

## Communication to the market as per Art. 114 par. 5 Leg. Decree No. 58/98

Cagliari, October 31, 2017

In compliance with Consob request sent to the Company on July 14, 2009, pursuant to article 114, paragraph 5 of the Law Decree No. 58/98, the Company hereby provides to the market the following information concerning the Tiscali Group as at September 30, 2017.

### NET FINANCIAL POSITION OF THE TISCALI GROUP AND OF TISCALI SPA, SHORT-TERM AND MEDIUM TO LONG-TERM COMPONENTS HIGHLIGHTED

<i>Eur (000)</i>	Note	Tiscali Group September 30, 2017	Of Which: Tiscali S.p.A. Sept. 30, 2017
A. Cash and bank deposits		4,370	117
B. Other Cash Equivalent			
C. Securities held for trading			
<b>D. Current Assets (A) + (B) + (C)</b>		<b>4,370</b>	<b>117</b>
<b>E. Current financial receivables</b>		<b>2</b>	
<b>F. Non-current financial receivables</b>			
G. Current bank payables		9,458	
H. Current Portion of Issued Bonds	(1)	597	597
I. Current Portion of non-current debt	(2)	22,121	
J. Other current financial debt	(3)	18,034	
<b>K. Current financial debt (G) + (H) + (I) + (J)</b>		<b>50,299</b>	<b>597</b>
<b>L. Net current financial debt (J) – (E) – (D) – (F)</b>		<b>45,927</b>	<b>480</b>
M. Non-current bank payables	(4)	71,583	
N. Issued Bonds	(5)	18,163	18,163
O. Other non-current debts	(6)	53,375	
<b>P. Non-current financial debt (M) + (N) + (O)</b>		<b>143,122</b>	<b>18,163</b>
<b>Q. Net financial debt (L) + (P)</b>		<b>189,048</b>	<b>18,643</b>

#### Note:

- (1) Includes the short-term amount of the convertible loan with Rigensis Bank e Otkritie Capital International Limited.
- (2) Includes the short-term amount of the senior loan with Banca Intesa / BPM for EUR 17.8 million, and the short-term amount of other long term banking loans for EUR 4,2 million.
- (3) Includes the short-term amount of the "Sale and Lease Back Sa Illetta" leasing loan for EUR 10.9 million, the short-term portion of finance lease payables related to investments in the network infrastructure for EUR 6.5 million and the short-term portion of the loans granted by the Ministry for Education and University and by the Minister for Economic Development for EUR 0.6 million;

- (4) *Includes the long-term amount of the senior loan with Banca Intesa / BPM for EUR 69.3 million and other long-term loans for EUR 2.3 million.*
- (5) *Includes the long-term amount of the convertible bond with Rigensis Bank e Otkritie Capital International Limited.*
- (6) *Includes the long-term amount of the “Sale and Lease Back Sa Illetta” leasing loan for EUR 41.4 million, the long-term portion of finance lease payables related to investments in the network infrastructure for EUR 11.9 million and the short-term portion of the loans granted by the Ministry for Education and University and by the Minister for Economic Development for EUR 0.1 million.*

It should be noted that there are ongoing negotiations with Financial Institutions (Banca Intesa and BancoBpm) aimed at obtaining a standstill agreement on payments due under the *Second Facility Agreement*. A request for standstill on the payments owed to them in September 2017 and March 2018 for capital and interests was formalized.

On September 15, Tiscali received two confirmations from both Financial Institutions, in which the lenders communicated, even without entering into irrevocable commitments, that they have started the preliminary activities and that at their end, the standstill requests made by Tiscali will be submitted to the competent deliberative bodies.

Similarly, negotiations are ongoing to obtain a standstill on payments due under the ‘Sale & Lease Back Sa Illetta’ contract. On September 19, Mediocredito Italiano and Unicredit Leasing sent a statement in which they stated that they had initiated the preliminary activities.

#### **OVERDUE DEBT POSITIONS OF THE TISCALI GROUP AS AT SEPTEMBER 30, 2017**

As at September 30, 2017, net overdue trade payables amounted to EUR 41.0 million (net of payment plans agreed with suppliers and net of credit amounts or claims against the same suppliers).

As at the same date, overdue financial debts amounted to EUR 17.1 million (net of credit positions).

There were also overdue tax debts for approximately EUR 14.8 million, as well as overdue debts towards social security institutions amounting to EUR 0,1 million.

#### **POSSIBLE REACTIONS OF THE CREDITORS OF THE GROUP AS AT SEPTEMBER 30, 2017**

There have been no suspensions of relationships with suppliers capable of affecting the course of business.

