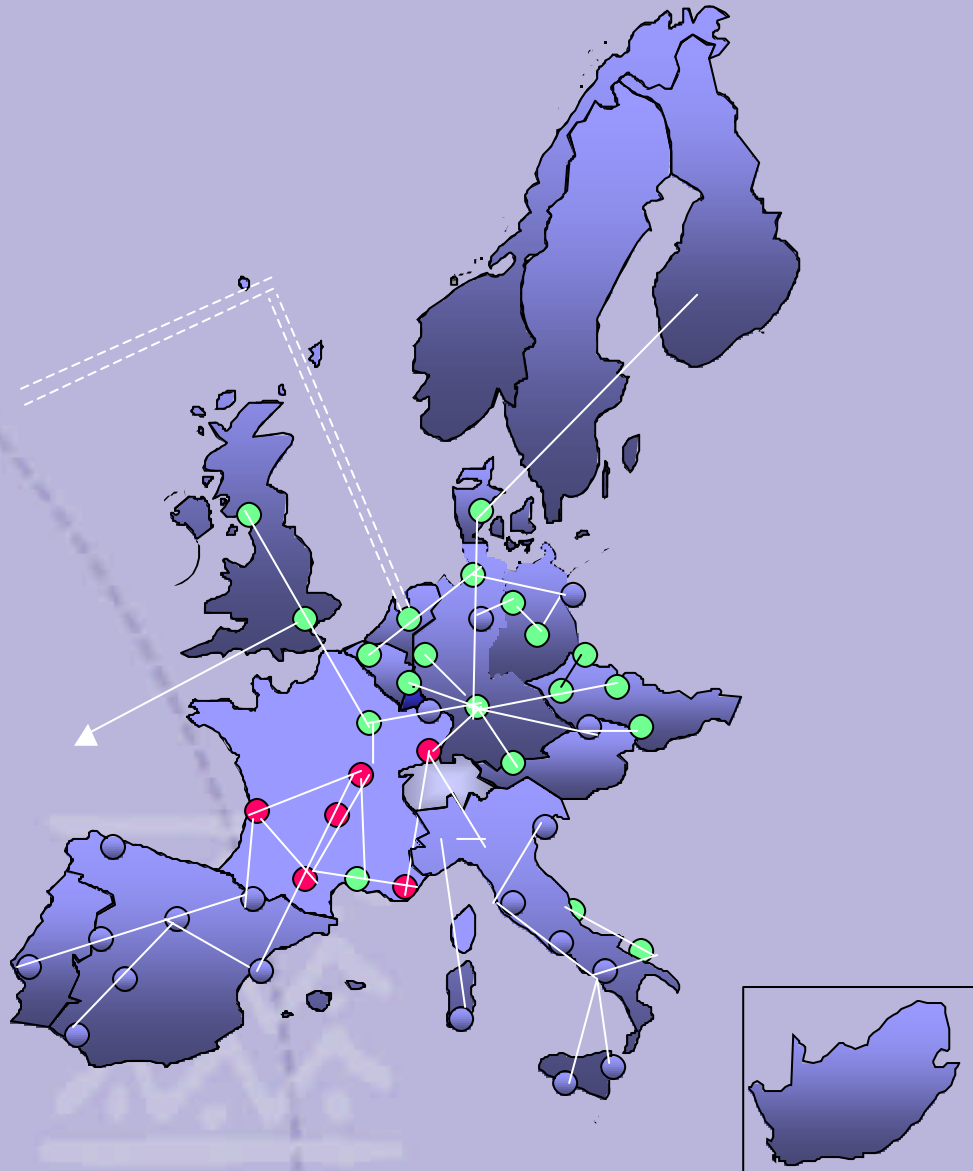




*The Internet Communication Company*

**1st half 2001 results**

# The leading Internet Communication Company



- **13 m monthly unique visitors (MMXI June data)**
- **7,1 m active subscribers in the last 30 days**
- **19 bn minutes of Internet traffic in 1<sup>st</sup> half 2001**
- **Euro 314 m revenues in 1<sup>st</sup> half 2001, over Euro 360 m including all the acquisitions**

## Six months of growth



|   | 31/12/00      | 31/06/01      | Growth %    |
|---|---------------|---------------|-------------|
| <b>Monthly unique visitors (m)</b>            | <b>3.9 m</b>  | <b>13.0 m</b> | <b>233%</b> |
| <b>Active users (m)</b>                       | <b>4.0 m</b>  | <b>7.1 m</b>  | <b>78%</b>  |
| <b>Monthly Internet traffic<br/>(bn min.)</b> | <b>1.9 bn</b> | <b>3.6 bn</b> | <b>90%</b>  |

