

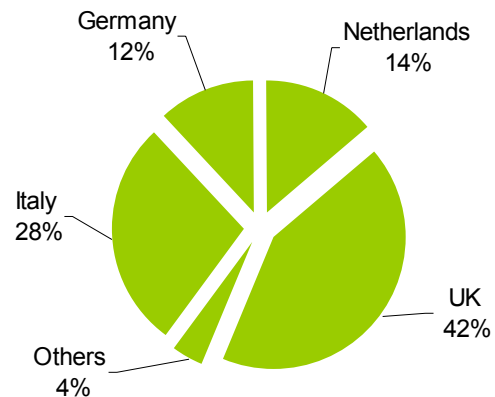
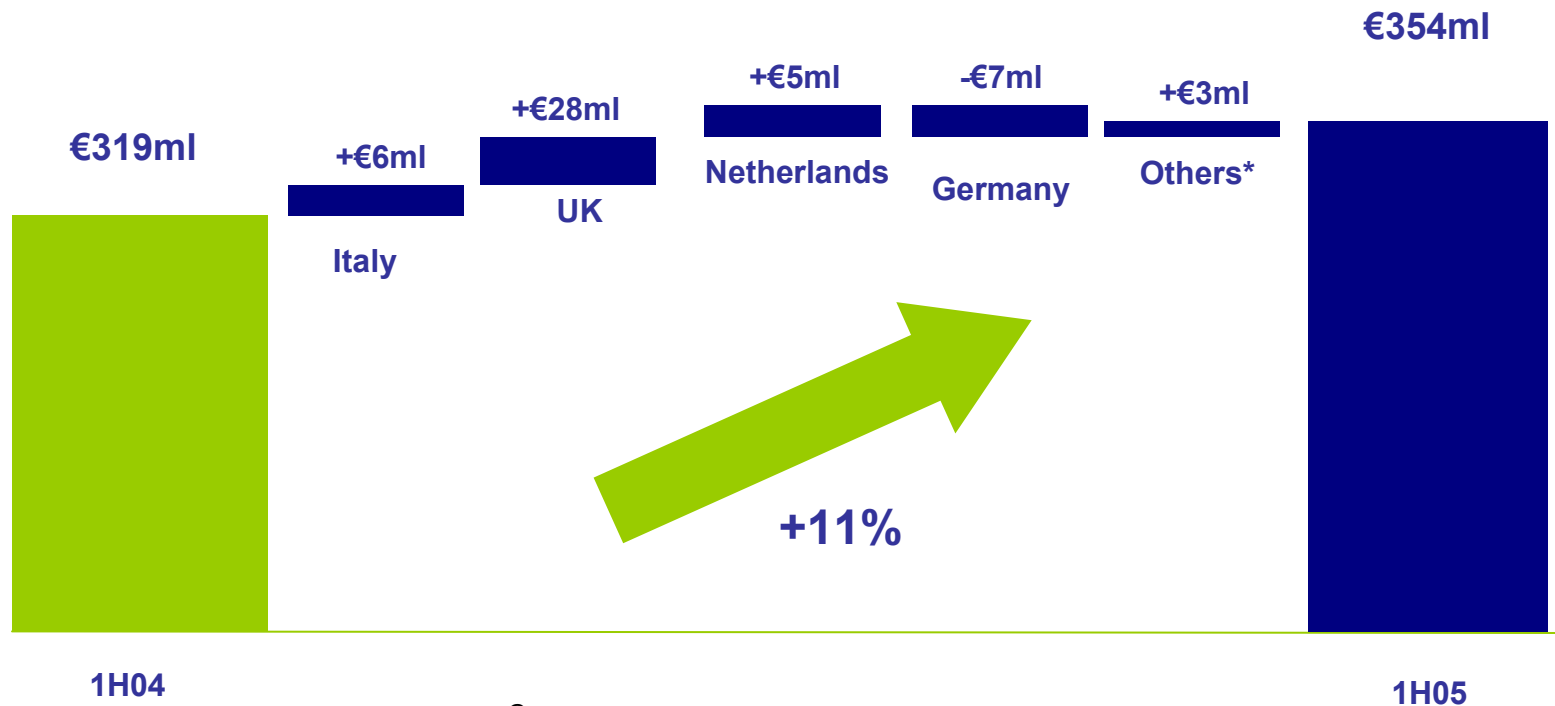
# 1H 2005 results

