TELECOM ITALIA GROUP

FY’16 Preliminary Results + 2017-’19 Plan

February 6, 2017

FY’16 and New Plan: A Transforming Company

Giuseppe Recchi - Flavio Cattaneo – Stefano De Angelis - Piergiorgio Peluso

TIM

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 future growth in the different business lines and the global business, financial results and other aspects of the activities and situation relating to the TIM 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, TIM makes no representation, whether expressed or implied, as to the conformity of the actual results with those projected in the forward looking statements.

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The 2016 preliminary financial results of the TIM Group and the data of the previous years provided for comparison purposes, 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 2016 FY and the 2017-2019 Industrial Plan have been applied on a basis consistent with those adopted in the Annual Consolidated Financial Statements at 31 December 2015, to which reference should be made, except for the new standards and interpretations adopted by the TIM Group starting from 1 January 2016 which had no effects on the 2016 preliminary financial results and the 2017-2019 Industrial Plan.

Therefore, the latter financial information doesn't take into account the new following standards that are not yet in force: IFRS 15 Revenue from Contracts with Customers, IFRS 9 Financial Instruments and IFRS 16 Leases.

In addition, the 2016 preliminary financial results have not been verified by the independent auditors.

Within the Brazil Business Unit, TIM Brasil's Management during 2016 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 have been revised, segment information included.

Segment information is consistent with the prior periods under comparison with the exception of the Media Business Unit that, starting from 1 January 2016, as a result of the change in the operational mission of Persidera, is included in the Domestic Business Unit.

Furthermore, the Sofora - Telecom Argentina group, which was disposed of on 8 March 2016, is classified as Discontinued operations.

Agenda

- **Opening Remarks - Giuseppe Recchi**

A Transforming Company - Flavio Cattaneo

Turning around TIM Brasil - Stefano De Angelis

Financial Empowerment - Piergiorgio Peluso

Wrap-up - Flavio Cattaneo

Back-up

Agenda

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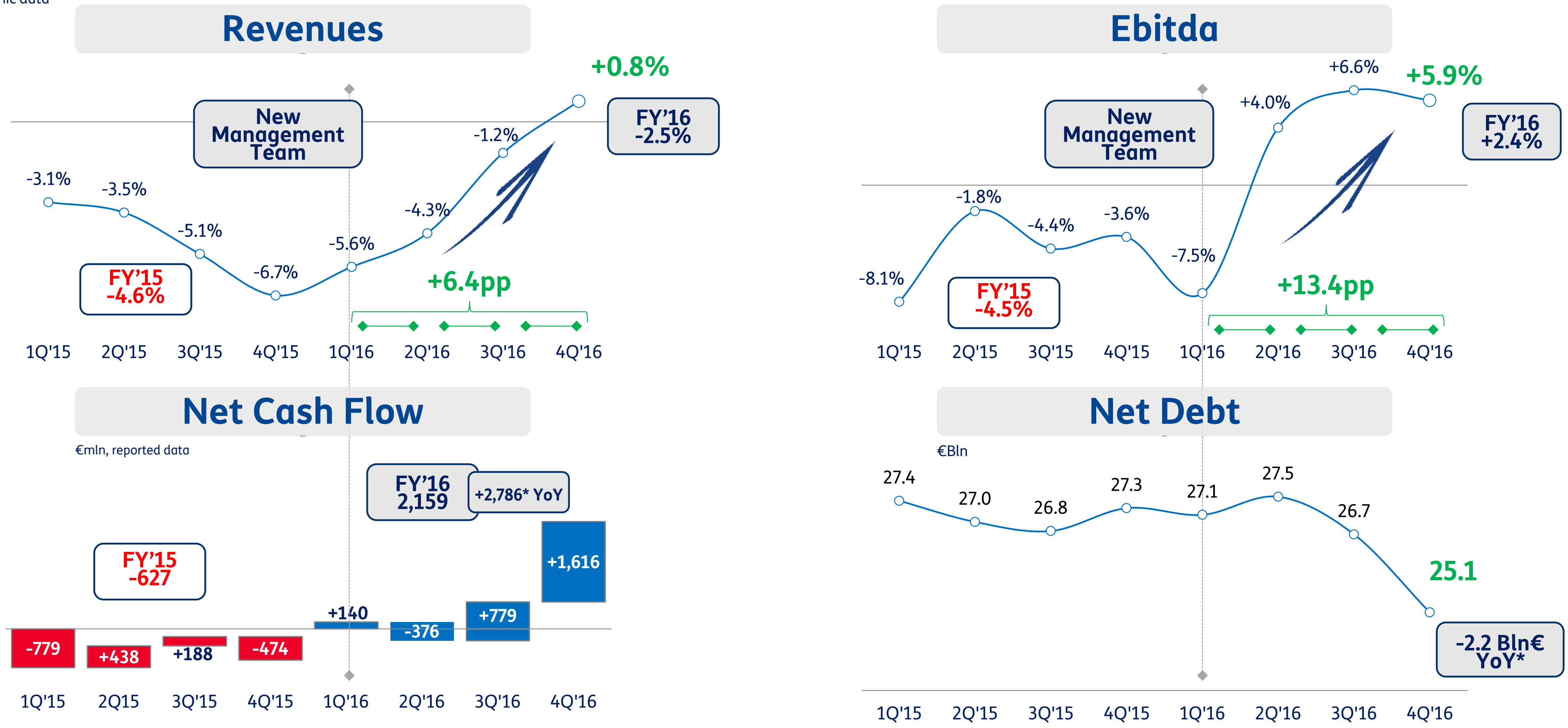
Back-up

Group FY2016 Highlights: Recovery in All Main Metrics

Crash Phase Started in April and acted as a Game Changer in only 3 quarters

Organic data

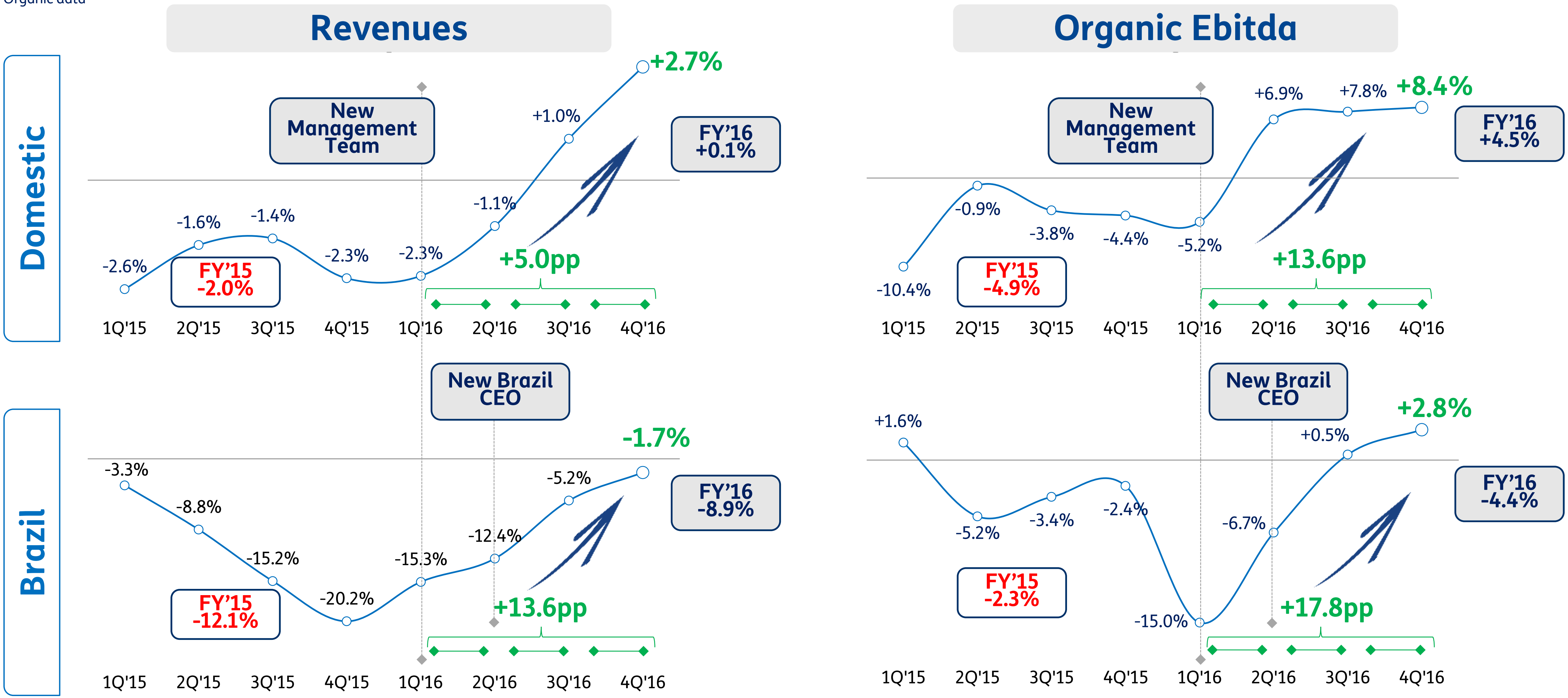


= Crash Phase * including 1.3 Bln€ Mandatory Convertible Bond

Group 4Q'16: Robust Delivery in Italy and Brazil

Trend Uplift continued

Organic data

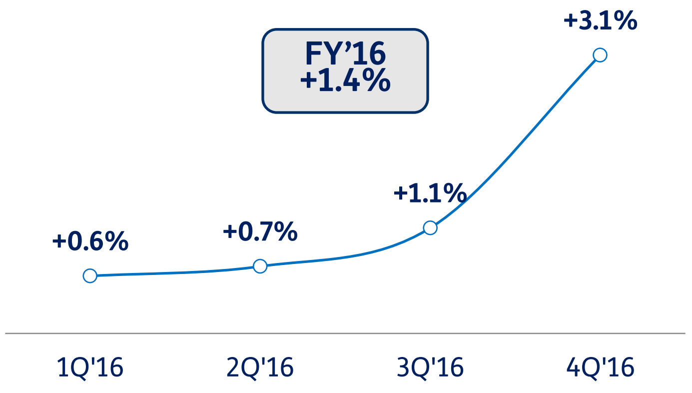
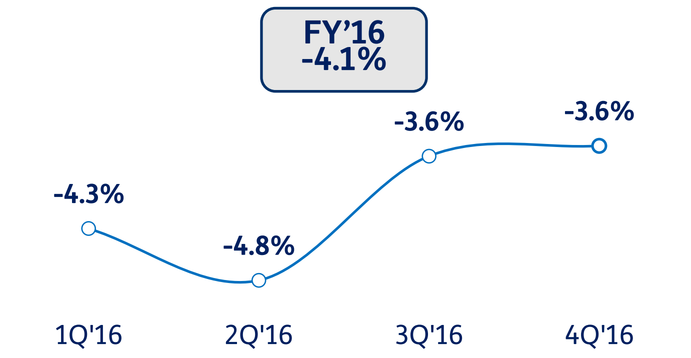


Organic: before non-recurring items and excluding exchange rate fluctuations

= Crash Phase

4Q’16 Domestic: Better Results, KPIs and Operational Trends

Good set of KPIs and improving trends on core business

	4Q’16	KPIs	Service Revenues Trends
Mobile	**New Commercial approach** is delivering excellent results: • Boosting **Service revenue performance: +3.1% YoY** • Increasing penetration of LTE and upselling on CB	▪ **ARPU** up to **13.3€** vs 12.8€ in 4Q’15 ▪ **LTE penetration** increases to **62% in** MBB Customer Base ▪ **Positive MNP Balance** at **+26k** (vs -44k in 3Q’16) ▪ **Best-in-class Churn rate,** confirmed at 22.8% on FY basis	
Fixed	**Fixed Top Line turns positive:** • **4Q’16 Total revenues +1.5% YoY** vs -3.9% YoY in 4Q’15, supported by the new flow of enabling device sales • **Flat performance in fixed service revenues,** notwithstanding the negative effect of retroactive wholesale repricing	▪ New record-low **line losses performance at -83k** ▪ **BB Net Adds +47K** ▪ **BB ARPU** up to **€ 22.3** (vs 4Q’15 21.2€) ▪ **Fiber Net Adds +125k** in 4Q’16, currently reaching **over 1 mln Retail NGN customers** ▪ **Wholesale** included, **fiber lines** now stand **at about 1.4 mln**	

The 2017-'19 Transformation Plan

Pervasive Quality across the whole Company to drive Results

Extreme Quality: No Compromises to fully exploit Business Opportunities

Change in Corporate Culture: from Complex to Agile, from Pondered to Fast and Effective

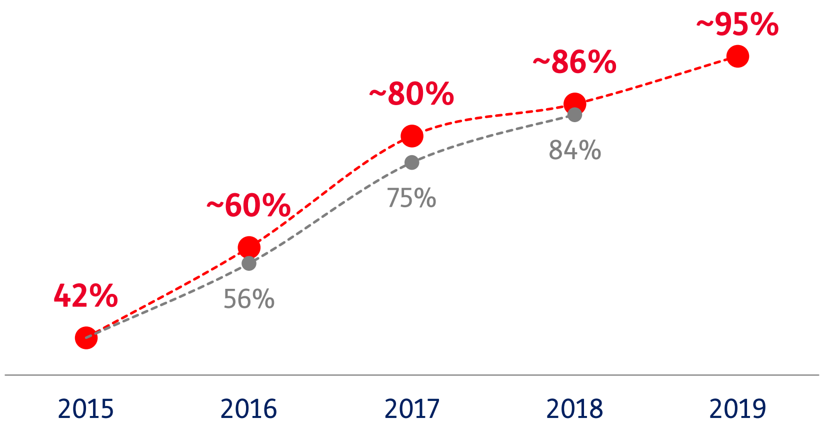
- BEST INFRASTRUCTURES AND COVERAGE
- SUPERIOR COMMERCIAL APPROACH
- ENABLING EFFICIENCY
- SUBSIDIARIES RE-LAUNCH

- CASH FLOW
- DELEVERAGE
- VALUE CREATION

Infrastructure: Ultra BroadBand Leadership Everywhere in Italy

Enhancing Network Reliability, Coverage, Speed and Capacity to Provide Superior Customer Experience

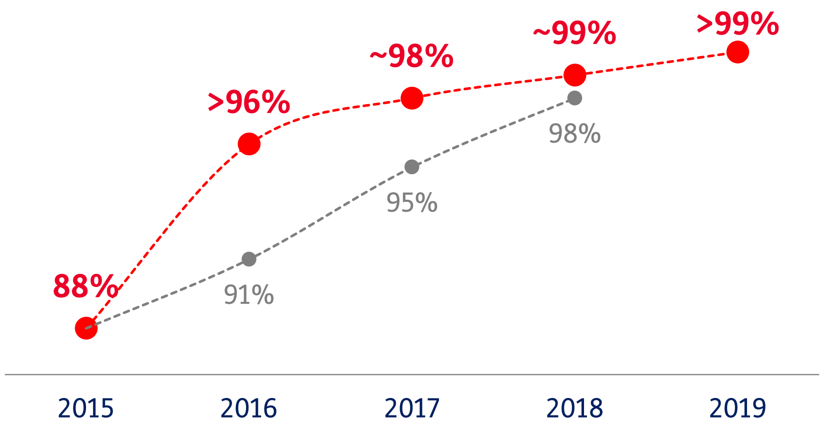
Fixed



Taking Fiber to Maximum Coverage

- **Accelerated UBB roll out** to further enable Commercial effectiveness and beat competition both at commercial and infrastructural level, also in selected C and D areas
- **FTTC Expansion and Enhancement** via eVDSL to deeply expand **200 Mbit/s coverage** in 2017, increasing to **300 Mbit/s** with further future enhancements
- **FTTH/FTTB Acceleration** in **30 main cities in 2017.** Our market-driven approach increases target to **50 main cities by 2019.**
- **IP Core Network Evolution, Platform Modernization** and **New National Photonic Network** with links up to 400 Gbps

