



3Q'17 Results

November 10, 2017

# 3Q'17 Results

TELECOM ITALIA GROUP



# Safe Harbour

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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 at 30 September 2017, 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). Please note that the Condensed Consolidated Financial Statements at 30 September 2017 have not been audited.

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements at 30 September 2017 are the same as those adopted in the TIM Group consolidated financial statements at 31 December 2016, to which reference can be made.

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

We hereby point out that in this document some Organic «Like for Like» items have been recalculated having a solely management purpose to allow for a better understanding of the current business trend and single out non-linear and/or non-repetitive outcomes either currently and/or in the timeframe hereby taken into account. Such information must not be considered as a replacement of any financial information they may refer to and interpret, are not subject to any auditing, and are included for explanation purposes only.

# Agenda

## — TIM Group Results

Financial Highlights

3Q'17 Closing Remarks

Appendixes

# TIM Group 3Q'17 Highlights



## Continued Top Line Growth

- **Robust TIM Group Service Revenues** numbers, supported by continued growth in UBB adoption in Italy, and by increase of post paid in Brazil **> +2.0% YoY**
- **Domestic Service Revenues:**
  - Stabilization confirmed in Fixed
  - Positive trend in Mobile continues, notwithstanding bad comparison effect for TIM PrimeGo and EU roam-like-at-home **> +0.8% YoY**
- **TIM Brasil Mobile Service Revenues** in acceleration, posting strong growth in TIM Live **> +5.9% YoY**



## Ebitda Growth

- **Highest Organic level in TIM Group Ebitda of the last 2 years**, driven by solid top-line performance and strong focus on efficiency **> ~2.2 bln€**
- **Resilient and Impressive Domestic Ebitda Margin**, despite extra effort in commercial costs and promotional activities **> 47.7%**
- **On a Reported Basis, TIM Group Ebitda stands at ~ 2.1 bln€,** after 127 €mln provisioning for specific litigation and regulatory procedures, plus severance items



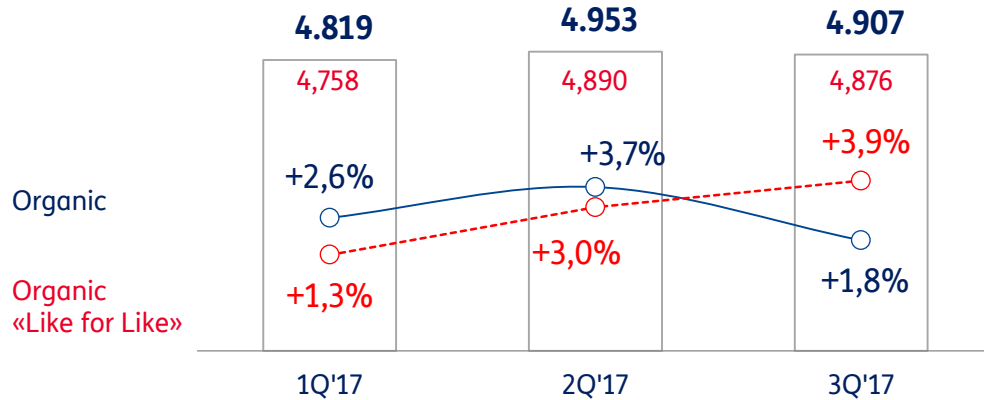
## Solid Operational Trends

- **Domestic:**
  - Solid and continuous net adds performance in **Mobile** (+333k QoQ) ensures **Market Share growth** **> 30.6%<sup>(1)</sup>** (+0.3pp QoQ)
- **Strong Fttx take-up leads to Record BB Net Adds** **> +249k FttX**  
**+146k Fixed BB**
- **Record post-paid net adds in TIM Brazil,** double compared to 3Q'16 **> +935k**

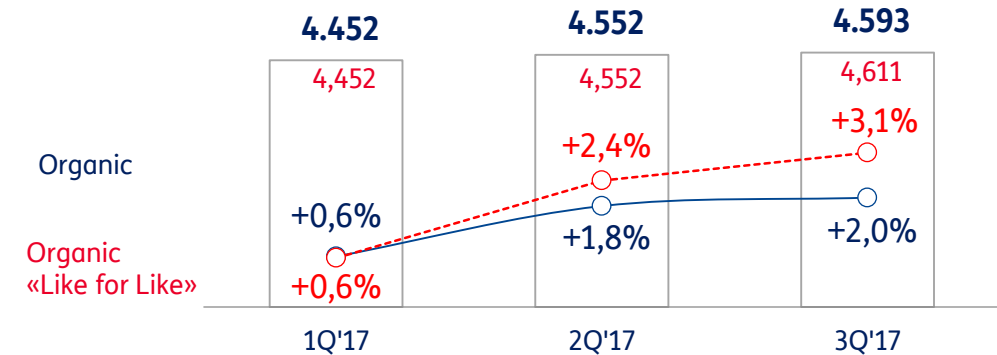
# TIM Group 3Q'17: Revenue & Ebitda “Like for Like” Trends Show Continued Growth

€mln, Organic data, YoY Performance

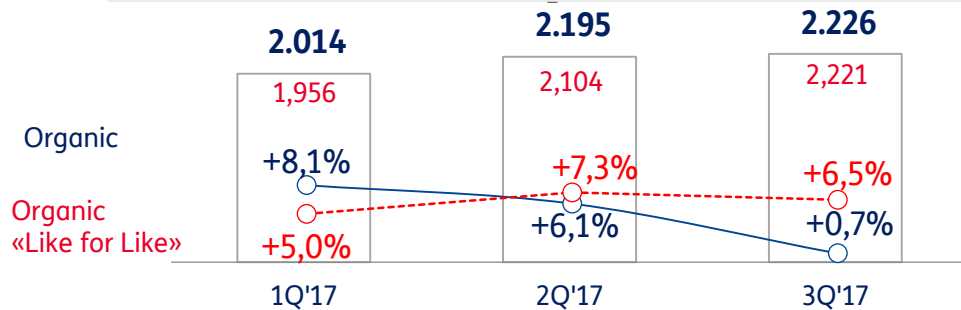
## Total Revenues



## Service Revenues



## Ebitda Organic



## Highlights

- Organic «Like for Like» analysis points to continued positive momentum, both in Revenues and in Ebitda
- Positive growth on all Retail Service Revenues of the Group. Domestic Wholesale Service Revenues were down by 2.5% in 3Q'17

1. Organic Performance excludes exchange rate fluctuations, changing perimeter & non recurring items

2. Organic “Like for Like” Performance excludes also certain “non linear items”:

- “EU Roam-like-at-home”
- “Shift from modem rent to sale”
- “Wholesale IRU Transaction”
- “Purchasing Incentives recognized as Opex Reductions / Income”
- “Last Technical support payment relating to the Telecom Argentina sale”
- “Reversal of Annual 2015 Bonus Payment”

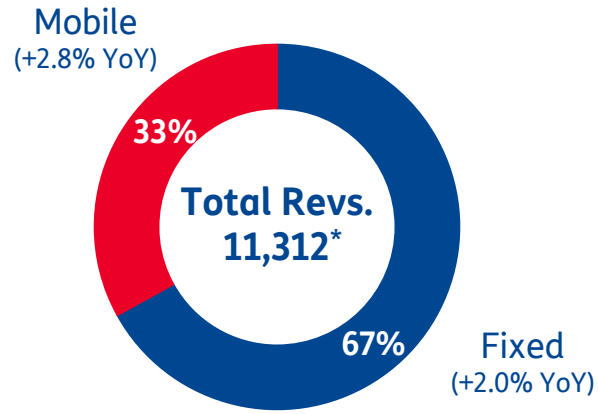
Details of methodology behind “like for like” organic representation are available at pages 21, 22, 23 and 24 of this presentation.

# September 2017 YTD TIM Group Total Revenues Breakdown

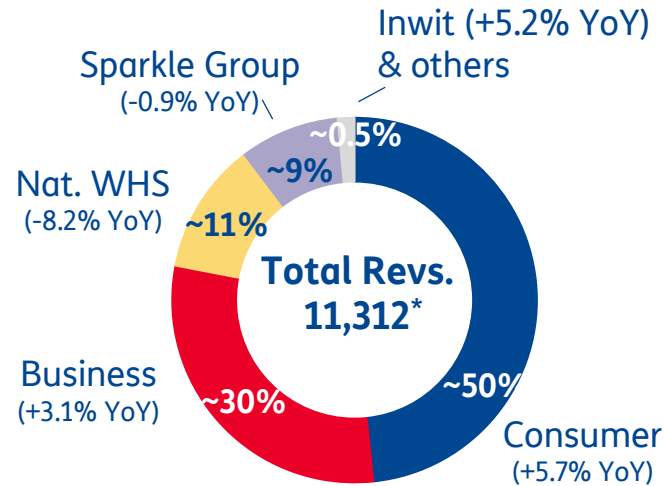
€mln, %YoY, Organic Performance

## Domestic

### By Technology



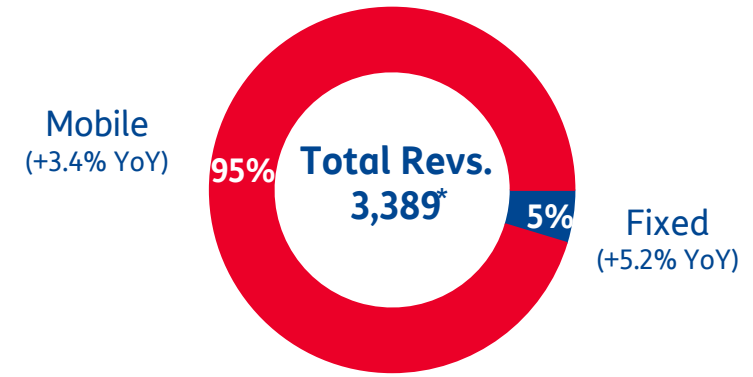
### By Business Segment



- 9M'17 Retail Top Line across all Business Units shows low-to-mid single digit growth YoY
- National Wholesale YoY underperformance is mainly driven by 3Q comparison effect for the “Wholesale IRU Transaction” and from Regulatory changes.

