TIM ServCo H1 2024

Preliminary Results

01 August 2024

TIM

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. Consequently, TIM makes no representation, whether expressed or implied, as to the conformity of the actual results with those projected in the forward- looking statements. Forward- looking information is based on certain key assumptions which we believe to be reasonable as of the date hereof, but forward- looking information by its nature involves risks and uncertainties, which are outside our control, and could significantly affect expected results.

Analysts and investors are cautioned not to place undue reliance on those forward -looking statements, which speak only as of the date of this presentation.

The **H1 '24 preliminary managerial Financial Results** and the information contained herein have been prepared by TIM's management for information and illustration purposes only.

Such H1 '24 preliminary managerial Financial Results are prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the EU (designated as "IFRS").

Please note that the H1 '24 preliminary managerial Financial Results of the TIM Group are **unaudited**.

Alternative Performance Measures

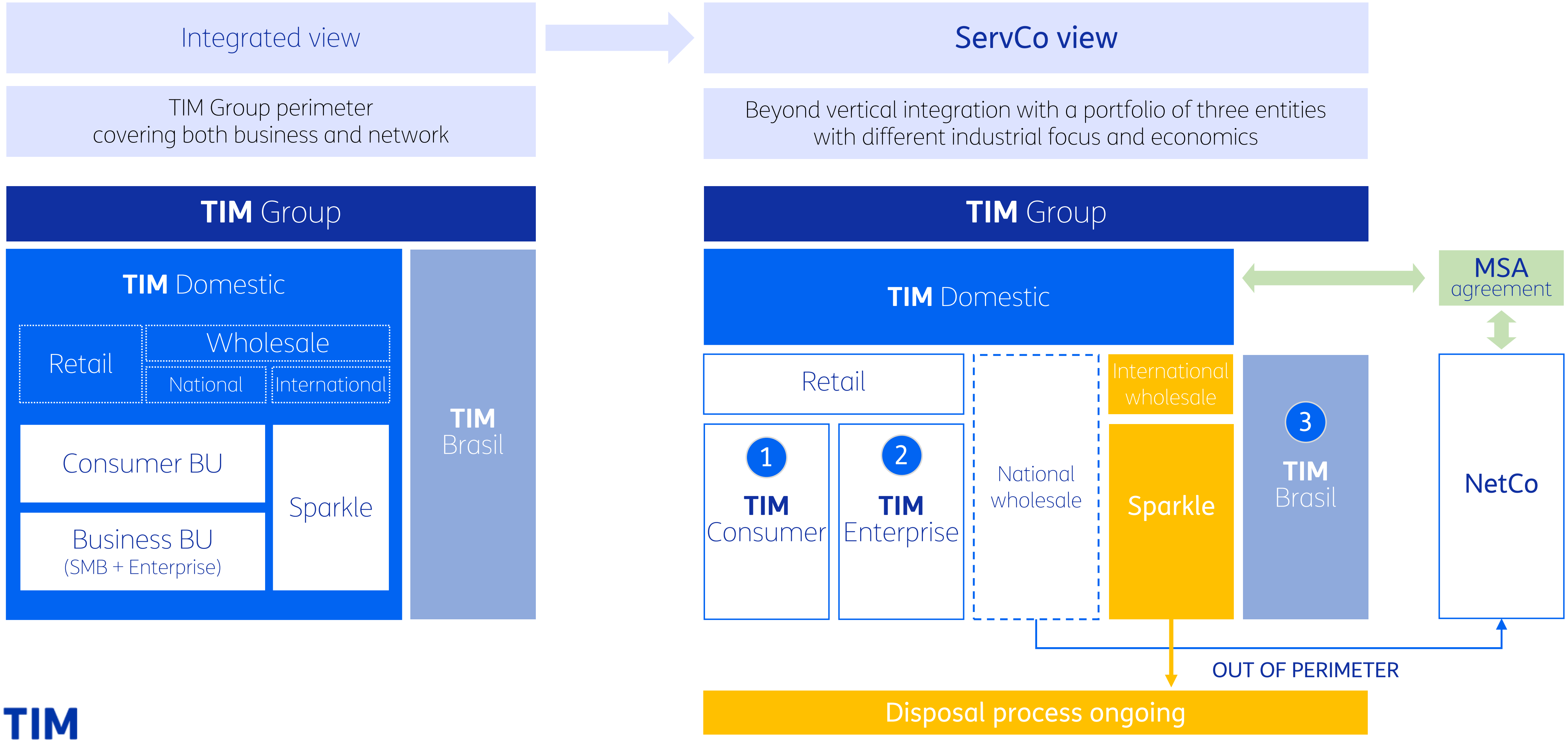
The TIM Group, in addition to the conventional financial performance measures established by IFRS, uses certain alternative performance measures for the purposes of enabling a better understanding of the performance of operations and the financial position of the TIM Group. In particular, such alternative 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), Equity Free Cash Flow, Operating Free Cash Flow (OFCF) and Operating Free Cash Flow (net of licences). 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.

ServCo financial and operating results:

- Figures are based on **"like-for-like" estimate of revenues, OPEX and CAPEX division between TIM and NetCo** components, considering the final perimeter
- **Relationship between TIM and NetCo** (as per MSA Agreement):
  - Simulates the effect as the transactions occurred in Jan. 2023 (to guarantee a "like-for-like" comparison YoY)
- **Temporary relationship** between TIM and NetCo (as per TSA Agreement) are **not considered** in the figures
- **TI Sparkle** is currently considered **into TIM Domestic perimeter**

TIM Group perimeter - From integrated to ServCo view



H1 '24 Highlights

NetCo disposal successfully completed

- ✓ **Massive deleverage achieved**, significant credit rating improvement and capital structure optimization
- ✓ **MSA with NetCo**: TIM most favored client with no value/volume commitments

Robust H1 performance, financials in line or ahead FY guidance

- ✓ **Domestic Revenues and EBITDA AL growth on track**, H2 supported by positive drivers
- ✓ **Transformation Plan execution ongoing**: >100m EBITDA AL-CAPEX savings achieved in H1
- ✓ **TIM Consumer**: stabilization of topline ongoing and already delivering thanks to "beyond connectivity"
- ✓ **TIM Enterprise**: accelerating growth fueled by ramp up of National Strategic Hub
- ✓ **TIM Brazil**: delivering continued growth both in mobile and fixed
- ✓ **Group performance fully on track**, ≤2x Net Debt AL / EBITDA AL target by YE 2024 confirmed