Mobile



Best 4G & 3G Everywhere

- **Wider coverage and more capacity for LTE**
- **Voice Quality** increase on **3G technology**, also for tactical/commercial needs
- **Inwit** operates as a strategic asset, synergic and strongly **integrated with TIM**
- **Spectrum to support commercial evolution**
- **Focus also on FWA technology**

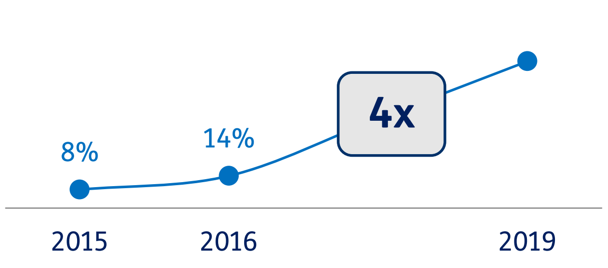
TIM — New Plan — Old Plan

Attack Mode on Domestic

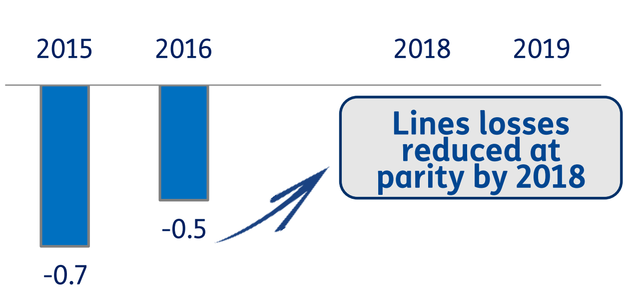
Implementing an Attacker Approach and Returning to Growth

- TIM adopts an **attacker approach** to defend market share and **focuses on the business basics, customers' needs and quality to increase Ultra BroadBand take-up**
- **Second brand** ready to protect TIM premium positioning and exploit opportunities in the low-end segment
- **Lock-in** clients with connected devices, leverage on billing for **convenience of payment** and develop a solid **content strategy** to enlarge addressable markets

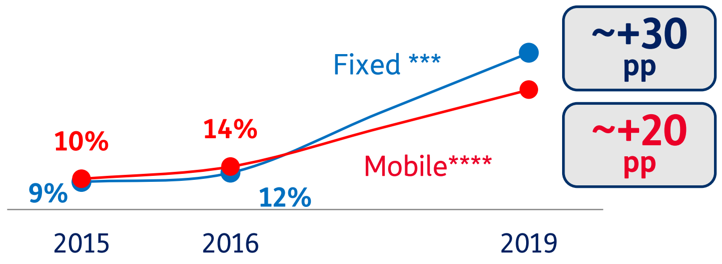
% NGN Accesses* on BB Fixed



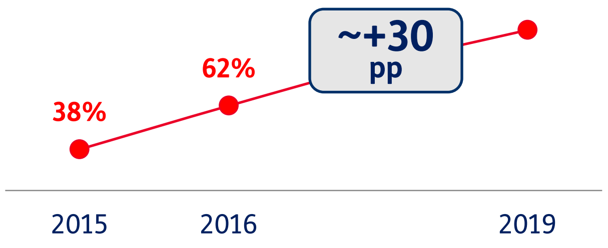
Fixed Retail Line Losses** (mln)



Lock in Consumer CB (%)

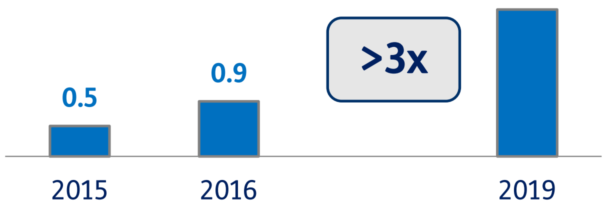


% LTE Customers on Mobile BB

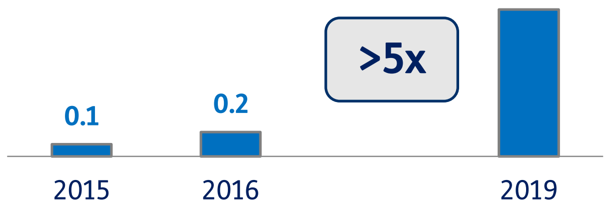


Consumer 3Play CB (mln)

Voice/BB/Video



Lock in Business CB (mln)



TIM

* "Fiber Ready" Accesses Included
** Including VoIP lines, excluding Consip impact

*** on total fixed CB
**** on mobile calling

Turning the Corner: Domestic Revenues and Ebitda Growth

Growing on Total Revenues and Ebitda, Stabilizing Service Revenues

Transforming Domestic performance already from 2017

	2015	2016	2018	2019
Total Revenues	15.0	15.0	+~0.3	+~0.5
Service Revenues	14.0	13.9	Stable Service Revenues Trend	
New Total Opex		8.1	7.9	8.0
Additional Volume Driven Costs			+~0.3	+~0.5
Total Opex @ stable Volume Driven Costs	8.4		7.6	7.5
Volume Driven Costs	3.3	3.3	3.3	3.3
Opex net of Volume Driven Costs	5.1	4.8	4.3	4.2

Run rate '15-'18 -0.8 bln€

Run rate '18-'19 -0.1 bln€

Growing Total Revenues

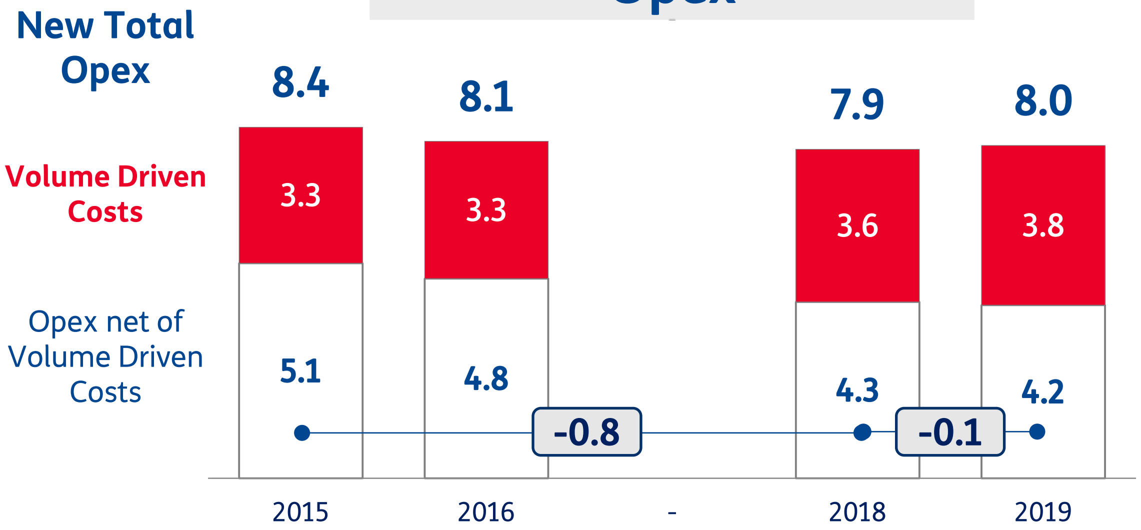
Stable Service Revenues

Ebitda YoY Low-single digit Growth

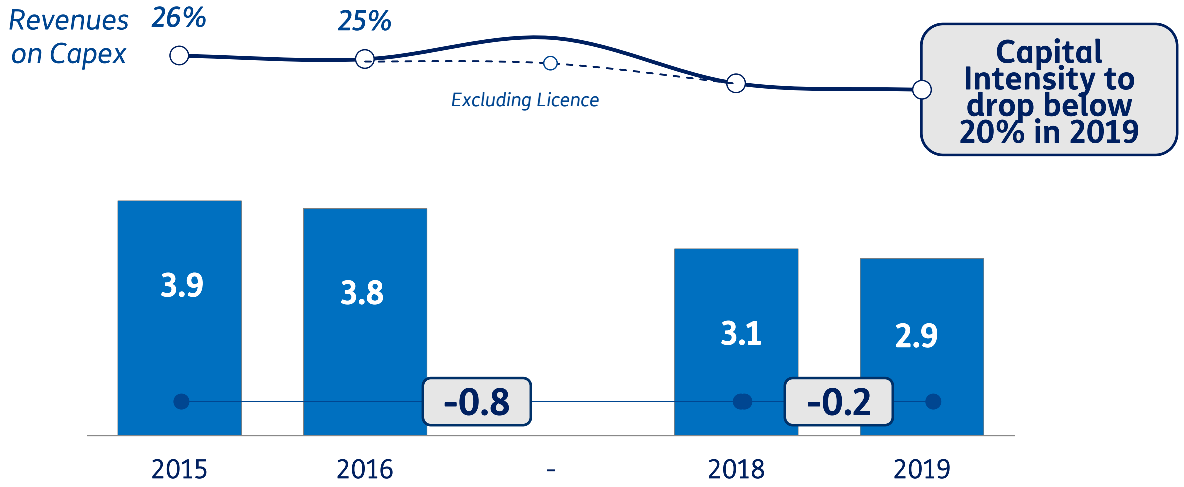
Further Efficiencies in Cash Costs

Opex and Capex Optimization

Opex



Capex



Run Rate Total Cash Cost Efficiencies: Opex*+Capex

Original Plan '16-'18 (February 2016) — Efficiency '18vs'15 ~0.6 bln€ — **Target reached within 3 quarters**

Plan Revised '16-'18 (May 2016) — + Δ Efficiency '18vs'15 +1.0 bln€ — **1.6 bln€**

New Plan '17-'19 — + + Δ Efficiency '19vs'15 +0.3 bln€ — **1.9 bln€**

*Net of Volume driven Costs

Agenda

A Strong Start Towards 2019

After 2016, Turnaround continues

2016 Turnaround Evidences

Leader in 4G coverage (1,255 cities)

Postpaid (% of total base) **23.5%** (+3 pp YoY)

Innovative Revs. (in FY2016) **+20%** YoY

ARPU (in 4Q16) **R$19.2** (+9% YoY)

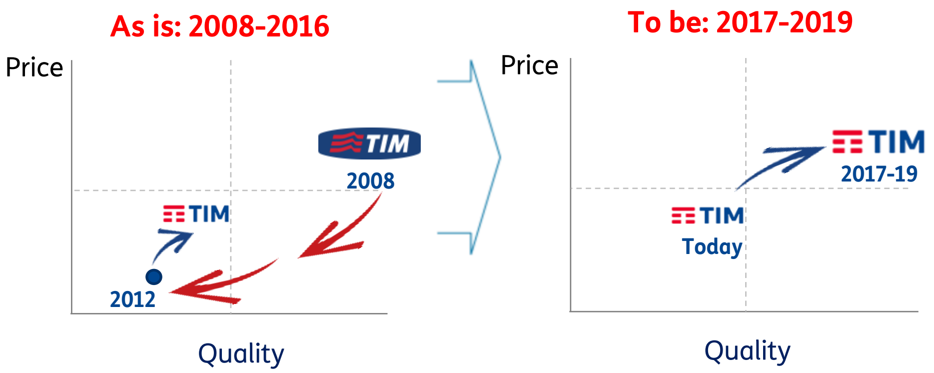
EBITDA Margin (in FY2016) **33.5%** (+2 pp YoY)

Improve our brand positioning in order to become the preferred option for Postpaid customers and confirming our leadership on prepaid leveraging on the **quality of our Network** and **new offer schemes**

Introduction of digital services bundled in the offers through the development of strategic partnerships with OTTs and content players

TIM Commercial Turnaround

2017-19 New Positioning



Develop a **Convergent n-Play offer** expanding the existing TIM Live FTTX coverage **in Rio and São Paulo**, exploiting the **700MHz LTE/WTTx** coverage and also establishing **partnerships to create 4P convergent offers** (e.g. SKY)

TIM + TIM live

Adapt commercial strategy to implement a **regional approach** exploiting our different market position and **redesign go to market**

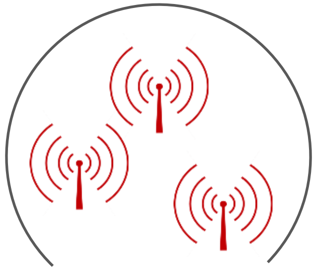
Financial figures compliant with TIM Participações consolidated accounting standards for FY 2016 Results and FY 2017-19 Plan

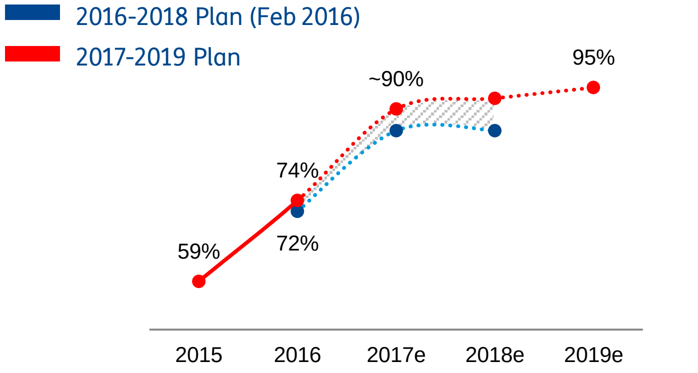
Deploying a Faster and Wider Broadband Network

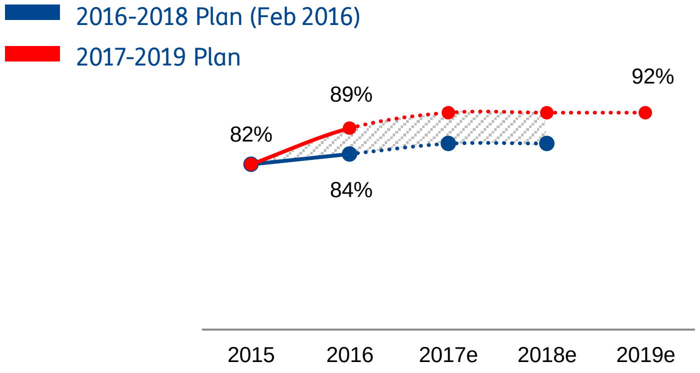
Expanding 4G and 3G coverage

	4G	3G

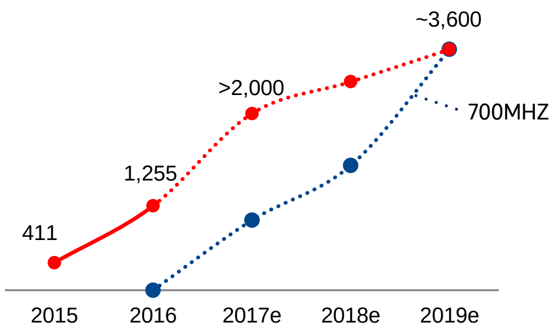
Population covered
(%)

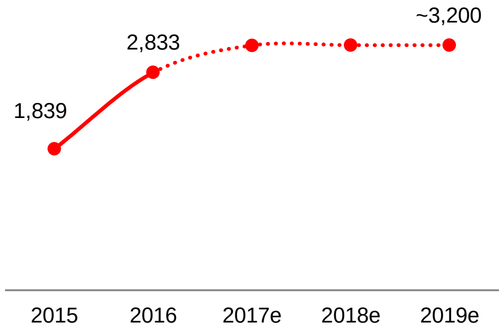






Cities covered
(# of cities)





South and southeast: **additional 1,800MHz spectrum availability in 2017** to boost speed and improve customer experience

North, northeast and middle east: **beginning of the 700MHz frequency roll out** will guarantee more capacity and better coverage

