

TELECOM ITALIA GROUP
London, February 16th, 2016

Telecom Italia Group

FY 2015 Preliminary Results & 2016-2018 Plan Update



Agenda

- **Giuseppe Recchi – TI Chairman**
Opening Overview
- **Marco Patuano – TI CEO**
FY 2015 Preliminary Results & 2016-2018 Plan Update
- **Piergiorgio Peluso – TI CFO**
Financial Outlook
- **Rodrigo Abreu – TIM Brasil CEO**
2016-2018 TIM Brasil Plan
- **Q&A**

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 the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation 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 2015 preliminary financial results of the Telecom Italia Group and the data of the previous years provided for comparison were drafted in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as "IFRS").

The accounting policies and consolidation principles adopted in the preparation of the preliminary financial results for the 2015 FY and the 2016-2018 Industrial Plan have been applied on a basis consistent with those adopted in the Annual 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 2015 preliminary financial results and 2016-2018 Industrial Plan. Therefore, the latter financial information doesn't take into account the new following standards that, among other things, are not yet endorsed by the European Union: IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and IFRS 16 Leases.

In addition, the 2015 preliminary financial results have not been verified by the independent auditors.

Starting from the fourth quarter 2013, the Sofora - Telecom Argentina group is classified as a disposal group (Discontinued operations/Non-current assets held for sale) and therefore the Sofora - Telecom Argentina group is no longer separately presented as a business unit.

Agenda

- **FY 2015 Preliminary Results**
- 2016 - 2018 Plan Update
- Financial Outlook
- 2016 - 2018 TIM Brasil Plan
- Appendix

2015 Group Figures and KPIs

Organic Figures

	Group	Italy	Brazil
Total Revenues	19.7 bln€ -4.6%YoY	15.0 bln€ -2.3%YoY	4.6 bln€ -12.1%YoY
Service Revenues	18.3 bln€ -3.1%YoY	14.1 bln€ -2.3%YoY	4.2 bln€ -5.8%YoY
Ebitda Organic⁽¹⁾	8.1 bln€ -4.5%YoY	110% of Efficiency Target was reached 6.6 bln€ -4.9%YoY	1.5 bln€ -2.3%YoY
Ebitda Reported	7.0 bln€ -20.3%YoY	5.6 bln€ -20.4%YoY	
Capex	5.2 bln€ +11.9%YoY ⁽²⁾	45% Innovative, +10%pp YoY 3.9 bln€ +40.1%YoY ⁽³⁾ LTE Coverage 88% Fiber Coverage 42%	61% Innovative, +9%pp YoY 1.3 bln€ +18.5%YoY ⁽⁴⁾ LTE Coverage 59% ⁽⁵⁾ MBB Cities 194
Net Debt	27.3 bln€ <ul style="list-style-type: none"> +0.6 bln€YoY (including 1.5 bln€IAS 17 accounting impact: 1.2 bln€ for Real Estate Project + 0.3 bln€ for Brazilian Towers Project) -0.9 bln€YoY excluding IAS 17 		

(1) Before non recurring items (2) +25.1% YoY net of spectrum acquisitions in 2014 and in 2015 (3) +27.7% net of 2015 license acquisitions (4) net of spectrum acquisitions in 2014 and in 2015 (5) urban population

In 2015 TI continued to Lead Innovation in Italy and Brazil

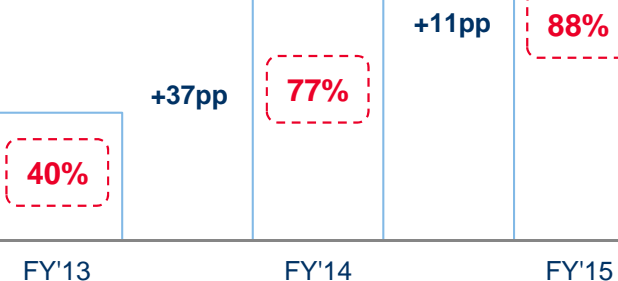
'000

Italy

LTE

LTE Users	309	4.3x YoY	1,343	3.3x YoY	4,396
FY'13					
FY'14					
FY'15					

LTE Coverage

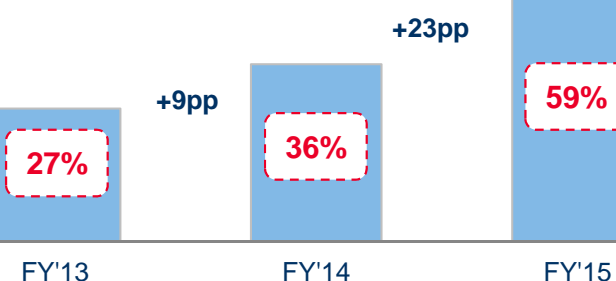


Brazil

LTE

4G site	1.9	+1.8k	3.7	+4.0k	7.7
FY'13					
FY'14					
FY'15					

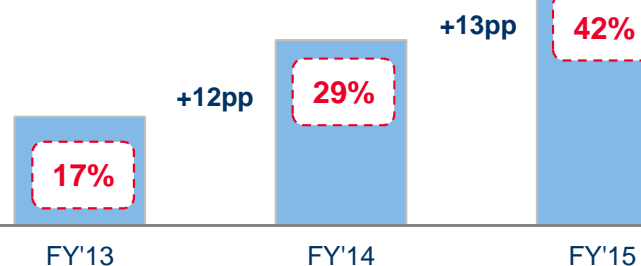
LTE Coverage⁽²⁾



TI Fiber Users and Coverage

Retail	15	n.m.	231	2.3x YoY	539
Wholesale ⁽¹⁾	n.m.	n.m.	24	5.9x YoY	139
					678

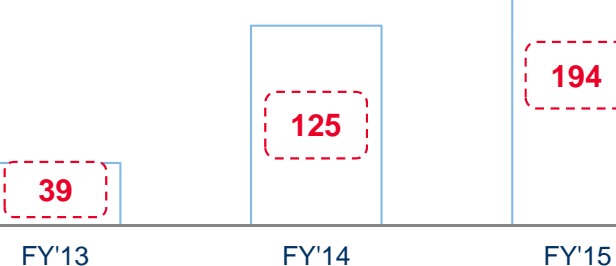
Fiber Coverage



Mobile BB Project

YoY	+86	+69
FY'13		
FY'14		
FY'15		

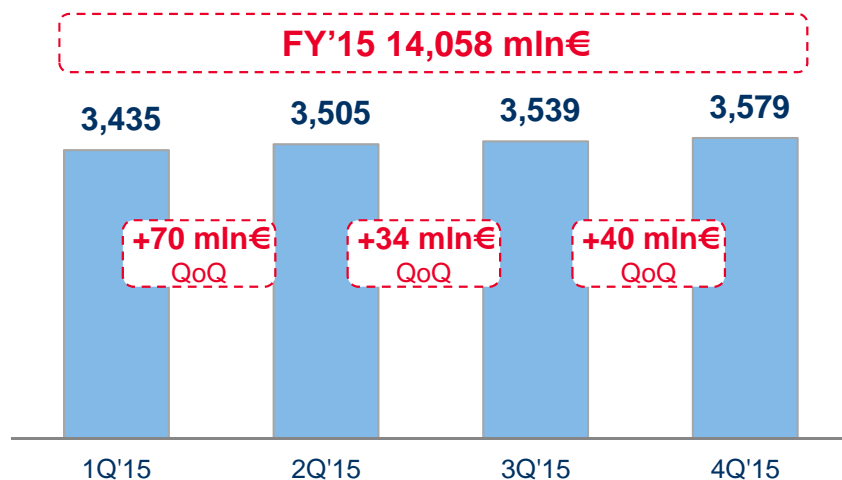
MBB Cities



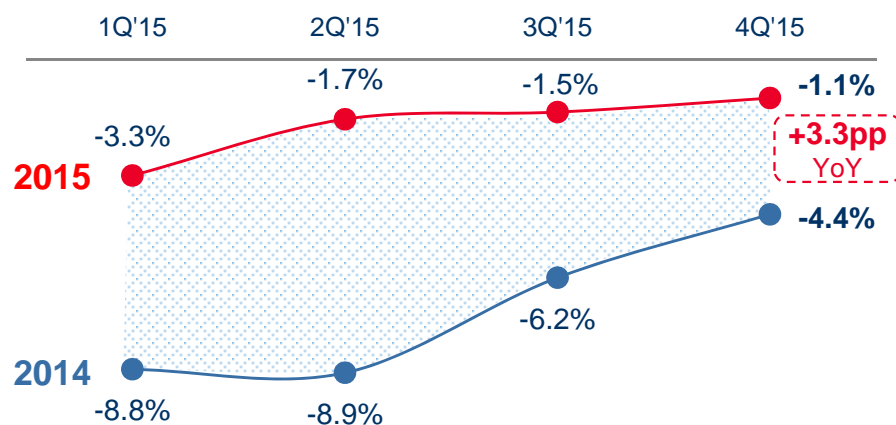
(1) Figure does not include 115k SULL (2) Urban population

Italy: Service Revenues Performance supported by LTE and Fiber

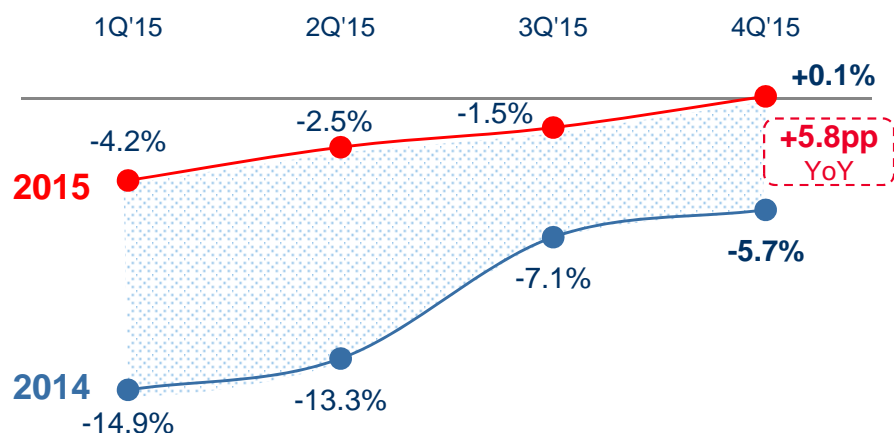
Total Service Revenues grew QoQ...



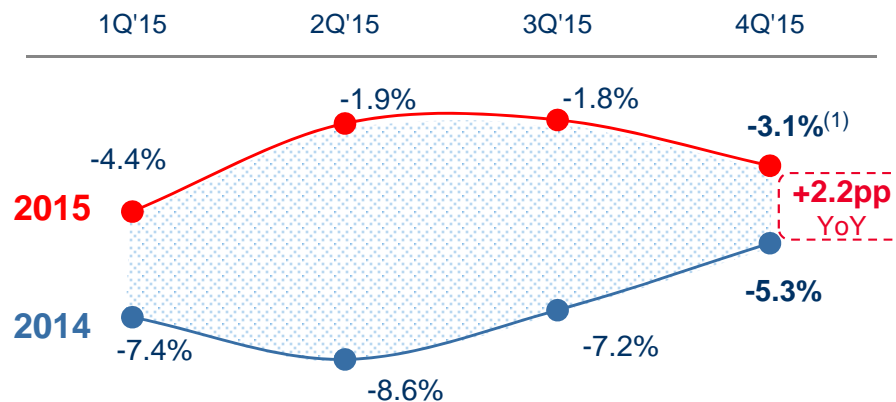
...keeping a strong YoY uptrend



Mobile hit parity in the last Quarter...



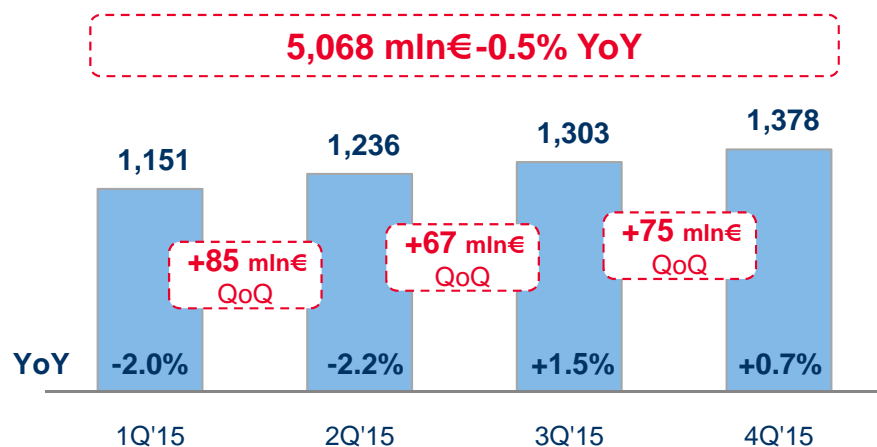
...while 4Q Fixed was affected by comparison items



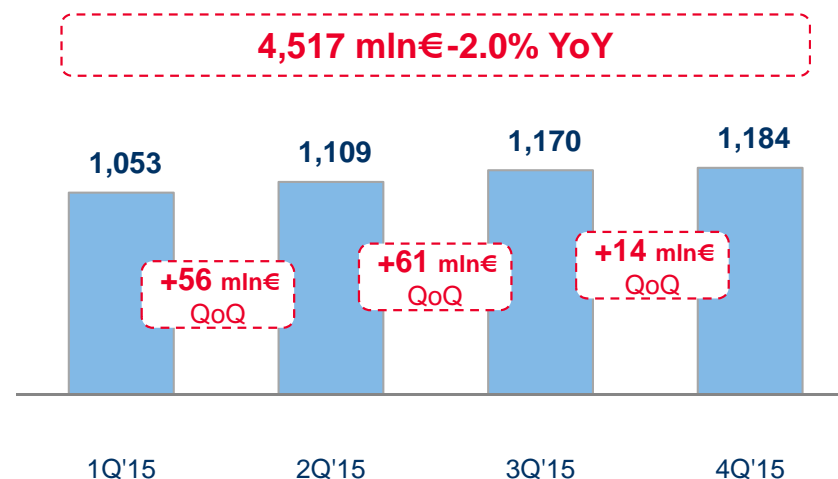
(1) YoY performance incorporates Dec. 2015 wholesale prices revision & Nov. 2014 monthly rental fee increase

Mobile Parity and Beyond: a Quantum Leap since 2014

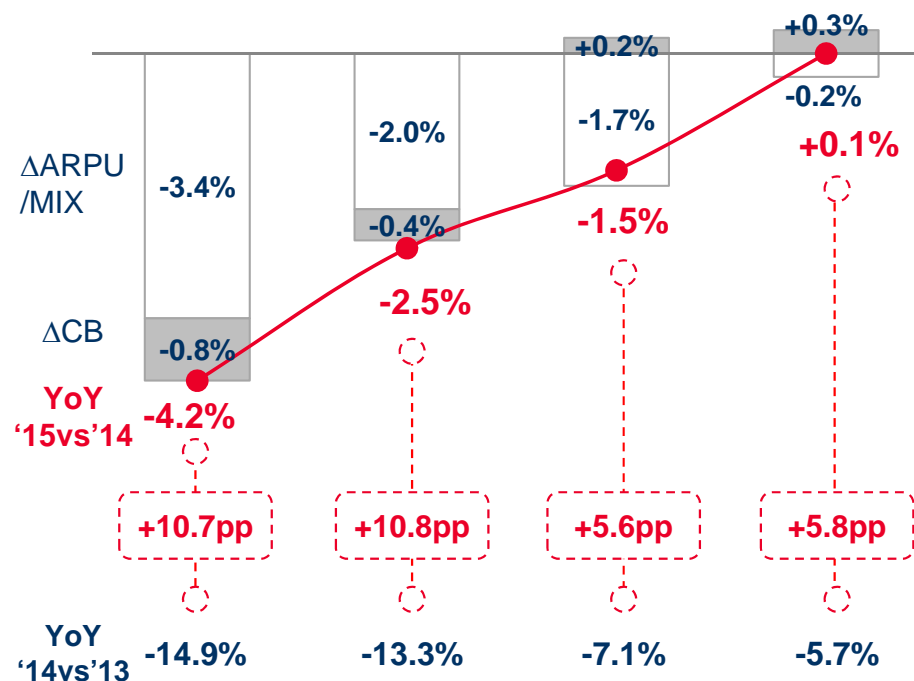
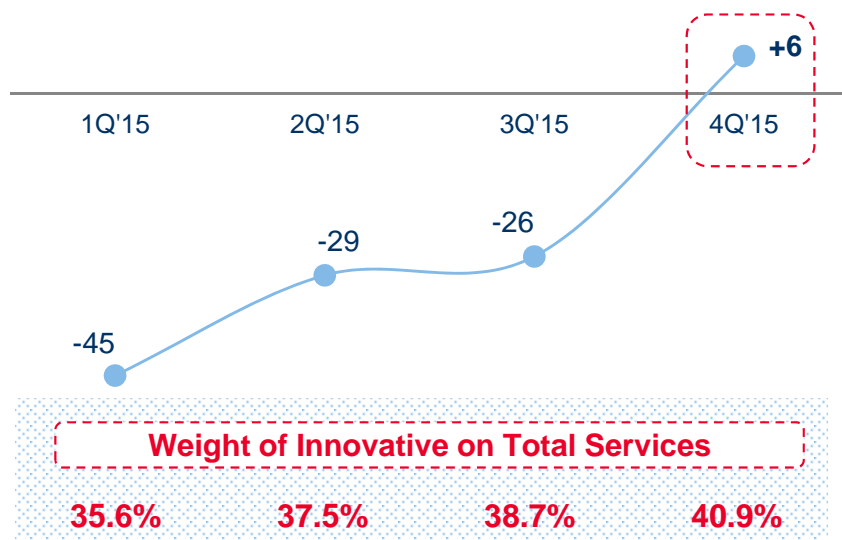
Mobile Total Revenues



Mobile Service Revenues



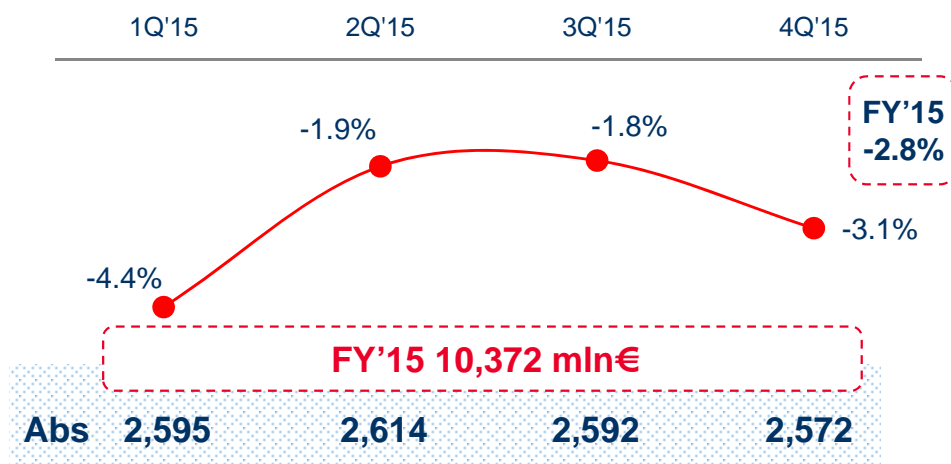
Δ YoY Innovative - Traditional Service



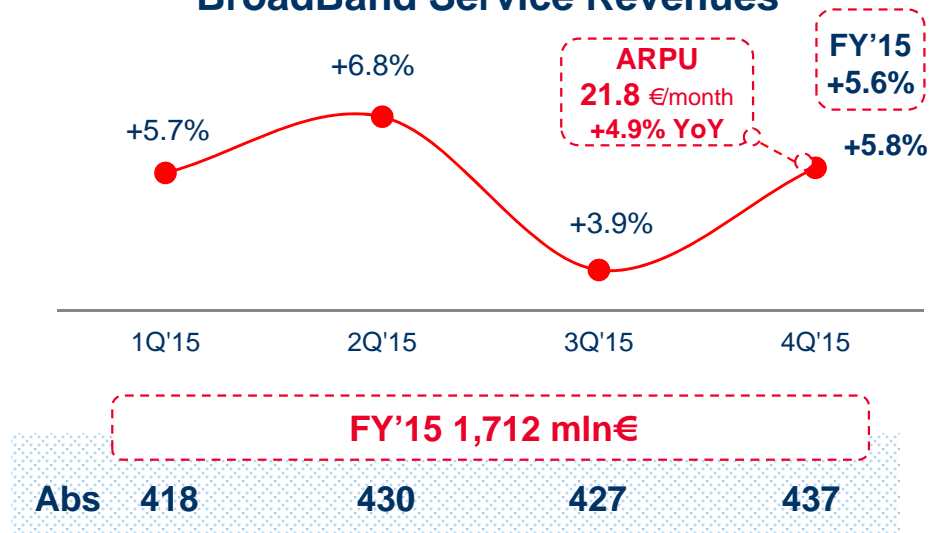
Fixed: Progressive Build-Up of BB Net Adds Sets the Tone

