

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

Cagliari, December 27, 2018

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 November 30, 2018.

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

Fastweb Transfer Deal

Cash and cash equivalents as at 30 November 2018, equal to EUR 37.8 million, reflect the effects of the completion of the Transfer Deal with Fastweb, signed on 16 November 2018, as better described in the Financial Statements as at 30 June 2018

In particular, the cash and cash equivalents as at 30 November 2018 benefited from the collection of the first tranche provided for in the Transfer Deal by the subsidiary Aria, for approximately EUR 52.3 million, VAT included.

These funds were partially used by the Group for the payment of some repayment plans agreed with suppliers.

The residual cash holdings at 30 November 2018 amount to approximately EUR 37.8 million.

Senior Loan and Sale and Lease back Sa Illetta Debt

As already described in the Financial Statements as at June 30, 2018 published on November 23, 2018 and in the Communication to the market published on November 30, 2018, at the end of a negotiation process, the Group has proposed to the Senior Debt Financial Institutions (Intesa San Paolo and Banca Popolare di Milano) a restructuring agreement, which was confirmed by the same Institutes with special comfort letters received on November 14 and 15, 2018. With these letters, the two institutes undertake to bring the aforementioned proposal to the approval, with a positive opinion, of the competent decision-making bodies.

Furthermore, with reference to the "Sale & Lease Back Sa Illetta" debt outstanding with Mediocredito Italiano and Unicredit Leasing, the Company has forwarded to the Pool Leasing the request to redefine the contractual agreements. The Pool Leasing sent on November 14 2018 a comfort letter to Tiscali, in which it undertakes to bring the aforementioned proposal to the approval of the competent decision-making bodies in a short time.

The terms and conditions included in the proposed Senior Debt Restructuring and the Sa Illetta Leasing Restructuring Agreements were not reflected in the Group's Net Financial Position reported in this Communication as of November 30 2018, as they were completed after that date.

Consistent with what was done in the 2017 Annual Financial Report, in the Financial Statements as at June 30, 2018 and in this Communication, due to the failure to comply with some financial covenants and the non-repayment of some the installments provided for by the original financial amortization plans, the Company has proceeded to classify the entire amount of the aforementioned loans as short-term financial payables in accordance with the International Accounting Standard 1 (IAS 1) provisions.

<i>Eur (000)</i>	Note	Tiscali Group November 30, 2018	Of Which: Tiscali S.p.A. November 30, 2018
A. Cash and bank deposits		37,893	96
B. Other Cash Equivalent			
C. Securities held for trading			
D. Current Assets (A) + (B) + (C)		37,983	96
E. Current financial receivables			
F. Non-current financial receivables			
G. Current bank payables		8,961	
H. Current Portion of Issued Bonds			
I. Current Portion of non-current debt	(1)	96,625	
J. Other current financial debt	(2)	60,857	
K. Current financial debt (G) + (H) + (I) + (J)		166,443	
L. Net current financial debt (K) – (E) – (D) – (F)		128,550	(96)
M. Non-current bank payables	(3)		
N. Issued Bonds			
O. Other non-current debts	(4)	7,635	
P. Non-current financial debt (M) + (N) + (O)		7,635	
Q. Net financial debt (L) + (P)		136,185	(96)

Notes:

- (1) Includes the following items: i) the component of EUR 26.6 million due within the current financial year of the Senior Lenders loan (portions of principal and interest repayable within 12 months), ii) the component of EUR 65.2 million originally due beyond the exercise of the aforementioned loan, reclassified as due within the current financial year due to the presence of some events of default and pending standstill negotiations with Senior Lenders, iii) short-term portions of other long-term bank loans for EUR 4.8 million.
- (2) Includes the following items: i) short-term amount of the "Sale and Lease Back Sa Illetta" leasing loan for EUR 21.6 million, ii) the component of EUR 31.3 million originally due beyond the exercise of the aforementioned loan, reclassified as due within the current financial year due to the presence of some events of default and pending standstill negotiations for Sa Illetta Leasing Restructuring Agreement, iii) the short-term portion of finance lease payables related to investments in the network infrastructure for EUR 7.7 million, iv) the short-term portion of the loans granted by the Ministry for Education and University and by the Minister for Economic Development for EUR 0.2 million.
- (3) This item is zero following the reclassification carried out (in compliance with the provisions of IAS 1) in consideration of the status of the completion process of the Senior Lenders Loan Restructuring and of the Sa Illetta Leasing Restructuring Agreements, referred to in the previous notes (1) and (2.)
- (4) This item includes the long-term portion of financial lease payables related to investments for the network infrastructure for EUR 7.6 million. This item shows a significant reduction following the reclassification carried out (in compliance with the provisions of IAS 1) in consideration of the status the completion process of the Senior Lenders Loan Restructuring and of the Sa Illetta Leasing Restructuring Agreements, referred to in the previous notes (1) and (2.).

