TIM Group

Q2 ’19 Results

Accelerating Deleverage

August 2nd, 2019

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TIM

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 2Q'19 and 1H'19 financial and operating data have been extracted or derived, with the exception of some data, from the TIM Group Half-year Condensed Consolidated Financial Statements as of and for the six months ended 30 June 2019, which has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as "**IFRS**"). Please note that the limited review by the external auditors (E&Y) on the TIM Group Half-year Condensed Consolidated Financial Statements at 30 June 2019 has not yet been completed.

The accounting policies and consolidation principles adopted in the preparation of the TIM Group Half-year Condensed Consolidated Financial Statements as of and for the six months ended 30 June 2019 are the same as those adopted in the TIM Group Annual Audited Consolidated Financial Statements as of 31 December 2018, to which reference can be made, except for the adoption of the new accounting principle (IFRS 16 - Lease), adopted starting from 1 January 2019. In particular, TIM adopts IFRS 16, using the simplified retrospective approach, without restatement of prior period comparatives. The implementation of the new standard has not been fully completed; the impact of the adoption of IFRS 16 is unaudited and may be subject to change until the publication of TIM's 2019 Annual Report. It should be noted that, starting from 1 January 2018, the TIM Group adopted IFRS 15 (Revenues from contracts with customers) and IFRS 9 (Financial instruments).

To enable the year-on-year comparison of the economic and financial performance for the first half of 2019, "IFRS 9/15" income statement figures, prepared in accordance with the previous accounting standards applied (IAS 17 and related Interpretations) are provided, for the purposes of the distinction between operating leases and financial leases and the consequent accounting treatment of lease liabilities

Alternative Performance Measures

The TIM Group, in addition to the conventional financial performance measures established by IFRS, uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition. In particular, such alternative performance measures include: EBITDA, EBIT, Organic change and impact of non recurring items on revenue, EBITDA and EBIT; EBITDA margin and EBIT margin and net financial debt. Moreover, following the adoption of IFRS 16, the TIM Group provides the following further financial indicators:

- **EBITDA adjusted After Lease ("EBITDA-AL")**, which is calculated by adjusting Organic EBITDA, net of non-recurring items, of the amounts related to the accounting treatment of finance lease contracts in accordance with IAS 17 (applied until the end of 2018) and IFRS 16 (applied from 2019);
- **Adjusted Net Financial Debt After Lease**, which is calculated by excluding from the adjusted net financial deb the liabilities related to the accounting treatment of finance lease contracts in accordance with IAS 17 (applied until the end of 2018) and IFRS 16 (applied from 2019).

Such alternative performance measures are unaudited.

Q2 '19 Results

Highlights

Plan execution at full speed

Accelerating deleverage

What happened in Q2

KPIs

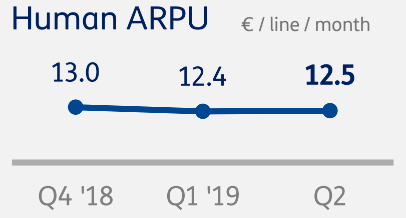
Revamp culture and organization
Discipline, focus and simplicity

- Agreement with Labour Unions on **"Expansion Contract"** from late August, first company in Italy to use the new law
- **First waves of exits**: 1,581 headcounts exits in H1 including 1,266 on 1 July; second round in December
- **Accelerating re-skilling and inclusion,** e.g. engagement survey

+17 months expansion contract financial impact similar to "solidarietà" on top of **~37%** of 2021 cost cutting[1] secured

Revamp domestic business
value and quality positioning, modernization, efficiency

- **5G launched** and ramping up to bring value through premiumness
- **OpenSignal award** confirms TIM's top of the class Mobile network
- **Mobile ARPU** stabilized for TIM; market prices up (new clients & CB)
- **"Fix the fixed"**: BB net adds back to growth; comprehensive plan under way to improve KPIs



Further develop Brazil
ride growth waves and efficiency plan

- **Revenue reacceleration** despite competitive and macro dynamics
- **Infrastructure sharing** and other projects; **MOU** signed with Vivo
- **New R$ 3.4 Bn tax asset**: final judgment provides right to compensate past excess operating tax payments from future taxes

Q2 '19 EBITDA +6.3% YoY

New Brazilian tax asset R$ 3.4 Bn or €0.8bn to be used in 3/4 years

Deleverage
and focus on ROIC

- **Net Debt further decrease** driven by strong OFCF generation
- **Working capital** outflow strongly reduced
- **Equity Free Cash Flow generation** trebled vs. 2018 in H1 2019

Net Debt reduced
-€349m Q2, -€539m H1

EqFCF generation
€570m Q2, €786m H1

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(1) Planned cost cutting: -8% P/L view, -14% cash-view on addressable costs (€5.1bn) in 2021

Highlights

Strategic initiatives update

✓ **Network sharing partnership TIM-Vodafone Italia**

- **Agreements signed** on July 26th (1)
- **TIM and Vodafone will jointly control the new INWIT through equal stakes** (37.5% each, with the option of reducing to 25%) and will enter into a three-year lock-up agreement
- **TIM expects >€150m synergies p.a.:** >€80m p.a. direct synergies on top of €75m pro-quota share (37.5%) of estimated synergies (€200m) for New INWIT in terms of annual improvement in EBITDA by 2026 stemming from the deal
- The transaction will allow **TIM to cut debt by more than €1.4bn over time**

Potential partnership in fiber roll-out

- **Work in progress with financial advisors**, contacts with Open Fiber shareholders protected by NDA announced on June 20th
- **Options presented to TIM Board**
- Board confirmed the mandate to the CEO to continue negotiations with OF shareholders

Consumer credit partnership

- **Partnership with consumer credit player** to enhance credit management effectiveness, support sales and exploit cross selling opportunities
- **Short list defined**, partner to be selected by October 2019

Transformational strategy in content aggregation

- TIMVISION: **moving from content production to content aggregation**
- **Settled long time dispute with Sky**, which will allow to bundle with TIMVISION NowTV (ticket Sport) that includes several sports like **Serie A TIM matches**
- **Distribution agreements** with Amazon, Discovery, Mediaset, Netflix and others

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(1) The transaction is subject to approval by INWIT's non-controlling shareholders

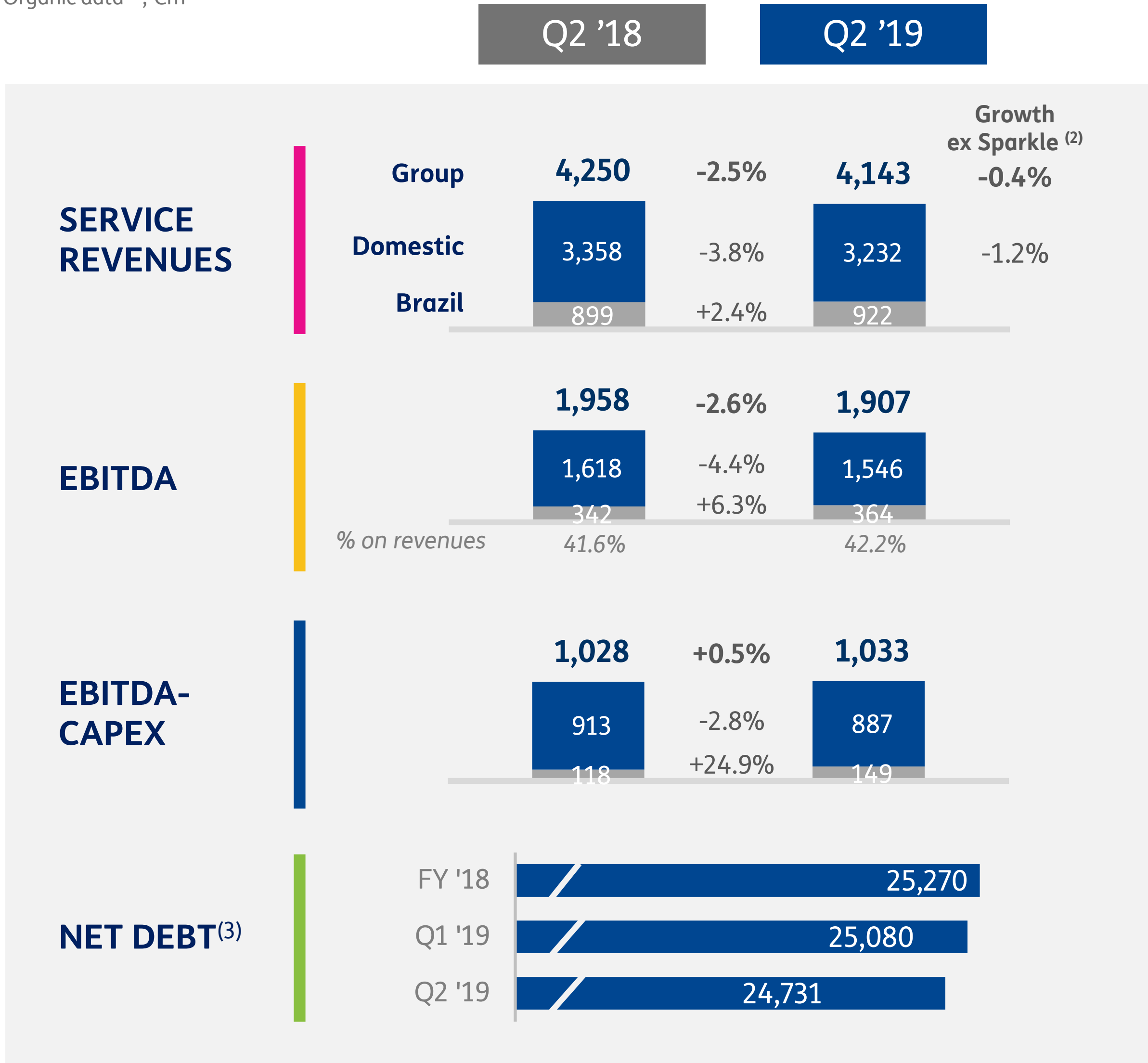
Q2 ’19 Results

Q2 ’19 Main Results

Deleverage accelerating in Q2; €786m Equity FCF in 6 months

All figures based on IFRS 9/15 accounting standards and on a comparable base

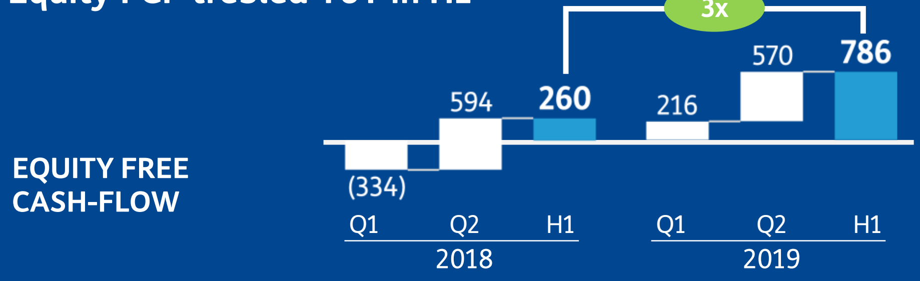
Organic data (1), €m



- **Service revenues** excluding Sparkle -0.4% YoY, with Domestic -1.2% and Brazil +2.4%
- **EBITDA** -2.6%, with Domestic at -4.4% and Brazil +6.3% YoY. EBITDA margin +0.6p.p. to 42.2% in Q2