YoY, '000

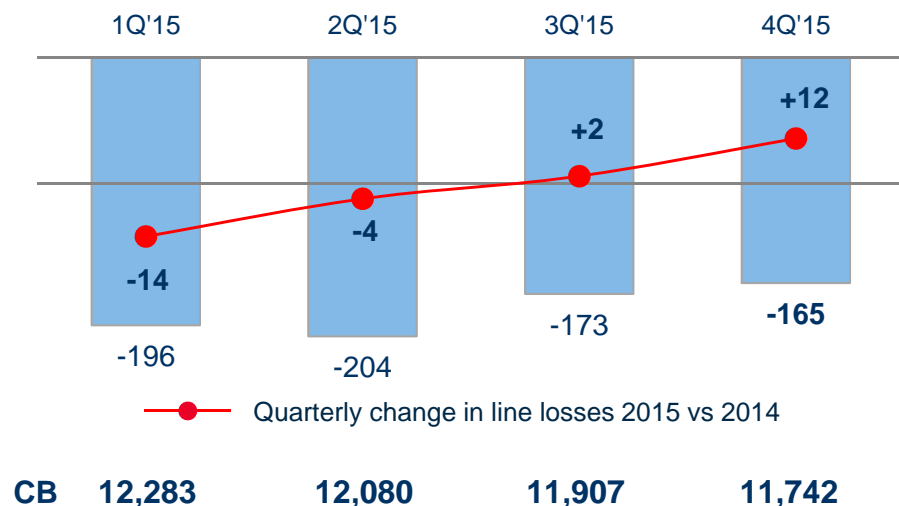
Fixed Service Revenues



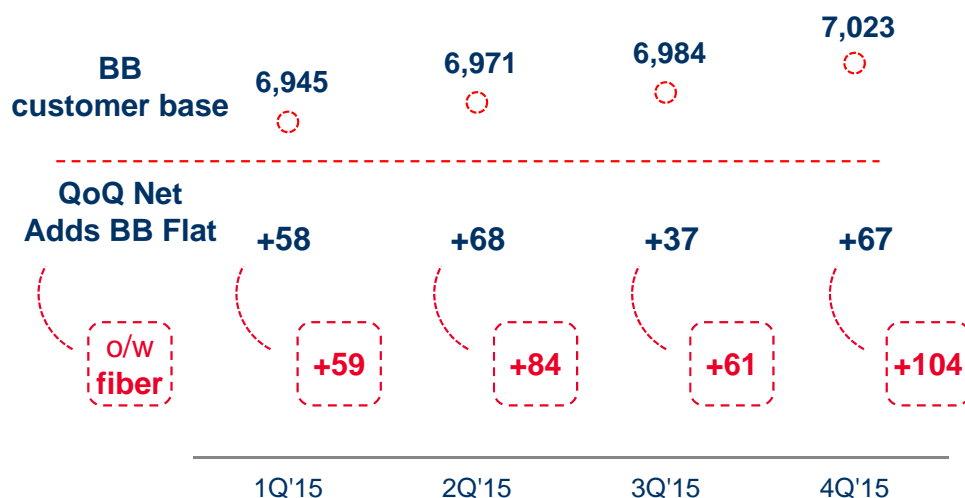
BroadBand Service Revenues



Fixed Access



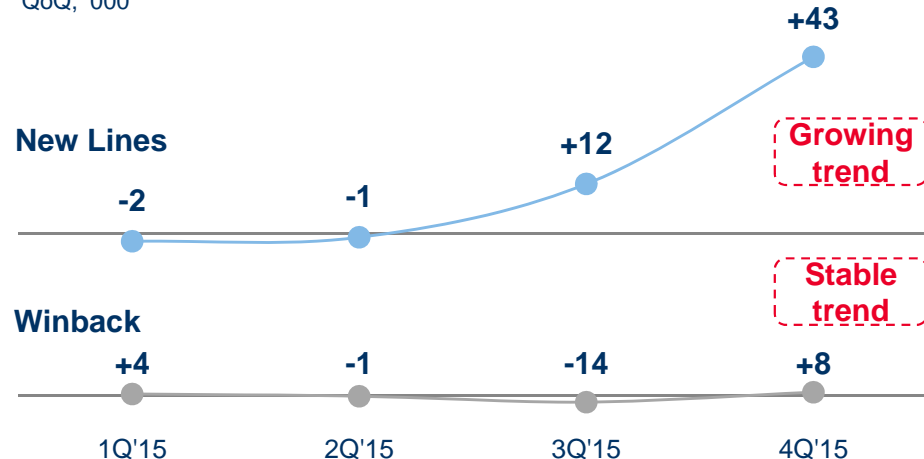
Total BroadBand Net Adds



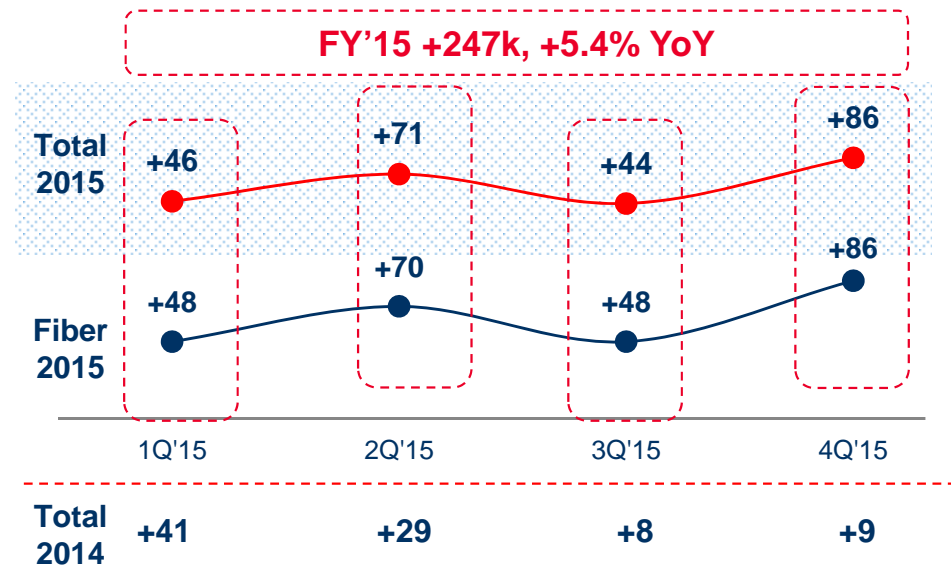
Fixed: Focus on Consumer BB Performance

TIM Consumer Fixed Access Performance

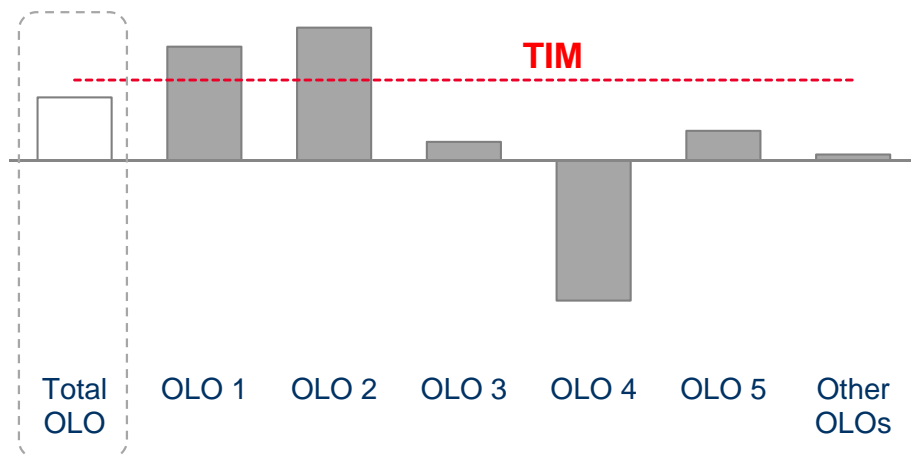
QoQ, '000



TIM BB Flat Customer Base Growth



BB CB Net Adds Benchmark - FY'15 YoY



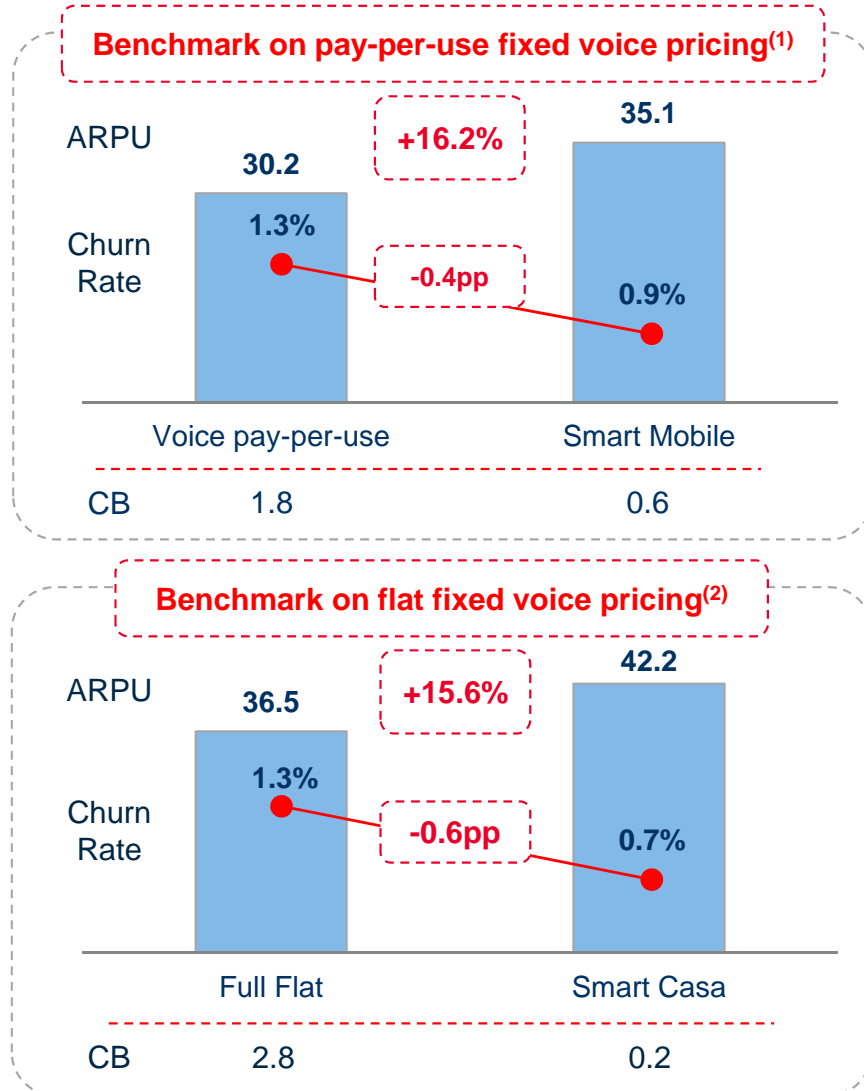
- Constant QoQ improvement in Fixed New Lines trend
- Sound net adds performance in flat BroadBand segment mirrored by a strong fiber take-up (FY'15 +252k vs '14)
- The Fiber-Building Advantage: TIM overperformed the Total of Other Licensed Operators in 2015

(1) TIM Consumer

Convergence & Video Content Update

€/month, 'mln

Convergence

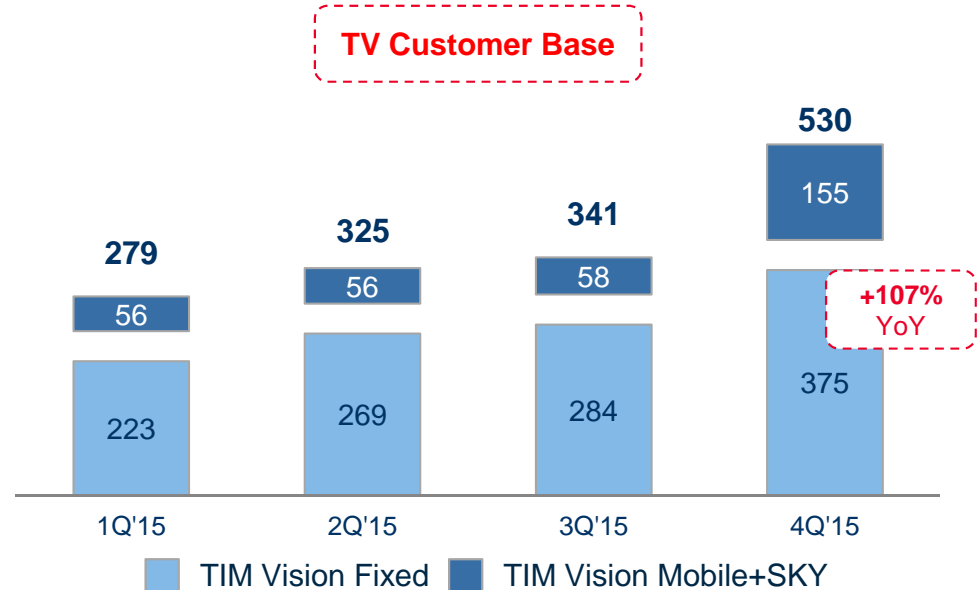


(1) «Smart Mobile» (adsl flat, pricing voice pay-per-use, sim mobile with traffic and data included)

(2) «Smart Casa» (adsl flat, flat voice f-f & f-m, sim mobile with traffic and data included)

'000

Multimedia



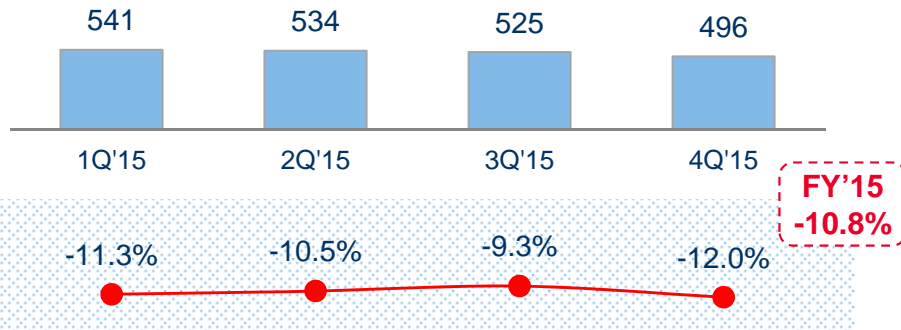
- From Sept. '15 to YE, 130k convergent clients opted for Video Content
- TIM SKY sharply up in December (+18k), standing at 42K at YE
- Total TV Customer base at YE: 530k users

Business Segment: Data, Cloud and IT Growth continues

Service Revenues, Reported data, YoY

Communicate

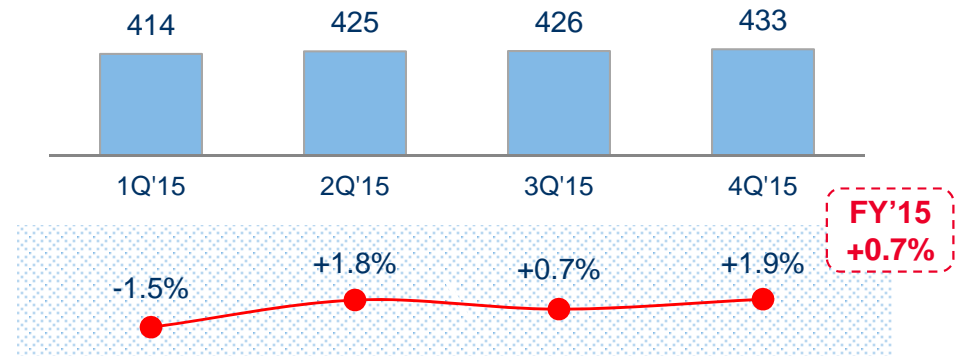
FY'15 2,096 mln€



Fixed Voice, Mobile Voice, SMS. Monthly Rental Fee

Connect

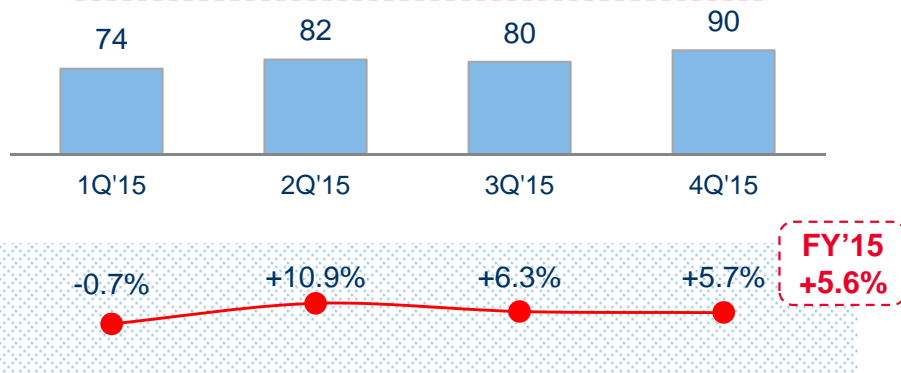
FY'15 1,698 mln€



Fixed & Mobile Data Transmission, IT Network Management

Compute

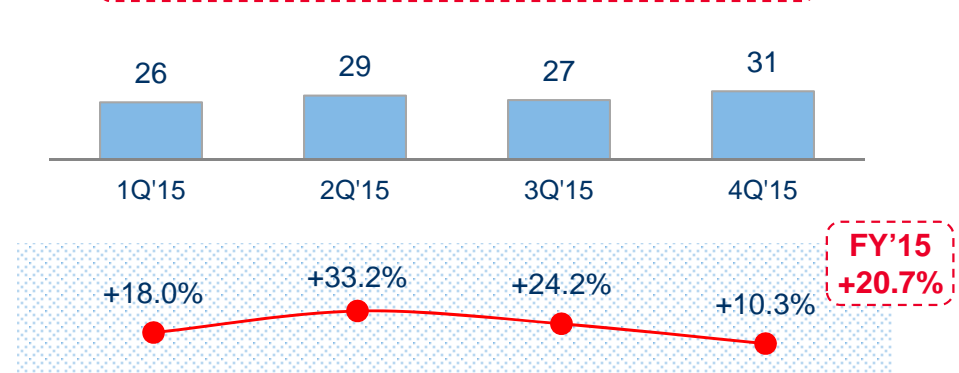
FY'15 326 mln€



Infrastructure Management, IT Device Management

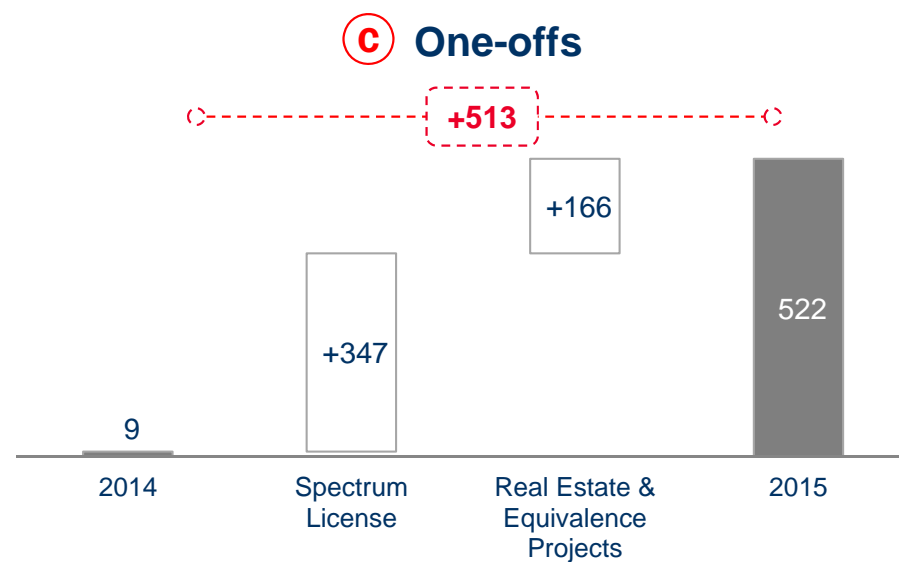
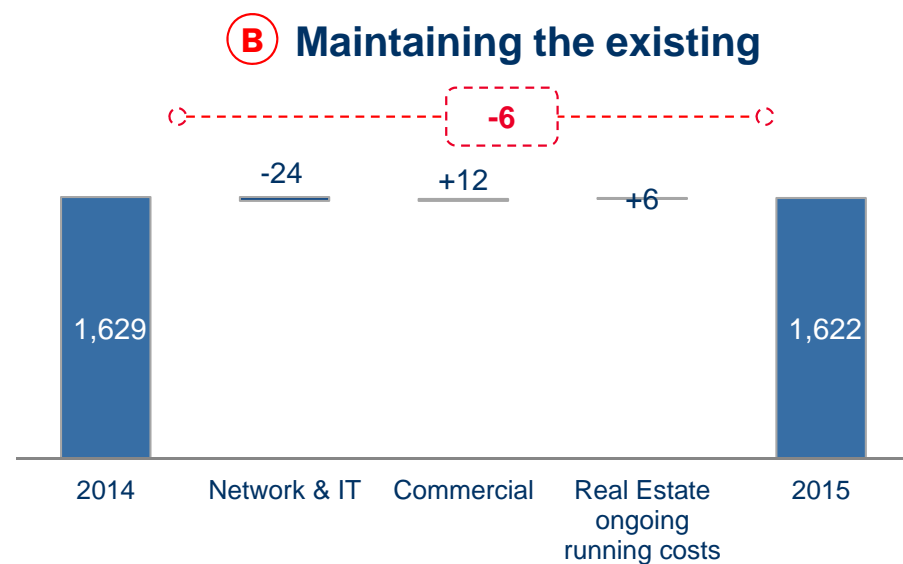
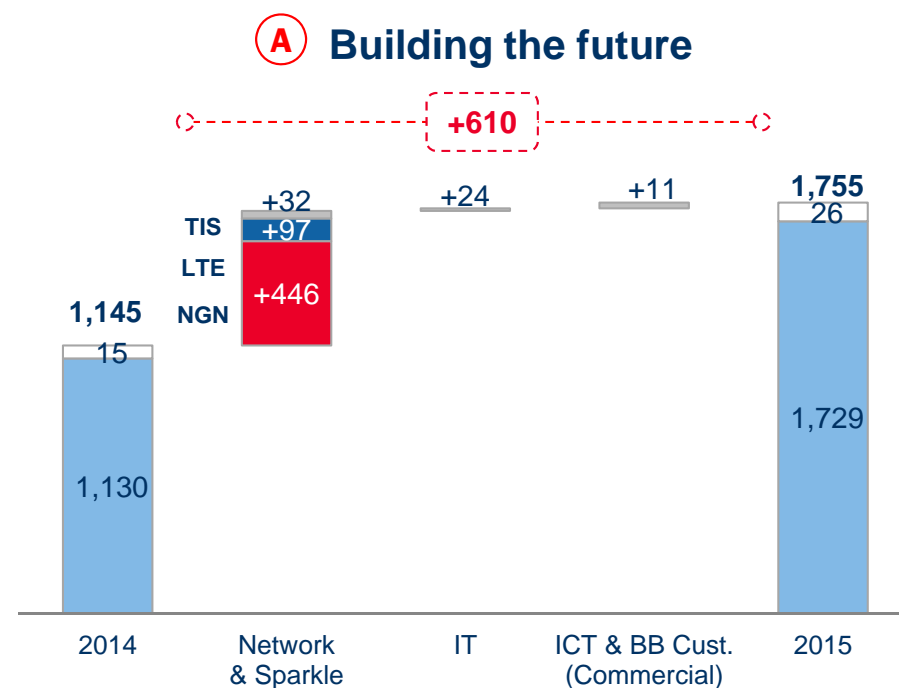
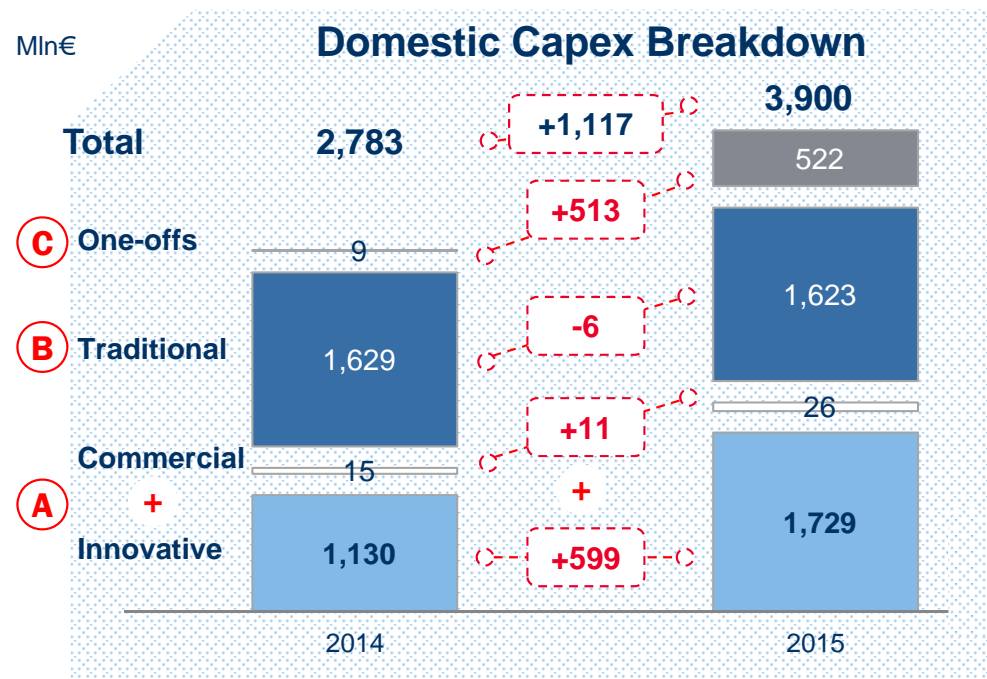
IT Solutions

