

Tiscali Shareholders' Meeting approves 2004 accounts and appoints Board of Directors

Cagliari, 5 May 2005

■ Approval of 2004 accounts

Tiscali ordinary Shareholders' Meeting, held today in Cagliari, approved the annual accounts for the year ending 31 December 2004, confirming the figures approved by the board of directors on 29 March 2005.

2004 consolidated results show a significant improvement in revenues and profitability. With more than 7.4 million active users (including 1.65 million ADSL users, of whom more than 300,000 receive unbundled services), Tiscali improved its position as a provider of broadband services in Europe, holding a significant market share.

Last year, Tiscali also repositioned itself to focus on the markets with the greatest potential for value generation, as well as concentrating on the development of its unbundled networks in Italy and the Netherlands.

The migration of ADSL customers from wholesale to unbundled services is bringing higher margins, and allows the Group to provide its customers with value-added and Voice Over IP (VoIP) telephone services.

Tiscali's 2004 performance is summarised as follows:

- Revenues of EUR 1,080.6 million, up 20% on 2003 (+23% on a like-for-like basis).
- Gross profit of EUR 480.3 million, or 44% of total revenues. This is an increase of 6% on 2003.
- EBITDA at EUR 108.8 million (10% of revenues), up 46% on 2003 (+38% like-for-like).
- EBIT loss of EUR 119.6 million, a 48% decrease on the loss of EUR 228.9 million posted in 2003.

Once again in 2004, access services were the main revenue driver, accounting for 68% of the total revenues. The achievement of a critical mass of broadband users has led to a major change in the access revenues mix, with ADSL now accounting for a greater proportion of the total. The further implementation of an IP network has led to an improvement of its business division too, which saw its revenues grow. This area now accounts for 18% of total revenues.

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The growth in the number of ADSL users, which in the early stages mainly received wholesale services, caused gross margin as a proportion of revenues to contract gradually since the first few months of 2004. However, the implementation of the unbundled network, and the partial migration of broadband users thereon, caused this trend to reverse significantly in 4Q, leading to a positive outlook for 2005.

The sharp rise in revenues, coupled with greater efficiency on operating costs, caused an improvement in the EBITDA margin, which in 2004 stood at 10% (12% in Q4 2004).

The Group posted a pre-tax loss of EUR 269.1 million. This was a 9% decrease on the loss of EUR 295.6 million registered in 2003. The figure was affected by extraordinary items, comprising capital gains and losses from the disposal of certain assets, as well as extraordinary expenses relating to rationalisation and reorganisation measures introduced under the strategic plan implemented by Tiscali throughout 2004.

The Group posted a net loss of EUR 161.4 million (taking account of tax credits totalling EUR 110.7 million relating to the parent company and the UK subsidiary). This is a 34% decrease on the EUR 245.9 million net loss recorded in 2003, when tax credits totalled EUR 51.6 million.

At the end of 2004, Tiscali had cash resources of EUR 204.2 million, while its debt stood at EUR 359.6 million.

On 30 December 2004 Tiscali SpA launched a capital increase, issuing 18.4 million new shares with a total value of ca EUR 50 million.

■ Appointment of the Board of Directors

The ordinary Shareholders' Meeting also appointed a new, eight-member Board of Directors, whose mandate will last until the approval of the annual accounts at 31 December 2007. Most of the members of the previous board were reappointed. In addition two new directors have been appointed. The new board of directors comprises Vittorio Serafino, Rudolf Derk Huisman, Massimo Cristofori, Mario Rosso, Gabriele Racugno, Francesco Bizzarri, Victor Bischoff and Gabriel Pretre.

Francesco Bizzarri is an appreciated professional and a consultant for numerous companies in media and telecommunications. He has matured an important experience in managerial positions both in Italy and abroad in companies such as Pirelli and Telepiù, for which he participated as a founder to its launch. He then worked for the Marcucci Group, as general manager of the thematic TV, Videomusic, and head of the launch of the telecommunications company Nodalìs in 2000.

Gabriele Racugno is Professor of Commercial Law at the University of Cagliari. He is a lawyer and consultant in the commercial and banking sectors. He has been member and consultant for a number of Arbitrator Boards. He has already been on other Board of Directors and President and Statutory Auditor. He has been, among other assignments, member of the Board of Directors of the publishing company L'Unione Sarda, Vice President of Sardaleasing, President of the additional fund for the retirement funds of the employees of the Banco di Sardegna and member of the Council of the Banca d'Italia (Cagliari headquarter). Today, he is on the Board of Directors of the Banco di Sardegna.

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The meeting also renewed the mandate of the external auditors Deloitte & Touche SpA for the period 2005-2007.

The agenda items for the extraordinary session will be discussed by shareholders at a third meeting that will be called in compliance with Italian law and Tiscali's articles of association, the 16th May 2005.

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