4Q16/FY16 Financial and operating data

Index

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The financial and operating data have been extracted or derived, with the exception of some data, from the TIM 2016 and 2015 Annual Reports; the latter report was examined and approved by the TIM Board of Directors on 23 March 2017; the data of the 2016 FY were prepared (including those of the prior year/periods under comparison) in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as “IFRS”).

In particular, the accounting policies and consolidation principles adopted in the preparation of the Financial Statements at 31 December 2016 have been applied on a basis consistent with those adopted in the Annual Financial Statements at 31 December 2015, to which reference should be made, except for the use of the new standards and interpretations adopted by the TIM Group starting from 1 January 2016 which had no effects on the 2016 Financial Statements.

As of today, the audit work by our independent auditors on the TIM Consolidated and Separate Financial Statements for the year ended 31 December 2016 have not yet been completed.

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 has been revised, segment information included.

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 and Eliminations.

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

Key financial data by Business Unit

	Revised				UNAUDITED FIGURES			
REVENUES	**1Q15**	**1H15**	**9M15**	**FY15**	**1Q16**	**1H16**	**9M16**	**FY16**
Domestic	3.631	7.375	11.127	15.001	3.548	7.247	11.036	15.006
o/w Wireline Domestic	2.657	5.345	7.990	10.654	2.553	5.131	7.774	10.495
o/w Mobile Domestic	1.151	2.387	3.690	5.068	1.186	2.447	3.747	5.179
Brasile	1.412	2.691	3.699	4.637	897	1.858	2.922	4.047
Other activities & Elim.	11	35	52	81	(5)	(9)	(19)	(28)
TI Group	**5.054**	**10.101**	**14.878**	**19.719**	**4.440**	**9.096**	**13.939**	**19.025**
EBITDA Reported								
Domestic	1.610	2.846	4.525	5.567	1.461	3.184	4.995	6.698
Brasile	416	790	1.108	1.451	258	556	900	1.325
Other activities & Elim.	7	3	(11)	(12)	(7)	(14)	(17)	(21)
TI Group	**2.033**	**3.639**	**5.622**	**7.006**	**1.712**	**3.726**	**5.878**	**8.002**
EBITDA Margin Reported								
Domestic	44,3%	38,6%	40,7%	37,1%	41,2%	43,9%	45,3%	44,6%
Brasile	29,5%	29,4%	30,0%	31,3%	28,8%	29,9%	30,8%	32,7%
TI Group	**40,2%**	**36,0%**	**37,8%**	**35,5%**	**38,6%**	**41,0%**	**42,2%**	**42,1%**
EBIT Reported								
Domestic	814	1.222	2.090	2.359	662	1.581	2.575	3.376
Brazil	165	574	742	638	49	121	210	368
Other activities & Elim.	2	(8)	(26)	(34)	(7)	(15)	(17)	(22)
TI Group	**981**	**1.788**	**2.806**	**2.963**	**704**	**1.687**	**2.768**	**3.722**
EBIT Margin Reported								
Domestic	22,4%	16,6%	18,8%	15,7%	18,7%	21,8%	23,3%	22,5%
Brasile	11,7%	21,3%	20,1%	13,8%	5,5%	6,5%	7,2%	9,1%
TI Group	**19,4%**	**17,7%**	**18,9%**	**15,0%**	**15,9%**	**18,5%**	**19,9%**	**19,6%**
CAPEX								
Domestic	676	1.506	2.297	3.900	778	1.575	2.398	3.709
Brasile	287	637	930	1.289	166	408	709	1.167
Elim & Adj	1	3	6	8	0	0	0	0
TI Group	**964**	**2.146**	**3.233**	**5.197**	**944**	**1.983**	**3.107**	**4.876**
CAPEX ON SALES (%)								
Domestic	18,6%	20,4%	20,6%	26,0%	21,9%	21,7%	21,7%	24,7%
Brasile	20,3%	23,7%	25,1%	27,8%	18,5%	22,0%	24,3%	28,8%
TI Group	**19,1%**	**21,2%**	**21,7%**	**26,4%**	**21,3%**	**21,8%**	**22,3%**	**25,6%**