FY'15 113 mln€



IT Application, Trust, Parallels

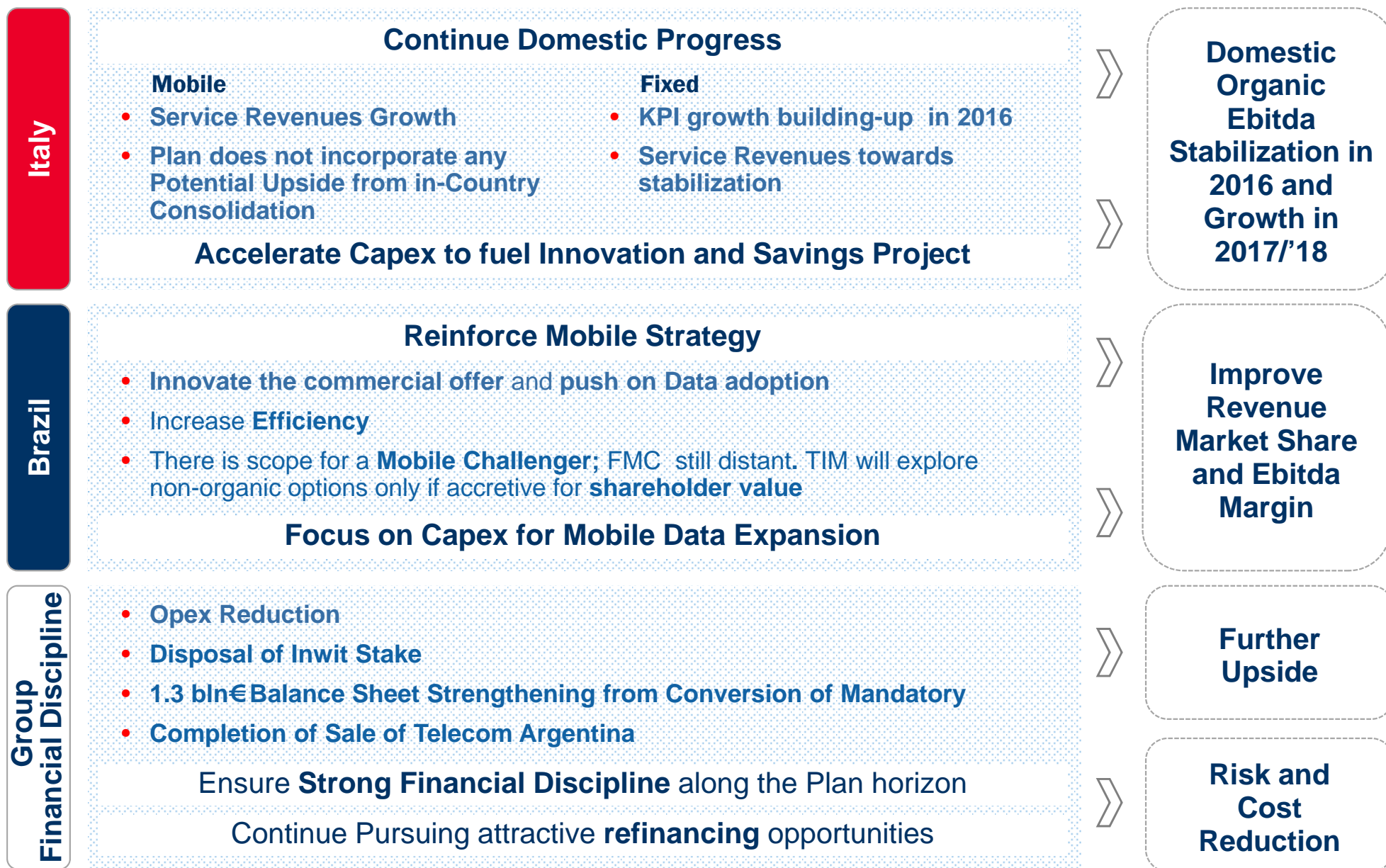
Domestic Capex



Agenda

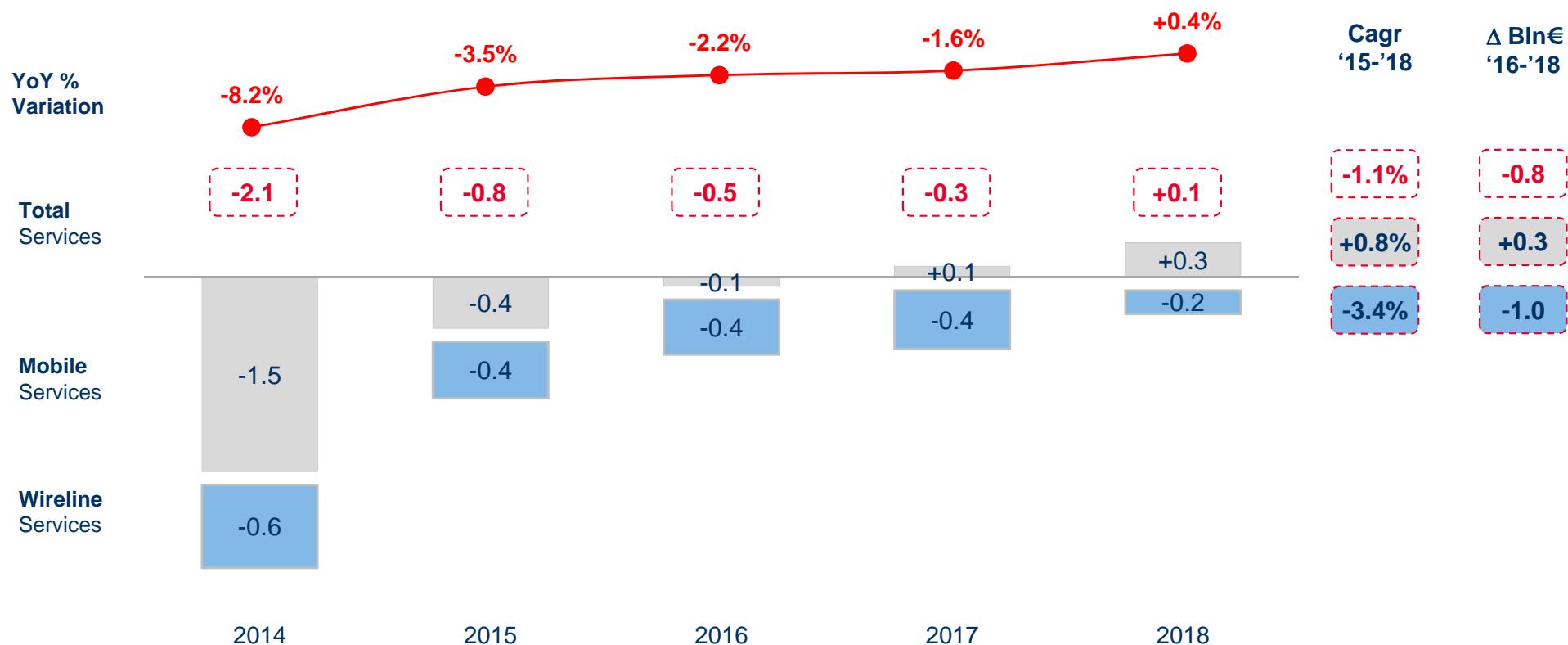
- FY 2015 Preliminary Results
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Improving Group Operating and Financial Profile



The Italian TLC Market 2016-'18 Expected Evolution

Bln€



The Italian TLC Services Market is set to progressively improve in the next years, going back to growth in 2018

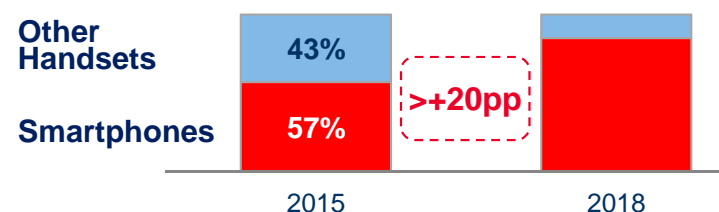
2015 pre-closing Source: SIRMI, internal estimates

TIM - Mobile: More of the Same

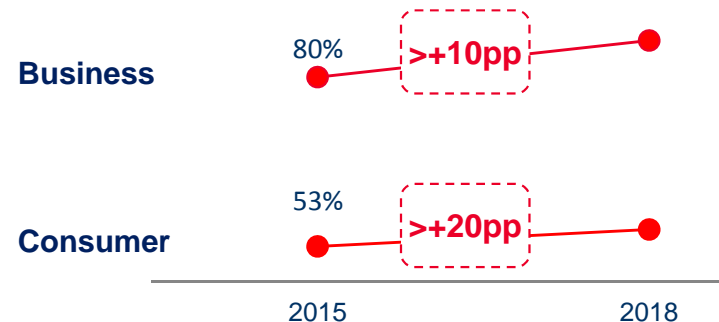
Drivers run on Existing Tracks

- Grasp Data Growth and strengthen our Calling Customer base profile leveraging on our Network Quality
- Work to further combine our unique Network / Sales Channel assets:
 1. More Convergence
 2. Less Churn
 3. More Data Exposure = Less Revenue volatility & more ARPU assurance
- Maintain/Calibrate Pull - Push Commercial model to ensure market leadership

Smartphone penetration on Consumer Calling CB



% CB Calling with data bundle



Goals

- Revenue Future-Proofing
- Improve Total ARPU
- Service Revenues Growth from 2016

TIM - Fixed is the Game Changer

Opportunities

- Growing BroadBand penetration: catching the upside
- Data Demand is booming due to:
 1. Video
 2. Changing Household Habits
 3. Business Requirements evolution
- Building and Turning-on NGAN: we are the Market Shaper both in Offer and Infrastructure

Consumer

- Pursue the Data Surge:
 - TI in Attack-Mode to Grow in Lines / Customer Base
 - Better Connectivity and More Video
 - Streamline Delivery
- Act on Network / Channel to:
 - Increase convergent Clients
 - X – Sell F-M / M-F

Business

- Invest to deliver superior Data Quality
- Commercial-driven defense of Traditional
- Organic Growth and Alliances on Cloud / ICT
- Push on Multisided Platform Strategy, opening to Developers

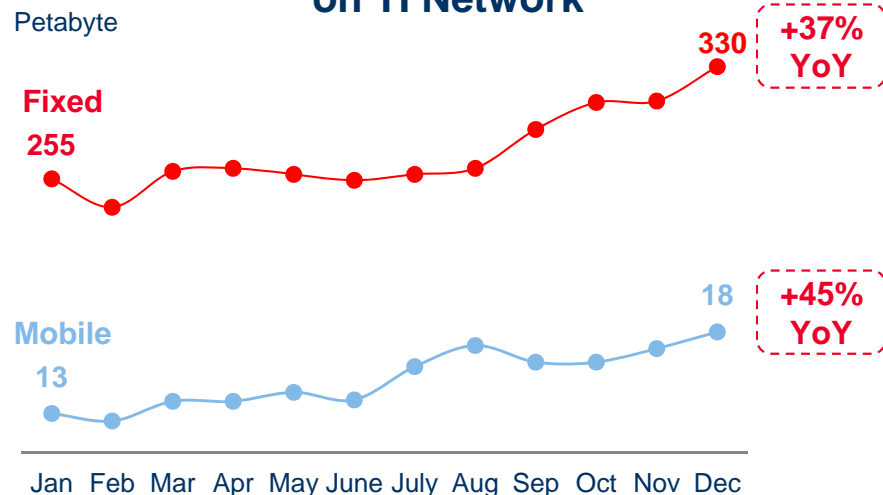
Priorities

Goals

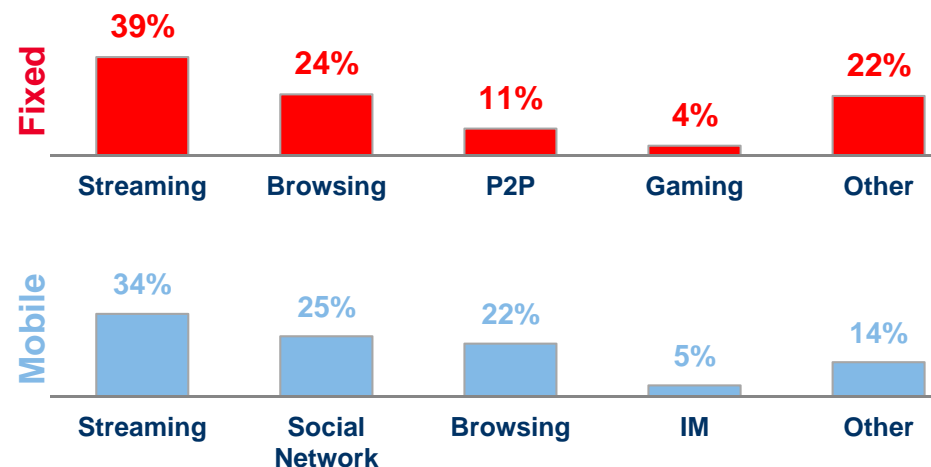
- Fixed Line Losses reduction from 2016, moving towards parity
- 2018 BB Retail lines > 8 mln
- Total 2018 Fiber Customers (Retail + NGN Wh.) ~ 5mln (>7x YE'15)
- 2018 Convergent clients with content: ~1.5 mln (3x YE'15)

Video drives Data Traffic Growth

Monthly Volume Consumption in 2015 on TI Network

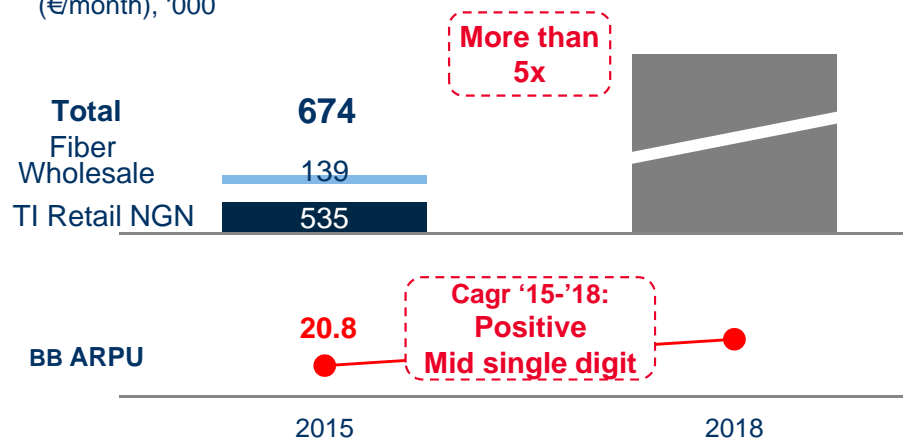


Weekly Data traffic Consumption



Expected Fiber CB Evolution: 1mIn more Fiber Customers vs 2015-'17 Plan

(€/month), '000



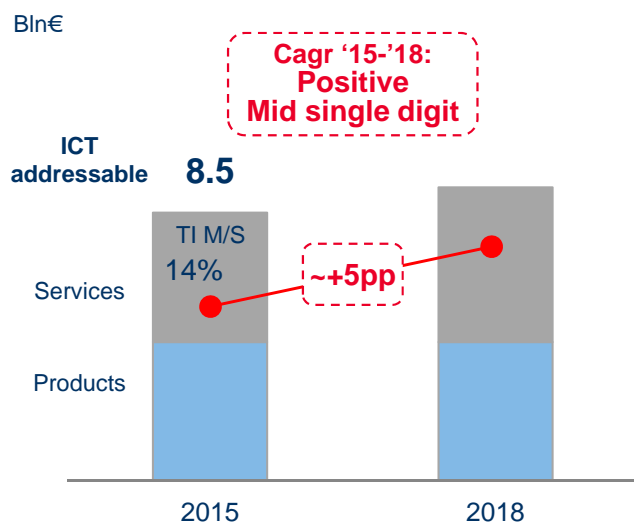
- Strong growth in data traffic in Fixed (+37% YoY) & Mobile (+45% YoY)
- Fixed represents 95% of total data traffic in 2015
- Video service demand is the key driver of consumption growth
- Mobile networks will be less & less able to support this expansion

Completing the Picture: stronger in ICT, more International, turnaround in Wholesale

Domestic ICT

- Economic recovery and enterprises digitization needs will support market recovery, driven by Cloud Services
- Defend value of traditional services
- Address Vertical segments opportunities, both through Olivetti/TIDS and Inorganic options

Market Value



Sparkle

Defend and Consolidate

- Optimizing current business management: Capture Traffic, Improve Efficiency, Quality and Caring

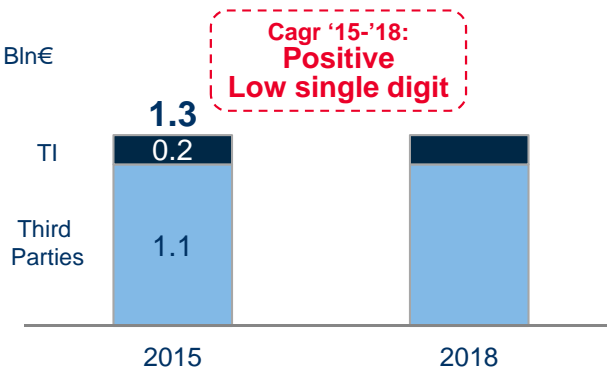
Reinforce Infrastructure & VAS

- Grow & Transform the Network
- Expand Data Centers

ICT Transformation

- Evaluate both organic & other options to:
 - manage/accelerate transformation
 - address new customer segment
 - enrich service portfolio