Second quarter showing continuous improvement in cash-generation:

- **Net Debt** at €24,731m, with a **reduction of -€349m from previous quarter** and **-€539m from FY’18**
- **Equity FCF trebled YoY in H1**



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(1) *Excluding exchange rate fluctuations & non recurring items. CAPEX excluding license*
(2) *Total service revenues growth excluding Sparkle’s International Wholesale revenues, without any impact on EBITDA. Sparkle’s EBITDA growing +17% YoY in Q2*
(3) *Adjusted Net Debt*

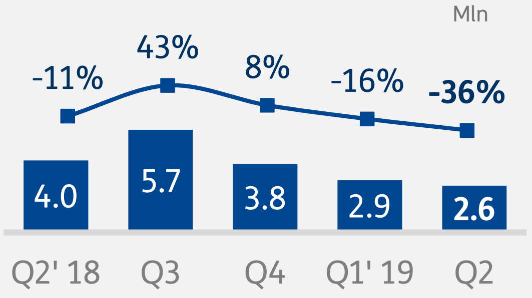
Q2 ’19 Domestic Mobile

ARPU growing QoQ, churn better. First signs of improvement in human calling CB

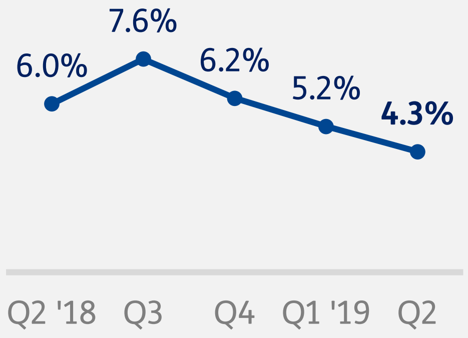
Mobile KPIs

TIM ARPU

Market MNP

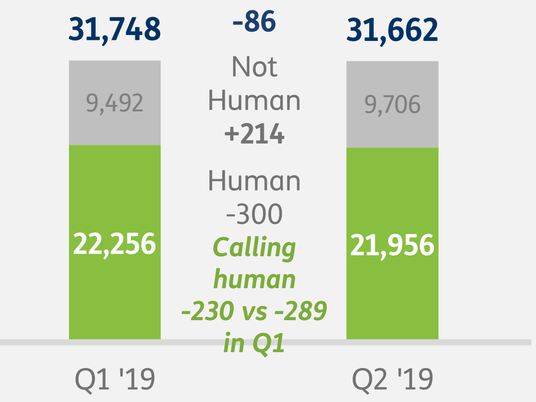


Churn rate



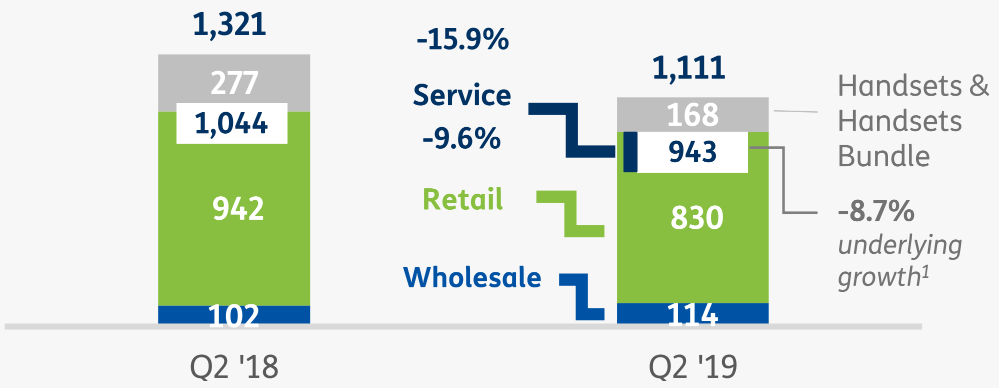
Customer Base

k, Rounded numbers



Mobile Revenues

Organic data, €m



- **ARPU growing 1%** QoQ (**consumer ARPU +2.1%** QoQ). Both new and actual clients ARPU returning to growth thanks to price increases, selective repricing and upselling
- **MNP further cooling down**
- **Churn improving**
- **Kena net adds halving again QoQ** (~50k net adds in Q2)
- **Customer base** stable compared to Q1 thanks to M2M and **reduced churn on calling lines.** Human lines were impacted by anniversary of Q2 2018 aggressive promos pre-empting/responding to Iliad. Market stability improving with exception of low end
- Lower sales of **handsets** with improved marginality

(1) *Underlying YoY growth rate: excluding mobile termination rates reduction and accounting adjustments for pre-paid cards mismatch in Q2’18*

Q2 ’19 Domestic Mobile

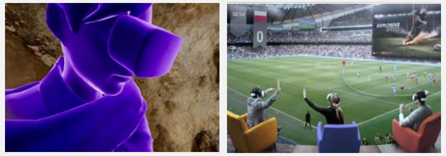
5G launched in July consistently with quality approach and ROIC enhancing priority

New services

Business

- Private wireless networks
- Smart City
- Smart Manufacturing
- Automotive

Consumer



- Multivideo 4k
- Cloud gaming
- eTourism
- Immersive sport experience

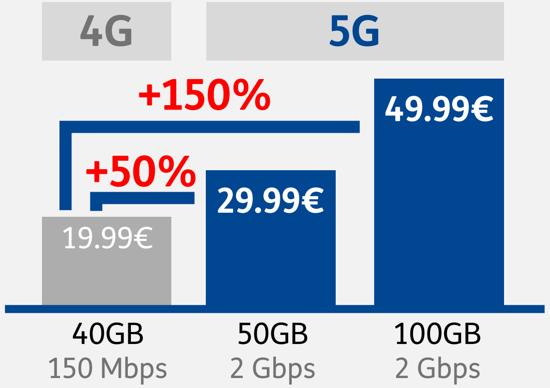
Coverage

Full national coverage By 2025

4 Years ahead
of previous plan thanks to Inwit, Vodafone partnership

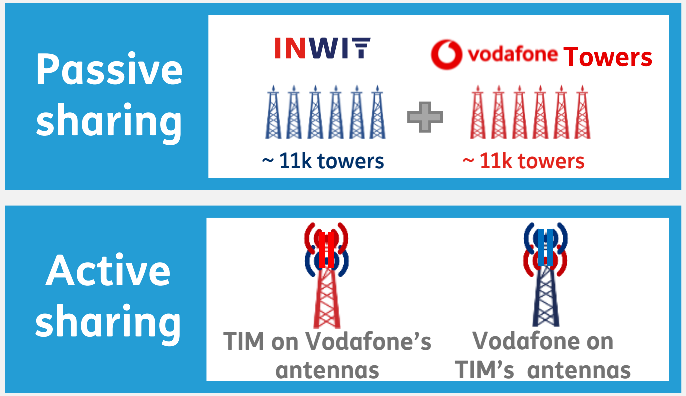
5G

Premium price offering



Mobile prices are on an upward trend since year end 2018, with new TIM’s 5G offering raising the bar from 3Q’ 19

Infrastructure sharing



Passive sharing

Active sharing

CAPEX and OPEX Savings

ROIC enhancing approach

Q2 ’19 Domestic Mobile

TIM - Vodafone partnership ticks all boxes and generates > €150m synergies p.a.

OPERATING BENEFITS

✓ **FASTER 5G ROLL-OUT**

Planned coverage achieved 4 years ahead

✓ **WIDER 5G COVERAGE**

5G full national coverage reached by 2025

✓ **ENHANCED 4G/5G CAPACITY**

Sharing 4G nodes

FINANCIAL BENEFITS

TIM’s direct cash flow benefits

Cumulated 10 years	>€ 800m
Cash flow benefits (average per year)	**>€ 80m**

Access to INWIT’s improved cash generation

Additional EBITDA run rate at INWIT @ 2026	~€ 200m
TIM pro quota (37.5%)	**~€ 75m**

