Disclaimer

This presentation contains statements that constitute forward looking statements regarding the intent, belief or current expectations of future growth in the different business lines and the global business, financial results and other aspects of the activities and situation relating to the TIM Group. Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those projected or implied in the forward looking statements as a result of various factors.

The financial results of the TIM Group are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the EU (designated as “IFRS”). The accounting policies and consolidation principles adopted in the preparation of the financial results for FY19 and for 2020-22 of the TIM Group are the same as those adopted in the TIM Group Annual Audited Consolidated Financial Statements as of 31 December 2018, to which reference can be made, except for the adoption of the new accounting principle (IFRS 16 - Lease), adopted starting from January 1, 2019. In particular, TIM adopts IFRS 16, using the modified retrospective method, without restatement of prior period comparatives.

To enable the comparison of the economic and financial performance for the FY2019 and Q4’19 with the corresponding period of the previous year, “IFRS 9/15” figures, prepared in accordance with the previous accounting standards applied (IAS 17 and related Interpretations) are provided, for the purposes of the distinction between operating leases and financial leases and the consequent accounting treatment of lease liabilities. Please note that, starting from January 1, 2018, the TIM Group adopted IFRS 15 (Revenues from contracts with customers) and IFRS 9 (Financial instruments).

As of today, the audit work by our independent auditors on the FY19 results have not yet been completed.

Alternative Performance Measures
The TIM Group, in addition to the conventional financial performance measures established by IFRS, uses certain alternative performance measures for the purposes of enabling a better understanding of the performance of operations and the financial position of the TIM Group. In particular, such alternative performance measures include: EBITDA, EBIT, Organic change and impact of non-recurring items on revenue, EBITDA and EBIT; EBITDA margin and EBIT margin and net financial debt. Moreover, following the adoption of IFRS 16, the TIM Group provides the following additional alternative performance indicators:

* **EBITDA adjusted After Lease** (“EBITDA-AL”), which is calculated by adjusting Organic EBITDA, net of non-recurring items, of the amounts related to the accounting treatment of finance lease contracts in accordance with IAS 17 (applied until year-end 2018) and IFRS 16 (applied starting from 2019);

* **Adjusted Net Financial Debt After Lease**, which is calculated by excluding from the adjusted net financial debt the liabilities related to the accounting treatment of finance lease contracts in accordance with IAS 17 (applied until year-end 2018) and IFRS 16 (applied starting from 2019).

Such alternative performance measures are unaudited.
Agenda

- 2019: Deliver & Delever
- 2020-22: Operations TIMe
- Sustainability embedded in our plan
- TIM Brasil remains a growth engine
- New cash generation culture
- Guidance and final remarks
- Q&A
We said it, we delivered it

<table>
<thead>
<tr>
<th>Strategic initiatives</th>
<th>Executing the plan</th>
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</thead>
<tbody>
<tr>
<td><strong>Sale of Persidera</strong></td>
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<tr>
<td>Completed in 2019</td>
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<table>
<thead>
<tr>
<th>Mobile towers</th>
<th>Equity Free Cash Flow generation</th>
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<tbody>
<tr>
<td>Merger with Vodafone Towers approved by European antitrust</td>
<td>2019 EFCF at € 1.7bn, well above target</td>
</tr>
<tr>
<td>Cash in for TIM of € 1.4bn on the way</td>
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<thead>
<tr>
<th>Fixed line network</th>
<th>Debt reduction</th>
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<tbody>
<tr>
<td>Exclusivity to KKR in negotiation with Open Fiber (dual track)</td>
<td>Half of 3-year target reached in one year</td>
</tr>
<tr>
<td>Exclusivity to KKR to acquire c. 40% of TIM’s secondary network</td>
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<tr>
<td>Secondary network EV of € 7.5bn and cash-in for TIM of € 1.8bn</td>
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<thead>
<tr>
<th>Cloud services and data centers</th>
<th>Stabilized governance</th>
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<tbody>
<tr>
<td>Partnership with Google</td>
<td>Positive dynamics in board and committees</td>
</tr>
<tr>
<td>Carve-out of cloud business – estimated 2024 EBITDA € 0.4bn</td>
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<tr>
<th>Develop Brasil</th>
<th>Revamp domestic business</th>
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<tr>
<td>Promoting consolidation in Brazil in partnership with Telefonica</td>
<td>Prices up in upper segment of mobile market</td>
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<th>Consumer credit JV</th>
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<tr>
<td></td>
<td>Signed JV with Santander</td>
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<td></td>
<td>Implied debt reduction of € 0.5bn</td>
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From “Deliver & Delever” to “Operations TIMe”

“Deliver & Delever”

Organic cash-flow generation and strategic initiatives allow meaningful deleverage paving way for return to dividend distribution

<table>
<thead>
<tr>
<th>Year</th>
<th>Group Net Debt (bn)</th>
<th>IFRS 16 After Lease - Adjusted, € bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>23.3</td>
<td></td>
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<tr>
<td>2019</td>
<td>21.9</td>
<td></td>
</tr>
<tr>
<td>2019 Pro Forma for INWIT transaction and TIM Fin</td>
<td>20.0</td>
<td></td>
</tr>
<tr>
<td>2019 Pro Forma for secondary Network Carve-out</td>
<td>18.2</td>
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</tbody>
</table>

“Operations TIMe”