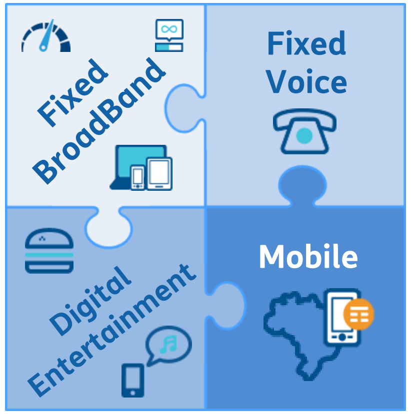
3G coverage evolution will support customers adopting data services and customers that are not using 4G yet

Mobile Market Scenario & TIM Revenue Share Evolution

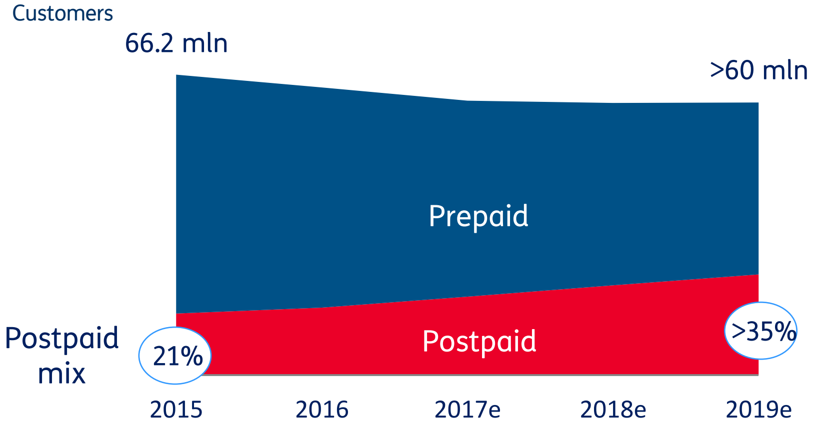
A Better "value for money" positioning

Mobile

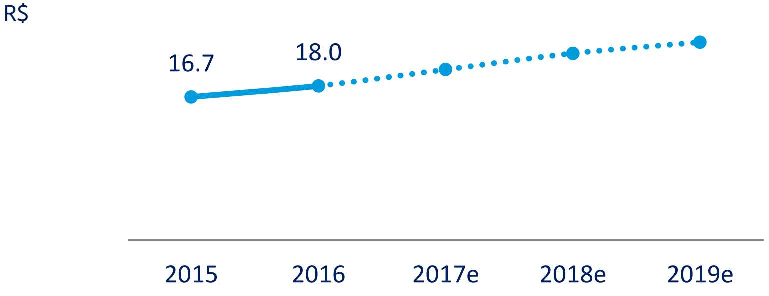
Convergence in SP/RJ and Selected Regions



Customer base mix

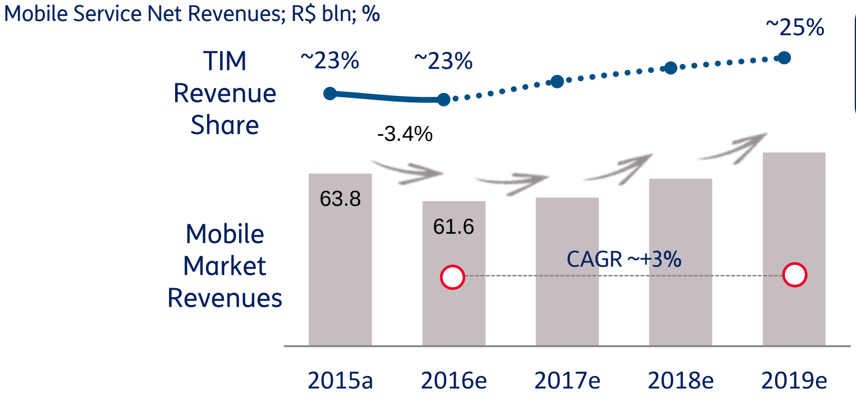


ARPU Trend



Innovative Revenues will support total ARPU growth

Mobile Market & TIM Revenue Share*



Best "value for money" positioning will support Revenue Share rebound

*TIM Revenue Share and Mobile Market Revenues consider Revenues from top 5 players, including SMEs

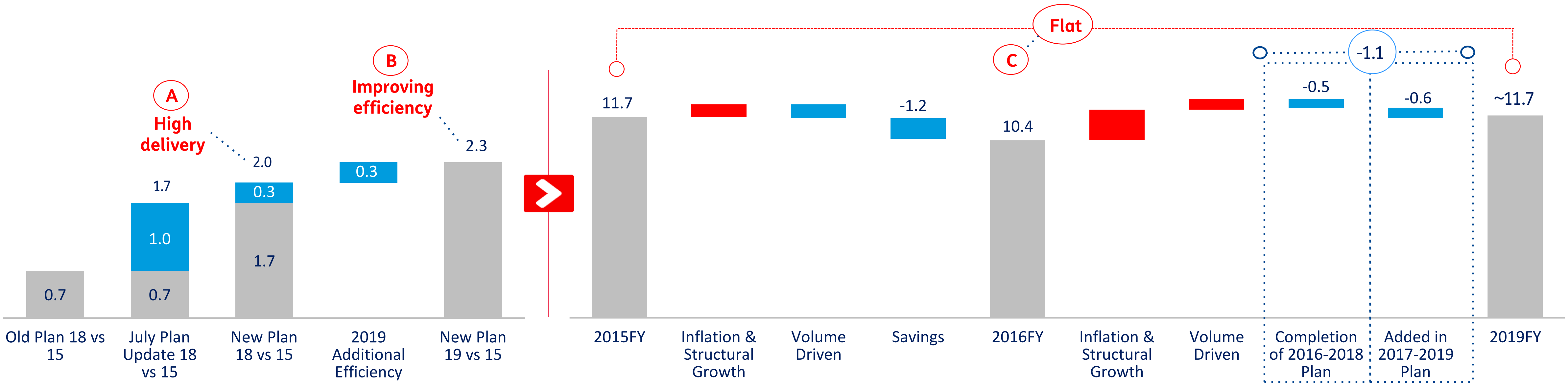
Financial figures compliant with TIM Participações consolidated accounting standards for FY 2016 Results and FY 2017-19 Plan

Efficiency: Executing the Plan

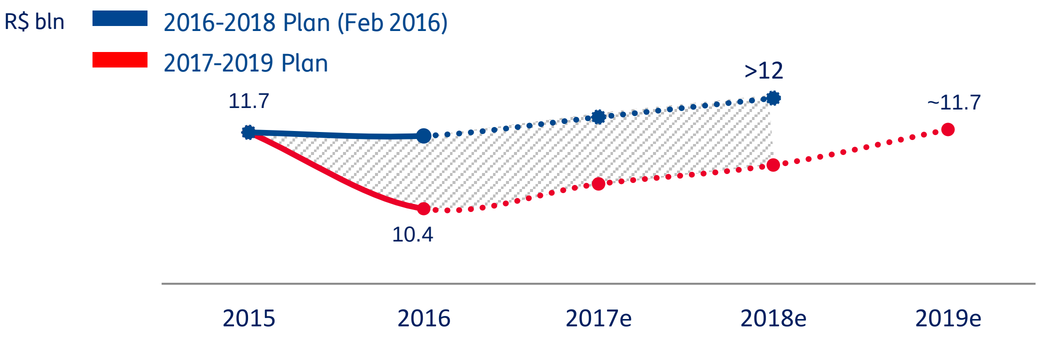
Ensuring Delivery and Furthering Efficiency

Efficiency Plan Evolution vs 2015FY

R$ bln



Normalized OPEX Evolution



Normalized by non-organic events

Financial figures compliant with TIM Participações consolidated accounting standards for FY 2016 Results and FY 2017-19 Plan

Efficiency Plan Highlights

A **High delivery:** from R$1.7 bln to R$2.0 bln in savings (2016-18)

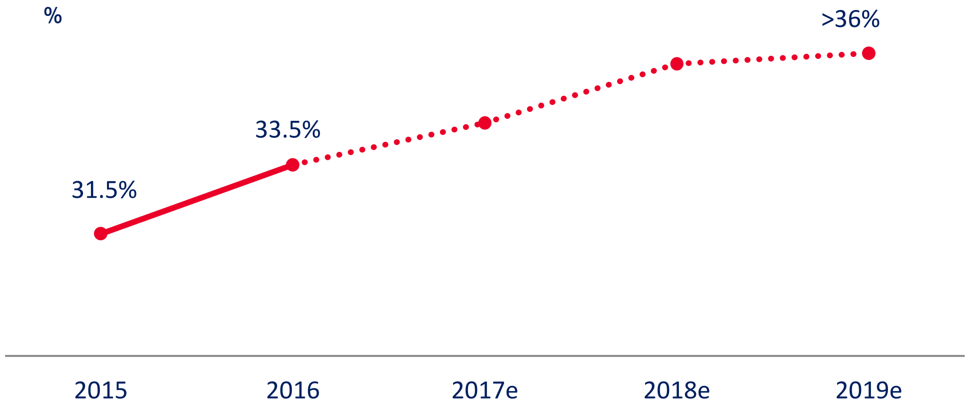
B **Continuous efficiency:** expanding target to R$2.3 bln at 2019

C **Flat Opex 2019 vs. 2015 despite inflation**

Improving Profitability and Cash Generation

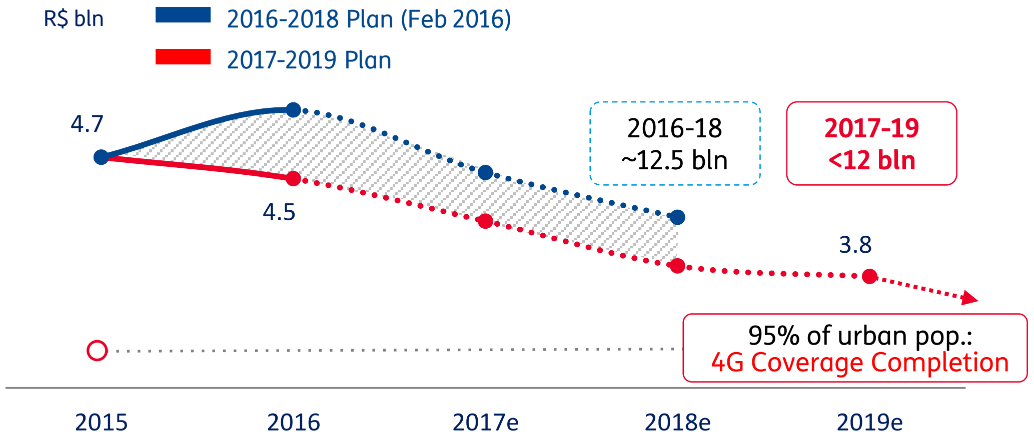
Reshaping the Financial Profile

Normalized EBITDA Margin

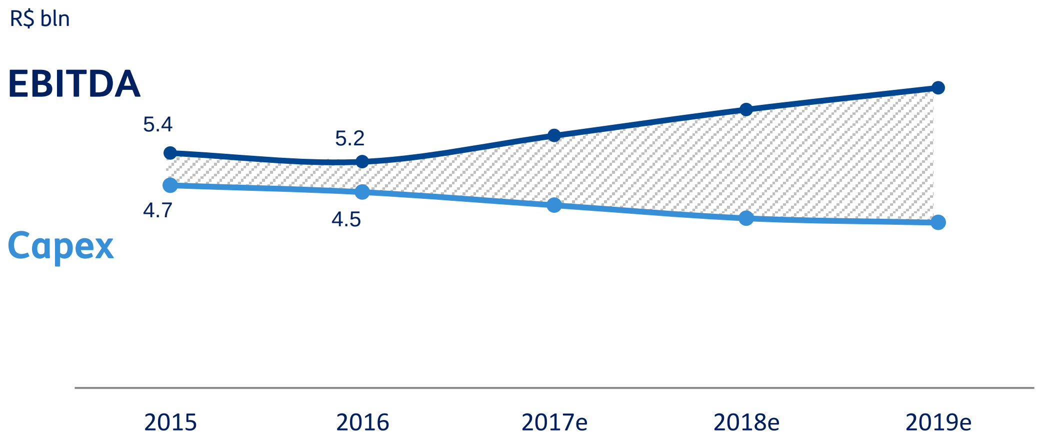


- **Consistent Growth in Profitability: improving EBITDA Margin and Free Cash Flow**
- **Run Rate Cash Cost Reduction** supported by efficiency program, offsetting Inflation and Structural Growth Impacts
- **Significant Capex Reduction alongside a Strong Upside in Network Coverage:** Capex optimization and contracts negotiations

Capex Plan



EBITDA-Capex



Normalized by non-organic events
Financial figures compliant with TIM Participações consolidated accounting standards for FY 2016 Results and FY 2017-19 Plan

2017-2019 Strategic Plan Guidance Summary

Short and Long Term Outlook

KPIs	2016	Short Term Targets	Long Term Targets
Service Revenues (Mobile)	-5%	Positive in all quarters	Revenue share ~25% in 2019
EBITDA	-3%	Positive in all quarters	EBITDA Margin >36% in 2019
Capex	4.5 bln	~R$4 bln	< R$12 bln 2017-19 period 3G/4G Coverage >92%
EBITDA-Capex (% on revenues)	~4%	High single digit	> 15%

Financial figures compliant with TIM Participações consolidated accounting standards for FY 2016 Results and FY 2017-19 Plan

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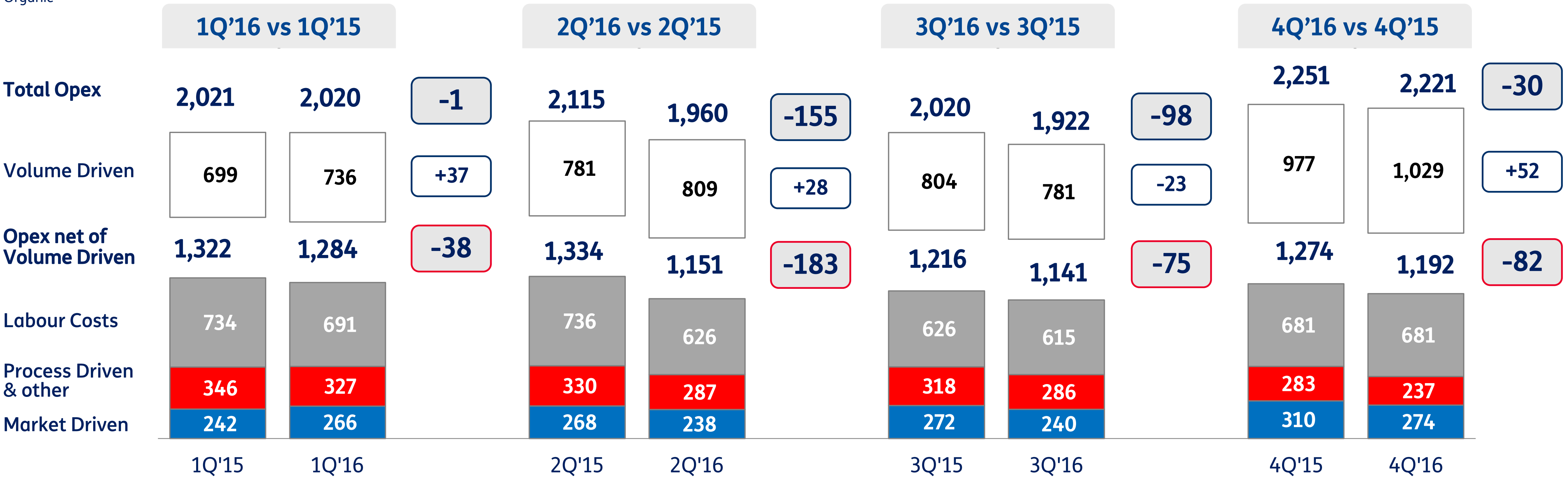
Opex Efficiencies continue to Accrue

