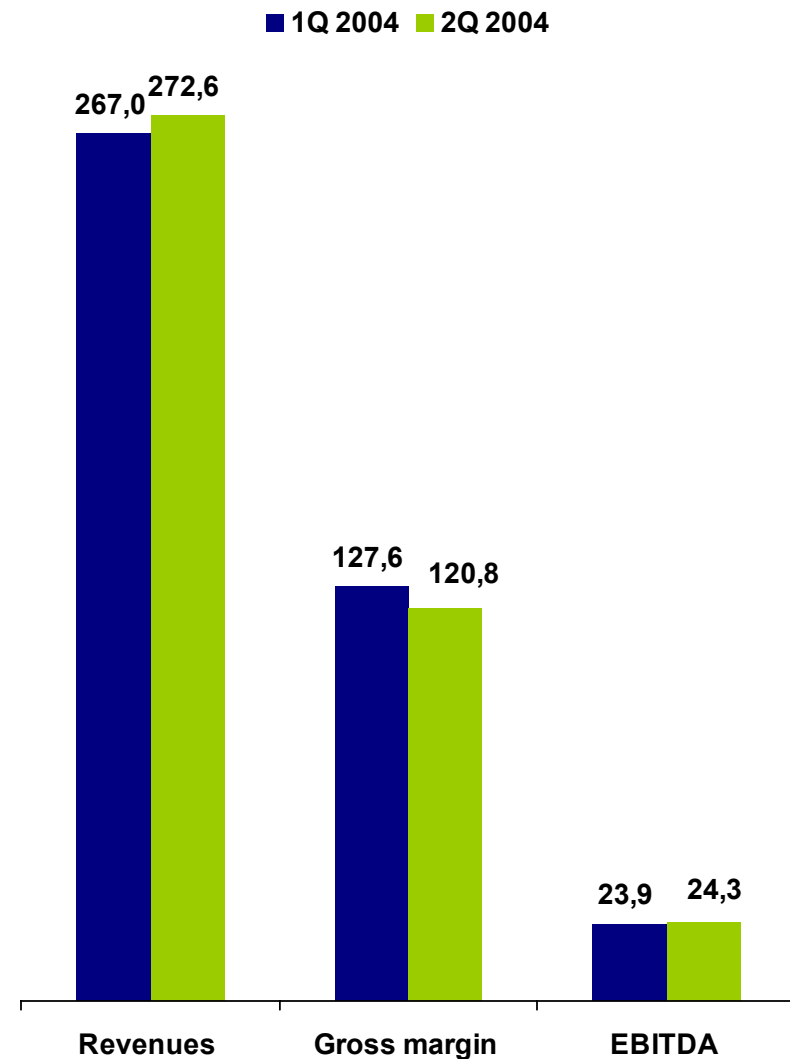
Key financials: 2Q03 vs 2Q04

€ m	2Q03	2Q04	% diff
Revenues	217.2	272.6	26%
Gross Margin	111.0	120.8	9%
EBITDA	17.1	24.3	42%
EBIT	(32.6)	(39.7)	(22%)
EBT	(56.3)	(65.5)	(16%)