2020-22

Focus remains on:

- **Equity FCF**: upgrading guidance today from ~€ 3.5bn cumulated Organic Equity FCF in 2019-21 to € 4.5-5.0bn in 2020-22 (after lease view already reflecting deconsolidation of INWIT cash flows, equivalent to ~€ 5.0-5.5bn on like-for-like IFRS 9/15 basis)
- **Debt reduction**: target improved to <€ 20bn After Lease by 2021 (<€ 21.5bn like-for-like), <€ 19bn including INWIT proceeds. Stable in 2022 after 5G licence payment
- Finalizing **revenue model transformation** leveraging on convergence as “core platform” and add on markets
- Stabilizing profitability by accelerating cost cutting
- Evolving organizational structure, capabilities and engagement to develop an ecosystem of industrial and financial partners fostering technological and infrastructural innovation

Our goals:

- Complete operations’ turnaround
- Be Top European Telco in ESG and one of the top three companies in Italy
- Distribute 20-25% of Equity FCF to shareholders with a floor of € 1cent dividend to ordinary shares starting from FY 2019 with savings shares stable at € 2.75cents throughout the period
2019
Deliver & Delever
TIM has overdelivered on 2019 guidance

**Group EBITDA**
- Organic, € m
  - 2018: 7,774
  - 2019: 7,560

**Group Equity FCF**
- € m
  - 2018: 578
  - 2019: 1,721

**Group Net Debt**
- Adjusted, € m
  - 2018: 25,270
  - 2019: 23,839

**Met guidance**
- Group: low-single digit decrease
- Domestic: low/mid single digit decrease

**Beat guidance**
- Half of €3.5bn 3-year Equity FCF guidance reached in 1 year
  - -€ 200m Capex: doing more with less
  - -€ 549m NWC outflow YoY
  - Lower taxes and financial expenses

**Reduced net debt thanks to improved Operating FCF**
- Best organic deleverage in the last 5 years
Historical high Equity FCF and first time organic Net Debt reduction since 2016

### Historical trend of Equity FCF and Net Debt

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<thead>
<tr>
<th></th>
<th>2014 (1)</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Group Equity FCF € m</td>
<td>728</td>
<td>608</td>
<td>964</td>
<td>578</td>
<td>1,721</td>
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<tr>
<td>Adjusted, € bn</td>
<td>(206)</td>
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</table>

**Highest Equity FCF generation in the last 6 years**

### Group Net Debt

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<tr>
<th></th>
<th>2014 (1)</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Net Debt Adjusted, € bn</td>
<td>26.7 0.6 1.0</td>
<td>27.3 (0.4)</td>
<td>25.1 0.2 0.0</td>
<td>25.3 0.2</td>
<td>25.3 (1.4) (0.0)</td>
<td>23.8 (1.9) 21.9</td>
</tr>
</tbody>
</table>

**First time Net Debt reduction since 2016**

---

(1) Pre IAS 17  
(2) Including effects of INWIT-Vodafone deal and of the joint venture with Santander
Transformational initiatives on commercial, operating and business model kicked off in 2019

Commercial conduct
Towards sustainable cash generation

- More value oriented conduct in mobile to slow down MNP
- Limited repricing in fixed to reduce churn
- Stricter commercial credit management

- Tightening of commercial processes begun

Operating model
Implementation of the first wave of transformation

- Commercial: retain vs. acquire
  - Acquisition costs reduction, caring efficiency, credit management
  - Operations optimization
    - On line / on field technicians productivity increase, insourcing
    - HR and organization streamlining

Business model
Towards an ecosystem of industrial & financial partners benefiting top line, CAPEX and NWC

- Optimize infrastructure and Capex: INWIT-Vodafone, Fiber
- Provide best B2B ICT services: Google Cloud partnership and Data Center newco
- Revolutioning content offering: TIM TV – TIM Vision enrichment
- Optimize NWC management: TIM Fin

- Telefonica and TIM to jointly submit an expression of interest for Oi mobile assets

More value oriented conduct in mobile to slow down MNP
Limited repricing in fixed to reduce churn
Stricter commercial credit management
Tightening of commercial processes begun
In a challenging telco environment, TIM took the lead of the move to rationality.

**Increasing rationality in the market**

**Mobile prices**
Headline tariffs, €/month

- Q3' 18: 10.8
- Q4' 18: 12.0
- Jan' 19: 13.0
- Feb: 15.0
- Mar-Dec: 20.0

Prices moved up in the upper segment of the market.

**Market MNP**
Million lines

- 2017: 15.3
- 2018: 16.9
- 2019: 12.4

Market MNP slow down in 2019 -27%
World’s best in class content partners to build a “must-have” convergent offer content key in increasing customers loyalty

From just another platform to the richest content provider in Italy in less than 1 year

Distinctive proposition to **enhance convergent offer** and improve **customer base retention** through **aggregation** of the **best content available**

Signed **MoU with Canal+** for platform development

**SPORT**

- Serie A
- Champions League
- Europa League
- Premier League
- Bundesliga
- Ligue 1
- LaLiga Santander
- NBA
- Formula 1
- F1
- World Cup
- Olympic Games

**ENTERTAINMENT**

- **NETFLIX**
- **prime video**
- **CHILI**
- **MEDIASET**
- **GAMEROFT**
- **CANAL+**