H1 '24 - TIM ServCo

Revenues *
€ 7.1bn
€ 4.9bn Domestic

EBITDA After Lease *
€ 1.8bn
€ 1.0bn Domestic

CAPEX *
€ 1.0bn
€ 0.5bn Domestic

EBITDA AL - CAPEX *
€ 0.8bn
€ 0.4bn Domestic

Adj. Net Debt After Lease
€ 8.1bn post NetCo disposal

** Organic like-for-like figures. CAPEX net of licences*

From ambition to reality

From ambition to reality - NetCo disposal successfully completed…

Closing fully in line with the announced terms and deadlines…
…just 8 months from binding offer to EU Antitrust unconditional approval to deal completion…
…following 2.5 years of intense work…

19.8k employees transferred

Largest ever European **liability management**

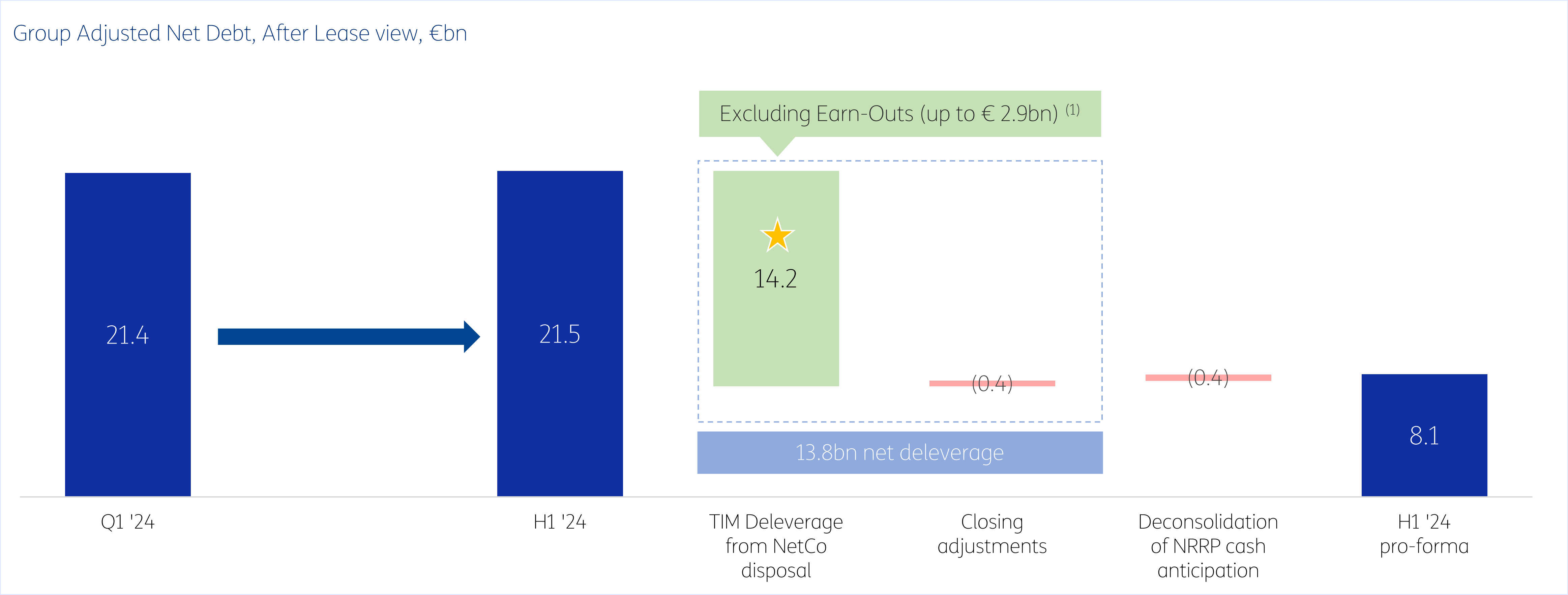
~15k real estate assets transferred

160+ IT systems evolution/cutover

~ 10k active/passive contracts allocated

…while improving the operations

…leading to material Group Net Debt reduction…



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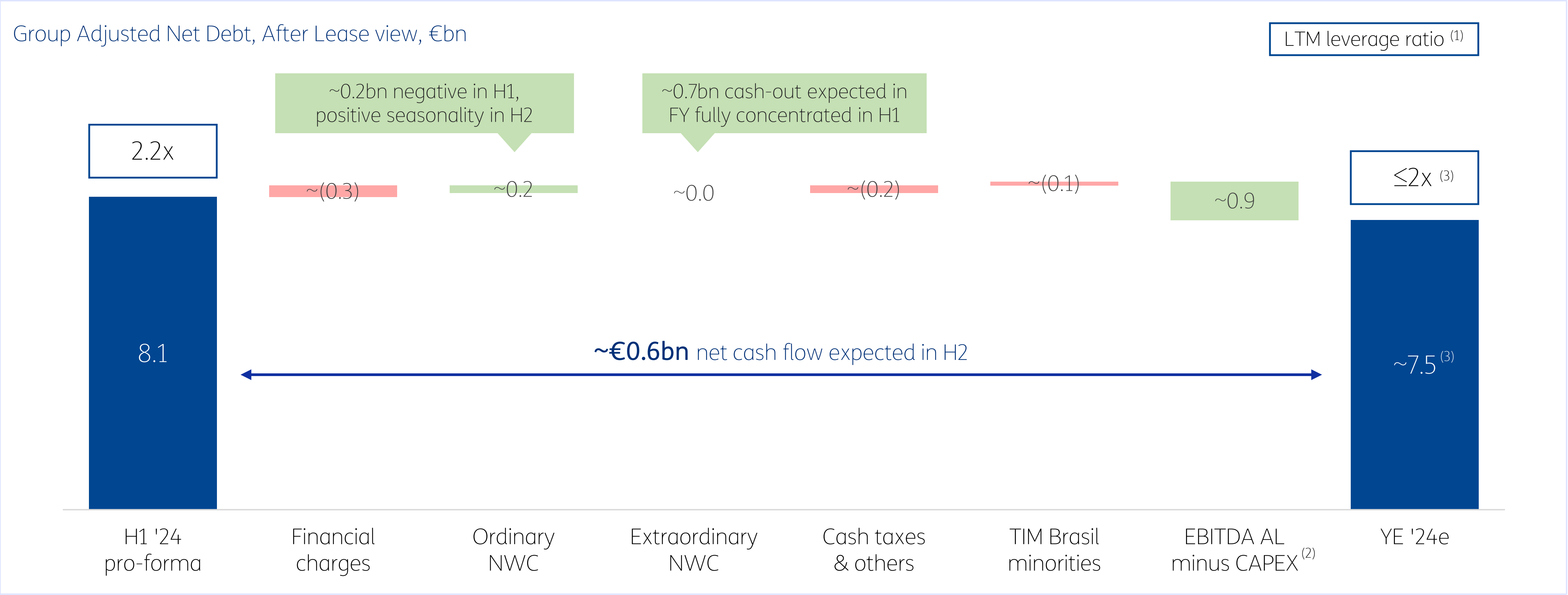
(1) Up to € 2.5bn Earn-Out within 30 months from closing subject to Open Fiber transaction and/or regulatory relief on prices and up to € 0.4bn Energy Earn-out within 12 months from closing