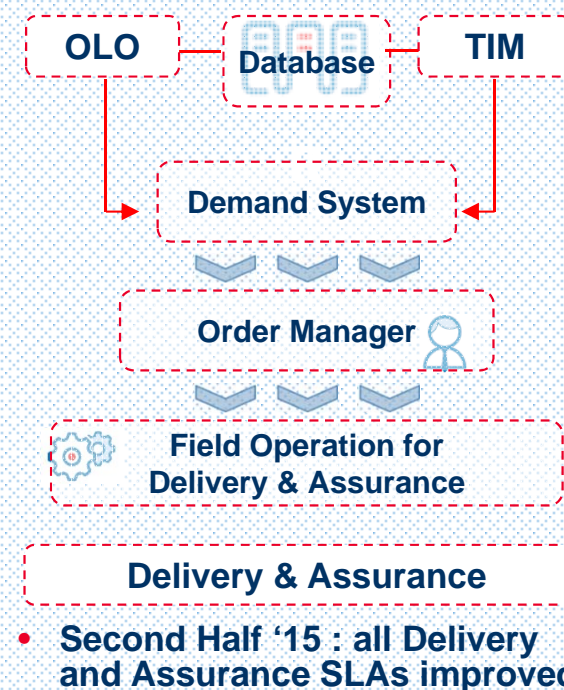
Bln€



Wholesale

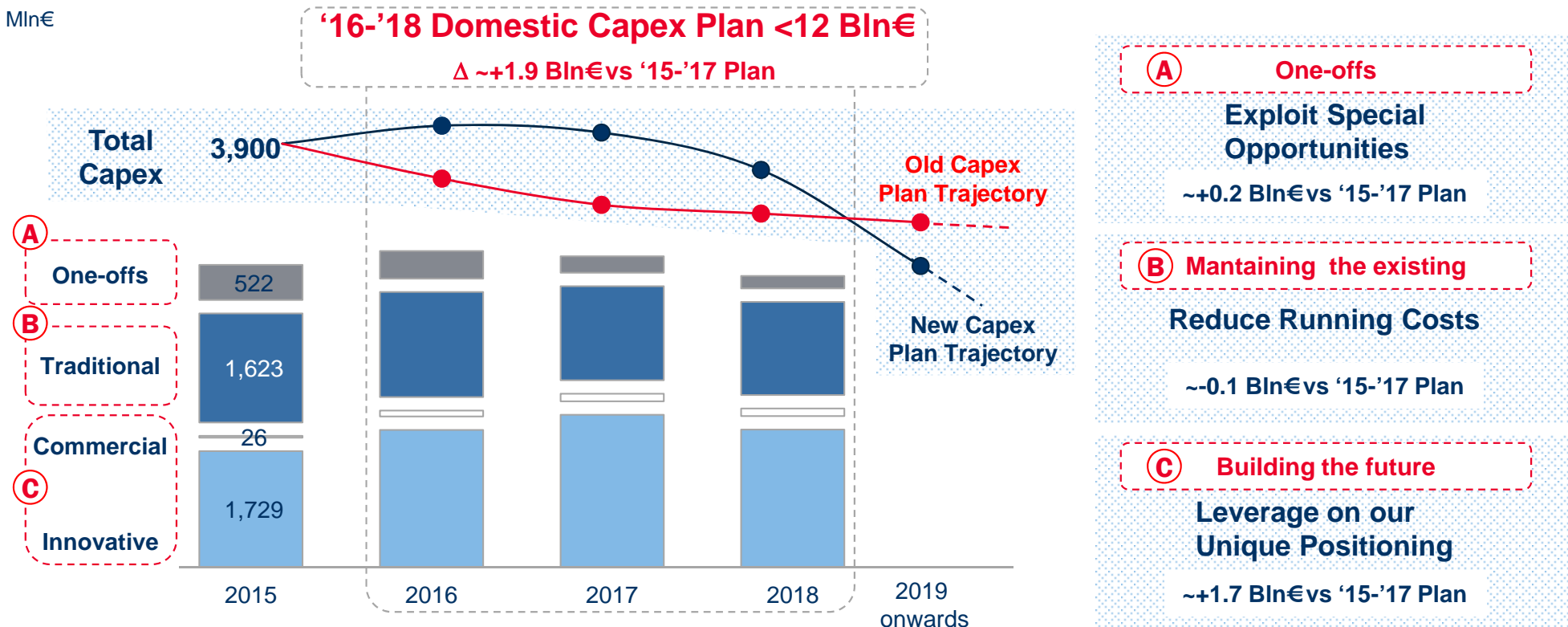
Equivalence 2.0

- The execution of our New Full Equivalence Model enables:
 - A unique interface towards TI and OLOs
 - End-to-End quality control of Delivery and Assurance processes



Domestic: Accelerating, not Increasing Capex

Mln€



TI Capex acceleration – to be reversed after 2018 - is limited in time with near-term tangible results:

- **Complete the future-proofing of our Networks, opening to material long-running efficiencies**
- **Repositioning our Company to address new global digital strategy / full IP infrastructure platform**
- **Further increase TI's competitive edge against peers**
- **Capex investment carefully selected with returns above TI's minimum hurdle rate /return on investment criteria, supporting EBITDA and EBITDA-Capex performance**

(1) Net of spectrum acquisition equivalent to 347 mln€

The Detail of our Innovative Capex Acceleration



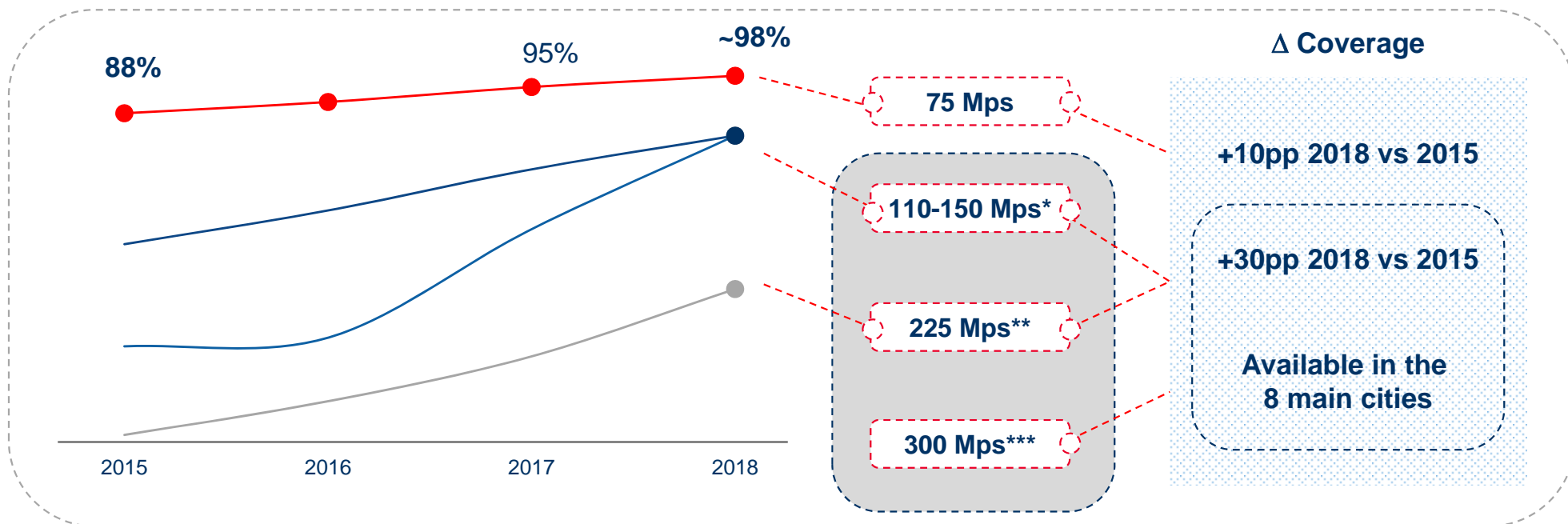
NGN	~3.6 Bln€ (~+0.7 Bln€ vs Old Plan)	<ul style="list-style-type: none"> 84% Fiber Coverage is the Key Enabler of our Plan; Less Costs from an efficient Core Network
LTE	~1.2 Bln€ (~+0.3 Bln€ vs Old Plan)	<ul style="list-style-type: none"> TIM 4G covers Italy and drives ~70% LTE penetration
Cloud & Platforms	~0.7 Bln€ (~+0.2 Bln€ vs Old Plan)	<ul style="list-style-type: none"> Further leeway into Adjacent Markets for both Households and Entreprises
Transformation	~0.5 Bln€ (~flat Bln€ vs Old Plan)	<ul style="list-style-type: none"> Further evolution towards an All-IP Network; Less Costs from Decommissioning
Commercial	~0.3 Bln€ (~+0.3 Bln€ vs Old Plan)	<ul style="list-style-type: none"> Commercial investments on fiber-related devices (modems, set-top boxes etc.) to foster BB adoption
Sparkle	~0.4 Bln€ (~+0.2 Bln€ vs Old Plan)	<ul style="list-style-type: none"> Evolve Business model from «Communicate & Data Trasport» into «Connect & Enable Digital Services»

Making the transition to a Platform Company happen: TI is the Gateway to a Digital Italy

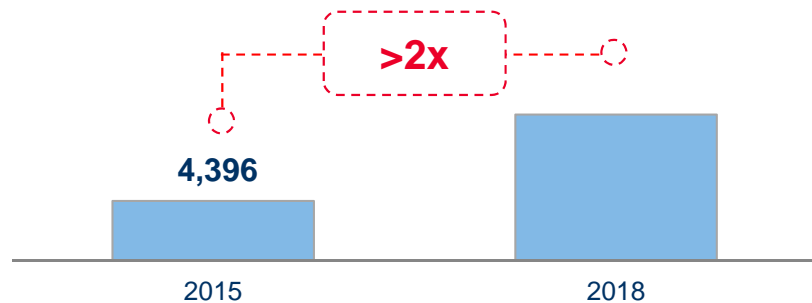
(1) Net of One-Offs Capex

LTE: Further Revenue Traction from 98% Coverage

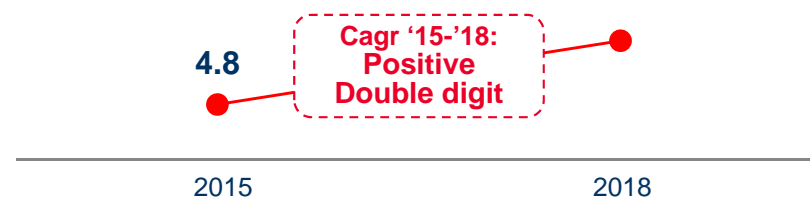
LTE Population Coverage by Speed Peak



LTE CB '000



Innovative ARPU (€/month)

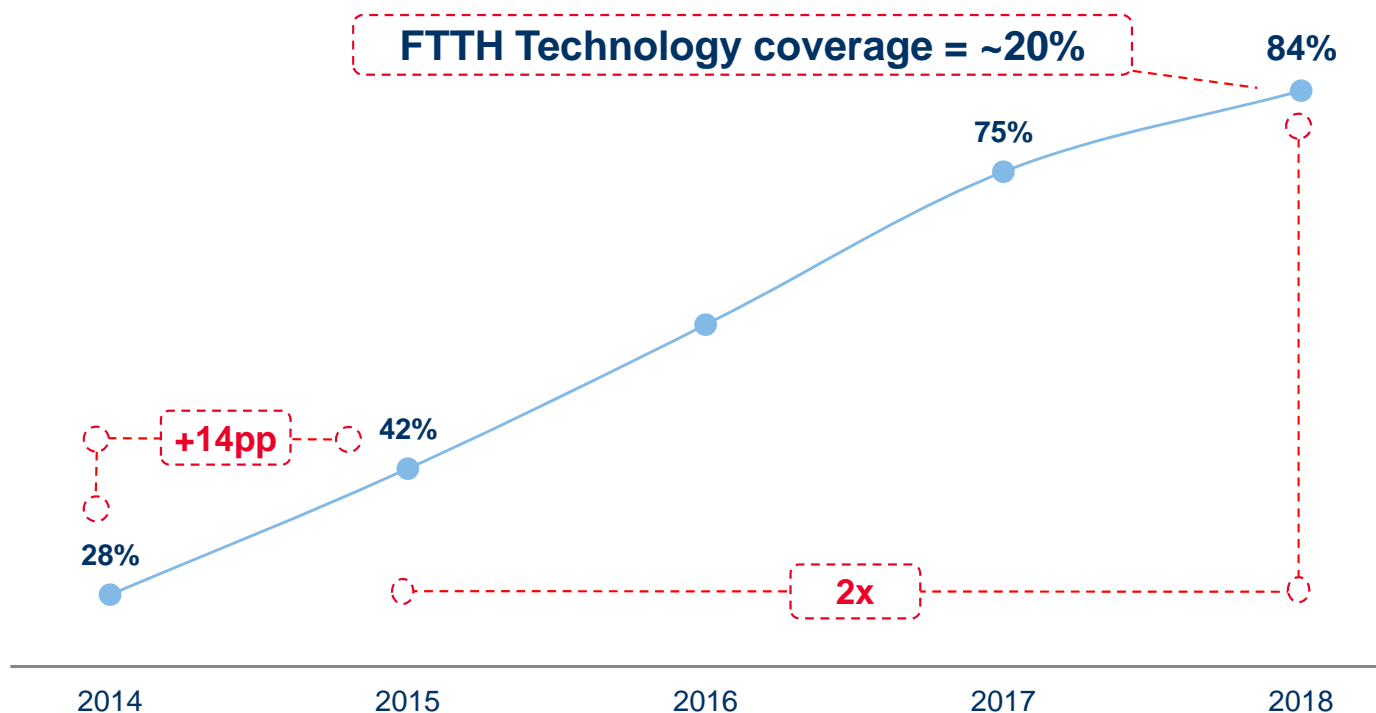


 = carrier aggregation:

- * 800 + 1.800 + 2.600 MHz
- ** « » + « » + « » « » + refarming
- *** « » + « » + « » « » + « » « » + L- Band

NGN Coverage moves up to 84%

NGN Coverage Evolution⁽¹⁾



- Adopt new FTTCab technologies to support up and above 100 Mbit/s

- Progressive FTTH coverage in areas that can guarantee an average high-single digit IRR

- Speed up our NGN Plan: TI is the reference company for Fiber in Italy and defends its strong access leadership

- 100% of «Cluster A» and «Cluster B» cities and towns will be covered with TI Fiber by 2018

- Support platform-based new services (Entertainment & ICT)

(1) Passed

Group Operating and Financial Outlook

Organic data

	Group	Domestic	Brazil
Operating Targets		EBITDA YoY Stabilization in 2016 EBITDA YoY Growth in 2017 and 2018	Growing Revenue Share Increasing EBITDA margin
Capex⁽¹⁾ Cum. '16-'18		< 12 Bln€	< 14 BlnR\$
2018 Net Debt Adj./Ebitda	Below 3x ⁽²⁾		

(1) Excluding Domestic and Brazilian Frequencies

(2) On Reported Ebitda; Average and YE €Real 2018: 4.6. Ratio includes Mandatory Convertible equity strengthening effect for 1.3€Bln in November 2016, Argentina Disposal, Inwit Valorisation

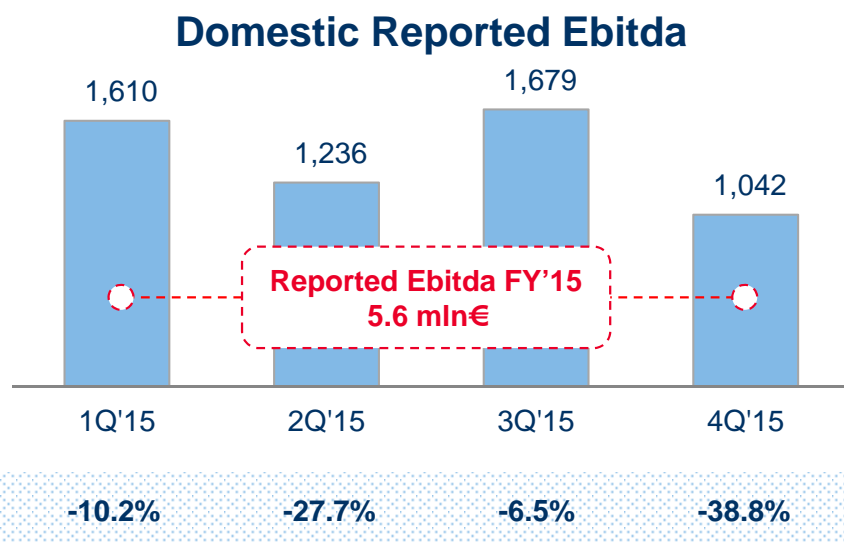
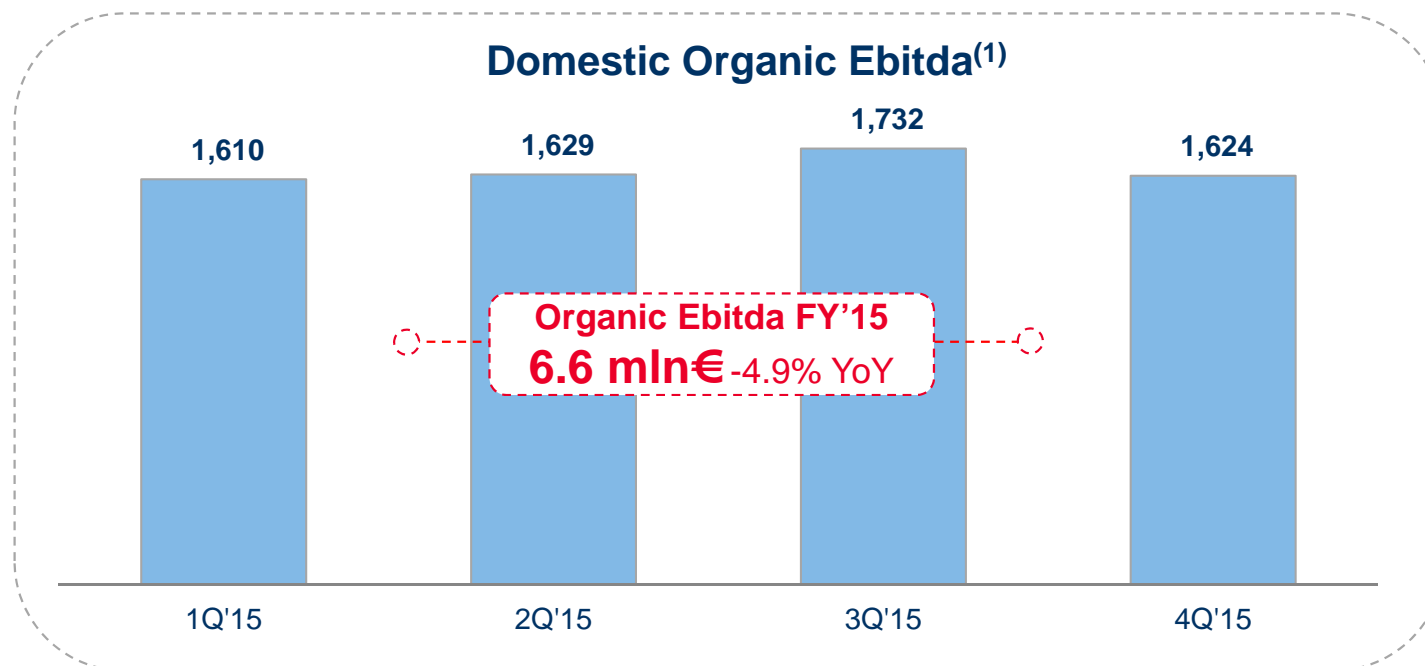
Note: Organic data exclude impact from change in scope of consolidation and FX, and are based on 2015 average exchange rates

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Domestic 2015 Ebitda performance

Mln€



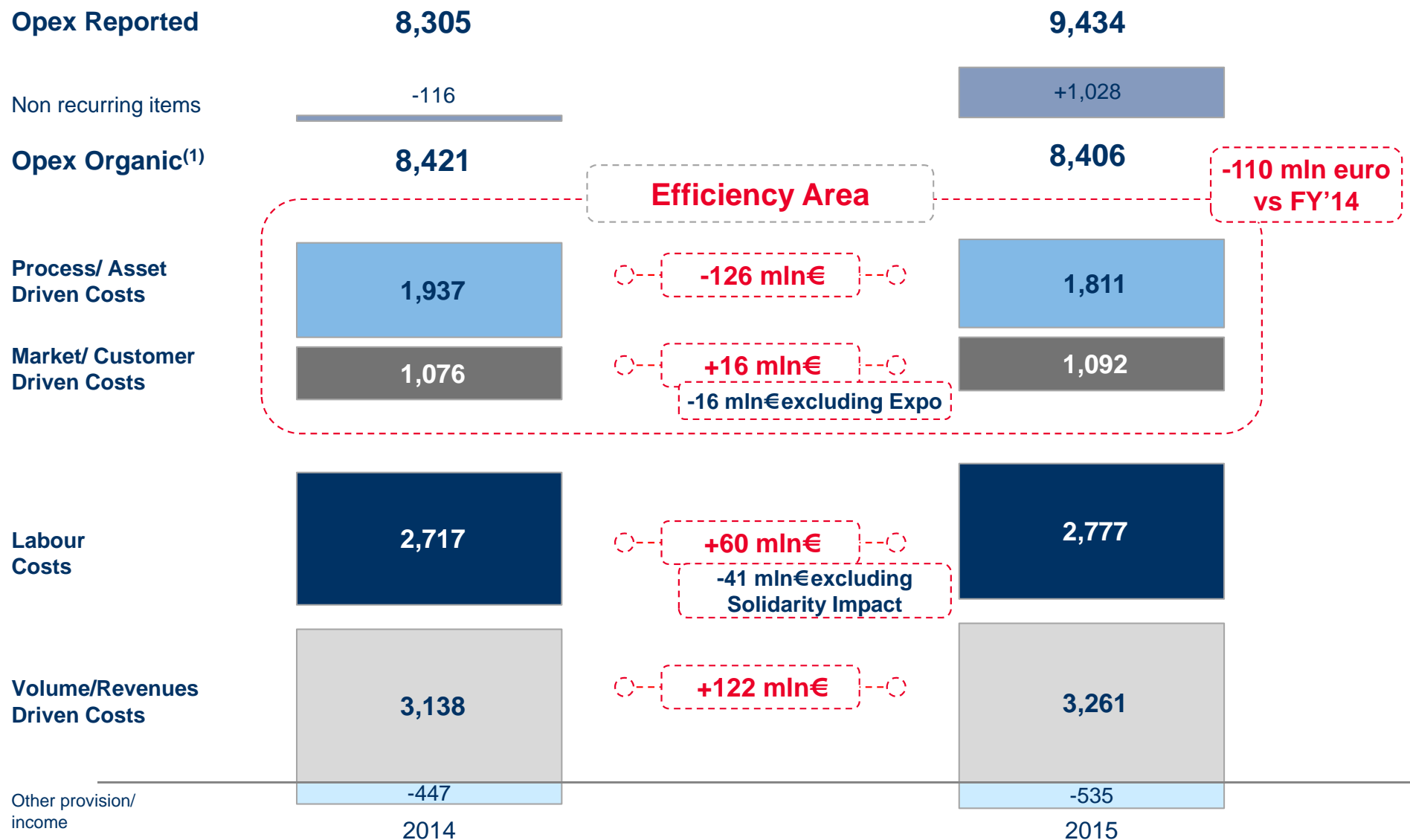
2015 Non Recurring Items

	1Q'15	2Q'15	3Q'15	4Q'15	FY'15
Employee Reduction Plan	-	-24	-19	-386	-429
Provisions & Costs for Risks and Settlements	-	-369	-34	-196	-599
Total non recurring items	-	-393	-53	-582	-1,028