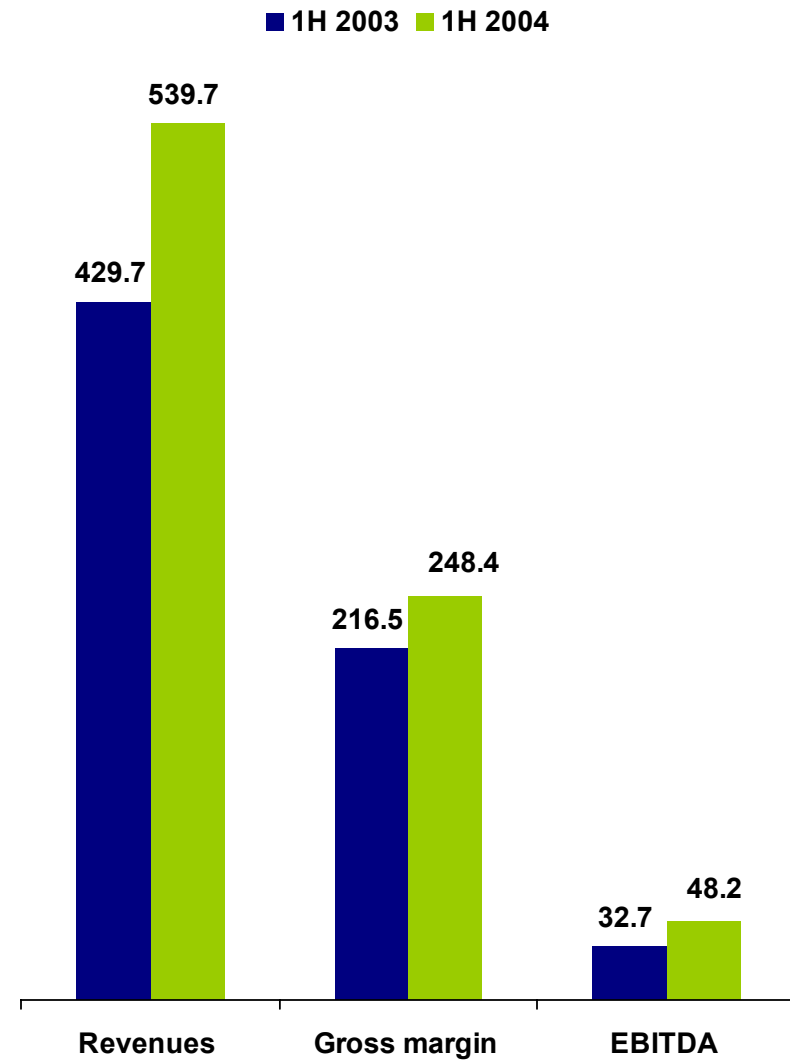
Key financials: 1Q04 vs 2Q04

€ m	1Q04	2Q04	% diff
Revenues	267.1	272.6	2%
Gross Margin	127.6	120.8	-5%
EBITDA	23.9	24.3	2%
EBIT	(27.2)	(39.7)	(46%)
EBT	(52.1)	(65.5)	(26%)



Key financials: 1H03 vs 1H04

€ m	1H03	1H04	% diff
Revenues	429.7	539.7	26%
Gross Margin	216.5	248.4	15%
EBITDA	32.7	48.2	47%
EBIT	(98.8)	(66.9)	32%
EBT	(141.6)	(117.6)	17%



Revenues by business line: 2Q03 vs 2Q04

€ m	2Q03	2Q04	% diff
Access	150.4	186.6	24%
<i>% of rev.</i>	69%	68%	
Business services	35.2	49.9	42%
<i>% of rev.</i>	16%	18%	
Voice	16.9	21.9	29%
<i>% of rev.</i>	8%	8%	
Portal	11.9	11.3	(6%)
<i>% of rev.</i>	5%	4%	
Others	2.7	3.0	12%
<i>% of rev.</i>	1%	1%	
Total revenues	217.2	272.6	26%

Revenues by business line: 1Q04 vs 2Q04

€ m	1Q04	2Q04	% diff
Access	180.9	186.6	3%
<i>% of rev.</i>	68%	68%	
Business services	52.1	49.9	(4%)
<i>% of rev.</i>	20%	18%	
Voice	21.0	21.9	4%
<i>% of rev.</i>	8%	8%	
Portal	11.4	11.3	(1%)
<i>% of rev.</i>	4%	4%	
Others	1.7	3.0	78%
<i>% of rev.</i>	1%	1%	
Total revenues	267.1	272.6	2%

Revenues by business line: 1H03 vs 1H04

€ m	1H03	1H04	% diff
Access	298.7	367.5	23%
<i>% of rev.</i>	70%	68%	
Business services	69.4	102.0	47%
<i>% of rev.</i>	16%	19%	
Voice	32.5	42.8	32%
<i>% of rev.</i>	8%	8%	
Portal	23.9	22.6	(5%)
<i>% of rev.</i>	6%	4%	
Others	5.1	4.7	(8%)
<i>% of rev.</i>	1%	1%	
Total revenues	429.7	539.7	26%

Operating costs: 2Q03 vs. 2Q04

€ m	2Q03	2Q04	% diff
Gross Margin	111.0	120.8	9%
<i>% of rev.</i>	51%	44%	
Sales & Marketing	34.2	30.2	(12%)
<i>% of rev.</i>	16%	11%	
Personnel costs	35.2	40.9	16%
<i>% of rev.</i>	16%	15%	
G&A	24.5	25.5	4%
<i>% of rev.</i>	11%	9%	
Total operating costs	93.9	96.5	3%
<i>% of rev.</i>	43%	35%	
EBITDA	17.1	24.3	42%
<i>% of rev.</i>	8%	9%	

Operating costs: 1Q04 vs 2Q04

€ m	1Q04	2Q04	% diff
Gross Margin	127.6	120.8	(5%)
<i>% of rev.</i>	48%	44%	
Sales & Marketing	40.5	30.2	(26%)
<i>% of rev.</i>	15%	11%	
Personnel costs	37.1	40.9	10%
<i>% of rev.</i>	14%	15%	
G&A	26.1	25.5	(3%)
<i>% of rev.</i>	10%	9%	
Total operating costs	103.7	96.5	(7%)
<i>% of rev.</i>	39%	35%	
EBITDA	23.9	24.3	2%
<i>% of rev.</i>	9%	9%	

