



4Q'18 Financial and Operating Figures

Index

- Disclaimer
- Key financial data by Business Unit
- Key financial data by Quarter
- P&L Group
- Balance Sheet
- Net Debt & Cashflow
- Working Capital
- Domestic Business Results
- Domestic Wireline
- Domestic Mobile
- TIM Brasil Results
- Reported & Organic Figures
- Non linear items

TELECOM ITALIA INVESTOR RELATIONS

investor_relations@telecomitalia.it

Website link:

[Telecom Italia Group](#)

[Telecom Italia Investor Relations](#)

Disclaimer

The financial and operating data have been extracted or derived, with the exception of some data, from the 2018 Annual Report of the TIM Group examined and approved by the TIM Board of Directors on 21 February 2019, which has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the EU (designated as “IFRS”). The accounting policies and consolidation principles adopted in the preparation of the Financial Statements at 31 December 2018 are the same as those adopted in the TIM Group Annual Audited Consolidated Financial Statements as of 31 December 2017, to which reference can be made, except for the adoption of the new accounting principles (IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers) adopted starting from 1 January 2018. As a result of this, the FY2018 financial results are defined as “FY2018 IFRS 9/15”, as well as the 4Q2018 financial results are defined as “4Q2018 IFRS 9/15”. Furthermore, for comparison purposes, 1Q18, 2Q18, 3Q18, 4Q18, 1H2018, 9M18, and FY2018 as well as 1Q17, 2Q17, 3Q17, 4Q17, 1H2017, 9M17 and FY2017 financial results are also presented in accordance with the prior IFRS on revenues (IAS 18, IAS 11 and related Interpretations) and financial instruments (IAS 39)”.

As of today, the audit work by our independent auditors on the TIM Consolidated and Separate Financial Statements for the year ended 31 December 2018 have not yet been completed.

Key financial data by Business Unit

UNAUDITED FIGURES

€ mln

	FY17	1Q18	1H18	9M18	FY18	FY18 IFRS 9/15
REVENUES Reported						
Domestic	15,354	3,709	7,518	11,311	15,185	15,031
Brasile	4,502	1,037	2,007	2,929	3,959	3,943
Other activities & Elim.	(28)	(4)	(13)	(23)	(35)	(34)
TI Group	19,828	4,742	9,512	14,217	19,109	18,940
REVENUES Organic ⁽¹⁾						
Domestic	15,340	3,709	7,518	11,311	15,247	15,093
Brasile	3,770	1,037	2,007	2,929	3,959	3,943
Other activities & Elim.	(28)	(4)	(13)	(23)	(35)	(34)
TI Group	19,082	4,742	9,512	14,217	19,171	19,002
EBITDA Reported						
Domestic	6,171	1,533	3,200	4,958	6,221	5,955
Brasile	1,635	365	727	1,084	1,511	1,467
Other activities & Elim.	(16)	(5)	(9)	(12)	(19)	(19)
TI Group	7,790	1,893	3,918	6,030	7,713	7,403
EBITDA Organic ⁽¹⁾						
Domestic	7,050	1,628	3,321	5,085	6,629	6,363
Brasile	1,369	365	727	1,084	1,510	1,466
Other activities & Elim.	(15)	(5)	(9)	(11)	(18)	(18)
TI Group	8,404	1,988	4,039	6,158	8,121	7,811
EBIT Reported						
Domestic	2,772	678	1,484	393	177	16
Brazil	535	133	254	381	569	564
Other activities & Elim.	(16)	(5)	(10)	(12)	(19)	(19)
TI Group	3,291	806	1,728	762	727	561
CAPEX ⁽²⁾						
Domestic	4,551	533	1,273	1,975	5,634	5,518
Brasile	1,150	162	402	598	924	890
Elim & Adj		(1)	-		-	-
TI Group	5,701	694	1,675	2,573	6,558	6,408