Streaming of free-to-air channels (including some Champions League matches) plus 7 days “catch-up TV”

Under negotiation

Signed **MoU with Canal+** for platform development
TIM & Disney+: the future together

- Streaming platform with the best content of Disney, Pixar, Marvel, Star Wars and National Geographic (over 1000 films, series and original productions)
- Italy launch on March 24th
- TIM as exclusive Telco/MVPD for 3 years from launch for bundling; after 12 months from launch, only one 3rd party MVPD operator on "A La Carte" basis
- Pricing strategy: tailored pricing for customer base and special bundle offer for new customers
Optimizing invested capital through network sharing & Infra-funds involvement

Network sharing Partnership
TIM-Vodafone Italia

Potential partnership in fiber roll-out

Strategic alliance with Google Cloud
(Data Center / Cloud NEWCO)

TIM is offering Infra-funds 3 co-investment opportunities...

- TOWERS
- FIBER ASSETS
- DATA CENTERS & CLOUD SERVICES

... enhancing assets value while maintaining control of core businesses & infrastructures
In towers: network sharing with Vodafone, selling process for a 12.4% stake

- Received clearance on both passive and active sharing on 6th March
- In talk with Infra funds for a 12.4% stake of New INWIT
- Tim and Vodafone to maintain joint control (25% each)
- Distribution of >80% of net income subject to debt/EBITDA <6x and BB+rating

**INWIT transaction implies €1.4bn debt fall**
- Proceeds minority stake sale: c. €1bn
- Extraordinary dividend: c. €0.2bn
- Inwit deconsolidation: c. €0.1bn

**FINANCIAL BENEFITS**
- TIM's direct cash flow benefits
  - Cash flow benefits (average per year) >€80m
  - TIM pro quota (37.5%) ~€75m

**OPERATING BENEFITS**
- FASTER 5G ROLL-OUT
  - Planned coverage achieved 4 years ahead
- WIDER 5G COVERAGE
  - 5G national coverage reached by 2025
- ENHANCED 4G/5G CAPACITY
  - Sharing 4G nodes

**Access to INWIT’s improved cash generation**
- >€150m
In fiber: KKR chosen for a dual track approach towards one single network

We delivered on our promises

- TIM selected KKR Infrastructure (“KKR”) as financial partner
- Dual track approach:
  - Integration with Open Fiber
  - Minority investment of KKR in TIM’s secondary network
- Government support for a single network
- Preparatory works similar in both cases

Partnership with KKR

TIM entered an exclusivity period with KKR in response to KKR’s offer to acquire a ~40% stake in FiberCop, a Newco owning TIM’s entire secondary network (both fiber and copper)

FiberCop will:

- Manage TIM’s secondary copper network, which is going to progressively switch to fiber (and partially to FWA) over time
- Develop fiber secondary network in Black & Grey areas
- Continue to provide copper access in areas not reached by FTTH
- Act as a wholesale operator providing copper and fiber access passive services to TIM and other OLOs
- Act as integrator of Open Fiber at the right conditions

Development of the infrastructure will remain under TIM’s control

- Network deployment in ~1,600 cities (in Black and Grey areas)
- Target coverage c. 13.5m HH\(^1\) by 2026 (i.e. >55% of total HHs\(^1\) in Italy)

---

(1) Technical households, TIM definition (24.3m in Italy)
First step overview: KKR transaction financials and perimeter

- **Compelling valuation**, valuing TIM’s secondary network (incl. both fiber and copper) € 7.5bn EV
- The transaction represents a first step towards a potential deal with Open Fiber, which would unlock potential synergies

**Enterprise value**: € 7.5bn  
**Stake acquired**: ~40%  
**Equity Value**: ~€ 4.2bn  
**Cash-in for TIM**: ~€ 1.8bn

**NewCo Perimeter**

Envisaged transaction perimeter includes all of TIM’s network infrastructure from the cabinet to the home, both fiber and copper (ducts, copper and fiber secondary network, sockets, etc. with cabinet excluded)

The company will be a wholesale operator providing copper and fiber access **passive only** services to TIM and other OLOs
In data centers: partnership with Google to strengthen leadership in cloud

A clear vision towards strong leadership

- Italian cloud demand expected to grow at 21% CAGR in 2020-22, driven by corporates and public administration increased adoption
- TIM aiming at enhancing Cloud offering, infrastructure and application services to strengthen its leadership in Italy
- TIM uniquely positioned to capture demand in public, private, hybrid cloud (proprietary assets and track-record with Nuvola Italiana)

A unique strategic partnership

- First strategic partnership with Telco provider worldwide for Google
- Accelerated capability building with Google support through recruiting, upskilling and creation of Center of Excellence
- Upgrade and optimization of TIM’s infrastructure

A clear implementation roadmap

- Signed 5-years (renewable) partnership agreement with Google in February (+ 2 years)
- Go-to-market activities and roadshow started in January
- Training plan jointly defined with Google
- Evolution of Data Centers infrastructure to host Google Region
- Carve-out of Cloud and data center business by YE 2020
- Competence center by Q3

TIM is the leading Cloud player in Italy

Market share on business customers

<table>
<thead>
<tr>
<th></th>
<th>1. TIM</th>
<th>2.</th>
<th>3.</th>
<th>4.</th>
<th>5.</th>
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<tr>
<td>11%</td>
<td></td>
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</tbody>
</table>

1. TIM

(1) Gartner data (2019)
(2) Source: SIRMI. Market share is calculated for business customers and net of MS Office and mail

Italy to become EU tech front-runner thanks to TIM’s combination of 5G, fiber, cloud and edge computing
TIM’s cloud revenues and EBITDA expected to double from 2020 to 2024

Next level commitment on cloud...