…and paving the way towards Net Debt FY target achievement

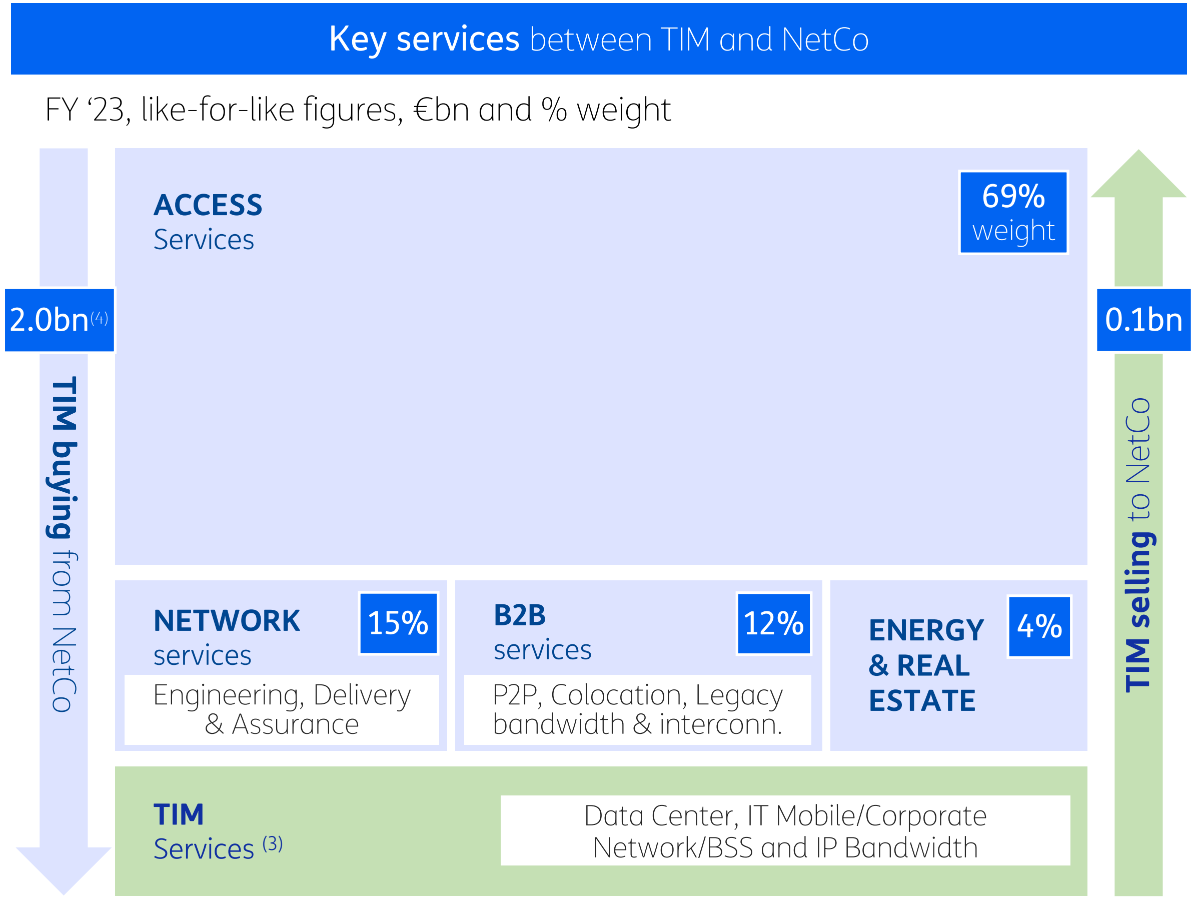


(1) Adjusted Net Debt AL on LTM Organic EBITDA AL (2) Organic EBITDA AL minus CAPEX net of licences (3) Excluding potential disposal of Inwit and Sparkle

Total amount can be different to the sum due to rounding effects

MSA – TIM most favored client with no value/volume commitments

Duration	**15y+15y** automatic renewal at the same terms, unless otherwise provided for specific services
No commitments	**No commitments on volumes or migrations** from legacy services to fiber (1)
Most favoured client	For both **TIM** and **NetCo**, on non-discriminatory basis (2)
Exclusivity	**Different exclusivity terms and duration** for each service
Max. geographic FTTH availability	Possibility to access other players' infrastructure where NetCo's infrastructure not available
Preferred supplier	For **B2B services**, instead of exclusivity
Guarantee on performance	**SLAs/KPIs** and relative penalties (3) aligned with regulatory and/or market conditions



(1) Minimum guarantees in terms of fees or volumes not contemplated. TIM only grants the acquisition of a minimum quantity of certain engineering services; however, based on the Business Plan such minimum quantity is sustainable and consistent or below TIM business plan (2) Guarantee of best possible price on products and services on a non-discrimination basis (3) Applied to all services (4) Cash view not considering deferred expenses related to Network services (€0.1bn in FY '23). P&L view €1.9bn in FY '23

