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**9M2012
Financial Results
Presentation**

14th November 2012

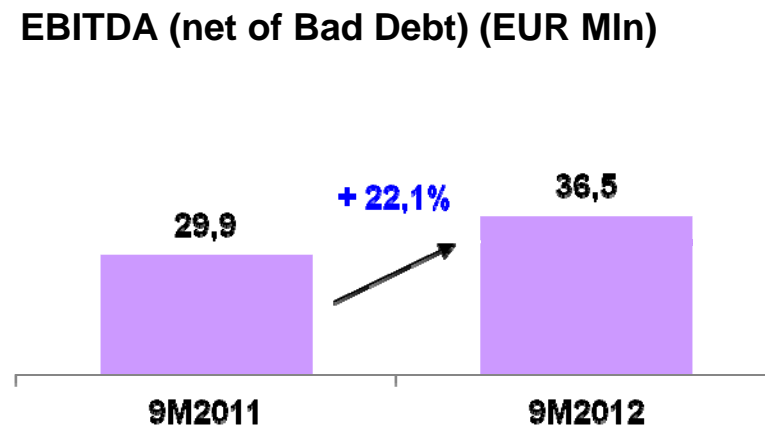
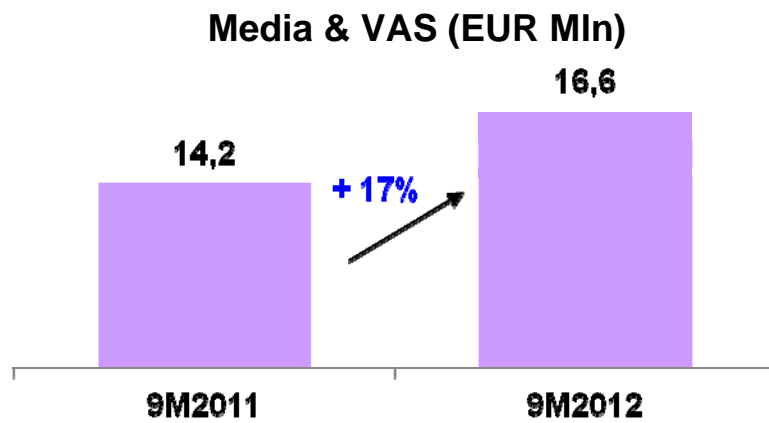
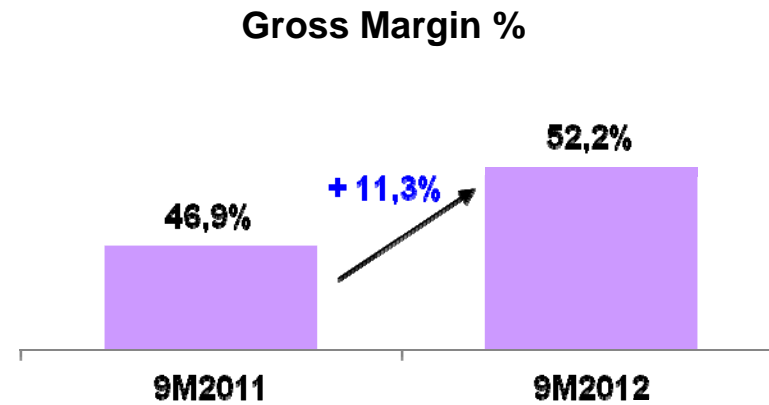
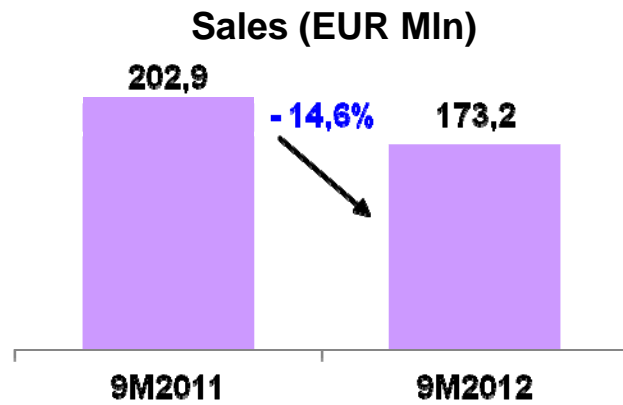
Key 9M2012 Results