Operating costs: 1H03 vs. 1H04

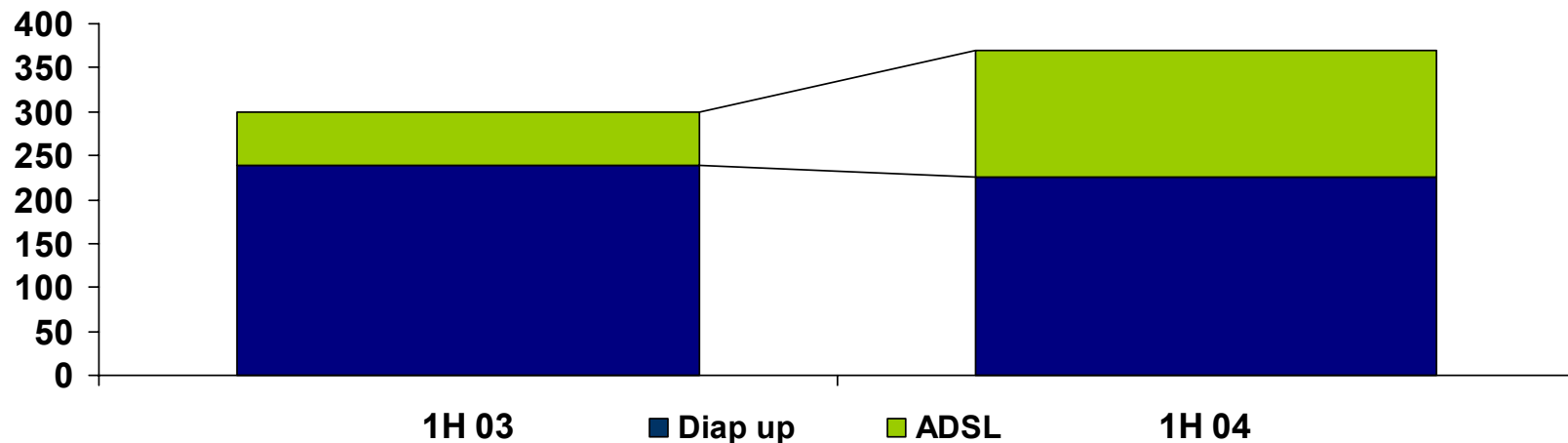
€ m	1H03	1H04	% diff
Gross Margin	216.5	248.4	16%
<i>% of rev.</i>	50%	46%	
Sales & Marketing	66.4	70.7	6%
<i>% of rev.</i>	15%	13%	
Personnel costs	68.9	77.9	13%
<i>% of rev.</i>	16%	14%	
G&A	48.5	51.6	6%
<i>% of rev.</i>	11%	10%	
Total operating costs	183.8	200.2	9%
<i>% of rev.</i>	43%	37%	
EBITDA	32.7	48.2	47%
<i>% of rev.</i>	8%	9%	

Access revenues

€ m	1H03	1H04	% diff
Dial up	238.4	225.2	(6%)
<i>% of access rev.</i>	80%	61%	
ADSL	60.3	145.3	141%
<i>% of access rev.</i>	20%	40%	
Number of ADSL customers	470,000	1,440,000	206%
Number of ULL customers	-	127,000	nm

