



*The Internet Communication Company*

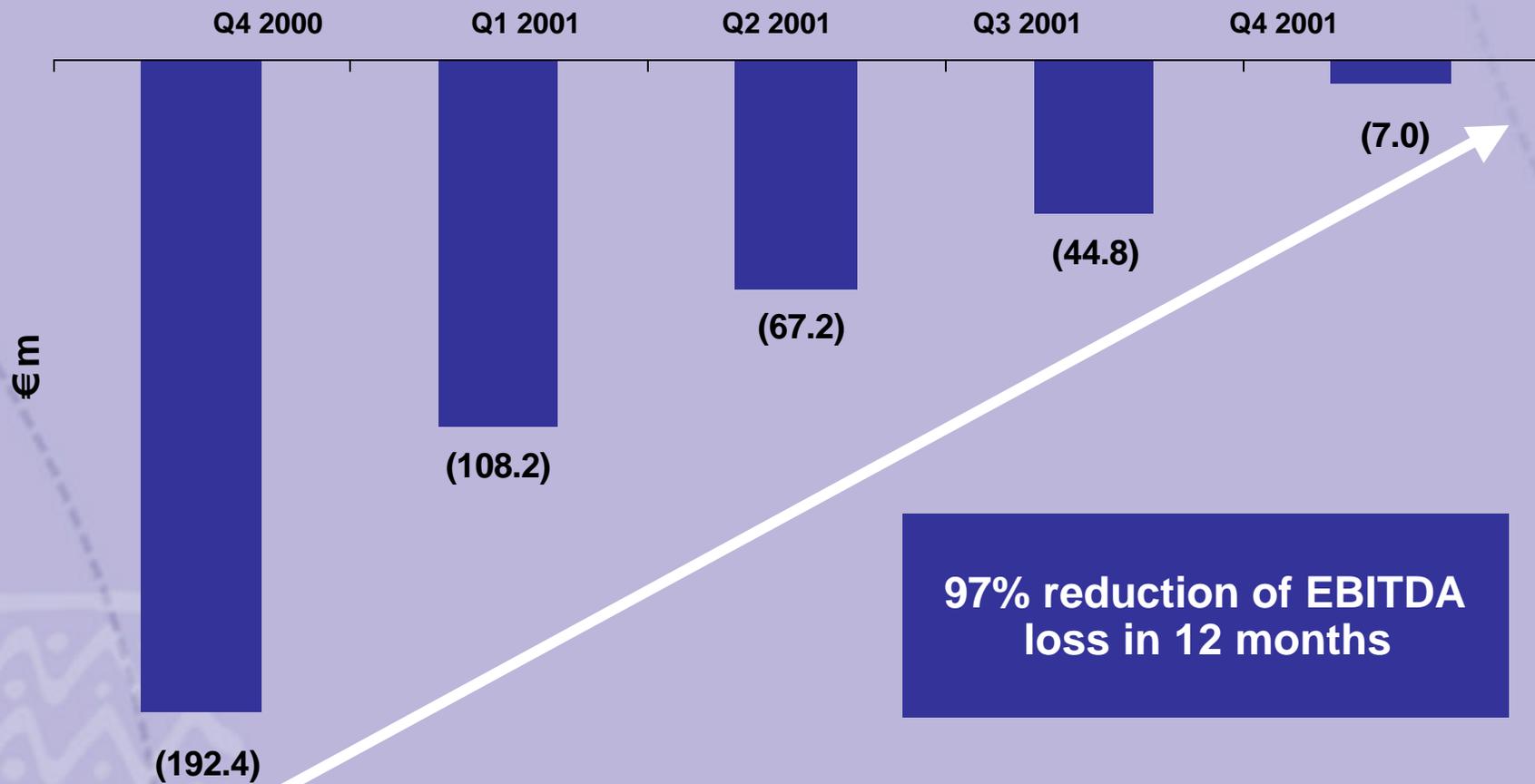
4<sup>th</sup> Quarter 2001 Results

