



2Q'18 Financial and operating data

TELECOM ITALIA INVESTOR RELATIONS

investor_relations@telecomitalia.it

Website link:

[Telecom Italia Group](#)

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Disclaimer

2Q18 and 1H18 financial and operating data have been extracted or derived, with the exception of some data, from the TIM Group Half-year Condensed Consolidated Financial Statements as of and for the six months ended 30 June 2018 which has 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 limited review by the external auditors (PwC) on the TIM Group Half-year Condensed Consolidated Financial Statements at 30 June 2018 has not yet been completed.

The accounting policies and consolidation principles adopted in the preparation of the TIM Group Half-year Condensed Consolidated Financial Statements as of and for the six months ended 30 June 2018 are the same as those adopted in the TIM Group annual Audited Consolidated Financial Statements as of 31 December 2017, to which reference can be made, except for the adoption of the new accounting principles (IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers) adopted starting from 1 January 2018.

As a result of this, the 2Q18 and 1H18 financial results are defined as “2Q18 and 1H18 new principles” and, for comparison purposes, are also presented in accordance with the prior IFRS on revenues (IAS 18, IAS 11 and related Interpretations) and financial instruments (IAS 39) defined as “2Q18 and 1H18 old principle (comparable)”.

Key financial data by Business Unit

UNAUDITED FIGURES

€ mln

REVENUES					Old principles (comparable)		New principles	
	2Q17	1H17	9M17	FY17	2Q18	1H18	2Q18	1H18
Domestic	3,847	7,494	11,312	15,354	3,809	7,518	3,773	7,454
Brasile	1,112	2,293	3,389	4,502	970	2,007	968	2,001
Other activities & Elim.	(6)	(15)	(22)	(28)	(9)	(13)	(9)	(14)
TI Group	4,953	9,772	14,679	19,828	4,770	9,512	4,732	9,441
EBITDA Reported								
Domestic	1,740	3,361	5,055	6,171	1,667	3,200	1,599	3,068
Brasile	390	762	1,170	1,635	362	727	351	704
Other activities & Elim.	(6)	(9)	(12)	(16)	(4)	(9)	(4)	(9)
TI Group	2,124	4,114	6,213	7,790	2,025	3,918	1,946	3,763
EBITDA Margin Reported								
Domestic	45.2%	44.8%	44.7%	40.2%	43.8%	42.6%	42.4%	41.2%
Brasile	35.1%	33.2%	34.5%	36.3%	37.3%	36.2%	36.3%	35.2%
TI Group	42.9%	42.1%	42.3%	39.3%	42.5%	41.2%	41.1%	39.9%
EBIT Reported								
Domestic	898	1,685	2,507	2,772	806	1,484	763	1,402
Brazil	113	194	340	535	121	254	121	252
Other activities & Elim.	(5)	(8)	(13)	(16)	(5)	(10)	(4)	(10)
TI Group	1,006	1,871	2,834	3,291	922	1,728	880	1,644
EBIT Margin Reported								
Domestic	23.3%	22.5%	22.2%	18.1%	21.2%	19.7%	20.2%	18.8%
Brasile	10.2%	8.5%	10.0%	11.9%	12.5%	12.7%	12.5%	12.6%
TI Group	20.3%	19.1%	19.3%	16.6%	19.3%	18.2%	18.6%	17.4%
CAPEX								
Domestic	995	1,626	3,177	4,551	740	1,273	705	1,212
Brasile	230	430	704	1,150	240	402	231	385
Elim & Adj	-	-	-	-	(1)	-	1	-
TI Group	1,225	2,056	3,881	5,701	981	1,675	937	1,597
CAPEX ON SALES (%)								
Domestic	25.9%	21.7%	28.1%	29.6%	19.4%	16.9%	18.7%	16.3%
Brasile	20.7%	18.8%	20.8%	25.5%	24.7%	20.0%	23.9%	19.2%
TI Group	24.7%	21.0%	26.4%	28.8%	20.6%	17.6%	19.8%	16.9%

