



1Q'16 Financial and operating data

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The financial and operating data have been extracted or derived, with the exception of some data, from the Condensed Consolidated Financial Statements as of and for the three months ended 31 March 2016 which have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as IFRS). Such interim financial statements are unaudited.

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements as of and for the three months ended 31 March 2016 have been applied on a basis consistent with those adopted in the Annual Consolidated Financial Statements at 31 December 2015, to which reference can be made, except for the new standards and interpretations adopted by the Telecom Italia Group starting from 1 January 2016 which had no effects on the Condensed Consolidated Financial Statements as of and for the three months ended 31 March 2016.

Within the Brazil Business Unit, Tim Brasil's Management recently identified that incorrect accounting entries were made in prior years in connection with the recognition of service revenue from the sale of prepaid traffic. Such incorrect accounting entries, resulted in the early recognition of revenues and consequently the underestimation of deferred revenue liabilities for prepaid traffic not yet consumed. The incorrect accounting entries did not have any impact either in terms of net financial position nor on cash and cash equivalents.

In light of the above, the comparative financial information as of 31 December 2015 and for the three-month period ended 31 March 2015 have been revised, segment information included. Furthermore, the Sofora - Telecom Argentina group, which was disposed of on 8 March 2016, is classified as Discontinued operations

Starting from 1 January 2016, as a result of the change in the operational mission of Persidera, the Media Business Unit was included in the Domestic Business Unit, while for prior periods under comparison it was reclassified under Other activities & Eliminations.

P&L Group

€ mln	Revised	UNAUDITED FIGURES
	1Q15	1Q16
REVENUES	5,054	4,440
Other Income	53	47
TOTAL OPERATING REVENUES AND OTHER INCOME	5,107	4,487
Acquisition of goods and services	(2,171)	(1,923)
Employee benefits expenses	(833)	(848)
Other operating expenses	(265)	(247)
Internally generated assets and Others	195	243
EBITDA	2,033	1,712
<i>EBITDA Margin</i>	40.2%	38.6%
Depreciation and amortization	(1,052)	(1,009)
Impairment reversals (losses) on non-current assets		(2)
Gains (losses) on disposals of non-current assets		3
EBIT	981	704
<i>EBIT Margin</i>	19.4%	15.9%
Income (loss) equity invest. valued equity method	2	
Net Financial Income / (Expenses)	(817)	(26)
Profit (loss) before tax from continuing operations	166	678
Income tax expense	(74)	(221)
Profit (loss) from continuing operations	92	457
Profit (loss) from Discontinued operations/Non-current assets held for sale	169	47
Prifit (loss) for the year	261	504
Attributable to:		
Owners of the Parent	82	433
Non-controlling interests	179	71

Key financial data by Business Unit

	Revised	UNAUDITED FIGURES
REVENUES (€ mln)	1Q15	1Q16
Domestic	3,631	3,548
o/w Wireline Domestic	2,657	2,553
o/w Mobile Domestic	1,151	1,186
Brasile	1,412	897
Other activities & Elim.	11	(5)
TI Group	5,054	4,440
EBITDA Reported (€ mln)		
Domestic	1,610	1,461
Brasile	416	258
Other activities & Elim.	7	(7)
TI Group	2,033	1,712
EBITDA Margin Reported		
Domestic	44.3%	41.2%
Brasile	29.5%	28.8%
TI Group	40.2%	38.6%
EBIT Reported (€ mln)		
Domestic	814	662
Brasile	165	49
Other activities & Elim.	2	(7)
TI Group	981	704
EBIT Margin Reported		
Domestic	22.4%	18.7%
Brasile	11.7%	5.5%
TI Group	19.4%	15.9%
CAPEX (€ mln)		
Domestic	676	778
Brasile	287	166
Elim & Adj	1	0
TI Group	964	944
CAPEX ON SALES (%)		
Domestic	18.6%	21.9%
Brasile	20.3%	18.5%
TI Group	19.1%	21.3%

