

Dear Madam/Sir,

Please find attached the Telecom Italia Group press release on 1Q'16 Results and the related File with Financial Data and Key Performance Indicators.

We also provide you with a set of bullet points summarizing business and financial highlights aiming at providing a snapshot comment on TI results.

TOTAL DOMESTIC REVENUES:

Domestic Revenues posted in 1Q'16 -2.3% YoY. This performance is in line with the previous quarter.

DOMESTIC MOBILE:

Another good quarter on mobile both on Total and on Service Revenues, as LTE penetration on total MBB base overcame 42%. Enabling 4G handset sales maintain a strong traction.

- Continued improvement in **Mobile Service Revenues growth** in 1Q'16 **+0.6% YoY: +0.5pp vs 4Q'15**
- Positive performance of **Total Revenues: +3% YoY in 1Q'16 vs +0.7% in 4Q'15**
- **Calling Customer base stabilization**, due to better competitive positioning: **+52K (+0.2% YoY)**
- **ARPU improvement: 11.6 €/month in 1Q'16 (+2.5% YoY)**
- **Total BB users continued growing QoQ: +135k in 1Q'16**, now at **11.6 mln users**. LTE users increased by **+563k QoQ**, now at **5 mln users**.

DOMESTIC FIXED:

Continued positive KPIs performance on BB: **ARPU up**.

Fixed service revenues affected by new wholesale rates. Better line losses performance (-140k in 1Q'16 vs -165k in 4Q'15), driven by Consumer Segment.

- **Fixed Revenues: - 3.9% YoY** in 1Q'16 (-4.1% in 1Q'15)
- **Line Losses significantly improving: -140k vs -165k in 4Q'15, -196K in 1Q'15**
- Solid performance in **Total BB Net Adds: +44k QoQ** in 1Q'16, **reaching over 7 mln users**
- Positive momentum on Fiber: **+134k net adds vs +104k in 4Q'15**
- **BB ARPU further improved due to an increased spread of flat and fiber offers: 21.5 €/month in 1Q'16 (+5.2% YoY)**.

DOMESTIC EBITDA:

Slight Organic EBITDA QoQ erosion (-0.8 pp vs 4Q'15) due to wholesale price impact revision and higher volume-driven costs related to handsets. YoY performance: -5.2% YoY in 1Q'16 vs -4.4% YoY in 4Q'15.

EBITDA margin at 43.1%.

Reported EBITDA performance was **impacted by 67 €mln of no recurring items**, related to costs for labour restructuring program.

The following chart shows a reconciliation table between Domestic Reported and Organic EBITDA:

	1Q'15	1Q'16	Δ YoY	
	Mln€	Mln€	abs	%
EBITDA organic	1.612	1.528	-84	-5.2%
Exchange Rate Impact	1	0	-1	
Labour Costs	0	65	+65	
Other Costs & Charges	1	2	+1	
Non Recurring Items	2	67	+65	
EBITDA reported	1.610	1.461	-149	-9.3%

DOMESTIC CAPEX:

Continued Growth on Innovative Capex (+169 € mln YoY) reaching 390 mln€, driven by a faster pace in NGN & LTE components and additional Capex in Transformation Projects.

Total Capex were 778 mln€.

BRAZIL

Financial Highlights

- **Total Revenues** impacted by **lower handset sales, a still challenging macro and regulatory environment: 1Q'16 -15.3% YoY. Total Service Revenues in 1Q'16: -8.3% YoY.**
- **Mobile Service Revenues decline** due to further MTR cut and Voice/SMS volume decrease: **1Q'16 -9% YoY**. Excluding MTR cut, Mobile Service Revenues declined by **-5% YoY**.
- **1Q'16 EBITDA reported : -17.4% YoY; organic -15.0% YoY**. It was impacted by:
 - traditional services and incoming revenues trend, not offset by innovative services growth,
 - more costs from higher off-net traffic and
 - higher bad debt provisions.
- **Organic EBITDA margin slightly up to 29.6% in 1Q'16 (+0.1pp vs. 29.5% in 1Q'15).**
- **Total Capex decreasing (-23.2% YoY in 1Q'16)** benefitting from efficiency gains and better negotiation process. Capex reached **18.4% on revenues (-1.9pp YoY)**

