

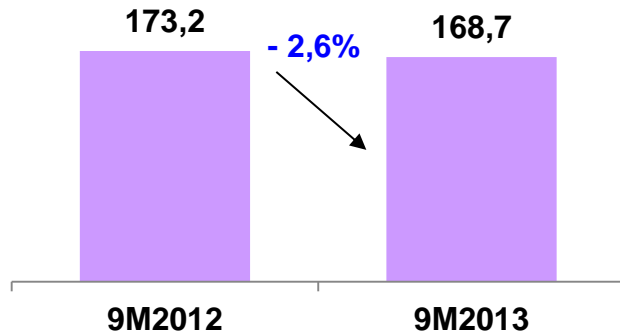
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**9M2013 Results  
Presentation**

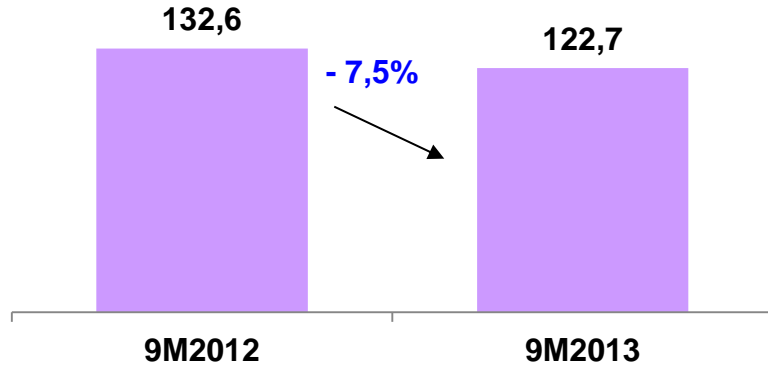
15th November 2013

- **Revenues** at EUR 168,7 mln, down (-2,6%) YoY; Good performance of BTB Services (+20,5% YoY) and Voice (+33,8% YoY);
- **Gross Operating Result** at EUR 55 mln (+2,8% YoY); Gross margin marginally down (-1,2 mln vs 9M2012, 53% vs 52%) notwithstanding the decrease in revenues, operating costs down (-2,3%) YoY;
- **EBITDA (net of bad debt) at EUR 43 mln, EUR 6,5 mln up vs 9M2012 (+17,9%),** increase mainly due to lower bad debt provision for EUR 5 mln;
- **EBIT positive for EUR 7,8 million (EUR 2,5 mln up vs 9M2012),** including EUR 5,6 mln group restructuring costs. **EBIT before restructuring cost at EUR 13,4 mln;**
- **Net result** negative for EUR 3,4 mln vs a negative net result of EUR 5,3 mln in the 9M2012; Net result in the quarter positive for Eur 0,3 mln
- **Net debt\*** at EUR 184,7 mln vs EUR 189,7 mln as of 30<sup>th</sup> September 2012, 2,6% down YoY;
- **Free cash flow** positive for **EUR 16,2 mln** (vs EUR 18,3 mln in 9M2012); Capex at EUR 18,3 mln;
- **ADSL and Voice active customers** at 542K (ADSL 505K, +38K YoY). Dual play customers at 371K.

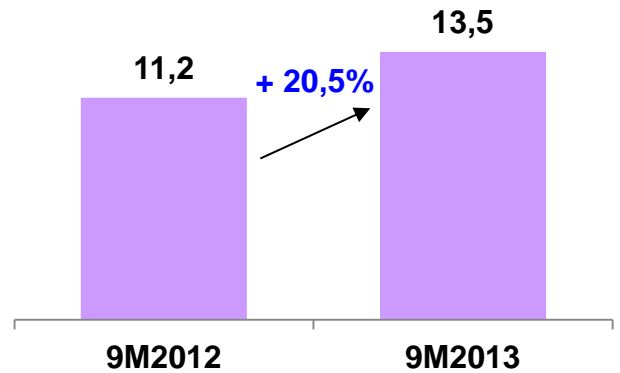
### Sales (EUR Mln)