Key financial data by Business Unit

REVENUES	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
	Revised						UNAUDITED FIGURES	
Domestic	3.631	3.744	3.752	3.874	3.548	3.699	3.789	3.970
o/w Wireline Domestic	2.657	2.688	2.645	2.664	2.553	2.578	2.643	2.721
o/w Mobile Domestic	1.151	1.236	1.303	1.378	1.186	1.261	1.300	1.432
Brasile	1.412	1.279	1.008	938	897	961	1.064	1.125
Other activities & Elim.	11	24	17	29	(5)	(4)	(10)	(9)
TI Group	**5.054**	**5.047**	**4.777**	**4.841**	**4.440**	**4.656**	**4.843**	**5.086**
EBITDA Reported								
Domestic	1.610	1.236	1.679	1.042	1.461	1.723	1.811	1.703
Brasile	416	374	318	343	258	298	344	425
Other activities & Elim.	7	(4)	(14)	(1)	(7)	(7)	(3)	(4)
TI Group	**2.033**	**1.606**	**1.983**	**1.384**	**1.712**	**2.014**	**2.152**	**2.124**
EBITDA Margin Reported								
Domestic	44,3%	33,0%	44,7%	26,9%	41,2%	46,6%	47,8%	42,9%
Brasile	29,5%	29,2%	31,5%	36,6%	28,8%	31,0%	32,3%	37,8%
TI Group	**40,2%**	**31,8%**	**41,5%**	**28,6%**	**38,6%**	**43,3%**	**44,4%**	**41,8%**
EBIT Reported								
Domestic	814	408	868	269	662	919	994	801
Brasile	165	409	168	-104	49	72	89	158
Other activities & Elim.	2	(10)	(18)	(8)	(7)	(8)	(2)	(5)
TI Group	**981**	**807**	**1.018**	**157**	**704**	**983**	**1.081**	**954**
EBIT Margin Reported								
Domestic	22,4%	10,9%	23,1%	6,9%	18,7%	24,8%	26,2%	20,2%
Brasile	11,7%	32,0%	16,7%	-11,1%	5,5%	7,5%	8,4%	14,0%
TI Group	**19,4%**	**16,0%**	**21,3%**	**3,2%**	**15,9%**	**21,1%**	**22,3%**	**18,8%**
CAPEX								
Domestic	676	830	791	1.603	778	797	823	1.311
Brasile	287	350	293	359	166	242	301	458
Elim & Adj	1	2	3	2	0	0	0	0
TI Group	**964**	**1.182**	**1.087**	**1.964**	**944**	**1.039**	**1.124**	**1.769**
CAPEX ON SALES (%)								
Domestic	18,6%	22,2%	21,1%	41,4%	21,9%	21,5%	21,7%	33,0%
Brasile	20,3%	27,4%	29,1%	38,3%	18,5%	25,2%	28,3%	40,7%
TI Group	**19,1%**	**23,4%**	**22,8%**	**40,6%**	**21,3%**	**22,3%**	**23,2%**	**34,8%**

P&L Group

€ mln	Revised 1Q15	1H15	9M15	FY15	UNAUDITED FIGURES 1Q16	1H16	9M16	FY16
REVENUES	**5.054**	**10.101**	**14.878**	**19.719**	**4.440**	**9.096**	**13.939**	**19.025**
Other Income	53	131	206	287	47	107	165	311
TOTAL OPERATING REVENUES AND OTHER INCOME	**5.107**	**10.232**	**15.084**	**20.006**	**4.487**	**9.203**	**14.104**	**19.336**
Acquisition of goods and services	(2.171)	(4.372)	(6.340)	(8.532)	(1.923)	(3.783)	(5.710)	(7.793)
Employee benefits expenses	(833)	(1.705)	(2.433)	(3.589)	(848)	(1.551)	(2.303)	(3.106)
Other operating expenses	(265)	(888)	(1.160)	(1.491)	(247)	(501)	(757)	(1.083)
Internally generated assests and Others	195	372	471	612	243	358	544	648
EBITDA	**2.033**	**3.639**	**5.622**	**7.006**	**1.712**	**3.726**	**5.878**	**8.002**
EBITDA Margin	40,2%	36,0%	37,8%	35,5%	38,6%	41,0%	42,2%	42,1%
Depreciation and amortization	(1.052)	(2.130)	(3.164)	(4.135)	(1.009)	(2.047)	(3.116)	(4.291)
Gains (losses) on disposals of non-current assets		279	348	336	3	13	14	14
Impairment reversals (losses) on non-current assets				(244)	(2)	(5)	(8)	(3)
EBIT	**981**	**1.788**	**2.806**	**2.963**	**704**	**1.687**	**2.768**	**3.722**
EBIT Margin	19,4%	17,7%	18,9%	15,0%	15,9%	18,5%	19,9%	19,6%
Income (loss) equity invest. valued equity method	2	4	15	11		5	4	(16)
Net Financial Income / (Expenses)	(817)	(1.482)	(1.970)	(2.521)	(26)	(145)	(510)	(907)
Profit (loss) before tax from continuing operations	**166**	**310**	**851**	**453**	**678**	**1.547**	**2.262**	**2.799**
Income tax expense	(74)	(195)	(391)	(403)	(221)	(489)	(699)	(880)
Profit (loss) from continuing operations	**92**	**115**	**460**	**50**	**457**	**1.058**	**1.563**	**1.919**
Profit (loss) from Discontinued operations/Non-current assets hel	169	330	480	611	47	47	47	47
Profit (loss) for the year	**261**	**445**	**940**	**661**	**504**	**1.105**	**1.610**	**1.966**
Attributable to:								
Owners of the Parent	**82**	**33**	**367**	**(70)**	**433**	**1.018**	**1.495**	**1.808**
Non-controlling interests	179	412	573	731	71	87	115	158