Milan, 23rd September 2005

## Key results

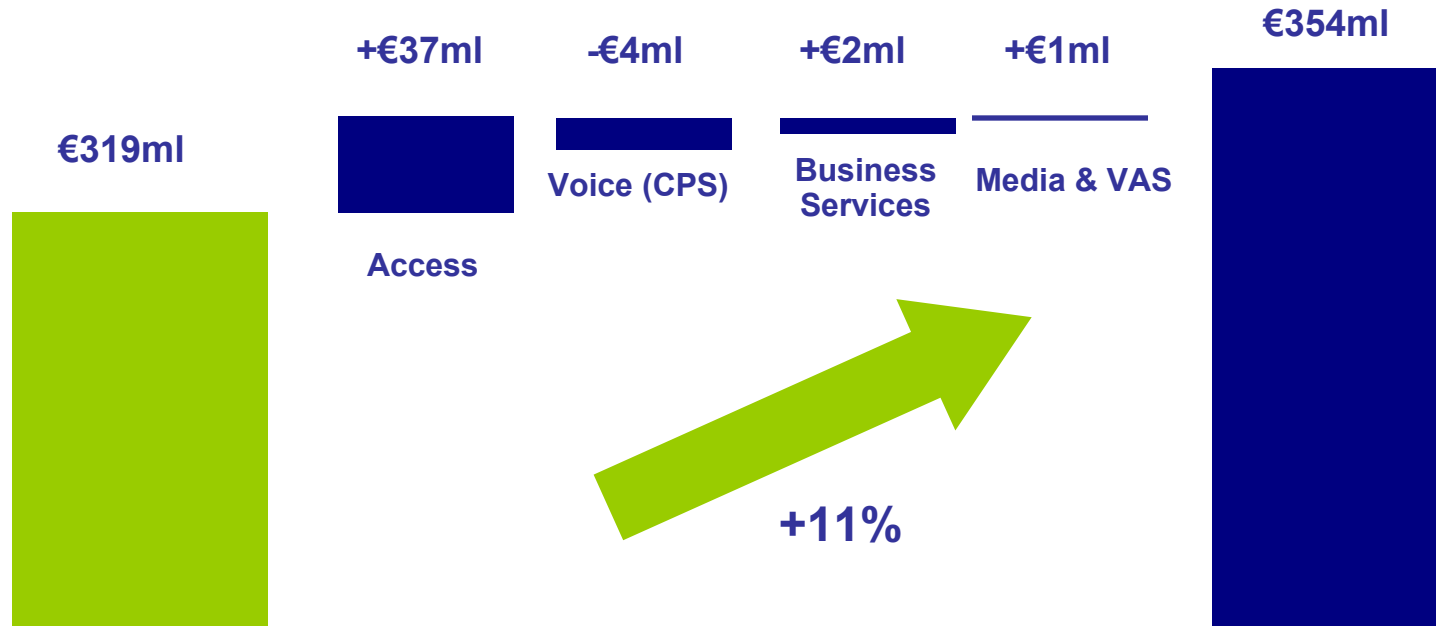
- **1H2005 key results:**
  - **Solid revenue growth:** revenues at €353.7 ml +11% YoY mainly driven by ADSL (56% of total access revenues)
  - **Strong ADSL growth:** 330,000 new ADSL subscribers vs 31.12.04, reaching 1.38 million ADSL customers. Over 250,000 ULL customers
  - **Steep increase in profitability:** 1H05 Gross Operating Result (EBITDA) at €52.4 ml (15% on revenues), more than doubled vs 1H04 (€20.1 ml, 6% of revenues)
  - **Pre-tax income (EBT)** of €59.6 million vs 1H04 negative EBT of €123.3 million, also due to the extraordinary income following the sale of Liberty Surf

# Key financials: Revenues by country 1H04 vs 1H05



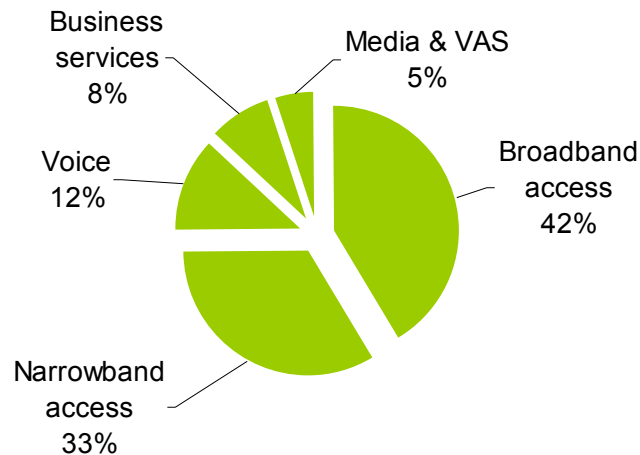
\* Others include Czech Republic, HQ and other minor stakes

