



2Q'16 Financial and operating data

Index

click on the links below

[Disclaimer](#)

[P&L Group FY](#)

[P&L Group Q](#)

[Key Financial data by BU FY](#)

[Key Financial data by BU quarter](#)

[Net Debt & Cashflow](#)

[Balance Sheet](#)

[Domestic Business Results](#)

[Domestic Wireline Results](#)

[Domestic Mobile Results](#)

[TIM Brasil Results](#)

[Rep&Org](#)

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The financial and operating data have been extracted or derived, with the exception of some data, from the Half-year Condensed Consolidated Financial Statements as of and for the six months ended 30 June 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).

The accounting policies adopted in the preparation of the Half-year Condensed Consolidated Financial Statements as of and for the six months ended 30 June 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 Half-year Condensed Consolidated Financial Statements as of and for the six months ended 30 June 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 six-month period ended 30 June 2015 have been revised, segment information included.

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.

Furthermore, the Sofora - Telecom Argentina group, which was disposed of on 8 March 2016, is classified as Discontinued operations.

P&L Group

€ mln	Revised		UNAUDITED FIGURES	
	1Q15	1H15	1Q16	1H16
REVENUES	5,054	10,101	4,440	9,096
Other Income	53	131	47	107
TOTAL OPERATING REVENUES AND OTHER INCOME	5,107	10,232	4,487	9,203
Acquisition of goods and services	(2,171)	(4,372)	(1,923)	(3,783)
Employee benefits expenses	(833)	(1,705)	(848)	(1,551)
Other operating expenses	(265)	(888)	(247)	(501)
Internally generated assests and Others	195	372	243	358
EBITDA	2,033	3,639	1,712	3,726
<i>EBITDA Margin</i>	40.2%	36.0%	38.6%	41.0%
Depreciation and amortization	(1,052)	(2,130)	(1,009)	(2,047)
Impairment reversals (losses) on non-current assets		279	(2)	(5)
Gains (losses) on disposals of non-current assets			3	13
EBIT	981	1,788	704	1,687
<i>EBIT Margin</i>	19.4%	17.7%	15.9%	18.5%
Income (loss) equity invest. valued equity method	2	4		5
Net Financial Income / (Expenses)	(817)	(1,482)	(26)	(145)
Profit (loss) before tax from continuing operations	166	310	678	1,547
Income tax expense	(74)	(195)	(221)	(489)
Profit (loss) from continuing operations	92	115	457	1,058
Profit (loss) from Discontinued operations/Non-current assets held for sale	169	330	47	47
Prifit (loss) for the year	261	445	504	1,105
Attributable to:				
Owners of the Parent	82	33	433	1,018
Non-controlling interests	179	412	71	87

Key financial data by Business Unit

	Revised		UNAUDITED FIGURES	
	1Q15	1H15	1Q16	1H16
REVENUES (€ mln)				
Domestic	3,631	7,375	3,548	7,247
o/w Wireline Domestic	2,657	5,345	2,553	5,131
o/w Mobile Domestic	1,151	2,387	1,186	2,447
Brasile	1,412	2,691	897	1,858
Other activities & Elim.	11	35	(5)	(9)
TI Group	5,054	10,101	4,440	9,096
EBITDA Reported (€ mln)				
Domestic	1,610	2,846	1,461	3,184
Brasile	416	790	258	556
Other activities & Elim.	7	3	(7)	(14)
TI Group	2,033	3,639	1,712	3,726
EBITDA Margin Reported				
Domestic	44.3%	38.6%	41.2%	43.9%
Brasile	29.5%	29.4%	28.8%	29.9%
TI Group	40.2%	36.0%	38.6%	41.0%
EBIT Reported (€ mln)				
Domestic	814	1,222	662	1,581
Brasile	165	574	49	121
Other activities & Elim.	2	-8	(7)	(15)
TI Group	981	1,788	704	1,687
EBIT Margin Reported				
Domestic	22.4%	16.6%	18.7%	21.8%
Brasile	11.7%	21.3%	5.5%	6.5%
TI Group	19.4%	17.7%	15.9%	18.5%
CAPEX (€ mln)				
Domestic	676	1,506	778	1,575
Brasile	287	637	166	408
Elim & Adj	1	3	0	0
TI Group	964	2,146	944	1,983
CAPEX ON SALES (%)				
Domestic	18.6%	20.4%	21.9%	21.7%
Brasile	20.3%	23.7%	18.5%	22.0%
TI Group	19.1%	21.2%	21.3%	21.8%

