

tiscali.

**Tiscali:  
Company presentation**

Deutsche Bank Conference  
Italian Champions  
Milan 17th May 2006

## Highlights

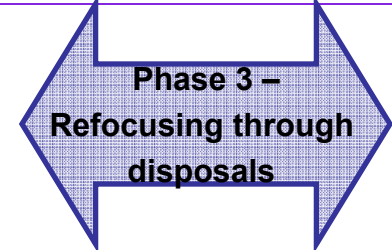
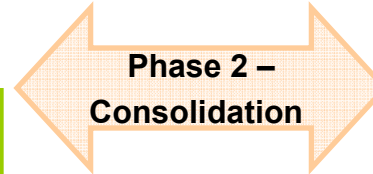
- One of the largest independent telecommunication companies. 4.5 ml customers in 5 markets: Italy, UK, The Netherlands, Germany and Czech Republic
- A significant dial-up customer base (2.6 ml), a growing broadband customer base (1.9 ml) and a recognised brand are the company's key assets to take advantage of the broadband growth opportunity
- Market capitalisation of EUR 1.1 billion, free float >60%
- FY05 revenues stood at EUR 736 ml, EBITDA at EUR 117 ml
- One of the largest and most interconnected IP and Voice Over IP networks in the world\*\*
- Completed a substantial refocusing of activities in 4 core markets and Czech Republic
- Focus of direct DSL access through implementation of LLU networks in The Netherlands, Italy and UK

\* Tiscali Group's figures prepared in accordance with IAS/IFRS international accounting principles and the Group's perimeter, including Italy, UK, Germany, The Netherlands, Czech Republic and TiNet IP.