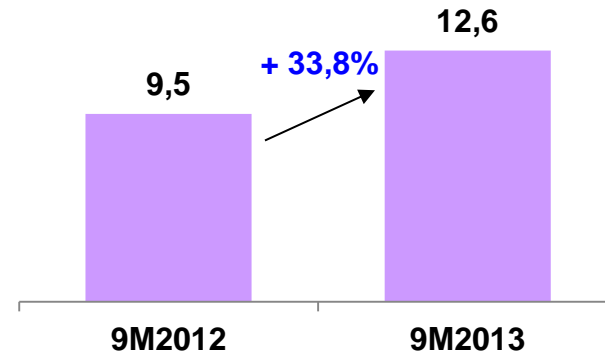
### BB + VoIP + MVNO revenues (EUR Mln)



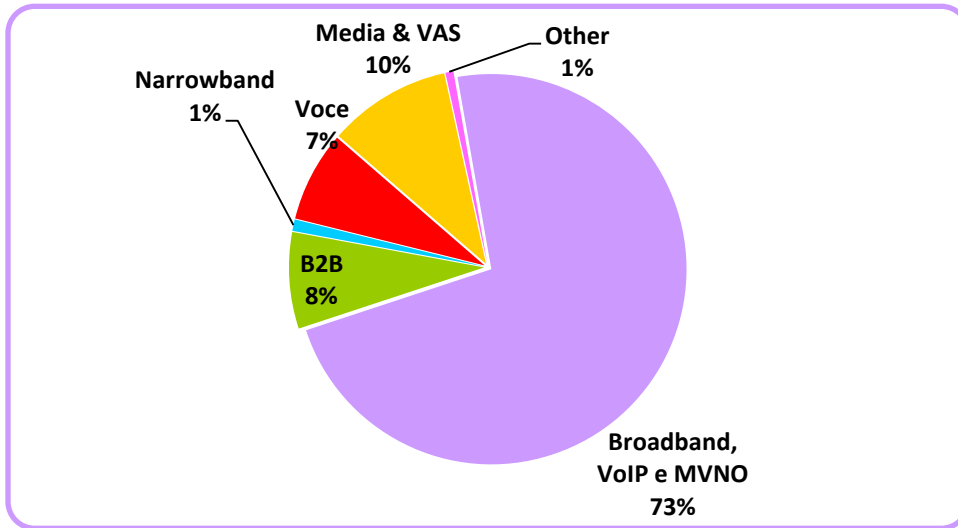
### BTB Services (EUR Mln)



