

Tiscali's Board of Directors approves the results for the first quarter of 2013

Cagliari, Italy 14 May 2013

Tiscali S.p.A.'s Board of Directors has approved the results as at 31 March 2013

- **Consolidated revenues totalling EUR 55.9 million (EUR 59.7 million in 1Q2012);**
- **Total Broadband customers equating to 483 thousand, +4 thousand with respect to 4Q2012;**
- **Gross operating result at EUR 15.9 million (EUR 17.4 million in 1Q2012);**
- **Net EBITDA after provisions of EUR 12.7 million (EUR 14 million in 1Q2012)**
- **Positive Group EBIT of EUR 1 million (positive balance of EUR 4.1 million in 1Q2012);**
- **Group net loss of EUR 2.6 million, (profit of EUR 0.3 million in 1Q2012);**
- **Business Revenues at EUR 4.6 million (+26.8% YoY);**
- **Voice Revenues at EUR 4 million, up 16.9% YoY;**
- **Media Revenues at EUR 5.1 million (EUR 5.2 million in 1Q2012);**
- **Negative net financial position of EUR 191.1 million, an improvement with respect to the negative balance of EUR 195.8 million in the same period of 2012.**

Tiscali's Board of Directors has approved the quarterly report as at 31 March 2013. The results have been affected by a particularly competitive market context. A Context in which the company continues to endeavour with regard to both the traditional business and innovation, launching three innovative services with great growth potential, such as Indoona, Istella and Streamago. These services fall within the strategy undertaken over the last few years, which envisages the coverage of a larger portion of the supply chain on the telecommunications market.

Tiscali Group: Consolidated revenues at EUR 55.9 million

Tiscali Group revenues during the first quarter of 2013 came to EUR 55.9 million, down with respect to the balance of EUR 59.7 million recorded in the same quarter of 2012.

During the first quarter of 2012, internet access and voice services – the Group's core business – represented around 81% of total turnover. The Gross Operating Result before provisions came to EUR 15.8 million compared with EUR 17.4 million in the 1Q2012 (-9% YoY).

As at 31 March 2013, the number of ADSL customers came to around 483 thousand (a growth with respect to the corresponding figure of 479 thousand in 1Q2012) of which 348.5 thousand are direct customers (LLU). The growth recorded (for the 2nd quarter in a row) depends largely on the good performance of the pull channels (web and inbound) and the strong competitiveness of consumer and SOHO offers.

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REVENUES BY BUSINESS LINE

Access: equal to 75% of total revenues

The segment in question, which includes revenues from broadband (ADSL) and narrowband (dial-up) internet access services, the flat component of the bundled offers and VoIP, generated revenues during the quarter of EUR 41.9 million, representing around 75% of the Group's total revenues, down compared to the figure for the same period in 2012 (EUR 47 million). The decrease is attributable to the ongoing decrease in the narrowband segment (-25.1% YoY) and the decrease in the average revenue per user as a result of the impact of promotions applied to new customers.

Voice: 7.2% of total revenues

The Voice segment includes traditional and wholesale telephone services. During the first quarter of 2012, voice service revenues came to EUR 4 million (+16% YoY), compared to the figure of EUR 3.4 million registered in the 1Q2012.

Business Services: 8.2% of revenues

Revenues from business services (VPN, housing, hosting services, domains and leased lines), excluding those from access and/or voice products for the same customer base already included in their respective business segments, amounted in the first quarter of 2013 to EUR 4.6 million, up 26.8% with respect to the EUR 3.6 million in the 1Q2012.

Media and value added services: 9.1 of total revenues

In the first quarter of 2013, the revenues in the media and added value services segment amounted to EUR 5.1 million, substantially in line with the corresponding figure for the same period in 2012 (EUR 5.2 million). Despite the slight decline, the result on the digital advertising is particularly satisfactory in light of the strong stagnation in place on both traditional media and online advertising market.

GROSS OPERATING RESULT (EBITDA)

The Gross Operating Result for the quarter, before provisions for risks, write-downs, depreciation and amortisation, came to EUR 15.9 million, down with respect to the corresponding balance of EUR 17.4 million in the first quarter of 2012 (-9% YoY).