As at September 30, 2017, the group received reminders for payment only within the ordinary course of business. As at that date, the injunctions for payment received by the Company and not paid off as they were still in negotiation or opposition amounted to EUR 10.4 million, while the total injunctions for payment received amounted to EUR 14.1 million.

## RELATIONSHIPS WITH TISCALI S.P.A. AND THE TISCALI GROUP RELATED PARTIES

The Tiscali Group holds relationships with related parties on terms deemed as customary in the respective reference markets, taking into account the characteristics of the goods and services provided.

The table below summarizes the income statement and balance sheet for the Tiscali Group as at September 30, 2017, arising from transactions with related parties.

<b>VALORI ECONOMICI</b>			<b>GRUPPO</b>	<b>di cui:</b>
<i>(Migliaia di Euro)</i>	Note		<b>30 settembre</b>	<b>Tiscali S.p.A.</b>
			<b>2017</b>	<b>30 settembre</b>
				<b>2017</b>
Studio Racugno	1		-	-
Monteverdi S.r.l.	2		(21,9)	
Prestito Obbligazionario Convertibile	3		(312,5)	(312,5)
Open Campus	4		49,5	
Open Campus	4		(49,5)	
<b>TOTALE</b>			<b>(334,5)</b>	<b>(312,5)</b>
<b>VALORI PATRIMONIALI</b>			<b>GRUPPO</b>	<b>Di cui:</b>
<i>(Migliaia di Euro)</i>			<b>30 settembre</b>	<b>Tiscali S.p.A.</b>
			<b>2017</b>	<b>30 settembre</b>
				<b>2017</b>
Studio Racugno	1		(6,1)	-
Monteverdi S.r.l.	2		(17,8)	
Prestito Obbligazionario Convertibile	3		(9.380,0)	(9.380,0)
Open Campus	4		-	
Open Campus	4		-	
<b>TOTALE CREDITI</b>			<b>(9.404,0)</b>	<b>(9.380,0)</b>

(1) Studio Legale Racugno: Gabriele Racugno, membro del Consiglio di Amministrazione di Tiscali S.p.A dal 21 dicembre 2009, si è dimesso dalla carica di consigliere a decorrere dal 16 febbraio 2016. Lo Studio Racugno offre a Tiscali Italia S.p.A. assistenza legale, giudiziale e stragiudiziale.

(2) Monteverdi S.r.l.: società partecipata dall'azionista di maggioranza Renato Soru. Il rapporto in oggetto si riferisce ad un contratto di affitto di uno spazio utilizzato per lo stoccaggio di documentazione aziendale.

(3) Trattasi di interessi (valori economici) e debiti finanziari (valori patrimoniali) della quota di Otkritie relativa al Prestito Obbligazionario Convertibile Rigengis-Otkritie.

(4) Open Campus: società posseduta per l'80% da Alice Soru, membro del Consiglio di Amministrazione di Tiscali Spa. Tiscali Italia ha stipulato due contratti con Open Campus. Con il primo contratto Tiscali Italia acquista da Open Campus servizi di brand promotion, mentre con il secondo contratto concede in affitto un'area attrezzata per lo svolgimento dell'attività di Open Campus. I due contratti non sono correlati.

Si segnala che i valori economici e patrimoniali rappresentati nella tabella sopraesposta non includono i compensi verso Amministratori, Sindaci e Dirigenti con responsabilità strategiche.

## STATEMENT OF THE EXECUTIVE IN CHARGE OF DRAWING UP THE COMPANY'S ACCOUNTING DOCUMENTS

*I, the undersigned Daniele Renna, Executive in charge of drawing up the Company's accounting documents of Tiscali S.p.A., certify that, pursuant to Art. 154-bis, paragraph 2, of the Legislative Decree No. 58/98 and subsequent amendments, that the accounting information contained in this press release is consistent with the official documents, books and accounting records.*

Daniele Renna

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

### **Information on Tiscali**

*Tiscali S.p.A. (Borsa Italiana. Milan: TIS) is one of the leading alternative telecommunications companies in Italy and provides its private and business customers with a wide range of services: internet access through dial-up, ADSL and FIBER, as well as voice, VoIP, media, and added-value services and other technologically advanced products. As at June 30, 2017, Tiscali reported recorded a customer portfolio of about 716.900 units. The Tiscali website may be accessed at*

[www.tiscali.it](http://www.tiscali.it)

### **Tiscali S.p.A.**

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