## Key financials: Revenues by business line 1H04 vs 1H05



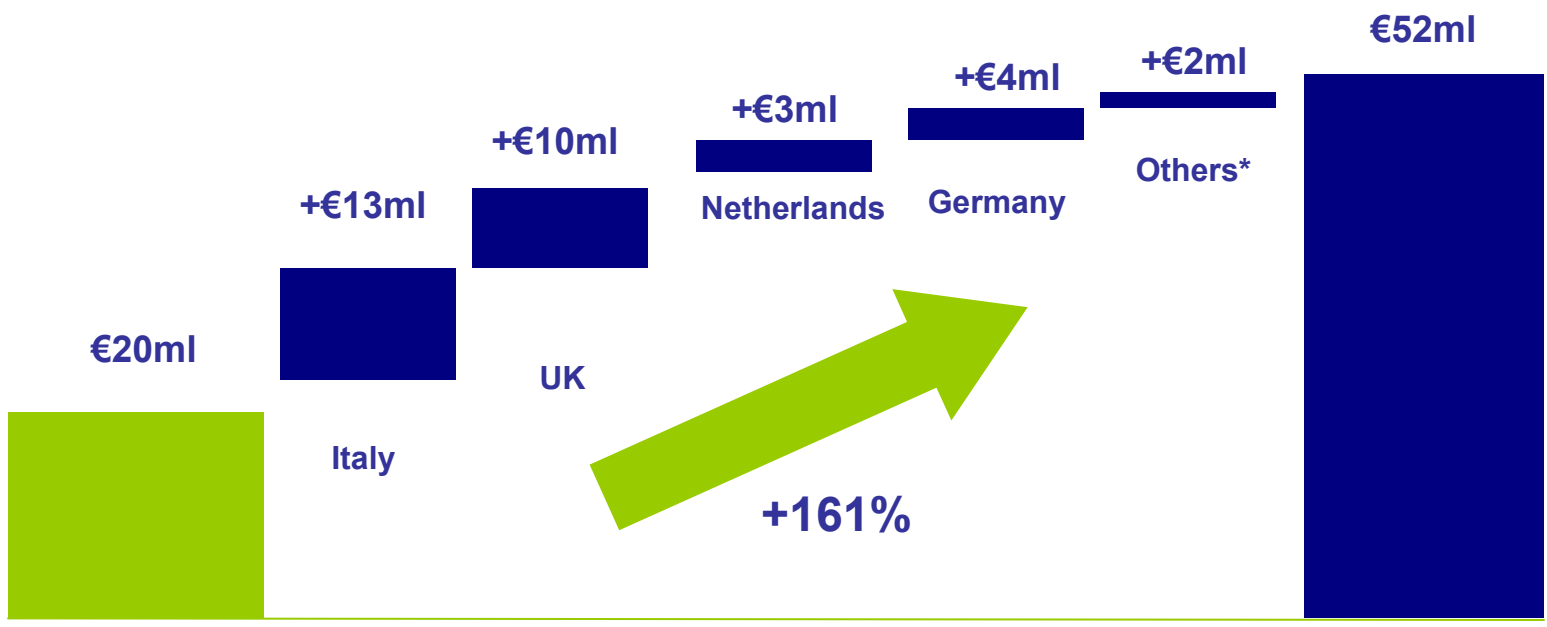
1H04

1H05



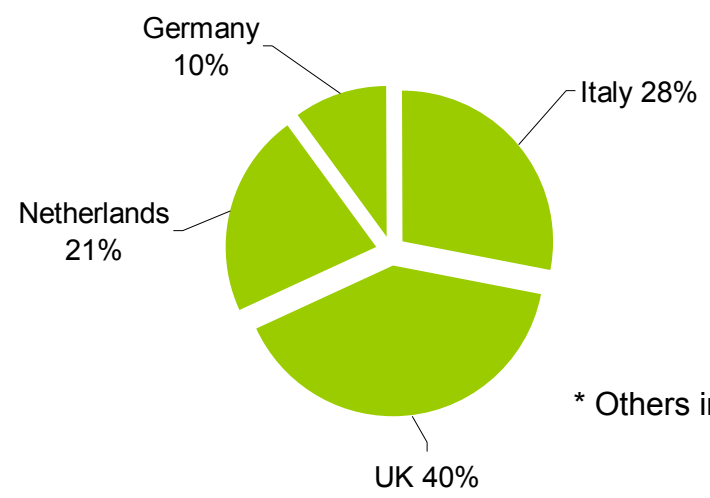
\* Others include Czech Republic, HQ and other minor stakes