Consolidated Balance Sheet

UNAUDITED FIGURES

€ mln	Revised FY15	1Q16	1H16	9M16	FY16
ASSETS					
NON-CURRENT ASSETS					
Intangible assets					
Goodwill	29.383	29.436	29.566	29.548	29.612
Intangible assets with a finite useful life	6.480	6.516	6.777	6.733	6.951
	35.863	35.952	36.343	36.281	36.563
Tangible assets					
Property, plant and equipment owned	12.659	12.816	13.211	13.233	13.947
Assets held under finance leases	2.208	2.210	2.298	2.358	2.413
	14.867	15.026	15.509	15.591	16.360
Other non-current assets					
Investments in associates and joint ventures accounted for using the equity method	41	41	39	39	18
Other investments	45	41	38	42	46
Non-current financial assets	2.989	2.766	3.129	2.960	2.698
Miscellaneous receivables and other non-current assets	1.804	1.899	2.048	2.096	2.222
Deferred tax assets	853	894	735	579	877
	5.732	5.641	5.989	5.716	5.861
TOTAL NON-CURRENT ASSETS (A)	**56.462**	**56.619**	**57.841**	**57.588**	**58.784**
CURRENT ASSETS					
Inventories	254	341	294	325	270
Trade and miscellaneous receivables and other current assets	5.086	5.534	5.683	5.440	5.426
Current income tax receivables	163	26	69	81	94
Other investments					
Securities other than investments, financial receivables and other current financial assets	1.840	1.130	1.330	1.983	1.908
Cash and cash equivalents	3.559	2.665	2.707	4.275	3.964
Current assets sub-total	**10.902**	**9.696**	**10.083**	**12.104**	**11.662**
Discontinued operations/assets held for sale					
of a financial nature	227	-	-	-	-
of a non-financial nature	3.677	-	-	-	-
	3.904	**-**	**-**	**-**	**-**
TOTAL CURRENT ASSETS (B)	**14.806**	**9.696**	**10.083**	**12.104**	**11.662**
TOTAL ASSETS (A+B)	**71.268**	**66.315**	**67.924**	**69.692**	**70.446**

Consolidated Balance Sheet

UNAUDITED FIGURES

€ mln	Revised FY15	1Q16	1H16	9M16	FY16
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to equity holders of the Parent	17.554	18.181	19.106	19.414	21.207
Equity attributable to Minority Interests	3.695	2.035	2.221	2.223	2.346
TOTAL EQUITY (C)	**21.249**	**20.216**	**21.327**	**21.637**	**23.553**
NON-CURRENT LIABILITIES					
Non-current financial liabilities	30.518	30.354	31.027	31.363	30.469
Employee benefits	1.420	1.459	1.580	1.537	1.355
Deferred tax liabilities	323	367	434	436	293
Provisions	551	551	569	643	830
Miscellaneous payables and other non-current liabilities	1.429	1.140	1.207	1.497	1.607
TOTAL NON-CURRENT LIABILITIES (D)	**34.241**	**33.871**	**34.817**	**35.476**	**34.554**
CURRENT LIABILITIES					
Current financial liabilities	6.224	4.440	4.209	5.266	4.056
Trade and miscellaneous payables and other current liabilities	7.563	7.701	7.445	7.183	7.646
Current income tax payables	110	87	126	130	637
Current liabilities sub-total (E)	**13.897**	**12.228**	**11.780**	**12.579**	**12.339**
Liabilities directly associated with Discontinued operations/Non-current assets held for sale					
of a financial nature	348	-	-	-	-
of a non-financial nature	1.533	-	-	-	-
	1.881	**-**	**-**	**-**	**-**
TOTAL CURRENT LIABILITIES (E)	**15.778**	**12.228**	**11.780**	**12.579**	**12.339**
TOTAL LIABILITIES (F=D+E)	**50.019**	**46.099**	**46.597**	**48.055**	**46.893**
TOTAL EQUITY AND LIABILITIES (C+F)	**71.268**	**66.315**	**67.924**	**69.692**	**70.446**

Net Cash Flow & Net Debt Dynamics

(€ mln)	Revised 1Q15	1H15	9M15	FY15	UNAUDITED FIGURES 1Q16	1H16	9M16	FY16
EBITDA	2.033	3.639	5.622	7.006	1.712	3.726	5.878	8.002
CAPEX	(964)	(2.146)	(3.233)	(5.197)	(944)	(1.983)	(3.107)	(4.876)
Change in net operating working capital:	(1.502)	(1.124)	(1.149)	(337)	(750)	(1.078)	(830)	(98)
Change in inventories	(40)	(54)	19	56	(87)	(40)	(71)	(10)
Change in trade receivables and net amounts due from customers on construction contracts	(345)	(128)	315	410	30	(130)	(31)	(310)
Change in trade payables (*)	(979)	(912)	(1.433)	(621)	(566)	(635)	(425)	445
Other changes in operating receivables/payables	(138)	(30)	(50)	(182)	(127)	(273)	(303)	(223)
Change in provisions for employee benefits	(6)	19	32	389	59	40	12	(131)
Change in operating provisions and Other changes	(16)	313	279	113	(52)	(34)	(45)	(41)
Net operating Free Cash Flow	**(455)**	**701**	**1.551**	**1.974**	**25**	**671**	**1.908**	**2.856**
Sale of investments and other disposals flow	3	1.379	1.554	1.571	707	732	737	745
Share capital increases/reimbursements, including incidental costs	186	186	186	186				1.304
Financial investments flow		(24)	(35)	(51)	(9)	(9)	(11)	(15)
Dividends payment	(3)	(204)	(204)	(204)		(227)	(227)	(227)
Change in finance lease contracts		(984)	(1.367)	(1.523)	(46)	(123)	(178)	(232)
Finance expenses, income taxes and other net non-operating requirements flow	(486)	(1.217)	(1.616)	(2.337)	(500)	(1.242)	(1.648)	(2.234)
Reduction/(Increase) in adjusted net financial debt from continuing operations	**(755)**	**(163)**	**69**	**(384)**	**177**	**(198)**	**581**	**2.197**
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	(24)	(178)	(222)	(243)	(38)	(38)	(38)	(38)
Reduction/(Increase) in adjusted net financial debt	**(779)**	**(341)**	**(153)**	**(627)**	**139**	**(236)**	**543**	**2.159**
OPENING NET FINANCIAL DEBT (Adjusted)	**26.651**	**26.651**	**26.651**	**26.651**	**27.278**	**27.278**	**27.278**	**27.278**
Net cash flow	(779)	(341)	(153)	(627)	139	(236)	543	2.159
ENDING NET FINANCIAL DEBT (Adjusted)	**27.430**	**26.992**	**26.804**	**27.278**	**27.139**	**27.514**	**26.735**	**25.119**
Adj for fair value valuation of derivatives and related underlyings	1.573	1.366	1.163	1.197	1.094	556	676	836
ENDING NET FINANCIAL DEBT (Reported)	**29.003**	**28.358**	**27.967**	**28.475**	**28.233**	**28.070**	**27.411**	**25.955**

