

Tiscali Results 2017

May 2018

Summary of Tiscali 2017 main achievements

- **Confirm of 2017 positive Net Income on full year basis**
- **Full reverse on revenue trend: +5,4% vs 2016 compared to negative of last years**
- **Return to growth on EBITDA vs 2016 (+7%)**
- **Growth in Customer Base and improvement in customer base mix:**
 - +10% on overall Tiscali Customer Base vs December 2016 and full reverse of previous years negative trend
 - Approx. 100k UltraBroadBand customers (Fiber + LTE) representing approx. 20% of total BroadBand customers vs 20k in December 2016 (4% of total BroadBand customers)
- **Strong rightsizing on OPEX and personnel:**
 - Less than 700 employees at December 2017 vs almost 1.100 end of 2015 (over - 400headcount in 2 years)
 - Over 5% reduction in OPEX vs 2016
- **Positive “Greenlight” from Italian NRA (AGCOM) for 3.5GHz frequency licence extension up to 2029**

Full Year 2017 – Main Tiscali achievements

1

**Return to Growth
on Core Business**

2

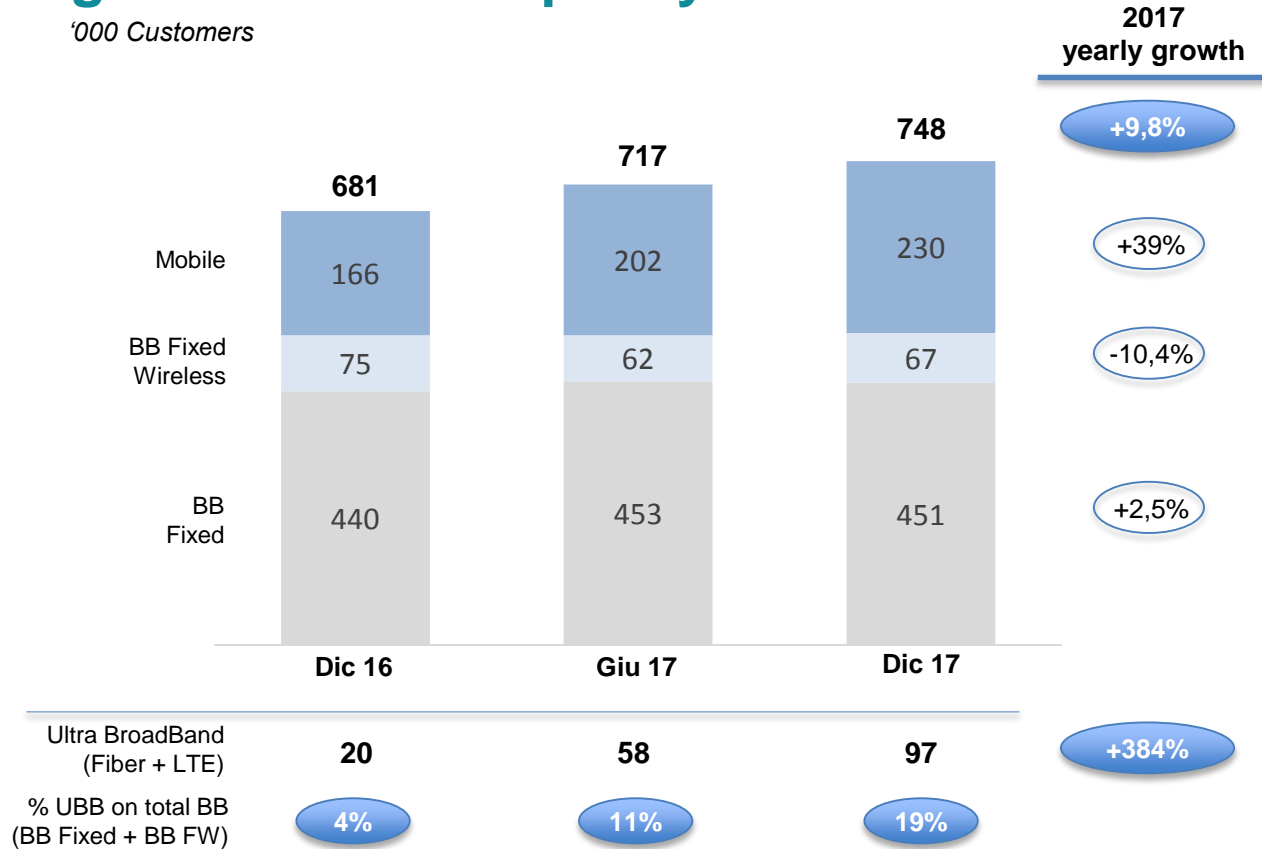
**3.5GHz frequency
licence extension up to
2029**