(1) Details on non linear items in tab 14 (2) In FY 2018 €2,399m for 5G spectrum

Key BU financial data by Quarter

€ mln

UNAUDITED FIGURES

	4Q17	1Q18	2Q18	3Q18	4Q18	4Q18 IFRS 9/15
REVENUES Reported						
Domestic	4,042	3,709	3,809	3,793	3,874	3,849
Brasile	1,113	1,037	970	922	1,030	1,025
Other activities & Elim.	(6)	(4)	(9)	(10)	(12)	(11)
TI Group	5,149	4,742	4,770	4,705	4,892	4,863
REVENUES Organic ⁽¹⁾						
Domestic	4,044	3,709	3,809	3,793	3,936	3,911
Brasile	980	1,037	970	922	1,030	1,025
Other activities & Elim.	(6)	(4)	(9)	(10)	(12)	(11)
TI Group	5,018	4,742	4,770	4,705	4,954	4,925
EBITDA Reported						
Domestic	1,116	1,533	1,667	1,758	1,263	1,216
Brasile	465	365	362	357	427	417
Other activities & Elim.	(4)	(5)	(4)	(3)	(7)	(8)
TI Group	1,577	1,893	2,025	2,112	1,683	1,625
EBITDA Organic ⁽¹⁾						
Domestic	1,778	1,628	1,693	1,764	1,544	935
Brasile	405	365	362	357	426	418
Other activities & Elim.	(4)	(5)	(4)	(2)	(7)	(8)
TI Group	2,179	1,988	2,051	2,119	1,963	1,345
EBIT Reported						
Domestic	265	678	806	(1,091)	(216)	(235)
Brasile	195	133	121	127	188	186
Other activities & Elim.	(3)	(5)	(5)	(2)	(7)	(7)
TI Group	457	806	922	(966)	(35)	(56)
CAPEX ⁽²⁾						
Domestic	1,374	533	740	702	3,659	3,631
Brasile	446	162	240	196	326	317
Elim & Adj		(1)	1		-	-
TI Group	1,820	694	981	898	3,985	3,948

(1) Details on non linear items in tab 14 (2) In 4Q 2018 €2,399m for 5G spectrum

P&L Group

UNAUDITED FIGURES

€ mln

	FY17	1Q18	1H18	9M18	FY18	FY18 IFRS 9/15
REVENUES	19,828	4,742	9,512	14,217	19,109	18,940
Other Income	523	57	144	200	341	341
TOTAL OPERATING REVENUES AND OTHER INCOME	20,351	4,799	9,656	14,417	19,450	19,281
Acquisition of goods and services	(8,388)	(1,969)	(3,922)	(5,815)	(8,089)	(8,186)
Employee benefits expenses	(3,626)	(773)	(1,509)	(2,151)	(3,084)	(3,105)
Other operating expenses	(1,208)	(359)	(652)	(888)	(1,236)	(1,259)
Internally generated assests and Others	661	195	345	467	672	672
EBITDA	7,790	1,893	3,918	6,030	7,713	7,403
<i>EBITDA Margin</i>	39.3%	39.9%	41.2%	42.4%	40.4%	39.1%
Depreciation and amortization	(4,473)	(1,089)	(2,193)	(5,274)	(4,399)	(4,255)
Gains (losses) on disposals of non-current assets	11	2	3	6	(1)	(1)
Impairment reversals (losses) on non-current assets	(37)	-	-	-	(2,586)	(2,586)
EBIT	3,291	806	1,728	762	727	561
<i>EBIT Margin</i>	16.6%	17.0%	18.2%	5.4%	3.8%	3.0%
Income (loss) equity invest. valued equity method	(19)	8	8	8	9	10
Net Financial Income / (Expenses)	(1,495)	(354)	(715)	(1,041)	(1,341)	(1,348)
Profit (loss) before tax from continuing operations	1,777	460	1,021	(271)	(605)	(777)
Income tax expense	(490)	(174)	(328)	(306)	(433)	(375)
Profit (loss) from continuing operations	1,287	286	693	(577)	(1,038)	(1,152)
Profit (loss) from Discontinued operations/Non-current assets held for sale		-	-	-	0	0
Profit (loss) for the year	1,287	286	693	(577)	(1,038)	(1,152)
Attributable to:						
Owners of the Parent	1,121	250	618	(770)	(1,298)	(1,411)
Non-controlling interests	166	36	75	193	260	259

Consolidated Balance Sheet

€ mln

UNAUDITED FIGURES

	FY17	FY18	FY18 IFRS 9/15
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	29,462	26,769	26,769
Intangible assets with a finite useful life	7,192	9,002	8,889
	<u>36,654</u>	<u>35,771</u>	<u>35,658</u>
Tangible assets			
Property, plant and equipment owned	14,216	14,251	14,251
Assets held under finance leases	2,331	1,895	1,895
	<u>16,547</u>	<u>16,146</u>	<u>16,146</u>
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	17	16	16
Other investments	51	47	49
Non-current financial assets	1,768	1,594	1,594
Miscellaneous receivables and other non-current assets	2,422	2,615	2,291
Deferred tax assets	993	1,096	1,136
	<u>5,251</u>	<u>5,368</u>	<u>5,086</u>
TOTAL NON-CURRENT ASSETS (A)	58,452	57,285	56,890
CURRENT ASSETS			
Inventories	290	389	389
Trade and miscellaneous receivables and other current assets	4,959	4,813	4,706
Current income tax receivables	77	209	251
Other investments			
Securities other than investments, financial receivables and other current financial assets	1,430	1,466	1,466
Cash and cash equivalents	3,575	1,917	1,917
TOTAL CURRENT ASSETS (B)	10,331	8,794	8,729
TOTAL ASSETS (A+B)	68,783	66,079	65,619