- ~800 new hires to cover market need and technological requirements
- +6,000 technical and business resources trained on cloud and GCP offering
- +500 resources formed to obtain the Google Cloud professional certification
- ~60 Google resources dedicated to the partnership to support initial business scale-up
- +16,000 sqm of new tier IV data center space to support clients and Google Italian region launch
- Pipeline of new joint Google/ TIM cloud products tailored for Italian market

...for next level impact

- TIM will create and retain control of a new legal entity that will own TIM’s data centers
- Expected financial performance of the new legal entity (from both TIM captive needs and the market):
  - Revenues 2024: 1,000 €, million
  - EBITDA 2024: 400 €, million

An infrastructure investor will be invited to enter in the equity to finance expansion and a subsequent potential listing may be considered (“INWIT-like”)

Access to Google innovation ecosystem and know-how pave the way for developments in the consumer market
Brasil: partnering with Telefonica for the acquisition of Oi mobile assets

- Telefonica and TIM to jointly submit an expression of interest for Oi mobile assets
- Interested in Oi’s mobile assets only
- Deal will not impact deleveraging at TIM Group level
- Synergies will be generated from the first year
- Deal will be accretive thanks to significant synergies

At a glance

- Mobile service revenues ~R$ 7.5bn
- Customer Base ~37m
- Towers 14.6k
- Available Spectrum 92MHz

Oi figures consider 2019 preliminary YE estimate for the mobile division
2020-22: Operations TIMe
TIM aims to transform a challenging context into growth opportunities

In a context that remains challenging...

- **Market revenues on core connectivity** still under pressure in the low end of the mobile market and new entrant in fixed
- **Wholesale competition** from infrastructure players
- **OTTs competing in B2B** through cloud and integrated services
- **Need to respond to data traffic growth**
- **Macro-economic uncertainty**

...TIM is riding all opportunities

- Taking additional steps towards **market rationality** and **socially responsible, sustainable cash flows** for the long term
- **Partnering with world-class champions** to respond to demand for **integrated B2B offers** and to offer innovative **adjacent consumer services**
- Exploring **innovative technological paradigms** to unlock **cost reduction and new business opportunities** (5G, FWA)
- **Partnering with Infrastructure funds** to boost return on capital invested
- **Exploiting low interest rate environment and benefits of ESG conduct** - Cheaper cost of financing, higher employee engagement and talent attraction, operating costs reduction
Making our cash flow sustainable on the path towards a growing dividend

### Organic Equity FCF (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>Cumulated Equity FCF guidance</th>
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<tbody>
<tr>
<td>2019-'21</td>
<td>~3.5 Old guidance including INWIT</td>
</tr>
<tr>
<td>2020-'22</td>
<td>4.5 - 5.0 New guidance (INWIT deconsolidated)</td>
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<td>5.0 – 5.5 IFRS 9/15 like for like</td>
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### Net Debt (2)

#### Net debt guidance improved

<table>
<thead>
<tr>
<th>Year</th>
<th>Guidance</th>
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<tbody>
<tr>
<td></td>
<td>by 2021</td>
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<td></td>
<td>20.5 After Lease Old guidance</td>
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<td>22 IFRS 9/15</td>
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<td></td>
<td>&lt;20 After Lease New guidance</td>
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<td>&lt;21.5 IFRS 9/15</td>
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<td>by 2022</td>
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<td>&lt;20 After Lease New guidance</td>
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<td>&lt;21.5 IFRS 9/15</td>
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<td>&lt;19 After Lease Pro-forma post INWIT proceeds</td>
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<td>&lt;20.5 IFRS 9/15</td>
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(1) Before licences
(2) Adjusted Net Debt
Back to dividend distribution on ordinary shares

TIM Board of Directors proposes to AGM dividend reinstatement on ordinary shares (last dividend distributed in 2013 on 2012 results)

€ 1 cents / ordinary share paid in May 2020 on 2019 results
€ 2.75 cents / saving shares (unchanged)

2019 payout equal to 18% of Equity FCF and 33% of net income

2020-2022 distribution policy
- ordinary: floor of €1 cent per share, aiming at distributing 20-25% of yearly organic Equity FCF. Payout policy above floor subject to deleverage execution
- savings: €2.75 cents per share throughout 2020-2022

Long term ambition: distribute 50% of yearly organic Equity Free Cash Flow

Dividend payment financed by increased organic cash generation

<table>
<thead>
<tr>
<th>Year</th>
<th>Previous Guidance</th>
<th>2020-22 FCF Guidance</th>
<th>2020 dividend</th>
<th>2021 dividend</th>
<th>2022 dividend</th>
<th>FCF for Deleverage &amp; Licence payment</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>€ bn, DPS € cents</td>
<td>3.5</td>
<td>4.5 - 5.0</td>
<td>0.166</td>
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<td>Saving</td>
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<td>Ordinaries</td>
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€ bn, DPS € cents
Consumer: retain rather than acquire, extracting more value from existing CB

