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FY2012
Financial Result Presentation

April, 2nd 2013

2012 FY Results

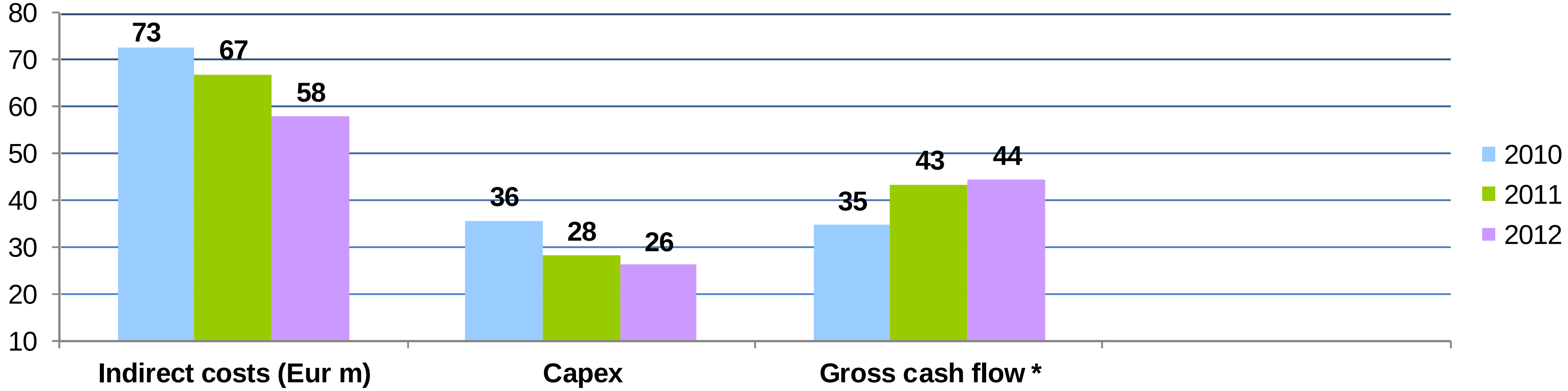
- **Revenues** at EUR 233,8 million, down 12,6% compared to 2011;
- **Gross Margin % increased at 53% (vs 47,6% in 2011),** as a result of improved customer quality and network rationalization effect;
- **Gross Operating Result** at **EUR 70,5 million**, broadly in line compared to 2011 despite strongly adverse macroeconomic environment;
- **EBITDA** (net of bad debt) **increased at EUR 44,2 million** (vs EUR 35,9 million in 2011), due to lower bad debt provision (about 12 million for over 360 days overdue receivables)
- **EBIT** negative at EUR 0,2 million (negative at EUR 21,3 million in FY2011);
- **Net result negative** for ca EUR 15,9 million vs a negative net result of EUR 38,1 million in FY2011;
- **Net debt** at EUR 192,9 million vs EUR 200 million as of 31st December 2011;
- **Free cash flow** positive for EUR **18 million**, stable vs FY2011, with about **EUR 27 mln** reduction in trade payables respect to FY2011; Capex at ca EUR 26 million, 7,9% down vs 2011;
- **ADSL active customers** at 479K, 13k + in the last three months of 2012. Dual play customers at 348K. Average broadband ARPU in 2012 at EUR 29,3, slight decrease (**4,6**%) compared to 2011.

Market environment and main factors affecting performance

- **Access and voice market**
  - stagnation in fixed line market increased competition bringing to aggressive price promotions → pressure on ARPU and margins;
  - heavy decrease in mobile interconnection fees bringing to all-in-one propositions;
  - mobile broadband take off.
- **Advertising market:**
  - Market environment casting severe doubts over companies spending in advertising in 2013, after a declining 2012;
  - Consolidated growth path of on-line increase in online advertising;
  - Tiscali ADV overperforming Italian market: over 13% growth compared to about 5,7% market growth *.
- **OTT take off pushing TLC companies to focus on development and innovation to differentiate revenue streams and generate mid-term returns**

** 2012 Advertising Revenues Report*

Addressing market challenges with operational efficiency



- **Gross cash flow increase: + EUR 9 mln vs 2010, notwithstanding adverse market conditions, thanks to**:
  - Operations streamlining;
  - Strong effort in reducing network costs;
  - Tight control of ovehead costs;
  - ULL deployment completed, limited capex need (maintenance and customer acquisition).