4Q'16 Domestic Opex Breakdown

Organic*



ΔYoY by destination (1Q'16 vs 1Q'15)

Labour Costs	-43	-5.8%
Process Driven	-19	-5.5%
Market Driven	+24	+9.8%

ΔYoY by destination (2Q'16 vs 2Q'15)

Labour Costs	-110	-15.0%
Process Driven	-42	-13.0%
Market Driven	-30	-11.2%

ΔYoY by destination (3Q'16 vs 3Q'15)

Labour Costs	-11	-1.8%
Process Driven	-32	-10.1%
Market Driven	-32	-11.7%
o/w Comm. Levers **	-1	~flat
o/w Billing & Bad Debt	-15	
o/w Expo Spons.	-16	

ΔYoY by destination (4Q'16 vs 4Q'15)

Labour Cost	flat	-
Process Driven	-46	-16.3%
Market Driven	-36	-11.7%
o/w Comm.Levers**	-5	~flat
o/w Billing & Bad Debt	-20	
o/w Expo Spons. & re-branding	-11	

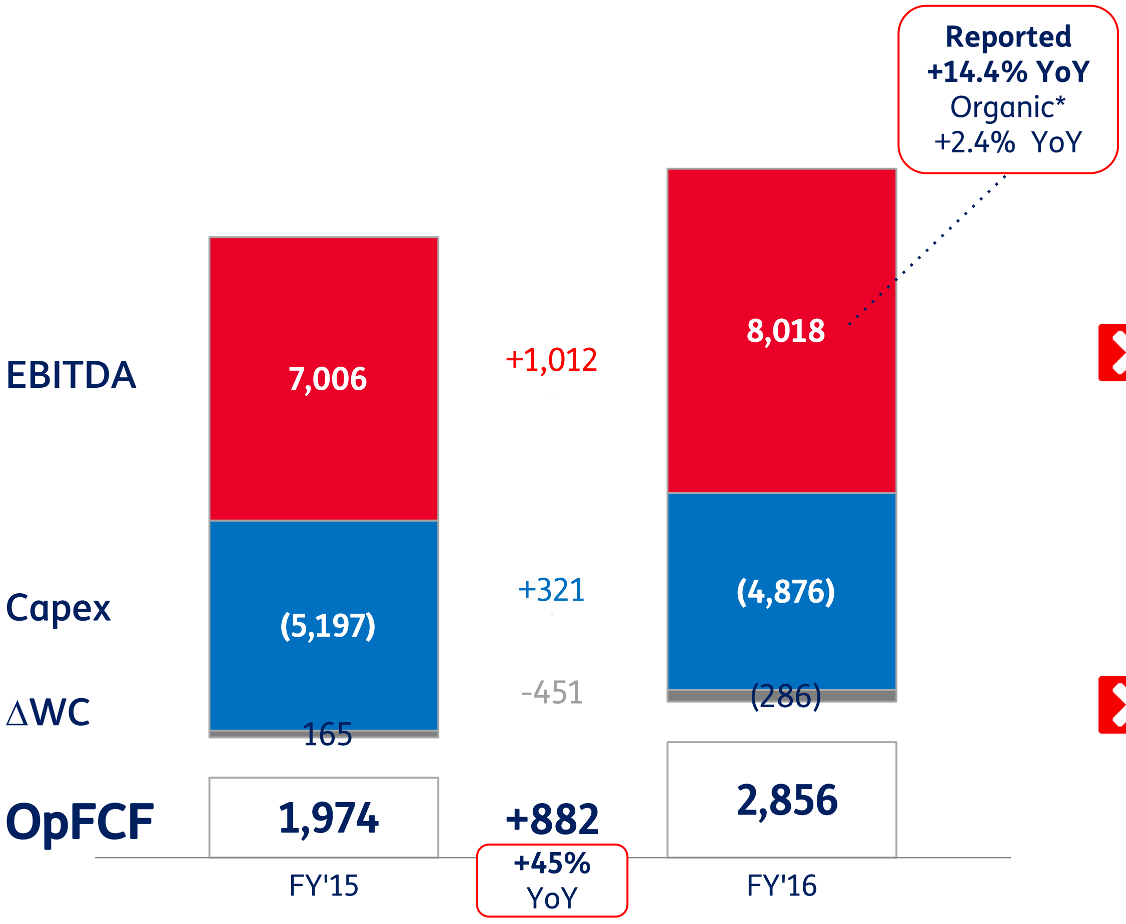
*Organic: before non-recurring items and excluding exchange rate fluctuations
** Commercial levers include Sales, Caring & Advertising

Up in OpFCF Generation

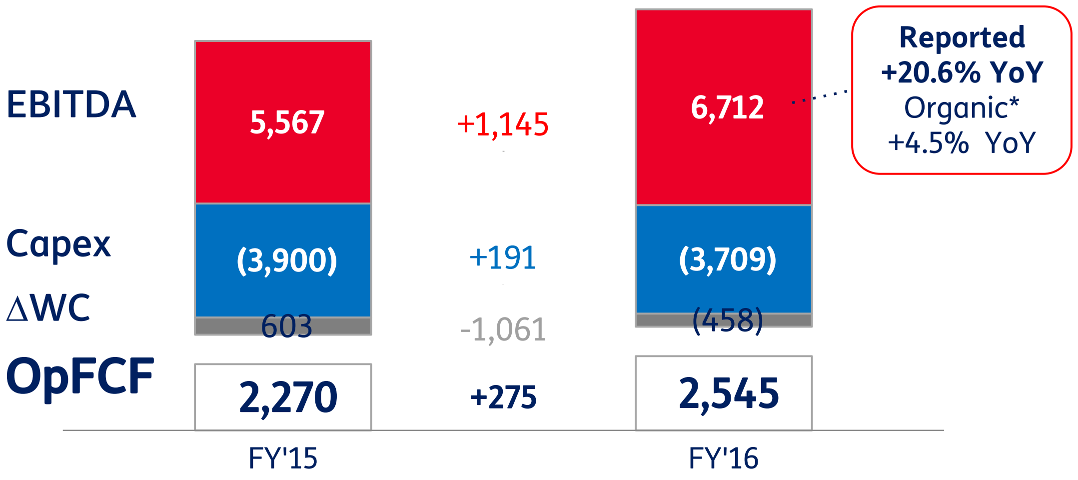
Strong Operating Free Cash Flow Generation Performance

€mln, Reported, % YoY

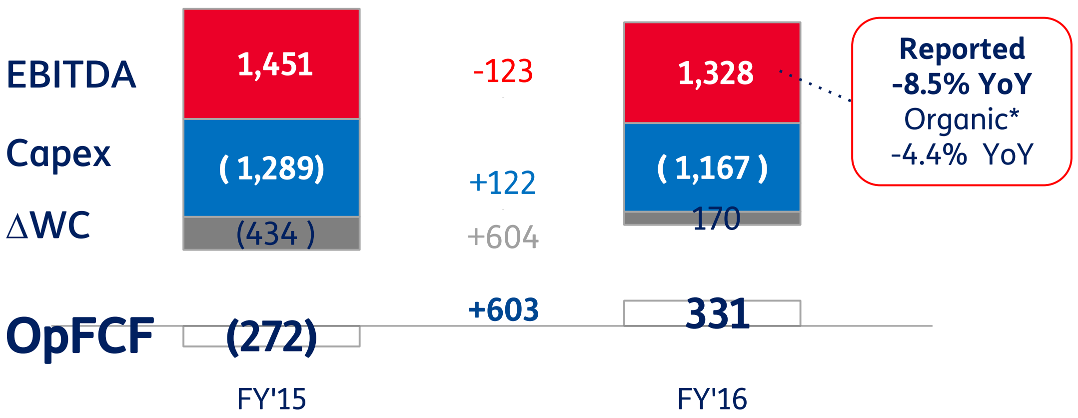
FY Group OpFCF



Domestic



Brazil



TIM

* Organic: before non-recurring items and excluding exchange rate fluctuations

New Domestic Cash Cost Efficiency Dashboard

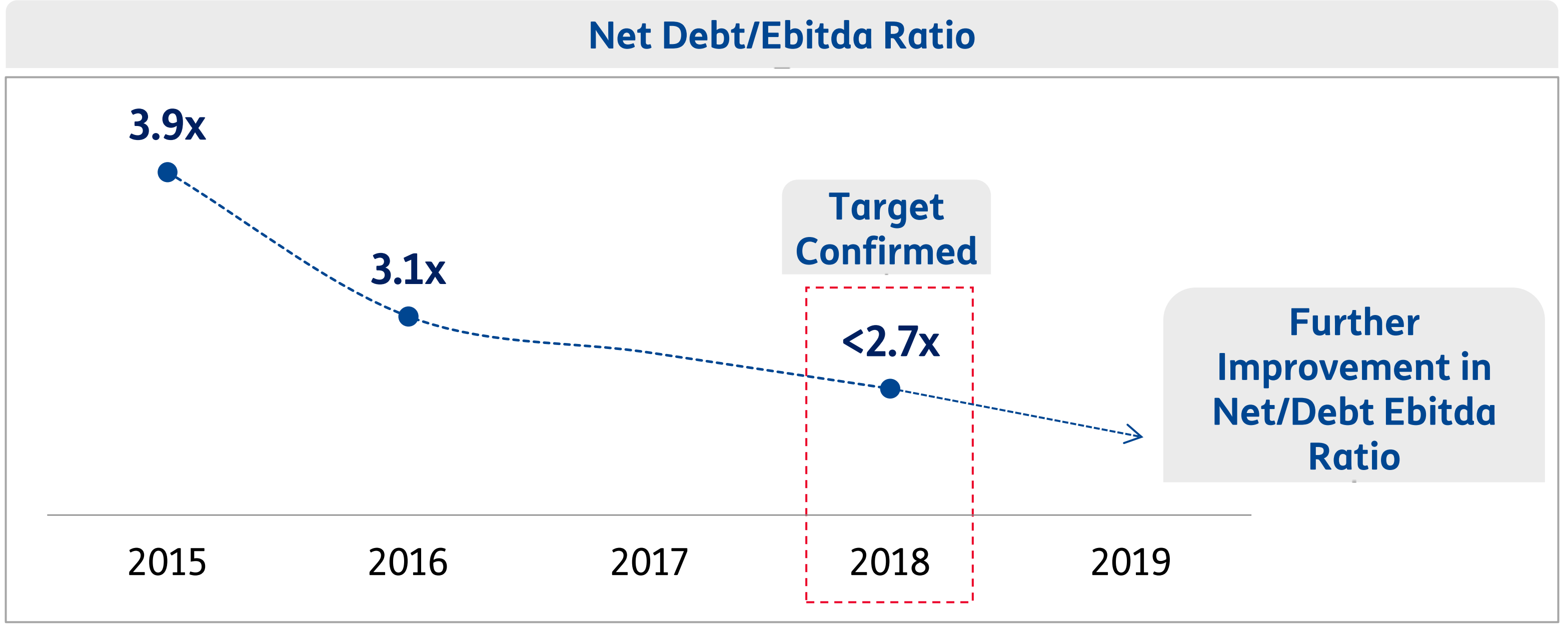
Run rate, €bln

	2015	2016	YoY	Efficiency '18-'15 May'16	Δ Efficiency '19-'15 Feb'17	New Efficiency '19-'15 Target
Total Opex	**8.41**	**8.12**	**-0.28**	**-0.8**	**+0.4**	**-0.4**
Volume Driven	3.26	3.36	+0.09	-0.05	+0.5	
Opex net of Volume Driven	**5.15**	**4.77**	**-0.38**	**-0.8**	**-0.1**	**-0.9**
Process Driven	1.28	1.14	-0.14	-0.32	-0.2	
Market Driven	1.09	1.02	-0.07	-0.23		
Labour Costs	2.78	2.61	-0.16	-0.2	+0.1	
Total Capex	**3.90**	**3.71**	**-0.19**	**-0.8**	**-0.2**	**-1.0**
Traditional	1.99	1.65	-0.35	-0.5	-0.2	
NGN	1.70	1.92	+0.22	-0.15		
Real Estate	0.20	0.14	-0.06	-0.15		
Total Cash Costs	**12.31**	**11.83**	**-0.48**	**-1.6**	**-0.3**	**-1.9**

Group Cash Flow Generation and Deleverage

Cash Flow Generation Driven by Operations Combined with a Sustainable Dividend Policy

- **Deleverage through Operating Cash Flow generation** is a priority, supported by operational and financial discipline
- **2017-2018 Free Cash Flow: ~700 mln per annum** on average **including spectrum***
- **No need** for divestiture to pursue debt reduction
- **Dividends** payment confirmed on **Savings Shares** according to statutory obligations. **No Dividend on Ordinary Shares** paid in Plan years
- **2018 Net Debt/Ebitda** confirmed **below 2.7x** and **further improvement in 2019**



* Italian 2017 Frequencies renewal

Agenda

Guidance Update

Outlook

Domestic

- *Total Revenue Growth, Service Revenue stability in 2017-'19*
- *Ebitda YoY low single digit growth in 2017-'19*
- *NGAN coverage already upgraded from 56% to ~60% YE'16 and from 75% to ~ 80% YE'17 YE'18 Target is now upgraded from ~84% to ~ 86%; YE'19 one is set at ~95%*
- *LTE Coverage upgraded from 95% to >96% YE'16 and from 96% to 98% YE'17 YE'18 Target moves up from 98% to ~99%; YE'19 one is set > 99%*
- *YE'18 NGN Customers target increased 10%, from 5mln to 5.5mln Further Total Fiber Customers growth into 2019*
- *Lines losses reduced at parity by 2018*
- *Increase in Total Domestic Efficiency Target: from 1.6 Bln€ '15-'18 run–rate to 1.9 Bln€ '15-'19 run-rate*
- *Cumulative '17-'19 Capex: ~11 Bln€**

TIM Group

- *Group Capital Intensity to drop below 20%* in 2019, in line with coverage targets fulfillment. Target includes additional investments in Italy in selected C and D areas*
- *Operational and Financial Discipline fully support <2.7x Net Debt/Ebitda target in 2018, without the need of any Disposal*. Further leverage reduction in 2019.*

TIM

* Including 2017 frequencies renewal in Italy

Agenda

FY'16 - TI Group Results Overview

Group

- Revenues: **€ 19.0 bln**
- EBITDA*: **€ 8.2 bln**
- Capex: **€ 4.9 bln**
- Net Debt: **€ 25.1 bln**

Domestic

- Revenues: **€ 15.0 bln**
- EBITDA*: **€ 6.9 bln**
- NGN: **14.3 mln** Households in **1,677** Cities
- 4G: **>96%** of Population in **6,704** Cities

Brazil

- Revenues: **€ 4.0 bln**
- EBITDA*: **€ 1.3 bln**
- 4G: **1,255** Cities with **74%** of urban population covered
- 3G: **2,883** Cities with **89%** of urban population covered

Inwit

- Revenues: **€ 333.5 mln**
- EBITDA*: **€ 163.6 mln**
- Tenancy Ratio: **1.72x**
- EBITDA Growth: **+13% YoY**

