

Cagliari, 13 November 2015

Tiscali S.p.A.'s Board of Directors has approved the results as at 30 September 2015.

- Consolidated revenues in the first nine months of the year at EUR 153.2 million (EUR 158.8 million in the first 9 months of 2014);
- Gross operating result at EUR 47.7 million, 28.5% up YoY (EUR 37.1 million in the first 9 months of 2014);
- Net EBITDA after write-downs and receivables and other provisions of EUR 33.8 million, 12.3% up YoY (EUR 30.1 million in the first 9 months of 2014);
- Positive Group EBIT in the first 9 months of 2015 of EUR 6.9 million (compared with a positive balance of EUR 2.2 million in the first 9 months of 2014);
- Group Net Loss of EUR 6,1 million, an improvement with respect to the negative balance of EUR 9.5 million as at 30 September 2014;
- Access Revenues at EUR 114.3 million, slightly down with respect to the correspondent figure in 2014 (EUR 115 million in the first 9 months of 2014);
- Total active customers at 573.1 thousand, of which Broadband customers equating to about 449.8 thousand and mobile customers at 113.7 thousand;
- Negative net financial position of EUR 189.7 million, an improvement of 4.3% YoY.

## Tiscali Group

Tiscali Group revenues during the first nine months of 2015 came to EUR 153.2 million, down with respect to the balance of EUR 158.8 million recorded in the first nine months of 2014.

During the first nine months of 2015, internet access and voice services – the Group's core business – represented around 80% of turnover. The Gross Operating Result before provisions came to EUR 47.7 million, a sharp improvement compared with EUR 37.1 million in the first 9 months of 2014 (+28.5% YoY and 31.1% of total revenues).

As at 30 September 2015, the number of active customers was 573.1 thousand, down 3.8 thousand compared to the correspondent figure in 2014 (576.9 thousand). 449.8 thousand were ADSL customers, down compared to the correspondent figure in 2014 of 483.8 thousand. This reduction is partly due to the massive cancellation of about 14.6 thousand non paying and non active customers in the first nine months of 2015. We also report the excellent performance of the mobile telephony segment, which benefited since the beginning of 2015 of the launch of the new very competitive flat offers. In the period, the number of active SIM was about 113.7 thousand, significantly up compared to the same figure in 2014 of 78.9 thousand customers.

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## REVENUES BY BUSINESS LINE

### **Access: 74.6% of total revenues**

The segment in question, which includes revenues from broadband (ADSL) internet access services, the flat component of the bundled offers and VoIP, generated revenues during the first nine months of 2015 for EUR 114.3 million, slightly down (-0.6% YoY) compared to the figure for the same period in 2014 (EUR 115 million).

### **Narrowband: 0,6% of total revenues**

The narrowband segment recorded EUR 0.8 million at 30 September 2015, a physiological decline compared to the correspondent figure of 2014, equating to EUR 1 million.

### **Voice: 5.6% of total revenues**

The Voice segment includes traditional and wholesale telephone services. During the first nine months of 2015, voice service revenues came to EUR 8.6 million (-23.3% YoY), compared to the figure of EUR 11.2 million in the same period of 2014.

### **Business Services: 8.9% of total 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 nine months of 2015 to EUR 13.6 million, down 5.8% with respect to the EUR 14.4 million in the first nine months of 2014.

### **Media and value added services: 9.7% of revenues**

In the first nine months of 2015, the revenues in the media and added value services segment amounted to EUR 14.9 million, down with respect to the figure for the same period in 2014 (EUR 15.7 million).

## GROSS OPERATING RESULT

The Gross Operating Result for the first nine months of 2015, before provisions for risks, write-downs, depreciation and amortisation, came to EUR 47.7 million, a sharp improvement with respect to the corresponding balance of EUR 37.1 million in the same period of 2014 (+28.5% YoY). The gross operating result mainly reflects the positive effect from non-recurring transactions concluded during the period.

The EBITDA, net of write-downs of receivables and other provisions came to EUR 33.8 million (22.1% of total revenues) in the first nine months of 2015, up 12.3% with respect to the comparable figure for 2014 (EUR 30.1 million, 19% of total revenues).

**Indirect operating costs** during the first nine months of 2015 came to EUR 42.3 million (27.6% of total revenues), down compared with the same balance last year (EUR 43 million, 27.1% of total revenues).

## **OPERATING RESULT (EBIT)**

The operating result (EBIT) for the first nine months of 2015, net of provisions, write-downs and restructuring costs, revealed a positive balance of EUR 6.9 million with respect to the positive balance of EUR 2.2 million in the same period last year.

## **NET RESULT**

The Group's net result in the first nine months of 2015 was negative for EUR 6.1 million, a sharp improvement with respect to the negative figure of EUR 9.5 million in the first nine months of 2014.