2017 - Significant improvement in Customer Base: growth and mix quality

'000 Customers

Return to Growth on Core Business

3.5GHz frequency licence extension up to 2029



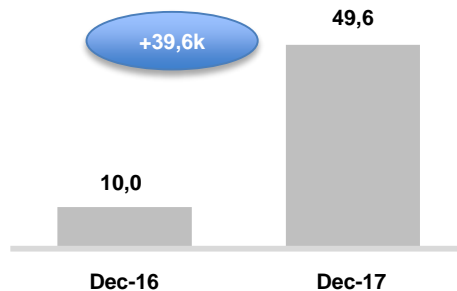
- + 10% 2017 growth YoY on Tiscali Customer Base
- Strong improvement in Customer Base mix reaching approx. 100k UltraBroadBand customers (Fiber + LTE) close to 20% of total BroadBand customers at December 2017 (+15pp vs December 2016)

2017 – Focus on UltraBroadBand rump-up

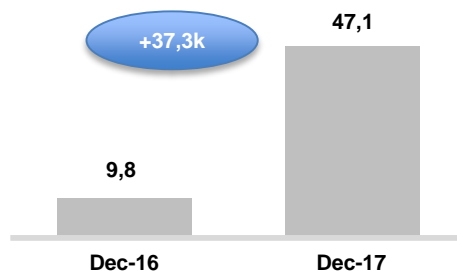
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3.5GHz frequency
licence extension up to
2029

LTE Customer
Base ('000)



Fiber Customer
Base ('000)



Total
UltraBroadBand
Customers ('000)



- Strong focus on growing on UltraBroadBand Customer Base
- Benefit on churn and profitability (LTE on proprietary access network)
- Significant improvement in Customer experience and satisfaction