### Voice (EUR Mln)

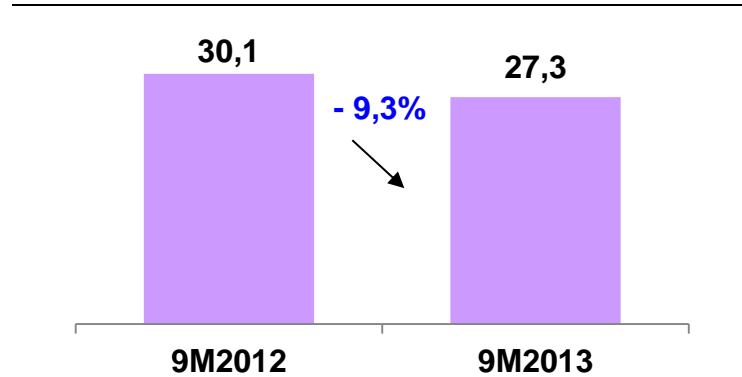


## Business line breakdown on revenues – 9M2013

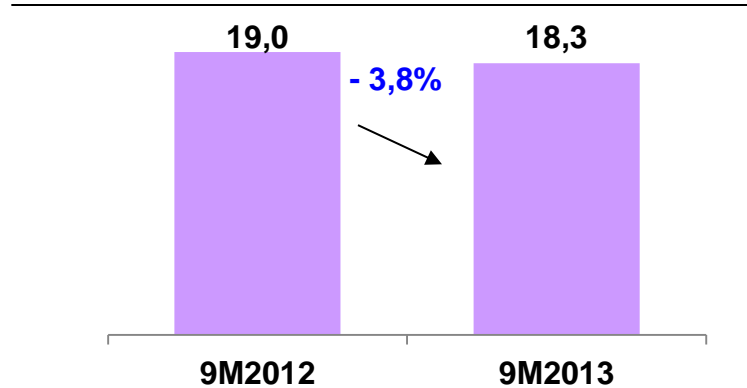


- **Broadband & Dual play (VoIP) & MVNO**, core revenues, equal to ca EUR 122,7 million (72,7% of total revenues), down ca 7,5% vs 9M2012;
- **Growing importance of BTB Services** (8% of total revenues), 20,5% growth YoY (6,5% of total revenues in 9M2012)
- **Media revenues increased relevance in the business mix**

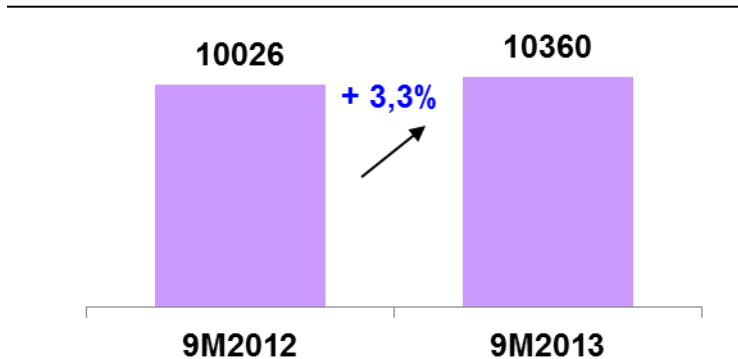
### Broadband ARPU (Eur)



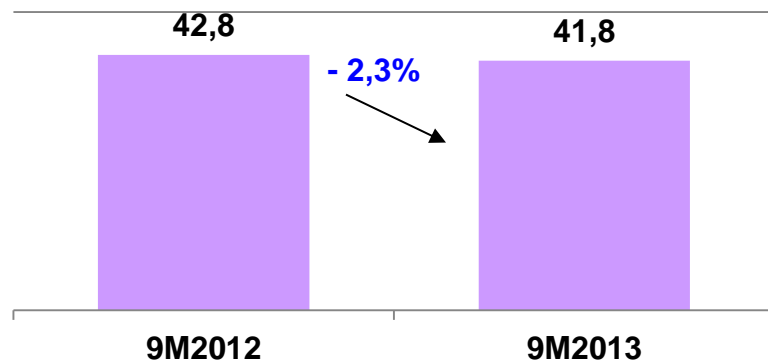
### CAPEX (EUR mln)



### Page views network adv (million)

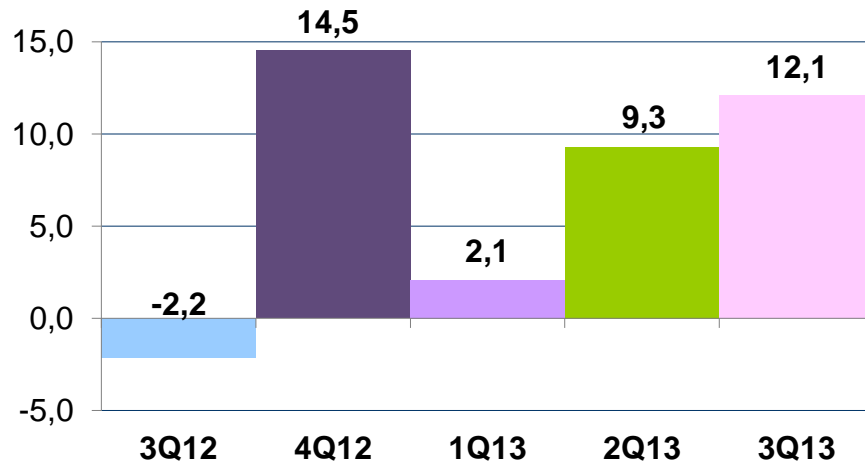


### Operating Costs (EUR mln)



- Decreased ARPU as a result of value for money sales strategy;
- Increased Page views (+3,3% YoY) on network, driving revenues increase on digital adv;
- Capex in 9M2013 at EUR 18,3 mln, down vs 9M2012, despite 49% higher gross customer inflow;
- Operating costs down 2,3% vs 9M2012.

