



The European Internet Company

Third Quarter 2002 results



- **Total revenues at €179.9 m, up 4.3% compared to Q2 02**
 - **Flat market growth in the dial up market in which, however, Tiscali maintains an outstanding competitive position**
 - **Improved regulatory environment in ADSL market which is granting Tiscali solid ground for developing a successful broadband proposition**
 - **reduced seasonality effect in access revenues owing to increased weight of unmetered and ADSL customers**
- **Gross margin equal to 50% of revenues in Q3 02, up from 30% in 3Q 01, thanks to the successful integration process**

3Q02 highlights

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- EBITDA at € (3.6) m, 92% down compared to Q3 01, 62% improvement on Q2 02
- Total cash resources equal to €381 m
- Tight control on operating costs, equal to € 93.6 m, down 4% compared to Q2 02
- Promising growth in ADSL subscriptions, 155 K customers as of today, 55% up compared to June 2002

3Q02 highlights

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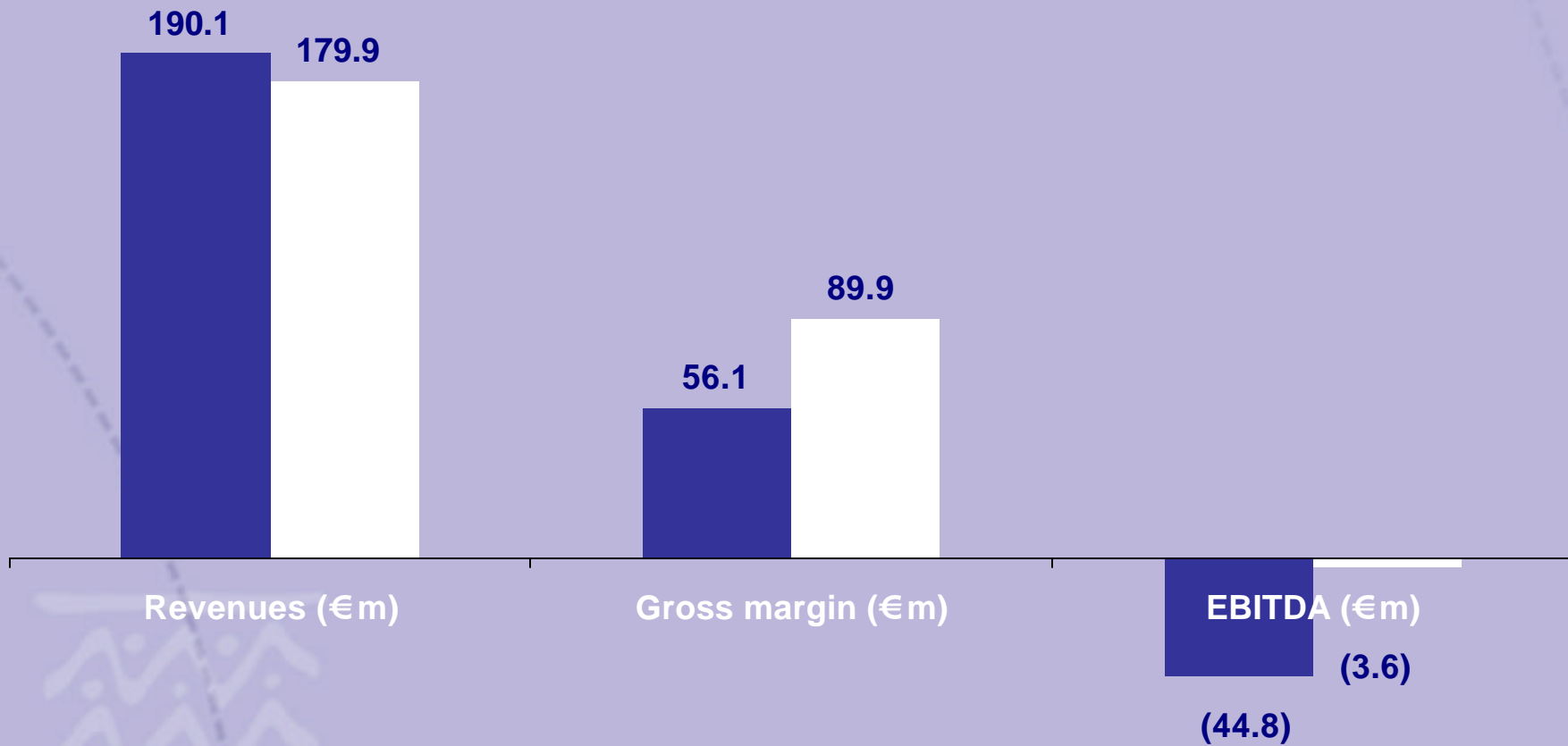
- €121.7 m access revenues, flat on Q3 01 but showing higher revenue per customer
- Portal revenues in Q3 02 equal to €9.4 m, down 53% on Q301 owing to poor market conditions of on-line advertising, in line with Q3 02
- B2B revenues up 22 % compared to Q3 01, 38% growth compared to Q2 02
- 7 m active users, 13.3 m unique visitors at Tiscali sites at end September (Nielsen @ratings), confirming Tiscali as one of the leading web properties in Europe

