

# Q3 '22 RESULTS

10 NOVEMBER 2022

# Disclaimer

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 financial results of the TIM Group are 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 results for Q3 '22 and 9M '22 of the TIM Group are the same as those adopted in the TIM Group Annual Audited Consolidated Financial Statements as of December 31<sup>st</sup>, 2021, to which reference can be made, except for the amendments to the standards issued by IASB and adopted starting from January 1<sup>st</sup>, 2022.

Please note that the financial results for Q3 '22 and 9M '22 of the TIM Group are unaudited.

## Alternative Performance Measures

The TIM Group, in addition to the conventional financial performance measures established by IFRS, uses certain alternative performance measures for the purposes of enabling a better understanding of the performance of operations and the financial position of the TIM Group. 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; net financial debt (carrying and adjusted amount) and Equity Free Cash Flow. Moreover, following the adoption of IFRS 16, the TIM Group uses the following additional alternative performance indicators: EBITDA After Lease ("**EBITDA-AL**"), Adjusted Net Financial Debt After Lease and Equity Free Cash Flow After Lease. Such alternative performance measures are unaudited.

\* \* \*

As described in the 2021 TIM Group Consolidated Financial Statements, during the fourth quarter of 2021, TIM refined some aspects of the booking of certain commercial agreements concerning the sale of goods with deferred delivery. This refinement entailed, for the first, second and third quarters of 2021, the redetermination of the distribution over time of revenues and purchases of materials and services. In connection with the foregoing, the economic data of the first nine months and of the third quarter of 2021, has been recalculated.



#1

**Operations update**

#2

**Financial and operating results**

#3

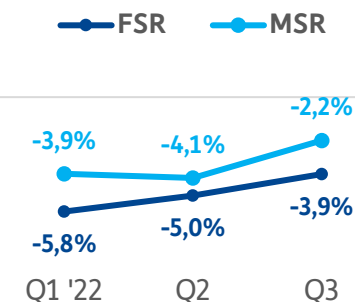
**Closing remarks**



# Highlights

Improving trends,  
both on financials & KPIs

- **Group Revenues** back to growth YoY
- **Service Revenues: 2<sup>nd</sup> quarter of consecutive growth**, more than half of the YoY trend improvement vs Q2 related to Domestic performance
- **Group EBITDA AL** better trend YoY despite Domestic OPEX increase for though comps
- **Domestic FSR** trend improved further, ARPU higher YoY, churn at lowest level of last 5y
- **Domestic MSR** trend better YoY, human negative net adds reduced to 1/6 vs Q2, with better MNP trend YoY and churn at new record low



Transformation  
Plan execution

- **Implementation fully on track** with the plan: ~90% of '22 target achieved
- **~50% of '23 OPEX reduction target already secured**
- **Multiple achievements** towards improved operating models and cost structure

**~€ 270m OPEX savings**  
in 9M '22 vs. inertial scenario

Energy

- **Energy costs for 2022 are almost all hedged, '23 hedged at ~75%**
- **Self-generated green energy:** 6 GWh/year in '22, further expanding in following years
- Many initiatives ongoing for higher efficiency and sustainability

**~75%** hedged in '23  
including pass-through on  
colocation

Debt financing &  
liquidity position

- **Sound liquidity position, further strengthened** by SACE financing and Inwit sale proceeds already cashed-in
- **2024 maturities fully covered** <sup>(1)</sup>
- **No major impact from interest rates increase**

**~65% L-T debt**  
at fixed rate <sup>(1)</sup>

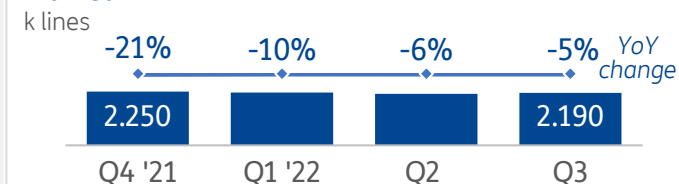
(1) After lease view

# First 9 months of market in a nutshell

## Domestic Consumer

- **Clear signs of market rationality** on prices, both on fixed and mobile
- **Migration to fiber slowing down**, with broadband lines penetration stable at ~93% of total fixed lines
- **Mobile number portability market cooling down**

### Market MNP



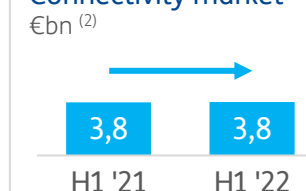
## Domestic Corporate

- **Cloud migration accelerating** both on private and PA segment
- **Connectivity** broadly stable YoY

### Cloud market trend



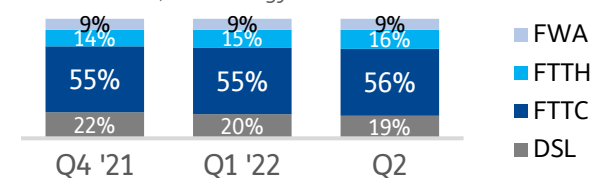
### Connectivity market



## Domestic Wholesale

- **FTTC growing YoY**, representing ~56% of total access lines

### BB/UBB market, technology mix <sup>(3)</sup>



## Brazil

- **Market consolidation** in progress, more rational competitive environment
- **ICMS tax reduction** fueling customers spending power and creating additional demand

**ICMS tax reduction**  
18% on revenues on avg. (from 27%)

# First 9 months of TIM entities in a nutshell

	Continuity Plan	Delaying Plan
TIM Consumer	<ul style="list-style-type: none"> <li>▪ <b>KPIs improving trend YoY</b> both on fixed and mobile</li> <li>▪ <b>CB being selectively priced up</b> both on fixed and mobile, <b>price indexation</b> by '22</li> <li>▪ <b>TIM 1<sup>st</sup> operator in FTTH market share</b> in Q2 (from 4<sup>th</sup> in previous quarters)</li> <li>▪ <b>Content strategy</b>: deals being renegotiated, new partnerships under evaluation</li> </ul>	
TIM Enterprise	<ul style="list-style-type: none"> <li>▪ <b>Increased value of contracts signed</b>, strong pipeline and unique positioning</li> <li>▪ <b>NRPP/NSH initiatives</b> supporting investments and securing new revenue streams</li> <li>▪ <b>Pricing alignment based on inflation increase</b> by '22</li> </ul>	Legal entity set-up process approved
NetCo	<ul style="list-style-type: none"> <li>▪ <b>Moving forward with FiberCop plan execution</b> FTTH roll-out on track</li> <li>▪ <b>NRPP initiatives</b> supporting FTTH coverage expansion and take-up</li> <li>▪ <b>FTTH co-investment offer</b> on secondary network under market test by AGCOM</li> <li>▪ <b>2023 wholesale tariffs under public consultation</b>, significant upside expected</li> </ul>	MoU extended to Nov.30 <sup>th</sup> , 2022 No more exclusivity obligations
TIM Brasil	<ul style="list-style-type: none"> <li>▪ <b>Accelerating growth</b> benefitting from value strategy and OI integration</li> <li>▪ <b>ICMS reduction</b> benefitting customers and creating additional demand</li> <li>▪ <b>5G launch</b> as a competitive advantage</li> </ul>	





# 9M '22 - TIM Consumer

Improving trends while pursuing a value strategy

(YoY change)

**Tot. Revenues**  
o/w services

**9M '22**

**-9.6%**  
**-7.4%**

**Q3 '22**

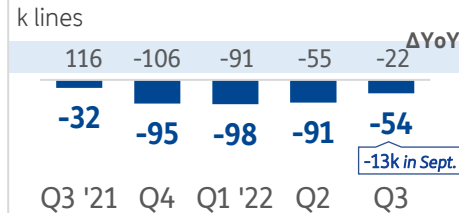
**-8.6%**  
**-6.0%**

## FIXED

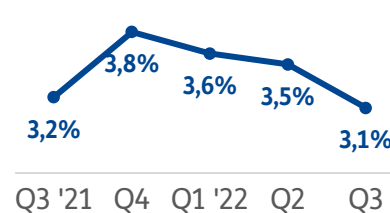
## MOBILE

### MAIN KPIs (CO+SMB)

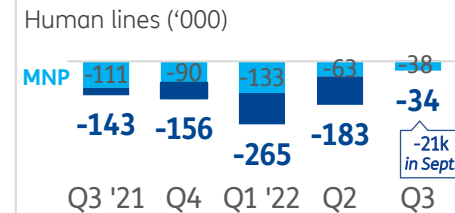
#### Net adds trend improved



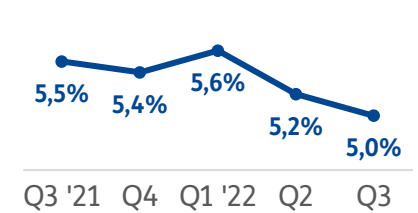
#### Churn contained



#### Line losses strongly reduced



#### Churn further reduced



### NEW OFFER PORTFOLIO

- **Brand & market positioning enhancement** also through new “The Strength of Connections” campaign
- **Launched new premium portfolio, including 1<sup>st</sup> ever top quality 10Gbps offer** available in the Italian market
- **Offering portfolio streamlining** on Consumer, **value mix improvement** on SMB driven by connectivity voucher campaign

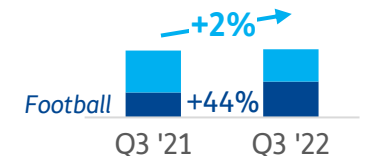
### CVM <sup>(1)</sup> TRANSFORMATION

- **Selectively repriced** 2.8m fixed lines and 3.5m mobile lines, **~€ 50m revenues upside per year** at run rate ('23)
- **Focus on FTTH scale up** TIM from 4<sup>th</sup> to 1<sup>st</sup> in CB market share during 2022
- **Continued growth of convergence** (TIM Unica CB +38% YoY) and installment plans increase (+29% additions YoY)

### CONTENT STRATEGY

- **Deal with DAZN renegotiated**, concurrency removed from Nov.1<sup>st</sup>, 2022
- **Growing TIM Vision CB**, churn contained despite loss of exclusivity on football
- New partnership with Amazon and additional negotiations ongoing