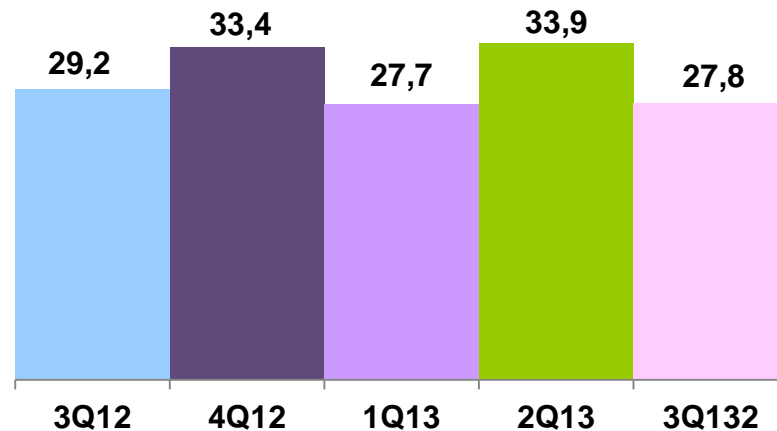
Net ADSL lines acquisition (n/000)



4<sup>th</sup> quarter in a row showing net customer increase, strong performance of pull channels accounting for 62% of total sales

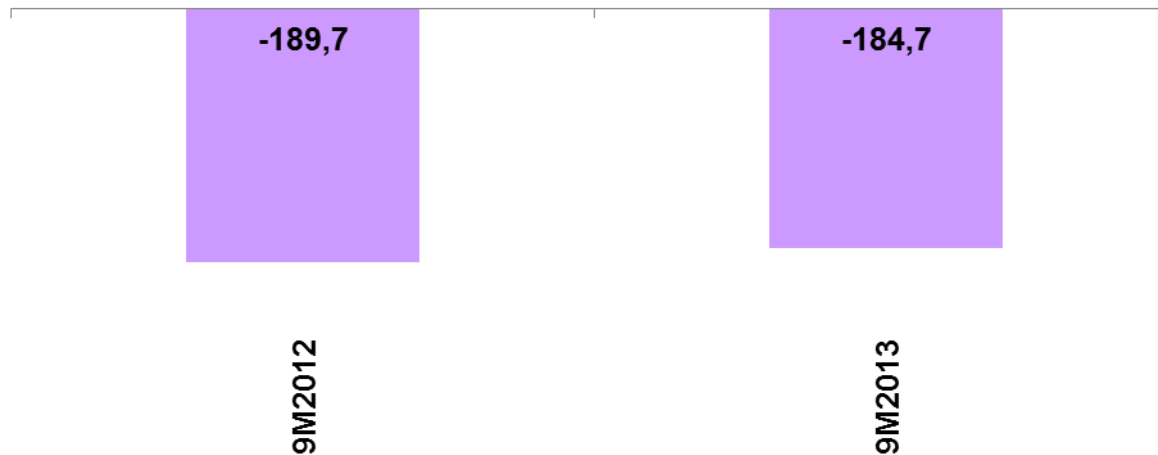
Gross margin level stable above 50%

Gross Margin



- Total Net Debt\* reduction of 2,6% YoY
- Extraordinary cash out for EUR 1,8 mln in 3Q13 (settlement WOL dispute)
- Reimbursement in July 2013 of EUR 7,5 mln of the Senior loan, besides EUR 0,5 mln as cash interests.