Key financials: Gross Operating Result (EBITDA) by country 1H04 vs 1H05



1H04

1H05

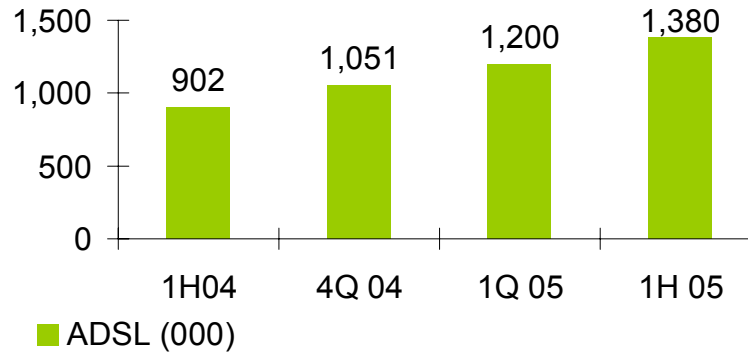


\* Others include Czech Republic, HQ and other minor stakes

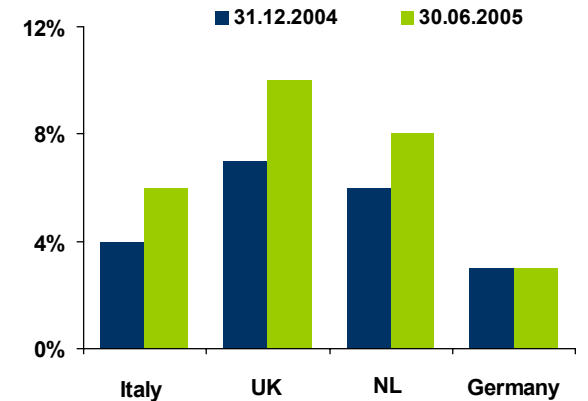
## Active users 1H05

Over 4.8ml customers:  
1.38ml ADSL,  
3.4ml active dial-up

### ADSL subscribers' growth

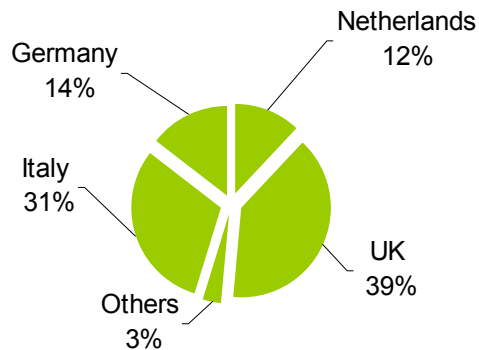


### ADSL Market share evolution

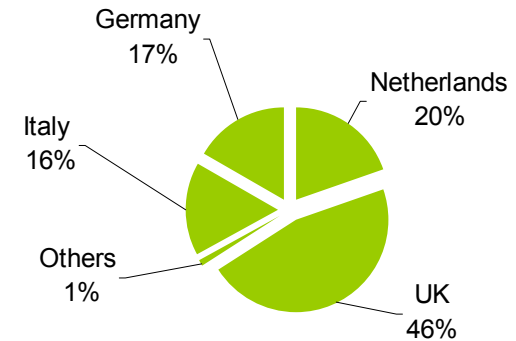


Source: Company data, CMA Dataxis. DSL market only

### Geographical breakdown of active users

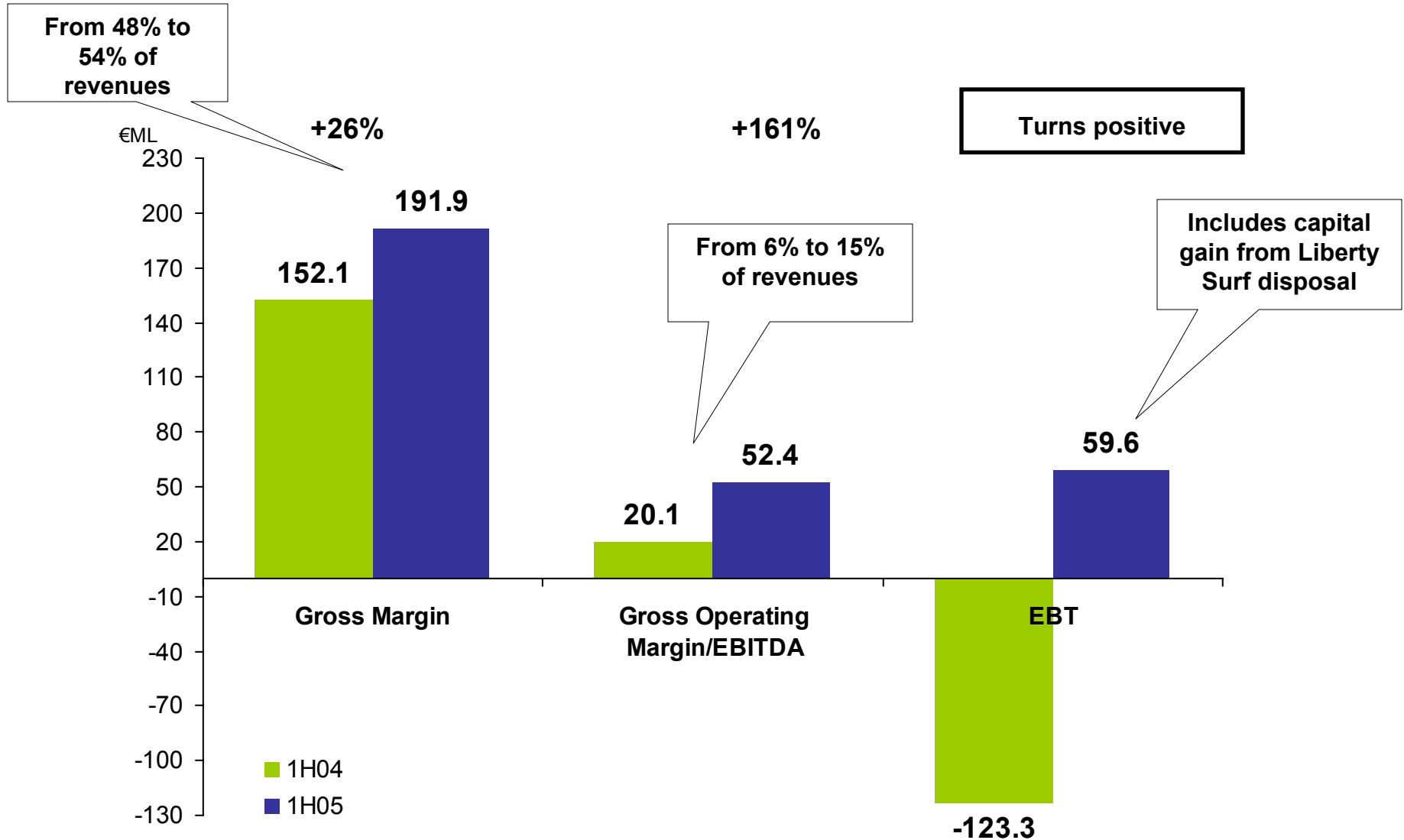


### Geographical breakdown of ADSL users



250,000 ULL customers as of 30.06.05

# Sharp improvement in profitability



## Financials 1H05

€ m	June 2005 YTD	% of rev.	June 2004 YTD	% of rev.	Delta 04/05
<b>Revenues</b>	<b>353.7</b>	<b>100%</b>	<b>318.8</b>	<b>100%</b>	<b>+11%</b>
<i>Access</i>	262.6	74%	225.1	71%	+17%