Operational Highlights

- **Confirming #1 position in 4G coverage: 439 cities, ~7x vs. March 2015**
- **4G Network evolving fast: ~60% of urban population covered with 4G.**
- **4G users reached over 9 million lines, or near 14% of total subscribers**
- **3G coverage expanding: 21 new cities** in 1Q16, reaching 1,860 cities or 82.3% of urban population.
- **Mobile ARPU reached R\$17.2/month in 1Q16, up 3.0% YoY**, also driven by the success of the new portfolio

GROUP NET DEBT:

Net Financial Position stood at 27.139 bln € at 1Q'16, -0.139 bln € QoQ, due to **an efficiency gain and better negotiation process in Brazil** and due to more investment in Italy mainly driven by UBB Network roll-out & Transformational Projects

With our best regards,

TI Investor Relations Team



1Q'16 Financial and operating data

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Disclaimer

The financial and operating data have been extracted or derived, with the exception of some data, from the Condensed Consolidated Financial Statements as of and for the three months ended 31 March 2016 which have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as IFRS). Such interim financial statements are unaudited.

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements as of and for the three months ended 31 March 2016 have been applied on a basis consistent with those adopted in the Annual Consolidated Financial Statements at 31 December 2015, to which reference can be made, except for the new standards and interpretations adopted by the Telecom Italia Group starting from 1 January 2016 which had no effects on the Condensed Consolidated Financial Statements as of and for the three months ended 31 March 2016.

Within the Brazil Business Unit, Tim Brasil's Management recently identified that incorrect accounting entries were made in prior years in connection with the recognition of service revenue from the sale of prepaid traffic. Such incorrect accounting entries, resulted in the early recognition of revenues and consequently the underestimation of deferred revenue liabilities for prepaid traffic not yet consumed. The incorrect accounting entries did not have any impact either in terms of net financial position nor on cash and cash equivalents.

In light of the above, the comparative financial information as of 31 December 2015 and for the three-month period ended 31 March 2015 have been revised, segment information included. Furthermore, the Sofora - Telecom Argentina group, which was disposed of on 8 March 2016, is classified as Discontinued operations

Starting from 1 January 2016, as a result of the change in the operational mission of Persidera, the Media Business Unit was included in the Domestic Business Unit, while for prior periods under comparison it was reclassified under Other activities & Eliminations.

P&L Group

€ mln	Revised	UNAUDITED FIGURES	
	1Q15	1Q16	
REVENUES			
Other Income	53	47	
TOTAL OPERATING REVENUES AND OTHER INCOME	5,107	4,487	
Acquisition of goods and services	(2,171)	(1,923)	
Employee benefits expenses	(833)	(848)	
Other operating expenses	(265)	(247)	
Internally generated assets and Others	195	243	
EBITDA	2,033	1,712	
<i>EBITDA Margin</i>	40.2%	38.6%	
Depreciation and amortization	(1,052)	(1,009)	
Impairment reversals (losses) on non-current assets		(2)	
Gains (losses) on disposals of non-current assets		3	
EBIT	981	704	
<i>EBIT Margin</i>	19.4%	15.9%	
Income (loss) equity invest. valued equity method	2		
Net Financial Income / (Expenses)	(817)	(26)	
Profit (loss) before tax from continuing operations	166	678	
Income tax expense	(74)	(221)	
Profit (loss) from continuing operations	92	457	
Profit (loss) from Discontinued operations/Non-current assets held for sale	169	47	
Profit (loss) for the year	261	504	
Attributable to:			
Owners of the Parent	82	433	
Non-controlling interests	179	71	

