

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

Cagliari, November 30, 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 October 31, 2018.

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

Senior Loan

As widely described in the Financial statements as at June 30, 2018, published on 23 November 2018, at the end of a negotiation process with Senior Debt Institutes (Intesa San Paolo and Banca Popolare di Milano), the Company proposed a restructuring agreement, according to the following terms:

- New due date: 30 September 2024
- Repayment plan defines as follows:
 - a prepayment of EUR 20 million, to be followed by a three-year pre-amortization period;
 - amortization of EUR 30 million in 6 equal six-monthly installments starting March 31, 2022;
 - balance of the residual debt equal to about 2/3 of the total to be paid in full on September 30, 2024.
- Interest rate:
 - 1.0% rate on the portion of debt that will be amortized over the period 2022-2024 (approximately EUR 30 million);
 - 1.25% rate on the portion of the debt to be repaid in full on September 30, 2024 (approximately EUR 42.5 million).

The terms and conditions of the Senior Debt Restructuring Agreement described above, in finalization with the two mentioned credit institutions, have been confirmed by the same with special comfort letters received on November 14 and 15, 2018.

With these letters, the two institutes undertake to bring to the approval of the competent decision-making bodies with a positive opinion, the restructuring agreements to the conditions and terms described above.

Sale and Lease back Sa Illetta

With reference to the "Sale & Lease Back Sa Illetta" debt outstanding with Mediocredito Italiano and Unicredit Leasing, following the fulfillment of some default conditions, as fullier described in relation to the management, the Company has forwarded to the Pool Leasing the request to redefine the contractual agreements and, in particular, the acceptance by the Pool Leasing of the proposal for a Restructuring Agreement for Sa Illetta Leasing.

This proposal provides that the property returns to the leasing companies at a value that will be defined following an evaluation carried out by an independent expert. If this valuation value is found to be lower than the residual debt on the date of transfer of ownership, Tiscali will pay on June 30, 2019 a total payment equal to the difference between this valuation value and the

value of the residual debt, for a total maximum amount of EUR 10 million for the complete repayment of the residual debt.

On 14 November 2018, the Pool Leasing sent 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 Agreements and the Sa Illetta Leasing Restructuring Agreement were not reflected in the Financial Statements as at June 30, 2018, nor in the Group's Net Financial Position reported in this Communication as of October 31st, 2018, as they were completed after these dates.

Consistent with what was done in the 2017 Annual Financial Report, in the Financial Statements as at June 30, 2018 and in this Communication, pending completion of the Senior Debt Restructuring Agreements and the Sa Illetta Leasing Restructuring Agreement (which took place with the receipt of the aforementioned comfort letters in November 2018), and 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 October 31, 2018	Of Which: Tiscali S.p.A. October 31, 2018
A. Cash and bank deposits		920	121
B. Other Cash Equivalent			
C. Securities held for trading			
D. Current Assets (A) + (B) + (C)		920	121
E. Current financial receivables			
F. Non-current financial receivables			
G. Current bank payables		10,779	
H. Current Portion of Issued Bonds			
I. Current Portion of non-current debt	(1)	96,416	
J. Other current financial debt	(2)	65,757	
K. Current financial debt (G) + (H) + (I) + (J)		172,952	
L. Net current financial debt (K) – (E) – (D) – (F)		172,031	(121)
M. Non-current bank payables	(3)		
N. Issued Bonds			
O. Other non-current debts	(4)	5,621	
P. Non-current financial debt (M) + (N) + (O)		5,621	
Q. Net financial debt (L) + (P)		177,653	(121)

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 64.8 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 (occurred with the receipt by Senior Lenders of the mentioned comfort letters in November 2018), iii) short-term portions of other long-term bank loans for EUR 5 million.
- (2) Includes the following items: i) short-term amount of the "Sale and Lease Back Sa Illetta" leasing loan for EUR 20.8 million, ii) the component of EUR 32.1 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 (occurred with the receipt by the Pool Leasing of the mentioned comfort letters in November 2018); iii) the short-term portion of finance lease payables related to investments in the network infrastructure for EUR 12.7 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 5.6 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 OCTOBER 31, 2018

As at October 31, 2018, net overdue trade payables amounted to EUR 81.3 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 40.1 million (net of credit positions). The change with respect to the figure at the end of August is explained by the failure to pay the six-monthly installments due at the end of September due to Senior Lenders and Pool Leasing, given the negotiations underway for the restructuring of the related financial debt.

There were also overdue tax debts for approximately EUR 7.3 million, as well as overdue debts towards social security institutions amounting to EUR 1.8 million.

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

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

As at October 31, 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 17.6 million, of which the residual not paid off as still in negotiation, opposition or subject to an installment scheme amounted to EUR 11.8 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 October 31, 2018, arising from transactions with related parties.

INCOME STATEMENT (EUR 000)		TISCALI GROUP October 31, 2018	<i>Of which:</i> Tiscali S.p.A. October 31, 2018
	Notes		
Monteverdi S.r.l.	1	(24,2)	
Open Campus	2	33,0	
Open Campus	2	(33,0)	
Istella	3	21,4	
TOTAL		(2,8)	-
BALANCE SHEET (EUR 000)		TISCALI GROUP October 31, 2018	<i>Of which:</i> Tiscali S.p.A. October 31, 2018
Monteverdi S.r.l.	1	(40,1)	
Open Campus	2	-	
Open Campus	2	-	
Istella	3	21,4	
TOTAL		(18,7)	-

- (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).*

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.

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