## Brazil

### By Technology



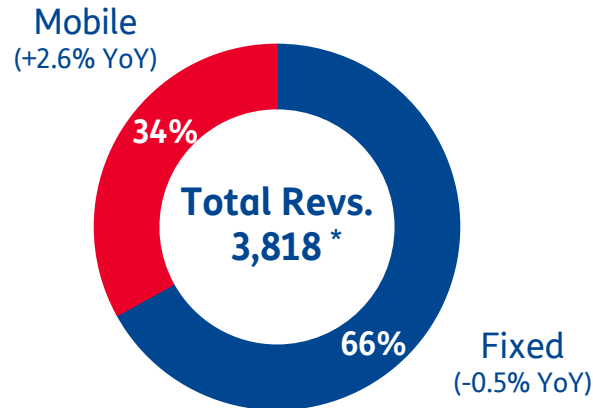
- Acceleration in Mobile Revenues (9M'17 +3.4% YoY) is supported by increased “recurrent” profile in CB
- Fixed posts +5.2% growth YoY in the period, with 9M'17 Fixed Broadband Residential Business (TIM Live) up 41%

# September 3Q'17 TIM Group Total Revenues Breakdown

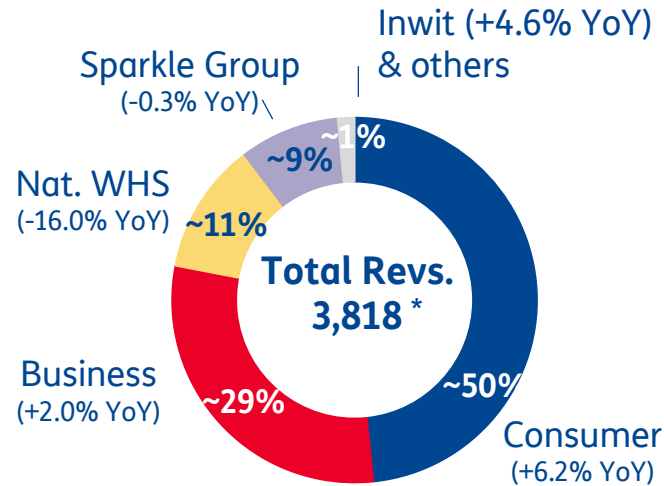
€mln, %YoY, Organic Performance

## Domestic

### By Technology



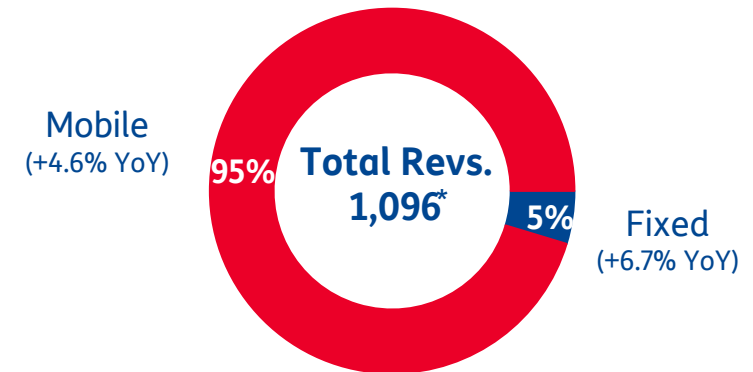
### By Business Segment



- 3Q'17 Retail Top Line across all Business Units shows low-to-mid single digit growth YoY
- National Wholesale YoY underperformance is mainly driven by 3Q comparison effect for the “Wholesale IRU Transaction” and from Regulatory changes.

## Brazil

### By Technology

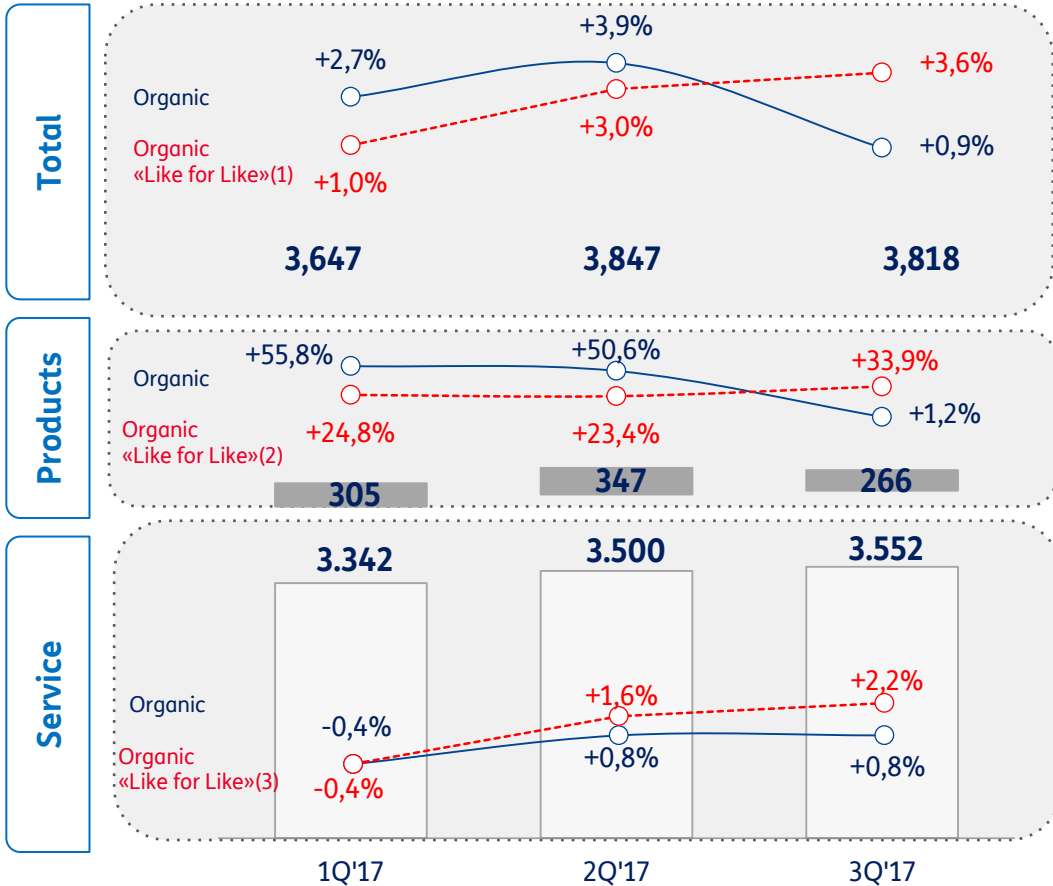


- Acceleration in Mobile Revenues (3Q'17 +4.6% YoY) is supported by increased “recurrent” profile in CB
- Fixed posts +6.7% growth YoY in the period, with 3Q'17 Fixed Broadband Residential Business (TIM Live) up 54%

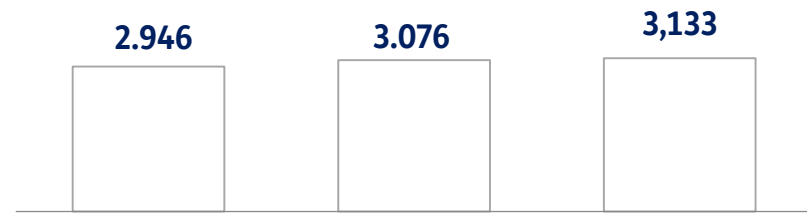
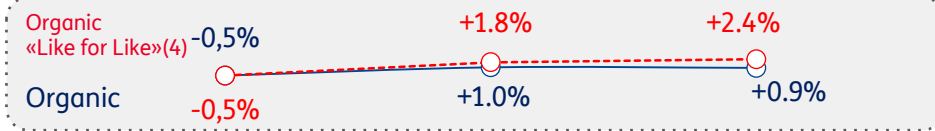
# Domestic 3Q'17: Focus on Revenues

€mln, Organic data, YoY Performance

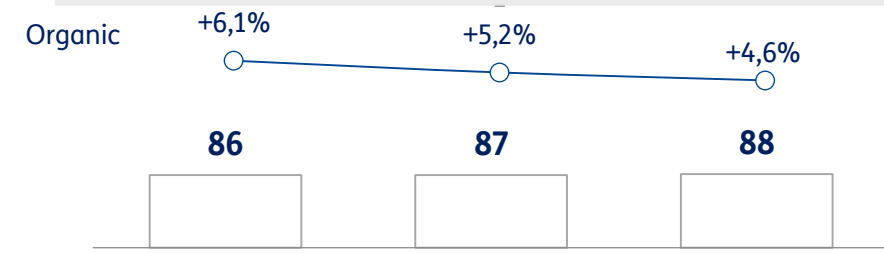
## TIM Group Revenues ex TIM Brasil



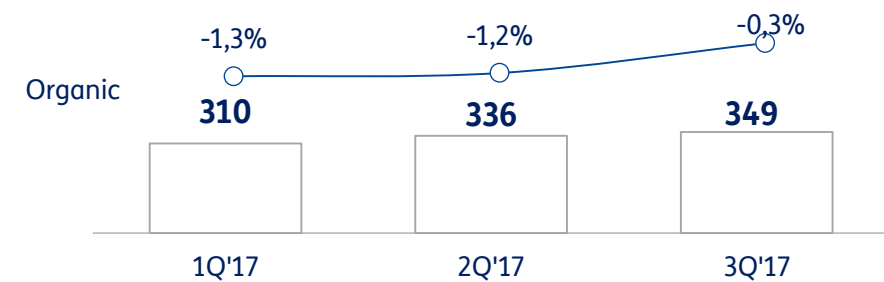
## Core Services(5)



## Inwit(6)



## Sparkle(6)



Expanding the base for mid-single digit performance

Progressing towards stabilization

(1) Includes all «non linear items»

(2) Includes «Shift from modem rent to sale» and «Wholesale IRU Transaction»

(3-4) Includes «EU Roam-like-at-home» and «Last Technical support payment relating to the Telecom Argentina sale». For more details, see charts 21, 22, 23 and 24

(5) Excluding Inwit

(6) Gross Contribution to the Domestic for Inwit & Sparkle



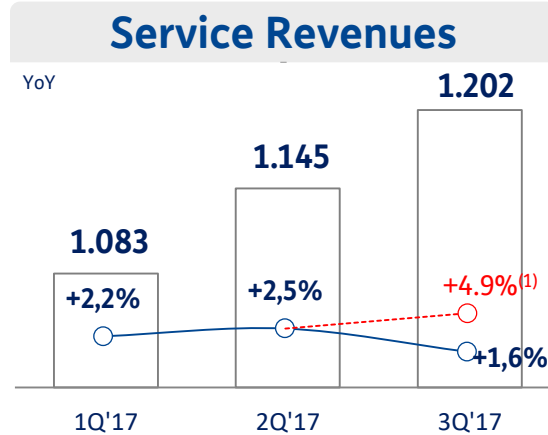
# Domestic Mobile 3Q'17: Growth in Data Demand drives Customer Growth

€mln

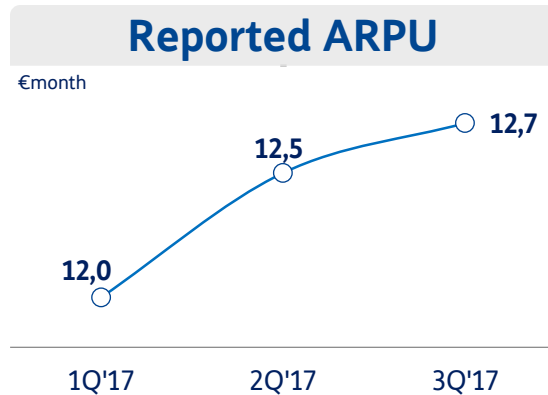


## Mobile

- Positive trend in Total Revenues growth (+2.6% YoY) confirmed
- Organic Service revenues at +1.6% YoY; on a «Like for Like» basis growth stands at +4.9% YoY



