



Press Release

TIM, KKR INFRASTRUCTURE AND FASTWEB: AGREEMENT TO CREATE FIBERCOP REACHED

APPROVED THE LETTER OF INTENTS WITH CDP EQUITY TO CREATE SINGLE NATIONAL NETWORK COMPANY THROUGH INTEGRATION WITH OPEN FIBER

Rome, 31 August 2020

Meeting today under the chairmanship of Salvatore Rossi, TIM's Board of Directors approved the agreement with KKR Infrastructure and Fastweb for the establishment of FiberCop, the NewCo to which TIM's secondary network (from cabinets to customers' homes) will be transferred along with the fibre network developed by FlashFiber, the joint venture in which TIM has an 80% and Fastweb a 20% stake. The Board also expressed its satisfaction with the recent signing of a letter of intents with Tiscali.

TIM's Board of Directors also examined and approved the signing of the letter of intents with CDP Equity intended to integrate FiberCop in the wider plan to establish a single national network company. The Board of Directors granted the CEO, Luigi Gubitosi, the power to sign the agreement.

FiberCop

The agreement with KKR Infrastructure and Fastweb is the first step towards creating an Italian digital fibre network company, which is a turning point for telecommunications in the country.

FiberCop will allow TIM, Fastweb and other operators to co-invest, completing the fibre coverage plans in black and grey areas of the country and speeding up the adoption of Ultra-Broadband (UBB) services. Confirming the start of the project, in recent days TIM signed a Memorandum of Understanding with Tiscali to establish the terms of a strategic partnership intended to develop the ultra-broadband market through Tiscali's economic participation in the FiberCop co-investment plan.

FiberCop will be immediately assigned a network asset that today already offers 85% of the population UBB speed thanks to FTTC and FTTH technology; FiberCop will go on to assure FTTH coverage, with a connection speed of 1 Gbps, with the aim of reaching 76% of grey and black area property units, equating to coverage of a total of 56% of the country's technical property units, by 2025. In the white areas TIM will continue the UBB deployment already in progress. The fibre network will be developed by the NewCo on the basis of the co-investment model open to all other operators, in accordance with the provisions of the European Electronic Communications Code.

The new company - of which TIM will hold 58%, KKR Infrastructure 37.5% and Fastweb 4.5% - will offer passive access services of the secondary copper and fibre networks to all operators. FiberCop will rely on the fibre infrastructure already installed by FlashFiber, without any duplication of investments and with maximum efficiency, at the same time promoting competition. TIM will be the exclusive supplier for the construction and maintenance of the networks and will provide additional services to FiberCop, which will have a streamlined structure with less than 100 employees.

The operation will speed up the switch of customers from copper to fibre and will help reduce the digital divide in Italy.

TIM has accepted the binding offer of 1.8 billion euros from KKR Infrastructure, which will buy 37.5% of FiberCop, on the basis of an enterprise value of 7.7 billion euros (equity value 4.7 billion euros), while Fastweb will have 4.5% of FiberCop following the contribution of the 20% currently held in FlashFiber.

It is expected that FiberCop will have EBITDA of around 0.9 billion euros, positive EBITDA - CAPEX starting 2025 and will not require capital injections from shareholders.

TIM S.p.A.

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The injection of financial resources that derives from the entrance of KKR Infrastructure into FiberCop will further strengthen TIM Group's capital structure.

The operation is expected to reach closing during the first quarter of 2021, once authorisation has been obtained from the competent authorities.

Letter of Intents TIM-CDP Equity

TIM's Board of Directors has approved and gave the green light for the signing of the letter of Intents with CDP Equity (CDPE) intended to implement the wider plan for a single national network (AccessCo) through the merger of FiberCop and Open Fiber. Under the terms of the agreement, TIM will own at least 50.1% of AccessCo and the independence and third-party status of the company will be guaranteed by a shared governance mechanism with CDPE. Qualified majority mechanisms and prior checking rules will be applied for this purpose.

The parties will instruct third-party valuers to implement the respective due diligence processes relating to FiberCop and Open Fiber in order to determine the values of the assets to be transferred to AccessCo and the respective shareholdings in the company. Before the merger, the plan is for TIM to transfer to FiberCop a further business unit consisting of the primary network functional to FiberCop's operational activities. The due diligence process is expected by the end of the year, with the aim of reaching any merger agreement by the end of the first quarter of 2021 at the latest.

The closing of the transaction is subject to authorisations being granted by the relevant bodies.

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