

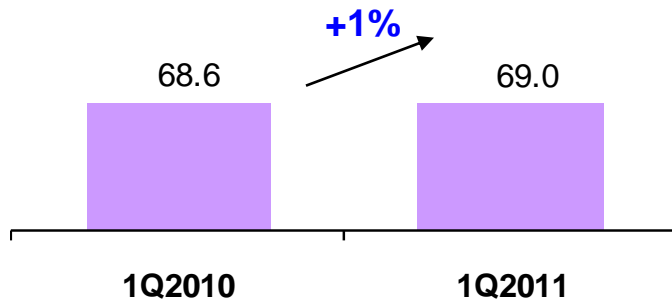
tiscali:

**1Q2011 Results
Presentation**

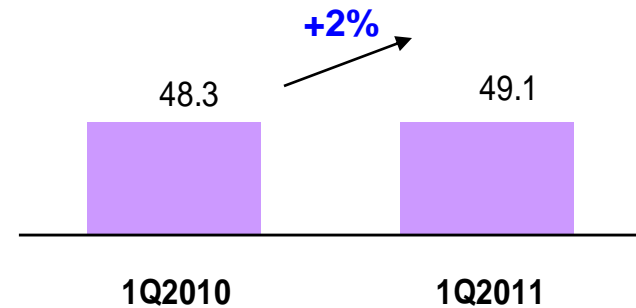
13th May 2011

- Revenues at EUR 69 million, slightly up vs 1Q2010;
- EBITDA (gross of bad debt) at EUR 18.5 million, 2.8% up vs 1Q2010; adjusted EBITDA (net of bad debt) at EUR 11.2 million, due to higher bad debt provision;
- EBIT negative at EUR 2.3 million (positive at EUR 3.8 million in 1Q2010), +8% vs 4Q2010;
- Net result negative for EUR 6.4 million (including EUR 3.6 million of interests charges) vs a negative net result of EUR 0.3 million in the 1Q2010; 28% improvement vs 4Q2010;
- Net debt* at EUR 202.4 million vs EUR 230.3 million as of 31st March 2010;
- Free cash flow positive for 5.5 million in the 1Q2011 vs EUR 1.8 million negative in 1Q2010; Capex at ca EUR 8 million in 1Q2011;
- Total ADSL active customers at 541K. Dual play customers at 366K. Mobile Customers at 99K.

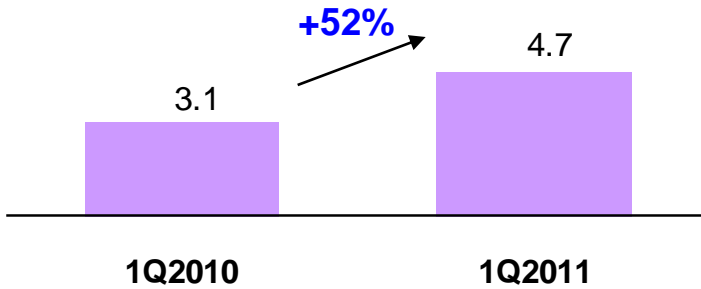
Sales (EUR MIn)



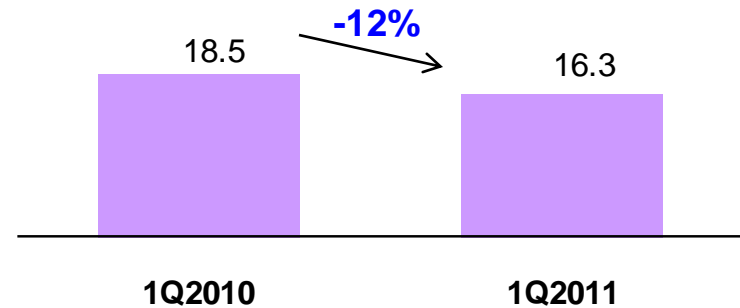
BB + VoIP revenues (EUR MIn)