Net Cash Flow & Net Debt Dynamics

	Revised	UNAUDITED FIGURES
	1Q15	1Q16
(€ mln)		
EBITDA	2,033	1,712
CAPEX	(964)	(944)
Change in net operating working capital:	(1,502)	(750)
Change in inventories	(40)	(87)
Change in trade receivables and net amounts due from customers on construction contracts	(345)	30
Change in trade payables (*)	(979)	(566)
Other changes in operating receivables/payables	(138)	(127)
Change in provisions for employee benefits	(6)	59
Change in operating provisions and Other changes	(16)	(52)
Net operating Free Cash Flow	(455)	25
Sale of investments and other disposals flow	3	707
Share capital increases/reimbursements, including incidental costs	186	
Financial investments flow		(9)
Dividends payment	(3)	
Change in finance lease contracts		(46)
Finance expenses, income taxes and other net non-operating requirements flow	(486)	(500)
Reduction/(Increase) in adjusted net financial debt from continuing operations	(755)	177
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	(24)	(38)
Reduction/(Increase) in adjusted net financial debt	(779)	139
OPENING NET FINANCIAL DEBT (Adjusted)	26,651	27,278
Net cash flow	(779)	139
ENDING NET FINANCIAL DEBT (Adjusted)	27,430	27,139
Adj for fair value valuation of derivatives and related underlyings	1,573	1,094
ENDING NET FINANCIAL DEBT (Reported)	29,003	28,233

(*) Includes the change in trade payables for amounts due to fixed asset suppliers

Consolidated Balance Sheet

€ mln	Revised FY15	UNAUDITED FIGURES 1Q16
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Goodwill	29,383	29,436
Intangible assets with a finite useful life	6,480	6,516
	35,863	35,952
Tangible assets		
Property, plant and equipment owned	12,659	12,816
Assets held under finance leases	2,208	2,210
	14,867	15,026
Other non-current assets		
Investments in associates and joint ventures accounted for using the equity method	41	41
Other investments	45	41
Securities, financial receivables and other non-current financial assets	2,989	2,766
Miscellaneous receivables and other non-current assets	1,778	1,899
Deferred tax assets	853	894
	5,706	5,641
TOTAL NON-CURRENT ASSETS (A)	56,436	56,619
CURRENT ASSETS		
Inventories	254	341
Trade and miscellaneous receivables and other current assets	5,112	5,534
Current income tax receivables	163	26
Other investments		
Securities other than investments, financial receivables and other current financial assets	1,840	1,130
Cash and cash equivalents	3,559	2,665
Current assets sub-total	10,928	9,696
Discontinued operations/assets held for sale		
of a financial nature	227	-
of a non-financial nature	3,677	-
	3,904	-
TOTAL CURRENT ASSETS (B)	14,832	9,696
TOTAL ASSETS (A+B)	71,268	66,315
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to equity holders of the Parent	17,554	18,181
Equity attributable to Minority Interests	3,695	2,035
TOTAL EQUITY (C)	21,249	20,216
NON-CURRENT LIABILITIES		
Non-current financial liabilities	30,518	30,354
Employee benefits	1,420	1,459
Deferred tax liabilities	323	367
Provisions	551	551
Miscellaneous payables and other non-current liabilities	1,110	1,140
TOTAL NON-CURRENT LIABILITIES (D)	33,922	33,871
CURRENT LIABILITIES		
Current financial liabilities	6,224	4,440
Trade and miscellaneous payables and other current liabilities	7,882	7,701
Current income tax payables	110	87
Current liabilities sub-total (E)	14,216	12,228
Liabilities directly associated with Discontinued operations/Non-current assets held for sale		
of a financial nature	348	-
of a non-financial nature	1,533	-
	1,881	-
TOTAL CURRENT LIABILITIES (E)	16,097	12,228
TOTAL LIABILITIES (F=D+E)	50,019	46,099
TOTAL EQUITY AND LIABILITIES (C+F)	71,268	66,315