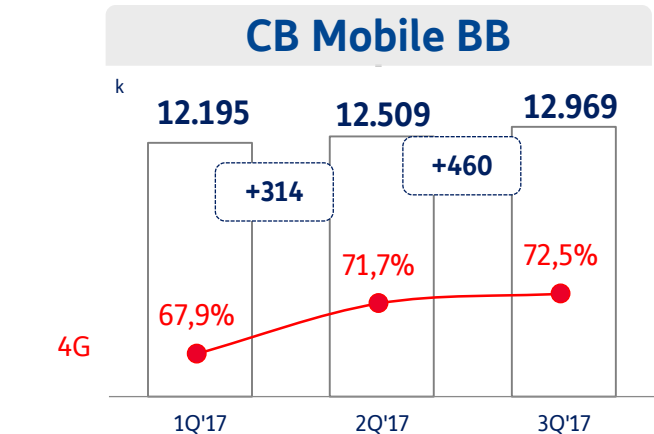
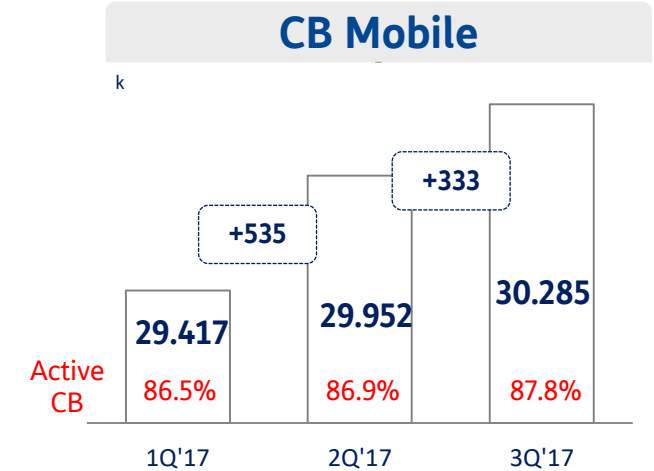
- Reported ARPU up QoQ
- Human ARPU at 16.4€ (+2.8% YoY)



ARPU Human €/month  
ARPU M2M €/month

1Q'17	15.1	15.8	16.4
2Q'17	0.7	0.7	0.7
3Q'17			

- Third consecutive quarter of total CB growth (+333k QoQ)
- Active customer penetration increases: 87.8% in 3Q'17 vs 86.9% in 2Q'17
- Mobile BroadBand CB growth reaches ~13 mln users (+460k).
- Growing penetration of 4G users on Mobile BB, reaching 72% in 3Q'17 (+21pp YoY)



(1) Includes "EU Roam-like-at-home" and "Last Technical support payment relating to the Telecom Argentina sale". For more details, see charts 21, 22, 23 and 24

----- Organic «Like for Like» ----- Organic

# Domestic Fixed 3Q'17: Strong Operational Performance Supports Top Line

€mln

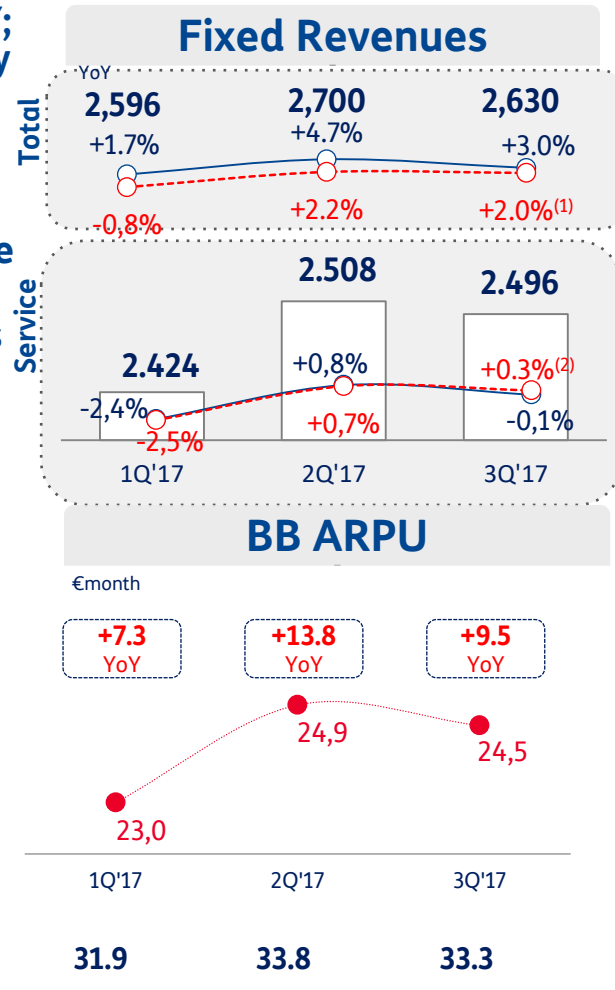


## Fixed

- Total Revenues at -0.5% YoY; on a «Like for Like» basis they post a +3% growth

- Stable Service Revenues performance (-0.1% YoY); “Like for Like” analysis allows a better reading of the trend, as its +0.3% performance points to continued YoY growth, driven by positive performance in ARPU and lines

- BB ARPU grows +9.5% YoY, and is broadly stable QoQ, at 24.5€ vs 24.9€ in 2Q'17

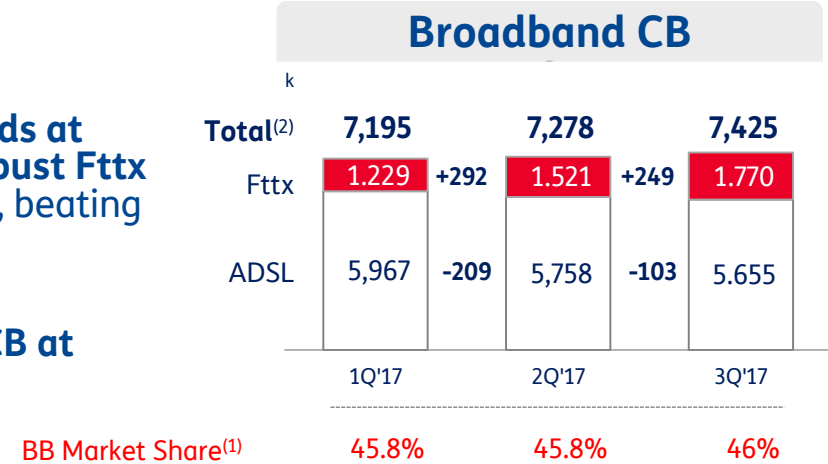
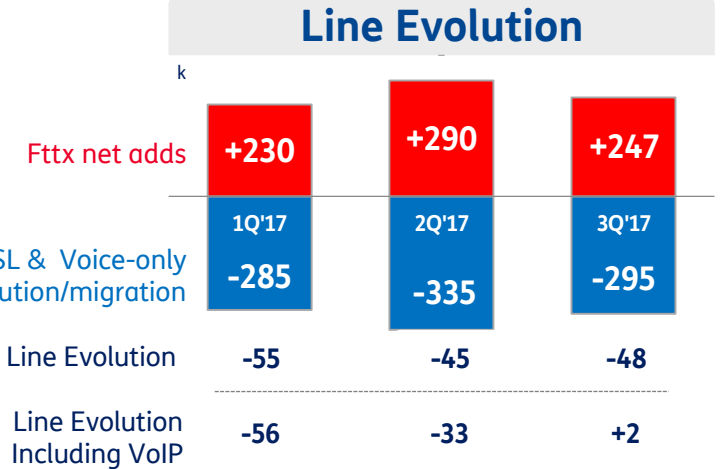


- Line evolution improve to -48k vs -100k in 3Q'16, stable QoQ

- Positive line performance (+2k) including Voip

- Record Net BB Adds at +146k and very robust Fttx net adds at +249k, beating seasonality

- Total Retail Fttx CB at ~1.8 mln



(1) Estimated  
(2) Active user excluding backlog

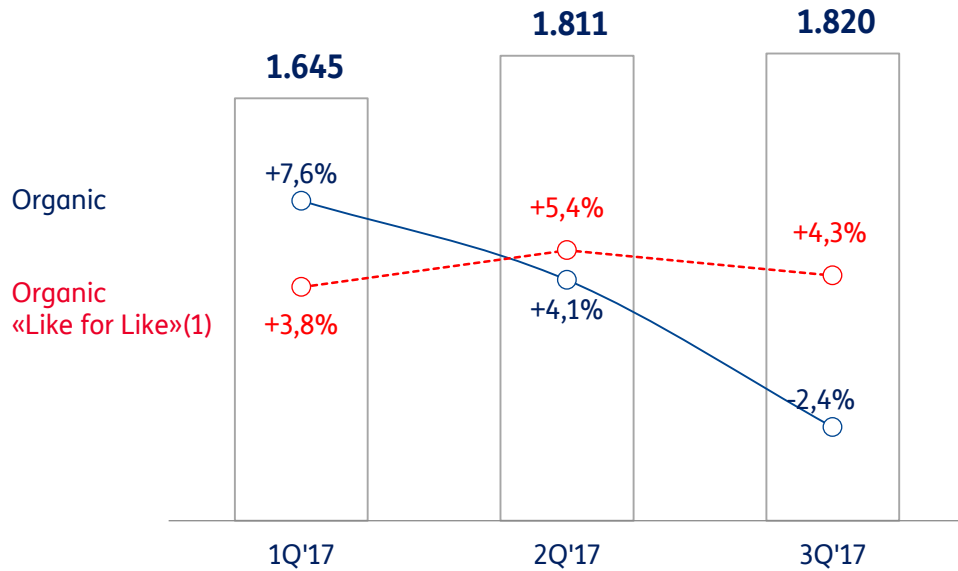
(1) Includes “Shift from modem rent to sale”, “Wholesale IRU Transaction” and “Last Technical support payment relating to the Telecom Argentina sale”  
(2) Includes “Last Technical support payment relating to the Telecom Argentina sale”. For more details, see charts 21, 22, 23 and 24

----- Organic «Like for Like» ----- Organic

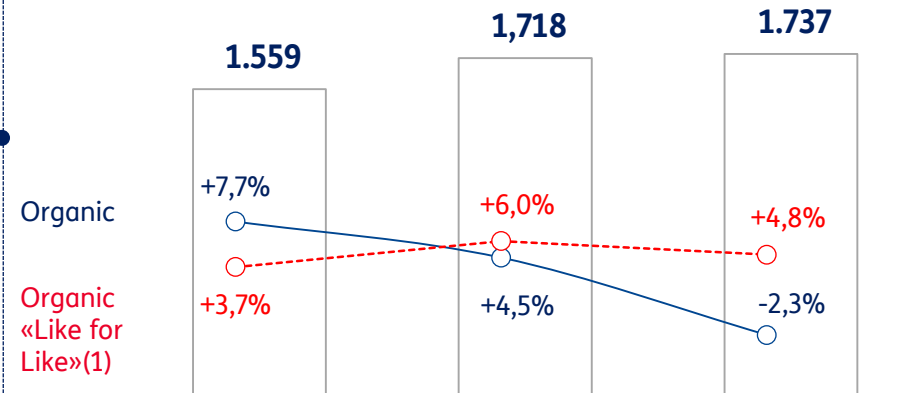
# Domestic 3Q'17: Focus on Ebitda

€mln, Organic data, YoY Performance

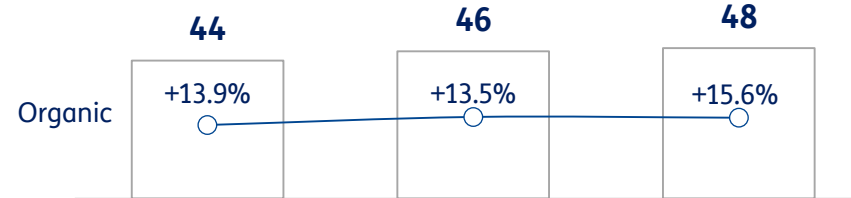
## Ebitda Organic



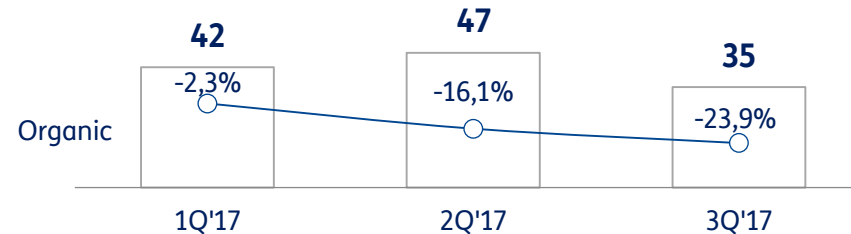
## Core Services<sup>(2)</sup>



## Inwit<sup>(3)</sup>



## Sparkle<sup>(3)</sup>



Double-digit growth supported by increased co-siting and by ground-lease renegotiation performance