(1) Organic= Before non recurring Items

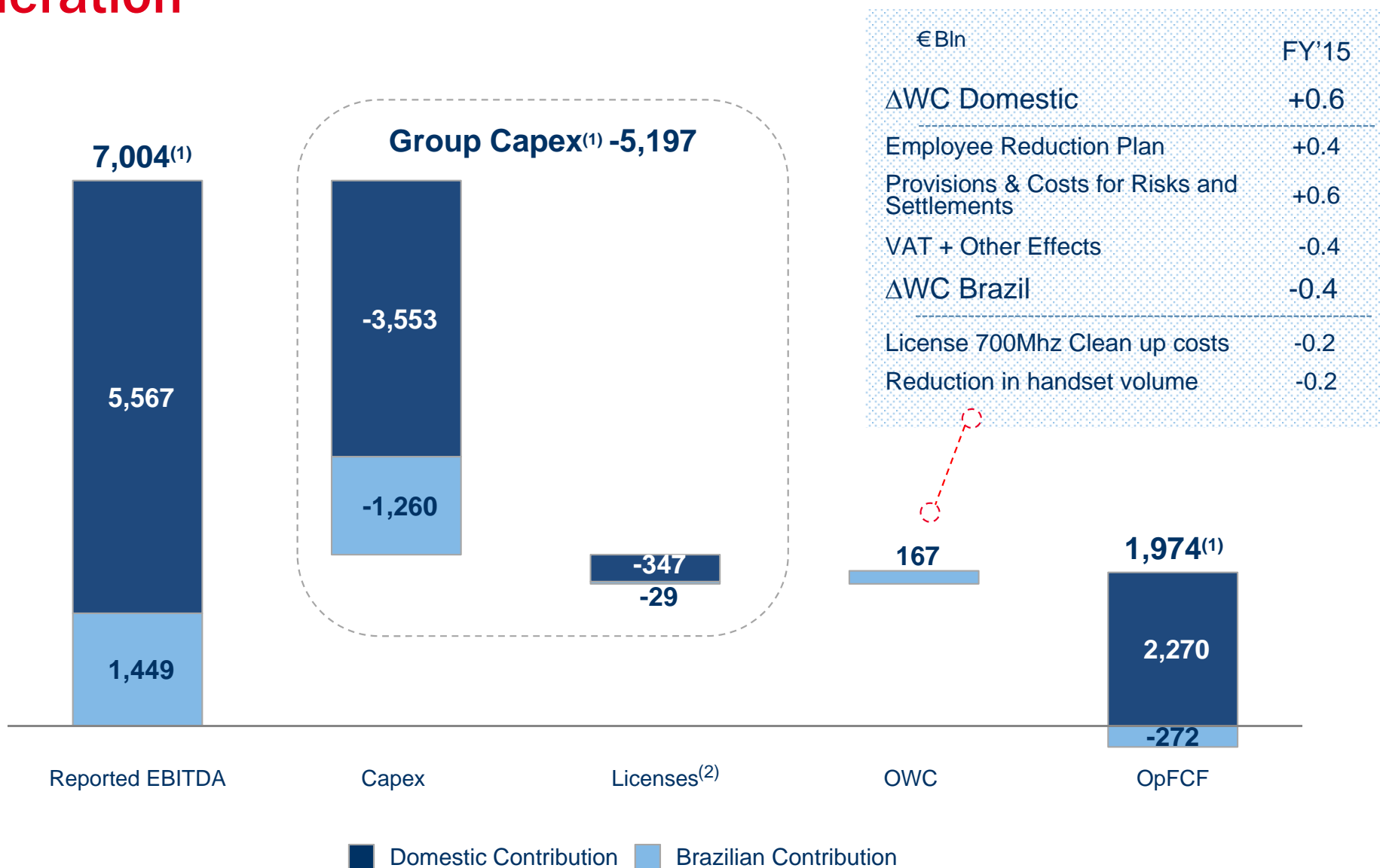
110% of FY 2015 Efficiency Target Reached

Mln€



Speeding-up Investments while safeguarding OFCF Generation

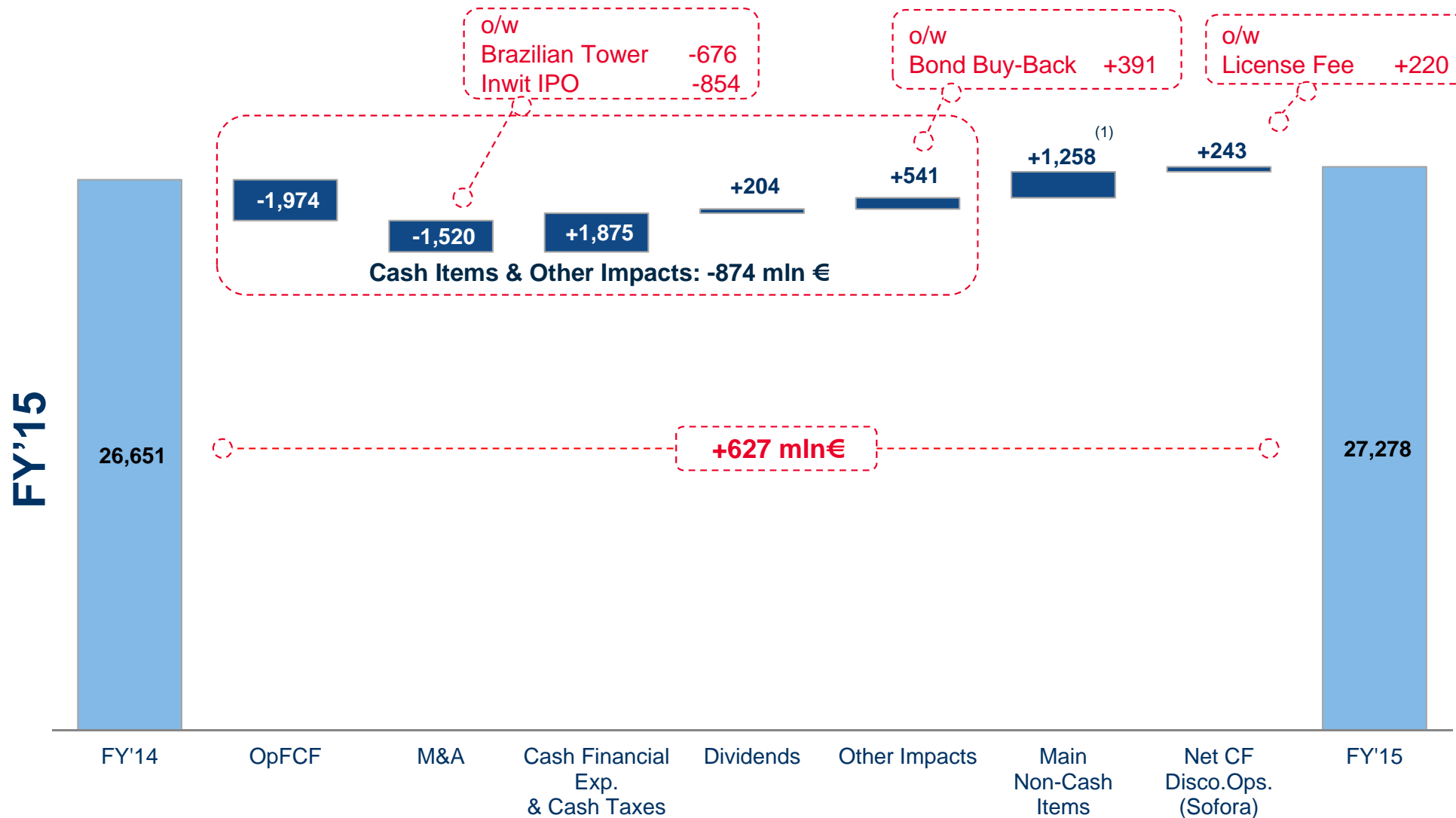
Mln€



(1) TI Group figures include TI Media & other subs. (2) includes 29 mln€ for spectrum clean up in Brazil

Net Debt Evolution

Mln€

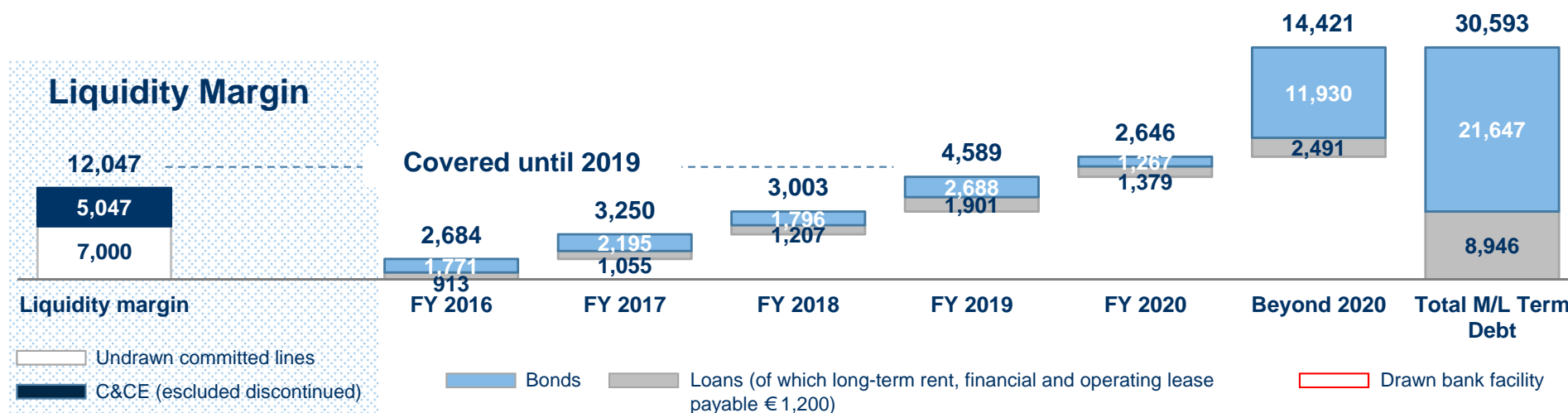


(1) Includes: 1,478 Mln€ from Financial Leasing (IAS 17) of Domestic Real Estate trasformation project and Brazilian towers lease-back; (186) Mln€ unsecured Equity-link bond and (34) Mln€ financial accruals

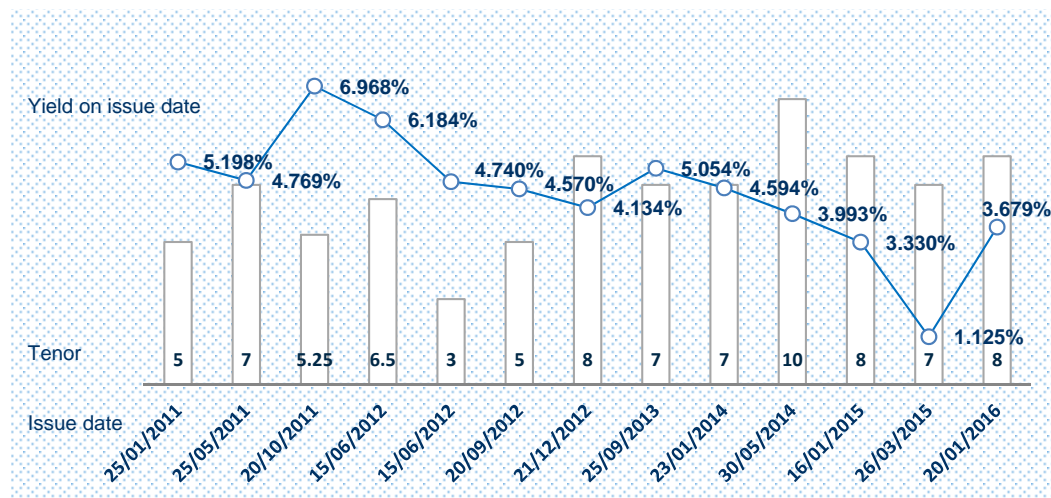
Refinancing at Lower Rates

Mln€

Debt Maturities and liquidity Margin



2011-2016 Bond Issuance Yields



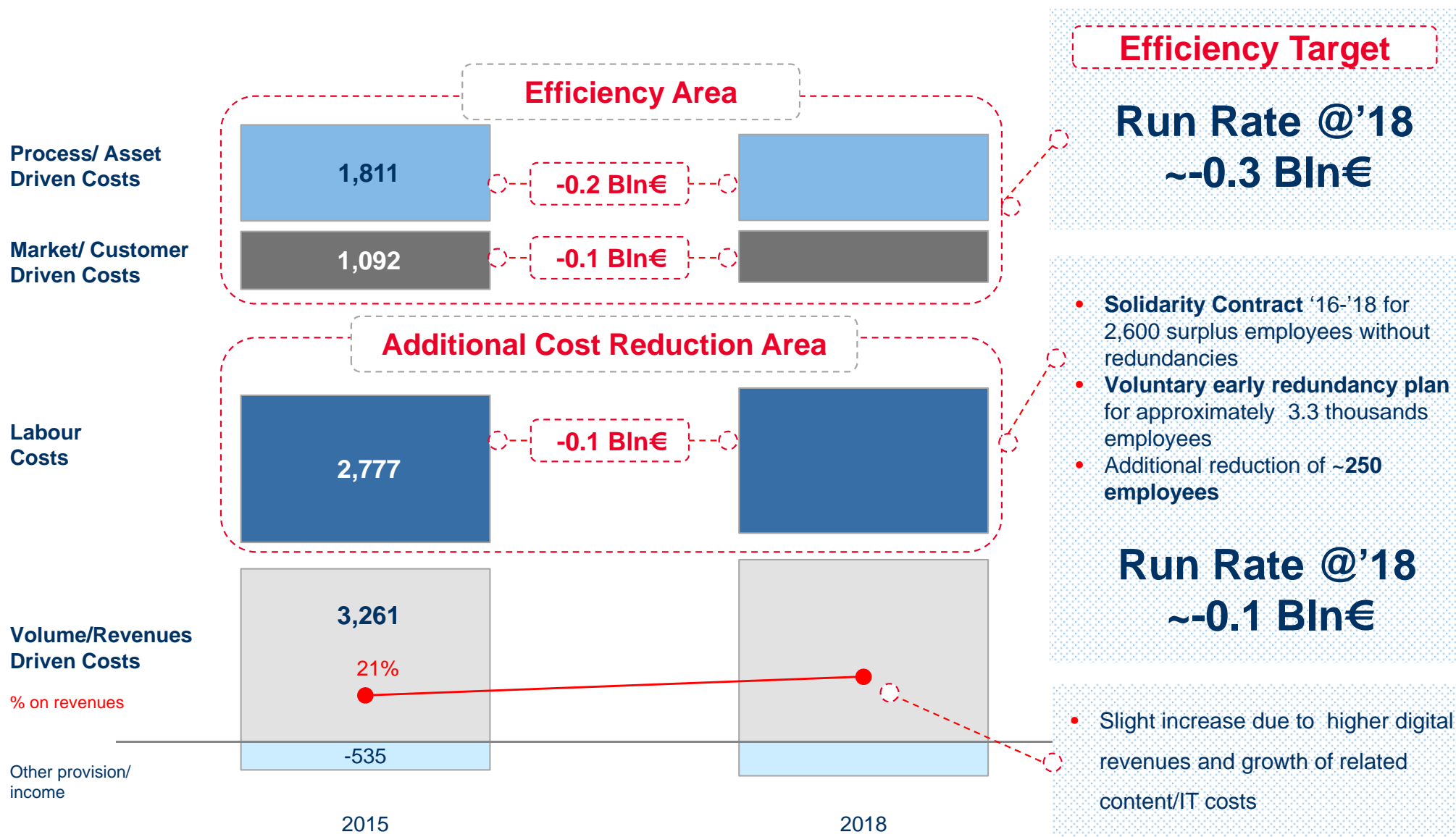
Highlights

- TI's funding costs on the bond markets have significantly lowered since 2013
- In January 2015 and 2016 TI has printed its two lowest coupon ever with two 8-year issuances, January 2015 @ 3.25% and January 2016 @ 3.679% respectively
- ECB QE plans further support favourable funding environment
- This context will continue offering TI significant refinancing opportunities

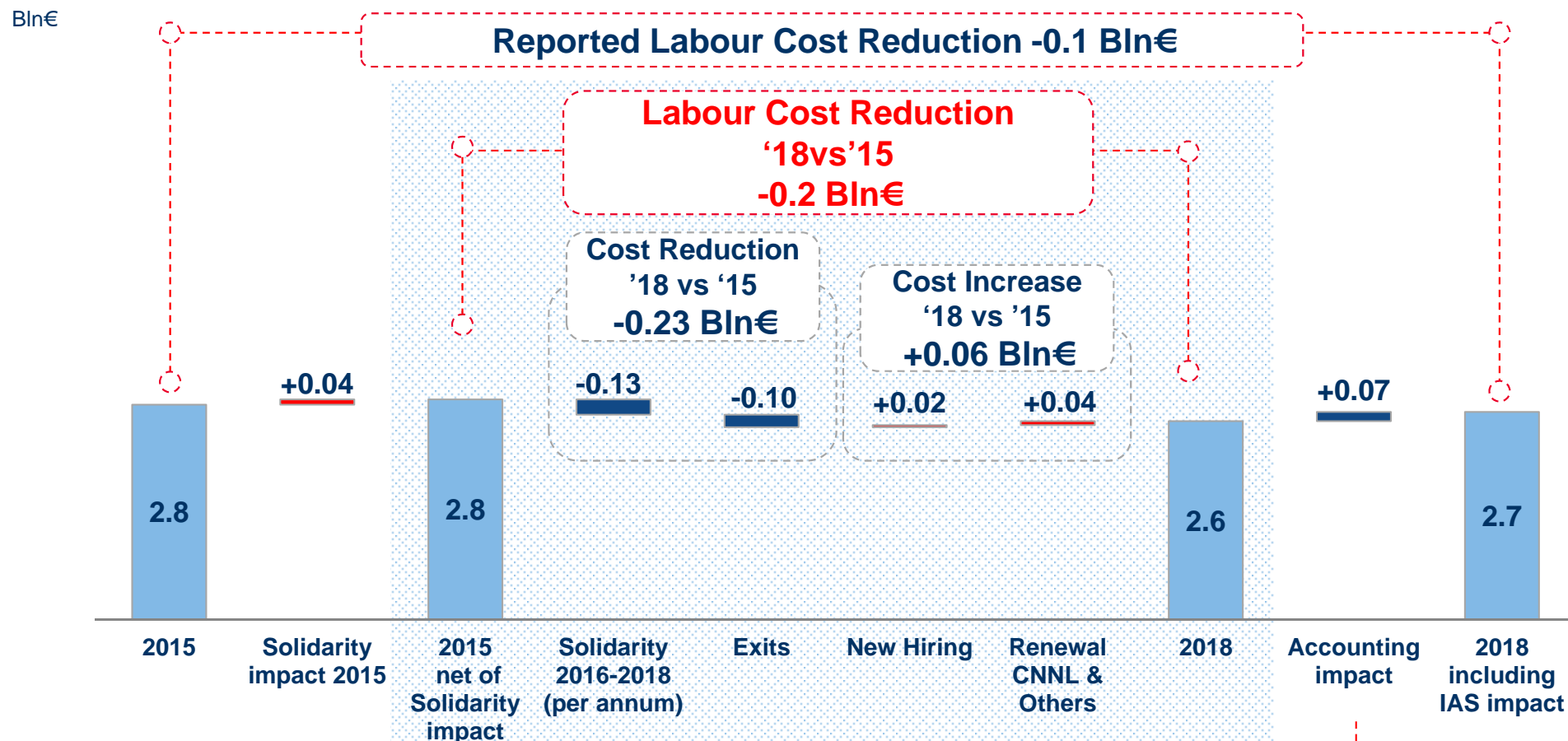
€30.593 mln is the nominal amount of outstanding medium-long term debt. By adding Mandatory Convertible Bond (€1.300 mln), discontinued operations (€348 mln), IAS adjustments (€1.454 mln) and current financial liabilities (€908 mln), the gross debt figure of €34.602 mln is reached.