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

Domestic Business Results - Reported Figures

UNAUDITED FIGURES

KPI's ('000)	1Q15	D% yoy	2Q15	D% yoy	3Q15	D% yoy	4Q15	D% yoy	FY15	D% yoy	1Q16	D% yoy	2Q16	D% yoy	3Q16	D% yoy	4Q16	D% yoy	FY16	D% yoy
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%	11.468	-5,1%	11.368	-4,5%	11.285	-3,9%	11.285	-3,9%
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%	8.992	1,9%	9.042	2,3%	9.206	3,6%	9.206	3,6%
Mobile																				
Total lines [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%	29.742	-1,1%	29.549	-1,6%	29.617	-1,3%	29.617	-1,3%

€ mln	1Q15	D% yoy	2Q15	D% yoy	3Q15	D% yoy	4Q15	D% yoy	FY15	D% yoy	1Q16	D% yoy	2Q16	D% yoy	3Q16	D% yoy	4Q16	D% yoy	FY16	D% 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%	**3.699**	-1,2%	**3.789**	1,0%	**3.970**	2,5%	**15.006**	0,0%
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%	3.468	-1,1%	3.526	-0,4%	3.532	-1,3%	13.878	-1,3%
o/w Equipments	196	12,3%	239	1,3%	213	0,7%	296	-15,0%	943	-2,7%	196	0,1%	231	-3,4%	263	23,9%	438	48,1%	1.128	19,6%
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%	**1.117**	0,7%	**1.183**	1,1%	**1.220**	3,0%	**4.579**	1,4%
o/w Traditional	621	-12,9%	622	-14,3%	639	-12,1%	621	-10,6%	2.503	-12,5%	573	-7,7%	580	-6,9%	561	-12,2%	537	-13,5%	2.250	-10,1%
o/w Innovative	375	14,4%	416	21,8%	453	16,0%	484	19,9%	1.728	18,1%	438	16,8%	466	12,0%	527	16,4%	577	19,2%	2.008	16,2%
o/w Wholesale	57	-1,6%	71	2,1%	79	10,0%	78	-6,2%	286	0,9%	48	-15,8%	72	1,1%	96	20,7%	105	34,9%	321	12,4%
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%	**2.488**	-4,8%	**2.499**	-3,6%	**2.494**	-3,0%	**9.965**	-3,9%
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%	1.053	-11,1%	1.032	-10,3%	1.069	-3,6%	4.219	-9,0%
o/w Innovative Services	558	4,6%	583	7,8%	577	4,9%	596	3,8%	2.314	5,2%	590	5,8%	610	4,6%	624	8,1%	648	8,7%	2.472	6,8%
o/w Domestic Wholesale	560	-7,7%	549	-6,4%	550	-5,6%	546	1,2%	2.205	-4,8%	537	-4,1%	506	-7,8%	503	-8,6%	488	-10,7%	2.034	-7,8%
o/wTIS Group	310	3,0%	325	8,3%	336	10,5%	343	1,2%	1.314	5,6%	311	0,3%	338	4,0%	354	5,4%	348	1,5%	1.351	2,8%
o/w Subs. Adj. and Other	-26	12,2%	-28	-3,3%	-23	15,8%	-23	7,6%	-99	8,2%	-19	24,7%	-19	32,4%	-13	41,4%	-59	-155,0%	-110	-11,3%
Elimination & Other	**-213**	18,0%	**-218**	6,8%	**-223**	4,8%	**-177**	18,9%	**-831**	12,2%	**-190**	10,9%	**-137**	37,1%	**-157**	29,5%	**-182**	-2,9%	**-667**	19,8%
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%	**1.723**	39,4%	**1.811**	7,9%	**1.703**	63,4%	**6.698**	20,3%
EBITDA Margin	44,3%		33,0%		44,7%		26,9%		37,1%		41,2%		46,6%		47,8%		42,9%		44,6%	
Capex	**676**	37,1%	**830**	21,3%	**791**	28,6%	**1.603**	61,8%	**3.900**	40,1%	**778**	15,1%	**797**	-4,0%	**823**	4,0%	**1.311**	-18,2%	**3.709**	-4,9%
% on revenues	18,6%		22,2%		21,1%		41,4%		26,0%		21,9%		21,5%		21,7%		33,0%		24,7%	
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%	**52.622**	-0,4%	**52.140**	-1,1%	**51.280**	-2,6%	**51.280**	-2,6%