**TIM VISION**  
**CUSTOMER BASE**  
Paying clients



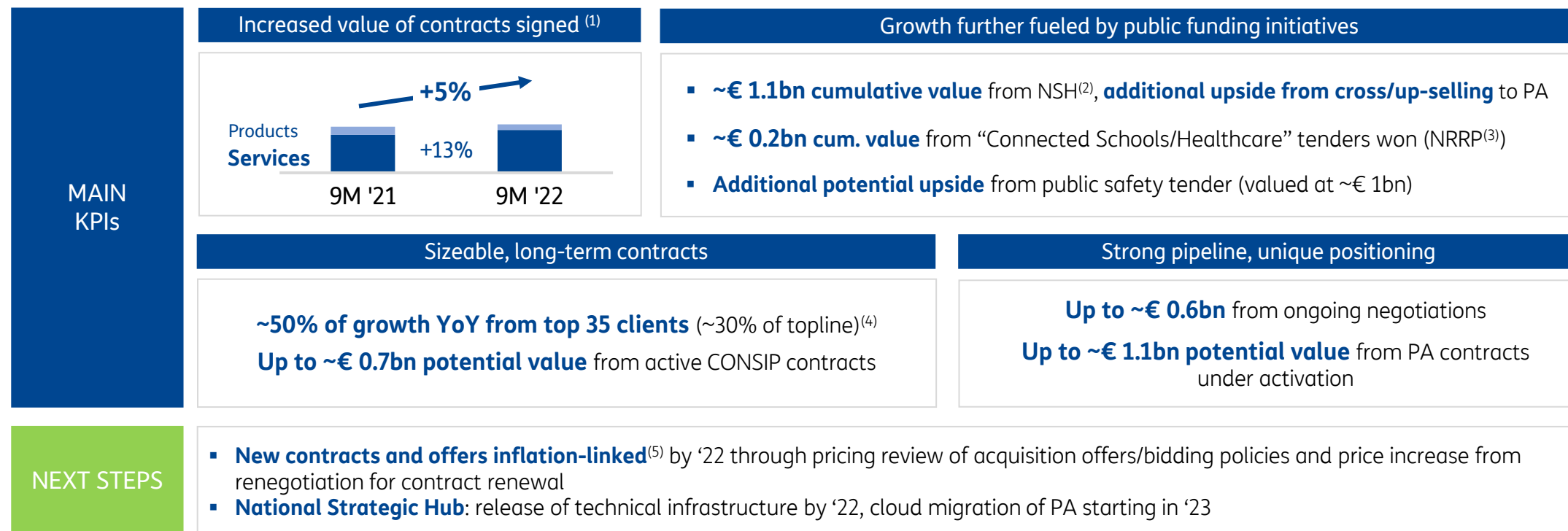
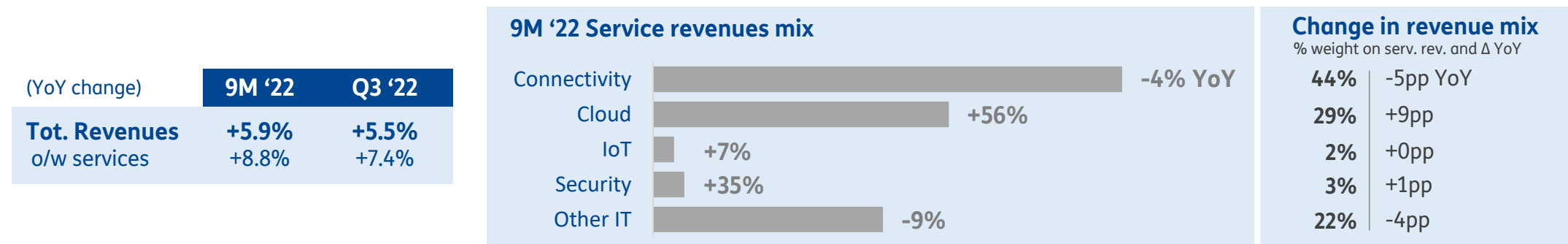
### NEXT STEPS

- **Repricing campaign** to be extended and continued
- **New contracts inflation-linked** by '22, with effects in '24. Regulatory and technological feasibility checked, addressable targets identified
- Revamp of **innovative positioning** ongoing, new offers to be launched with a “volume to value” rationale

(1) Customer Value Management

# 9M '22 - TIM Enterprise

Growing steadily through unique positioning in PA and Top Enterprise segment



(1) 12 months value of contracts signed for services; overall value of contracts signed for products and Resilience Plan  
 (4) 2021 figures, excluding TIM as a client  
 renewals and additions to active contracts

(2) National Strategic Hub

(3) National Recovery

(5) Excluding tenders with imposed contractual conditions, offers with automatic



# 9M '22 - NetCo

Successfully upgrading the network through FiberCop

(YoY change)

**Tot. Revenues**  
o/w services

**9M '22**

**-4.8%<sup>(1)</sup>**  
-3.8%

**Q3 '22**

**-2.6%**  
-2.7%

KPIs

## Customer base and coverage

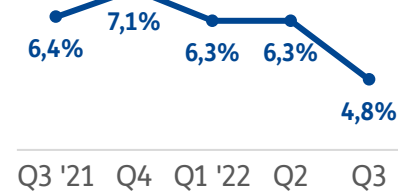
~**82%** market share fixed

**16m** fixed accesses, o/w >71% FTTx (+4.5pp in 9M)

>**94%** FTTx coverage<sup>(2)</sup>, o/w >**57%** >100Mbps

~**77%** FTTx coverage in white areas

## Churn trend, wholesale

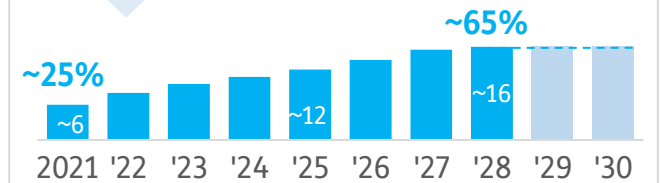


## FiberCop plan execution

### FTTH coverage

million and % of technical units

~**29%** coverage in Q3 '22 (7.2m technical units)



- **NRRP initiatives** supporting FTTH coverage expansion and take-up

## WHOLESALE TARIFFS REVISION

Reducing the gap vs  
other EU markets and  
accelerating migration  
towards fiber

### 2022 wholesale tariffs (€/line/month) 2023 proposed tariff change

	ULL	SLU	
IT	8,9	5,3	9.7
FR	9,7	9,7	
DE	10,7	6,9	
UK	8,8	7,8	

} No cost-orientation in End of Service areas  
 } Growing in '23  
 } Full inflation-link in '23 (>10%)

### 2023 wholesale tariffs revision proposal

	€/line/month	Δ YoY
ULL	9.7	+9%
SLU	6.6	+24%
VULA FTTC	13.6	+9%
VULA FTTH	14.1	-8%

- **AGCOM public consultation** launched to align **2023 regulated access prices** to current macro, competitive scenario and encourage faster migration to fiber
- **2022 prices unchanged** vs '21 to avoid a retrospective revision
- **Approval expected by Q1 '23, new prices to be applied retroactively** (Jan.1<sup>st</sup>, 2023)

Upside not factored in the plan

(1) 3.2pp drag YoY on revenues (1.7pp drag YoY on Services) due to not-repeatable transactions in 9M '21

(2) On active lines

# 9M '22 - TIM Brasil

Accelerating growth despite tough macro

(YoY change)

**Tot. Revenues**  
o/w services

**9M '22**

**+18.5%**  
**+18.4%**

**Q3 '22**

**+24.4%**  
**+24.7%**

## MOBILE

### GROWTH ACCELERATION

#### Service Revenue growth YoY change

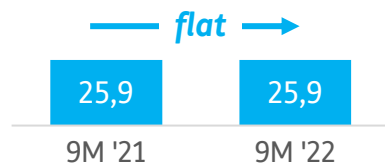


## FIXED

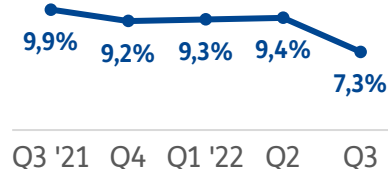
### MAIN KPIs

#### ARPU stable

R\$/month

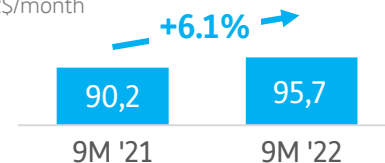


#### Churn reduced

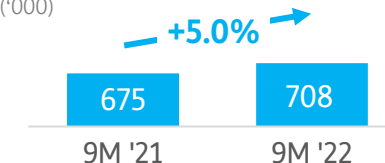


#### TIM Live growth

ARPU  
R\$/month



Customer base  
(‘000)



### BENEFITTING FROM...

#### OI INTEGRATION

- **2.3m clients** already migrated, **100% of cities** using acquired spectrum, **improved coverage & capacity**

#### 5G LAUNCH

- **Leadership** in 5G coverage, all **27 cities** already covered ahead of schedule

#### VALUE STRATEGY

- **“Beyond Giga”** strategy, **broadband portfolio evolution**, **price adjustments** in control and postpaid

#### ICMS REDUCTION

- **Pass through** to customers, higher **spending power**, additional **demand**

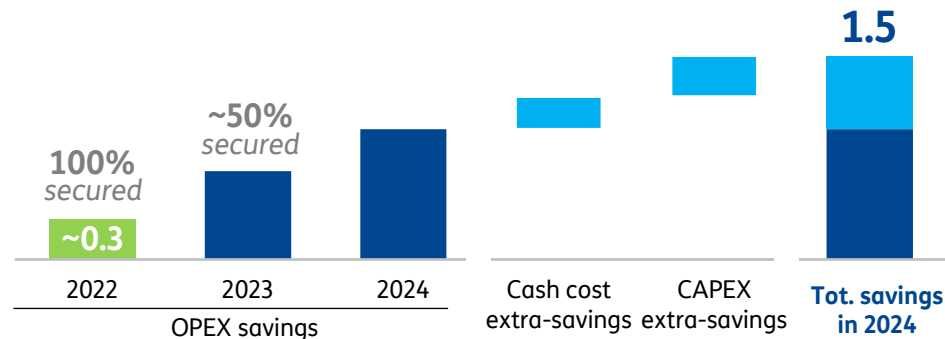
# Transformation Plan – Fully on track with the implementation