Performance impacted by 10-Yrs IRU renewals at current market prices. Actions for recovery are in place



(1) Includes all «non linear items»

(2) Excluding Inwit

(3) Gross Contribution to the Domestic for Inwit & Sparkle  
For more details, see charts 21, 22, 23 and 24

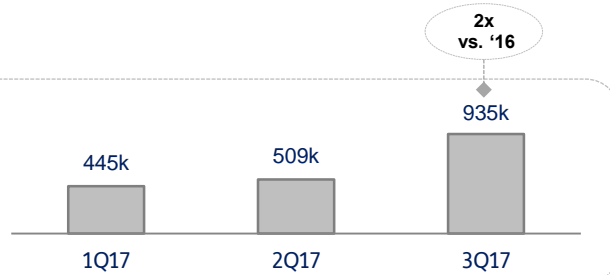
# 3Q'17 TIM Brazil Highlights: Solid Trends in All Fronts

## Accelerating Growth

MSR  
**+5.9%**  
YoY

- Mobile Service Revenues accelerating from +5% YoY in 2Q

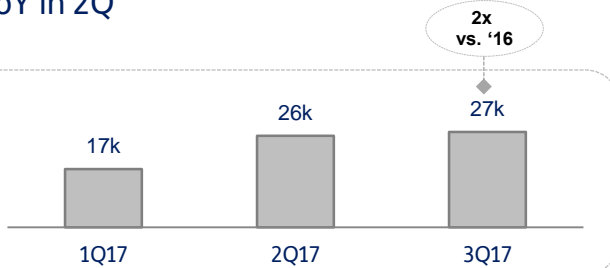
Postpaid Net Adds +1.9 mln lines in 2017



UBB Revs  
**+54%**  
YoY

- Fixed Ultra BB (TIM Live) Net Revenues jumping from +32% YoY in 2Q

Fixed Ultra BB Net Adds +70k subs in 2017

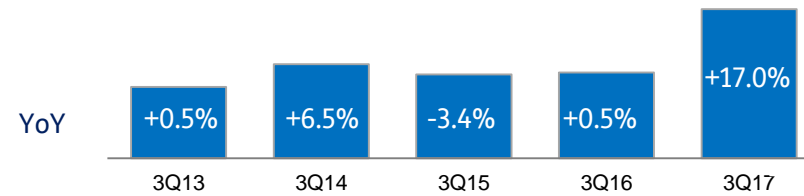


**Total Service Revenues +5.8% YoY**

## State of the Art Profitability

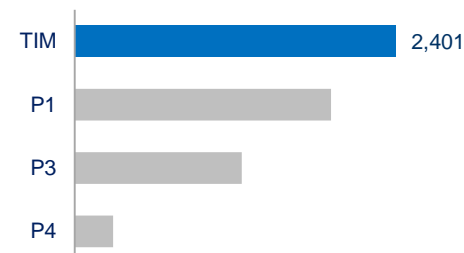
- Highest 3Q Normalized EBITDA in TIM's history

EBITDA Margin  
**37%**  
in 3Q

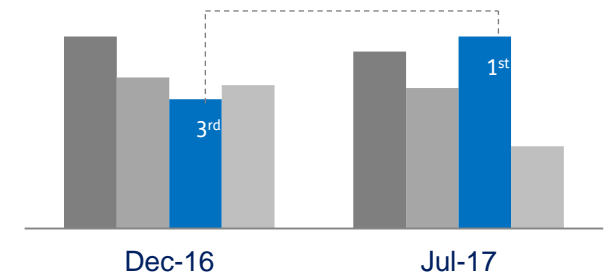


## Customer Experience Supported by Leadership in 4G

### Cities covered with 4G



### Pure Postpaid Customer Satisfaction Survey<sup>1</sup>



Continued positive performance supported introduction of Payment of Interest on Capital from Tim Participações for 190 mlnR\$



(1) Source: Customer Satisfaction Index (CSI) model by University of Michigan, survey conducted by CFI Group as of Jun/17

# Agenda

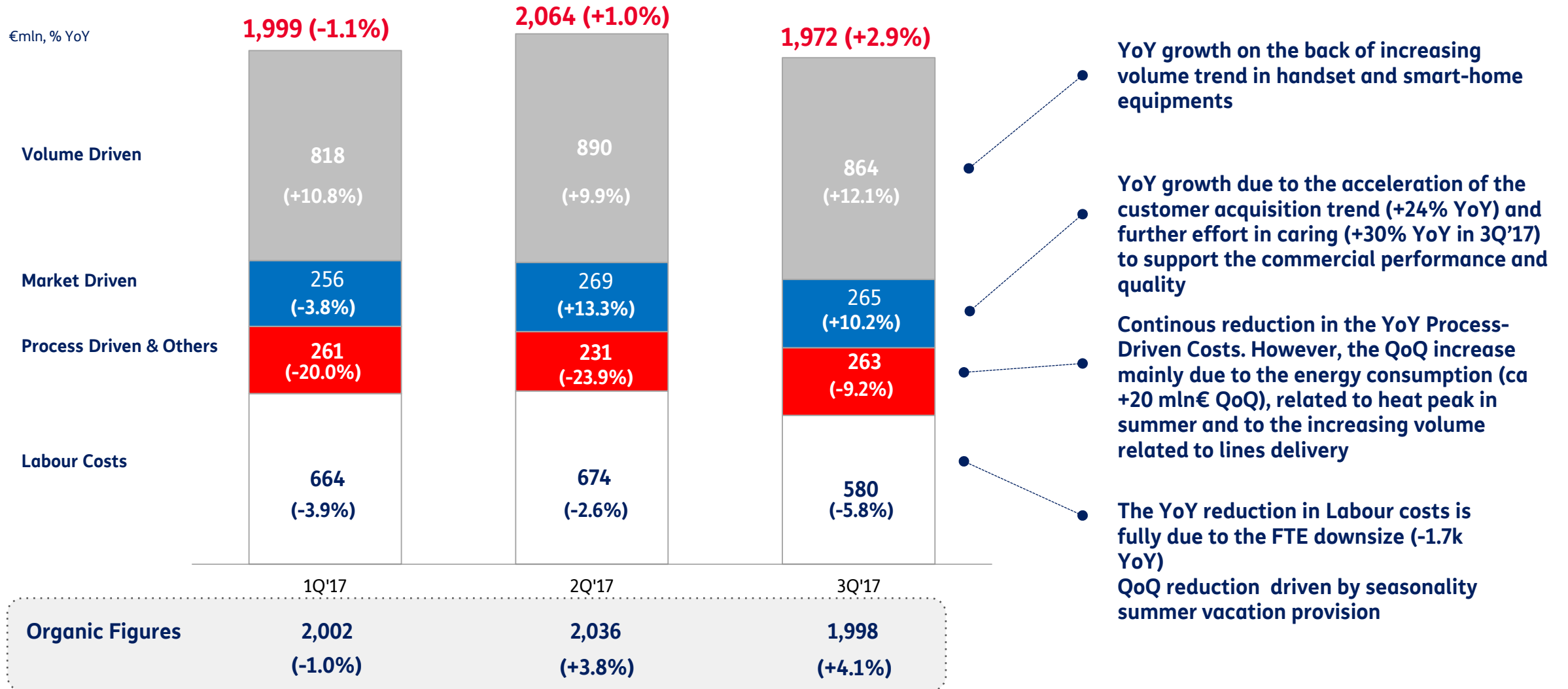
TIM Group Results

— **Financial Highlights**

3Q'17 Closing Remarks

Appendixes

# Domestic 2017 Organic «Like for Like» Opex Breakdown



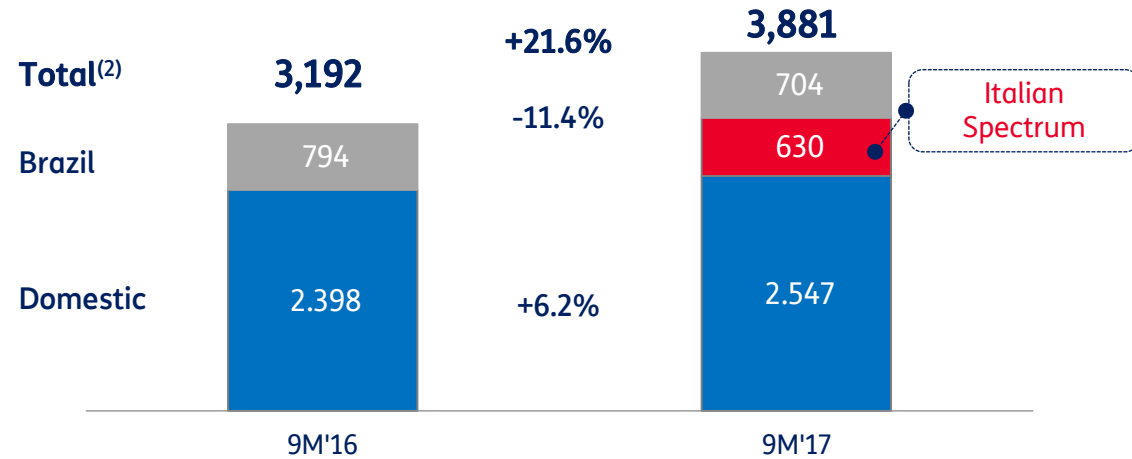
The “non linear items” in the Opex Organic “Like for Like” figures are allocated as follows:

- in the Labour Costs, the “Reversal of Annual 2015 Bonus Payment “ occurred in 2Q'16
- In the Process Driven & Other Costs, the “Purchasing Incentives recognized as Opex Reductions / Income”
- In the Volume Driven Costs, the “Wholesale IRU Transaction”, “EU Roam-like-at-home” and “Shift from modem rent to sale”
- Details are available at pages 23 of this presentation.