Key financial data by Business Unit

REVENUES (€ mln)	Revised		UNAUDITED FIGURES	
	1Q15	2Q15	1Q16	2Q16
Domestic	3,631	3,744	3,548	3,699
o/w Wireline Domestic	2,657	2,688	2,553	2,578
o/w Mobile Domestic	1,151	1,236	1,186	1,261
Brasile	1,412	1,279	897	961
Other activities & Elim.	11	24	(5)	(4)
TI Group	5,054	5,047	4,440	4,656
EBITDA Reported (€ mln)				
Domestic	1,610	1,236	1,461	1,723
Brasile	416	374	258	298
Other activities & Elim.	7	(4)	(7)	(7)
TI Group	2,033	1,606	1,712	2,014
EBITDA Margin Reported				
Domestic	44.3%	33.0%	41.2%	46.6%
Brasile	29.5%	29.2%	28.8%	31.0%
TI Group	40.2%	31.8%	38.6%	43.3%
EBIT Reported (€ mln)				
Domestic	814	408	662	919
Brasile	165	409	49	72
Other activities & Elim.	2	(10)	(7)	(8)
TI Group	981	807	704	983
EBIT Margin Reported				
Domestic	22.4%	10.9%	18.7%	24.8%
Brasile	11.7%	32.0%	5.5%	7.5%
TI Group	19.4%	16.0%	15.9%	21.1%
CAPEX (€ mln)				
Domestic	676	830	778	797
Brasile	287	350	166	242
Elim & Adj	1	2	0	0
TI Group	964	1,182	944	1,039
CAPEX ON SALES (%)				
Domestic	18.6%	22.2%	21.9%	21.5%
Brasile	20.3%	27.4%	18.5%	25.2%
TI Group	19.1%	23.4%	21.3%	22.3%

Net Cash Flow & Net Debt Dynamics

	Revised		UNAUDITED FIGURES	
	1Q15	1H15	1Q16	1H16
(€ mln)				
EBITDA	2,033	3,639	1,712	3,726
CAPEX	(964)	(2,146)	(944)	(1,983)
Change in net operating working capital:	(1,502)	(1,124)	(750)	(1,078)
Change in inventories	(40)	(54)	(87)	(40)
Change in trade receivables and net amounts due from customers on construction contracts	(345)	(128)	30	(130)
Change in trade payables (*)	(979)	(912)	(566)	(635)
Other changes in operating receivables/payables	(138)	(30)	(127)	(273)
Change in provisions for employee benefits	(6)	19	59	40
Change in operating provisions and Other changes	(16)	313	(52)	(34)
Net operating Free Cash Flow	(455)	701	25	671
Sale of investments and other disposals flow	3	1,379	707	732
Share capital increases/reimbursements, including incidental costs	186	186		
Financial investments flow		(24)	(9)	(9)
Dividends payment	(3)	(204)		(227)
Change in finance lease contracts		(984)	(46)	(123)
Finance expenses, income taxes and other net non-operating requirements flow	(486)	(1,217)	(500)	(1,242)
Reduction/(Increase) in adjusted net financial debt from continuing operations	(755)	(163)	177	(198)
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	(24)	(178)	(38)	(38)
Reduction/(Increase) in adjusted net financial debt	(779)	(341)	139	(236)
OPENING NET FINANCIAL DEBT (Adjusted)	26,651	26,651	27,278	27,278
Net cash flow	(779)	(341)	139	(236)
ENDING NET FINANCIAL DEBT (Adjusted)	27,430	26,992	27,139	27,514
Adj for fair value valuation of derivatives and related underlyings	1,573	1,366	1,094	556
ENDING NET FINANCIAL DEBT (Reported)	29,003	28,358	28,233	28,070

