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Oggetto : Tiscalis Board of Directors approves the
results for the first quarter of 2015

Testo del comunicato

Tiscalis Board of Directors approves the results for the first quarter of 2015

Tiscali's Board of Directors approves the results for the first quarter of 2015

Cagliari, 15 May 2015

Tiscali S.p.A.'s Board of Directors has approved the results as at 31 March 2015

- **Consolidated revenues totalling EUR 53 million (EUR 53.2 million in 1Q2014);**
- **Business Revenues at EUR 4.8 million (+1.7% YoY);**
- **Access revenues at EUR 39.8, up 1.5% with respect to the correspondent figure of 2014 (EUR 39.2 million);**
- **Gross operating result at EUR 12.8 million (EUR 13.5 million in 1Q2014);**
- **Net EBITDA after provisions of EUR 10 million (EUR 11 million in 1Q2014);**
- **Positive EBIT of EUR 1.1 million (positive balance of EUR 1.9 million in 1Q2014);**
- **Net loss of EUR 3.6 million, with respect to the correspondent loss of EUR 2.2 million in 1Q2014;**
- **Media Revenues at EUR 4.7 million (EUR 5.1 million in 1Q2014);**
- **Total active customers at 578.3 thousand (+18.6 thousand YoY), of which Broadband customers equating to about 467 thousand and mobile customers at about 100 thousand;**
- **Negative net financial position of EUR 191.5 million, an improvement with respect to the correspondent negative balance of EUR 197.9 million in 2014.**

Tiscali's Board of Directors has approved the quarterly report as at 31 March 2015.

Tiscali Group: Consolidated revenues at EUR 53 million

Tiscali Group revenues during the first quarter of 2015 came to EUR 53 million, slightly down with respect to the balance of EUR 53.2 million recorded in the same quarter of 2014.

During the first quarter of 2014, internet access and voice services – the Group's core business – represented around 80% of total turnover. The Gross Operating Result before provisions came to EUR 12.8 million (24.2% of total revenues) compared with EUR 13.5 million in the 1Q2014 (-13.5% YoY).

As at 31 March 2015, the number of active customers was 578.3 thousand, up 18.6 thousand compared to the correspondent figure in 2014 (559.7 thousand). 466.7 thousand were ADSL customers, down compared to the correspondent figure in 2014. This reduction is partly due to the massive cancellation of about 11 thousand non paying and non active customers in the first quarter of 2015. We also report the excellent performance of the mobile telephony segment, which benefited also in beginning of 2015 of the launch of the new very competitive flat offers. In the period, the number of active SIM was about 100 thousand, significantly up compared to the same figure in 2014 of 49.6 thousand customers.

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REVENUES BY BUSINESS LINE

Access: +1.5%, equal to 75% of total revenues

The segment in question, which includes revenues from broadband (ADSL) internet access services, the flat component of the bundled offers and VoIP, generated revenues during the quarter of EUR 39.8 million, up 1.5% compared to the figure for the same period in 2014 (EUR 39.2 million). The increase is mainly attributable to MVNO segment, which recorded a growth of 123,3% going from EUR 1 million in the first quarter 2014 to EUR 2.1 million in the first three months of 2015

Narrowband: 0,6% of total revenues

The narrowband segment recorded EUR 0.3 million at 31 March 2015, a physiological decline compared to the correspondent figure of 2014, equating to EUR 0.4 million.

Voice: 5.5% of total revenues

The Voice segment includes traditional and wholesale telephone services. During the first quarter of 2015, voice service revenues came to EUR 2.9 million (-13.4% YoY), compared to the figure of EUR 3.3 million registered in the 1Q2014.

Business Services: +1.7% YoY, 9.1% of revenues

Revenues from business services (VPN, housing, hosting services, domains and leased lines), excluding those from access and/or voice products for the same customer base already included in their respective business segments, amounted in the first quarter of 2015 to EUR 4.8 million, slightly up of a 1.7% with respect to the EUR 4.7 million in the 1Q2014.

Media and value added services: 9.0% of total revenues

In the first quarter of 2016, the revenues in the media and added value services segment amounted to EUR 4.7 million, slightly down compared to the corresponding figure for the same period in 2014 (EUR 5.1 million). The first quarter saw a marginal decline in the level of revenues, the result is the contraction of the market, and the greater concentration of advertising investment on the US Over The Top.