## 90% of '22 target achieved

- ✓ 100% of labour savings
- ✓ 85% of external OPEX savings

~50% of '23 P&L OPEX reduction target secured

## Target savings (€bn)



### Digital break-through

- ✓ Kicked-off review of **IT architecture** and **operations supporting tools**
- ✓ Started rationalisation of touchpoints, launched **full integration of website**
- ✓ Started review of **IT services operating model** and re-organization
- ✓ Outlined plan to reduce **human-handled caring volumes**<sup>(1)</sup> and rebalance **Make or Buy** mix
- ✓ **Boosted “paperless”** adoption



### Simplify cost structure

- ✓ New **delivery, assurance and creation model** on fixed network
- ✓ Defined plan to boost **energy self-production**, reduce **consumption** and **commodity price risk**
- ✓ Renegotiated **content-related contracts** securing better commercial conditions
- ✓ Defined strategy to **optimize sourcing** on B2B
- ✓ **Sold 10+ sites, negotiation to lease** redundant building ongoing



### Rightsize & talents' uplift

- ✓ **Early retirement**: ~0.6k exits in Sep., additional exits by year end
- ✓ **“Expansion Contract”**: hourly reduction started for >70% of FTEs; additional reduction in Nov.
- ✓ **Insourcing plan**: >0.6K HCs identified, 35% started reskilling
- ✓ **Voluntary exits**: 130% of '22 target already achieved



### Enhanced cost optimisation

- ✓ Saved ~10% of planned **IT spend** through Cost Control Committee
- ✓ Optimised **credit management**
- ✓ Identified actions to optimise **devices logistics**
- ✓ Set-up dedicated team to create an **advertising ROI dashboard**
- ✓ Reduced **traffic unbalance** vs other operators (-20% QoQ)
- ✓ Renewed **Consumer acquisition channel mix** - lower Cost to Acquire, push on Digital & internal Caring

(1) >45% reduction at steady state

#1

**Operations update**

#2

**Financial and operating results**





#3

**Closing remarks**



# TIM Group - Q3 '22 key financials

Organic data <sup>(1)</sup>, IFRS 16, € m

Revenues 	EBITDA 	EFCF 	Net Debt <sup>(2)</sup> 
<b>Total</b> <b>3,972</b> +1.1% YoY	<b>1,589</b> -6.5% YoY	<b>-77</b> -174m YoY	<b>After Lease</b>  <b>20.1bn</b> +2.5bn vs YE 2021 +0.8bn in Q3
<b>Service</b> <b>3,720</b> +3.0% YoY	<b>After Lease</b>  <b>1,313</b> -11.2% YoY	<b>After Lease</b>  <b>-251</b> -190m YoY	
<b>o/w Domestic</b> <b>2,694</b> -3.5% YoY			

**Positive Group top-line, with YoY trends improving further both on Domestic and Brazil**

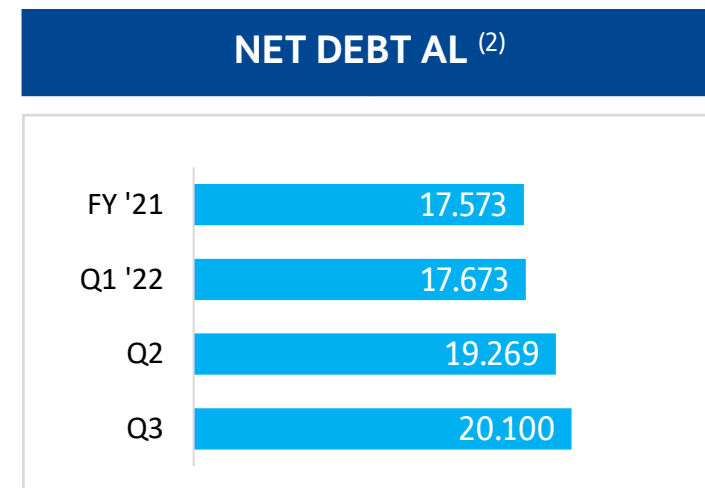
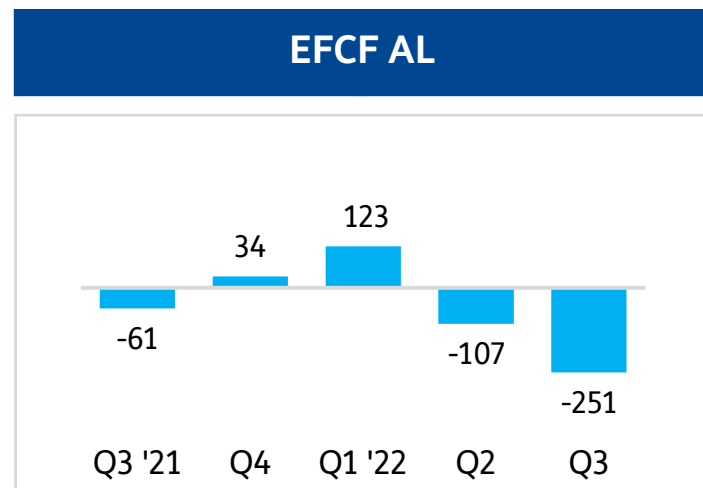
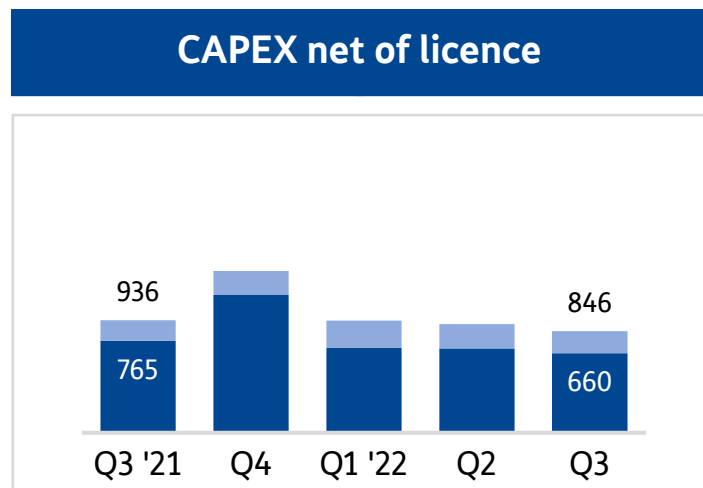
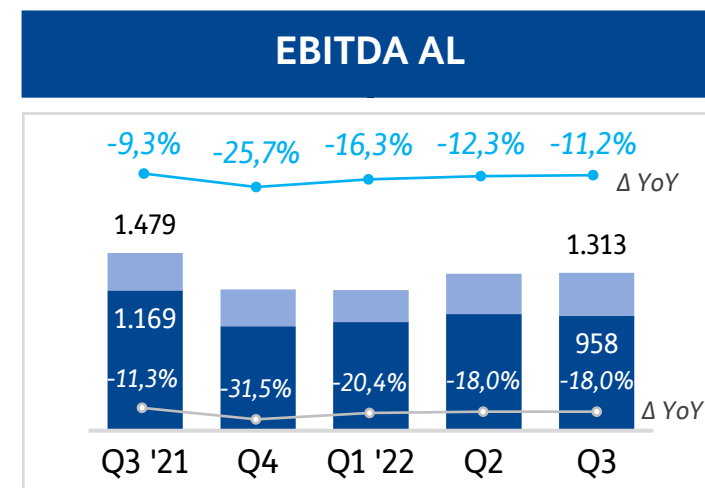
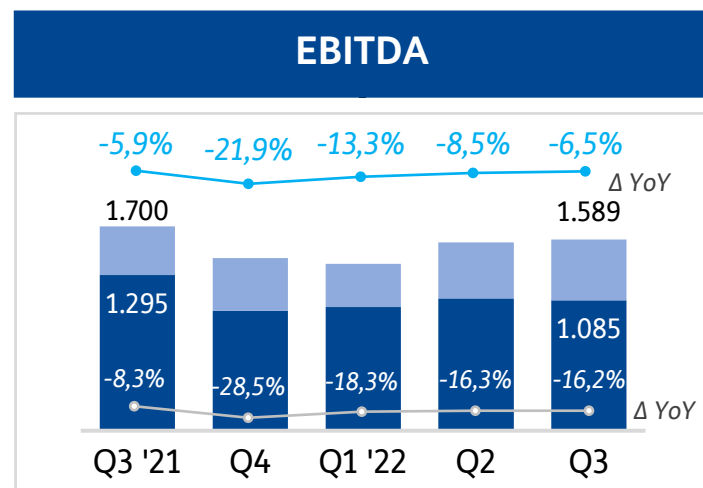
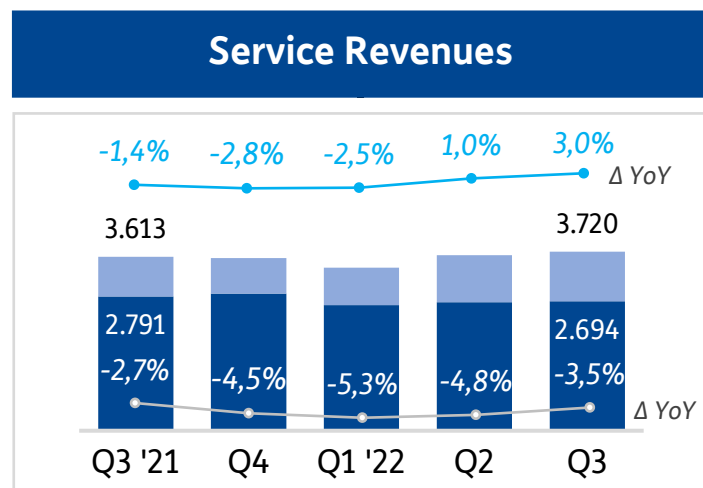
(1) Excluding exchange rate fluctuations, non-recurring items and change in consolidation area. Group figures @ average exchange-rate 5.47 R\$/€