Proforma data including all the recent acquisitions

## Key facts in Q2 2001

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- Euro 165 m revenues in Q2 2001, up 50% from Q1 2001
- Portal revenues at Euro 20 m, up 72% compared to Q1 2001
- Gross margin at 26%, up from 14% in Q1 2001
- EBITDA loss at Tiscali group level down 43% from Euro -58 m in Q1 2001 to Euro -33 m in Q2 2001
- EBITDA quarterly loss reduction of 39% compared to Q1 2001 on a proforma basis
- Results in line with the budget

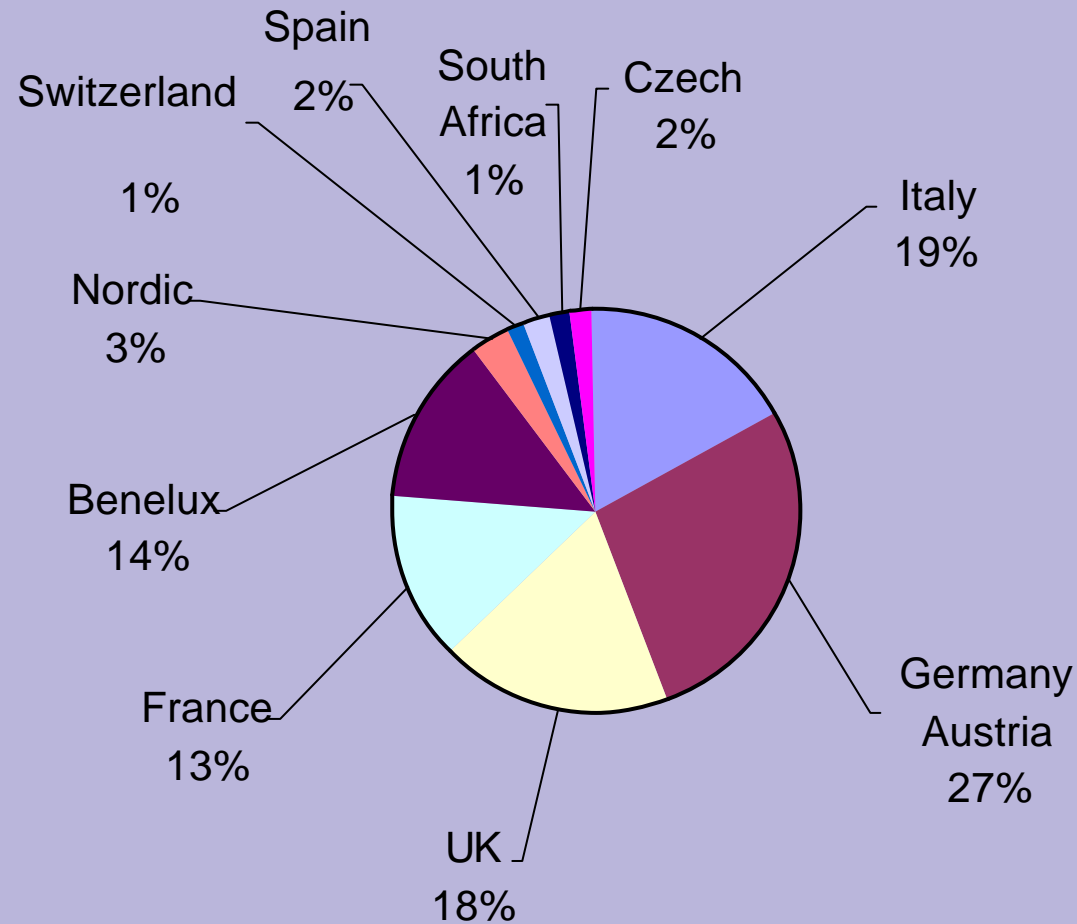
## **Key facts in Q2 2001**

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- **Tiscali well established as the first European based web property in Europe with about 13 m unique visitors (MMXI June data)**
- **Leading Internet Service Provider in 8 European countries (representing about 80% of European population) and South Africa**
- **Positive EBITDA in the Q2 2001 in Italy, Netherlands and South Africa**
- **Cash available amounting to Euro 810 m**
- **On path to achieve EBITDA breakeven in Q4 2001**