GROSS OPERATING RESULT

The Gross Operating Result for the quarter, before provisions for risks, write-downs, depreciation and amortisation, came to EUR 12.8 million (24.2% of total revenues), down with respect to the corresponding balance of EUR 13.5 million (22.4% of total revenues) in the first quarter of 2014 (-4.8% YoY).

EBITDA net of write-downs of receivables and other provisions was EUR 10 million (19% of total revenues), down compared with the same balance for the 1Q2014 of EUR 11 million (20.7% of total revenues, -8.7% YoY).

Indirect operating costs during the first quarter of 2015 came to EUR 14.1 million (26.5% of revenues) compared with the same balance last year of EUR 14 million (26.3% of revenues).

OPERATING RESULT (EBIT)

The operating result (EBIT) for the first quarter of 2014, net of provisions, write-downs and restructuring costs, is positive for around EUR 1.1 million (2.1% of total revenues), compared to the positive balance of around EUR 1.9 million (3.6% of total revenues) in the same period last year.

NET RESULT

The Group's net result was a loss of EUR 3.6 million, compared with a negative balance of EUR 2.2 million reported in the same period of 2014.

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Financial position

As at 31 March 2015, the Tiscali Group held cash and bank deposits totalling EUR 5.8 million, against net financial debt, at the same date, of EUR 184.5 million (EUR 192.6 million as at 31 December 2014).

(EUR mln)	Notes	31 March 2015	31 December 2014
A. Cash and Bank deposits		5.8	4.8
B. Other cash equivalents		0.0	0.0
C. Securities held for trading			-
D. Cash and cash equivalents (A) + (B) + (C)		5.8	4.8
E. Current financial receivables		0.1	0.1
F. Non-current financial receivables	(1)	6.9	6.9
G. Current bank payables	(2)	10.1	12.5
H. Current portion of non-current debt	(3)	52.5	52.8
I. Other current financial payables (*)	(4)	11.8	10.6
J. Current financial debt (G) + (H) + (I)		74.4	75.9
K. Net current financial debt (J) – (E) – (D) - (F)		61.6	64.1
L. Non-current bank payables	(5)	76.1	80.5
M. Bonds issued		-	-
N. Other non-current payables (**)	(6)	46.9	48.0
O. Non-current financial debt (N) + (L) + (M)		123.0	128.5
P. Net Financial Debt (K) + (O)		184.5	192.6

(*) includes short-term leasing payables

(**) includes long-term leasing payables

Notes:

- (1) Includes mainly the interest-bearing restricted deposit relating to the financial Sale & lease-back transaction on Sa Illetta;
- (2) Includes the bank payables of Tiscali Italia S.p.A., Tiscali S.p.A. and Vevisible s.r.l.;
- (3) Includes the short term component 52.4 million relating to the debt to Senior Lenders (debt and interest to be repaid within 12 months); as previously mentioned, the same entry on 31 December 2013 upheld the full amount of the debt financing under GFA following the failure to comply with the financial covenants provided in the loan agreement;
- (4) Includes mainly the short-term leasing of Sale & lease-back transaction on Sa Illetta;
- (5) Includes long component amounted to EUR 76.1 million relating to the debt to Senior Lenders;
- (6) .Includes mainly the long-term leasing of Sale & lease-back transaction on Sa Illetta;

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It should be noted that the net financial position prepared by the Company as required by Consob Communication specification, reported in Note 24 of the consolidated quarterly financial statement amounted to EUR 191.5 million. The following is a reconciliation between the two net financial positions:

<i>(EUR mln)</i>	31 March 2015	31 December 2014
Consolidated net financial debt	184.5	192.6
Other cash equivalents and non-current financial receivables	6.9	6.9
Consolidated net financial debt prepared on the basis of Consob communication No. DEM/6064293 dated 28 July 2006	191.5	199.5

In the first three months of 2015, investments were made for about EUR 8.5 million, against a corresponding figure in the first quarter 2014 amounted to 4.3 million euro, mainly related to the extension and development of the network, of IT services and the installation and activation of new ADSL customers, as well as the purchase of machinery for new projects Istella and Indoona.

Significant events during the first quarter of 2015

Payment of interest and principal on the Senior Loan under the GFA

On March 31st 2015 have been paid EUR 5 million of capital of the Senior loan and cash interest for EUR 2.9 million.

Authorization granted by the Shareholders' meeting to the Board of Directors of Tiscali for the Capital Increase

In execution of the Restructuring Agreements and SEF Agreement, on January 30, 2015, the Extraordinary Shareholders' Meeting of Tiscali has granted the Board of Directors a mandate to increase the capital, in tranches, by issuing up to 1,000,000,000 ordinary shares of the Company with the exclusion of option rights pursuant to art. 2441, paragraph 5, of the Civil Code.