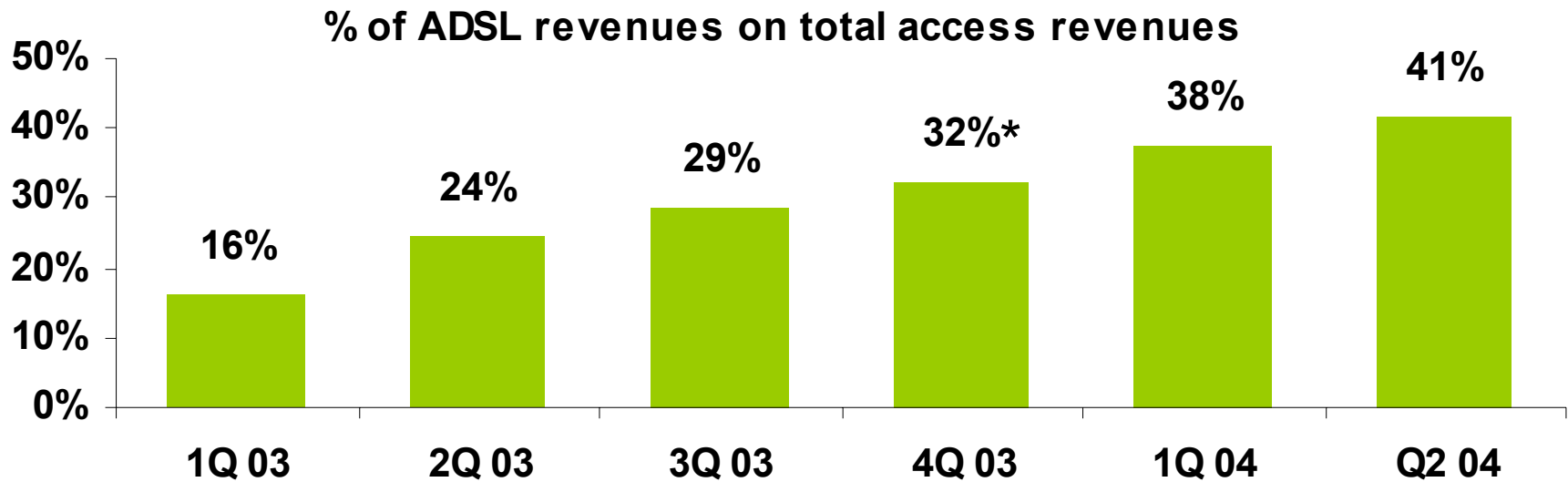
€m

Access revenues: Dial-up vs Broadband



ADSL revenues trend

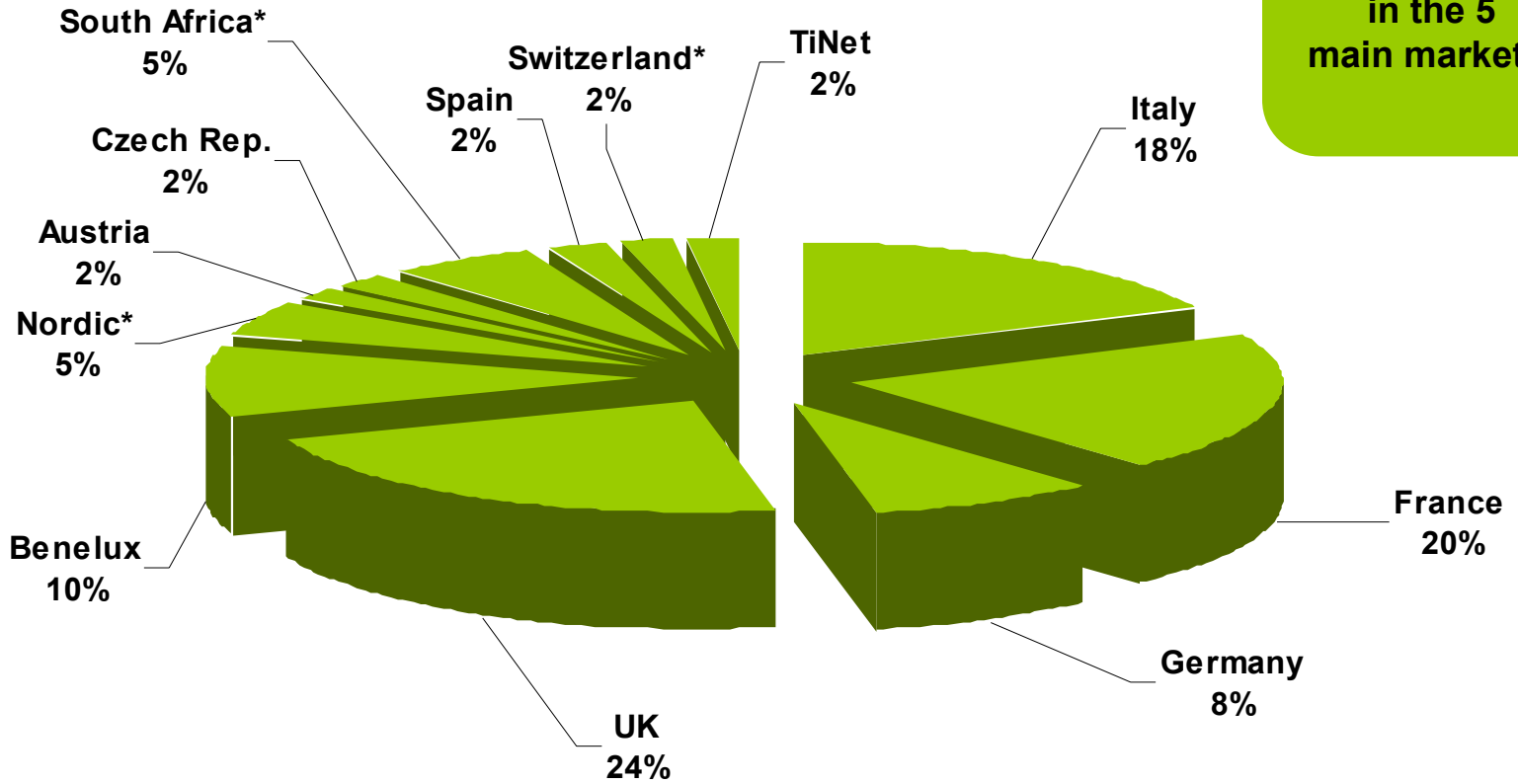
- ADSL revenues at €77.3 ml in 2Q 04 +112% Y/Y