>€ 150m

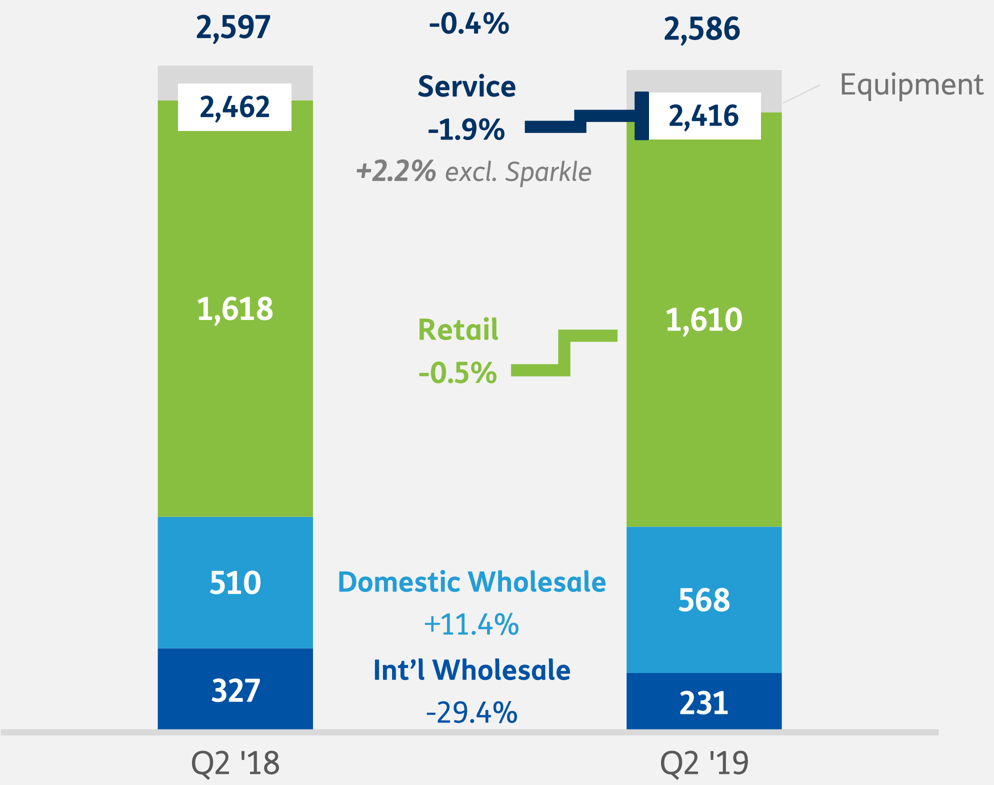
Q2 ’19 Domestic Wireline

Fixed service revenues +2.2% YoY excluding Sparkle (+1.8% in Q1)

- **Retail** down -0.5% due to:
  - **Consumer** service revenues down -1.4% as line losses not fully offset by ARPU increase (lower help from activation fees vs. Q1)
  - **Business** service revenues benefitting from premium pricing and unique distribution (+0.7%)
  - **ICT services** steady growth (+15.7% YoY)
- **Domestic Wholesale** up 11.4% thanks to strong commercial performance and new tariffs approved by AGCOM (1)
- **Sparkle’s International Wholesale** revenues down -29.4% following strategy revision, with positive impact on EBITDA (+16.7% YoY growth in Q2) due to lower bad debt

Wireline Revenues

Organic data, €m



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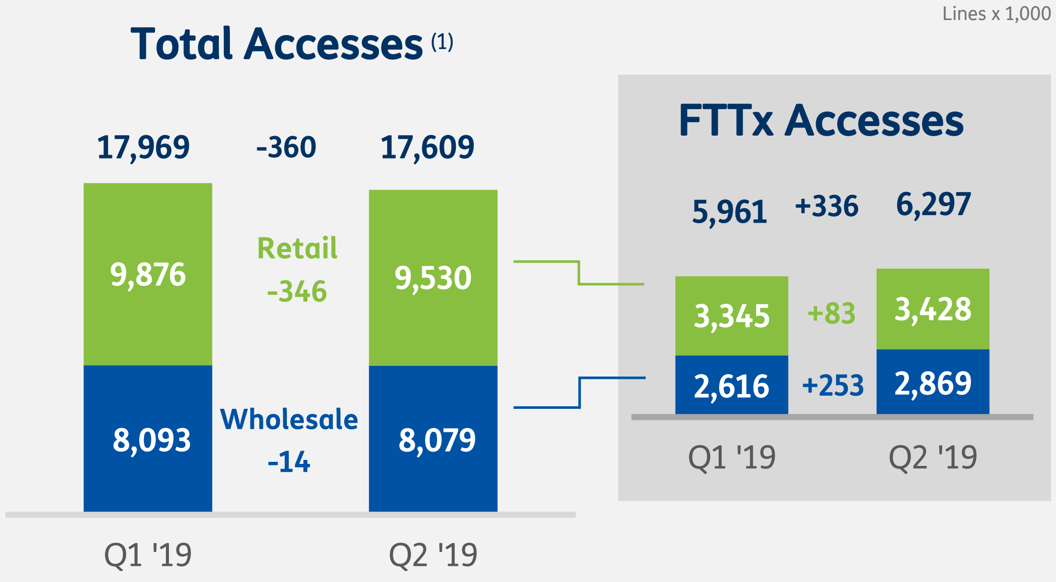
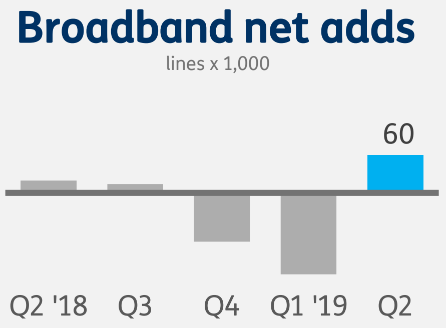
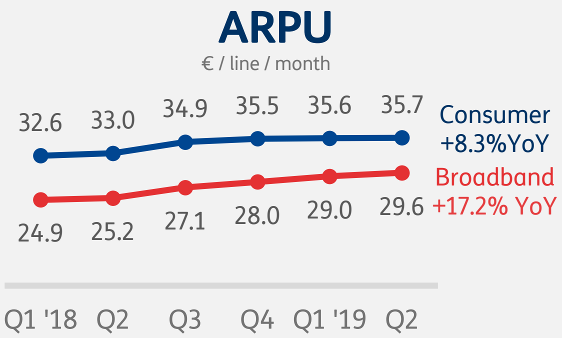
(1) *To be published*

ARPU growth benefitting from FTTx conversion; still supported in Q2 by pricing dynamics

Wireline KPIs







Migration to fiber continues: 6.3m lines reached, +5.6% QoQ and +45% YoY although Q2 focus was on migrating voice only to ADSL

- **Retail line losses** were 346k in Q2 ’19, due to higher clean-up activity vs. Q1 (stricter disconnection policy discipline to optimize credit management introduced in Q1)
- **Broadband net adds back to growth**, thanks to push on voice only customers
- **Wholesale** lines see continuous **migration to fiber** (+253k VULA) offsetting disconnections on lower ARPU copper lines (-249k ULL, down QoQ) with strong benefit on revenues (VULA priced >50% above ULL)

- **ARPU consumer** at 35.7 €/month, growing 8.3% YoY. Continuous growth of **broadband ARPU** (+17.2% yoy) driven by 2018 repricing and upselling of “*beyond connectivity*” services
- **Market discipline 2019**: competitors reducing price gap vs. TIM’s premium positioning: repricing of existing client base in July and August by main competitors

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(1) On TIM infrastructure, retail VoIP excluded

Fix the fixed: pulling all levers

New offering

TIM SUPER

- **Premium positioning**: the best technology at the max speed
- **Modular offering with valuable adds-on**: security, entertainment, smart home, assistance, voice designed for upselling
- 1st Year in promo and 2nd year **price increase** "embedded"
- **ARPU** from 2nd year, **+14/17%** vs previous offering
- **Bad-debt-proof:** bank account direct debit or €100 deposit

Broadband push

- Back to **positive net BB adds** in Q2 (+60k)
- Pushing migration of voice only customers to broadband

Expected improvement in regulatory framework

and incremental sales force

AGCOM access market analysis envisages:

- **Withdrawal of the ban for network technicians to sell to TIM retail customers**, leading to **additional staff for upselling services** and products to the current TIM customer base
- **Withdrawal of ex ante test** on NGA flagship products
- **Reduction** of the **notice period** from 30 to **20 days** on offers that remain subject to replicability test ex ante

Geo-marketing approach

- **TIM Flexy**: value for money offer targeting 2nd homes
- **Local promos** in selected cities

FWA launch

- **New FWA offer in Q3-Q4** in municipalities with high market potential and no fiber coverage

Distribution processes tightened

- **Improving** key technical and commercial processes with the aim of enhancing customer satisfaction and reducing churn

Strong push on premium content

TIMVISION

TIMVISION content strategy: a new football/sports proposition

TIMVISION

kit Sport

NOW TV

ticket sport

SERIE A TIM 7	UEFA CHAMPIONS LEAGUE	UEFA EUROPA LEAGUE	Premier League 5

BUNDESLIGA 2	**OTHER SPORTS** F1, MotoGP, Tennis (Wimbledon, ATP Masters 1000), Basket FIBA 2019 World Cup, Golf, Rugby, Athletics	EUROSPORT

Bundle NowTv + TIMVISION

Distribution through set-top box

NETFLIX	prime video
EUROSPORT PLAYER	CHILI Co-marketing Agreement

MEDIASET

Streaming of free-to-air channels (including some Champions League matches) plus 7 days “catch-up TV”

