TELECOM ITALIA GROUP

3Q’15 Results

Rome, November 6th, 2015

Telecom Italia Group

3Q’15 Results

Marco Patuano

Piergiorgio Peluso

Agenda

Recent Highlights & 3Q'15 Results

- Marco Patuano

Financial Update

- Piergiorgio Peluso

Take-Aways

- Marco Patuano

Appendix

Safe Harbour

This presentation contains statements that constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of estimates regarding future growth in the different business lines and the global business, financial results and other aspects of the activities and situations relating to the Telecom Italia Group. Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those projected or implied in the forward looking statements as a result of various factors. Consequently, Telecom Italia makes no representation, whether expressed or implied, as to the conformity of the actual results with those projected in the forward looking statements. Forward-looking information is based on certain key assumptions which we believe to be reasonable as of the date hereof, but forward looking information by its nature involves risks and uncertainties, which are outside our control, and could significantly affect expected results. Analysts and investors are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Telecom Italia undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telecom Italia business or acquisition strategy or planned capital expenditures or to reflect the occurrence of unanticipated events. Analysts and investors should consult the Company's Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission which may identify factors that affect the forward looking statements included herein.

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements as of and for the nine months ended 30 September 2015 have been applied on a basis consistent with those adopted in the Annual Consolidated Financial Statements at 31 December 2014, to which reference should be made, except for the new standards and interpretations adopted by the Telecom Italia Group starting from 1 January 2015 which had no effects on the Condensed Consolidated Financial Statements as of and for the nine months ended 30 September 2015.

Recent Highlights

A Domestic Performance

- Results & KPIs show a solid trend
- Stabilization Goal Confirmed

B Brazilian Marketing Approach

- Offers Portfolio Redesigned to fit the Low-MTR Environment
- 4G Dominance Confirmed
- Efficiency Ongoing

C New Regulatory Framework

- Open Access Enhanced

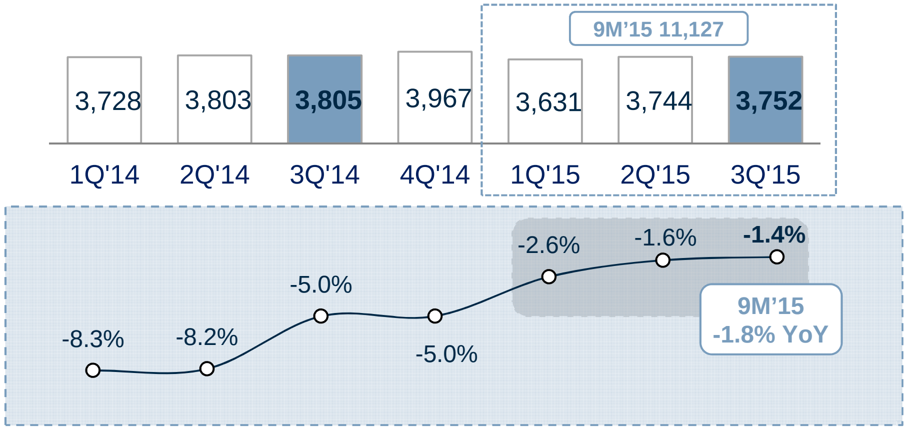
D Savings Shares Conversion

- Simplification of Capital Structure into one single class of Voting Shares
- Ensure that the Value of our Business is fully reflected in our Market Capitalization

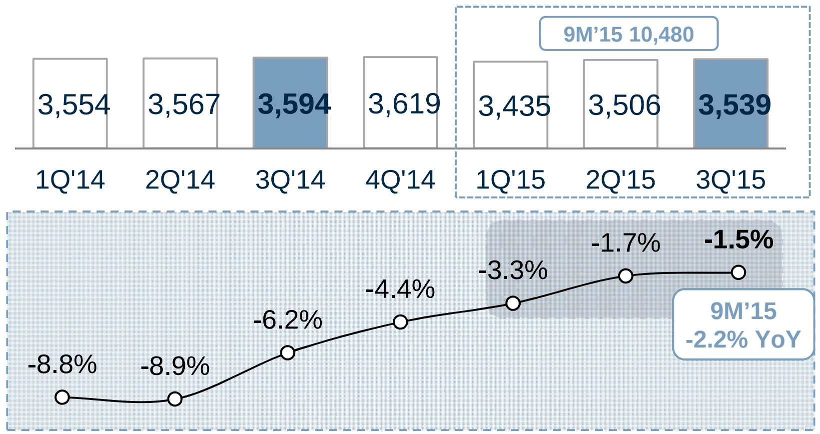
Domestic Main Results

Reported data, € Mln, %YoY

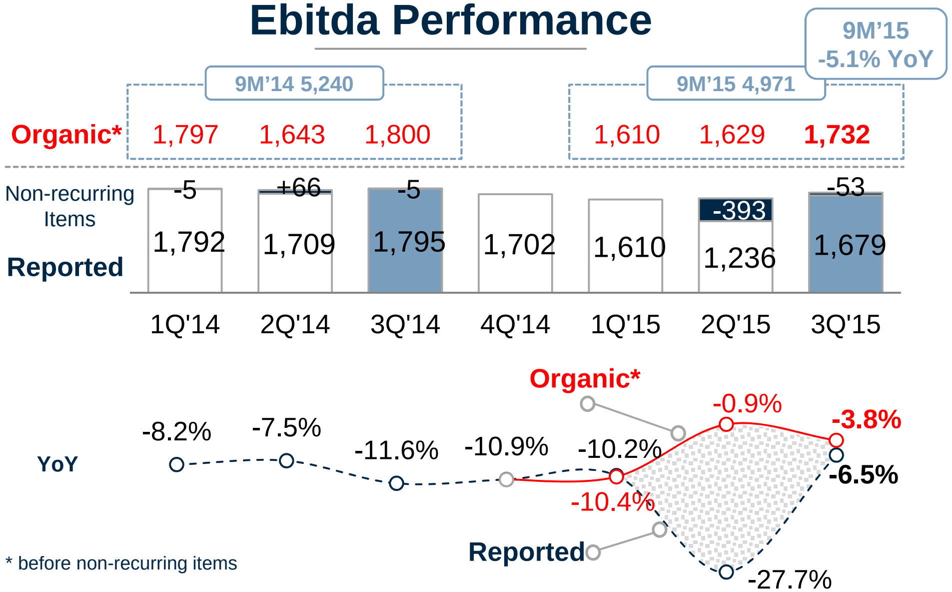
Total Revenues



Service Revenues



Ebitda Performance



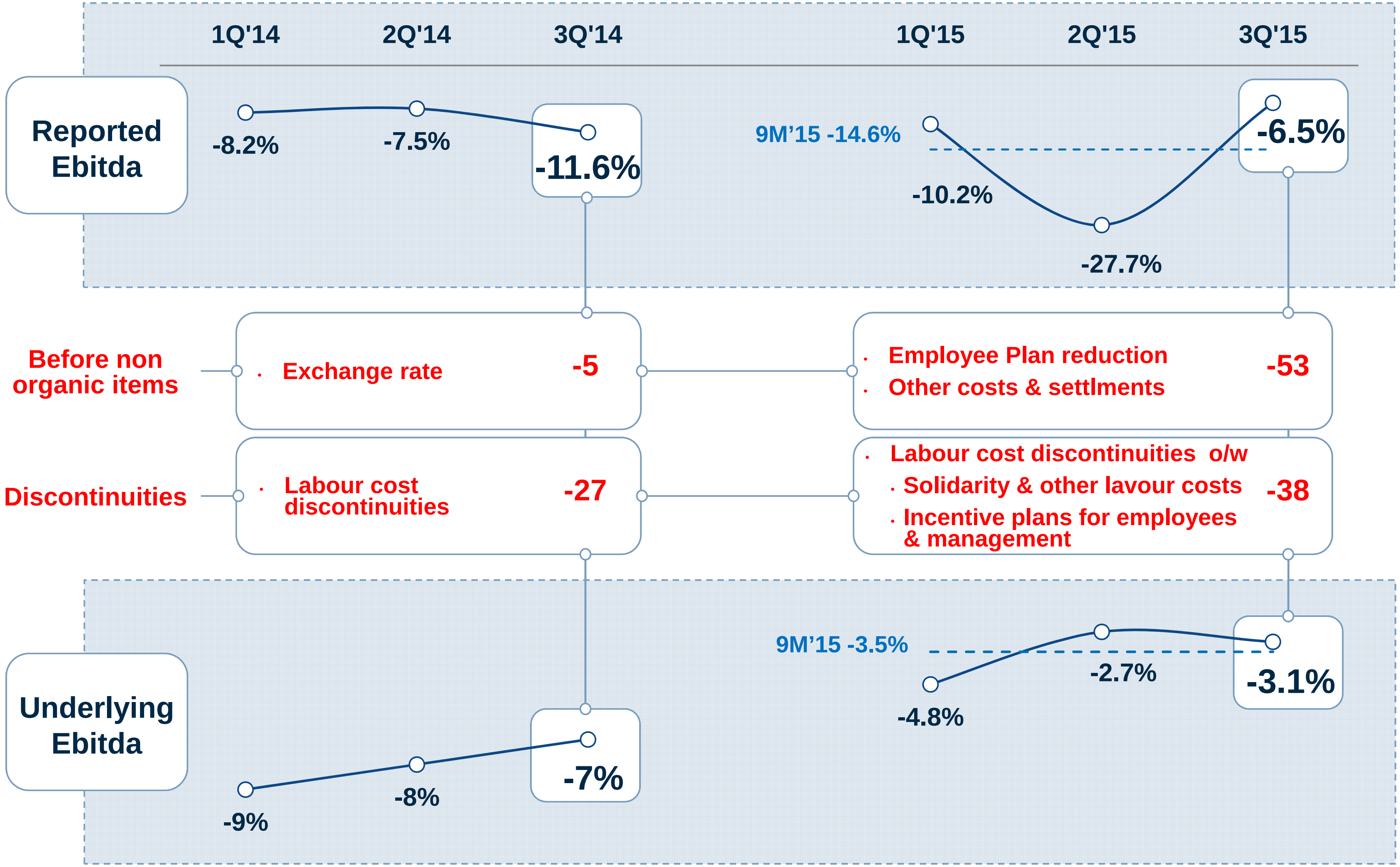
* before non-recurring items

Non-recurring items on Ebitda

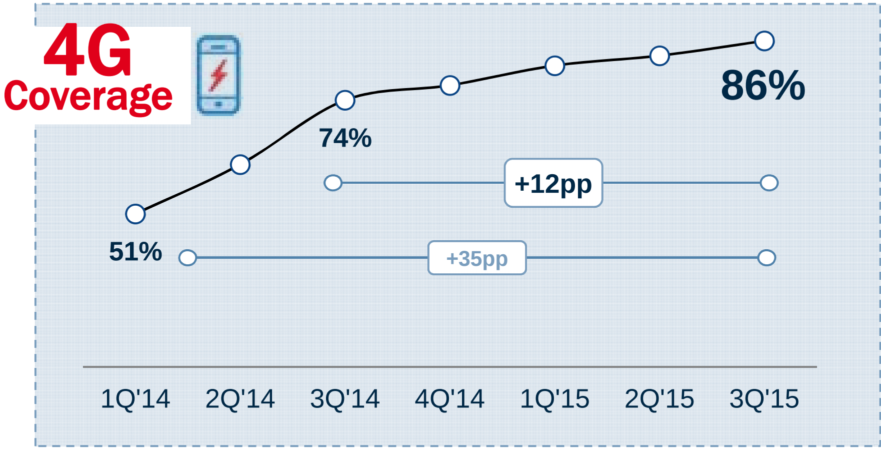
	2014 1Q	2014 2Q	2014 3Q	2015 1Q	2015 2Q	2015 3Q
Total	**-5**	**+66**	**-5**		**-393**	**-53**
FX rate flactuation	-5	-5	-5			
Release TIS provision		+72	+2			
Employee reduction plan			-1		-24	-19
Provision for risks and other costs		-1	-1		-369	-34