Key BU financial data by Quarter

€ mln

UNAUDITED FIGURES

REVENUES					Old principles (comparable)	
	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Domestic	3,647	3,847	3,818	4,042	3,709	3,809
Brasile	1,181	1,112	1,096	1,113	1,037	970
Other activities & Elim.	(9)	(6)	(7)	(6)	(4)	(9)
TI Group	4,819	4,953	4,907	5,149	4,742	4,770
EBITDA Reported						
Domestic	1,621	1,740	1,694	1,116	1,533	1,667
Brasile	372	390	408	465	365	362
Other activities & Elim.	(3)	(6)	(3)	(4)	(5)	(4)
TI Group	1,990	2,124	2,099	1,577	1,893	2,025
EBITDA Margin Reported						
Domestic	44.4%	45.2%	44.4%	27.6%	41.3%	43.8%
Brasile	31.5%	35.1%	37.2%	41.8%	35.2%	37.3%
TI Group	41.3%	42.9%	42.8%	30.6%	39.9%	42.5%
EBIT Reported						
Domestic	787	898	822	265	678	806
Brasile	81	113	146	195	133	121
Other activities & Elim.	(3)	(5)	(5)	(3)	(5)	(5)
TI Group	865	1,006	963	457	806	922
EBIT Margin Reported						
Domestic	21.6%	23.3%	21.5%	6.6%	18.3%	21.2%
Brasile	6.9%	10.2%	13.3%	17.5%	12.8%	12.5%
TI Group	17.9%	20.3%	19.6%	8.9%	17.0%	19.3%
CAPEX						
Domestic	631	995	1,551	1,374	533	740
Brasile	200	230	274	446	162	240
Elim & Adj		0	0	0	(1)	(1)
TI Group	831	1,225	1,825	1,820	694	981
CAPEX ON SALES (%)						
Domestic	17.3%	25.9%	40.6%	34.0%	14.4%	19.4%
Brasile	16.9%	20.7%	25.0%	40.1%	15.6%	24.7%
TI Group	17.2%	24.7%	37.2%	35.3%	14.6%	20.6%

P&L Group

UNAUDITED FIGURES

€ mln

			Old principles (comparable)		New principles	
	2Q17	1H17	2Q18	1H18	2Q18	1H18
REVENUES	4,953	9,772	4,770	9,512	4,732	9,441
Other Income	139	217	87	144	87	144
TOTAL OPERATING REVENUES AND OTHER INCOME	5,092	9,989	4,857	9,656	4,819	9,585
Acquisition of goods and services	(2,075)	(4,136)	(1,953)	(3,922)	(1,984)	(3,980)
Employee benefits expenses	(770)	(1,530)	(736)	(1,509)	(746)	(1,526)
Other operating expenses	(303)	(576)	(293)	(652)	(293)	(661)
Internally generated assets and Others	180	367	150	345	150	345
EBITDA	2,124	4,114	2,025	3,918	1,946	3,763
<i>EBITDA Margin</i>	42.9%	42.1%	42.5%	41.2%	41.1%	39.9%
Depreciation and amortization	(1,120)	(2,249)	(1,104)	(2,193)	(1,067)	(2,122)
Gains (losses) on disposals of non-current assets	2	6	1	3	1	3
Impairment reversals (losses) on non-current assets	-	-	-	-	-	-
EBIT	1,006	1,871	922	1,728	880	1,644
<i>EBIT Margin</i>	20.3%	19.1%	19.3%	18.2%	18.6%	17.4%
Income (loss) equity invest. valued equity method	(20)	(20)	-	8	-	8
Net Financial Income / (Expenses)	(356)	(740)	(361)	(715)	(361)	(718)
Profit (loss) before tax from continuing operations	630	1,111	561	1,021	519	934
Income tax expense	(201)	(457)	(154)	(328)	(142)	(305)
Profit (loss) from continuing operations	429	654	407	693	377	629
Profit (loss) from Discontinued operations/Non-current assets he	-	-	-	-	-	-
Profit (loss) for the year	429	654	407	693	377	629
Attributable to:						
Owners of the Parent	396	596	368	618	338	554
Non-controlling interests	33	58	39	75	39	75