** Gross Operating Result net of Capex*

Exploiting the media opportunity

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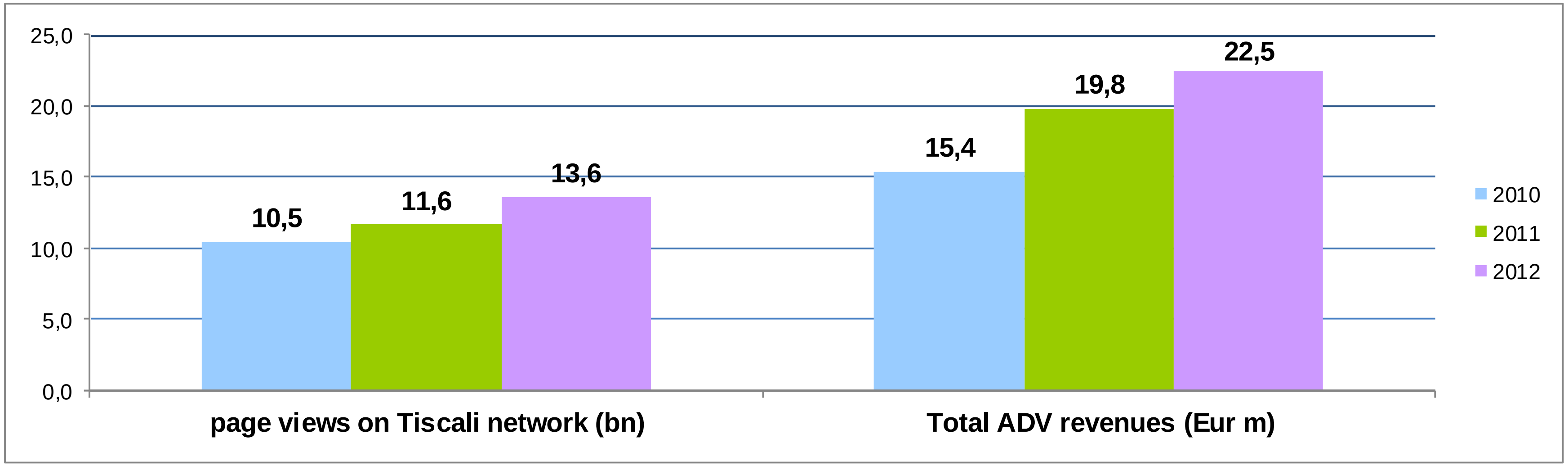

- Enlarged content range and vertical products;
- Huge increase in video based portfoglio;
- Signed new deals with women's website;
- Increased social tools and interaction on tiscali.it portal;
- Enlarged network;
- Enhanced audience monetization.

- 17% traffic growth on Tiscali ADV network;
- 32% growth in the number of active ADV clients since 2010;
- 46% 2010 – 2012 revenue ADV growth;
- average RPM increased 12% from 2010 to 2012.

FY2012 Group Results: Operational breakdown

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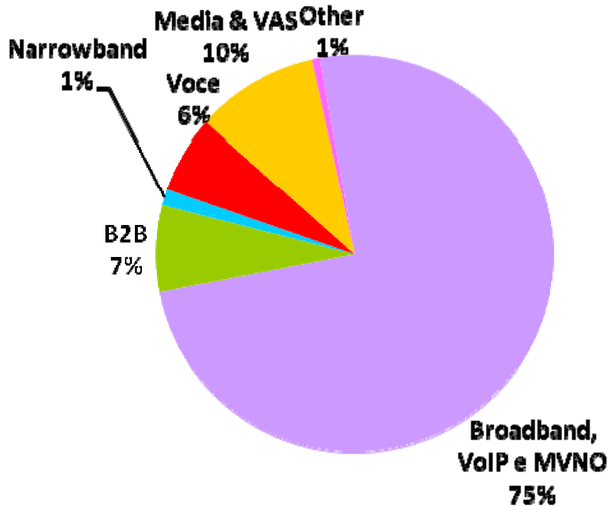
Business line breakdown on revenues – FY2012