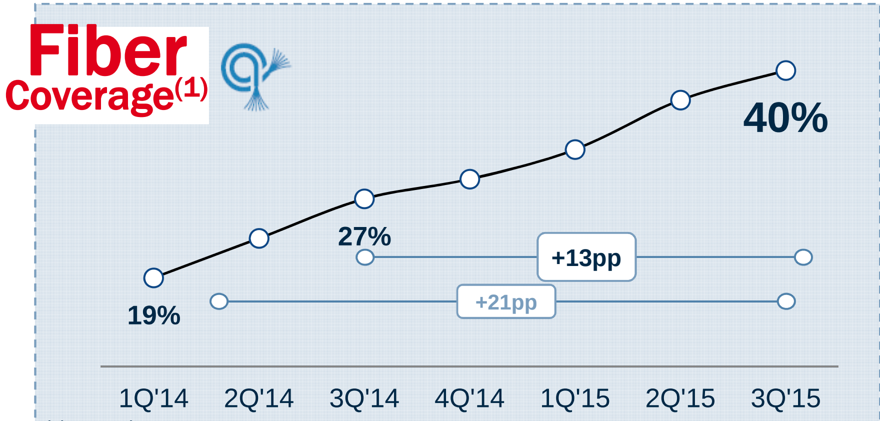
Domestic Ebitda Evolution

YoY

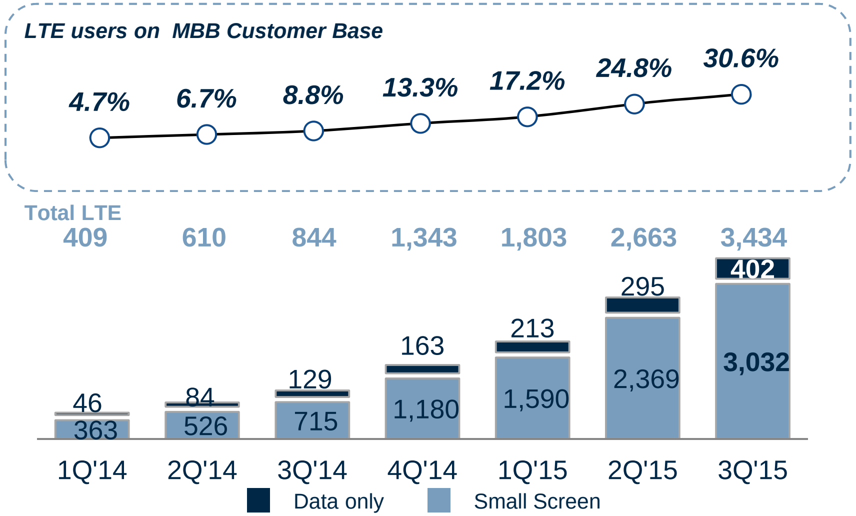


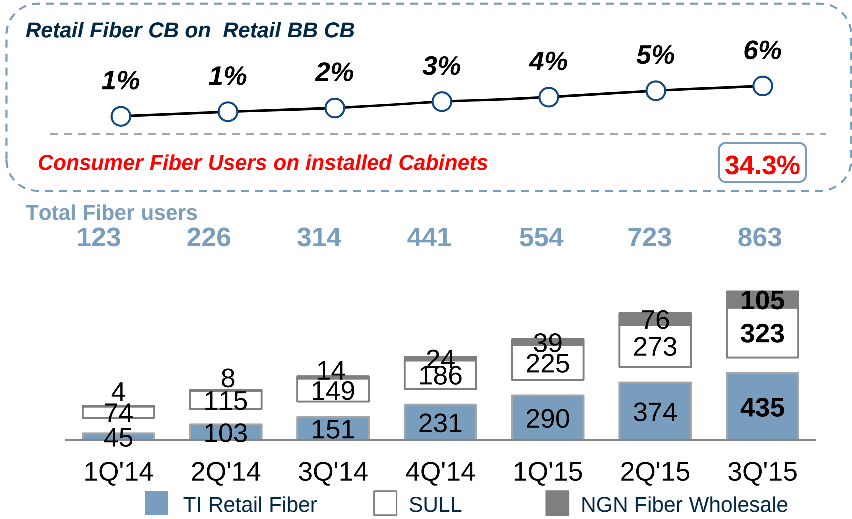
Moving Fast on LTE & NGN





(1) passed



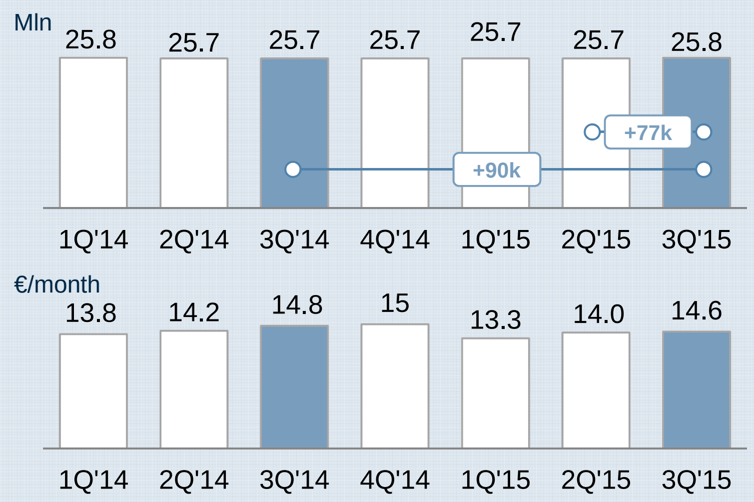


	1Q'14	2Q'14	3Q'14	4Q'14	1Q'15	2Q'15	3Q'15
Total MBB Customer Base	8,677	9,151	9,596	10,071	10,480	10,754	11,217
Total Retail BB users	6,933	6,939	6,932	6,921	6,945	6,971	6,984

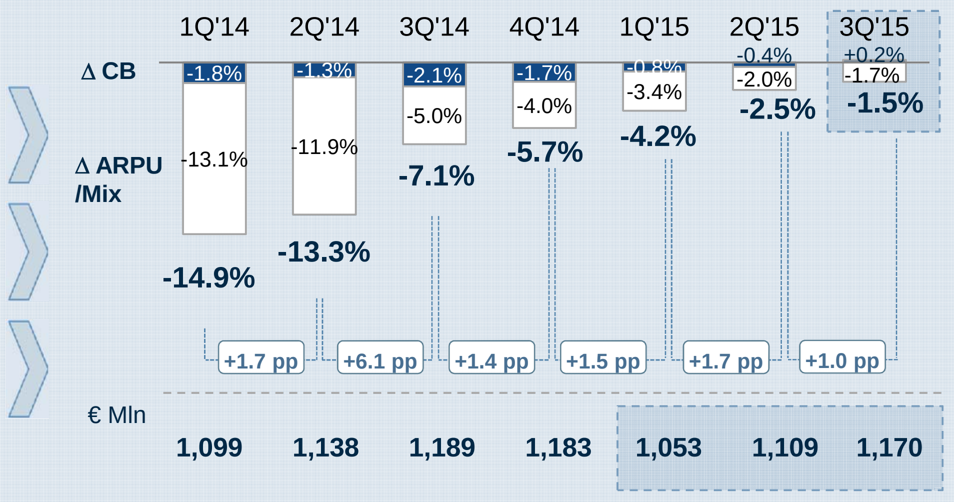
Mobile Revenues : Delivering on Better Expectations

Reported data, %YoY

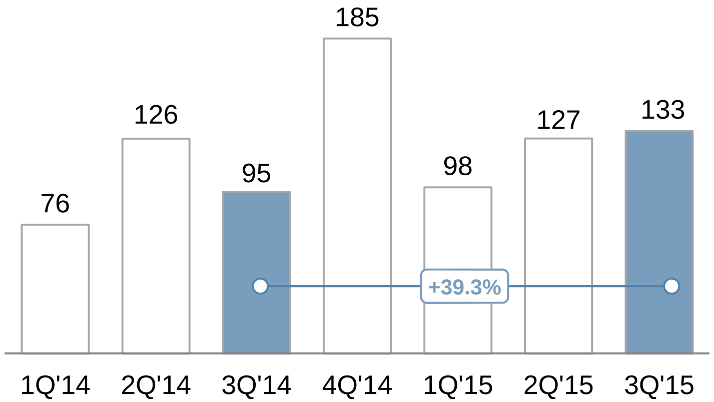
Mobile Calling CB & ARPU



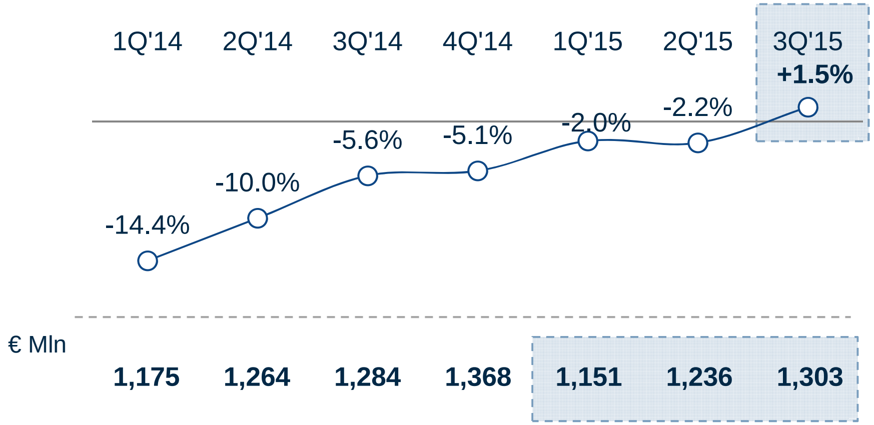
Mobile Service Revenues Improving Trend



Mobile Handsets Revenues Trend



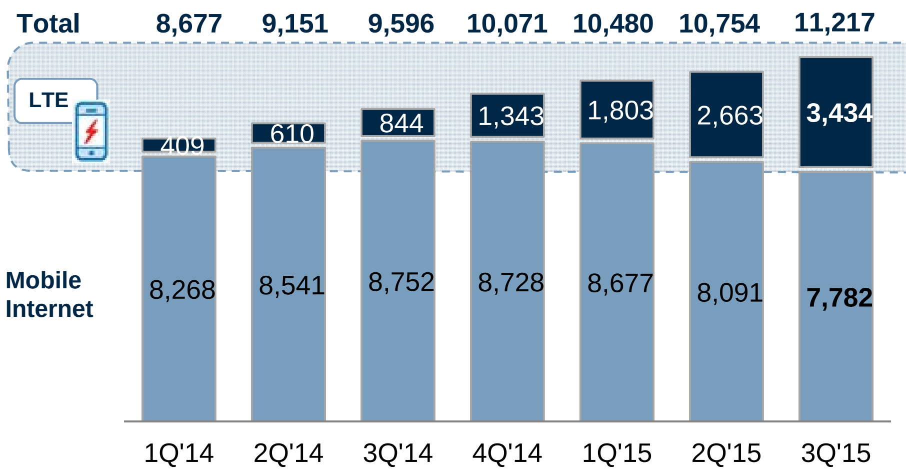
Mobile Total Revenues Trend



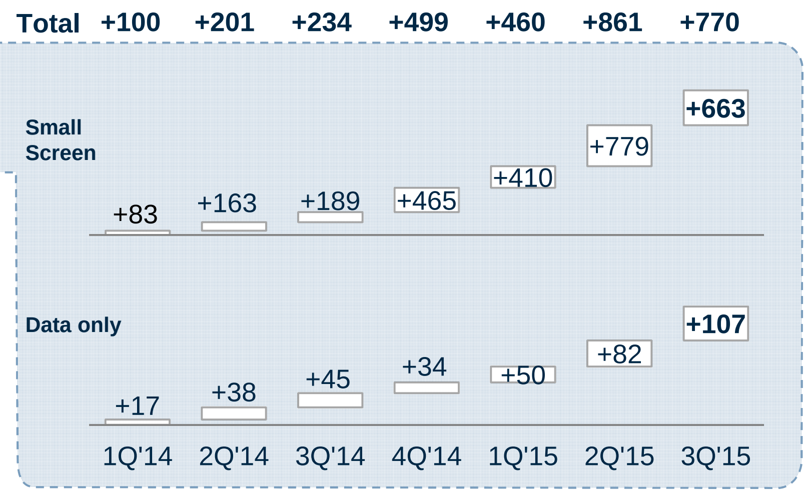
Mobile Broadband and LTE Confirm Strong Take-Up

