

4Q03 FINANCIAL RESULTS AND STRATEGIC OUTLOOK

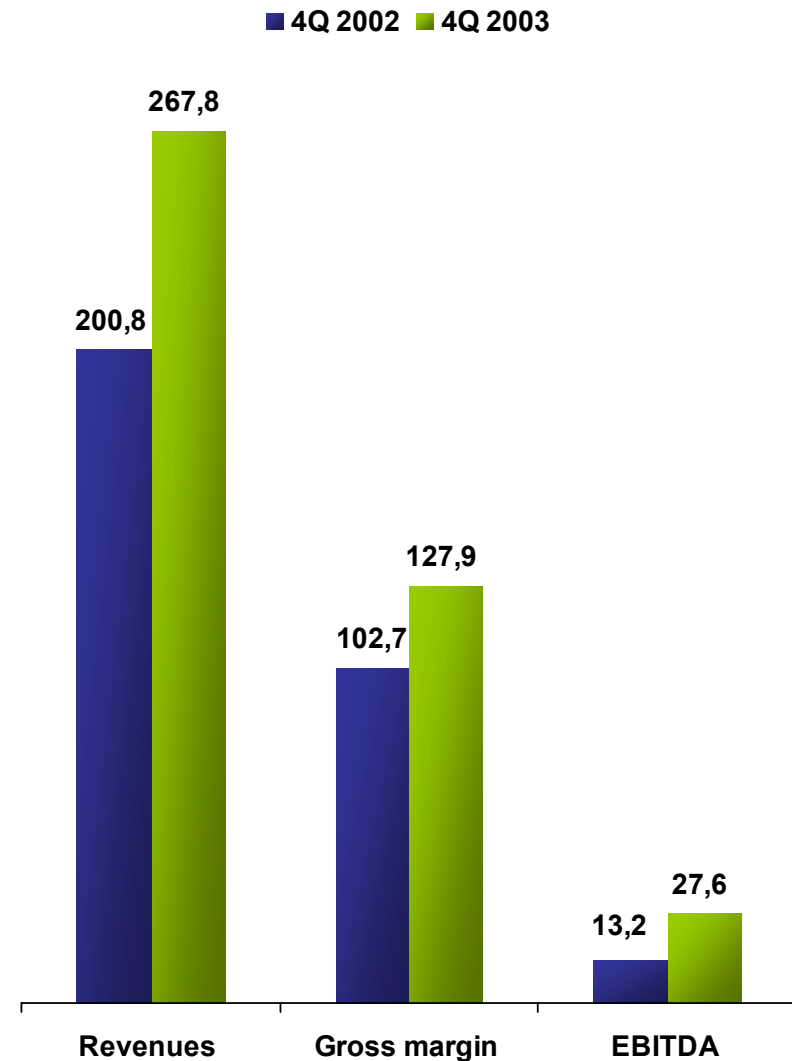
12th February 2004

Broadband booming, ULL a reality

- **ADSL booming:** 240,000 new ADSL subscribers vs 3Q03, reaching 840,000 ADSL customers with an average acquisition rate of 20,000 new customers per week in the quarter.
Already reached 1 million ADSL customers at beginning 2004, accelerating the growth rate at 32,000 new ADSL customers per week. Total active subscribers at 7.8 ml
- **Revenue growth:** Gross revenues in 4Q03 at €267.8 ml +33% vs 4Q02 and + 21% 3Q03. Net revenues in 4Q03 at €250.8 ml
- **4Q03 EBITDA** at €27.6 ml (11% of net revenues in 4Q03, 8.2% on FY net revenues), confirming the growing trend in profitability notwithstanding strong ADSL growth
- **Cash available** as of 31.12.2003: €332.6 ml following the repurchase of €70 ml of bonds due 2004 in December 2003
- **Successful deployment of ULL strategy** in the Netherlands, with over 40% of unbundled ADSL customers and gross margin over 70%

Key financials: 4Q02 vs 4Q03

€ m	4Q02	4Q03	% diff
Revenues	200.8	267.8 gross 250.8 net*	25%
Gross Margin	102.7	127.9	25%
EBITDA	13.2	27.6	109%
EBIT	(67.5)	(64.6)	4%
Free Cash Flow	(31.7)	(45.0)	(42%)

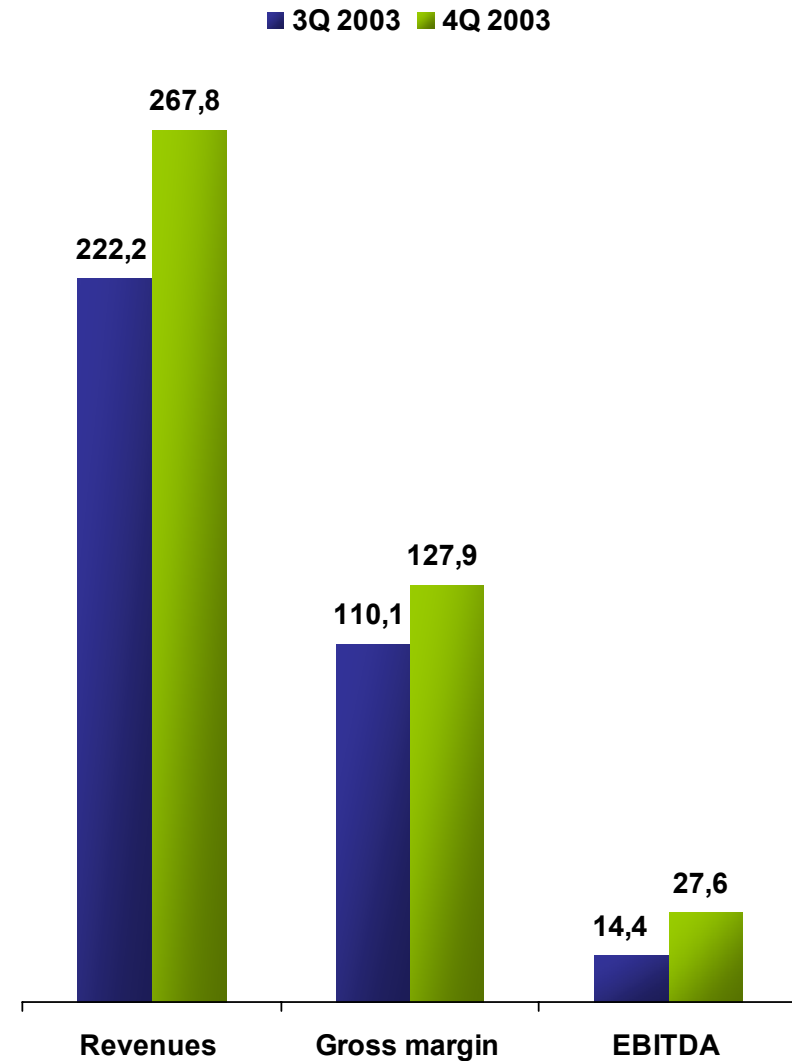


* Net revenues refer to IAS, gross to management accounting
All percentages are applied to net revenues

