9M2010 Results Presentation

November 2010

9M2010 Key Results

- **Revenues** at EUR 206,9 million, - 6,6% YoY
- **EBITDA** (gross of bad debt) at EUR 50.5 million; Adjusted EBITDA (net of bad debt) at EUR 35.2 million;
- **EBIT** positive at EUR 0.7 million (positive EUR 5.2 million in 9M09);
- **Net result** negative for EUR 15.4 million (including EUR 8.7 million negative result from discontinued operations and TINET earn out for 4.3) up 96,3% YoY (negative for EUR 418.4 million in 9M09);
- **Net financial debt** at EUR 195.3 million*, vs EUR 211.1 as of 31st December 2009, 53,4% down compared to 30 September 2009,
- **Operating Free cash flow slightly** negative for 1,9 Eur m
- **Total ADSL customers** 602K (582k active). Dual play customers at 369K LLU customers at up 37% YoY. Mobile customers 71K at 30/09/10

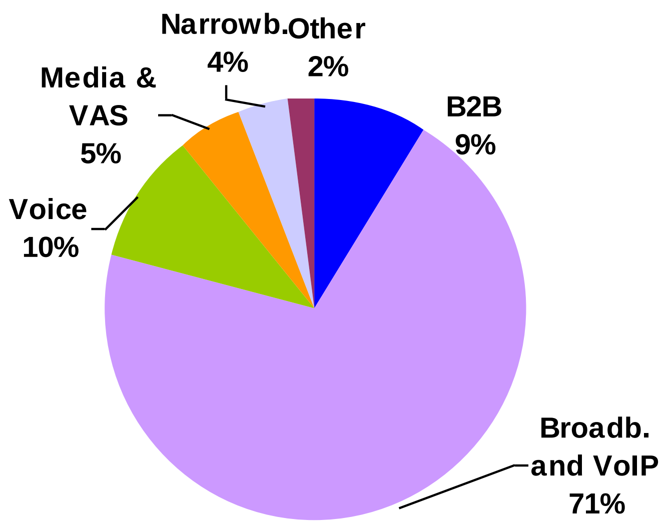
(*) *It includes the cash in of EUR 21.2 million related to the Escrow account released*

Key factors affecting performance

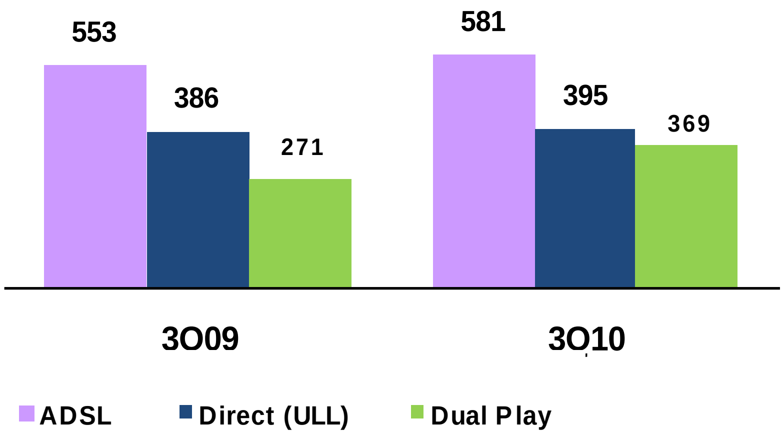
- 9 months revenues impacted by UK disposal, non repeated one-off items in 2009, lower incoming revenues, narrowband and analog voice ongoing decline, deep impact also on Gross Margin (3Q09 affected by one-off items)
- 3Q10 performance: seasonal impact on media, voice traffic, and IT services reduced price
- Gross margin impact on 3Q partially counterbalanced by tight operating cost control
- ADSL registration trend in line with 3Q09, despite tougher competitive environment and minimal ATL spending
- Strong effect of credit collection policy, about 40.000 ADSL accounts cancellation foreseen in 4Q10, leading to strong cost reduction in 2011 (about 8 eur m on yearly basis)
- Network roll-out almost completed, customer migration on-going

