

tiscali:

**1Q2012 Results
Presentation**

11th May 2012

Key 1Q2012 Results

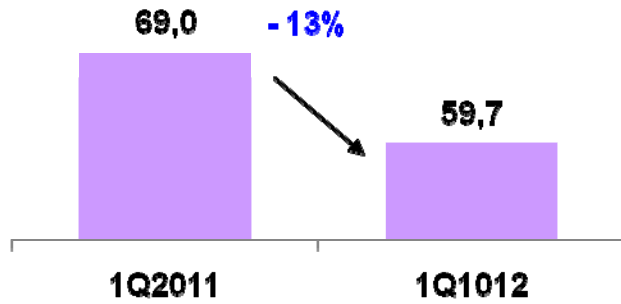
- **Revenues** at EUR 59,7 million, slightly down vs 1Q2011 (EUR 69). Media revenues up;
- **Gross Margin** at 52,4% up vs 1Q2011 (46,3%), showing effects of cost savings on network at the end of 2011;
- **Gross Operating result** at EUR 17,4 million, EUR 1 million down (-5,6%) vs 1Q2011, decrease due to lower impact of extraordinary items (EUR 2,8 million in 1Q2011 vs EUR 0,4 million in 1Q2012);
- **EBITDA** (net of bad debt) at EUR 14 million, ca 25,5% up thanks to lower bad debt provision due to improvements in customer base quality;
- **EBIT** positive at EUR 4,1 million (negative at EUR 2,3 million in 1Q2011);
- **Net result positive** for ca EUR 0,3 million vs a negative net result of EUR 6,4 million in the 1Q2011;
- **Net debt*** at EUR 195,8 million vs EUR 202,4 million as of 31st March 2011;
- **Free cash flow** positive for EUR 7,6 million; Capex at ca EUR 6,4 million;
- **ADSL active customers** at 479K. Dual play customers at 339K. Mobile Customers at 153K (+53,8% vs 1Q2011; Voip minutes up 4,8%, broadband ARPU up 3%.

* Consob consolidated net financial debt

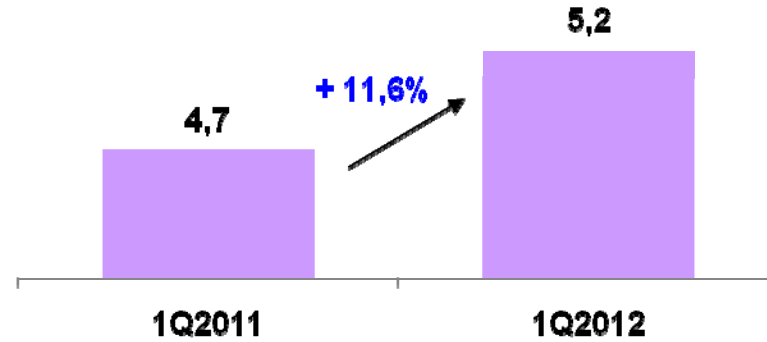
1Q2012 Results: Highlights



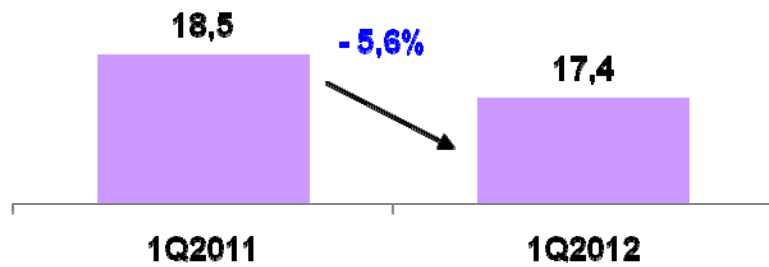
Sales (EUR Mln)