Consolidated Balance Sheet

UNAUDITED FIGURES

€ mln

	FY17	FY18	FY18 IFRS 9/15
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Parent	21,557	19,716	19,528
Equity attributable to Minority Interests	2,226	2,225	2,219
TOTAL EQUITY (C)	23,783	21,941	21,747
NON-CURRENT LIABILITIES			
Non-current financial liabilities	28,108	25,059	25,059
Employee benefits	1,736	1,567	1,567
Deferred tax liabilities	265	222	192
Provisions	825	876	876
Miscellaneous payables and other non-current liabilities	1,678	3,552	3,297
TOTAL NON-CURRENT LIABILITIES (D)	32,612	31,276	30,991
CURRENT LIABILITIES			
Current financial liabilities	4,756	5,891	5,913
Trade and miscellaneous payables and other current liabilities	7,520	6,904	6,901
Current income tax payables	112	67	67
Current liabilities sub-total (E)	12,388	12,862	12,881
Liabilities directly associated with Discontinued operations/Non-current assets held for sale			
of a financial nature	-	-	-
of a non-financial nature	-	-	-
TOTAL CURRENT LIABILITIES (E)	12,388	12,862	12,881
TOTAL LIABILITIES (F=D+E)	45,000	44,138	43,872
TOTAL EQUITY AND LIABILITIES (C+F)	68,783	66,079	65,619

Net Cash Flow & Net Debt Dynamics

€ mln

UNAUDITED FIGURES

	FY17	FY18	FY18 IFRS 9/15
EBITDA	7,790	7,713	7,403
CAPEX	(5,701)	(6,558)	(6,408)
<i>o/w spectrum</i>	(630)	(2,399)	
CHANGE IN WORKING CAPITAL ⁽¹⁾	407	922	1,082
Net operating Free Cash Flow	2,496	2,077	2,077
Cash Taxes	(1,113)	(739)	(739)
Financial Expenses	(1,572)	(1,302)	(1,302)
Dividends and change in Equity	(219)	(234)	(234)
Other impacts (FX, M&A, IAS and Other impacts)	219	236	236
<i>o/w IAS 17</i>	(68)	195	
Reduction/(Increase) in adjusted net financial debt from continuing operations	(189)	38	38
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	-	-	-
Reduction/(Increase) in adjusted net financial debt	(189)	38	38
OPENING NET FINANCIAL DEBT (Adjusted)	25,119	25,308	25,308
Net cash flow	(189)	38	38
ENDING NET FINANCIAL DEBT (Adjusted)	25,308	25,270	25,270
Adj for fair value valuation of derivatives and related underlyings	783	703	725
ENDING NET FINANCIAL DEBT (Reported)	26,091	25,973	25,995

(1) See details in tab 8

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

Working Capital

€ mln

UNAUDITED FIGURES

	TIM Group		Domestic		Brasil	
	FY17	FY18	FY17	FY18	FY17	FY18
Operating WC & Other	407	922	573	946	(188)	(6)
5G License	-	(2,399)	-	(2,399)	-	-
5G License paid in the year	257	513	-	477	257	36
Non recurring items (not paid)	(883)	(408)	(883)	(408)	-	-
Recurring Operating WC	(219)	(1,372)	(310)	(1,384)	69	30
Inventory			(41)	(90)		
Trade Receivables			138	(74)		
Trade Payables			56	(160)		
Other Operating Payables/Receivables & Funds			(463)	(1,061)		
- o/w Litigations & Settlements			(95)	-		
- o/w Payables vs. Personnel			-	(71)		
- o/w Personnel Exit (Fornero Law)			(166)	(267)		
- o/w VAT split payment			-	(373)		
- o/w Billing ⁽¹⁾			-	(114)		
- o/w Deferred Costs & Revenues			(346)	(194)		