Back to business

TIM, a new starting point beyond vertical integration

A portfolio of three entities with different industrial focus and economics

TIM CONSUMER

Ongoing turnaround of core business

Evolution from "Pure Telco" towards a "Customer Platform" strategy

Turnaround

TIM ENTERPRISE

Sustainable growth fueled by ICT

Operating model evolution with a shift from buy vs. make

Attack

TIM BRASIL

Capturing upsides from beyond connectivity

Core business growth leveraging leading network positioning

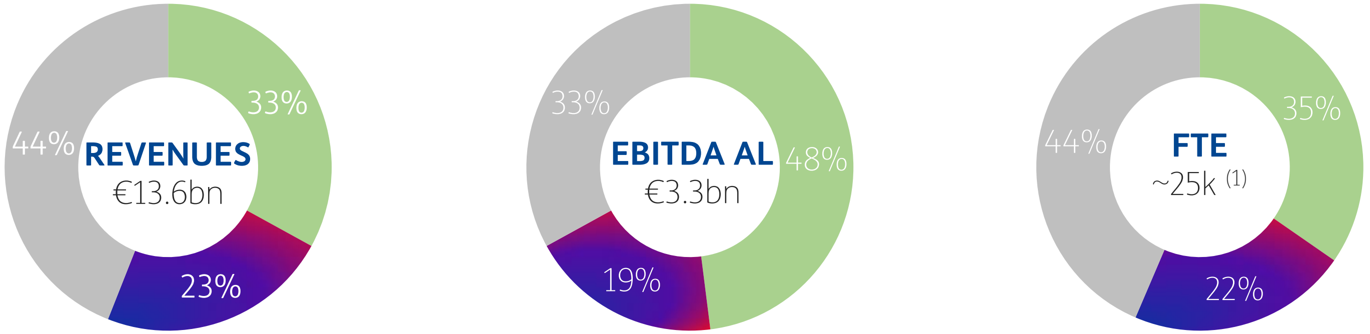
Grow

FY '23 Organic like-for-like figures excluding Sparkle

TIM CONSUMER

TIM ENTERPRISE

TIM BRASIL



~70% of Group EBITDA After Lease generated by **TIM Brasil** and **TIM Enterprise** which operate in two growing markets

TIM Sparkle Disposal process ongoing

(1) Of which ~16.1k TIM Domestic and ~8.9k TIM Brasil

H1 ‘24 on track with FY guidance

Organic like-for-like figures, YoY trend (1)

	H1 ‘24	2024 Guidance
Revenues	+3.5%	+3-4%
o/w Domestic	+1.6%	+2-3%
EBITDA After Lease	+13.0%	+8-9%
o/w Domestic	+8.8%	+9-10%
CAPEX on rev.	13.5%	~15%
o/w Domestic	11.2%	~14%
EBITDA AL minus CAPEX	+36.6%	+15-17%
o/w Domestic	+35.4%	+11-12%

- ✓ Group Revenues and EBITDA AL in line or above FY guidance, Domestic growing as expected
- ✓ H1 light on CAPEX due to phasing, acceleration in H2 to meet FY target

✓ **H2 growth supported by positive drivers, FY guidance confirmed**

TIM Domestic	H1	H2e
FTTH offering in white areas	+	+
Selective repricing	+	+
Geo marketing offers		+
New DAZN deal		+
NSH ramp up (2)	+	+++
Upselling / Vendor consolidation		++

TIM Brasil continued strong performance

(1) Excluding exchange rate fluctuations (average exchange-rate YTD 5.49 R$/€) and non-recurring items (2) National Strategic Hub

TIM Consumer – Top line stabilization ongoing

Organic like-for-like figures, YoY trend

	H1 '24
Revenues	**flat** -0.2% in Q2
Service revenues [(1)]	**+0.5%** +0.3% in Q2
o/w Retail (CO+SMB)	**-0.2%** -0.1% in Q2
o/w Wholesale & other	**+8.6%** +3.7% in Q2

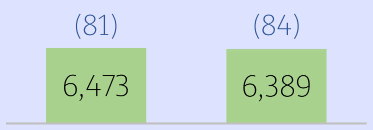
In line with guidance

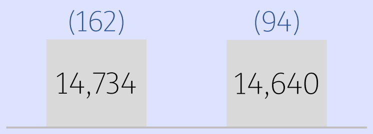
Service revenues broadly stable YoY

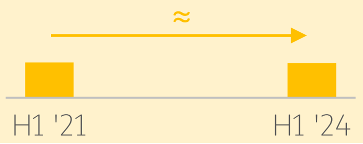
ARPU increase in fixed, stabilization in mobile, multimedia growth

CONSUMER FIXED | CONSUMER MOBILE | **TIM** Vision

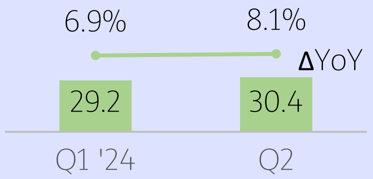
CB [(2)] K lines

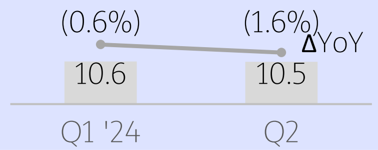


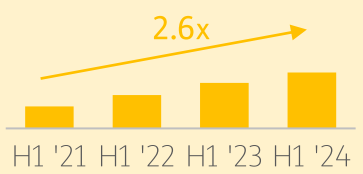




ARPU € month





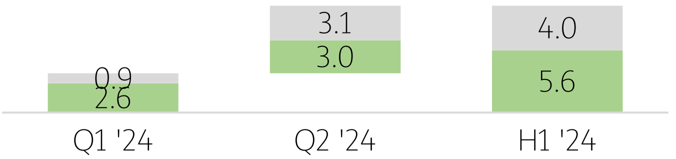


2024 SUCCESSFUL REPRICING CAMPAIGN

CONSUMER PRICE UPS

# of lines targeted (m lines)

Fixed Mobile



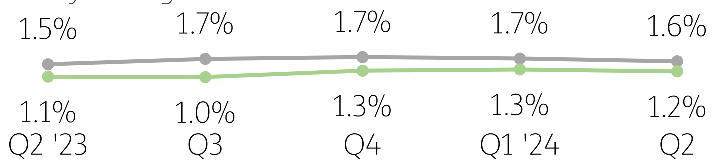
~€91m incremental revenues in FY '24

Impact on churn contained

CONSUMER CHURN

monthly average

mobile [(3)] fixed



(1) Including MSA (€14m in Q2, €27m in H1) (2) SMB customer base: 934k fixed (941k in Q1), 1,531k mobile o/w 1,344k human and 187k not human (1,511k o/w 1,324k human and 187k not human in Q1) (3) Human only