<i>B2B</i>	28.5	8%	26.9	8%	+6%
<i>Voice</i>	44.0	12%	48.2	15%	-9%
<i>Media and VAS</i>	14.6	4%	14.4	5%	+2%
<i>Others</i>	3.9	1%	4.3	1%	-10%
<b>Gross Margin</b>	<b>191.9</b>	<b>54%</b>	<b>152.2</b>	<b>48%</b>	<b>+26%</b>
<b>Operating costs</b>	<b>140.0</b>	<b>40%</b>	<b>119.6</b>	<b>38%</b>	<b>+17%</b>
<i>Sales &amp; Marketing costs</i>	64.9	18%	41.3	13%	+57%
<i>Personnel costs</i>	54.3	15%	54.7	17%	-1%
<i>G&amp;A costs</i>	20.8	6%	23.6	7%	-12%
<i>Extraordinary Income &amp; Expenses</i>	0.5	<i>nm</i>	(12.5)	<i>nm</i>	<i>nm</i>
<b>Gross Operating Result (EBITDA)</b>	<b>52.4</b>	<b>15%</b>	<b>20.1</b>	<b>6%</b>	<b>+161%</b>
<b>EBIT</b>	<b>(46.4)</b>	<b><i>nm</i></b>	<b>(66.9)</b>	<b><i>nm</i></b>	<b>+31%</b>
<b>EBT</b>	<b>59.6</b>	<b>17%</b>	<b>(123.3)</b>	<b><i>nm</i></b>	<b><i>nm</i></b>
<b>Net result</b>	<b>14.5</b>	<b>4%</b>	<b>(123.8)</b>	<b><i>nm</i></b>	<b><i>nm</i></b>