## Net Financial Position



\* Consob consolidated net financial debt

# 9M2013 vs 9M2012

EUR mln	9M2013	% of rev.	9M2012	% of rev.	Delta 9M2013/9M2012
<b>Revenues</b>	<b>168,7</b>	<b>100%</b>	<b>173,2</b>	<b>100%</b>	<b>-2,6%</b>
Access	122,7	73%	132,6	77%	-7,5%
of which ADSL	70,5	42%	76,5	44%	-7,8%
of which VOIP	50,2	30%	53,5	31%	-6,2%
of which MVNO	2,0	1%	2,7	2%	-26,3%
Voice	12,6	7%	9,5	5%	33,8%
Narrowband	1,6	1%	2,4	1%	-33,6%
B2B	13,5	8%	11,2	6%	20,5%
Media and VAS	17,2	10%	16,6	10%	3,7%
Other	1,1	1%	0,9	1%	18,7%
<b>Gross Margin</b>	<b>89,4</b>	<b>53%</b>	<b>90,5</b>	<b>52%</b>	<b>-1,2%</b>
<b>Operating costs</b>	<b>41,8</b>	<b>25%</b>	<b>42,8</b>	<b>25%</b>	<b>-2,3%</b>
Sales & Marketing costs	6,2	4%	6,6	4%	-5,9%
Personnel costs	25,8	15%	25,6	15%	0,6%
G&A costs	9,8	6%	10,6	6%	-6,9%
Other (Income) / Expenses	(7,5)	-4%	(5,8)	-3%	29,1%
<b>Gross Operating Result</b>	<b>55,0</b>	<b>33%</b>	<b>53,5</b>	<b>31%</b>	<b>2,8%</b>
Bad debt and other provisions	12,0	7%	17,0	10%	-29,5%
<b>EBITDA net of bad debts</b>	<b>43,0</b>	<b>25%</b>	<b>36,5</b>	<b>21%</b>	<b>17,9%</b>
<b>D&amp;A and Restructuring costs</b>	<b>35,2</b>	<b>21%</b>	<b>31,2</b>	<b>18%</b>	<b>13,0%</b>
<b>EBIT</b>	<b>7,8</b>	<b>5%</b>	<b>5,3</b>	<b>3%</b>	<b>nm</b>
<b>Net result of the Group</b>	<b>(3,4)</b>	<b>-2%</b>	<b>(5,3)</b>	<b>-3%</b>	<b>nm</b>



- **9M2013 revenues down YoY (-2,6%) :**
  - Strong performance of Business Service revenues (+20,5% vs 9M2012);
  - Decline in access segment BB, VOIP & MVNO (down 7,5% vs 9M2012) due to higher level of market competition (higher promotions);
  - Increase in the number of ADSL customers (+38K vs 9M2012);
  - Strong increase in Voice (up 33,8% vs 9M2012, of which EUR 3 mln in wholesale services);
- **Gross margin at EUR at 53%, slightly up respect to 9M2012 (at 52,2%)** notwithstanding the revenues decrease, thanks to direct costs rationalization and access fees reduction;
- **Operating costs down** at EUR 41,8 mln (-2,3%) respect to 9M2012;
- **Gross Operating Result** at EUR 55 mln (EUR 1,5 mln up vs 9M2012);
- **EBITDA EUR 6,5 mln up vs 9M2012 (+17,9%)** thanks to lower impact of bad debt provision (-5 mln EUR vs 9M2012);
- **EBIT positive at EUR 7,8 mln, EUR 2,5 mln up respect 9M2012**, notwithstanding a strong impact of restructuring costs (EUR 5,6 mln in 9M2013 vs EUR 0,5 mln in 9M2012, related to WOL settlement and debt restructuring)
- **Net income** negative at EUR 3,4 mln vs a negative net result of EUR 5,3 mln in the 9M2012.