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

Consolidated Balance Sheet

Revised

UNAUDITED FIGURES

€ mln	FY15	1Q16	1H16
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	29,383	29,436	29,566
Intangible assets with a finite useful life	6,480	6,516	6,777
	35,863	35,952	36,343
Tangible assets			
Property, plant and equipment owned	12,659	12,816	13,211
Assets held under finance leases	2,208	2,210	2,298
	14,867	15,026	15,509
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	41	41	39
Other investments	45	41	38
Securities, financial receivables and other non-current financial assets	2,989	2,766	3,129
Miscellaneous receivables and other non-current assets	1,778	1,899	2,048
Deferred tax assets	853	894	735
	5,706	5,641	5,989
TOTAL NON-CURRENT ASSETS (A)	56,436	56,619	57,841
CURRENT ASSETS			
Inventories	254	341	294
Trade and miscellaneous receivables and other current assets	5,112	5,534	5,683
Current income tax receivables	163	26	69
Other investments			
Securities other than investments, financial receivables and other current financial assets	1,840	1,130	1,330
Cash and cash equivalents	3,559	2,665	2,707
Current assets sub-total	10,928	9,696	10,083
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	10,083
TOTAL ASSETS (A+B)	71,268	66,315	67,924
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Parent	17,554	18,181	19,106
Equity attributable to Minority Interests	3,695	2,035	2,221
TOTAL EQUITY (C)	21,249	20,216	21,327
NON-CURRENT LIABILITIES			
Non-current financial liabilities	30,518	30,354	31,027
Employee benefits	1,420	1,459	1,580
Deferred tax liabilities	323	367	434
Provisions	551	551	569
Miscellaneous payables and other non-current liabilities	1,110	1,140	1,207
TOTAL NON-CURRENT LIABILITIES (D)	33,922	33,871	34,817
CURRENT LIABILITIES			
Current financial liabilities	6,224	4,440	4,209
Trade and miscellaneous payables and other current liabilities	7,882	7,701	7,445
Current income tax payables	110	87	126
Current liabilities sub-total (E)	14,216	12,228	11,780
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	11,780
TOTAL LIABILITIES (F=D+E)	50,019	46,099	46,597
TOTAL EQUITY AND LIABILITIES (C+F)	71,268	66,315	67,924

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	2Q16	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%	11,468	-5.1%
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%	8,992	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%	29,742	-1.1%
€ 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%	3,699	-1.2%
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%	3,468	-1.1%
o/w Equipments	196	12.3%	239	1.3%	213	0.7%	296	-15.0%	943	-2.7%	196	0.1%	231	-3.4%
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%	1,117	0.7%
o/w Traditional	621	-12.9%	622	-14.3%	639	-12.1%	621	-10.6%	2,503	-12.5%	573	-7.7%	580	-6.9%
o/w Innovative	375	14.4%	416	21.8%	453	16.0%	484	19.9%	1,728	18.1%	438	16.8%	466	12.0%
o/w Wholesale	57	-1.6%	71	2.1%	79	10.0%	78	-6.2%	286	0.9%	48	-15.8%	72	1.1%
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%	2,488	-4.8%
o/w Traditional Services	2,595	-8.4%	1,185	-6.2%	1,151	-6.3%	1,109	-9.6%	4,638	-7.6%	1,064	-10.8%	1,053	-11.1%
o/w Innovative Services	2,595	4.6%	583	7.8%	577	4.9%	596	3.8%	2,314	5.2%	590	5.8%	610	4.6%
o/w Domestic Wholesale	2,595	-7.7%	549	-6.4%	550	-5.6%	546	1.2%	2,205	-4.8%	537	-4.1%	506	-7.8%
o/wTIS Group	2,595	3.0%	325	8.3%	336	10.5%	343	1.2%	1,314	5.6%	311	0.3%	338	4.0%
o/w Subs. Adj. and Other	2,595	12.2%	-28	-3.3%	-23	15.8%	-23	7.6%	-99	8.2%	-19	24.7%	-19	32.4%
Elimination & Other	2,595	18.0%	-218	6.8%	-223	4.8%	-177	18.9%	-831	12.2%	-190	10.9%	-137	37.1%
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%	1,723	39.4%
EBITDA Margin	44.3%		33.0%		44.7%		26.9%		37.1%		41.2%		46.6%	
Capex	676	37.1%	830	21.3%	791	28.6%	1,603	61.8%	3,900	40.1%	778	15.1%	797	-4.0%
% on revenues	18.6%		22.2%		21.1%		41.4%		26.0%		21.9%		21.5%	
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%	52,622	-0.4%