## FINANCIAL POSITION

As at 30 September 2015, the Tiscali Group held cash, cash equivalents and bank deposits totalling EUR 4.9 million, against net financial debt, at the same date, of EUR 182.4 million (EUR 192.6 million as at 31 December 2014).

<i>(EUR mln)</i>	Notes	30 September 2015	31 December 2014
A. Cash and Bank deposits		4.9	4.8
B. Other cash equivalents		0.0	0.0
C. Securities held for trading		-	-
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>		<b>4.9</b>	<b>4.8</b>
<b>E. Current financial receivables</b>	(1)	<b>6.1</b>	<b>0.1</b>
F. Non-current financial receivables	(2)	7.3	6.9
G. Current bank payables	(3)	16.0	12.5
H. Current portion of non-current debt	(4)	52.5	52.8
I. Other current financial payables (*)	(5)	8.9	10.6
<b>J. Current financial debt (G) + (H) + (I)</b>		<b>77.4</b>	<b>75.9</b>
<b>K. Net current financial debt (J) – (E) – (D) – (F)</b>		<b>59.0</b>	<b>64.1</b>
L. Non-current bank payables	(6)	72.2	80.5
M. Bonds issued		0.0	0.0
N. Other non-current payables (**)	(7)	51.2	48.0
<b>O. Non-current financial debt (N) + (L) + (M)</b>		<b>123.4</b>	<b>128.5</b>
<b>P. Net Financial Debt (K) + (O)</b>		<b>182.4</b>	<b>192.6</b>

### Notes:

- (1) Includes the amount of the deposit related to debt Sale and Lease Back Sa Illetta for EUR 6.1 million;
- (2) Includes mainly the escrow on the Race CONSIP
- (3) Includes bank debt of Tiscali Italia S.p.A and Tiscali S.p.A. and Vevisible s.r.l.;
- (4) Includes EUR 52.5 million of the short term amount of the debt to Senior Lenders;
- (5) Includes the short term Leasing of Sa Illetta of Tiscali Italia S.p.A;
- (6) Includes EUR 72.2 million of the long term amount of the debt to Senior Lenders;
- (7) Includes the long term debt "Sale and Lease Back Sa Illetta".

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 No. DEM/6064293 dated 28 July 2006 as shown in the explanatory note:

<i>(EUR mln)</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
<b>Consolidated net financial debt</b>	<b>182.4</b>	<b>192.6</b>
Other cash equivalents and non-current financial receivables	7.3	6.9
<b>Consolidated net financial debt prepared on the basis of Consob communication No. DEM/6064293 dated 28 July 2006</b>	<b>189.7</b>	<b>199.5</b>

Investments were made during the first nine months of 2015 for around EUR 24.3, compared with the same figure at 31 December 2014 which came to EUR 20.8 million, and mainly related to the extension and development of the network, of IT services and the installation and activation of new ADSL customers, as well as the purchase of machinery for new projects Istella and Indoona.

## **Significant events during the first nine months of 2015**

### Company incorporation Streamago Inc.

On July 8, 2015 was established the company "Streamago Inc", headquartered in Dover, in the State of Delaware (USA). The company aims to develop and promote Streamago in terms of technology and business.

### Merger of the Tiscali Group and Aria

On 15 July 2015 the Board of Directors of Tiscali has authorized the Chairman to proceed with the signing of the definitive agreement aimed at the merger of the Company with the Aria Group, signed on 16 July 2015. It is expected that the operation will strengthen the industrial and financial position of Tiscali, consolidating customer segments in consumer and business broadband access to landline and mobile and creating a unique operator in the domestic market that can offer throughout Italy ultra broadband access services through the combination of the two network infrastructures.

### Approval by the Shareholders' Meeting of the merger of Aria Italia S.p.A. in Tiscali S.p.A.

As already communicated to the market, on July 16, 2015 was signed by Tiscali, Aria Telecom Holdings BV and Otkritie Disciplined Equity Fund an agreement on the integration of the Tiscali Group and the Aria Group, active in telecommunications and Internet mode WiMax access.

In execution of this agreement, on September 29, 2015 the Extraordinary Shareholders' Meeting of Tiscali has approved the merger of Aria Italia S.p.A. (The holding company for the Aria Group's activities) in Tiscali S.p.A. Completion of the transaction is subject to certain conditions precedent according to market practice, including the consent of senior lenders of the Group under the restructuring agreements signed in December 2014. At present, the company is involved in the necessary activities for the fulfillment of the conditions precedent not yet occurred.

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This integration will strengthen the industrial and financial position of Tiscali, consolidating customer segments in consumer and business broadband fixed and mobile access, creating a single operator in the domestic market that can offer throughout Italy ultra broadband access services through the combination of the two network infrastructures and ensuring that the Company has the financial resources needed to repay the debts towards senior lenders in the amount of EUR 42.4 million.