Key financials: 3Q03 vs 4Q03

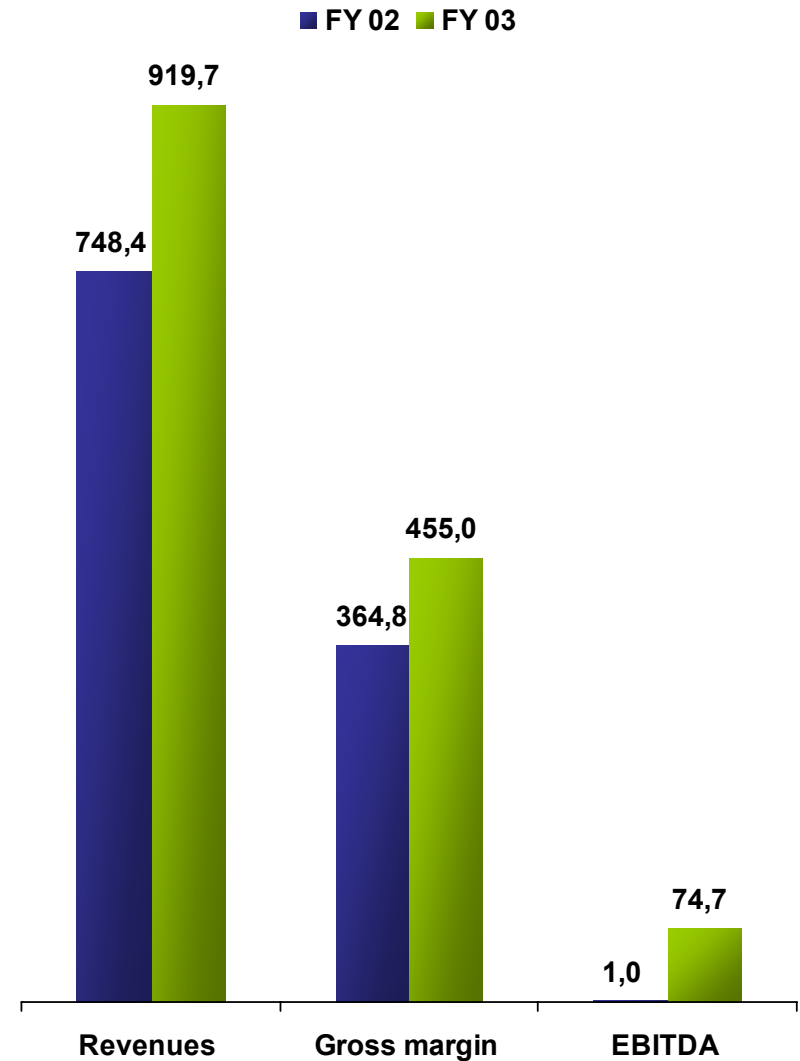
€ m	3Q03	4Q03	% diff
Revenues	222.2	267.8 gross 250.8 net*	13%
Gross Margin	110.1	127.9	16%
EBITDA	14.1	27.6	96%
EBIT	(52.4)	(64.6)	4%
Free Cash Flow	(45.1)	(45.0)	-

* Net revenues refer to IAS, gross to management accounting
All percentages are applied to net revenues



Key financials: FY 2002 vs FY 2003

€ m	FY2002	FY2003	% diff
Revenues	748.4	919.7 gross 902.7 net*	21%
Gross Margin	364.8	455.0	25%
EBITDA	1.0	74.7	nm
EBIT	(504.9)	(215.8)	57%
Free Cash Flow	(276.8)	(142.2)	49%



* Net revenues refer to IAS, gross to management accounting
All percentages are applied to net revenues



Revenues by business line: 4Q02 vs 4Q03

€ m	4Q02	4Q03	% diff
Access	137.0	165.4	21%
<i>% of rev.</i>	68%	66%	↓
Portal	11.3	12.4	10%
<i>% of rev.</i>	5%	5%	-
Business services	32.2	50.1	56%
<i>% of rev.</i>	16%	20%	↑
Voice	14.6	21.1	45%
<i>% of rev.</i>	7%	8%	↑
Others	5.8	1.8	(69%)
<i>% of rev.</i>	3%	1%	↓
Total revenues	200.8	250.6 net* 267.8 gross	25%

* Net revenues refer to IAS, gross to management accounting

All percentages are applied to net revenues

Revenues by business line: 3Q03 vs 4Q03

€ m	3Q03	4Q03	% diff
Access	150.5	165.4	10%
<i>% of rev.</i>	68%	66%	
Portal	10.9	12.4	14%
<i>% of rev.</i>	5%	5%	-
Business services	41.6	50.1	20%
<i>% of rev.</i>	19%	20%	
Voice	16.8	21.1	26%
<i>% of rev.</i>	8%	8%	-
Others	2.3	1.8	(23%)
<i>% of rev.</i>	1%	1%	-
Total revenues	222.2	250.6 net* 267.8 gross	21%

* Net revenues refer to IAS, gross to management accounting

All percentages are applied to net revenues

Revenues by business line: FY 2002 vs FY 2003

€ m	FY02	FY03	% diff
Access	517.0	614.6	19%
<i>% of rev.</i>	69%	68%	↓
Portal	47.9	47.2**	(1%)
<i>% of rev.</i>	6%	5%	↓
Business services	106.6	161.2	51%
<i>% of rev.</i>	14%	18%	↑
Voice	51.8	70.4	36%
<i>% of rev.</i>	7%	8%	↑
Others	25.0	9.3	(63%)
<i>% of rev.</i>	3%	1%	↓
Total revenues	748.4	902.7 net* 919.7 gross	23%

* Net revenues refer to IAS, gross to management accounting

All percentages are applied to net revenues

** Also due to the disposal of WOL merchandising and Hispavista







Operating costs: 4Q02 vs. 4Q03

€ m	4Q02	4Q03	% diff
Gross Margin	102.7	127.9	25%
<i>% of rev.</i>	51%	51%	-
Sales & Marketing	32.0	37.6	18%
<i>% of rev.</i>	16%	15%	↓
Personnel costs	33.8	37.3	10%
<i>% of rev.</i>	17%	15%	↓
G&A	23.7	25.4	7%
<i>% of rev.</i>	12%	10%	↓
Total operating costs	89.5	100.0	12%
<i>% of rev.</i>	45%	40%	↓
EBITDA	13.2	27.6	109%
<i>% of rev.</i>	7%	11%	↑

* Net revenues refer to IAS, gross to management accounting

All percentages are applied to net revenues







Operating costs: 3Q03 vs 4Q03

€ m	3Q03	4Q03	% diff
Gross Margin	110.1	127.9	16%
<i>% of rev.</i>	50%	51%	
Sales & Marketing	35.9	37.6	5%
<i>% of rev.</i>	16%	15%	
Personnel costs	35.9	37.3	4%
<i>% of rev.</i>	16%	15%	
G&A	24.2	25.4	5%
<i>% of rev.</i>	11%	10%	
Total operating costs	96.0	100.0	4%
<i>% of rev.</i>	43%	40%	
EBITDA	14.1	27.6	96%
<i>% of rev.</i>	6%	11%	