'000

BB Users

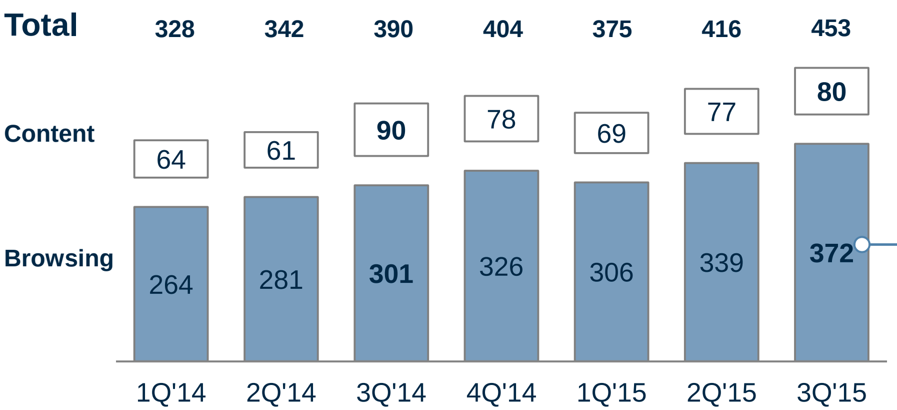


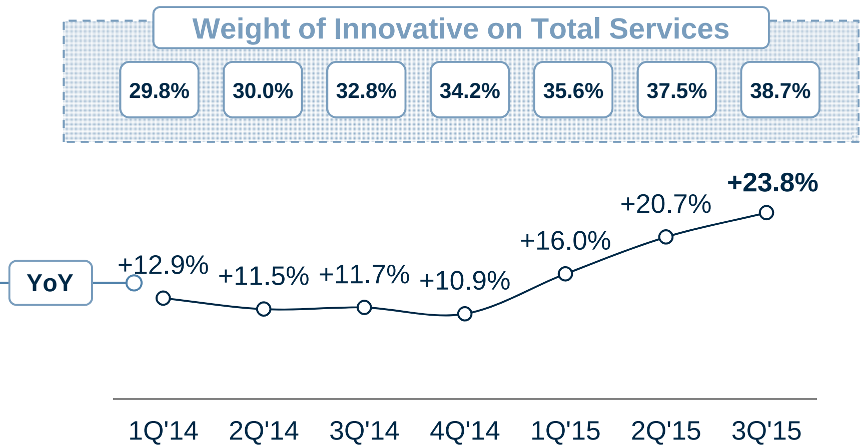
Net adds LTE Users - QoQ



Innovative Service Revenues

Reported data, € Mln, %YoY

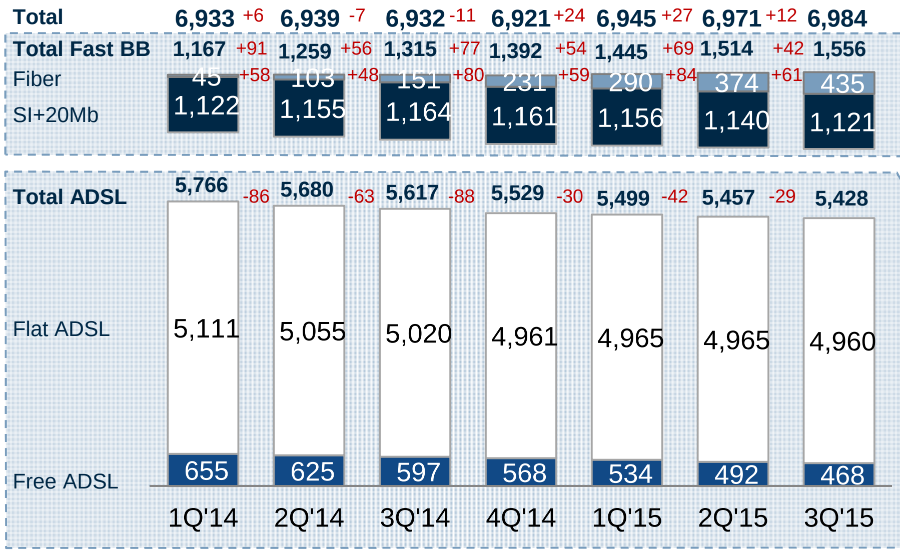




Fixed: BB Acquisitions Performance beats Seasonality

'000, € Mln, %YoY

BB Accesses



Net adds BB Highlights

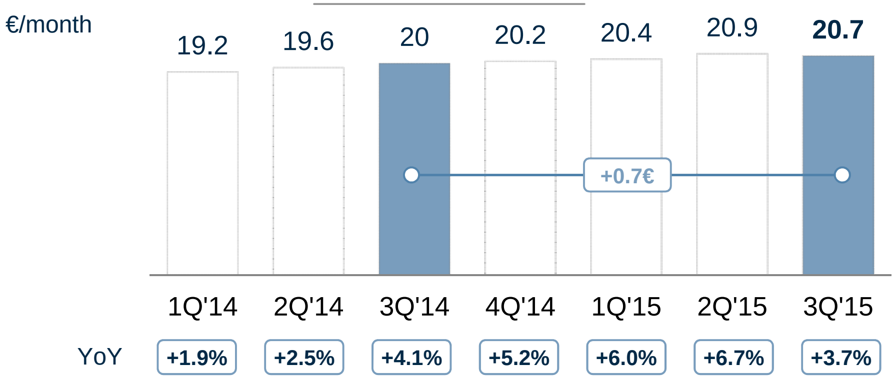
Fiber

- **High migration rate from ADSL CB**
- **Good new clients take-up rate**
- **Working to increase win-back rate**

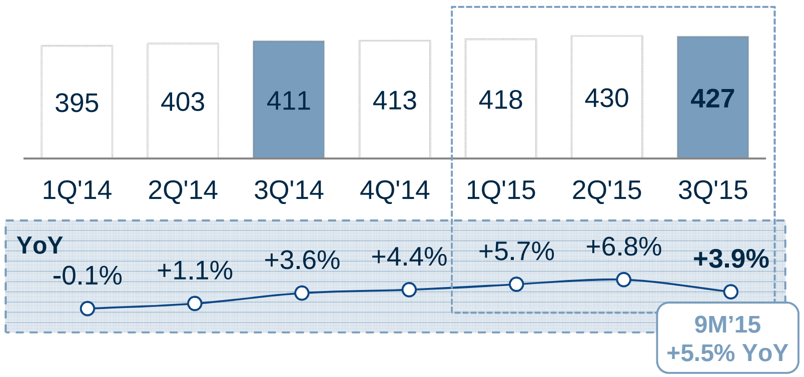
ADSL

- **High commercial aggressiveness on the market**
- **High "Free ADSL" disconnection rate with low ARPU value**

BB Arpu



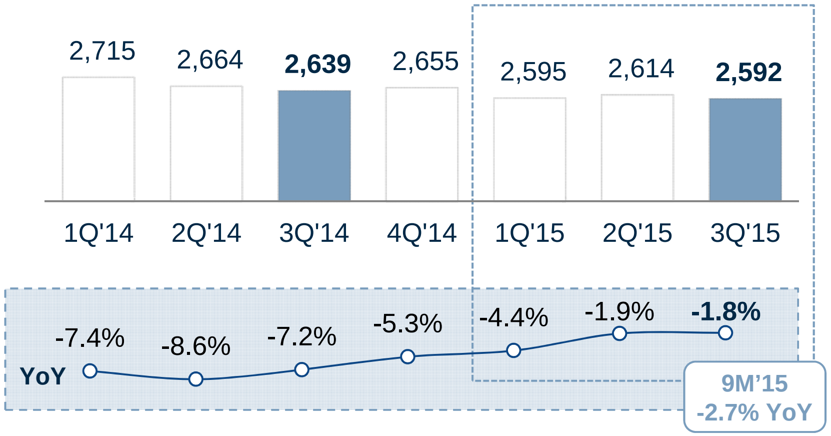
BB Service Revenues



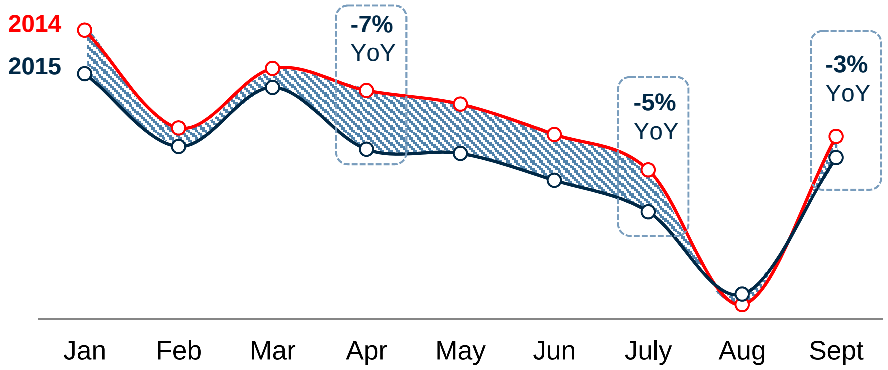
Fixed: Revenues and Lines Analysis

Fixed Service Revenues

Reported data, € Mln, %YoY



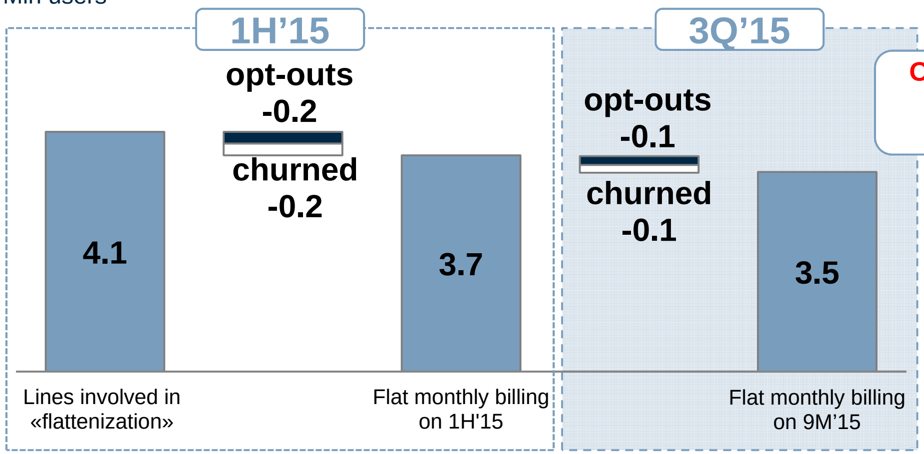
Usage: Consumer Fixed

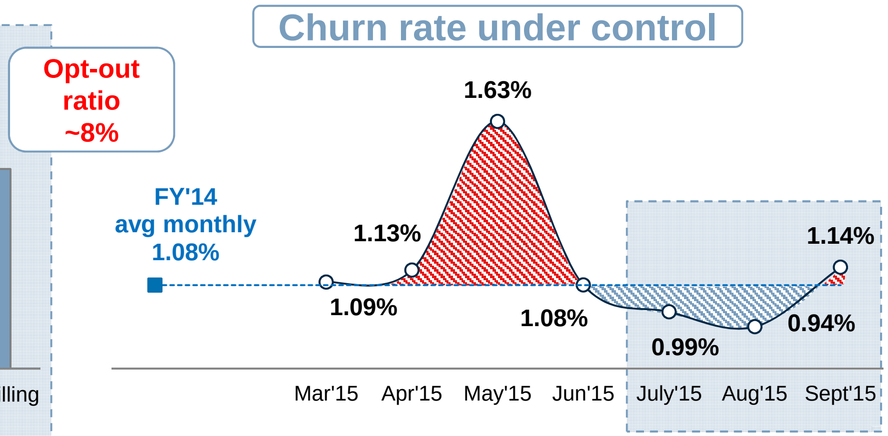


Avg Outgoing price (YoY)	+9%	+21%	+16%

Churn Stable Y-o-Y as "Tutto Voce" overcomes Launch Phase

Mln users

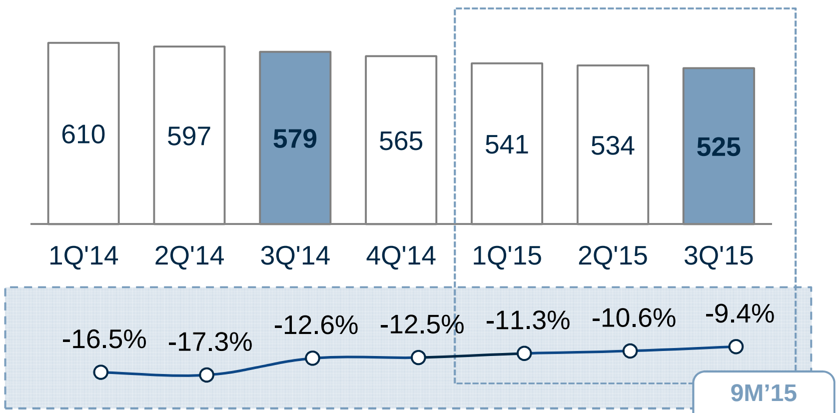




Business Segment: New Breakdown on Revenues

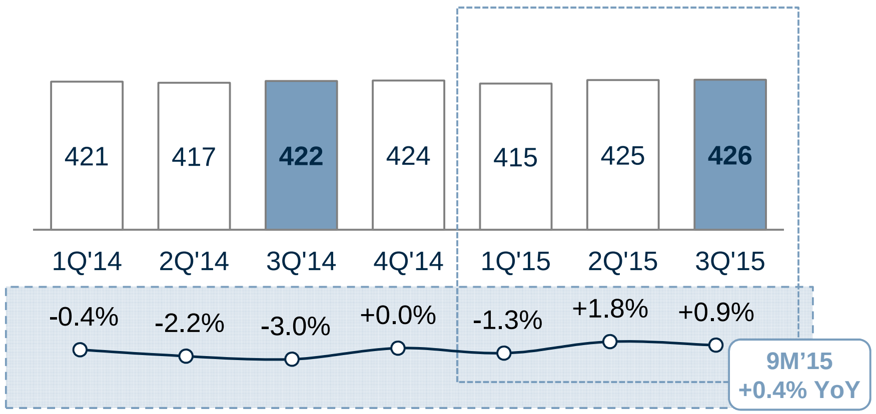
Service Revenues, Reported data, € Mln, %YoY

