Telecom Italia – Domestic Market
Full-Year 2012 Preliminary Results and 2013-2015 Plan Outline

MARCO PATUANO
Safe Harbour

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Some data for the 2011 financial year used in comparisons included into this presentation are restated as a result of the early adoption of the revised IAS 19 (Employee Benefits) version and the reclassification of Matrix from the Business Unit Domestic–Core Domestic to the Business Unit Other Activities.
Agenda

- Domestic 2012 Preliminary Results
- Telecom Italia Domestic Plan
  - Consumer Segment
  - Business Segment
  - Cost Efficiencies
  - NGN & LTE Deployment
- Take-Aways
- Appendix
Domestic Results: 2012 Figures

**Euro mln, Organic data, %**

### Total Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>7,114</td>
<td>6,616</td>
<td>-5.1%</td>
</tr>
<tr>
<td>Fixed</td>
<td>13,501</td>
<td>12,810</td>
<td>-5.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,003</strong></td>
<td><strong>17,906</strong></td>
<td><strong>-5.8%</strong></td>
</tr>
</tbody>
</table>

### EBITDA

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues FY Target Reached</td>
<td>9,287</td>
<td>8,829</td>
<td>-4.9%</td>
</tr>
<tr>
<td><strong>48.9%</strong></td>
<td><strong>+0.4pp</strong></td>
<td><strong>49.3%</strong></td>
<td><strong>EBITDA FY Target Reached</strong></td>
</tr>
</tbody>
</table>

### Service Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>6,755</td>
<td>6,147</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Fixed</td>
<td>12,960</td>
<td>12,473</td>
<td>-3.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,103</strong></td>
<td><strong>17,099</strong></td>
<td><strong>-5.5%</strong></td>
</tr>
</tbody>
</table>

*net of Interconnection cost*
Domestic Operating Free Cash Flow Evolution

Euro mln, Reported Data

<table>
<thead>
<tr>
<th>FY11</th>
<th>Δ EBITDA</th>
<th>Δ Capex</th>
<th>ΔWC</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,620</td>
<td>(477)</td>
<td>+1,113</td>
<td>+807</td>
<td>5,563</td>
</tr>
</tbody>
</table>

+943 mln

% on Revenues

24.3% → +6.8 pp → 31.1%

1. Cost Control
   - FY11: 9,716
   - FY12: 9,077
   - Δ: (639)

2. Right Spending
   - FY11: 1,223
   - FY12: 2,962
   - Δ: +110
   - o/w UBB: +163

3. ΔW Capital
   - Days Receivables: +0.2
   - Turnover: +0.3
   - VAT: -0.2

ΔWC impacts
Full-Year 2012 Preliminary Results and 2013-2015 Plan Outline

Service Revenues Trend by Segment: Consumer & Business

**Consumer Segment Trend – YoY% change**

- 1Q11: -9.2%
- 2Q11: -7.5%
- 3Q11: -4.6%
- 4Q11: -4.2%
- 1Q12: -2.6%
- 2Q12: -3.4%
- 3Q12: -6.3%
- 4Q12: -6.3%

**Business Segment Trend – YoY% change**

- 1Q11: -7.1%
- 2Q11: -5.0%
- 3Q11: -4.4%
- 4Q11: -5.0%
- 1Q12: -4.5%
- 2Q12: -5.5%
- 3Q12: -7.5%
- 4Q12: -9.9%

**Italian GDP**

- FY12: -10.2% YoY
- FY12: -2.1% YoY
- FY12: -0.5% YoY

**Consumer Confidence**

- FY12: 88 Index: 2005=100

*1H12: Data Normalized for bad weather and calendar discontinuities – 2H12: Excluding Regulatory impact (Δ MTR and EU Roaming price cap)

Source: ISTAT and Prometeia

Focus on Business Segment Trend

<table>
<thead>
<tr>
<th>Economic Context</th>
<th>Regulatory</th>
<th>Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Δ -15%</td>
<td>Δ -2.3%</td>
<td>Δ -60%</td>
</tr>
</tbody>
</table>