Consolidated Balance Sheet

€ mln

UNAUDITED FIGURES

	FY17	1H18 old principles (comparable)	1H18 new principles
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	29,462	29,347	29,347
Intangible assets with a finite useful life	7,192	6,556	6,443
	<u>36,654</u>	<u>35,903</u>	<u>35,790</u>
Tangible assets			
Property, plant and equipment owned	14,216	13,823	13,823
Assets held under finance leases	2,331	2,108	2,108
	<u>16,547</u>	<u>15,931</u>	<u>15,931</u>
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	17	15	15
Other investments	51	50	50
Non-current financial assets	1,768	1,405	1,405
Miscellaneous receivables and other non-current assets	2,422	2,477	2,179
Deferred tax assets	993	723	751
	<u>5,251</u>	<u>4,670</u>	<u>4,400</u>
TOTAL NON-CURRENT ASSETS (A)	58,452	56,504	56,121
CURRENT ASSETS			
Inventories	290	321	321
Trade and miscellaneous receivables and other current assets	4,959	5,179	5,060
Current income tax receivables	77	56	56
Other investments			
Securities other than investments, financial receivables and other current financial assets	1,430	1,425	1,425
Cash and cash equivalents	3,575	2,102	2,102
Current assets sub-total	10,331	9,083	8,964
Discontinued operations/assets held for sale			
of a financial nature	-	-	-
of a non-financial nature	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS (B)	10,331	9,083	8,964
TOTAL ASSETS (A+B)	68,783	65,587	65,085

Consolidated Balance Sheet

€ mln

UNAUDITED FIGURES

	FY17	1Q18 old principles (comparable)	1Q18 new principles
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity holders of the Parent	21,557	21,484	21,340
Equity attributable to Minority Interests	2,226	2,061	2,056
TOTAL EQUITY (C)	23,783	23,545	23,396
NON-CURRENT LIABILITIES			
Non-current financial liabilities	28,108	24,888	24,888
Employee benefits	1,736	1,731	1,731
Deferred tax liabilities	265	265	241
Provisions	825	830	830
Miscellaneous payables and other non-current liabilities	1,678	1,572	1,334
TOTAL NON-CURRENT LIABILITIES (D)	32,612	29,286	29,024
CURRENT LIABILITIES			
Current financial liabilities	4,756	6,085	6,085
Trade and miscellaneous payables and other current liabilities	7,520	6,602	6,513
Current income tax payables	112	69	67
Current liabilities sub-total (E)	12,388	12,756	12,665
Liabilities directly associated with Discontinued operations/Non-current assets held for sale			
of a financial nature	-	-	-
of a non-financial nature	-	-	-
	-	-	-
TOTAL CURRENT LIABILITIES (E)	12,388	12,756	12,665
TOTAL LIABILITIES (F=D+E)	45,000	42,042	41,689
TOTAL EQUITY AND LIABILITIES (C+F)	68,783	65,587	65,085

Net Cash Flow & Net Debt Dynamics

€ mln

UNAUDITED FIGURES

	1Q17	1H17	Old principles (comparable) 1H18	New principles 1H18
EBITDA	1,990	4,114	3,918	3,763
CAPEX	(831)	(2,056)	(1,675)	(1,597)
Change in net operating working capital:	(795)	(1,130)	(1,402)	(1,325)
Change in inventories	(29)	(44)	(31)	(31)
Change in trade receivables and net amounts due from customers on construction contracts	31	(52)	(120)	(74)
Change in trade payables (*)	(697)	(692)	(1,027)	(1,027)
Capital grants received	-		2	2
Other changes in operating receivables/payables	(100)	(342)	(226)	(195)
Change in provisions for employee benefits	(7)	(7)	(23)	(23)
Change in operating provisions and Other changes	4	37	68	68
Net operating Free Cash Flow	361	958	886	886
Sale of investments and other disposals flow	2	9	14	14
Share capital increases/reimbursements, including incidental costs		6	11	11
Financial investments flow	(1)	(1)	(3)	(3)
Dividends payment		(218)	(222)	(222)
Change in finance lease contracts	(15)	(30)	(44)	(44)
Finance expenses, income taxes and other net non-operating requirements flow	(463)	(709)	(475)	(475)
Reduction/(Increase) in adjusted net financial debt from continuing operations	(116)	15	167	167
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	-	-	-	-
Reduction/(Increase) in adjusted net financial debt	(116)	15	167	167
OPENING NET FINANCIAL DEBT (Adjusted)	25,119	25,119	25,308	25,308
Net cash flow	(116)	15	167	167
ENDING NET FINANCIAL DEBT (Adjusted)	25,235	25,104	25,141	25,141
Adj for fair value valuation of derivatives and related underlyings	688	624	900	900
ENDING NET FINANCIAL DEBT (Reported)	25,923	25,728	26,041	26,041

