TIM Group

Q3 ’19 Results Deleveraging and enhancing value

November 8th, 2019

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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 Q3'19 and 9M'19 financial and operating data have been extracted or derived, with the exception of some data, from the Financial Information at September 30, 2019 of the TIM Group, 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**"). Such information is unaudited.

The accounting policies and consolidation principles adopted in the preparation of the Financial Information at September 30, 2019 of the TIM Group are the same as those adopted in the TIM Group Annual Audited Consolidated Financial Statements as of December 31, 2018, to which reference can be made, except for the adoption of the new accounting principle (IFRS 16 - Lease), adopted starting from January 1, 2019. In particular, TIM adopts IFRS 16, using the modified retrospective method, without restatement of prior period comparatives. The adoption of the new standard may be subject to amendments until the issue of 2019 Consolidated Financial Statement of the TIM Group.

Please note that, starting from January 1, 2018, the TIM Group adopted IFRS 15 (Revenues from contracts with customers) and IFRS 9 (Financial instruments).

To enable the comparison of the economic and financial performance for the Q3'19 and 9M'19 with the corresponding period of the previous year, “IFRS 9/15” 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 year-end 2018) and IFRS 16 (applied starting 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 year-end 2018) and IFRS 16 (applied starting from 2019).

Such alternative performance measures are unaudited.

Q3 '19 Results

TIM

Plan execution accelerates

Deliver and Delever

What happened in Q3 | KPIs

Revamp culture and organization
Discipline, focus and simplicity

- **Second wave of exits ongoing**: >1.7k headcount exits in Italy in 9M and further ~1k by YE. In 2020 >2k exits planned
- **430 staff reskilled** in 9M, leading to >€20m yearly run rate of activities insourcing, in line with target of reskilling **>1.8k staff by 2021**
- **People engagement**: TIM has been ranked #1 company in Italy and #1 telco worldwide for diversity and inclusion by Refinitiv

ESG

KPIs:

~48% of 2021 cost cutting identified (1)

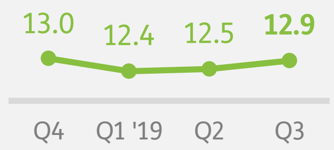
TIM #1 telco worldwide for **Refinitiv Diversity & Inclusion Index**

Revamp domestic business
value and quality positioning, modernization, efficiency

- Second quarter of **mobile ARPU** QoQ increase
- **Fix the fixed: BB net adds accelerated growth, churn improved** as a result of reduced price gap vs. competitors (no repricing by TIM)
- **Opex and capex reduction** addressing (also) the unadressable (e.g. €56m savings from better equipment margins in 9M) and doing more spending less

KPIs:

Human ARPU - mobile



OPEX+CAPEX –10% YoY

Further develop Brazil
ride growth waves and efficiency plan

- **Revenue reacceleration** supported by improving prepaid KPIs and increasing presence in the high end with an entertainment hub concept
- Solid **cost reduction** brings further acceleration in EBITDA performance
- Additional **tax asset** booked (R$ 148m)

KPIs:

Q3 '19 organic EBITDA +6.8% YoY

Total tax credit ~R$ 3.4bn or €0.8bn in 3-4 years

Deleverage
and focus on ROIC

- **Net Debt decrease** by ~**€1bn** in 9M driven by strong OpFCF generation
- **Working capital** outflow keeps reducing YoY (€787m better in 9M) (2)
- **Equity Free Cash Flow** increasing 6x YoY in 9M

KPIs:

Net Debt reduced
-€419m in Q3, -€958m in 9M

EqFCF €1.2bn in 9M

(1) Planned cost cutting: -8% P/L view, -14% cash-view on addressable costs (€5.1bn) in 2021. Additional 12% identified through bad debt reduction (see slide 7)
(2) Working capital net of non recurring items. For more information, see slide 17

Strategic initiatives update

Network sharing partnership TIM-Vodafone Italia

- Awaiting Antitrust clearance

Potential partnership in fiber roll-out

- Infrastructure funds invited to participate in potential combined OF acquisition, partner selection ongoing

Consumer credit partnership

- Partnership with Santander Consumer Bank to enhance credit management effectiveness, finance TIM's devices to support sales, reduce bad debt and net debt
- Cross-selling of personal loans and insurance products to broaden revenue base
- Framework agreement signed: commercial agreement in Jan. '20, full JV by Jul. '20

Transformational strategy in content aggregation

- NowTV (ticket Sport) offer launched in August and gaining traction (c. 50% new TIM clients)
- New partnership with Netflix: agreements in place aimed at integrating **Netflix**, **Amazon, Chili, Discovery, Mediaset** and others into **TIM VISION** platform

Strategic alliance with Google Cloud: transformational for TIM

Strategic alliance on Cloud, Data Centers and Edge Computing

Google Cloud TIM

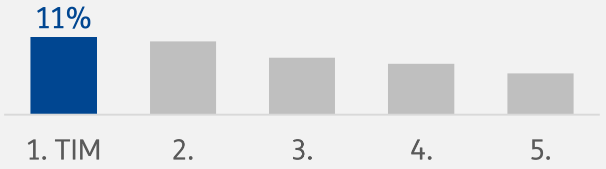
- **MoU signed** with Google Cloud
- **Cloud is the fastest growth market** in Italian TMT
- **TIM Cloud presently leader** in the Italian fragmented market with "Nuvola Italiana" ("Italian Cloud")
- **Google Cloud alongside "Nuvola Italiana"** to provide a unique proposition of public, private, hybrid cloud
- **Google Cloud in Italy will be hosted by TIM's** new hyperscale, state of the art, facilities
- **First European Edge computing network** will be deployed using selected TIM switches
- Access to Google technologies and services to further enhance TIM's **Cloud portfolio**
- Transforming TIM infrastructure to **optimize spending** and free up data center space

TIM's business revenues boosted

Italy to become tech front-runner
thanks to TIM's combination of 5G, fiber, cloud and edge computing

Italian cloud market is growing (1)

TIM is the leading Cloud player in Italy (2)



Strategic alliance pillars

- **Tap cloud growth opportunity**
- **Leverage unique assets, distribution and readiness for 5G and Edge computing**
- **Focus on managed services**

(1) *Source: Gartner, SIRMI*
(2) *Source: SIRMI. Market share is calculated for business customer and net of Microsoft Office and mail*

Significant value creation expected from Data Center/Cloud NewCo set up

Creation of a NewCo for TIM's Data Centers, Cloud infrastructure and managed services

- **TIM will create a new legal entity that will own TIM's data centers**
- **An infrastructure investor will be invited to enter in the equity** to finance expansion and a subsequent potential listing may be considered ("Inwit-like")
- **TIM will retain control**
- **~€0.5bn 2020e revenues**
- **2024 preliminary objectives**: revenues ~€1bn, EBITDA ~€0.4bn
- **Cloud market growing at >20% CAGR**
- **No impact on CAPEX guidance**

NewCo perimeter

Cloud factory for TIM and Google Cloud

- Assets: market and captive infrastructure (excluding telco core services), real estate
- Services: Cloud services to TIM, Google Cloud and the Italian market
- Talents: over 800 TIM engineers trained by Google to offer system integration and professional services

TIM DATA CENTERS INFRASTRUCTURE

22 sites in Italy
~40k sqm
36 Pbytes storage
1,235 Tflops of CPU power
8,1k km fiber connections

Consumer credit partnership "TIM Presto": framework agreement signed

TIM Presto

TIM | Santander

Scope

Development and distribution of **consumer finance products** to purchase TIM's fixed and mobile devices; **personal loans/insurance products to be cross-sold** to TIM customers, **broadening the revenue base**

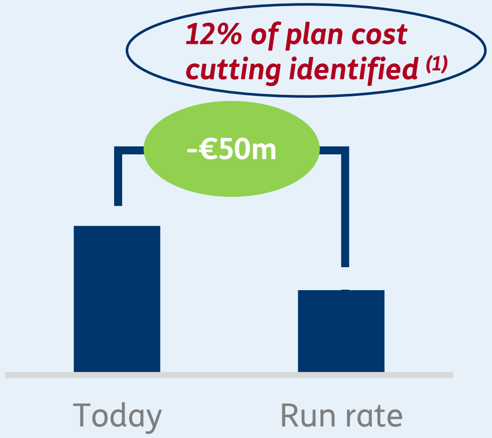
TIM benefits

- **Improved credit management** and **risk reduction**, with **lower bad debt** thanks to the partner's wide and deep experience in consumer finance
- **Higher commercial flexibility**: a wider set of options will be made available to TIM's marketing to address customers needs
- **Incremental cross-selling opportunities**: the partnership will also enable cross-selling of consumer finance and insurance solutions/products
- **Debt reduction** by lowering capital absorption to finance sales

Partnership structure & governance

- Phase 1: **commercial agreement (Jan. '20)**
- Phase 2: **JV and full partnership deployment (by Jul. '20)**
  - 51% Santander Consumer Bank (SCB), 49% TIM. "Art.106" financial intermediary, consolidated line by line by Santander
  - TIM in charge of commercial, SCB of key banking business matters
  - SCB to appoint CEO/CFO, TIM to appoint Chairman/head of sales