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	2Q16	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%	11,468	-5.1%
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%	7,606	3.1%
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%	5,680	3.1%
o/w Virtual ULL	26	-6.5%	27	1.4%	29	16.7%	28	17.4%	28	17.4%	29	12.2%	28	2.7%
o/w Wholesale Line Rental	565	-14.4%	547	-13.7%	523	-14.1%	497	-15.4%	497	-15.4%	470	-16.9%	443	-19.1%
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%	1,256	3.5%
o/w NGN	39	-	76	-	105	-	139	-	139	-	170	-	199	-
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%	7,088	1.7%
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%	1,472	-3.3%
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%	5,616	3.1%
o/w NGN	290	-	374	-	435	-	538	-	538	-	672	-	790	-
% flat offers on TI total portfolio (Cor	92%	1.8pp	93%	1.9pp	93%	1.9pp	94%	1.9pp	94%	1.9pp	94%	1.8pp	94%	1.5pp
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%	1,903	2.9%
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%	21.9	4.4%
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%	2,578	-4.1%
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%	2,488	-4.8%
o/w Equipments	62	9.1%	74	1.4%	53	-32.5%	92	-21.7%	282	-13.8%	70	13.8%	90	20.7%
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%	1,053	-11.1%
o/w Voice	1,038	-7.6%	1,015	-7.1%	978	-7.3%	944	-11.9%	3,975	-8.5%	901	-13.2%	874	-13.9%
o/w Traffic	353	-6.3%	359	-1.9%	348	1.6%	339	-9.5%	1,399	-4.1%	324	-8.4%	323	-10.1%
o/w Access	612	-8.0%	586	-9.3%	562	-10.9%	539	-13.0%	2,299	-10.3%	515	-15.9%	489	-16.6%
o/w Voice VAS	30	-6.7%	29	-12.9%	28	-18.0%	27	-17.1%	115	-13.7%	26	-15.4%	27	-5.9%
o/w Rental & other	43	-12.1%	41	-14.3%	40	-16.0%	38	-13.2%	161	-13.9%	37	-13.7%	35	-14.0%
o/w Business Data & Others trad	155	-13.9%	170	-0.5%	173	-0.3%	165	6.9%	663	-2.3%	163	5.3%	179	5.7%
o/w Data Services	118	-6.8%	120	-4.3%	110	-9.8%	117	-4.9%	465	-6.4%	112	-4.8%	113	-5.8%
o/w Rental & other	37	-30.4%	50	10.0%	63	22.3%	48	53.1%	198	9.0%	51	37.3%	67	33.4%
INNOVATIVE SERVICES	558	4.6%	583	7.8%	577	4.9%	596	3.8%	2,314	5.2%	590	5.8%	610	4.6%
o/w Broadband	418	5.7%	430	6.8%	427	3.9%	437	5.8%	1,712	5.5%	447	6.9%	457	6.2%
o/w Access	389	6.1%	403	7.7%	399	4.7%	410	6.7%	1,600	6.3%	420	7.9%	431	7.1%
o/w Bundles Services	10	2.1%	10	-2.1%	10	0.1%	9	-5.9%	39	-1.5%	9	-5.4%	9	-5.6%
o/w Others	19	-0.8%	18	-5.0%	18	-8.8%	18	-6.6%	72	-5.4%	17	-6.4%	17	-7.6%
o/w Content	5	12.7%	5	4.8%	6	28.2%	4	-13.1%	20	7.5%	4	-17.6%	4	-21.3%
o/w ICT Service	135	1.1%	148	10.7%	145	7.1%	155	-0.9%	582	4.3%	139	3.2%	149	0.6%
Domestic Wholesale	560	-7.7%	549	-6.4%	550	-5.6%	546	1.2%	2,205	-4.8%	537	-4.1%	506	-7.8%
TIS Group	310	3.0%	325	8.3%	336	10.5%	343	1.2%	1,314	5.6%	311	0.3%	338	4.0%
Subs. Adj. and Other	-26	12.2%	-28	-3.3%	-23	15.8%	-23	7.6%	-99	8.2%	-19	24.7%	-19	32.4%