* Percentage on gross revenues

Revenues by countries 2Q04

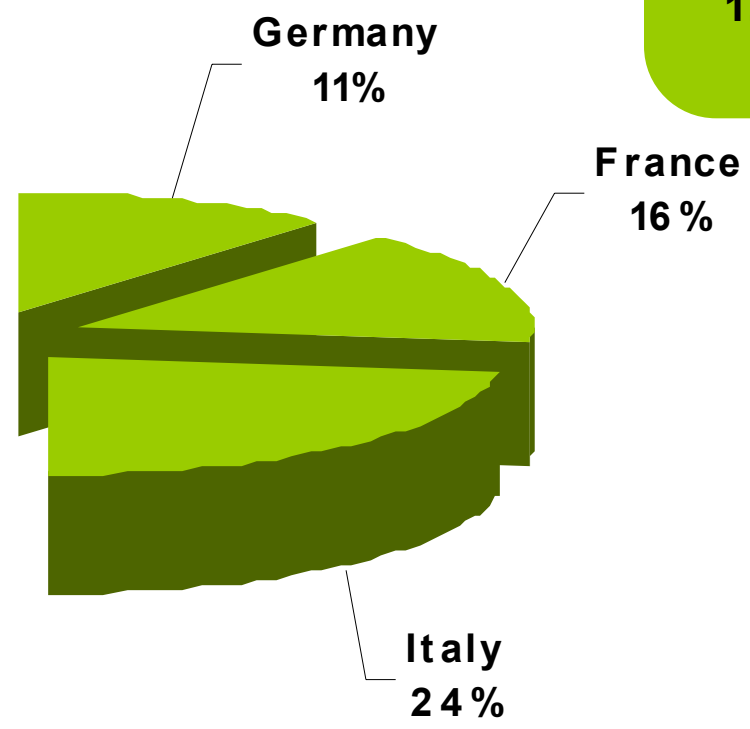
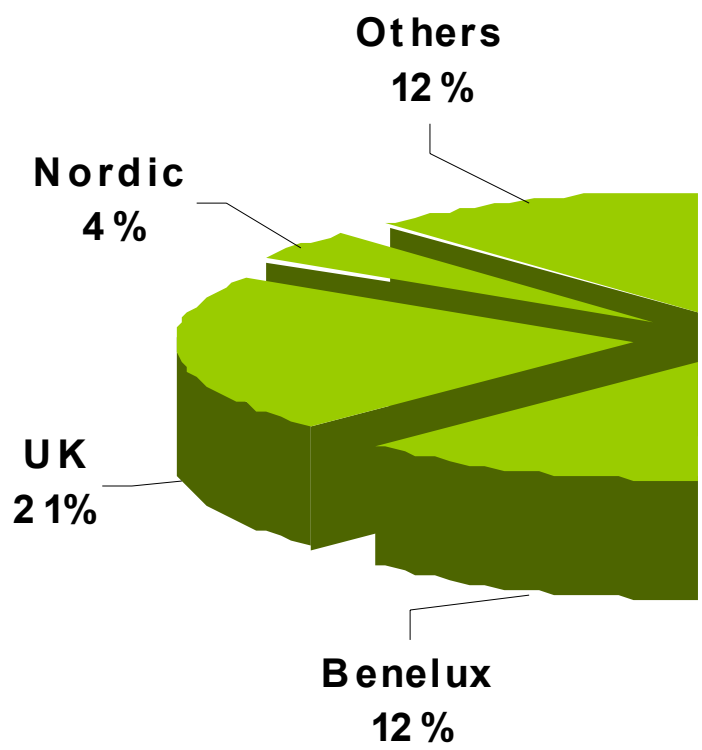
80% of revenues generated in the 5 main markets



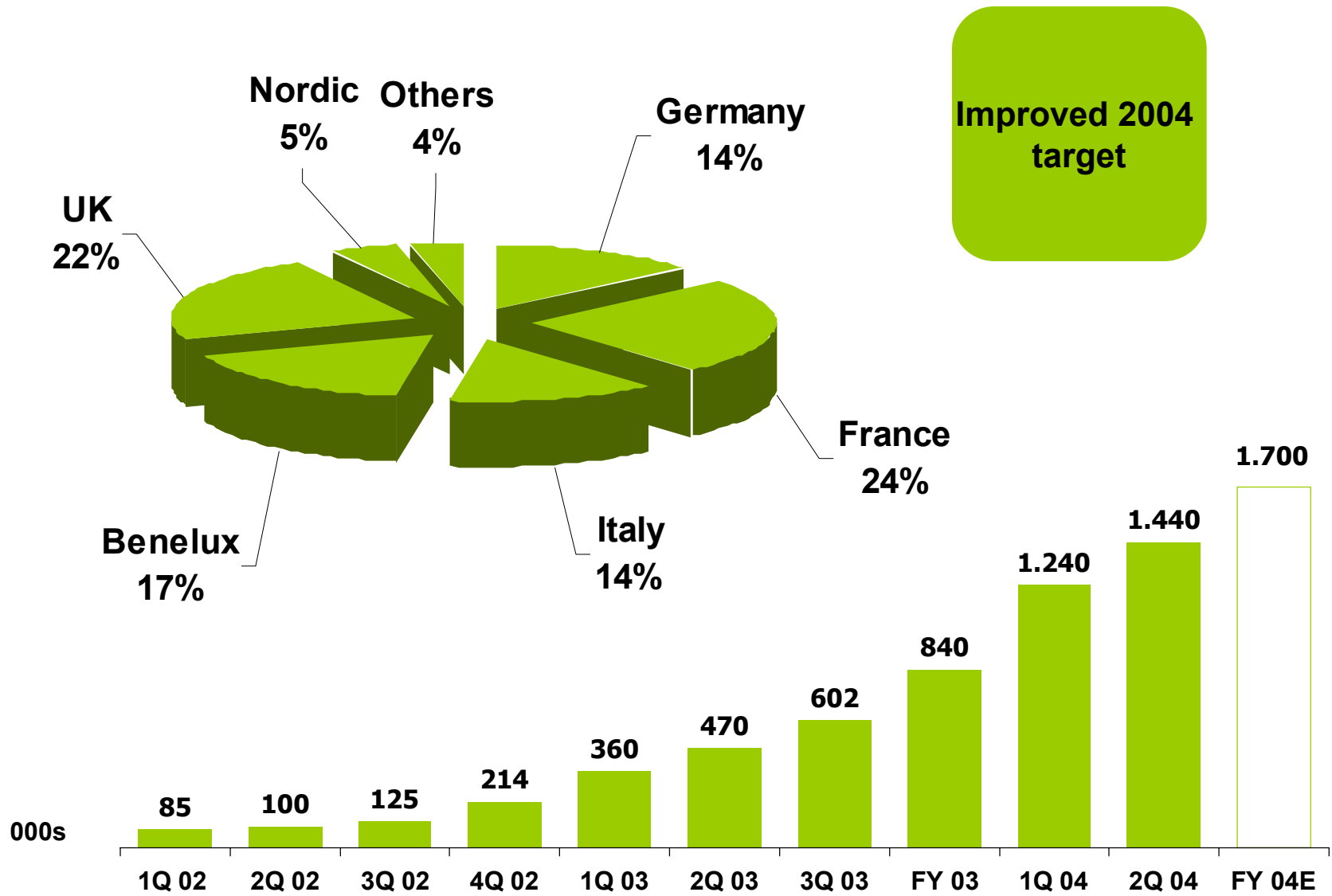
* Countries for which a disposal plan has been announced