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

Domestic Business Results - Reported Figures

UNAUDITED FIGURES

	1Q17	Δ % yoy	2Q17	Δ % yoy	3Q17	Δ % yoy	4Q17	Δ % yoy	FY17	Δ % yoy	1Q18	Δ % yoy	2Q18	Δ % yoy
KPIs ('000)														
Wireline														
Broadband (active retail + wholesale diretto)	11,462	-3.1%	11,429	-2.3%	11,431	-1.4%	11,407	-1.0%	11,407	-1.0%	11,285	-1.5%	11,203	-2.0%
Mobile	9,320	5.4%	9,546	7.3%	9,738	8.8%	10,023	10.2%	10,023	10.2%	10,337	10.9%	10,599	11.0%
Total lines ⁽¹⁾	29,417	-1.4%	29,952	0.7%	30,285	2.5%	30,755	3.8%	30,755	3.8%	31,036	5.5%	31,629	5.6%
€ mln														
REVENUES	3,647	2.8%	3,847	4.0%	3,818	0.8%	4,042	1.8%	15,354	2.3%	3,709	1.7%	3,809	-1.0%
Services	3,342	-0.3%	3,500	0.9%	3,552	0.7%	3,607	2.1%	14,000	0.9%	3,399	1.7%	3,480	-0.6%
Equipments	305	55.8%	347	50.6%	266	1.2%	435	-0.7%	1,354	20.0%	310	1.6%	329	-5.3%
Domestic Mobile Services	1,083	2.2%	1,145	2.5%	1,202	1.6%	1,225	0.5%	4,655	1.6%	1,123	3.7%	1,142	-0.2%
Traditional	496	-13.4%	512	-11.6%	519	-7.5%	526	-2.1%	2,053	-8.8%	515	3.8%	516	0.8%
Innovative	534	21.8%	558	19.8%	594	12.7%	625	8.3%	2,311	15.1%	551	3.2%	560	0.3%
Wholesale	53	10.4%	74	3.4%	90	-6.1%	74	-29.8%	291	-9.3%	57	7.9%	66	-11.2%
Domestic Wireline Services	2,424	-2.4%	2,508	0.8%	2,496	-0.1%	2,524	1.2%	9,952	-0.1%	2,419	-0.2%	2,485	-0.9%
Traditional Services	967	-9.1%	974	-7.6%	950	-7.9%	937	-12.4%	3,828	-9.3%	906	-6.3%	902	-7.3%
Innovative Services	652	10.5%	708	16.0%	713	14.2%	753	16.1%	2,825	14.3%	750	15.0%	784	10.7%
Domestic Wholesale	505	-5.9%	498	-1.5%	497	-1.1%	494	1.2%	1,994	-1.9%	491	-2.9%	489	-1.8%
TIS Group	310	-0.3%	336	-0.6%	349	-1.4%	354	1.7%	1,349	-0.1%	286	-7.7%	323	-3.9%
Subs. Adj. and Other	-11	45.1%	-7	62.5%	-14	-1.5%	-13	78.0%	-44	60.0%	-14	-31.5%	-13	-81.8%
Elimination & Other	-164	13.5%	-154	-11.8%	-147	6.6%	-143	21.8%	-607	8.9%	-143	13.3%	-147	4.0%
EBITDA	1,621	11.0%	1,740	1.0%	1,694	-6.5%	1,116	-34.5%	6,171	-7.9%	1,533	-5.4%	1,667	-4.2%
EBITDA Margin	44.4%		45.2%		44.4%		27.6%		40.2%		41.3%		43.8%	
Capex	631	-18.9%	995	24.8%	1,551	88.5%	1,374	4.8%	4,551	22.7%	533	-15.5%	740	-25.6%
% on revenues	17.3%		25.9%		40.6%		34.0%		29.6%		14.4%		19.4%	

