

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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### TELECOM ITALIA INVESTOR RELATIONS

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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

	Revised	UNAUDITED FIGURES
€ mln	1Q15	1Q16
<b>REVENUES</b>	<b>5,054</b>	<b>4,440</b>
Other Income	53	47
<b>TOTAL OPERATING REVENUES AND OTHER INCOME</b>	<b>5,107</b>	<b>4,487</b>
Acquisition of goods and services	(2,171)	(1,923)
Employee benefits expenses	(833)	(848)
Other operating expenses	(265)	(247)
Internally generated assests and Others	195	243
<b>EBITDA</b>	<b>2,033</b>	<b>1,712</b>
<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
<b>EBIT</b>	<b>981</b>	<b>704</b>
<i>EBIT Margin</i>	19.4%	15.9%
Income (loss) equity invest. valued equity method	2	
Net Financial Income / (Expenses)	(817)	(26)
<b>Profit (loss) before tax from continuing operations</b>	<b>166</b>	<b>678</b>
Income tax expense	(74)	(221)
<b>Profit (loss) from continuing operations</b>	<b>92</b>	<b>457</b>
Profit (loss) from Discontinued operations/Non-current assets held for sale	169	47
<b>Prifit (loss) for the year</b>	<b>261</b>	<b>504</b>
Attributable to:		
<b>Owners of the Parent</b>	<b>82</b>	<b>433</b>
Non-controlling interests	179	71

## Key financial data by Business Unit

	Revised	UNAUDITED FIGURES
REVENUES (€ mln)	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)
<b>TI Group</b>	<b>5,054</b>	<b>4,440</b>
<b>EBITDA Reported (€ mln)</b>		
Domestic	1,610	1,461
Brasile	416	258
Other activities & Elim.	7	(7)
<b>TI Group</b>	<b>2,033</b>	<b>1,712</b>
<b>EBITDA Margin Reported</b>		
Domestic	44.3%	41.2%
Brasile	29.5%	28.8%
<b>TI Group</b>	<b>40.2%</b>	<b>38.6%</b>
<b>EBIT Reported (€ mln)</b>		
Domestic	814	662
Brasile	165	49
Other activities & Elim.	2	(7)
<b>TI Group</b>	<b>981</b>	<b>704</b>
<b>EBIT Margin Reported</b>		
Domestic	22.4%	18.7%
Brasile	11.7%	5.5%
<b>TI Group</b>	<b>19.4%</b>	<b>15.9%</b>
<b>CAPEX (€ mln)</b>		
Domestic	676	778
Brasile	287	166
Elim & Adj	1	0
<b>TI Group</b>	<b>964</b>	<b>944</b>
<b>CAPEX ON SALES (%)</b>		
Domestic	18.6%	21.9%
Brasile	20.3%	18.5%
<b>TI Group</b>	<b>19.1%</b>	<b>21.3%</b>

## Net Cash Flow & Net Debt Dynamics

	Revised	UNAUDITED FIGURES
(€ mln)	1Q15	1Q16
EBITDA	2,033	1,712
CAPEX	(964)	(944)
Change in net operating working capital:	(1,502)	(750)
Change in inventories	(40)	(87)
Change in trade receivables and net amounts due from customers on construction contracts	(345)	30
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)
<b>Net operating Free Cash Flow</b>	<b>(455)</b>	<b>25</b>
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)
<b>Reduction/(Increase) in adjusted net financial debt from continuing operations</b>	<b>(755)</b>	<b>177</b>
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	(24)	(38)
<b>Reduction/(Increase) in adjusted net financial debt</b>	<b>(779)</b>	<b>139</b>
<b>OPENING NET FINANCIAL DEBT (Adjusted)</b>	<b>26,651</b>	<b>27,278</b>
Net cash flow	(779)	139
<b>ENDING NET FINANCIAL DEBT (Adjusted)</b>	<b>27,430</b>	<b>27,139</b>
Adj for fair value valuation of derivatives and related underlyings	1,573	1,094
<b>ENDING NET FINANCIAL DEBT (Reported)</b>	<b>29,003</b>	<b>28,233</b>