\*\* Source: CAIDA

Revenue trend

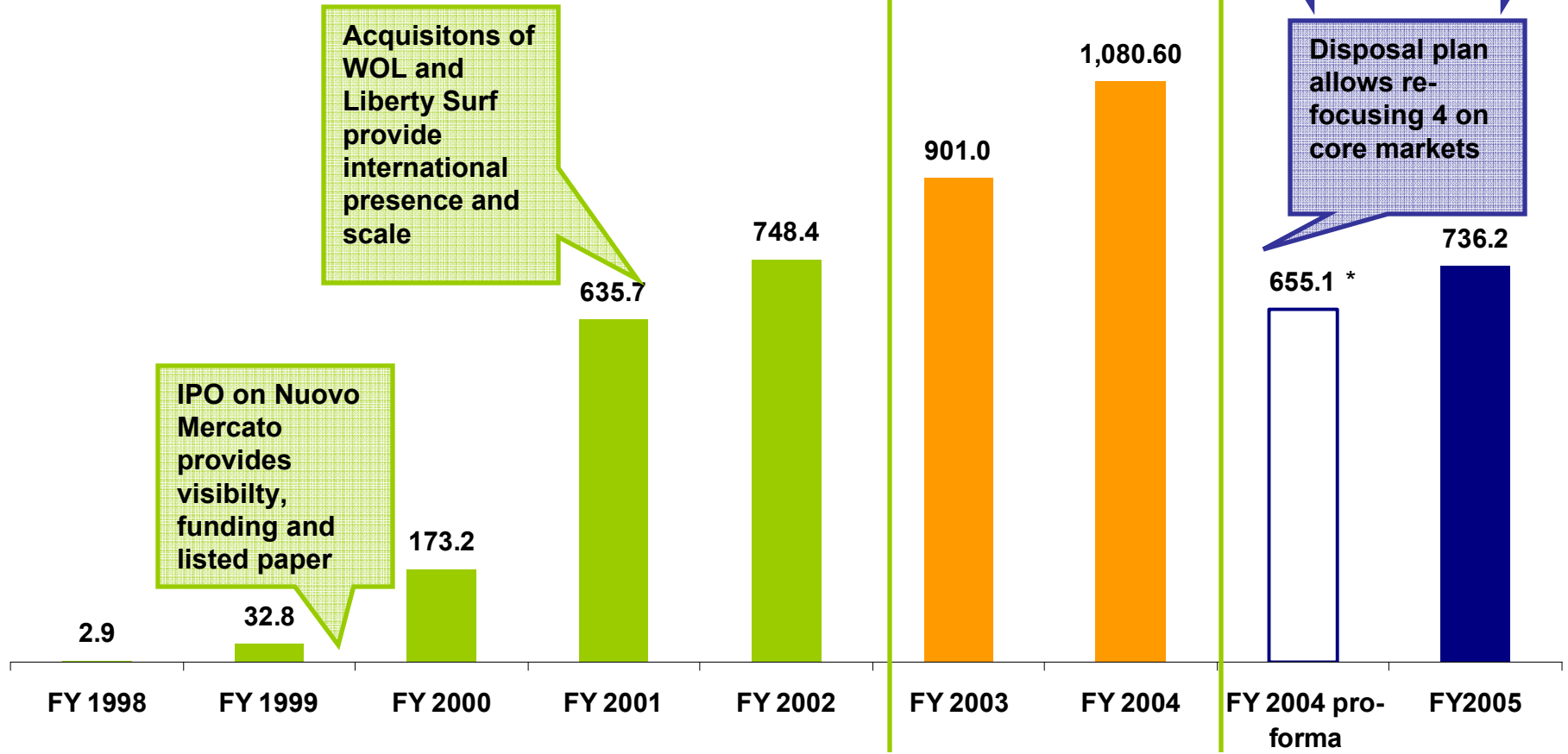
EUR ml



Acquisitions of WOL and Liberty Surf provide international presence and scale

IPO on Nuovo Mercato provides visibility, funding and listed paper

Disposal plan allows re-focusing 4 on core markets

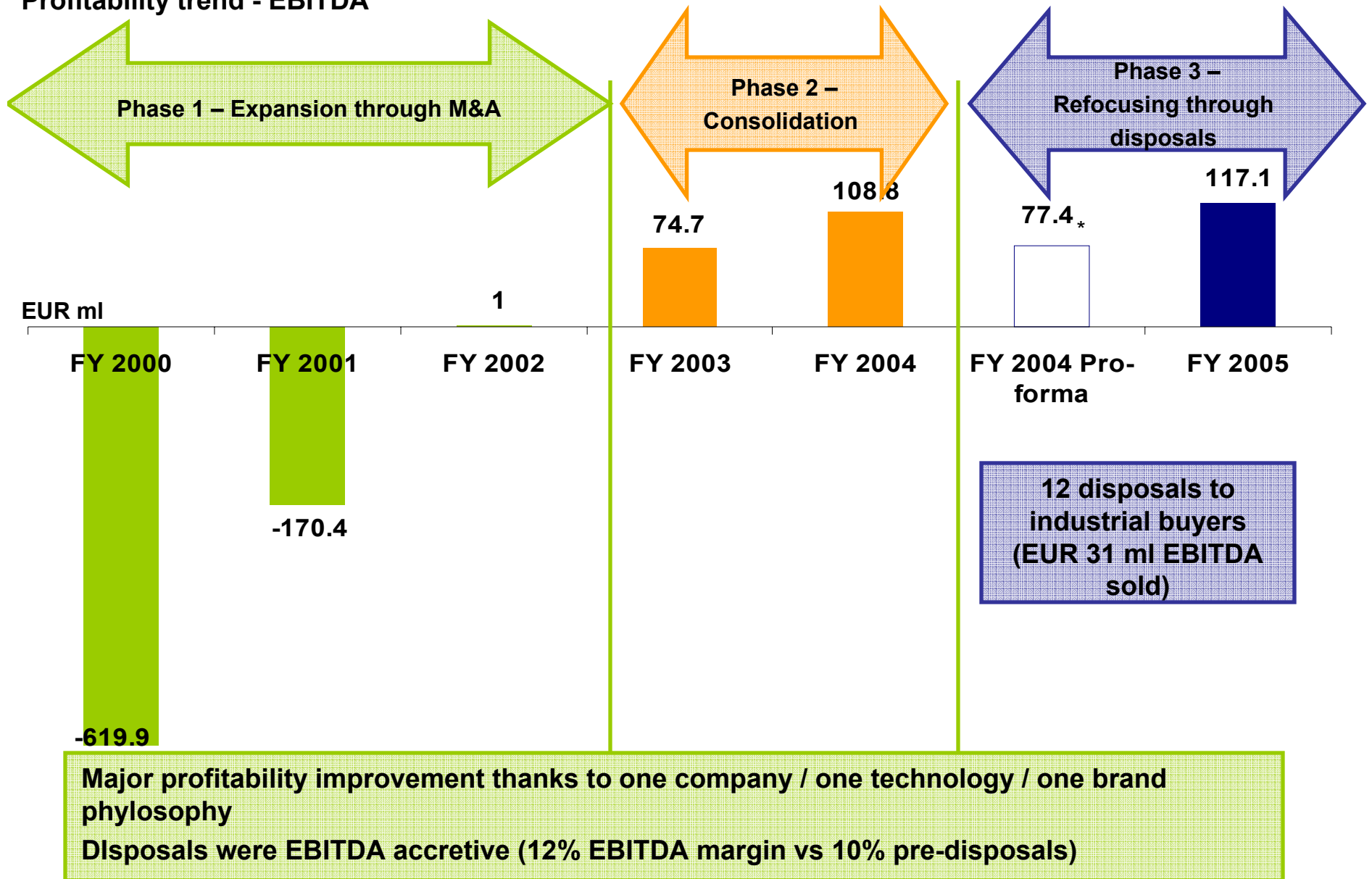


Through > 50 acquisitions, achieved presence in 14 European countries + S. Africa

12 disposals to industrial buyers (EUR 425 ml revenues sold) <sup>3</sup>

\* Includes Italy, UK, Netherlands, Germany, Czech Republic and TiNet

Profitability trend - EBITDA



\* Includes Italy, UK, Netherlands, Germany, Czech Republic and TiNet

## Tiscali Group: Key figures

### Group – Consolidated FY05 results

€ml	FY04	FY05	% chg YoY
Revenues	655	736	+12%
EBITDA	77	117	+51%
EBITDA margin	12%	16%	+33%
EBIT	(121)	(74)	+38%
Net income (loss)	(134)	(13)*	+90%
FCF	(110)	(105)	+ 5%
Capex	(130)	(169)	+30%

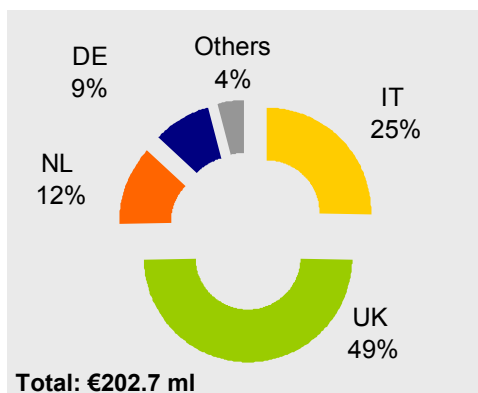
\*Includes capital gain from disposal of Liberty Surf