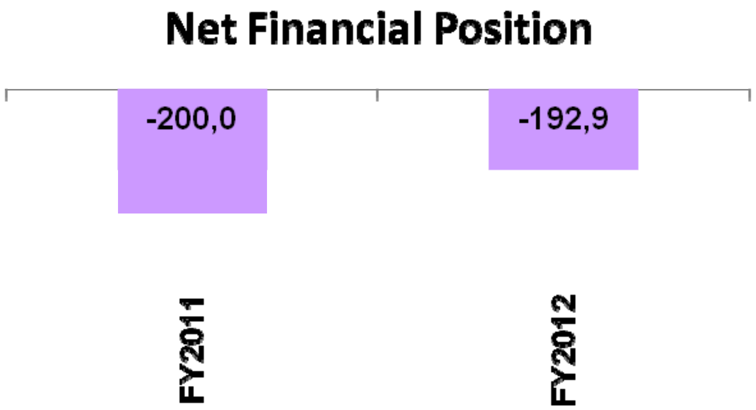


- **Broadband & Dual play (VoIP) e MVNO**, core revenues, equal to EUR 174,7 million (74,7% of total revenues) down 11% vs FY2011;
- **Media & VAS** (10% of total revenues) 11,7% growth YoY (7,8% of total revenues in FY2011.

- **Total telecommunication revenues still representing about 90% of total turnover;**
- **Media and VAS at 10%.**

Net Financial Position

- On-going process of debt reduction;
- Net Debt reduction respect to FY2011.



- Reimbursement of EUR 5 million of the Senior loan, besides EUR 2,8 million as cash interests paid in the year 2012.

Consob consolidated net financial debt

FY2012 vs FY2011

EUR mln	FY2012	% of rev.	FY2011	% of rev.	Delta 12/11
Revenues	**233,8**	***100%***	**267,6**	***100%***	***-12,6%***
Access	174,7	*75%*	196,2	*73%*	*-11,0%*
of which ADSL	101,3	*43%*	116,0	*43%*	*-12,7%*
of which VOIP	69,7	*30%*	76,3	*29%*	*-8,6%*
of which MVNO	3,7	*2%*	3,9	*1%*	*-5,8%*
Voice	14,6	*6%*	26,8	*10%*	*-45,3%*
Narrowband	3,1	*1%*	4,1	*2%*	*-24,2%*
B2B	16,4	*7%*	15,1	*6%*	*9,2%*
Media and VAS	23,4	*10%*	20,9	*8%*	*11,7%*
Other	1,5	*1%*	4,5	*2%*	*-67,5%*
Gross Margin	**123,9**	***53%***	**127,3**	***48%***	***-2,6%***
Operating costs	**57,9**	***25%***	**67,0**	***25%***	***-13,5%***
Sales & Marketing costs	8,2	*4%*	12,4	*5%*	*-33,8%*
Personnel costs	34,5	*15%*	38,0	*14%*	*-9,4%*
G&A costs	15,2	*7%*	16,5	*6%*	*-7,8%*
Other (Income) / Expenses	(4,5)	*-2%*	(11,4)	*-4%*	*-60,7%*
Gross Operating Result	**70,5**	***30%***	**71,7**	***27%***	***-1,7%***
Bad debt and other provisions	26,3	*11%*	35,8	*13%*	*-26,5%*
EBITDA net of bad debts	**44,2**	***19%***	**35,9**	***13%***	***23,0%***
D&A and Restructuring costs	**44,3**	***19%***	**57,2**	***21%***	***-22,5%***
EBIT	**(0,2)**	***0%***	**(21,3)**	***-8%***	***nm***
Net result of the Group	**(15,9)**	***-7%***	**(38,1)**	***-14%***	***nm***

FY2012 vs FY2011

- FY2012 revenues down vs FY2011 (-12,6%) due to:

  - Decrease in access segment "BB and VOIP" due to:
    - reduction in number of customers (-15k vs FY2011, of which 11k due to clean up of non paying customers);
    - increased weight of promotions;
    - lower incoming revenues and narrowband drop;
  - Decline in Voice (down 45,3% vs FY2011) of which EUR 9,7 million strategic reduction in wholesale services, due to their low marginality;
  - Good performance of media business and BTB Services.

- 2,6% Gross margin decrease compared to FY2011, mainly due to decreased revenues, but % margin higher (53% in 2012, versus 47,6% in 2011).

- Continued effort on operating costs reduction, down 13,5% YoY, compensating gross margin drop, mainly to decreased labour costs («Accordo di Solidarietà» since November 2011) and lower marketing and general costs.