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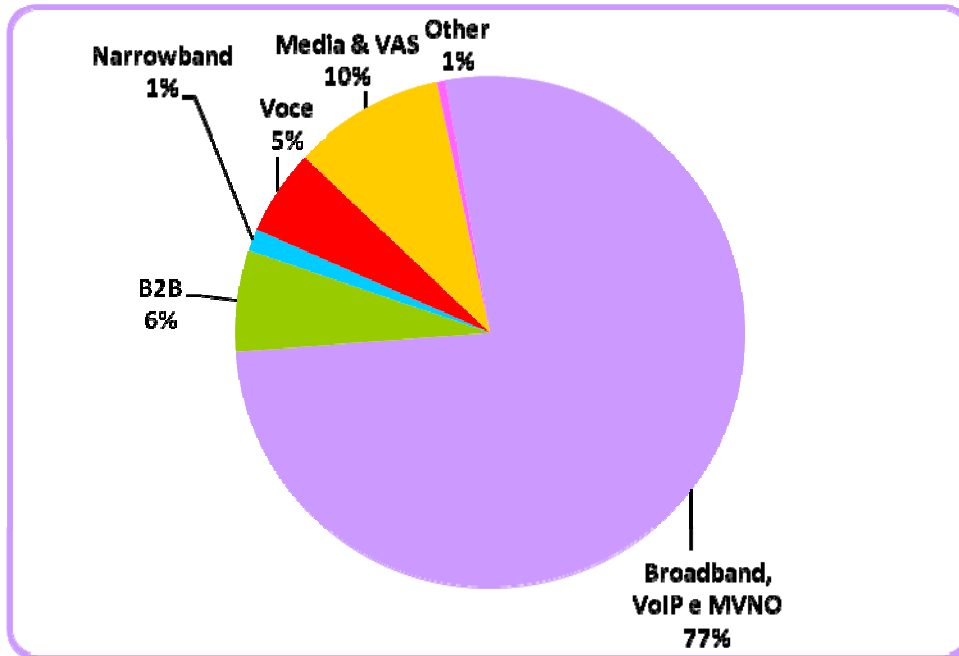
- **Revenues** at ca EUR 173,2 million, down (-14,6%) YoY; slight drop (- 7%) in revenues 3Q2012 vs 2Q2012 mainly due to the seasonal impact on access and media revenues; YoY Media revenues up (+17%);
- **Gross Margin at 52% vs 47% in 2011;**
- **Gross Operating Result** at EUR 53,5 million (-0,9 million YoY); Gross margin decrease (-4,7 million vs 9M2011, -5%) partially offset by operating costs cut (-5,8 million vs 9M2011, -11,9%), mainly labour and marketing costs;
- **EBITDA (net of bad debt)** at EUR 36,5 million, ca 22,1% up thanks to lower bad debt provision;
- **EBIT** positive at EUR 5,3 million (negative EUR 12,5 million in 9M2011);
- **Net result** negative for ca EUR 5,3 million vs a negative net result of EUR 25,2 million in the 9M2011;
- **Net debt*** at EUR 189,7 million vs EUR 202,6 million as of 30th September 2011, 6,4% down YoY;
- **Free cash flow** positive for EUR 18,3 million, (vs EUR 11,8 million in 9M2011); Capex at ca EUR 19 million;
- **ADSL and Voice active customers** at 491K (ADSL 467 k).Dual play customers at 336K.