### Key strategic priorities

<table>
<thead>
<tr>
<th>New offering focused on new digital demand</th>
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<tbody>
<tr>
<td>- Convergence as core platform (launched in January)</td>
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<tr>
<td>- 4G-5G FWA launched in rural areas (1.3m virgin market for TIM)</td>
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<tr>
<td>- New ecosystem of services (content, smart home, security, gaming, financial services)</td>
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<tr>
<th>Data-driven CB management</th>
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<tr>
<td>- AA- driven CVM for upselling and retention</td>
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<tr>
<th>Digital sales channels and stores redesign</th>
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<tbody>
<tr>
<td>- Local marketing actions (e.g. Milan)</td>
</tr>
<tr>
<td>- Retail footprint optimization and stores redesign</td>
</tr>
<tr>
<td>- New role of field force to address more articulated product offering/focus on retention</td>
</tr>
<tr>
<td>- Benefiting from new regulatory framework: technicians now able to upsell services to customers</td>
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<table>
<thead>
<tr>
<th>Simplification &amp; digitization</th>
</tr>
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<tbody>
<tr>
<td>- Acceleration of digital touchpoints (targeting 30% of e-Commerce sales in fixed)</td>
</tr>
<tr>
<td>- Caring model evolution, offer simplification</td>
</tr>
<tr>
<td>- Agile organization to break functional silos</td>
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<tr>
<td>- Lower churn of mobile CB with direct payments (-15pp lower)</td>
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### KPIs expected evolution

#### Customer base

<table>
<thead>
<tr>
<th>Fixed</th>
<th>Mobile</th>
</tr>
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<tbody>
<tr>
<td>2019</td>
<td>2022</td>
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<tr>
<td>2019</td>
<td>2022</td>
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#### ARPU

<table>
<thead>
<tr>
<th>Fixed</th>
<th>Mobile</th>
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<td>2019</td>
<td>2022</td>
</tr>
<tr>
<td>2019</td>
<td>2022</td>
</tr>
</tbody>
</table>

#### Line balance

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>++</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### MNP

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>+</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### UBB penetration on CB, %

<table>
<thead>
<tr>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>23pp</td>
<td></td>
</tr>
</tbody>
</table>

#### Direct payments on CB, %

<table>
<thead>
<tr>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>+30pp</td>
<td></td>
</tr>
</tbody>
</table>
Convergence as core platform, first step towards adjacent markets

Short term actions (2020)

- **Fixed and Mobile Convergence boost** (e.g., TIM Unica - unlimited data for all Mobile lines linked to Fixed bill and charged directly on the bill)

- **Expected benefits** on churn and credit risk reduction, stickiness on mobile, lower ARPU dilution

- Future evolutions to include **advantages to TV and Smart Home customers beyond single invoicing**

Medium-long term actions (2021-2022)

- **Brand-new ecosystem** leveraging **new services beyond convergence** and partnerships with best-in-class players

- **TIM TV** - €0.3bn video streaming market size '18 +5% p.a. market growth

- **Smart Home & Security** - €1.4bn market size '18 +11% p.a. market growth

- **Online gaming** - €0.4bn market size '18 +10% p.a. market growth
**Business: evolution towards end-to-end technology and solution provider**

### Key strategic priorities

**Unique one-stop-shop solution for Italian businesses**
- 5G positioning to maintain **leadership in connectivity** and develop **IoT vertical solutions**
- Convergence as core platform
- Full IP-based offer
- Expansion towards **cloud services** for Large customers and **vertical IT solutions for SME**
- Expansion into **selected opportunities beyond ICT**

**Distribution model radically evolved**
- Large: refocus on industries and vertical capabilities
- SME: improved client coverage and service model

**Ecosystem of factories**
- **Internal factories** for Cloud Services, IoT platforms, cybersecurity and trusted services
- **Strategic partnerships** for Public Cloud, TLC platforms, virtualization and system integration

### KPIs evolution

<table>
<thead>
<tr>
<th>KPIs evolution</th>
<th>2019</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Convergent customer base</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of Large customers’ revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICT Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct payments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Convergent customer base | +34pp |   |
| 2019 | 2022 |

| ICT Revenues | +12pp |   |
| 2019 | 2022 |

| Direct payments | +30pp |   |
| 2019 | 2022 |
B2B adjacent markets: leveraging own factories & strategic partnerships

Healthy market projections

<table>
<thead>
<tr>
<th></th>
<th>Market size 2018, € bn</th>
<th>Market growth '18-22 CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cloud services</td>
<td>~3.2</td>
<td>+20%</td>
</tr>
<tr>
<td>IoT</td>
<td>~2.6</td>
<td>+18%</td>
</tr>
<tr>
<td>Cyber-security</td>
<td>~1.0</td>
<td>+10%</td>
</tr>
<tr>
<td>Vertical solutions(^{(1)})</td>
<td>~6.5</td>
<td>+5%</td>
</tr>
</tbody>
</table>

Become full ICT provider for Italian business

Develop an integrated ecosystem of factories and partners

By 2022

Today

Enterprise enabler
Full ICT provider
Infrastructure provider
Pure Telco

Adjacencies
Vertical solutions\(^{1}\)
Professional services
ICT and IoT solutions
ICT infrastructure
Telco platforms
Connectivity