* Organic: before non-recurring items

Strategic Plan: Business Opportunities

Convergence & Customers Lock in

Demand Evolution

Entertainment & Pay TV

Georeferenced Marketing

Adjacent Markets

ICT & Industry 4.0

Consumer Commercial Approach

	Mobile	Fixed	Multimedia
Market Share Protection	▪ **Lock-in** through **devices** and **payments** ▪ **Second brand is Ready** ▪ New Stores with **Adjacent & Enabling products,** and Best Quality	▪ **Lock-in** through **devices/goods, contents, hyper-convergence** ▪ Attack on strategic area; strong **upsell to UBB**; **content as a driver**	▪ **Exclusive portfolio to differentiate offer** ▪ **New approach on Content streaming** ▪ Gain **Loyalty** ▪ Maximize share of **household spending**
Focus on Convergence	▪ Full speed on **convergence** and **innovation**, including contents digital services and all devices (I.o.T)	▪ **Building differentiation** going **over 4-Play**: video, gaming, smart home, IoT, devices	**New Steps:** ▪ Exclusive deal with **RAI** (National TV) on Premium Italian Movies ▪ Negotiations ongoing on **Sport** ▪ Working on **Simulcast + Interactivity** with linear channel ▪ Moving ahead with **Original projects**
Value Protection	▪ **Strong growth of bundles,** combined with selected tariff/offers ▪ **Dynamic pricing** (on/off peak, local, etc.) to exploit capacity and other features; ▪ **Omnichannel** caring and upselling	▪ **Sustain ARPU,** leveraging on high value devices, launch **selected tariff/offers** ▪ **New CRM System** to reinforce cross & upselling, enriching offer	▪ A unique, simple and attractive gateway to access **all contents and services** at Home ▪ Cutting-edge devices to access contents **anytime and everywhere**

Total Quality, exclusive Contents and **Features** to **grow Fixed and Mobile Top Line,** underpin **UBB Take-Up** and **Maximize Household Spending**

Business Commercial Approach

	Small Enterprises	Large Enterprises
Defend Traditional Revenues	▪ Leveraging **ultra broadband** infrastructure and **strong brand** ▪ **Locking** customer base (i.e. "value", financial mechanisms)	▪ Further invest in **ultra broadband** and **ICT infrastructure** (i.e. datacenter)
Enhance Distinctivness	Build a distinctive positioning vs. global OTT into IaaS and PaaS: ▪ Leveraging sales and caring **proximity model** ▪ Focusing on **"managed" services** and guaranteeing full compliance to EU rules (e.g. local data storage) ▪ Adopting a **cooperative approach with local developers**	Extend leadership to ICT environment: ▪ Building **service/data oriented "over-the-network" portfolio** ▪ Creating **open environment**, maintaining delivery and management control ▪ Reinforcing **IT skills** in commercial and operation

Stabilization of market share also on Business, Locking-in Customers for a stable Top Line

Taking Efficiencies to the Heart of the Organization

An Efficiency Program based on **three synergic layers**, aimed at **enhancing Cash Flow generation** through the reduction of Total Cost of Ownership, while **supporting Commercial Approach** leveraging on improved flexibility and time to market

COSTS OPTIMIZATION

- Structural cash costs efficiency: **cash cost reduction Run Rate '19vs'15 of 1.9 Bln€**
- **Sharp reduction of Opex not directly generating business**
- Start of decommissioning program with initial benefits on TCO
- Vendor Consolidation

LEAN ORGANIZATION

- Simplification of organizational structure and Rightsizing
- **Reconversion of personnel via Job Center to increase internalization: more than 4k people involved**
- Further Revenue support

PROCESSES RE-ENGINEERING AND TRANSFORMATION

- **Processes & Procedures "Safari":**
  - mapping of business core processes to be concluded by 2017, involving ~400 core processes out of 700 internal ones;
  - updating/definition of 1300 procedural documents, and updating/elimination of 190k operating documents
- **Current processes optimization and re-engineering:** a new **transformation program** has been started **to quickly address and fix processes inefficiencies** optimizing current procedures. The plan is rolling and includes **over 150 actions, with significant benefits** in terms of churn reduction, revenues increase, cost saving and customer satisfaction improvement

Re-launch of Subsidiaries

- Keeping control of **Inwit** and **exploting synergies** with TIM roll out plans, instead of asset's sale

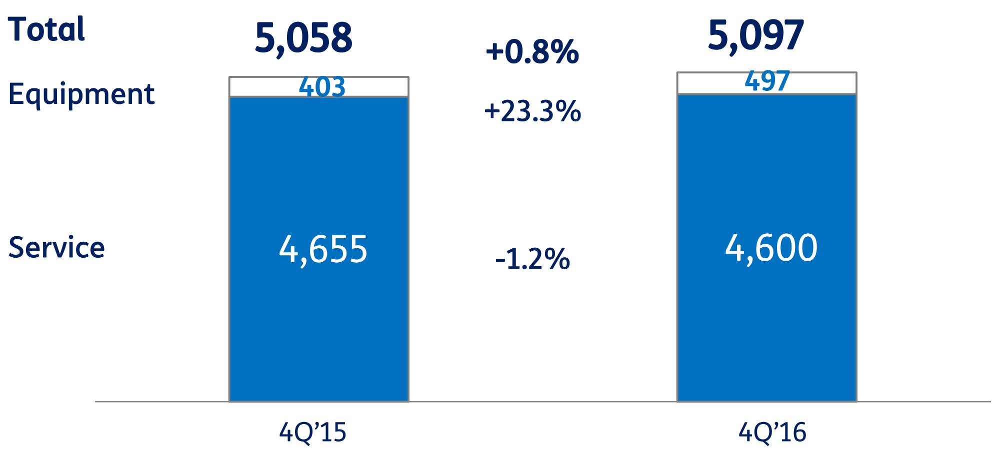
- **TI Sparkle** in a re-launch phase; exploit synergies with Business division on Multi-National Clients

- **Olivetti** can have a new life, focusing on partnerships to launch cutting edge devices and ICT Digital Solutions

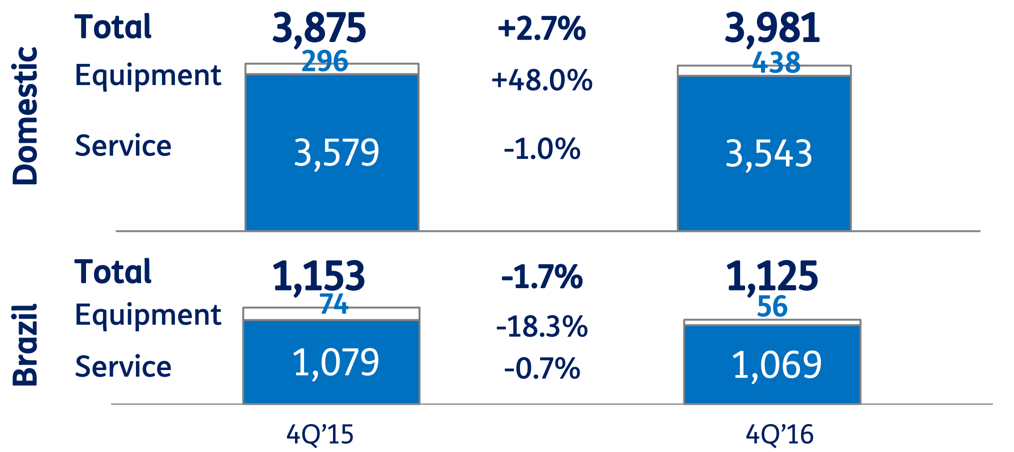
Group 4Q'16: Organic Revenues and EBITDA

Organic*, €mln, % YoY

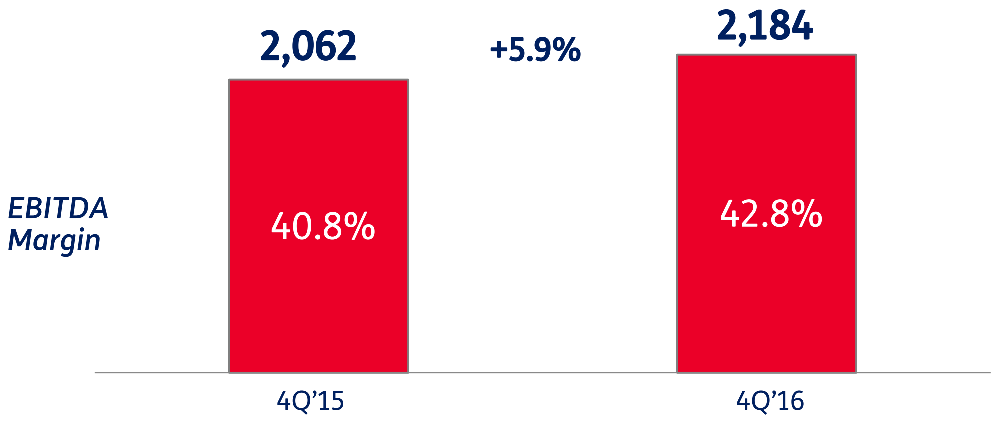
Group Revenues



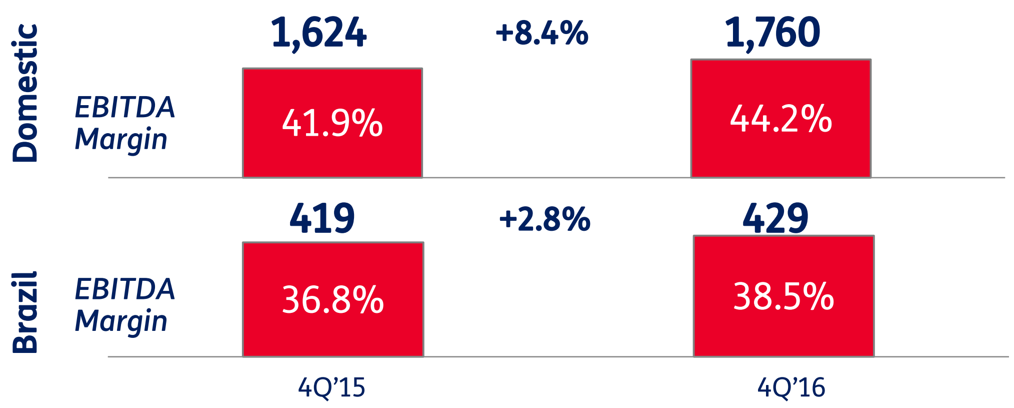
Revenue Breakdown



Group EBITDA



EBITDA Breakdown

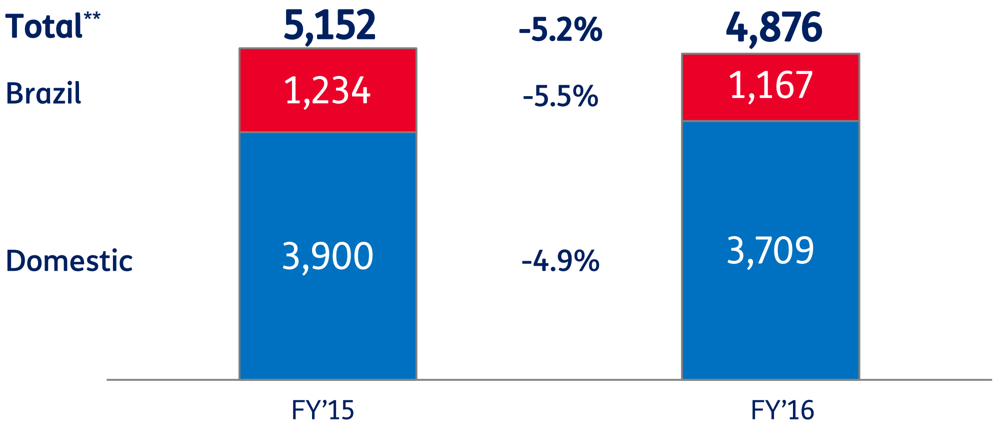


* Before non-recurring items and excluding exchange rate fluctuations

Group FY’16: Capex and Net Debt

€mln, % YoY

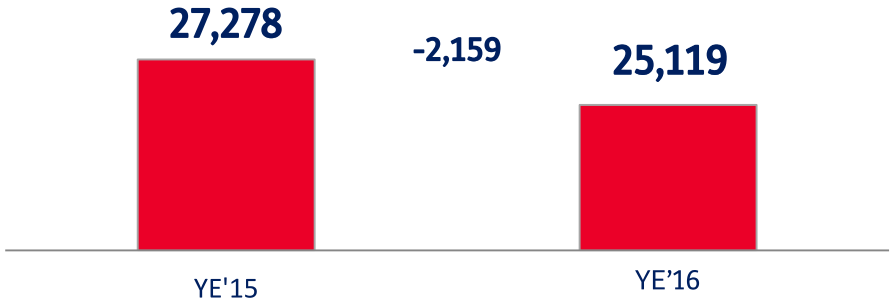
Group Organic* Capex



Capex Highlights

- Group Capex reduction due to different dynamics:
  - Efficiencies also from lower procurement costs despite higher **Investments on Innovative Services** in **Brazil**
  - More investment in **Italy** mainly driven by **UBB Network roll-out** & **Transformational Projects**

Adjusted Net Debt



26,651	+627	27,278
YE’14		YE’15

Net Debt Highlights

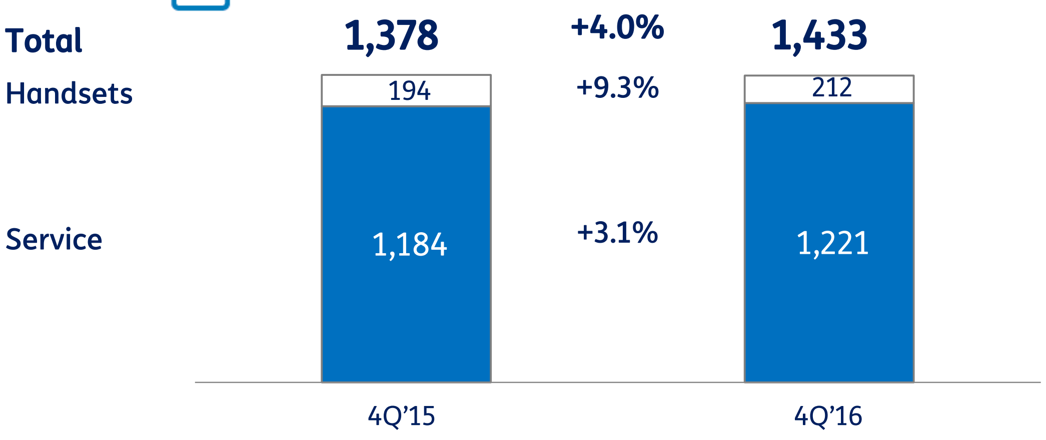
- The **FY’16 Net Cash Flow** at the Group level was **2,159 million euro** due to **the strong OpFCF generation** (2,856 mln euro) and the benefit coming from the conversion of **Mandatory Convertible Bond** occurred in November ’16 (1,300 mln euro)

* excluding exchange rate fluctuations
** Other activities & eliminations included