EBITDA net of write-downs of receivables and other provisions was EUR 12.7 million, down compared with the same balance for the 1Q2012 of EUR 14 million (-9.7% YoY).

Indirect operating costs during the first quarter of 2013 came to EUR 14.3 million (25.6% of revenues) in line with the same balance last year (EUR 14.3 million, 23% of revenues).

OPERATING RESULT (EBIT)

The operating result (EBIT) for the first quarter of 2013, net of provisions, write-downs and restructuring costs, revealed a positive balance of around EUR 1 million, down with respect to the positive balance of around EUR 4.1 million in the same period last year. The decrease was mainly due, as well as to the reduction in gross operating result, to restructuring charges of EUR 1.8 million mainly relating to the process of rescheduling of the existing financial debt.

NET RESULT

The Group's net result was a loss of EUR 2.5 million, compared with a positive balance of EUR 0.3 million reported in the same period of 2012.

Financial position

As at 31 March 2013, the Tiscali Group held cash and bank deposits totalling EUR 5.6 million, against net financial debt, at the same date, of EUR 191.1 million (EUR 192.9 million as at 31 December 2012).

<i>(EUR mln)</i>	Notes	31 March 2013	31 December 2012
A. Cash and Bank deposits		5.5	4.4
B. Other cash equivalents		0.1	0.1
C. Securities held for trading			
D. Cash and cash equivalents (A) + (B) + (C)		5.6	4.5
E. Current financial receivables			-
F. Non-current financial receivables	(1)	6.3	6.3
G. Current bank payables	(2)	4.3	6
H. Current portion of non-current debt	(3)	8.9	9.5
I. Other current financial payables (*)	(4)	0.7	0.1
J. Current financial debt (G) + (H) + (I)		14.0	16.0
K. Net current financial debt (J) – (E) – (D) – (F)		2.1	5.1
L. Non-current bank payables	(5)	124.1	122.7
M. Bonds issued			
N. Other non-current payables (**)	(6)	58.6	58.6
O. Non-current financial debt (N) + (L) + (M)		182.6	181.3
P. Net Financial Debt (K) + (O)		184.7	186.5

(*) includes short-term leasing payables

(**) includes long-term leasing payables

Notes:

- (1) Includes the bank payables of Tiscali Italia S.p.A. and Tiscali S.p.A. for EUR 4.3 million;
- (2) Includes the short-term component equal to EUR 8.9 million relating to payables to Senior Lenders, which includes principal and interest portions repayable within 12 months;
- (3) Includes EUR 0.7 million of short-term leasing of the subsidiary Tiscali Italia S.p.A.;
- (4) The entire amount of EUR 124.1 million relates to the long-term component of the debt due to Senior Lenders;
- (5) Includes the "Sale and Lease Back Sa Illetta" debt for EUR 58.1 million.

In order to ensure consistency with the data provided in previous reports, the above table includes guarantee deposits under other cash equivalents and non-current financial receivables. The table below provides a reconciliation of the above financial position with the same statement prepared in accordance with Consob Communication DEM/6064293 dated 28 July 2006, so as to provide clarity.

(EUR mln)	31 March 2013	31 December 2012
Consolidated net financial debt	184.7	186.5
Other cash equivalents and non-current financial receivables	6.4	6.4
Consolidated net financial debt prepared on the basis of Consob communication No. DEM/6064293 dated 28 July 2006	191.1	192.9

Investments were made during the quarter for around EUR 6.1 million essentially relating to the acquisition of new customers, compared with the same figure in the 1st quarter of 2012 which came to EUR 6.4 million.

Significant events during the first quarter of 2013

Tiscali S.p.A.: 2012 draft financial statements approved

On 29 March 2013, Tiscali's Board of Directors approved the 2012 draft financial statements.

Business outlook and prospects

The market context sees great pressure on margins deriving from the strong competition on TLC services, and an area of forecast growth on web and Over The Top services. In this scenario, the Company is concentrating its management efforts on rationalisation and turning the user base to profit, with particular attention to containing the churn and focusing on the acquisition of customers in the LLU covered areas. This action was aimed at improving the cash flow generation to service financial debt and working capital.