(2) Adjusted Net Debt After Lease

# TIM Group - Results at a glance

Organic data <sup>(1)</sup>, IFRS 16, € m

Group Domestic Brazil

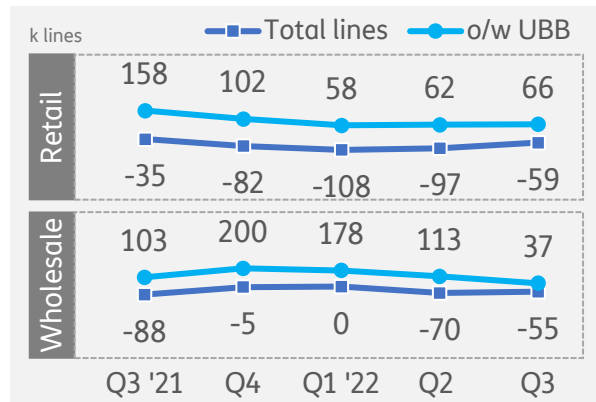


(1) Organic data net of non-recurring items and change in consolidation area; comparable base also excluding exchange rate fluctuations. Group figures @ average exchange-rate 5.47 R\$/€ (2) Adjusted Net Debt After Lease

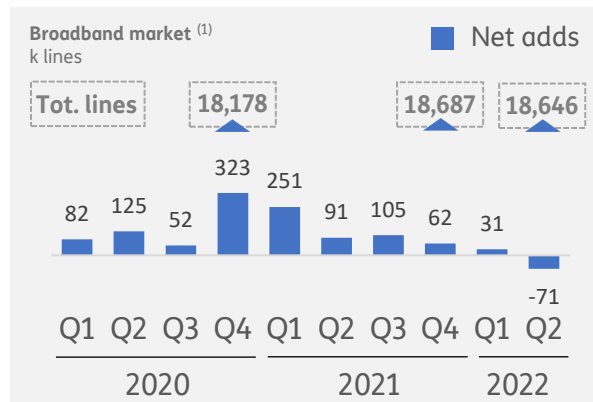


# TIM Domestic - Fixed: FSR trend YoY improved further, ARPU higher YoY, churn at lowest level of last 5 years

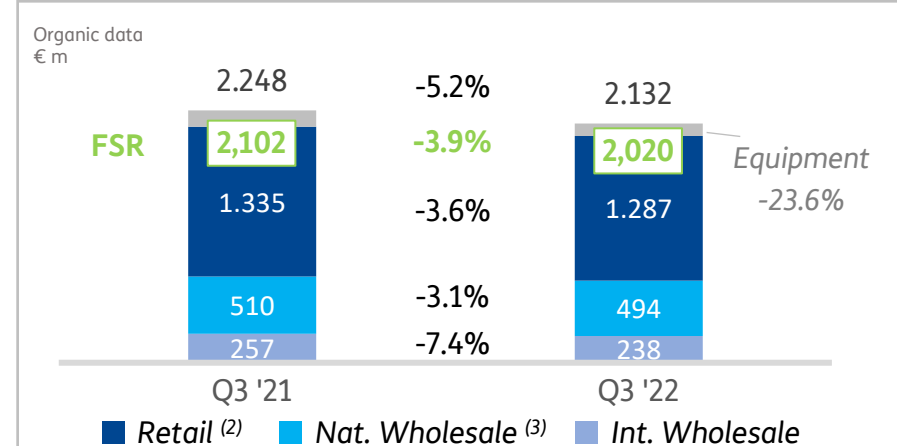
## Net adds



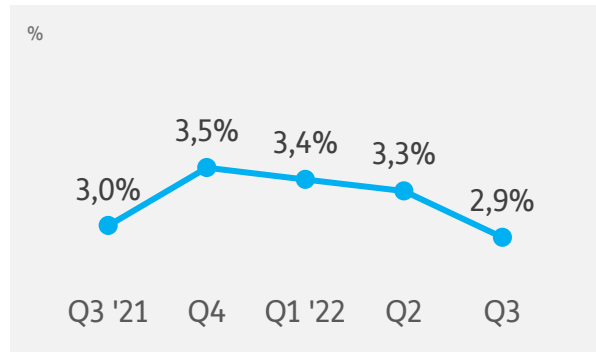
## Market



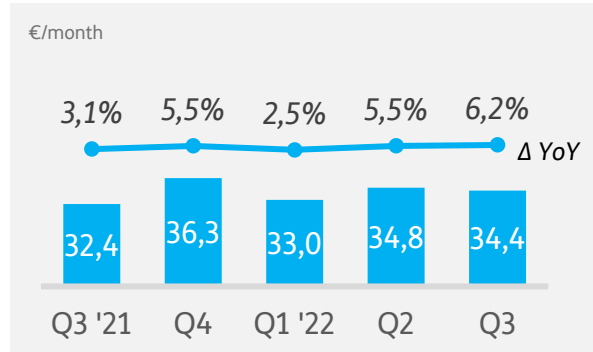
## Fixed Revenues



## Churn rate



## ARPU BB+ICT



FSR -3.9% YoY (+1.1pp QoQ) with:

- **Retail** -2.3pp contribution YoY on FSR (-0.5pp QoQ) for lower gross adds and customer base
- **National Wholesale** -0.8pp contribution YoY (+1.5pp QoQ) mainly for impact from change in regulated price and not repeatable transactions in Q3 '21
- **International Wholesale** -0.9pp contribution YoY (-0.2pp QoQ) for lower voice revenues with low marginality

**Equipment sales** -23.6% YoY (+22.0pp QoQ) for lower Consumer volumes sold

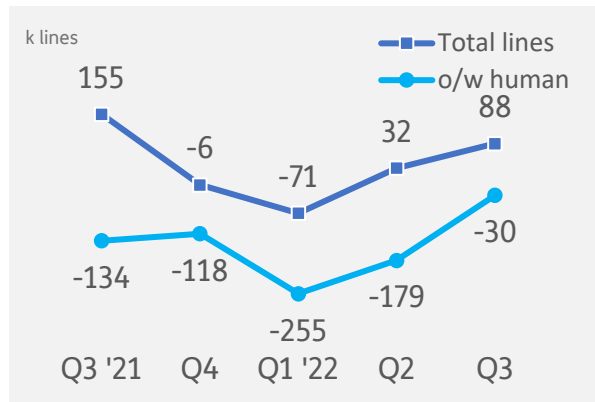
(1) Source: AGCOM

(2) Including ICT revenues generated by TIM Digital Companies

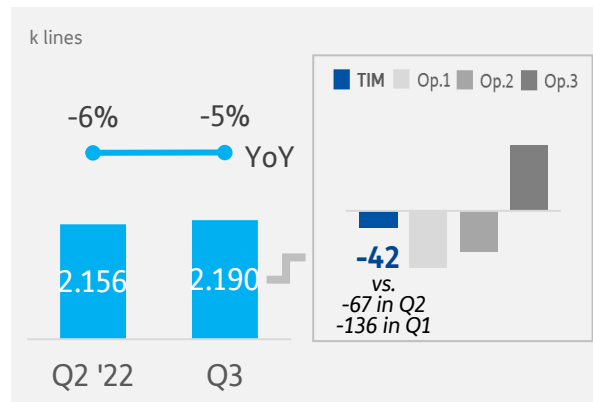
(3) Including FiberCop revenues

# TIM Domestic - Mobile: MSR trend YoY improved, human negative net adds reduced to 1/6 vs Q2, with better MNP trend YoY and churn at new record low

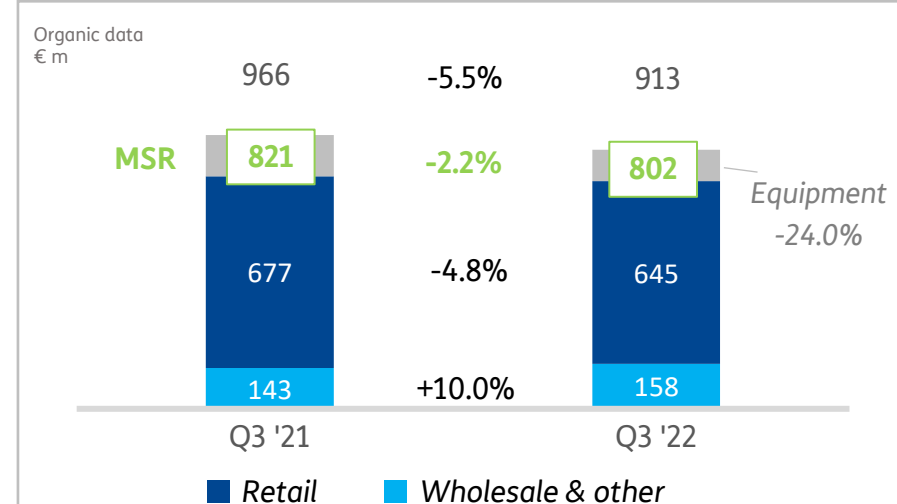
## Net adds



## Market MNP



## Mobile Revenues

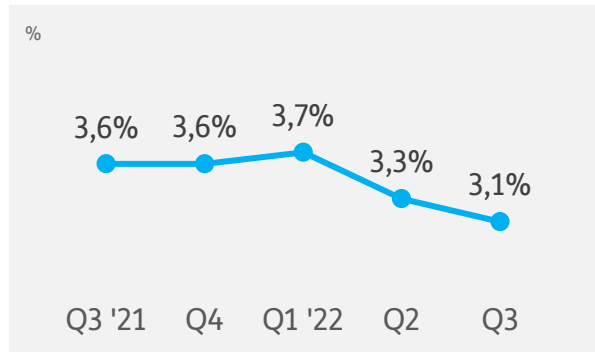


MSR -2.2% YoY (+1.9pp QoQ) with MTR price reduction explaining -1.1pp drag YoY

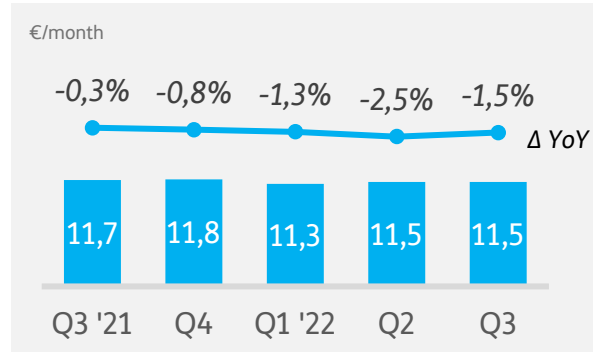
- **Retail** -3.9pp contribution YoY on MSR (+1.5pp QoQ) for lower customer base (-2.9pp YoY) and ARPU (-1.0pp YoY)
- **Wholesale & other** +1.8pp contribution YoY (+0.4pp QoQ) mainly for higher MVNO contribution