Total active users 2Q04

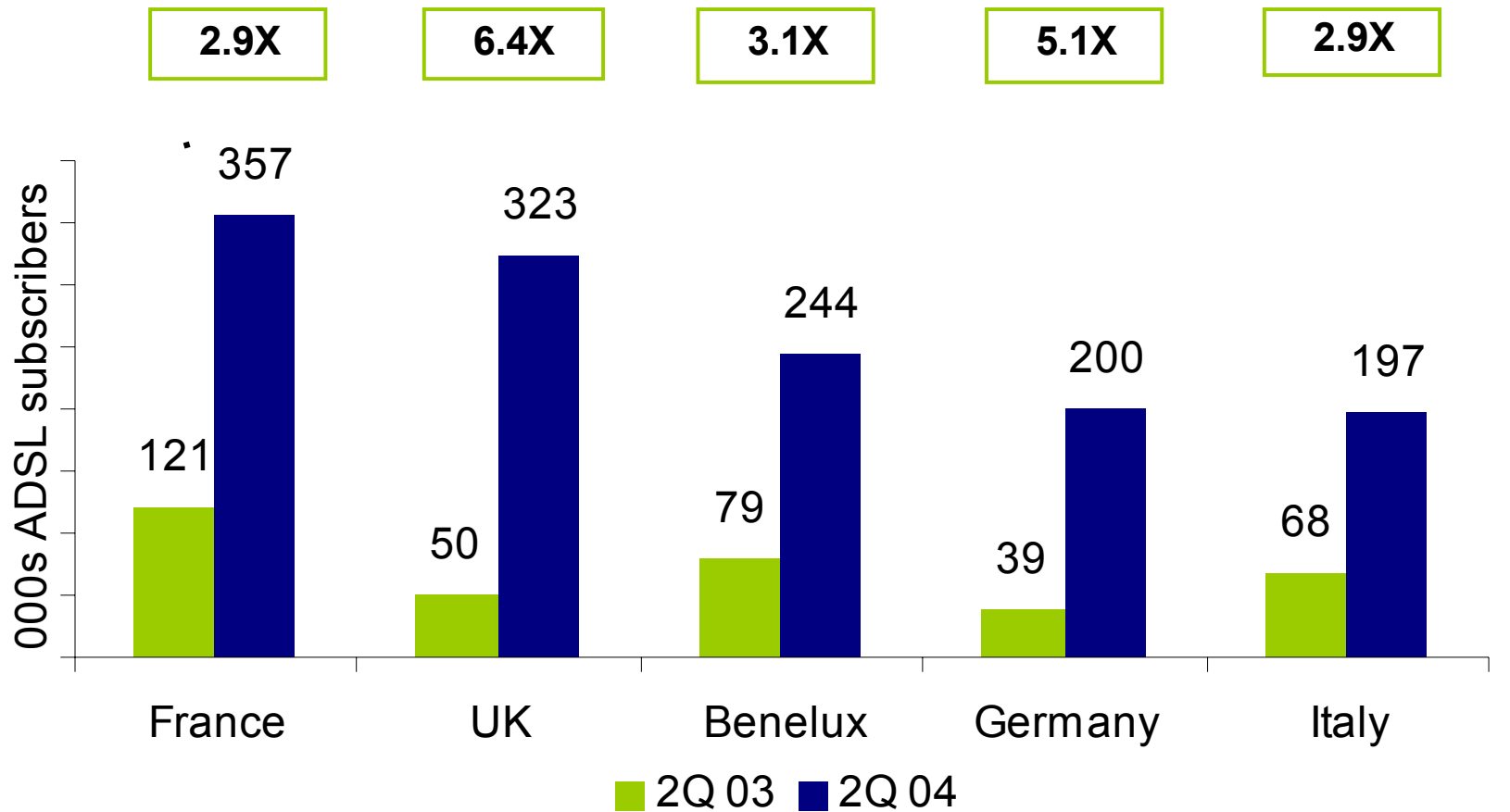
7.9 ml customers:
6.5 ml active dial-up,
1.44 ml ADSL