3Q02 vs 3Q01

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■ 3Q 2001 ■ 3Q 2002



Financials highlights

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€m	3Q 01	3Q 02	%Change
Revenues	190.1	179.9	(6)%
Gross margin	56.3	89.9	60%
EBITDA	(44.8)	(3.6)	(92%)
EBIT	(154.4)	(84.4)	(45%)

Revenues 3Q02 vs 3Q01

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€m	3Q 01	3Q 02	% Change
Access	121.7	121.7	0%
Portal	20.0	9.4	(53)%
B2B	25.1	30.4	21%
Voice	18.1	12.8	(23)%
Other	5.2	5.6	8%
Total revenues	190.1	179.9	(6)%

Increased efficiency in costs structure

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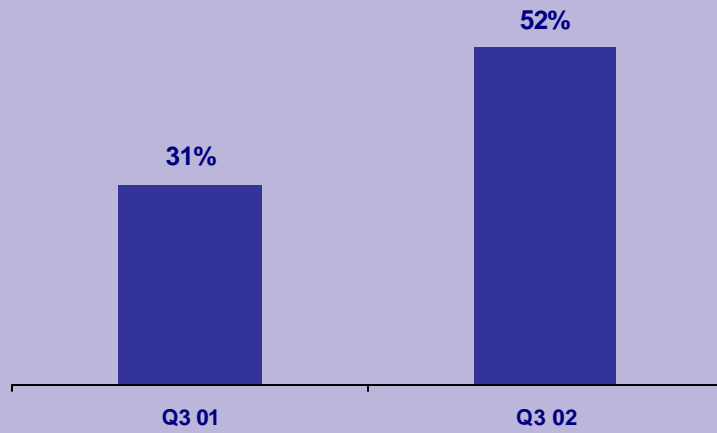
€m	3Q 01	3Q 02	%Change
Gross margin	56.3	89.9	60%
Sales and marketing	30.9	31.5	2%
Staff	41.1	35.2	(14%)
G&A	29.2	26.9	(8)%
Total operating costs	101.1	93.6	(7%)
EBITDA	(44.8)	(3.7)	(92%)