[1] M2M included

Domestic Wireline Results - Reported Figures

UNAUDITED FIGURES

KPI's	1Q15	D% yoy	2Q15	D% yoy	3Q15	D% yoy	4Q15	D% yoy	FY15	D% yoy	1Q16	D% yoy	2Q16	D% yoy	3Q16	D% yoy	4Q16	D% yoy	FY16	D% yoy
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%	11.468	-5,1%	11.368	-4,5%	11.285	-3,9%	11.285	-3,9%
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%	7.606	3,1%	7.600	2,8%	7.677	2,8%	7.677	2,8%
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%	5.680	3,1%	5.658	2,5%	5.641	1,2%	5.641	1,2%
o/w Virtual ULL	26	-6,5%	27	1,4%	29	16,7%	28	17,4%	28	17,4%	29	12,2%	28	2,7%	23	-19,4%	21	-25,8%	21	-25,8%
o/w Wholesale Line Rental	565	-14,4%	547	-13,7%	523	-14,1%	497	-15,4%	497	-15,4%	470	-16,9%	443	-19,1%	416	-20,6%	388	-21,9%	388	-21,9%
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%	1.256	3,5%	1.256	3,1%	1.274	3,6%	1.274	3,6%
o/w NGN	39	-	76	-	105	-	139	-	139	-	170	-	199	-	247	-	353	-	353	-
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%	7.088	1,7%	7.123	2,0%	7.191	2,4%	7.191	2,4%
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%	1.472	-3,3%	1.470	-2,3%	1.464	-1,6%	1.464	-1,6%
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%	5.616	3,1%	5.653	3,2%	5.727	3,5%	5.727	3,5%
o/w NGN	290	-	374	-	435	-	538	-	538	-	672	-	790	-	872	-	997	85,2%	997	85,2%
% flat offers on TI total portfolio (Consumer+Business)	92%	1,8pp	93%	1,9pp	93%	1,9pp	94%	1,9pp	94%	1,9pp	94%	1,8pp	94%	1,5pp	95%	1,4pp	95%	1,2pp	95%	1,2pp
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%	1.903	2,9%	1.918	3,4%	2.016	8,0%	2.016	8,0%
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%	21,9	4,4%	22,4	8,1%	22,3	5,5%	22,0	5,8%

REVENUES(€ mln)	1Q15	D% yoy	2Q15	D% yoy	3Q15	D% yoy	4Q15	D% yoy	FY15	D% yoy	1Q16	D% yoy	2Q16	D% yoy	3Q16	D% yoy	4Q16	D% yoy	FY16	D% 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%	**2.578**	-4,1%	**2.643**	-0,1%	**2.721**	2,1%	**10.495**	-1,5%
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%	2.488	-4,8%	2.499	-3,6%	2.494	-3,0%	9.965	-3,9%
o/w Equipments	62	9,1%	74	1,4%	53	-32,5%	92	-21,7%	282	-13,8%	70	13,8%	90	20,7%	144	169,0%	227	145,2%	530	88,2%
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%	**1.053**	-11,1%	**1.032**	-10,3%	**1.069**	-3,6%	**4.219**	-9,0%
o/w Voice	**1.038**	-7,6%	**1.015**	-7,1%	**978**	-7,3%	**944**	-11,9%	**3.975**	-8,5%	**901**	-13,2%	**874**	-13,9%	**836**	-14,4%	**830**	-12,0%	**3.441**	-13,4%
o/w Traffic	353	-6,3%	359	-1,9%	348	1,6%	339	-9,5%	1.399	-4,1%	324	-8,4%	323	-10,1%	306	-11,9%	306	-9,9%	1.259	-10,1%
o/w Access	612	-8,0%	586	-9,3%	562	-10,9%	539	-13,0%	2.299	-10,3%	515	-15,9%	489	-16,6%	470	-16,3%	463	-14,1%	1.937	-15,8%
o/w Voice VAS	30	-6,7%	29	-12,9%	28	-18,0%	27	-17,1%	115	-13,7%	26	-15,4%	27	-5,9%	27	-4,8%	27	-2,4%	106	-7,3%
o/w Rental & other	43	-12,1%	41	-14,3%	40	-16,0%	38	-13,2%	161	-13,9%	37	-13,7%	35	-14,0%	33	-16,4%	35	-8,5%	140	-13,2%
o/w Business Data & Others trad	**155**	-13,9%	**170**	-0,5%	**173**	-0,3%	**165**	6,9%	**663**	-2,3%	**163**	5,3%	**179**	5,7%	**195**	12,9%	**239**	44,6%	**777**	17,2%
o/w Data Services	118	-6,8%	120	-4,3%	110	-9,8%	117	-4,9%	465	-6,4%	112	-4,8%	113	-5,8%	112	2,0%	115	-1,8%	453	-2,7%
o/w Rental & other	37	-30,4%	50	10,0%	63	22,3%	48	53,1%	198	9,0%	51	37,3%	67	33,4%	83	32,1%	124	157,4%	325	63,9%
INNOVATIVE SERVICES	**558**	4,6%	**583**	7,8%	**577**	4,9%	**596**	3,8%	**2.314**	5,2%	**590**	5,8%	**610**	4,6%	**624**	8,1%	**648**	8,7%	**2.472**	6,8%
o/w Broadband	**418**	5,7%	**430**	6,8%	**427**	3,9%	**437**	5,8%	**1.712**	5,5%	**447**	6,9%	**457**	6,2%	**471**	10,2%	**473**	8,2%	**1.847**	7,9%
o/w Access & Bundles Services	399	6,0%	412	7,4%	409	4,6%	419	6,4%	1.639	6,1%	429	7,6%	440	6,8%	454	10,9%	457	8,9%	1.780	8,6%
o/w Others	19	-0,8%	18	-5,0%	18	-8,8%	18	-6,6%	72	-5,4%	17	-6,4%	17	-7,6%	17	-6,4%	16	-10,0%	67	-7,6%
o/w Content	**5**	12,7%	**5**	4,8%	**6**	28,2%	**4**	-13,1%	**20**	7,5%	**4**	-17,6%	**4**	-21,3%	**4**	-23,1%	**4**	-10,3%	**17**	-18,5%
o/w ICT Service	**135**	1,1%	**148**	10,7%	**145**	7,1%	**155**	-0,9%	**582**	4,3%	**139**	3,2%	**149**	0,6%	**149**	3,0%	**172**	10,9%	**609**	4,5%
Domestic Wholesale	**560**	-7,7%	**549**	-6,4%	**550**	-5,6%	**546**	1,2%	**2.205**	-4,8%	**537**	-4,1%	**506**	-7,8%	**503**	-8,6%	**488**	-10,7%	**2.034**	-7,8%
TIS Group	**310**	3,0%	**325**	8,3%	**336**	10,5%	**343**	1,2%	**1.314**	5,6%	**311**	0,3%	**338**	4,0%	**354**	5,4%	**348**	1,5%	**1.351**	2,8%
Subs. Adj. and Other	**-26**	12,2%	**-28**	-3,3%	**-23**	15,8%	**-23**	7,6%	**-99**	8,2%	**-19**	24,7%	**-19**	32,4%	**-13**	41,4%	**-59**	-155%	**-110**	-11,3%