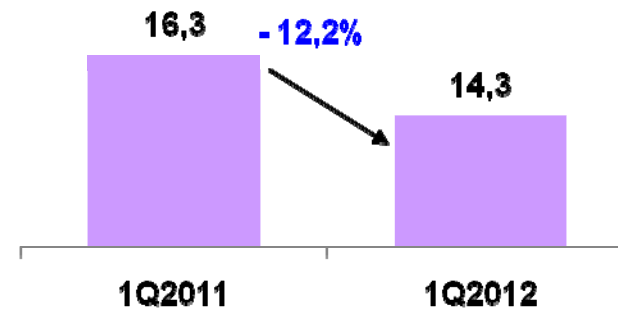
Media & VAS (EUR Mln)



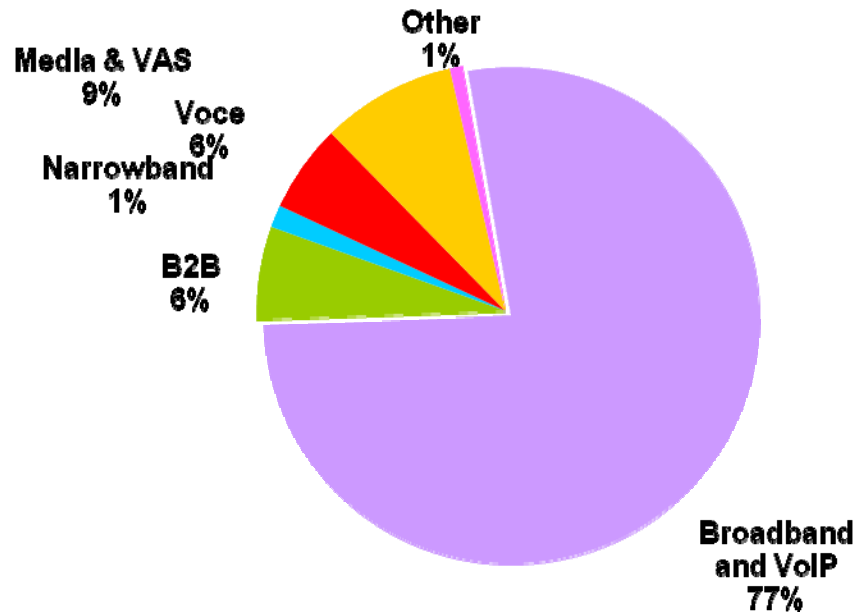
Gross Operating Result (EUR Mln)



Indirect Costs (EUR Mln)



Business line breakdown on revenues – 1Q2012



- **Broadband & Dual play (VoIP)**, core revenues, equal to ca EUR 46,1 million (77,2% of total revenues), down ca 7,7% vs 1Q2011;

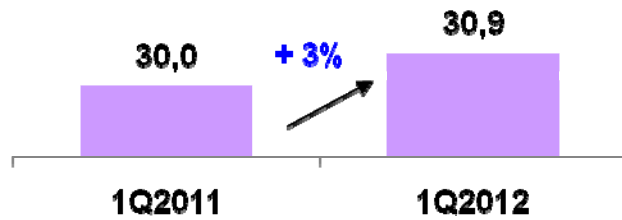
- **Media & VAS** (8,8% of total revenues) growth of 11,6% YoY (6,8% of total revenues in 1Q2011).

- Media & VAS: increased portal traffic on tiscali.it (+4,6%), as well as on Tiscali:ADV network (+19,3%).

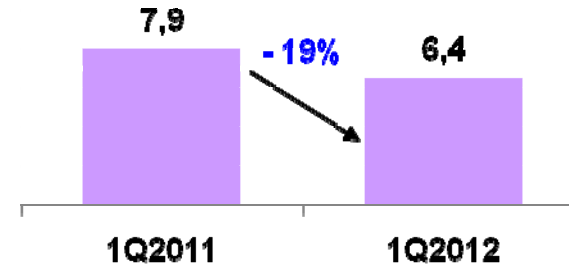
Trading Performance Key Items



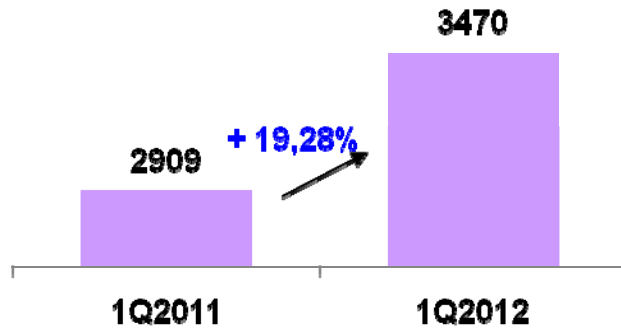
Broadband ARPU (Eur)