The development of new converging communication and rich communication services (such as **indoona** and **streamago**) plays an important role for the purpose of more efficiently using the IT and network infrastructure and improving the user experience. Furthermore, in March the brand new service Istella has been launched, the search engine dedicated to the Italian web and open to users' contributions.

With regard to the Media segment, the objective is to consolidate the market positioning of the network and thus continue with the growth process undertaken, capitalizing at its best the relaunch of advertising investment by companies and the progressive migration to web advertising

The results presented confirm the endeavour made by management with regard to the operational management so as to maintain satisfactory performances despite the difficult macro-economic context and particularly challenging competitive market situation.

The Group's senior debt includes financial and operating covenants. As at 31 March 2013, said covenants had been observed.

Note that the interim management report as at 31 March 2013 shall be made available to the general public as per the formalities and within the deadlines laid down by law.

<i>(EUR mln)</i>		
CONSOLIDATED INCOME STATEMENT	31 March 2013	31 March 2012
Revenues	55.9	59.7
Other income	2.2	0.5
Purchase of materials and outsourced services	33.6	33.8
Payroll and related costs	9.0	8.9
Other operating costs / (income)	(0.3)	0.1
Gross operating result	15.9	17.4
Write-downs of receivables from customers	3.2	3.4
EBITDA	12.7	14.0
Restructuring costs, provisions for risk reserves and write-downs	1.8	0.1
Amortisation/depreciation	9.8	9.8
Operating result (EBIT)	1.1	4.1
Net financial income (charges)	(3.3)	(3.5)
Pre-tax result	(2.2)	0.7
Income taxes	(0.4)	(0.3)
Net result from operating activities (on-going)	(2.6)	0.3
Result from assets disposed of and/or destined for disposal	0.0	(0.0)
Net result	(2.6)	0.3
Minority interests	0.0	0.0
Group Net Result	(2.6)	0.3

CONSOLIDATED BALANCE SHEET <i>(EUR mln)</i>	31 March 2013	31 December 2012
Non-current assets	174.1	177.7
Current assets	77.6	76.3
Total Assets	251.7	254.0
Group shareholders' equity	(148.5)	(145.9)
Shareholders' equity pertaining to minority shareholders	0.0	0.0
Total Shareholders' equity	(148.5)	(145.9)
Non-current liabilities	193.5	192.5
Current liabilities	206.7	207.3
Total Liabilities and Shareholders' equity	251.7	254.0

STATEMENT OF THE APPOINTED EXECUTIVE

I, the undersigned, Pasquale Lionetti, Executive in charge of drawing up Tiscali S.p.A.'s corporate accounting documents, hereby declare in pursuance of Article 154 bis, section 2 of Italian Legislative Decree No. 58/98, as amended, that the accounting disclosure contained in this press release is consistent with the documental results, the books and ledgers and the accounting records.

Pasquale Lionetti



Executive in charge of drawing up the Company's accounting documents

This press release contains certain forward-looking statements based on current expectations and projections in relation to future events. These forward-looking statements may be affected by known or unknown risks, uncertain events and the assumptions made. This press release also contains unaudited pro forma financial data. Tiscali does not undertake to publish updates or modify any forward-looking statements, either to provide new information or in response to future events or other circumstances. In light of the aforementioned risks, uncertainties and assumptions, the forward-looking statements contained in this press release may not come to fruition. Any statement relating to past performance or activities should not be considered a guarantee of future performance or of such activities continuing in the future.

Information on Tiscali

Tiscali S.p.A. (Borsa Italiana. Milan: TIS) is one of the leading alternative telecommunications companies in Italy. Tiscali provides its private and business customers with a vast range of services: Internet access through dial-up and ADSL, as well as voice, VoIP, media, and added-value services and other technologically advanced products.

As at 31 March 2013 Tiscali reported around 483 thousand ADSL customers. Of these, more than 352 thousand are Dual Play customers

The Tiscali website may be accessed at www.tiscali.it.

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