(1) From payments in advance to payments in arrears

Domestic Business Results - Reported Figures

UNAUDITED FIGURES

€ mln

	4Q17		FY17		1Q18		2Q18		3Q18		4Q18		FY18		FY18 IFRS 9/15
	Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		
REVENUES	4,042	1.8%	15,354	2.3%	3,709	1.7%	3,809	-1.0%	3,793	-0.7%	3,874	-4.2%	15,185	-1.1%	15,031
Services	3,607	2.1%	14,000	0.9%	3,399	1.7%	3,480	-0.6%	3,518	-0.9%	3,437	-4.7%	13,834	-1.2%	13,650
Equipments	435	-0.7%	1,354	20.0%	310	1.6%	329	-5.3%	275	3.0%	437	0.4%	1,351	-0.2%	1,381
Domestic Mobile Services	1,225	0.5%	4,655	1.6%	1,123	3.7%	1,142	-0.2%	1,169	-2.8%	1,079	-11.9%	4,513	-3.1%	4,405
Traditional	526	-2.1%	2,053	-8.8%	515	3.8%	516	0.8%	499	-3.9%	452	-14.1%	1,982	-3.5%	1,982
Innovative	625	8.3%	2,311	15.1%	551	3.2%	560	0.3%	567	-4.5%	551	-11.9%	2,228	-3.6%	2,121
Wholesale	74	-29.8%	291	-9.3%	57	7.9%	66	-11.2%	104	15.2%	76	2.4%	303	3.9%	302
Domestic Wireline Services	2,524	1.2%	9,952	-0.1%	2,419	-0.2%	2,485	-0.9%	2,492	-0.2%	2,556	1.3%	9,951	0.0%	9,875
Traditional Services	937	-12.4%	3,828	-9.3%	906	-6.3%	902	-7.3%	862	-9.3%	841	-10.3%	3,510	-8.3%	3,485
Innovative Services	753	16.1%	2,825	14.3%	750	15.0%	784	10.7%	820	15.1%	875	16.3%	3,228	14.3%	3,150
Domestic Wholesale	494	1.2%	1,994	-1.9%	491	-2.9%	489	-1.8%	512	2.8%	502	1.7%	1,993	-0.1%	2,021
TIS Group	354	1.7%	1,349	-0.1%	286	-7.7%	323	-3.9%	310	-11.2%	353	-0.3%	1,272	-5.7%	1,272
Subs. Adj. and Other	-13	78.0%	-44	60.0%	-14	-31.5%	-13	-81.8%	-12	13.2%	-15	12.9%	-54	21.6%	-53
Elimination & Other	-143		-607		-143		-147		-143		-198		-629		
EBITDA	1,116	-34.5%	6,171	-7.9%	1,533	-5.4%	1,667	-4.2%	1,758	3.8%	1,263	13.2%	6,221	0.8%	5,955
EBITDA Margin	27.6%		40.2%		41.3%		43.8%		46.3%		32.6%		41.0%		
CAPEX ⁽¹⁾	1,374	4.8%	4,551	22.7%	533	-15.5%	740	-25.6%	702	-54.7%	3,659	166.3%	5,634	23.8%	5,518
% on revenues	34.0%		29.6%		14.4%		19.4%		18.5%		n.m.		n.m.		
KPIs															
Headcount EoP	49,851	-2.8%	49,851	-2.8%	49,722	-2.8%	49,658	-2.8%	49,532	-1.9%	48,200	-3.3%	48,200	-3.3%	

(1) Includes 630 mln € GSM Licences in 3Q'17 and €2,399m for 5G Licenses in 4Q'18

Domestic Wireline Results - Reported Figures

UNAUDITED FIGURES

	4Q17		FY17		1Q18		2Q18		3Q18		4Q18		FY18	
KPIs ('000)	Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy	
Retail - physical accesses	11,044	-2.1%	11,044	-2.1%	10,845	-3.4%	10,644	-4.8%	10,450	-6.2%	10,149	-8.1%	10,149	-8.1%
Retail - accesses including VoIP	11,407	-1.0%	11,407	-1.0%	11,285	-1.5%	11,203	-2.0%	11,102	-2.9%	10,864	-4.8%	10,864	-4.8%
Retail - broadband	7,510	6.1%	7,510	6.1%	7,527	4.6%	7,547	3.7%	7,561	1.8%	7,483	-0.3%	7,483	-0.3%
Business	1,441	0.3%	1,441	0.3%	1,426	-1.1%	1,415	-2.1%	1,392	-3.5%	1,377	-4.5%	1,377	-4.5%
Consumer	6,068	7.6%	6,068	7.6%	6,101	6.1%	6,132	5.1%	6,169	3.1%	6,106	0.6%	6,106	0.6%
FTTx (NGN)	2,150	117.8%	2,150	117.8%	2,458	102.0%	2,744	82.1%	2,955	68.5%	3,166	47.3%	3,166	47.3%
ARPU Broadband (€/month)	24.9	11.4%	24.3	10.5%	25.5	10.9%	26.1	4.8%	27.4	11.8%	28.7	15.4%	26.9	10.7%
ARPU Consumer (€/month)	33.6	5.1%	33.2	3.7%	32.8	2.7%	33.9	0.4%	35.5	6.4%	36.5	8.7%	34.7	4.5%
Wholesale - OLO Accesses	7,951	3.6%	7,951	3.6%	8,065	3.3%	8,078	2.5%	8,114	2.8%	8,063	1.4%	8,063	1.4%
Local Loop Unbundling (LLU)	5,432	-4.1%	5,432	-4.1%	5,241	-7.6%	5,011	-11.1%	4,788	-14.0%	4,444	-18.2%	4,444	-18.2%
Wholesale Line Rental	304	-21.7%	304	-21.7%	291	-22.1%	274	-20.9%	257	-22.0%	242	-20.4%	242	-20.4%
Bitstream Naked	1,228	-3.6%	1,228	-3.6%	1,228	-4.2%	1,194	-5.7%	1,165	-5.3%	1,115	-9.2%	1,115	-9.2%
VULA - FTTx (NGN)	986	179.2%	986	179.2%	1,306	171.7%	1,598	153.0%	1,904	149.6%	2,262	129.4%	2,262	129.4%