EUR mln	3Q2013	% of rev.	3Q2012	% of rev.	Delta 3Q13/3Q12
<b>Revenues</b>	<b>54,4</b>	<b>100%</b>	<b>54,7</b>	<b>100%</b>	<b>-0,5%</b>
Access	40,4	74%	42,7	78%	-5,5%
of which ADSL	23,4	43%	24,8	45%	-5,4%
of which VOIP	16,4	30%	17,2	31%	-4,7%
of which MVNO	0,6	1%	0,8	1%	-27,9%
Voice	3,8	7%	3,1	6%	22,4%
Narrowband	0,4	1%	0,7	1%	-36,3%
B2B	4,6	8%	3,9	7%	18,4%
Media and VAS	4,7	9%	4,2	8%	12,2%
Other	0,5	1%	0,1	0%	370,7%
<b>Gross Margin</b>	<b>27,8</b>	<b>51%</b>	<b>29,2</b>	<b>53%</b>	<b>-4,7%</b>
<b>Operating costs</b>	<b>12,5</b>	<b>23%</b>	<b>15,2</b>	<b>28%</b>	<b>-17,7%</b>
Sales & Marketing costs	1,8	3%	2,4	4%	-25,7%
Personnel costs	8,3	15%	9,1	17%	-8,3%
G&A costs	2,4	4%	3,7	7%	-35,6%
Other (Income) / Expenses	(4,2)	-8%	(0,4)	-1%	899,7%
<b>Gross Operating Result</b>	<b>19,5</b>	<b>36%</b>	<b>14,4</b>	<b>26%</b>	<b>35,2%</b>
Bad debt and other provisions	3,7	7%	3,9	7%	-4,3%
<b>EBITDA net of bad debts</b>	<b>15,8</b>	<b>29%</b>	<b>10,5</b>	<b>19%</b>	<b>50,0%</b>
<b>D&amp;A and Restructuring costs</b>	<b>11,7</b>	<b>22%</b>	<b>10,4</b>	<b>19%</b>	<b>12,7%</b>
<b>EBIT</b>	<b>4,0</b>	<b>7%</b>	<b>0,1</b>	<b>0%</b>	<b>nm</b>
<b>Net result of the Group</b>	<b>0,3</b>	<b>0%</b>	<b>(3,0)</b>	<b>-5%</b>	<b>nm</b>

- QoQ slight decrease in revenue mainly driven by lower Access revenues, partially compensated by Voice services (+22,4%) and B2B up (+18,4%);
- Decrease in Gross margin (-4,7%);
- **Gross Operating Result EUR 5,1 mln up vs 3Q2012 (+35,2%), increase in Net Ebitda (+50%)** also thanks to higher other income contribution
- **Net income positive in the quarter at EUR 0,3 mln**