Trading Performance Key Items

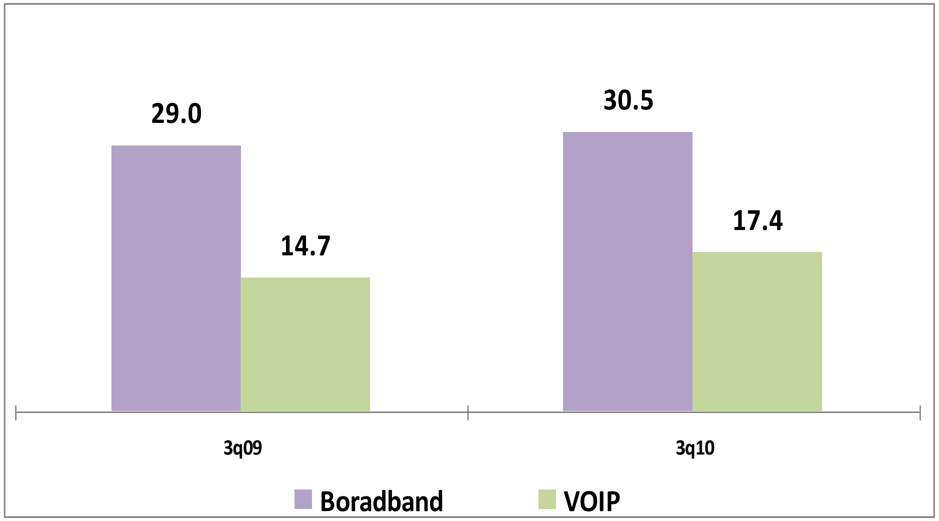
Operational Breakdown on Revenues



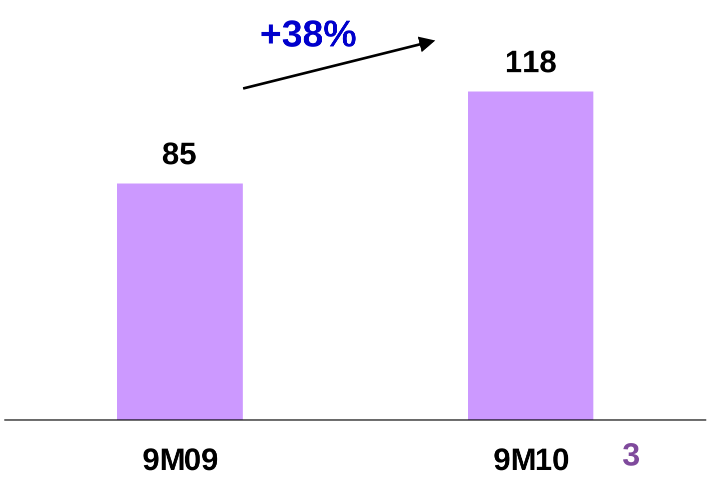
ADSL Active Customers (000s)