Cloud NewCo

Trust Technologies

Telsey

Tim

Cisco

VMware

Cloud

Trusted services

Cyber services

IoT

Public cloud solutions

TLC platforms

Virtualization solutions

Customer ownership
Core TLC solutions

\(^{(1)}\) Include ERP, electronic invoicing and fast payments

SOURCE: DataHub, Assintel, Gartner, IDC, Sirmi, GlobalData, Statista, Assofin, Osservatori Digital Innovation (PoliMi)
Wholesale: UBB and solution provider in regulated and non regulated market

Vision

Leverage full potential of TIM’s network to accelerate UBB migration

Push Not Regulated services focusing on value added, digital and mobile services

Key strategic priorities

- **Fast UBB migration to defend market share**
  - Acceleration of UBB migration: maintain growth of VULA lines above loss of ULL lines
  - New offer for Non Infrastructured OLOs. White label on OF resources in C/D areas
  - More competitive offer for Bitstream/NGA in Milan & 26 competitive cities (no cost-orientation)
  - More speed: FTTH, vectoring, bonding

- **Revenue share increase in Not Regulated services**
  - Connectivity and infrastructures: new options for Giganet, IP evolutions and security platforms
  - Value extended services: Wholesale Network Advanced Management, advanced logistics model
  - Digital and mobile services: new IoT offer on 4G narrow band, broadening of FWA offer

- **Sales and processes digitization**
  - New commercial platform: more efficient sales process, multi-channel support
  - Digitization of Order2Cash processes

KPIs evolution

- **Fiber accesses**
  - VULA + BTS NGA, million accesses
  - 2019: 3.3, 2022: 5.1
  - Increase: +1.8

- **Not Regulated revenues**
  - Percent of Wholesale revenues
  - 2019: 22.0, 2022: 27%
  - Increase: +5.7%

- **GEA ‘000 links**
  - 2019: 12.3, 2022: 22.0
  - Increase: +17.7%

- **Giganet ‘000 links**
  - 2019: 1.3, 2022: 2.8
  - Increase: +113%
Addressable cost base to fall 10% by 2022 (-12% on a cash view)

Rebase the cost structure through a radical review of the operating model to be more efficient and effective

### Addressable baseline

<table>
<thead>
<tr>
<th>Addressable baseline</th>
<th>2019 € bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>1.5</td>
</tr>
<tr>
<td>Industrial</td>
<td>1.1</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>0.5</td>
</tr>
<tr>
<td>Labour</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5.2</strong></td>
</tr>
</tbody>
</table>

### Main initiatives

- **Benefitting from new more disciplined commercial conduct**
- Boost **self-care and call deflection** through automation and AI towards
- Improve **credit management** to reduce cost of risk by 20-30%
- Optimize **distribution model**, leverage **digital touchpoints**
- Increase **field technicians productivity** through AI, implement **360° proactive assurance**
- Optimize **network suppliers** and **logistic footprint**
- Reduce **energy consumption**, increase **renewable sourcing**
- **Automate back-office processes** and support functions
- **Reduce office space** and dismiss buildings
- **Continued use of Art. 4 Fornero Law and Quota 100** (de-layering, functions consolidation, journey and process redesign)
- **Better use of resources**: through massive insourcing

~65% of total 2019 OPEX baseline (€ 8,023m) (2)

### Opex evolution

- **P&L view**
  - 2018: -8%
  - 2019-20: -10%
  - 2022: -10%

- **Cash view**
  - 2018: -14%
  - 2022: -12%

---

(1) 2019-21 plan’s targets based on IAS accounting standards;
(2) Net of € 32m OPEX from deconsolidation of Persidera
## Main transformation initiatives

<table>
<thead>
<tr>
<th>Run</th>
<th>Grow &amp; Transform</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Digitization of field force: augmented reality app, AI dispatching, proactive assurance</td>
<td>▪ ROI driven mobile and fixed access development (4G and 5G, FWA, FTTx)</td>
</tr>
<tr>
<td>▪ Digitization of assets: digital twin, remote accesses and monitoring, virtualization of network elements (VRAN)</td>
<td>▪ Decommissioning of legacy hardware and applications</td>
</tr>
<tr>
<td>▪ 100% IP transport, upgraded photonic</td>
<td>▪ Network cloudification, automation and simplification</td>
</tr>
<tr>
<td>▪ Robotization of NOC activities</td>
<td>▪ Full IT operations &amp; service automation through DevOps</td>
</tr>
<tr>
<td></td>
<td>▪ Enterprise-wide Data Lake, AI competence center</td>
</tr>
<tr>
<td></td>
<td>▪ Public Cloud adoption including EDGE applications</td>
</tr>
</tbody>
</table>

## Capex evolution and mix, €bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Grow &amp; Transform</th>
<th>Run</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>~2.9</td>
<td></td>
</tr>
<tr>
<td>‘20</td>
<td>~2.9</td>
<td></td>
</tr>
<tr>
<td>‘21</td>
<td>~2.9</td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>~2.9</td>
<td></td>
</tr>
</tbody>
</table>
TIM’s key asset remains the unbeatable combination of networks