## Evolution of capital structure

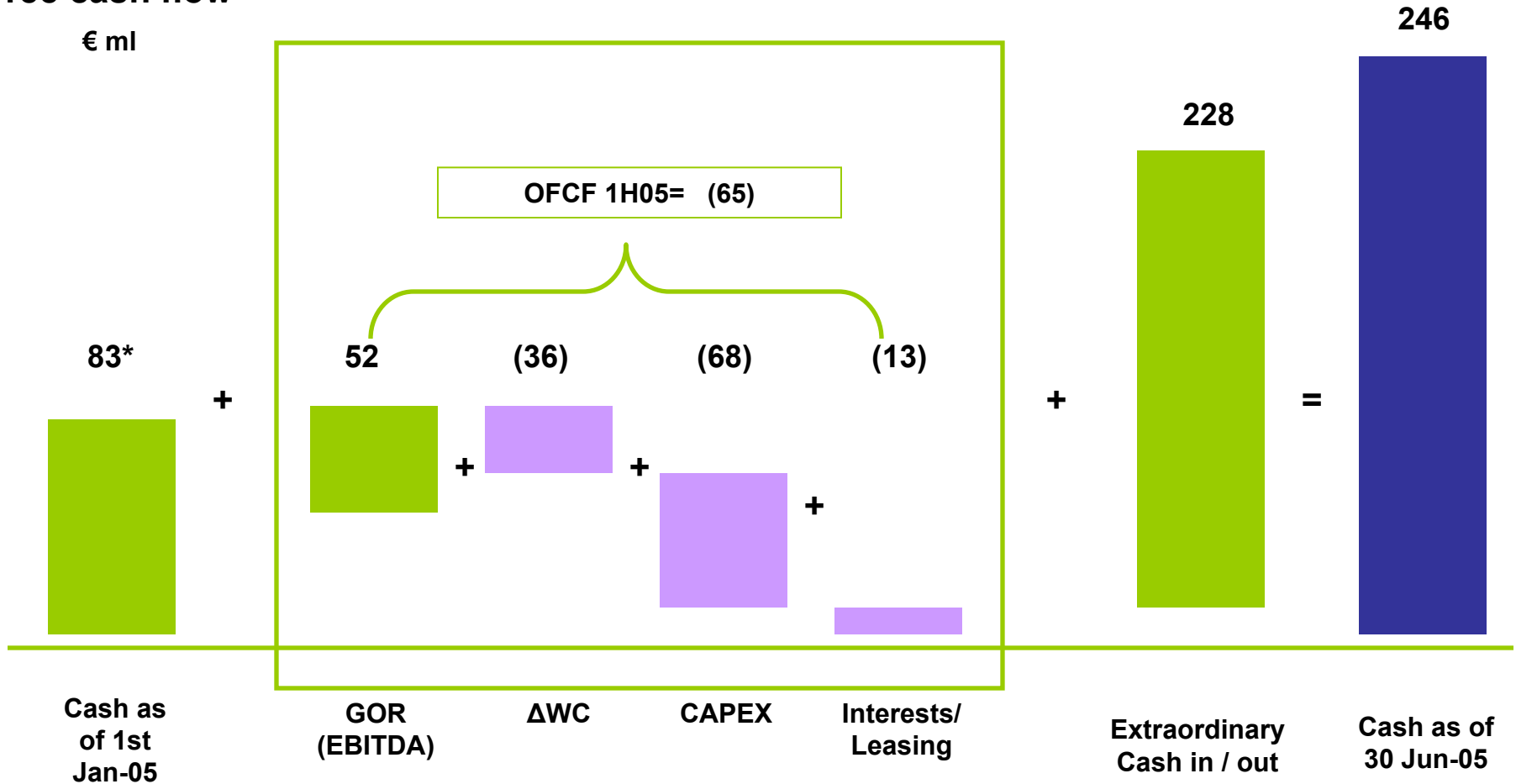
€ million	December 31, 2004	June 30, 2005
Cash	83	246
Other financial assets	54	46
of which:		
<i>Escrow account</i>	16	8
<i>Tax receivables and other assets</i>	38	38
<b>Total cash and other financial assets</b>	<b>137</b>	<b>292</b>
FRNs 2005	250	238
Convertible 2006	210	215*
<b>Total bonds</b>	<b>460</b>	<b>453</b>
Long Term Loans	36	45
Bank overdrafts and S/T lines	25	16
<b>Total bank debt</b>	<b>61</b>	<b>61</b>
<b>Leasing</b>	<b>38</b>	<b>37</b>
<b>Total financial debt**</b>	<b>558</b>	<b>551</b>
<b>Net Financial debt</b>	<b>421</b>	<b>259</b>

