TIM Group

FY’17 and 2018-’20 Plan

Milan, March 7 2018

Safe Harbour

This presentation contains statements that constitute forward looking 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.

The financial results of the TIM Group are prepared in accordance with the International Financial Reporting Standards issued by IASB and endorsed by the EU (IFRS). **The accounting policies and consolidation principles** adopted in the preparation of the financial results for the FY17 and the 18-20 Industrial Plan **have been applied on a basis consistent** with those adopted in the 2016 Consolidated Financial Statements.

As a result of this, **the Industrial Plan doesn't take into account the following IFRS**: IFRS 15 *Revenue from Contracts with Customers*, IFRS 9 *Financial Instruments* and IFRS 16 *Leases*.

The financial results for the FY17 have not yet been verified by the independent auditors.
Segment information is consistent with the prior periods under comparison.

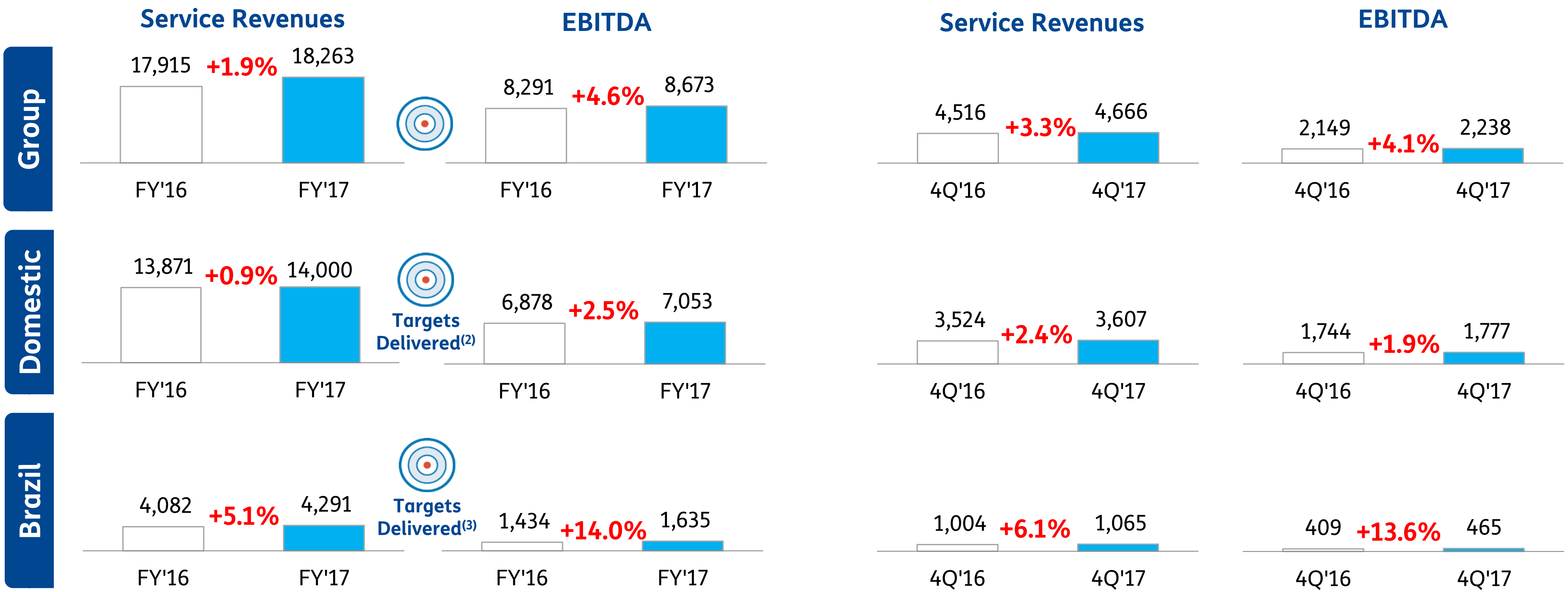
FY'17 and 2018-'20 Plan

A Record Year for The Group

Organic data(1), figures in €mln, % YoY

Full Year 2017

Fourth Quarter 2017



Net Debt **€ 25.3 bln (4) Down by €920mln QoQ**

€679mln 4Q'17 Provision includes 4,000 personnel exits

(1) Including exchange rate impact and non recurring items
(2) Targets: Service Revenues stability & EBITDA YoY low single digit growth
(3) Targets: Service Revenues & EBITDA positive in all quarters
(4) Adjusted

FY’17 and 4Q’17 TIM Group Total Revenues Breakdown

€mln, %YoY, Organic Performance(1)

TIM Group

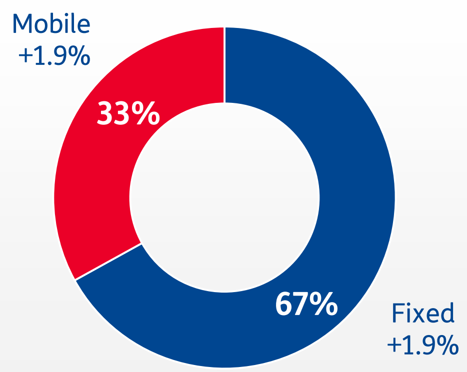
Domestic

Brazil

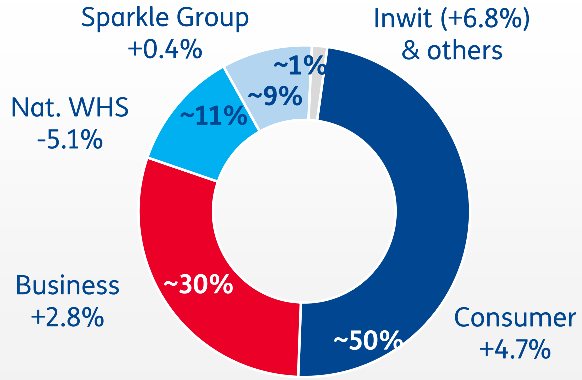
FY’17

Total Revs.(2)
19,828 +2.7%
o/w Domestic
15,354 +2.4%
o/w Brasil
4,502 +4.0%

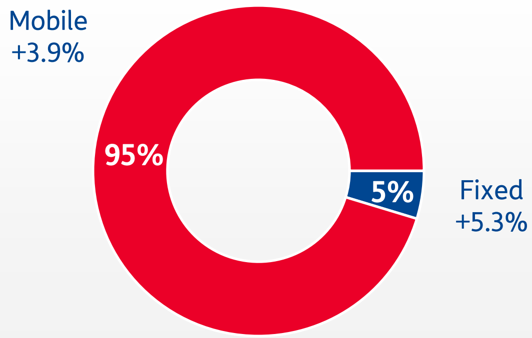
By Technology



By Business Segment

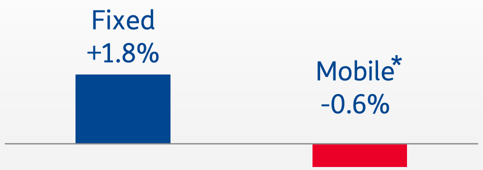


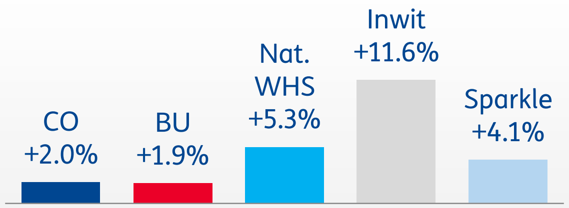
By Technology

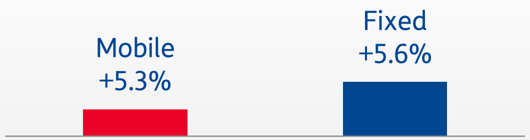


4Q’17

Total Revs.(2)
5,149 +2.8%
o/w Domestic
4,042 +2.0%
o/w Brasil
1,113 +5.3%







Highlights

FY’17 Retail Top Line both Fixed and Mobile shows low-single digit growth YoY

***4Q’17 Domestic Mobile Total Revenues slightly down due to product re-phasing, Service Revenues positive YoY**

National Wholesale FY’17 YoY underperformance is driven by comparison effect with 3Q16 long-term fixed infrastructure leases

Positive performance for all segments in 4Q’17

Mobile Revenues supported by continued increase in postpaid customer base

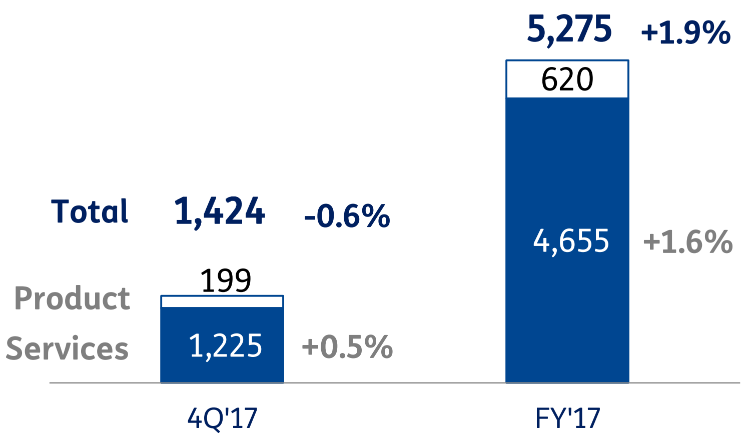
Consistent evolution of Fixed customer base due to the growth of TIM Live

(1) Excluding exchange rate impact and non recurring items
(2) Net of Eliminations

Domestic Mobile: Leading in Quality and Results

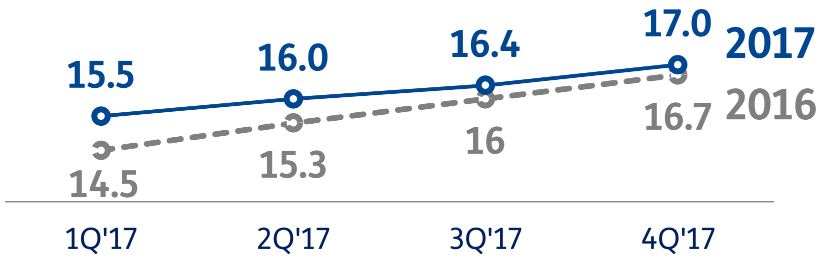
Revenues & ARPU

Organic data, €mln, % YoY, ARPU €/month



Continued YoY Service Revenues growth sustained by robust increase in data usage and innovative services

ARPU Human(1)



Customer Base

K, Rounded numbers, % YoY, 4Q'17 %QoQ

	FY'16		FY'17	4Q'17 Net Adds/Losses
TOT. CB	29,617	+3.8%	30,755	+470, +1.6%
TOT. ACTIVE	25,651	+5.2%	26,992	+405, +1.5%
NOT HUMAN(2)	6,089	+21.9%	7,424	+517, +7.5%
HUMAN	19,561	*flat*	19,569	-112, -0.6%
o/w Voice & Mess. Only	7,757	-1,084	6,674	
o/w **BB Users**	11,804	+1,091	12,895	
4G Users	7,613	+2,132	9,745	76% of MB CB +348 QoQ