### Group – Consolidated 1Q06 results

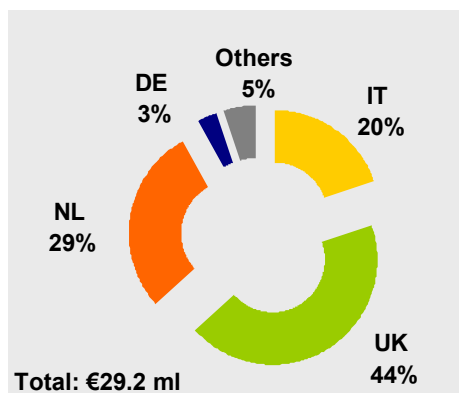
€ml	1Q05	1Q06	% chg YoY
Revenues	174	203	+17%
EBITDA	27	29	+9%
EBITDA margin	15%	14%	-
EBIT	(14)	(12)	+14 %
Net income (loss)	(13)*	(19)	(40%)
FCF	(44)	(13)	+ 70%
Capex	(37)	(45)	+22%

\*Includes capital gain from disposal of Denmark and South Africa

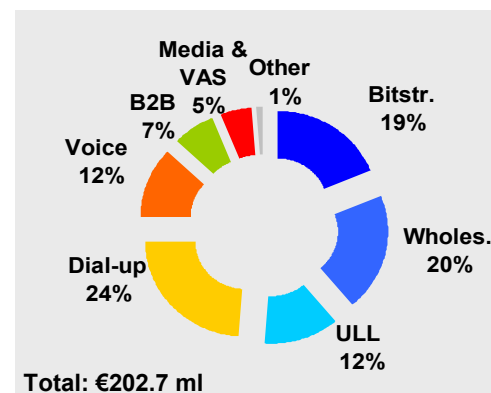
### Geographical breakdown of revenues 1Q06



### Geographical breakdown of EBITDA 1Q06



### Breakdown of revenues by business line 1Q06



## Tiscali Group: Core countries' snapshot

### UK

€ml	FY04	FY05	Change%
BB subs 000s	387	934	141%
BB mkt share	7%	10%	43
Revenues	255	325	28%
EBITDA	48	69	44%
ULL network coverage: 25 active CoLos in the London area (as of 31 December 2005)			

### Germany

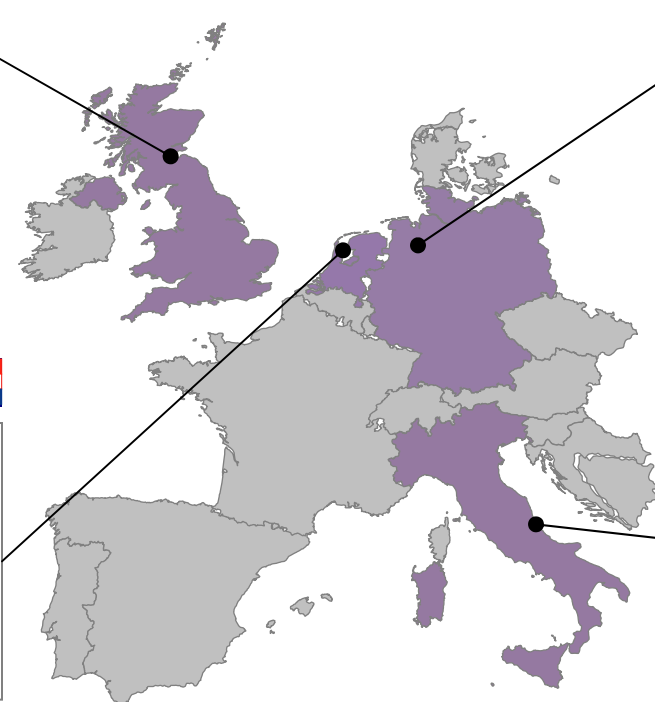
€ml	FY04	FY05	Change%
BB subs 000s	225	215	(4%)
BB mkt share	2%	2%	nm
Revenues	95	89	(6%)
EBITDA	(5)	4	180%
ULL network coverage: test in the Frankfurt area			

### Netherlands

€ml	FY04	FY05	Change%
BB subs 000s	165	250	52%
ULL users 000s	147	250	70%
BB mkt share	6%	7%	17%
Revenues	93	109	17%
EBITDA	21	39	85%
ULL network coverage: 60% of population 250 CoLos			