Communicate



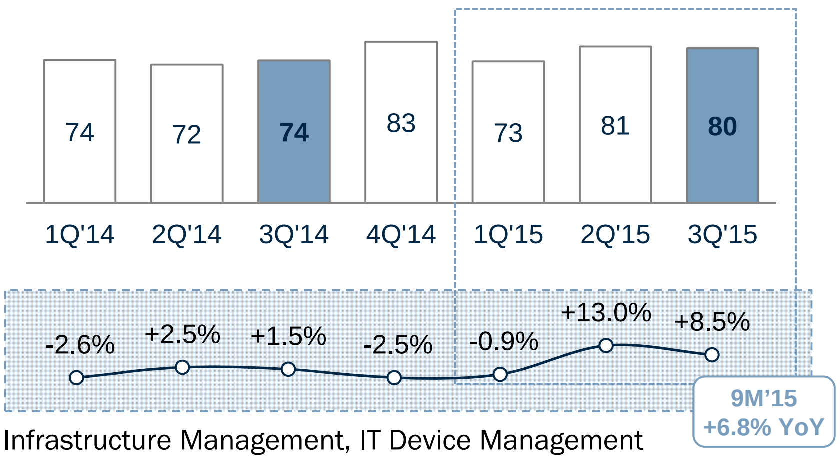
Fixed Voice, Mobile Voice, SMS

Connect



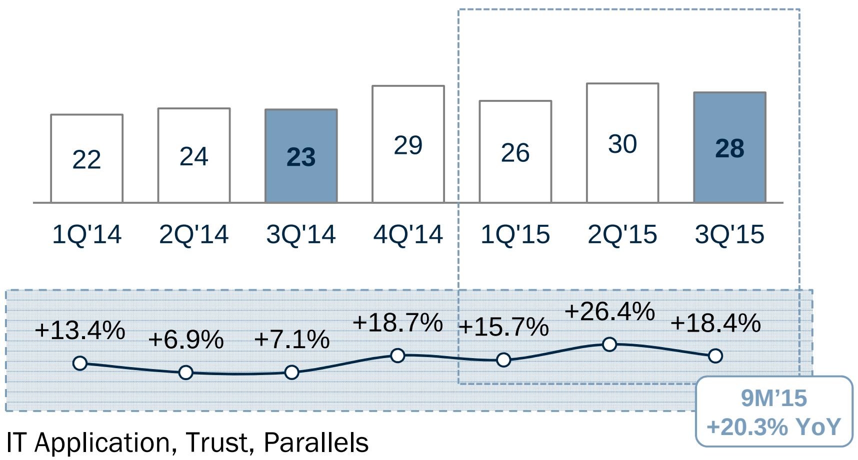
Fixed & Mobile Data Transmission, IT Network Management

Compute



Infrastructure Management, IT Device Management

IT Solutions

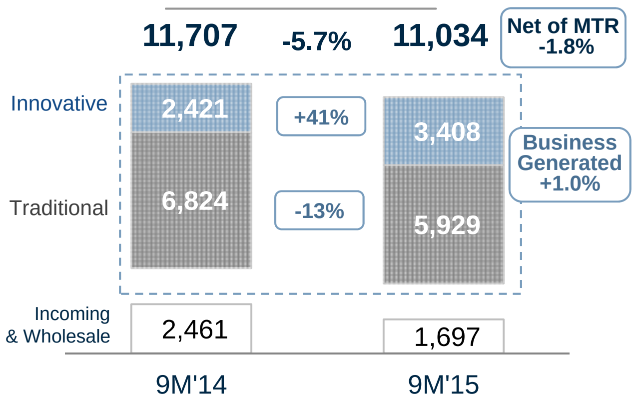


IT Application, Trust, Parallels

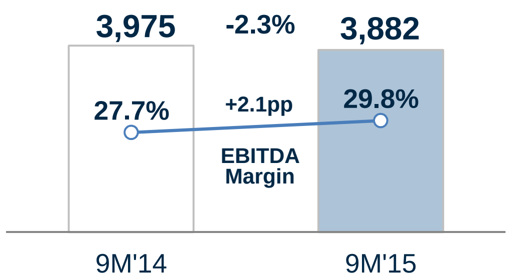
TIM Brasil Update

Reported data, R$ Mln, %YoY

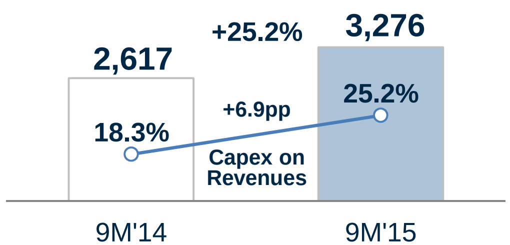
Mobile Service Revenues



Reported EBITDA



Capex



New Offer Portfolio Just Launched combines Data Rightsizing with Symmetric On-Net/Off-Net Voice Allowance

Open Access Enhanced

New Equivalence Model

1
Organizational Change

Retail Clients
OLO Clients
Wholesale
Delivery
Delivery
Retail Clients
OLO Clients

2
Same Process
Same System
Same Information

OLO
Database
TI
Demand System
Order Manager
Field Operation for Delivery & Assurance

3
Continuous Performance Improvement

Technical KPIs
Commercial KPIs
Operational KPIs

OLOs Centricity

Agenda

Recent Highlights & 3Q'15 Results
- Marco Patuano

Financial Update
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Take-Aways
- Marco Patuano

Appendix

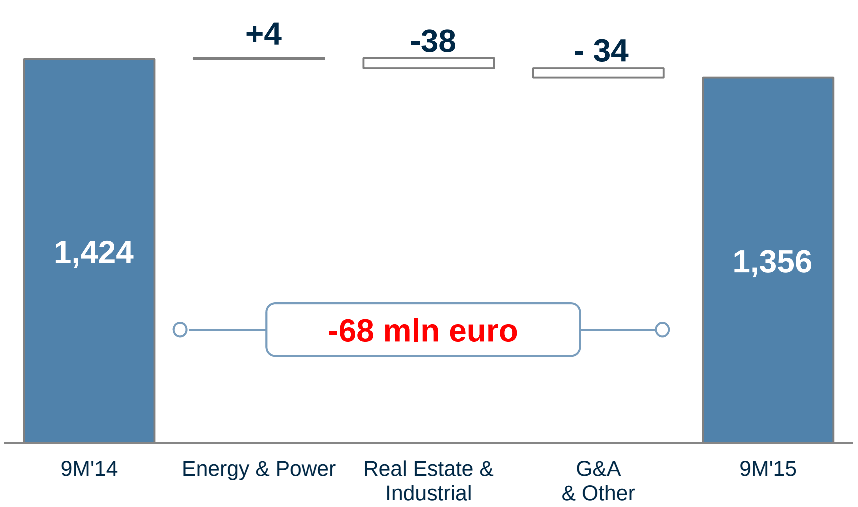
TI Group Overview

€ Bln	3Q'15	%YoY	9M'15	%YoY	
Total Revenues	4.8	-5.1 organic -11.9 reported	14.9	-3.9 organic -6.9 reported	
Service Revenues	4.5	-2.9 organic -9.3 reported	13.8	-3.1 organic -5.8 reported	9M'14vs'13 -6.4 organic
Ebitda	2.0 bef. non recurring items	-4.4 bef. non recurring items -11.6 reported	6.1 bef. non recurring items	-4.8 bef. non recurring items -14.8 reported	9M'14vs'13 -6.4 organic
Capex	1.1	+26.5 organic +16.5 reported	3.2	+27.3 organic +22.5 reported	
OpFCF(1)	0.9 Domestic 0.85 bln € -0.1 bln € YoY	-0.3 bln € reported	1.7 Domestic 2.1 bln € -0.1 bln € YoY	-0.5 bln € reported	
Net Debt	26.8		-0.2 bln € vs 1H'15	+0.2 bln € vs FY'14	

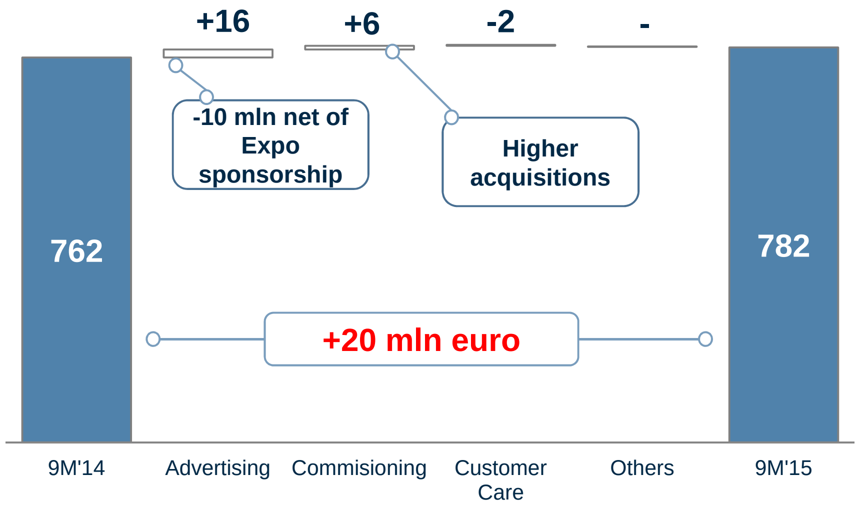
(1) Normalized for Brazilian clean-up costs/700 Mhz

Domestic Efficiency Program

Process/ Asset Driven Costs(1)



Market/ Customer Driven Driven Costs(2)



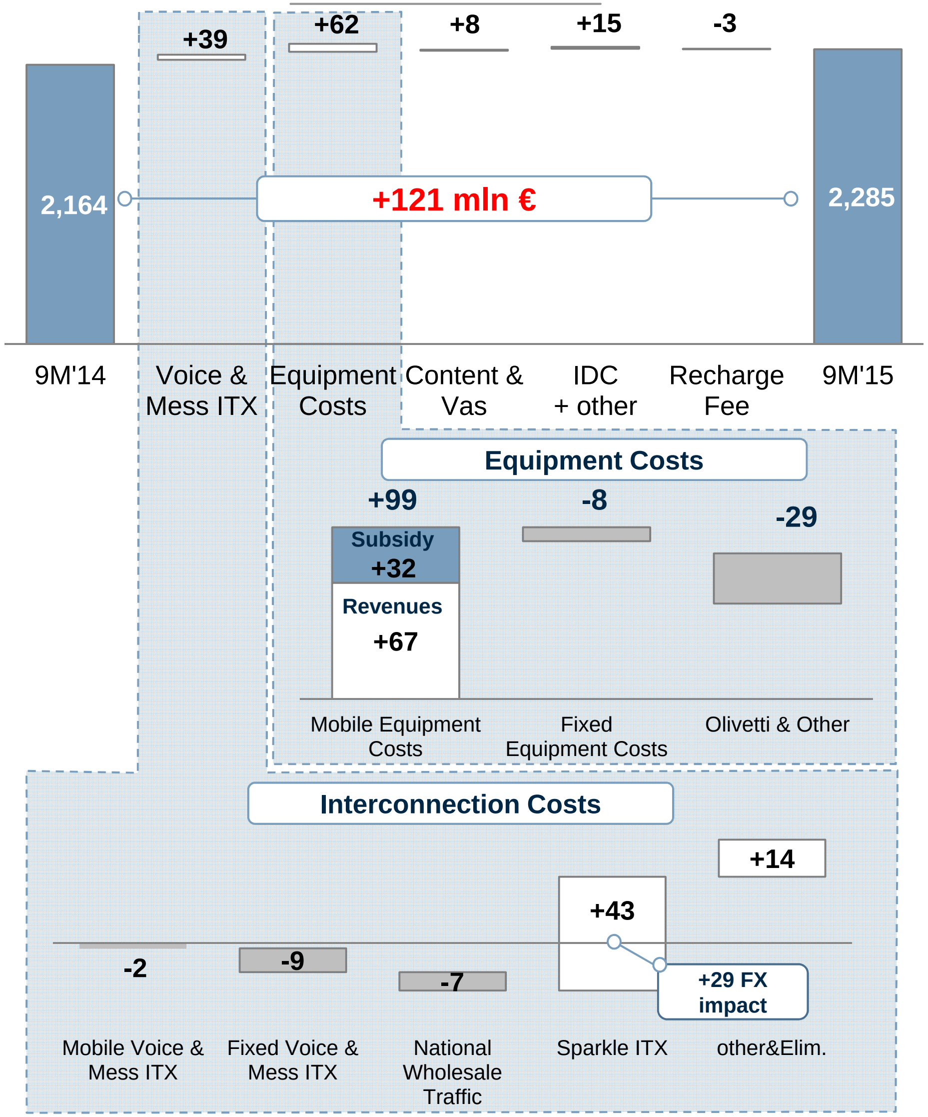
Balance to FY Efficiency Target

	1H'15 vs 1H'14	3Q'15 vs 3Q'14	9M'15 vs 9M'14	4Q'15 vs 4Q'14 expected	FY'15 vs FY'14 Efficiency target
Total Efficiency	-17	-31	-48	~-70	>-100
Process/ Asset Driven Costs	-17	-51	-68	~-60	o/w ~40 mln € from Real Estate
Market/ Customer Driven Costs	-	+20	+20	~-10	