Bad debt
(on devices)



Expected debt reduction in 2020

-€0.5bn

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

Q3 '19 Results

TIM

FY deleverage target already reached; €1.2bn Equity FCF in 9 months

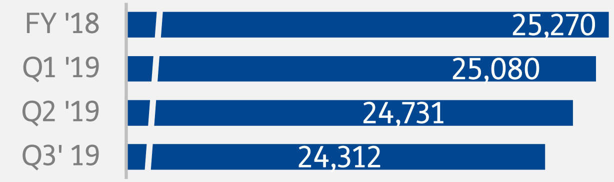
All figures based on IFRS 9/15 accounting standards and on a comparable bases

Organic data [(1)], €m

		Q3 '18		Q3 '19	Delta YoY ex Sparkle [(2)]
SERVICE REVENUES	**Group**	**4,305**	**-5.7%**	**4,061**	**-4.0%**
	Domestic	3,401	-8.0%	3,128	-6.1%
	Brazil	914	+3.0%	942	

		Q3 '18		Q3 '19	Delta YoY net of HR items [(3)]
EBITDA		**2,068**	**-4.5%**	**1,975**	-2.6%
		1,708	-6.9%	1,590	-4.6%
		362	+6.8%	387	
	% on revenues	*43.9%*		*44.6%*	
EBITDA-CAPEX		**1,197**	**-1.4%**	**1,180**	
		1,033	-2.7%	1,005	
		166	+6.9%	177	

NET DEBT[(4)]

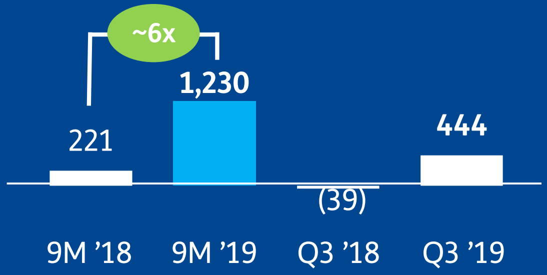


- **Service revenues** excluding Sparkle -4.0% YoY, with Domestic -6.1% and Brazil +3.0%
- **EBITDA** -4.5%, with Domestic at -6.9% and Brazil +6.8% YoY. EBITDA margin +0.7 p.p. to 44.6% in Q3. Net of specific Q3 '18 HR items [(3)] YoY decline would be -2.6% and -4.6% respectively

3rd quarter showing strong improvement in cash generation:

- **Net Debt** at €24,312m, with a **reduction of -€419m from Q2** and **-€958m from FY'18**
- **Equity FCF at €444m in Q3 vs. -€39m in Q3'18 (9M'19 to >€1.2bn, ~6x 2018)**
- **35% of the plan EFCF target (€3.5bn) delivered in 25% timeframe**

EQUITY FREE CASH-FLOW

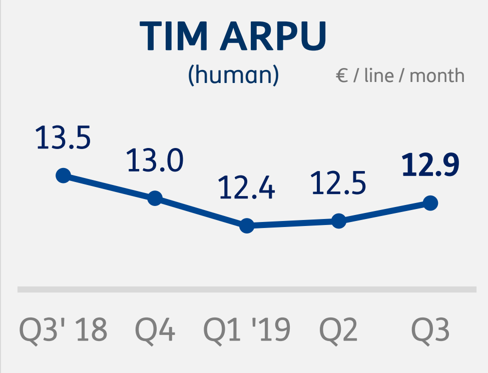


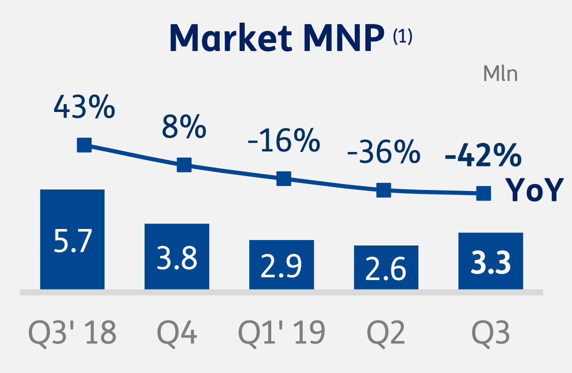
(1) *Excluding exchange rate fluctuations & non recurring items. Capex excluding licenses*
(2) *Total service revenues growth excluding Sparkle's International Wholesale revenues, without any impact on EBITDA*
(3) *YoY difference in bonuses provisioned (€ 25m; no bonus paid on 2018 FY) and solidarity effective only from the end of August in 2019 vs. all three months in Q3 '18 (€15m)*
(4) *Adjusted Net Debt*

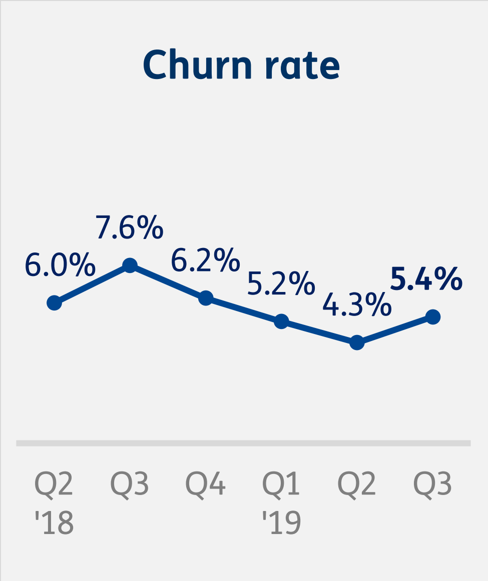
TIM

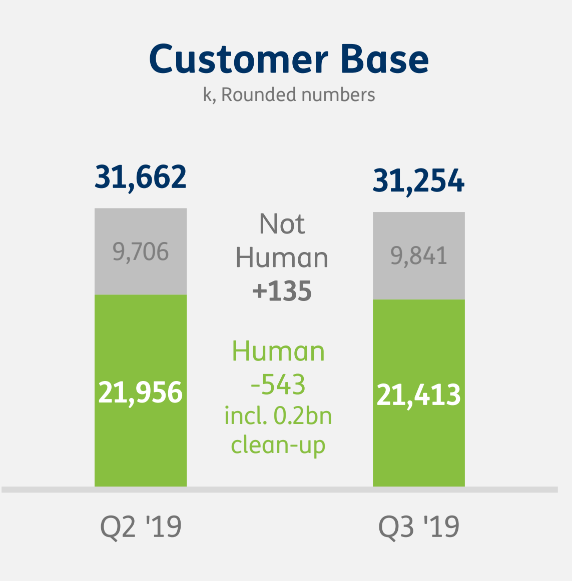
Second quarter of ARPU growth QoQ drives improvement in MSR YoY performance

Mobile KPIs

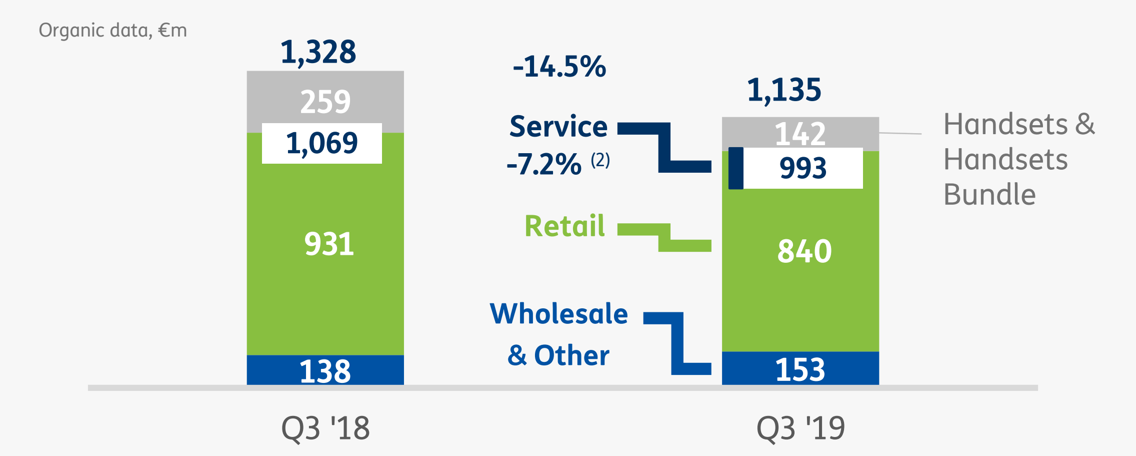








Mobile Revenues



- **ARPU growth continues** (+3% QoQ) driving +2.7 p.p. in MSR YoY, through higher acquisition prices, selective repricing and upselling
- **Market MNP continuous YoY reduction** (QoQ affected by seasonality) thanks to improving market conditions in the upper end of the market (**MNO’s MNP -63% YoY**). Low end remains competitive (+10% YoY)
- **Churn well below Q3 ‘18 (5.4% vs. 7.6%)** despite cleaning of silent lines. Customer base impacted by lower performance of not human lines (+135k vs. +214k in Q2) in addition to human lines disconnections in the low end of the market and clean up activities (c. 50% of line losses)
- Lower sales of **handsets** with improved marginality (new strategy benefiting EBITDA)