Total CB growth (+1,137k YoY) driven by M2M, Large Screen and reduction of inactive customers

BroadBand CB reaches 12,895k users (+1,091k YoY)

Active customer penetration increase: 1,342 k more calling lines,

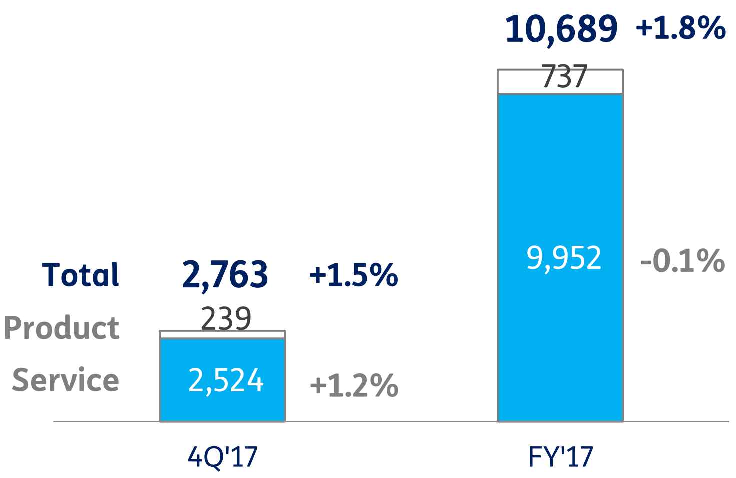
LTE users scaling up sharply

(1) ARPU Consumer on Human lines. Reported ARPU in annex
(2) Includes M2M and Business–Segment Large Screens (for Inventory & Fleet Management etc.)

Domestic Fixed: UBB Setting the Pace, TIM Vision growing fast

Revenues & ARPU

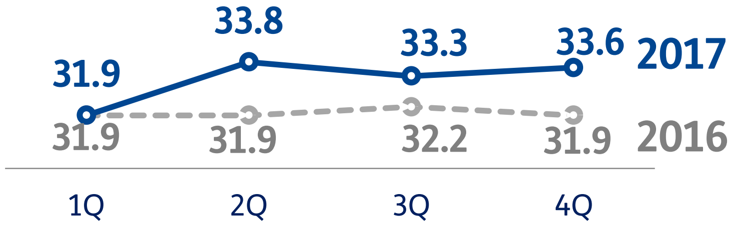
Organic data, €mln, % YoY, ARPU €/month



Total Revenues up by €194 mln YoY

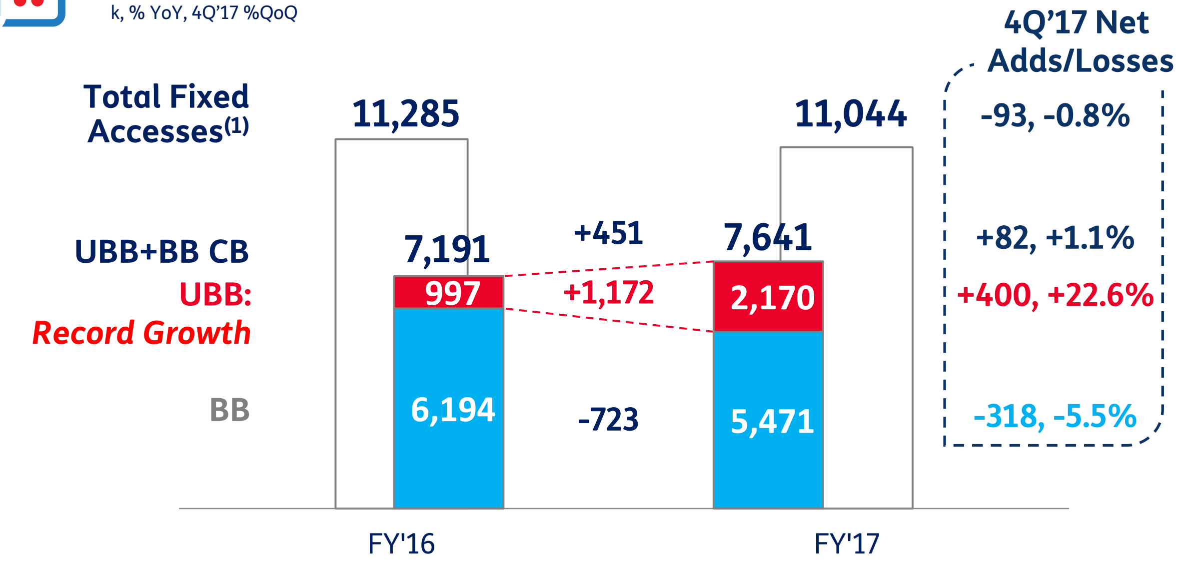
Stable Service Revenues, with growing ARPU and UBB lines balancing traditional

Fixed ARPU Consumer

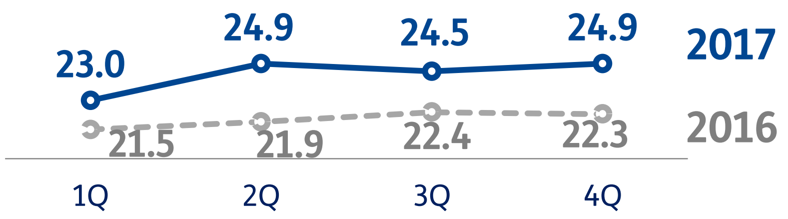


Fixed Accesses & Customer Base

k, % YoY, 4Q'17 %QoQ



BroadBand ARPU[2]

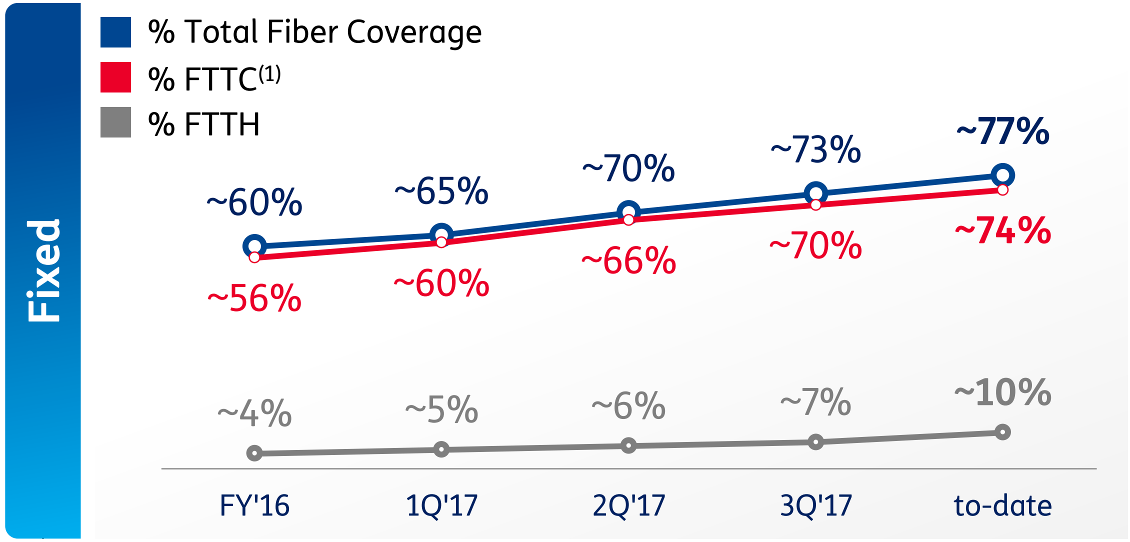


1.3m TIM Vision customers[3], +63%
22% of Consumer BB CB, +7p.p.

~20% of Consumer BB CB is single-bill F/M Convergent, another ~28% has also a TIM Mobile Line while paying 2 bills

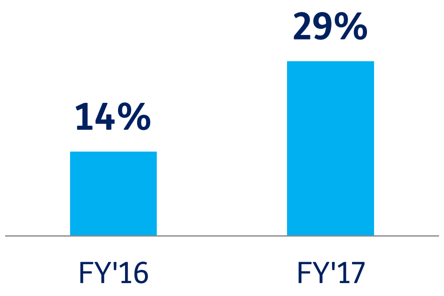
(1) VoIP not included. FY'17 Line Performance including VoIP was -111k
(2) M2M ARPU is ~0.7€/month in FY'17
(3) Including mobile TIM Vision customers are 1.5mln

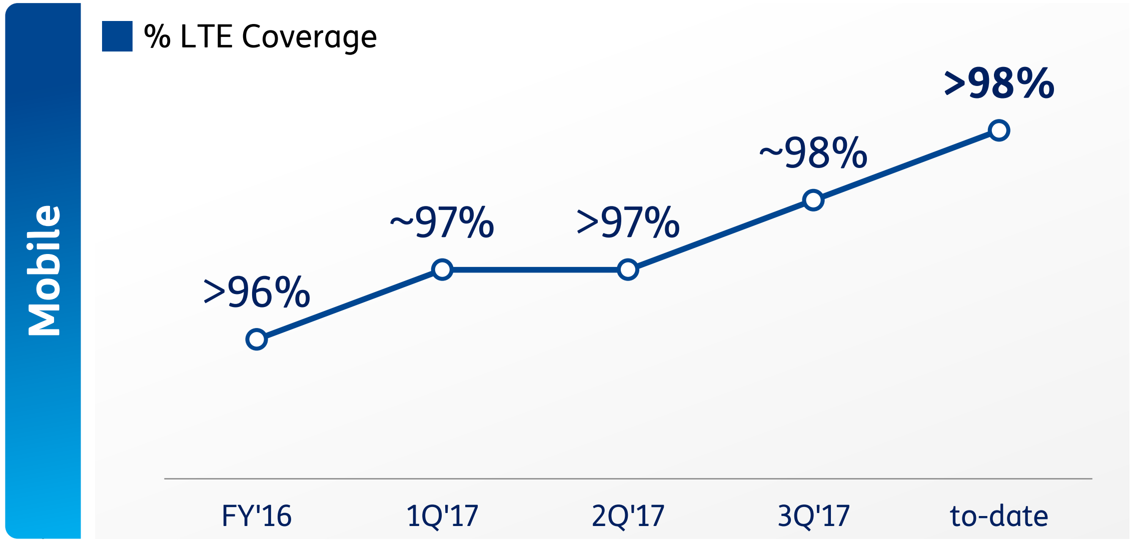
Domestic UBB Networks: Coverage Strongly Increased, Capex Peak Reached as Planned



