



TIM UPDATES GROUP GUIDANCE INTEGRATING THE EFFECTS OF THE DISTRIBUTION AGREEMENT WITH DAZN AND THE OVERALL MARKET IMPACT OF THE DELAYS IN THE PUBLIC FOUNDING MEASURES TO SUPPORT DIGITALIZATION (VOUCHER PLAN)

The agreement with DAZN for the distribution of the Serie A championship implies an acceleration of the forecasted Revenues and EBITDA growth in 2022-2023 (to mid single digit growth), with 2021 targets confirmed for Revenues (stable to low single digit growth) and revised to low to mid single digit decrease for EBITDA, also as a consequence of the overall market impact of the delays of the voucher plan for families and companies.

Expected benefits from the Resilience and Recovery Fund, and from Oi mobile assets acquisition are not yet factored in the guidance yet

- The actions aimed at reviving the domestic business continue and a new phase of sustainable growth, related to adjacent markets (beyond connectivity) is starting
- The “Beyond Connectivity” plan 2021-2023 led the Group factories (Noovle, Olivetti, Telsy) on a path that will make them more than double innovative service revenues in the 3-year period. The agreements with DAZN and Mediaset further extend the plan in the Consumer segment, adding Serie A and Champions League to TIM Vision, the richest TV platform in the Italian market
- Cash generation targets are confirmed: 4 billion euros Equity Free Cash Flow in the plan period and a Net Debt/EBITDA ratio of 2,6x in 2023
- Dividends distribution policy is confirmed: 1 euro cent (floor) for ordinary shares and 2.75 euro cents for savings
- Fixed lines stabilization, ultrabroadband strong growth and a further reduction in both fixed and mobile churn were confirmed in Q2
- TIM Brasil continues accelerating both revenues and EBITDA growth confirming its excellent performance

Rome, 19 July 2021

The stabilization and relaunch of the domestic business continues and a new growth phase is starting, related to adjacent markets, in particular to content and innovative services for business customers. The new Group structure aims at TIM's leadership in the innovative ICT services for enterprises and public administration, with specialized factories for cloud (Noovle), IoT (Olivetti), cyber security (Telsy) and international services (Sparkle).

TIM S.p.A.

Registered Offices: Via Gaetano Negri, 1 - 20123 Milan

Tax Code/VAT No. and registration with the Milan Business Register: 00488410010 - Registration in the R.A.E.E. (Register of Manufacturers of Electrical and Electronic Equipment) IT08020000000799 Share Capital €11,677,002,855.10 fully paid up

Certified e-mail address [Casella PEC]: telecomitalia@pec.telecomitalia.it



On the content front, the agreement with DAZN complements a number of already established partnerships with Disney+, Discovery, Mediaset Infinity, Netflix, Amazon PrimeVideo and other players in this sector that make TIM Vision the richest TV platform in the Italian market.

TIM updates its financial targets further to the agreement with DAZN, the delayed startup of the second phase of the Government's program to support digitalization (vouchers plan) and the relative implications for the competitive environment.

The distribution agreement TIM-DAZN is expected to generate incremental revenues already in 2021 and, when at regime in 2022-2023, it is forecast to drive an acceleration of Domestic revenues and EBITDA growth (low to mid single digit/mid single digit growth) and of the Group's revenues and EBITDA growth (low to mid single digit /mid single digit growth). The initiative's start-up costs imply it will bring a positive contribution to EBITDA only from 2022.

The expected contribution from the voucher plan to improve revenues and EBITDA and to ease the competitive environment is confirmed, however, due to the delays in the implementation of phase 2, it is now forecast at a slightly later stage implying, along with the cited incremental costs for the start-up of the DAZN partnership, a revision of the EBITDA targets for 2021 to "low to mid single-digit decrease" (mid single-digit Domestic).

Cash generation targets are confirmed, with 4 billion euros Equity Free Cash Flow in the plan period and a Net Debt/EBITDA ratio of 2,6x in 2023.

Dividends distribution policy is confirmed: 1 euro cent (floor) for ordinary shares and 2.75 euro cent for savings.

Expected benefits from the Resilience and Recovery Fund on the domestic market and from Oi mobile assets acquisition with Vivo and Claro, are not yet factored in the guidance.

Domestic KPIs confirmed an improving trend in Q2.