(1) *Source: intra operator database*
(2) *Underlying growth rate -6.1% YoY excluding mobile termination rates reduction and accounting adjustments for pre-paid cards mismatch*

FSR affected by switch to Equipment (no margin impact) and tougher comps QoQ

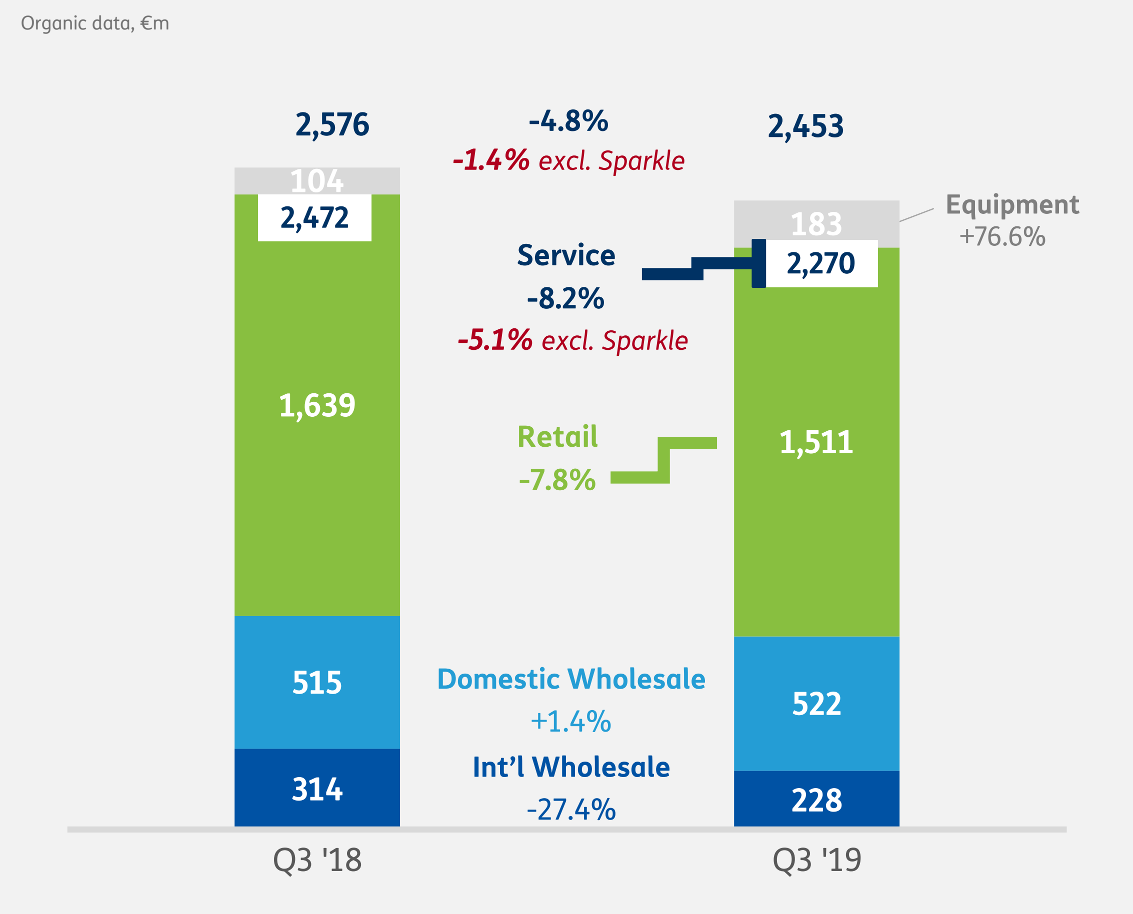
Total fixed revenues excluding Sparkle -1.4% YoY

⚠ **Total revenues** 3.4 p.p. better than FSR due to different offer structure in consumer (modem now paid), business (ICT-related sales) and wholesale

⚠ **Fixed service revenues** (FSR) affected by reduced washing machine effect (lower activation fees) but cash flow strongly benefiting (lower commissions and provisioning)

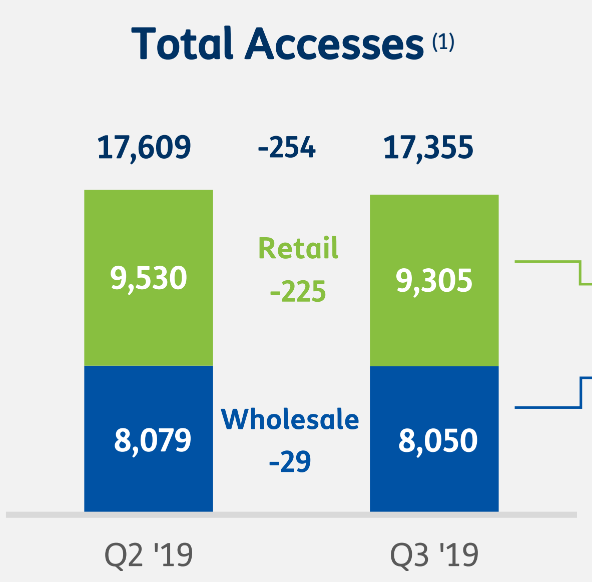
- **Retail** affected by the decision not to reprice the existing client base which benefited KPIs:
  - **Consumer** suffering from tougher comps vs. Q2 (Q3 no longer benefitted from 2018 price increases) and from lower activation fees, partly offset at the equipment and total revenue levels (with marginality in line with FSR)
  - **Business services** -1.3% YoY (+4.4% including equipment, accelerating vs +2.9% in H1)
  - **ICT services** growing steadily (+11.4% YoY)
- **Domestic Wholesale** +1.4% growth vs. +11.4% in Q2 supported by positive performance both in regulated and non regulated services, despite the impact in Q3 by a one-off regulatory decision, the bulk of which related to 2018
- **Sparkle’s International Wholesale** revenues down 27.4% in line with Q2, following strategy revision

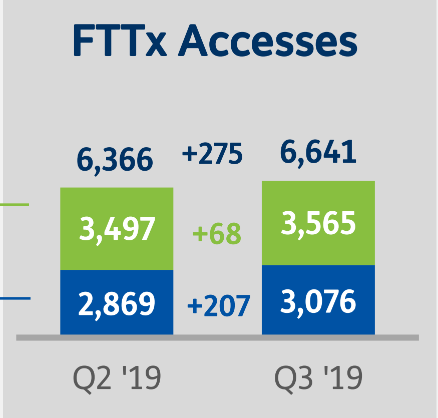
Wireline Revenues



Significant improvement in line losses and BB net adds, FTTx conversion progressing…

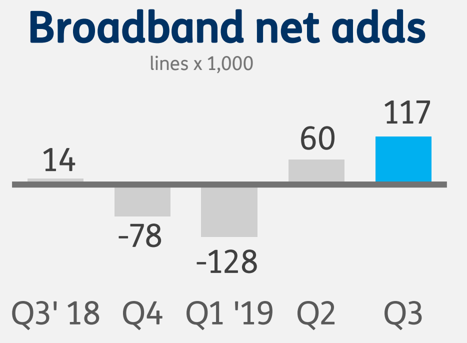
Wireline KPIs

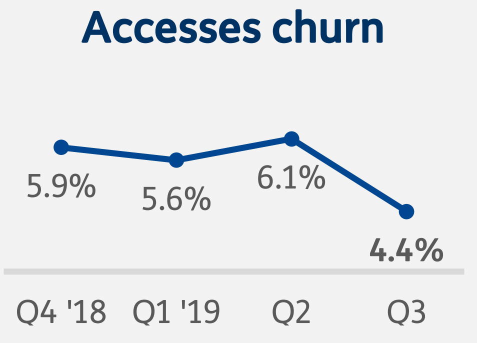




Migration to fiber continues: 6.6m lines reached, +4% QoQ and +36% YoY, thanks to push on conversion and reduced delivery time (FTTx -3.6 days YoY)

- **Retail line losses** 225k vs. -346k in Q2. Clean-up almost completed and channels refocused on value (-50% QoQ washing machine)
- **Back to strong growth in broadband net adds**: benefit from new football and FWA offers in rural areas; promotional activities focused on upselling both BB to voice-only customers and fiber to ADSL customers
- **Wholesale** lines see continuous **migration to fiber** (+207k VULA) offsetting disconnections on lower ARPU copper lines (-197k ULL) with strong benefit on revenues (VULA priced >50% above ULL)





- **Market discipline**: competitors reducing price gap vs. TIM: repricing of existing client base in July and August by main competitors. Not by TIM
- **Churn rate** sequentially improving thanks to retention activities results
- **ARPU** growth affected by annualization of the July 2018 price increases and lower contribution from activation fees

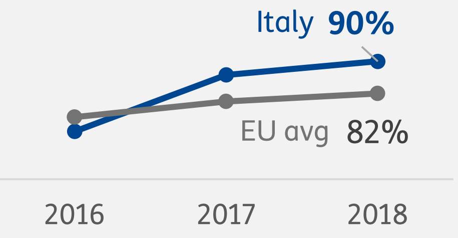
(1) *On TIM infrastructure, retail VoIP excluded*

...and a plan to fill ultra-BB coverage above European average by stimulating demand

Italy has a better than average EU UBB infrastructure coverage...