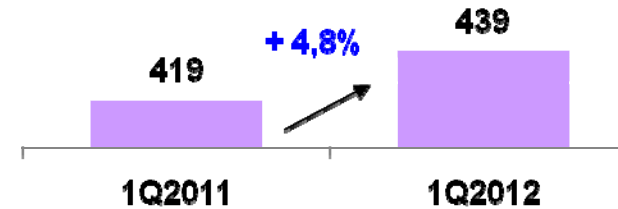
CAPEX (EUR mln)



Page views* (million)



Voip minutes (bn)

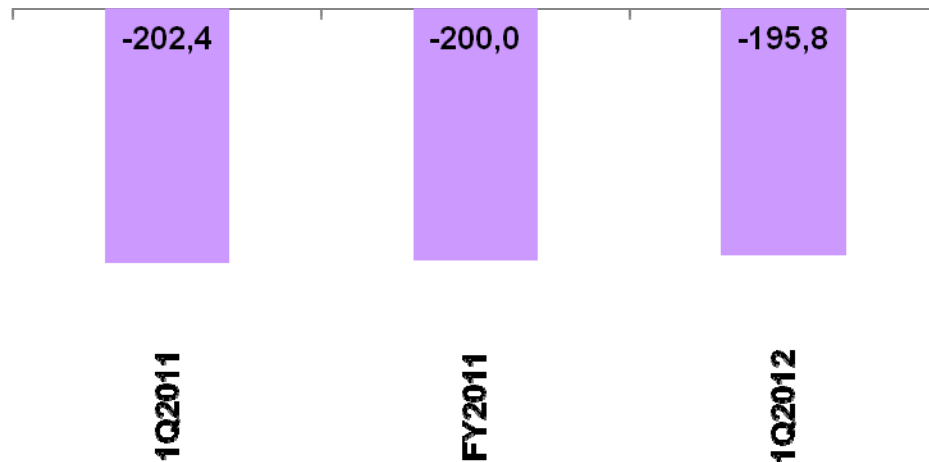


* Page views refer to Tiscali ADV network

- Network coverage stable at 687 LLU sites;
- Increased traffic on network web properties driving strong performance of ADV sales (+13,8% YoY);
- Reduced Capex spending mainly concentrated on customer acquisition and maintenance.

■ On-going process of debt reduction;

Net Financial Position



■ Net Debt reduction respect to 1Q2011

* Consob consolidated net financial debt

1Q2012 vs 1Q2011



EUR mln	1Q2012	% of rev.	1Q2011	% of rev.	Delta 12/11
Revenues	59,7	100%	69,0	100%	-13,4%
Access	46,1	77%	50,0	72%	-7,7%
of which ADSL	26,6	45%	30,0	43%	-11,1%
of which VOIP	18,5	31%	19,1	28%	-3,0%
Voice	3,4	6%	8,1	12%	-57,8%
Narrowband	0,9	1%	1,3	2%	-35,0%
B2B	3,6	6%	4,0	6%	-10,9%
Media and VAS	5,2	9%	4,7	7%	11,6%
Other	0,5	1%	0,8	1%	-42,0%
Gross Margin	31,3	52%	31,9	46%	-2,0%
Operating costs	14,3	24%	16,3	24%	-12,2%
Sales & Marketing costs	2,1	4%	2,5	4%	-14,1%
Personnel costs	8,9	15%	9,5	14%	-6,2%
G&A costs	3,2	5%	4,2	6%	-24,6%
Other (Income) / Expenses	(0,4)	-1%	(2,8)	-4%	-84,7%
Gross Operating Result	17,4	29%	18,5	27%	-5,6%
Bad debt and other provisions	3,4	6%	7,3	11%	-53,3%
EBITDA net of bad debts	14,0	24%	11,2	16%	25,5%
D&A and Restructuring costs	9,9	17%	13,5	20%	-26,6%
EBIT	4,1	7%	(2,3)	-3%	nm
Net result of the Group	0,3	1%	(6,4)	-9%	nm