⁽¹⁾ M2M included

Domestic Wireline Results - Reported Figures

UNAUDITED FIGURES

	1Q17	Δ% yoy	2Q17	Δ% yoy	3Q17	Δ% yoy	4Q17	Δ% yoy	FY17	Δ% yoy	1Q18	Δ% yoy	2Q18	Δ% yoy
KPIs														
Physical accesses ('000)	11,230	-3.2%	11,185	-2.5%	11,137	-2.0%	11,044	-2.1%	11,044	-2.1%	10,845	-3.4%	10,644	-4.8%
o/w NGN	1,217	82.3%	1,507	92.2%	1,754	102.9%	2,150	117.8%	2,150	117.8%	2,458	102.0%	2,744	82.1%
Physical accesses (Voip included) ('000)	11,462	-3.1%	11,429	-2.3%	11,431	-1.4%	11,407	-1.0%	11,407	-1.0%	11,285	-1.5%	11,203	-2.0%
OLO Access (on TI infrastructure)	7,810	3.5%	7,881	3.6%	7,892	3.8%	7,951	3.6%	7,951	3.6%	8,065	3.3%	8,078	2.5%
ULL ⁽¹⁾	5,657	0.4%	5,620	-1.1%	5,554	-1.8%	5,418	-4.0%	5,418	-4.0%	5,228	-7.6%	4,999	-11.0%
Virtual ULL	17	-40.2%	16	-41.7%	15	-35.0%	14	-32.5%	14	-32.5%	13	-23.4%	12	-23.1%
Wholesale Line Rental	373	-20.6%	347	-21.8%	330	-20.6%	304	-21.7%	304	-21.7%	291	-22.1%	274	-20.9%
Naked	1,282	3.3%	1,267	0.9%	1,230	-2.0%	1,228	-3.6%	1,228	-3.6%	1,228	-4.2%	1,194	-5.7%
NGN	481	182.9%	632	217.3%	763	208.4%	986	179.2%	986	179.2%	1,306	171.7%	1,598	153.0%
TI Retail Active Broadband ('000)	7,195	3.4%	7,278	4.1%	7,425	5.6%	7,510	6.1%	7,510	6.1%	7,527	4.6%	7,547	3.7%
Business	1,443	0.0%	1,446	0.4%	1,443	0.3%	1,441	0.3%	1,441	0.3%	1,426	-1.1%	1,415	-2.1%
Consumer	5,752	4.3%	5,832	5.0%	5,982	7.0%	6,068	7.6%	6,068	7.6%	6,101	6.1%	6,132	5.1%
BroadBand Accesses Wholesale (on TI infrastructure) ('000)	2,125	12.6%	2,268	19.2%	2,314	20.6%	2,513	24.7%	2,513	24.7%	2,810	32.2%	3,052	34.6%
BB Arpu (euro/mese)	23.0	7.3%	24.9	13.8%	24.5	9.5%	24.9	11.4%	24.3	10.5%	25.5	10.9%	26.1	4.8%
REVENUES(€ mln)														
TOTAL	2,596	1.7%	2,700	4.7%	2,630	-0.5%	2,763	1.5%	10,689	1.8%	2,579	-0.7%	2,635	-2.4%
Services	2,424	-2.4%	2,508	0.8%	2,496	-0.1%	2,524	1.2%	9,952	-0.1%	2,419	-0.2%	2,485	-0.9%
Equipments	172	145.8%	192	114.0%	134	-6.7%	239	5.4%	737	39.0%	160	-6.9%	150	-21.9%
TRADITIONAL SERVICES	967	-9.1%	974	-7.6%	950	-7.9%	937	-12.4%	3,828	-9.3%	906	-6.3%	902	-7.3%
Voice	801	-11.1%	812	-7.1%	786	-6.1%	763	-8.1%	3,162	-8.1%	754	-5.9%	718	-11.6%
Business Data & Others trad	166	1.5%	161	-10.0%	165	-15.7%	174	-27.4%	666	-14.4%	152	-8.2%	185	14.4%
INNOVATIVE SERVICES	652	10.5%	708	16.0%	713	14.2%	753	16.1%	2,825	14.3%	750	15.0%	784	10.7%
Broadband	493	10.4%	539	17.8%	542	15.1%	558	18.0%	2,131	15.4%	577	17.0%	588	9.2%
Content	4	0.9%	8	96.5%	10	137.6%	7	70.5%	29	75.9%	6	34.6%	8	0.2%
ICT Service	155	11.3%	161	8.3%	161	7.8%	188	9.6%	665	9.2%	168	8.1%	188	16.5%
Domestic Wholesale	505	-5.9%	498	-1.5%	497	-1.1%	494	1.2%	1,994	-1.9%	491	-2.9%	489	-1.8%
TIS Group	310	-0.3%	336	-0.6%	349	-1.4%	354	1.7%	1,349	-0.1%	286	-7.7%	323	-3.9%
Subs. Adj. and Other	-11	45.1%	-7	62.5%	-14	-1.5%	-13	78.0%	-44	60.0%	-14	-31.5%	-13	-81.8%