* Net revenues refer to IAS, gross to management accounting

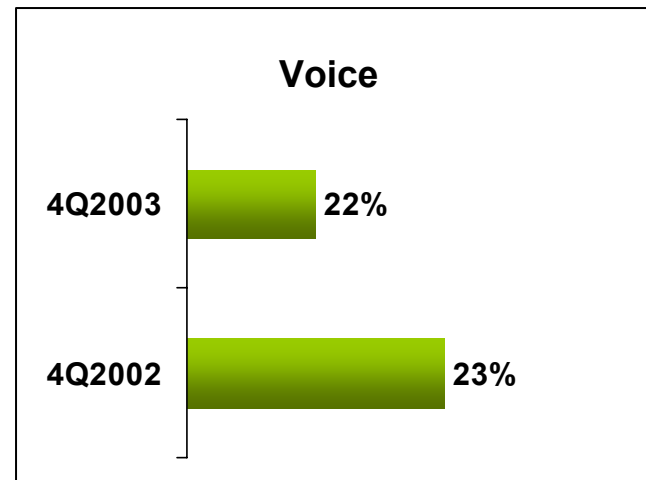
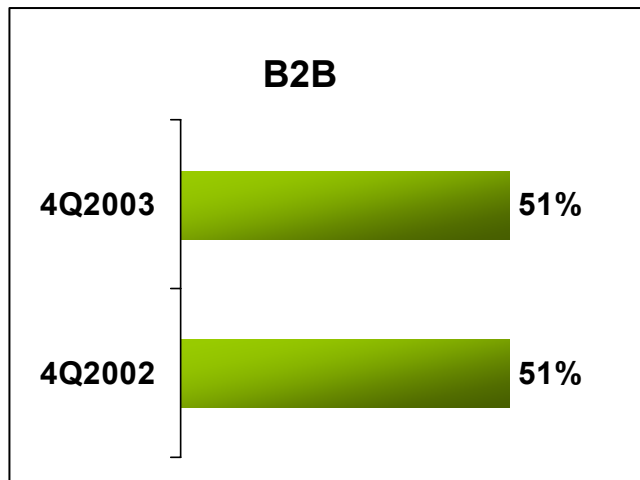
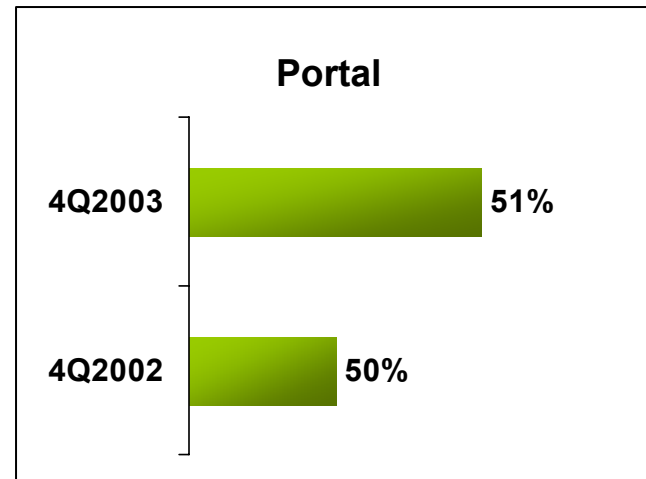
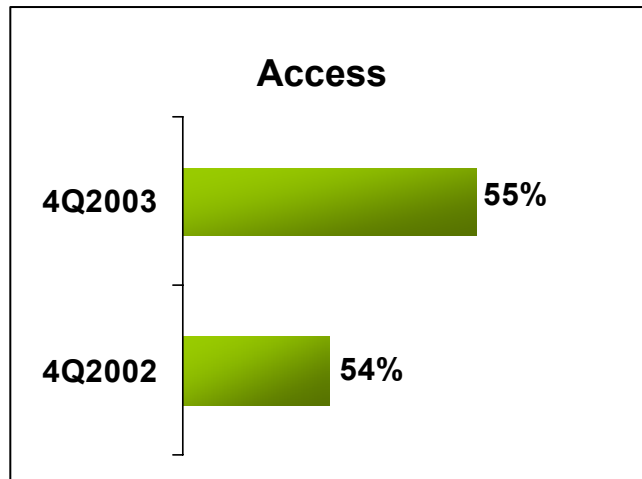
All percentages are applied to net revenues

Operating costs: FY02 vs FY03

€ m	FY02	FY03	% diff
Gross Margin	364.7	455.0	25%
<i>% of rev.</i>	48%	50%	
Sales & Marketing	122.8	139.9	14%
<i>% of rev.</i>	16%	15%	
Personnel costs	140.1	142.1	1%
<i>% of rev.</i>	18%	16%	
G&A	100.9	98.1	(3%)
<i>% of rev.</i>	13%	11%	
Total operating costs	363.7	380.1	4%
<i>% of rev.</i>	48%	42%	
EBITDA	1.0	74.7	nm
<i>% of rev.</i>	nm	8%	

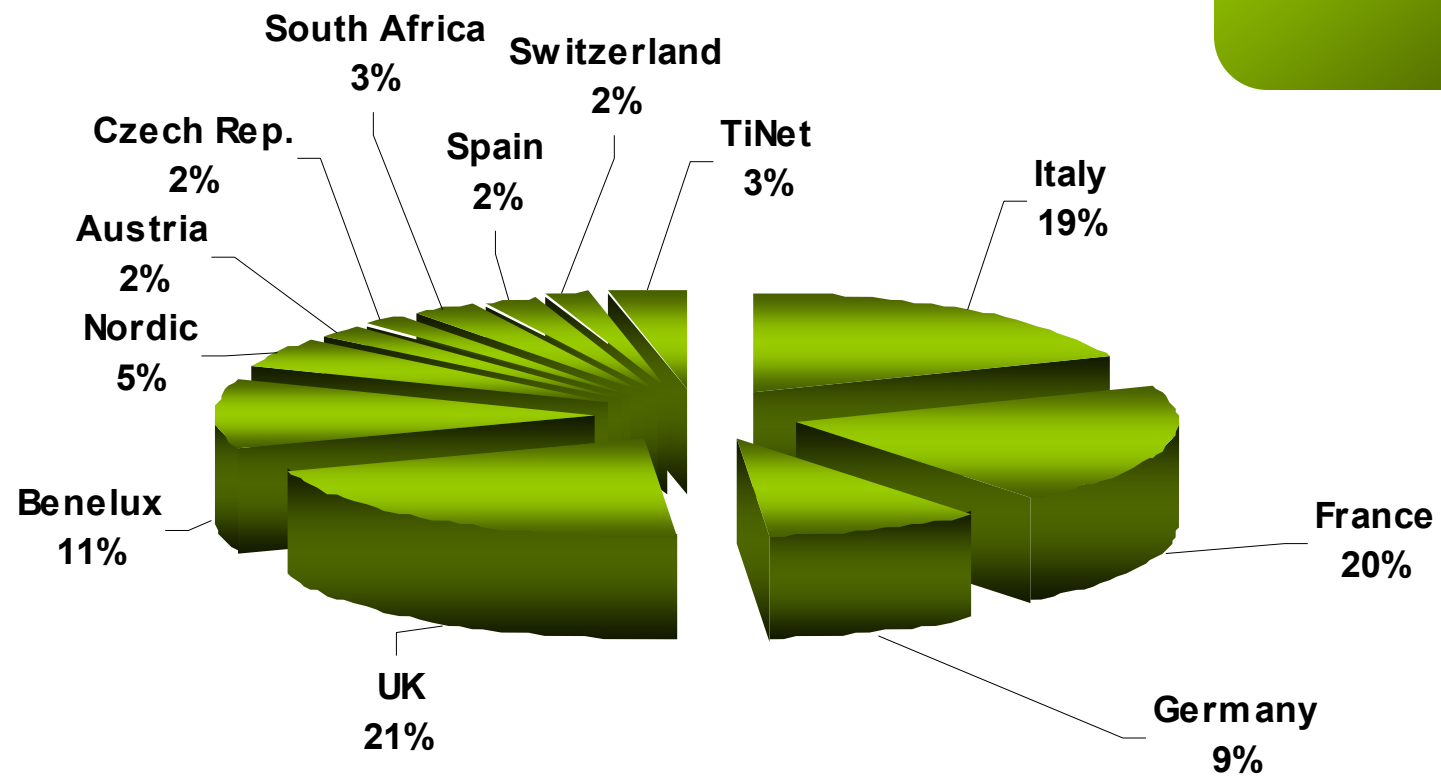
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Gross margin by business line: 4Q02 vs 4Q03