Key financial data by Business Unit

REVENUES (€ mln)	Revised		UNAUDITED FIGURES
	1Q15	1Q16	
Domestic	3,631	3,548	
o/w Wireline Domestic	2,657	2,553	
o/w Mobile Domestic	1,151	1,186	
Brasile	1,412	897	
Other activities & Elim.	11	(5)	
TI Group	5,054	4,440	
 EBITDA Reported (€ mln)			
Domestic	1,610	1,461	
Brasile	416	258	
Other activities & Elim.	7	(7)	
TI Group	2,033	1,712	
 EBITDA Margin Reported			
Domestic	44.3%	41.2%	
Brasile	29.5%	28.8%	
TI Group	40.2%	38.6%	
 EBIT Reported (€ mln)			
Domestic	814	662	
Brasile	165	49	
Other activities & Elim.	2	(7)	
TI Group	981	704	
 EBIT Margin Reported			
Domestic	22.4%	18.7%	
Brasile	11.7%	5.5%	
TI Group	19.4%	15.9%	
 CAPEX (€ mln)			
Domestic	676	778	
Brasile	287	166	
Elim & Adj	1	0	
TI Group	964	944	
 CAPEX ON SALES (%)			
Domestic	18.6%	21.9%	
Brasile	20.3%	18.5%	
TI Group	19.1%	21.3%	

Net Cash Flow & Net Debt Dynamics

	Revised	UNAUDITED FIGURES
	1Q15	1Q16
(€ mln)		
EBITDA	2,033	1,712
CAPEX	(964)	(944)
Change in net operating working capital:		
Change in inventories	(1,502)	(750)
Change in trade receivables and net amounts due from customers on construction contracts	(40)	(87)
Change in trade payables (*)	(979)	(566)
Other changes in operating receivables/payables	(138)	(127)
Change in provisions for employee benefits	(6)	59
Change in operating provisions and Other changes	(16)	(52)
Net operating Free Cash Flow	(455)	25
Sale of investments and other disposals flow	3	707
Share capital increases/reimbursements, including incidental costs	186	
Financial investments flow		(9)
Dividends payment	(3)	
Change in finance lease contracts		(46)
Finance expenses, income taxes and other net non-operating requirements flow	(486)	(500)
Reduction/(Increase) in adjusted net financial debt from continuing operations	(755)	177
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	(24)	(38)
Reduction/(Increase) in adjusted net financial debt	(779)	139
OPENING NET FINANCIAL DEBT (Adjusted)	26,651	27,278
Net cash flow	(779)	139
ENDING NET FINANCIAL DEBT (Adjusted)	27,430	27,139
Adj for fair value valuation of derivatives and related underlyings	1,573	1,094
ENDING NET FINANCIAL DEBT (Reported)	29,003	28,233

(*) Includes the change in trade payables for amounts due to fixed asset suppliers

Consolidated Balance Sheet

€ mln	Revised	UNAUDITED FIGURES	
	FY15	1Q16	
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	29,383	29,436	
Intangible assets with a finite useful life	6,480	6,516	
	<u>35,863</u>	<u>35,952</u>	
Tangible assets			
Property, plant and equipment owned	12,659	12,816	
Assets held under finance leases	2,208	2,210	
	<u>14,867</u>	<u>15,026</u>	
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	41	41	
Other investments	45	41	
Securities, financial receivables and other non-current financial assets	2,989	2,766	
Miscellaneous receivables and other non-current assets	1,778	1,899	
Deferred tax assets	853	894	
	<u>5,706</u>	<u>5,641</u>	
TOTAL NON-CURRENT ASSETS (A)	56,436	56,619	
CURRENT ASSETS			
Inventories	254	341	
Trade and miscellaneous receivables and other current assets	5,112	5,534	
Current income tax receivables	163	26	
Other investments			
Securities other than investments, financial receivables and other current financial assets	1,840	1,130	
Cash and cash equivalents	3,559	2,665	
Current assets sub-total	10,928	9,696	
Discontinued operations/assets held for sale			
of a financial nature	227	-	
of a non-financial nature	3,677	-	
	<u>3,904</u>	<u>-</u>	
TOTAL CURRENT ASSETS (B)	14,832	9,696	
TOTAL ASSETS (A+B)	71,268	66,315	
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Parent	17,554	18,181	
Equity attributable to Minority Interests	3,695	2,035	
TOTAL EQUITY (C)	21,249	20,216	
NON-CURRENT LIABILITIES			
Non-current financial liabilities	30,518	30,354	
Employee benefits	1,420	1,459	
Deferred tax liabilities	323	367	
Provisions	551	551	
Miscellaneous payables and other non-current liabilities	1,110	1,140	
TOTAL NON-CURRENT LIABILITIES (D)	33,922	33,871	
CURRENT LIABILITIES			
Current financial liabilities	6,224	4,440	
Trade and miscellaneous payables and other current liabilities	7,882	7,701	
Current income tax payables	110	87	
Current liabilities sub-total (E)	14,216	12,228	
Liabilities directly associated with Discontinued operations/Non-current assets held for sale			
of a financial nature	348	-	
of a non-financial nature	1,533	-	
	<u>1,881</u>	<u>-</u>	
TOTAL CURRENT LIABILITIES (E)	16,097	12,228	
TOTAL LIABILITIES (F=D+E)	50,019	46,099	
TOTAL EQUITY AND LIABILITIES (C+F)	71,268	66,315	