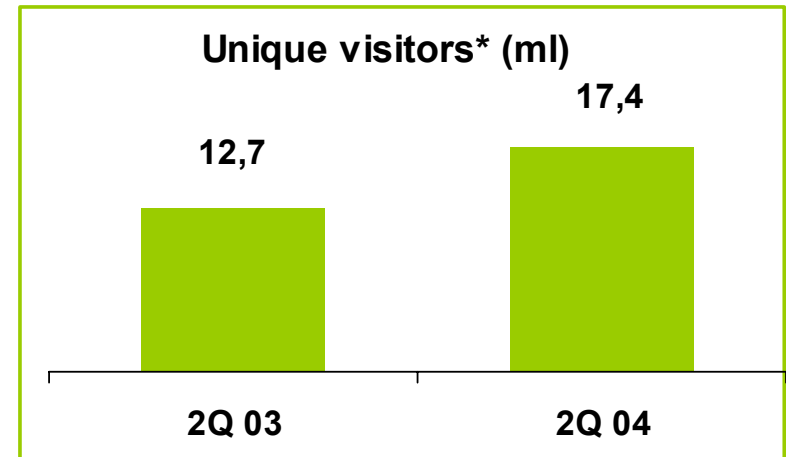
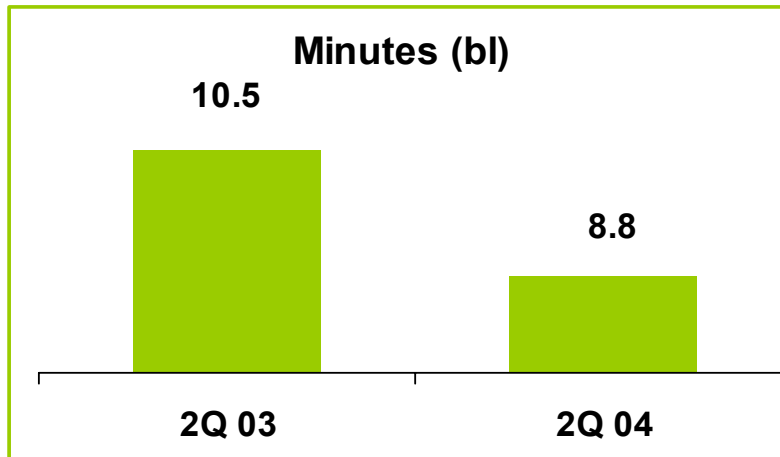
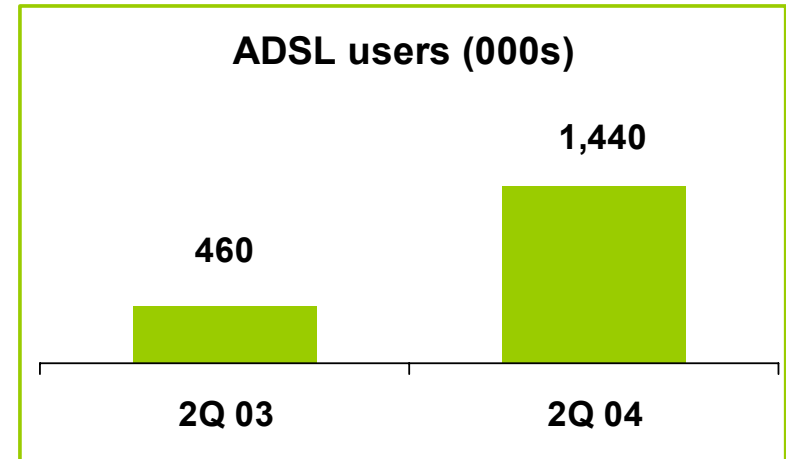
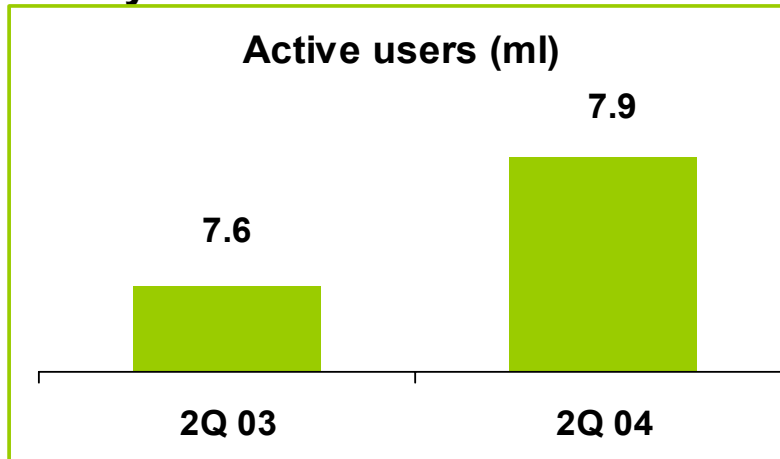
Broadband customers 2Q04