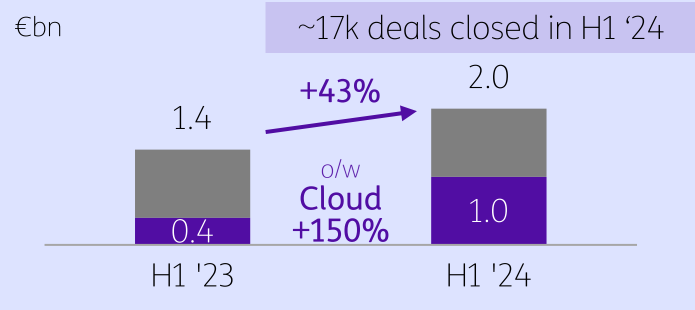
TIM Domestic

TIM Enterprise – Strong growth fueled by ICT

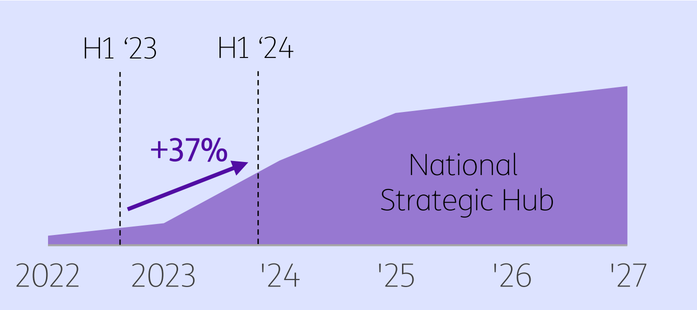
Organic like-for-like figures, YoY trend

	H1 '24	
Revenues	**+4.9%** +7.3% in Q2	**In line** with guidance 6% CAGR '23-'26
Service revenues (1)	**+6.4%** +8.4% in Q2	

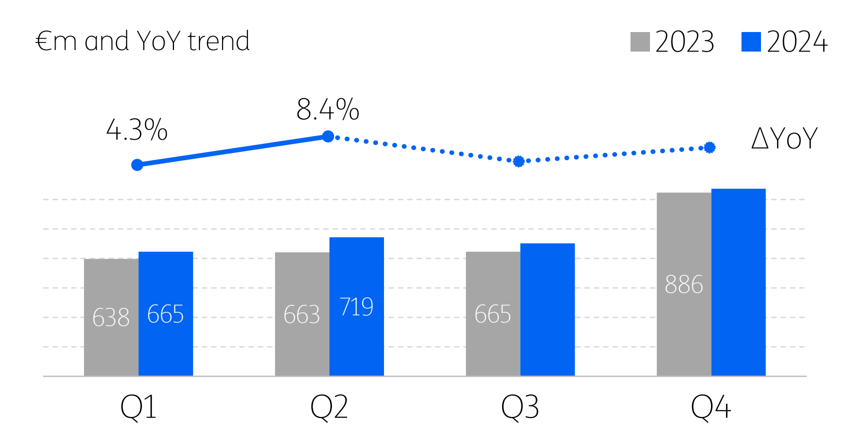
Value of contracts signed **+43% YoY** (2)



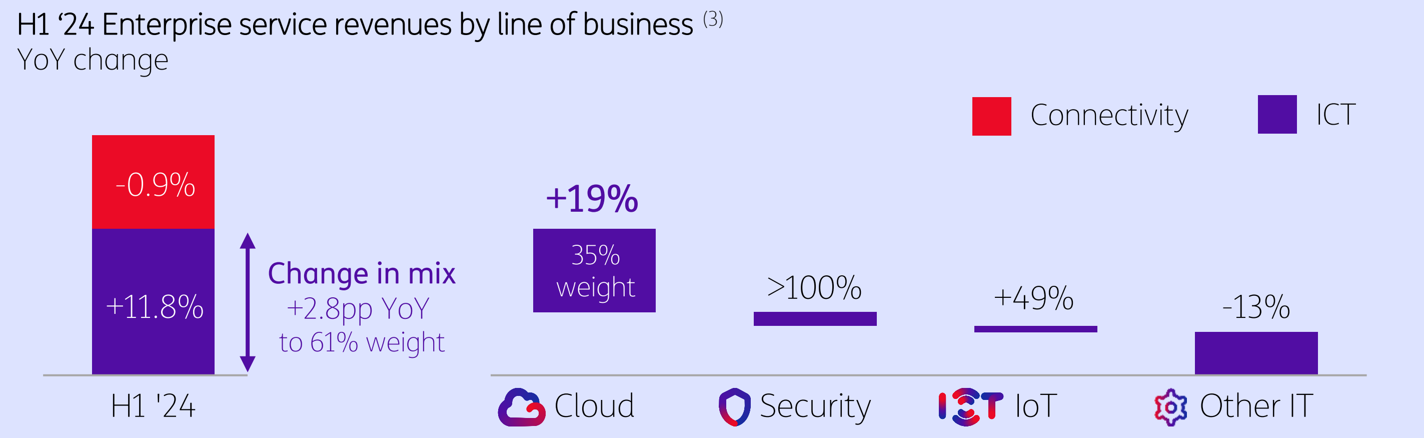
Cloud growth supported by NSH



Service revenues trend to remain strong



Change in mix ongoing with double-digit ICT growth and Connectivity broadly stable



(1) Including MSA (€20m/quarter in 2023 and 2024) (2) Total value of contracts signed (3) Excluding MSA