	4Q17		FY17		1Q18		2Q18		3Q18		4Q18		FY18		FY18 IFRS 9/15
REVENUES(€ mln)	Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		
TOTAL	2,763	1.5%	10,689	1.8%	2,579	-0.7%	2,635	-2.4%	2,607	-0.9%	2,791	1.0%	10,611	-0.7%	10,477
Services	2,524	1.2%	9,952	-0.1%	2,419	-0.2%	2,485	-0.9%	2,492	-0.2%	2,556	1.3%	9,951	0.0%	9,875
Equipments	239	5.4%	737	39.0%	160	-6.9%	150	-21.9%	115	-13.9%	235	-1.7%	660	-10.4%	602
TRADITIONAL SERVICES	937	-12.4%	3,828	-9.3%	906	-6.3%	902	-7.3%	862	-9.3%	841	-10.3%	3,510	-8.3%	3,485
Voice	763	-8.1%	3,162	-8.1%	754	-5.9%	718	-11.6%	690	-12.1%	666	-12.7%	2,828	-10.6%	2,809
Business Data & Others trad	174	-27.4%	666	-14.4%	152	-8.2%	185	14.4%	171	4.0%	174	0.4%	682	2.5%	676
INNOVATIVE SERVICES	753	16.1%	2,825	14.3%	750	15.0%	784	10.7%	820	15.1%	875	16.3%	3,228	14.3%	3,150
Broadband and Content	564	18.4%	2,160	15.9%	582	17.1%	596	9.0%	629	13.8%	658	16.6%	2,465	14.1%	2,388
ICT Service	188	9.6%	665	9.2%	168	8.1%	188	16.5%	191	18.9%	217	15.4%	764	14.8%	763
Domestic Wholesale	494	1.2%	1,994	-1.9%	491	-2.9%	489	-1.8%	512	2.8%	502	1.7%	1,993	-0.1%	2,021
TIS Group	354	1.7%	1,349	-0.1%	286	-7.7%	323	-3.9%	310	-11.2%	353	-0.3%	1,272	-5.7%	1,272
Subs. Adj. and Other	-13	78.0%	-44	60.0%	-14	-31.5%	-13	-81.8%	-12	13.2%	-15	12.9%	-54	21.6%	-53

Legenda

Wireline - KPIs

Retail - physical accesses	Fixed line physical accesses, including both voice and broadband (xDSL, FTTx)
Retail - accesses including VoIP	Included in the counting also multiple VoIP lines on a single physical access line
Retail - broadband	All active broadband lines, including xDSL and FTTx
Business	Active broadband lines on Corporate and Small/Medium enterprises
Consumer	Active broadband lines on Consumer customers
FTTx (NGN)	All active fiber line retail customers, FTTC and FTTH
ARPU Broadband (€/month)	Total broadband revenues divided by all active broadband customers (€/line/month)
ARPU Consumer (€/month)	Total retail consumer service revenues divided by active consumer lines (€/line/month)
Wholesale - OLO Accesses	Total number of wholesale lines
Local Loop Unbundling (LLU)	Nr. of wholesale accesses to the copper local access network (SULL, VULL and NGA included)
Wholesale Line Rental	Nr. of rented wholesale lines enabling OLOs to resell basic and advanced telephone and associated services
Bitstream Naked	Nr. of wholesale copper access lines with no RTG/ISDN/WLR voice service, used by OLOs for ADSL data service.
VULA - FTTx (NGN)	Nr. of virtual, bitstream-type accesses on TI's fiber network