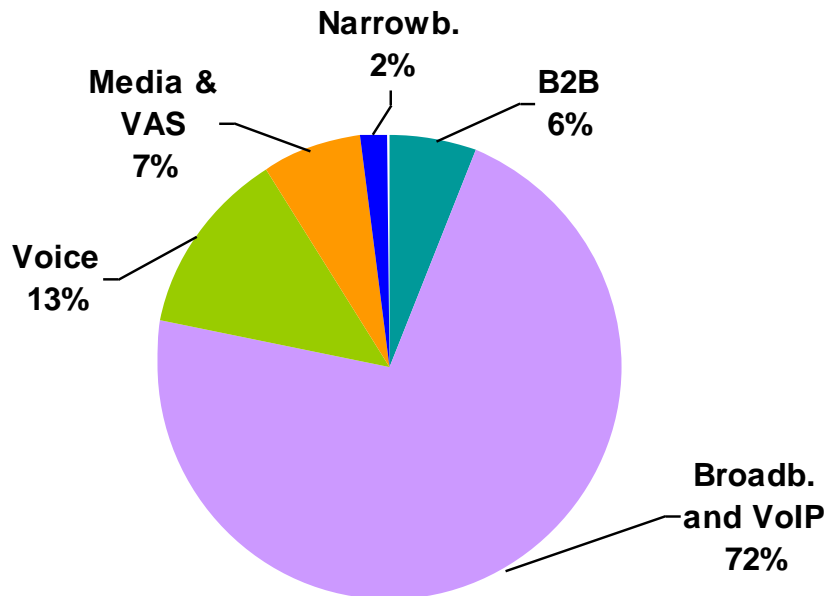
Media & VAS (EUR MIn)



Operating Costs (EUR MIn)



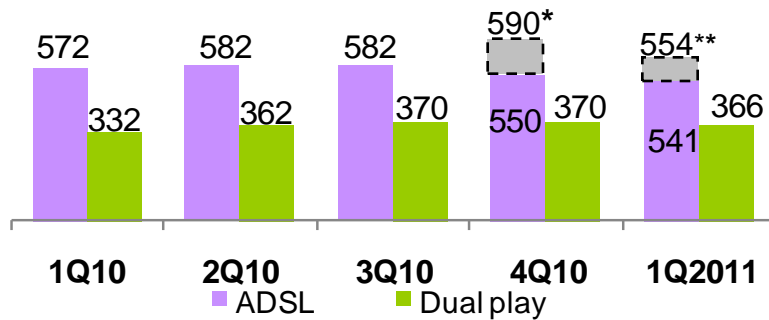
Business line breakdown on revenues – 1Q2011



- **Broadband & Dual play (VoIP)**, core revenues, equal to ca EUR 49 million (72% of total revenues), up 2% vs 1Q2010;
- **Media & VAS** (7% of total revenues) growth of ca 52% YoY (5% of total revenues in 1Q2010).

Trading Performance Key Items

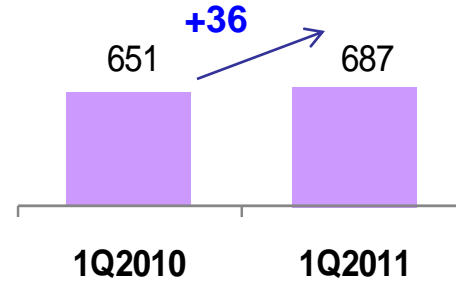
ADSL Customers pro-forma (000s)



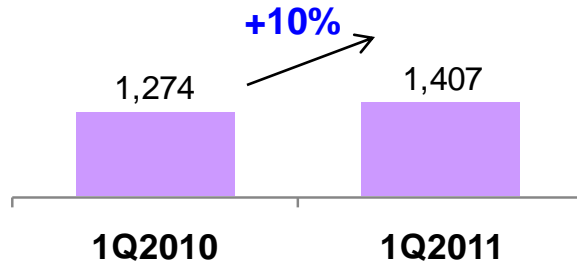
* Gross of 40,000 ADSL accounts cancelled

** Gross of 13,000 ADSL accounts cancelled

LLU sites (000s)

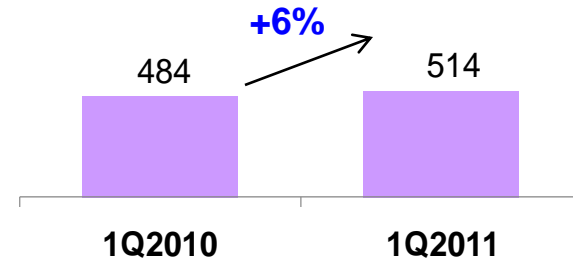


Page views* (million)



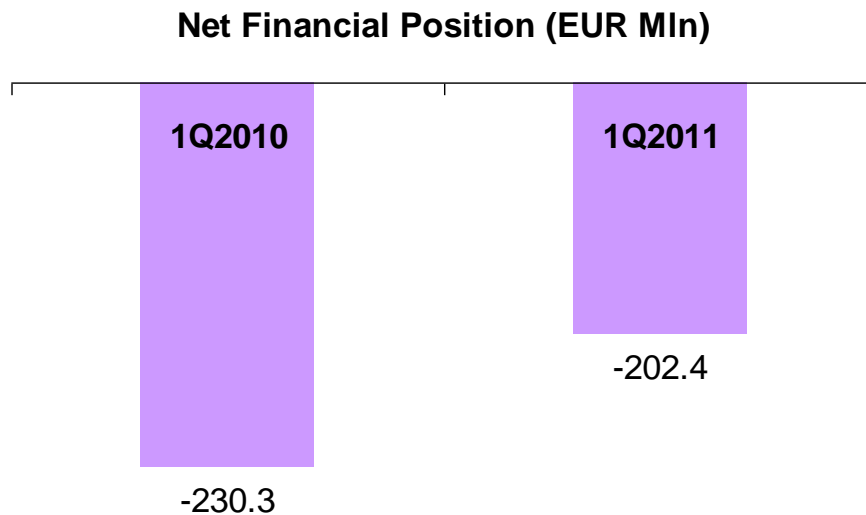
* Page views refers to the website www.tiscali.it