Quarterly growth by key countries: ADSL subscribers' growth



2Q04: Key metrics

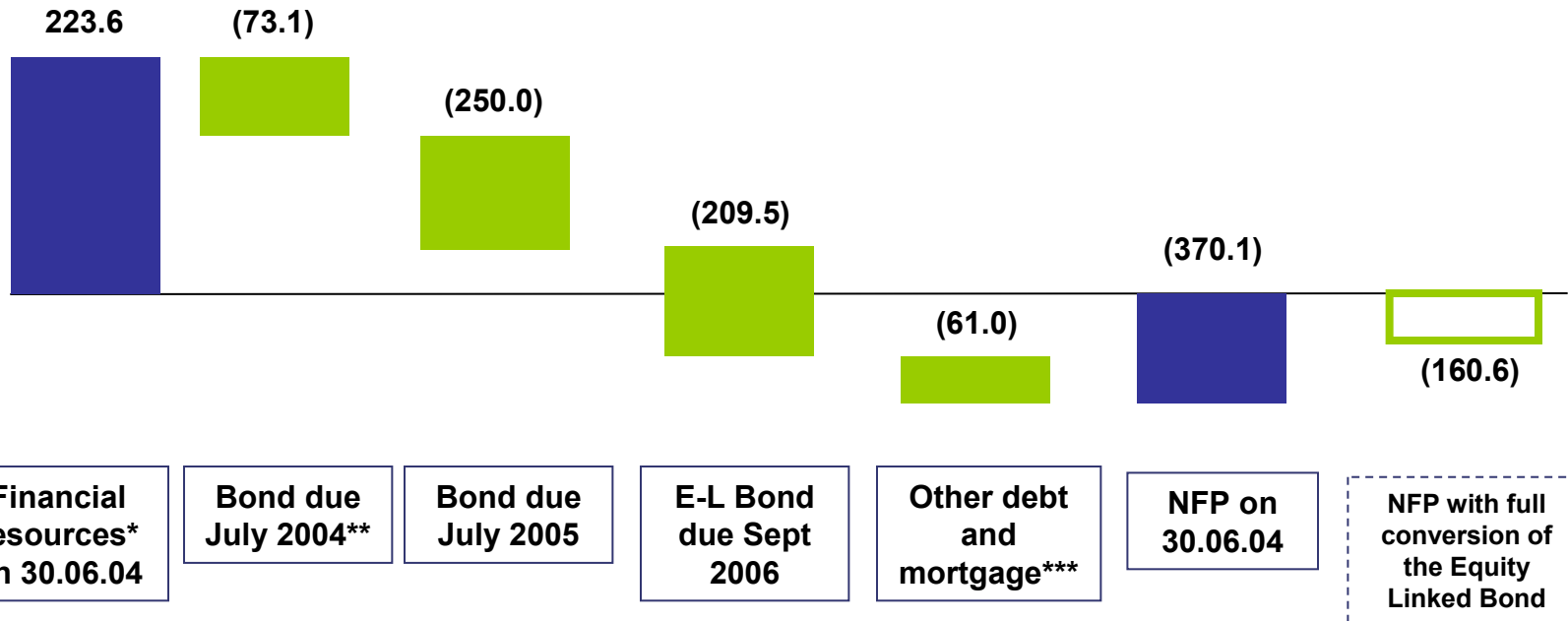


* The number of unique visitors refers to the 5 main European markets (Italy, France, Germany, UK, Netherlands)

Source: Nielsen NetRatings

Net Financial Position

€ ml



Free cash flow in the quarter was negative for 28.9 mln Euro, half compared to the 1Q04

Equity-linked bonds have a strong equity component (soft mandatory feature)

• Includes €30.7 ml of cash in escrow accounts and €57.9 ml of tax refunds and grants

** Reimbursed on 12th July 2004

*** Does not include €47.7 ml of leasing

Targets for 2004

- Turnover over €1.2 billion (over 30% YoY revenue growth vs 2003)
- 1.7 million broadband subscribers
- EBITDA margin at 10%
- Capex at 10% of turnover
- Free Cash Flow generation starting from 4Q2004
- Net profit before extraordinary items in 2005
- Proceeds from disposals already announced expected in 2004

Disclaimer

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Thank you

Q&A