- **111 k cabinets passed**
- **281 k FTTH OTB installed**
- **18.7 mln HH passed FTTC in ~ 3,600 cities**
  speed up to 200 Mbit/s
- **2.3 mln HH connected FTTH in 30 main cities**
  speed up to 1Gbit/s

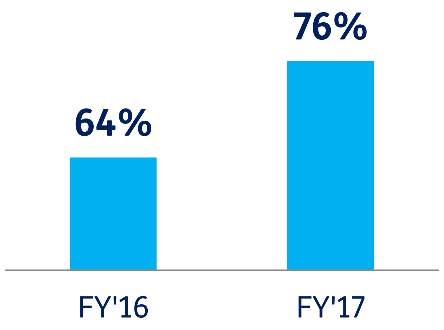
FTTx Penetration(2)





- **18.6k LTE nodes**
- **~7,300 cities covered in 4G**
- **~1,400 cities 4Gplus**
  speed up to 300 Mbit/s
- **12 cities 4.5G**
  speed up to 700 Mbit/s

4G Penetration(3)



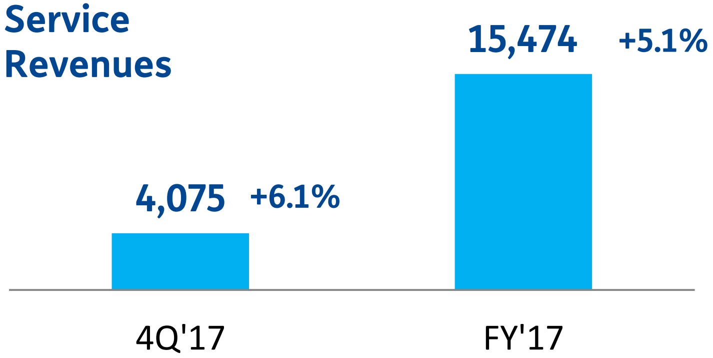
(1) Passed
(2) FTTx Retail on Total Fixed BroadBand lines
(3) LTE on Total Mobile BroadBand lines

TIM Brasil: Turnaround marked by Strong Results

R$mln, Organic Performance, ARPU in R$, Rounded numbers

Delivering Growth

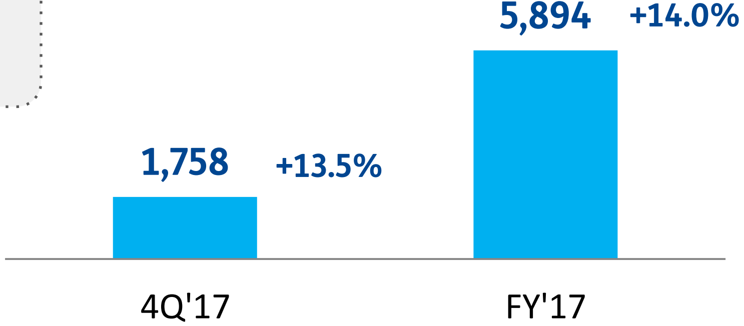
Service Revenues



Record Ebitda Margin

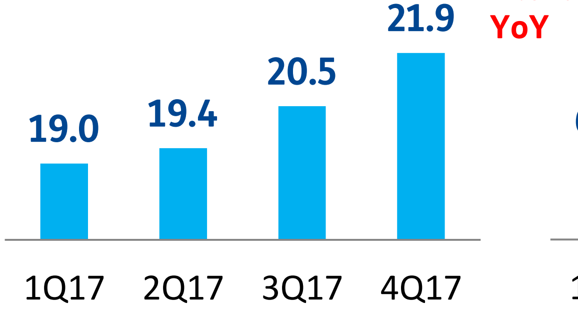
Full year **EBITDA Margin** at **36.3%**

EBITDA



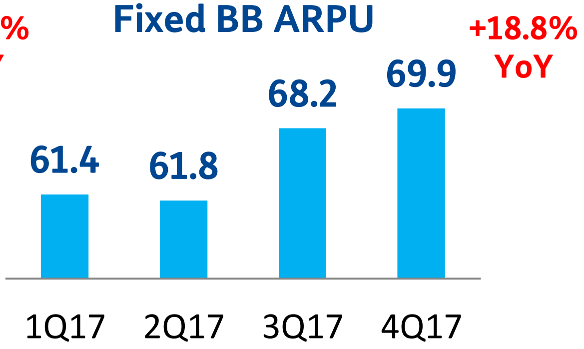
ROBUST IMPROVEMENT IN REVENUE QUALITY

Mobile ARPU



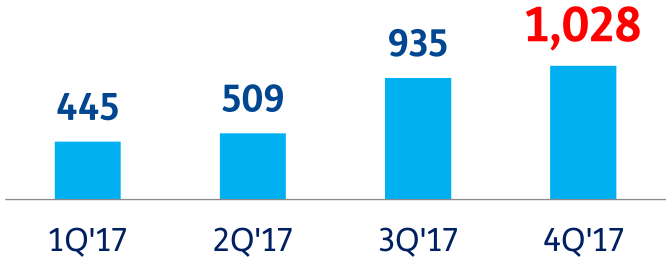
FY17 ARPU +12.2% YoY

Fixed BB ARPU



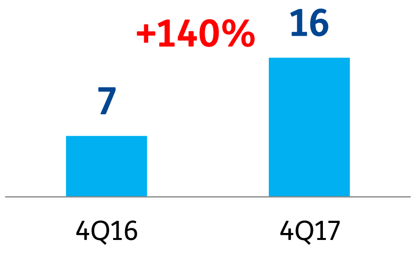
FY17 BB ARPU +14.9% YoY

Mobile postpaid Net Adds (k lines)



Seventh consecutive quarterly growth

Fixed UBB Net Adds (k lines)

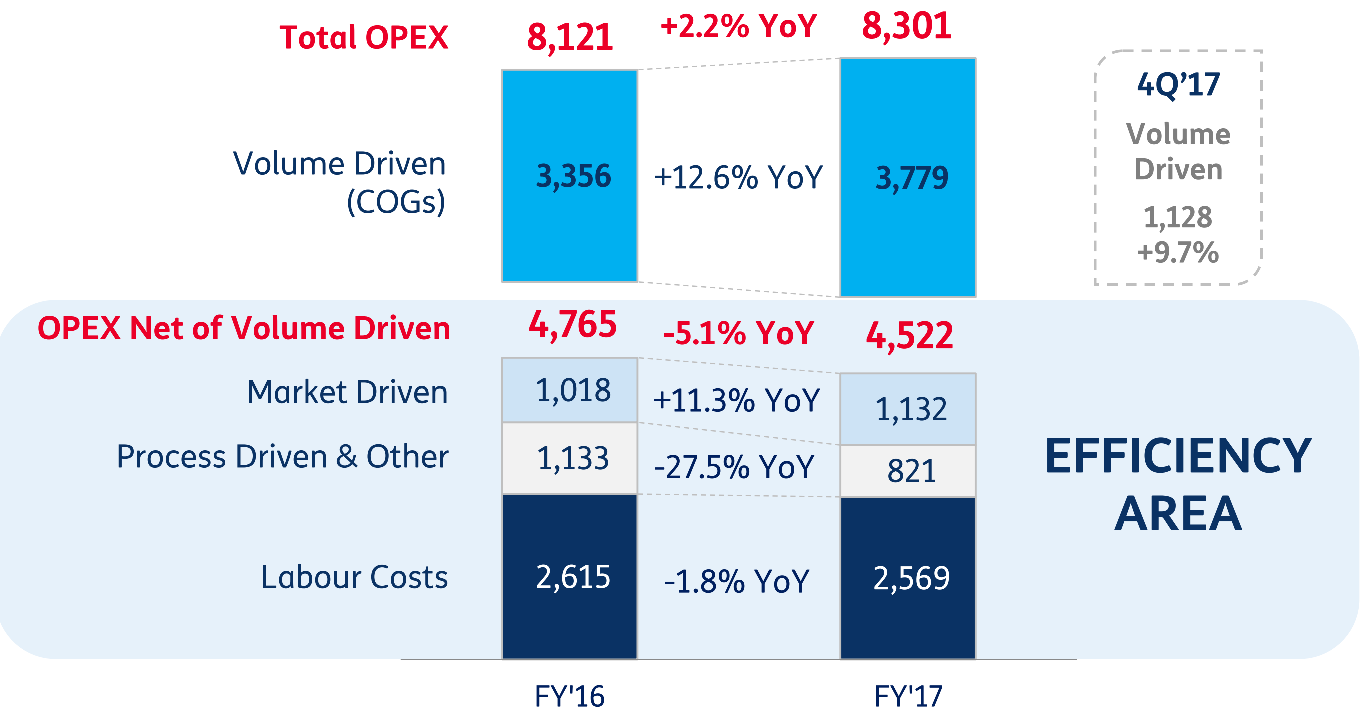


FY17 Ultra BB Net Adds 86k lines

Domestic Opex Efficiencies

2017 Domestic OPEX

Organic data, €mln



Volume Driven
- *Interconnection (40%)*
- *Devices & Other COGs (55%)*
- *Content e VAS (5%)*

Market Driven
- *Acquisition (22%)*
- *Advertising (14%)*
- *Customer Management (37%)*
- *Commercial Net Expenses (27%)*

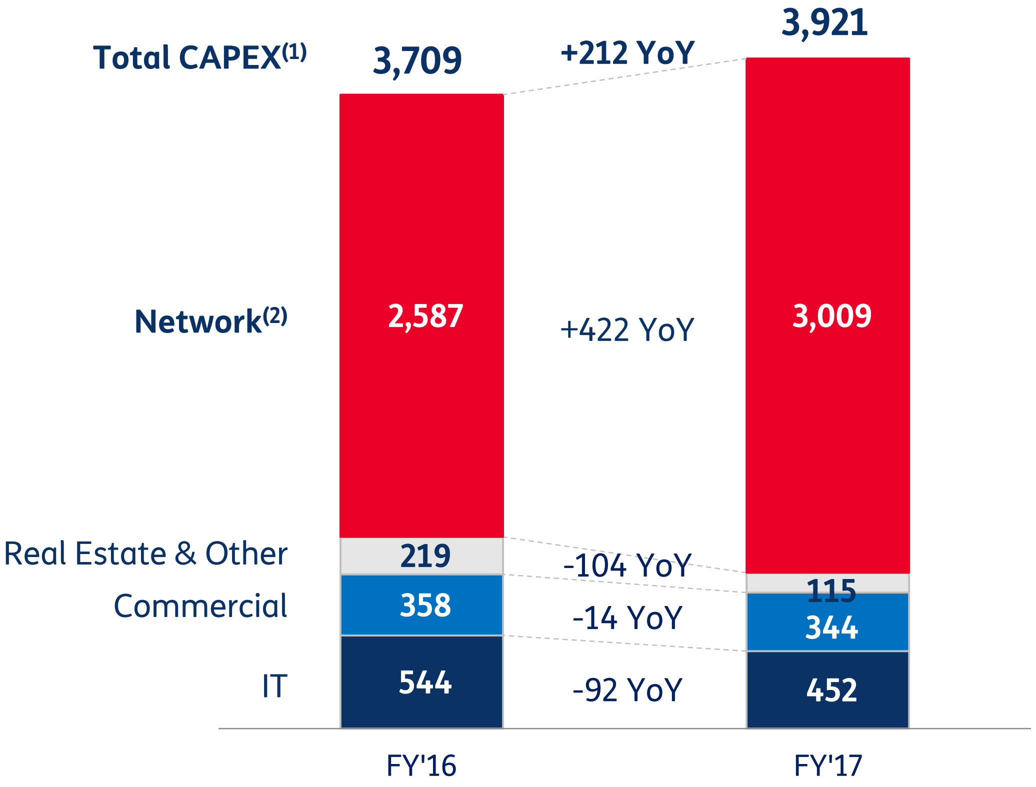
Process Driven
- *Rental & Power (43%)*
- *G&A incl. IT (34%)*
- *Network Operations (23%)*