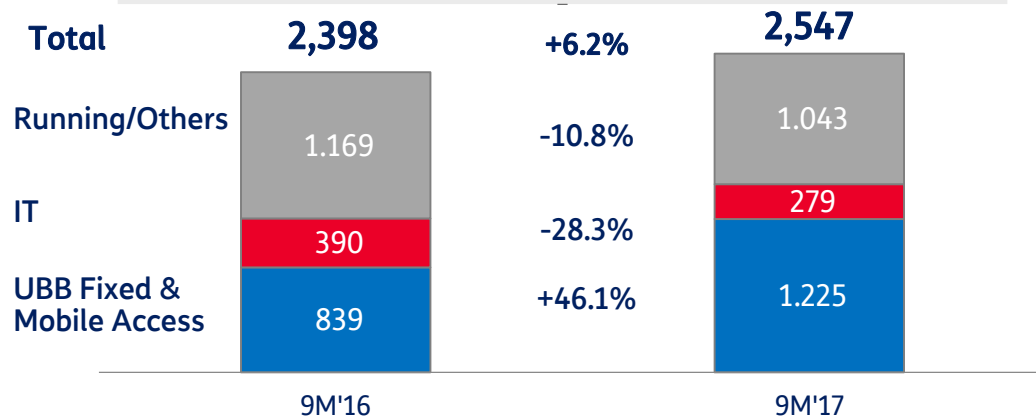
# 9M'17 Group & Domestic Capex

€mln, % YoY

## Group Organic<sup>(1)</sup> Capex



## Domestic Capex



## Group Capex Highlights

- **Group Capex** increase derives from acceleration in Domestic UBB effort, both on Fixed and Mobile
- **In Italy, GSM License renewal** until 2029 occurred in 3Q'17

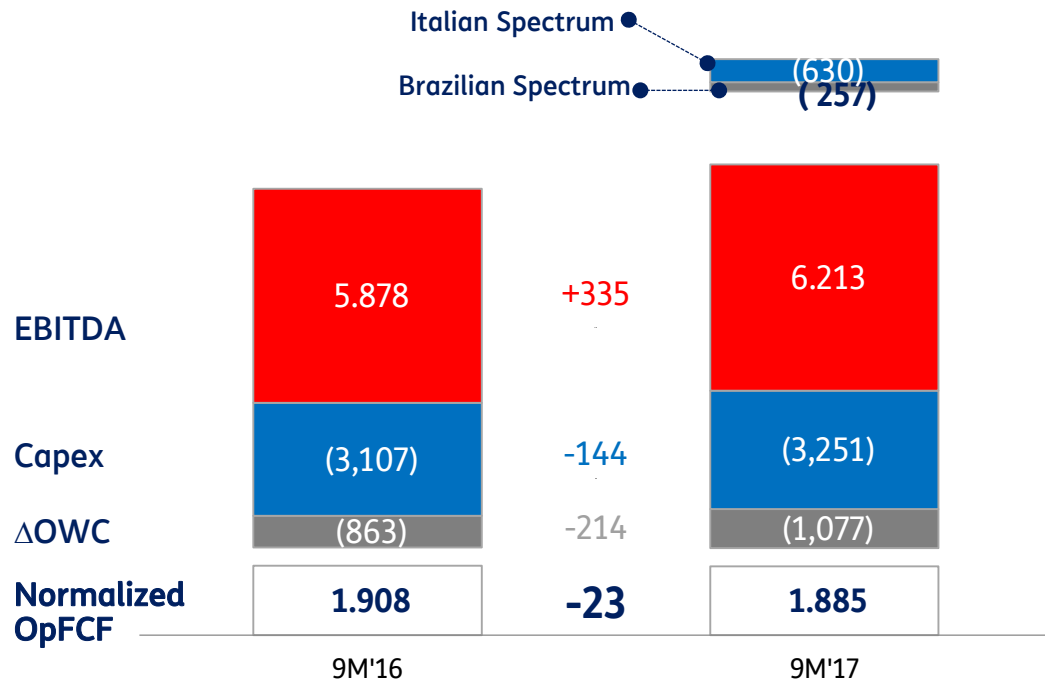
## Domestic Capex Highlights

- **Domestic Capex** performance explained by:
  - Continuous push on **UBB fixed & mobile access** related as a consequence of continuous push on Fttx & LTE deployment
  - **Constant reduction in IT & Other Investments** such as Maintenance & Delivery Capex

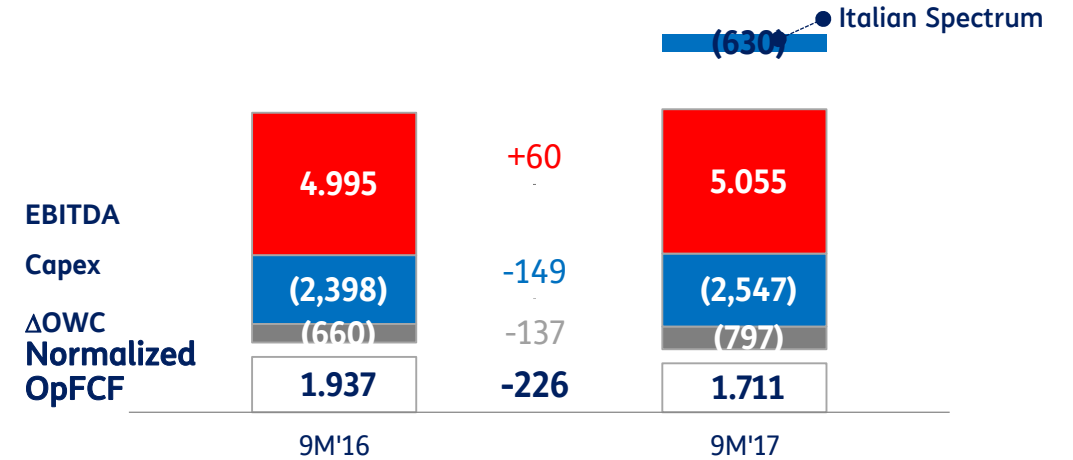
# TIM Group 9M'17 Ex-Spectrum OpFCF Shows Stable YoY Performance

€ mln, Reported

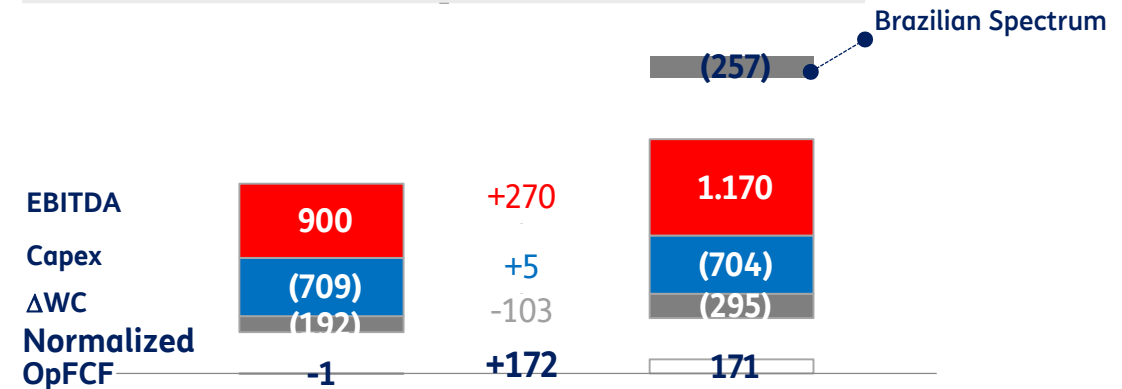
## FY Group OpFCF



## Domestic



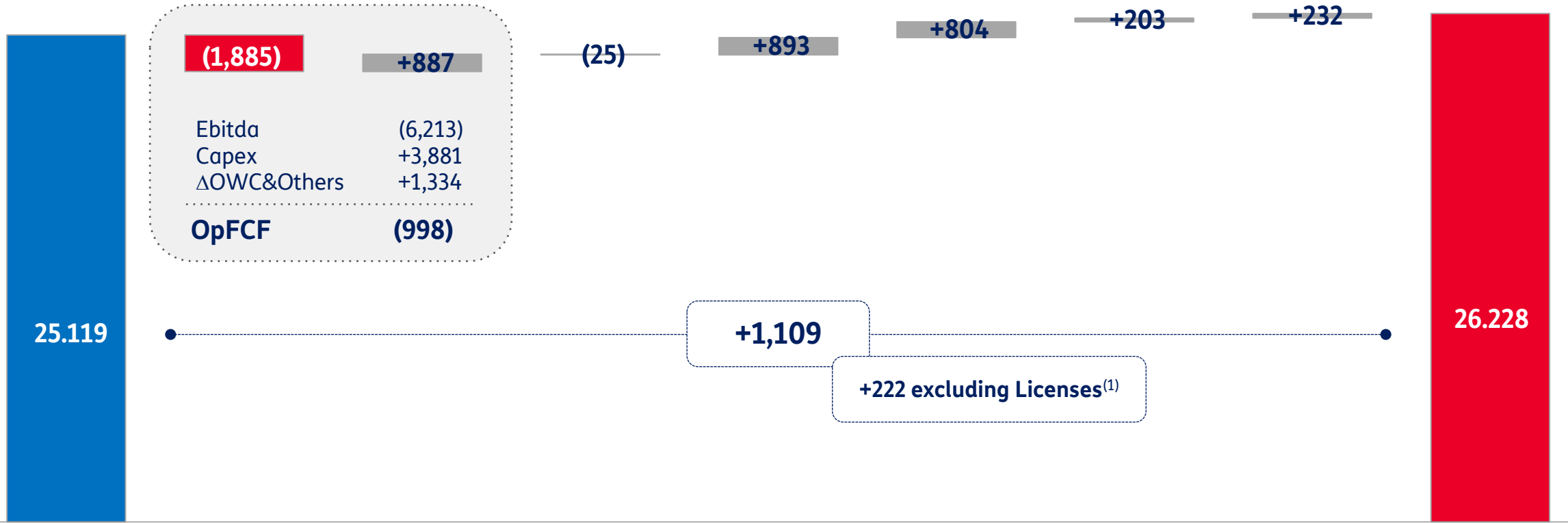
## Brazil





# TIM Group 9M'17 Net Financial Position Up due to Spectrum and Taxes

€ mln



<b>(1,885)</b>	<b>+887</b>
Ebitda	(6,213)
Capex	+3,881
ΔOWC&Others	+1,334
<b>OpFCF</b>	<b>(998)</b>

**+1,109**

**+222 excluding Licenses<sup>(1)</sup>**

**-543**

**o/w disp. Argentina (665)**

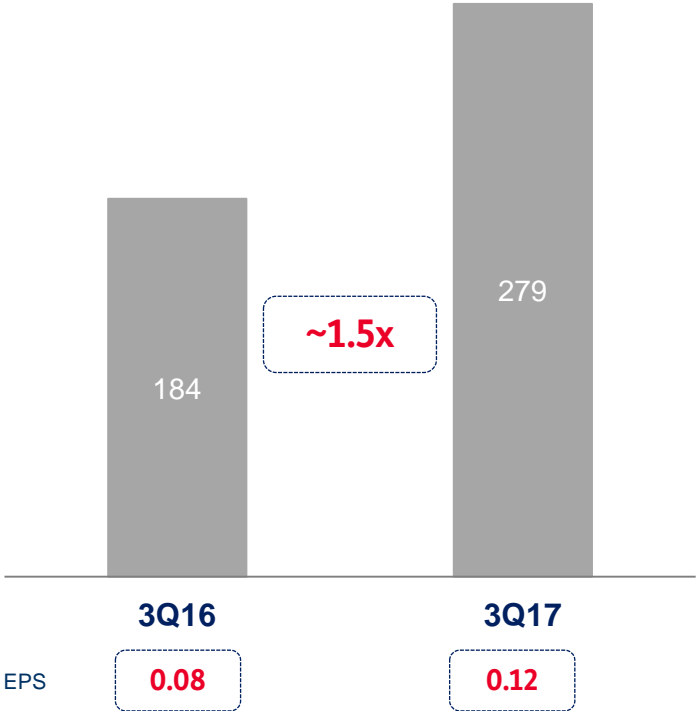


(1) Italy GSM License renewal for 630 mln € and Brazil Spectrum Clean-up Installments for 257 mln euro