TIM Brasil – First half at high note all around

Organic YoY trend

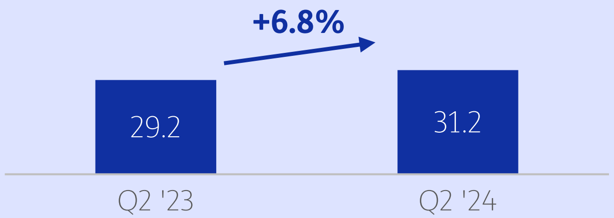
	H1 '24
Service Revenues	**+7.6%** +7.2% in Q2
Mobile	**+7.8%** +7.3% in Q2
Fixed	**+5.3%** +4.9% in Q2
EBITDA	**+9.9%** +8.3% in Q2
EBITDA After Lease	**+17.8%** +13.7% in Q2
CAPEX (1)	**+3.0%** to R$ 2.3bn
EBITDA AL minus CAPEX	**+36.9%** +24.1% in Q2

On track

Robust mobile performance

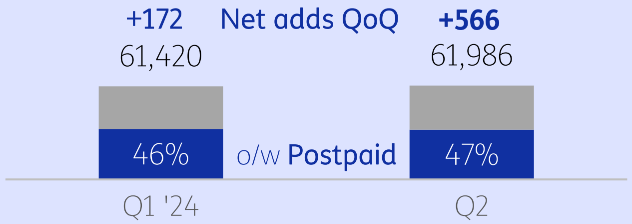
Value strategy supporting **ARPU growth**

MOBILE ARPU
R$/month



CB increase due to Postpaid benefitting from **higher customer satisfaction**

MOBILE CB
K lines



TIM Ultrafibra: sustaining the pace

Highest ARPU ever **R$ 98.6**
+3.9% YoY in Q2 '24

737k FTTH Customers
+14.7% YoY in Q2 '24

B2B: IoT solutions keeps evolving

Contracted Revenues
10x growth in 2 years

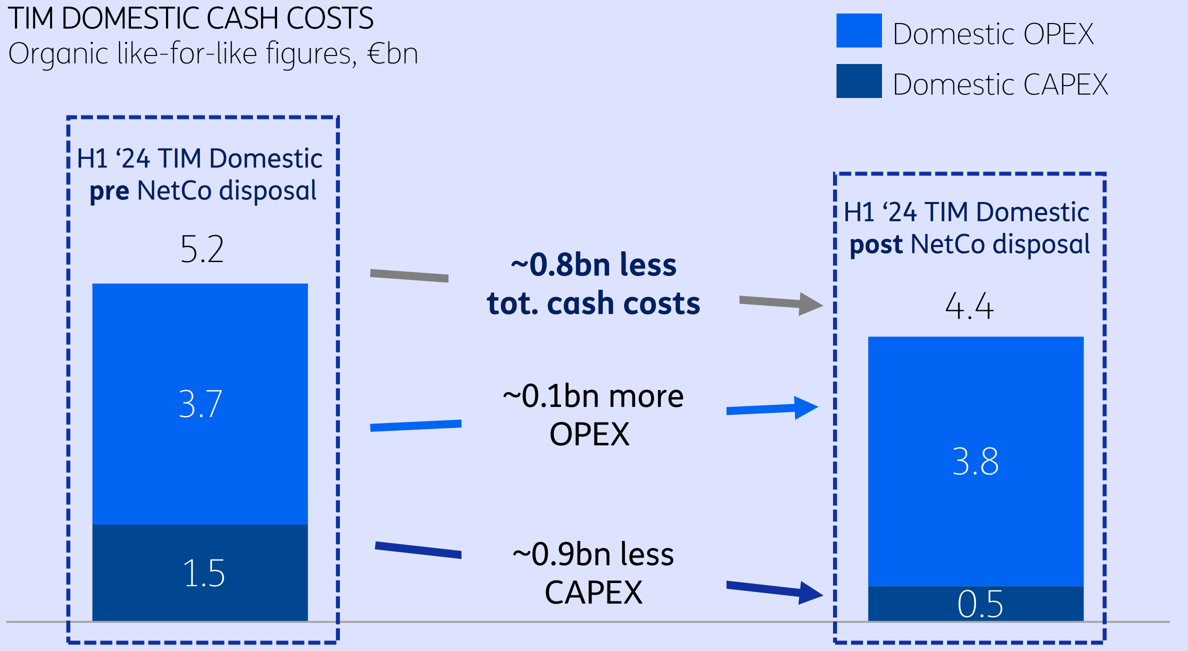
(1) Excluding licences

A more sustainable cash cost structure

Cash view

TIM Domestic with less cash costs and a more success-driven model vs. the integrated view

TIM DOMESTIC CASH COSTS
Organic like-for-like figures, €bn



Different OPEX/CAPEX mix

OPEX
Higher access costs partially counterbalanced by sizeable reduction of labor cost