Italy NGA coverage over 90% of population mainly provided by TIM (at 80%)

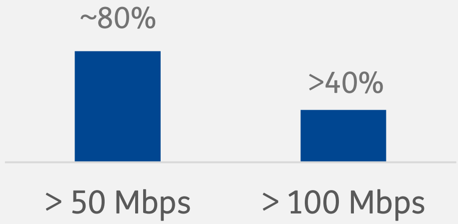
NGA coverage



Source: DESI

TIM FTTC speed

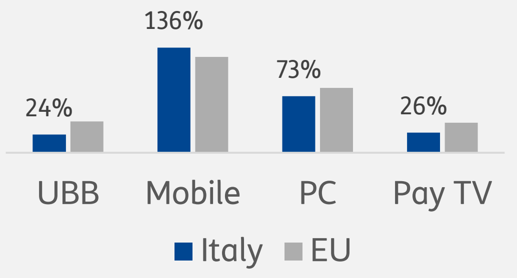
TIM’s network offers potential speed of 100-1000Mbps to >40% of population and >50Mbps to ~80% of population



....but still a lower penetration...

Users penetration

2018



Source: DESI, Eurostat, GSMA

DESI index shows that Italy is lagging behind on UBB penetration, not coverage

Main reasons for lower fixed NGA penetration: digital culture, low usage of internet services (e.g. e.Government) and pay TV adoption, higher mobile penetration

...that is calling for new ways to stimulate demand

Operation Digital Reinassance

An itinerant project of digital education and coaching, launched by TIM last month

1M citizens
107 municipalities
400 TIM coaches
20k lesson hours

TV
TIMVISION

TIM is now at the forefront of digital television, one of the main drivers of fixed UBB adoption, through its enhanced TIM VISION offering (partnerships with all key content providers)

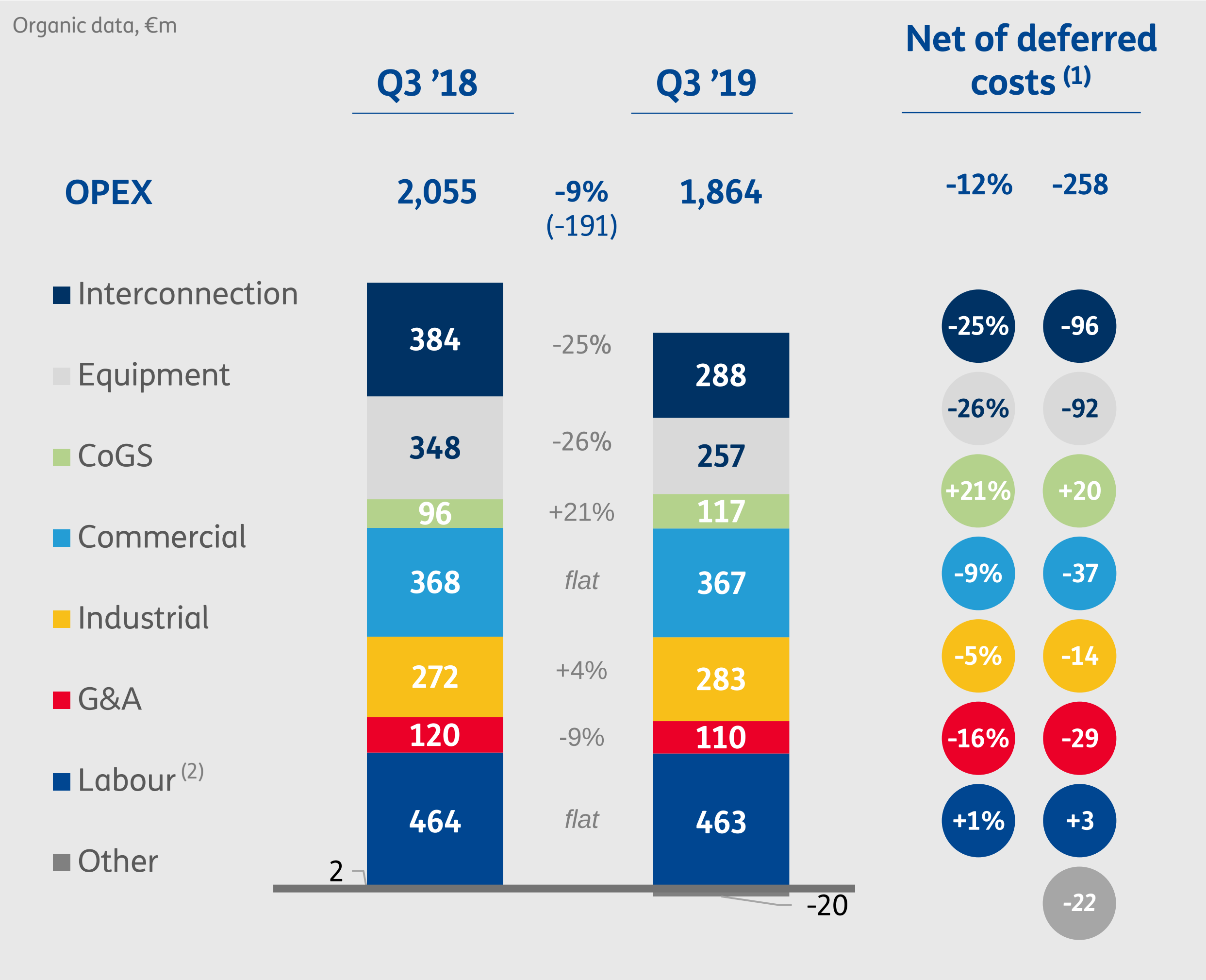
Cost reduction underway, focus remains on cash impact

OPEX down €191m YoY (-9%)

Net of deferred costs, on a cash view, the reduction reaches €258m (-12% YoY)

- **Interconnection & equipment:** benefiting from new strategy both for Sparkle and for handset (e.g. ~€30m savings from improved equipment margins in Q3)
- **Commercial**: -9% YoY net of deferred costs thanks to reduced “washing machine effect”
- **Industrial**: -5% YoY net of deferred costs thanks to network costs optimization offset by higher energy costs (price negotiated in 2018 weighing €12m in Q3 notwithstanding lower consumption YoY)
- **G&A**: -16% YoY net of deferred costs thanks to lower costs of consulting and buildings. Increase in IT costs
- **Labour**: YoY comparison impacted by lower ‘18 costs for variable components (~€25m: no bonuses in ‘18) and lower solidarity days in ’19 (€15m delta YoY). Net of these discontinuities labour cost would be -8% YoY thanks to FTE reduction

OPEX



(1) *Net of deferred costs, total OPEX amounts to € 2,161m in Q3’18 and € 1,903m in Q3’19*
(2) *Net of capitalized labour cost*

TIM Brasil on a sequentially improving path

Organic data, R$m, Rounded numbers

		Q3 ’18		Q3 ’19
SERVICE REVENUES	Total	4,031	+3.0%	**4,152**
	Mobile	3,820	+2.7%	3,922
EBITDA		1,594	+6.8%	**1,702**
	% on revenues	*37.6%*		*39.2%*
EBITDA-CAPEX		728	+6.9%	**778**

Gradual and continuous growth acceleration, over-delivery on efficiency plan driving consistent margin evolution, strong cash generation

- **Service revenues** up 3.0% YoY
- MSR +2.7% YoY thanks to improving prepaid KPIs (ARPU and net adds) through the new plan “Pré TOP” and increasing presence in the high end with an entertainment hub concept
- FSR + 9.0% YoY driven by TIM Live ARPU and CB increase
- **EBITDA** accelerating growth to 6.8% YoY from 6.3% in Q2. Doing more with less, e.g. increased media presence while reducing marketing expenses 30% YoY.
  EBITDA margin now standing at 39.2% (+1.6 p.p. YoY)
- **Solid network development:** FTTH coverage grew 150% in one year, reaching over 1.9m households (1)

TIM Live Revs

% of fixed

Q1’19	Q2	Q3
49%	50%	54%

Service Revs

% YoY

Q1’19	Q2	Q3
1.0%	2.4%	3.0%

Improved Marginality

p.p.