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	2Q16	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%	29,742	-1.1%
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	5.3%	-0.2pp
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%	11.8	9.5%
Total User LTE (mln of users)	1.8	-	2.7	-	3.4	-	4.4	-	4.4	-	5.0	-	5.7	-
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%	17,381	4.5%
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	3.2%	10,999	1.6%	11,164	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%	6,217	10.1%
Usage Voce (min/line/month) ⁽⁴⁾	214	13.0%	223	11.5%	220	8.9%	232	6.2%	222	9.8%	233	8.8%	241	8.2%
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%	1.9	36.8%
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%	12.1	1.5%
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%	1,261	2.0%
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%	1,117	0.7%
Traditional Services	621	-12.9%	622	-14.3%	639	-12.1%	621	-10.6%	2,503	-12.5%	573	-7.7%	580	-6.9%
o/w Outgoing voice ⁽⁵⁾	463	-12.6%	455	-14.3%	461	-14.0%	432	-13.8%	1,810	-13.7%	404	-12.8%	403	-11.4%
o/w Incoming voice	58	12.3%	62	9.9%	65	14.4%	69	16.2%	254	13.3%	67	15.7%	70	13.4%
o/w Messaging	100	-24.2%	106	-24.0%	113	-15.6%	120	-10.6%	439	-18.6%	102	2.0%	107	0.7%
Innovative Services	375	14.4%	416	21.8%	453	16.0%	484	19.9%	1,728	18.1%	438	16.8%	466	12.0%
o/w Browsing	306	16.0%	339	20.7%	372	23.8%	392	20.5%	1,409	20.3%	356	16.3%	377	11.4%
o/w Internet Content	69	8.1%	77	27.3%	80	-10.2%	92	17.4%	319	9.0%	83	19.4%	88	14.3%
Wholesale Services	57	-1.6%	71	2.1%	79	10.0%	78	-6.2%	286	0.9%	48	-15.8%	72	1.1%
Handsets	98	29.0%	127	0.1%	133	39.3%	194	4.8%	551	14.1%	127	29.5%	144	13.7%

⁽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	2Q15	1Q16	Δ% yoy	2Q16	Δ% yoy
KPI's - Mobile only						
Estimated Total Penetration (%) ⁽¹⁾	139.0%	138.2%	125.4%		124.0%	
Market Share on total lines(%) ⁽¹⁾	26.7%	26.4%	26.1%	-0.6pp	25.6%	
Total Lines ('000) ^{(1) (2)}	75,749	74,600	67,269	-11.2%	63,988	-14.2%
TOTAL ARPU ⁽³⁾	16.7	16.1	17.2	3.0%	17.2	7.0%
TOTAL MOU net of visitors	120	119	119	-1.4%	118	-0.4%
MAIN RESULTS (IAS/IFRS, R\$ mln)						
	1Q15	2Q15	1Q16	Δ% yoy	2Q16	Δ% yoy
REVENUES Reported	4,551	4,361	3,854	-15.3%	3,820	-12.4%
of which services	3,944	3,792	3,618	-8.3%	3,570	-5.9%
of which handsets	607	569	236	-61.1%	250	-56.1%
EBITDA Reported	1,341	1,276	1,107	-17.4%	1,189	-6.8%
EBITDA margin	29.5%	29.3%	28.7%	-0.8pp	31.1%	1.8pp
Capex Reported	924	1,184	710	-23.2%	975	-17.7%
% on revenues	20.3%	27.1%	18.4%	-1.9pp	25.5%	-1.6pp
	1Q15	2Q15	1Q16	Δ% yoy	2Q16	Δ% yoy
Exchange rate AVG (R\$ vs. euro)	3.22251	3.31144	4.29753		4.13001	