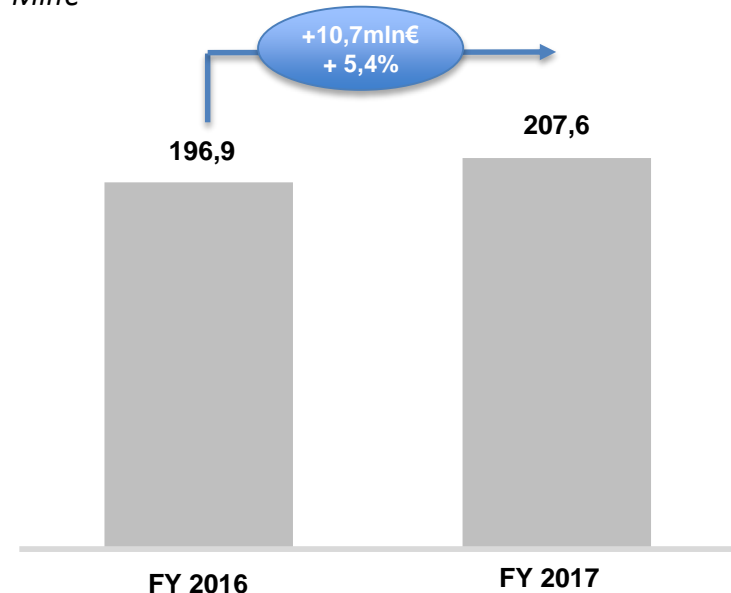
2017 – Revenues growth vs 2016

Return to Growth
on Core Business

3.5GHz frequency
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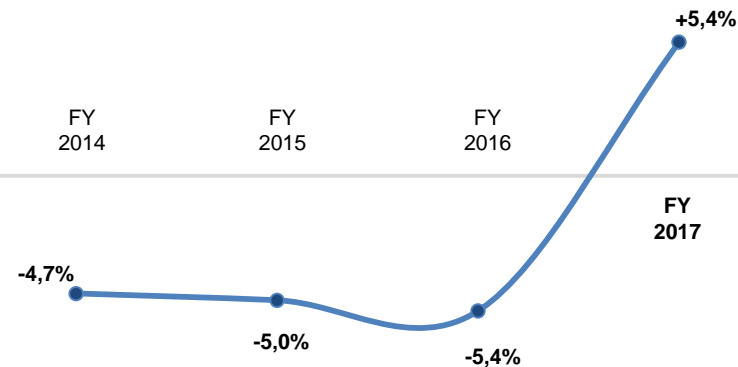
Revenues FY 2017 vs 2016

Mln€



Revenues Trend – Organic Growth YoY*

%



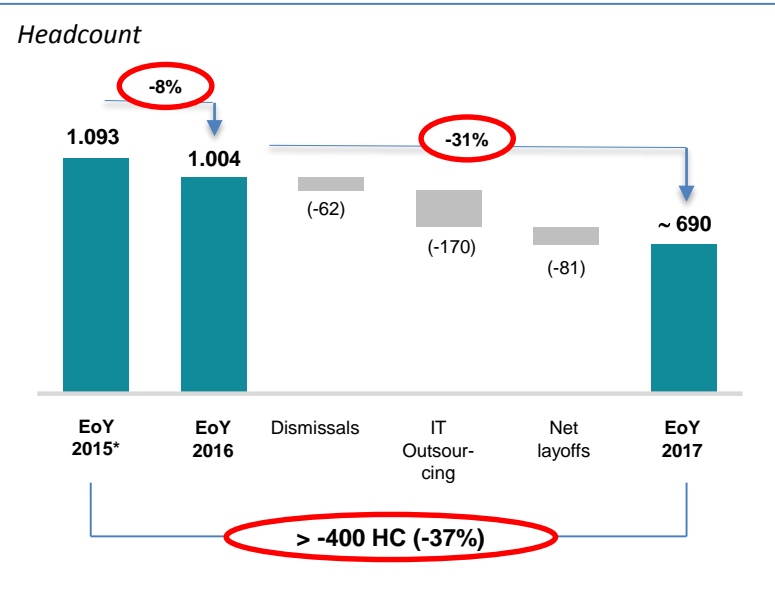
*Comparison between 2016 and 2015 Pro-forma figures adding Aria to Tiscali reported figures; Comparison between 2017 and 2016 figures net of Discontinued Operations impact

2017 – Ongoing focus on Costs efficiency

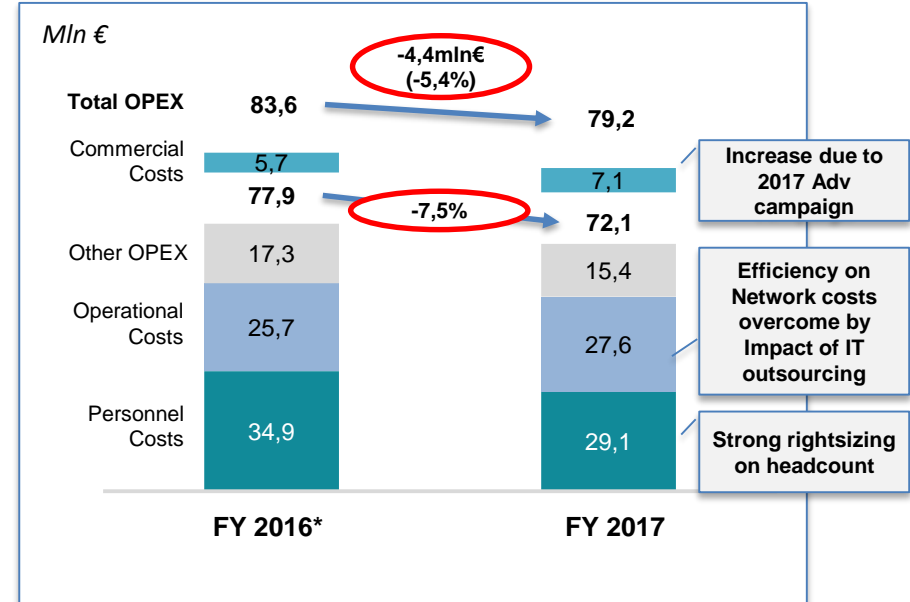
Return to Growth
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3.5GHz frequency
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Personnel rightsizing