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## Events after the 30 September 2015

### Restructuring of the Leasing Agreement Sa Illetta

On 2 October 2015, the Group signed with the pool of leasing led by Mediocredito Italiano an agreement modifying the Lease Agreement, which provides for the remodeling of the same contract in the terms provided in the commitment expressed by the same pool of lease to the Company in June 2015.

### **Business outlook and prospects**

Tiscali is engaged in a complex process of consolidating its positions in traditional business combined with the required service innovation and the development of its position on the Public Administration which will take place thanks to the recent award of the tender SPC.

As for the integration operation with the Air Group, it will strengthen the industrial and financial position of Tiscali, consolidating consumer and business customer segments in the broadband access, both landline and mobile, and creating a single operator in the domestic market able to offer throughout Italy ultra broadband access services through the combination of the two network infrastructures.

As for the consumer segment of the fixed network, the major focus will continue to be placed on customer acquisitions mainly through the web and inbound channels. In addition, in July the of ultra-broadband services have been launched: this commercial development will further expand the range of services portfolio and contribute to the increase in ARPU. On the basis of the growth recorded in the last 12 months Tiscali tip on expanding its customer base of mobile services.

On the market for business services, management attention will be placed on the enlargement of the customer base on traditional services and innovative ones, among which a major role is played by Open Net (wifi service) and streaming. At the same time, the management is involved in all the preparatory activities for the implementation of the contracts that will result from the recent award of the tender SPC. It is expected that the positive outcome of the awarded bid SPC can allow a substantial dimensional shift for the service offered to the public administration, thus allowing to maximize the use of the IT and network infrastructure of the company.

As for the segment of digital media, the first nine months saw a marginal decline in the level of revenues, whose reasons are described above. Nevertheless, the company is convinced that the historical undersizing the digital advertising market in Italy compared to traditional media has to be covered. Thus said, the model of digital media will increase more and more in importance in the business model of Tiscali thanks to the expansion of network traffic (tiscali.it and partner sites) and enlargement of the commercial furniture to the new digital mobile platforms.

On a parallel, the considerable commitment on innovation continues, with specific focus on the Indoona Streamera, the new search engine Istella and the brand new app Streamago, for which work will be carried out so as to extend the customer base and usage rates, so to turn the audience reached to profit.

The Group's senior debt includes financial covenants. As at 30 September 2015, said covenants had been observed.

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Note that the interim management report as at 30 June 2015 shall be made available to the general public as per the formalities and within the deadlines laid down by law.

<b>CONSOLIDATED INCOME STATEMENT</b> <i>(EUR mln)</i>	<b>30 September 2015</b>	<b>30 September 2014</b>
Revenues	153.2	158.8
Other income	14.6	1.6
Purchase of materials and outsourced services	98.8	98.8
Payroll and related costs	26.3	25.5
Other operating costs / (income)	(4.9)	(1.0)
<b>Gross operating result</b>	<b>47.7</b>	<b>37.1</b>
Write-downs of receivables from customers	13.8	7
<b>EBITDA</b>	<b>33.8</b>	<b>30.1</b>
Restructuring costs, provisions for risk reserves and write-downs	0.5	0.6
Amortisation/depreciation	26.4	27.4
<b>Operating result (EBIT)</b>	<b>6.9</b>	<b>2.2</b>
Net financial income (charges)	(12.7)	(11.0)
<b>Pre-tax result</b>	<b>(5.8)</b>	<b>(8.9)</b>
Income taxes	(0.3)	(0.6)
<b>Net result from operating activities (on-going)</b>	<b>(6.1)</b>	<b>(9.5)</b>
Result from assets disposed of and/or destined for disposal	0.0	0.0
Net result	(6.1)	(9.5)
Minority interests	0.0	0.0
<b>Group Net Result</b>	<b>(6.1)</b>	<b>(9.5)</b>



<b>CONSOLIDATED BALANCE SHEET</b> <i>(EUR mln)</i>	<b>30 September 2015</b>	<b>31 December 2014</b>
Non-current assets	145.7	147.9
Current assets	59.3	60.1
<b>Total Assets</b>	<b>205.0</b>	<b>207.9</b>
Group shareholders' equity	(174.8)	(168.8)
Shareholders' equity pertaining to minority shareholders	0.0	0.0
<b>Total Shareholders' equity</b>	<b>(174.8)</b>	<b>(168.8)</b>
Non-current liabilities	132.8	137.0
Current liabilities	247.0	239.8
<b>Total Liabilities and Shareholders' equity</b>	<b>205.0</b>	<b>207.9</b>

## 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



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## 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, ADSL and Fiber Optic technology, as well as voice, VoIP, media, and added-value services and other technologically advanced products.*

*As at 30 September 2015 Tiscali reported around 573.1 active customers, of which 449.8 thousand were ADSL customers and over 113.7 thousand are mobile customers.*

*The Tiscali website may be accessed at [www.tiscali.it](http://www.tiscali.it)*

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