Domestic Business Results - Reported Figures

UNAUDITED FIGURES

	1Q15	Δ% yoy	2Q15	Δ% yoy	3Q15	Δ% yoy	4Q15	Δ% yoy	FY15	Δ% yoy	1Q16	Δ% yoy
KPI's ('000)												
Wireline												
Physical accesses	12,283	-5.7%	12,080	-5.8%	11,907	-5.9%	11,742	-5.9%	11,742	-5.9%	11,602	-5.5%
Broadband (retail+wholesale)	8,784	0.3%	8,821	0.7%	8,839	1.1%	8,890	1.6%	8,890	1.6%	8,955	1.9%
Mobile												
Total lines	30,140	-2.8%	30,075	-1.9%	30,023	-1.2%	30,007	-1.1%	30,007	-1.1%	29,846	-1.0%
€ mln												
REVENUES	3,631	-2.6%	3,744	-1.6%	3,752	-1.4%	3,874	-2.3%	15,001	-2.0%	3,548	-2.3%
o/w Services	3,435	-3.3%	3,505	-1.7%	3,539	-1.5%	3,578	-1.1%	14,058	-1.9%	3,352	-2.4%
o/w Equipments	196	12.3%	239	1.3%	213	0.7%	296	-15.0%	943	-2.7%	196	0.1%
o/w Domestic Mobile Services	1,053	-4.2%	1,109	-2.5%	1,170	-1.5%	1,184	0.1%	4,517	-2.0%	1,059	0.6%
o/w Traditional	621	-12.9%	622	-14.3%	639	-12.1%	621	-10.6%	2,503	-12.5%	573	-7.7%
o/w Innovative	375	14.4%	416	21.8%	453	16.0%	484	19.9%	1,728	18.1%	438	16.8%
o/w Wholesale	57	-1.6%	71	2.1%	79	10.0%	78	-6.2%	286	0.9%	48	-15.8%
o/w Domestic Wireline Services	2,595	-4.4%	2,614	-1.9%	2,592	-1.8%	2,572	-3.1%	10,372	-2.8%	2,483	-4.3%
o/w Traditional Services	1,193	-8.4%	1,185	-6.2%	1,151	-6.3%	1,109	-9.6%	4,638	-7.6%	1,064	-10.8%
o/w Innovative Services	558	4.6%	583	7.8%	577	4.9%	596	3.8%	2,314	5.2%	590	5.8%
o/w Domestic Wholesale	560	-7.7%	549	-6.4%	550	-5.6%	546	1.2%	2,205	-4.8%	537	-4.1%
o/w TIS Group	310	3.0%	325	8.3%	336	10.5%	343	1.2%	1,314	5.6%	311	0.3%
o/w Subs. Adj. and Other	-26	12.2%	-28	-3.3%	-23	15.8%	-23	7.6%	-99	8.2%	-19	24.7%
Elimination & Other	-213	18.0%	-218	6.8%	-223	4.8%	-177	18.9%	-831	12.2%	-190	10.9%
EBITDA	1,610	-10.2%	1,236	-27.7%	1,679	-6.5%	1,042	-38.8%	5,567	-20.4%	1,461	-9.3%
EBITDA Margin	44.3%		33.0%		44.7%		26.9%		37.1%		41.2%	
Capex	676	37.1%	830	21.3%	791	28.6%	1,603	61.8%	3,900	40.1%	778	15.1%
% on revenues	18.6%		22.2%		21.1%		41.4%		26.0%		21.9%	
Headcount at period-end ('000)	52,965	-0.6%	52,825	-0.7%	52,726	-1.0%	52,644	-0.8%	52,644	-0.8%	52,713	-0.5%