# TIM Brazil: Solid Growth Drives Strong Improvement in Bottom line and Cash Generation

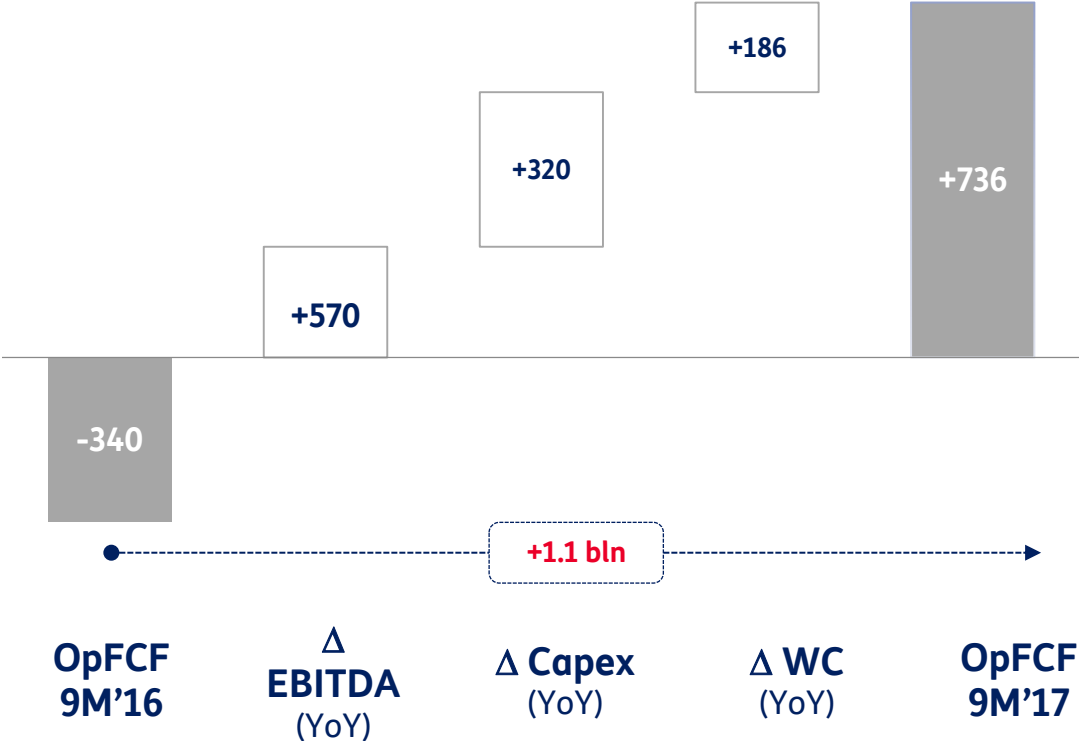
## Reported Net Income

(R\$ mln – TIM Participações)



## Operating Free Cash Flow Ex-License<sup>(1)</sup>

(R\$ mln)



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# 3Q'17 Closing Remarks

**TIM Group:** Performance Momentum is confirmed across all of our Markets

**Group Revenues €4.9Bn**  
**Group Ebitda €2.2Bn**  
*Both growing YoY*

**Main 2017 Targets confirmed**

**Domestic:** *Low Single-digit Ebitda Organic YoY Growth*

**Brazil:** *Continued Positive Quarterly Growth for Revenues and Ebitda*

**New Industrial Plan 2018-2020 under preparation**

It will be presented in 1<sup>st</sup> Quarter 2018, together with FY 2017 Results, incorporating the main pillars of DigiTIM program:

- **Best in class Customer Experience**
- **Convergent, flexible and scalable offers**
- **UBB-Centric Customer Base**
- **Digitalization and Data Analytics as Core Enablers**
- **Smart Efficiency and Capex Allocation**
- **Performance-based and Digital culture**

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## — Appendixes

### — Organic «Like for Like»

Financial Details & Operating Information

# TIM Group & Domestic: Reported, Organic & «Like for Like» Performance

€mln

	TIM Group						Domestic					
	I Quarter		II Quarter		III Quarter		I Quarter		II Quarter		III Quarter	
	2017A	2016A	2017A	2016A	2017A	2016A	2017A	2016A	2017A	2016A	2017A	2016A
<b>Total Revenues</b>												
REPORTED	+8.5%	-12.1%	+6.4%	-7.7%	+1.3%	+1.4%	+2.8%	-2.3%	+4.0%	-1.2%	+0.8%	+1.0%
ORGANIC	+2.6%	-5.6%	+3.7%	-4.3%	+1.8%	-1.2%	+2.7%	-2.3%	+3.9%	-1.1%	+0.9%	+1.0%
<b>ORGANIC «LIKE for LIKE»</b>	<b>+1.3%</b>	<b>-5.6%</b>	<b>+3.0%</b>	<b>-4.8%</b>	<b>+3.9%</b>	<b>-3.8%</b>	<b>+1.0%</b>	<b>-2.3%</b>	<b>+3.0%</b>	<b>-1.8%</b>	<b>+3.6%</b>	<b>-2.5%</b>
<b>Service Revenues</b>												
REPORTED	+6.4%	-10.4%	+4.4%	-6.1%	+1.6%	+0.9%	-0.3%	-2.4%	+0.9%	-1.1%	+0.7%	-0.4%
ORGANIC	+0.6%	-4.2%	+1.8%	-2.7%	+2.0%	-1.3%	-0.4%	-2.5%	+0.8%	-1.0%	+0.8%	-0.4%
<b>ORGANIC «LIKE for LIKE»</b>	<b>+0.6%</b>	<b>-4.2%</b>	<b>+2.4%</b>	<b>-3.3%</b>	<b>+3.1%</b>	<b>-1.9%</b>	<b>-0.4%</b>	<b>-2.5%</b>	<b>+1.6%</b>	<b>-1.7%</b>	<b>+2.2%</b>	<b>-1.3%</b>
<b>Ebitda</b>												
REPORTED	+16.2%	-15.8%	+5.5%	+25.4%	-2.5%	+8.5%	+11.0%	-9.3%	+1.0%	+39.4%	-6.5%	+7.9%
ORGANIC	+8.1%	-7.5%	+6.1%	+4.0%	+0.7%	+6.6%	+7.6%	-5.2%	+4.1%	+6.9%	-2.4%	+7.8%
<b>ORGANIC «LIKE for LIKE»</b>	<b>+5.0%</b>	<b>-7.4%</b>	<b>+7.3%</b>	<b>-1.3%</b>	<b>+6.5%</b>	<b>+0.9%</b>	<b>+3.8%</b>	<b>-5.1%</b>	<b>+5.4%</b>	<b>+0.6%</b>	<b>+4.3%</b>	<b>+0.8%</b>

Organic “Like for Like” is the Organic performance including certain “non linear items”, defined as follows:

“EU Roam-like-at-home”, “Shift from modem rent to sale”, “Wholesale IRU transaction”, “Purchasing incentive recognized as opex reduction/income”, “Reversal for 2016 annual bonus provision” and “Last technical support payment relating to Argentina sale”

Details on the “non linear items” are available at slide 22, 23 and 24

# «Like for Like» Adjustments on Domestic Total & Service Revenues

Total Revenues

(mln€)	2016			2017			Delta % YoY		
	1Q'16	2Q'16	3Q'16	1Q'17	2Q'17	3Q'17	1Q	2Q	3Q
1. REPORTED	3,548	3,699	3,789	3,647	3,847	3,818	+2.8%	+4.0%	+0.8%
+ XRate Impact	3	2	-4						
2. ORGANIC	3,551	3,701	3,785	3,647	3,847	3,818	+2.7%	+3.9%	+0.9%
- Non Linear Items	0	26	128	61	63	31			
<i>EU Roam-like-at-home</i>						-18			
<i>Shift from modem rent to sale</i>			11	61	63	49			
<i>Wholesale IRU transaction</i>			90						
<i>Purchasing incentive recognized as opex reduction/income</i>		26							
<i>Last technical support payment relating to Argentina sale</i>			27						
<b>3. ORGANIC LIKE for LIKE</b>	<b>3,551</b>	<b>3,675</b>	<b>3,657</b>	<b>3,586</b>	<b>3,784</b>	<b>3,787</b>	<b>+1.0%</b>	<b>+3.0%</b>	<b>+3.6%</b>

Service Revenues

(mln€)	2016			2017			Delta % YoY		
	1Q'16	2Q'16	3Q'16	1Q'17	2Q'17	3Q'17	1Q	2Q	3Q
1. REPORTED	3,352	3,468	3,526	3,342	3,500	3,552	-0.3%	+0.9%	+0.7%
+ XRate Impact	3	2	-4						
2. ORGANIC	3,355	3,470	3,522	3,342	3,500	3,552	-0.4%	+0.8%	+0.8%
- Non Linear Items	0	26	27	0	0	-18			
<i>EU Roam-like-at-home</i>						-18			
<i>Purchasing incentive recognized as opex reduction/income</i>		26							
<i>Last technical support payment relating to Argentina sale</i>			27						
<b>3. ORGANIC LIKE for LIKE</b>	<b>3,355</b>	<b>3,444</b>	<b>3,494</b>	<b>3,342</b>	<b>3,500</b>	<b>3,569</b>	<b>-0.4%</b>	<b>+1.6%</b>	<b>+2.2%</b>

# «Like for Like» Adjustments on Domestic Opex

(mln€)	2016			2017			Delta % YoY		
	IQ	IIQ	IIIQ	IQ	IIQ	IIIQ	IQ	IIQ	IIIQ
<b>1. REPORTED</b>	<b>2,087</b>	<b>1,976</b>	<b>1,978</b>	<b>2,026</b>	<b>2,107</b>	<b>2,124</b>	<b>-2.9%</b>	<b>+6.6%</b>	<b>+7.4%</b>
+ XRate & non recurring items	65	15	58	24	71	126			
<i>Labour Cost: restructuring and rationalization</i>	65	2	47	5	5	9			
<i>Xrate Impact &amp; Other operating expenses/provisions</i>	0	13	11	19	66	117			
<b>2. ORGANIC</b>	<b>2,022</b>	<b>1,961</b>	<b>1,920</b>	<b>2,002</b>	<b>2,036</b>	<b>1,998</b>	<b>-1.0%</b>	<b>+3.8%</b>	<b>+4.1%</b>
- Non Linear Items	0	-82	4	3	-28	26			
<i>EU Roam-like-at-home</i>						18			
<i>Shift from modem rent to sale</i>			5	22	22	18			
<i>Wholesale IRU transaction</i>			4						
<i>Purchasing incentive recognized as opex reduction/income</i>		-16	-5	-19	-50	-9			
<i>Reversal of Annual 2015 Bonus Payment</i>		-66							
<b>3. ORGANIC LIKE for LIKE</b>	<b>2,022</b>	<b>2,043</b>	<b>1,916</b>	<b>1,999</b>	<b>2,064</b>	<b>1,972</b>	<b>-1.0%</b>	<b>+1.0%</b>	<b>+2.9%</b>