Content strategy to increase fixed arpu and decrease churn rate

TIM

Number of matches per matchday

Q2 ’19 Domestic OPEX

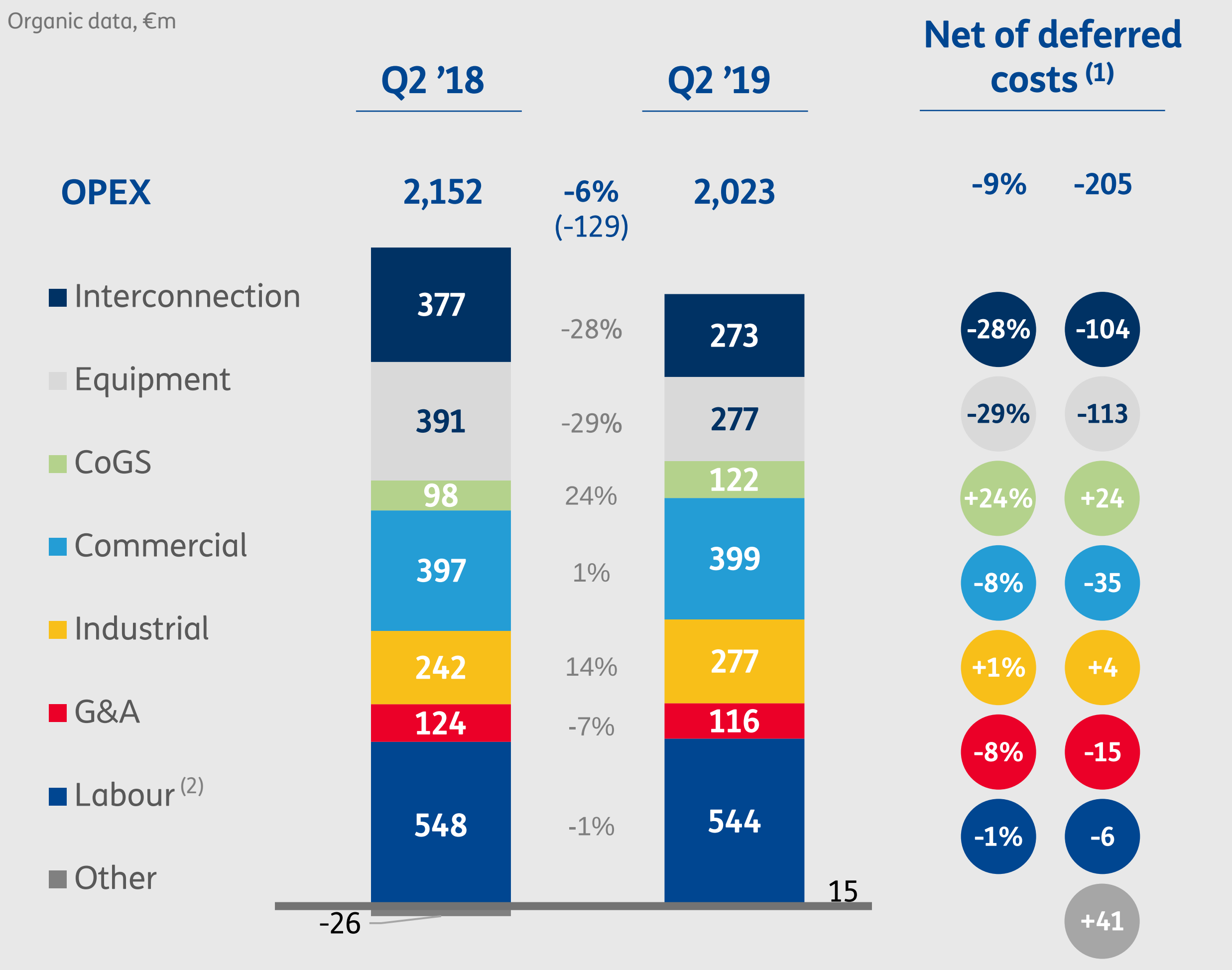
Cost reduction moving forward, focus remains on cash impact

OPEX on a reduction path at €2,023m, down €129m YoY (-6%)

Net of deferred costs, on a cash view, the reduction reaches €204m (-9% YoY)

- **Interconnection & equipment:** benefiting from new strategy for Sparkle and for lower mobile subsidies
- **Commercial**: commissioning costs rationalized (-31% fall YoY), caring optimization through digital channels
- **Industrial**: increased productivity in assurance and lower energy consumption. However higher YoY energy cost negotiated in 2018 weigh €15m in Q2
- **G&A**: lower cost of utilities and consulting
- **Labour**: limited reduction due to one off release of provisions for unused holidays (€23m) adding to lower capitalization
- **Other**: Q2 2018 benefited from liability reversal and rebates (~€35m)

OPEX



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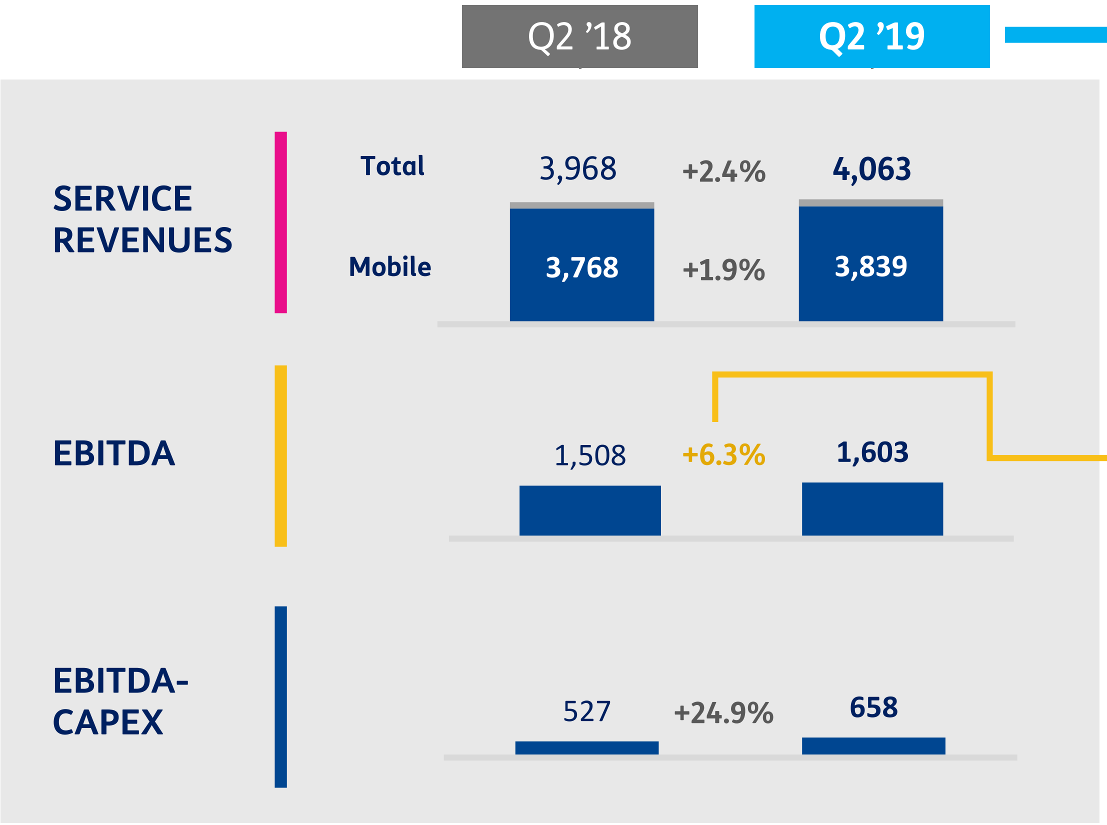
(1) Net of deferred costs, total OPEX amounts to € 2,284m in Q2’18 and € 2,079m in Q2’19

(2) Net of capitalized labour cost

Q2 ’19 TIM Brasil

TIM Brasil improves performance amid external challenges

Organic data, R$m, Rounded numbers



Improvement in top line thanks to fixe. Postpaid and efficiency plan guaranteeing solid growth and margin expansion despite though competition and adverse macro

- **Service revenues** up 2.4%, with MSR +1.9% YoY and FSR + 11.8% YoY driven by TIM Live ARPU and CB increase
- **EBITDA** growing solidly 6.3% YoY to reach R$ 1.6 bln in Q2. EBITDA margin now standing at 37.6% (+1.4 p.p.)
- **Solid network development:** FTTH coverage grew 3.8 times in a year, reaching 1.6 mln households(1)
- **MOU with Vivo and use of 5G technologies** to increase assets efficiency

TIM Live Revs
R$ 115 mln
>30% growth
for 10 quarters

TIM Live ARPU
R$ 78.0
+7.8% YoY

TIM Live CB
topped
500k clients
with ~20% in FTTH

FTTH coverage
> 1.560k HH (1)
reached

Postpaid Net Adds
+748k in Q2
(CB: 21.3 Mln)

Mobile ARPU
R$ 23.2
+5.8% YoY

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(1) Addressable HH ready to sell

TIM Brasil’s new TAX asset: R$3.4 Bn implying c. €0.8bn debt reduction in 3/4 years

Apr. 2017	Q4’ 18	Q2’ 19	Q3’ 19
Leading case: Favorable decision	**R$ 353m**	**R$ 2,876m**	**R$ 189m**
	Booked after final court decision: TIM NE	**Booked after final court decision: TIM CEL**	**Final court decision. To be booked: TIM CEL**

R$ 3,418m (1)

Gross tax credits

To be used in ~3/4 years (2)
Now booked in NWC it will gradually improve net debt when used

In 2017 Brazilian Supreme Court stated that ICMS (State Tax) cannot be included in the calculation basis of PIS and COFINS (Federal Tax).

PIS/COFINS are levied on revenues and the Supreme Court stated that ICMS cannot be considered a revenue.

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(1) Monetary correction recognition will increase until the compensation of the tax credits
(2) In 2018, company paid ~R$ 880m of PIS/COFINS