CAPEX
Domestic CAPEX deconsolidation

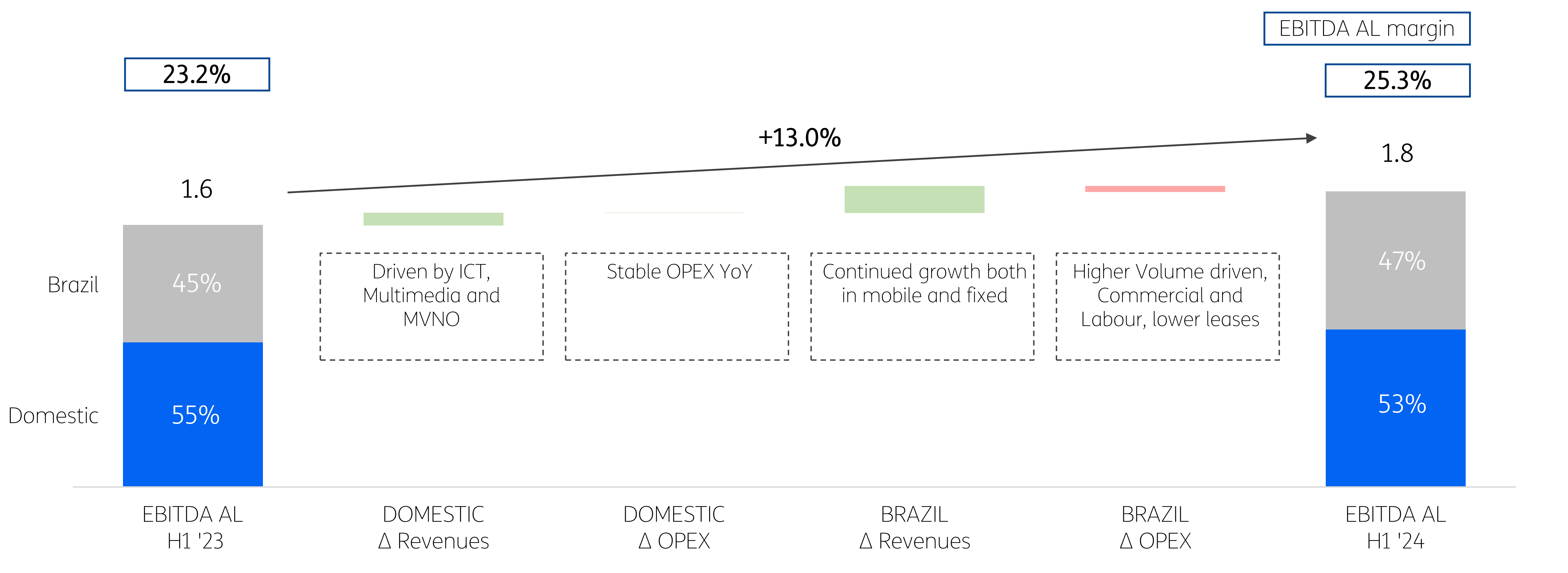
TIM Domestic with approximately **~0.2bn more EBITDA AL – CAPEX in H1**, combined with **massive deleverage**

Total amount can be different to the sum due to rounding effects

Steadfast EBITDA AL growth and margin improvement

Organic like-for-like figures, After Lease view, €bn

Both Domestic and Brazil contributing to Group EBITDA AL growth

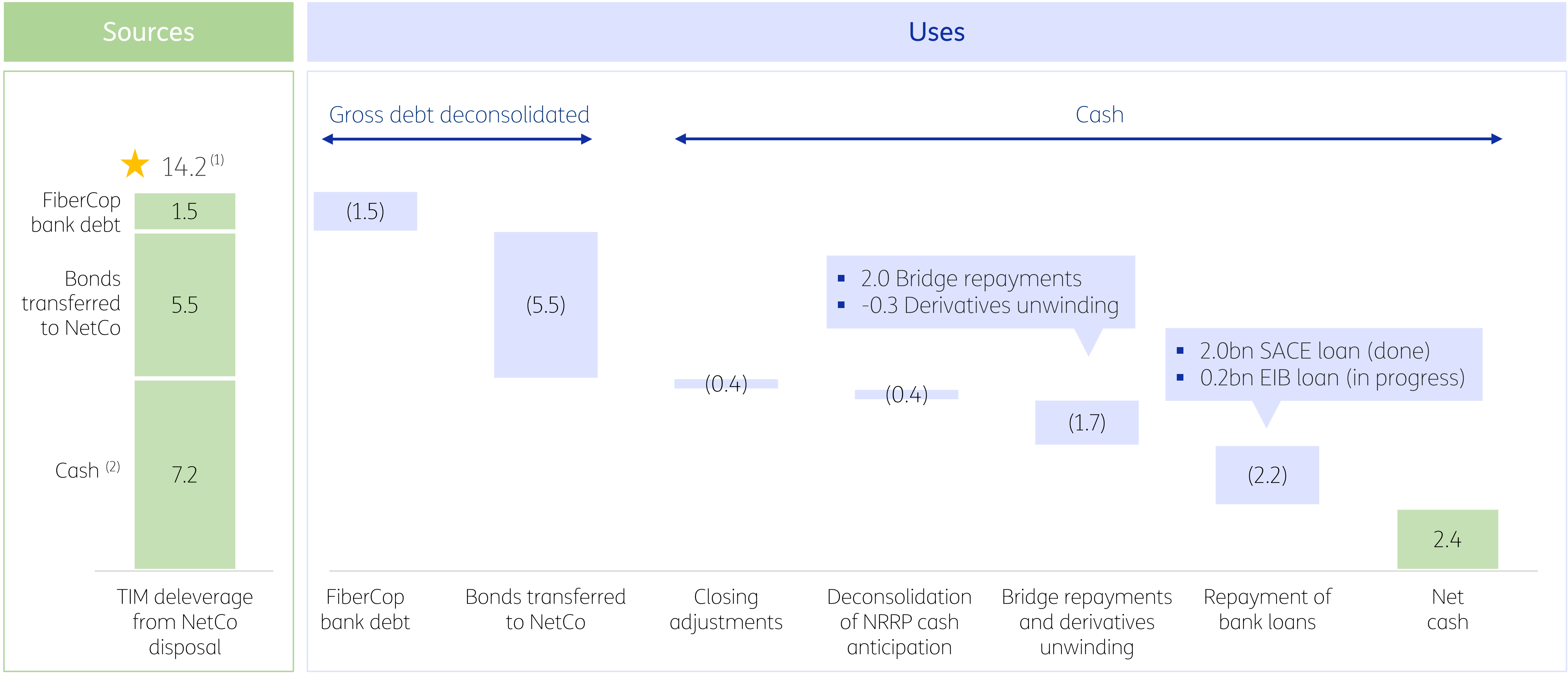


Capital structure update

TIM Group

Use of NetCo proceeds…

€bn



(1) Excluding closing adjustments and deconsolidation of NRRP cash anticipation
Total amount can be different to the sum due to rounding effects