Domestic Mobile Results - Reported Figures

UNAUDITED FIGURES

KPI's	1Q15	D% yoy	2Q15	D% yoy	3Q15	D% yoy	4Q15	D% yoy	FY15	D% yoy	1Q16	D% yoy	2Q16	D% yoy	3Q16	D% yoy	4Q16	D% yoy	FY16	D% yoy
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%	29.742	-1,1%	29.549	-1,6%	29.617	-1,3%	29.617	-1,3%
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	5,3%	-0,2pp	5,9%	0,1pp	6,0%	0,2pp	22,8%	-0,7pp
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%	11,8	9,5%	12,1	7,7%	12,2	6,0%	12,2	6,0%
Total User LTE (mln of users)	1,8	-	2,7	-	3,4	-	4,4	-	4,4	-	5,0	-	5,7	-	6,2	-	7,6	-	7,6	-
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%	17.381	4,5%	17.213	5,3%	18.042	6,1%	69.578	5,2%
o/w Outgoing traffic volumes (mln of minutes)	10.821	4,5%	10.983	3,3%	10.711	1,9%	11.096	-0,8%	43.611	2,2%	10.999	1,6%	11.164	1,6%	11.143	4,0%	11.633	4,8%	44.939	3,0%
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%	6.217	10,1%	6.069	7,9%	6.408	8,6%	24.640	9,5%
Usage Voice (min/line/month) (3)	214	13,0%	223	11,5%	220	8,9%	232	6,2%	222	9,8%	233	8,8%	241	8,2%	241	9,5%	256	10,2%	243	9,2%
Usage Data (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%	1,9	36,0%	2,0	24,7%	2,1	30,8%	1,9	29,7%
ARPU (3) €	11,3	-1,3%	11,9	0,2%	12,5	-0,2%	12,8	0,8%	12,1	-0,1%	11,6	2,5%	12,1	1,5%	12,8	2,4%	13,3	4,1%	12,4	2,6%