Efficiencies to be sought beyond Targets

Mln€



Labour Cost Evolution 2018 vs 2015



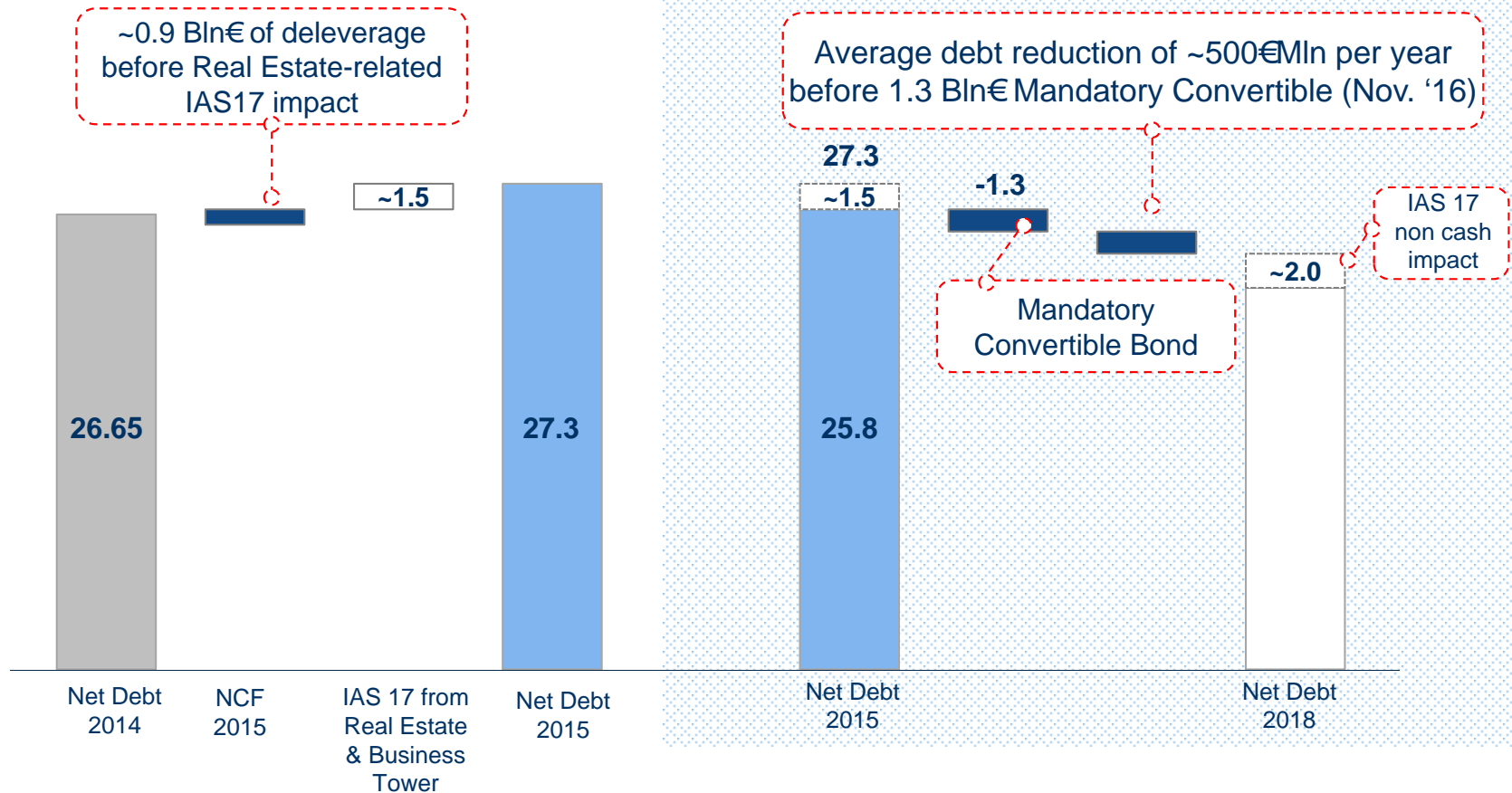
Net impact of the reversal to the Income statement of prepaid expenses related to personnel costs. These prepaid expenses are related to activities that generate long-term benefits (eg. Network Delivery). The Prepaid costs deferred over the 3-year Plan are decreasing due to efficiency in delivery, while the amount subject to reversal to income statement derived from the costs incurred in previous years remains relatively stable, with a negative net impact on personnel costs

Net Debt Evolution: Temporary Capex Acceleration is combined with an Appropriate 2016 -2018 Free Cash Flow

Bln€

2014 - 2015

Plan 2016 – 2018



Net Debt/Ebitda Ratio



Inside 3x in 2018

DPS BoD proposal
for 2015 (cash 2016)

Ordinary Shares: Zero
Saving Shares: minimum, according to statutory
obligations

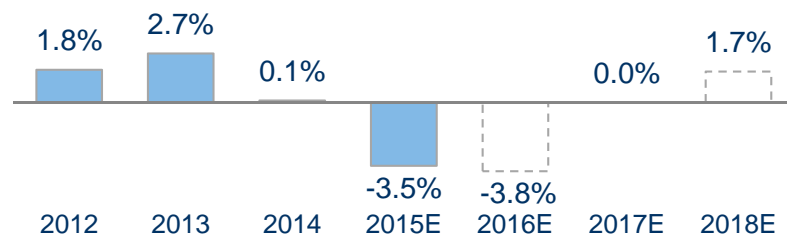
Agenda

- FY 2015 Preliminary Results
- 2016 - 2018 Plan Update
- Financial Outlook
- **2016 - 2018 TIM Brasil Plan**
- Appendix

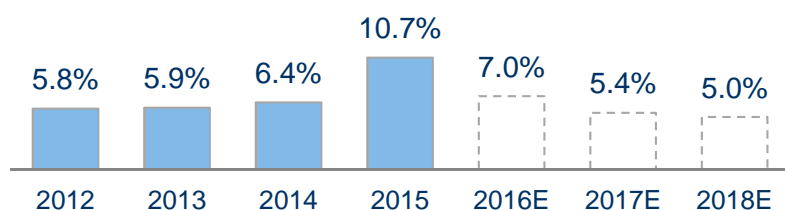
Brazil 2016-18: Meeting the Challenges

Protecting results in a tougher Macroeconomic Scenario...

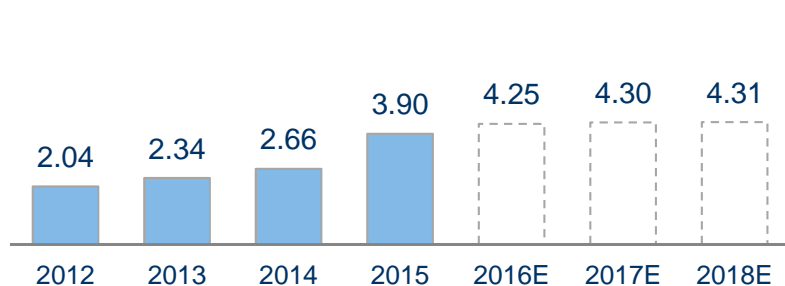
Real GDP (% YoY)



Inflation Rate (%)

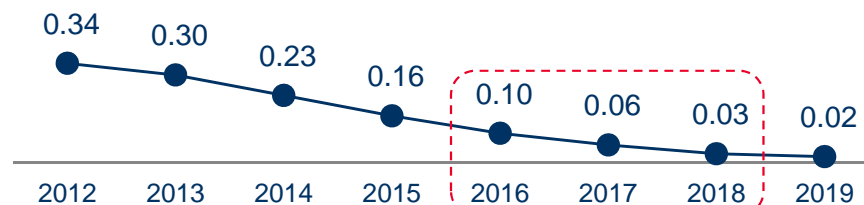


R\$/USD Exchange Rate



... and adapting fast to capture opportunities in a reshaped industry context

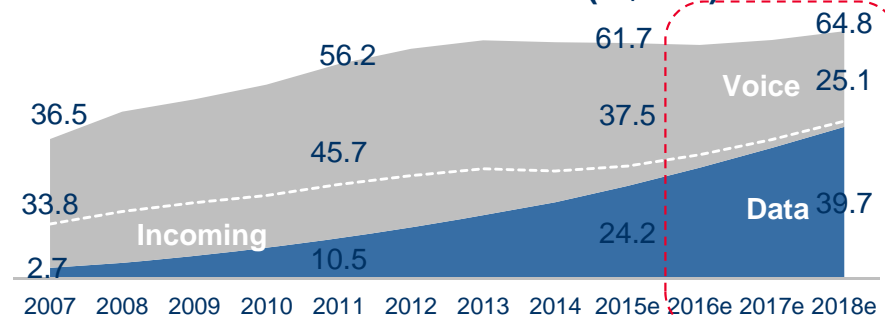
MTR Glide Path (R\$/min)



SIM / Unique User



Mobile Market Revenues (R\$ Bln)



Source: latest IMF estimates for GDP; Internal Estimates for Exchange Rates forecast, Inflation, MTR Value, SIM/user and market revenues trend

Highlights of the 2016-2018 Plan

Context changes

Telecom industry
transformation
from Voice to Data

Market maturity and
user behavior change
impacting Customer Base
and Positioning

Challenging Macroeconomic
Scenario

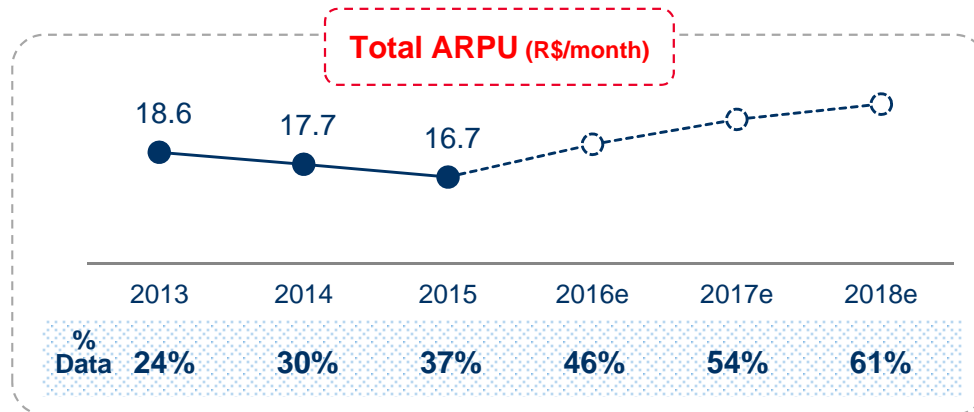
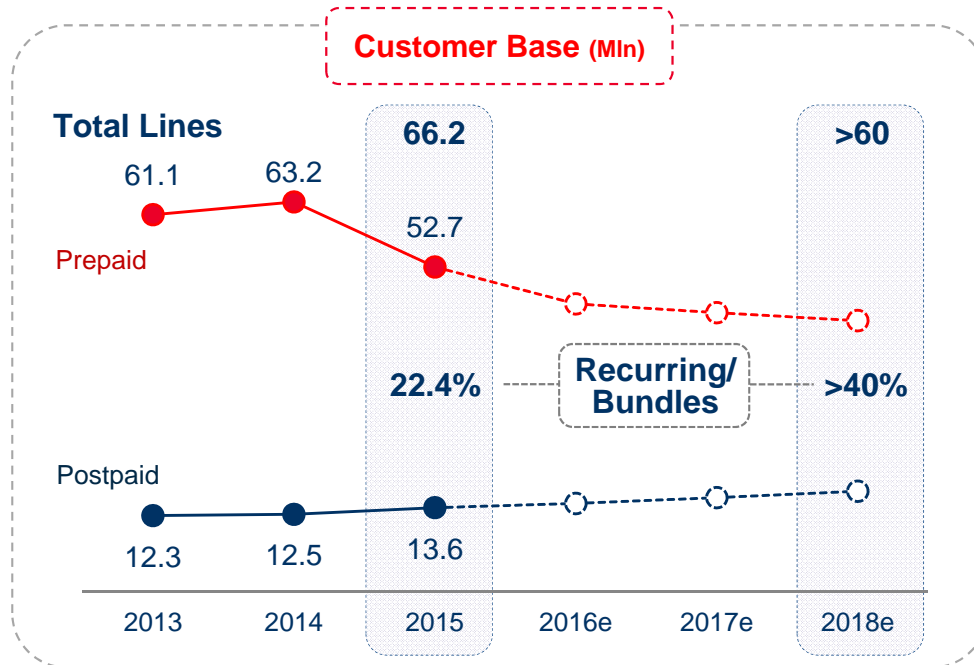
Infrastructure requirements
evolving with Data and 4G

Key strategic priorities

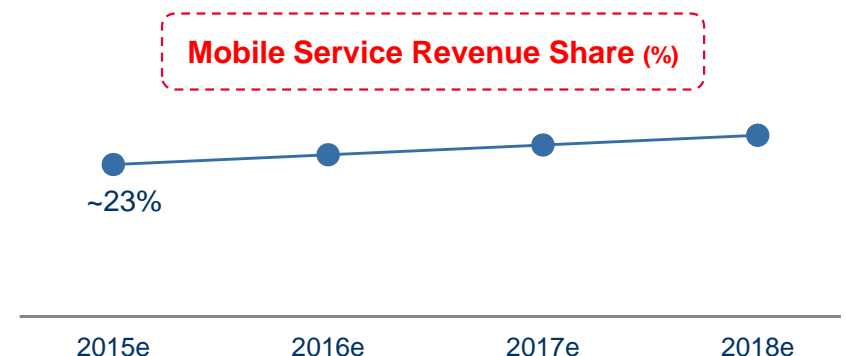
1. Reset positioning - Network Quality / Offer
Innovation / Customer Experience
2. Protect value of Prepaid base - From
Mkt Share to Revenue Share
3. Increase share of Mid/High Value
customers - focus on higher value
4. Stabilize Corporate - accelerate Top
/Enterprise and turnaround SMB
5. Sustain Network investment with
prioritized approach and focus on 4G
6. Focus on Efficiency as a structural element

Market Dynamics leading to slower growth in Customer Base with better quality and ARPU

Changing customer profile: increasing value



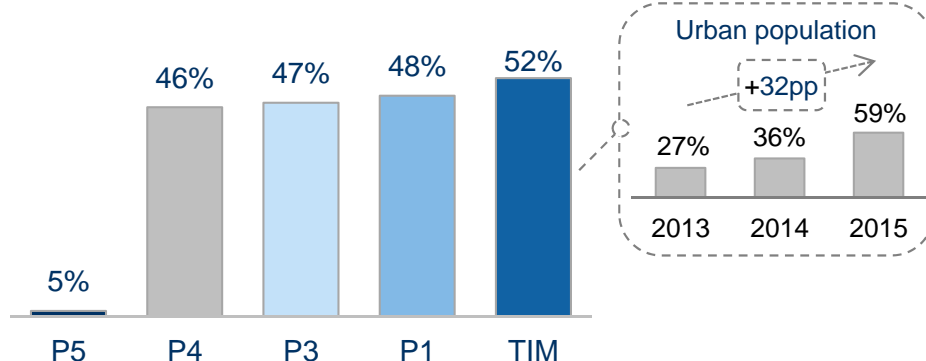
- **Focus on recurring clients:** decoupling method of payment and value
- **Smaller Prepaid base,** but higher ARPU and better quality profile
- **Controle as key source of value generation** as users concentrate spending on TIM
- **Postpaid stabilization and growth** as a result of new offers and business turnaround
- **Constant Revenue Market Share** growth during plan period



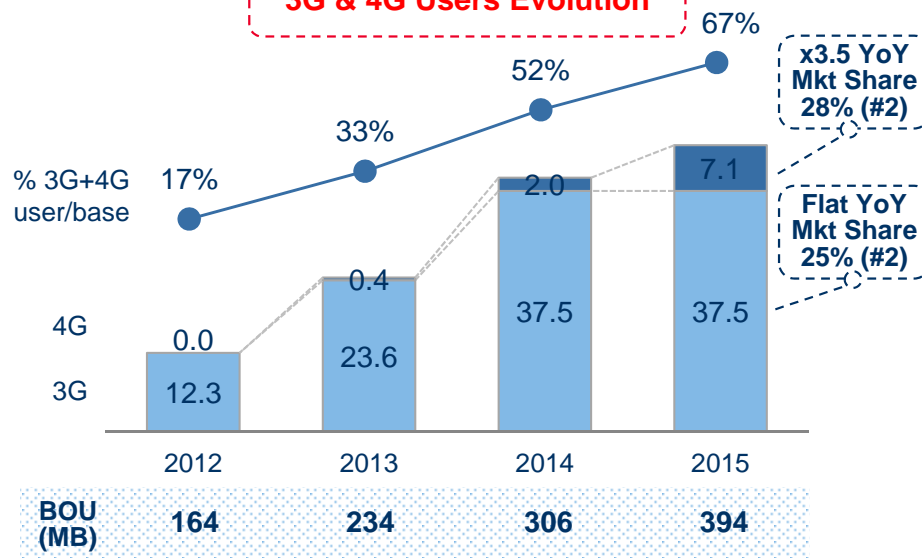
Broadening our Data Opportunity

4G coverage leadership

4G Total Population Coverage¹



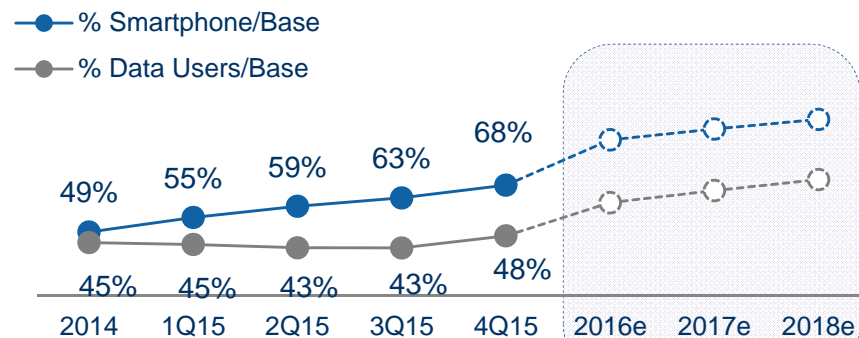
3G & 4G Users Evolution



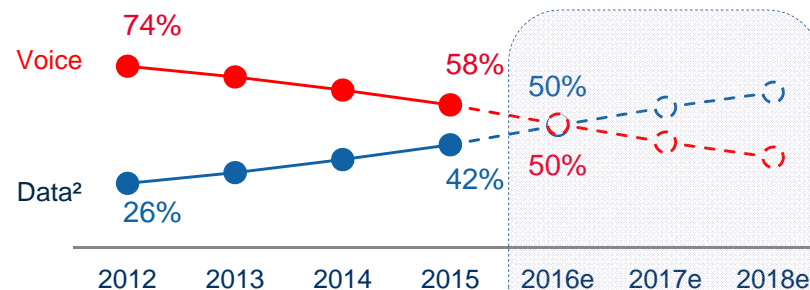
¹ Coverage calculated by Teleco website (www.teleco.com.br)

Data adoption drives change of revenue profile

Data Penetration (on TIM Brasil's User base)



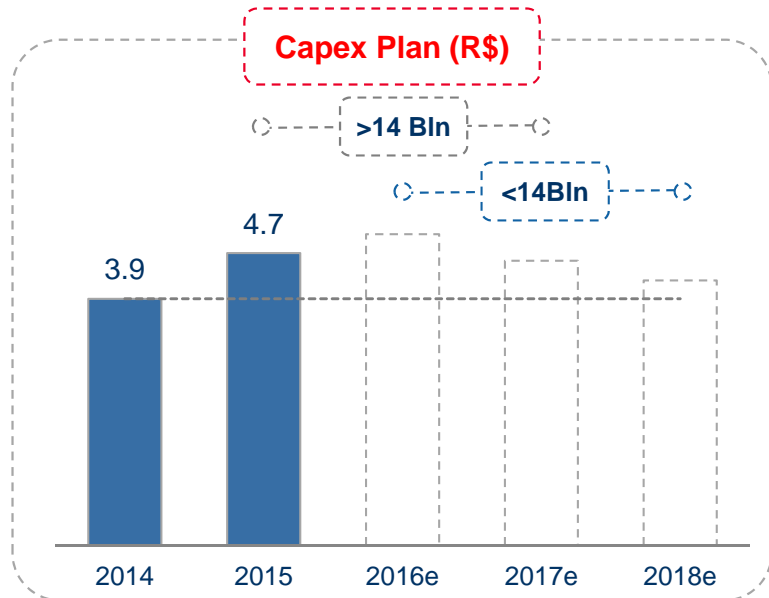
Data Penetration (on TIM Brasil's Generated Revenues)



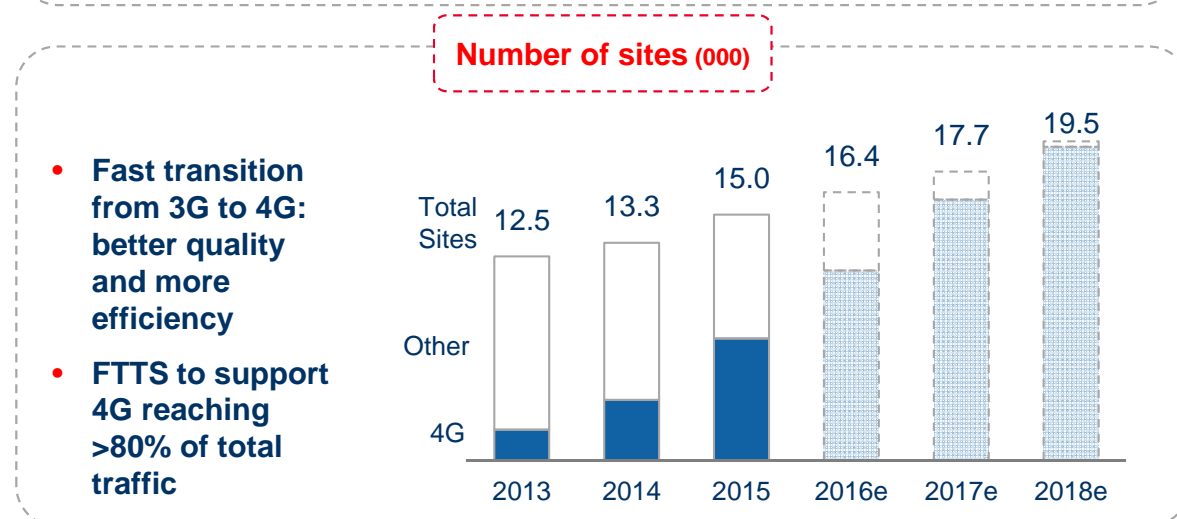
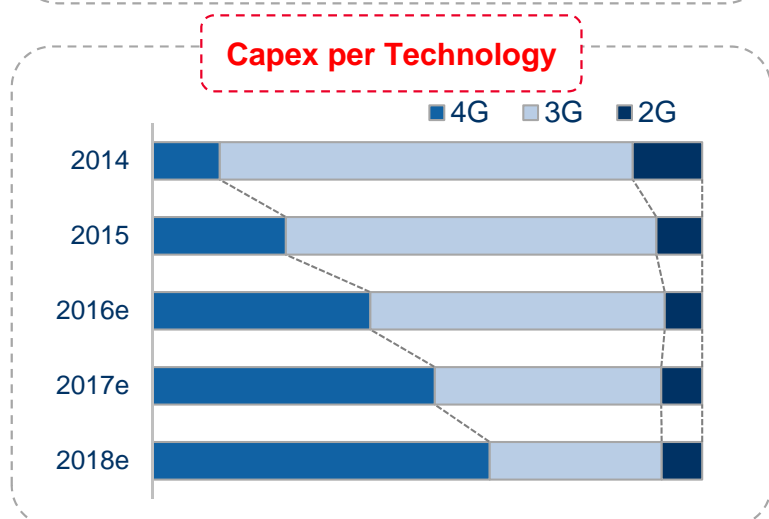
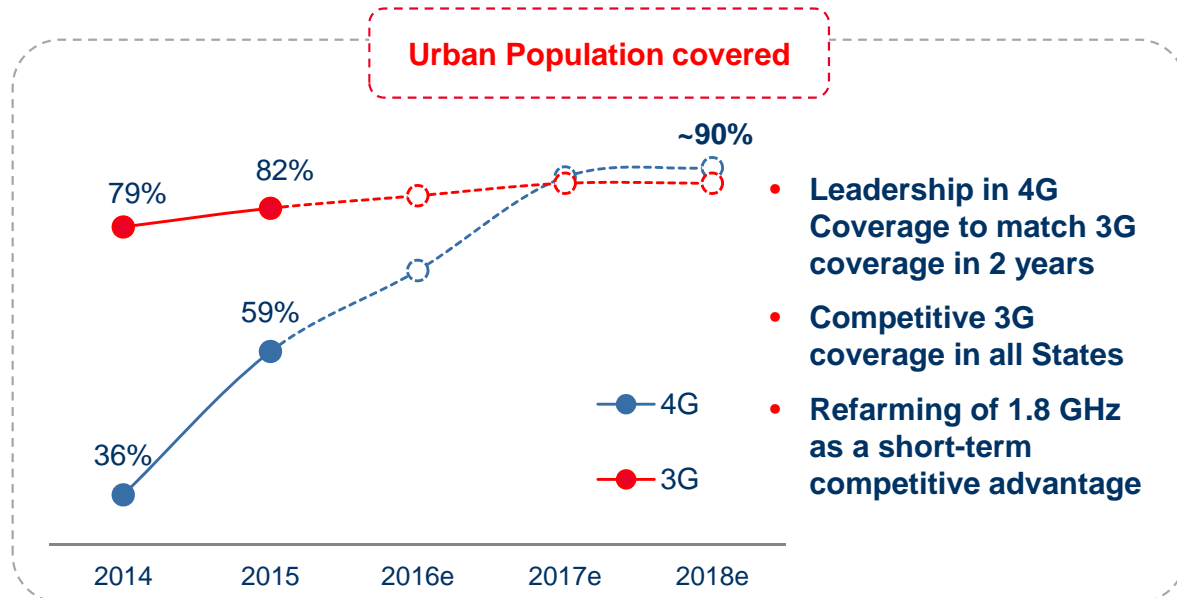
² Data = Data connectivity, Content, Other VAS, SMS