* Consob consolidated net financial debt

9M2012 Results: Highlights



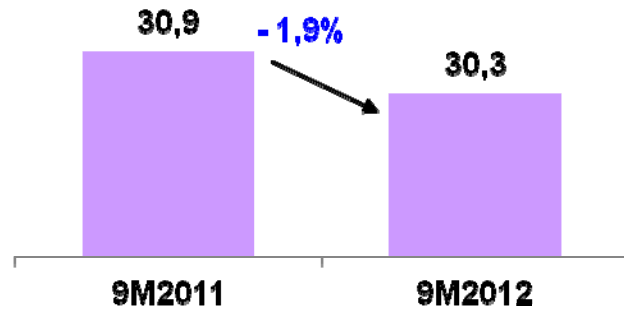
Business line breakdown on revenues – 9M2012



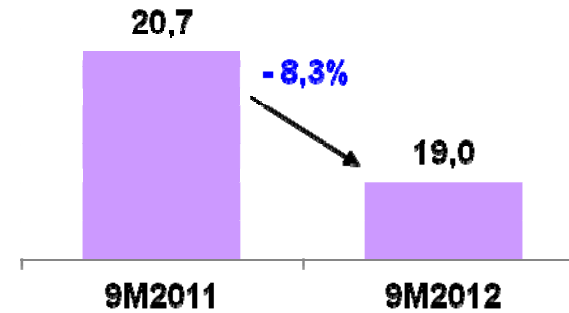
- **Broadband, Dual play (VoIP) & MVNO**, core revenues, equal to ca EUR 132,6 million (76,6% of total revenues), down ca 11,7% vs 9M2011;
- **Growing importance of Media & VAS** (9,6% of total revenues), 17% growth YoY (7% of total revenues in 9M2011).

Trading Performance Key Items

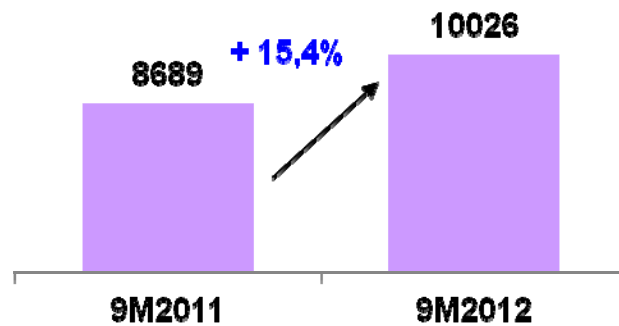
Broadband ARPU (Eur)



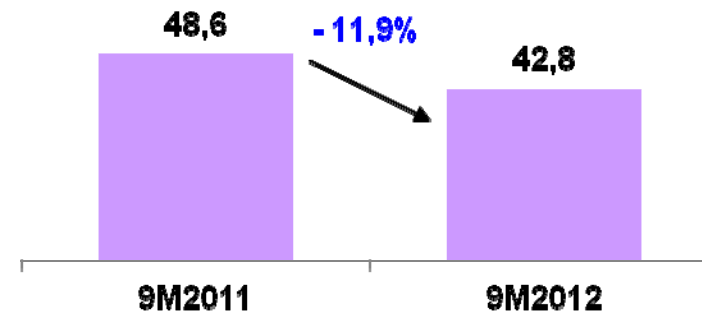
CAPEX (EUR mln)



Page views network adv* (million)

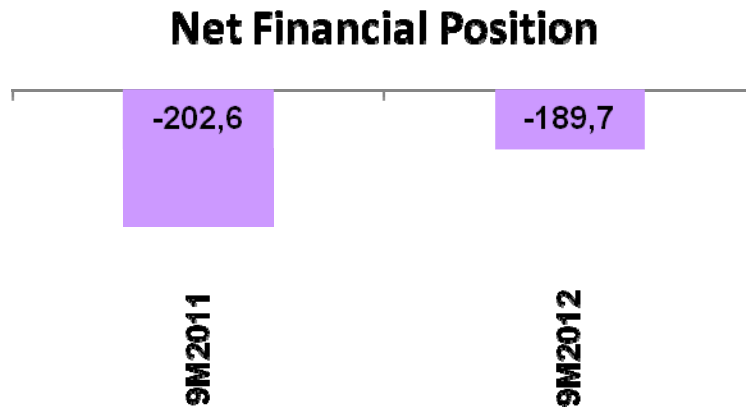


Indirect Costs (EUR mln)



- Slight decrease in ARPU mainly due to increased promotions on dual play consumer and SoHO proposition;
- Increased Page views (+15,4% YoY) on network driving improved performance;
- Capex in 9M2012 at EUR 19 million, down (-8,3%) YoY;
- Indirect costs down 11,9% vs 9M2011.