**Equipment sales** -24.0% YoY (-21.5pp QoQ) for lower Consumer volumes sold

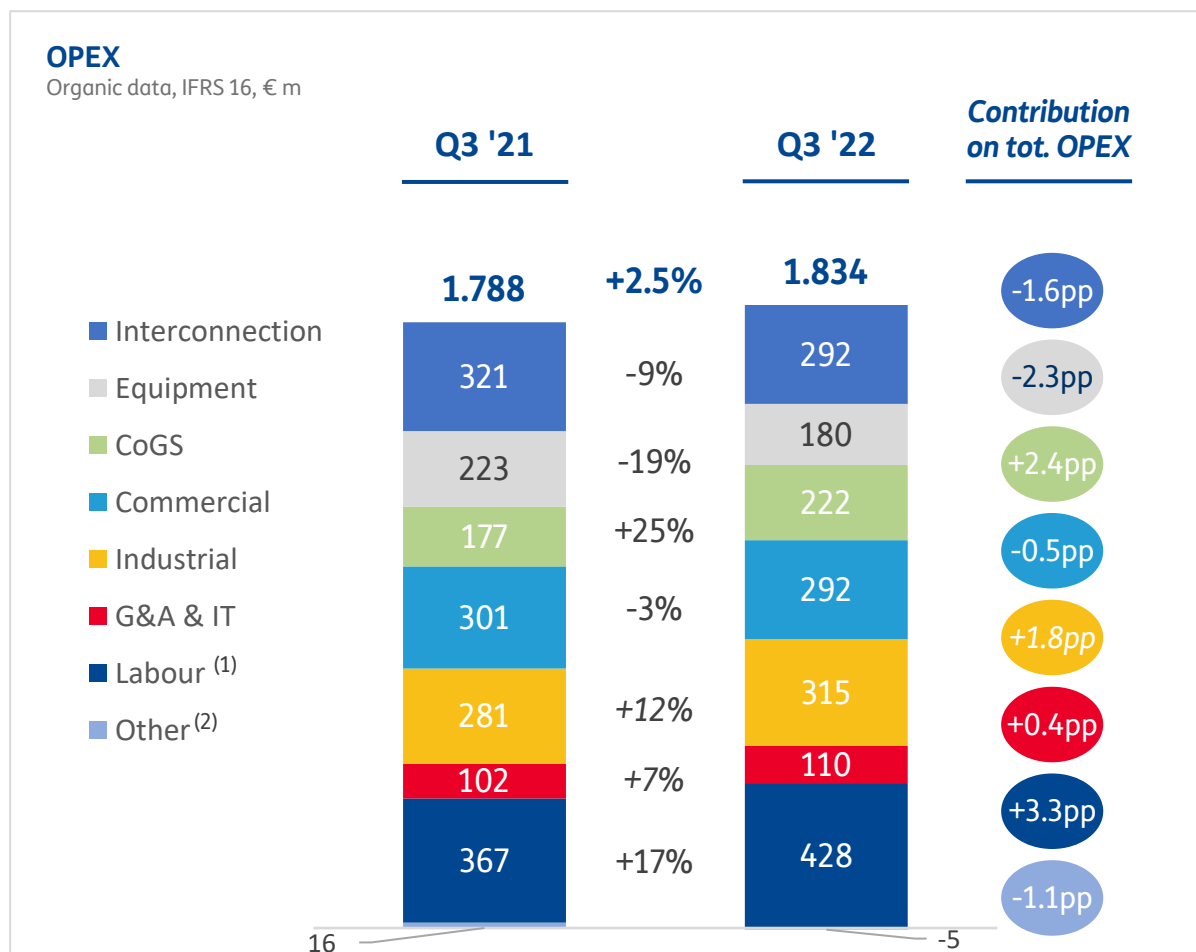
## Churn rate



## ARPU Human



# TIM Domestic - OPEX +2.5% YoY mainly for tough comps due to release of labour provision in Q3 '21 (2.6pp drag YoY)



- **Variable costs** -4% YoY, with lower interconnection and equipment sold more than offsetting higher CoGS (related to ICT revenue growth, +22% YoY)
- **Commercial costs** -3% YoY (-10% excluding the extension of client useful life<sup>(3)</sup>). Higher Commissioning, Content & VAS and IDC management costs more than offset by lower Bad debt, Customer management and Advertising
- **Industrial costs** +12% YoY due to higher energy (~10pp drag YoY) and provisioning costs (~4pp drag YoY)<sup>(3)</sup>, despite lower network maintenance costs
- **G&A** +2% YoY for higher office space costs due to re-openings after lockdown. **IT** costs (+25% YoY) related to ICT revenues growth

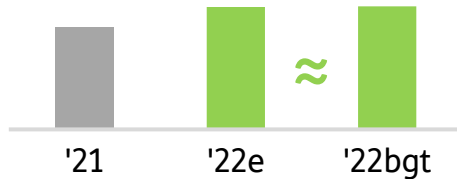
- **Labour** +17% YoY mainly for tough comps due to the release of provision in Q3 '21 related to one-off bonuses not distributed (~13pp drag YoY) and lower solidarity days in Q3 '22 (~3pp drag YoY), despite FTE reduction

-1% YoY in 9M '22

(1) Net of capitalized costs (2) Includes other costs/provision and other income (3) Commissioning and provisioning costs affected by 2021 deferred costs related to the extension of useful life of customer base on fixed (from 7 to 8 years) and mobile (from 3 to 4 years) reflecting better churn

# Energy - 2022 costs almost all hedged, many efficiency initiatives ongoing

## Net Energy OPEX



## Energy supply

- **Energy costs for 2022 are almost all hedged**
- **Energy costs for '23 hedged at ~75%** including pass-through on colocation
- **Guarantees of Origin** purchase increased, targeting 100% renewables by '25
- Expected new **Corporate Power Purchase Agreements**, targeting +200 GWh in '23-'25 plan
- **Photovoltaic plants**: 6 GWh/year self-generated in '22, further expanding in following years

**~75%** hedged  
in 2023  
including pass-  
through on  
colocation

## Fixed network

- **Decommissioning** plan under execution
- **Lower energy absorption** from FTTx vs copper and improved heat management processes
- **AI, IoT sensors and near-real-time monitoring** in exchange spaces

## Mobile network

- **Real-time switch-off of unused frequencies** introduced in '22 in first two regions
- **3G switch-off** ongoing (18k sites) and **modernization of base transceiver stations** (5k sites)
- **Distributed energy production plan** being defined to serve base radio stations

## Data Centers

- **Green Data Centers with low environmental impact** being developed
- **DC modernization program** ongoing, targeting a better PUE<sup>(1)</sup> vs. sector average
- **Certification programs** ongoing<sup>(2)</sup>

## Office spaces

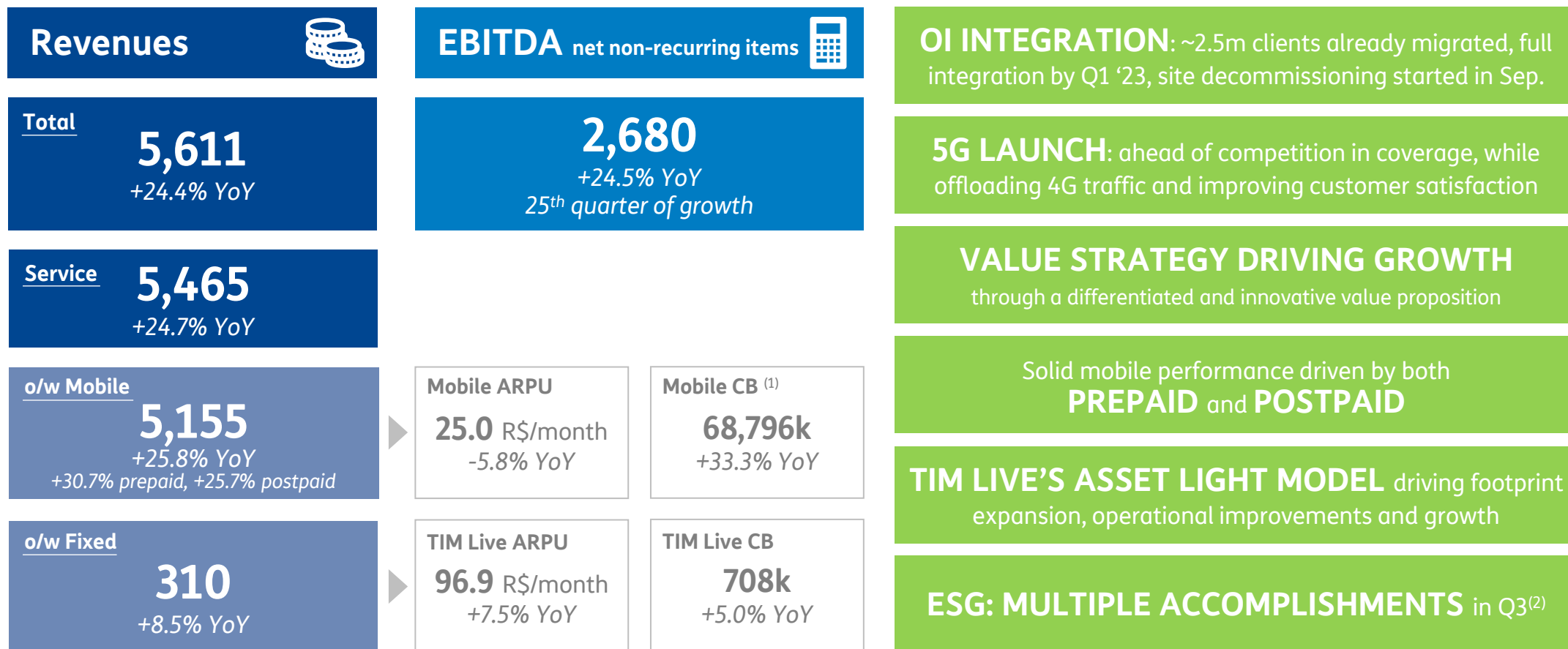
- **Office spaces rationalization, large scale adoption of working from home**
- **Fixed working from home days** with savings from closure of offices
- **Reduction of waste** through sustainable behaviors and temperature & light sensors