⁽¹⁾ SULL, NGA included

Domestic Mobile Results - Reported Figures

UNAUDITED FIGURES

	1Q17	Δ% yoy	2Q17	Δ% yoy	3Q17	Δ% yoy	4Q17	Δ% yoy	FY17	Δ% yoy	1Q18	Δ% yoy	2Q18	Δ% yoy
KPIs														
Total number of lines ('000) ⁽¹⁾	29,417	-1.4%	29,952	0.7%	30,285	2.5%	30,755	3.8%	30,755	3.8%	31,036	5.5%	31,629	5.6%
o/w Calling	25,435	-1.1%	26,036	1.7%	26,588	4.0%	26,992	5.2%	26,992	5.2%	27,366	7.6%	28,117	8.0%
o/w Human	19,275	-3.5%	19,563	-1.2%	19,681	0.2%	19,569	0.0%	19,569	0.0%	19,525	1.3%	19,621	0.3%
Churn Rate %	5.9%	0.2pp	6.9%	1.6pp	7.0%	1.1pp	6.4%	0.4pp	26.2%	3.4pp	6.5%	0.6pp	6.0%	-0.9pp
Total User Broadband (mln of users)	12.2	4.7%	12.5	6.2%	13.0	7.3%	13.2	7.9%	13.2	7.9%	13.3	9.2%	13.6	8.6%
Total User LTE (mln of users)	8.3	67.0%	9.0	56.2%	9.4	52.7%	9.7	28.0%	9.7	28.0%	10.1	21.9%	10.4	16.2%
Volumes of traffic (mln of minutes) ⁽²⁾	18,183	7.3%	19,310	11.1%	19,434	12.9%	21,210	17.6%	78,138	12.3%	21,168	16.4%	21,616	11.9%
Outgoing traffic volumes (mln of minutes)	11,781	7.1%	12,627	13.1%	12,767	14.6%	14,184	21.9%	51,359	14.3%	14,080	19.5%	14,468	14.6%
Incoming traffic volumes (mln of minutes)	6,402	7.7%	6,683	7.5%	6,667	9.8%	7,026	9.6%	26,779	8.7%	7,088	10.7%	7,148	7.0%
Usage Voice (min/line/month) ⁽³⁾	259	11.4%	276	14.2%	276	14.7%	303	18.6%	279	14.9%	304	17.2%	311	13.0%
Usage Data (GB/users/month)	2.3	35.3%	2.7	43.3%	3.2	63.3%	3.3	58.6%	2.9	51.3%	3.6	55.9%	4.1	51.5%
ARPU € ⁽³⁾	12.0	3.2%	12.5	3.2%	12.7	-0.4%	13.0	-2.4%	12.5	0.8%	11.9	-0.7%	11.8	-5.4%
ARPU calling € ⁽⁵⁾	13.9	3.0%	14.4	2.2%	14.5	-1.7%	14.8	-4.1%	14.4	-0.2%	13.5	-2.8%	13.4	-7.2%
REVENUES (€ mln), Reported figures														
TOTAL	1,216	2.5%	1,301	3.2%	1,334	2.6%	1,424	-0.6%	5,275	1.9%	1,273	4.7%	1,322	1.6%
SERVICES	1,083	2.2%	1,145	2.5%	1,202	1.6%	1,225	0.5%	4,655	1.6%	1,123	3.7%	1,142	-0.2%
Traditional Services	496	-13.4%	512	-11.6%	519	-7.5%	526	-2.1%	2,053	-8.8%	515	3.8%	516	0.8%
Outgoing voice ⁽⁴⁾	349	-13.7%	360	-10.7%	371	-6.2%	376	-0.9%	1,455	-8.0%	370	6.3%	374	3.9%
Incoming voice	71	5.4%	74	5.5%	75	10.1%	80	11.8%	299	8.3%	79	11.6%	80	8.7%
Messaging	76	-24.9%	79	-26.4%	73	-25.1%	71	-18.6%	299	-24.0%	65	-14.8%	62	-20.9%
Innovative Services	534	21.8%	558	19.8%	594	12.7%	625	8.3%	2,311	15.1%	551	3.2%	560	0.3%
Browsing	415	16.8%	437	15.6%	466	18.9%	497	10.2%	1,815	15.1%	432	4.0%	441	1.0%
Internet Content	119	43.1%	122	37.8%	128	-5.3%	128	1.7%	496	14.8%	119	0.4%	119	-2.4%
Wholesale Services	53	10.4%	74	3.4%	90	-6.1%	74	-29.8%	291	-9.3%	57	7.9%	66	-11.2%
HANDSETS	133	5.2%	156	8.6%	132	13.1%	199	-6.4%	620	3.4%	150	12.6%	180	15.1%