Source: ISTAT and Prometeia
# Domestic Mobile Overview

## Total Mobile Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>% YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Mobile Revenues</td>
<td>7,114</td>
<td>6,616</td>
<td>-7.0%</td>
</tr>
<tr>
<td>Handsets</td>
<td>359</td>
<td>469</td>
<td>+30.8%</td>
</tr>
<tr>
<td>Total Service Revenues</td>
<td>6,755</td>
<td>6,147</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Wholesale &amp; others</td>
<td>335</td>
<td>295</td>
<td>-11.8%</td>
</tr>
<tr>
<td>Retail Services</td>
<td>6,421</td>
<td>5,853</td>
<td>-8.8%</td>
</tr>
<tr>
<td>Business Generated</td>
<td>5,635</td>
<td>5,317</td>
<td>-31.9%</td>
</tr>
<tr>
<td>Business Received</td>
<td>786</td>
<td>536</td>
<td>+30.8%</td>
</tr>
</tbody>
</table>

Excluding EU Roaming impacts

## Revenues Performance Comparison - Δ% YoY

<table>
<thead>
<tr>
<th></th>
<th>FY11vs10</th>
<th>FY12vs11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>-7.1%</td>
<td>-7.0%</td>
</tr>
<tr>
<td>Service Revenues</td>
<td>-6.5%</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Business Received</td>
<td>-17.4%</td>
<td>-31.9%</td>
</tr>
<tr>
<td>Business Generated</td>
<td>-6.3%</td>
<td>-6.7%</td>
</tr>
<tr>
<td>Consumer Mobile</td>
<td>-5.6%</td>
<td>-4.4%</td>
</tr>
</tbody>
</table>
TELECOM ITALIA GROUP
Full-Year 2012 Preliminary Results and 2013-2015 Plan Outline

Domestic Mobile: Customer Base Trend

Total SIM cards

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Total 2012</th>
<th>1Q12</th>
<th>2Q12</th>
<th>3Q12</th>
<th>4Q12</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q11</td>
<td>32,227</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3Q12</td>
<td>32,123</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4Q12</td>
<td>32,159</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

MNP Trend

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Out/In 2012</th>
<th>Balance 2012vs11</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q12</td>
<td>1.2x</td>
<td>193k</td>
</tr>
<tr>
<td>2Q12</td>
<td>1.2x</td>
<td>15k</td>
</tr>
<tr>
<td>3Q12</td>
<td>1.6x</td>
<td>-188k</td>
</tr>
<tr>
<td>4Q12</td>
<td>1.2x</td>
<td>-3k</td>
</tr>
</tbody>
</table>

Market Churn Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Total 2012</th>
<th>MNP 2012vs11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg</td>
<td>35%</td>
<td>Op. 1 +9pp Op. 2 +3pp</td>
</tr>
</tbody>
</table>

Highlights

- Stable YoY performance in Net Adds, confirming leadership in the Italian Mobile Market
- MNP Balance reduced in 4Q, after New Offers Portfolio launched in October
- Best-in-class position in Churn Rate confirmed

* Excluding MTV (powered by TIM) MVNO lines discontinuation occurred in 2Q12
Domestic Fixed BroadBand Business

**BroadBandAccess**

<table>
<thead>
<tr>
<th>Total Italian BB Access</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free</td>
<td>13,031</td>
<td>13,394</td>
<td>13,609</td>
</tr>
<tr>
<td>Flat</td>
<td>7,715</td>
<td>7,125</td>
<td>7,020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Market Share</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free</td>
<td>86%</td>
<td>87%</td>
<td>89%</td>
</tr>
<tr>
<td>Flat</td>
<td>55.1%</td>
<td>53.2%</td>
<td>51.6%</td>
</tr>
</tbody>
</table>