Capex Cycle: accelerating 3G and 4G data coverage

After the 2015-16 cycle, Capex intensity* to gradually decline



4G coverage to overtake 3G



* Excluding Spectrum

Growing support from Cost Efficiency

2015-17 Efficiency Plan + Network Efficiencies

> R\$1 Bln

Efficiency Drivers



Impact / Complexity



Optimization /
Control

Strategic
Sourcing

Organization/
Rightsizing
and Efficiency

Process
Improvement

Business
Model
Changes



1. Zero Leased
Lines Project

2. Rental & Power

3. In/Outsourcing
and HR projects

4. Sales & Marketing
initiatives

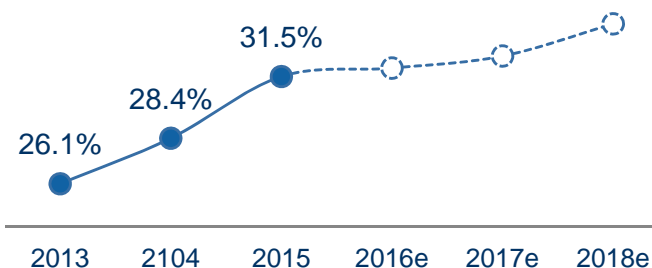
5. Process
rationalization &
automation

6. Zero Based
Budget

7. Strict
disconnection
policy

Improving EBITDA Margin and FCF

EBITDA Margin
(% on Net Revenues)



- Cost efficiencies defend EBITDA performance
- Long-term margin expansion as revenues mix turns to data
- FCF will improve as pressures on EBITDA and Capex decline

Guidance Summary

Targets reaffirm commitment to long-term value creation for all shareholders

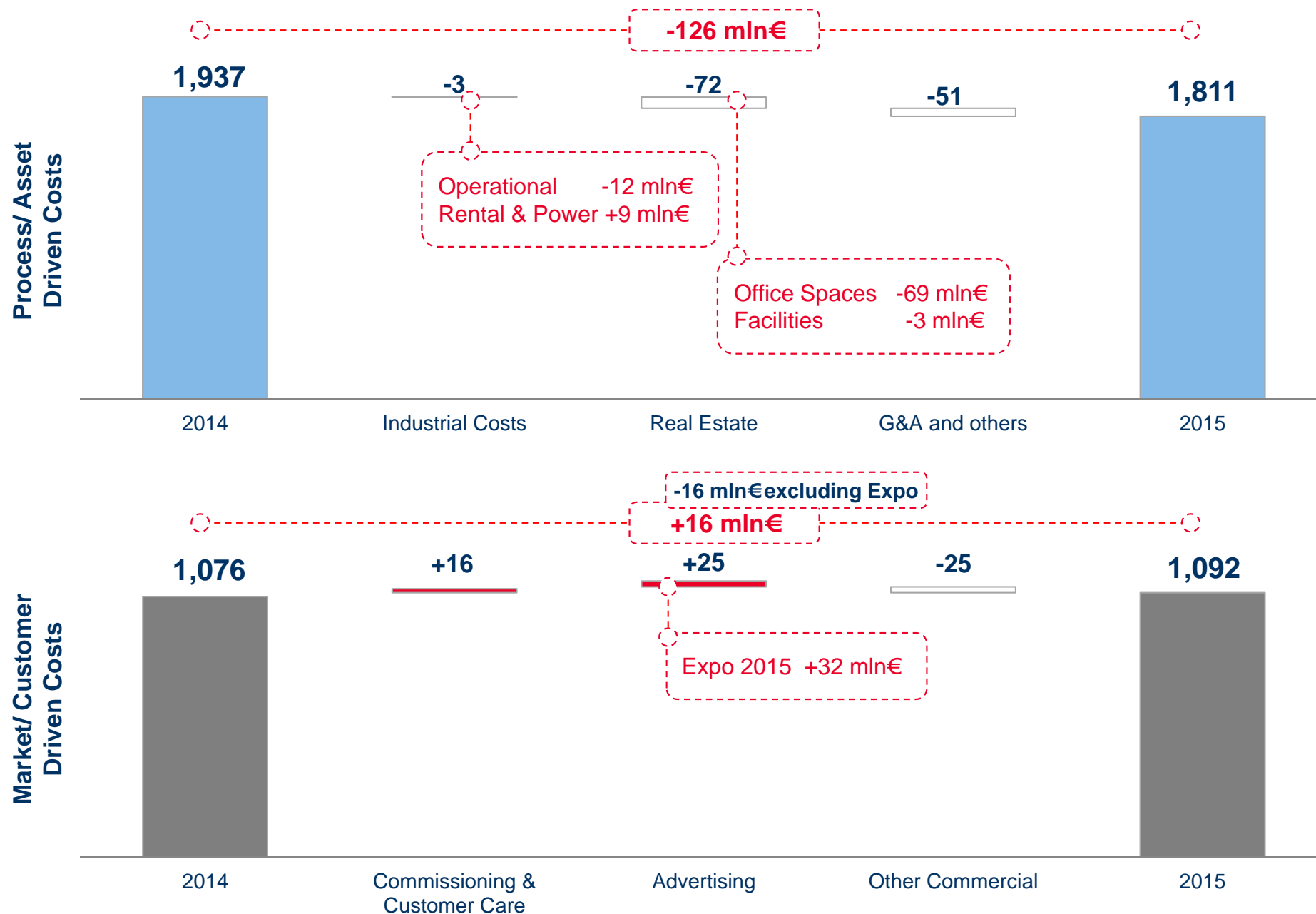
KPIs	Targets
Service Revenues	Data as main revenue component from 2016, focus on Revenue Share
Opex	> R\$1 bln savings in 2015-17
EBITDA Margin	Margin expansion for every year between 2016-18
Capex*	< R\$14 bln between 2016-18

* Excluding Spectrum

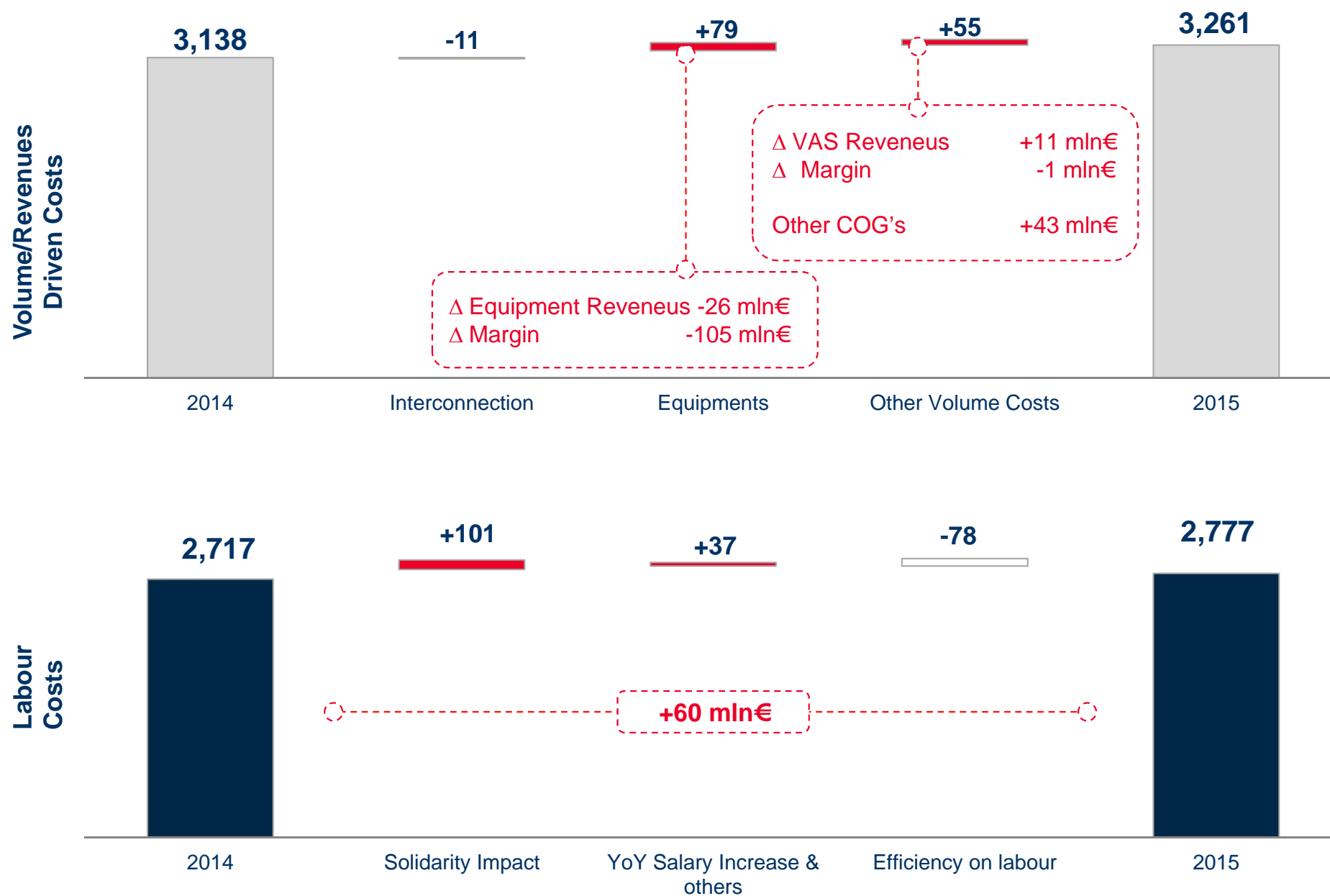
Agenda

- FY 2015 Preliminary Results
- 2016 - 2018 Plan Update
- Financial Outlook
- 2016 - 2018 TIM Brasil Plan
- **Appendix**

Focus on FY'15 Opex Efficiency



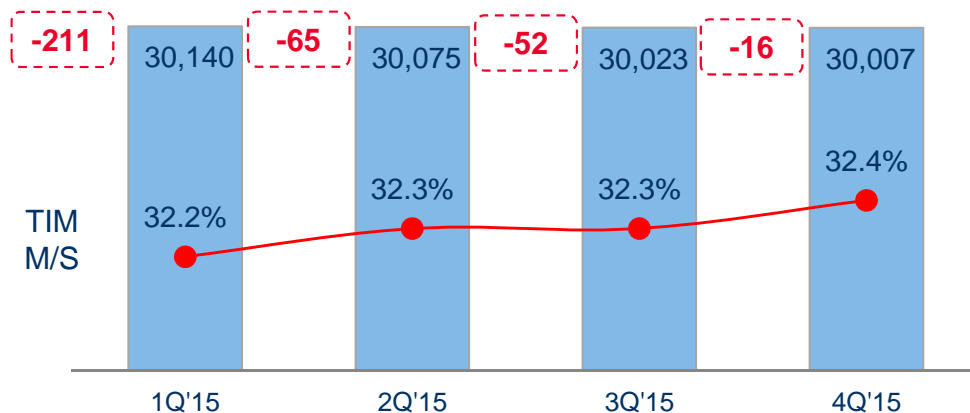
Focus on Volume Driven & Labour Costs



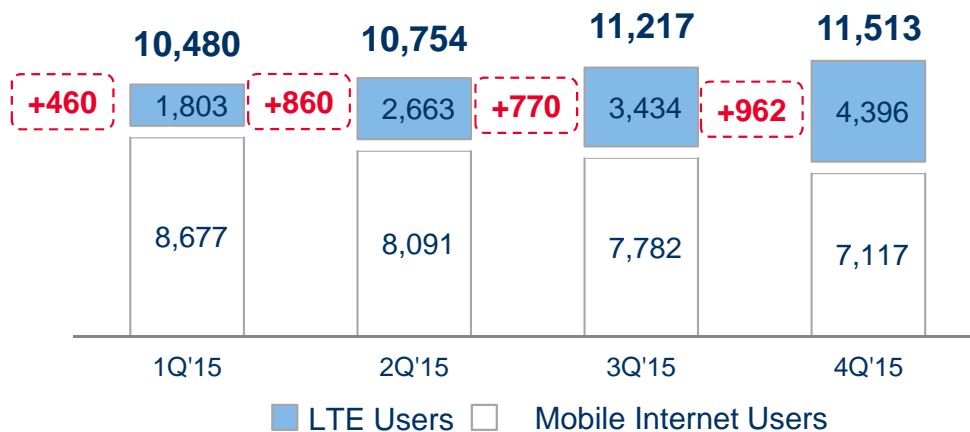
Domestic Mobile KPIs

'000, YoY, mln€

Mobile Customer Base



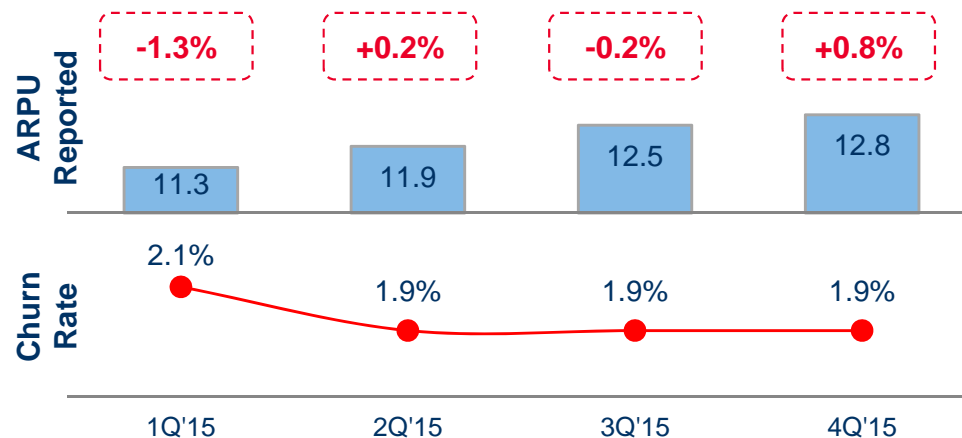
Mobile BB Users



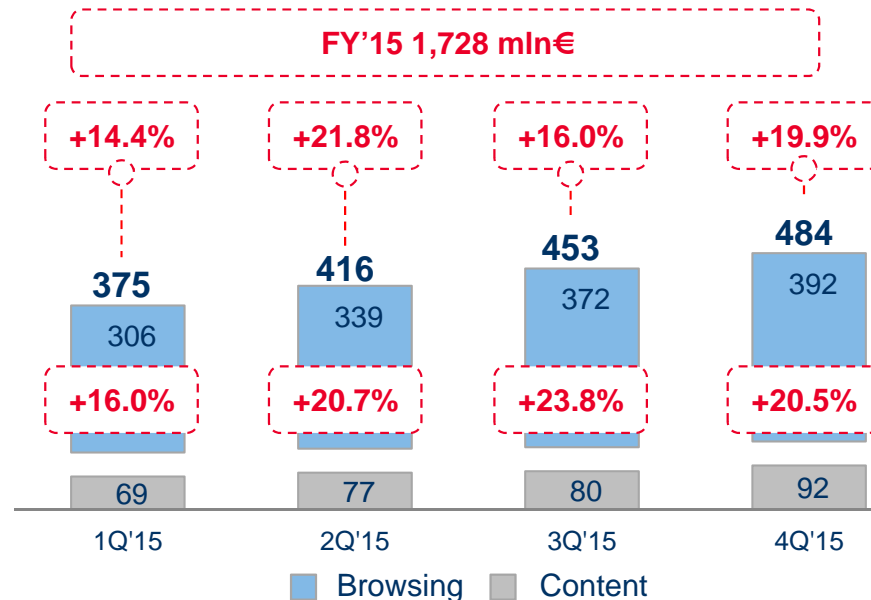
% LTE on Mobile BB Users

17.2% 24.8% 30.6% 38.2%

ARPU & Churn

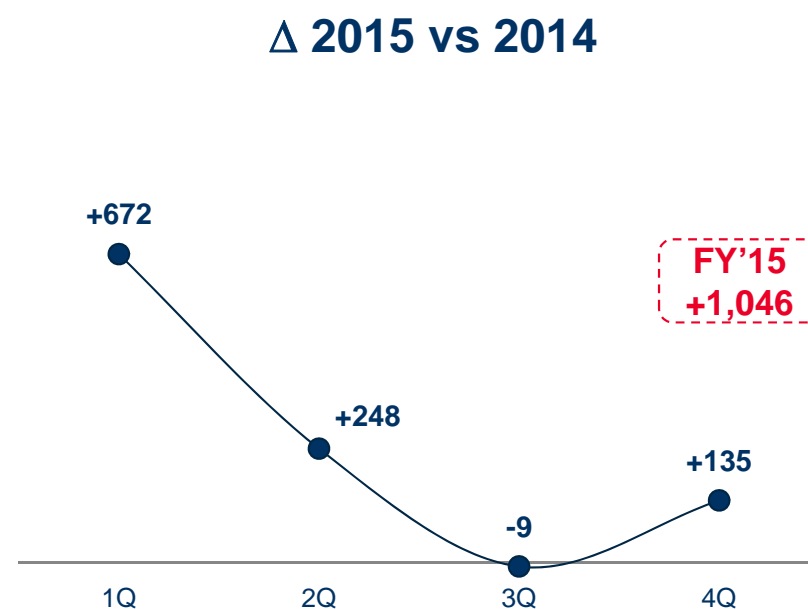
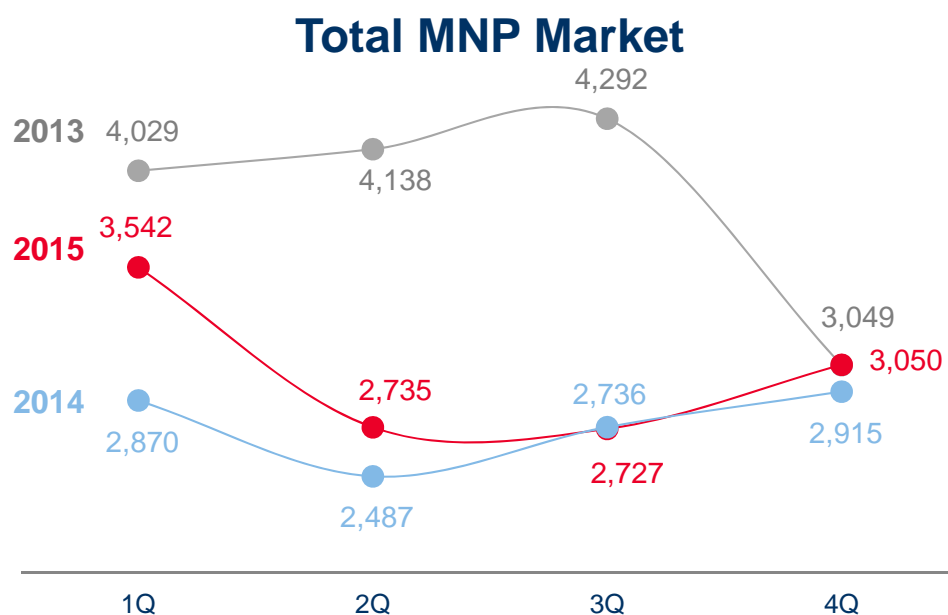
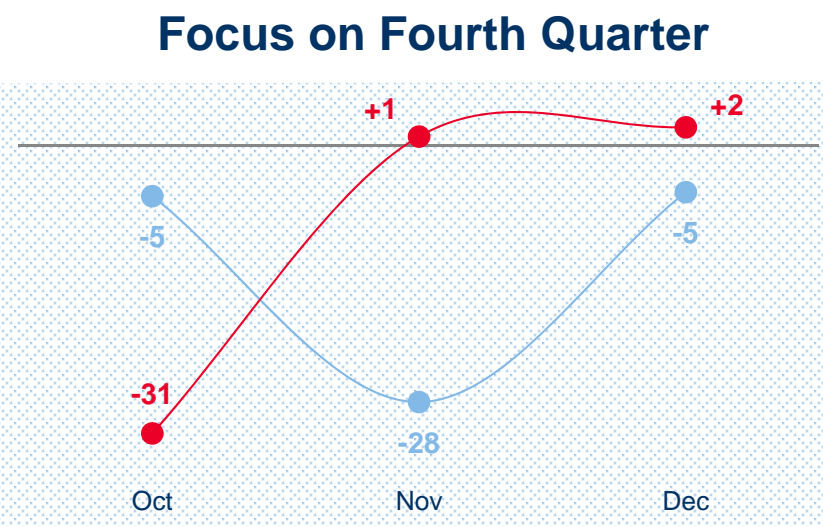
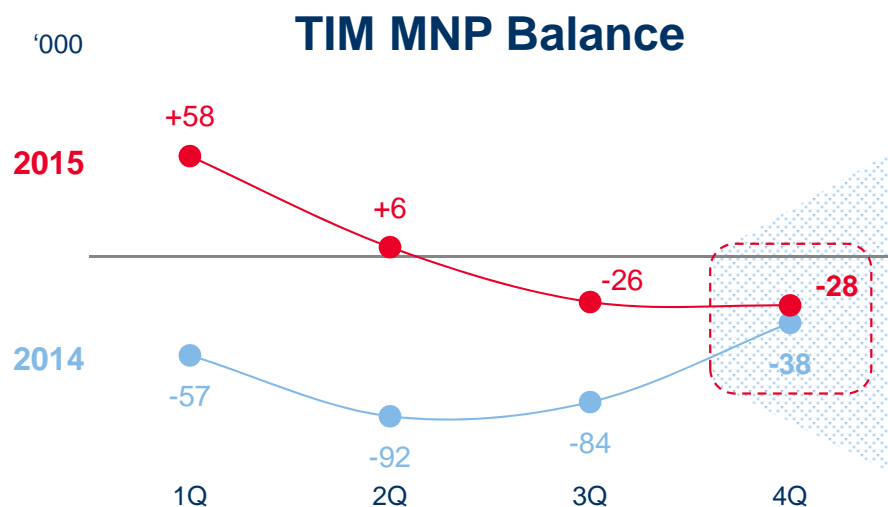