⁽¹⁾ M2M included

⁽²⁾ Incoming + Outgoing volumes (Visitors and Roamers volumes not included)

⁽³⁾ Net of visitors

⁽⁴⁾ Outgoing voice revenues include roaming revenues

⁽⁵⁾ Calculated on calling lines

TIM Brasil Results - Reported Figures

Reais mln

	1Q17	Δ% yoy	2Q17	Δ% yoy	3Q17	Δ% yoy	4Q17	Δ% yoy	FY17	Δ% yoy	1Q18	Δ% yoy	2Q18	Δ% yoy
KPI's - Mobile only														
Estimated Total Penetration (%)	117.2%		116.7%		115.9%		113.5%		113.5%		113.0%		112.7%	
Market Share on total lines(%)	25.5%	-0.6pp	25.1%	-0.2pp	24.6%	-0.6pp	24.8%	-1.2pp	24.8%	-1.2pp	24.6%	-0.9pp	24.3%	-0.8pp
	61,868	-8.0%	60,831	-4.9%	59,390	-6.1%	58,634	-7.5%	58,634	-7.5%	57,894	-6.4%	56,554	-7.0%
	19.0	+10.5%	19.4	+13%	20.5	+11%	21.9	+14%	20.2	+12%	21.6	+13.8%	21.9	+13%
TOTAL MOU net of visitors	107	-10.1%	107	-9.7%	111	-4.6%	115	+2%	110	-6%	115	+8%	122	+15%
MAIN RESULTS (IAS/IFRS, R\$ mln)														
	1Q17	Δ% yoy	2Q17	Δ% yoy	3Q17	Δ% yoy	4Q17	Δ% yoy	FY17	Δ% yoy	1Q18	Δ% yoy	2Q18	Δ% yoy
REVENUES Reported	3,951	2.5%	3,943	3.2%	4,083	4.7%	4,257	5.3%	16,234	4.0%	4,139	4.8%	4,171	5.8%
of which services	3,744	3.5%	3,750	5.0%	3,905	5.9%	4,075	6.1%	15,474	5.1%	3,983	6.4%	3,964	5.7%
of which handsets	207	-12.3%	193	-22.8%	178	-15.2%	182	-9.5%	760	-15.3%	156	-24.6%	207	7.3%
EBITDA Reported	1,247	12.6%	1,377	15.8%	1,512	19.1%	1,758	13.6%	5,894	15.3%	1,456	16.8%	1,552	12.7%
EBITDA margin	31.6%	2.9 pp	34.9%	3.8 pp	37.0%	4.4pp	41.3%	3.0pp	36.3%	3.6pp	35.2%	3.6pp	37.2%	2.3pp
EBITDA Organic (net non recurring)	1,247	9.4%	1,377	15.7%	1,512	17.0%	1,758	13.6%	5,894	14.0%	1,456	16.8%	1,552	12.7%
EBITDA margin	31.6%	2.0pp	34.9%	3.7 pp	37.0%	3.9pp	41.3%	3.0pp	36.3%	3.2pp	35.2%	3.6pp	37.2%	2.3pp
Capex Reported	669	-5.8%	809	-17.0%	1,009	-10.1%	1,661	-2.0%	4,148	-7.9%	646	-3.4%	1,018	25.8%
% on revenues	16.9%	-1.5pp	20.5%	-5 pp	24.7%	-4.1pp	39.0%	-2.9pp	25.6%	-3.2pp	15.6%	-1.3pp	24.4%	3.9pp
	1Q17		1H17		9M17		FY17		FY17		1Q18		1H18	
Exchange rate AVG YTD (R\$ vs. euro)	3.34707		3.44195		3.53378		3.60584		3.60584		3.99014		4.14011	