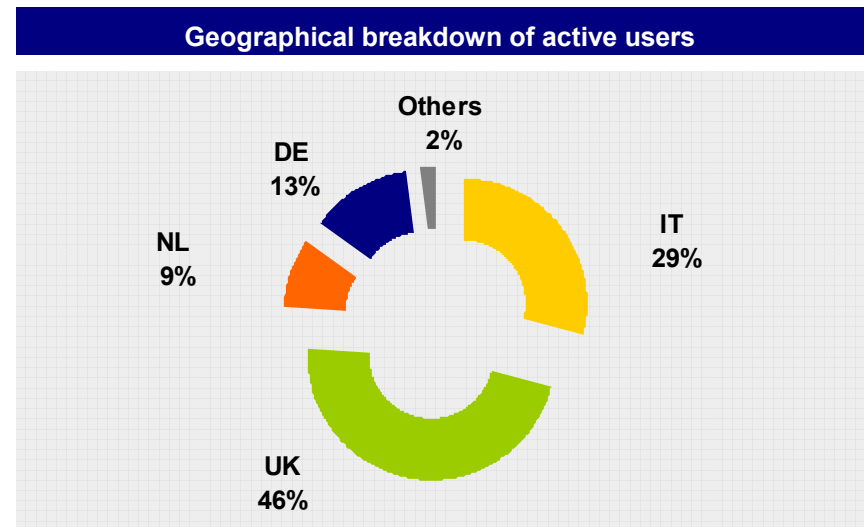
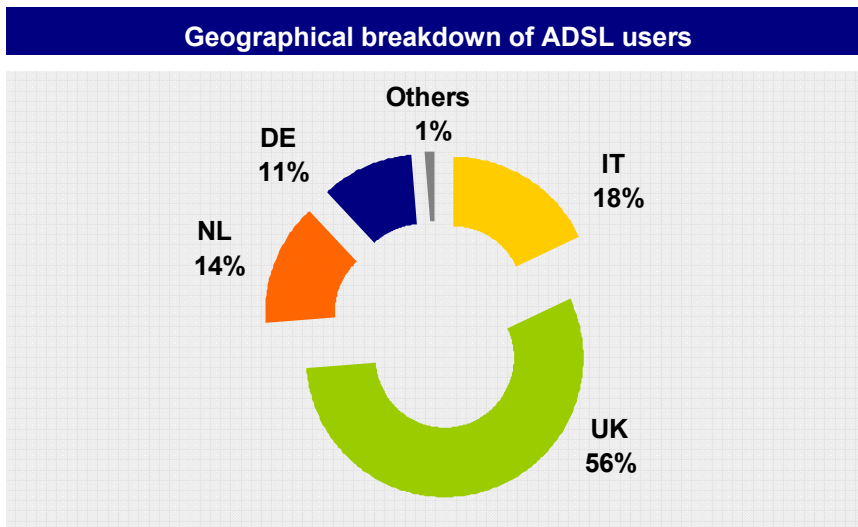
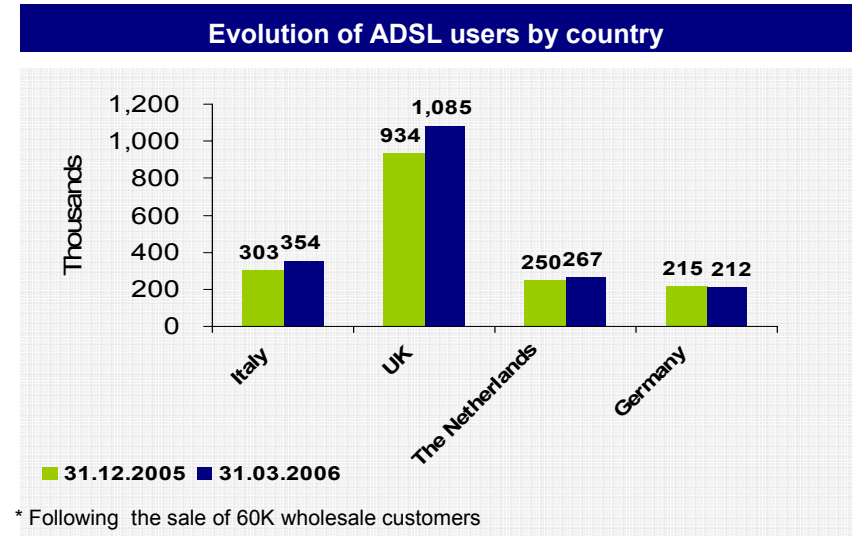
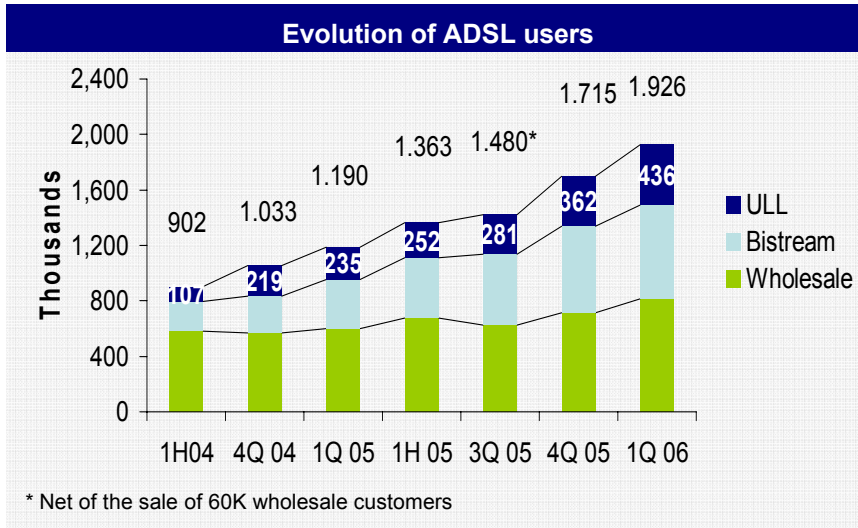
### Italy

€ml	FY04	FY05	Change%
BB subs 000s	170	303	78%
ULL users 000s	40	104	160%
BB mkt share	4%	5%	25%
Revenues	181	197	9%
EBITDA	15	27	80%
ULL network coverage: over 35% of DSL market, 367 CoLos			



Note: The EBITDA per country is before allocation of corporate costs.