\* Includes accrued interest

\*\*Does not include shareholders' loan

# Free cash flow

€ ml



■ Operating FCF improvement: from -€45 million in 1Q05 to -€20 million in 2Q05

\* Does not include the cash in discontinued operations

## 2005 year-end targets (IFRS compliant)

- Turnover of approx. €800 million
- Gross Operating Result of approx. of €100 million
- Approx. 1.8 million ADSL customers
- Capex at 15% of revenues

## IAS/IFRS adoption: main changes

- **Business combination (IFRS3/IAS36)**

Goodwill arising from acquisitions is no longer amortised (starting from 1st January 2004) but subject to an “impairment test” at least annually. As a result of the impairment test performed, the goodwill booked in 1H05 has not been impaired

- **Intangible assets (IAS 38)**

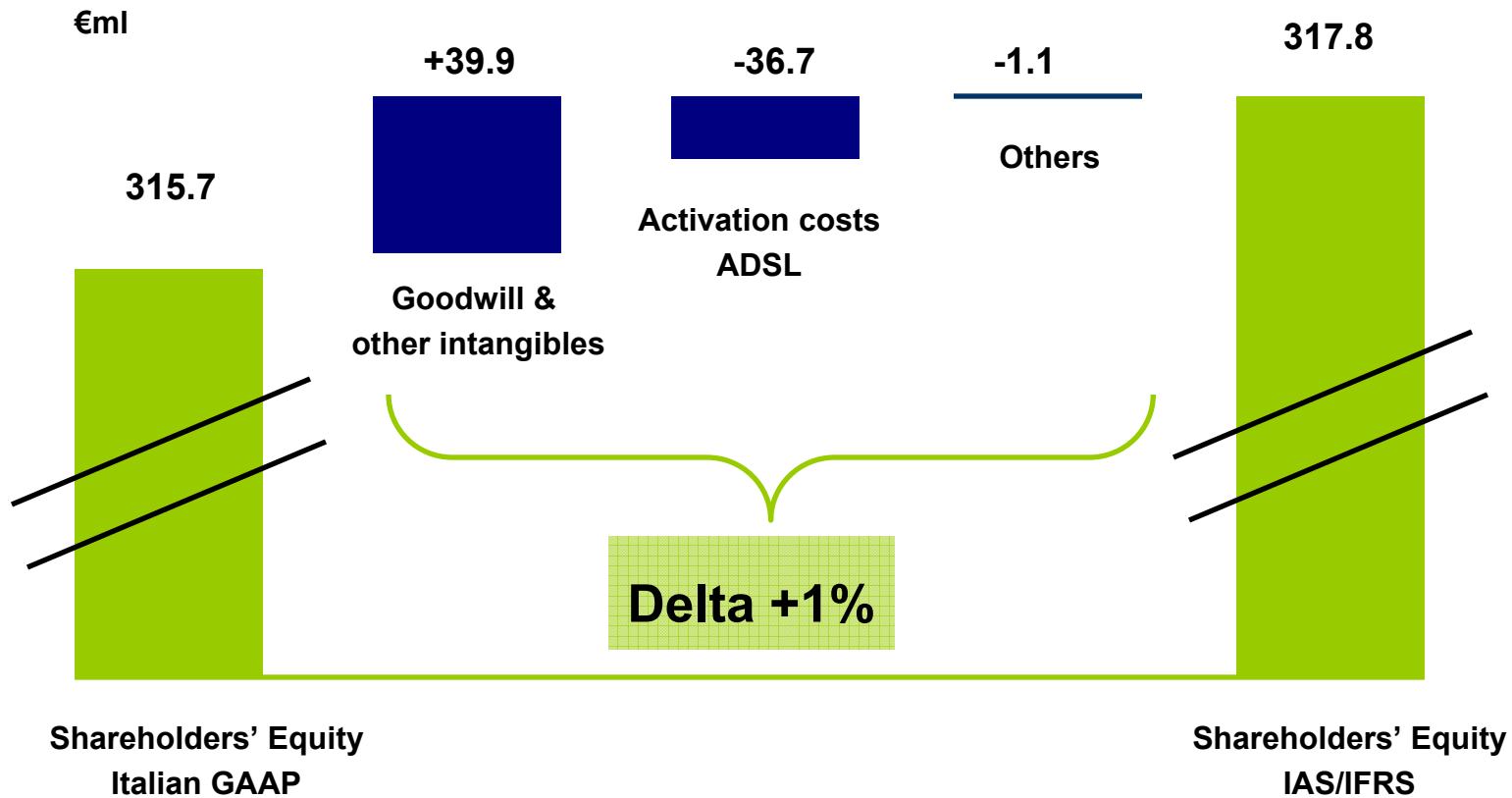
ADSL activation costs are capitalised and amortised over the legal “minimum subscription period” of the contract (currently 12 months)