- **Remixing cost allocation: Net of Volume Driven, OPEX down €243mln. Volume Driven up €423mln YoY, driven by relevant 2017 Product Increase (inluding Smart TVs, Connected HH Appliances and Modems)**
- **Market Driven YoY growth to support commercial performance and quality**
- **Reduction in Process Driven Costs due to efficiencies in IT, Energy and G&A**
- **Labour Costs reduction due to FTE downsize (-1.5k YoY)**

Domestic Capex Evolution

2017 Domestic CAPEX

Organic data, €mln



Domestic Capex evolution composed by:

- **UBB network roll-out costs, driving the 212 Mln€ total Domestic Capex increase for the Year**
- **Lower Procurement costs & Transformational projects**
- **Steady approach in Commercial, supporting growth on UBB CB and ICT for Businesses**
- **IT Efficiencies and ROI-driven reallocation of resources**

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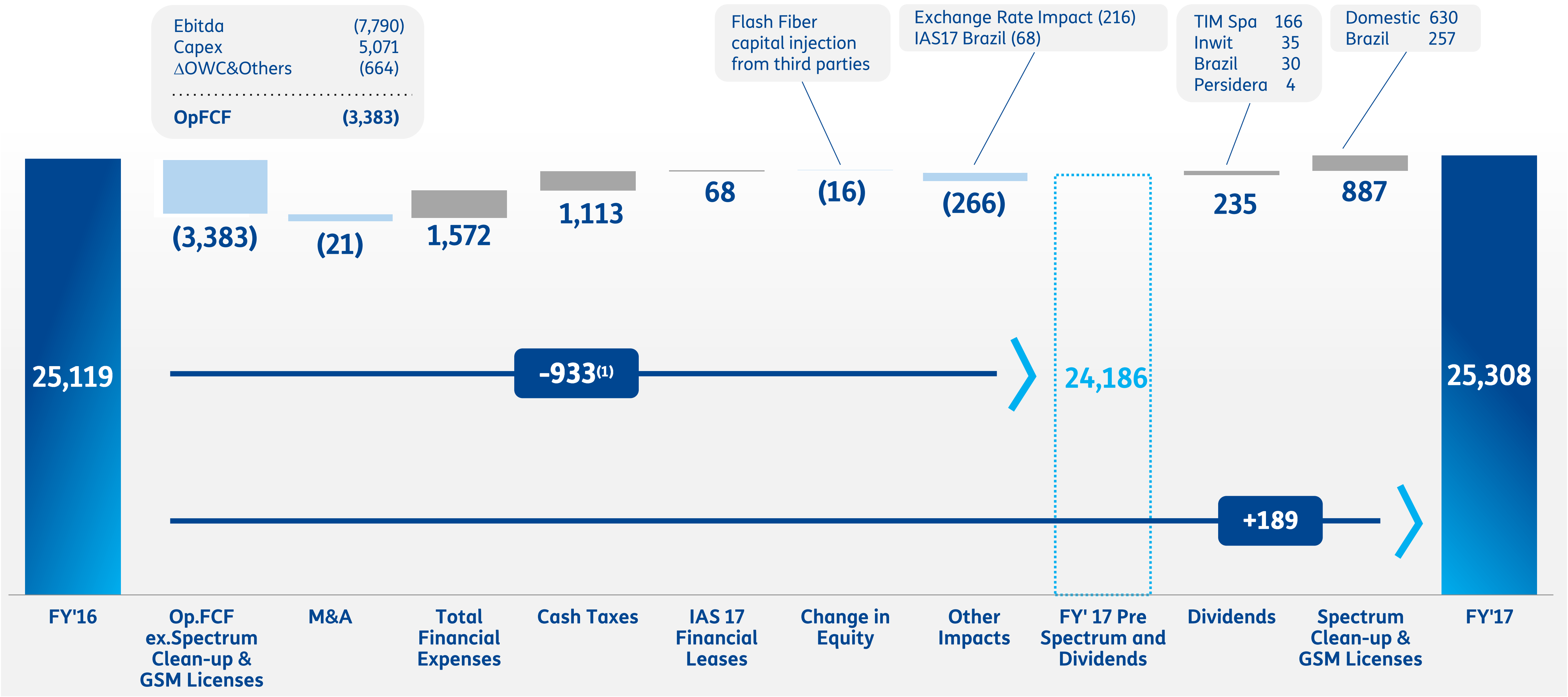
(1) FY'17 Capex Net of €630mln License cost
(2) Telecom Italia Sparkle included (€169mln)

TIM Group YE17 NFP: CF Broadly Compensates for Higher Taxes and Spectrum

€mln



Ebitda	(7,790)
Capex	5,071
∆OWC&Others	(664)
OpFCF	**(3,383)**

Flash Fiber capital injection from third parties

Exchange Rate Impact (216)
IAS17 Brazil (68)

TIM Spa	166
Inwit	35
Brazil	30
Persidera	4

Domestic	630
Brazil	257

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(1) Equity FCF of the year plus change in equity minus IAS 17

Free Cash Flow Generation

€mln

	FY17	FY16	YoY	4Q 2017	4Q 2016	YoY
Adjusted EBITDA (1)	8,673	8,199	474	2,460	2,168	292
CAPEX (ex-Spectrum)	*-5,071*	*-4,876*	*-195*	*-1,820*	*-1,769*	*-51*
Adjusted ΔWC (2)	*-219*	*-467*	*248*	*858*	*549*	*309*
OpFCF (ex-Spectrum)	3,383	2,856	527	1,498	948	550
Total Financial Expenses (4)	*-1,572*	*-1,659*	*87*	*-413*	*-386*	*-27*
Cash taxes	*-1,113*	*-218*	*-895* (5)	*-309*	*-101*	*-208*
Other impacts (6)	*266*	*-371*	*636*	*186*	*-107*	*293*
EFCF (7)	964	608	356	963	354	609
Dividends	*-235*	*-227*	*-8*	*-17*	*0*	*-17*
Change in Equity	*16*	*1,304* (8)	*-1,288*	*0*	*1,304* (8)	*-1,304*
Net Cash Flow before M&A, Spectrum & IAS 17	744	1,685	-940	946	1,658	-712
M&A	*21*	*692* (3)	*-671*	*-4*	*4*	*-8*
Spectrum (9)	*-887*	*0*	*-887*	*0*	*0*	*0*
IAS 17 (10)	*-68*	*-218*	*150*	*-22*	*-47*	*24*
Net Cash Flow	-189	2,159	-2,348	920	1,615	-696
Opening Net Debt	*25,119*	*27,278*		*26,228*	*26,735*	
Closing net Debt	*25,308*	*25,119*		*25,308*	*25,119*	

(1) Reported EBITDA excluding Provisions for €883mln in 2017 and €197mln in 2016
(2) Reported ΔWC excluding Provisions for €883mln in 2017, Spectrum Clean-Up (Brazil) for €257mln in 2017 and provisions for €197mln in 2016
(3) o/w disp. Argentina (€665mln)
(4) Financial expenses correlated to debt.
(5) In 2017 higher taxes related to 2016 final payment (€556mln) and 2017 advanced payment (€339mln)
(6) Delta FY17 vs FY16 = €636mln, o/w Exchange Rate Impact (€516mln), IAS17 Brazil (€68mln)
(7) NCF before dividends, IAS17 & ex-spectrum
(8) TIM Mandatory Covertible Bond maturity covered via ord. Shares issuance for €1.3bln value
(9) Spectrum Clean-Up Brazil (€257mln), GSM Licence Italy (€630mln)
(10) Financial Leases

Take-aways from 2017

A record year, driven by ultra broadband growing penetration

Strong performance from main subsidiaries

Networks in Italy and Brazil faster and wider than ever

TIM recognized as most successful Italian brand among the top 500 in the world(1)

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(1) Brand Finance Global 500: TIM ranking #178, +60 positions gained YoY and 30% brand value growth

FY’17 and 2018-’20 Plan

DigiTIM pillars

Best in class customer engagement through **digital** and **agile** customer journey redesign

Leadership positioning by sustaining premium customer base and capturing new growth opportunities in and **outside the core**

Acceleration of **cash-flow generation** to strengthen balance sheet and increase total shareholder return

Agile organization, performance based and data driven culture

DigiTIM is a portfolio value driven strategy with solid execution enablers

Best in class customer engagement

Domestic

Leadership positioning

① Consumer
- Sustain premium base through convergence (data and exclusive content)
- Extract more value from CB accelerating fiber migration and new avenues of growth
- Transform customer engagement through Digital journeys and new simplified portfolios

② Business
- Sustain traditional revenue base through convergence, fiber and VOIP migration
- Accelerate evolution towards an "ICT Company" to capture new growth opportunities (e.g., cloud, ICT on SMEs)

③ Wholesale
- Sustain traditional revenues through fiber migration (e.g., NetCo)
- Step-change growth of non-regulated sales by radically improving customer engagement
- Optimize coverage to improve competitive positioning

④ TIM Brasil
- Win share on affluent segments (e.g., post-paid SMB) leveraging premium infrastructure and improving customer digital engagement
- Further deliver on fixed and mobile UBB by expanding coverage
- Accelerate cash generation through smart CAPEX and efficiency program

⑤ Inwit
- Strengthen leadership on Italian tower market leveraging on new mobile opportunities and leading network densification phase

⑥ Sparkle
- Sustain traditional business, expand commercial footprint on new geographies and accelerate data/VAS services

Cash-flow generation

⑦ OPEX efficiency
- Create a lean efficient and zero-based cost structure leveraging the digital transformation and data analytics