1Q2012 vs 1Q2011 and trading update

- 1Q2012 revenues at EUR 59,7 mln down vs 1Q2011 (EUR 69 mln) due to:
 - Decline in access segment BB and VOIP (down 7,7% equal to EUR 3,9 mln vs 1Q2011) due to reduction in number of customers (mainly caused by massive cancellation -24K) and increased promotion;
 - Decline in voice segment (down 57,8% equal to EUR 4,7 mln vs 1Q2011) of which EUR 3,8 mln strategic reduction in low-margin wholesale business
 - Decline in narrowband and BTB revenue (due to termination of the contract with the disposed UK branch);
 - On going strong performance of media business (+11,6% vs 1Q2011).

- Gross margin at 52,4% up vs 1Q2011 at 46,3% (even if slightly lower in absolute value) caused by:
 - Increased broadband ARPU (+3% vs 1Q2011), thanks to improved customer quality
 - Decrease in the weight of products with lower margin (i.e. wholesale), which led to an increase in the marginality of the product mix;
 - Network and traffic cost savings implemented in 2011

1Q2012 vs 1Q2011 and trading update

- Operating cost reduction down 12,2% YoY mainly due to reduced staff costs and lower G&A, as an effect of streamlined operations and labour union agreement (“Contratto di solidarietà”)
- EBITDA net of debt at EUR 14 mln up (+25,5%) thanks to lower bad debt provision, decreasing from about EUR 7,3 million in 1Q2011 to around EUR 3,4 million in 1Q2012
- EBIT positive at EUR 4,1 mln vs negative EUR 2,3 in 1Q2011, mainly due to the lower impact of bad debt provision and lower depreciation (- 24,9%)
- Total capex equal to 6,4 EUR million, mainly customer related; Gross Cash flow (Gross Operating Result – CAPEX) at 11 EUR million, up 4,4% vs 1Q2011
- Continued effort on innovation on Over -The-Top services, putting the ground for new revenue streams creation
 - Indoona on-going development, new release coming in June incorporating improved communication tools
 - Streamago premium launched in April, pioneer service in Europe for real-time professional live streaming with innovative and user friendly features