Domestic Business Results - Reported Figures

UNAUDITED FIGURES

	1Q15	Δ% yoy	2Q15	Δ% yoy	3Q15	Δ% yoy	4Q15	Δ% yoy	FY15	Δ% yoy	1Q16	Δ% yoy
KPI's ('000)												
Wireline												
Physical accesses	12,283	-5.7%	12,080	-5.8%	11,907	-5.9%	11,742	-5.9%	11,742	-5.9%	11,602	-5.5%
Broadband (retail+wholesale)	8,784	0.3%	8,821	0.7%	8,839	1.1%	8,890	1.6%	8,890	1.6%	8,955	1.9%
Mobile												
Total lines	30,140	-2.8%	30,075	-1.9%	30,023	-1.2%	30,007	-1.1%	30,007	-1.1%	29,846	-1.0%
€ mln	1Q15	Δ% yoy	2Q15	Δ% yoy	3Q15	Δ% yoy	4Q15	Δ% yoy	FY15	Δ% yoy	1Q16	Δ% yoy
REVENUES	3,631	-2.6%	3,744	-1.6%	3,752	-1.4%	3,874	-2.3%	15,001	-2.0%	3,548	-2.3%
o/w Services	3,435	-3.3%	3,505	-1.7%	3,539	-1.5%	3,578	-1.1%	14,058	-1.9%	3,352	-2.4%
o/w Equipments	196	12.3%	239	1.3%	213	0.7%	296	-15.0%	943	-2.7%	196	0.1%
o/w Domestic Mobile Services	1,053	-4.2%	1,109	-2.5%	1,170	-1.5%	1,184	0.1%	4,517	-2.0%	1,059	0.6%
o/w Traditional	621	-12.9%	622	-14.3%	639	-12.1%	621	-10.6%	2,503	-12.5%	573	-7.7%
o/w Innovative	375	14.4%	416	21.8%	453	16.0%	484	19.9%	1,728	18.1%	438	16.8%
o/w Wholesale	57	-1.6%	71	2.1%	79	10.0%	78	-6.2%	286	0.9%	48	-15.8%
o/w Domestic Wireline Services	2,595	-4.4%	2,614	-1.9%	2,592	-1.8%	2,572	-3.1%	10,372	-2.8%	2,483	-4.3%
o/w Traditional Services	1,193	-8.4%	1,185	-6.2%	1,151	-6.3%	1,109	-9.6%	4,638	-7.6%	1,064	-10.8%
o/w Innovative Services	558	4.6%	583	7.8%	577	4.9%	596	3.8%	2,314	5.2%	590	5.8%
o/w Domestic Wholesale	560	-7.7%	549	-6.4%	550	-5.6%	546	1.2%	2,205	-4.8%	537	-4.1%
o/w TIS Group	310	3.0%	325	8.3%	336	10.5%	343	1.2%	1,314	5.6%	311	0.3%
o/w Subs. Adj. and Other	-26	12.2%	-28	-3.3%	-23	15.8%	-23	7.6%	-99	8.2%	-19	24.7%
Elimination & Other	-213	18.0%	-218	6.8%	-223	4.8%	-177	18.9%	-831	12.2%	-190	10.9%
EBITDA	1,610	-10.2%	1,236	-27.7%	1,679	-6.5%	1,042	-38.8%	5,567	-20.4%	1,461	-9.3%
EBITDA Margin	44.3%	33.0%		44.7%		26.9%		37.1%		41.2%		
Capex	676	37.1%	830	21.3%	791	28.6%	1,603	61.8%	3,900	40.1%	778	15.1%
% on revenues	18.6%		22.2%		21.1%		41.4%		26.0%		21.9%	
Headcount at period-end ('000)	52,965	-0.6%	52,825	-0.7%	52,726	-1.0%	52,644	-0.8%	52,644	-0.8%	52,713	-0.5%