# Delivered on promises

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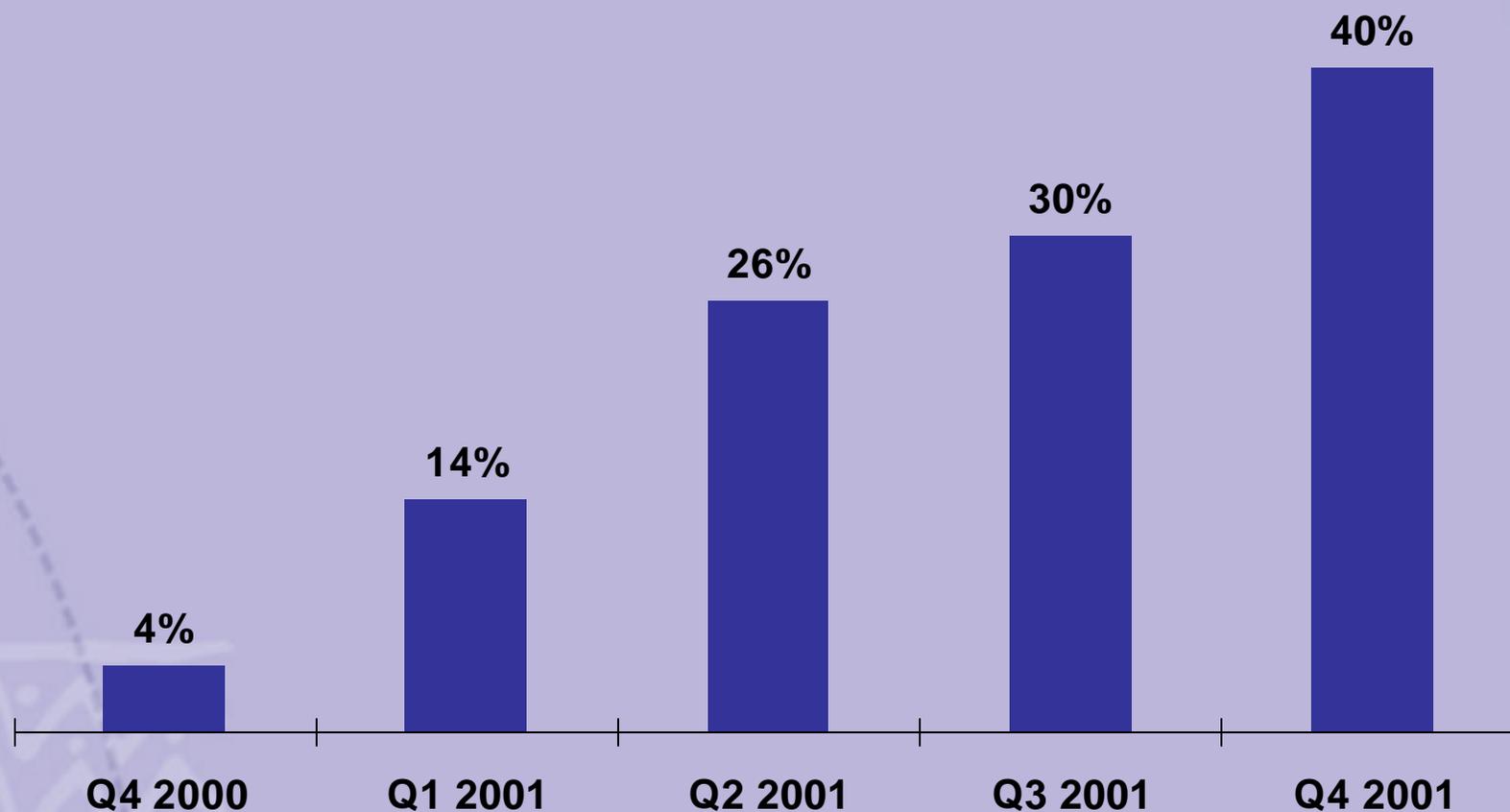
## EBITDA