**Fiber coverage**

- ~60% in FY'16
- 77% in FY'17
- ~80% in FY'18
- ~81% in FY'19

**FTTH**

- ~40% coverage by 2023 through 9.7m connected HH in ~500 municipalities

**Fiber speed**

- ~80% of population
- >40% of population

- >50 Mbps
- >100 Mbps

**UBB take-up**

- 23% in 2018 vs 29% in 2019
- +27% YoY

**FTTx and Fixed Wireless Accesses (FWA)**

- 20% of fixed CB on FWA
- In the long term (by 2030)
- > 80% outdoor coverage White Areas
- > 95% coverage Grey/Black Areas
- ~1m lines targeted by 2022

**5G**

- Launched in 2019
- 9 cities, 30 tourist destinations and 50 industrial districts
- Full pop. coverage by 2025/26

(1) FTTx and Fixed Wireless Accesses (FWA)
**An integrated ecosystem for TIM Corporate Innovation**

### Corporate innovation ecosystem dimensions

#### Innovation Office
- Interact with BU / Purchasing / HR as **coordinator and business developer**
- Enhance WCAP goals:
  - **Strategic cooperation with Venture Capital** fund to coordinate business needs with market opportunities
  - **Partnerships with global players, collaboration with Universities**
  - **New products, services and processes** using “transformation” technologies

#### Venture Capital
- Focus on **Telco-related verticals** and contribute €50-60m as anchor investor in a VC fund to:
  - **Access innovation and technology** relevant to TIM, in Italy and abroad
  - **Support Italian economy**, financing / accelerating / scaling / utilizing new entrepreneurial ideas
  - **Invest** over plan period in **companies at growth stage with financial discipline** (in deal structure and return)

#### Sustainability
- Promote a **culture of sustainable growth through innovation**

#### HR
- Ensure **Executives’ commitment and internal communication**
- **Attract talent** through inorganic growth
- **Promote innovative capability building** through co-working and self training

### Main research areas

- **Cloud Native for 5G**
- **Smart cities**
- **Cyber security**
- **Open Radio technologies** with ORAN
- **Edge solutions** (e.g., for BVLOS drones)
- **5G V2X** for Smart Road
- **Laser transmission technologies**
- **Quantum computing** for Radio coverage optimization
- **Artificial Intelligence** for client interaction services (e.g., Angie) and advanced network monitoring
Sustainability embedded in our plan
Sustainability remains embedded in our plan

<table>
<thead>
<tr>
<th>Our ambition</th>
<th>How we will deliver</th>
<th>Planned targets</th>
</tr>
</thead>
</table>
| Environment  | ▪ Increasing **efficiency** and taking advantage of **green energy** cost reduction  
▪ Developing **infrastructures** and **Data-Center** to give more to our customer with less impact from operations | Eco-efficiency  
Renewable energy increase of weight on total energy (%)  
Indirect emissions  
Carbon neutral by 2030 |
| Social       | ▪ **Keep promoting diversity**  
▪ **Re-skilling, hiring** and **retaining talents** with new capabilities  
▪ Developing the **digital education** in Italy to support demand for connectivity | Employees engagement  
Reskilled people  
Churn of young employees |
| Governance   | ▪ Developing **new services** that give our customers the opportunity to hold a more sustainable behavior  
▪ Launching **green offering** in TIM’s retail channels  
▪ Having **Customer Satisfaction Index** in management’s MBO | New VC fund size  
IoT and Security services revenues  
Green smartphone |

**United Nations Agenda: 12 relevant goals for TIM**

<table>
<thead>
<tr>
<th>Goal</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Economic Inequality and Poverty Reduction</td>
</tr>
<tr>
<td>4</td>
<td>Quality Education and Lifelong Learning</td>
</tr>
<tr>
<td>5</td>
<td>Gender Equality</td>
</tr>
<tr>
<td>7</td>
<td>Affordable and Clean Energy</td>
</tr>
<tr>
<td>8</td>
<td>Decent Work and Economic Growth</td>
</tr>
<tr>
<td>9</td>
<td>Industry, Innovation and Infrastructure</td>
</tr>
<tr>
<td>10</td>
<td>Reduced Inequalities and Inclusive Cities</td>
</tr>
<tr>
<td>11</td>
<td>Sustainable Cities and Communities</td>
</tr>
<tr>
<td>12</td>
<td>Responsible Consumption and Production</td>
</tr>
<tr>
<td>13</td>
<td>Climate Action</td>
</tr>
<tr>
<td>15</td>
<td>Life on Land, Biodiversity and Forests</td>
</tr>
<tr>
<td>16</td>
<td>Peace, Justice and Strong Institutions</td>
</tr>
<tr>
<td>17</td>
<td>Partnership for the Goals</td>
</tr>
</tbody>
</table>

**2024:**
- New VC fund size: € 50m  
- IoT and Security services revenues: +20%  
- Green smartphone: > 15%

**2022:**
- Reskilled people: 2,000  
- Churn of young employees: <15%

**2025:**
- Carbon neutral by 2030
- Eco-efficiency: +50%  
- Renewable energy increase of weight on total energy: +5pp/yr  
- Indirect emissions: -70%
### ESG short term actions (2020 Domestic)

#### Environment
- **Power usage optimization in data centers and networks:**
  - *Metamorfosis*, full green Data Center in Greece by Sparkle, operative from 2021
  - TIM-Google Cloud partnership and Data Center newco
- First round of **decommissioning** of PSTN network stations in 2020 with a saving on energy spending (~18 GWh by 2022)
- Increase **renewable sourcing** 11% in 2020
- Food and beverage plastic free buildings by 2020