REVENUES (€ mln), Reported figures	1Q15	D% yoy	2Q15	D% yoy	3Q15	D% yoy	4Q15	D% yoy	FY15	D% yoy	1Q16	D% yoy	2Q16	D% yoy	3Q16	D% yoy	4Q16	D% yoy	FY16	D% yoy
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%	**1.261**	2,0%	**1.300**	-0,2%	**1.432**	3,9%	**5.179**	2,2%
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%	**1.117**	0,7%	**1.183**	1,1%	**1.220**	3,0%	**4.579**	1,4%
Traditional Services	**621**	-12,9%	**622**	-14,3%	**639**	-12,1%	**621**	-10,6%	**2.503**	-12,5%	**573**	-7,7%	**580**	-6,9%	**561**	-12,2%	**537**	-13,5%	**2.250**	-10,1%
o/w Outgoing voice (4)	463	-12,6%	455	-14,3%	461	-14,0%	432	-13,8%	1.810	-13,7%	404	-12,8%	403	-11,4%	395	-14,3%	379	-12,3%	1.581	-12,7%
o/w Incoming voice	58	12,3%	62	9,9%	65	14,4%	69	16,2%	254	13,3%	67	15,7%	70	13,4%	68	4,4%	71	3,2%	276	8,9%
o/w Messaging	100	-24,2%	106	-24,0%	113	-15,6%	120	-10,6%	439	-18,6%	102	2,0%	107	0,7%	98	-13,3%	87	-27,7%	394	-10,4%
Innovative Services	**375**	14,4%	**416**	21,8%	**453**	16,0%	**484**	19,9%	**1.728**	18,1%	**438**	16,8%	**466**	12,0%	**527**	16,4%	**577**	19,2%	**2.008**	16,2%
o/w Browsing	306	16,0%	339	20,7%	372	23,8%	392	20,5%	1.409	20,3%	356	16,3%	377	11,4%	392	5,4%	451	15,0%	1.576	11,9%
o/w Internet Content	69	8,1%	77	27,3%	80	-10,2%	92	17,4%	319	9,0%	83	19,4%	88	14,3%	135	67,6%	126	37,1%	432	35,4%
Wholesale Services	**57**	-1,6%	**71**	2,1%	**79**	10,0%	**78**	-6,2%	**286**	0,9%	**48**	-15,8%	**72**	1,1%	**96**	20,7%	**105**	34,9%	**321**	12,4%
Handsets	**98**	29,0%	**127**	0,1%	**133**	39,3%	**194**	4,8%	**551**	14,1%	**127**	29,5%	**144**	13,7%	**117**	-12,0%	**212**	9,2%	**600**	8,8%

(1) M2M included

(2) Incoming + Outgoing volumes (Visitors and Roamers volumes not included)

(3) Net of visitors

(4) Outgoing voice revenues include roaming revenues

TIM Brasil Results - Reported Figures

Revised (1Q15–FY15) — UNAUDITED FIGURES

KPI's - Mobile only	1Q15	2Q15	3Q15	4Q15	FY15	1Q16	Δ% yoy	2Q16	Δ% yoy	3Q16	Δ% yoy	4Q16	Δ% yoy	FY16	Δ% yoy
Estimated Total Penetration (%)	139,0%	138,2%	134,8%	125,7%	125,7%	125,4%		123,0%		121,6%		118,0%			
Market Share on total lines(%)	26,7%	26,4%	26,3%	25,7%	25,7%	26,1%	*-0,6pp*	25,3%	*-1,2pp*	25,2%	*-1,1pp*	26,0%	*+0,3pp*	26,0%	*+0,3pp*
Total Lines ('000) (1)	75.749	74.600	72.573	66.234	66.234	67.269	-11,2%	63.988	-14,2%	63.247	-12,9%	63.418	-4,3%	63.418	-4,3%
TOTAL ARPU (2)	16,7	16,1	16,4	17,6	16,7	17,2	3%	17,2	7%	18,4	12%	19,2	9%	18,0	8%
TOTAL MOU net of visitors	120	119	119	120	119	119	-1,4%	118	-0,4%	116	-2,1%	113	-5,8%	117	-2,4%

MAIN RESULTS (IAS/IFRS, R$ mln)	1Q15	2Q15	3Q15	4Q15	FY15	1Q16	Δ% yoy	2Q16	Δ% yoy	3Q16	Δ% yoy	4Q16	Δ% yoy	FY16	Δ% yoy
REVENUES Reported	**4.551**	**4.361**	**4.115**	**4.115**	**17.142**	**3.854**	-15,3%	**3.820**	-12,4%	**3.900**	-5,2%	**4.043**	-1,7%	**15.617**	-8,9%
of which services	3.944	3.792	3.782	3.869	15.387	3.618	-8,3%	3.570	-5,9%	3.690	-2,4%	3.842	-0,7%	14.720	-4,3%
of which handsets	607	569	333	246	1.755	236	-61,1%	250	-56,1%	210	-36,9%	201	-18,3%	897	-48,9%
EBITDA Reported	**1.341**	**1.276**	**1.285**	**1.463**	**5.365**	**1.107**	-17,4%	**1.189**	-6,8%	**1.270**	-1,2%	**1.548**	5,8%	**5.114**	-4,7%
EBITDA margin	29,5%	29,3%	31,2%	35,6%	31,3%	28,7%	-0,8pp	31,1%	1,8pp	32,6%	1,4pp	38,3%	2,7pp	32,7%	1,4pp
EBITDA Organic (net non recurring)	**1.341**	**1.276**	**1.285**	**1.516**	**5.418**	**1.140**	-15,0%	**1.190**	-6,7%	**1.292**	0,5%	**1.548**	2,1%	**5.170**	-4,6%
EBITDA margin	29,5%	29,3%	31,2%	36,8%	31,6%	29,6%	0,1 pp	31,2%	1,9 pp	33,1%	1,9 pp	38,3%	1,5 pp	33,1%	1,5 pp
Capex Reported	**924**	**1.184**	**1.168**	**1.488**	**4.764**	**710**	-23,2%	**975**	-17,7%	**1.122**	-3,9%	**1.695**	+13,9%	**4.502**	-5,5%
% on revenues	20,3%	27,1%	28,4%	36,2%	27,8%	18,4%	-1,9pp	25,5%	-1,6pp	28,8%	0,4pp	41,9%	5,7pp	28,8%	1,0pp