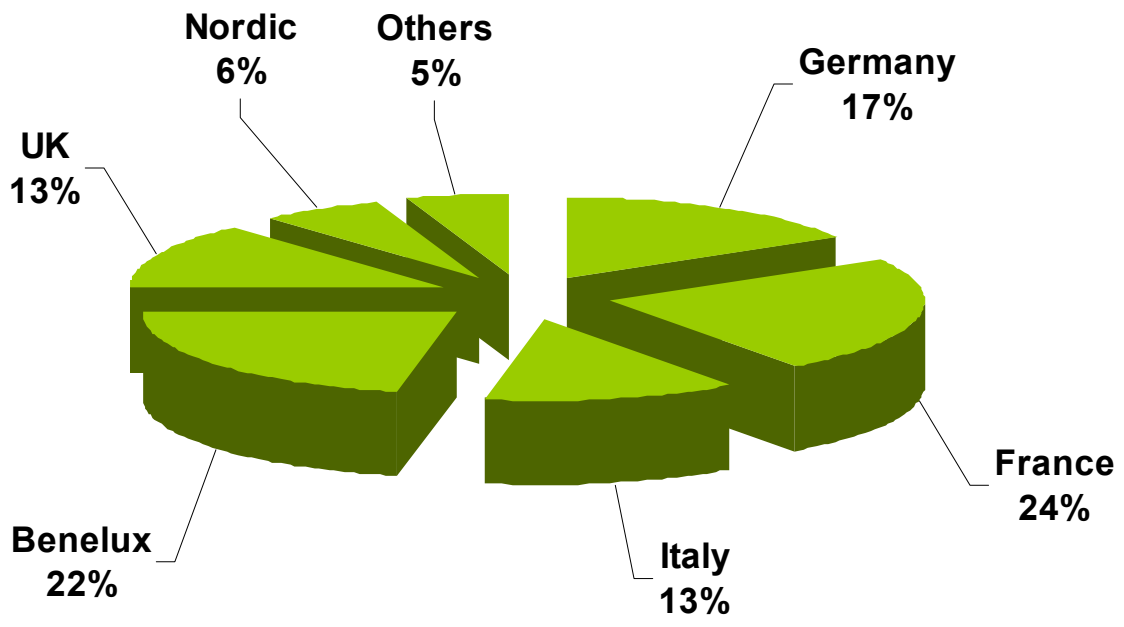


Revenues by countries 4Q03

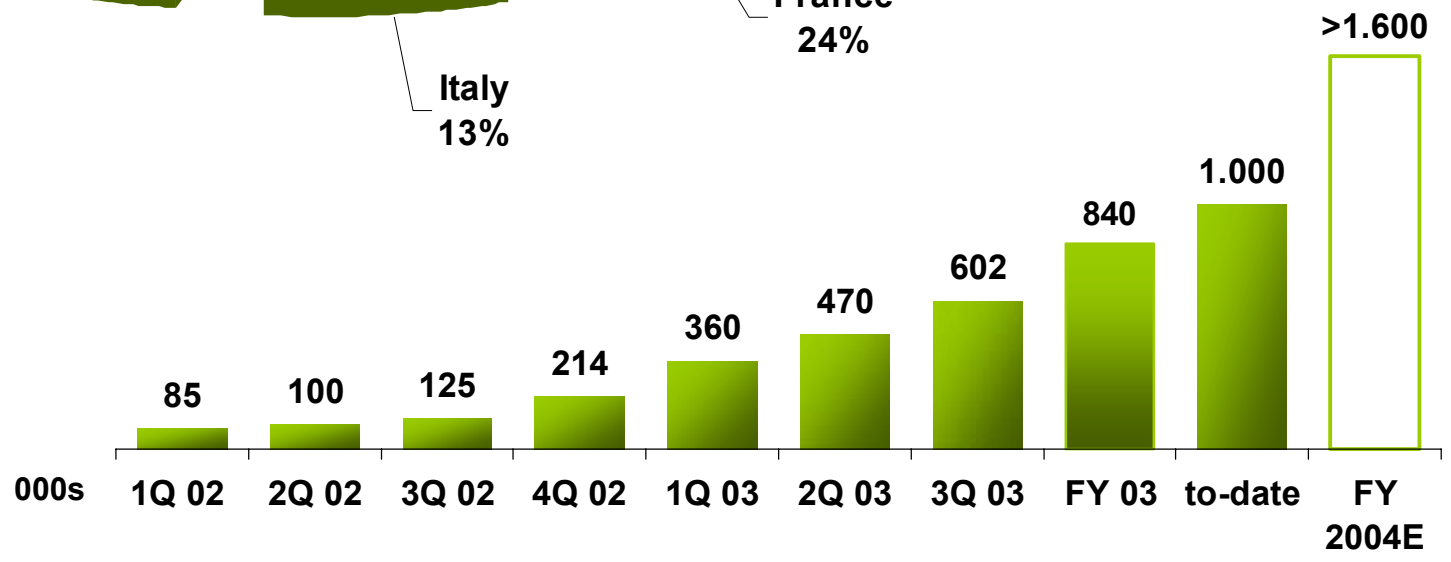
80% of revenues generated in the 5 main markets