Gross margin by business line

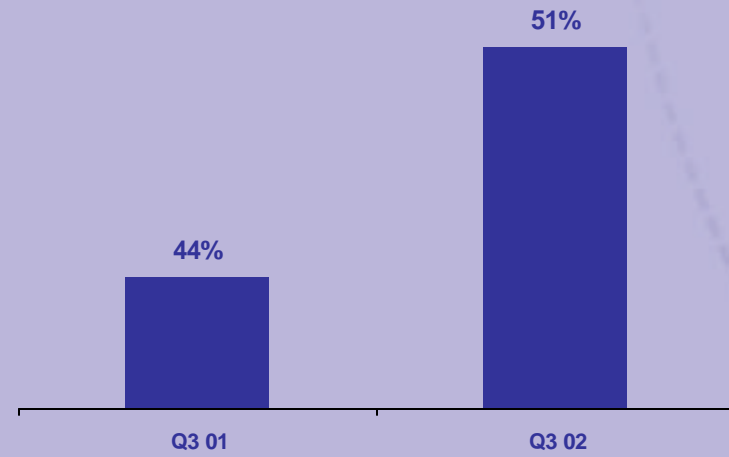
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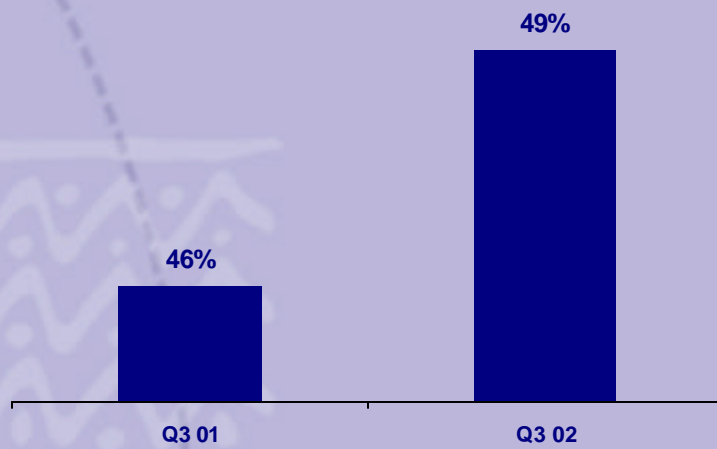
Access



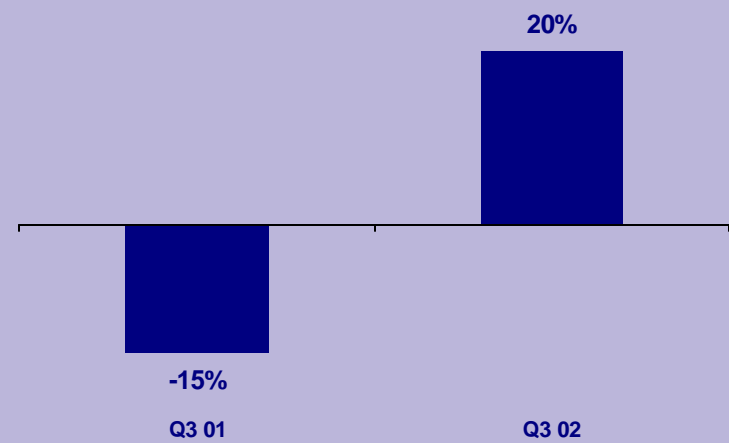
Portal



B2B



Voice



Country operations highlights

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- Satisfactory roll-out of ADSL products in UK, France, Germany
- Strong improvement in UK operations profitability
- Germany and France operations reverted negative trend of Q2 02
- Cost cutting measures in Nordic countries and at corporate level implemented starting September 2002, total 200 headcounts reduced, substantial effects in 2003