(1) Includes company lines

(2) Gross of visitors

€ mln

Reported & Organic Figures (*): YoY trends

UNAUDITED FIGURES

2017					2018			UNAUDITED FIGURES	
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)	Δ% yoy reported (h=e/a-1)	Δ% yoy organic * (i=g/d-1)
	Change in consolid. area	Exchange rate impact							
€ mln									
REVENUES					REVENUES				
Domestic	3,847		(7)	3,840	Domestic	3,809	3,809	(1.0)	(0.8)
Brasile	1,112		(195)	917	Brasile	970	970	(12.8)	5.8
Other Activities & Eliminations	(6)			(6)	Other Activities & Eliminations	(9)	(9.0)		
TI Group	4,953		(202)	4,751	TI Group	4,770	4,770	(3.7)	0.4
EBITDA					EBITDA				
Domestic	1,740		(2)	1,809	Domestic	1,667	1,693	(4.2)	(6.4)
Brasile	390		(69)	321	Brasile	362	362	(7.2)	12.7
Other Activities & Eliminations	(6)			(6)	Other Activities & Eliminations	(4)	(4.0)		
TI Group	2,124		(71)	2,124	TI Group	2,025	2,051	(4.7)	-3.4
EBITDA Margin					EBITDA Margin				
Domestic	45.2%			47.1%	Domestic	43.8%	44.4%	-1.4 pp	-2.7 pp
Brasile	35.1%			34.9%	Brasile	37.3%	37.2%	2.2 pp	2.3 pp
TI Group	42.9%			44.7%	TI Group	42.5%	43.0%	-0.4 pp	-1.7 pp
EBIT					EBIT				
Domestic	898		(1)	968	Domestic	806	832	(10.2)	(14.0)
Brasile	113		(19)	94	Brasile	121	121	7.1	30.3
Other Activities & Elimination:	(5)			(5)	Other Activities & Elimination:	(5)	(5.0)		
TI Group	1,006		(20)	1,057	TI Group	922	948	(8.3)	(10.3)
EBIT Margin					EBIT Margin				
Domestic	23.3%			25.2%	Domestic	21.2%	21.8%	-2.1 pp	-3.4 pp
Brasile	10.2%			10.1%	Brasile	12.5%	12.5%	2.3 pp	2.4 pp
TI Group	20.3%			22.2%	TI Group	19.3%	19.9%	-1 pp	-2.3 pp
Non recurring items on EBITDA			2Q17	2Q18	Non recurring items on EBIT		2Q17	2Q18	
Labour cost			5	7	Labour Costs		5	7	7
Other Costs & Charges			66	19	Other Costs & Charges		66	19	
Total			71	26	Total		71	26	

(*) Organic: excluding exchange rate fluctuations & non-recurring items