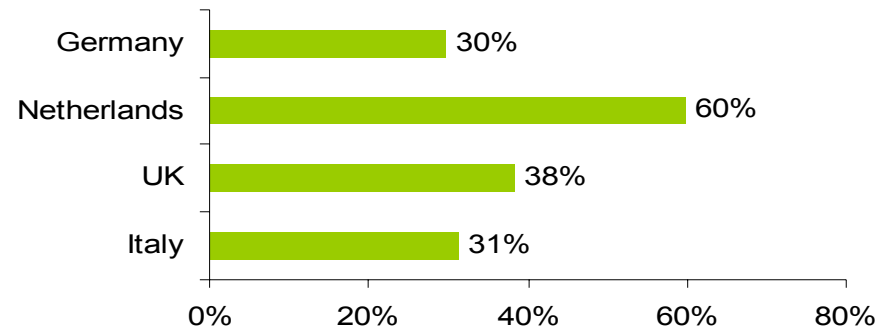
Active users as of 31.03.2006



## The broadband opportunity

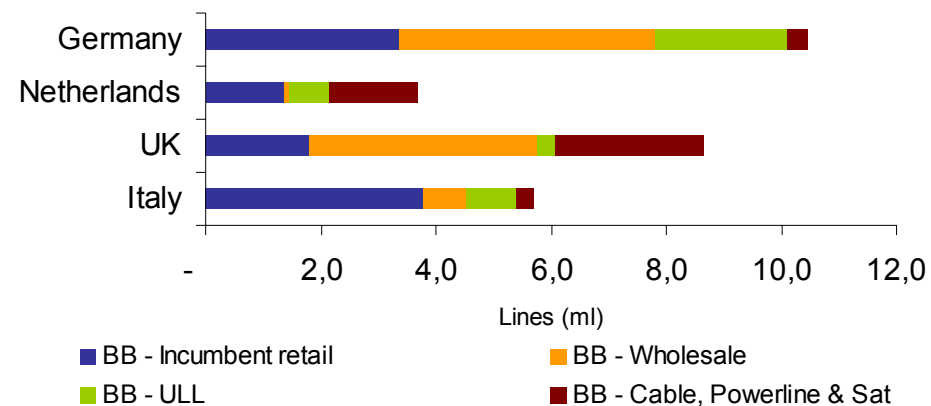
- High broadband growth driven by DSL
- PTOs losing market share
- DSL is the main broadband access platform in Germany and Italy
- The Netherlands are characterized by high cable penetration and fierce competition
- UK is the market with the lowest share of PTO but with cable penetration relatively high

### Broadband penetration rate on households - YE 2005



Source: Company estimates based on NRA, EU 10° Implementation report

### Broadband Access by segment YE05



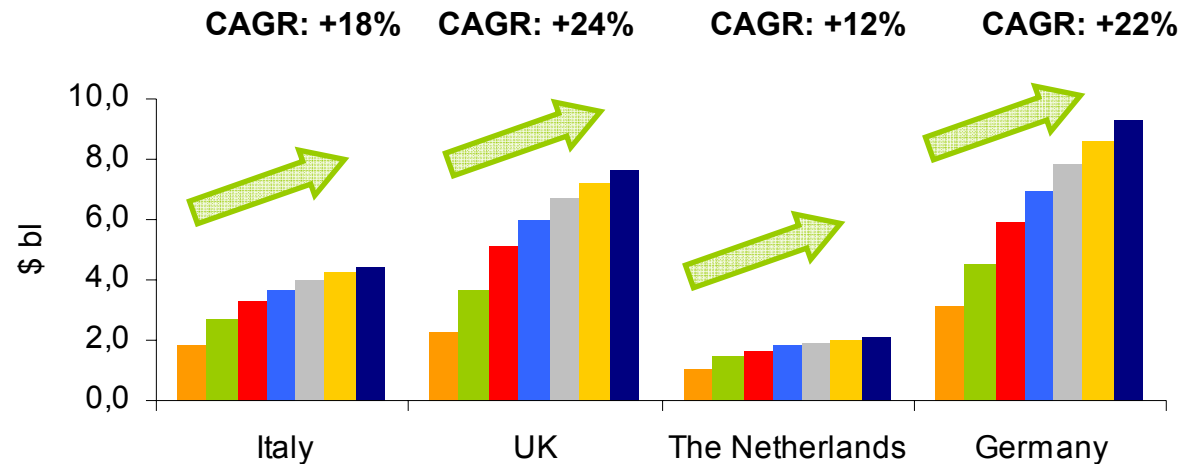
Source: Company estimates based on NRA, EU 10° Implementation report



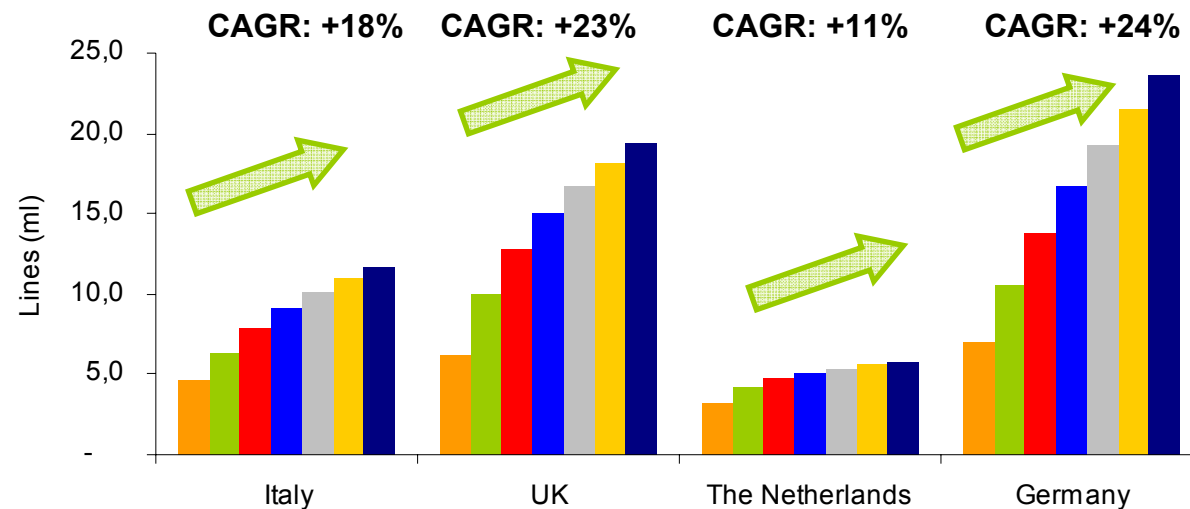
## Broadband growth in the 4 core markets

- All 4 countries where Tiscali is present are expected to have a double-digit growth
- The UK is forecasted to deliver the highest broadband revenue growth in Europe (ex-Ireland)
- Italy is an interesting growth opportunity
- Germany will be the largest broadband market in Europe and is expected to show highest customer growth in Europe (ex- Ireland)
- The Netherlands, with the highest broadband market penetration (>50%), show the lowest growth rate