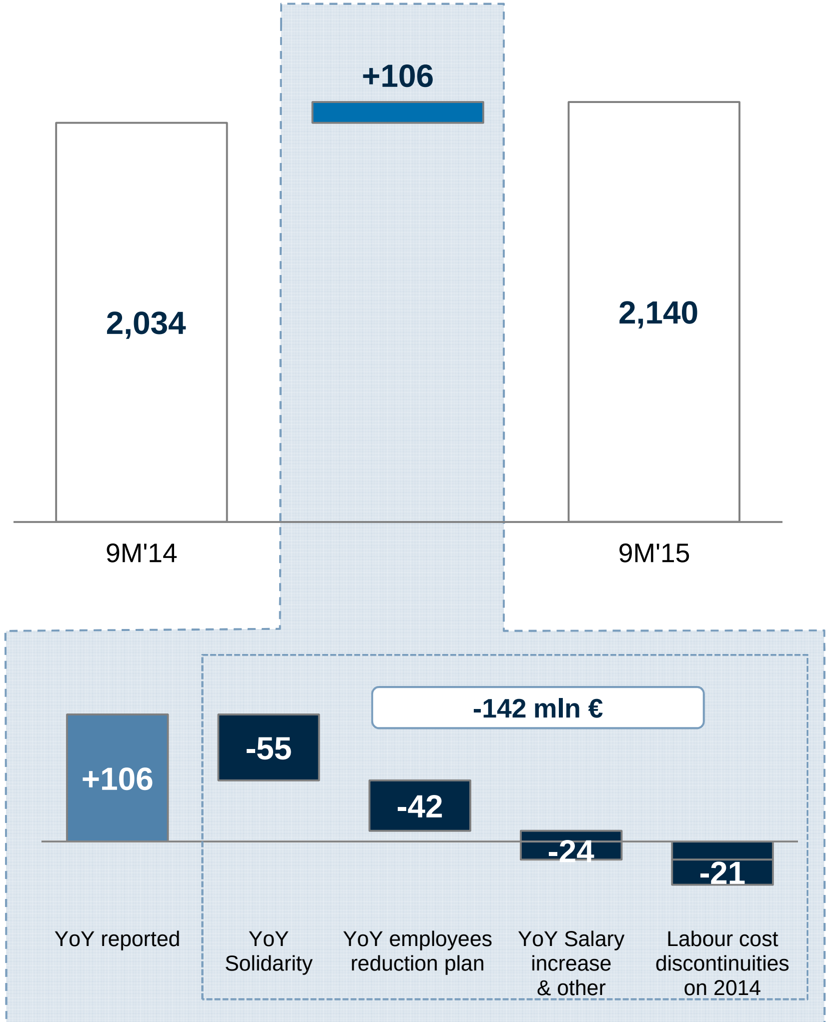
(1) Industrial costs, G&A, Real Estate
(2) Acquisition costs, ADV, Customer Care, Other commercial costs

Volume Driven and Labour Costs

Volume Driven Costs



Labour Cost

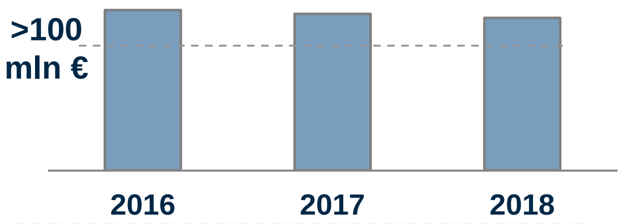


Normalized Costs of Labour -36 mln € YoY

Labour Costs Evolution

A **Solidarity Contract** (“defensive”) from January 2016, for around 30,400 workers, envisaging the reduction of 8.85% of the monthly working hours, for the management of 2,600 surplus employees without redundancies.

Savings expected

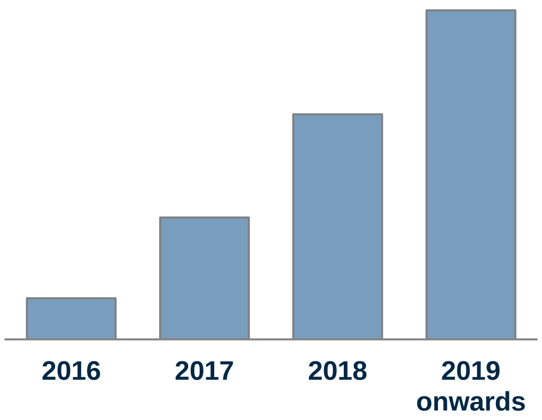


B **Voluntary early redundancy** (pursuant to **Art. 4 of the Fornero Law**) that allows approximately **3.3 thousands employees** accruing by 31 Dec. 2018 the minimum requirements over the following 4 years to stop working early and therefore addressable from now onwards.

The **reduction** of another

C ~**150 employees** (ex lege 223/91 – agreement as of Sept. 2015) and

D ~**100 managers** (pursuant to **Art. 4 of the Fornero Law**) will occur between 2015-2019.



Against A B C D, a costs of approximately 400 mln € will be posted to yield a

Net Present Value 2015-2022: >400 mln €

Savings Shares Conversion

Main Terms & Conditions

Voluntary Conversion		Mandatory Conversion	
Cash Component	1 Saving Share x 1 Ordinary Share + 0.095 €	Conversion Ratio	1 Saving Share x 0.87 Ordinary Share
Spread Split	57% on Saving Share 43% on Ordinary Share	Settlement Value of the Savings Shares subject to Withdrawal	0.9241 € per Share
Dividend on Savers	Included in Conversion Premium	Maximum Cash out for dissenting Shareholders	100,000,000 €

Agenda

Take-Aways

Italy

- Sequential improvement both in Mobile and Fixed Revenues continues in line with expectations
- Innovative Investments drive the Technological leadership of our Networks
- Cost control and Efficiency remains a priority

Brazil

- Encouraging signs from data growth, but overall negative impact of macro environment
- We remain convinced of the enormous opportunities offered by the Country
- The right time to invest for future growth

Outlook

- Equity Value is a priority for TI, as shown by past performance and by the fairness of the terms of present Conversion
- 2016 Domestic Ebitda Year-on-Year “stabilization” confirmed

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Appendix

Domestic Mobile Breakdown

€ mln, QoQ

Quarterly Mobile Revenues Breakdown

	3Q'15	3Q'14	YoY
Total	**1,303**	**1,284**	**+1.5%**
Service	1,170	1,189	-1.5%
Handsets	133	95	+39.3%
Traditional Service	**639**	**727**	**-12.1%**
o/w Outgoing	461	536	-14.0%
o/w Incoming	65	57	+14.4%
o/w Messaging	113	134	-15.6%
Innovative Service	**453**	**390**	**+16.0%**
o/w Browsing	372	301	+23.8%
o/w Internet Content	80	90	-10.2%
Wholesale Service	**79**	**72**	**+10.0%**

Service Revenues Trend YoY

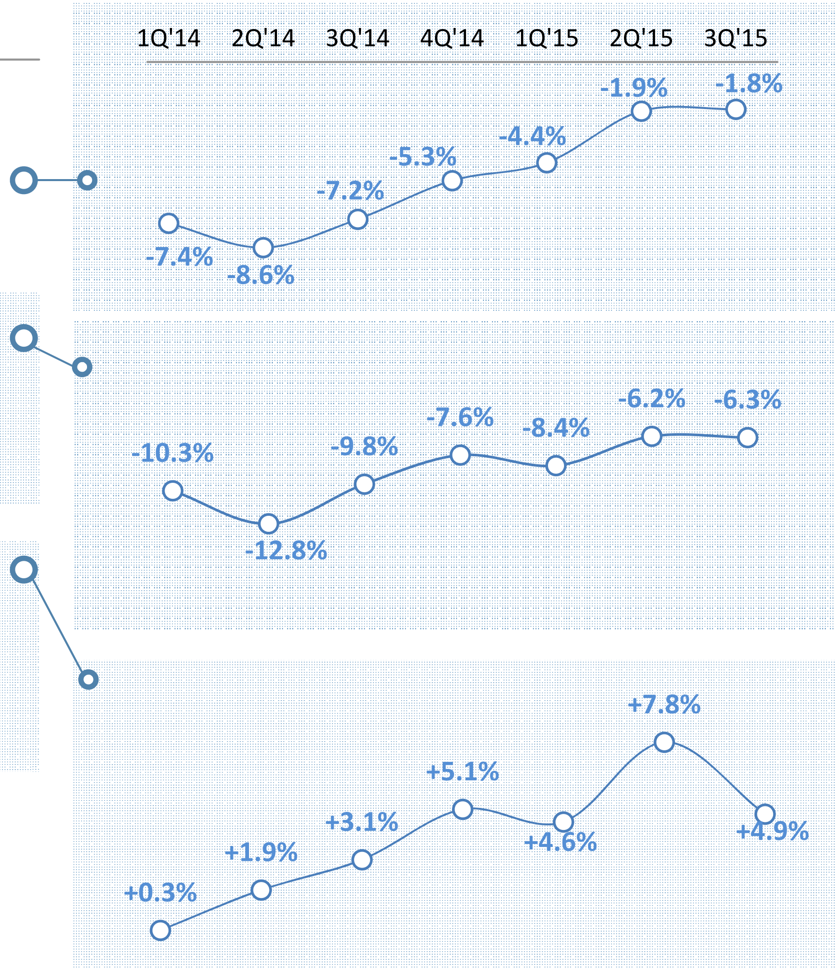
Domestic Fixed Breakdown

€ mln, QoQ

Quarterly Fixed Revenues Breakdown

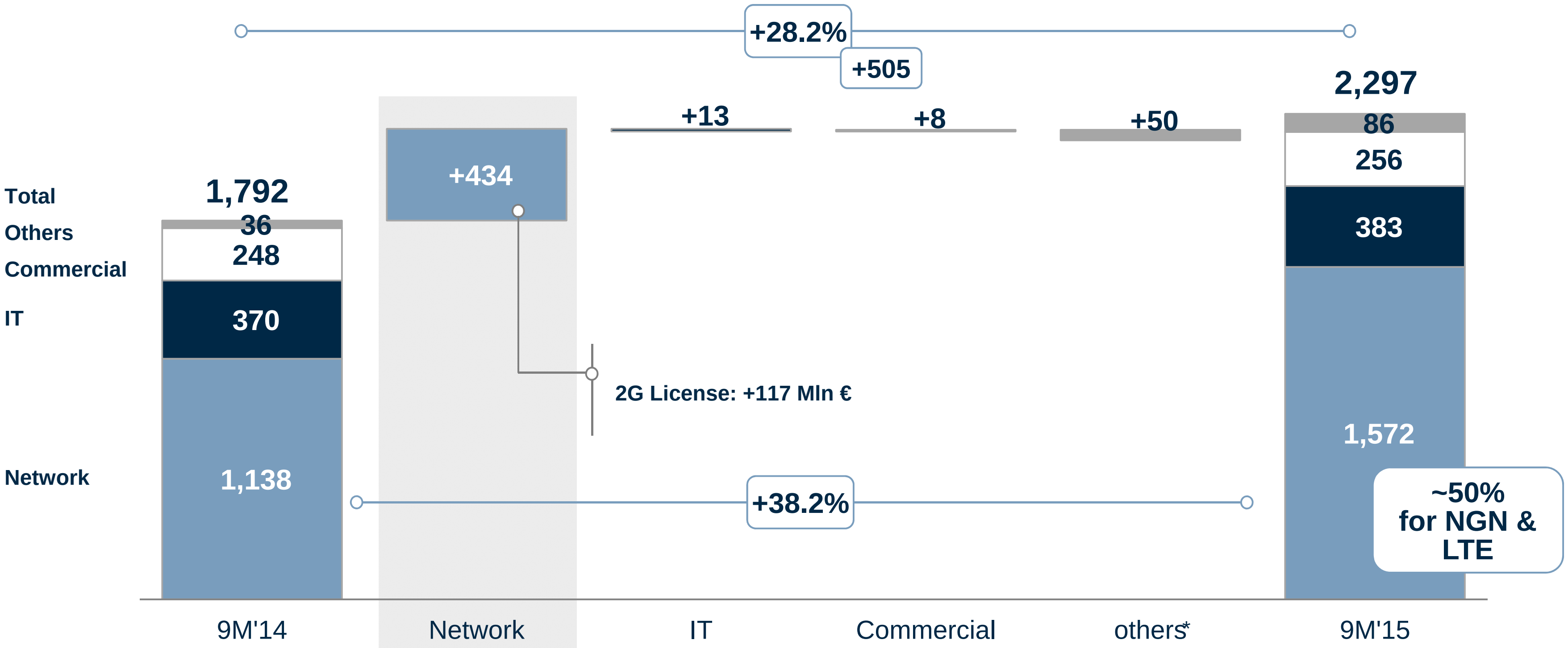
	3Q'15	3Q'14	YoY
Total	**2,645**	**2,718**	**-2.7%**
Service	2,592	2,639	-1.8%
Equipment	53	79	-32.5%
Traditional Service	**1,151**	**1,228**	**-6.3%**
o/w Voice	978	1,055	-7.3%
o/w Business Data & other	173	174	-0.3%
Innovative Service	**577**	**550**	**+4.9%**
o/w Broadband	427	411	+3.9%
o/w Content	6	5	+13.4%
o/w ICT Service	145	135	+7.1%
Domestic Wholesale	**552**	**583**	**-5.4%**
TIS Group	**336**	**304**	**+10.5%**
Subs., Adj. & others	**-22**	**-27**	**+18.1%**

Service Revenues Trend YoY



Innovation Leads Domestic Capex

€ Mln

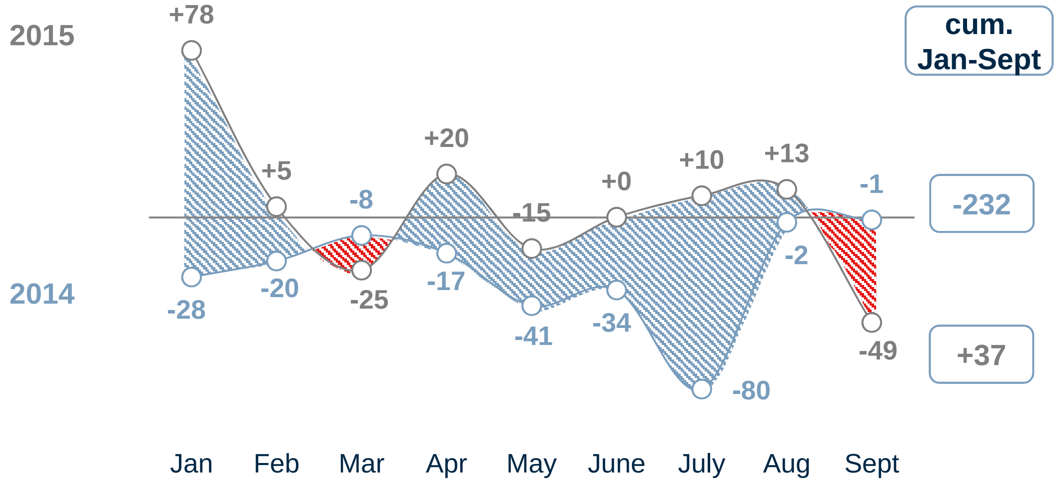


	Network	IT	Commercial	others*	Total
Innovative	+331	+27	+14	+50	+422
Traditional	-13	-14	-6	-	-33
2G License	+117				+117