Domestic Wireline Results - Reported Figures

UNAUDITED FIGURES

	1Q15	Δ% yoy	2Q15	Δ% yoy	3Q15	Δ% yoy	4Q15	Δ% yoy	FY15	Δ% yoy	1Q16	Δ% yoy
KPI's												
Physical accesses ('000)	12,283	-5.7%	12,080	-5.8%	11,907	-5.9%	11,742	-5.9%	11,742	-5.9%	11,602	-5.5%
OLO Access (on TI infrastructure)	7,297	1.2%	7,375	1.6%	7,392	3.1%	7,467	3.4%	7,467	3.4%	7,543	3.4%
o/w ULL	5,460	1.2%	5,511	0.9%	5,517	2.9%	5,573	3.1%	5,573	3.1%	5,632	3.2%
o/w Virtual ULL	26	-6.5%	27	1.4%	29	16.7%	28	17.4%	28	17.4%	29	12.2%
o/w Wholesale Line Rental	565	-14.4%	547	-13.7%	523	-14.1%	497	-15.4%	497	-15.4%	470	-16.9%
o/w Naked	1,207	7.3%	1,213	7.5%	1,218	5.4%	1,230	3.8%	1,230	3.8%	1,241	2.9%
o/w NGN	39	-	76	-	105	-	139	-	139	-	170	-
TI Retail Broadband Accesses ('000)	6,945	0.2%	6,971	0.5%	6,984	0.7%	7,023	1.5%	7,023	1.5%	7,067	1.8%
o/w Business	1,544	0.0%	1,522	-1.5%	1,505	-3.1%	1,488	-4.1%	1,488	-4.1%	1,480	-4.2%
o/w Consumer	5,401	0.2%	5,450	1.0%	5,479	1.8%	5,535	3.1%	5,535	3.1%	5,588	3.5%
o/w NGN	290	-	374	-	435	-	538	-	538	-	672	-
% flat offers on TI total portfolio (Co)	92%	1.8pp	93%	1.9pp	93%	1.9pp	94%	1.9pp	94%	1.9pp	94%	1.8pp
BroadBand Accesses Wholesale ('000)	1,839	0.6%	1,850	1.7%	1,855	2.4%	1,867	2.1%	1,867	2.1%	1,888	2.6%
BB Arpu (euro/mese)	20.4	6.0%	20.9	6.7%	20.7	3.7%	21.2	4.9%	20.8	5.3%	21.5	5.2%
REVENUES(€ mln)												
	1Q15	Δ% yoy	2Q15	Δ% yoy	3Q15	Δ% yoy	4Q15	Δ% yoy	FY15	Δ% yoy	1Q16	Δ% yoy
TOTAL	2,657	-4.1%	2,688	-1.8%	2,645	-2.7%	2,664	-3.9%	10,654	-3.1%	2,553	-3.9%
o/w Services	2,595	-4.4%	2,614	-1.9%	2,592	-1.8%	2,572	-3.1%	10,372	-2.8%	2,483	-4.3%
o/w Equipments	62	9.1%	74	1.4%	53	-32.5%	92	-21.7%	282	-13.8%	70	13.8%
TRADITIONAL SERVICES	1,193	-8.4%	1,185	-6.2%	1,151	-6.3%	1,109	-9.6%	4,638	-7.6%	1,064	-10.8%
o/w Voice	1,038	-7.6%	1,015	-7.1%	978	-7.3%	944	-11.9%	3,975	-8.5%	901	-13.2%
o/w Traffic	353	-6.3%	359	-1.9%	348	1.6%	339	-9.5%	1,399	-4.1%	324	-8.4%
o/w Access	612	-8.0%	586	-9.3%	562	-10.9%	539	-13.0%	2,299	-10.3%	515	-15.9%
o/w Voice VAS	30	-6.7%	29	-12.9%	28	-18.0%	27	-17.1%	115	-13.7%	26	-15.4%
o/w Rental & other	43	-12.1%	41	-14.3%	40	-16.0%	38	-13.2%	161	-13.9%	37	-13.7%
o/w Business Data & Others trad	155	-13.9%	170	-0.5%	173	-0.3%	165	6.9%	663	-2.3%	163	5.3%
o/w Data Services	118	-6.8%	120	-4.3%	110	-9.8%	117	-4.9%	465	-6.4%	112	-4.8%
o/w Rental & other	37	-30.4%	50	10.0%	63	22.3%	48	53.1%	198	9.0%	51	37.3%
INNOVATIVE SERVICES	558	4.6%	583	7.8%	577	4.9%	596	3.8%	2,314	5.2%	590	5.8%
o/w Broadband	418	5.7%	430	6.8%	427	3.9%	437	5.8%	1,712	5.5%	447	6.9%
o/w Access	389	6.1%	403	7.7%	399	4.7%	410	6.7%	1,600	6.3%	420	7.9%
o/w Bundles Services	10	2.1%	10	-2.1%	10	0.1%	9	-5.9%	39	-1.5%	9	-5.4%
o/w Others	19	-0.8%	18	-5.0%	18	-8.8%	18	-6.6%	72	-5.4%	17	-6.4%
o/w Content	5	12.7%	5	4.8%	6	28.2%	4	-13.1%	20	7.5%	4	-17.6%
o/w ICT Service	135	1.1%	148	10.7%	145	7.1%	155	-0.9%	582	4.3%	139	3.2%
Domestic Wholesale	560	-7.7%	549	-6.4%	550	-5.6%	546	1.2%	2,205	-4.8%	537	-4.1%
TIS Group	310	3.0%	325	8.3%	336	10.5%	343	1.2%	1,314	5.6%	311	0.3%
Subs. Adj. and Other	-26	12.2%	-28	-3.3%	-23	15.8%	-23	7.6%	-99	8.2%	-19	24.7%