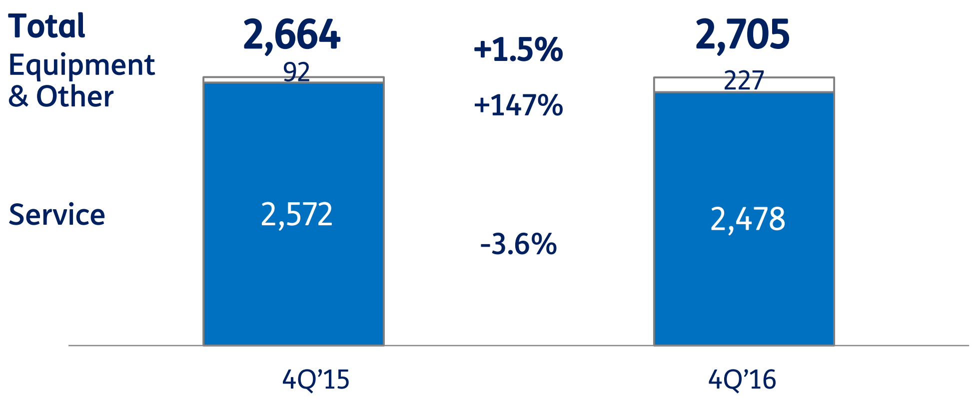
Mobile and Fixed Performance

000, €mln,
% YoY

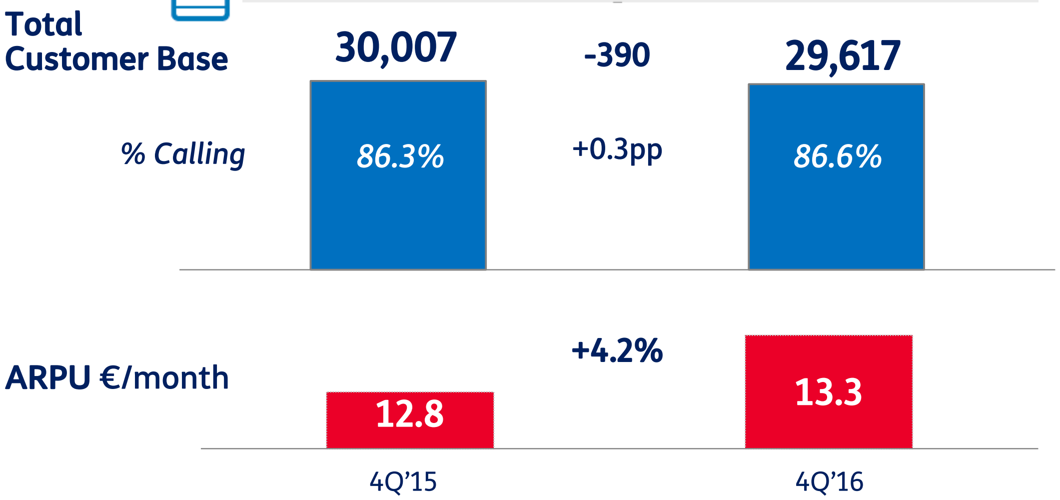
Domestic Mobile Revenues



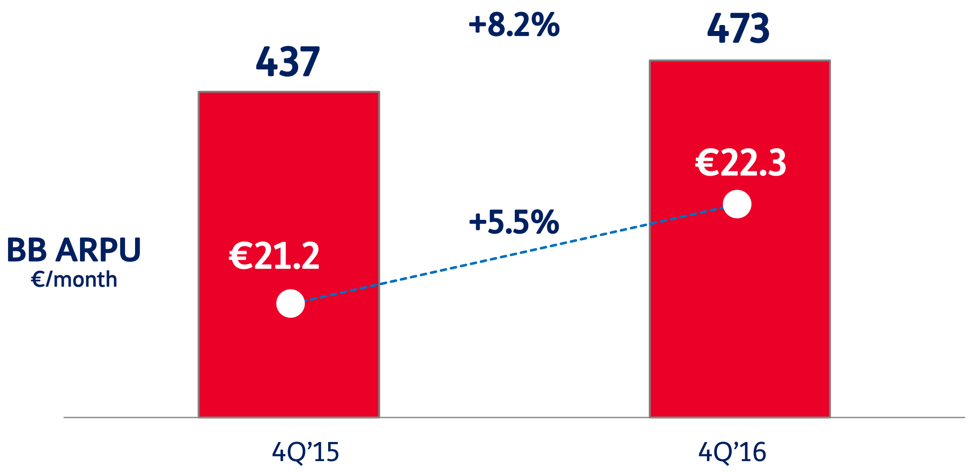
Domestic Fixed Revenues



Customer Base and ARPU Dynamics



Domestic BB Service Revenues

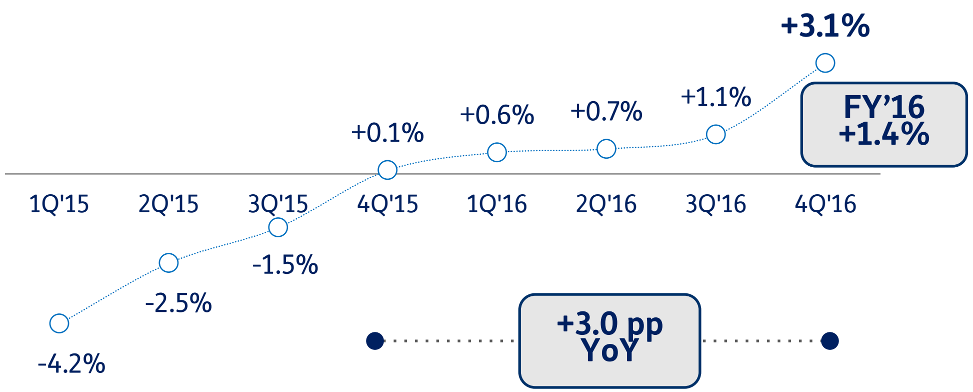


Mobile and Fixed Dashboard

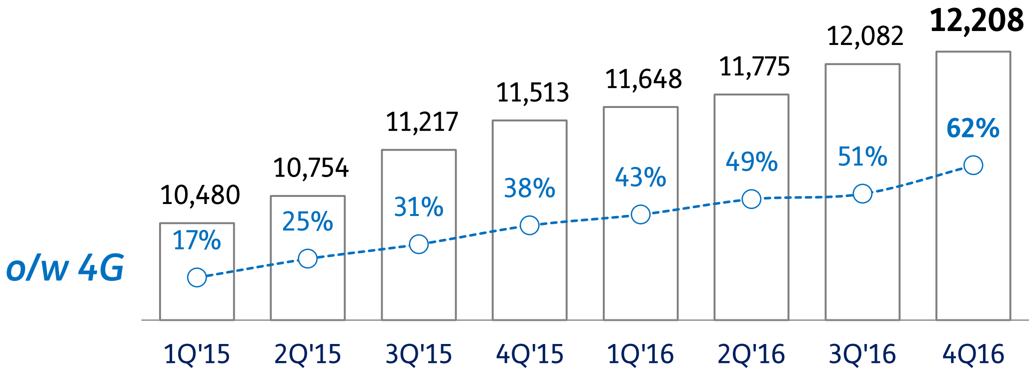
4Q’16 Domestic Overview

000, €mln, % YoY

Mobile Service Revenue Trend

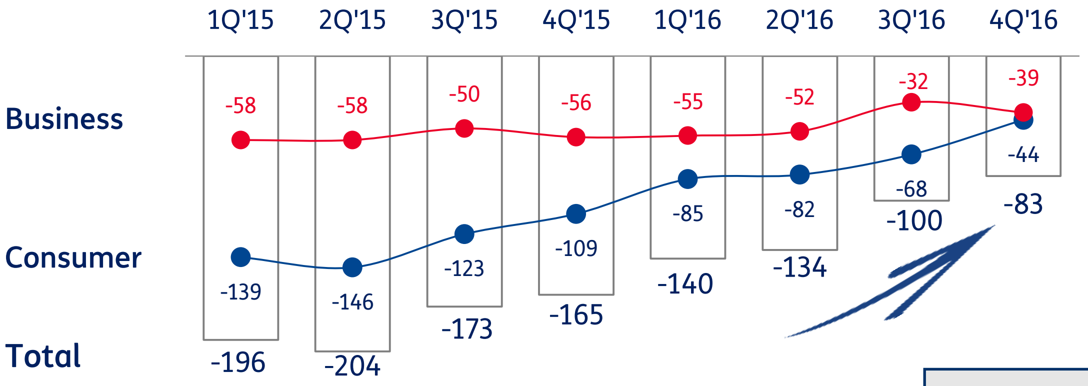


Mobile Broadband Users



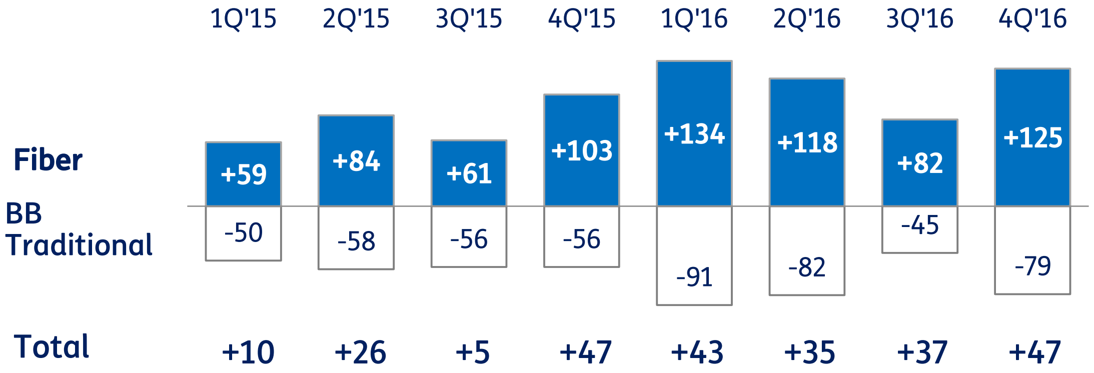
Fixed Line Losses

Line Losses FY’16: -38% YoY



Fixed BB Net Adds

FY‘16 Fiber Net Adds +459k lines

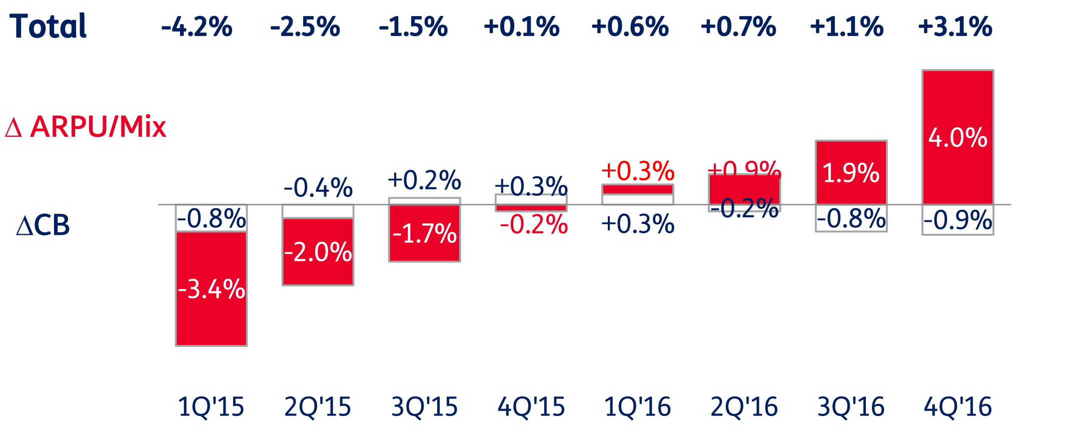


TIM

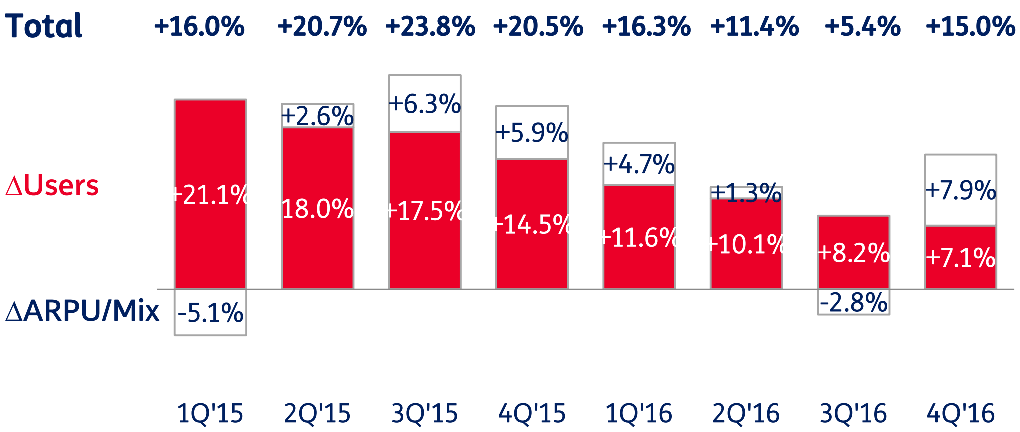
Domestic Mobile in Detail

000, €mln,
% YoY

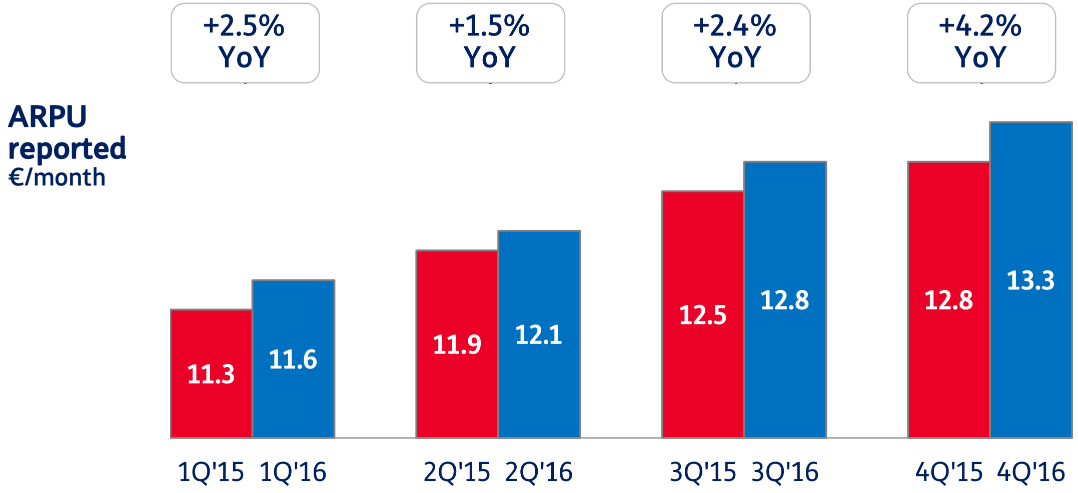
Mobile Service Revenues Trend



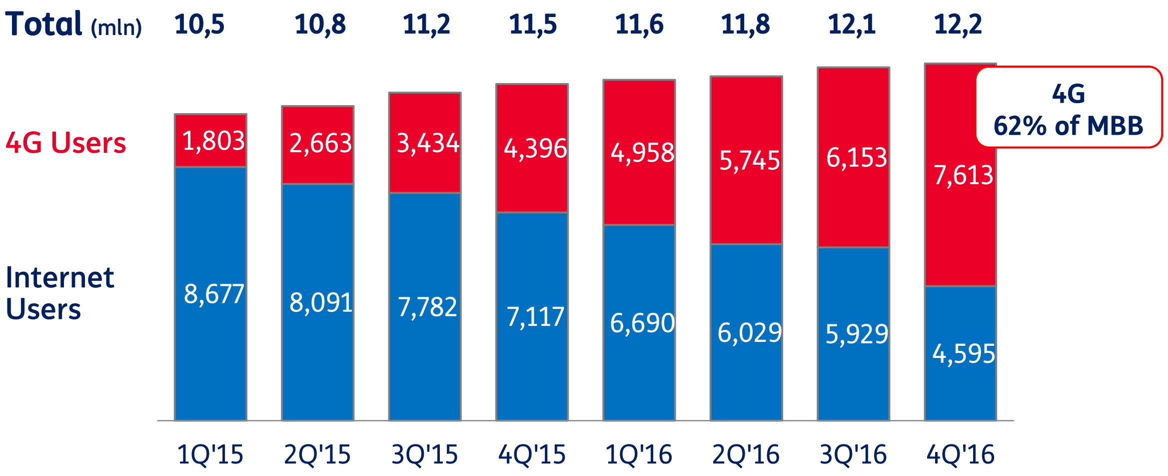
Mobile BB Service Revenues Trend



ARPU



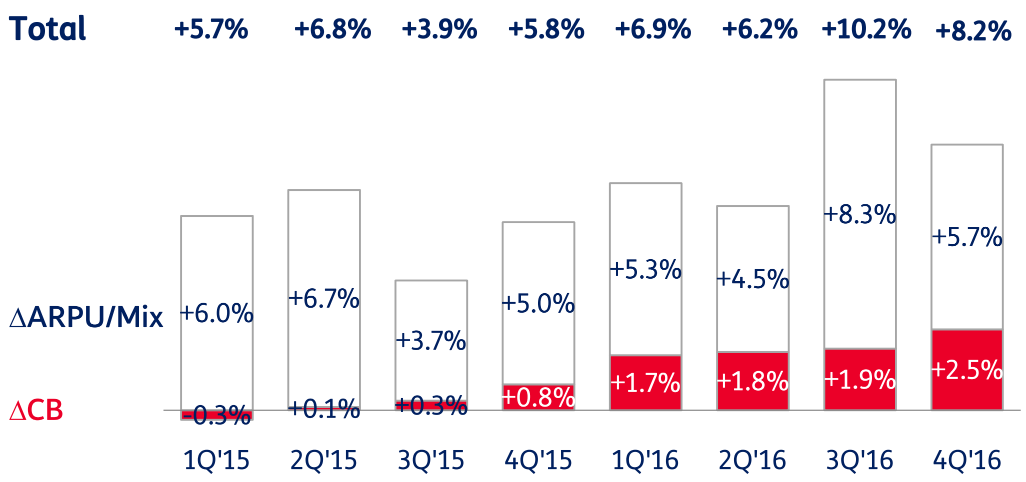
Mobile BB Customer Base



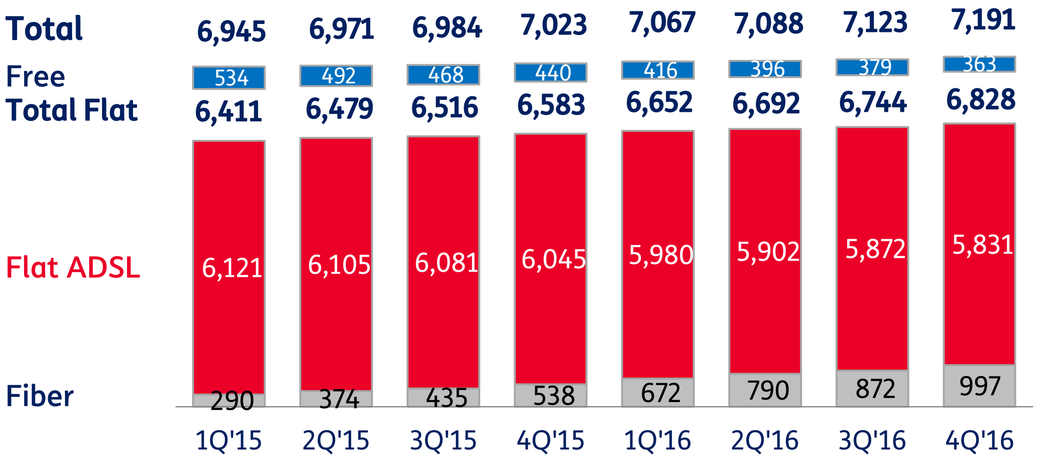
Domestic Fixed in Detail

000, €mln, % YoY