**97% reduction of EBITDA  
loss in 12 months**

(\*) unaudited proforma data

## Gross Margin



(\*) unaudited proforma data

# A successful path to profitability

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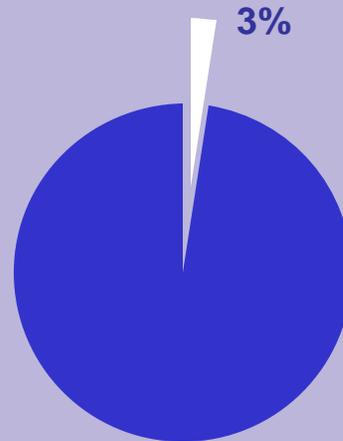
- **EBITDA breakeven substantially reached as a consequence of:**
  - **Gross margin expansion from 4% in Q4 2000 to 40% in Q4 2001**
  - **Operating costs reduced by more than 50% in 12 months**
  - **Over 40% organic growth in Internet revenues on a proforma basis**
  - **Strong improvement in the quality of the customer base, resulting in higher traffic and revenues per user**

# Effects of European expansion

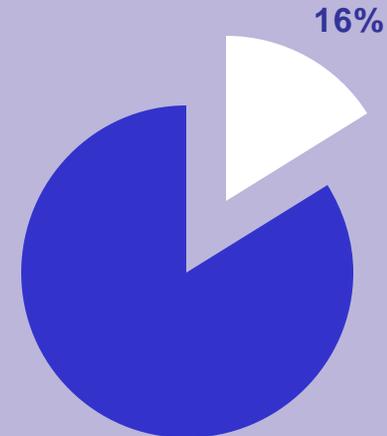


**Tiscali market share in Europe**

Dec 2000



Dec 2001



**Tiscali's ISP ranking in key european countries**

Italy

Dec 2000

3

Dec 2001

3

Germany

Over 10

4

UK

Not present.

4

France

Not meaningful

2

Benelux

Over 10

2

Source IDC, brokers reports , company estimates

# Q4 2001 highlights

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- **€201.6 m revenues in Q4 2001, up**
  - **6% compared to Q3 2001**
  - **282% compared to Q4 2000, over 30% on proforma basis**

**EBITDA loss to €(7.0) m, down**

- **84% compared to Q3 2001**
  - **40% compared to Q4 2000, 96% on proforma basis**
- 
- **10.4 bn minutes of Internet traffic in the quarter, 4 bn minutes in January 2002**
- 
- **7.3 m active subscribers in the last 30 days**

## Q4 2001 highlights

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- **Gross margin up to 40%, compared to 30% in Q3 2001**
- **Increase in customer ARPU mainly driven by higher traffic per customer from €7.8 to €8.7**
- **Strong 20% growth in portal revenues despite tough market environment**
- **Operating costs down 13% compared to Q3 2001**
- **B2B revenues up 6% compared to Q3 2001**