### Broadband Access Revenues 2004 - 2010

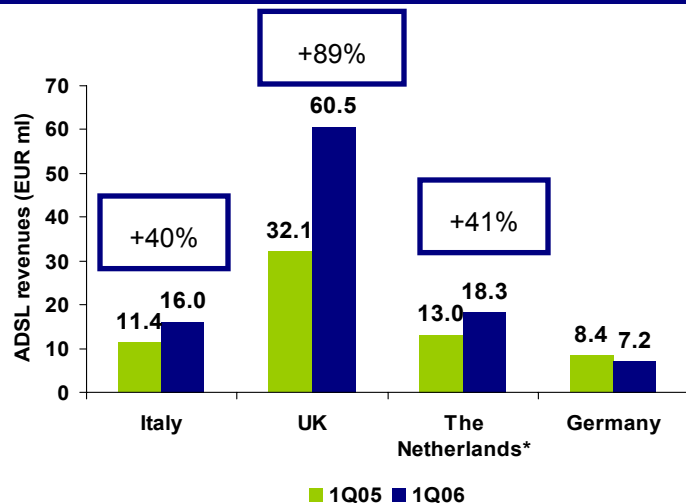


### Broadband Connections 2004 - 2010



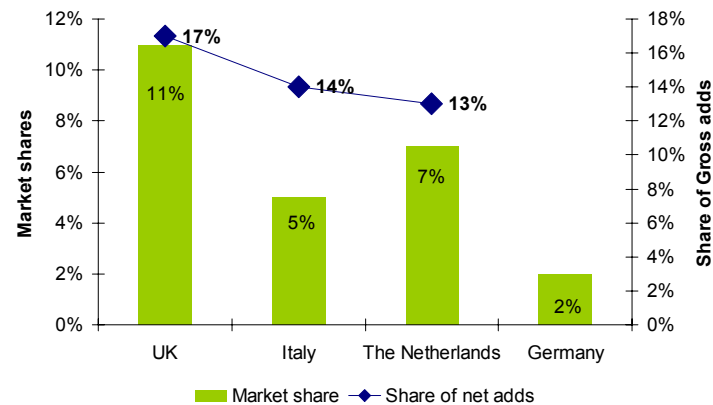
Focus on direct access

ADSL revenues by country



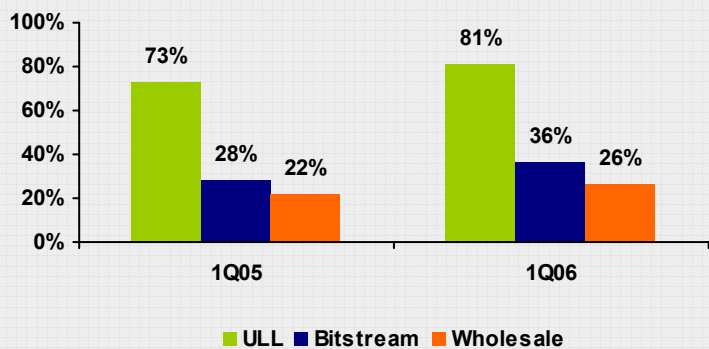
\* Pro forma figures excluding ADSL customers disposed to KPN