- TIM fixed lines stabilization is confirmed also in Q2 helped by the return to growth of the Italian wireline market, that at the end of Q1 '21 showed an increase of 450k lines YoY (source AGCOM), and by FTTH connections in particular, where TIM had the most relevant acceleration compared to other operators in the period March 2020 – March 2021.
- Ultrabroadband lines kept growing in line with Q1 thanks to an increasingly rich and convergent service portfolio, and to the push coming from increased fiber coverage, with 93% of the Italian families with a fixed line now reached with UBB.
- In mobile, in a market that remains highly competitive in the low-spending segment, the stabilization of TIM's mobile customer base continues: in "mobile number portability" (customers switching operators) TIM is recording for the 4th quarter in a row the best result among infrastructure operators.
- In Brazil accelerating growth trends of revenues and EBITDA are confirmed.

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2021-2023 Plan Guidance – BEFORE TIM-DAZN agreement

BEFORE Oi mobile business acquisition and Resilience and Recovery Fund (RFF) except for vouchers plan (launched before RFF)

	Group		Domestic		Brazil ⁽¹⁾	
	2021	2022-23	2021	2022-23	2021	2022-23
Organic service revenues	Stable to Low single digit growth	Low single digit growth	Stable	Stable to Low single digit growth	Mid single digit growth	Mid single digit growth High single digit growth (CAGR '20-'23) with Oi
Organic EBITDA AL	Stable to Low single digit growth	Low to Mid single digit growth	Stable	Low single digit growth	Mid single digit growth	Mid single digit growth Double digit growth (CAGR '20-'23) with Oi
CAPEX	~€ 2.9 bn per year				~R\$ 13.0 bn ~R\$ 13.5 bn with Oi	
EqFCF AL	Cumulated ~€ 4.0 bn		Net of ~€0.7bn tax realignment cost			
Adjusted Net Debt AL	~€ 16.5 bn excluding Oi ⁽²⁾	2.6x Net Debt AL / EBITDA AL ⁽³⁾ by 2023				
Dividend	ordinary: floor of € 1 cent per share, aim to distribute 20-25% of yearly Equity FCF subject to deleverage execution savings: €2.75 cents per share throughout 2021-23					

IFRS 16/After Lease – Group figures @ average exchange-rate actual 5,9 REAIS / €

1. Guidance based on IFRS 16 for Brazil's EBITDA 2. Including anticipation of 2100 MHz spectrum prepayment (~€0.3bn) and excluding Oi's mobile acquisition

3. Based on Organic EBITDA AL; 2.7x based on Reported EBITDA AL

2021-2023 Plan Guidance – AFTER TIM-DAZN agreement

BEFORE Oi mobile business acquisition and Resilience and Recovery Fund (RFF) except for vouchers plan (launched before RFF)

Legenda: target confirmed, **increased**, **reduced**

	Group		Domestic		Brazil ⁽¹⁾	
	2021	2022-23	2021	2022-23	2021	2022-23
Organic service revenues	Stable to Low single digit growth	Low to mid single digit growth	Stable	Low to mid single digit growth	Mid single digit growth	Mid single digit growth High single digit growth (CAGR '20-'23) with Oi
Organic EBITDA AL	Low to mid single digit decrease	Mid single digit growth	Mid single digit decrease	Mid single digit growth	Mid single digit growth	Mid single digit growth Double digit growth (CAGR '20-'23) with Oi
CAPEX			~€ 3.0-3.1 bn according to football take-up	~€ 2.9 bn per year	~R\$ 13.0 bn ~R\$ 13.5 bn with Oi	
EqFCF AL	Cumulated ~€ 4.0 bn		Net of ~€0.7bn tax realignment cost			
Adjusted Net Debt AL	~€ 16.8 bn excluding Oi ⁽²⁾	2.6x Net Debt AL / EBITDA AL ⁽³⁾ by 2023				
Dividend	ordinary: floor of € 1 cent per share, aim to distribute 20-25% of yearly Equity FCF subject to deleverage execution savings: €2.75 cents per share throughout 2021-23					

IFRS 16/After Lease – Group figures @ average exchange-rate actual 5,9 REAIS / €

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TIM Press Office

+39 06 3688 2610

<https://www.telecomitalia.com/media>

Twitter: @TIMnewsroom

TIM Investor Relations

+39 06 3688 2807

https://www.telecomitalia.com/investor_relations

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