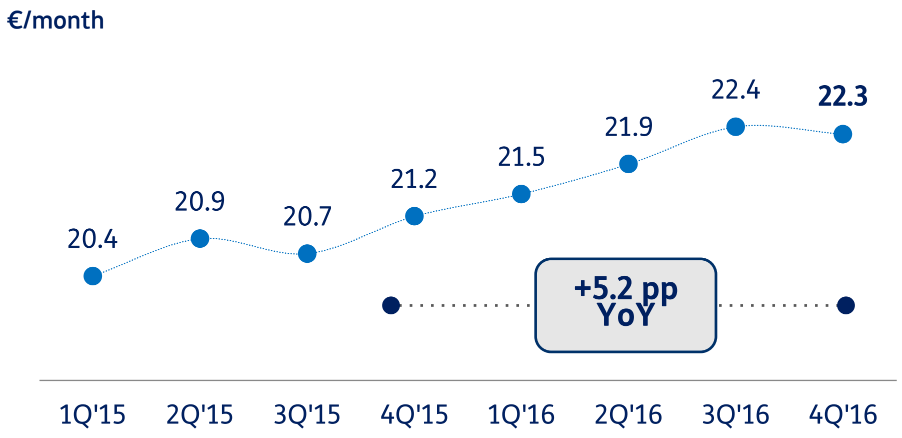
Fixed BB Service Revenues Trend



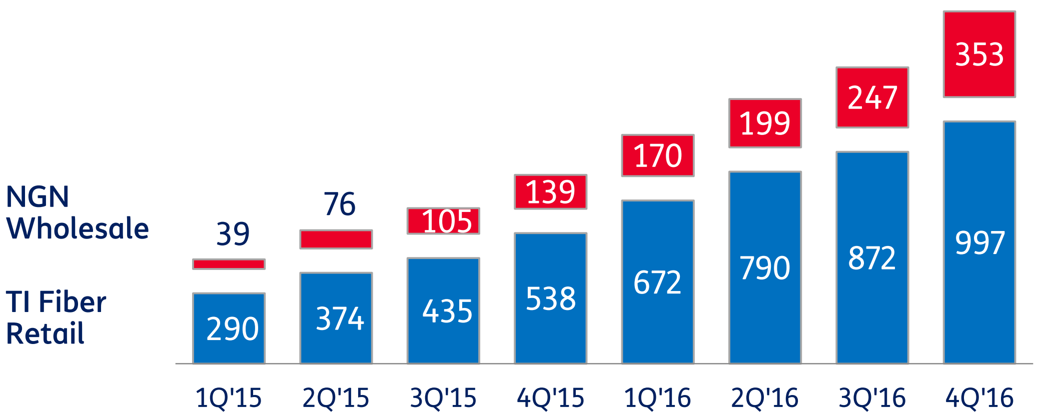
Fixed BB Customer Base



Fixed BB ARPU



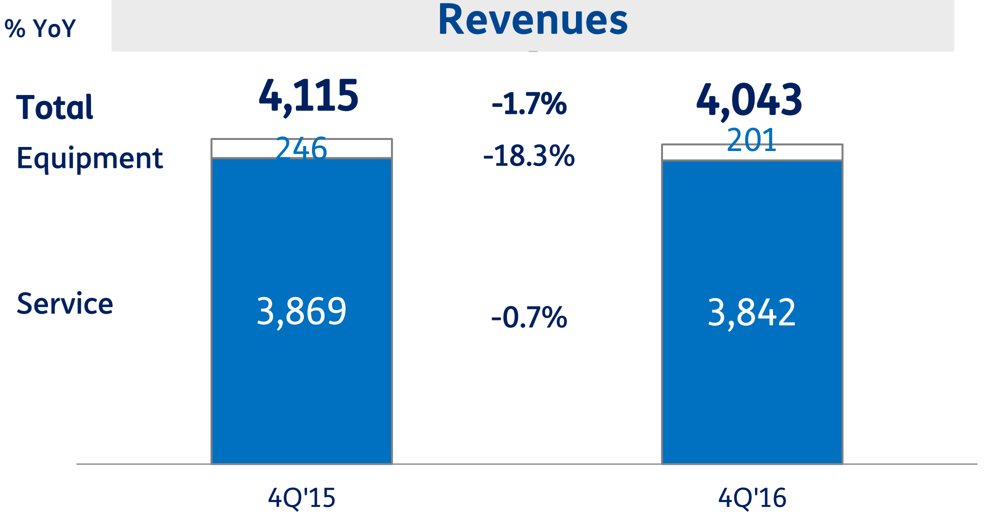
Focus on Fiber Users



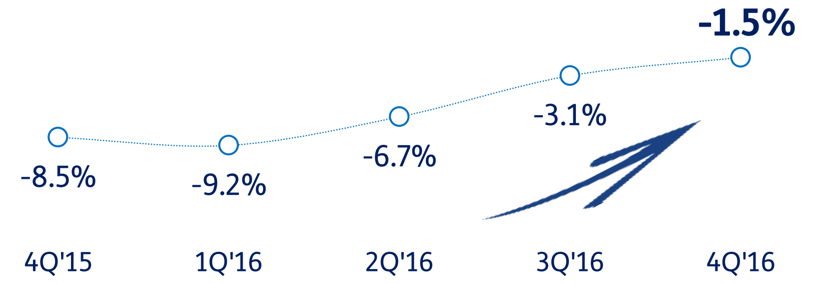
TIM

TIM Brasil: 4Q'16 Results

Revenues

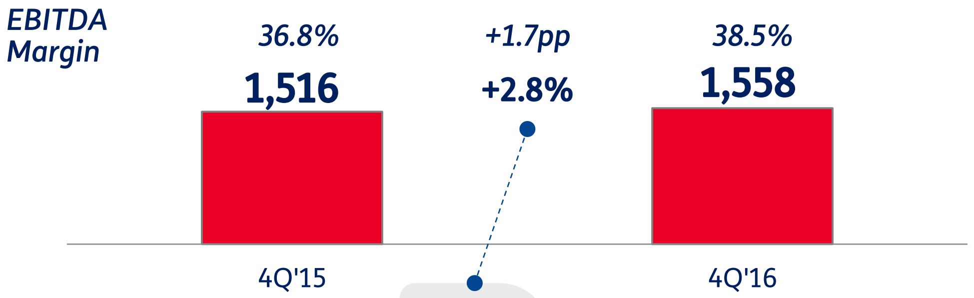


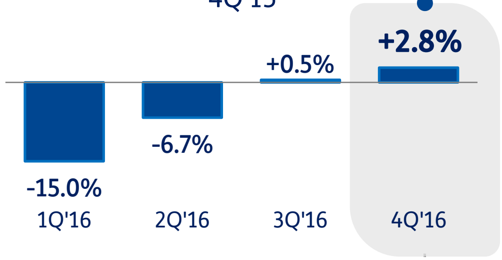
Focus on Mobile Service Revenues YoY



Mobile Service Revenues (YoY%) confirm their rebound

Organic* EBITDA

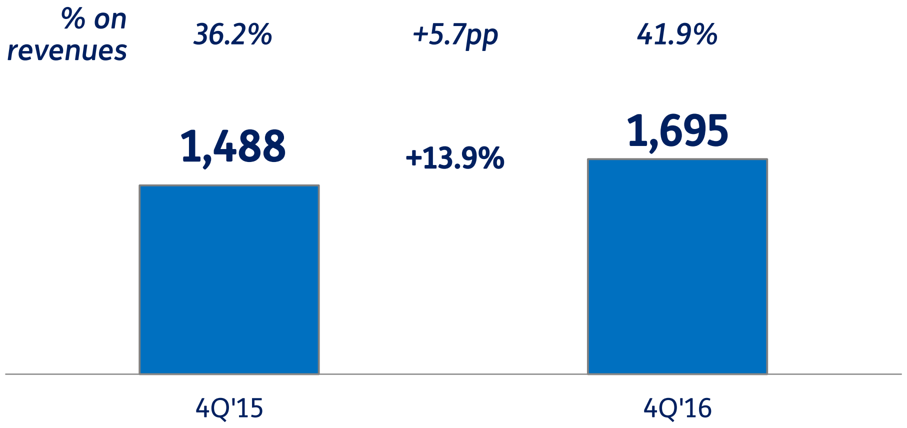




EBITDA and margins improvements backed by:

- Well executed efficiency plan
- Lighter impacts from MTR
- Improved revenues mix (more data and less handsets)

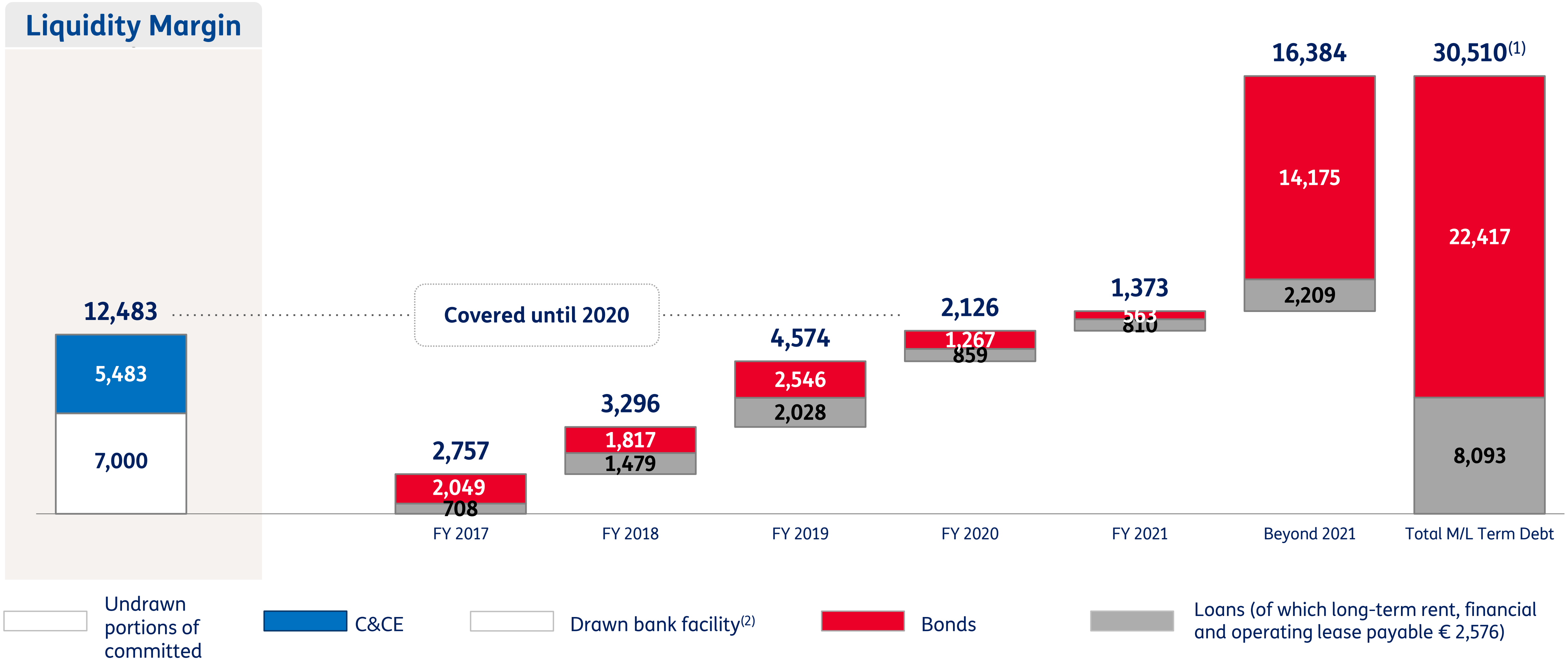
Capex



* Organic: before non-recurring items and excluding exchange rate fluctuations

Maturities and Liquidity Margin

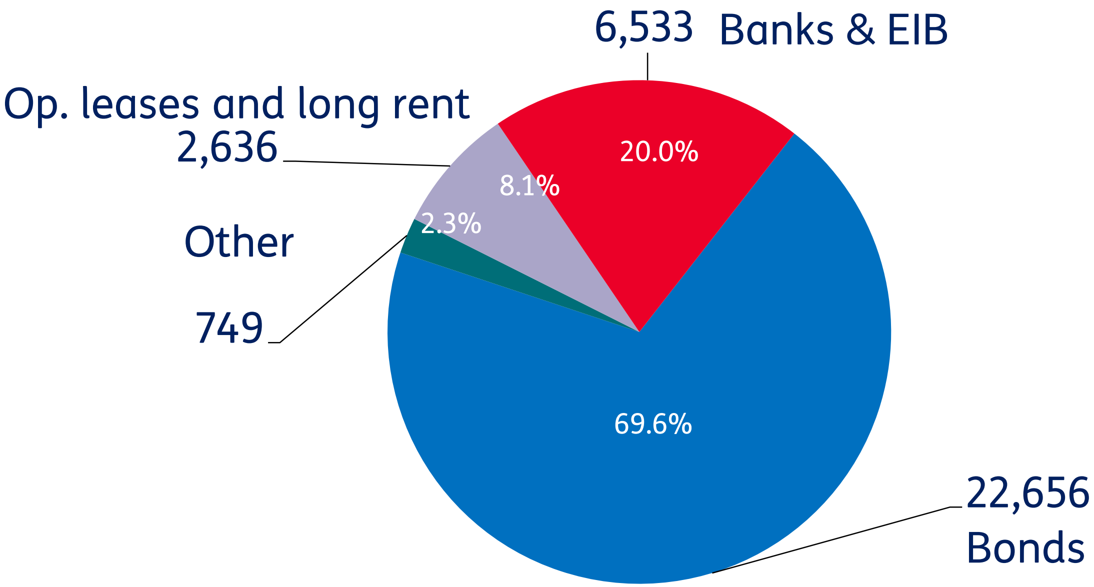
€mln



(1) € 30,510 mln is the nominal amount of outstanding medium-long term debt. By adding IAS adjustments (€ 1,464 mln) and current financial liabilities (€ 598 mln), the gross debt figure of € 32,572 mln is reached.
(2) Committed Bank lines are undrawn