Tiscali DSL market share as of 31.03.2006



Gross Margin by access type - YoY

% DSL rev    19%    31%    50%                    24%    37%    39%



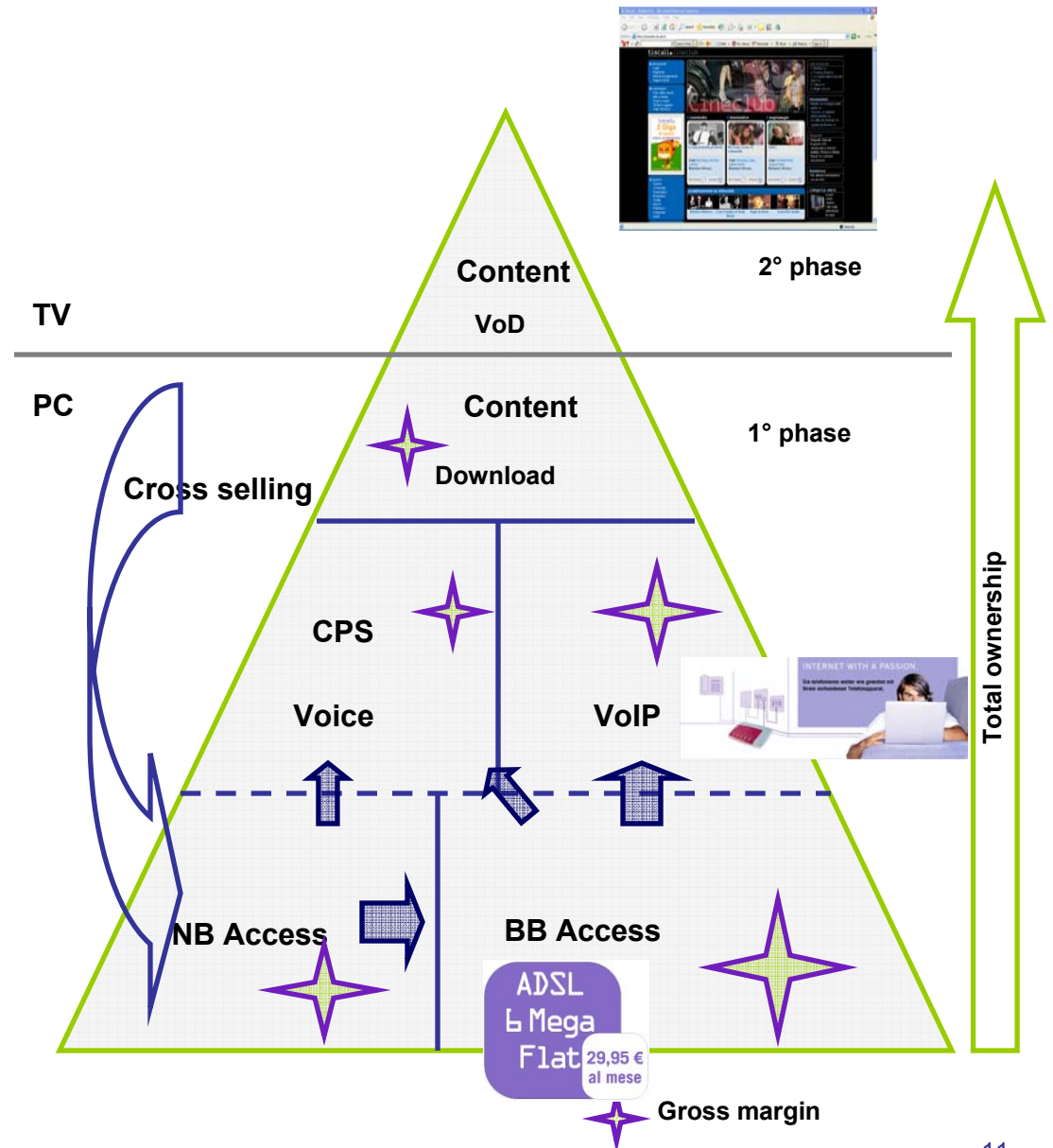
LLU network coverage and investments

Country	N. of CoLos		% of HH		Capex ULL (€ml) Infrastructure only	
	4Q05	1Q06	4Q05	1Q06	4Q05	1Q06
Italy	367	440	35%	40%	12.0	14.1
UK	25	53	3%	6%	9.1	10.2
Netherlands	250	250	60%	60%	3.0	1.2
Germany	Test in Frankfurt				-	

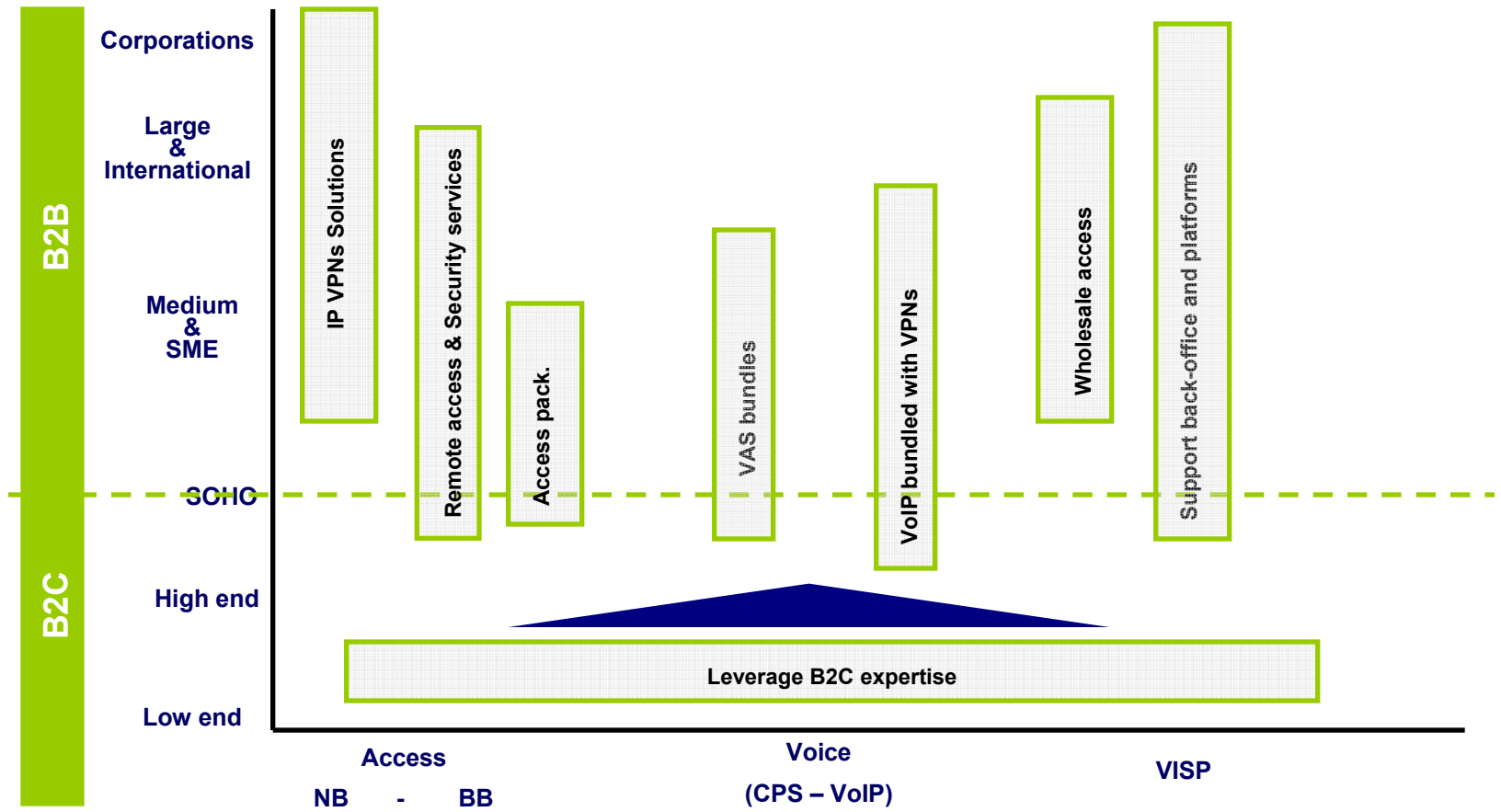
B2C

Access driven

- High potential from the conversion of narrowband customer base into broadband customers
- Opportunity to offer bundled services (voice+ access) and cross selling of content
- Compensate decline of dial-up (GM>60%) with migration to own ULL network (GM>80%)
- Innovative “good value for money” offers