Net Financial Position

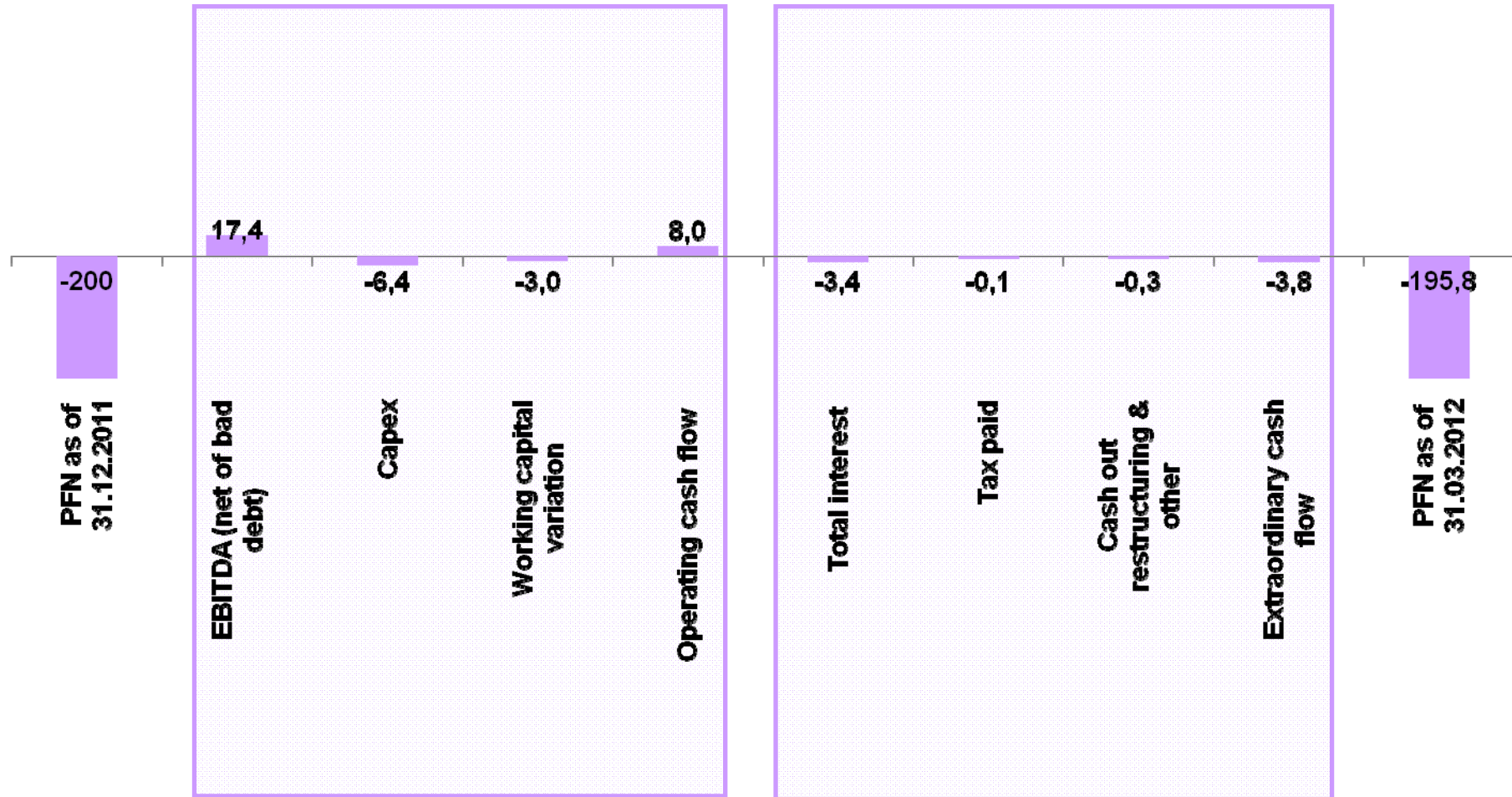
tiscali:

<i>EUR Mln</i>	31 marzo 2012	31 Dicembre 2011
A. Cash	5,4	6,6
B. Other liquid assets	0,1	0,1
C. Securities	-	-
D. Total cash and other financial assets (A) + (B) + (C)	5,5	6,7
E. Current financial receivables	0,0	-
F. Non-Current financial receivables	6,3	6,3
G. Current bank debt	8,0	14
H. Long term loans falling within one year	8,2	9,6
I. Other current financial debt (*)	0,4	0,6
J. Current financial debt (G) + (H) + (I)	16,6	24
K. Net current financial debt (J) – (E) – (F) – (D)	4,8	11
L. Non current bank loans	126,3	124,4
M. Bonds	-	-
N. Other non current debt (**)	58,4	58,1
O. Non current financial debt (L) + (M) + (N)	184,6	182,5
P. Net Financial Debt (K) + (O)	189,4	193,5
Other cash equivalents and non current financial receivables	6,4	6,4
Consob Net Financial Debt	195,8	200

(*) includes leasing debts

(**) includes leasing debts and debts to shareholders

Tiscali Group: 1Q2012 – Cash Flow Analysis (EUR ml)



- Operating cash flow positive for EUR 8 million;
- Free cash flow positive for EUR 7,6 million, higher than 1Q2011 at EUR 5,5 million