Domestic Mobile Results - Reported Figures

	UNAUDITED FIGURES											
	1Q15	Δ% yoy	2Q15	Δ% yoy	3Q15	Δ% yoy	4Q15	Δ% yoy	FY15	Δ% yoy	1Q16	Δ% yoy
KPI's												
Total number of lines ('000) ⁽¹⁾	30,140	-2.8%	30,075	-1.9%	30,023	-1.2%	30,007	-1.1%	30,007	-1.1%	29,846	-1.0%
Churn Rate %	6.4%	0.3pp	5.5%	-0.4pp	5.8%	-0.5pp	5.7%	-0.1pp	23.4%	-0.7pp	5.6%	-0.8pp
Total User Broadband (mln of users)	10.5	20.8%	10.8	17.5%	11.2	16.9%	11.5	14.3%	11.5	14.3%	11.6	11.1%
Total User LTE (mln of users)	1.8	-	2.7	-	3.4	-	4.4	-	4.4	-	5.0	-
Volumes of traffic (mln of minutes) ⁽²⁾	16,155	8.0%	16,630	6.6%	16,339	5.1%	16,998	2.7%	66,122	5.5%	16,943	4.9%
o/w Outgoing traffic volumes (mln of minutes) ⁽³⁾	10,821	4.5%	10,983	3.3%	10,711	1.9%	11,096	-0.8%	43,611	2.2%	10,999	1.6%
o/w Incoming traffic volumes (mln of minutes)	5,335	15.7%	5,647	13.9%	5,627	11.8%	5,902	9.8%	22,512	12.7%	5,945	11.4%
Usage Voce (min/line/month) ⁽⁴⁾	214	13.0%	223	11.5%	220	8.9%	232	6.2%	222	9.8%	233	8.8%
Usage Dati (GB/users/month)	1.3	14.3%	1.4	15.1%	1.6	18.3%	1.6	15.9%	1.5	15.9%	1.7	28.6%
ARPU ⁽⁴⁾	11.3	-1.3%	11.9	0.2%	12.5	-0.2%	12.8	0.8%	12.1	-0.1%	11.6	2.5%
REVENUES (€ mln), Reported figures												
TOTAL	1,151	-2.0%	1,236	-2.2%	1,303	1.5%	1,378	0.7%	5,068	-0.5%	1,186	3.0%
SERVICES	1,053	-4.2%	1,109	-2.5%	1,170	-1.5%	1,184	0.1%	4,517	-2.0%	1,059	0.6%
Traditional Services	621	-12.9%	622	-14.3%	639	-12.1%	621	-10.6%	2,503	-12.5%	573	-7.7%
o/w Outgoing voice ⁽⁵⁾	463	-12.6%	455	-14.3%	461	-14.0%	432	-13.8%	1,810	-13.7%	404	-12.8%
o/w Incoming voice	58	12.3%	62	9.9%	65	14.4%	69	16.2%	254	13.3%	67	15.7%
o/w Messaging	100	-24.2%	106	-24.0%	113	-15.6%	120	-10.6%	439	-18.6%	102	2.0%
Innovative Services	375	14.4%	416	21.8%	453	16.0%	484	19.9%	1,728	18.1%	438	16.8%
o/w Browsing	306	16.0%	339	20.7%	372	23.8%	392	20.5%	1,409	20.3%	356	16.3%
o/w Internet Content	69	8.1%	77	27.3%	80	-10.2%	92	17.4%	319	9.0%	83	19.4%
Wholesale Services	57	-1.6%	71	2.1%	79	10.0%	78	-6.2%	286	0.9%	48	-15.8%
Handsets	98	29.0%	127	0.1%	133	39.3%	194	4.8%	551	14.1%	127	29.5%