Domestic Wireline Results - Reported Figures

UNAUDITED FIGURES

	1Q15	Δ% yoy	2Q15	Δ% yoy	3Q15	Δ% yoy	4Q15	Δ% yoy	FY15	Δ% yoy	1Q16	Δ% yoy
KPI's												
Physical accesses ('000)	12,283	-5.7%	12,080	-5.8%	11,907	-5.9%	11,742	-5.9%	11,742	-5.9%	11,602	-5.5%
OLO Access (on TI infrastructure)	7,297	1.2%	7,375	1.6%	7,392	3.1%	7,467	3.4%	7,467	3.4%	7,543	3.4%
o/w ULL	5,460	1.2%	5,511	0.9%	5,517	2.9%	5,573	3.1%	5,573	3.1%	5,632	3.2%
o/w Virtual ULL	26	-6.5%	27	1.4%	29	16.7%	28	17.4%	28	17.4%	29	12.2%
o/w Wholesale Line Rental	565	-14.4%	547	-13.7%	523	-14.1%	497	-15.4%	497	-15.4%	470	-16.9%
o/w Naked	1,207	7.3%	1,213	7.5%	1,218	5.4%	1,230	3.8%	1,230	3.8%	1,241	2.9%
o/w NGN	39	-	76	-	105	-	139	-	139	-	170	-
TI Retail Broadband Accesses ('000)	6,945	0.2%	6,971	0.5%	6,984	0.7%	7,023	1.5%	7,023	1.5%	7,067	1.8%
o/w Business	1,544	0.0%	1,522	-1.5%	1,505	-3.1%	1,488	-4.1%	1,488	-4.1%	1,480	-4.2%
o/w Consumer	5,401	0.2%	5,450	1.0%	5,479	1.8%	5,535	3.1%	5,535	3.1%	5,588	3.5%
o/w NGN	290	-	374	-	435	-	538	-	538	-	672	-
% flat offers on TI total portfolio (Co	92%	1.8pp	93%	1.9pp	93%	1.9pp	94%	1.9pp	94%	1.9pp	94%	1.8pp
BroadBand Accesses Wholesale ('00	1,839	0.6%	1,850	1.7%	1,855	2.4%	1,867	2.1%	1,867	2.1%	1,888	2.6%
BB Arpu (euro/mese)	20.4	6.0%	20.9	6.7%	20.7	3.7%	21.2	4.9%	20.8	5.3%	21.5	5.2%
REVENUES(€ mln)												
TOTAL	2,657	-4.1%	2,688	-1.8%	2,645	-2.7%	2,664	-3.9%	10,654	-3.1%	2,553	-3.9%
o/w Services	2,595	-4.4%	2,614	-1.9%	2,592	-1.8%	2,572	-3.1%	10,372	-2.8%	2,483	-4.3%
o/w Equipments	62	9.1%	74	1.4%	53	-32.5%	92	-21.7%	282	-13.8%	70	13.8%
TRADITIONAL SERVICES	1,193	-8.4%	1,185	-6.2%	1,151	-6.3%	1,109	-9.6%	4,638	-7.6%	1,064	-10.8%
o/w Voice	1,038	-7.6%	1,015	-7.1%	978	-7.3%	944	-11.9%	3,975	-8.5%	901	-13.2%
o/w Traffic	353	-6.3%	359	-1.9%	348	1.6%	339	-9.5%	1,399	-4.1%	324	-8.4%
o/w Access	612	-8.0%	586	-9.3%	562	-10.9%	539	-13.0%	2,299	-10.3%	515	-15.9%
o/w Voice VAS	30	-6.7%	29	-12.9%	28	-18.0%	27	-17.1%	115	-13.7%	26	-15.4%
o/w Rental & other	43	-12.1%	41	-14.3%	40	-16.0%	38	-13.2%	161	-13.9%	37	-13.7%
o/w Business Data & Others trad	155	-13.9%	170	-0.5%	173	-0.3%	165	6.9%	663	-2.3%	163	5.3%
o/w Data Services	118	-6.8%	120	-4.3%	110	-9.8%	117	-4.9%	465	-6.4%	112	-4.8%
o/w Rental & other	37	-30.4%	50	10.0%	63	22.3%	48	53.1%	198	9.0%	51	37.3%
INNOVATIVE SERVICES	558	4.6%	583	7.8%	577	4.9%	596	3.8%	2,314	5.2%	590	5.8%
o/w Broadband	418	5.7%	430	6.8%	427	3.9%	437	5.8%	1,712	5.5%	447	6.9%
o/w Access	389	6.1%	403	7.7%	399	4.7%	410	6.7%	1,600	6.3%	420	7.9%
o/w Bundles Services	10	2.1%	10	-2.1%	10	0.1%	9	-5.9%	39	-1.5%	9	-5.4%
o/w Others	19	-0.8%	18	-5.0%	18	-8.8%	18	-6.6%	72	-5.4%	17	-6.4%
o/w Content	5	12.7%	5	4.8%	6	28.2%	4	-13.1%	20	7.5%	4	-17.6%
o/w ICT Service	135	1.1%	148	10.7%	145	7.1%	155	-0.9%	582	4.3%	139	3.2%
Domestic Wholesale	560	-7.7%	549	-6.4%	550	-5.6%	546	1.2%	2,205	-4.8%	537	-4.1%
TIS Group	310	3.0%	325	8.3%	336	10.5%	343	1.2%	1,314	5.6%	311	0.3%
Subs. Adj. and Other	-26	12.2%	-28	-3.3%	-23	15.8%	-23	7.6%	-99	8.2%	-19	24.7%