Well Diversified and Hedged Debt

€mln



Gross debt	**32,574**
Financial Assets	(7,455)
of which C&CE and marketable securities	(5,483)
- C & CE	(3,964)
- Marketable securities	(1,519)
- Government Securities	(806)
- Other	(713)
Net financial position	**25,119**

Maturities and Risk Management

Average m/l term maturity:
8.02 years (bond only 8.44 years)

Fixed rate portion on gross debt approximately **70.7%**

Around **40% of outstanding bonds** (nominal amount) denominated in **USD and GBP and is fully hedged**

Cost of debt: ~5.1 %

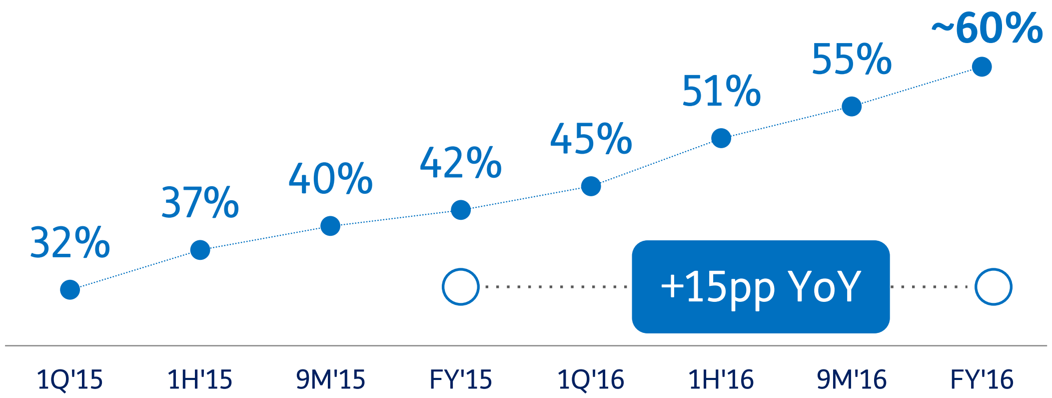
N.B. The figures are net of the adjustment due to the fair value measurement of derivatives and related financial liabilities/assets, as follows:
- the impact on Gross Financial Debt is equal to 1.951 €/mln (of which 308 €/mln on bonds)
- the impact on Financial Assets is equal to 1.115 €/mln.

Therefore, the Net Financial Indebtedness is adjusted by 836 €/mln.

N.B. The difference between total financial assets (€ 7.455 mln) and C&CE and marketable securities (€ 5.483 mln) is equal to € 1.972 mln and refers to positive MTM derivatives (accrued interests and exchange rate) for € 1.635 mln, financial receivables for lease for € 160 mln, deposits beyond 3 months for € 100 mln and other credits for € 77 mln.

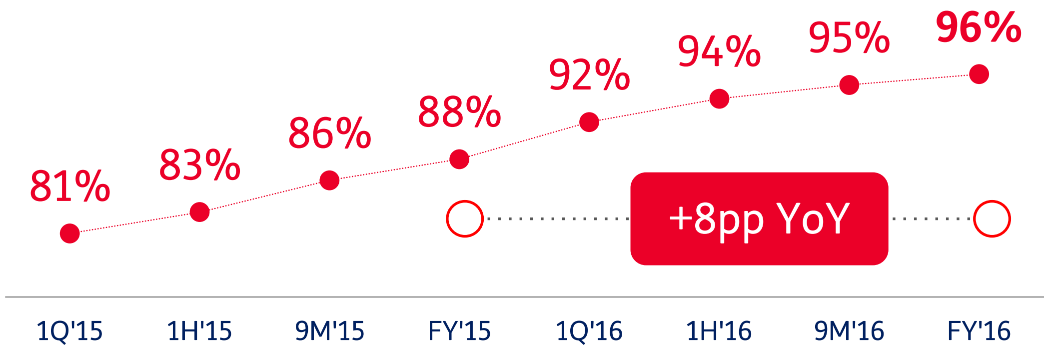
Domestic Fiber and LTE Coverage Trend

Fiber Coverage*



	today	2019
Coverage	>60%	~95%

Today 4G Coverage



	today	2019
Population	>96%	>99%

* Household passed

Domestic Fiber: More for the Same

More Fibre More Spees

- **Increase coverage plans both FTTC and FTTH** based on profitability. In non-profitable areas synergies with public tenders.
- **Expansion and evolution of FTTC**: Expansion of coverage, introduction of e-VDSL to support access speeds of **300 Mbit / s.**, Improving quality.

First Mover

- **FTTH acceleration: confirming the approach on 30 targeted cities** (+59 municipalities of EuroSUD tender) in **synergy with Flash Fiber.**
- **By 2019 additional development of 20 cities**

Coverage accelerators

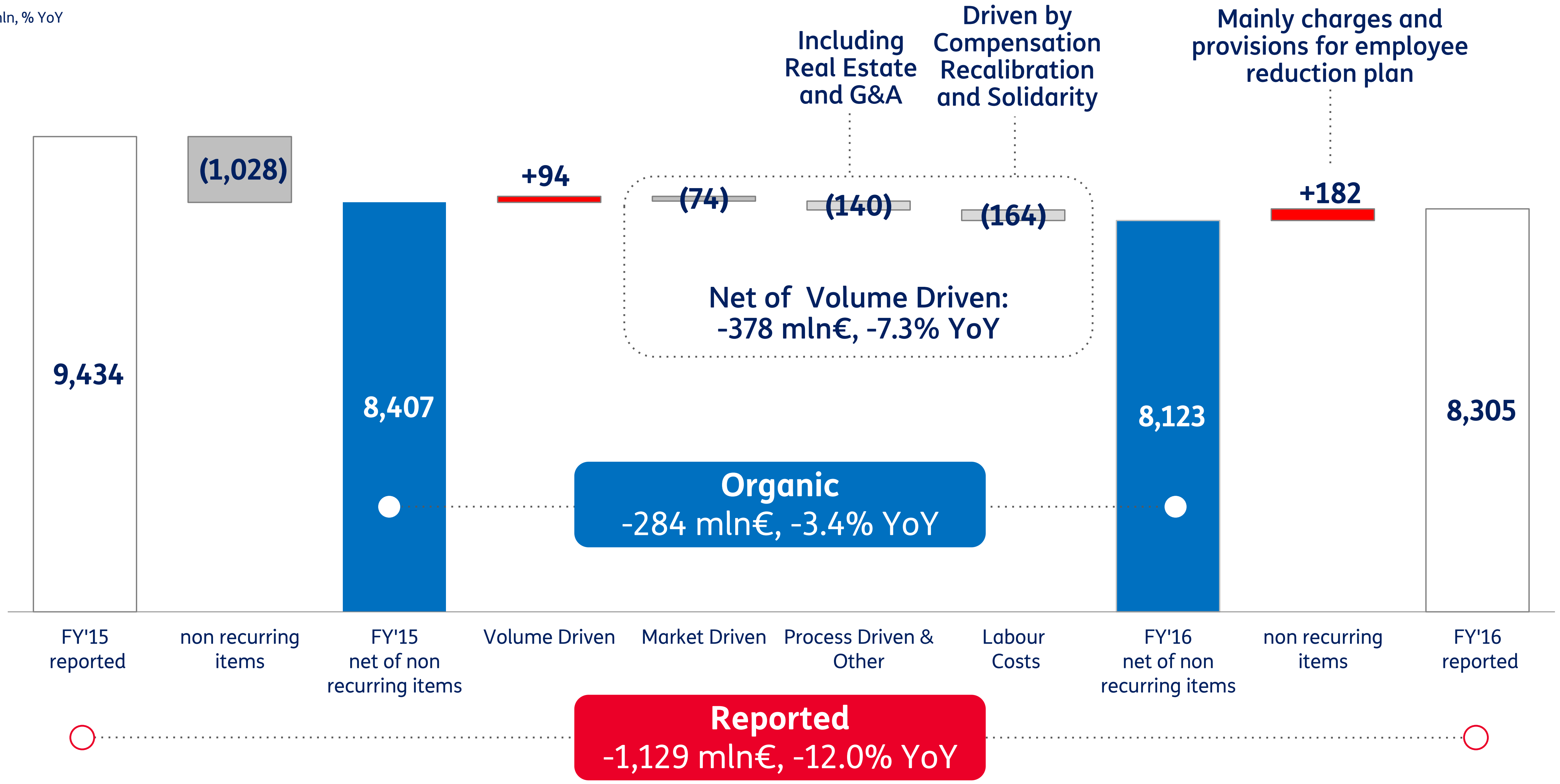
- **Agreements with third parties**:
  - Agreement with Fastweb ("Step up" in the FTTH coverage, joint development, market protection)
  - Possible agreements with local utilities to optimize investments (eg .. A2A, Hera)

5G

- **Access to Fiber** will be a strategic asset for the development of **5G networks**

Focus on Domestic Opex

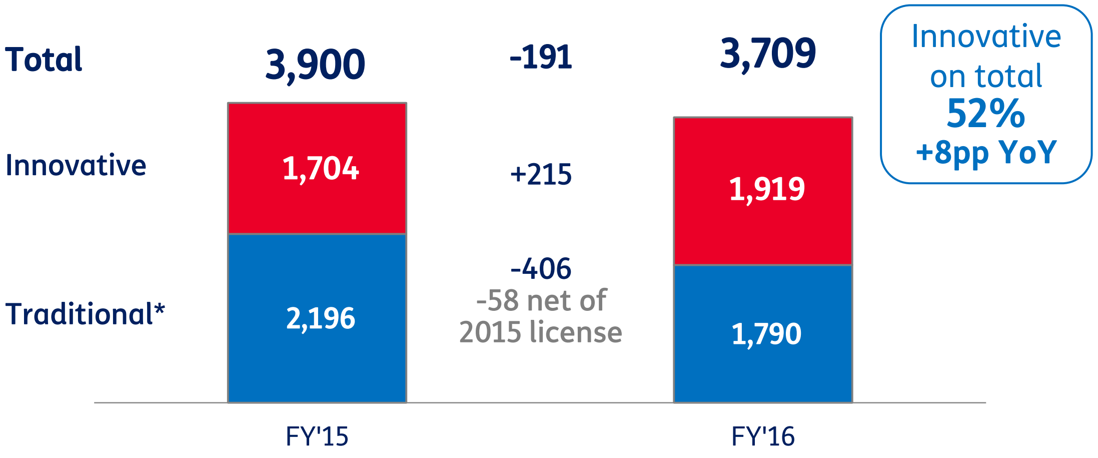
€mln, % YoY



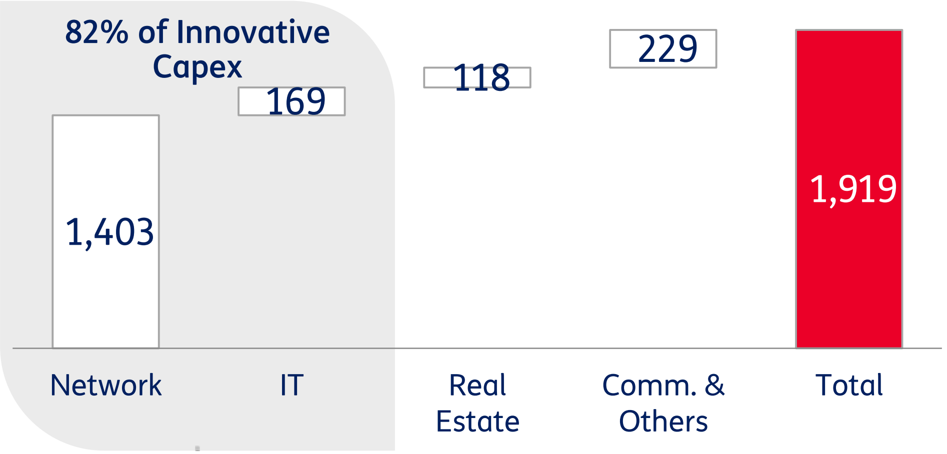
FY’16 Domestic: Focus on Investments

€mln

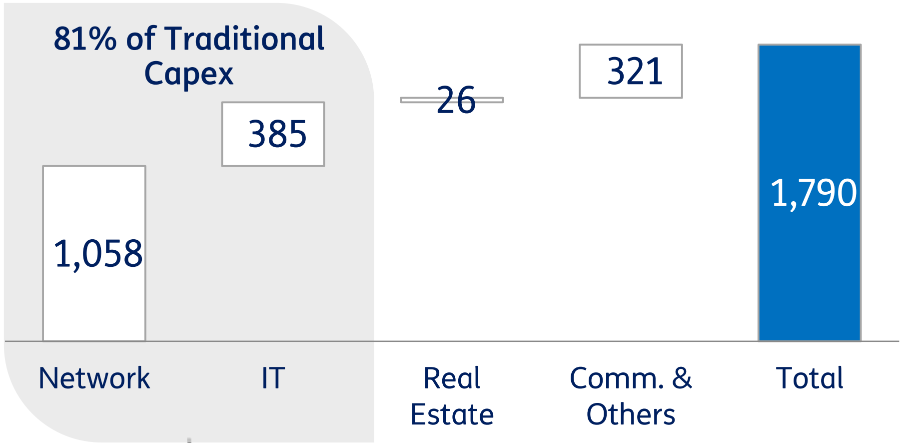
Total Domestic Capex



Innovative Capex Breakdown



Traditional Capex Breakdown



Domestic Capex Highlights

- Innovative Investments (+215 €mln YoY) driven by a faster pace in LTE, NGN and Cloud Services
- 82% of Innovative Capex and 81% of Traditional Capex are Network and IT, indicating strong focus on Infrastructure

* Including 347 €mln for icense

Open Access - Delivery and Assurance for all Retail and Wholesale Customers

Delivery

Focus on the Improvement of the Customer Experience:

57 on going activities

- Schedule appointments with customers even on **weekends**
- **Extension of the call period for appointment set-up**
- **Courtesy SMS**
- **Delivery Center** to support customer continuosly
- Availability of a **Virtual Agent** to choose date / time appointment
- **Recovery actions on customers who refuse the activation** or **are unavailable** (4th representative)
- **App** to increase the autonomy of the technicians during the intervention.
- Advanced assistance with fee on **configuration and customer plant**

Assurance

Focus on Improving the Efficiency and the Customer Experience:

33 on going activities

- Advanced assistance with fee on **products**
- Extension of **digital channels** and **self caring strengthening**, also for fiber services
- On-line diagnostic improvement to increase **first call resolution**
- **Proactive** intervention on customers (modem) to prevent the occurrence of faults
- New **Work Force Optimization System** and ticket allocation on the basis of the skills

For further questions please contact the IR Team

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TIM Slideshare Account

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