Q1’19	Q2	Q3
1,2	1,4	1,6

Network Leadership

1st in 4G Coverage
>1.6k cities, +40.3% YoY
5G Initiatives Leadership
exploring applications and building readiness

NPS

NPS improving +4 p.p.
Regaining awareness
#1 in prepaid top of mind, back to #2 in mobile market

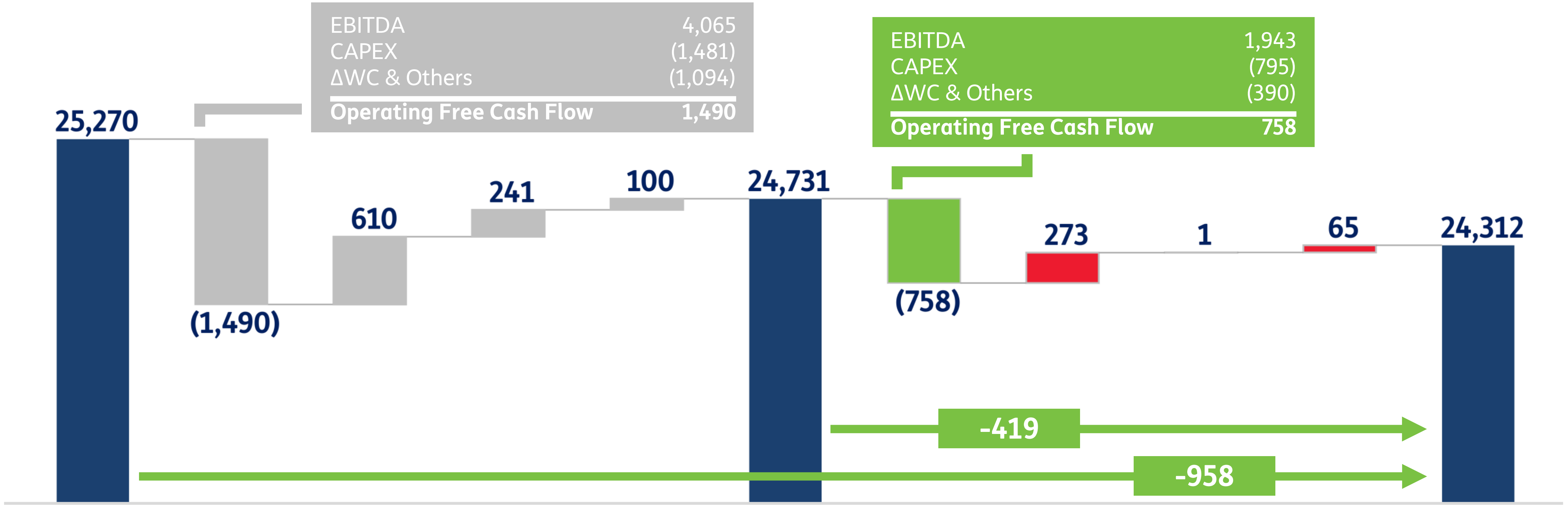
Digital CEX (2)

Unlocking Efficiency through Customer Empowerment

(1) *Addressable HH ready to sell*
(2) *Digital Customer Experience*

Net Debt reduction accelerating further: -€958m in 9M, o/w -€419m in Q3

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

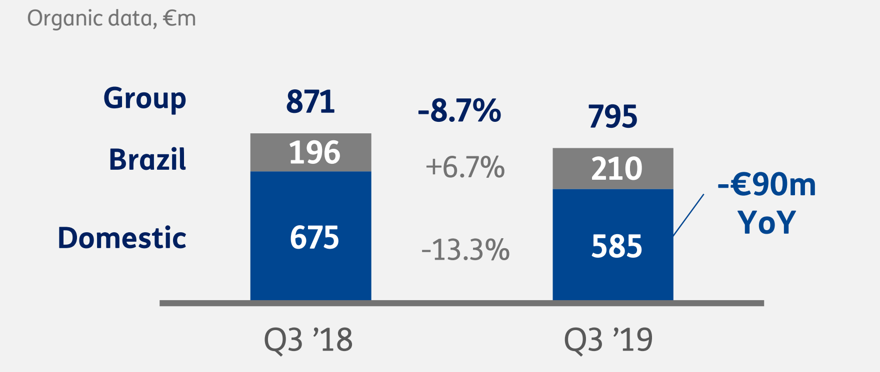


	FY ’18 Net Debt	OFCF	Financial Expenses	Dividends & Change in Equity	Cash Taxes & Other Impacts	H1 ’19 Net Debt	OFCF	Financial Expenses	Dividends & Change in Equity	Cash Taxes & Other Impacts	9M ’19 Net Debt
FY ’17 → 9M ’18: -118	25,308	(886)	665	211	(157)	25,141	(571)	329	6	285	25,190
Delta YoY		(604)	(55)	+30	+257	(372)	(187)	(56)	(5)	(220)	(840)