OVERDUE DEBT POSITIONS OF THE TISCALI GROUP AS AT NOVEMBER 30, 2018

As at November 30, 2018, net overdue trade payables amounted to EUR 72.1 million (net of payment plans agreed with suppliers and net of credit amounts or claims against the same suppliers). This amount represents an improvement of EUR 9.2 million compared to the end of October.

As at the same date, overdue financial debts amounted to EUR 35.9 million (net of credit positions). This amount represents an improvement of EUR 4.2 million compared to the end of October.

There were also overdue tax debts for approximately EUR 7.9 million (7.3 million at the end of October), as well as overdue debts towards social security institutions amounting to EUR 0.6 million (1.8 million at the end of October).

POSSIBLE REACTIONS OF THE CREDITORS OF THE GROUP AS AT NOVEMBER 31, 2018

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

As at November 30, 2018, the group received reminders for payment only within the ordinary course of business. As at that date, the total main injunctions for payment received amounted to EUR 17.3 million, of which the residual not paid off as still in negotiation, opposition or subject to an installment scheme amounted to EUR 10.9 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 November 30, 2018, arising from transactions with related parties.

INCOME STATEMENT			
<i>(EUR 000)</i>		<i>Notes</i>	<i>Of which:</i>
			Tiscali S.p.A.
		TISCALI GROUP	November 30, 2018
		November 30, 2018	November 30, 2018
Monteverdi S.r.l.	1	(26,6)	
Open Campus	2	33,0	
Open Campus	2	(33,0)	
Istella	3	42,9	
TOTAL		16,3	-
BALANCE SHEET			
<i>(EUR 000)</i>			<i>Of which:</i>
			Tiscali S.p.A.
		TISCALI GROUP	November 30, 2018
		November 30, 2018	November 30, 2018
Monteverdi S.r.l.	1	(46,1)	
Open Campus	2	-	
Open Campus	2	-	
Istella	3	52,3	
TOTAL		6,2	-

- (1) *Monteverdi S.r.l.: company participated by the shareholder and Board of Directors' member Renato Soru. The relationship concerned refers to a leasing contract for a space used for the storage of business documentation.*
- (2) *Open Campus: company owned 80% by Alice Soru, member of the Board of Directors of Tiscali S.p.A. until June 26, 2018. On that date, in which the Tiscali Spa Shareholders' Meeting approved the 2017 Financial Statements, the members of the Board of Directors of Tiscali Spa ended their term of office. Alice Soru's mandate was not renewed. There are two ongoing contracts with Open Campus, one according to which Tiscali Italia purchases brand promotion services from Open Campus, and the other according to which Tiscali Italia rents an equipped office. The economic values relating to the contracts in question shown in the "related party" table refer to January - June 2018.*
- (3) *Istella: company owned 64% by the shareholder and Board of Directors' member Renato Soru. The relationship concerned refers to supply, by Tiscali, of IT services (hosting of network equipment) from October 2018.*

It shall be noted that the income statement and the balance sheet values reported in the table above do not include fees paid to Directors, Statutory Auditors and Top Managers tasked with strategic responsibilities.

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

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: Ultra Broadband internet access through Wireless Fiber To The Home (WFTTH) and Fiber technology, as well as VoIP, MVNO, media and other technologically advanced products. As at December 31, 2017, Tiscali recorded a customer portfolio of about 750.000 units. The Tiscali website may be accessed at www.tiscali.it

Tiscali S.p.A.

Sede Legale Loc. Sa Illetta km 2,300 09123 Cagliari, Italia - Tel. +39 070 46011 Fax +39 070 4601 400
Cap. Soc € 43.065.376,20 89 - P.IVA e C.C.I.A.A. Cagliari 02375280928 RE.A. 191784

tiscali.com