2023  
consumption  
flat YoY thanks  
to **~6-7%**  
GWh savings  
compensating  
for growing DC  
infrastructure  
and network  
expansion

(1) Power Usage Effectiveness      (2) Certifications: "LEED Gold", "ISO 50001", "EU Code of Conduct" for eco-efficiency

# TIM Brasil - "Next Generation TIM": accelerating growth despite tough macro

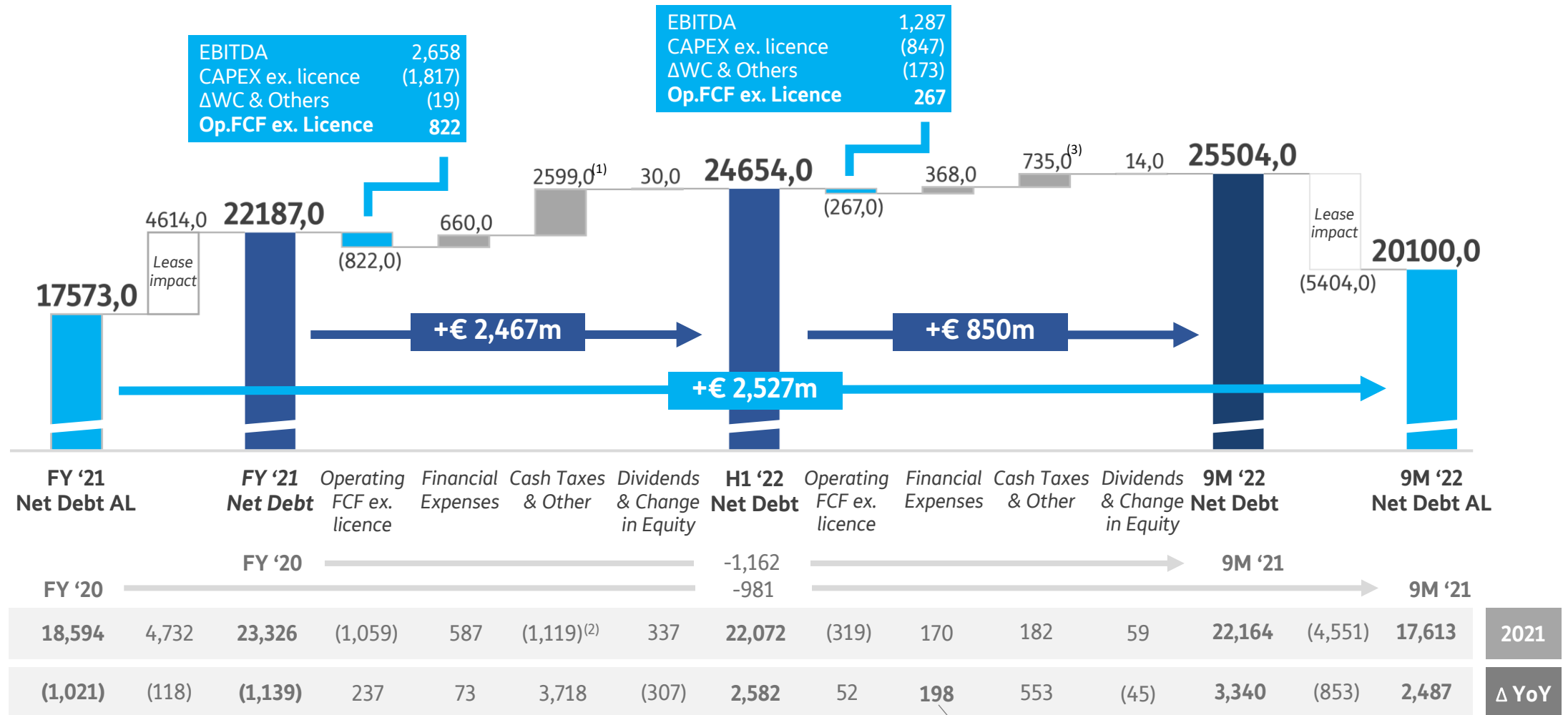
Reported data, R\$ m



(1) Including company lines (2) Refinitiv D&I Index, Great Place to Work, Reclame Acqui RA 1000, TIM + Gerando Falcões (Favela Marte, 1<sup>st</sup> favela fully connected with 5G)

# TIM Group - Net debt AL increased QoQ mainly for domestic 5G licence payment

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



Δ YoY mainly related to tough comparison due to positive one-off in Q3 '21 and higher debt & interest rates in Brasil

(1) Includes OI acquisition (+1,741m), licences (+412m Brazil, +57m Domestic), other financial investments (+30m), cash taxes & other (-176m) and IFRS16 & IAS (+535m)

(2) Includes FiberCop (-1,758m), domestic licence (+240m), financial investments (+90m), cash taxes & other (+109m) and IFRS 16 & IAS (+200m)

(3) Includes domestic licences (+1,748m), disposal and financial investments (-1,182m), cash taxes and other (-24m), IFRS and IAS (+193m)



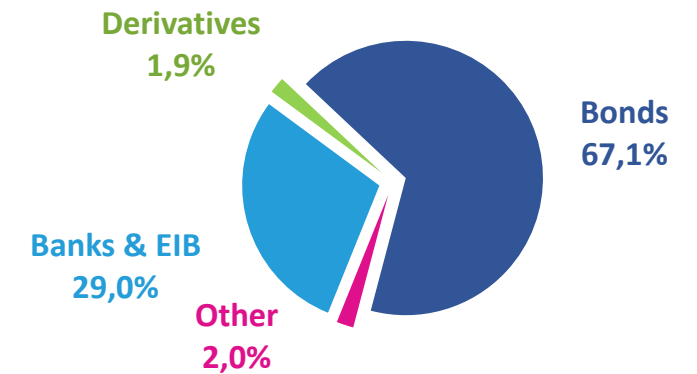
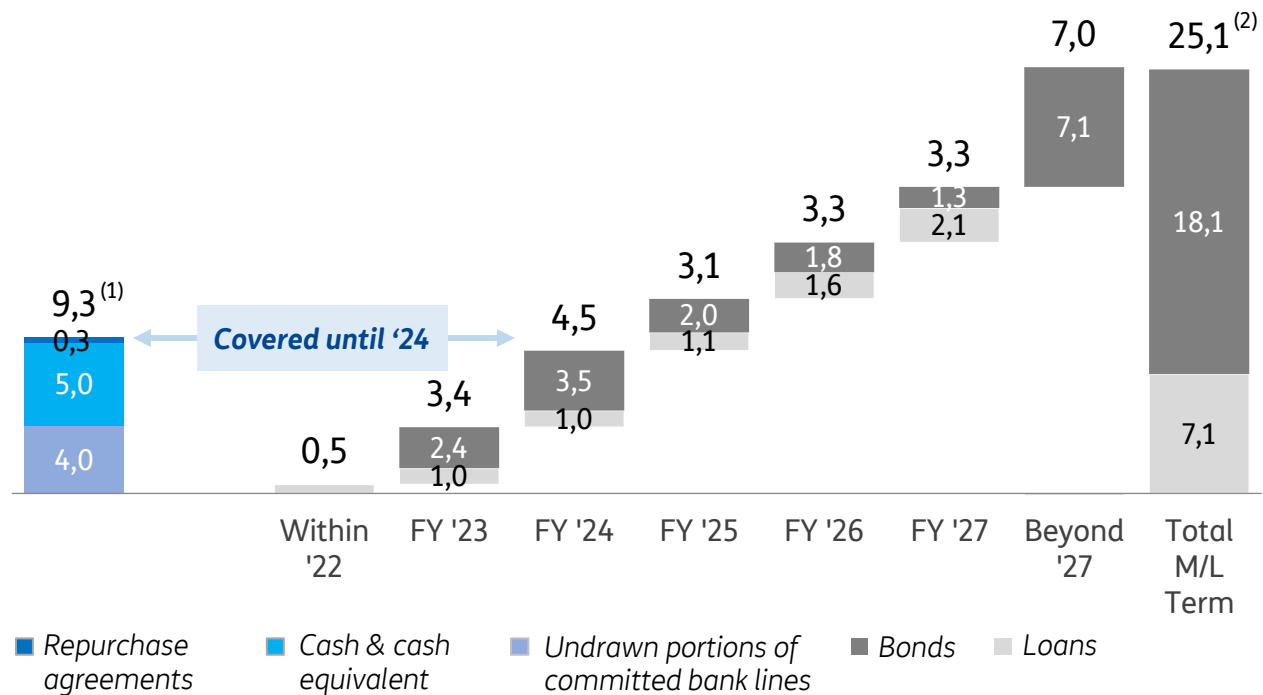
# TIM Group - Liquidity margin, after lease view