TIM

CAPEX: doing more spending less. Net Operating Working Capital strongly cut

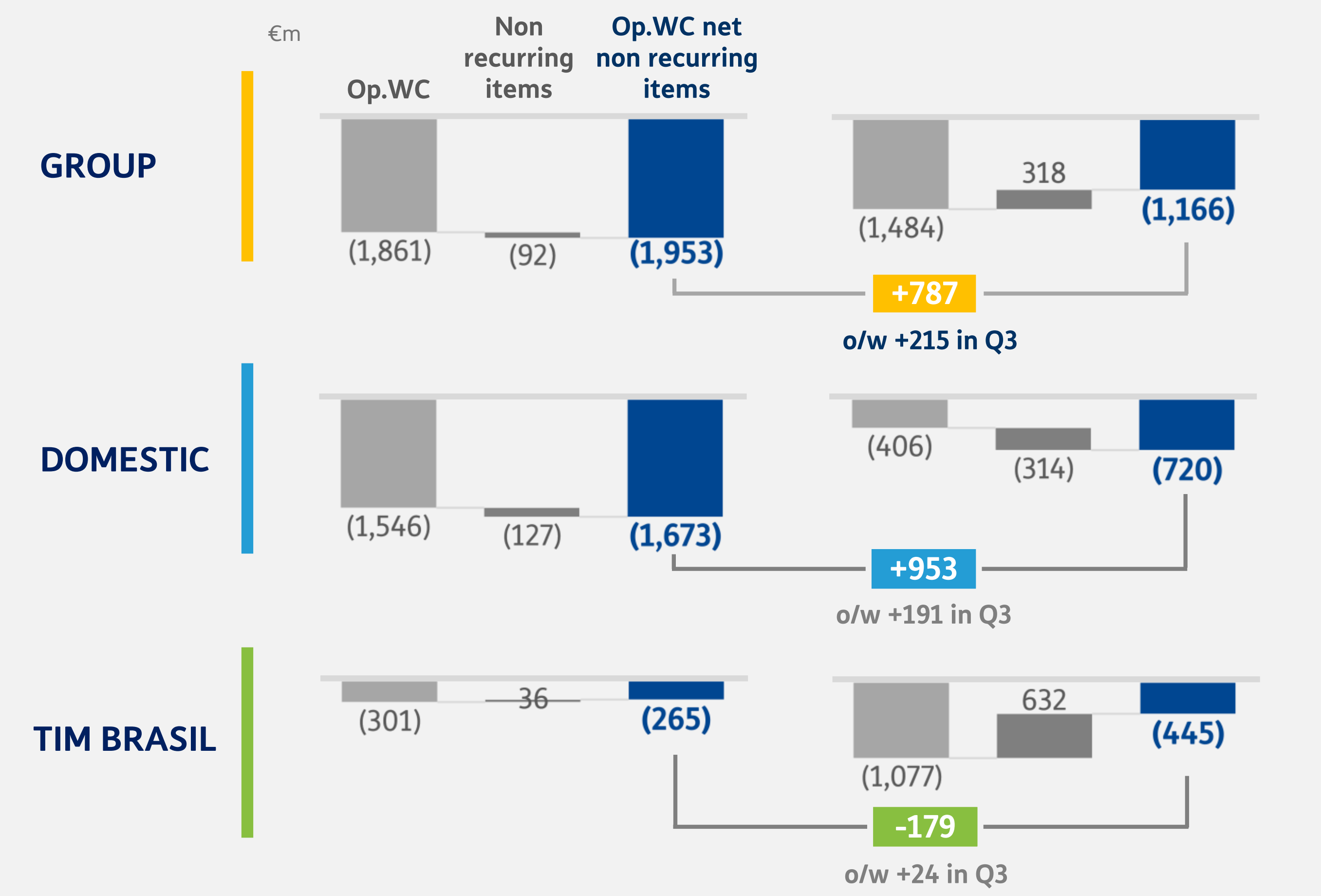
CAPEX



Group recurring NWC improving €787m YoY

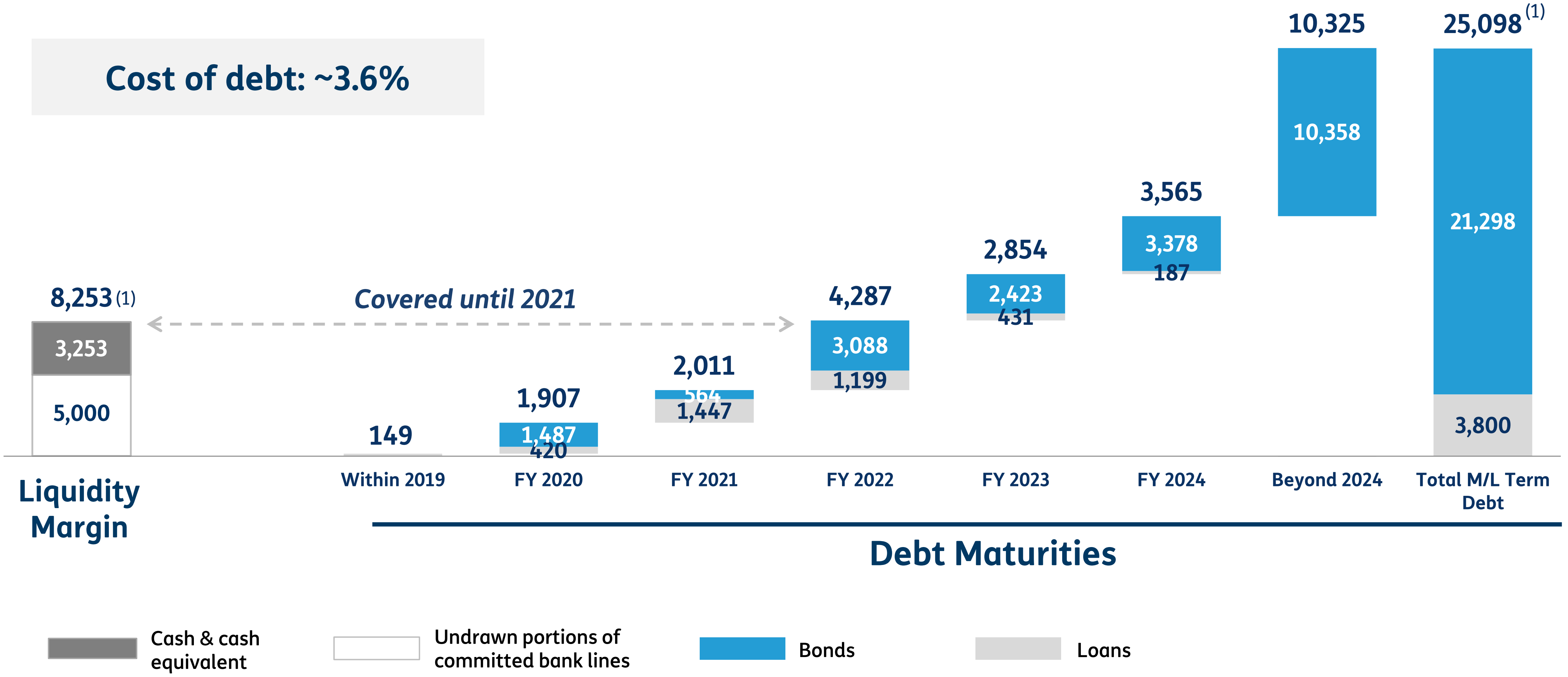
- **Domestic improving €953m YoY in 9M (€191m in Q3)** driven by lower inventories (+€114m), VAT impact from split payment (+€340m), change from billing in advance to billing in arrears in Q1 '18 (+€186m), higher trade payables due to better cost management (+€64m) and lower trade receivables (+€220m) benefiting from improved cash conversion
- **TIM Brasil worsening €179m YoY in 9M (+€24m in Q3)** mainly due to lower trade payables

Net Operating Working Capital



Liquidity margin -After Lease view- Cost of debt ~3.6%, -0.1 p.p. QoQ, -0.4 p.p. YTD

€m

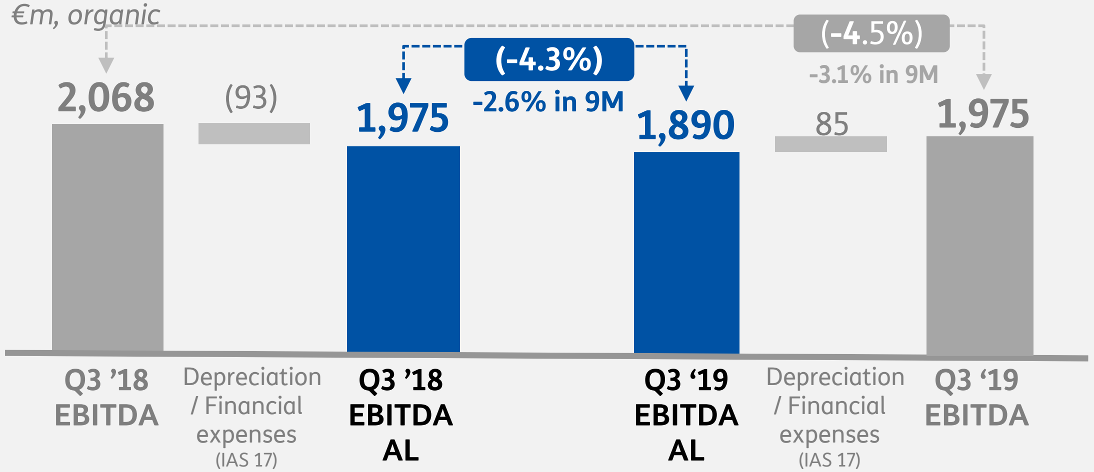


(1) €25,098m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and fair value valuations (€683m) and current financial liabilities (€1,122m), the gross debt figure of €26,902m is reached. This includes € 450m repurchase agreements

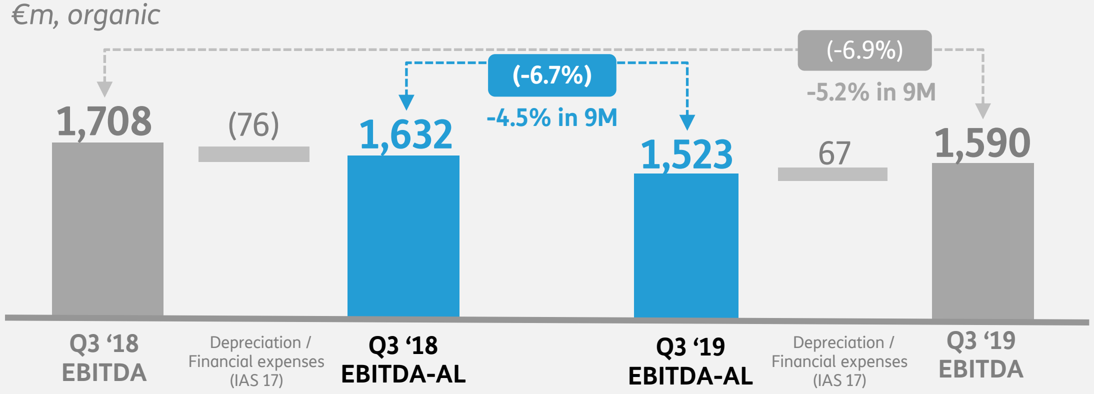
After Lease view shows slightly better trends YoY

EBITDA After Lease

Group

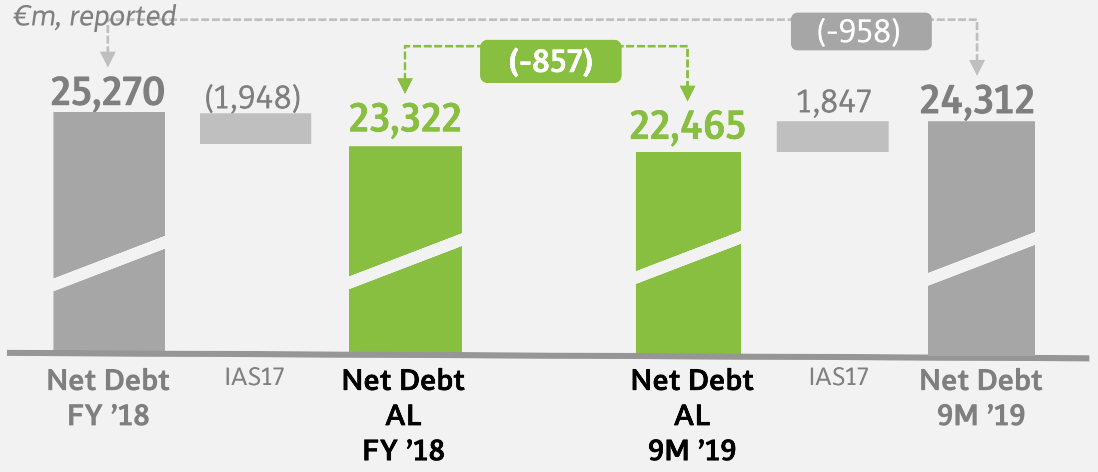


Domestic



Net Debt After Lease

Group



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

- **Group EBITDA-AL** –4.3% YoY in Q3 (-2.6% YoY in 9M)
- **Domestic EBITDA-AL** –6.7% YoY in Q3 (-4.5% YoY in 9M)
- **Group Net Debt AL** at €22,465m with a reduction of €857m from December 2018, of which €353m in Q3 only