⑧ CAPEX effectiveness
- Maximize value driven CAPEX deployment leveraging current UBB infrastructure

Agile organization

⑨ Digital
- Enable superior customer engagement and omnichannel experience while unlocking efficiency

⑩ Advanced Analytics and AI
- Implement leading capabilities to capture value both on customer engagement (e.g., predictive CLM) and cash flow generation (e.g., predictive maintenance)

⑪ People, culture & organization
- Drive accountability, transparency and performance based culture via agile organization and high employee engagement

⑫ Execution
- Drive implementation pace and drastically streamline internal processes with end-to-end Transformation Office

Consumer: Pursue Premium and Value, transforming Customer Experience

1

Strategic actions

Best in class customer engagement

- **Simplified, flexible fixed and mobile portfolios**
- **Digitally enabled,** intuitive **customer journeys**
- **Network leadership:** Fiber, 4.5G, VoLTE, 5G early adoption in 2020

Leadership positioning

- **Increased FMC convergence** through **additional content** and **mobile data** benefits
- **Accelerated fiber migration** to improve customer engagement and reduce churn
- **2nd brand Kena** to address non-premium segments and sustain TIM value
- **TIM acquisition** focused on **segmented** approach
- **Enhanced customer base value management** through Digital and Advanced Analytics
- **New avenues of growth**: Mobile-adv, SmartHome, TIM Personal

Cash-flow generation

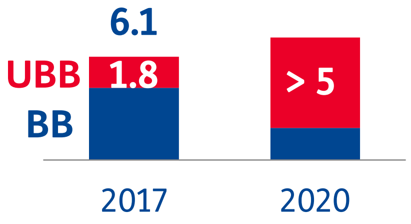
- **Channel mix optimization towards digital and direct**
- **Digital customer management:** self and AI-enabled caring
- **Lean digital and automated operations**

Impact by 2020

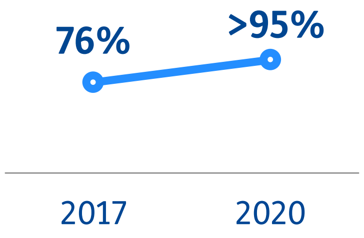
Maintain #1 position for Best quality Network in Italy (1)

Consolidate and extend to Fixed #1 position in CSI by 2019

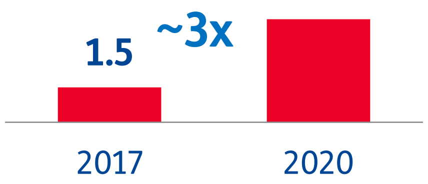
Fixed BB CB
(Mln lines)



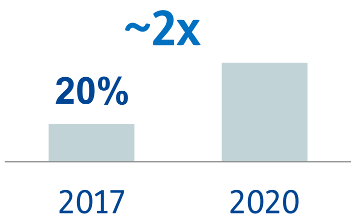
LTE Penetration(2)



TIMVISION
(Mln customers)



Convergent CB(3)



3x Digital Sales

-30% Human-operated interactions

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(1) TIM #1 in OOKLA SpeedTest
(2) Mobile BB CB
(3) Single-bill F/M Convergent CB

Business: Accelerate Evolution, Sustain Traditional

2

Strategic actions

Impact by 2020

Best in class customer engagement

- **Large**: **automatization** to reduce order-to-delivery time
- **SME's**: new **digital commercial** and **caring engagement** to improve service level

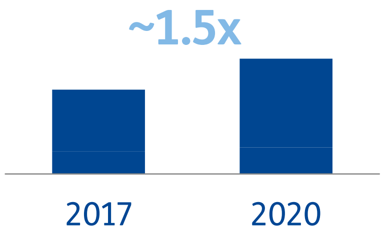
-15% Order-to-delivery time

+5p.p. CSI for Medium & Large in 2020

Leadership positioning

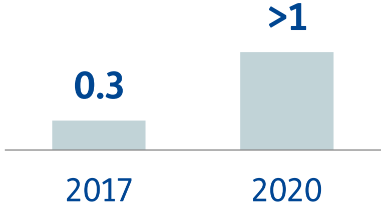
- Evolution towards "**ICT company**"
  - **Public cloud** and **managed services expansion** to further grow Large clients base
  - Tapping of **basic IT opportunity** to improve **SME's revenues mix**
- Step up on **convergence**, fiber and VOIP migration to protect SME's ARPU level

IT & Cloud Revenues
(Mln €)



Grow ICT & Cloud to become 25% of total revenues

Fiber CB
(Mln lines)



Cash-flow generation

- Adoption of **lean digital business model**
- **Contract management, ordering** and **provisioning digitalization**
- **Optimization of service delivery** and **caring costs**

-10% Customer care call volumes

Wholesale: Back to Growth

3

Strategic actions | **Impact by 2020**

Best in class customer engagement

- **Improved, faster delivery process** of **core** services through new **digital** and **automation** tools
- **Upgraded** and **modernized assurance** process, with improved **self-solution** options and **site information quality**
- Fixed Access Network Legal Separation Plan: A Step-Change Evolution of TIM Full Equivalence Functional Separation into a **one-stop shop**, for maximum quality in regulated and unregulated services

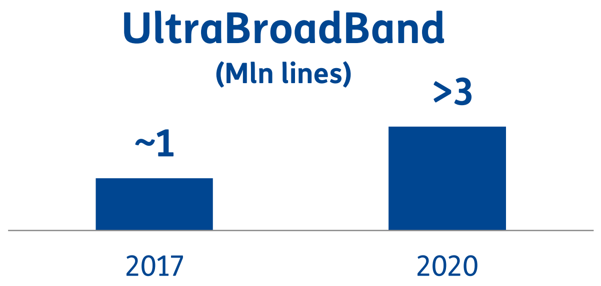
60% faster E2E FTTC delivery time

-32p.p. claim rate

Strengthening of Equality of Access for all operators

Leadership positioning

- **Value** and **demand driven** deployment of fiber with **smart mix** of **FFTH** and **FTTC**
- **Additional incentives to fiber migration** through flexible pricing and innovative turn-key offerings
- **Greater share** of **non-regulated services** with **streamlined process** to **improve delivery speed**



Cash-flow generation

- **“Smarter” Service Creation Process** through increased automation
- Superior **Field Force productivity** through **automation** and **reward system** optimization

+20% Field force productivity

TIM Brasil: More Postpaid and Broadband for continued positive Results

4

Strategic actions

Impact by 2020

Best in class customer engagement

- **Continued expansion** of **the best fixed** and **mobile infrastructure** (4G, Fiber) **to differentiate experience**
- **Improve Customer engagement** through **increased penetration of digital interactions**

>4K Cities covered by 4G (96% of Urban Population)

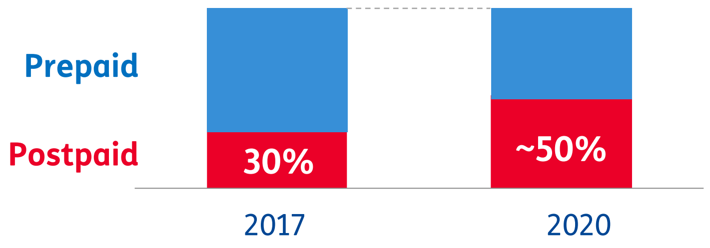
>2X growth of e-bill and e-pay penetration

~5X growth in My-TIM App users

Leadership position

- Acceleration of **mobile growth** targeting **more affluent segments** (e.g., controle, post-paid)
- Growth of **Residential segment contribution to top-line**
- **Step-change growth in SMB segment** leveraging new organization, go-to-market and value proposition
- Development of **new, innovative revenue streams** (e.g., IoT, mobile adv)

Mobile CB (%)



4X growth of residential BB CB (1)

Cash-flow generation

- **Improvement of Cash Generation ability** through **“smart”** **CAPEX** and **Debt/Tax optimization**
- Capture **full digitalization efficiency potential**
- **“Zero-based” approach on traditional efficiency levers**

≥40% EBITDA margin in 2020

≥20% EBITDA-CAPEX on revenues in 2020

(1) FTTX + WTTx

Inwit: Strengthen Tower Leadership
Sparkle: Pursue International Expansion and Data Opportunities

5 6

	Strategic actions		Impact by 2020
5 INWIT	**Leadership positioning**	- Focus on winning **new stakes of MNO's tower demand**, leveraging on high quality portfolio - **Extend leadership to next generation infrastructures** (e.g., 5G, small cells)	**~400 New sites** **~1k Fiber Links** **~10k Small cells**
	Cash-flow generation	- Enhance cost base through **revised lease/purchase strategy**	**2.1x Tenancy ratio** **-4% Lease costs/site** **~1.5k Lands owned**
6 SPARKLE	**Leadership positioning**	- **Focus on data services** to monetize consumption growth **and to improve market reach** - **Enhancement of service portfolio,** focus on VAS (e.g., data center, security as a service) - **Retention of core voice business**	**+25 IP POP** **30% Capex focused on transformation**
	Cash-flow generation	- **Delayering and decommissioning** of obsolete technologies, **virtualization** to improve network - Review of **pricing paradigm** toward a scalable "pay-as-you-grow" model (vs. fixed capacity) - **Organization streamlining**	**100% Infrastructure at 100Gb** **100% Voice traffic processed by virtual nodes**

TIM

Digitalization enlarges Opex Efficiency area

€mln

Cost area	Addressable Domestic baseline 2017		Strategic actions	Impact by 2020
Commercial	Devices & other COGS	2,030	• Optimize specifications & vendor portfolio, apply procurement excellence practices • Shift to digital channels (acquisition & top-up); lower overall volumes (lower churn) • Migration toward digital self-caring (App, IVR, chat bots) • Analytics driven media mix modeling	**20% Online fixed acquisitions [(1)]** **-18% Customer care calls**
	Content & VAS	170		
	Acquisition	360		
	Customer management	400		
	Advertising	160		
Industrial	Network operations	360	• Transition towards Network-as-a-Service: Decommissioning/delayering Virtualization and automation Field force productivity and data driven dispatching	**Central Offices decommissioning begins** **-35% Energy and rental costs**
	Rent & Power	660		
G&A and Labour	G&A incl. IT	530	• Real estate streamlining and consolidation • Contracts re-negotiation • Digitalization of work processes and automation of recurring tasks • Organization simplification and de-layering • Use of early retirements and other instruments to right size the organization	**-25% Organizational units** **20% Digital-enabled productivity improvement**
	Labour cost	2,570		
	Addressable Baseline 2017	7,240	~80% of total OPEX[(2)]	