Start-up and expansion costs are no longer recognised as assets and therefore written off

- **Segment reporting (IAS 14)**

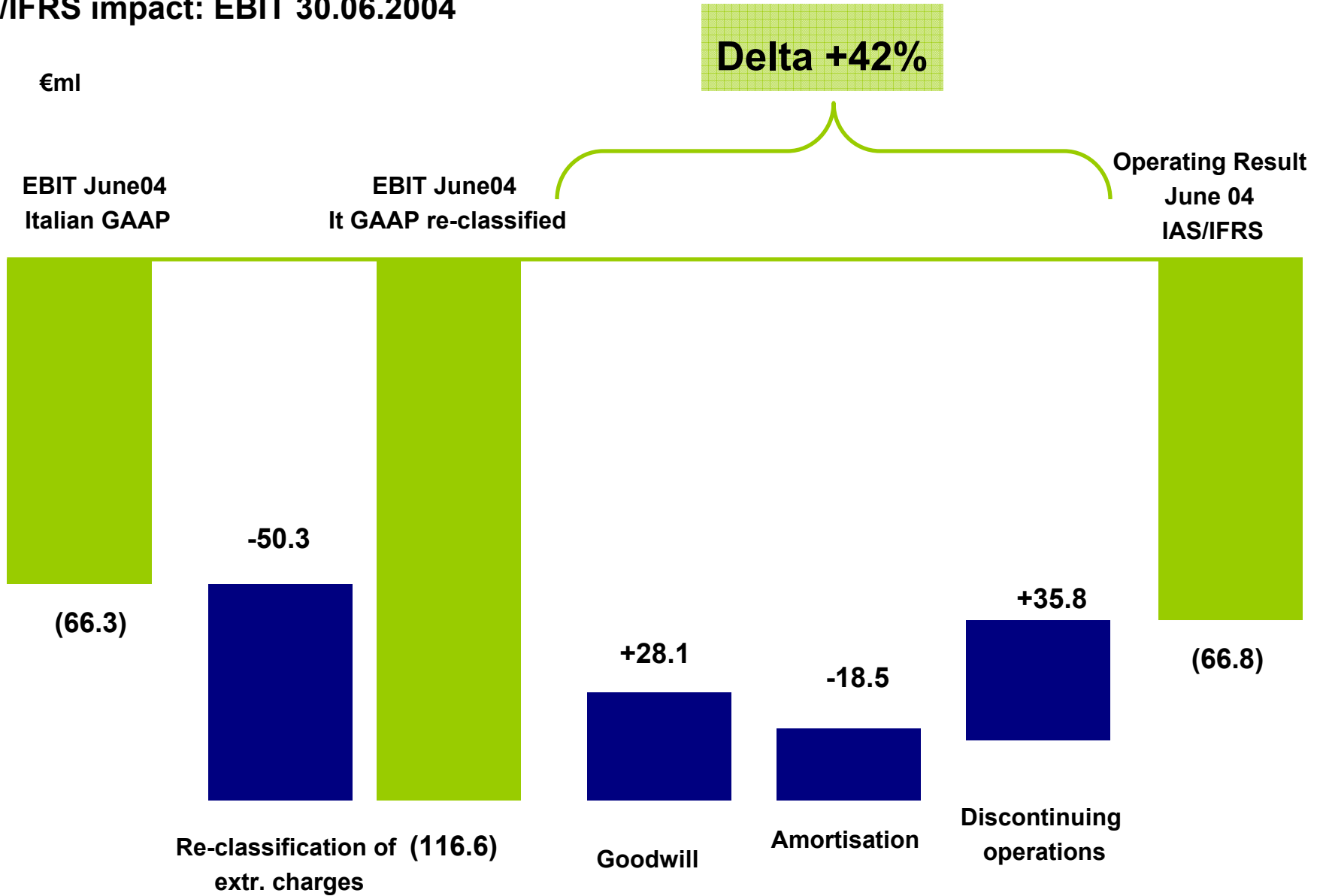
Countries are primary segments, as opposed to Lines of Business

# IAS/IFRS impact: shareholders' equity 31.12.2004



■ The net impact of IAS/IFRS is ca +€2 ml (<1%)

IAS/IFRS impact: EBIT 30.06.2004



## Disclaimer

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