(1) Source ANATEL; 2Q16 figures refers to MAY 2016, last data disclosed by ANATEL.

(2) 2Q16 estimate; includes company lines - the data of the periods under comparison have been appropriately restated.

(3) Gross of visitors

2Q'16 Reported & Organic Figures (*): YoY trends

Revised

UNAUDITED FIGURES

2Q'15					2Q'16			Δ% yoy reported	Δ% yoy organic *
Reported Figures (a)	Non Organic elements (b)		Non recurring items (c)	Organic figures * (d=a+b+c)	Reported figures (e)	Non recurring items (f)	Organic figures * (g=e+f)	(h=e/a-1)	(i=g/d-1)
€ mln	Change in consolid. area	Exchange rate impact							
REVENUES									
Domestic	3,744		(2)	3,742	Domestic	3,699	3,699	(1.2)	(1.1)
o/w Wireline Domestic	2,688		(2)	2,686	o/w Wireline Domestic	2,578	2,578	(4.1)	(4.0)
o/w Mobile Domestic	1,236			1,236	o/w Mobile Domestic	1,261	1,261	2.0	2.0
Brasile	1,279		(180)	1,099	Brasile	961	961	(24.9)	(12.4)
Other Activities & Eliminations	24			24	Other Activities & Eliminations	(4)	(4)	-	-
TI Group	5,047		(182)	4,865	TI Group	4,656	4,656	(7.7)	(4.3)
EBITDA									
Domestic	1,236		(1)	392	Domestic	1,723	1,739	39.4	6.9
Brasile	374		(52)	322	Brasile	298	298	(20.3)	(6.7)
Other Activities & Eliminations	(4)			6	Other Activities & Eliminations	(7)	(7)	-	-
TI Group	1,606		(53)	398	TI Group	2,014	16	25.4	4.0
EBITDA Margin									
Domestic	33.0%			43.5%	Domestic	46.6%	47.0%	13.6 pp	3.5 pp
Brasile	29.2%			29.3%	Brasile	31.0%	31.2%	1.8 pp	1.9 pp
TI Group	31.8%			40.1%	TI Group	43.3%	43.6%	11.5 pp	3.5 pp
EBIT									
Domestic	408			392	Domestic	919	16	935	125.2
Brasile	409		(72)	(222)	Brasile	72	(9)	63	(82.4)
Other Activities & Eliminations	(10)			6	Other Activities & Eliminations	(8)	1	(7)	-
TI Group	807		(72)	176	TI Group	983	8	991	21.8
EBIT Margin									
Domestic	10.9%			21.4%	Domestic	24.8%	25.3%	13.9 pp	3.9 pp
Brasile	32.0%			10.4%	Brasile	7.5%	6.6%	-24.5 pp	-3.8 pp
TI Group	16.0%			18.7%	TI Group	21.1%	21.3%	5.1 pp	2.6 pp

Non recurring items on EBITDA	2Q15	2Q16
Labour cost	30	2
Other Costs & Charges	368	14
Total	398	16

Non recurring items on EBIT	2Q15	2Q16
Labour Costs	30	2
Other Costs & Charges	368	15
Gain on Brazilian Tower	(222) **	(9)
Total	176	8

(*) Organic excluding non recurring items

(**) Same exchange rate 2Q16