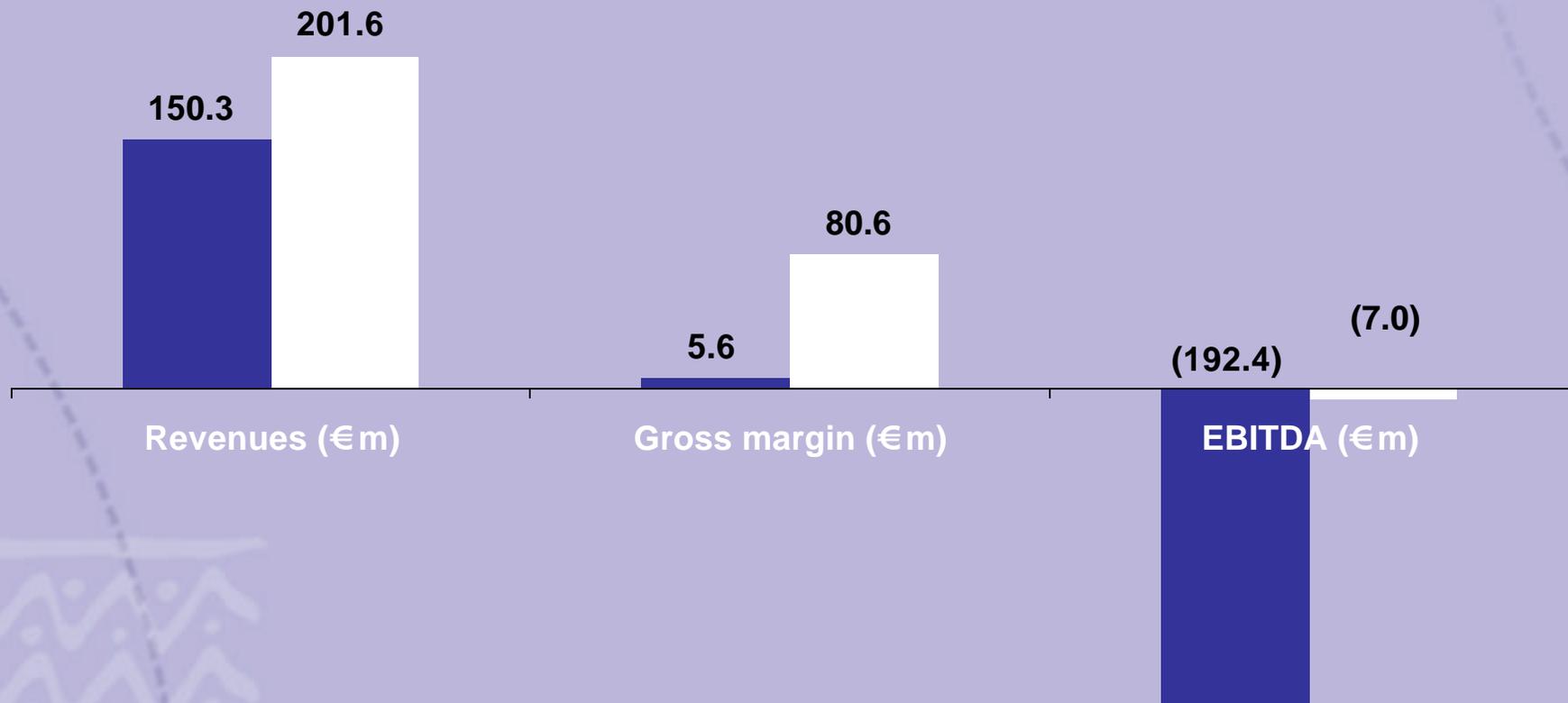
# Q4 2001 vs Q4 2000

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## Financial performance

■ Q4 2000 ■ Q4 2001



(\*) unaudited proforma data

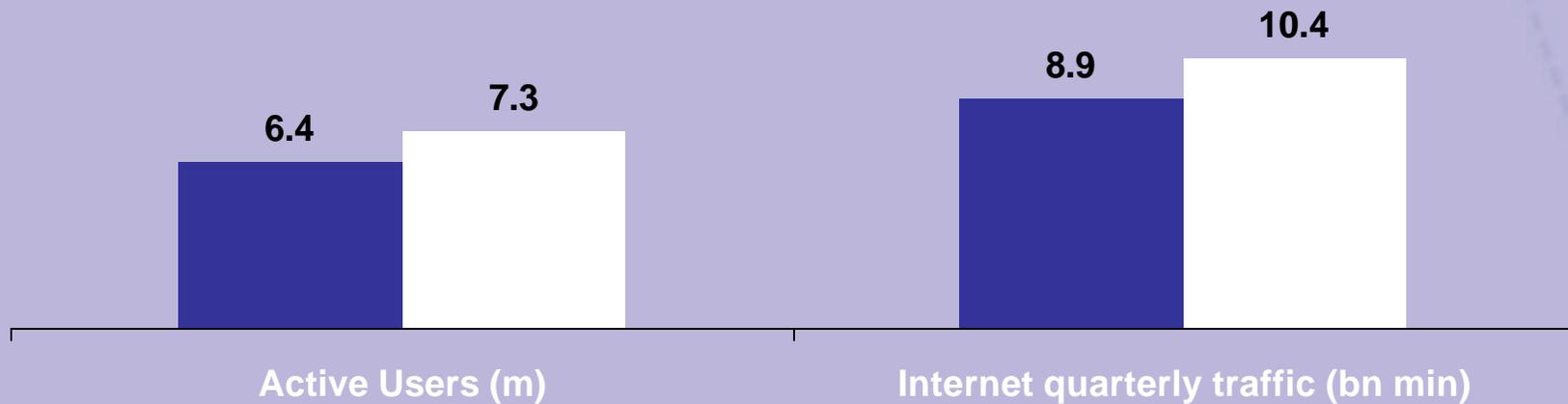
# Q4 2001 vs Q4 2000

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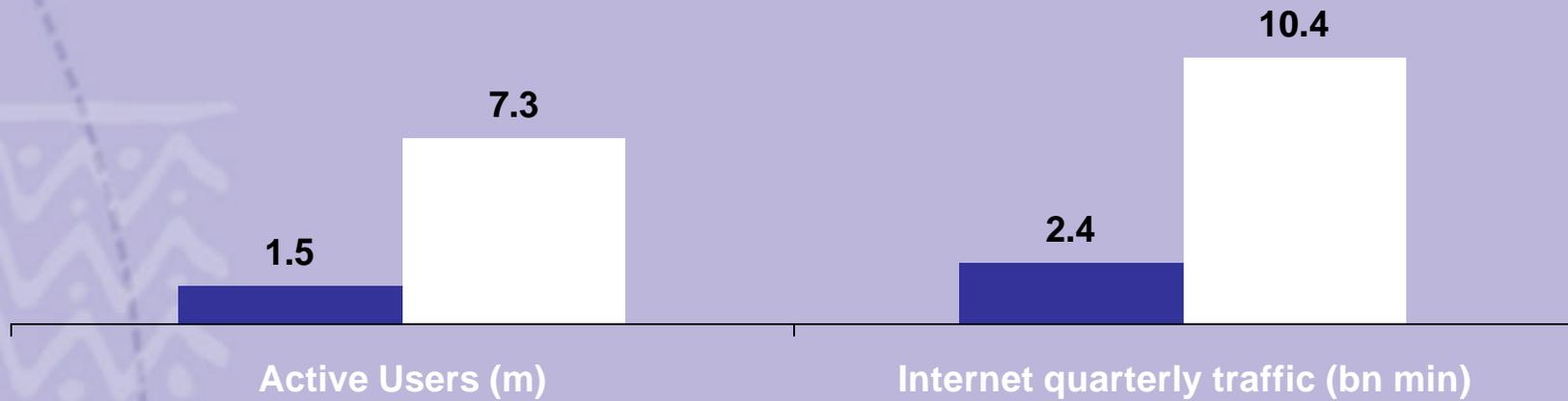
## Operating performance

■ Q4 2000 ■ Q4 2001



(\*) proforma data

■ Q4 2000 ■ Q4 2001



(\*) actual data

# Quarterly financials



€m	Q3 01	Q4 01	growth
Access	121.7	133.1	9%
Portal	20.0	24.0	20%
B2B	25.1	26.6	6%
Voice	18.1	13.9	-23%
Other	5.2	4.0	-23%
<b>Total revenues</b>	<b>190.1</b>	<b>201.6</b>	<b>6%</b>
<b>COGS</b>	<b>133.8</b>	<b>121.0</b>	<b>-10%</b>
<b>Gross margin</b>	<b>56.3</b>	<b>80.6</b>	<b>43%</b>
<i>% on revenues</i>	<i>30%</i>	<i>40%</i>	
Sales & marketing	30.9	25.9	-16%