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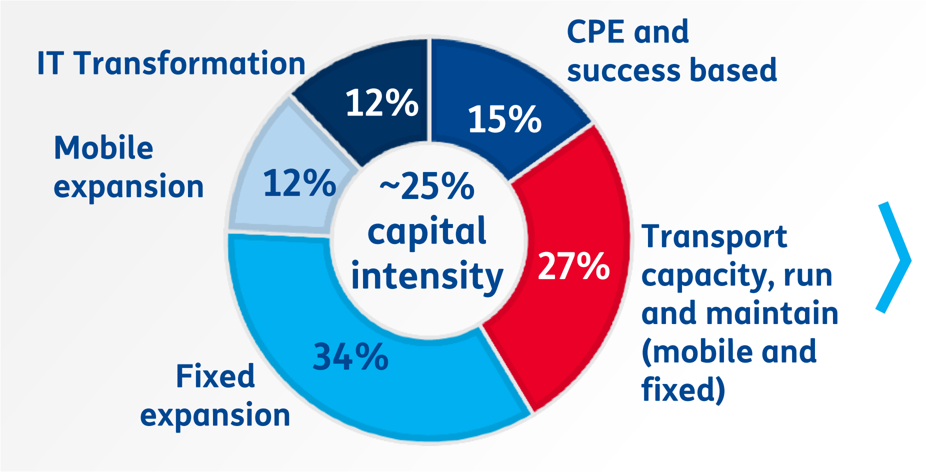
1 Consumer only

2 Not considering capitalization of OPEX

DigiTIM optimized Domestic CAPEX mix

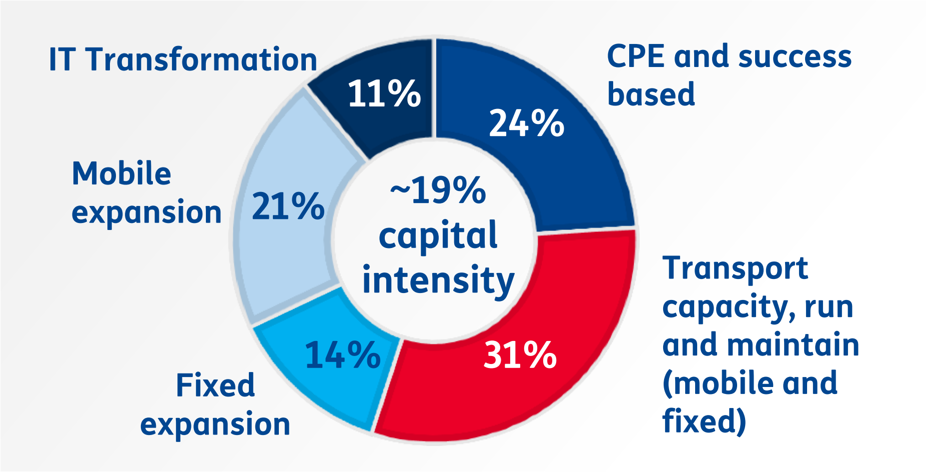
Domestic CAPEX breakdown (1)

2017



2018-2020 €9bn Cumulated Domestic Capex

2020 (2)



Area	Mix vs. 2017	Key initiatives by 2020
CPE and success based	+9 p.p.	• Strong growth on Fiber migration on Consumer and ICT offer on Business
Mobile expansion	+9 p.p.	• Capacity upgrade on 4G • 4.5G/5G deployment leveraging value driven analytics
Transport capacity, run and maintain	+4 p.p.	• 3x mobile and 7x fixed network capacity increase • Network-as-a-Service transformation as enabler for OPEX reduction
IT Transformation	-1 p.p.	• New CRM and billing systems completed and released in 2017 • Aggressive application decommissioning
Fixed access	-20 p.p.	• Selected improvements leveraging existing coverage (77% FTTx YE2017) to achieve 100 cities with FTTH and increasing our ~80% FTTx coverage on a demand-driven basis

(1) Sparkle and Spectrum License not included in the baseline
(2) Total Capex includes €0,6 bln of centralized saving from purchasing and optimization/prioritization

Deploying and Evolving a State-of-the-Art Multi-Technology Access Network

8

	Strategic actions	Impact by 2020
Best in class customer engagement	• **Mobile capacity and coverage improvement to enable new revenue streams** (e.g. content usage, 4G indoor VoLTE) • **“Smart” Ultra Broad Band coverage and capacity upgrade** through smart capex deployment based on Advanced Analytics	3x Mobile capacity increase ~ 80% Households FTTx coverage (own network) 100 Cities FTTH
Leadership positioning	• **5G: Move past experimental level into early stage phase**, based on proven use case (2020) • **Transport backbone upgrade to sustain 5G and video traffic** • **TIM Video infrastructure (Z-Byte Network) development**	**-25% Transport costs** **-70% time for feasibility studies**

Cash-flow generation	• **Transform toward Network as a Service paradigm**
	  • **Decommissioning** toward a full-IP network platform to significantly reduce running costs
	  • **Network Virtualization and Automation** to reduce capex investments for capacity upgrade and hardware costs, allowing agile delivery of new digital services (e.g. Internet of Things)
	  • **Internal processes digitization** to reduce “time-to-market” of new services
		Central Offices decommissioning begins(1)
		-35% Energy and rental costs

(1) Actual decommissioning of ~6,500 central offices out of a total of ~11,000 is subject to 3-5 years of regulatory notice. Project started in 2017.

Digital and Advanced Analytics

Strategic actions

Best in class customer engagement

- **End-to-end digital** customer lifecycle management
- **Personalized experience with smart targeting**

Leadership positioning

- New **omni-channel CRM** (BSS) and **billing systems,** based on an open service architecture
- Deployment of **Advanced Analytics capabilities** at scale in all LoB

Cash-flow generation

- **Radical middle-** and **back-office automation** and **simplification**
- **Digital-first self-caring capabilities,** focus on App and IVR
- **Aggressive IT decommissioning** and simplification plans

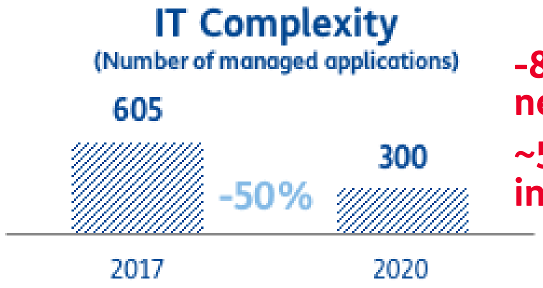
Agile organization

- Deployment of **Agile operating model at scale**
- Setup of **dedicated Digital and AA Centers of Excellence** (CoE)

Impact by 2020

From website to eCommerce catalogue

Single Convergent App for fixed and mobile

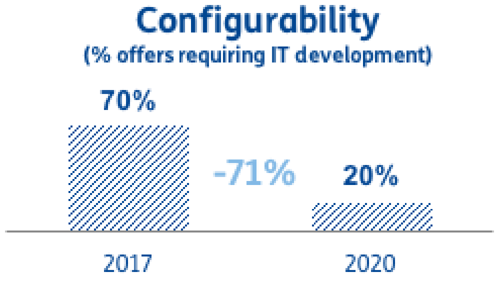


-80% Lead time for new offer creation

~50% Data sources in near-real-time

~20% Productivity enabled by Digital

~80% Smart phone customers never calling call center



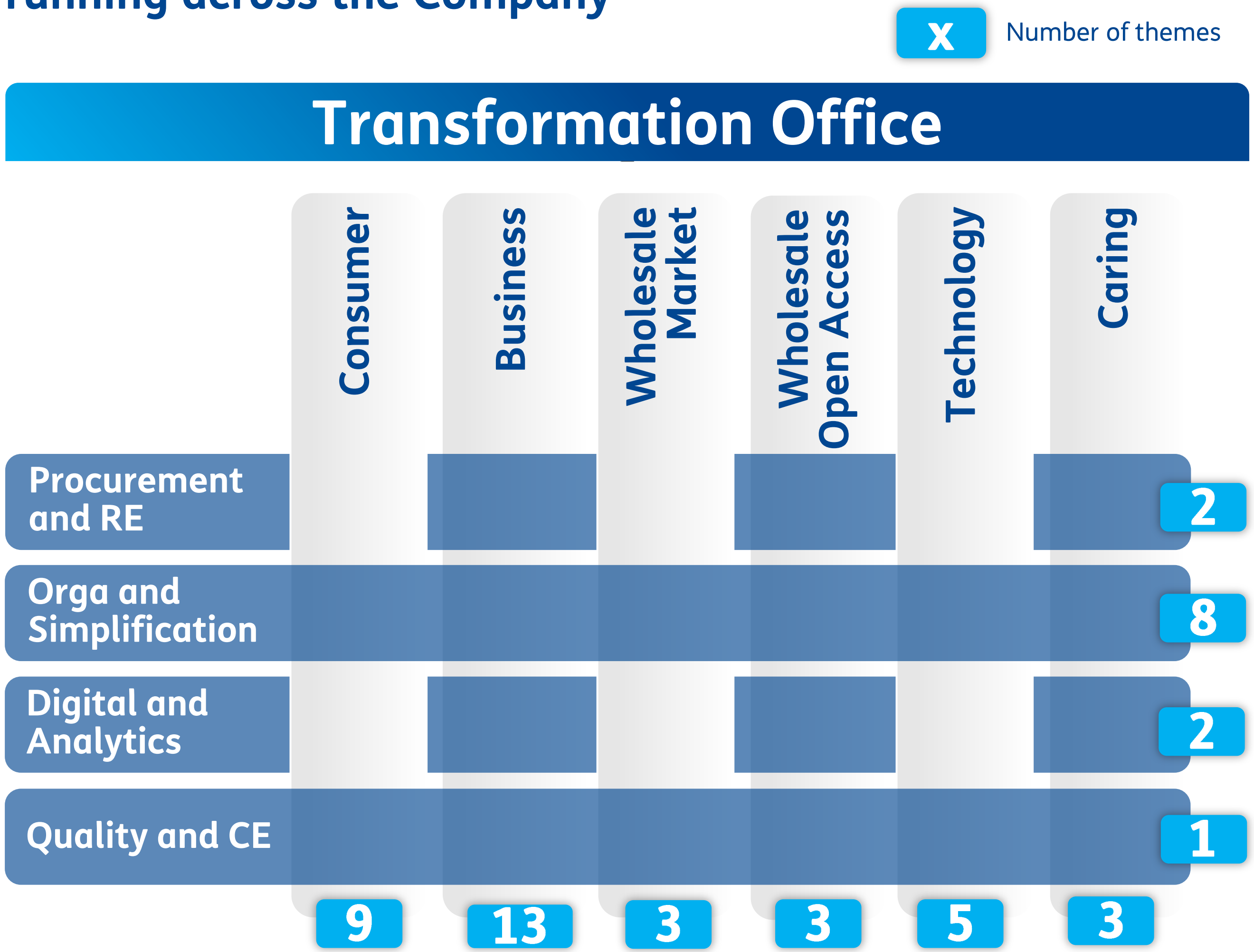
~ -70% Developments vs. configurations

People, Culture & Organization

	Strategic actions	Impact by 2020
Agile and performance-based organization	- New organization structure **simplified** and **delayered** - From silos to **agile organization** to enable fast decision making autonomy & accountably - **Introduction of new digital competences** (e.g., big data, network virtualization) - Dedicated **retention & development program for Top Talents**: digital learning, welfare scheme & top talent career path - Introduction of **continuous rewarding plan** based on **larger set of KPIs** (e.g., productivity) and targeting **sub-managerial resources**	**-20% Organizational units** **~500 new "digital" talents to hire** **~100% Share of resources involved in digital learning and/or re-skilling** **~20% Wholesale on-field productivity increase**
Cash-flow generation	- **Reduction of labor costs** leveraging early retirements and other instruments	**~4,000 exits**
New LTI	- Implementation of a **new LTI for key people** at the organization. TIM LTI is designed as a **share incentive plan**, with KPIs aligned to **share performance** and to cumulated **Equity FCF generation** for 2018-'20. - **Plan to be approved at next AGM**	**Strong Management engagement**