OPEX Efficiency



*2016 restated figures according to new 2017 perimeter excluding Discontinued Operations (see Annex)

2017 – P&L evolution vs 2016

Mln €

Return to Growth
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3.5GHz frequency
licence extension up to
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			YoY Growth	
	Act 2017 FY	Act 2016 FY*	Δ Abs	Δ%
Revenues	207,6	196,9	10,7	5,4%
Variable Costs	93,6	80,4	13,2	16,4%
Personnel	29,1	34,9	-5,8	-16,6%
Operational Costs	27,6	25,7	1,9	7,3%
Commercial Costs	7,1	5,7	1,3	23,4%
Other OPEX	15,4	17,3	-1,9	-11,0%
Other Income/(Expenses)	3,9	5,5	-1,6	-29,3%
Bad Debt	9,7	11,3	-1,5	-13,7%
EBITDA	29,1	27,1	1,9	7,1%
Depreciation	48,1	49,5	-1,5	-2,9%
Restructuring Costs & Provisions	3,6	6,0	-2,4	-40%
EBIT	-22,6	-28,4	5,8	20,4%
Financial Expenses	19,5	9,4	10,1	107,5%
Taxes	-0,2	0,1	-0,3	-419%
Income/(Loss) from Disc. Op.	42,8	-7,0	49,8	-708%
Net Income	0,8	-45,0	45,8	102%

2017 Revenues organic growth after years

Overall strong OPEX reduction (-5,4% vs 2016)

2017 financial expenses negatively affected by unexpected 6,5mIn€ related to Bond conversion made in December 2017 (IAS32 accounting impact)

2017 Positive Net Income confirmed
7mIn€ of Net Income net of unexpected conversion Bond costs

*2016 restated figures according to new 2017 perimeter excluding Discontinued Operations (see Annex)

2017 – Balance Sheet evolution

Mln €

	Dec 2017	Jun 2017	Dec 2016
Fixed Assets	226,4	221,8	210,8
Financial Assets	4,4	4,5	8,2
Total Non-current assets	230,8	226,3	219,0
Inventory	-	0,0	0,4
Trade Receivables	46,5	46,1	38,3
Other Current Assets	21,7	33,9	20,0
Cash	1,5	1,8	1,3
Total Current Assets	69,6	81,7	59,9
Assets held for sale	(0,0)	0,5	6,2
Total Assets	300,4	308,5	285,2
Total Shareholders Equity	(128,0)	(143,0)	(167,6)
Senior Debt	89,5	87,3	87,3
Rigensis Loan*	-	18,8	18,8
Other Banks Debt	19,0	19,2	22,4
Financial Lease	72,3	68,9	64,6
Total Financial Liabilities	180,8	194,2	193,1
Trade Payables	170,8	168,9	167,8
Other Liabilities	76,9	88,0	88,3
Total Other Liabilities	247,6	256,9	256,1
Liabilities held for sale	(0,0)	0,4	3,6
Total Liabilities	300,4	308,5	285,2

Return to Growth
on Core Business

3.5GHz frequency
licence extension up to
2029

During 2017 Tiscali 3.5GHz spectrum improved its value and ecosystem (LTE and 5G) is consolidating

Return to Growth
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3.5GHz frequency
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Technology

- **LTE Fixed Wireless solutions on 3.5GHz are strongly improving performances:**
 - Available capacity increase (64T64R solution tested to reach up to 600Mbps on single node – 4x vs current capacity)
 - Service availability increase (Self-installing outdoor CPE; CAT 12 CPE)
- **5G ecosystem is accelerating as evolution of current LTE:**
 - First 5G standardization as evolution of FWA solutions instead of as 5G stand-alone products
 - US carriers are testing 5G solutions on 3.5GHz spectrum in «Fixed Wireless» mode