**BB Revenues**

<table>
<thead>
<tr>
<th>ARPU</th>
<th>4Q11</th>
<th>4Q12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free</td>
<td>18.2</td>
<td>+3.8%</td>
</tr>
<tr>
<td>Flat</td>
<td>18.9</td>
<td>+1.2%</td>
</tr>
</tbody>
</table>

**Consumer Broadband CB**

| BB Flat | 79%  | +3%  |
| BB Gold* | 6%  | -3%  |
| BB Free | 15%  | -3%  |

**Highlights**

- Weaker BB Market Performance
- Constant increase of flat offers, reaching almost 90% of TI Customer Base, combining solid growth in BB ARPU and in Service Revenues
- Successful Premium campaign (Superinternet and other Gold Offers) on Consumer Segment, paving the way for growing demand for UltraBB Services
FY2012: Focus on Domestic Consumer Segment

Rational Upselling

- **Growing with Bundle**
  - TIM Young
  - Tutto Compreso

- **Snapshot on Calling CB**
  - ARPU Gross Adds
  - User with Options
  - SAC/ARPU

Drive Innovative Services Growth

- +14.4% YoY, excluding EU price cap on data
- +29% YoY Large & Small Screen Users
- +43% YoY Smartphones sold in 2012
- Paving the way for LTE: 7x vs 2011 MB Usage

Value Up

- Fixed ARPU
  - Performing well in Fixed ARPU:
    - Voice
    - Push on All-Inclusive Price Scheme
    - Price Simplification
    - BroadBand
    - Flat Offers Penetration (e.g. SuperInternet) Increased

TI Better Pace

- **Italian BB Market Revenues**
  - OLO
  - TI

- **BB TI Market Share**
  - M/S Volume
  - M/S Value

Source: SIRMI
**FY2012: Focus on Domestic Business Segment**

### Large

- **Top Browsing YoY**
  - FY11: 43%
  - FY12: 48%
  - +17% YoY Normalized*
  - +6% YoY Reported

- **Solid Browsing Performance in TOP Segment**, fostered by higher penetration of enabling devices

### SME

- **% Flat offers on CB**
  - 2011: +3.1pp
  - 2012: +2.6pp
  - +2.3pp

- **Growing CB**
  - FY11
  - FY12: +8%

### Fixed

- **Cloud Services**
  - €mln
  - FY11: ~80
  - FY12: 2x

- **Fixed Revenues Trend**
  - 1Q12: -10.0%
  - 2Q12: -10.9%
  - 3Q12: -13.1%
  - 4Q12: -18.4%
  - Dec: -26.1%

- **Business Line Losses**
  - 2011-11: +16k
  - 2012-11: -10k

- **Total Arpu**
  - 1Q12: +0.5%

*excl. EU price Cap on Data
Agenda

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Italian Economic Outlook: Growth Forecasts Postponed

- Lower than expected Italian GDP growth, negative also in 2013
- Consumer spending contraction confirmed in 2013, after bad performance in 2012
- Protracted period of high unemployment

Source: ISTAT, Prometeia
**Italian TLC Market Evolution**

### TLC Services Domestic Market 2012-2015

<table>
<thead>
<tr>
<th>Year</th>
<th>TLC Services &amp; ICT</th>
<th>TLC Services</th>
<th>Total MOBILE</th>
<th>Total Fixed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>€36.5</td>
<td>€27.8</td>
<td>€15.6</td>
<td>€12.2</td>
</tr>
</tbody>
</table>

- **CAGR '12-'15**
  - TLC Services & ICT: -2.0%
  - TLC Services: -2.0%
  - Total MOBILE: (-3/-4% in 2013)

### Revenues Trend 2013-2015

- **Fixed-Mobile Products**
  - Cum '13-'15: -1.1 bln €

- **Mobile BB**
  - Cum '13-'15: -0.6 bln €

### Notes:


Source: SIRMI, Milan University, Internal Estimates
Full-Year 2012 Preliminary Results and 2013-2015 Plan Outline