# «Like for Like» Adjustments on Domestic Ebitda

(mln€)	2016			2017			Delta % YoY		
	1Q'16	2Q'16	3Q'16	1Q'17	2Q'17	3Q'17	1Q	2Q	3Q
<b>1. REPORTED</b>	1,461	1,723	1,811	1,621	1,740	1,694	+11.0%	+1.0%	-6.5%
+ XRate & non recurring items	68	17	54	24	71	126			
<i>Labour Cost: restructuring and rationalization</i>	65	2	47	5	5	9			
<i>Xrate Impact &amp; Other operating expenses/provisions</i>	3	15	7	19	66	117			
<b>2. ORGANIC</b>	1,529	1,740	1,865	1,645	1,811	1,820	+7.6%	+4.1%	-2.4%
- Non Linear Items	0	108	124	58	91	5			
<i>EU Roam-like-at-home</i>						-36			
<i>Shift from modem rent to sale</i>			6	39	41	32			
<i>Wholesale IRU transaction</i>			86						
<i>Purchasing incentive recognized as opex reduction/income</i>		42	5	19	50	9			
<i>Last technical support payment relating to Argentina sale</i>			27						
<i>Reversal of Annual 2015 Bonus Payment</i>		66							
<b>3. ORGANIC LIKE for LIKE</b>	1,529	1,632	1,741	1,587	1,720	1,815	+3.8%	+5.4%	+4.3%

# Agenda

TIM Group Results

Financial Highlights

3Q'17 Closing Remarks

## — Appendixes

Organic «Like for Like»

## — Financial Details & Operating Information

## 3Q'17 and 9M'17 TIM Group Profit & Loss

(mln€, %)	III Quarter				9M			
	2017	2016	Δ abs	Δ %	2017	2016	Δ abs	Δ %
<b>REVENUES</b>	<b>4,907</b>	<b>4,843</b>	<b>+64</b>	<b>+1.3</b>	<b>14,679</b>	<b>13,939</b>	<b>+740</b>	<b>+5.3</b>
Opex	-2,135	-1,939	(196)	(10.1)	-6,263	-5,758	(505)	(8.8)
Personnel	-673	-752	+79	+10.5	-2,203	-2,303	+100	+4.3
<b>EBITDA</b>	<b>2,099</b>	<b>2,152</b>	<b>(53)</b>	<b>(2.5)</b>	<b>6,213</b>	<b>5,878</b>	<b>+335</b>	<b>+5.7</b>
Depreciation and Amortization	-1,109	-1,069	(40)	(3.7)	-3,358	-3,116	(242)	(7.8)
Gains/Losses and Writedown	-27	-2	(25)		-21	6	(27)	
<b>EBIT</b>	<b>963</b>	<b>1,081</b>	<b>(118)</b>	<b>(10.9)</b>	<b>2,834</b>	<b>2,768</b>	<b>+66</b>	<b>+2.4</b>
Net Financial Income/Expenses	-386	-365	(21)	(5.8)	-1,126	-510	(616)	
o/w MCB	0	-9	+9		0	611	(611)	
Income/Loss from Equity Invest.	1	-1	+2		-19	4	(23)	
<b>Profit/Loss before Tax and Disc. Ops.</b>	<b>578</b>	<b>715</b>	<b>(137)</b>	<b>(19.2)</b>	<b>1,689</b>	<b>2,262</b>	<b>(573)</b>	<b>(25.3)</b>
Discontinued Operations	0	0	+0		0	47	(47)	
Taxes	-102	-210	+108	+51.4	-559	-699	+140	+20.0
<b>Net Income Ante Minorities</b>	<b>476</b>	<b>505</b>	<b>(29)</b>	<b>(5.7)</b>	<b>1,130</b>	<b>1,610</b>	<b>(480)</b>	<b>(29.8)</b>
Minorities	-39	-28	(11)	(39.3)	-97	-115	+18	+15.7
<b>Net Income Post Minorities</b>	<b>437</b>	<b>477</b>	<b>(40)</b>	<b>(8.4)</b>	<b>1,033</b>	<b>1,495</b>	<b>(462)</b>	<b>(30.9)</b>
o/w MCB	0	-7	+7		0	443	(443)	

# 3Q'17 and 9M'17 TIM Group: Cashflow

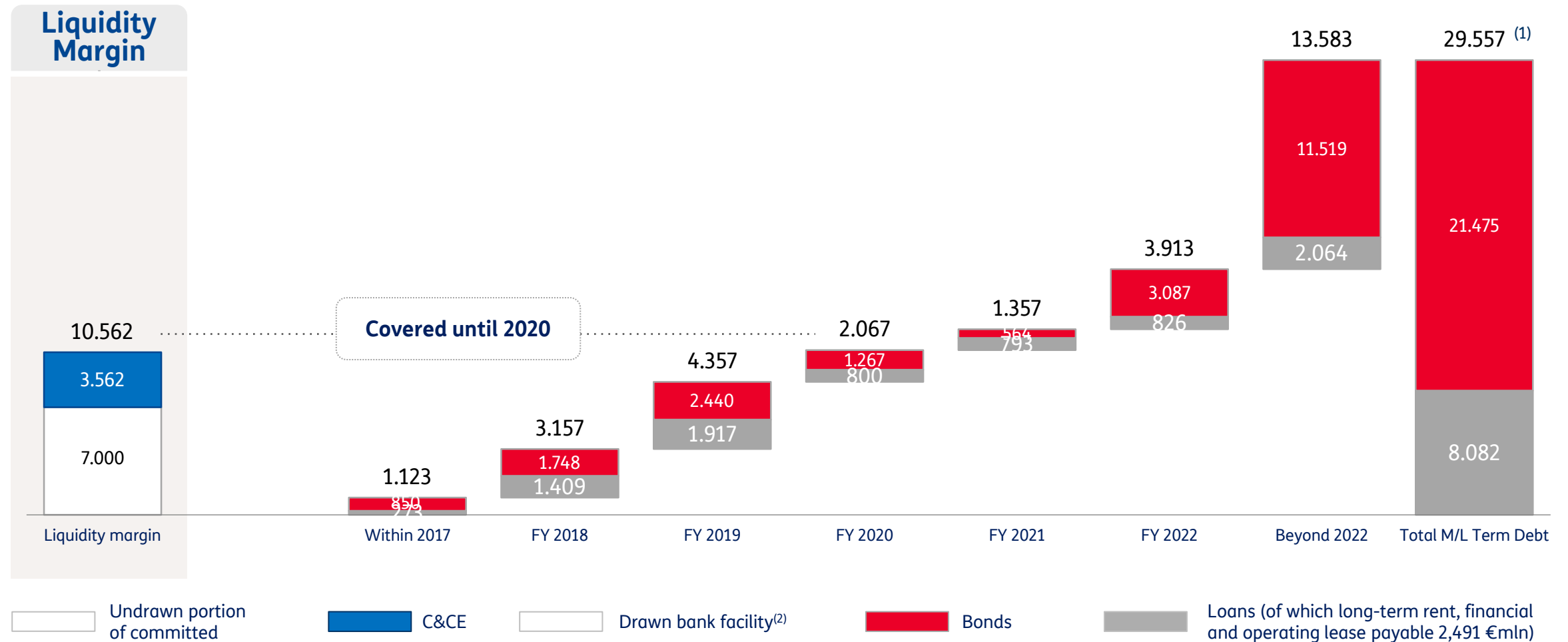
(organic data mln€, %)	III Quarter				9M		
	2017	2016	Δ abs	Δ %	2017	2016	Δ abs
<b>Opening Net Financial Position Adjusted</b>	25,104	27,514	(2,410)	(9)	25,119	27,278	(2,159)
<b>Final Net Financial Position Adjusted</b>	26,228	26,735	(507)	(1.9)	26,228	26,735	(507)
<b>Net Cash Flow</b>	-1,124	779	(1,903)	(244.3)	-1,109	543	(1,652)
<b>Operating Free Cash Flow</b>	40	1,237	(1,197)	(97)	998	1,908	(910)
<b>EBITDA</b>	2,099	2,152	(53)	(2)	6,213	5,878	+335
<b>CAPEX</b>	-1,825	-1,124	(701)	(62)	-3,881	-3,107	(774)
<b>Change in Net Operating WC and Other</b>	-234	209	(443)	(212)	-1,334	-863	(471)
Change in Net Operating WC	-297	248	(545)	(220)	-1,427	-830	(597)
Inventories	-20	-31	+11	+35	-64	-71	+7
Trade Receivable	61	99	(38)	(38)	9	-31	+40
Trade Payable	-306	210	(516)	(246)	-998	-425	(573)
Other Operating Receivables/Payables	-32	-30	(2)	(7)	-374	-303	(71)
Change in Severance Indemnities	-27	-28	+1	+4	-34	12	(46)
Change in Reserves for ordinary risk and charges	98	-6	+104	+1,733	149	-29	+178
Other	-8	-5	(3)	(60)	-22	-16	(6)
<b>Financial Investment</b>	0	-2	+2	+100	-1	-11	+10
<b>Proceeds from Disposals</b>	17	5	+12	+218	26	737	(711)
<b>Financial Expenses Taxes and Other</b>	-1,175	-405	(770)	(190)	-1,884	-1,654	(230)
Financial Expenses (cash impact+Fin. Accruals)	-293	-343	+50	+15	-893	-992	+99
Taxes	-777	-13	(764)	(5,972)	-804	-117	(687)
Other	-104	-49	(55)	(112)	-186	-545	+359
<b>Discontinued Operations</b>	0	-0	+0	+100	0	-38	+38
<b>Change in Equity</b>	10	0	+10		16	0	+16
<b>Dividends</b>	-1	-0	(0)	(336)	-219	-227	+9
<b>IAS17</b>	-15	-56	+40	+72	-45	-172	+126
IAS17 Domestic - Leaseback	-13	-53	+40	+75	-35	-151	+115
IAS17 Brasil - Leaseback	-2	-3	+0	+15	-10	-21	+11

# 9M'17 TIM Group: Balance Sheet

(reported data mln€, %)	9M		
	2017	2016	Δ abs
<b>Total net assets</b>	<b>54,420</b>	<b>53,208</b>	<b>+1,212</b>
Goodwill	29,520	29,548	(28)
Other intangible assets	7,123	6,733	+390
Tangible assets	16,266	15,591	+675
Equity investments	66	81	(15)
Other L/T investments	740	676	+64
Deferred tax assets	705	579	+126
<b>Working Capital</b>	<b>-184</b>	<b>-801</b>	<b>+617</b>
Net trade accounts receivable	3,934	3,714	+220
Trade accounts payable	-3,852	-3,944	+92
Other current assets/liabilities	-266	-571	+305
<b>Funds</b>	<b>-3,219</b>	<b>-3,359</b>	<b>+140</b>
Provisions for deferred taxes	-313	-436	+123
Severance indemnities	-1,340	-1,610	+270
Ordinary provisions for risk and charges	-1,126	-941	(185)
Other provisions	-440	-372	(68)
<b>Net Invested Capital</b>	<b>51,017</b>	<b>49,048</b>	<b>+1,969</b>
<b>Shareholders Equity</b>	<b>24,059</b>	<b>21,637</b>	<b>+2,422</b>
Parent Company	21,781	19,414	+2,367
Minority Interest	2,278	2,223	+55
<b>Net Financial Position Reported</b>	<b>26,958</b>	<b>27,411</b>	<b>(453)</b>
<b>Interest Rate Component of Derivates MtoM</b>	<b>730</b>	<b>676</b>	<b>+54</b>
<b>Net Financial Position (adjusted)</b>	<b>26,228</b>	<b>26,735</b>	<b>(507)</b>