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



# Consolidated Balance Sheet

€ mln	Revised FY15	UNAUDITED FIGURES 1Q16
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
<b>Intangible assets</b>		
Goodwill	29,383	29,436
Intangible assets with a finite useful life	6,480	6,516
	35,863	35,952
<b>Tangible assets</b>		
Property, plant and equipment owned	12,659	12,816
Assets held under finance leases	2,208	2,210
	14,867	15,026
<b>Other non-current assets</b>		
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
	5,706	5,641
<b>TOTAL NON-CURRENT ASSETS (A)</b>	<b>56,436</b>	<b>56,619</b>
<b>CURRENT ASSETS</b>		
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
<b>Current assets sub-total</b>	<b>10,928</b>	<b>9,696</b>
<b>Discontinued operations/assets held for sale</b>		
of a financial nature	227	-
of a non-financial nature	3,677	-
	3,904	-
<b>TOTAL CURRENT ASSETS (B)</b>	<b>14,832</b>	<b>9,696</b>
<b>TOTAL ASSETS (A+B)</b>	<b>71,268</b>	<b>66,315</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity attributable to equity holders of the Parent	17,554	18,181
Equity attributable to Minority Interests	3,695	2,035
<b>TOTAL EQUITY (C)</b>	<b>21,249</b>	<b>20,216</b>
<b>NON-CURRENT LIABILITIES</b>		
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
<b>TOTAL NON-CURRENT LIABILITIES (D)</b>	<b>33,922</b>	<b>33,871</b>
<b>CURRENT LIABILITIES</b>		
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
<b>Current liabilities sub-total (E)</b>	<b>14,216</b>	<b>12,228</b>
<b>Liabilities directly associated with Discontinued operations/Non-current assets held for sale</b>		
of a financial nature	348	-
of a non-financial nature	1,533	-
	1,881	-
<b>TOTAL CURRENT LIABILITIES (E)</b>	<b>16,097</b>	<b>12,228</b>
<b>TOTAL LIABILITIES (F=D+E)</b>	<b>50,019</b>	<b>46,099</b>
<b>TOTAL EQUITY AND LIABILITIES (C+F)</b>	<b>71,268</b>	<b>66,315</b>