B2B



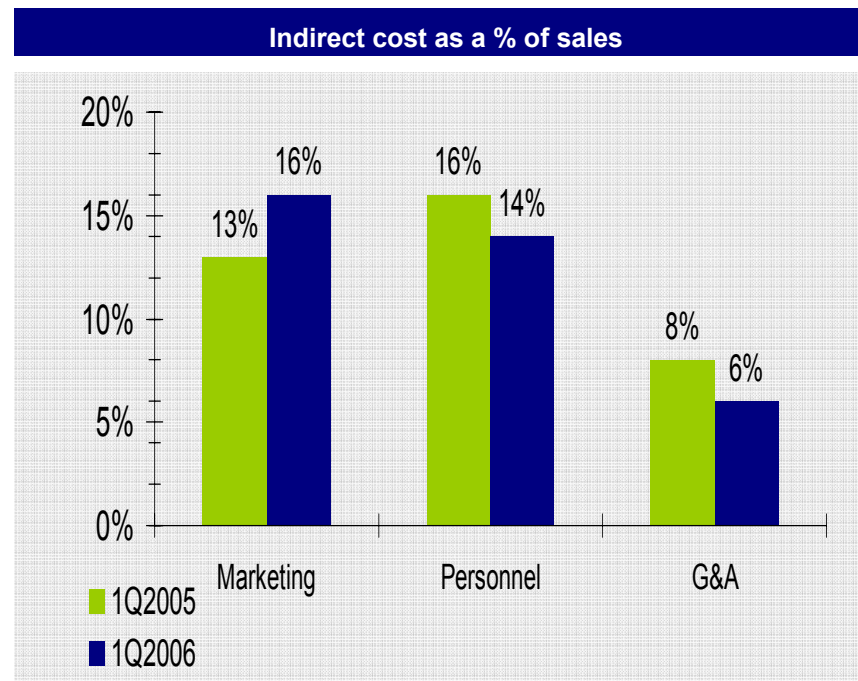
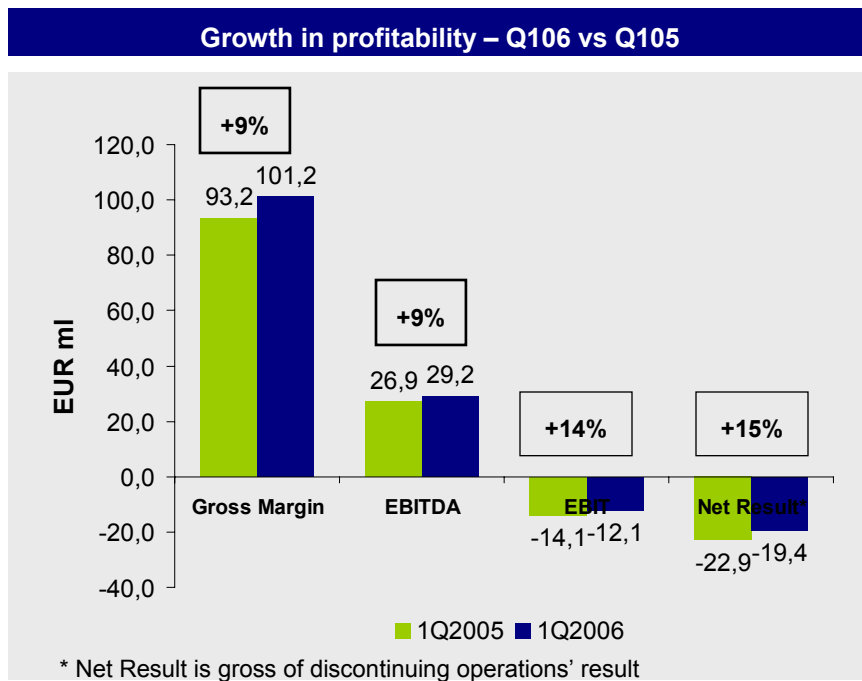
## Portal

### A three-fold strategy

- Main tool to gain access customers
- VAS
  - Focus on Value Added Services as substantial revenue source with value added services as the main driver
  - Revenue model: subscription-based
- Content (Broadband)
  - Enhance access and portal offer with broadband video and music contents, creating stickiness for users
  - Complete roll-out of Tiscali video-on-demand platform,
  - Revenue model: Mixed (pay-per-use and subscription)
- Advertising
  - Agreements with Google to push advertising from sponsored searches
  - Benefit from forecast increase of on-line advertising



1Q06 results: sharp improvement in profitability and indirect cost reduction












- Personnel and G&A costs decrease by 4 percentage points over revenues YoY

Financial structure: new financing improves maturity profile and capital ratios

31st March 06 Actual

31st March 06 Pro-forma

Long Term debt	90	50m Silver Point due '08	260	 New Silver Point Financing 170 ml
Short Term debt	243.2	213.4m equity-linked bonds	29.8	 Repayment of 213.4m E-L Bonds
Leasings	31.5		31.5	
<b>Gross debt</b>	<b>364.7</b>		<b>321.3</b>	
<b>Cash &amp; other assets</b>	<b>51.1</b>		<b>87.7</b>	
<b>Net debt</b>	<b>313.6</b>		<b>233.6</b>	
<b>Net Worth</b>	<b>289</b>		<b>369</b>	 Assumes 80 ml capital increase
<b>Net debt/equity</b>	<b>1.0X</b>		<b>0.6X</b>	
<b>Net debt/ LTM EBITDA**</b>	<b>2.6X</b>		<b>1.9X</b>	

\* Assumes new €170 ml debt financing by Silver Point and €80ml capital increase to be underwritten by the Equity-Linked Bondholders

\*\* Last twelve months' EBITDA

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## Disclaimer

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