⁽²⁾ Incoming+Outgoing Mobile Retail + Wholesale excluding Visitors

⁽³⁾ Roaming volumes not included

⁽⁴⁾ Net of visitors

⁽⁵⁾ Outgoing voice revenues include roaming revenues

TIM Brasil Results - Reported Figures

	Revised	UNAUDITED FIGURES	
	1Q15	1Q16	$\Delta\% \text{ yoy}$
KPI's - Mobile only			
Estimated Total Penetration (%) ⁽¹⁾	139.0%	125.4%	
Market Share on total lines(%) ⁽¹⁾	26.7%	26.1%	-0.6pp
Total Lines ('000) ^{(1) (2)}	75,749	67,269	-11.2%
TOTAL ARPU ⁽³⁾	16.7	17.2	3.0%
TOTAL MOU net of visitors	120	119	-1.4%
MAIN RESULTS (IAS/IFRS, R\$ mln)			
REVENUES Reported	4,551	3,854	-15.3%
of which services	3,944	3,618	-8.3%
of which handsets	607	236	-61.1%
EBITDA Reported	1,341	1,107	-17.4%
EBITDA margin	29.5%	28.7%	-0.8pp
Capex Reported	924	710	-23.2%
% on revenues	20.3%	18.4%	-1.9pp
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Exchange rate AVG (R\$ vs. euro)	3.22251	4.29753	

(1) Source ANATEL

(2) Includes company lines; the data of the periods under comparison have been appropriately restated.

(3) Gross of visitors

1Q'16 Reported & Organic Figures: YoY trends

Revised

UNAUDITED FIGURES

1Q'15		1Q'16		Δ% yoy reported	Δ% yoy organic
Reported Figures (a)		Non Organic elements (b)		Reported figures (d)	(d/c-1)
		Change in consolid. area	Exchange rate impact		
€ mln					
REVENUES					
Domestic	3,631		2	3,633	
o/w Wireline Domestic	2,657		2	2,659	
o/w Mobile Domestic	1,151		0	1,151	
Brasile	1,412		(353)	1,059	
Other Activities & Eliminations	11			11	
TI Group	5,054		(351)	4,703	
EBITDA					
Domestic	1,610		1	1,611	
Brasile	416		(104)	312	
Other Activities & Eliminations	7			7	
TI Group	2,033		(103)	1,930	
EBITDA Margin					
Domestic	44.3%			44.3%	
Brasile	29.5%			29.5%	
TI Group	40.2%			41.0%	
EBIT					
Domestic	814		0	814	
Brasile	165		(41)	124	
Other Activities & Eliminations	2			2	
TI Group	981		(41)	940	
EBIT Margin					
Domestic	22.4%			22.4%	
Brasile	11.7%			11.7%	
TI Group	19.4%			20.0%	