- On-going process of debt reduction;
- Total Net Debt* reduction of ca 6,4% YoY.



- Payment in July 2012 of EUR 5 million of the Senior loan plus EUR 1,4 million interests.

* Consob consolidated net financial debt

9M2012 vs 9M2011

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EUR mln	9M2012	% of rev.	9M2011	% of rev.	Delta 12/11
Revenues	173,2	100%	202,9	100%	-14,6%
Access	132,6	77%	150,3	74%	-11,7%
of which ADSL	76,5	44%	89,7	44%	-14,7%
of which VOIP	53,5	31%	57,7	28%	-7,4%
of which MVNO	2,7	2%	2,8	1%	-5,9%
Voice	9,5	5%	21,0	10%	-54,9%
Narrowband	2,4	1%	3,5	2%	-30,2%
B2B	11,2	6%	11,1	5%	0,6%
Media and VAS	16,6	10%	14,2	7%	17,0%
Other	0,9	1%	2,9	1%	-67,7%
Gross Margin	90,5	52%	95,2	47%	-5,0%
Operating costs	42,8	25%	48,6	24%	-11,9%
Sales & Marketing costs	6,6	4%	8,2	4%	-19,5%
Personnel costs	25,6	15%	28,3	14%	-9,7%
G&A costs	10,6	6%	12,0	6%	-12,1%
Other (Income) / Expenses	(5,8)	-3%	(7,7)	-4%	-25,0%
Gross Operating Result	53,5	31%	54,4	27%	-1,6%
Bad debt and other provisions	17,0	10%	24,5	12%	-30,5%
EBITDA net of bad debts	36,5	21%	29,9	15%	22,1%
D&A and Restructuring costs	31,2	18%	42,4	21%	-26,4%
EBIT	5,3	3%	(12,5)	-6%	nm
Net result of the Group	(5,3)	-3%	(25,2)	-12%	nm

- First nine months revenues down YoY (-14,6%):
 - Strong performance of media business (+17% vs 9M2011);
 - Decline in access segment BB and VOIP (down 11,7% vs 9M2011) mainly due to the decrease in the number of customers (-38k vs 9M2011, of which 18k due to clean up of non paying customers) and higher promotions and lower incoming revenues (-2 ml€ vs 9M2011);
 - B2B services in line, despite adverse competitive environment;
 - Decline in Voice (down 54,9% vs 9M2011) of which EUR 9 mln strategic reduction in wholesale services ,due to their low marginality;

- EUR 4,7 mln Gross margin decrease compared to 9M2011, mainly due to decreased revenues, but higher in percentage terms: 52,2% at 9M2012 compared to 46,9% at 9M2011, showing an improvement in the profitability of the product mix;

- Operating costs down 11,9% YoY, offsetting gross margin decrease, mainly due to decreased labour cost (Accordo di Solidarietà applied since November 2011) and lower marketing and General costs;

- Gross Operating Result broadly in line (-1,6%) vs 9M2011;

- Lower impact of bad debt provision(-30,5% vs 9M2011) and depreciation (-25,7%) leading to strong improvement EBIT and Net income, sharply up vs 9M2011, despite adverse market situation.