- Gross Operating Result broadly in line with FY2011, lower contribution by other income

- Lower impact of bad debt provision(-26,5% vs FY2011) and depreciation (-22,4%) leading to strong improvement EBIT (negative EUR 0,2 million vs negative EUR 21,3 million in 2011) and Net result (negative EUR 15,9 million vs negative EUR 38,1 million in 2011), sharply up vs FY2011.

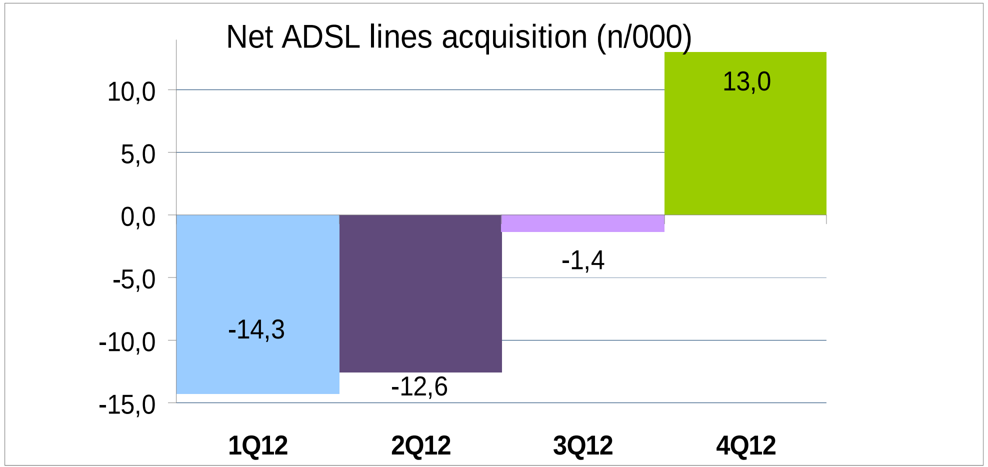
4Q2012 vs 4Q2011

EUR mln	4Q2012	% of rev.	4Q2011	% of rev.	Delta 12/11
Revenues	**60,6**	***100%***	**64,7**	***100%***	***-6,3%***
Access	42,1	*69%*	45,9	*71%*	*-8,4%*
of which ADSL	24,8	*41%*	26,3	*41%*	*-5,6%*
of which VOIP	16,2	*27%*	18,6	*29%*	*-12,6%*
of which MVNO	1,0	*2%*	1,1	*2%*	*-5,5%*
Voice	5,2	*9%*	5,8	*9%*	*-10,2%*
Narrowband	0,7	*1%*	0,6	*1%*	*8,8%*
B2B	5,3	*9%*	3,9	*6%*	*33,7%*
Media and VAS	6,8	*11%*	6,8	*10%*	*0,7%*
Other	0,5	*1%*	1,6	*2%*	*-67,0%*
Gross Margin	**33,4**	***55%***	**32,0**	***50%***	***4,3%***
Operating costs	**15,1**	***25%***	**18,4**	***28%***	***-17,8%***
Sales & Marketing costs	1,6	*3%*	4,2	*7%*	*-61,8%*
Personnel costs	8,9	*15%*	9,7	*15%*	*-8,5%*
G&A costs	4,6	*8%*	4,5	*7%*	*3,6%*
Other (Income) / Expenses	1,3	*2%*	(3,7)	*-6%*	*-134,4%*
Gross Operating Result	**17,0**	***28%***	**17,4**	***27%***	***-2,1%***
Bad debt and other provisions	9,3	*15%*	11,3	*18%*	*-17,8%*
EBITDA net of bad debts	**7,7**	***13%***	**6,0**	***9%***	***27,4%***
D&A and Restructuring costs	**13,2**	***22%***	**14,8**	***23%***	***-11,0%***
EBIT	**(5,5)**	***-9%***	**(8,8)**	***-14%***	***nm***
Net result of the Group	**(10,7)**	***-18%***	**(13,0)**	***-20%***	***nm***

