

**Tiscali announces EUR 150 million debt financing from Silver Point**

**2<sup>nd</sup> quarter 2005 results highlights show growth in line with the business plan**

Cagliari, 8 August 2005

The Tiscali Group announced today that it has completed a EUR 150 million senior secured credit facility. The facility was structured and provided by Silver Point Finance and its affiliates. Silver Point Finance, structures and provides custom financing for large and middle market companies across all industries.

The facility comprises two tranches, with a duration of 3 years after the initial drawing, at a rate of EURIBOR + 600bps. The first EUR 50 million tranche is expected to be advanced in August 2005. The second EUR 100 million tranche will be made available in September 2006, subject to customary terms and conditions.

Proceeds of the first and second tranches will be used for general corporate purposes and to refinance the 4.25% Equity Linked Bonds due September 2006, respectively.

"This credit facility enables us to execute the business plan in our core markets as announced to the market in April of this year. These plans are focused on profitable growth of our customer base by investing in ULL networks and offering high quality services at a fair price to our customers. We are pleased to have found a partner in Silver Point, who understands the growth potential in our business." said Ruud Huisman, Chief Executive Officer of Tiscali S.p.A.

"After repayment of the bonds due July 7th 2005, we have achieved our objective of financing our business plan. This facility is structured in such a way that it enables us to meet our commitments while at the same time providing operating flexibility" said Massimo Cristofori, Chief Financial Officer of Tiscali S.p.A.

UBS Investment Bank acted as exclusive financial adviser to the Company in this transaction.

## 2Q2005 results highlights

Tiscali preliminary\* results for the quarter ending June 30<sup>th</sup> 2005 are largely in line with the business plan announced to the market.

ADSL customers grew by approximately 180,000 units in the quarter, bringing total ADSL customers to approximately 1.38 million (+15% on 31 March '05), of which over 250,000 unbundled.

Revenues were approximately EUR 178 million, with a 9% growth versus the 2<sup>nd</sup> quarter of 2004, on a comparable basis\*\*, entirely driven by ADSL services (+53% on 2Q 2004).

Gross margin was approximately EUR 89 million (50% of revenues), a strong improvement versus the second quarter of 2004, when it accounted for 47% of revenues, showing that the strategy of focusing on more profitable unbundled ADSL customers is paying off in terms of profitability.

EBITDA in the quarter was approximately EUR 19 million (11% of revenues), versus EUR 18.1 million in 2<sup>nd</sup> quarter 2004 (11% of revenues). The EBITDA result in the quarter was impacted by marketing investments to push the growth of ADSL customers and to launch the new VoIP bundled products.

As already announced to the market, and in line with CONSOB regulation, Tiscali will report IFRS-compliant first half results by end of September 2005.

*(\*) Data reported under Italian GAAP. They are therefore subject to possible changes following the application of IAS/IFRS accounting principles when reporting 1<sup>st</sup> half 2005 results*

*(\*\*)The information and the percentage change versus the previous quarters are presented considering only the countries included in the 2005-2007 business plan (Italy, Germany, the Netherlands, United Kingdom and Czech Republic).*

### Investor Relations

+39 02 309011 – [ir@tiscali.com](mailto:ir@tiscali.com)

Ufficio Stampa  
**Image Building**  
Mara Baldessari, Simona Vecchies  
T. 0289011300 Email: [info@imagebuilding.it](mailto:info@imagebuilding.it)

Tiscali S.p.A.  
Sa Illetta  
09122 Cagliari  
Italy

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

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