Wireline - Revenues

TOTAL	Total revenues of Domestic Wireline, including services and equipment
Services	Including traditional and innovative services, domestic wholesale, Sparkle (TIS Group), adjustments and eliminations
Equipments	Equipment sold, including consumer (routers, set-top-box, etc) and B2B (IRU, IT hardware, local networks equipment, etc)
TRADITIONAL SERVICES	
Voice	Line rentals and voice traffic (pay per use/parametric)
Business Data & Others trad	B2B data transmission services (legacy) and value added services (voice)
INNOVATIVE SERVICES	
Broadband and Content	Data services (xDSL, FTTx), TIM Vision and other contents, TIM Game
ICT Service	Cloud, Security, IT and other B2B services
Domestic Wholesale	Revenues from OLOs, regulated and not regulated
TIS Group	TIM Sparkle Group revenues
Subs. Adj. and Other	Intercompany adjustment, elimination and national Subsidiaries (Telsy, TI Trust, Olivetti)

Domestic Mobile Results - Reported Figures

UNAUDITED FIGURES

	4Q17		FY17		1Q18		2Q18		3Q18		4Q18		FY18	
KPIs	Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy	
Total number of lines ('000)	30,755	3.8%	30,755	3.8%	31,036	5.5%	31,629	5.6%	31,994	5.6%	31,818	3.5%	31,818	3.5%
o/w Calling	26,992	5.2%	26,992	5.2%	27,366	7.6%	28,117	8.0%	28,556	7.4%	28,236	4.6%	28,236	4.6%
Human lines	23,331	-0.8%	23,331	-0.8%	23,195	-0.3%	23,132	-1.5%	22,738	-2.7%	####	-3.8%	####	-3.8%
o/w Human Calling	19,569	0.0%	19,569	0.0%	19,525	1.3%	19,621	0.3%	19,299	-1.9%	18,866	-3.6%	18,866	-3.6%
Non Human lines (M2M)	7,424	21.9%	7,424	21.9%	7,841	27.3%	8,496	31.3%	9,256	34.0%	9,370	26.2%	9,370	26.2%
Churn Rate %	6.4%	0.4pp	26.2%	3.4pp	6.5%	0.6pp	6.0%	-0.9pp	7.6%	0.6pp	6.2%	-0.3pp	26.3%	0.1pp
Total User Broadband (mln users)	13.2	7.9%	13.2	7.9%	13.3	9.2%	13.6	8.6%	13.4	3.1%	13.0	-1.2%	13.0	-1.2%
Total User LTE (mln users)	9.7	28.0%	9.7	28.0%	10.1	21.9%	10.4	16.2%	10.4	10.9%	10.3	6.1%	10.3	6.1%
Volumes of traffic (mln minutes)	21,210	17.6%	78,138	12.3%	21,168	16.4%	21,616	11.9%	20,541	5.7%	22,037	3.9%	85,363	9.2%
Outgoing traffic volumes	14,184	21.9%	51,359	14.3%	14,080	19.5%	14,468	14.6%	13,705	7.3%	14,793	4.3%	57,046	11.1%
Incoming traffic volumes	7,026	9.6%	26,779	8.7%	7,088	10.7%	7,148	7.0%	6,836	2.5%	7,245	3.1%	28,316	5.7%
Usage Voice (min/line/month)	303	18.6%	279	14.9%	304	17.2%	311	13.0%	299	8.1%	326	7.4%	310	11.2%
Usage Data (GB/users/month)	3.3	58.6%	2.9	51.3%	3.6	55.9%	4.1	51.5%	4.9	51.6%	5.5	67.1%	4.5	56.0%
ARPU (€ / line / month)														
Human €	17.0	1.7%	16.1	3.9%	15.8	4.8%	16.0	0.8%	16.0	-2.0%	15.4	-9.3%	15.8	-1.6%
Reported €	13.0	-2.4%	12.5	0.8%	11.9	-0.7%	11.8	-5.4%	11.5	-9.3%	10.9	-16.0%	11.5	-8.0%
Calling €	14.8	-4.1%	14.4	-0.2%	13.5	-2.8%	13.4	-7.2%	12.9	-11.1%	12.3	-17.1%	13.0	-9.7%