Cost of debt ~3.7%, +0.2pp QoQ, +0.4pp YoY

## Liquidity Margin

## Debt Maturities

## Gross Debt



**Average m/l term maturity:**  
5.6 years (bonds 6.6 years)

**Fixed rate portion** on M/L term debt ~65%

~34% of outstanding bonds (nominal amount) denominated in **USD and GBP** and **fully hedged**

(1) Includes € 306m repurchase agreements expiring in November 2022

(2) € 25,136m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and reverse fair value valuations (€ 1,043m) and current financial liabilities (€ 984m), the gross debt figure of € 27,163m is reconciled with reported number

#1

**Operations update**

#2

**Financial and operating results**

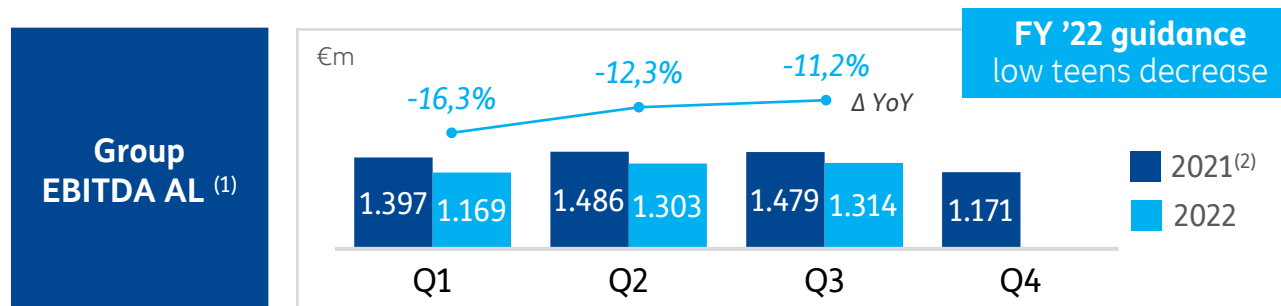
#3

**Closing remarks**



# Closing remarks

- **Financials and KPIs:** improvement on all metrics and with positive outlook
- **Market:** consolidated signs of rationality
- **Strategy:**
  - “Volume to Value” strategy in place
  - Operational rebound accelerating
- **Delaying plan:**
  - Implementation ongoing, release of pro-forma balance sheet in FY '22
  - MoU on NetCo extended to Nov. 30<sup>th</sup>, no exclusivity obligations
  - On TIM Enterprise legal entity set-up process approved
- **Group EBITDA AL FY '22 guidance** in sight



(1) Organic data net of non-recurring items and change in consolidation area

(2) Comparable base for Q1, Q2 and Q3 (also excluding exchange rate fluctuations)

Q&A

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# Annex

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# ESG - Q3 actions supporting Plan's targets

E

Lowering CO<sub>2</sub> emissions

- **TIM Group has joined the “European Green Deal Coalition”**, the alliance formed by leading EU ICT companies aiming to harness the potential of digital solutions in the **green transformation to lower CO2 emissions**
- **TIM has become a “Value Chain Partner” of Open-es**, the system alliance to support suppliers on improving sustainability across supply chains
- Started a trial for **Carpooling service for TIM employees** to share costs and reduce emissions

S

Everyone's skills and value

- **TIM ranked as the top TLC company worldwide for its inclusion policies and promoting diversity** according to “Refinitiv Global Diversity and Inclusion Index”

## Group targets

<b>E</b> Net Zero (Scope 1+2+3)	2040	
<b>E</b> Carbon Neutrality (Scope 1+2)	2030	
<b>E</b> Scope 3 Reduction <sup>(1)</sup>	-47%	2030
<b>E</b> Renewable energy on total energy (%)	+100%	2025
<b>G</b> Women in leadership position <sup>(2)</sup>	29%	2024

*Human Rights commitment: update due diligence, policy & remedies*

## Domestic targets

<b>E</b> Green Products & Smartphones	≥50%	2024
<b>E</b> Circular Economy ratio <sup>(3)</sup>	+11%	
<b>S</b> IoT & Security service revenues	+20% CAGR	
<b>S</b> Digital Identity Services	+15% CAGR	
<b>S</b> % People trained on ESG skills	90%	
<b>S</b> Young Employees Engagement	≥ 78%	2026
<b>S</b> FTTH Coverage	≥60% of POP	

*Reorganization via voluntary staff reduction tools*

(1) Scope 3 cat.1, 2 and 11

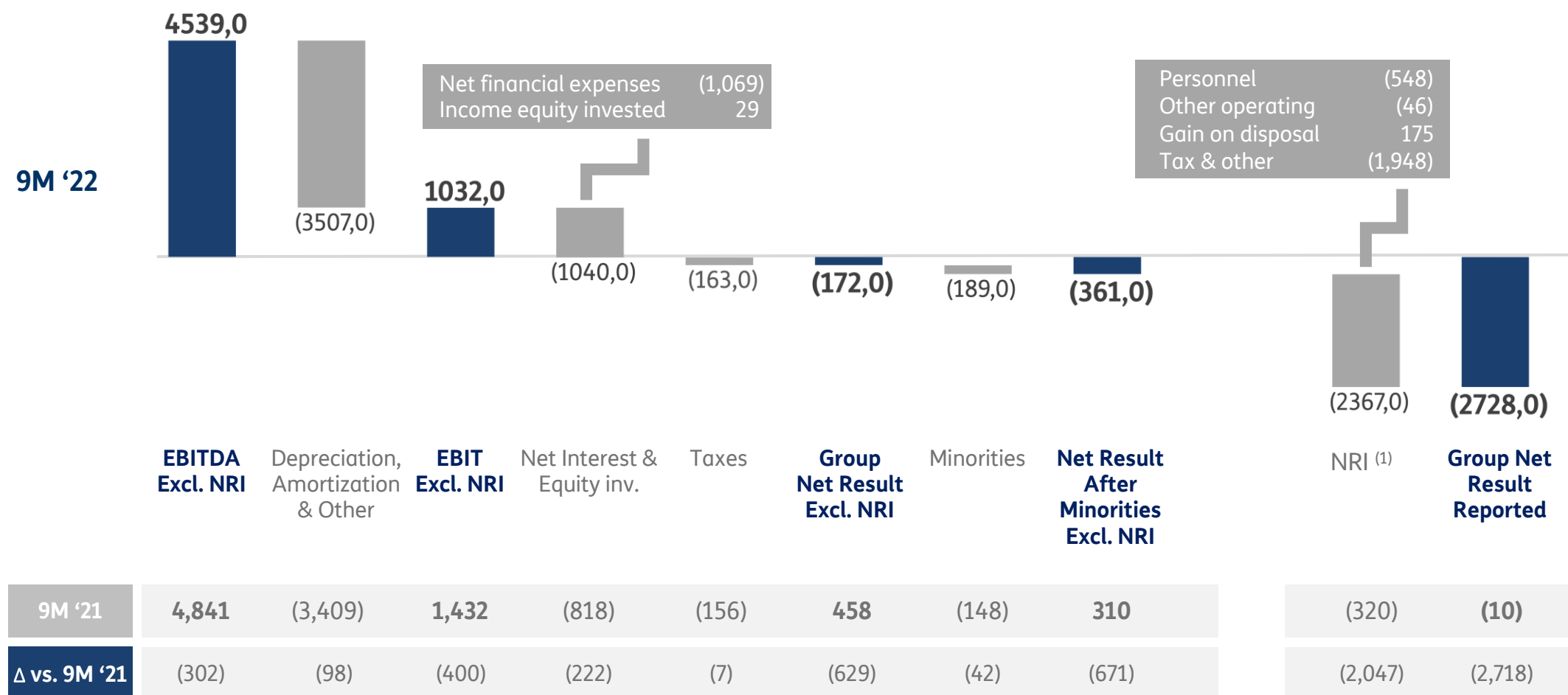
(2) Average between Domestic target (27%) and TIM Brasil target (35%)

(3) Unit revenues from the resale of used materials and assets plus waste recycling per kg of waste produced. Base line 2021 0,044€/kg



# TIM Group - P&L affected by Goodwill Tax Realignment Revocation

Reported data, €m



(1) Non-Recurring Items include provisions for personnel (2021-26 layoffs ex art.4 "Fornero" law), claims/litigation, gain on disposal and goodwill tax realignment revocation

# TIM Group – Goodwill Tax Realignment Revocation

Positive cash impact (€ 0.7bn) in 2022-‘23

	Impact on 2020 Financial Statements (benefit: 18 years)	Impact on 2021 Financial Statements (benefit: 50 years)	Impact from revocation
Realignment of the tax value	+€ 5.9bn <i>P&amp;L – Positive item in income tax expenses</i>	-€ 3.8bn <i>P&amp;L – Negative item in income tax expenses</i>	-€ 2.0bn <sup>(1)</sup> (=2.7-0.7) <i>P&amp;L – Negative item in income tax expenses</i>
TIM SpA intangible assets redeemed € 23.1bn	€ 6.6bn <i>Balance Sheet – DTA</i>	€ 2.7bn <i>Balance Sheet – DTA</i>	- <i>Balance Sheet – DTA</i>
Substitute tax (3%)	€ 0.7bn <i>Balance Sheet – Income tax payables</i>	€ 0.4bn <i>Balance Sheet – Income tax payables</i>	€ 0.4bn <i>Balance Sheet – Income tax payables write-off</i>
Cash out/in for substitute tax	- <i>Balance Sheet – Cash out</i>	€ 0.3bn <i>Balance Sheet – Cash out</i>	€ 0.3bn <i>Balance Sheet – Cash in</i>
Net equity suspended for tax purposes	€ 22.4bn <i>Balance Sheet – Net Equity suspended</i>	€ 22.4bn <sup>(2)</sup> <i>Balance Sheet – Net Equity suspended</i>	- <i>Balance Sheet – Net Equity suspended</i>