Approval of the Capital Increase by the Board of Directors of Tiscali

On 16 February 2015 the Board of Directors of Tiscali has approved the operation of capital increase reserved for Société Générale under the SEF Agreement. The Company is proceeding with preparations for the launch of this capital increase, the proceeds of which will be used to repay the Facility A1 of the Senior Loan maturing on November 30, 2015. In this regard, it is expected, as is known to the market, the possibility for the Company, considering other forms of financing, to resort to further capital increases and to negotiate with the lenders under the Facility A1 the possible conversion into equity - at the initiative of the Company and subject to satisfaction of certain specific conditions - the remaining portion of the credit line. It is to be noted that the Company is waiting for a response from the lenders about extending the deadline for the fulfillment of these conditions.

Non-binding preliminary agreement for an industrial merger with Aria S.p.A.

On March 19, 2015 was signed a non-binding letter of intent for an industrial merger with Aria S.p.A., Italian provider that offers wireless Broadband, on the basis of the license obtained in the auction of 2008 for use the 3.5 GHz band throughout the national territory. The possible operation, which also envisages a capital injection by the shareholders of Aria S.p.A., would strengthen the industrial and financial position of the company, consolidating the position of Tiscali in fixed and mobile broadband

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access and creating a single operator in the domestic market potentially able to provide high capacity Broadband services throughout Italy due to the combination of the two network infrastructures.

Tiscali S.p.A. 2014 draft financial statements approval

On 19 March 2015, Tiscali's Board of Directors approved the 2014 draft financial statements.

Acceptance of the offer received by real estate fund Castello SGR for acquisition of Leasing Contract on Sa Illetta Buildings

On March 30, 2015 the Fund Castello SGR has requested the extension by another three months compared with the original period 31 March 2015 to enable the fulfillment of the conditions precedent. Tiscali has stated its willingness to grant such an extension of three months and subsequently informed the Licensors of that fact, the latter requiring a corresponding extension of the deadline for the adoption of alternative measures agreed upon in the event of non-completion of the sale of lease Agreement (namely, the redefinition of the repayment plan and not rely on the remedies provided under the lease Agreement). At present, the Company is awaiting formal acceptance of the Licensors themselves.

Events after the end of 1Q2015

Tiscali launches Streamago Social

In the first week of April, Tiscali launches Streamago Social, the iOS app that for the first time ever makes it possible to broadcast live video and audio on Facebook timelines and public pages, an app to enrich social communication with a new powerful tool for live broadcasting.

Tender for the provision of connectivity services to public administrations (B2B Services)

On April 29th 2015 Tiscali has won the tender, announced by Consip, for the provision of connectivity services of Public Administration under the Public Connectivity System (SPC), offering the best total global price. After being assessed to be the most advantageous in May 2014, the tender submitted by Tiscali has successfully passed all the tests of economic and technique fairness, confirming again its first place in the Consip ranking. The tender concerns a framework contract "multivendor" for the provision of data transport services, advanced communications, security and expert advice on all the national territory for a duration of 7 years. As stated in the tender, the share held by Tiscali as a contracting company is 60% of the total value of the contract.

Approval of 2014 final year draft financial statement

On April 30th 2015 the Shareholders' meeting of Tiscali S.p.A. Board of Directors has approved the 2014 final year financial statement.

Confirmation of independence requirements of Directors Assunta Brizio and Franco Grimaldi

Based on the information received by the directors, as well as with reference to the independence requirements of the Code of Conduct, which adheres Tiscali, the Board of Directors today also considered independent, based on the parameters and criteria recommended by the Code, the Directors Brizio and Grimaldi . The Board of Auditors has verified the correct application of the criteria and procedures adopted by the Board to evaluate the independence of its members.

Business outlook and prospects

Tiscali is engaged in a complex process of consolidating its positions in traditional business combined with the required service innovation and the development of its position on the Public Administration which will take place thanks to the recent award of the tender SPC.

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As for the consumer segment of the fixed network, the major focus will continue to be placed on customer acquisitions mainly through the web and inbound channels. In addition, in the second half of the year is scheduled to launch the of ultra-broadband services: this commercial development will further expand the range of services portfolio and contribute to the increase in ARPU. On the basis of the growth recorded in the last 12 months Tiscali tip on expanding its customer base of mobile telephony, both with stand-alone products (mainly bundle) and to implement bundled fixed-mobile services in line with recent market trends.