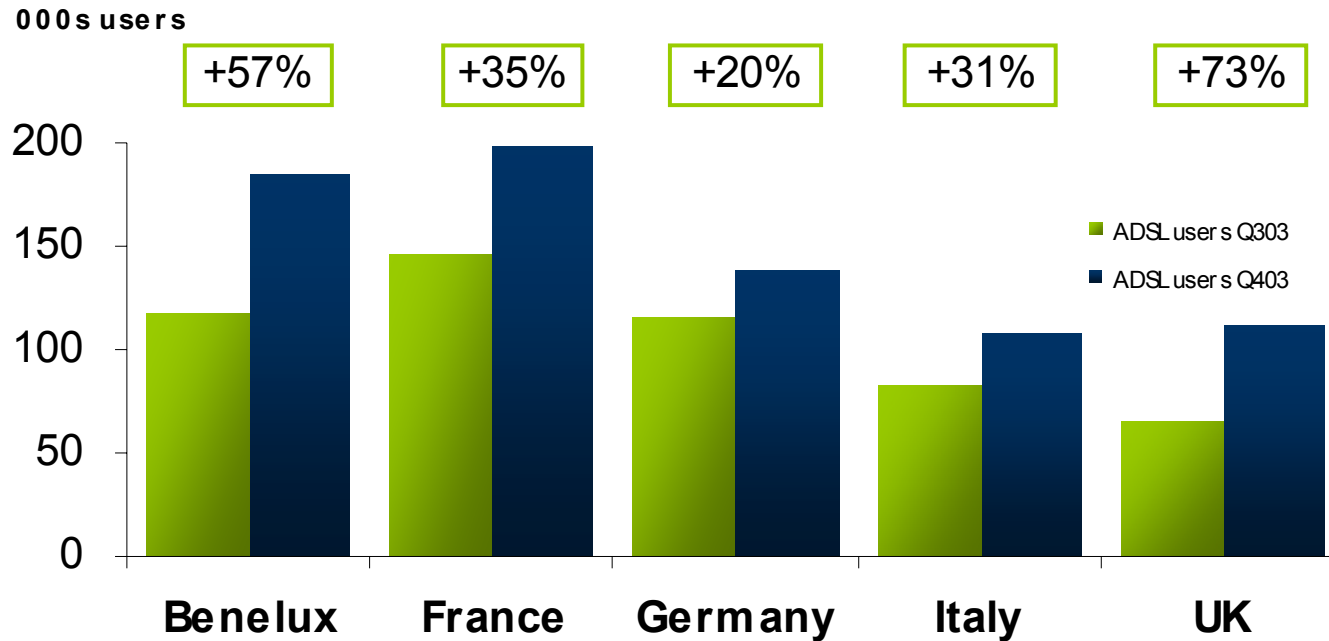
Broadband customers 4Q03



4-fold growth since the beginning of the year

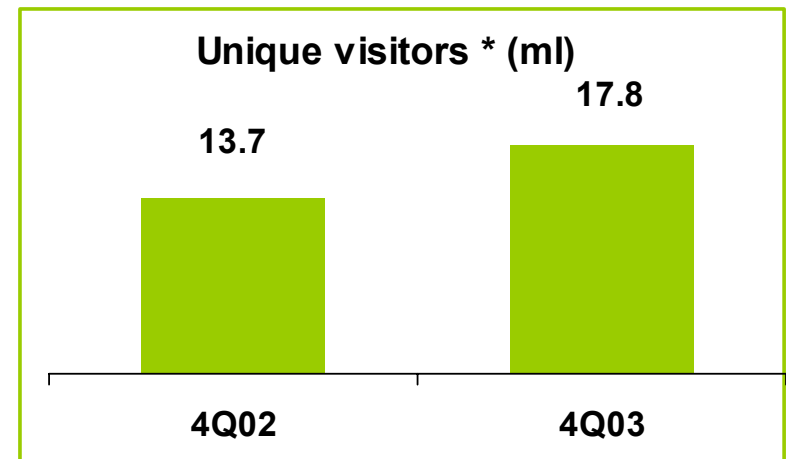
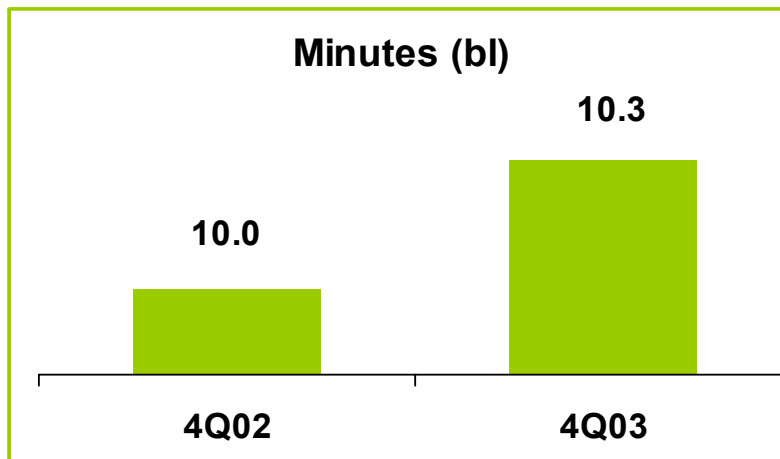
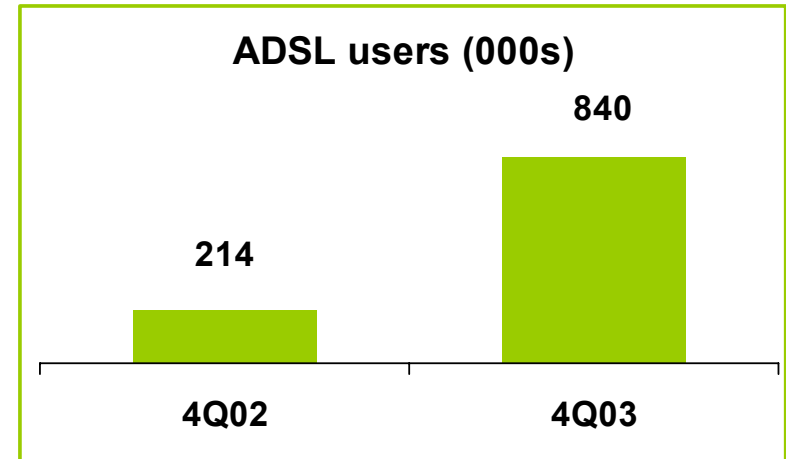
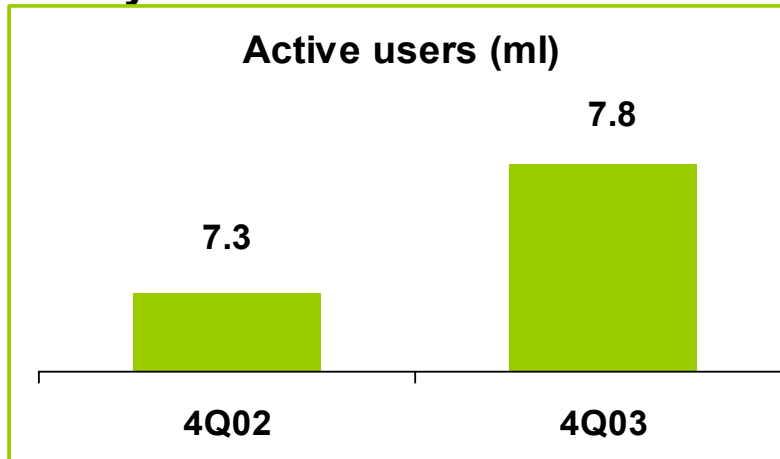


Quarterly growth by key countries: ADSL subscribers' growth



- The average growth rate in the quarter was 40%
- Benelux benefited from ULL strategy and marketing campaign