## What is new

- **Legislation changes** have materially worsened the «investment» profitability
- **New round of revocation analysis** conducted given the significant increase in interest rates
- **New Decree ruling on revocation** (Sep.29<sup>th</sup>, 2022):
  - Revocation as if election for realignment had never been made (hence no penalties for omitted substitute tax payments)
  - Full offsetting of the substitute tax paid against other tax debts (i.e. no cap limits)

(1) € 0.1bn already amortized in 2021

(2) Net equity suspended reduced in April 2022 to € 14.1bn consequent to 2021 loss coverage (€ 8.3bn)

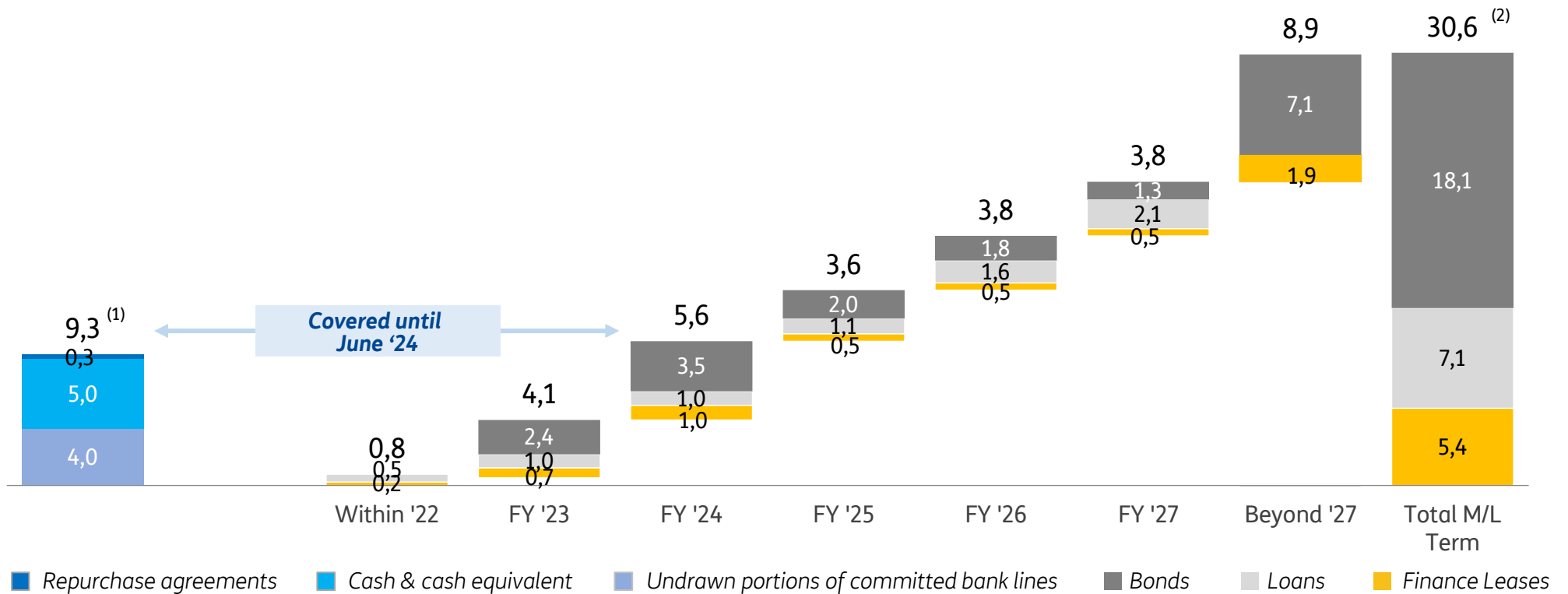
# TIM Group - Liquidity margin, IFRS 16 view

Cost of debt ~4.2%\*, +0.2pp QoQ and +0.5pp YoY

\* Including cost of all leases

Liquidity  
Margin

Debt Maturities

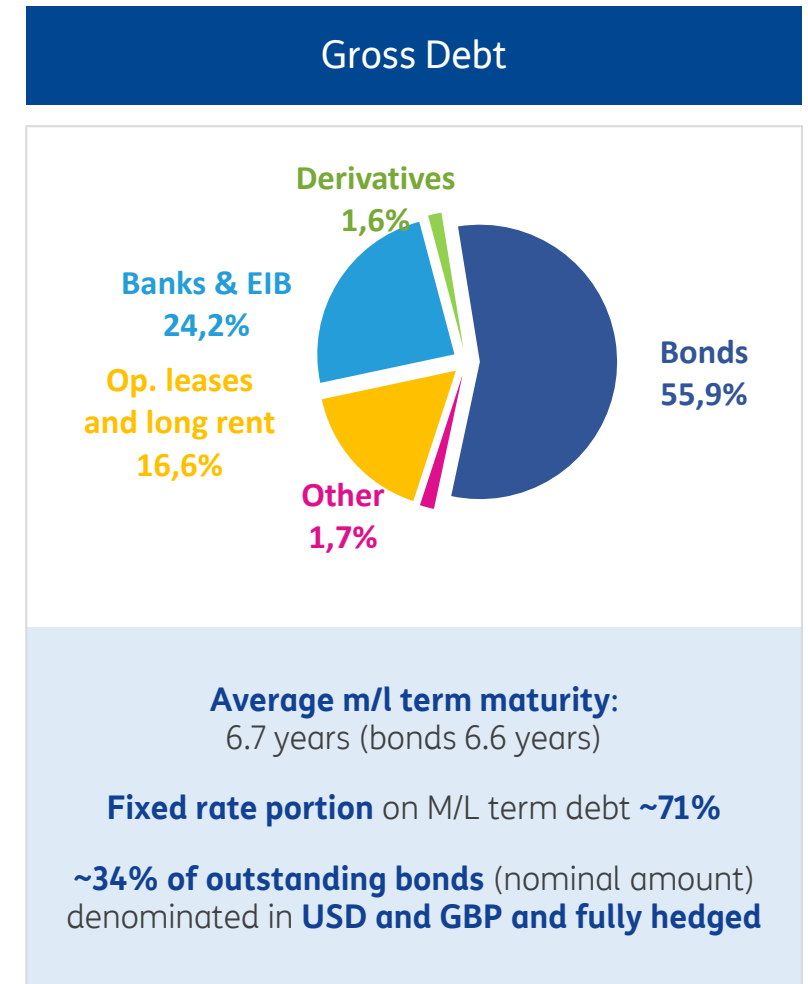


(1) Includes € 306m repurchase agreements expiring in November 2022 (2) € 30,581m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and reverse fair value valuations (€ 1,106m) and current financial liabilities (€ 984m), the gross debt figure of € 32,671m is reconciled with reported number

Q3 '22 Results  
10 November 2022

# TIM Group - Well diversified and hedged debt, IFRS 16 view

€ m	NFP adjusted	Fair value	NFP accounting
<b>GROSS DEBT</b>			
Bonds	18,329	187	18,516
Banks & EIB	8,015	-	8,015
Derivatives	262	262	524
Leases and long rent	5,508	-	5,508
Other <sup>(1)</sup>	557	-	557
<b>TOTAL</b>	<b>32,671</b>	<b>449</b>	<b>33,120</b>
<b>FINANCIAL ASSETS</b>			
Liquidity position	5,261	-	5,261
Other	1,906	454	2,360
o/w derivatives	1,728	454	2,182
o/w active leases	104	-	104
o/w other Credit	74	-	74
<b>TOTAL</b>	<b>7,167</b>	<b>454</b>	<b>7,621</b>
<b>NET FINANCIAL DEBT</b>	<b>25,504</b>	<b>-5</b>	<b>25,499</b>



(1) Includes debts due to other lenders related to: Factor (€ 193m), Aflac (€ 145m), Brazil 5G (€ 174m), Brixia (€ 11m) and other (€ 34m)

# TIM Group - 2022 financial expectations based on current configuration

IFRS 16/After Lease, including OI <sup>(1)</sup>

	SHORT TERM TARGETS (2022)	UPGRADED TARGETS (2022)
Service Revenues	low single digit decrease	
Organic EBITDA	low teens decrease	high single digit decrease
Organic EBITDA AL <sup>(2)</sup>	mid to high teens decrease	low teens decrease
CAPEX	Group: €4.0bn Domestic: €3.2bn	
Adj. Net Debt AL	affected by € 3.7bn non-recurring payments <sup>(3)</sup>	

(1) Group figures @ average exchange-rate 5.56 R\$/€

(2) Oi's transaction is impacting leases account for the plan period and will be absorbed thereafter

(3) 5G spectrum in Italy (€1.7bn) and Brazil (€0.4bn), Oi acquisition (€1.1bn), DAZN payment (€0.3bn) and substitute tax (€0.2bn) based on the Plan's exchange rate assumption

# TIM Brasil - Guidance 2022-’24

GOALS	SHORT TERM TARGETS (2022)	LONG TERM TARGETS (2022-’24)
Revenue Sustainability	Service Revenues Growth: <b>+ Double digit YoY</b>	Service Revenues Growth: <b>+ Double digit CAGR ’21-’24</b>
Profitability	EBITDA Growth: <b>+ Double digit YoY</b>	EBITDA Growth: <b>+ Double digit CAGR ’21-’24</b>
Infrastructure Development	Capex: <b>~R\$ 4.8bn</b>	Capex: <b>~R\$ 14.0bn <math>\Sigma</math> ’22-’24</b> Capex on Revenues: <b>&lt;20% @2024</b>
Cash Generation	EBITDA-Capex on Revenues: <b>&gt;24%</b>	EBITDA-Capex on Revenues: <b><math>\geq</math>29% @2024</b>


## Guidance excludes:

- Any additional M&A activity
- New spectrum auctions
- ICMS taxation changes (ruled to be effective in Q1 ’24)
- Any other taxation or Regulatory reform
- Upside from Customer Platform partnerships (e.g. value created by equity stakes)

**On like-for-like comparison, all metrics would be on track versus the old plan**







# For further questions please contact the IR team



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