Domestic Mobile Results - Reported Figures

											UNAUDITED FIGURES	
	1Q15	Δ% yoy	2Q15	Δ% yoy	3Q15	Δ% yoy	4Q15	Δ% yoy	FY15	Δ% yoy	1Q16	Δ% yoy
KPI's												
Total number of lines ('000) ⁽¹⁾	30,140	-2.8%	30,075	-1.9%	30,023	-1.2%	30,007	-1.1%	30,007	-1.1%	29,846	-1.0%
Churn Rate %	6.4%	0.3pp	5.5%	-0.4pp	5.8%	-0.5pp	5.7%	-0.1pp	23.4%	-0.7pp	5.6%	-0.8pp
Total User Broadband (mln of users)	10.5	20.8%	10.8	17.5%	11.2	16.9%	11.5	14.3%	11.5	14.3%	11.6	11.1%
Total User LTE (mln of users)	1.8	-	2.7	-	3.4	-	4.4	-	4.4	-	5.0	-
Volumes of traffic (mln of minutes) ⁽²⁾	16,155	8.0%	16,630	6.6%	16,339	5.1%	16,998	2.7%	66,122	5.5%	16,943	4.9%
o/w Outgoing traffic volumes (mln of minutes) ⁽³⁾	10,821	4.5%	10,983	3.3%	10,711	1.9%	11,096	-0.8%	43,611	2.2%	10,999	1.6%
o/w Incoming traffic volumes (mln of minutes)	5,335	15.7%	5,647	13.9%	5,627	11.8%	5,902	9.8%	22,512	12.7%	5,945	11.4%
Usage Voce (min/line/month) ⁽⁴⁾	214	13.0%	223	11.5%	220	8.9%	232	6.2%	222	9.8%	233	8.8%
Usage Dati (GB/users/month)	1.3	14.3%	1.4	15.1%	1.6	18.3%	1.6	15.9%	1.5	15.9%	1.7	28.6%
ARPU ⁽⁴⁾	11.3	-1.3%	11.9	0.2%	12.5	-0.2%	12.8	0.8%	12.1	-0.1%	11.6	2.5%
REVENUES (€ mln), Reported figures												
TOTAL	1,151	-2.0%	1,236	-2.2%	1,303	1.5%	1,378	0.7%	5,068	-0.5%	1,186	3.0%
SERVICES	1,053	-4.2%	1,109	-2.5%	1,170	-1.5%	1,184	0.1%	4,517	-2.0%	1,059	0.6%
Traditional Services	621	-12.9%	622	-14.3%	639	-12.1%	621	-10.6%	2,503	-12.5%	573	-7.7%
o/w Outgoing voice ⁽⁵⁾	463	-12.6%	455	-14.3%	461	-14.0%	432	-13.8%	1,810	-13.7%	404	-12.8%
o/w Incoming voice	58	12.3%	62	9.9%	65	14.4%	69	16.2%	254	13.3%	67	15.7%
o/w Messaging	100	-24.2%	106	-24.0%	113	-15.6%	120	-10.6%	439	-18.6%	102	2.0%
Innovative Services	375	14.4%	416	21.8%	453	16.0%	484	19.9%	1,728	18.1%	438	16.8%
o/w Browsing	306	16.0%	339	20.7%	372	23.8%	392	20.5%	1,409	20.3%	356	16.3%
o/w Internet Content	69	8.1%	77	27.3%	80	-10.2%	92	17.4%	319	9.0%	83	19.4%
Wholesale Services	57	-1.6%	71	2.1%	79	10.0%	78	-6.2%	286	0.9%	48	-15.8%
Handsets	98	29.0%	127	0.1%	133	39.3%	194	4.8%	551	14.1%	127	29.5%