Q3 '19 Results

TIM

Key Take-aways

We announced and delivered organic and inorganic action

€1bn organic deleverage targeted by YE 2019 achieved by Q3

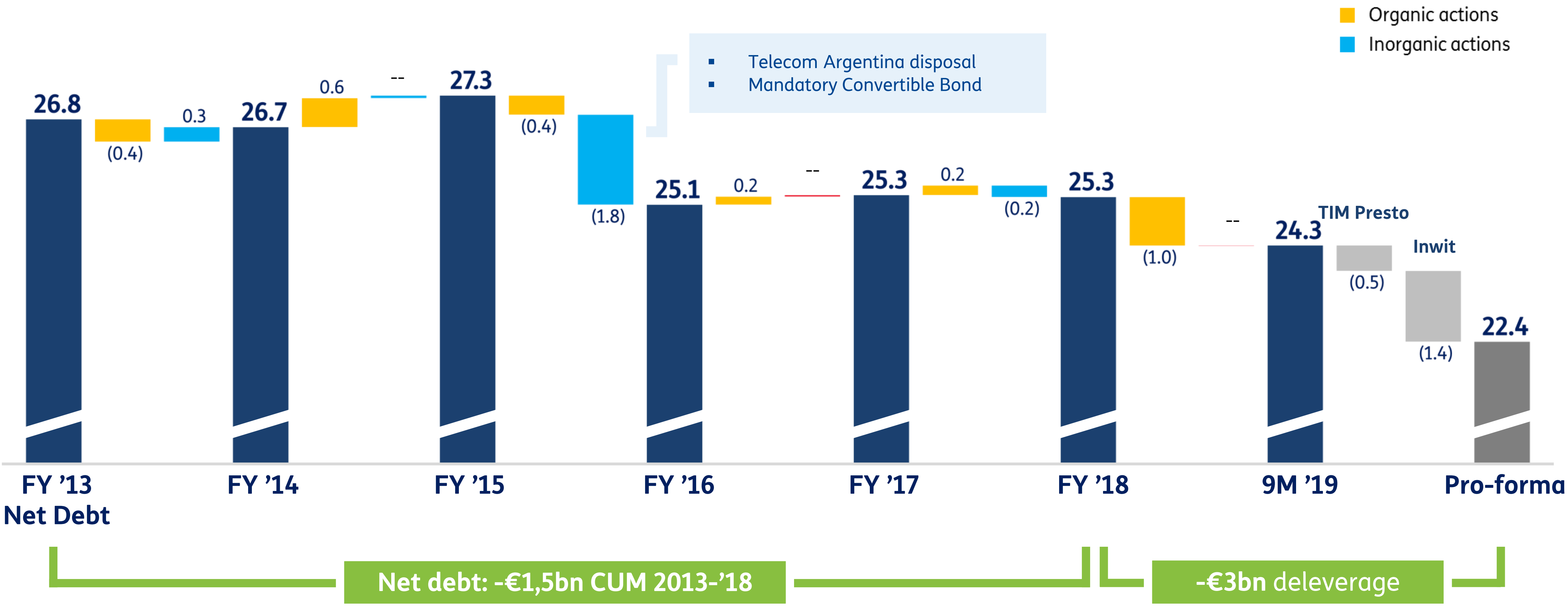
Additional €1.9bn deleverage on the way (INWIT + TIM Presto)

Transformational strategic alliance with Google Cloud paving the way for more revenues and value creation

Guidance unchanged

2019 the best of last 5 years for organic deleverage. Total of €3bn underway including action taken and paving the way for more to come

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



Organic CUM 2013-'18 +€0.1bn

Inorganic CUM 2013-'18 -€1.6bn

Save the date!