3Q2012 vs 3Q2011

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EUR mln	3Q2012	% of rev.	3Q2011	% of rev.	Delta 12/11
Revenues	54,7	100%	62,8	100%	-12,9%
Access	42,7	78%	47,7	76%	-10,5%
of which ADSL	24,8	45%	28,3	45%	-12,5%
of which VOIP	17,2	31%	18,4	29%	-6,8%
of which MVNO	0,8	1%	1,0	2%	-20,0%
Voice	3,1	6%	5,2	8%	-40,8%
Narrowband	0,7	1%	1,1	2%	-38,2%
B2B	3,9	7%	3,6	6%	6,1%
Media and VAS	4,2	8%	4,1	7%	1,9%
Other	0,1	0%	1,0	2%	-88,9%
Gross Margin	29,2	53%	30,5	49%	-4,3%
Operating costs	15,2	28%	16,4	26%	-7,5%
Sales & Marketing costs	2,4	4%	2,6	4%	-6,8%
Personnel costs	9,1	17%	9,7	15%	-6,5%
G&A costs	3,7	7%	4,1	7%	-10,2%
Other (Income) / Expenses	(0,4)	-1%	(2,3)	-4%	-81,6%
Gross Operating Result	14,4	26%	16,4	26%	-11,9%
Bad debt and other provisions	3,9	7%	6,1	10%	-35,5%
EBITDA net of bad debts	10,5	19%	10,3	16%	2,0%
D&A and Restructuring costs	10,4	19%	14,2	23%	-26,5%
EBIT	0,1	0%	(3,8)	-6%	nm
Net result of the Group	(3,0)	-5%	(7,7)	-12%	nm

- 3Q2012 heavily affected by seasonality on voice traffic and media revenues;
- QoQ decrease in revenue mainly driven by lower Access and Voice revenues, partially compensated by Media services (+1,9%); B2B in line;
- Gross margin broadly in line, sharp take up in percentage terms, (53% vs 49%), strong decrease in operating costs;
- Decrease in Gross Operating Result due to lower contribution of Other Income line, but increase in Net Ebitda due to lower bad debt allowance;
- Improvement in Ebit (+3,7 mln higher vs 9M2011) and Net income (+4,7 mln higher vs 9M2011).