BB and VoIP Revenues

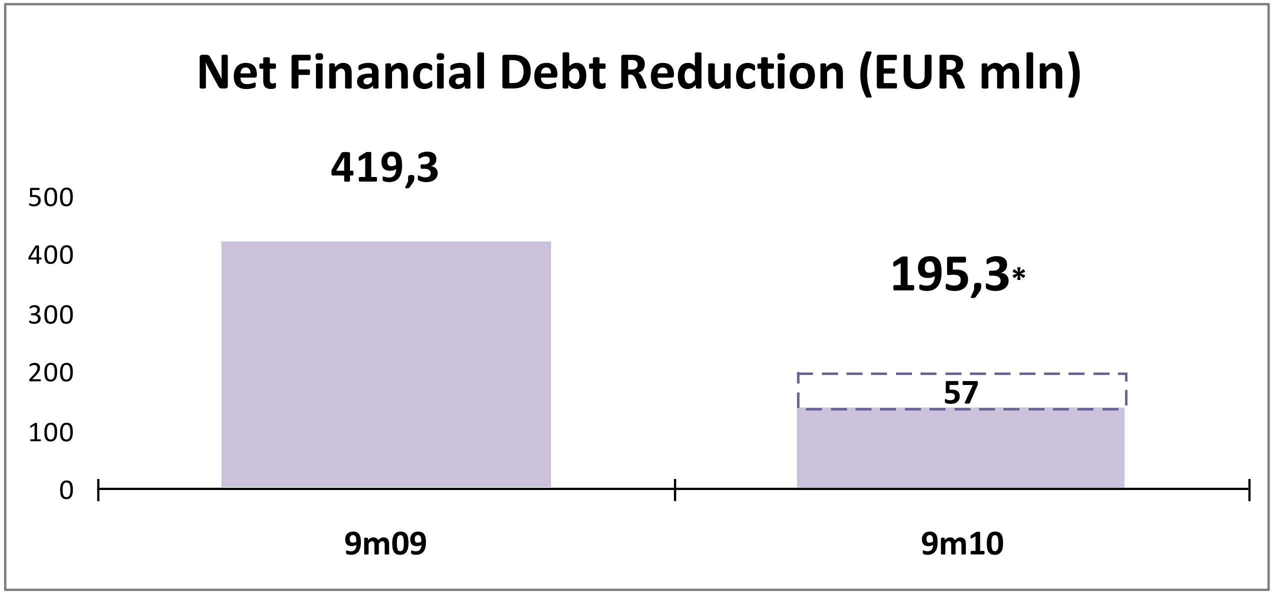


ADSL Registrations Trend (000s)



Net Financial Position

- On-going process of debt reduction, recent positive contribution of TINET
- Defined the release of the Escrow account for a total of ca EUR 24.9 million. Immediate positive effect on Cash for EUR 21.2, 85% of the total.
- Total net debt reduction of ca 53,4% YoY



(*) It includes the Escrow release with immediate effect of EUR 21.2 million, HQ Sales&Lease-Back about 57 million

9M10 vs 9M09

EUR mln	9M10	% of rev.	9M09	% of rev.	Delta 10/09
Revenues	**206,9**	***100%***	**221,6**	***100%***	***-6,6%***
Access	99,1	*48%*	103,2	*47%*	*-4,0%*
of which ADSL	92,7	*45%*	90,8	*41%*	*2,1%*
Voice	74,7	*36%*	70,4	*32%*	*6,1%*
of which dual play voice traffic	54,1	*26%*	47,6	*21%*	*13,7%*
B2B	18,4	*9%*	20,2	*9%*	*-8,9%*
Media and VAS	10,4	*5%*	15,5	*7%*	*-32,9%*
Other	4,2	*2%*	12,3	*6%*	*-65,9%*
Gross Margin	**99,6**	***48%***	**132,8**	***60%***	***-25,0%***
Operating costs	**55,4**	***27%***	**64,6**	***29%***	***-14,2%***
Sales & Marketing costs	8	*4%*	14,3	*6%*	*-44,1%*
Personnel costs	33,9	*16%*	30,5	*14%*	*11,1%*
G&A costs	13,5	*7%*	19,8	*9%*	*-31,8%*
Other (Income) / Expenses	(6,3)	*nm*	(1,7)	*nm*	*nm*
Gross Operating Result (adjusted EBITDA)	**50,5**	***24%***	**69,9**	***32%***	***-27,8%***
Bad debt and other provisions	15,3	***7%***	15,0	***7%***	***2,0%***
Gross Operating Result (EBITDA)	**35,2**	***17%***	**54,6**	***25%***	***-35,5%***
EBIT	**0,7**	***0%***	**5,3**	***2%***	***-86,8%***
Net result of the Group	**(15,9)**	***nm***	**(418,3)**	***nm***	***96,2%***