TI Domestic: Business Layers & Actions

**Cash Cost**
- 1. Customer Care Operations
- 2. Real Estate, Energy & Industrial
- 3. Business Segment Restructuring
- 4. IT Services NewCo
- 5. Investments

**Network**
- Innovation & Cash Generation

**Fixed**
- Traditional
- Innovative

**Mobile**
- Traditional
- Innovative

**Business**
- Tradtional Voice & Access
- Innovative ICT & Data

**Wholesale**
- Domestic
- International

**Access Protection**
- Fixed & Mobile UBB, Cloud Services & Beyond Connectivity: Fiber & LTE
- Market Share Defence & Usage Increase

**Traditional:**
- Defend/Grow Customer Base, Protect Access Value & Increase Line Density

**Innovative:**
- Push on VAS, Implement Convergent Approach & Develop New Services

**Domestic**
- Enhance Regulatory Environment
- Further progress in Smart Services (e.g. Cloud)

**International**
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TI Domestic: Consumer Segment (1/2)

Lock-in existing CB & ARPU
- Defend CB through right repositioning & lock-up
- Materially increase penetration of bundles and pack offers, in order to:
  - define prices and step-up along the value ladder;
  - prevent cannibalization on traditional services (as done with "Tim Young")
- New ARPU-tailored Caring Model

Increase Value
- Maintain best-in-class Churn Rate leveraging on our Premium Quality
- Keep on balancing Quality Acquisition Mix, progressively reducing MNP exposure
- Cross-selling and M&F Convergence
- Attack & Attract New Segments

Focus on Mobile Broadband
- Increase MBB penetration via new enabling devices
- Enhance Innovative Services (i.e. Personal Cloud, Music and Soccer games Streaming)
- Deliver LTE/HSDPA new applications through our Superior Network

% Flat on Calling CB

The Right Quality Acquisition Path
- ~1 pp per annum
- FY12 FY14 FY15
- ~1 mln
- FY12 FY15

Innovative Services offset Traditional
- Negative Balance
- Positive Balance

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Full-Year 2012 Preliminary Results and 2013-2015 Plan Outline

TI Domestic: Consumer Segment (2/2)

Defend Customer Base Value
- Protect CB increasing penetration of flat offers
- Use Loyalty Levers for High Value Customers
- Cross-selling & Convergence between F&M Customers

Leverage on Premium Position
- Sustain Top Positioning through TI processes Excellence
- Increase QoS & Customer Experience
- Service Differentiation via Technological Leadership

Enhance Value
- Increase Service Penetration & Broadband Options
- Upsell High-Speed BB (Fiber) & New Data Product (i.e. Intelligent Home and Content Platform) to Value Customers

BB Customer Base Mix
- Constant increase in overall CSI in the last 2 year
- Top of Mind:
  - Strong Value Perception on Reliability
  - Technical Support
  - Customer Care

Customer Satisfaction Index
- 2015 vs 2012 +10 pp

BB Revenues
- Cagr '12-'15 +6%
- FY12 FY15

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Full-Year 2012 Preliminary Results and 2013-2015 Plan Outline

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**TELECOM ITALIA GROUP**

**Full-Year 2012 Preliminary Results and 2013-2015 Plan Outline**

**TI Domestic: Business Segment (1/2)**

**Total CB Large+SME:**
More than 1.7 mln Customers

### Traditional Services

<table>
<thead>
<tr>
<th>Fixed</th>
<th>Mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Customer profiling aimed at maintaining current low churn rate and high market share**
- **Aim to further increase current leading presence in the Public Administration**
- **Maintain Value Acquisition per Line**
- **Increase Line Density per Customer**

### Innovative Services

<table>
<thead>
<tr>
<th>Fixed</th>
<th>Mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Increase penetration of current Cloud & ICT Services, and leverage on new ones**
- **Defend ARPU also through upselling**
- **Foster the «BYOD» concept to accelerate penetration**
- **Develop new streams of business, like M2M, Digital Health, Device Management, etc.**