Labour costs	41.0	36.1	-12%
Other operating costs	29.2	25.6	-12%
<b>Total operating costs</b>	<b>101.1</b>	<b>87.6</b>	<b>-13%</b>
<b>EBITDA</b>	<b>(44.8)</b>	<b>(7.0)</b>	<b>-84%</b>

(\*) unaudited data

# Quarterly financials proforma



<b>Eur m</b>	<b>Q1 01</b>	<b>2Q 01</b>	<b>3Q 01</b>	<b>4Q 01</b>
Access	111.3	116.2	121.7	133.1
Portal	11.6	19.9	20.0	24.0
B2B	18.4	21.8	25.1	26.6
Voice	18.9	19.8	18.1	13.9
Other	5.4	5.2	5.2	4.0
<b>Total revenues</b>	<b>165.6</b>	<b>182.9</b>	<b>190.1</b>	<b>201.6</b>
<b>COGS</b>	<b>147.7</b>	<b>141.7</b>	<b>133.8</b>	<b>121</b>
<b>Gross margin</b>	<b>17.9</b>	<b>41.2</b>	<b>56.3</b>	<b>80.6</b>
<i>% on revenues</i>	<i>11%</i>	<i>23%</i>	<i>30%</i>	<i>40%</i>
<b>Total operating costs</b>	<b>126.1</b>	<b>108.4</b>	<b>101.1</b>	<b>87.6</b>
<b>EBITDA</b>	<b>(108.2)</b>	<b>(67.2)</b>	<b>(44.8)</b>	<b>(7.0)</b>