4Q2012 vs 4Q2011

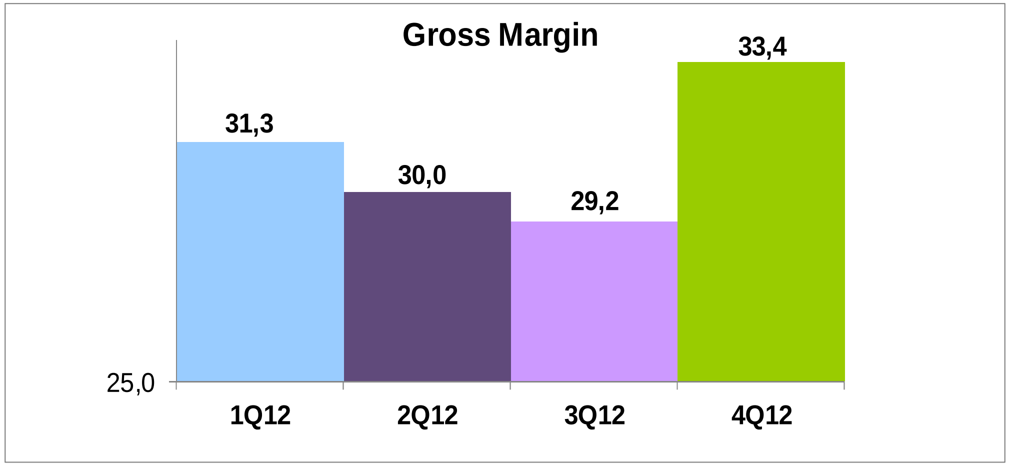
- Revenues down 6,3% versus 4Q11:
  - Strong performance of BTB services (+33,7% vs 4Q2011);
  - Slight decline of Access segment (-8,4% vs 4Q2011) due to the impact of promotions and declined customer base. Quality of customer base show continuous improvement;
  - Decline in analogue voice (-10,2**%** vs 4Q2011), also due to reduced wholesale activity.
- Gross margin recovery at 55% versus 50% in 4Q11, despite revenue decline. Positive contribution of customer base quality improvement, increase in BTB and Media revenues.
- Gross operating result at Eur 17 million (28% of revenues, 2,1% lower than 4Q11), lower contribution of other income.
- Net result up vs 4Q11 (negative EUR 10,7 million vs negative EUR 13 million) mainly due to the decrease in depreciation (-13% vs 4Q2011) and in bad debt provision (-17,8% vs 4Q2011).

Gross Margin and Net ADSL acquisition Trend 2012



- Net ADSL acquisitions negative trend definitely reverted in 3Q12 bringing to a huge improvement in 4Q12.
- On going positive trend in 2013.

- Gross Margin negative trend reversed in 4Q12.