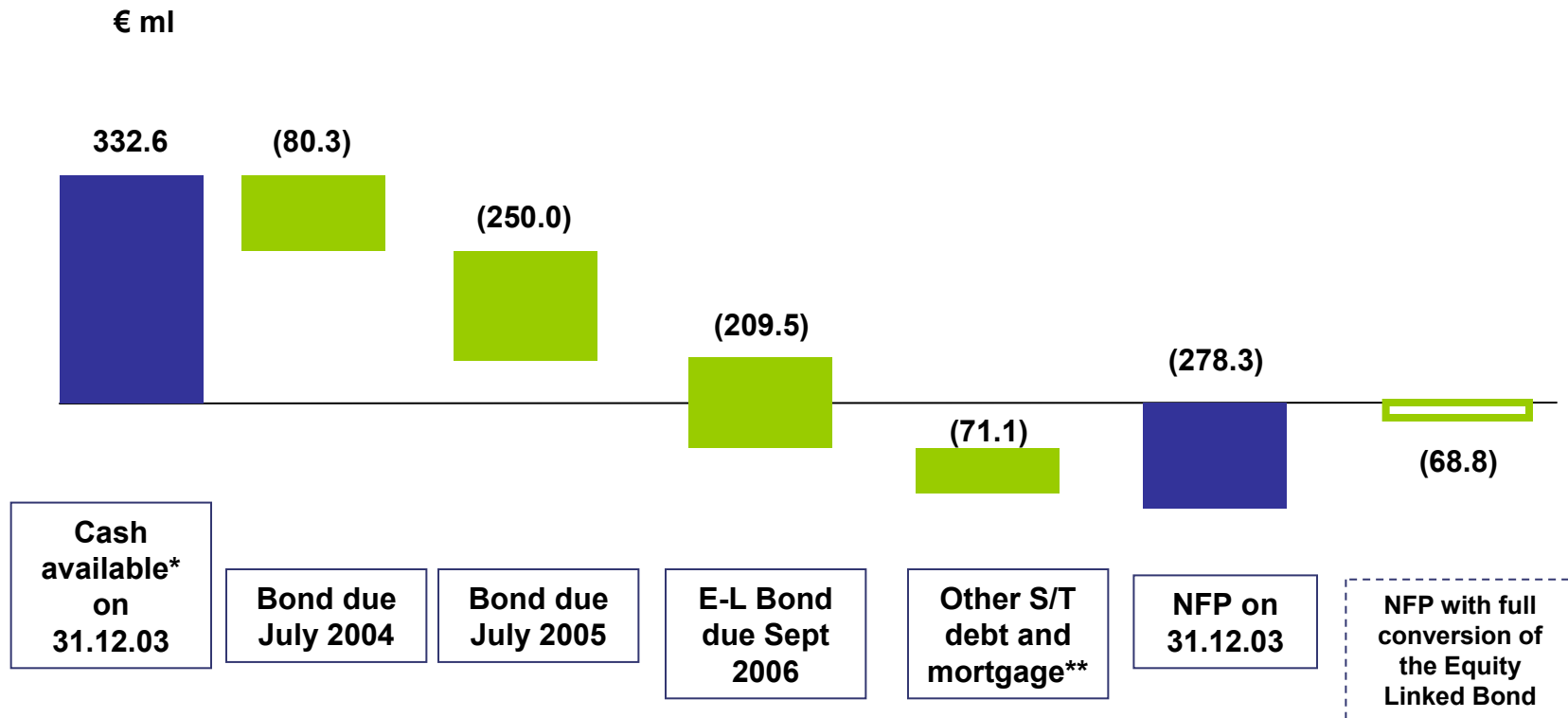
4Q03: Key metrics



* The figure refers to the 5 main European markets (Italy, France, Germany, UK, Netherlands)

Source: Nielsen NetRatings

Net Financial Position



- Equity-linked bonds have a strong equity component (soft mandatory feature)
- Following public tender offer on 2004 bonds, in December, €70ml of the total bonds outstanding were repurchased

* Includes €50.6 ml of cash in escrow and €79.1 ml of tax refunds and grants which have been requested and are expected to be cashed in 2004

** Does not include €43 ml of leasing

Targets for 2004

- Turnover over €1.2 billion (over 30% YoY revenue growth vs 2003)
- ca 1.6 million broadband subscribers, of which 20% unbundled
- EBITDA margin at 11%
- Capex at 10% of turnover
- Free Cash Flow generation in 2H2004
- Net profit before extraordinary items in 2005

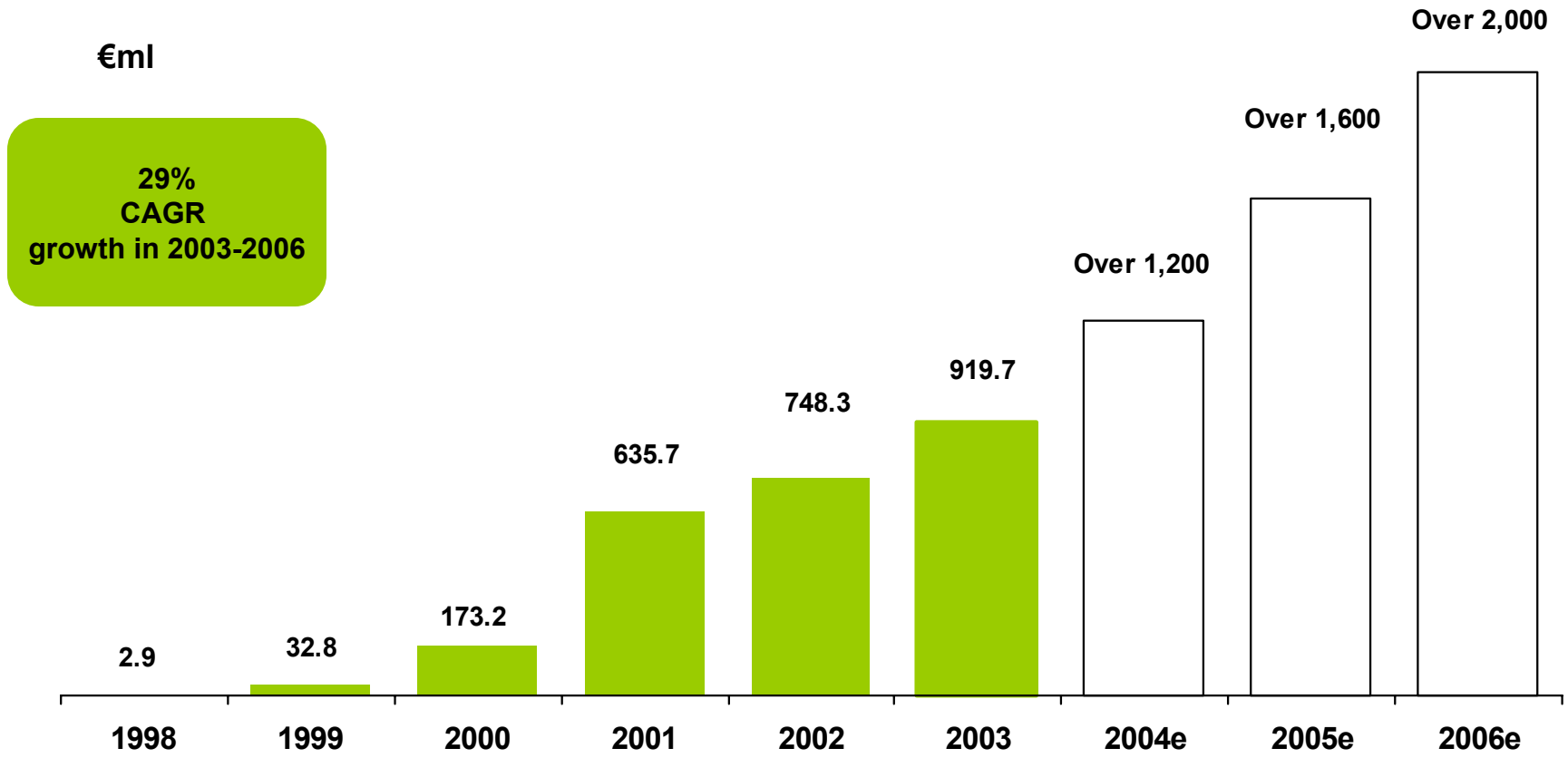
STRATEGIC OUTLOOK:

**From an internet access provider
to a broadband services provider**

Strategic outlook

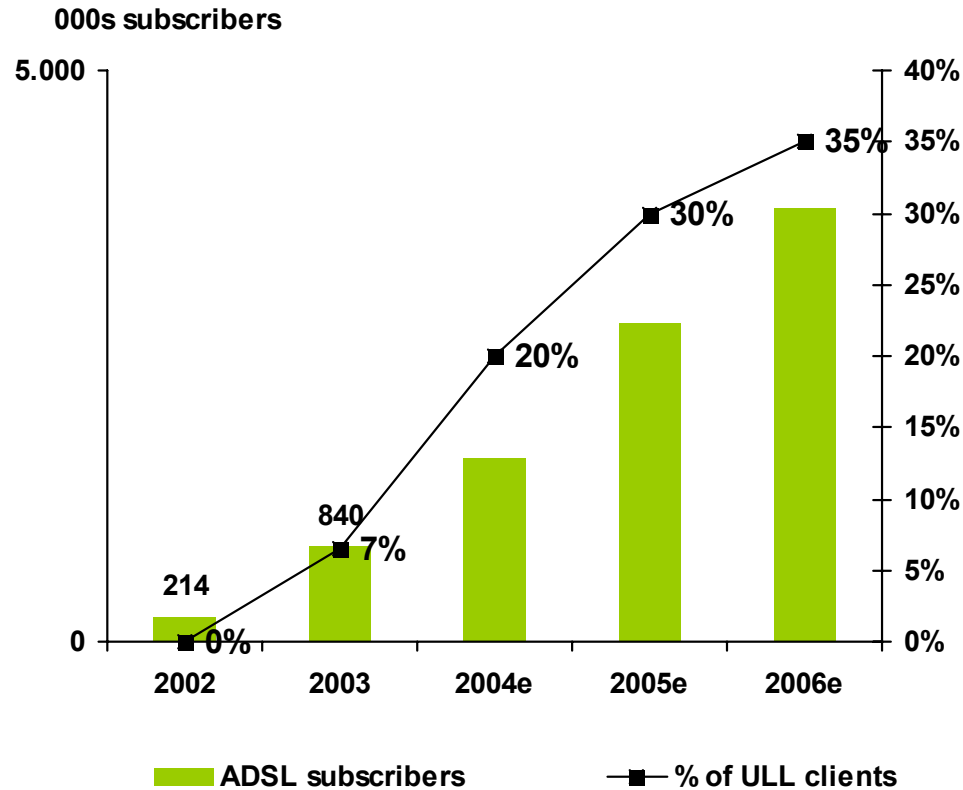
- Tiscali's strategy is based on three key pillars:
 - **Growth in ADSL**: Tiscali is penetrating quickly the broadband market and targets a CAGR of revenues of 29% per annum in 2004-2006. In 2004 ADSL revenues are expected to represent almost 50% of total access revenues
 - **Selective unbundling strategy and triple play** will bring a significant increase in profitability and allow the increase of ARPU, though not entirely taken into account in our model
 - **Focus on key countries** allows concentration of managerial and financial resources

Turnover path



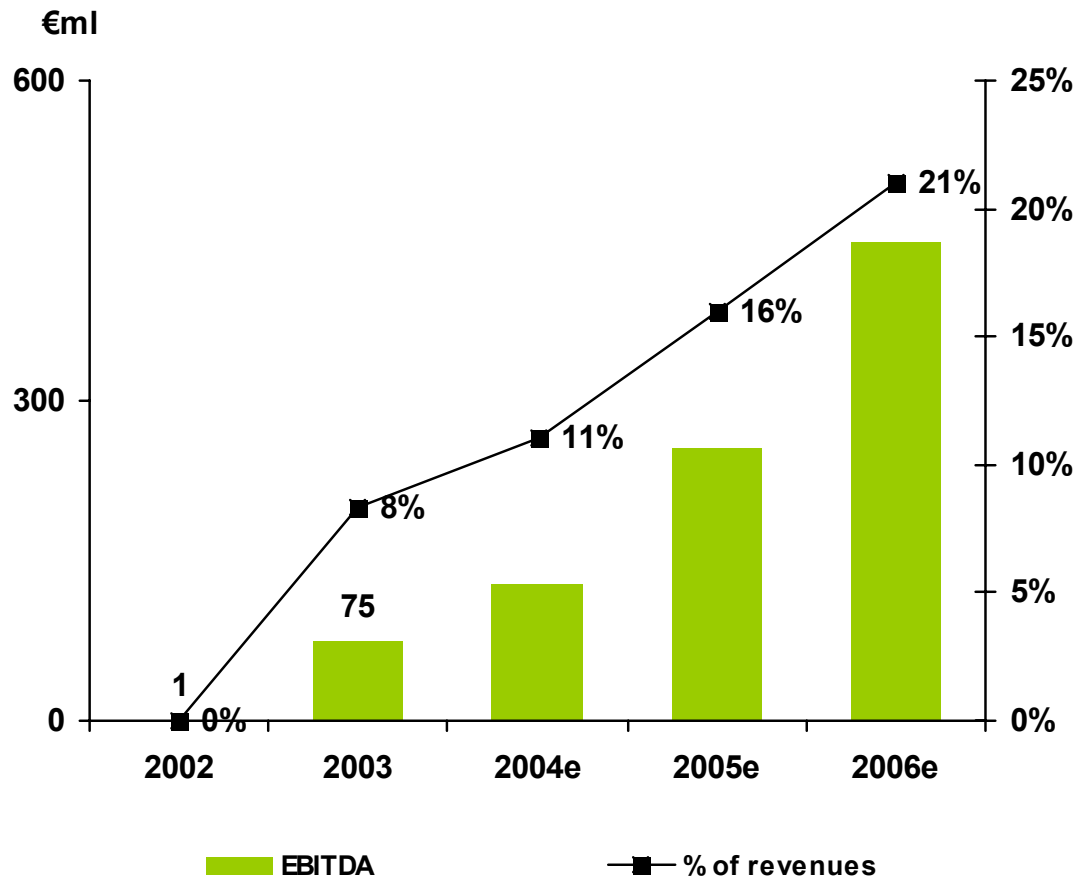
■ 2004-2005 are key to build market share in the European ADSL market