# Active user breakdown per country



proforma data including all the recent acquisitions

# Quarterly financials proforma



| Euro m                       | 4Q 00         | 1Q 01         | 2Q 01        | q2/q1 growth |
|------------------------------|---------------|---------------|--------------|--------------|
| Access                       | 88,9          | 95,2          | 98,3         | 3%           |
| Portal                       | 12,8          | 11,6          | 19,9         | 72%          |
| B2B                          | 24,0          | 18,4          | 21,8         | 18%          |
| Voice                        | 18,4          | 18,9          | 19,8         | 5%           |
| Other                        | 6,2           | 5,4           | 5,2          | -4%          |
| <b>Total revenues</b>        | <b>150,3</b>  | <b>149,5</b>  | <b>165,0</b> | <b>10%</b>   |
| <b>COGS</b>                  | <b>145</b>    | <b>129</b>    | <b>123</b>   |              |
| <b>Gross Margin</b>          | <b>5,6</b>    | <b>21,0</b>   | <b>42,1</b>  | <b>101%</b>  |
| <i>% on revenues</i>         | <i>4%</i>     | <i>14%</i>    | <i>26%</i>   |              |
| Sales & marketing            | 105,2         | 39,7          | 36,7         |              |
| Labour costs                 | 66,1          | 50,4          | 40,7         |              |
| Other Operating costs        | 19,8          | 33,9          | 28,0         |              |
| <b>Total operating costs</b> | <b>191,1</b>  | <b>124,1</b>  | <b>105,4</b> |              |
| <b>EBITDA</b>                | <b>-185,5</b> | <b>-103,1</b> | <b>-63,3</b> |              |

Unaudited proforma data

# The path to breakeven



| Euro m                       | Q4 00         | Q1 01         | Q2 01        |
|------------------------------|---------------|---------------|--------------|
| <b>Tiscali + Worldonline</b> | <b>-139.5</b> | <b>-58.1</b>  | <b>-33.3</b> |
| <b>Liberty Surf</b>          | <b>-37.4</b>  | <b>-36.6</b>  | <b>-23.0</b> |
| <b>Lineone</b>               | <b>-8.6</b>   | <b>-8.3</b>   | <b>-7.5</b>  |
| <hr/>                        |               |               |              |
| <b>Total EBITDA</b>          | <b>-185.5</b> | <b>-103.1</b> | <b>-63.3</b> |

Unaudited proforma data



# Half year results proforma



| <b>Euro m</b>                | <b>1H 00</b>  | <b>2H 00</b>  | <b>1H 01</b>  |
|------------------------------|---------------|---------------|---------------|
| <b>Access</b>                | <b>121,3</b>  | <b>161,6</b>  | <b>193,5</b>  |
| <b>Portal</b>                | <b>18,6</b>   | <b>23,8</b>   | <b>31,5</b>   |
| <b>B2B</b>                   | <b>17,7</b>   | <b>40,9</b>   | <b>40,2</b>   |
| <b>Voice</b>                 | <b>48,7</b>   | <b>38,5</b>   | <b>38,7</b>   |
| <b>Other</b>                 | <b>10,5</b>   | <b>17,3</b>   | <b>10,6</b>   |
| <b>Total revenues</b>        | <b>216,8</b>  | <b>282,1</b>  | <b>314,5</b>  |
| <b>Labour costs</b>          | <b>79,2</b>   | <b>118,5</b>  | <b>91,1</b>   |
| <b>Sales and marketing</b>   | <b>168,5</b>  | <b>176,2</b>  | <b>76,4</b>   |
| <b>Other operating costs</b> | <b>248,3</b>  | <b>330,8</b>  | <b>313,3</b>  |
| <b>EBITDA</b>                | <b>-279,3</b> | <b>-343,4</b> | <b>-166,3</b> |
| of which                     |               |               |               |
| - Tiscali+WOL                | -202,3        | -249,7        | -91,4         |
| - Liberty Surf               | -64,8         | -78,1         | -59,6         |
| - Line One                   | -12,2         | -15,6         | -15,2         |

Unaudited proforma data

# 100% improvement in gross margin



|               | 1Q 2001       |               | 2Q 2001       |               |
|---------------|---------------|---------------|---------------|---------------|
|               | Value (eur m) | % on revenues | Value (eur m) | % on revenues |
| <b>Access</b> | <b>11.3</b>   | <b>12%</b>    | <b>27.3</b>   | <b>28%</b>    |
| <b>Portal</b> | <b>5.0</b>    | <b>43%</b>    | <b>8.6</b>    | <b>43%</b>    |
| <b>B2B</b>    | <b>8.5</b>    | <b>46%</b>    | <b>9.8</b>    | <b>45%</b>    |
| <b>Voice</b>  | <b>-4.8</b>   | <b>-25.4%</b> | <b>-4.0</b>   | <b>-20%</b>   |
| <b>Other</b>  | <b>1.0</b>    | <b>19%</b>    | <b>0.5</b>    | <b>10%</b>    |
| <b>Total</b>  | <b>21.0</b>   | <b>14%</b>    | <b>42.1</b>   | <b>26%</b>    |

Unaudited proforma data

# Integration process update



- **Tiscali / Worldonline integration process already completed**
- **Liberty Surf and Line One integration process on track**
- **Total amount of restructuring costs in excess of Euro 79 m**
  - **Euro 17.9 m related to severance payments**
  - **Euro 55.9 m related to contracts termination costs**
  - **Euro 5.5 m related to fixed assets write offs**
- **Total workforce reduced from 4200 units at 31.12.00 to 3200 at 30.06.01**

# Disclaimer

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*This presentation contains unaudited 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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