(\*) unaudited data

# Gross margin up 43% from Q3 01

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	Q3 01		Q4 01	
	€m	% on revenues	€m	% on revenues
Access	38.2	31%	55.5	42%
Portal	8.8	44%	11.8	49%
B2B	11.5	46%	13.0	49%
Voice	(2.7)	-15%	(0.2)	-1%
Other	0.5	10%	0.5	13%
<b>Total</b>	<b>56.3</b>	<b>30%</b>	<b>80.6</b>	<b>40%</b>

# Focused pan-European presence

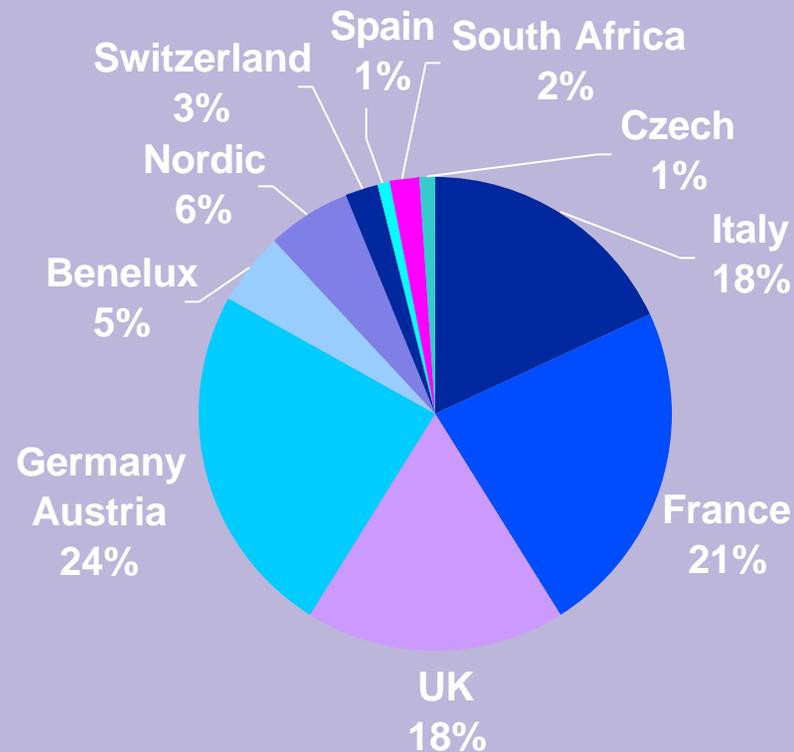
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7.3 m active subscribers

87% of revenues generated in the five biggest European countries

Revenue split by country



# 2001 highlights



- **Established a leading paneuropean position with a 16% market share**
- **Proven track record of profitability**
  - **Quarterly EBITDA breakeven substantially achieved in Q4 2001**
  - **Improvement of gross margin from 4% to 40% in twelve months**
  - **Total revenues increased by 275% compared to 2000**
  - **FY 2001 EBITDA proforma loss decreased by 66% compared to FY 2000**