	1Q15	1H15	9M15	4Q15	FY15	1Q16	Δ% yoy	1H16	Δ% yoy	9M16	Δ% yoy	FY16	Δ% yoy	FY16	
Exchange rate AVG YTD (R$ vs. euro)	**3,22251**	**3,31144**	**3,52233**	**3,69727**	**3,69727**	**4,29753**		**4,13001**		**3,96106**		**3,85935**		**3,85935**	

(1) Includes company lines

(2) Gross of visitors

Revised

4Q'16 Reported & Organic Figures (*): YoY trends

UNAUDITED FIGURES

4Q'15

€ mln	Reported Figures (a)	Non Organic elements (b): Change in consolid. area	Non Organic elements (b): Exchange rate impact	Non recurring items (c)	Organic figures * (d=a+b+c)
REVENUES					
Domestic	3.874		1		3.875
o/w Wireline Domestic	2.664		1		2.665
o/w Mobile Domestic	1.378				1.378
Brasile	938		216		1.154
Other Activities & Eliminations	29				29
TI Group	**4.841**		**217**		**5.058**
EBITDA					
Domestic	1.042			582	1.624
Brasile	343		62	14	419
Other Activities & Eliminations	(1)			20	19
TI Group	**1.384**		**62**	**616**	**2.062**
EBITDA Margin					
Domestic	26,9%				41,9%
Brasile	36,6%				36,8%
TI Group	**28,6%**				**40,8%**
EBIT					
Domestic	269			582	851
Brasile	(104)		55	229	180
Other Activities & Elimination	(8)			21	13
TI Group	**157**		**55**	**832**	**1.044**
EBIT Margin					
Domestic	6,9%				22,0%
Brasile	-11,1%				16,0%
TI Group	**3,2%**				**20,6%**

4Q'16

€ mln	Reported figures (e)	Non recurring items (f)	Organic figures * (g=e+f)	Δ% yoy reported (h=e/a-1)	Δ% yoy organic * (i=g/d-1)
REVENUES					
Domestic	3.970		3.970	2,5	2,5
o/w Wireline Domestic	2.721		2.721	2,1	2,1
o/w Mobile Domestic	1.432		1.432	3,9	3,9
Brasile	1.125		1.125	19,9	(1,7)
Other Activities & Eliminations	(9)		(9,0)	-	-
TI Group	**5.086**		**5.086**	**5,1**	**0,6**
EBITDA					
Domestic	1.703	43	1.746	63,4	7,5
Brasile	425	1	426	23,9	2,1
Other Activities & Eliminations	(4)		(4)		
TI Group	2.124	**44**	2.168	**53,5**	**5,1**
EBITDA Margin					
Domestic	42,9%		44,0%	16 pp	2,1 pp
Brasile	37,8%		38,3%	1,2 pp	1,5 pp
TI Group	**41,8%**		**42,6%**	**13,2 pp**	**1,8 pp**
EBIT					
Domestic	801	43	844	197,8	(0,8)
Brasile	158	(2)	156	-	(12,0)
Other Activities & Elimination	(5)		(5)		-
TI Group	**954**	**41**	**995**	**507,6**	(4,7)
EBIT Margin					
Domestic	20,2%		21,3%	13,3 pp	-0,7 pp
Brasile	14,0%		14,3%	25,1 pp	-1,7 pp
TI Group	**18,8%**		**19,6%**	**15,6 pp**	**-1 pp**

Non recurring items on EBITDA	**4Q15**	**4Q16**
Labour cost	397	31
Other Costs & Charges	219	13
Total	**616**	**44**

Non recurring items on EBIT	**4Q15**	**4Q16**
Labour Costs	397	31
Other Costs & Charges	221	13
Impairment loss Brazil / Gain on Brazilian Tower	214	(3)
Total	**832**	**41**

(*) Organic: excluding exchange rate fluctuations & non-recurring items

Domestic Reported and Organic Ebitda

€ mln

UNAUDITED FIGURES

	1Q'15	2Q'15	3Q'15	4Q'15	FY'15	1Q'16	2Q'16	3Q'16	4Q'16	FY'16	1Q %YoY	2Q %YoY	3Q %YoY	4Q %YoY	FY %YoY
EBITDA Organic	**1.612**	**1.627**	**1.732**	**1.624**	**6.595**	**1.528**	**1.739**	**1.867**	**1.746**	**6.880**	**-5,2%**	**+6,9%**	**+7,8%**	**+7,5%**	**+4,3%**
Exchange Rate Impact	1	(1)	0	0	0	0	0	0	0	0					
Labour Costs	0	24	19	386	429	65	2	47	30	144					
Other Operational Costs	1	368	28	115	512	2	14	9	11	36					
Other Charges			6	81	87			0	2	2					
Non recurring Items	**2**	**391**	**53**	**582**	**1.028**	**67**	**16**	**56**	**43**	**182**					
EBITDA Reported	**1.610**	**1.236**	**1.679**	**1.042**	**5.567**	**1.461**	**1.723**	**1.811**	**1.703**	**6.698**	**-9,3%**	**+39,4%**	**+7,9%**	**+63,4%**	**+20,3%**