*TIS & others

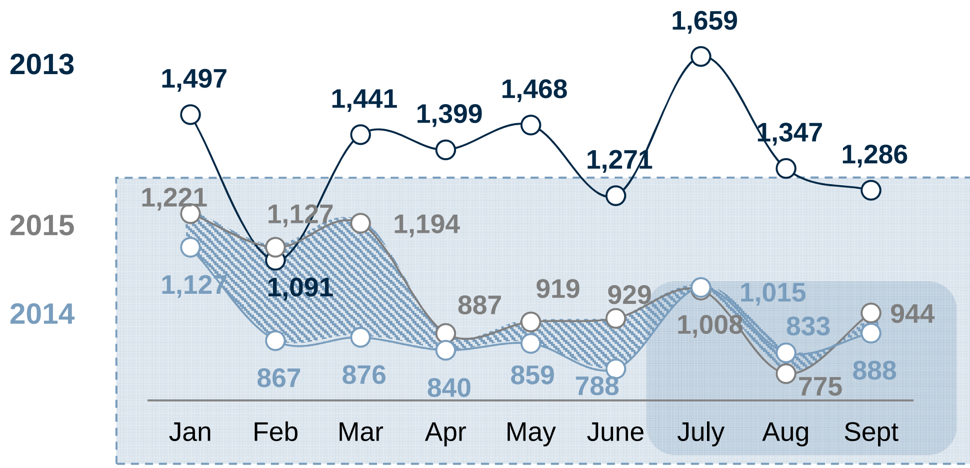
CB Stabilization and Competitive Dynamics

TIM MNP Balance

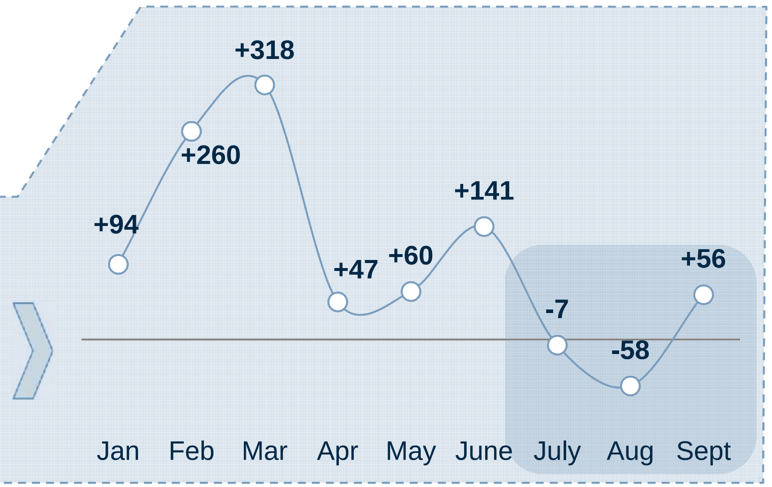


- As shown in the Total Market 2013 MNP trend line, a record-high peak was reached in July that year. The regained price leadership of TIM drove MNP back down to sustainable levels in 2014 and 2015.
- Pockets of turbulence do however still occur, as visible from the YoY MNP resurgence of 1Q'15. The situation normalized in 2Q'15 and 3Q'15, moving back towards 2014 levels.
- YtD TIM performance posted a positive MNP balance (+37k lines vs -232k lines in the same period of 2014), although negative balance (-49k lines) was registered in September.

Total Market MNP (k)

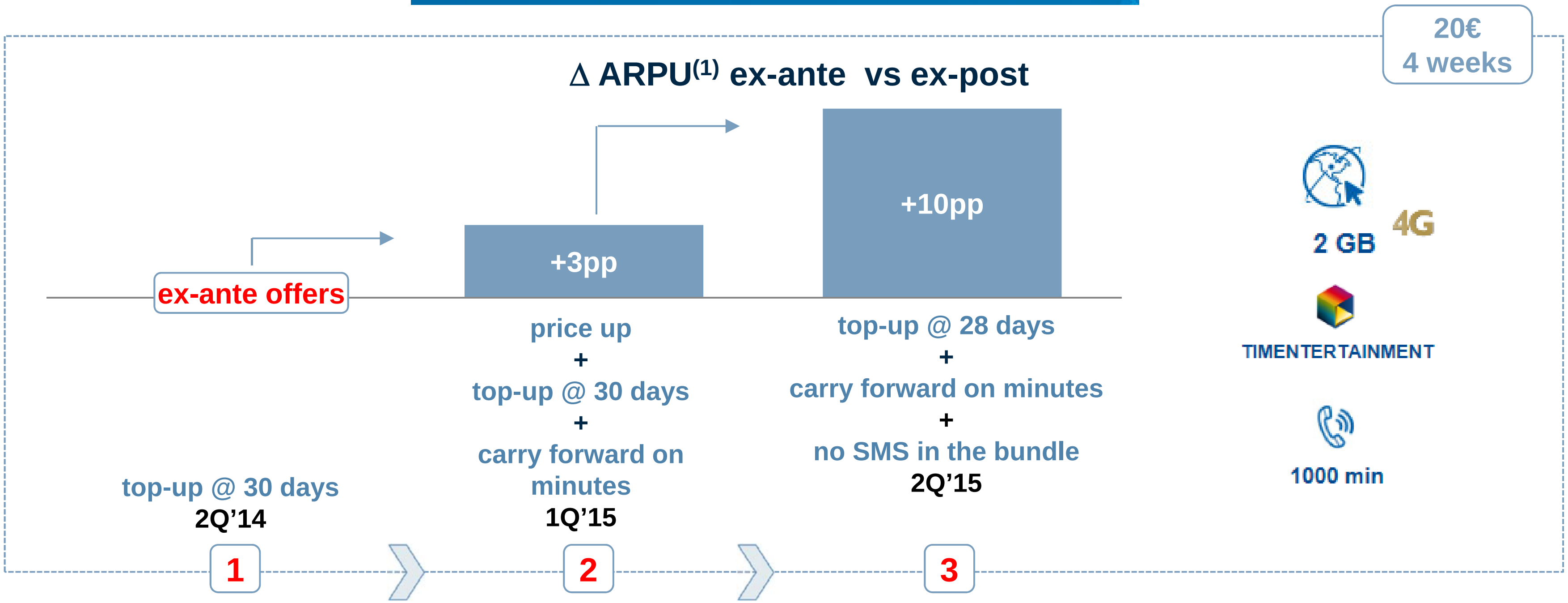


Δ 2015 vs 2014



Higher Bundle Penetration Protects ARPU Performance

TIM SPECIAL START



Constant increase of % data bundle adoption on CB

Positive support on ARPU due to:

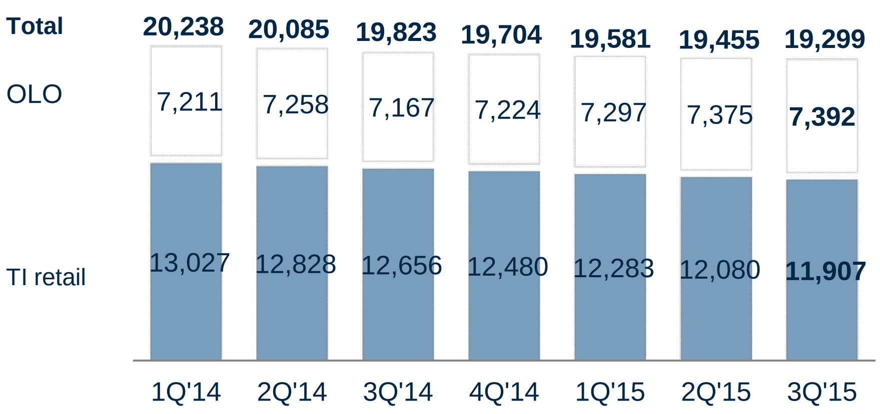
- **nominal price increase from 19€ to 20€** 1 › 2
- **top-up days from 30 to 28 and no SMS in the bundle** 2 › 3

June '14: 19€ 600 mins/SMS & 1GB 30 days; March '15: 20€ 600 mins/SMS & 1GB 30 days; June '15 20€ 1000 mins, no SMS & 2 GB 28 days
(1) Excluding "call-back" service

