

**Tiscali shareholders' meeting:  
2003 accounts approved  
Ruud Huisman and Massimo Cristofori appointed to the board**

**Cagliari, 6 May 2004**

- **Approval of 2003 results**

The annual accounts for the year ending 31 December 2003 were approved at the Tiscali ordinary shareholders' meeting today, confirming the figures approved by the board of directors on 5 April.

2003 was a year of strong growth for the group: with 7 million dial-up clients in Europe, Tiscali established itself as a provider of broadband services thanks to the improvement in the regulatory situation and an effective and targeted commercial policy.

ADSL user numbers increased from 214,000 at end-2002 to 840,000 at 31 December 2003. The new adds rate continues to grow, and the company had signed up 1,240,000 ADSL users as of 31 March 2004.

A key feature of 2003 was the ongoing improvement in profitability at EBITDA level, which was positive for the fifth quarter in a row. The EBITDA margin is also improving continually (8.2% of revenues). EBITDA breakeven has now been achieved in all of Tiscali's main markets.

2003 highlights were as follows:

- revenues totalled EUR 901 million, up 20% on the previous year and mostly the result of organic growth
- gross profit came in at EUR 455.1 million, up 25% on the previous year; the gross margin expanded to 51% of revenues versus 49% in 2002
- EBITDA was EUR 74.7 million (8.2% of revenues), up from just EUR 1 million in 2002
- net losses more than halved versus 2002, from EUR 593.1 million to EUR 242.4 million

The positive effect on the bottom line came from:

- changes in the estimated residual life of intangible (goodwill) and tangible assets, which reduced depreciation and amortisation charges by EUR 142 million in 2003 (of which EUR 130 million related to goodwill)

- the booking of deferred tax credits of EUR 51.6 million relating to the subsidiaries that made a pre-tax profit in 2003 (in the Netherlands and South Africa)

Investments in 2003 totalled EUR 129.6 million, of which around EUR 30 million was spent on the new headquarters in Cagliari. In the second half of the year, investment began in the roll out of the infrastructure necessary to support unbundled ADSL services in the Netherlands.

- **Financial resources and debt**

The table below shows the group's cash and debt position as of 31.12.2003.

<b>Cash</b>	<b>EUR 203.5 million</b>
<i>current accounts</i>	<b>EUR 130.4 million</b>
<i>investments in short-term money market instruments</i>	<b>EUR 73.1 million</b>
<b>Investments other than non-current assets</b>	<b>EUR 129.7 million</b>
<i>escrow accounts</i>	EUR 51.8 million
<i>tax credits and grants*</i>	EUR 77.2 million
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>EUR 332.5 million</b>
<b>Bonds due July 2004</b>	<b>EUR 80.3 million</b>
<b>Bonds due July 2005</b>	<b>EUR 250.0 million</b>
<b>Equity-linked bonds in September 2006</b>	<b>EUR 209.5 million</b>
<b>Bond Telinco</b>	<b>EUR 0.8 million</b>
<b>Loans and other long-term debt</b>	<b>EUR 33.5 million</b>
<b>Other short-term financial liabilities</b>	<b>EUR 38.0 million</b>
<b>GROSS DEBT 1</b>	<b>EUR 612.1 million</b>
<b>Liabilities to other lenders **</b>	<b>EUR 43.5 million</b>
<b>GROSS DEBT 2</b>	<b>EUR 655.6 million</b>
<b>NET DEBT 1</b>	<b>EUR 279.6 million</b>
<b>NET DEBT 2</b>	<b>EUR 323.1 million</b>
<b>PRO FORMA NET DEBT 1</b>	<b>EUR 70.1 million</b>
<b>PRO FORMA NET DEBT 2</b>	<b>EUR 113.6 million</b>
<i>(assuming full conversion of the equity-linked bonds)</i>	
* Mainly tax refunds applied for and expected to be received before end-2004	
** Mainly includes leasing payments	

- **Huisman and Cristofori join the board of directors**

The shareholders' meeting also approved a proposal to increase the number of directors from six to eight, and Ruud Huisman and Massimo Cristofori were appointed

to the board. At the board of directors' meeting to be held on 13 May for approval of Tiscali's first quarter 2004 results, Ruud Huisman will be appointed CEO of the group.

- **Extraordinary session**

In compliance with the reform of company law that came into effect on 1 January 2004, the extraordinary session of Tiscali's shareholders' meeting approved the following amendments to its articles of association: article 2 (Registered office); article 6 (Calling the shareholders' meeting); article 8 (Attendance at shareholders' meetings); article 12 (Board of directors' meetings); article 14 (Directors' powers); article 18 (Board of auditors).

In addition, a reserved capital increase was approved, consisting of the issue of 1,060,249 ordinary shares in Tiscali SpA, for the contribution in kind of a credit of GBP 3.3 million held by the British company Via Net.Works UK Ltd.

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