Net Financial Position

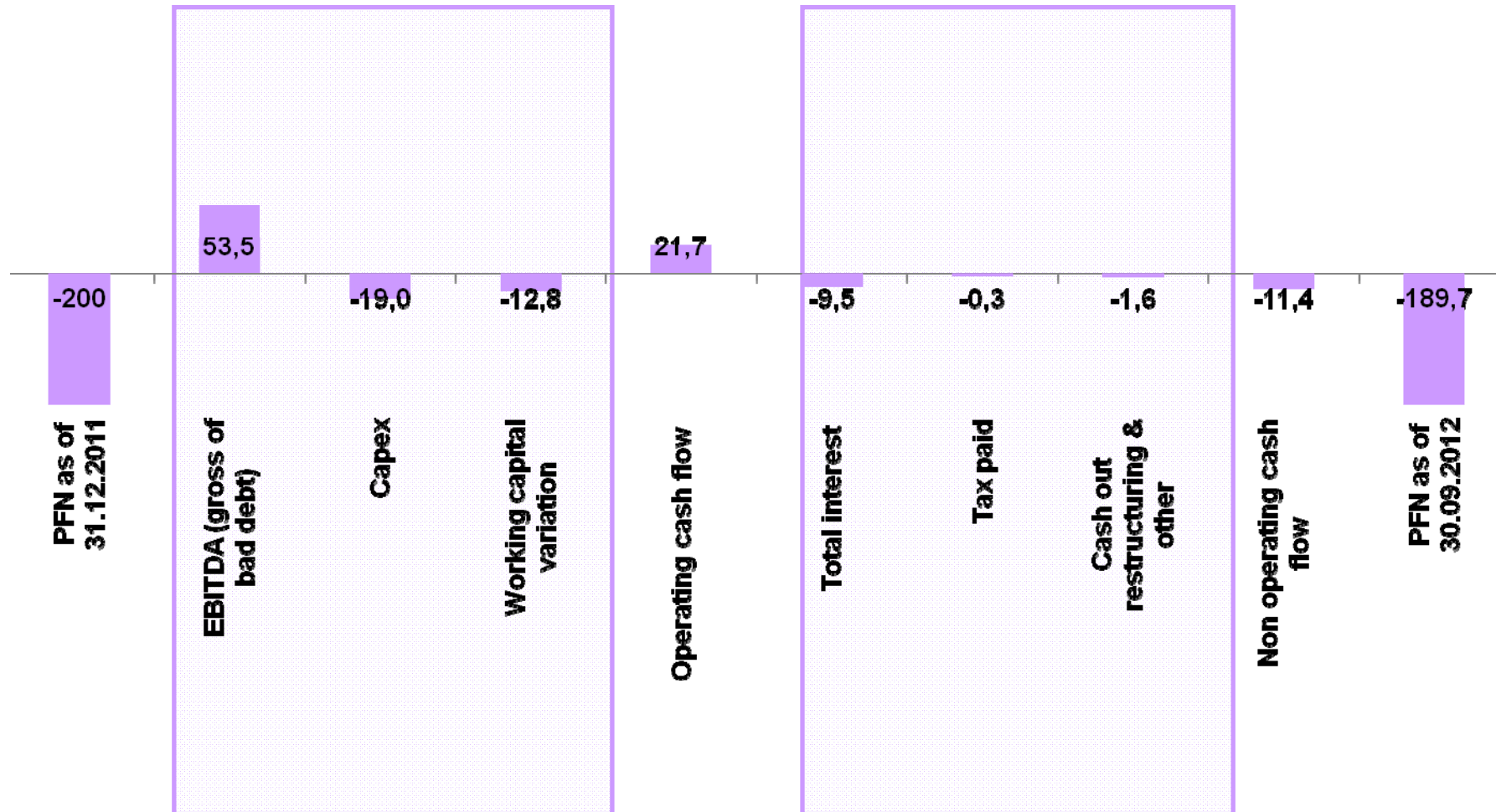
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<i>EUR Mln</i>	30 September 2012	31 December 2011
A. Cash	5,6	6,6
B. Other liquid assets	0,1	0,1
C. Securities	-	-
D. Total cash and other financial assets (A) + (B) + (C)	5,7	6,7
E. Current financial receivables	0,0	-
F. Non-Current financial receivables	6,3	6,3
G. Current bank debt	6,1	14
H. Long term loans falling within one year	9,4	9,6
I. Other current financial debt (*)	0,1	0,6
J. Current financial debt (G) + (H) + (I)	15,6	24
K. Net current financial debt (J) – (E) – (F) – (D)	3,6	11
L. Non current bank loans	121,3	124,4
M. Bonds	-	-
N. Other non current debt (**)	58,5	58,1
O. Non current financial debt (L) + (M) + (N)	179,7	182,5
P. Net Financial Debt (K) + (O)	183,3	193,5
Other cash equivalents and non current financial receivables	6,4	6,4
Consob Net Financial Debt	189,7	200

(*) includes financial leasing debts

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

Tiscali Group: 9M2012 – Cash Flow Analysis (EUR ml)



- Operating cash flow positive for EUR 21,7 million;
- Free cash flow positive for EUR 18,3 million (11,8 million in 9M2011).

- Continuing focus on cash generation and debt service (commercial and financial), improvement vs 9M2011;
- Flattened customer trend in 3Q2012 (-2k), reverted in October and November thanks to aggressive consumer and SOHO proposition (+40% compared to same period in 2011);
- Campaign on mobile;
- Continued increasing trend in media revenues, overperforming market trend, strong impact of seasonality effect in 3Q 2012;
- New digital initiatives take up:
 - Indoona download over 1million, over 350K on social proposition;
 - Streamago driving new streaming proposition for business services, new Facebook integration;
 - New search engine Istella to be launched by Year End;
- Targeting gross operating result in line with 2011, limited net loss for FY 2012.

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