Year to date financial results



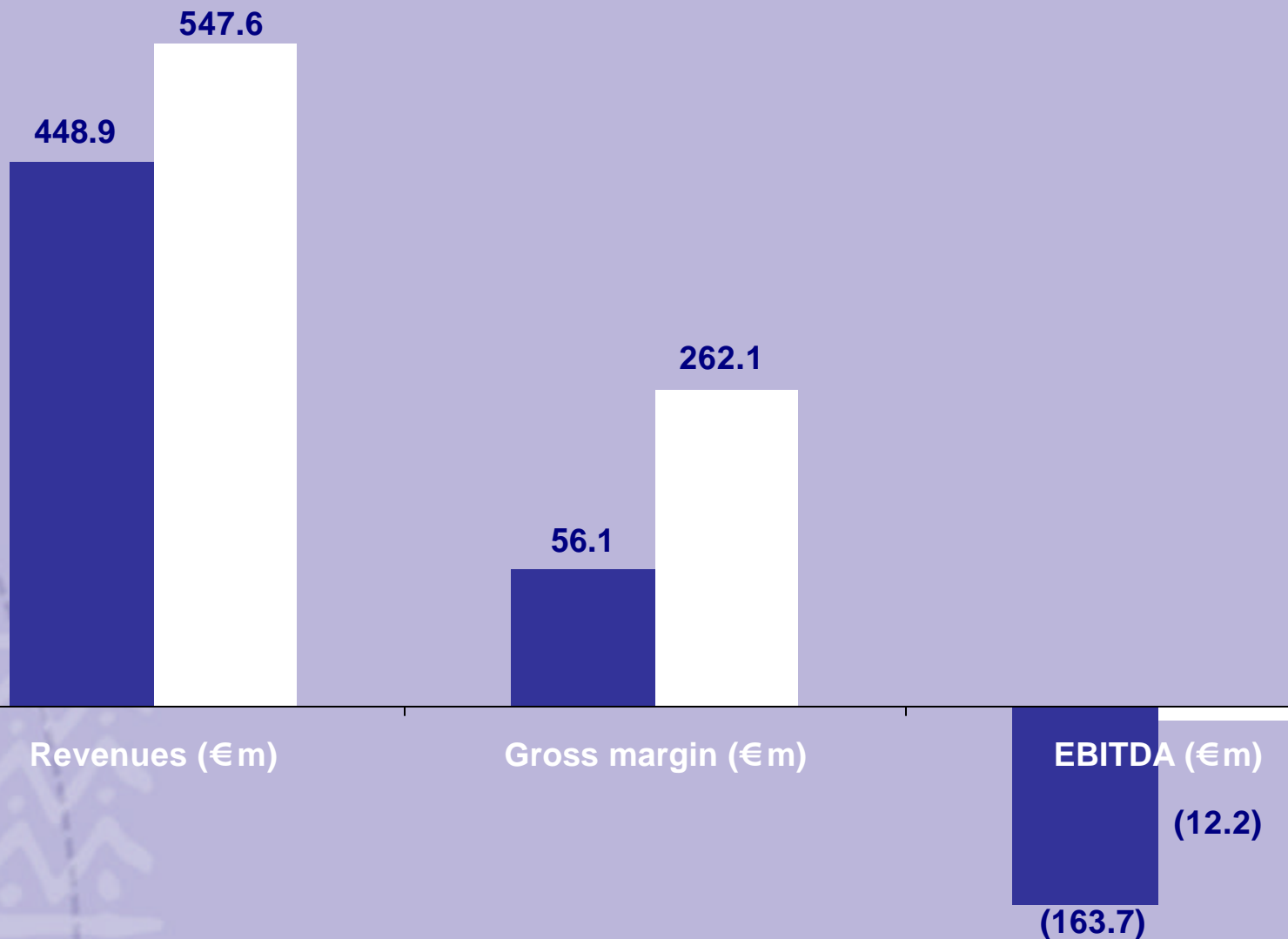
€m	9 months ended sept 01	9 months ended sept 02	%Change
Revenues	448.9	547.6	22%
Gross margin	112.5	262.1	133%
Total operating costs	276.1	274.3	(1%)
EBITDA	(163.7)	(12.2)	93%
EBIT	(500.6)	(324.4)*	(35%)

* Excluding €113m of exceptional provision charged in Q2 02

Ytd 2002 results compared to 2001



■ 9 months ended sept 2001 ■ 9 months ended sept 2002



Year to date results

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- Revenues at €547.6 m, up 22% compared to 2001
- 133% increase in gross margin level, confirming the successful profitability path already implemented during 2001
- Flat total operating costs at €274.3 m
- 9 months EBITDA loss down 93% compared to the same period in 2001



➤ **Confirmed target of full year EBITDA break even**

➤ **Rapid improvement in ADSL regulatory environment, targeting**

220K ADSL customers by year end

➤ **Full year revenues target at €770 m.**

Disclaimer

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