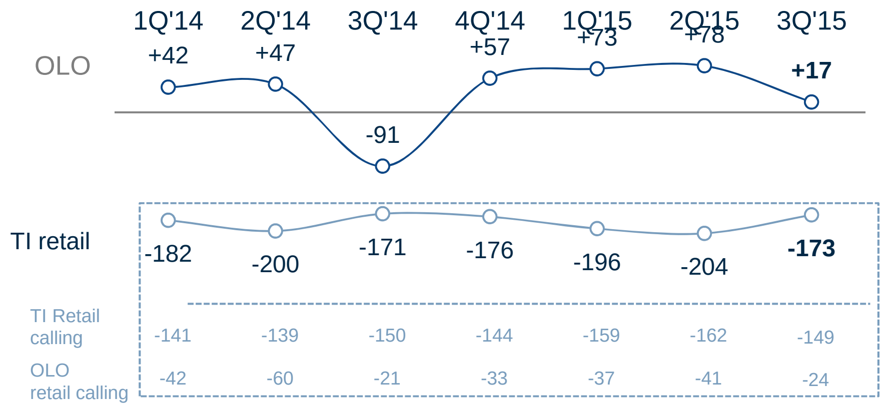
Domestic Fixed KPIs

'000, € Mln, %YoY

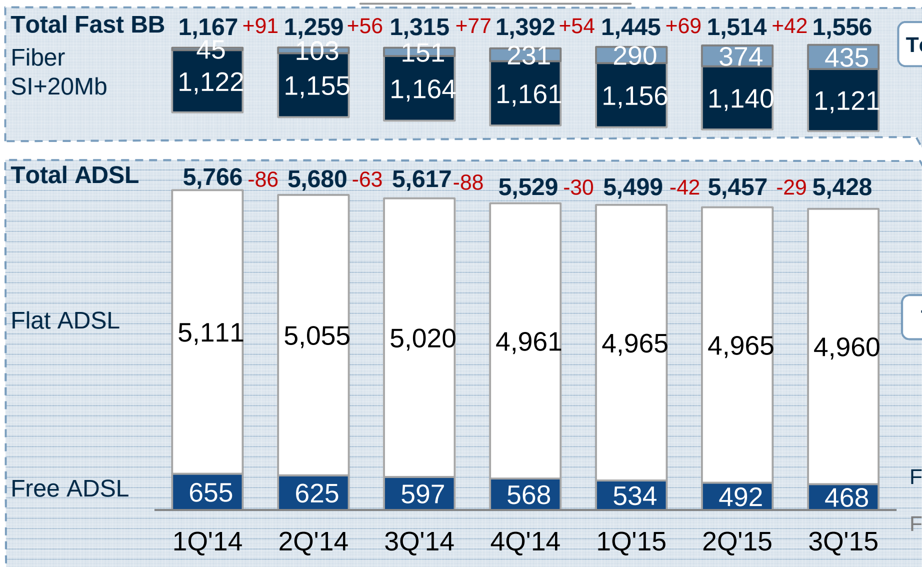
Fixed Access



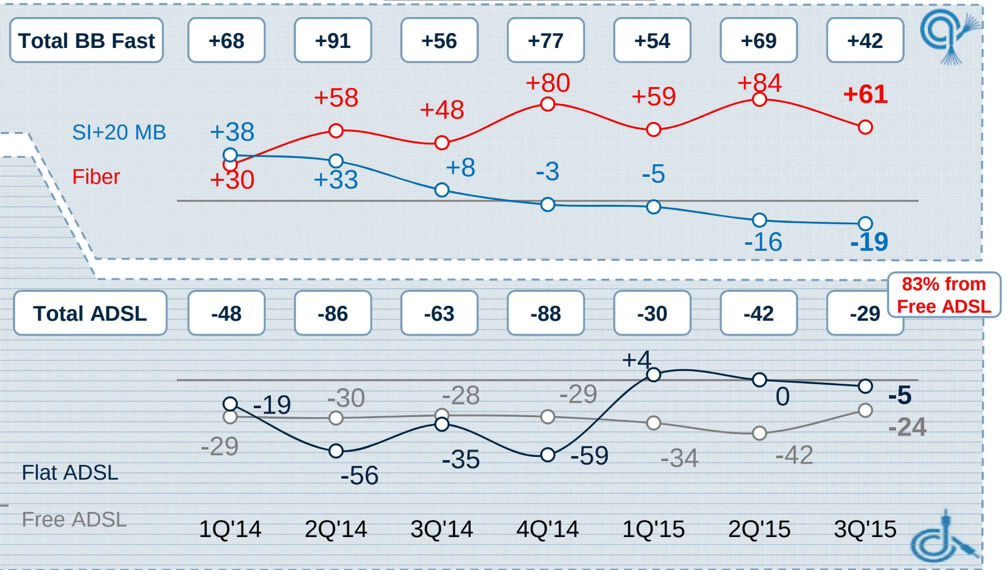
Line Losses



BB Accesses

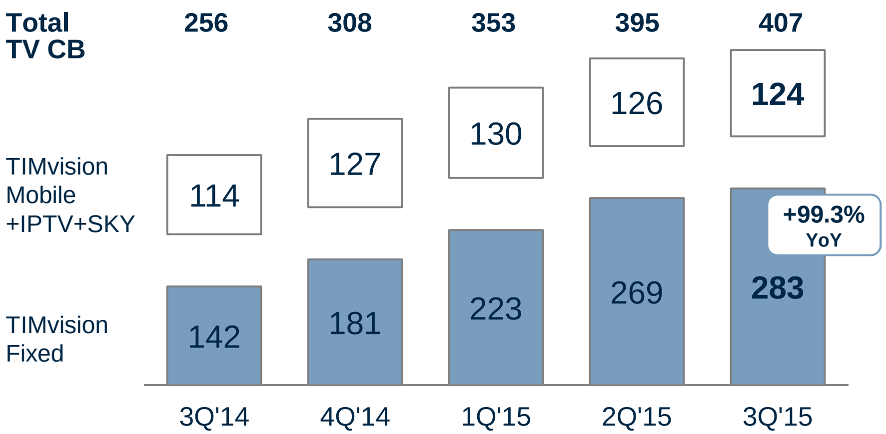


Net adds BB

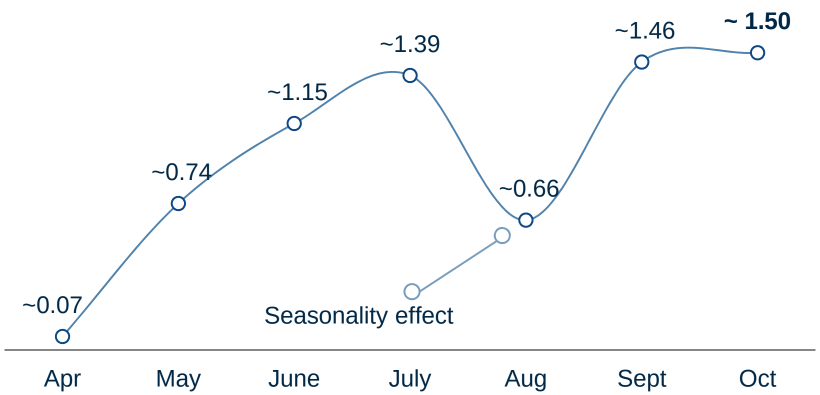


Consumer Entertainment Services further build-up

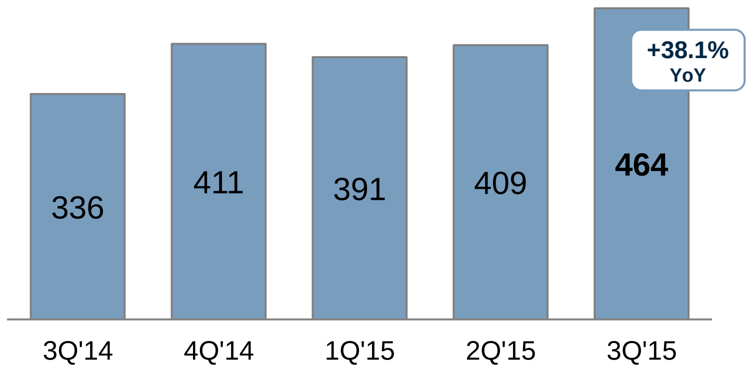
'000, %YoY



AVG Weekly Acquisition ('000)



TIMmusic users in the last 6 months ('000)

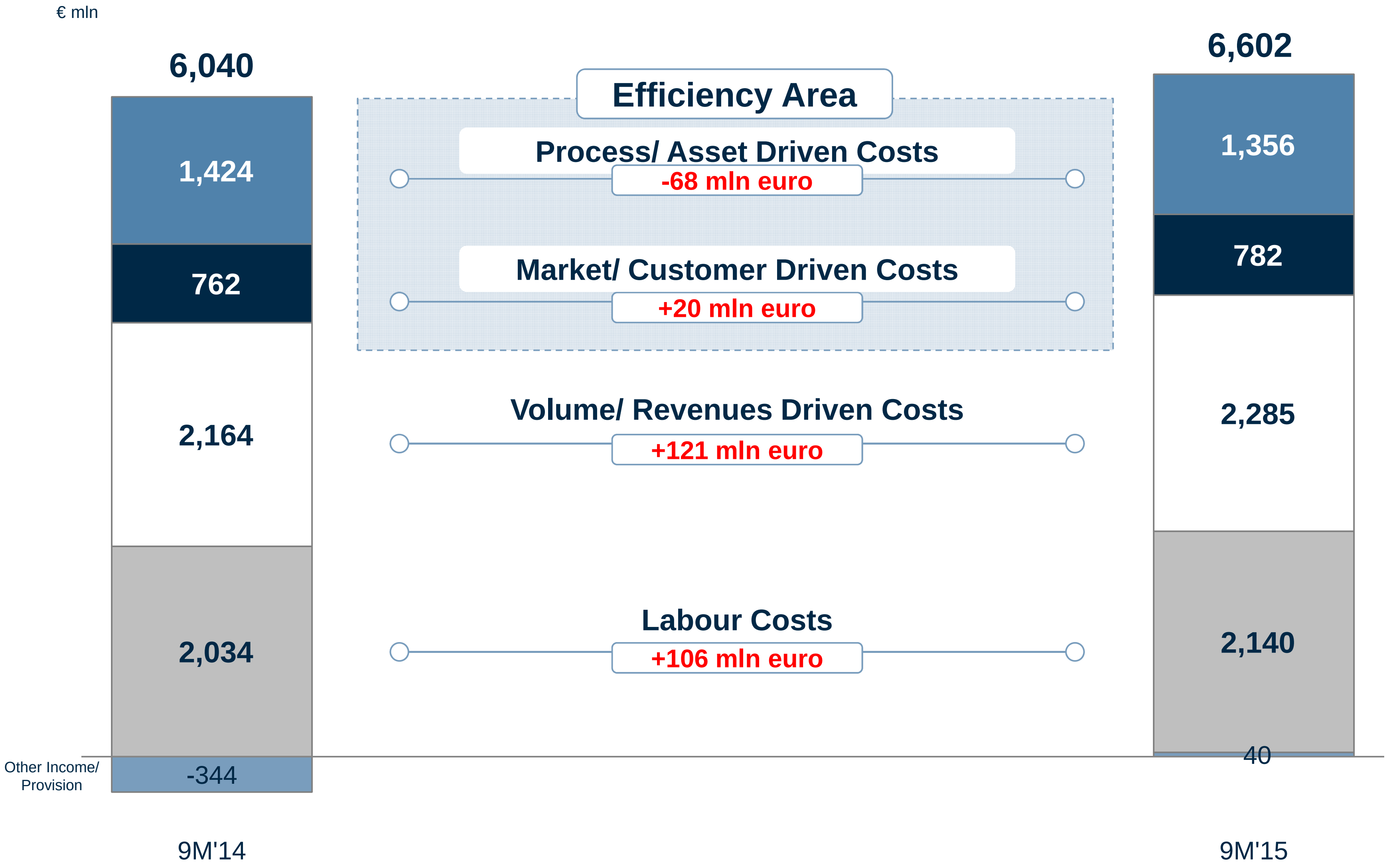


TIMmusic:

- **>45 mln songs listened in September (+108% YoY)**
- **+3% MoM TIMmusic usage @ 199 songs per user**

+3% MoM streaming music market in Italy

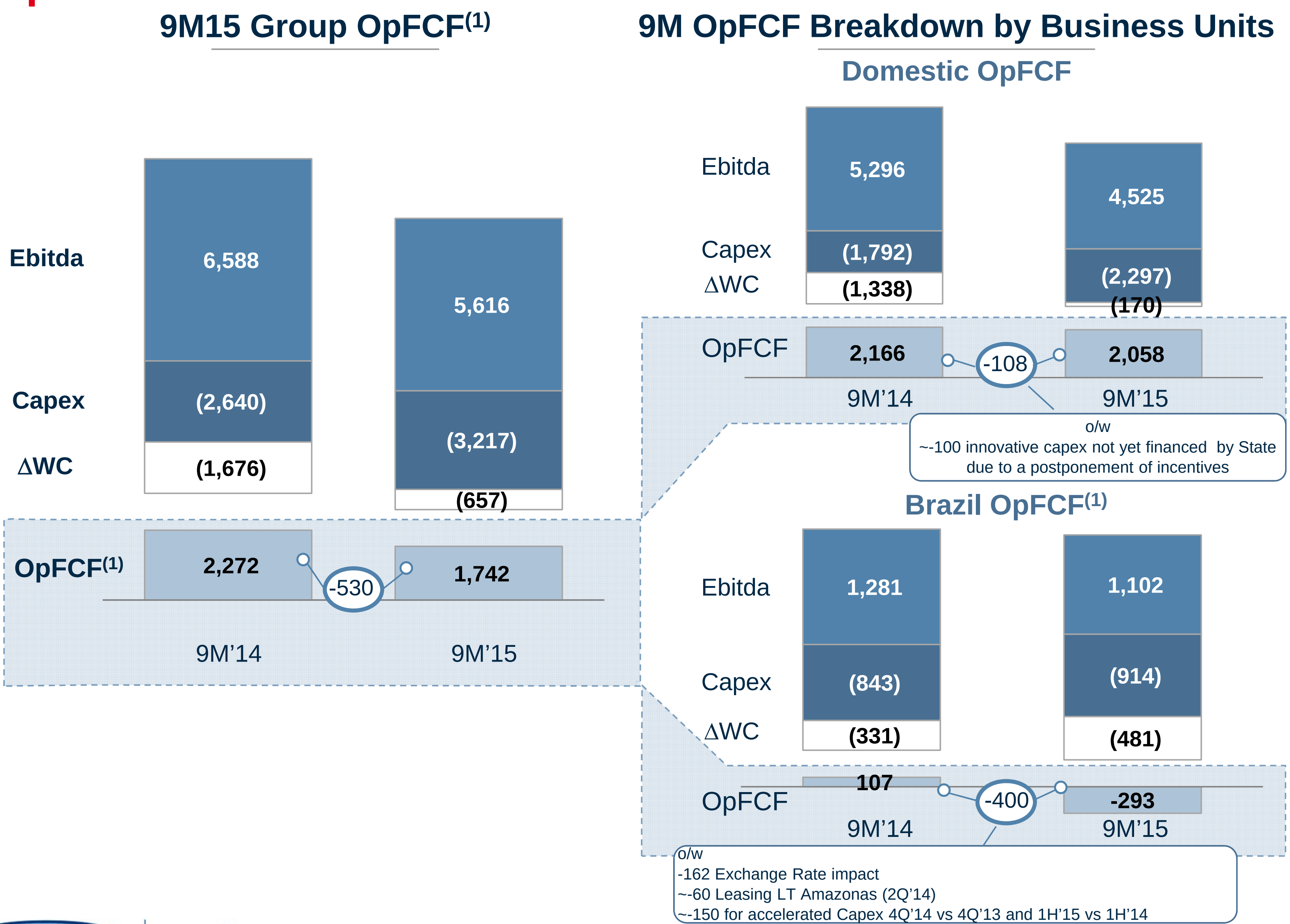
Domestic Opex Overview



Adjustments on Domestic Ebitda

	2014				2015				Δ % YoY			
	IQ	IIQ	IIIQ	9M'14	IQ	IIQ	IIIQ	9M'15	IQ	IIQ	IIIQ	9M
EBITDA Reported	**1,792**	**1,709**	**1,795**	**5,296**	**1,610**	**1,236**	**1,679**	**4,525**	-10.2%	-27.7%	-6.5%	-14.6%
Revenues Organic	3,742	3,819	3,819	11,380	3,631	3,744	3,752	11,127	-3.0%	-2.0%	-1.8%	-2.2%
Opex Organic net non recurring items	(1,945)	(2,176)	(2,019)	(6,140)	(2,021)	(2,115)	(2,020)	(6,156)	-3.9%	2.8%	0.0%	-0.3%
EBITDA Organic net non recurring items	**1,797**	**1,643**	**1,800**	**5,240**	**1,610**	**1,629**	**1,732**	**4,971**	-10.4%	-0.9%	-3.8%	-5.1%
o/w Non Recurring Items	(5)	66	(5)	56	-	(393)	(53)	(446)				
Exchange Rate Fluctuation	(5)	(5)	(5)	(15)								
Release TIS provisioning		72	2	74								
Employee reduction plan			(1)	(1)		(24)	(19)	(43)				
Provisions for risks and other costs and settlements	-	(1)	(1)	(2)	-	(369)	(34)	(403)				
Other Discontinuities	60	(41)	(27)	(8)	(45)	(9)	(38)	(92)				
Labour cost discontinuities	21	-	-	21	(23)	(18)	(38)	(79)				
Other one-off items	39	(41)	(27)	(29)	(22)	9	-	(13)				
Opex Organic underlying	(2,005)	(2,135)	(1,992)	(6,132)	(1,976)	(2,106)	(1,982)	(6,064)	1.4%	1.3%	0.5%	1.1%
EBITDA Organic Underlying	**1,737**	**1,684**	**1,827**	**5,248**	**1,655**	**1,638**	**1,770**	**5,063**	-4.8%	-2.7%	-3.1%	-3.5%