End-to-end Transformation across all BUs and X-functional enabler

A grid of 10 Workstreams, 40+ Themes(1), 250+ Initiatives running across the Company



A solid Implementation Machine to drive Transformation

- Dedicated **Transformation Office** with **20+ full time resources**
- **250+ initiatives** articulated in **3,200+ milestones** with clear responsibilities and accountability
- **Control tower infrastructure** for continuous monitoring of transformational KPIs and real time transparency of economic impact, through a granular reconciliation between actual benefits and targets
- **Execution engine in place:**
  - Weekly progresses led by Top Management, focusing also on the synchronization of cross-functional enablers
  - Monthly assessment of executional risks
  - Central "Swat teams" dedicated to support transformational workstreams (new capabilities and methodologies)

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(1) E.g., Convergence penetration, Fiber penetration, Business channels reinforcement, IT & Cloud development, Self-care migration, Wholesale sales effectiveness increase, Open Access network run optimization, Decommissioning, Insourcing, …

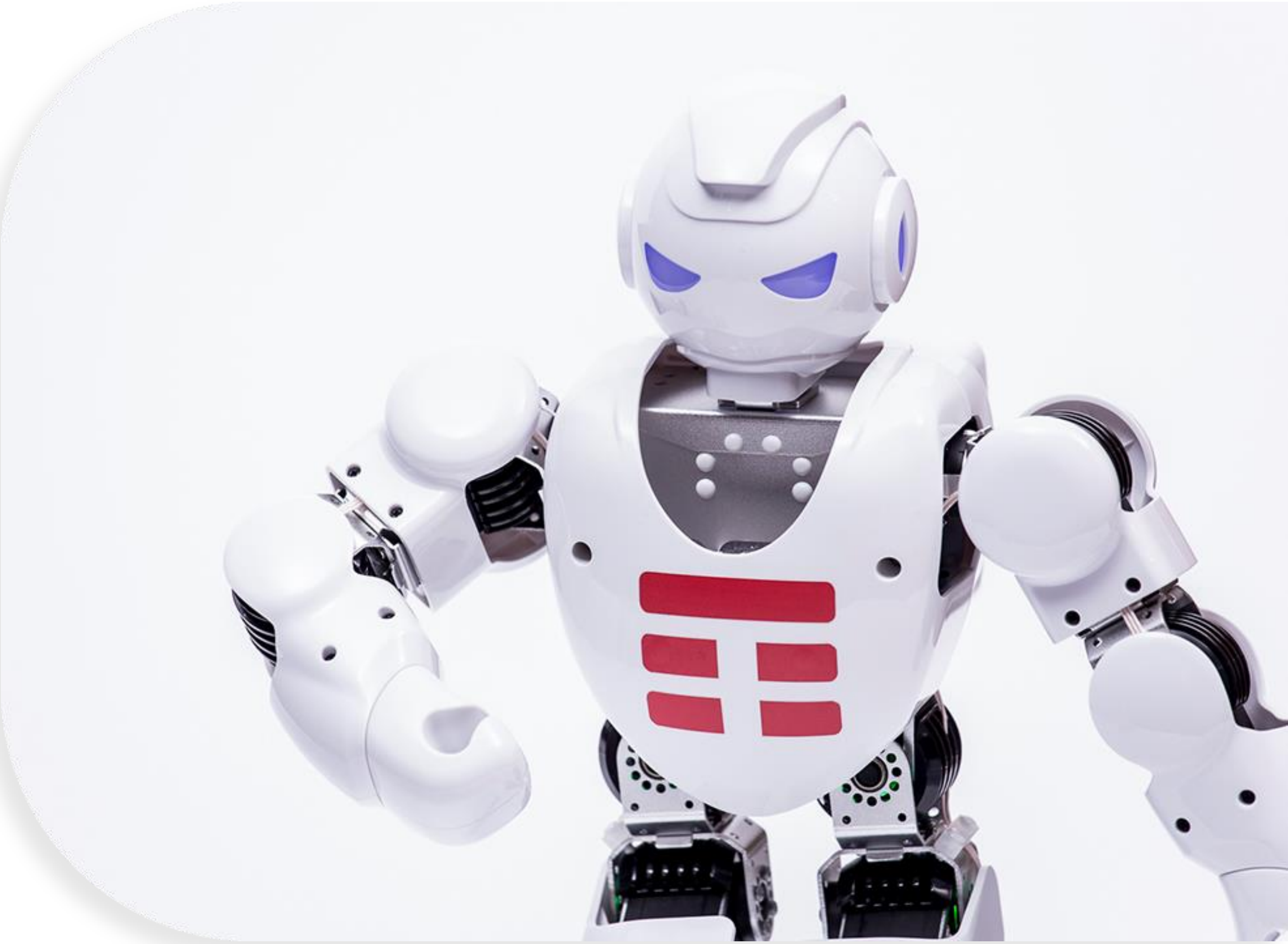
FY’17 and 2018-’20 Plan

1 4Q’17 and FY Main Results

2 2018-’20 Plan: Key Drivers and KPI Evolution

3 Targets and Take-Aways

4 Appendix



TIM 2018-'20 Targets

GOALS	DRIVERS	TARGETS / KPIs	
Sustain Top Line & Profitability	- Focus on value maximization via accelerated convergence and new services - Drive digital and analytics as core differentiators (both cost and revenues) - Look for growth in and outside the core (eg. Cloud, IoT, Mobile Advertising, Data Monetization) - In Italy, TIM Fixed UBB lines (Retail + WHS) to grow to ~9 million by 2020 (3x 2017 figure)	• Domestic Service Revenues : Broadly Stable • Domestic EBITDA: Low single digit 2017-'20 CAGR (1) • Brazil & Inwit: Continued Growth in Revenues and Ebitda (2)	**Over 2018-2020 Plan Period**
Strong Deleverage and drop in Capex Intensity	- Enhanced cash generation, supported by operational and financial discipline, will lower our Group Net Debt/Ebitda ratio by end 2018 - Domestic Capex / Sales moving back to normal intensity, having now completed catch-up phase	• Group Adj. NFP/EBITDA ~2.7x in 2018, further reducing both in 2019 and 2020 (3) • Domestic Capex/Sales <20% by YE2019	**2018 and 2019**
Relevant Step-up in 3-Years Cumulated Free Cash Flow	- Selective growth investments to maximize ROI - Lower capital intensity following network rollout - Reduce costs while improving customer satisfaction through agile customer journey redesign	• 2018-'20 Group Cumulated Equity Free Cash Flow of ~ €4.5bn (4) excluding spectrum and pre-dividend	**2020**

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(1) On Organic basis
(2) Specific Company guidance is in the Annex section
(3) Spectrum not included
(4) Cumulative '15-'17 Equity Free Cash Flow at €1.6bln, excl. M&A

Closing remarks

1

DigiTIM is now

- Best in class customer engagement through digital and agile customer journey redesign
- Leadership positioning by sustaining premium customer base and capturing new growth opportunities in and outside the core
- Acceleration of cash-flow generation to strengthen balance sheet and increase total shareholder return
- Agile organization, performance based and data driven culture

2

Relentless focus on execution: delivery is utmost priority

- End-to-end transformation across all BUs, leveraging on cross-functional enablers
- New organization and way of thinking

FY’17 and 2018-’20 Plan

TIM Brazil 2018-’20 Targets

GOALS	DRIVERS	SHORT TERM TARGETS / KPIs	LONG TERM TARGETS / KPIs
Sustain Top Line Growth	• Further improve Mobile Service Revenue Share • Expand Residential BB Revenues contribution	Service Revenues Growth: **5-7% in 2018**	Service Revenues Growth: **Mid to High Single Digit CAGR ‘17-’20**
Improve Profitability	• Zero Base approach on Traditional Efficiency • Capture Digitalization initiatives potencial	EBITDA: **Double Digit growth in 2018**	EBITDA Margin: **≥40% in 2020**
Expand Cash Generation	• Smart Capex “More with less” approach • Optimize Tax Rate • Optimize Debt and Shareholders’ Remuneration	Ebitda-Capex on Revenues: **≥13% in 2018**	Ebitda-Capex on Revenues: **≥20% in 2020** Capex: **~12B R$ in ‘18-’20 (~20% on Rev. in 2020)**

Inwit 2018-’20 Targets

GOALS	DRIVERS	SHORT TERM TARGETS / KPIs	LONG TERM TARGETS / KPIs
Maintain leadership	• Maintain top-of-mind positioning on asset quality • Additional tenants on existing towers • Lead network densification phase	Tenancy Ratio: **1.9x tenants per site in 2018**	Revenues Growth: **Mid single Digit CAGR ‘17-’20**
Address next generation infrastructures market	• Reinforce leadership on small cell neutral host market • Start sharing model on fiber backhauling • Prepare for “5G driven” new services	New Sites: **0,6k sites by 2018** Small Cells: **4k remote units in 2018**	CAPEX: **300 mln € in 2018/20**
Improve cash-flow generation	• Win stake of demand from new players and FWA • Take off of new businesses • Keep up lease cost renegotiation effort and lean organization	EBITDA: **Low Teens CAGR ‘15-’18**	Recurring FCF*: **Low Teens CAGR ‘17-’20**

Tackle Potential Consolidation Opportunities: Business developments open to M&A opportunities, supported by INWIT strong balance sheet