Voice Traffic Minutes (000)



- Broadband customers down vs 4Q2010, 13K massive cancellation in the quarter;
- ARPU increase as a result of enhanced customer base quality and recent price increase
- Network coverage: 687 LLU sites, +36 YoY;
- Increased portal traffic on tiscali.it (+10%), as well as on Tiscali:ADV network (+22%);
- Voice traffic driven by increase on VoIP customers and growth of wholesale traffic.

- On-going process of debt reduction;
- Total Net Debt* reduction of ca 12% YoY.



- Possible further reduction in 2011 from the envisaged HQ disposal.

* Consob consolidated net financial debt

EUR mln	1Q11	% of rev.	1Q10	% of rev.	Delta 11/10
Revenues	69.0	100%	68.6	100%	0.6%
Access	31.3	45%	33.4	49%	-6.3%
of which ADSL	30.0	43%	30.8	45%	-2.6%
Voice	28.1	41%	24.2	35%	16.1%
of which dual play voice traffic	19.1	28%	17.5	26%	9.1%
B2B	4.0	6%	6.4	9%	-37.5%
Media and VAS	4.7	7%	3.1	5%	51.6%
Other	0.8	nm	1.5	2%	-87.5%
Gross Margin	31.9	46%	34.0	50%	-6.2%
Operating costs	16.3	24%	18.5	27%	-11.9%
Sales & Marketing costs	2.5	4%	3.3	5%	-24.2%
Personnel costs	9.6	14%	11.1	16%	-13.5%
G&A costs	4.2	6%	4.0	6%	5.0%
Other (Income) / Expenses	(2.8)	nm	(2.5)	nm	nm
Gross Operating Result (adjusted EBITDA)	18.5	27%	18.0	26%	2.8%
Bad debt and other provisions	7.3	11%	3.6	5%	102.8%
Gross Operating Result (EBITDA)	11.2	16%	14.4	21%	-22.2%
EBIT	(2.3)	nm	3.8	nm	nm
Net result of the Group	(6.4)	nm	(0.3)	nm	nm

1Q2011: trading performance and main facts

- Revenues slightly up driven by VoIP (traffic and monthly fees), Wholesale and Media, thus offsetting lower incoming revenues, decreased IT service revenues and narrowband;
- Increased broadband ARPU and traffic minutes carried over the network;
- Ongoing product and sales channel development:
 - 6 new Stores (18 so far);
 - New mobile tariff plans;
 - TVBox launched;
 - Cloud services launched.
 - Multilingual video news and regional news sites
- Customer in-take lower than expected mainly due to increasingly competitive scenario as well as limited financial resources available for growth;
- Continued good performance of Media business well in line with targets; established sales network and new portal position on news leads to higher CPM and customer stickiness.

1Q2011: trading performance and main facts – cont'd

- Gross EBITDA 2.8% up vs 1Q2010:
 - gross margin decrease driven, *inter alia*, by higher copper rental costs, due to new AGCOM prices and delayed migration on new LLU sites;
 - 12% operating costs reduction, mainly on labour costs (decrease in interim work force), despite internalization process started in 1Q2010;
- Continued effort on cost cutting and operational efficiency: reduced volume of incoming customer service calls through the introduction of self care portal “My Tiscali”;
- Higher bad debt provision, driven by massive cancellation and old aged receivables write-off, and higher depreciation causing lowered EBIT and net income vs 1Q2010;
- Reduced interest charges as a result of reduced net financial position.