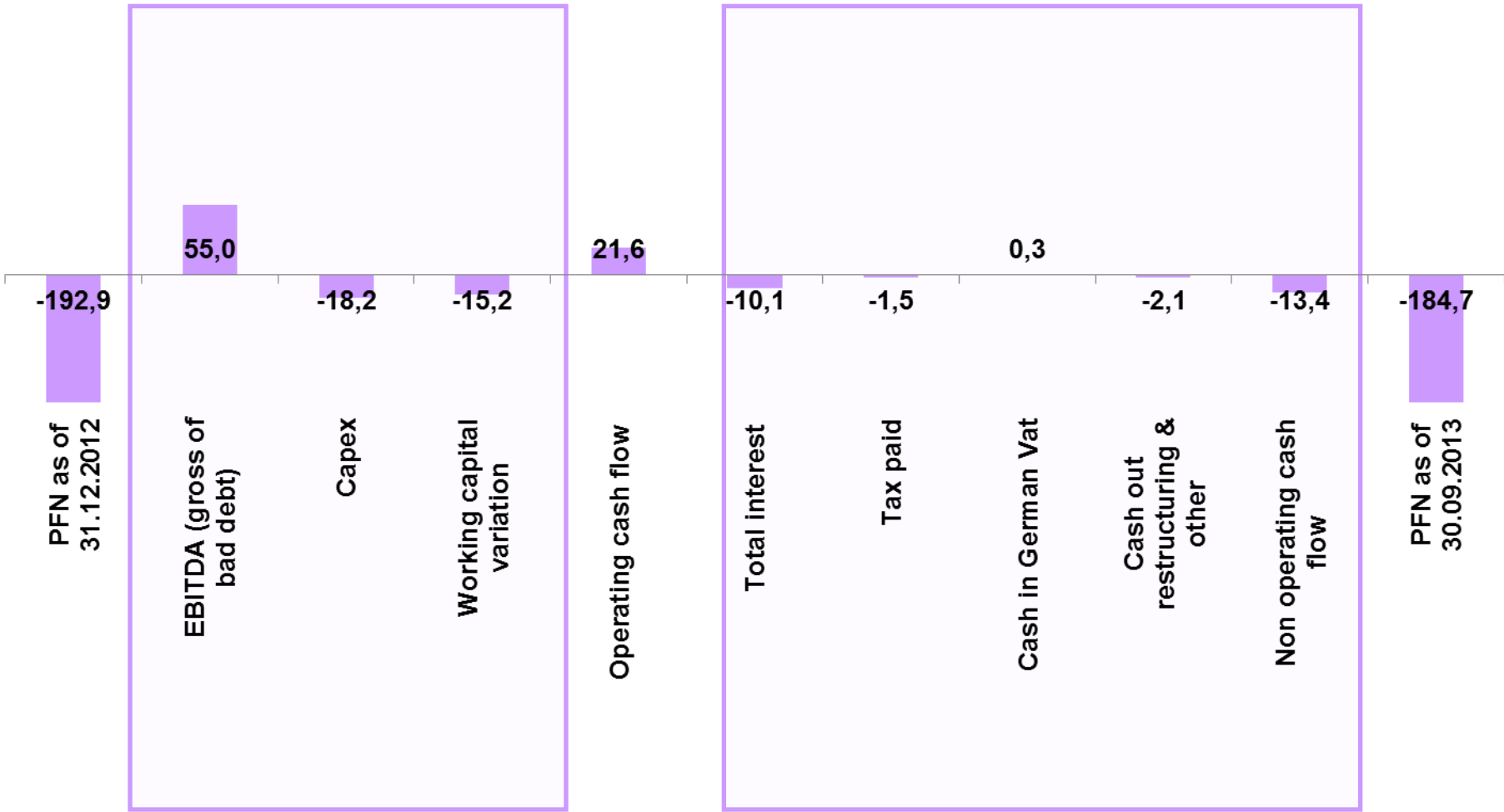
# Net Financial Position

<i>EUR Min</i>	30 September 2013	31 December 2012
A. Cash	8,7	4,4
B. Other liquid assets	0,1	0,1
C. Securities	-	-
<b>D. Total cash and other financial assets (A) + (B) + (C)</b>	<b>8,8</b>	<b>4,5</b>
<b>E. Current financial receivables</b>	<b>0,1</b>	<b>-</b>
<b>F. Non-Current financial receivables</b>	<b>6,4</b>	<b>6,3</b>
G. Current bank debt	6,0	6,3
H. Long term loans falling within one year	108,9	9,5
I. Other current financial debt (*)	0,3	0,1
<b>J. Current financial debt (G) + (H) + (I)</b>	<b>115,3</b>	<b>16</b>
<b>K. Net current financial debt (J) – (E) – (F) – (D)</b>	<b>100,1</b>	<b>5,1</b>
L. Non current bank loans	19,5	122,7
M. Bonds	-	-
N. Other non current debt (**)	58,8	58,6
<b>O. Non current financial debt (L) + (M) + (N)</b>	<b>78,3</b>	<b>181,3</b>
<b>P. Net Financial Debt (K) + (O)</b>	<b>178,3</b>	<b>186,5</b>
Other cash equivalents and non current financial receivables	6,4	6,4
<b>Consob Net Financial Debt</b>	<b>184,7</b>	<b>192,9</b>

(\*) includes financial leasing debts

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

Tiscali Group: 9M2013 – Cash Flow Analysis (EUR mln)



- Operating cash flow positive for EUR 21,6 mln;
- Free cash flow positive for EUR 16,2 mln (EUR 18,3 mln in 9M2012).

- Commercial activity mainly geared on low-cost acquisition channels proved to be successful, 4<sup>th</sup> quarter in a row of customer growth;
- Effort on business services paying off, leveraging infrastructure and know how;
- Media revenues still growing, despite contraction in digital market, on track to reach FY targets;
- Focus on OTT services:
  - New Indoona version launched in October 2013, including several new communication features, first WebRTC communication tool;
  - Streamago reached 35k channels, launched event-based package
  - Istella running on Tiscali portal, peaked 900 k daily searches;
- 2013 targets confirmed;
- 2014 financing discussion on-going.

## Disclaimer

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