**Stabilizing Traditional Services – Δ YoY**

- **2013 vs 2012:**
  - Fixed: Close to Zero @ 2015
  - Mobile: Cagr ‘12-15 = -2%**

**ICT Services Revenues**

- **WorldWide M2M Market:**
  - 2012: 67 bln €
  - Cagr ‘12-16 = +20%**
  - 2016: 150 bln €

- **M2M 2012 Revenues In Italy:**
  - 0.3 bln €

- **TIM Market Share on 2012 Revenues:**
  - ~30%

Source: Machina Research

*Both Public Administration and Private*
Full-Year 2012 Preliminary Results and 2013-2015 Plan Outline

**TI Domestic: Business Segment (2/2)**

### Traditional Services
- **Fixed**
  - Customer profiling aimed at reducing churn rate
  - Protect Access Value leveraging on new offers derived (and simplified) from «Large» segment
- **Mobile**
  - Increased customer segmentation and offer portfolio enrichment to be accompanied by new commercial thrust

### Innovative Services
- **Fixed**
  - Push on VAS & focus on Convergent Offers
  - Leverage on «Value for Money»: drive FTTcab adoption, enrich packages with more Value Added Services
- **Mobile**
  - Capitalize on existing high penetration of innovative devices introducing a simpler and more effective commercial approach

---

**Total CB Large+SME: More than 1.7 mln Customers**

- **SME**
  - Top Public Private
  - Strategic Large *
  - Large *

- **Balance CB in/out**
  - FY12
  - FY13
  - FY14
  - FY15
  - Cagr '12-'15 -3%

- **Churn Rate (Human)**
  - FY12
  - FY13
  - Cagr '12-'15 -5%

- **Convergent CB: Fixed customers with Mobile offers**
  - FY13 vs FY14
  - FY15
  - 2015 vs 2014 4x

- **Traditional vs Innovative Services – Δ YoY**
  - Positive Balance
  - Negative Balance

---

* Both Public Administration and Private
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**TI Domestic Efficiency Programs: Our Track Record**

**Cumulative Opex Reduction 2008-2012**

- Strong track record in Opex reduction in the last 5 years, aimed at maintaining a leading position in Domestic Profitability among European TLC Operators, without impacts on Operating Performance.
- Cumulative Opex Reduction: ~5.0 bln €

**Opex Efficiency Programs Delivery 2008-2012**

- Important Commitment & Outstanding Delivery Programs on Efficiency.
- Targets fully reached: >100% each year.
- Cash Cost Efficiency 2008-2012: ~4.5 bln €
- Total Efficiency: 2.8 bln €

### Cash Cost Efficiency 2008-2012
- 2008 vs 2007: 0.8
- 2009 vs 2008: 0.6
- 2010 vs 2009: 0.7
- 2011 vs 2010: 0.3
- 2012 vs 2011: 0.3
- Cum. 2008-2012: 2.8 bln €
TI Domestic: New Efficiency Programs

1. TI Caring Services Division
   -0.2
   FY12 FY15

2. Real Estate, Energy, Industrial & Other
   -0.5
   FY12 FY15

3. Business Division
   -0.2
   FY12 FY15

Domestic Opex

Efficiency Program

-0.6 bln
Δ vs '12-'14 Plan
+0.2
+0.2

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Investments: from “Value for Money” to “Money for Value”

Internet Demand Is Surging

Petabyte per Month

- Fixed
  - 2012: +24%
  - 2016: +70%

- Mobile
  - 2012: +24%
  - 2016: +70%

Cagr 12’16

World & Europe

2012 2016

Source: Cisco VNI, 2012 & 2013

Double Digit Growth

Cagr ~+30%

Deliver Content & Convergence

To deliver requested Fixed & Mobile BroadBand Capacity will be of paramount importance:

- ~3x High Video Quality Traffic, of which 90% on Fixed Lines
- New BB Services like Cloud Computing need High Speed in Up&Down link, both in Fixed & Mobile
- Ensure the Best Customer Experience in order to grow in all Service Clusters

LTE & FttCab: Two Complementary Technologies

IP Global Traffic : Fixed/Mobile Ratio

- FY12: ~40x
- FY15: ~10x

Source: Cisco VNI, 2012 & 2013

Develop the Fiber & LTE Networks for a Convergent approach on Full-IP Technologies
TI Domestic Investments: Sustaining Technological Evolution

**Total Domestic Capex**

<table>
<thead>
<tr>
<th>€ bln</th>
<th>2013</th>
<th>2014</th>
<th>2015 Cum '13-'15</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Efficiency Program**

- **FY12**: Efficiency
- **FY15**: 0.5

**New IT Services Division**

- Pursue further efficiencies in IT in order to reduce incremental costs driven by Architectural & Market-Driven Developments

**Cash Cost Efficiency**

A + B

**Total Efficiency Program ‘13-15: 1.8 bln€**

**2015 UBB Targets**

- **NGAN**
  - Cover largest 125 Cities and main Industrial Districts
  - ~35% of Housing units made connectable* at >30 Mb/s Speed

- **LTE**
  - NGAN Cities + other Areas (including Prime Tourist locations and Auction requirements)
  - More than NGAN footprint, always maintaining Leading Mobile UBB Coverage and Capacity

*passed+light cabinet deployed
Agenda

- Domestic 2012 Preliminary Results

- Telecom Italia Domestic Plan
  - Consumer Segment
  - Business Segment
  - Cost Efficiencies
  - NGN & LTE Deployment

- Take-Aways
- Appendix
Take-aways on main TI Domestic trends

**Organic data**

- Macro-economic drag on Business Segment, impact from Regulation (MTR + Roaming Cap) and continued competitive pressure suggest a 2013 YoY performance similar to 2012. Trend is expected to gradually improve during 2014 and 2015, on the back of a better Italian economy and a growing contribution from Innovative Services.

- We expect a negative Low-Single Digit Top Line 2012-2015 Cagr

- Consistence in pursuing our Value—Driven Strategy and relentless Cost Control and Efficiencies will gradually improve margin erosion. However, 2013 YoY performance is expected to be similar to 2012, also taking into consideration continued negative impact from Economy and Regulation (Roaming Cap).

- We expect a negative Low-Single Digit Ebitda 2012-2015 Cagr

- Continued strengthening of the Network infrastructure with a strong focus on Fiber and LTE deployment, to support wave of data growth, ensuring quality and performance excellence in fixed and mobile access.

- Cumulative Domestic 2013-15 Capex will be kept ~ €9bln, as Increase in Innovative will be balanced by Efficiencies & Rightspending in other areas
Agenda

- Domestic 2012 Preliminary Results
- Telecom Italia Domestic Plan
  - Consumer Segment
  - Business Segment
  - Cost Efficiencies
  - NGN & LTE Deployment
- Take-Aways
- Appendix
### Domestic Mobile Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>Δ % YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>7,114</td>
<td>6,616</td>
<td>(7.0)</td>
</tr>
<tr>
<td><strong>Wholesale (*)</strong></td>
<td>335</td>
<td>295</td>
<td>(11.8)</td>
</tr>
<tr>
<td><strong>Retail</strong></td>
<td>6,779</td>
<td>6,321</td>
<td>(6.8)</td>
</tr>
<tr>
<td><strong>o/w Services</strong></td>
<td>6,421</td>
<td>5,853</td>
<td>(8.8)</td>
</tr>
<tr>
<td><strong>o/w Business Generated (</strong>)**</td>
<td>5,635</td>
<td>5,317</td>
<td>(5.6)</td>
</tr>
<tr>
<td><strong>o/w Outgoing Voice</strong></td>
<td>3,600</td>
<td>3,279</td>
<td>(8.9)</td>
</tr>
<tr>
<td><strong>o/w VAS</strong></td>
<td>2,034</td>
<td>2,038</td>
<td>+0.2</td>
</tr>
<tr>
<td><strong>o/w Incoming</strong></td>
<td>786</td>
<td>536</td>
<td>(31.9)</td>
</tr>
<tr>
<td><strong>o/w Handsets</strong></td>
<td>359</td>
<td>469</td>
<td>30.8</td>
</tr>
</tbody>
</table>