## 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
<b>KPI's ('000)</b>												
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%
<b>€ mln</b>	<b>1Q15</b>	<b>Δ% yoy</b>	<b>2Q15</b>	<b>Δ% yoy</b>	<b>3Q15</b>	<b>Δ% yoy</b>	<b>4Q15</b>	<b>Δ% yoy</b>	<b>FY15</b>	<b>Δ% yoy</b>	<b>1Q16</b>	<b>Δ% yoy</b>
<b>REVENUES</b>	<b>3,631</b>	-2.6%	<b>3,744</b>	-1.6%	<b>3,752</b>	-1.4%	<b>3,874</b>	-2.3%	<b>15,001</b>	-2.0%	<b>3,548</b>	-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%
<b>o/w Domestic Mobile Services</b>	<b>1,053</b>	-4.2%	<b>1,109</b>	-2.5%	<b>1,170</b>	-1.5%	<b>1,184</b>	0.1%	<b>4,517</b>	-2.0%	<b>1,059</b>	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%
<b>o/w Domestic Wireline Services</b>	<b>2,595</b>	-4.4%	<b>2,614</b>	-1.9%	<b>2,592</b>	-1.8%	<b>2,572</b>	-3.1%	<b>10,372</b>	-2.8%	<b>2,483</b>	-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/wTIS 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%
<b>Elimination &amp; Other</b>	<b>-213</b>	18.0%	<b>-218</b>	6.8%	<b>-223</b>	4.8%	<b>-177</b>	18.9%	<b>-831</b>	12.2%	<b>-190</b>	10.9%
<b>EBITDA</b>	<b>1,610</b>	-10.2%	<b>1,236</b>	-27.7%	<b>1,679</b>	-6.5%	<b>1,042</b>	-38.8%	<b>5,567</b>	-20.4%	<b>1,461</b>	-9.3%
EBITDA Margin	44.3%		33.0%		44.7%		26.9%		37.1%		41.2%	
<b>Capex</b>	<b>676</b>	37.1%	<b>830</b>	21.3%	<b>791</b>	28.6%	<b>1,603</b>	61.8%	<b>3,900</b>	40.1%	<b>778</b>	15.1%
% on revenues	18.6%		22.2%		21.1%		41.4%		26.0%		21.9%	
<b>Headcount at period-end ('000)</b>	<b>52,965</b>	-0.6%	<b>52,825</b>	-0.7%	<b>52,726</b>	-1.0%	<b>52,644</b>	-0.8%	<b>52,644</b>	-0.8%	<b>52,713</b>	-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
<b>KPI's</b>												
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 ('00	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%
<b>REVENUES(€ mln)</b>												
<b>TOTAL</b>	<b>2,657</b>	<b>-4.1%</b>	<b>2,688</b>	<b>-1.8%</b>	<b>2,645</b>	<b>-2.7%</b>	<b>2,664</b>	<b>-3.9%</b>	<b>10,654</b>	<b>-3.1%</b>	<b>2,553</b>	<b>-3.9%</b>
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%
<b>TRADITIONAL SERVICES</b>	<b>1,193</b>	<b>-8.4%</b>	<b>1,185</b>	<b>-6.2%</b>	<b>1,151</b>	<b>-6.3%</b>	<b>1,109</b>	<b>-9.6%</b>	<b>4,638</b>	<b>-7.6%</b>	<b>1,064</b>	<b>-10.8%</b>
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%
<b>INNOVATIVE SERVICES</b>	<b>558</b>	<b>4.6%</b>	<b>583</b>	<b>7.8%</b>	<b>577</b>	<b>4.9%</b>	<b>596</b>	<b>3.8%</b>	<b>2,314</b>	<b>5.2%</b>	<b>590</b>	<b>5.8%</b>
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%
<b>Domestic Wholesale</b>	<b>560</b>	<b>-7.7%</b>	<b>549</b>	<b>-6.4%</b>	<b>550</b>	<b>-5.6%</b>	<b>546</b>	<b>1.2%</b>	<b>2,205</b>	<b>-4.8%</b>	<b>537</b>	<b>-4.1%</b>
<b>TIS Group</b>	<b>310</b>	<b>3.0%</b>	<b>325</b>	<b>8.3%</b>	<b>336</b>	<b>10.5%</b>	<b>343</b>	<b>1.2%</b>	<b>1,314</b>	<b>5.6%</b>	<b>311</b>	<b>0.3%</b>
<b>Subs. Adj. and Other</b>	<b>-26</b>	<b>12.2%</b>	<b>-28</b>	<b>-3.3%</b>	<b>-23</b>	<b>15.8%</b>	<b>-23</b>	<b>7.6%</b>	<b>-99</b>	<b>8.2%</b>	<b>-19</b>	<b>24.7%</b>

## 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
<b>KPI's</b>												
Total number of lines ('000) <sup>(1)</sup>	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) <sup>(2)</sup>	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) <sup>(3)</sup>	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) <sup>(4)</sup>	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 <sup>(4)</sup>	11.3	-1.3%	11.9	0.2%	12.5	-0.2%	12.8	0.8%	12.1	-0.1%	11.6	2.5%
<b>REVENUES (€ mln), Reported figures</b>												
<b>TOTAL</b>	<b>1,151</b>	<b>-2.0%</b>	<b>1,236</b>	<b>-2.2%</b>	<b>1,303</b>	<b>1.5%</b>	<b>1,378</b>	<b>0.7%</b>	<b>5,068</b>	<b>-0.5%</b>	<b>1,186</b>	<b>3.0%</b>
<b>SERVICES</b>	<b>1,053</b>	<b>-4.2%</b>	<b>1,109</b>	<b>-2.5%</b>	<b>1,170</b>	<b>-1.5%</b>	<b>1,184</b>	<b>0.1%</b>	<b>4,517</b>	<b>-2.0%</b>	<b>1,059</b>	<b>0.6%</b>
<b>Traditional Services</b>	<b>621</b>	<b>-12.9%</b>	<b>622</b>	<b>-14.3%</b>	<b>639</b>	<b>-12.1%</b>	<b>621</b>	<b>-10.6%</b>	<b>2,503</b>	<b>-12.5%</b>	<b>573</b>	<b>-7.7%</b>
o/w Outgoing voice <sup>(5)</sup>	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%
<b>Innovative Services</b>	<b>375</b>	<b>14.4%</b>	<b>416</b>	<b>21.8%</b>	<b>453</b>	<b>16.0%</b>	<b>484</b>	<b>19.9%</b>	<b>1,728</b>	<b>18.1%</b>	<b>438</b>	<b>16.8%</b>
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%
<b>Wholesale Services</b>	<b>57</b>	<b>-1.6%</b>	<b>71</b>	<b>2.1%</b>	<b>79</b>	<b>10.0%</b>	<b>78</b>	<b>-6.2%</b>	<b>286</b>	<b>0.9%</b>	<b>48</b>	<b>-15.8%</b>
<b>Handsets</b>	<b>98</b>	<b>29.0%</b>	<b>127</b>	<b>0.1%</b>	<b>133</b>	<b>39.3%</b>	<b>194</b>	<b>4.8%</b>	<b>551</b>	<b>14.1%</b>	<b>127</b>	<b>29.5%</b>