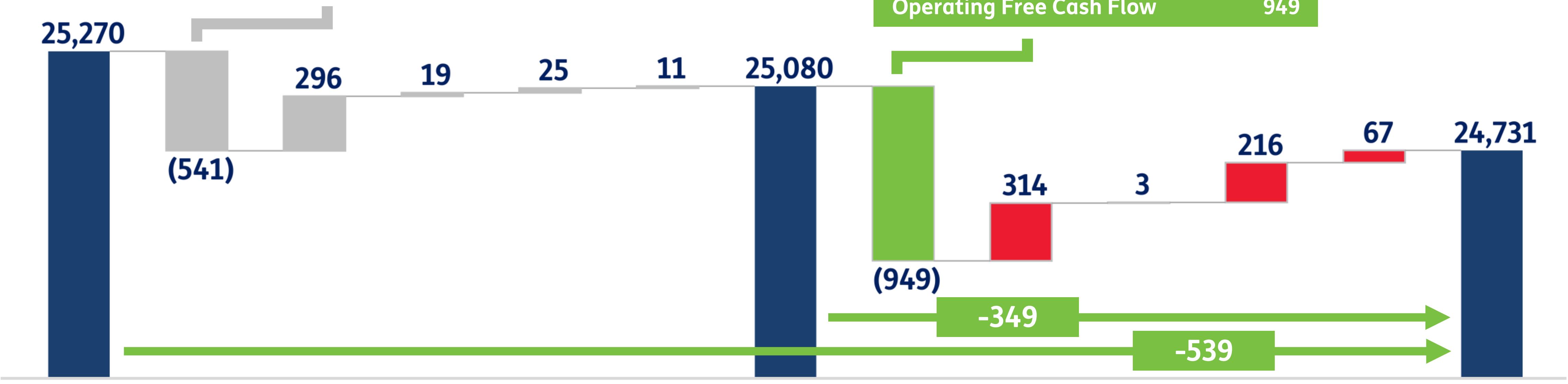
H1 ’19 TIM Group

Net Debt reduction accelerating: -€539m in H1, o/w -€349m in Q2

€m; (-) = Cash generated, (+) = Cash absorbed, excluding call-outs

EBITDA	1,792
CAPEX	(607)
ΔWC & Others	(644)
Operating Free Cash Flow	**541**

EBITDA	2,273
CAPEX	(874)
ΔWC & Others	(450)
Operating Free Cash Flow	**949**

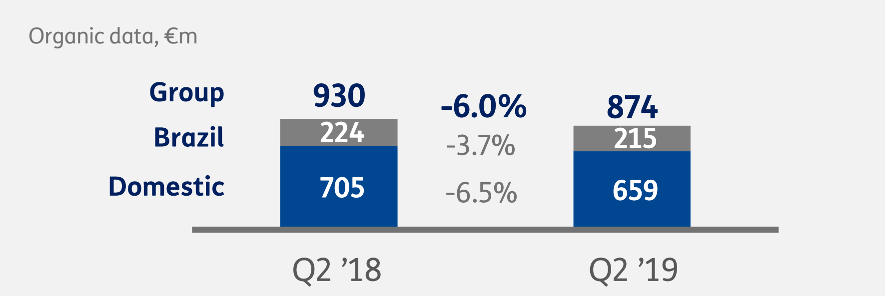


	FY ’18 Net Debt	OFCF	Financial Expenses	Cash Taxes	Dividends & Change in Equity	Other Impacts	**Q1 ’19** Net Debt	OFCF	Financial Expenses	Cash Taxes	Dividends & Change in Equity	Other Impacts	**H1 ’19** Net Debt
	FY ’17									-167			H1 ’18
	25,308	17	335	24	--	(147)	25,537	(903)	330	13	211	(47)	25,141
Δ	(38)	(558)	(39)	(5)	+25	+158	(457)	(46)	(16)	(10)	+5	+114	-410

H1 ’19 TIM Group

CAPEX and Net Operating Working Capital under control

CAPEX



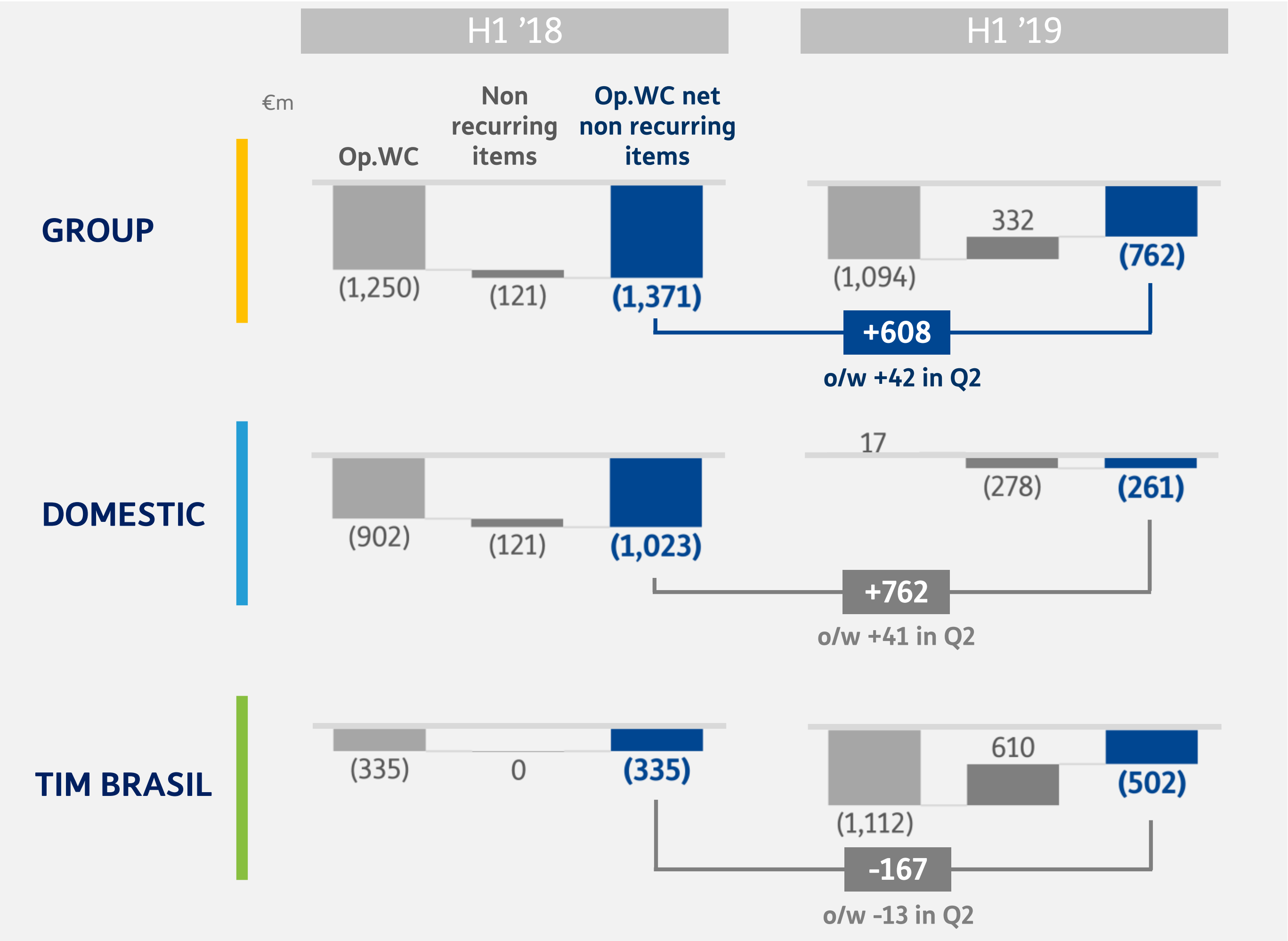
Group recurring NWC improving €608m yoy

- **Domestic improving €762m YoY** in H1 and €42m in Q2 driven by lower inventories (+€104m), VAT impact from split payment in Q1 ’18 (+€282m), change from billing in advance to billing in arrears in Q1 ’18 (+€182m) and higher trade payables (+€100m)
- **TIM Brasil worsening €167m YoY** mainly driven by higher trade receivables for costumer base repositioning (more post paid)

NWC improving €156m YoY including one offs

- **Domestic provisions help NWC €278m YoY**
- **Brazilian tax credit inflates NWC €662m YoY (€610m net of Brazilian provisions)**