- 9 months revenue and margin decline caused by impact of the disposal of Tiscali UK (Google and IT revenues) and non recurring one off-items in 2009, as well as decline in narrowband and analogue Voice
- ADSL revenues up 2%, despite massive credit collection action in 2010 and higher promotion impact
- 14% increase in VOIP revenues, despite declining incoming per minute revenues
- Operating costs control, good contribution by customer services internalization process
- Net result impacted by decline in interest charges and discontinued operations

3Q10 vs 3Q09

EUR mln	3Q10	% of rev.	3Q09	% of rev.	Delta 3Q10/3Q09
Revenues	**66,4**	***100%***	**70,0**	***100%***	***-5,1%***
Access	32,3	*49%*	31,2	*45%*	*3,5%*
of which ADSL	30,6	*46%*	29,1	*42%*	*5,2%*
Voice	24,4	*37%*	21,7	*31%*	*12,4%*
of which dual play voice traffic	17,5	*26%*	14,7	*21%*	*19,0%*
B2B	5,6	*8%*	12,7	*18%*	*-55,9%*
Media and VAS	2,9	*4%*	2,7	*4%*	*7,4%*
Other	1,2	*2%*	1,8	*3%*	*-33,3%*
Gross Margin	**28,6**	***43%***	**42,3**	***60%***	***-32,4%***
Operating costs	**17,6**	***27%***	**21,4**	***31%***	***-17,8%***
Sales & Marketing costs	2,3	*3%*	5,1	*7%*	*-54,9%*
Personnel costs	10,4	*16%*	9,4	*13%*	*10,6%*
G&A costs	4,9	*7%*	6,9	*10%*	*-29,0%*
Other (Income) / Expenses	(3,2)	*nm*	(0,6)	*nm*	*nm*
Gross Operating Result (adjusted EBITDA)	**14,2**	***21%***	**21,5**	***31%***	***-34,0%***
Bad debt and other provisions	5,2	***8%***	4,8	***7%***	***8,3%***
Gross Operating Result (EBITDA)	**9,0**	***14%***	**16,7**	***24%***	***-46,1%***
EBIT	**(3,6)**	***-5%***	**(5,6)**	***-8%***	***-35,7%***
Net result of the Group	**(2,8)**	***nm***	**(15,5)**	***nm***	***nm***

- Quarterly revenue comparison affect by one – off items in 2009, strong impact on Gross margin, also affected by decreasing incoming revenues
- Access and VOIP revenues up despite decline on narrowband
- Operating cost decline mainly as a result of internalization of customer service and sales and marketing reduction
- Positive impact in 3Q10 from TINET earn-out