# Maturities and Liquidity Margin

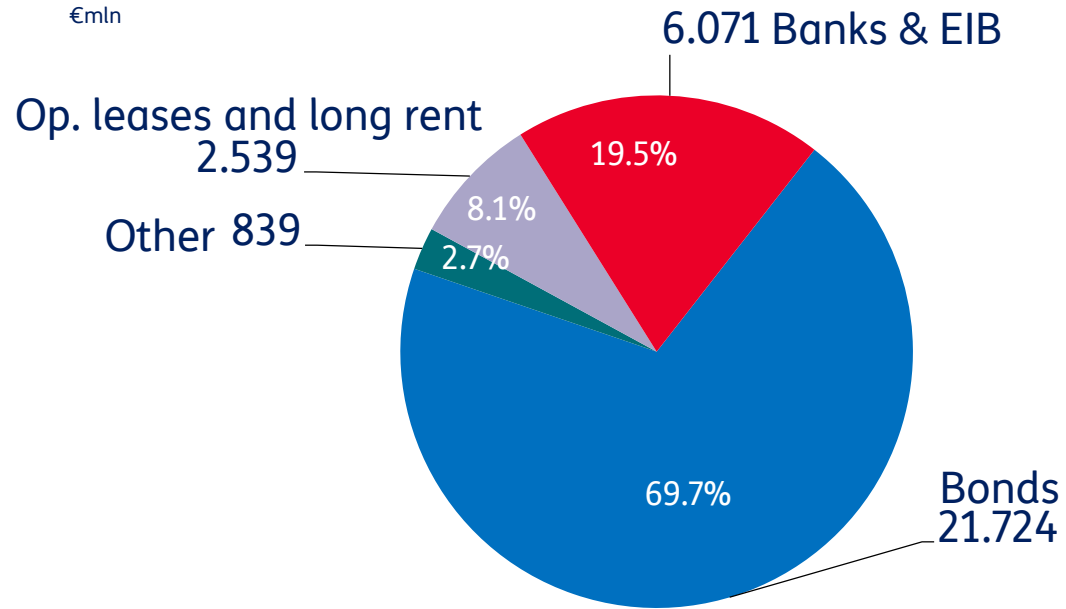
€mln



(1) 29,557€mln is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and reverse fair value valuations (942€mln) and current financial liabilities (674 €mln), the gross debt figure of 31,173€mln is reached.

# Well Diversified and Hedged Debt

€mln



**Gross debt 31,173**

Financial Assets	(4,945)
of which C&CE and marketable securities	(3,562)
- C & CE	(2,519)
- Marketable securities	(1,043)
- Government Securities	(479)
- Other	(564)

**Net financial position 26,228**

N.B. The figures are net of the adjustment due to the fair value measurement of derivatives and related financial liabilities/assets, as follows:  
 - the impact on Gross Financial Debt is equal to 1,726 €mln (of which 218 €mln on bonds)  
 - the impact on Financial Assets is equal to 996 €mln.  
 Therefore, the Net Financial Indebtedness is adjusted by 730 €mln.

N.B. The difference between total financial assets (4,945 €mln) and C&CE and marketable securities (3,562€mln) is equal to 1,383 €mln and refers to positive MTM derivatives (accrued interests and exchange rate) for 1,001 €mln, financial receivables for lease for 120 €mln, deposits beyond 3 months for 50 €mln and other credits for 212 €mln.

## Maturities and Risk Management

**Average m/l term maturity:**  
7.65 years (bond only 7.92 years)

**Fixed rate portion** on gross debt approximately **70.4%**

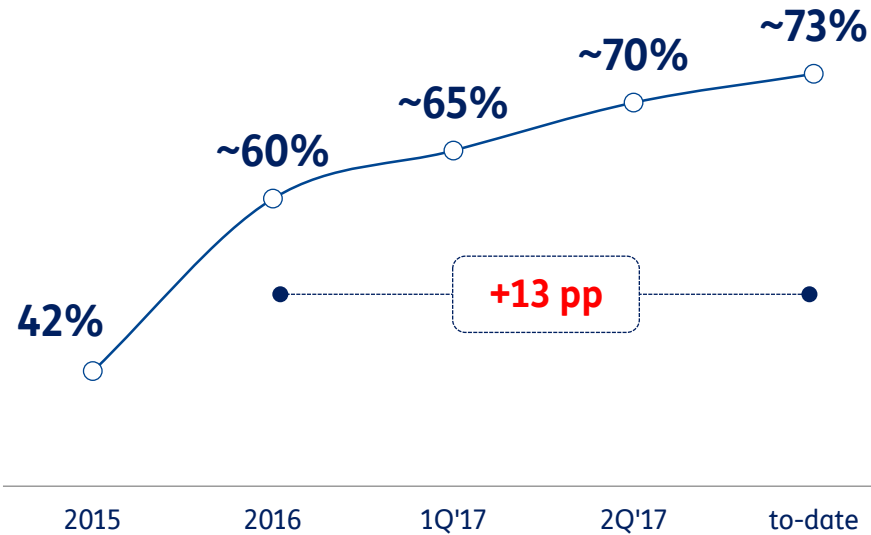
Around **38% of outstanding bonds** (nominal amount) denominated in **USD and GBP** and fully hedged



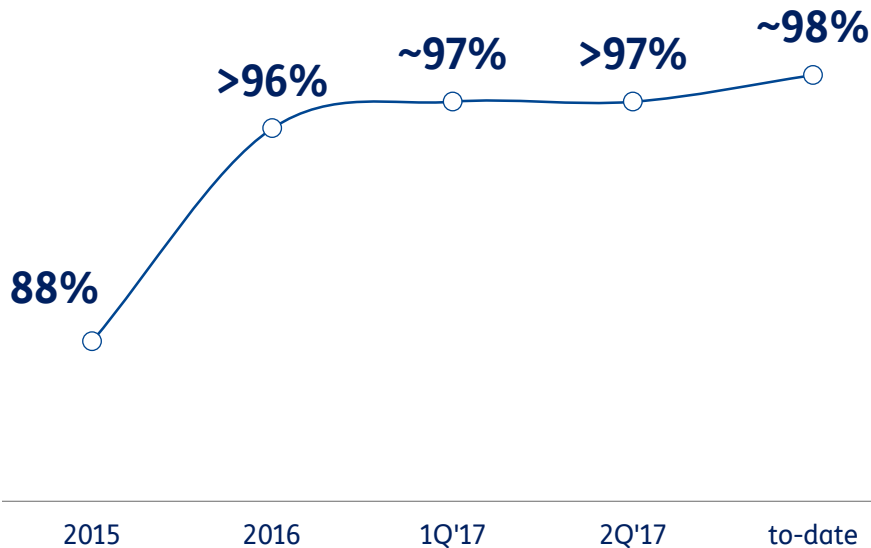
**Cost of debt: ~4.9 %**

# Fiber and 4G Coverage Moves Ahead

## Fixed Coverage



## Mobile Coverage



## Current Figures

- ~73% households covered to-date
- ~104,5 k cabinets passed
- ~208 k FTTH OTB installed
- ~17.6mln HH passed FTTC
- ~1.8 mln HH connected FTTH

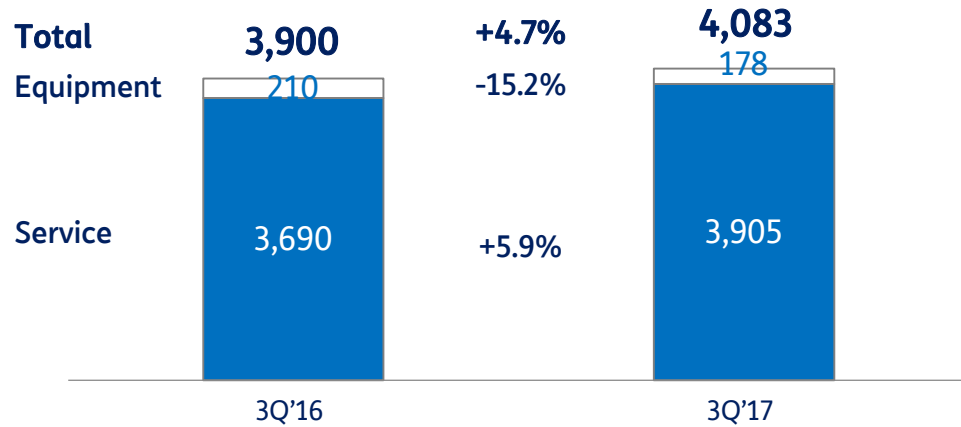
- ~98% LTE outdoor coverage to-date
- >17,500 LTE nodes
- 7,178 cities covered:
  - 1,380 cities 4Gplus
    - 1,290 cities speed up to 225 Mbit/s
    - 90 cities speed up to 300 Mbit/s
  - 12 cities 4.5G
    - 5 cities speed up to 500 Mbit/s
    - 7 cities speed up to 700 Mbit/s



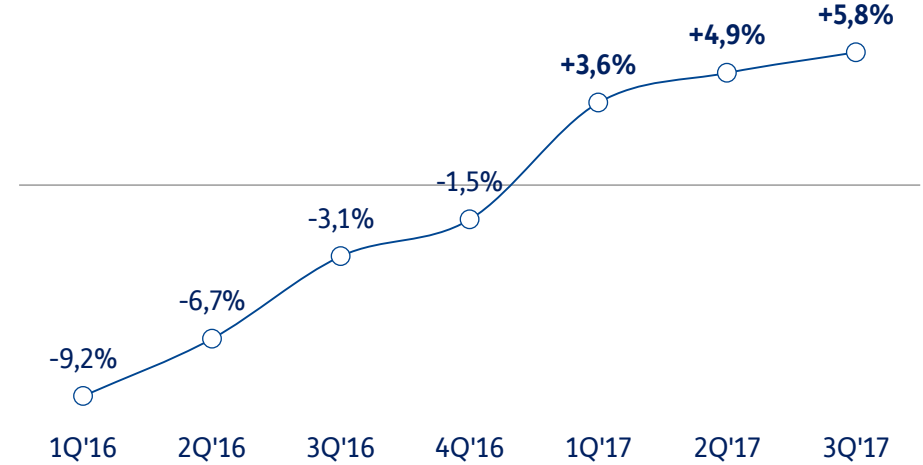
# TIM Brasil: 3Q'17 Results

R\$mIn, % YoY

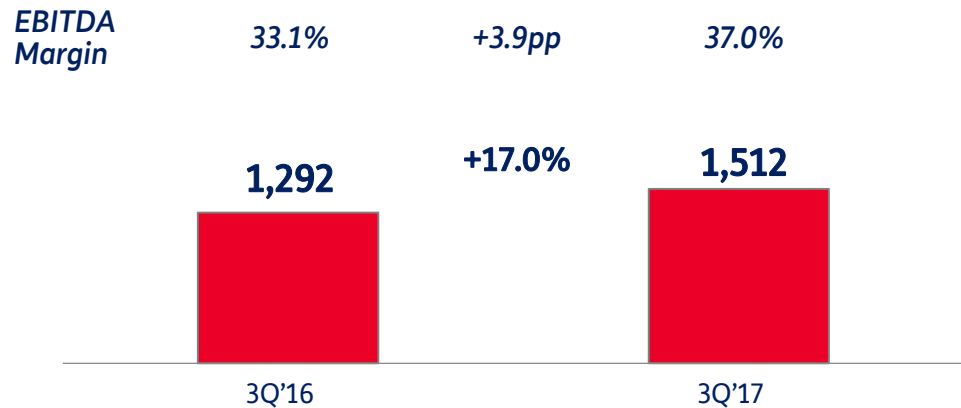
## Revenues



## Focus on Mobile Service Revenues YoY



## Organic\* EBITDA



## Capex