Net Operating Working Capital

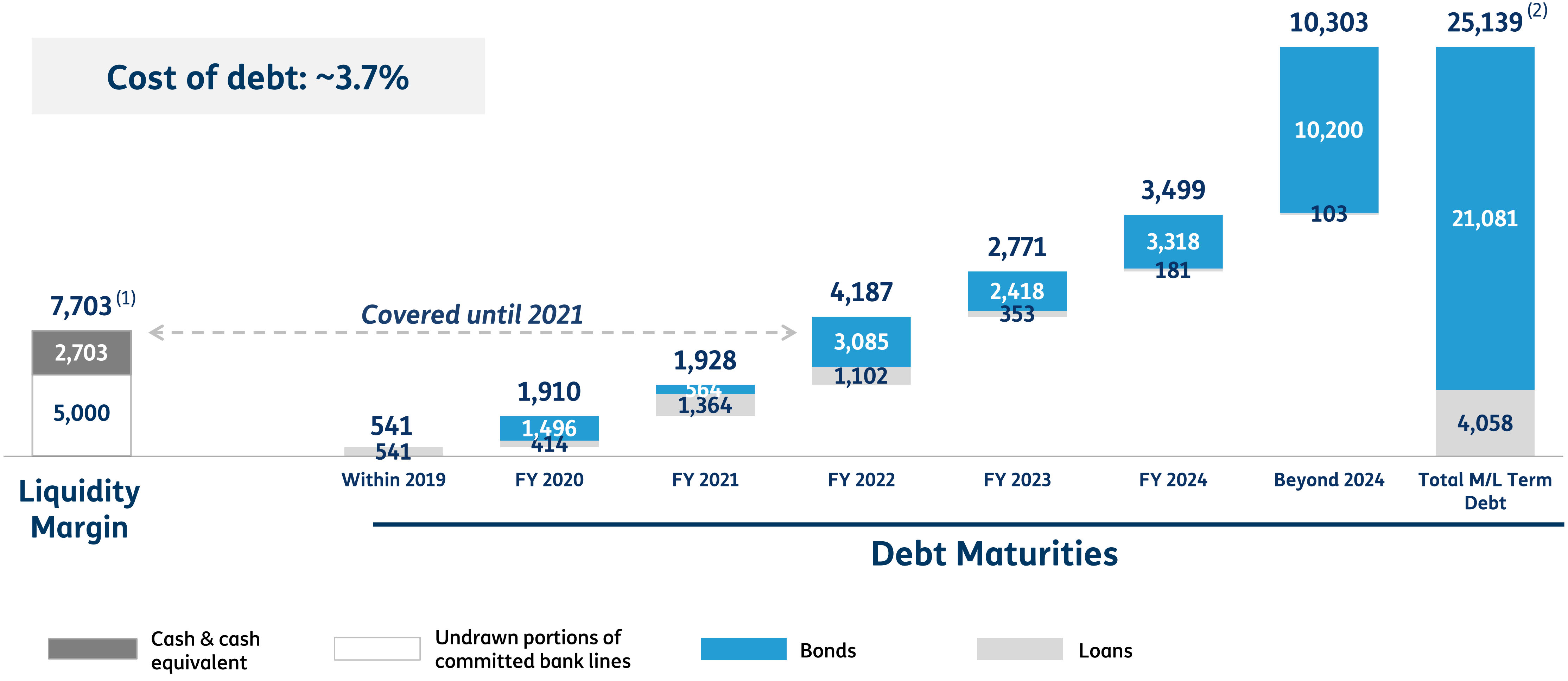


Q2 ’19 TIM Group

Liquidity margin – After Lease view – Cost of debt ~3.7%, -0.1pp QoQ, -0.3pp YTD

€m

Cost of debt: ~3.7%



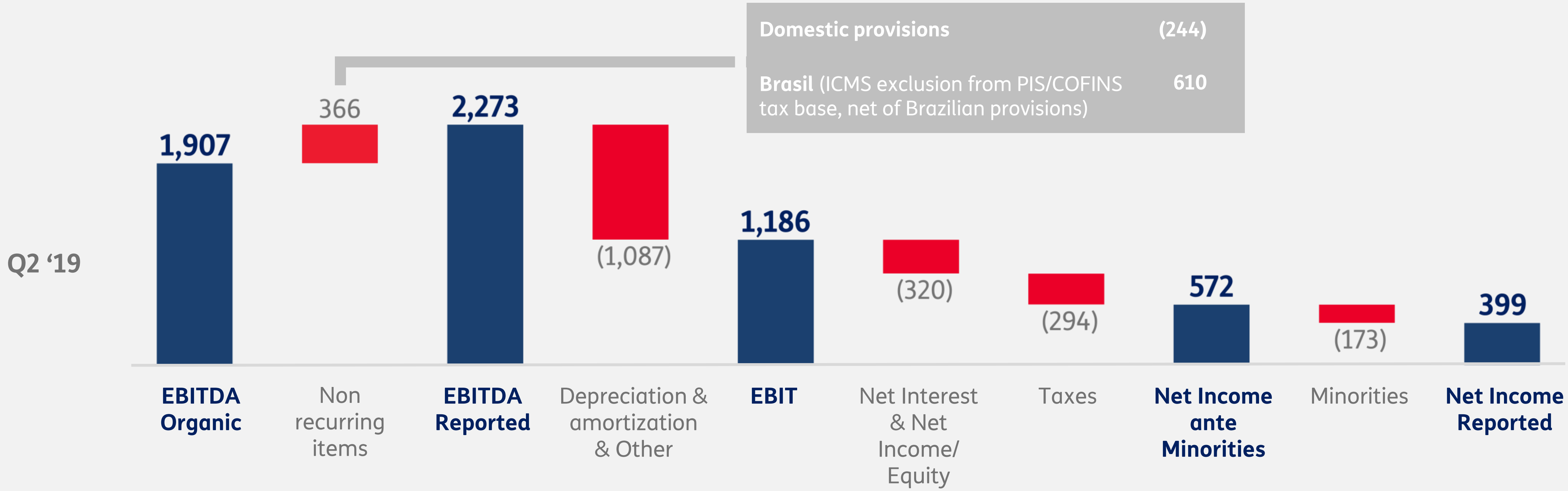
(1) Includes € 490 mln repurchase agreements that will expire within August 2019

(2) €25,139m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and fair value valuations (€514m) and current financial liabilities (€831m), the gross debt figure of €26,484m is reached

Q2 ’19 TIM Group

Net Income +19.8% yoy

Reported data, €m, Rounded numbers



Domestic provisions	**(244)**
Brasil (ICMS exclusion from PIS/COFINS tax base, net of Brazilian provisions)	**610**

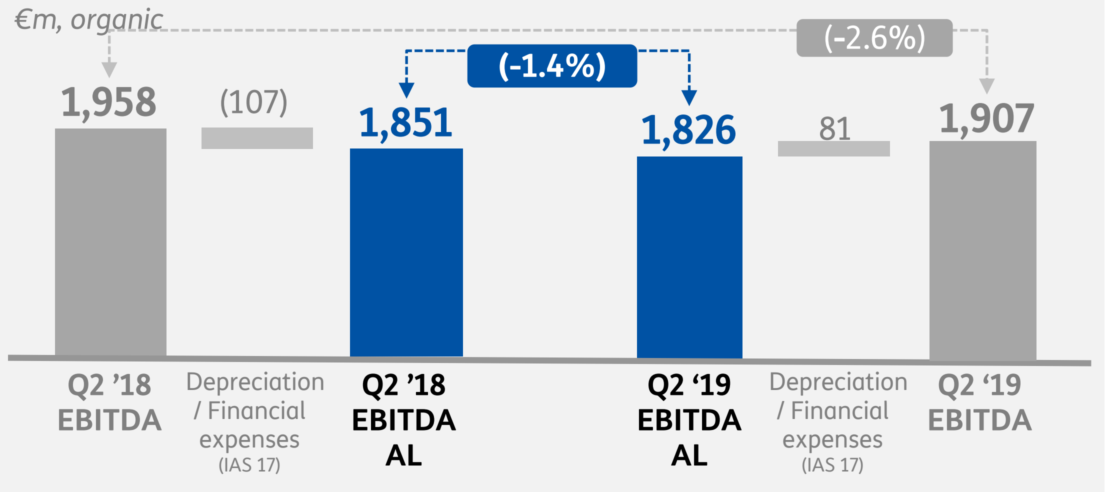
Q2 ‘18	**1,958**	(26)	**1,940**	(1,066)	**874**	(361)	(141)	**372**	(39)	**333**
Δ	(51)	+392	+333	(21)	+312	+41	(153)	+200	(134)	+66

Q2 '19 TIM Group

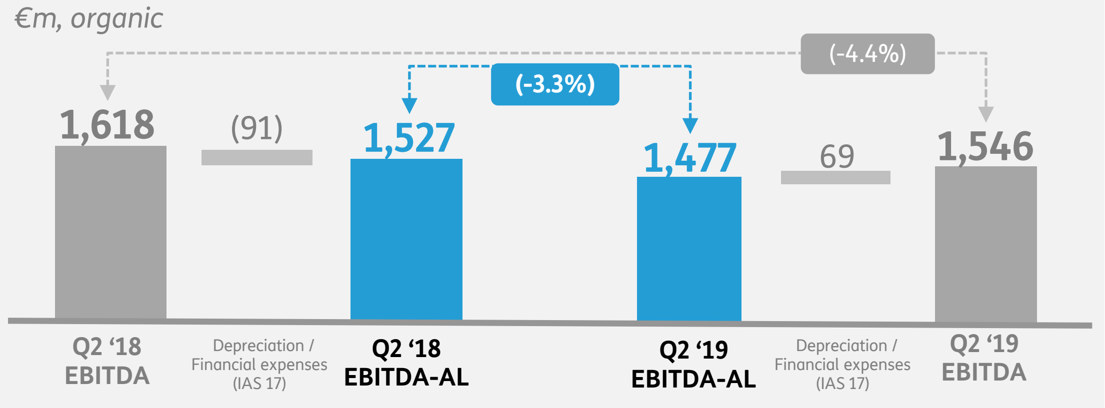
After Lease view shows slightly better trends yoy

EBITDA After Lease

Group

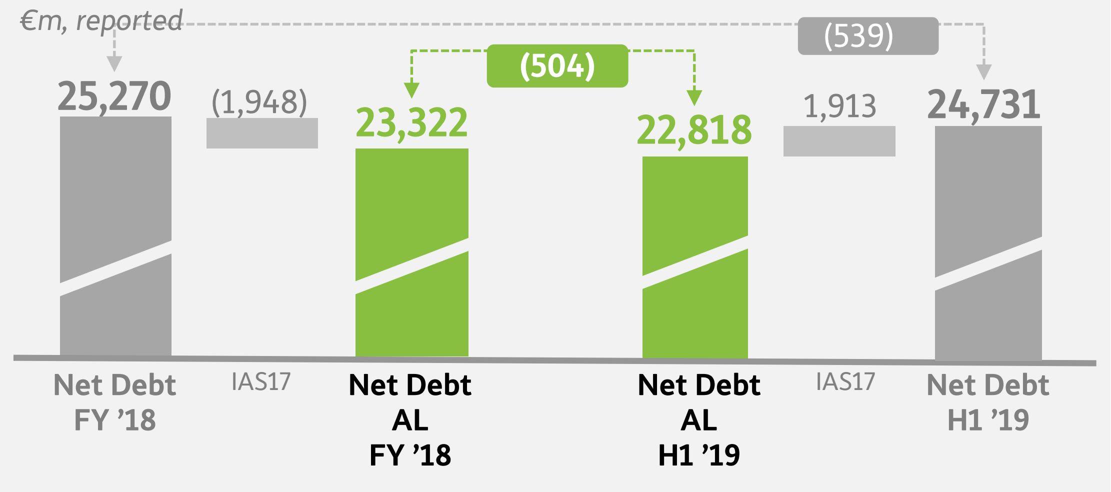


Domestic



Net Debt After Lease

Group



Under the After Lease view, results show slight improvements vs. the IFRS 9/15 view:

- **Group EBITDA-AL** –1.4% YoY
- **Domestic EBITDA-AL** –3.3% YoY
- **Group Net Debt AL** at €22,818m with a reduction of €504m from previous quarter

Q2 '19 Results

Q2 ’19 TIM Group

Key Take-aways

- **We are delivering** on time and **de-levering fast**
- **Return on invested capital** remains our key priority
- **Organic action** remains focused on:
    - Revenues stabilization
    - Cost cutting, including risk
    - Stopping NWC outflows
    - Invested capital optimisation
- We are committed to provide additional upside through more **inorganic action**
- **Guidance unchanged**

Outlook

Guidance IFRS 9/15 and After Lease unchanged

YoY growth rates	Group		Domestic		Brasil	
	2019	2020-'21	2019	2020-'21	2019	2020-'21
Organic Service revenues	Low single digit decrease	Low single digit growth	Low single digit decrease[1]	Almost stable	+3% - +5% (YoY)	Mid single digit growth
Organic EBITDA-AL	Low single digit decrease	Low single digit growth	Low to Mid single digit decrease	Low single digit growth	Mid to High single digit growth (YoY)	EBITDA margin ≥ 39% in '20 *≥ 40% pre IFRS 9/15*
CAPEX	--		~EUR 2.9 bn / Year *~EUR 3 bn / Year pre IFRS 9/15*		~R$ 12 bn cumulated *~R$ 12.5 bn pre IFRS 9/15*	
Eq FCF	Cumulated ~EUR 3.5 bn To be enhanced through inorganic actions presently not included		--		--	
Adjusted Net Debt AL	~EUR 20.5 bn by 2021 *~EUR 22 bn pre IFRS 9/15* (2)		--		--	