<sup>(2)</sup> Incoming+Outgoing Mobile Retail + Wholesale excluding Visitors

<sup>(3)</sup> Roaming volumes not included

<sup>(4)</sup> Net of visitors

<sup>(5)</sup> Outgoing voice revenues include roaming revenues

## TIM Brasil Results - Reported Figures

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

(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)		Organic figures (c=a+b)		(d/a-1)	(d/c-1)
€ mln		Change in consolid. area	Exchange rate impact				
<b>REVENUES</b>							
Domestic	3,631		2	3,633	Domestic	(2.3)	(2.3)
o/w Wireline Domestic	2,657		2	2,659	o/w Wireline Domestic	(3.9)	(4.0)
o/w Mobile Domestic	1,151		0	1,151	o/w Mobile Domestic	3.0	3.0
Brasile	1,412		(353)	1,059	Brasile	(36.5)	(15.3)
Other Activities & Eliminations	11			11	Other Activities & Eliminations	-	-
<b>TI Group</b>	<b>5,054</b>		<b>(351)</b>	<b>4,703</b>	<b>TI Group</b>	<b>(12.1)</b>	<b>(5.6)</b>
<b>EBITDA</b>							
Domestic	1,610		1	1,611	Domestic	(9.3)	(9.3)
Brasile	416		(104)	312	Brasile	(38.0)	(17.4)
Other Activities & Eliminations	7			7	Other Activities & Eliminations	-	-
<b>TI Group</b>	<b>2,033</b>		<b>(103)</b>	<b>1,930</b>	<b>TI Group</b>	<b>(15.8)</b>	<b>(11.3)</b>
<b>EBITDA Margin</b>							
Domestic	44.3%			44.3%	Domestic	-3.1 pp	-3.1 pp
Brasile	29.5%			29.5%	Brasile	-0.7 pp	-0.8 pp
<b>TI Group</b>	<b>40.2%</b>			<b>41.0%</b>	<b>TI Group</b>	<b>-1.6 pp</b>	<b>-2.4 pp</b>
<b>EBIT</b>							
Domestic	814		0	814	Domestic	(18.7)	(18.7)
Brasile	165		(41)	124	Brasile	(70.3)	(60.5)
Other Activities & Eliminations	2			2	Other Activities & Eliminations	-	-
<b>TI Group</b>	<b>981</b>		<b>(41)</b>	<b>940</b>	<b>TI Group</b>	<b>(28.2)</b>	<b>(25.1)</b>
<b>EBIT Margin</b>							
Domestic	22.4%			22.4%	Domestic	-3.7 pp	-3.7 pp
Brasile	11.7%			11.7%	Brasile	-6.2 pp	-6.3 pp
<b>TI Group</b>	<b>19.4%</b>			<b>20.0%</b>	<b>TI Group</b>	<b>-3.5 pp</b>	<b>-4.1 pp</b>