Key drivers: ADSL revenues and subscribers



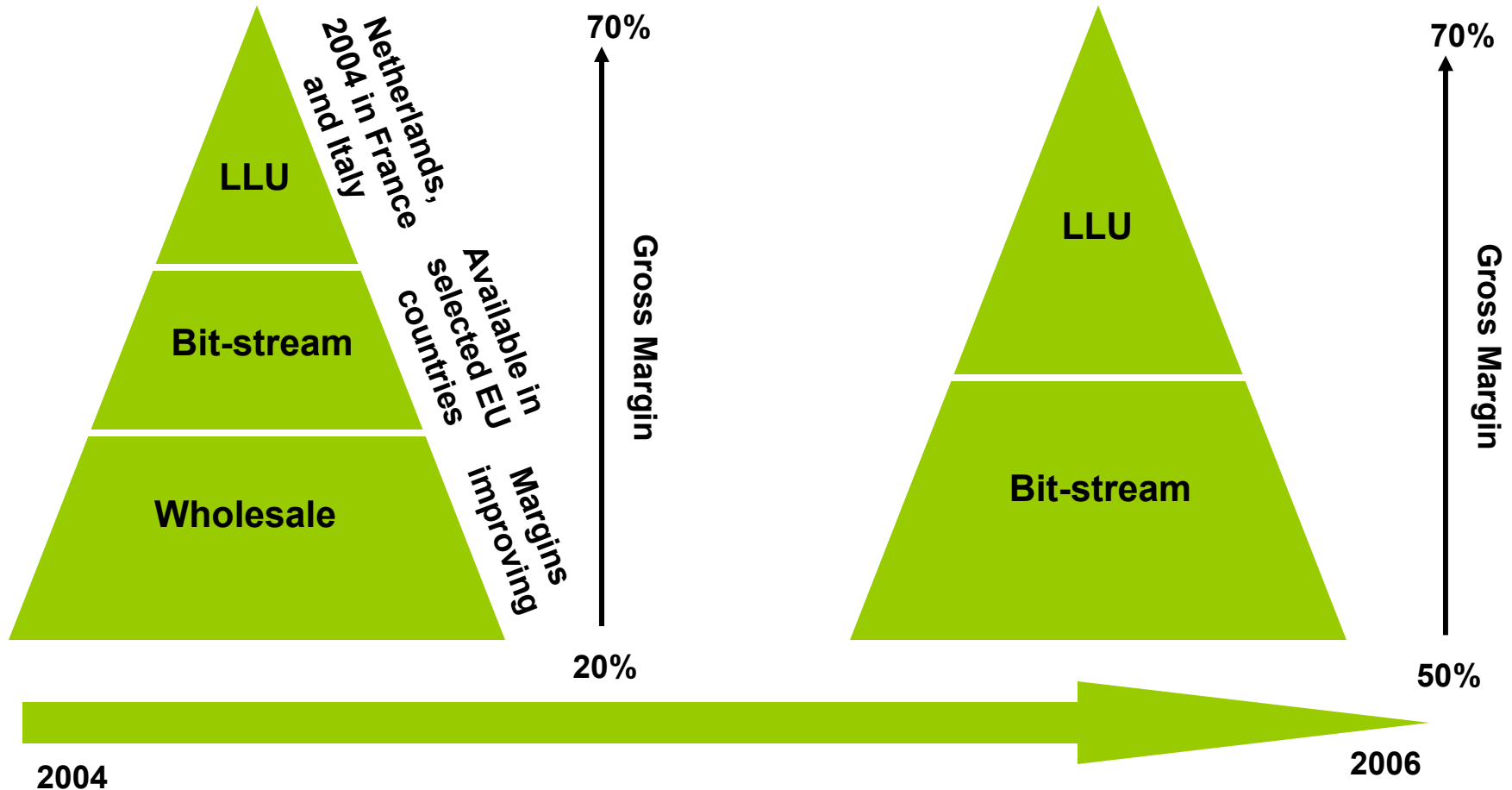
- ADSL revenues are forecast to represent the majority of access revenues in 2005, and 30% of customers are expected to be unbundled
- The potential increase in ADSL ARPU is not entirely factored in
- Over 5 million broadband customers targeted in 2008

EBITDA trend



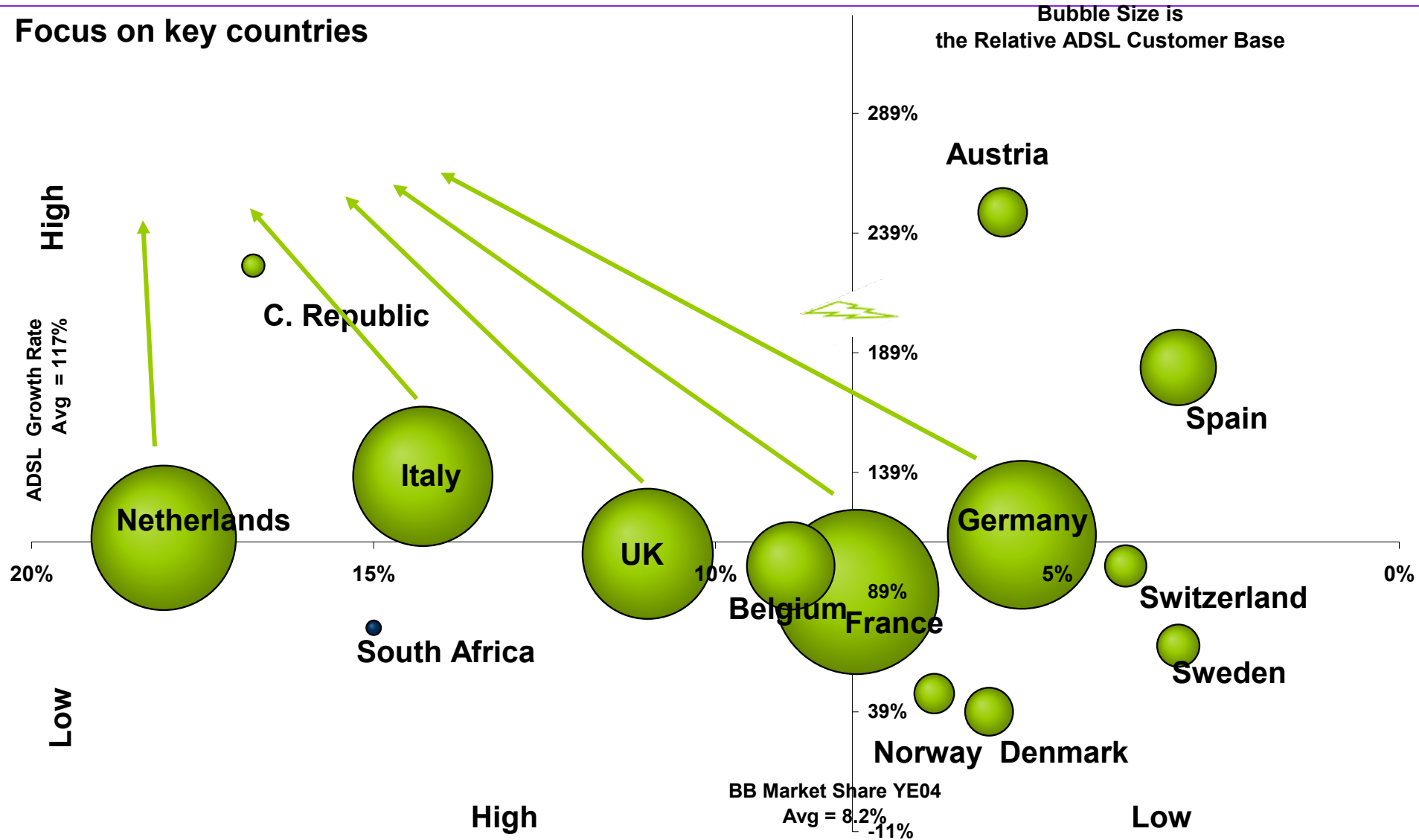
- Increase in the ADSL subscribers' base and ULL strategy will boost profitability

Key drivers: regulation and selective unbundling



- The growth of ADSL subscribers and the change in the regulatory environment will allow further LLU investments and a dramatic increase in profitability

Focus on key countries



■ The 5 key countries have a potential of improving market share in ADSL

Strategic thinking: focus on key countries

- Focus on gaining broadband market share in 5 key countries
 - Investments in ULL and marketing
 - Management focus
 - Content deals

- Non-core countries
 - Agreements with other operators to achieve critical mass and share investments
 - Gateway to fast growth areas
 - Divestitures to accelerate development in key countries

Thank you

Q&A

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.

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