(1) Domestic revenue growth excluding Sparkle's zero-low margin voice traffic business stopped (no impact on EBITDA; Sparkle EBITDA actually grew 18% YoY in H1)

(2) Guidance provided last February under old principles includes debt reduction from finance leases reimbursement, which remains but is not visible in an After Lease view

- Figures @ avg. Exchange Rate of 4.31 Reais/Euro

Q2 '19 Results

TIM

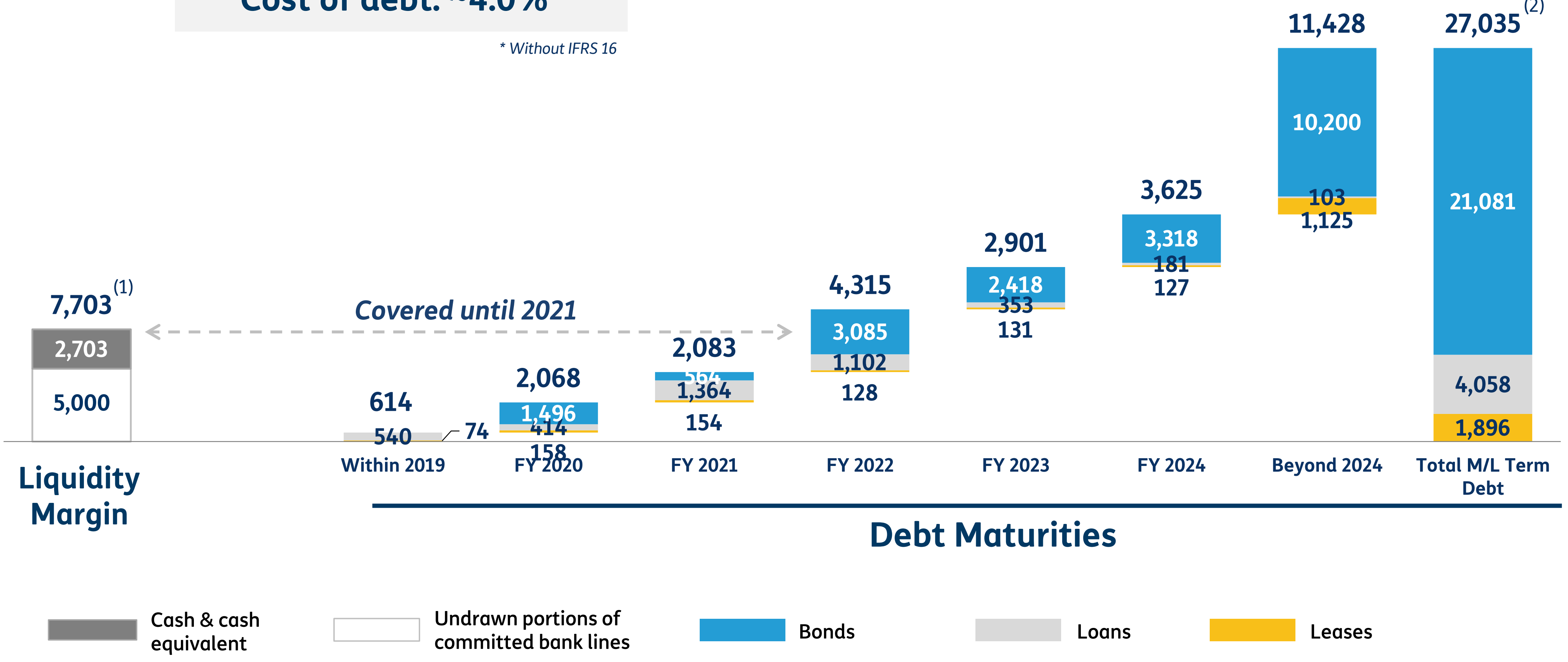
Annex

Liquidity margin – IFSR 9/15 view – Cost of debt -0.1pp QoQ, -0.4pp YTD

€m

Cost of debt: ~4.0%*

** Without IFRS 16*

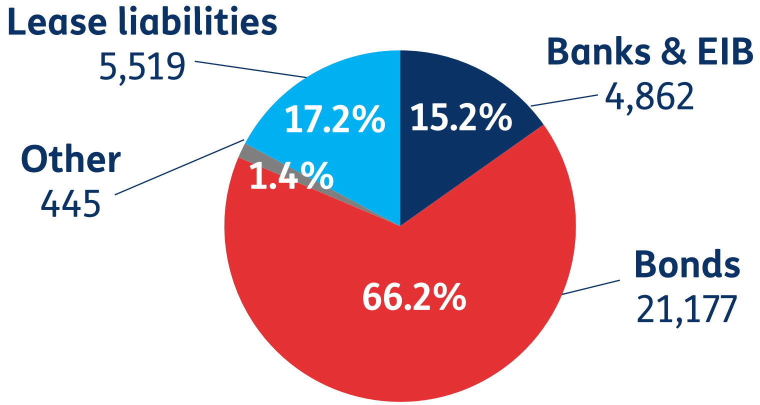


(1) Includes € 490 mln repurchase agreements that will expire within August 2019

(2) € 27,035m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and fair value valuations (€ 531m) and current financial liabilities (€ 831m), the gross debt figure of € 28,397m is reached

Well diversified and hedged debt

€m



Gross debt	**32,003**
Financial Assets	**(3,675)**
of which C&CE and marketable securities	**(2,704)**
- C & CE	(1,700)
- Marketable securities	(1,004)
- Government Securities	(567)
- Other	(437)
Net financial position **(with IFRS 16)**	**28,328**
Net finance leases (IFRS 16)	(3,597)
Net financial position	**24,731**

Maturities and Risk Management

Average m/l term maturity:
7.7 years (bond 7.8 years only)*

Fixed rate portion on medium-long term debt approximately **70%**

Around **25% of outstanding bonds** (nominal amount) denominated in **USD and GBP and is fully hedged**

Cost of debt: ~4.0%* including cost of finance leasing

** Without IFRS 16*

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 € 1,975m (of which € 327 m on bonds);
- the impact on Financial Assets is equal to € 1,279m.

Therefore, the Net Financial Indebtedness is adjusted by € 696m

N.B. The difference between total financial assets (€ 3,675m) and C&CE and marketable securities (€ 2,704m) is equal to € 971m and refers to positive MTM derivatives (accrued interests and exchange rate) for € 798m, financial receivables for lease for € 113m and other credits for € 59m

Change in financial reporting: a reminder of key impacts

2018FY € Bn		Reporting 2018			New Reporting				
		Pre IFRS 9/15	Δ IFRS 9/15	Post IFRS 9/15	ΔNewRevs Reporting Δ IFRS 16	IFRS 16	Δ IFRS16	Δ IAS17	"After lease"
					1				
REVENUES	Domestic	15.2	-0.2	15.0		15.0			15.0
	o/w Services	13.8	-0.2	13.7	-0.3	13.4			13.4
	Brasil	4.0	-0.0	3.9		3.9			3.9
	Group	**19.1**	**-0.2**	**18.9**		**18.9**			**18.9**
					2		3		
EBITDA organic	Domestic	6.6	-0.3	6.4	+0.4	6.7	-0.4	-0.3	6.0
	Brasil	1.5	-0.0	1.5	+0.3	1.8	-0.3	-0.1	1.4
	Group	**8.1**	**-0.3**	**7.8**	**+0.7**	**8.5**	**-0.7**	**-0.4**	**7.4**
EBITDA reported	Domestic	6.2	-0.3	6.0	+0.4	6.4	-0.4	-0.3	5.6
	Brasil	1.5	-0.0	1.5	+0.3	1.8	-0.3	-0.1	1.4
	Group	**7.7**	**-0.3**	**7.4**	**+0.7**	**8.1**	**-0.7**	**-0.4**	**7.0**
CAPEX ex spectrum	Domestic	3.2	-0.1	3.1		3.1			3.1
	Brasil	0.9	-0.0	0.9		0.9			0.9
	Group	**4.2**	**-0.1**	**4.0**		**4.0**			**4.0**
Net Debt (Group)	**Net Debt**	**25.3**		**25.3**	**+3.6**	**28.9**	**-3.6**	**-1.9**	**23.3**
	Debt / EBITDA	3.1x		3.2x		3.4x			3.1x

1 **New revenues reporting** no impact on total revenues

2 **IFRS16 impacts OPEX** (operating leases removed) and **Net Debt** (operating leases liabilities added)

3 For "**After Lease**" view, both IAS17 and IFRS16 effects are removed and all leases reclassified as **OPEX.** **Net Debt** is net of all lease liabilities

Annex

TIM Group - Main Results (IFRS 16)