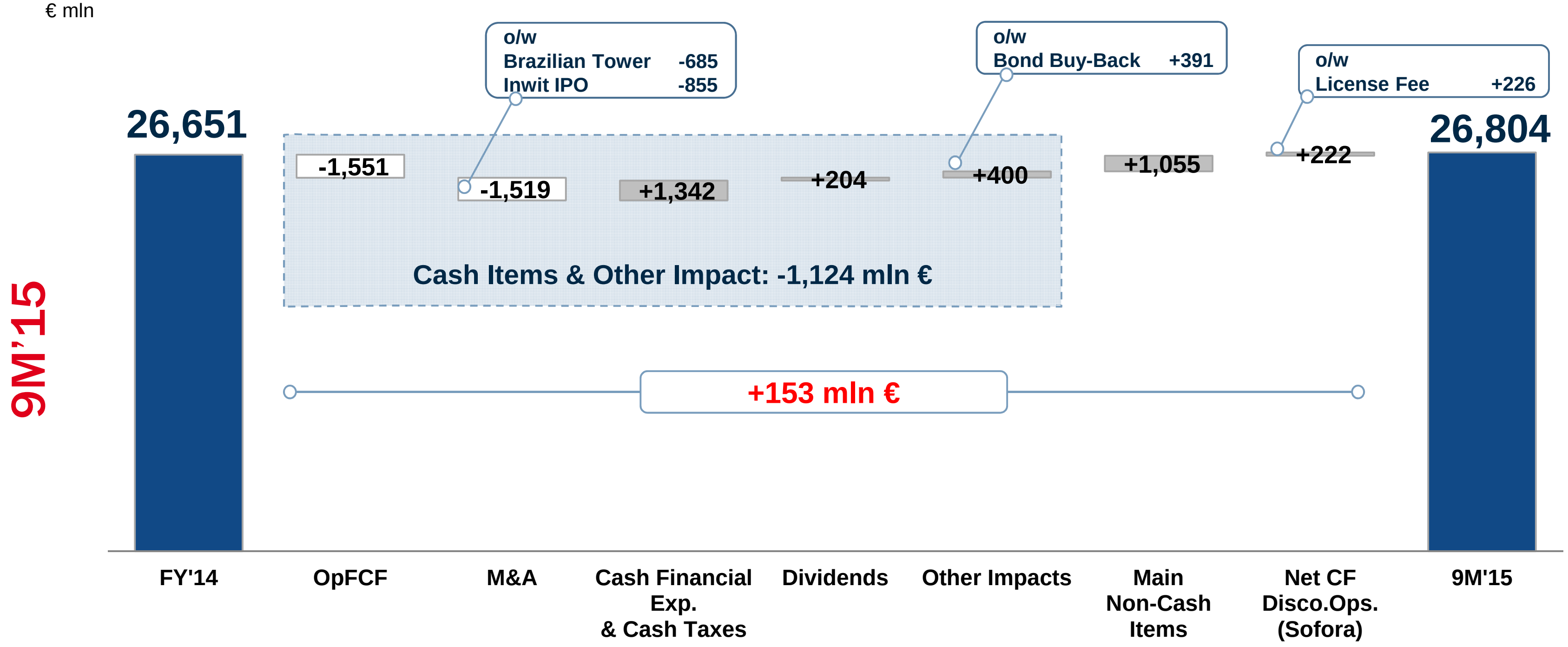
OpFCF Evolution

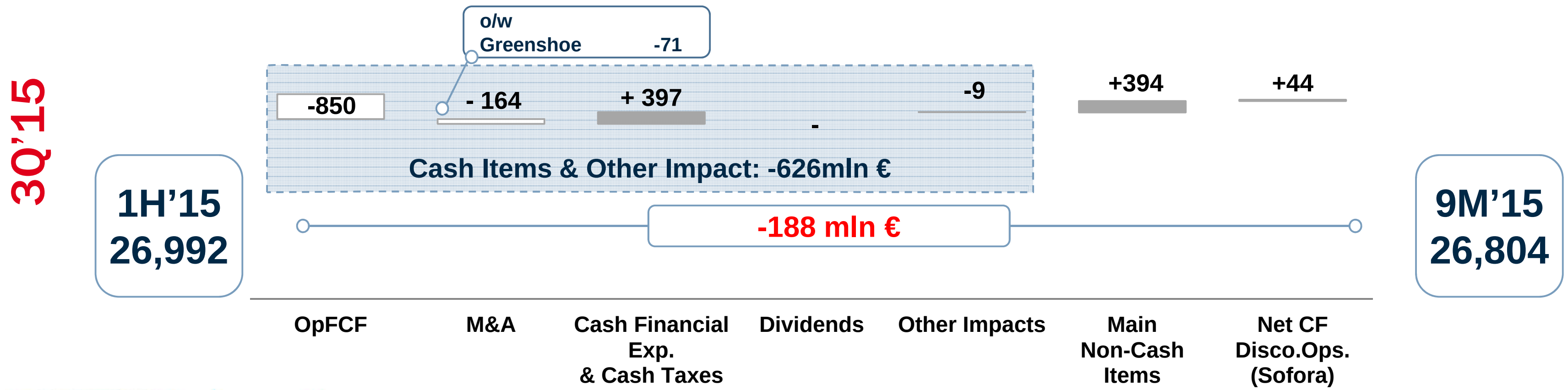


(1) Normalized for Brazilian clean-up costs/700 Mhz excluded Impact on 9M'15: -191 mln euro of which -16 mln on Capex and -175 mln euro on DWC

Net Debt Evolution

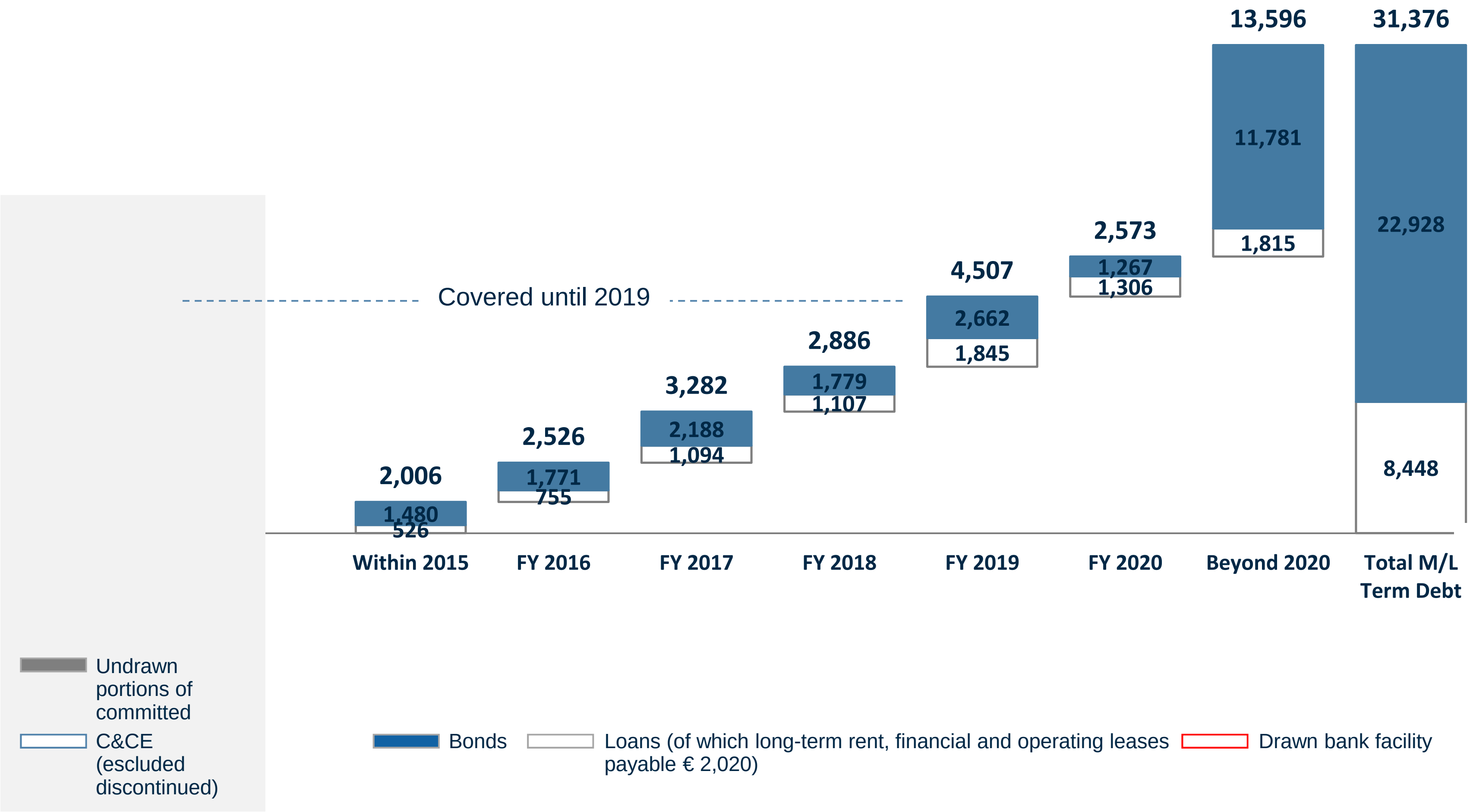
€ mln





Debt Maturities and Liquidity Margin

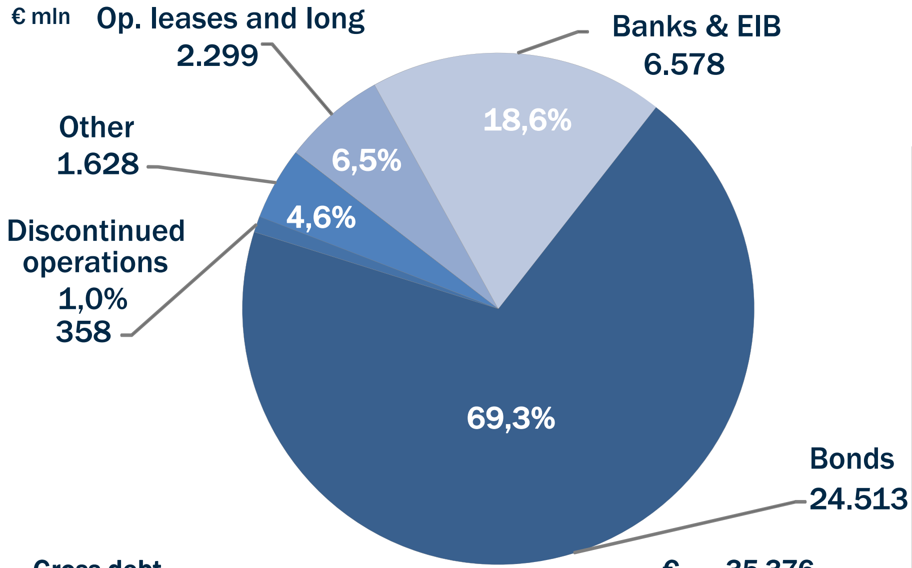
€ mln



(1) € 31,376 mln is the nominal amount of outstanding medium-long term debt. By adding Mandatory Convertible Bond (€ 1,300 mln), discontinued operations (€ 358 mln), IAS adjustments (€ 1,496 mln) and current financial liabilities (€ 846 mln), the gross debt figure of € 35,376 mln is reached.

Well-Diversified and Hedged Debt

Total Gross Debt net of Adjustment: Euro 35,376 mln



Gross debt	**€**	**35,376**
(of which € 358 mln discontinued operations)		
Financial Assets	**€**	**(8,314)**
of which C&CE and marketable securities	€	(6,193)
- C & CE	€	(4,534)
- Marketable securities	€	(1,659)
- Government Securities	€	(815)
- Other	€	(844)
Discontinued operations	**€**	**(258)**
(Financial assets)		
Net financial position	**€**	**26,804**

Maturities and Risk Management

- Average m/l term maturity: **7.22 years** (bond only 7.80 years)
- Fixed-rate portion on gross debt approximately **69.98%**
- Around **42%** of outstanding bonds (nominal amount) is denominated in USD, GBP and YEN and is fully hedged

Cost of debt:
~ **5.3%**

N.B. The figures are net of the adjustment due to the fair value measurement of derivatives and related financial liabilities/assets, as follows:
- the impact on Gross Financial Debt is equal to 2,473 €/mln (of which 412 €/mln on bonds)
- the impact on Financial Assets is equal to 1,310 €/mln.

Therefore, the Net Financial Indebtedness is adjusted by 1,163 €/mln.

N.B. The difference between total financial assets (€ 8,314 mln) and C&CE and marketable securities (€ 6,193 mln) is equal to € 2,121 mln and refers to positive MTM derivatives (accrued interests and exchange rate) for € 1,949 mln, financial receivables for lease for € 113 mln and other credits for € 59 mln.