⁽²⁾ Incoming+Outgoing Mobile Retail + Wholesale excluding Visitors

⁽³⁾ Roaming volumes not included

⁽⁴⁾ Net of visitors

⁽⁵⁾ Outgoing voice revenues include roaming revenues

TIM Brasil Results - Reported Figures

	Revised	UNAUDITED FIGURES	
	1Q15	1Q16	Δ% yoy
KPI's - Mobile only			
Estimated Total Penetration (%) ⁽¹⁾	139.0%	125.4%	
Market Share on total lines(%) ⁽¹⁾	26.7%	26.1%	-0.6pp
Total Lines ('000) ^{(1) (2)}	75,749	67,269	-11.2%
TOTAL ARPU ⁽³⁾	16.7	17.2	3.0%
TOTAL MOU <i>net of visitors</i>	120	119	-1.4%
MAIN RESULTS (IAS/IFRS, R\$ mln)			
	1Q15	1Q16	Δ% yoy
REVENUES Reported	4,551	3,854	-15.3%
of which services	3,944	3,618	-8.3%
of which handsets	607	236	-61.1%
EBITDA Reported	1,341	1,107	-17.4%
<i>EBITDA margin</i>	29.5%	28.7%	-0.8pp
Capex Reported	924	710	-23.2%
<i>% on revenues</i>	20.3%	18.4%	-1.9pp
<hr/>			
	1Q15	1Q16	Δ% yoy
Exchange rate AVG (R\$ vs. euro)	3.22251	4.29753	

(1) Source ANATEL

(2) Includes company lines; the data of the periods under comparison have been appropriately restated.

(3) Gross of visitors

1Q'16 Reported & Organic Figures: YoY trends

Revised

UNAUDITED FIGURES

1Q'15				1Q'16		Δ% yoy reported	Δ% yoy organic
Reported Figures (a)	Non Organic elements (b)		Organic figures (c=a+b)	Reported figures (d)	(d/a-1)	(d/c-1)	
€ mln	Change in consolid. area	Exchange rate impact					
REVENUES							
Domestic	3,631		2	3,633	(2.3)	(2.3)	
o/w Wireline Domestic	2,657		2	2,659	(3.9)	(4.0)	
o/w Mobile Domestic	1,151		0	1,151	3.0	3.0	
Brasile	1,412		(353)	1,059	(36.5)	(15.3)	
Other Activities & Eliminations	11			11	-	-	
TI Group	5,054		(351)	4,703	(12.1)	(5.6)	
EBITDA							
Domestic	1,610		1	1,611	(9.3)	(9.3)	
Brasile	416		(104)	312	(38.0)	(17.4)	
Other Activities & Eliminations	7			7	-	-	
TI Group	2,033		(103)	1,930	(15.8)	(11.3)	
EBITDA Margin							
Domestic	44.3%			44.3%	-3.1 pp	-3.1 pp	
Brasile	29.5%			29.5%	-0.7 pp	-0.8pp	
TI Group	40.2%			41.0%	-1.6 pp	-2.4 pp	
EBIT							
Domestic	814		0	814	(18.7)	(18.7)	
Brasile	165		(41)	124	(70.3)	(60.5)	
Other Activities & Eliminations	2			2	-	-	
TI Group	981		(41)	940	(28.2)	(25.1)	
EBIT Margin							
Domestic	22.4%			22.4%	-3.7 pp	-3.7 pp	
Brasile	11.7%			11.7%	-6.2 pp	-6.3pp	
TI Group	19.4%			20.0%	-3.5 pp	-4.1 pp	