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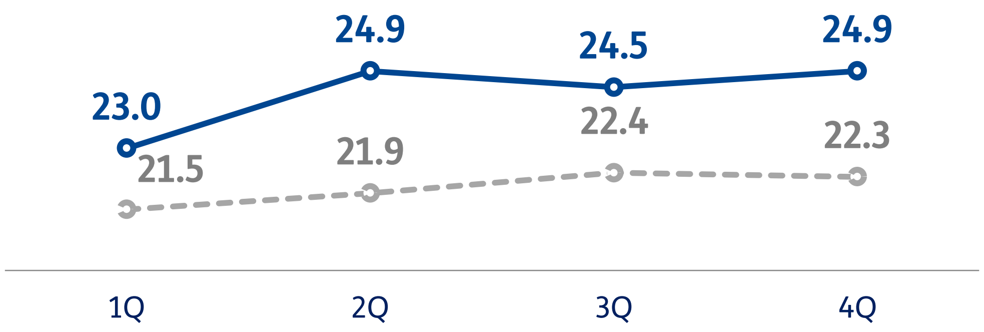
** EBITDA – Recurring Capex – Change in Working capital – Cash Taxes – Cash Interests*

Domestic Fixed and Mobile

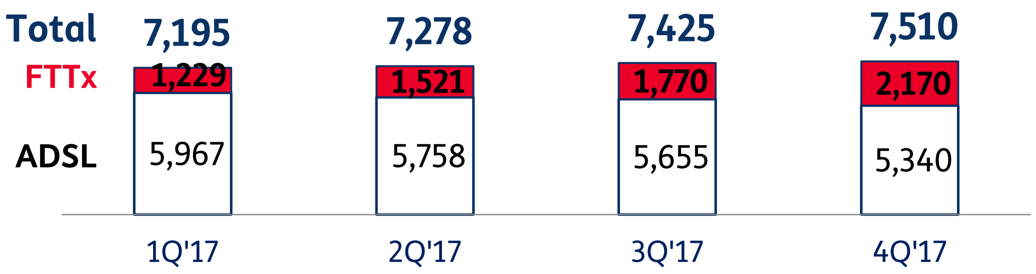
€/month, k lines

Fixed

BroadBand ARPU

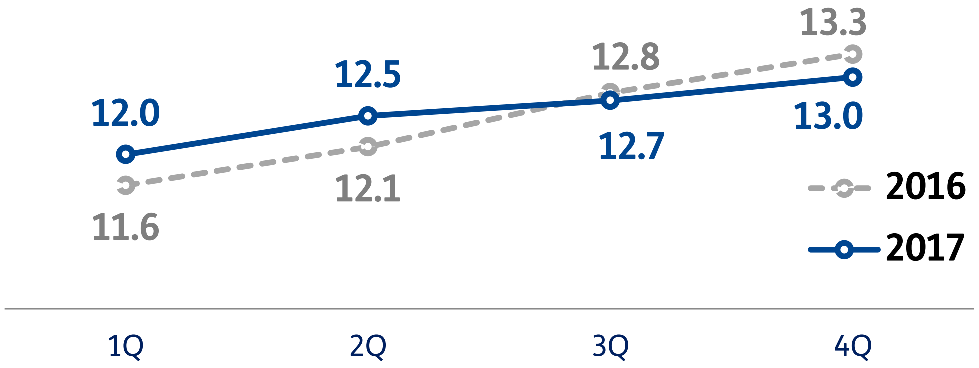


BroadBand Customer Base

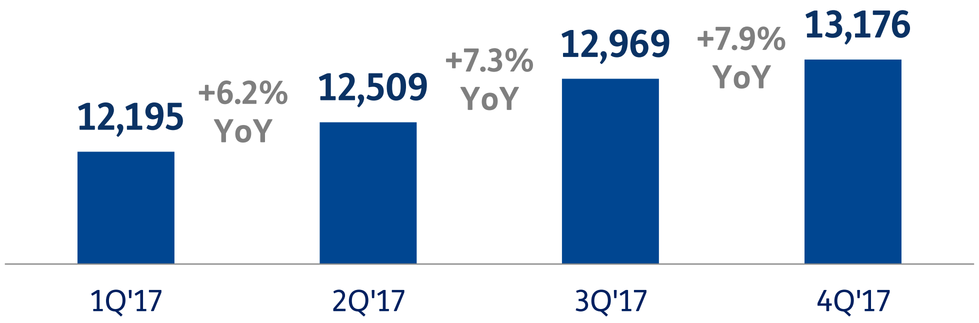


Mobile

Reported ARPU

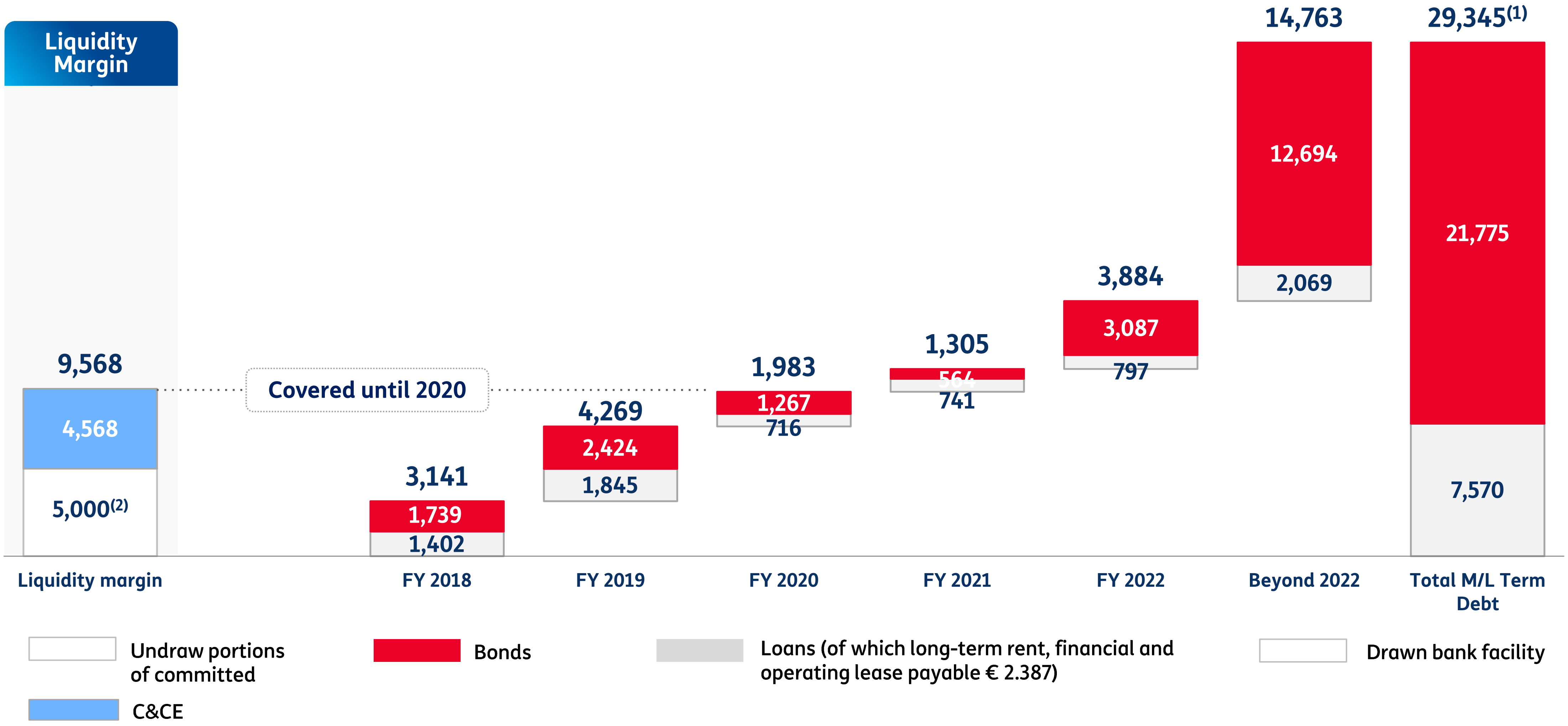


BroadBand Customer Base



Maturities and Liquidity Margin

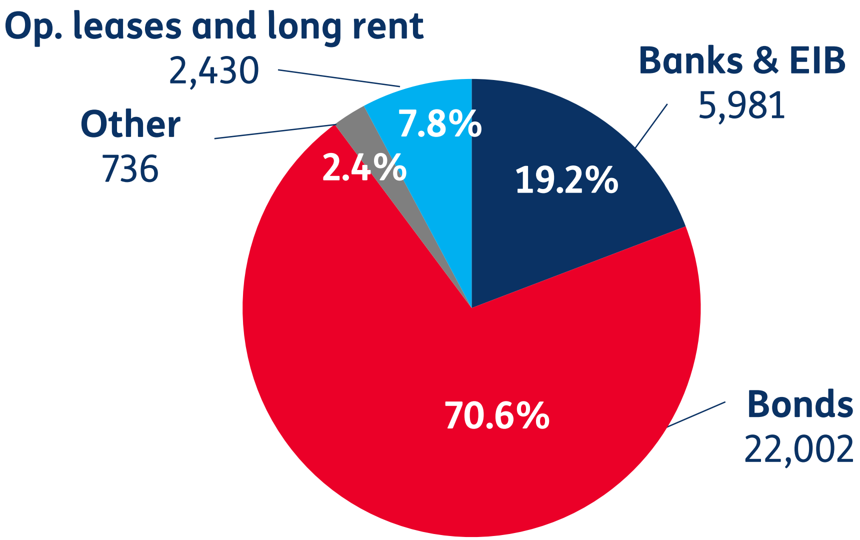
€mln



(1)€29,345mln is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and reverse fair value valuations (€820mln) and current financial liabilities (€984mln), the gross debt figure of €31,149mln is reached.
(2) Considered the new Revolving Credit Facility stipulated in January 2018.

Well Diversified and Hedged Debt

€mln



Gross debt	**€**	**31,149**
Financial Assets	**€**	**(5,841)**
of which C&CE and marketable securities	**€**	**(4,568)**
- C & CE	€	(3,575)
- Marketable securities	€	(993)
- Government Securities	€	(276)
- Other	€	(717)
Net financial position	**€**	**25,308**

Maturities and Risk Management

Average m/l term maturity:
7.75 years (bond only 8.07 years)

Fixed rate portion on gross debt approximately **71.3%**

Around **33% of outstanding bonds** (nominal amount) denominated in **USD and GBP and is fully hedged**

Cost of debt: ~4.8 %

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 €1,715mln (of which €200mln on bonds)
- the impact on Financial Assets is equal to €932mln.

Therefore, the Net Financial Indebtedness is adjusted by €783mln.

N.B. The difference between total financial assets (€ 5,841mln) and C&CE and marketable securities (€4,568mln) is equal to €1,273mln and refers to positive MTM derivatives (accrued interests and exchange rate) for € 844 mln, financial receivables for lease for € 114mln, deposits beyond 3 months for €100mln and other credits for €215mln.