(2) Including € 2.3bn repayment of FiberCop intercompany loan

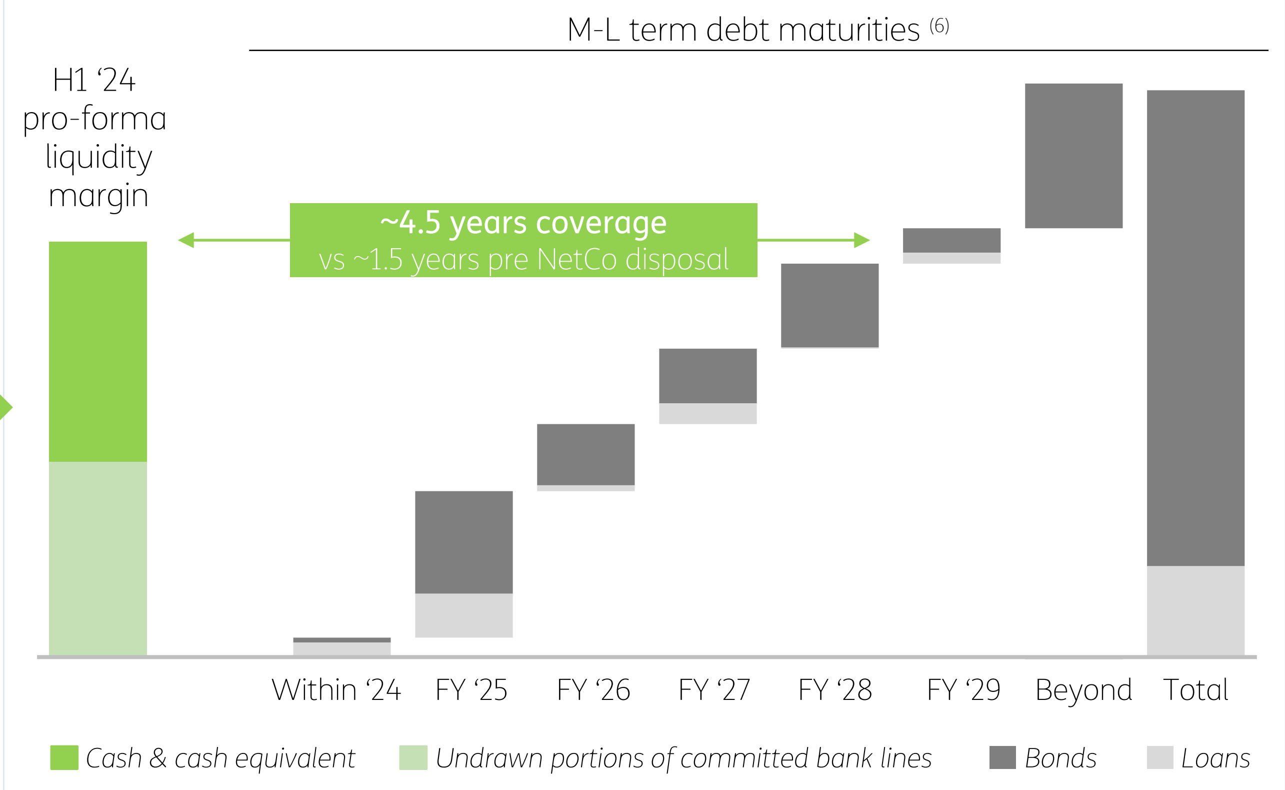
★ See slide #7

...enabling capital structure optimization

After Lease view, €bn

	H1 '24	NetCo disposal	H1 '24 pro-forma
Gross Debt AL (1)	24.5	(11.3)	13.3
Bonds (2)	15.5	(5.5)	9.9
Banks & EIB	8.6	(5.7)(3)	2.8
Other	0.5		0.5
Financial assets (1)	3.0	+2.1	5.1
Liquidity position (4)	2.2	+2.4	4.6
Other	0.8	(0.3)(3)	0.5
Net Debt AL	21.5	(13.4)(5)	8.1
Avg. cost of debt	~5.8%		~0.4pp lower post NetCo transaction
Avg. bond yield	**EUR 4.7%** 29 Jul. 2024 vs. **6.4%** 13 Oct. 2023 **USD 7.1%** 29 Jul. 2024 vs. **8.6%** 13 Oct. 2023		

Pro-forma liquidity margin covering debt maturities until 2028



(1) Net of the adjustment due to the fair value measurement of derivatives and related financial liabilities/assets (2) "Accounting" amount including amortized costs (e.g. issue premiums/ discounts) and interests accrued and not yet collected (3) Including € 0.3bn derivatives unwinding (4) Including € 0.1bn securities pledged against a bank guarantee (5) 13.8bn net deleverage from NetCo disposal less 0.4bn deconsolidation of NRRP cash anticipation (6) Nominal amount
Total amount can be different to the sum due to rounding effects

Closing remarks

01 NetCo disposal successfully completed within the announced deadlines and terms

02 Back to business, delivering robust performance in H1

03 More sustainable cost structure

04 Higher financial flexibility

05 Full year guidance reiterated

Q&A

Annex

TIM Group

Slide from Capital Market Day 2024 presentation

Guidance 2024-'26

Organic data (1), € bn, including Sparkle (2)

	TIM Group			o/w TIM Domestic		
	2023 pro-forma (3)	2024	2026	2023 pro-forma (3)	2024	2026
Revenues	14.4	3-4% growth	~3% '23-'26 CAGR	10.0	2-3% growth	~2% '23-'26 CAGR
EBITDA After Lease	3.5	8-9% growth	~8% '23-'26 CAGR	1.9	9-10% growth	9-10% '23-'26 CAGR
CAPEX net of licences	2.1	~15% on revenues	~14% on revenues	1.3	~14% on revenues	~13% on revenues
EBITDA AL minus Capex	1.3	15-17% growth	~2.2	0.6	11-12% growth	~1.1
Leverage	3.8x (4) as is		1.6-1.7x (5) @ target	excl. shareholders remuneration		

(1) Excluding exchange rate fluctuations, non-recurring items and change in consolidation area. Group figures @ avg. exchange-rate 5.40 R$/€ (2) Sparkle financials: Revenues net of intercompany ~€ 0.8bn in '23, ~€ 0.9bn in '24 and '26; EBITDA AL ~€ 0.1bn in '23, ~€ 0.2bn in '24 and '26; CAPEX ~€ 0.1bn in '23 and '24, ~€ 0.2bn in '26 (3) Preliminary unaudited figures (4) Leverage at FY '23 based on old Group view (5) Computed as Group Net Debt AL less expected deleverage from NetCo disposal, divided by Group Adj. Organic EBITDA AL less NetCo EBITDA AL

Further questions

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