	4Q17		FY17		1Q18		2Q18		3Q18		4Q18		FY18		FY18 IFRS 9/15
REVENUES (€ mln)	Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		
TOTAL	1,424	-0.6%	5,275	1.9%	1,273	4.7%	1,322	1.6%	1,328	-0.4%	1,282	-10.0%	5,205	-1.3%	5,185
SERVICES	1,225	0.5%	4,655	1.6%	1,123	3.7%	1,142	-0.2%	1,169	-2.8%	1,079 ⁽¹⁾	-11.9%	4,513	-3.1%	4,405
TRADITIONAL SERVICES	526	-2.1%	2,053	-8.8%	515	3.8%	516	0.8%	499	-3.9%	452	-14.1%	1,982	-3.5%	1,982
Outgoing voice	376	-0.9%	1,455	-8.0%	370	6.3%	374	3.9%	365	-1.4%	316	-15.9%	1,426	-2.0%	1,424
Incoming voice	80	11.8%	299	8.3%	79	11.6%	80	8.7%	76	1.7%	80	0.5%	315	5.5%	315
Messaging	71	-18.6%	299	-24.0%	65	-14.8%	62	-20.9%	57	-21.8%	56	-20.7%	241	-19.5%	242
INNOVATIVE SERVICES	625	8.3%	2,311	15.1%	551	3.2%	560	0.3%	567	-4.5%	551	-11.9%	2,228	-3.6%	2,121
Browsing	497	10.2%	1,815	15.1%	432	4.0%	441	1.0%	446	-4.3%	436	-12.2%	1,755	-3.3%	1,647
Internet Content	128	1.7%	496	14.8%	119	0.4%	119	-2.4%	121	-5.4%	115	-10.4%	474	-4.6%	474
Wholesale Services	74	-29.8%	291	-9.3%	57	7.9%	66	-11.2%	104	15.2%	76	2.4%	303	3.9%	302
HANDSETS	199	-6.4%	620	3.4%	150	12.6%	180	15.1%	159	20.7%	203	2.2%	692	11.6%	780

(1) 4Q'18 MSR including non linear items (€34 mln)

TIM - 4Q'18 Financial Operating Figures
Investor Relations

Legenda

Mobile KPIs

Total number of lines	Total mobile customer base, human and not human ('000)
o/w Calling	Nr. of active lines (calling at least once within the last month of the reported quarter)
Human lines	Total nr. of human lines
o/w Human Calling	Nr. of human active lines (calling at least once within the last month of the reported quarter)
Non Human lines (M2M)	Total nr. of not human lines, including machine to machine and data-only SIMs (eg. for tablets)
Churn Rate %	Percentage of line lost on average nr of lines in the reported period
Total User Broadband	Mobile customers using data services
Total User LTE	Mobile customer using (also) 4G (LTE) data services
Volumes of traffic	Incoming + Outgoing volumes (Visitors and Roamers volumes not included), mln of minutes
Outgoing traffic volumes	Outgoing voice traffic (mln of minutes), excluding visitors and roamers
Incoming traffic volumes	Total amount of incoming voice traffic excluding visitors (mln of minutes)
Usage Voice	Average (human-lines) voice usage (min/human lines/month)
Usage Data	Average data usage (GB/broadband users/month)
ARPU	Average Revenue per User (€ / line / month)
Human €	Total service revenues net of visitors divided avg. number of human lines
Reported €	Total service revenues net of visitors divided avg. number of lines
Calling €	Total service revenues net of visitors divided avg. number of calling lines (human and not human)

Mobile REVENUES

TOTAL	Total mobile revenues, including services and handsets
SERVICES	Mobile service revenues, including traditional, innovative and wholesale services
TRADITIONAL SERVICES	Traditional services include voice and messaging
Outgoing voice	Includes monthly fees, pay per use voice services, parametric attribution of bundled services and other roaming (voice)
Incoming voice	Revenues for voice traffic terminated on TIM mobile customers including visitors
Messaging	SMS retail and B2B including roaming
INNOVATIVE SERVICES	Innovative services include browsing, content revenues
Browsing	Pay per use data traffic and data bundles. Includes also parametric attribution of bundles with other services and data roaming
Internet Content	TIM Music, SMS premium services, partners content
Wholesale Services	Inwit revenues, colocation on mobile sites, visitors
HANDSETS	Mobile handsets sales