See you at Capital Market Day in March 2020

Q3 '19 Results

1 Highlights

2 Main Trends and Financial Update

3 Closing Remarks

4 Q&A

TIM

Annex

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)		--		--	

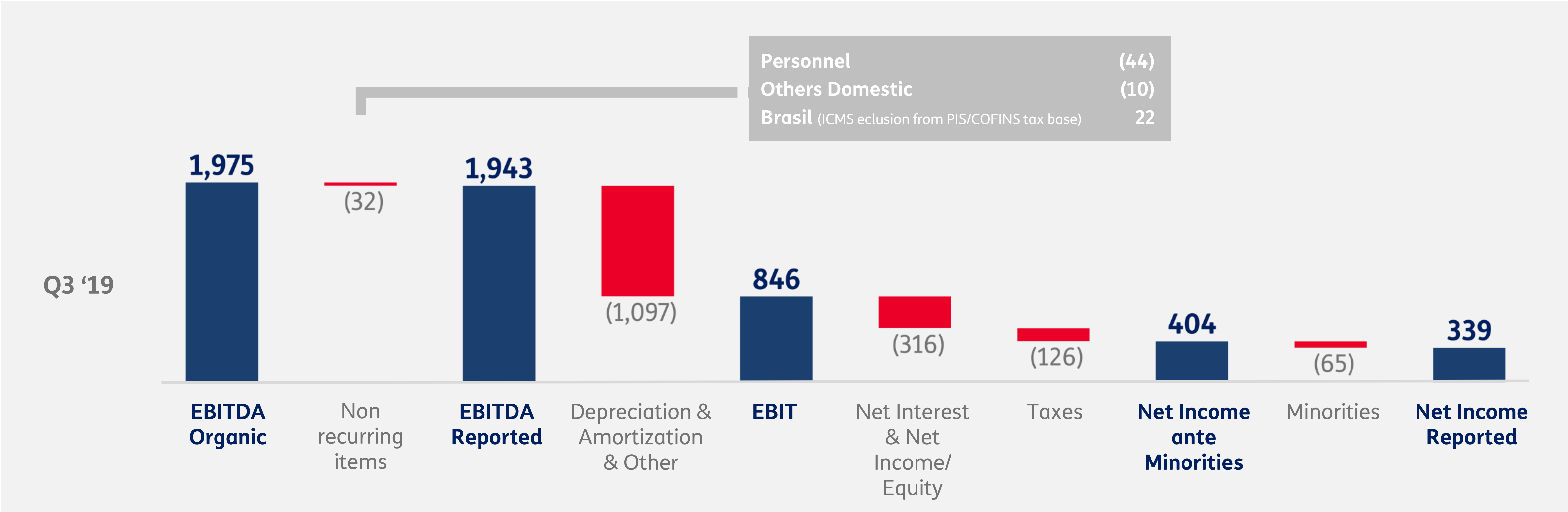
TIM

(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

Q3 ’19 TIM Group

Net Income

Reported data, €m, Rounded numbers

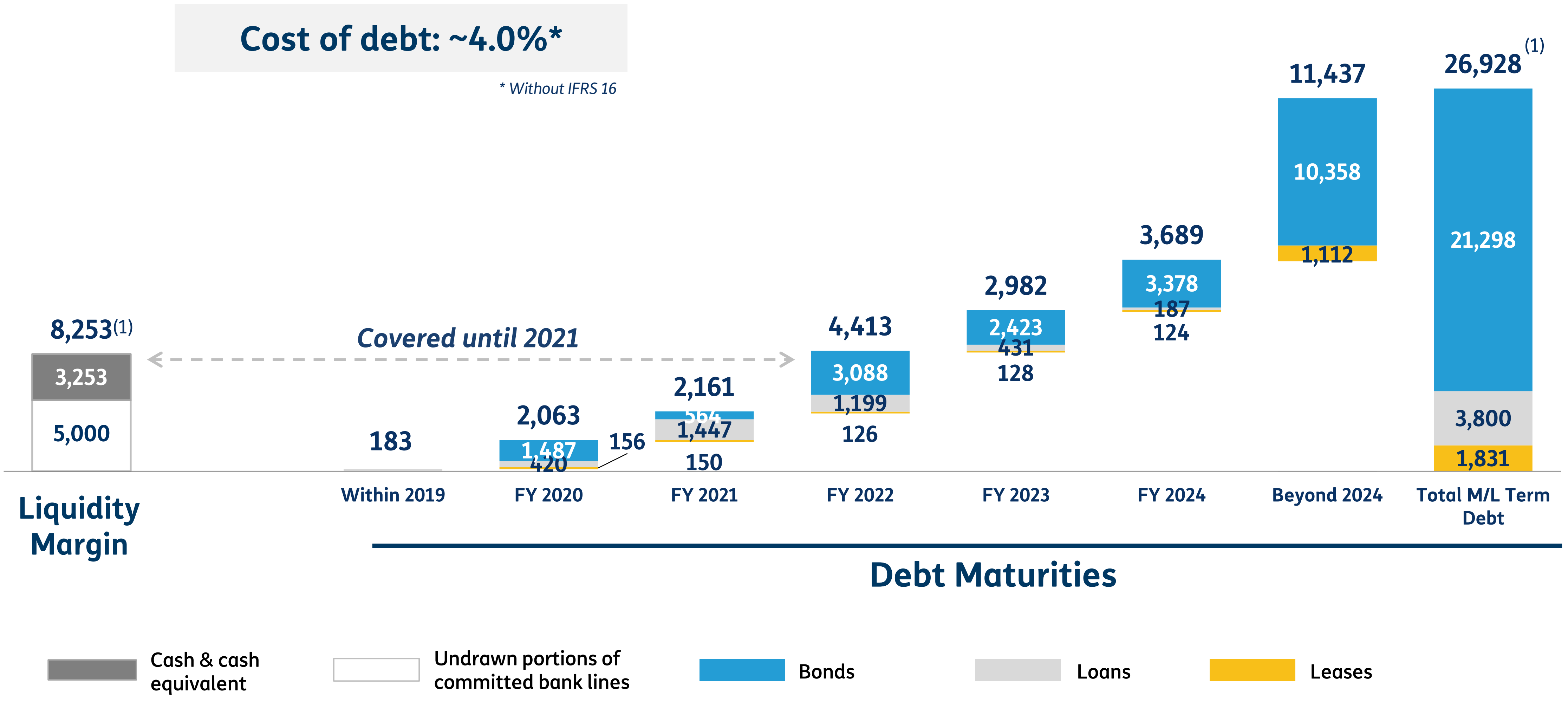


Q3 ‘18	**2,068**	7	**2,045**	(1,042) D&A (2,000) GW Impairment	**(997)**	(329)	43	**(1,283)**	(117)	**(1,400)**
Δ	(93)	(39)	(102)	+1,945 (1)	+1,843	+13	(169)	+1,687	+52	+1,739

(1) *Includes € 2,000m goodwill impairment*

Liquidity margin – IFSR 9/15 view – Cost of debt flat QoQ, -0.4 p.p. YTD

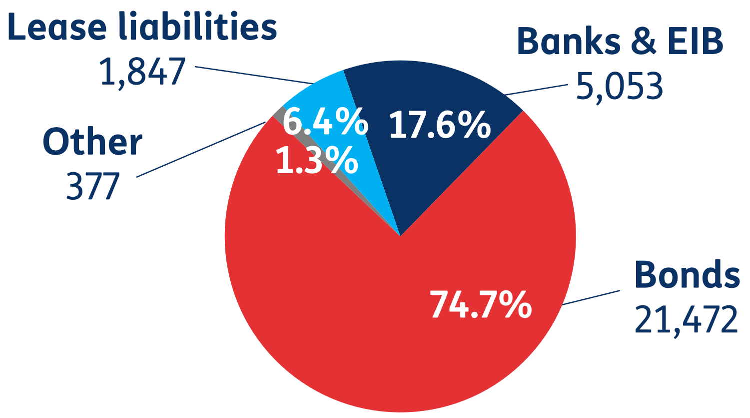
€m



(1) € 26,928m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and fair value valuations (€ 700m) and current financial liabilities (€ 1,122m), the gross debt figure of € 28,749m is reached. This includes € 450m repurchase agreements

Well diversified and hedged debt

€m



Gross debt	**32,338**
Financial Assets	**(4,447)**
of which C&CE and marketable securities	**(3,253)**
- C & CE	(2,147)
- Marketable securities	(1,106)
- Government Securities	(571)
- Other	(535)
Net financial position **(with IFRS 16)**	**27,891**
Net finance leases (IFRS 16)	(3,579)
Net financial position	**24,312**

Maturities and Risk Management

Average m/l term maturity:
7.5 years (bond 7.6 years only)*

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

Around **26% of outstanding bonds** (nominal amount) denominated in **USD and GBP and 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 € 2,201m (of which € 365 m on bonds);
- the impact on Financial Assets is equal to € 1,645m.

Therefore, the Net Financial Indebtedness is adjusted by € 556m

N.B. The difference between total financial assets (€ 4,447m) and C&CE and marketable securities (€ 3,253m) is equal to € 1,194m and refers to positive MTM derivatives (accrued interests and exchange rate) for € 1,021m, financial receivables for lease for € 114m and other credits for € 59m

Annex

TIM Group - Main Results (IFRS 16)

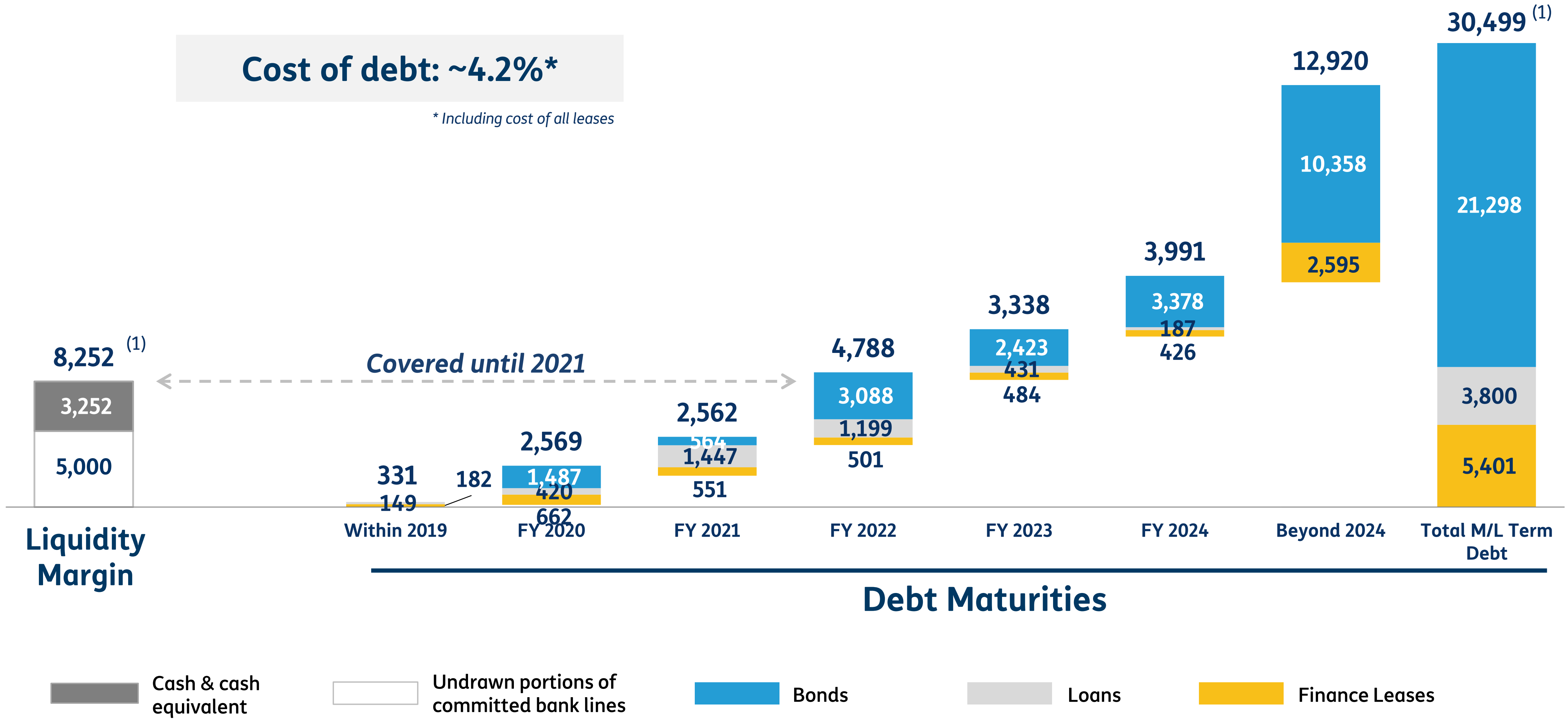
Reported, €m

	Revenues			Service Revenues			EBITDA		
	9M’ 19 IFRS 9-15	Δ IFRS 16	9M’ 19 IFRS 9-15-16	9M’ 19 IFRS 9-15	Δ IFRS 16	9M’ 19 IFRS 9-15-16	9M’ 19 IFRS 9-15	Δ IFRS 16	9M’ 19 IFRS 9-15-16
TIM Group	13,423	-	13,423	12,287	-	12,287	6,008	491	6,499
Domestic	10,523	-	10,523	9,513	-	9,513	4,285	269	4,554
Brazil	2,930	-	2,930	2,804	-	2,804	1,730	222	1,952

	Revenues			Service Revenues			EBITDA		
	Q3 ’19 IFRS 9-15	Δ IFRS 16	Q3 ’19 IFRS 9-15-16	Q3 ’19 IFRS 9-15	Δ IFRS 16	Q3 ’19 IFRS 9-15-16	Q3 ’19 IFRS 9-15	Δ IFRS 16	Q3 ’19 IFRS 9-15-16
TIM Group	4,429	-	4,429	4,060	-	4,060	1,943	165	2,108
Domestic	3,454	-	3,454	3,127	-	3,127	1,536	89	1,625
Brazil	984	-	984	942	-	942	409	76	485

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

€m, IAS 17 included



(1) € 30,499m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and fair value valuations (€ 717m) and current financial liabilities (€ 1,1122m), the gross debt figure of € 32,338m is reached. This includes € 450m repurchase agreements

For further questions please contact the IR Team

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