# 2001 highlights

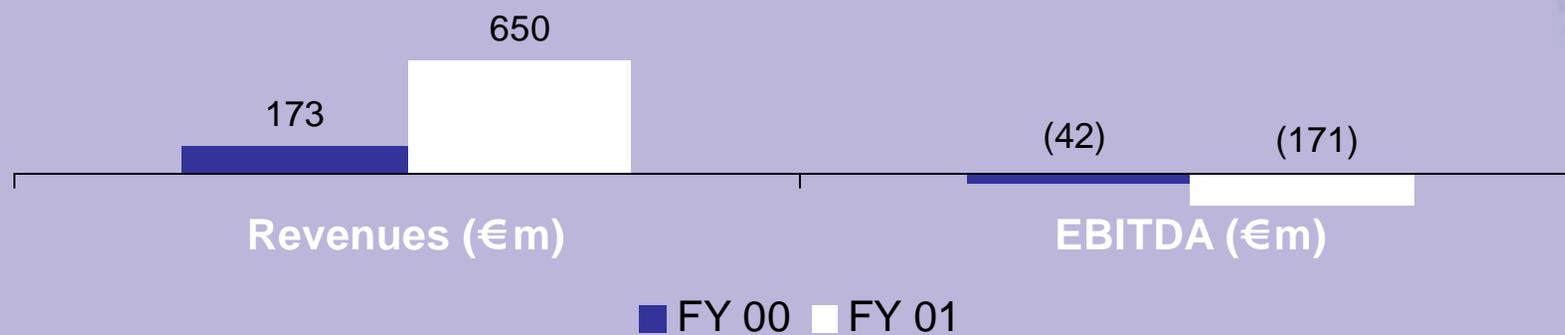
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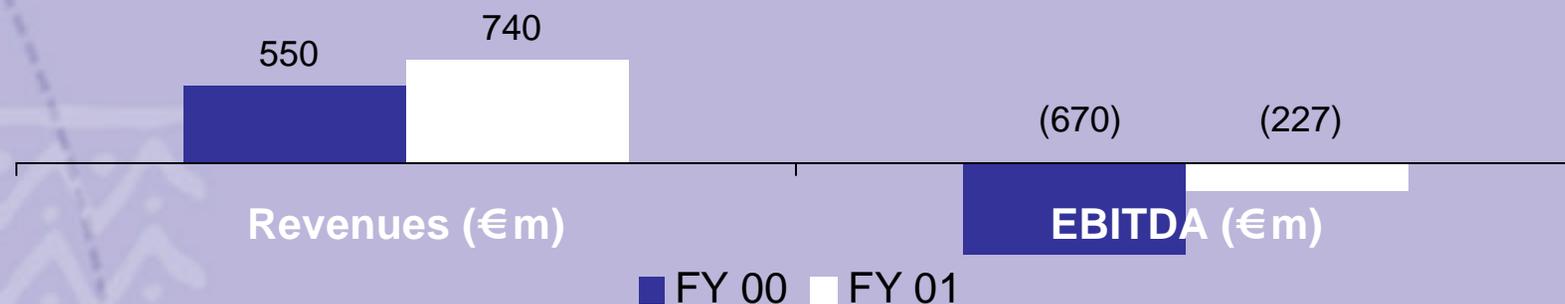
- **Effective restructuring and integration process completed**
- **One brand, one technology, one company**
- **50,000 Km of international tier1 IP backbone and local networks fully operational**
- **Cash available equal to €549 m, net financial position equal to €220 m, business plan fully funded**

# Outstanding performance in 2001

## Statutory figures



## Proforma figures (\*)



(\*) unaudited data

# Full year 2001 proforma

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€m	FY 2001
Access	484.3
Portal	75.5
B2B	89.9
Voice	70.7
Other	19.8
<b>Total revenues</b>	<b>740.2</b>
<b>COGS</b>	<b>544.2</b>
<b>Gross margin</b>	<b>196.0</b>
<i>% of revenues</i>	<i>26%</i>
<b>Total operating costs</b>	<b>423.2</b>
<b>EBITDA</b>	<b>(227.2)</b>

(\*) unaudited proforma data

# Strategic guidelines for 2002

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- **Targeting full year 2002 EBITDA profitability**
- **Narrowband access: focus on rolling out Tiscali 10.0 all over Europe and moving customer base on to directly billed, packages and FRIACO offers**
- **Broadband access: focus on development of a viable business model through network sharing agreements**

# Strategic guidelines for 2002

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- Increase Tiscali's brand awareness all around Europe through a more effective marketing
- Improve Tiscali's web portal attractiveness and reach at paneuropean level broadening the range of services and contents
- Shifting management focus from consolidation and integration to growth and profitability

# Disclaimer

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*This presentation contains unaudited proforma financial data; it also includes forward-looking information that is subject to risks and uncertainties associated with Tiscali and the Internet sector. This information reflects Tiscali's management expectations, based on currently available information. The forward-looking information reflects certain assumed market parameters and other assumptions, but may differ materially from actual future results.*

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