Net financial position

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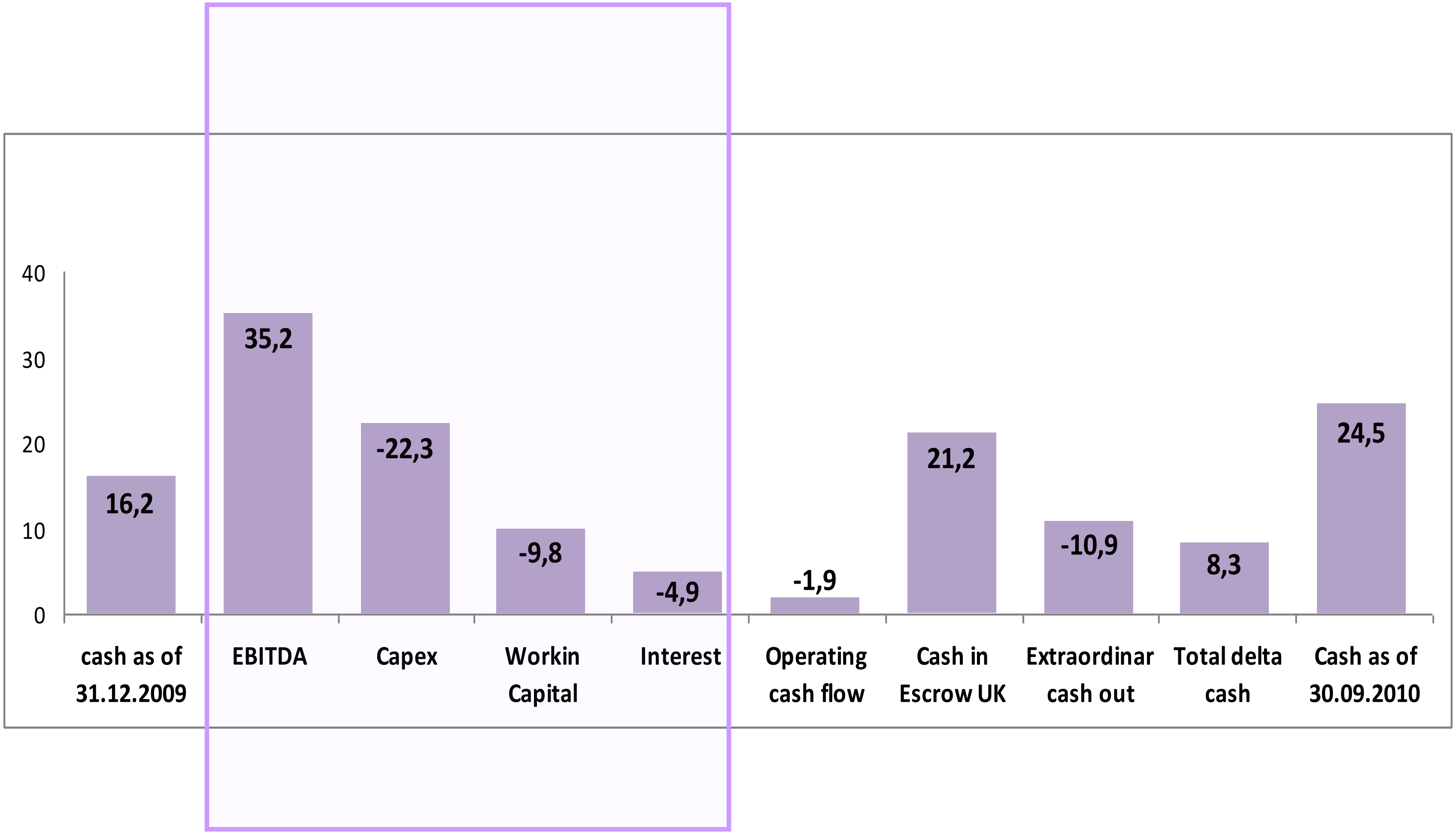
EUR Mln	30-set-10	31-dic-09
A. Cash	24,6	16,2
B. Other cash equivalents	0,6	0,6
C. Securities held for trading	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**25,2**	**16,8**
E. Current financial receivables	**9,4**	**-**
F. Non-Current financial receivables	6,3	12,7
G. Current bank payables	13,5	13,6
H. Long term loans falling within one year	34,2	10,9
I. Other current financial payables(*)	2,5	4,3
J. Current financial debt (G) + (H) + (I)	**50,2**	**28,8**
K. Net current financial debt (J) – (E) – (F) – (D)	**(9,30)**	**(0,80)**
L. Non current bank payables	128,1	152,9
M. Bonds issued	-	-
N. Other non current payables (**)	57,9	59,0
O. Non current financial debt (L) + (M) + (N)	**186,0**	**211,8**
P. Net financial debt (K) + (O)	**195,3**	**211,1**

(*) includes leasing debts

(**) includes leasing debts and debts to shareholders

Tiscali Group: 9M2010 – Cash flow analysis (EUR ml)



Recent developments and 2010 outlook

- Signed agreement with ZTE and MOU with other telcos for FTTH roll-out, project to be started in customer high-density areas
- Increased ADSL speed to 20Mb for all ADSL products, positive effect on October and November registrations
- On-going development activity on new media products
- Continued effort on headcount reduction to compensate margin pressure
- FY2010 revenues expected at ca. EUR 280

Disclaimer

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