( * ) Including Visitors  
( ** ) Total Retail Services Revenues net of Incoming

(*) Including Visitors  
(**) Total Retail Services Revenues net of Incoming
## Domestic Fixed Revenues

_Euro mln, Organic Data, %_

<table>
<thead>
<tr>
<th></th>
<th>FY11</th>
<th>FY12</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>13,501</td>
<td>12,810</td>
<td>(5.1)</td>
</tr>
<tr>
<td><strong>Sparkle Group</strong></td>
<td>1,413</td>
<td>1,393</td>
<td>(1.4)</td>
</tr>
<tr>
<td><strong>Domestic Core Services</strong></td>
<td>11,823</td>
<td>11,319</td>
<td>(4.3)</td>
</tr>
<tr>
<td><strong>Voice &amp; Access</strong></td>
<td>5,615</td>
<td>5,253</td>
<td>(6.5)</td>
</tr>
<tr>
<td><strong>Internet</strong></td>
<td>1,573</td>
<td>1,592</td>
<td>+1.2</td>
</tr>
<tr>
<td><strong>Business Data</strong></td>
<td>1,201</td>
<td>1,132</td>
<td>(5.7)</td>
</tr>
<tr>
<td><strong>National Wholesale</strong></td>
<td>3,177</td>
<td>3,093</td>
<td>(2.6)</td>
</tr>
<tr>
<td><strong>Other &amp; Subs</strong></td>
<td>256</td>
<td>248</td>
<td>(3.1)</td>
</tr>
<tr>
<td><strong>Products</strong></td>
<td>541</td>
<td>337</td>
<td>(37.7)</td>
</tr>
<tr>
<td><strong>Elimination</strong></td>
<td>(276)</td>
<td>(239)</td>
<td>n.m.</td>
</tr>
</tbody>
</table>
Domestic Efficiency Plan

Euro mn, Organic Data, %

Cash Cost

<table>
<thead>
<tr>
<th>Ytd 11</th>
<th>Interconnection</th>
<th>Volume Driven</th>
<th>Efficiency</th>
<th>Ytd 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.678</td>
<td>-332</td>
<td>+381</td>
<td>-578</td>
<td>12.149</td>
</tr>
</tbody>
</table>

Target FY: -486

Delta Cash Cost FY 12 vs FY 11

<table>
<thead>
<tr>
<th>FY '12</th>
<th>Δ ITX</th>
<th>Δ Vol. Driven</th>
<th>Δ Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.077</td>
<td>-332</td>
<td>-332</td>
<td>-344</td>
</tr>
</tbody>
</table>

ITX
-1948

Mktg & Sales
2.772
-217

Industrial
1.060
+100

Personnel
2.841
-172

G&A & Other **
456
-18

Cash Cost on Revenues %

<table>
<thead>
<tr>
<th>FY'11</th>
<th>FY'12</th>
</tr>
</thead>
<tbody>
<tr>
<td>66.7%</td>
<td>67.8%</td>
</tr>
</tbody>
</table>

+1.1 p.p.

Handsets: -94

Total Opex*
9.077

-639

ITX

1.948

-332

Mktg & Sales
2.772

-217

Industrial
1.060

+100

Personnel
2.841

-172

G&A & Other **
456

-18

Total Capex
3.072

+110

Total Cash Cost
12.149

-529

-332

+381

-578

* Costs related to credit management are reclassified from G&A & Other to Mktg & Sales

**Includes Other Operating cost/Income and Capitalized Costs