TIM Brasil Results - Reported Figures

Reais mln

	4Q17		FY17		1Q18		2Q18		3Q18		4Q18		FY18	
KPI's - Mobile only	Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy	
Estimated Total Penetration (%)	113.5%		113.5%		113.8%		113.2%		112.6%		111.7%		111.7%	
Market Share on total lines(%)	24.8%	-1.2pp	24.8%	-1.2pp	24.6%	-0.9pp	24.1%	-1.1pp	24.0%	-0.6pp	24.4%	-0.4pp	24.4%	-0.4pp
Total Lines ('000) ⁽¹⁾	58,634	-7.5%	58,634	-7.5%	57,894	-6.4%	56,554	-7.0%	56,241	-5.3%	55,923	-4.6%	55,923	-4.6%
TOTAL ARPU ⁽²⁾	21.9	+14%	20.2	+12%	21.6	+14.0%	21.9	+13%	22.6	+10%	23.7	+8%	22.4	+11%
TOTAL MOU net of visitors	115	+2%	110	-6%	115	+8%	122	+15%	129	+16%	127	+11%	123.4	+12%
	4Q17		FY17		1Q18		2Q18		3Q18		4Q18		FY18	
MAIN RESULTS (IAS/IFRS)	Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy		Δ % yoy	
REVENUES Reported	4,257	5.3%	16,234	4.0%	4,139	4.8%	4,171	5.8%	4,261	4.4%	4,479	5.2%	17,050	5.0%
of which services	4,075	6.1%	15,474	5.1%	3,983	6.4%	3,964	5.7%	4,033	3.3%	4,225	3.7%	16,205	4.7%
of which handsets	182	-9.5%	760	-15.3%	156	-24.6%	207	7.3%	228	28.1%	254	39.6%	845	11.2%
EBITDA Reported	1,758	13.6%	5,894	15.3%	1,456	16.8%	1,552	12.7%	1,644	8.7%	1,856	5.6%	6,508	10.4%
EBITDA margin	41.3%	3.0pp	36.3%	3.6pp	35.2%	3.6pp	37.2%	2.3pp	38.6%	1.6pp	41.4%	0.1pp	38.2%	1.9pp
EBITDA Organic	1,758	13.6%	5,894	14.0%	1,456	16.8%	1,552	12.7%	1,644	8.7%	1,853	5.4%	6,505	10.4%
EBITDA margin	41.3%	3.0pp	36.3%	3.2pp	35.2%	3.6pp	37.2%	2.3pp	38.6%	1.6pp	41.4%	0.1pp	38.2%	1.9pp
CAPEX Reported	1,661	-2.0%	4,148	-7.9%	646	-3.4%	1,018	25.8%	904	-10.4%	1,409	-15.2%	3,977	-4.1%
% on revenues	39.0%	-2.9pp	25.6%	-3.2pp	15.6%	-1.3pp	24.4%	3.9pp	21.2%	-3.5pp	31.5%	-7.5pp	23.3%	-2.3pp
	4Q17		FY17		1Q18		2Q18		3Q18		4Q18		FY18	
Exchange rate AVG YTD (R\$ vs. euro)	3.60584		3.60584		3.99014		4.14011		4.29236		4.30628		4.30628	

(1) Includes company lines (2) Gross of visitors

Reported & Organic Figures: YoY trends

UNAUDITED FIGURES

€ mln

	4Q17					4Q18			Δ% yoy reported	Δ% yoy organic (*)
	Reported Figures	Non Organic elements		Non recurring items	Organic figures (*)	Reported Figures	Non recurring items	Organic figures (*)		
		Change in consolid. area	Exchange rate impact							
REVENUES										
Domestic	4,042	-	2	-	4,044	3,874	(62)	3,936	-4.2%	-2.7%
Brasile	1,113	-	(133)	-	980	1,030	-	1,030	-7.5%	5.2%
Other Activities & Eliminations	(6)	-	-	-	(6)	(12)	-	(12)	-	-
TI Group	5,149	-	(131)	-	5,018	4,892	(62)	4,954	-5.0%	-1.3%
EBITDA										
Domestic	1,116	-	1	(661)	1,778	1,263	(281)	1,544	13.2%	-13.2%
Brasile	465	-	(60)	-	405	427	1	426	-8.2%	5.4%
Other Activities & Eliminations	(4)	-	-	-	(4)	(7)	-	(7)	-	-
TI Group	1,577	-	(59)	(661)	2,179	1,683	(280)	1,963	6.7%	-9.9%
EBIT										
Domestic	265	-	-	(661)	926	(216)	(871)	655	-	-29.3%
Brasile	195	-	(27)	-	168	188	1	187	-3.6%	11.1%
Other Activities & Eliminations	(3)	-	-	1	(4)	(7)	-	(7)	-	-
TI Group	457	-	(27)	(660)	1,090	(35)	(870)	835	-	-23.4%

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

Non linear items

UNAUDITED FIGURES

Organic data
€ mln

	FY'17	FY'18	Δ	Δ YoY	4Q17	4Q18	Δ	Δ YoY
Domestic EBITDA organic	7,050	6,629	(421)	-6.0%	1,778	1,544	(234)	-13.2%
Non-linear items	(216)	(21)	195		(71)	34	105	
<i>Liability reversal (one-off)</i>	(112)		112		(45)		45	
<i>Vendor rebates</i>	(104)	(21)	83		(26)		26	
<i>Accounting adjustments</i>						34	34	
Domestic EBITDA net of non-linear items	6,834	6,608	(226)	-3.3%	1,707	1,578	(129)	-7.6%
Group EBITDA organic	8,404	8,121	(283)	-3.4%	2,179	1,963	(216)	-9.9%
Group EBITDA organic net of non-linear items	8,188	8,100	(88)	-1.1%	2,108	1,997	(111)	-5.3%