Innovative Revenues

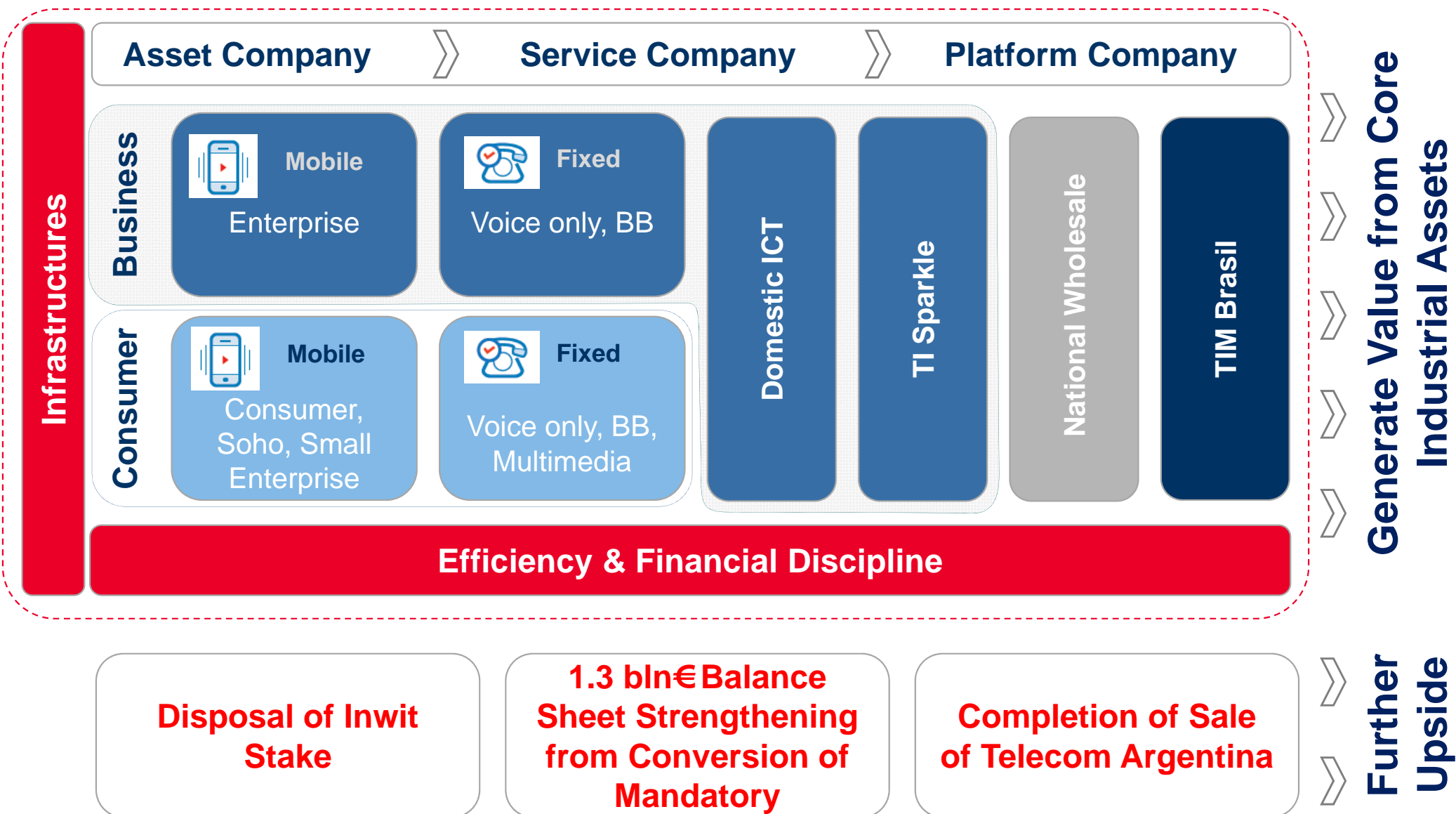


FY'15 1,728 mln€

CB Stabilization and Competitive Dynamics

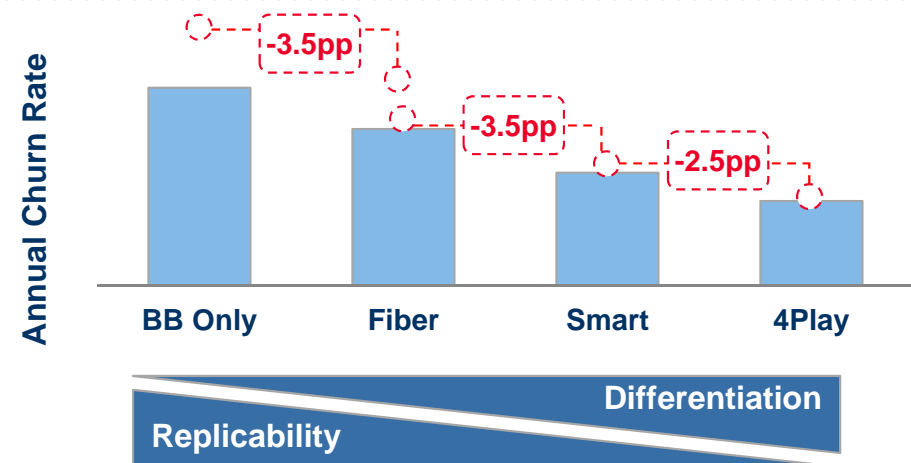
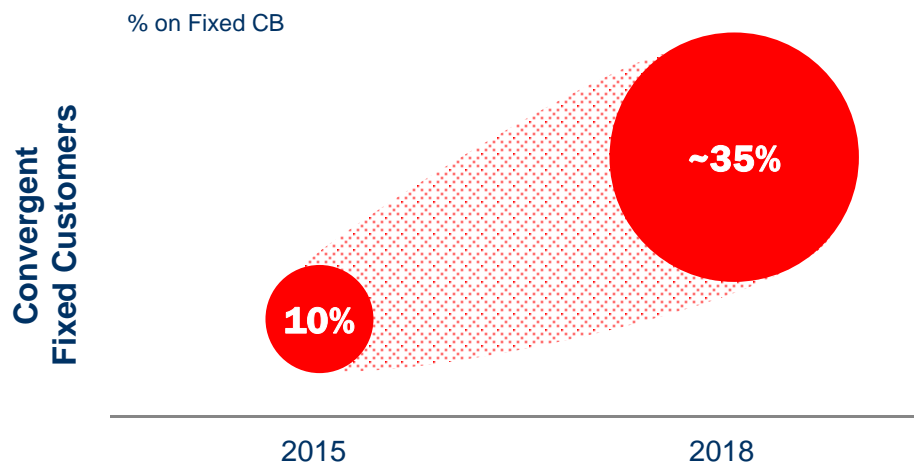


TI Group 2016-2018: The Framework







More Convergence and N-Play Penetration to speed up and retain BB & UBB Customer Base

- Leverage on our leading convergent **Network Infrastructure**
- Defend TIM Premium Price while attracting customers in a competitive environment, upselling to larger and wider bundles
- Differentiate and enrich our **Video** offering with a **distinctive branded Service Platform** and through partnerships with the best content providers
- Gain **Loyalty** from our Convergent/N-Play Customers
- Deploy our **content platform strategy** maintaining a **provider-agnostic position**; pursue new **content distribution opportunities** at “arm’s length” terms with all partners



Delivering the TIM Digital Multimedia Entertainment Offer

	 Publishing	 Video on demand	 Gaming	 Music Digital
Market Value	0.05 Bln€	~3 Bln€	~1.5 Bln€	~0.13 Bln€
Reason Why	Loyalty	Win Back New Revenues Stream	New Revenues Stream	Loyalty
Market Size	2018: ~10 mln clients	2015: ~1 mln clients 2018: ~5 mln clients	2018: ~4 mln families	2015: ~0.8 mln users ⁽¹⁾ 2018: ~5 mln users ⁽¹⁾

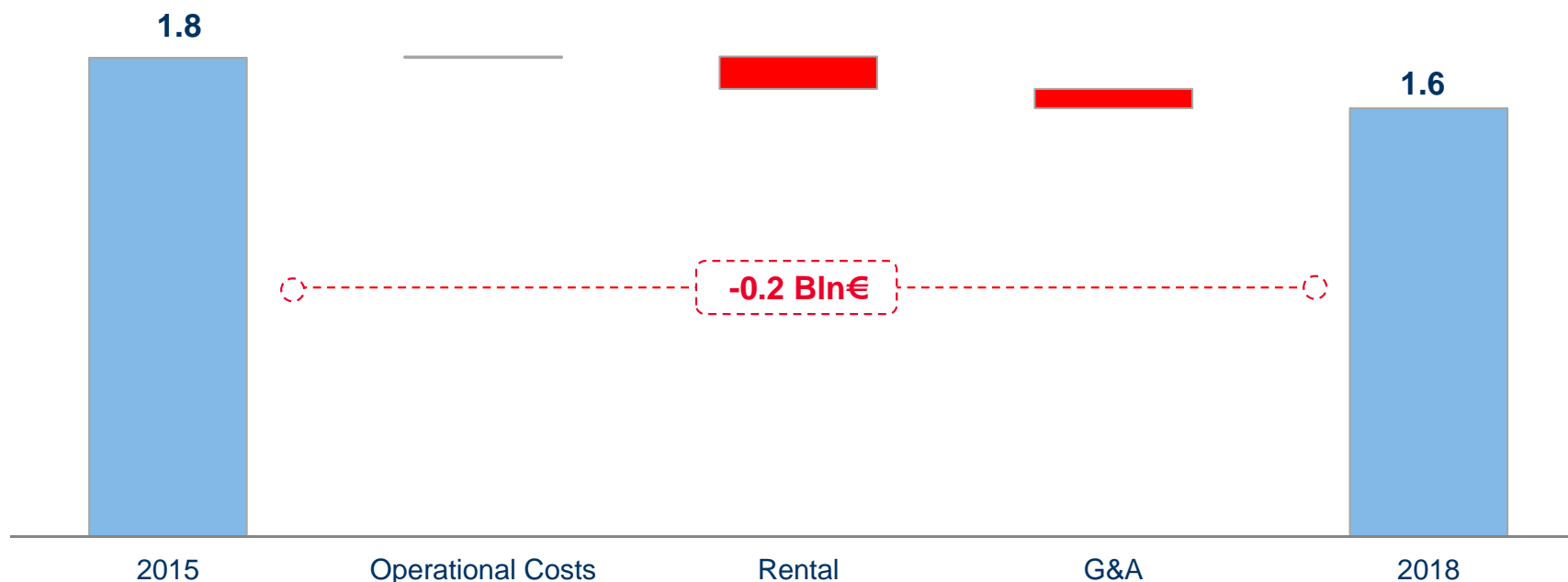
Telco Differentiation vs OTT



(1) Premium Users

2016-'18: Focus on Efficiency Area – Process Driven

Bln€

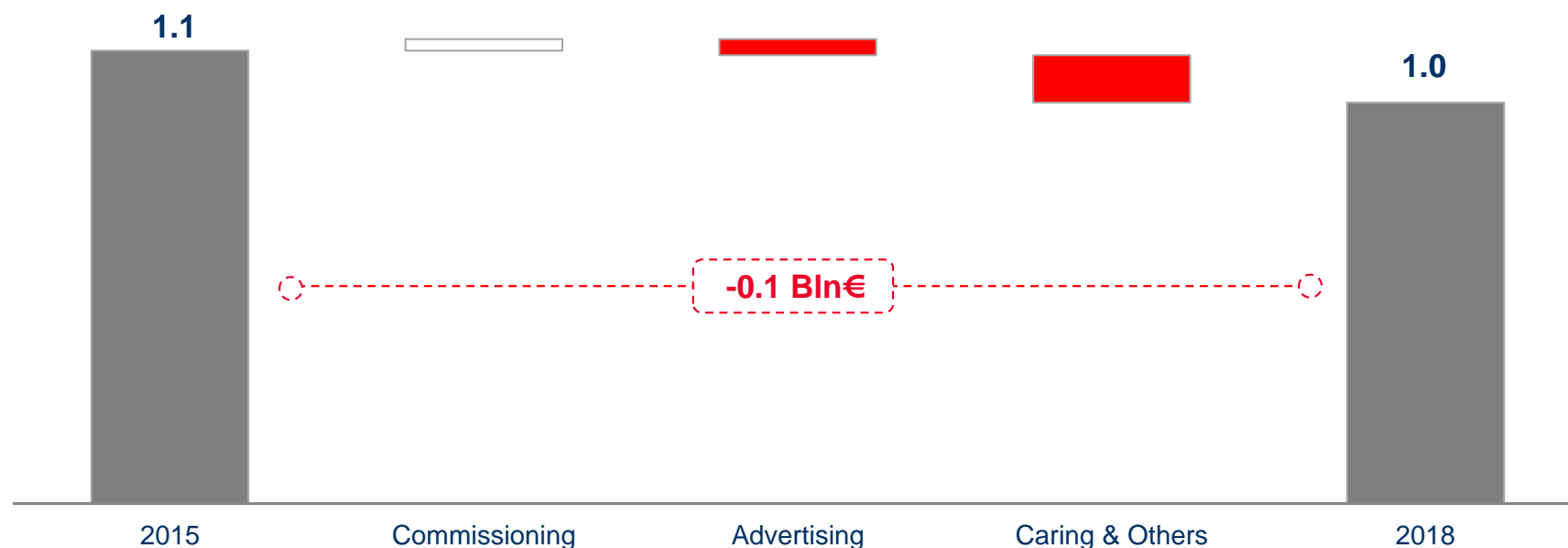


Zero-Based Budget on discretionary Opex

- Tight G&A control and zero-budget approach
- Resetting of discretionary costs with centralization under a single responsibility (CFO)
- Policy review of travel & lodge, facilities and standard equipment
- Automation of simple recurrent activities

2016-'18: Focus on Efficiency Area – Market Driven

Bln€



Digital Approach, Channel & Media Mix Optimization

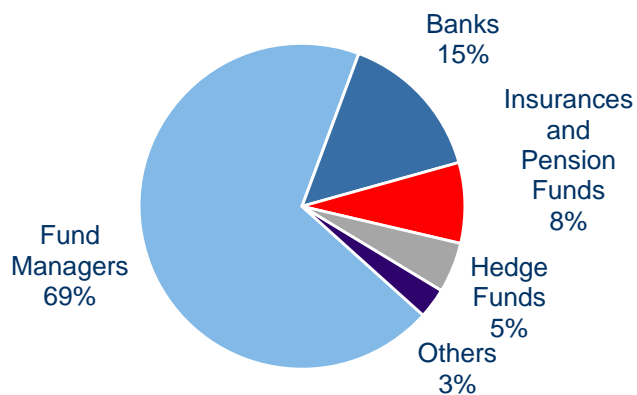
- New Caring Model: from contact center to multichannel, develop and promote guided self-care solutions, increase efficiency, improve services
- Review sales channel mix to promote web and improve cost effectiveness
- Further increase in productivity, process optimization/automation

Focus on Domestic non-recurring Items

	2014					2015					Δ % YoY				
	IQ	IIQ	IIIQ	IVQ	FY	IQ	IIQ	IIIQ	IVQ	FY	IQ	IIQ	IIIQ	IVQ	FY
Revenues Reported	3.728	3.803	3.805	3.967	15.303	3.631	3.744	3.752	3.874	15.001	-2,6%	-1,6%	-1,4%	-2,3%	-2,0%
Service	3.554	3.567	3.594	3.619	14.334	3.435	3.505	3.539	3.578	14.058	-3,3%	-1,7%	-1,5%	-1,1%	-1,9%
Equipment	174	236	211	348	969	196	239	213	296	943	12,3%	1,3%	0,7%	-15,0%	-2,7%
Opex Reported	(1.936)	(2.094)	(2.010)	(2.265)	(8.305)	(2.021)	(2.508)	(2.073)	(2.832)	(9.434)	-4,4%	-19,8%	-3,1%	-25,0%	-13,6%
EBITDA Reported	1.792	1.709	1.795	1.702	6.998	1.610	1.236	1.679	1.042	5.567	-10,2%	-27,7%	-6,5%	-38,8%	-20,4%
Revenues Organic	3.742	3.819	3.819	3.979	15.359	3.631	3.744	3.752	3.874	15.001	-3,0%	-2,0%	-1,8%	-2,6%	-2,3%
Opex Organic net non recurring Items	(1.945)	(2.176)	(2.019)	(2.281)	(8.421)	(2.021)	(2.115)	(2.020)	(2.250)	(8.406)	-3,9%	2,8%	0,0%	1,4%	0,2%
EBITDA Organic net non recurring items	1.797	1.643	1.800	1.698	6.938	1.610	1.629	1.732	1.624	6.595	-10,4%	-0,9%	-3,8%	-4,4%	-4,9%
o/w Non Recurring Items	(5)	66	(5)	4	60	-	(393)	(53)	(582)	(1.028)					
Exchange Rate Fluctuation	(5)	(5)	(5)	(4)	(19)										
Release TIS/OLI provisioning		72	2	14	88										
Employee reduction plan			(1)	(12)	(13)	-	(24)	(19)	(386)	(429)					
Provisions for risks and other costs and settlements	-	(1)	(1)	6	4	-	(369)	(34)	(196)	(599)					
Other Discontinuities	60	(41)	(27)	(27)	(35)	(43)	(9)	(38)	(68)	(158)					(123)
Labour cost discontinuities	19	-	-	18	37	(23)	(18)	(38)	(37)	(116)					(154)
Other one-off items	41	(41)	(27)	(45)	(72)	(20)	9	-	(31)	(42)					
EBITDA Organic Underlying	1.736,7	1.684	1.827	1.725	6.973	1.652,8	1.638	1.770	1.692	6.753	-4,8%	-2,7%	-3,1%	-1,9%	-3,2%

Straight bond: the new TI 8-year priced on January 13, 2016

Investor Type Distribution

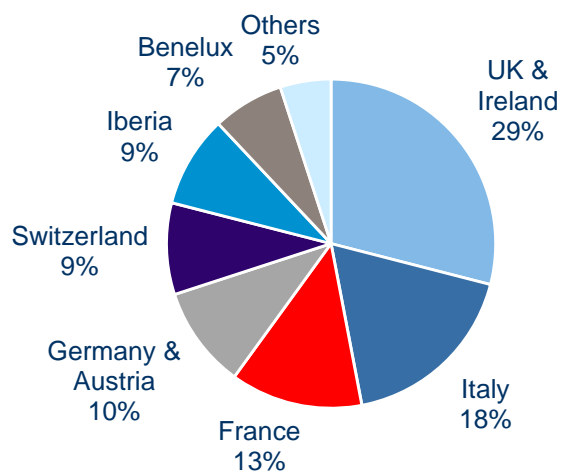


Note: data based on allocation

Issue Details

Issuer	Telecom Italia SpA
Ratings of the Issue	Ba1 (Negative) / BB+ (Stable) / BBB- (Stable)
Format	Senior Unsecured, Reg S bearer
Size	EUR 750,000,000
Launch / Pricing Date	13 January 2016
Maturity	19 January 2024
Settlement	20 January 2016
Coupon	3.625%, short first coupon
Re-offer price / Yield	99.632% / 3.679%
Spread	MS+305bps
Joint-Bookrunners	Deutsche Bank, RBS, SG CIB, Unicredit
Other Bookrunners	Banca IMI, Commerzbank, Mediobanca, MS, SMBC

Geographic Distribution



Note: data based on allocation

Deal Highlights

- On January 13th, TI returned to the market with a €750m, 8yr, fixed-rate senior unsecured offering
- On the back of positive market opening, the Company decided to announce the transaction with IPTs of MS+320bps area; within the first hour, investors showed interest in excess of €1.0bn
- The quality and size of the orderbook allowed TI to announce the official price guidance at MS+305/310)
- The book closed with a size exceeding EUR 2.2bn which allowed for the final spread to be set at MS+305bps and the final size at EUR 750m