LTE on 3.5GHz Fixed Wireless volumes increase with benefits on technology costs

Spectrum regulation

- **Ultimate definition of 3.5GHz as one of main pioneer spectrum for 5G launch globally by all NRA and main standardization bodies**
- **EU set 2018 as mandatory deadlines to define rules to assign future 5G spectrum to be used at launch (Band 42; Band 43; 700MHz and 26.5GHz).**
- **Confirmed auction on Band 43 and 700MHz in Italy by end of 2018**
- **Strong pressure on FCC in US to define a coherent regulatory framework for an efficient use of 3.5GHz for future 5G deployment**

3.5GHz globally recognized as main pioneer spectrum to future 5G launch

Key extension on Tiscali licence frequency on 3.5GHz spectrum up to 2029

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3.5GHz frequency
licence extension up to
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- **During IIH 2017 Italian NRA rushed to define rules to assign 5G spectrum (3.6-3.8GHz; 700MHz; 3.5GHz; 26.5GHz):** bid rules to assign 3.6-3.8GHz and 700MHz spectrum included in 2018 Stability Law
- **After 6 months of uncertainty, in December 2017 Italian NRA (AGCOM) started a formal process to define conditions to extend licence on 3.5GHz frequency to Tiscali and others licence holders**
- **A formal «Greenlight» for spectrum licence extension up to 2029 has been released by AGCOM in April 2018 ensuring a clear framework for future investment in LTE Fixed Wireless and 5G deployment**

- **3.5GHz spectrum hold by Tiscali definitely marked as «5G»**
- **In April 2018 NRA «greenlight» on licence extension has been released**
- **A clear regulatory framework for future investment in LTE and 5G**

ANNEX

2016 figures restatement net of discontinued Operations

Note:

2016 Tiscali economic figures has been restated to take into account impacts of changes in perimeter occurred during 2016 (Business Perimeter sold to Fastweb and OTT deconsolidation due to business dismissal) to ensure a 2017 vs 2016 comparison on a “like-for-like” basis

2016 Revenues detail figures restated

Mln €; Reported Data

2016 Restated revenues figures net of Discontinued Operations

Revenues	Act 2016	Act 2016	Act 2016
	FY	IH	IIH
Revenues	196,9	96,9	100,0
BroadBand Fixed	133,8	67,3	66,5
BroadBand Fixed Wireless	15,8	8,8	7,0
Mobile	10,7	4,9	5,7
Business Services & Wholesale	19,0	7,7	11,3
Media	15,0	7,5	7,5
Other	2,7	0,7	2,0

Tiscali Organic and Reported revenues

	Including Discontinued Operations				Excluding Discontinued Operations		
	IH 2015	IIH 2015	IH 2016	IIH 2016	IH 2016 (new)	IIH 2016 (New)	IH 2017
Revenues Reported	103,8	98,3	101,9	105,3	96,9	100,0	103,5
Revenues Organic	112,2	106,9	101,9	105,3	96,9	100,0	103,5

2015 Organic figures include Aria pro-forma (merged in December 2015 and consolidated starting from 2016)

2016 Restated figures to take into account impacts of Discontinued Operations for a 2017 vs 2016 "like-for-like" comparison

2016 P&L figures restated

Mln €; Reported Data

	Act 2016 FY	Act 2016 IH	Act 2016 IIH
Revenues	196,9	96,9	100,0
Variable Costs	80,4	37,6	42,9
Personnel	34,9	20,0	14,9
Operational Costs	25,7	13,1	12,6
Commercial Costs	5,7	2,6	3,1
Other OPEX	17,3	8,2	9,1
Other Income/(Expenses)	5,5	1,7	3,8
Bad Debt	11,3	4,8	6,5
Net EBITDA	27,1	12,4	14,8
Depreciation	49,5	24,5	25,0
Restructuring Costs & other provisions	6,0	0,4	5,7
EBIT	-28,4	-12,6	-15,9
Financial Expenses	9,4	6,7	2,7
Taxes	0,1	0,0	0,0
Income/(Loss) from Disc. Op.	-7,0	1,5	-8,6
Net Income	-45,0	-17,7	-27,2