On the market for business services, management attention will be placed on the enlargement of the customer base on traditional services and innovative ones, among which a major role is played by Open Net (wifi service) and streaming. At the same time, the management At the same time, the management will be involved in all the preparatory activities for the implementation of the contracts that will result from the recent award of the tender SPC. It is expected that the positive outcome of the awarded bid SPC can allow a substantial dimensional shift for the service offered to the public administration.

As for the segment of digital media, the first quarter saw a marginal decline in the level of revenues, whose reasons are described above. Nevertheless, the company is convinced that the historical undersizing the digital advertising market in Italy compared to traditional media has to be covered. Thus said, the model of digital media will increase more and more in importance in the business model of Tiscali thanks to the expansion of network traffic (tiscali.it and partner sites) and enlargement of the commercial furniture to the new digital mobile platforms.

On a parallel, the considerable commitment on innovation continues, with specific focus on the Indoona and Steamago products, the new search engine Istella and the brand new app Streamago Social, for which work will be carried out so as to extend the customer base and usage rates, so to turn the audience reached to profit.

In addition, the company is continuing to pursue its activities under the restructuring plan agreed with the Senior Lenders on December 2014, including the preparatory activities for the increase through the implementation of the capital increase delegated by the instrument SEF.

Note that the interim management report as at 31 March 2015 shall be made available to the general public as per the formalities and within the deadlines laid down by law.

<i>(EUR mln)</i>		
CONSOLIDATED INCOME STATEMENT	31 March 2015	31 March 2014
Revenues	53	53.2
Other income	1.1	0.5
Purchase of materials and outsourced services	32,2	31.5
Payroll and related costs	9.0	8.7
Other operating costs / (income)	0.0	0.0
Gross operating result	12.8	13.5
Write-downs of receivables from customers	2.8	2.5
EBITDA	10.0	11.0
Restructuring costs, provisions for risk reserves and write-downs	0.3	0.0
Amortisation/depreciation	8.6	9.1
Operating result (EBIT)	1.1	1.9
Net financial income (charges)	(4.6)	(3.7)
Pre-tax result	(3.5)	(1.8)
Income taxes	(0.1)	(0.4)
Net result from operating activities (on-going)	(3.6)	(2.2)
Result from assets disposed of and/or destined for disposal	0.0	0.0
Net result	(3.6)	(2.2)
Minority interests	0.0	0.0
Group Net Result	(3.6)	(2.2)

CONSOLIDATED BALANCE SHEET <i>(EUR mln)</i>	31 March 2015	31 December 2014
Non-current assets	147.9	147.9
Current assets	64.0	60.1
Total Assets	211.9	207.9
Group shareholders' equity	(172.6)	(168.8)
Shareholders' equity pertaining to minority shareholders	0.0	0.0
Total Shareholders' equity	(172.6)	(168.8)
Non-current liabilities	131.4	137.0
Current liabilities	253.1	239.8
Total Liabilities and Shareholders' equity	211.9	207.9

STATEMENT OF THE APPOINTED EXECUTIVE

I, the undersigned, Pasquale Lionetti, Executive in charge of drawing up Tiscali S.p.A.'s corporate accounting documents, hereby declare in pursuance of Article 154 bis, section 2 of Italian Legislative Decree No. 58/98, as amended, that the accounting disclosure contained in this press release is consistent with the documental results, the books and ledgers and the accounting records.

Pasquale Lionetti



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

This press release contains certain forward-looking statements based on current expectations and projections in relation to future events. These forward-looking statements may be affected by known or unknown risks, uncertain events and the assumptions made. This press release also contains unaudited pro forma financial data. Tiscali does not undertake to publish updates or modify any forward-looking statements, either to provide new information or in response to future events or other circumstances. In light of the aforementioned risks, uncertainties and assumptions, the forward-looking statements contained in this press release may not come to fruition. Any statement relating to past performance or activities should not be considered a guarantee of future performance or of such activities continuing in the future.

Information on Tiscali

Tiscali S.p.A. (Borsa Italiana. Milan: TIS) is one of the leading alternative telecommunications companies in Italy. Tiscali provides its private and business customers with a vast range of services: Internet access through dial-up and ADSL, as well as voice, VoIP, media, and added-value services and other technologically advanced products.

As at 31 March 2015 Tiscali reported around 578.3 active customers, of which 466.7 thousand were ADSL customers and over 99.8 thousand are mobile customers.

The Tiscali website may be accessed at www.tiscali.it.

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