Net Financial Position

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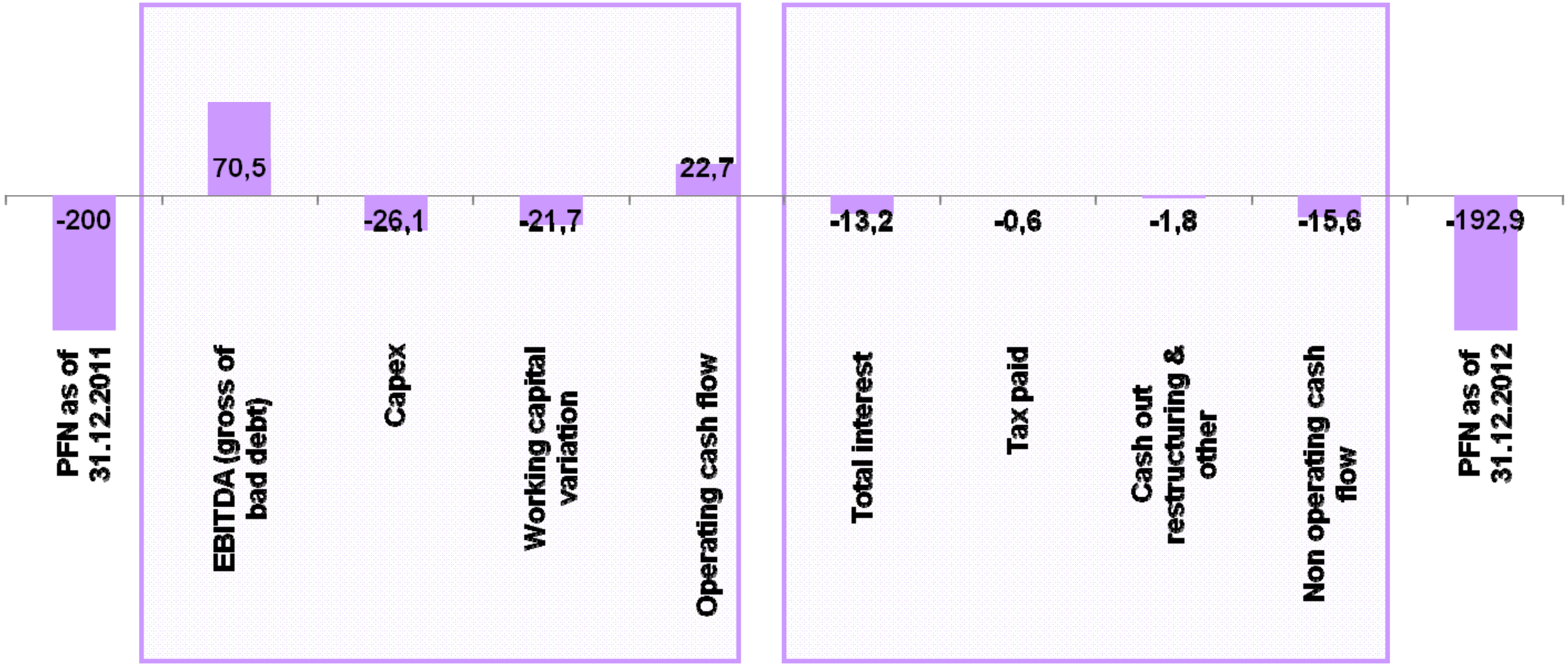
EUR Mln	31 December 2012	31 December 2011
A. Cash	4,4	6,6
B. Other liquid assets	0,1	0,1
C. Securities	-	-
D. Total cash and other financial assets (A) + (B) + (C)	**4,5**	**6,7**
E. Current financial receivables	**-**	**-**
F. Non-Current financial receivables	**6,3**	**6,3**
G. Current bank debt	6,3	14
H. Long term loans falling within one year	9,5	9,6
I. Other current financial debt (*)	0,1	0,6
J. Current financial debt (G) + (H) + (I)	**16,0**	**24**
K. Net current financial debt (J) – (E) – (F) – (D)	**5,1**	**11**
L. Non current bank loans	122,7	124,4
M. Bonds	-	-
N. Other non current debt (**)	58,6	58,1
O. Non current financial debt (L) + (M) + (N)	**181,3**	**182,5**
P. Net Financial Debt (K) + (O)	**186,5**	**193,5**
Other cash equivalents and non current financial receivables	6,4	6,4
Consob Net Financial Debt	**192,9**	**200**

(*) includes financial leasing debts

(**) includes financial leasing debts and debts to shareholders

Cash flow FY2012



- Free Cash Flow at about Eur 18 million, stable respect to 2011.

2013: strategy and trading outlook

Traditional telecommunication business: consolidation and profitability

- Consumer and SOHO:
  - Continue on recovered growth path on dual play taking advantage of:
    - Strong performance of pull channels (especially web through tiscali.it);
    - Diminished competitive pressure on telemarketing;
    - Value for money positioning;
  - Operations streamlining, thanks to increased adoption of on-line caring systems;
  - Increased focus on mobile opportunity;
- Business:
  - On-going focus on connectivity services relying on quality and price;
  - Addressing the Public Sector opportunity both on traditional and innovative services (cloud);
  - Capitalizing on Open net Wi-Fi platform;

- **On line advertising: catch the market opportunity;**
  - Further increase client base and traffic;
  - Monetizing new formats (rich adv) and platforms (mobile), both on tiscali.it and partners;
  - Improve positioning of Tiscali.it on the news and vertical channels.

Innovation: generating value through exploitation of in-house technical platform and competencies

- Indoona
  - Steady growth of downloads and usage;
  - 1,3 million downloads;
  - 0,42 million registered users on social;
  - First movers on live – social streaming through Indoonacam app;
  - Business model based on traffic, adv, big data;
  - Working on white-label proposition.
- Streamago
  - Premium service steady adoption by public institutions and media (radio, small TVs, organizations).
- Istella
  - Live launch on March 19;
  - Focus on Italian web;
  - Collaborative and open model;
  - High quality and standing partners (Treccani, Touring Club, Nokia, CNR, Blom, etc..);
  - Massive development effort ;
    - 4,5 bn pages spidered and indexed;
    - Over 200 Terabytes analysed and stored.

2013 trading outlook

- Management focus stays on cash flow generation
- 2013 revenues in line with 2012
- EBITDA increase
- Net result positive
- Addressing 2014 financing requirements