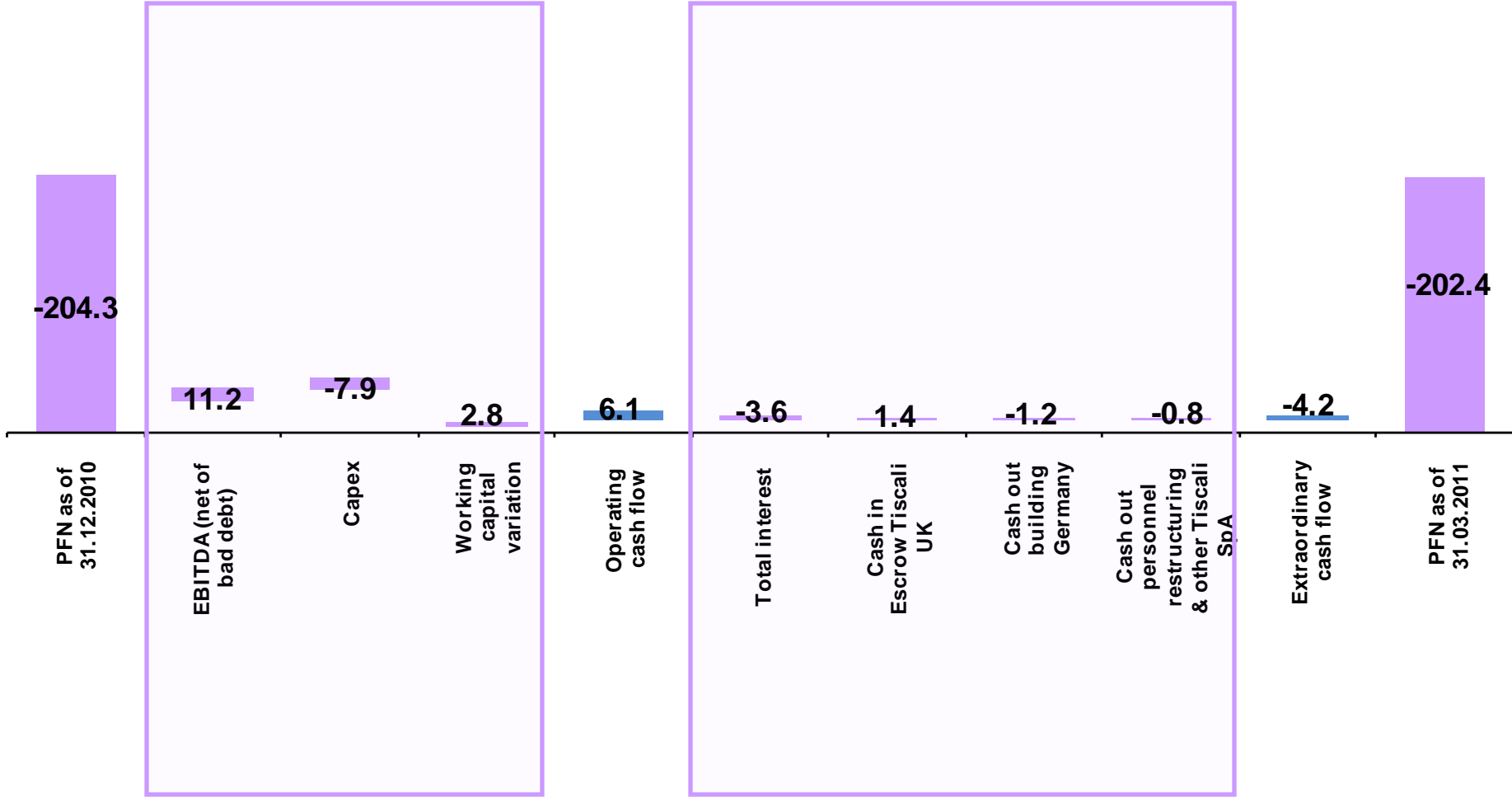
Net Financial Position

<i>EUR Mln</i>	31-Mar-11	31-Dec-10
A. Cash	8.9	10.3
B. Other liquid assets	0.1	0.4
C. Securities	-	-
D. Total cash and other financial assets (A) + (B) + (C)	9.0	10.8
E. Other current financial assets	-	-
F. Non-Current financial receivables	6.3	6.3
G. Current bank debt	10.5	12.8
H. Long term loans falling within one year	15.6	17
I. Other current financial debt (*)	1.2	1.5
J. Current financial debt (G) + (H) + (I)	27.3	31.3
K. Net current financial debt (J) – (E) – (F) – (D)	11.9	14.2
L. Non current bank loans	125.6	124.7
M. Bonds	-	-
N. Other non current debt (**)	58.5	58.7
O. Non current financial debt (L) + (M) + (N)	184.1	183.4
P. Net Financial Debt (K) + (O)	196.0	197.6
Other cash equivalents and non current financial receivables	6.4	6.7
Consob Net Financial Debt	202.4	204.3

(*) includes leasing debts

(**) includes leasing debts and debts to shareholders

Tiscali Group: 1Q2011 – Cash Flow Analysis (EUR ml)



- Operating cash flow positive for EUR 6.1 million;
- Free cash flow positive for EUR 5.5 million vs a negative value of EUR 1.8 million in 1Q2010.

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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