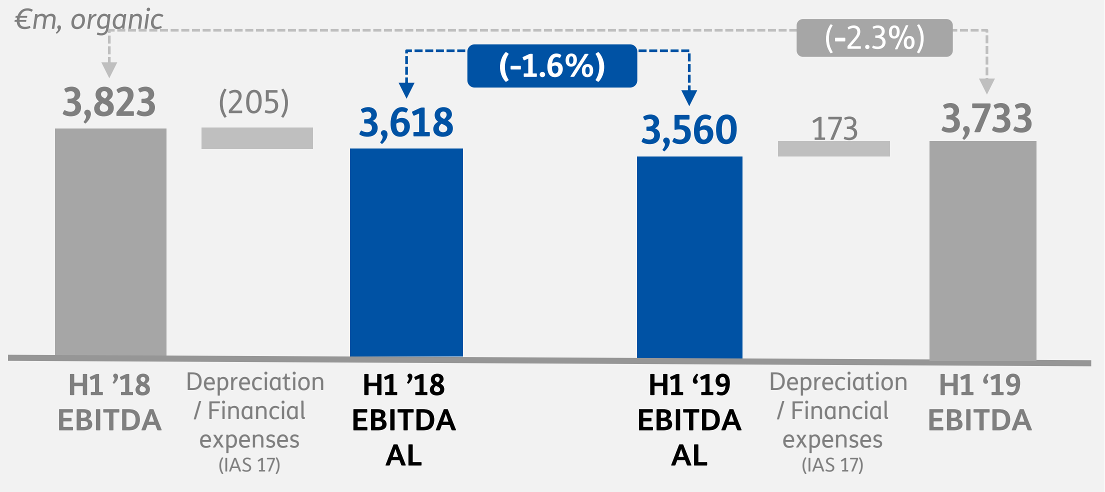
Reported, €m

	Revenues			Service Revenues			EBITDA		
	H1’ 19 IFRS 9-15	Δ IFRS 16	**H1’ 19 IFRS 9-15-16**	**H1’ 19 IFRS 9-15**	Δ IFRS 16	**H1’ 19 IFRS 9-15-16**	**H1’ 19 IFRS 9-15**	Δ IFRS 16	**H1’ 19 IFRS 9-15-16**
TIM Group	8,994	-	8,994	8,227	-	8,227	4,065	326	4,391
Domestic	7,069	-	7,069	6,386	-	6,386	2,749	180	2,929
Brazil	1,946	-	1,946	1,862	-	1,862	1,321	146	1,467
	Q2 ’19 IFRS 9-15	Δ IFRS 16	**Q2 ’19 IFRS 9-15-16**	**Q2 ’19 IFRS 9-15**	Δ IFRS 16	**Q2 ’19 IFRS 9-15-16**	**Q2 ’19 IFRS 9-15**	Δ IFRS 16	**Q2 ’19 IFRS 9-15-16**
TIM Group	4,523	-	4,523	4,142	-	4,142	2,273	172	2,445
Domestic	3,567	-	3,567	3,231	-	3,231	1,302	93	1,395
Brazil	967	-	967	922	-	922	974	80	1,054

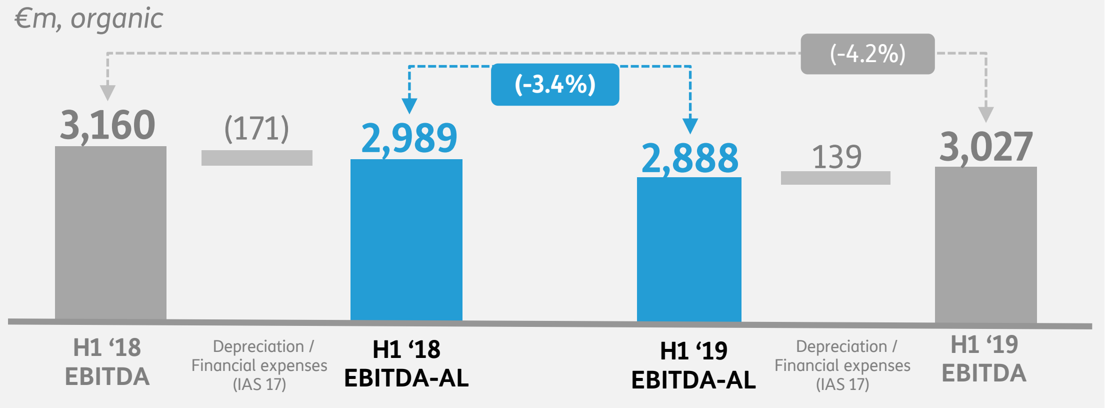
After Lease view shows slightly better trends – H1 view

EBITDA After Lease

Group

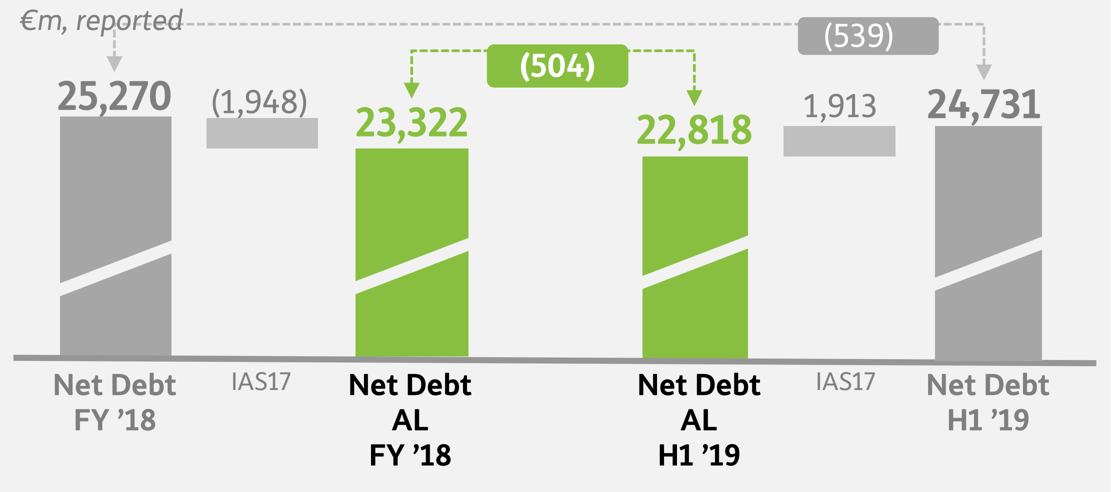


Domestic



Net Debt After Lease

Group



Under the After Lease metric, results show slight improvements vs. the IFRS 9/15 view:

- **Group EBITDA-AL** -1.6% YoY
- **Domestic EBITDA-AL** -3.4% YoY
- **Group Net Debt AL** at €22,818m with a reduction of €504m from previous quarter

Annex

TIM Group – P&L (IFRS 16)

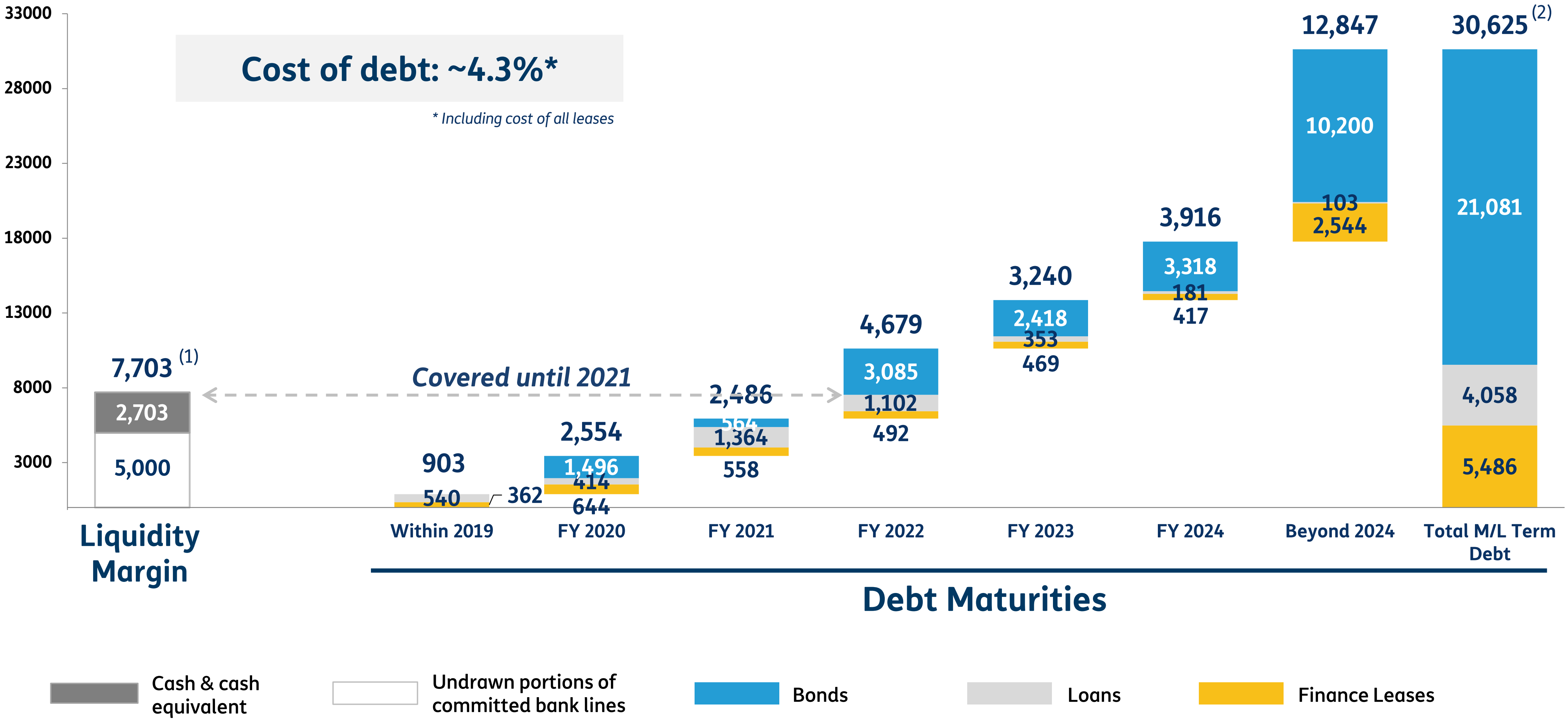
Reported, €m

	1 Half		
	H1' 19 IFRS 9-15	Δ IFRS 16	H1' 19 IFRS 9-15-16
REVENUES	**8,994**	**-**	**8,994**
Opex	(3,427)	326	(3,101)
Personnel	(1,502)	-	(1,502)
EBITDA	**4,065**	**326**	**4,391**
Depreciation and amortization	(2,186)	(310)	(2,496)
Gains (losses) & writedown	(8)	-	(8)
EBIT	**1,871**	**16**	**1,887**
Net Financial Income/Expenses	(650)	(104)	(754)
Income/Loss from Equity Invest.	(1)	-	(1)
Profit/Loss before Tax	**1,220**	**(88)**	**1,132**
Taxes	(422)	30	(392)
Net Income Ante Minorities	**798**	**(58)**	**740**
Minorities	(206)	17	(189)
Net Income Post Minorities	**592**	**(41)**	**551**

Annex

Liquidity margin – IFRS 16 view – Cost of debt -0.1pp QoQ

€m, IAS 17 included



Cost of debt: ~4.3%*

** Including cost of all leases*

(1) Includes € 490 m repurchase agreements that will expire within August 2019

(2) € 30,625m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and fair value valuations (€ 547m) and current financial liabilities (€ 831m), the gross debt figure of € 32,003m is reached

For further questions please contact the IR Team

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