#### Social
- **Training initiatives** through re-skilling and up-skilling: plan of training for all TIM population
- **Young employees project**: Development program to support their growth in the organization
- **Job rotation** programs: about 1000 job rotations by 2020
- Launch **coaching and mentoring** programs for specific targets
- **Digital Renaissance Operation**: 1m people involved, 107 provinces, 20,000+ training hours

#### Governance
- Management engagement also introducing MBO & LTI on ESG objectives
- **Startup funding and TIM WCAP** to foster technological innovation
- Reinforce **ESG KPIs in supply chain**
- **New ESG services**, like:
  - **Cyber-protection** service for B2B market (blocking about 3m dangerous access/day)
  - Implementation of the **Web application firewall** service for the National Italian railways (Ferrovie)
  - Installation in Italy of **25,000 detectors** using TIM cabinets for environment predisposition
  - **Ivrea as best practice of circular economy** by 2022
TIM Brasil remains a growth engine
2019 Financial and Operational highlights

Net Service Revenues\(^1,2\)
R$ 16.6 bln
(+2.4% YoY)

TIM Live\(^1,2\)
R$ 491 mln
(+30.6% YoY)

EBITDA\(^1,2\)
R$ 6.8 bln
(+6.7% YoY)

6 consecutive years of EBITDA growth
(CAGR 15-19: 6,5%)

---

Net Service Revenues Growth\(^2\) (%YoY)

<table>
<thead>
<tr>
<th></th>
<th>1Q19</th>
<th>2Q19</th>
<th>3Q19</th>
<th>4Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1.0%</td>
<td>2.4%</td>
<td>3.0%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

Mobile ARPU\(^2\) (R$)

- 2018: 22.5
- 2019: 23.7

+5.6%

---

EBITDA Margin\(^3\)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>31.5%</td>
<td>33.5%</td>
<td>36.6%</td>
<td>38.5%</td>
<td>39.8%</td>
</tr>
</tbody>
</table>

---

EBITDA – CAPEX\(^3\)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>3.7%</td>
<td>4.7%</td>
<td>11.1%</td>
<td>15.6%</td>
<td>16.9%</td>
</tr>
</tbody>
</table>

---

The year 2019 confirms the company's transformation in the last 5 years

Network evolution supported by innovation: 5G trials, massive MIMO, refarming, MOU with Vivo

Improved network quality recognized by independent measures

Assertive adjustment in offers' portfolio, back to the right dynamic in go-to-market

Image recovery in all segments

Record high organization climate results

---

(1) In FY '19
(2) KPIs ex-IFRS 16 impacts
(3) Pro-forma basis (excluding IFRS 9, 15 and 16 impacts)
## Strategic Pillars for 2020-22

<table>
<thead>
<tr>
<th><strong>1</strong></th>
<th><strong>INFRASTRUCTURE</strong></th>
<th>Preparing for the future</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Evolution</strong></td>
<td>IT: solve operational issues through architecture and platforms review leveraging digital and automation</td>
<td></td>
</tr>
<tr>
<td><strong>Evolution</strong></td>
<td>Network: focus to improve spectrum efficiency through new sites deployments and use of innovative technology (M-MIMO) and refarming</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>5G and data monetization</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>Artificial Intelligence</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>2G / 3G consolidation</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>Content distribution</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2</strong></th>
<th><strong>MOBILE</strong></th>
<th>From Volume to Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Evolution</strong></td>
<td>Sustaining residual growth opportunity in a mature market</td>
<td></td>
</tr>
<tr>
<td><strong>Evolution</strong></td>
<td>Portfolio review to unlock upselling opportunities</td>
<td></td>
</tr>
<tr>
<td><strong>Evolution</strong></td>
<td>Selective “more for more” approach to increase ARPU</td>
<td></td>
</tr>
<tr>
<td><strong>Evolution</strong></td>
<td>Leveraging customer experience and mitigate attrition to reduce churn</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>3</strong></th>
<th><strong>UBB</strong></th>
<th>Growth Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Evolution</strong></td>
<td>Rollout plan with cherry picking approach based on geomarketing analyses</td>
<td></td>
</tr>
<tr>
<td><strong>Evolution</strong></td>
<td>Naked broadband with OTT friendly approach to differentiate our offers</td>
<td></td>
</tr>
<tr>
<td><strong>Evolution</strong></td>
<td>Creation of an infrastructure vehicle through partnership to further accelerate the coverage</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>4</strong></th>
<th><strong>EFFICIENCY</strong></th>
<th>To the next level, enhancing CEX</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Evolution</strong></td>
<td>Accelerate digital &amp; automation</td>
<td></td>
</tr>
<tr>
<td><strong>Evolution</strong></td>
<td>Revise make vs. buy approach</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>E2E transformation to improve cash cost efficiency</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>Network sharing</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>Cloudification</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>5</strong></th>
<th><strong>BEYOND CORE</strong></th>
<th>Monetizing customer base</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transformation</strong></td>
<td>IoT Services</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>Growing market in mobile digital advertising</td>
<td></td>
</tr>
<tr>
<td><strong>Transformation</strong></td>
<td>Unique opportunity in mobile financial services</td>
<td></td>
</tr>
</tbody>
</table>
Technology and Operations: Transformational agenda to prepare the future

**IT to the next level in 18-24 months**
- Big data evolution
- NBA roll-out
- Cognitive systems
- Application and architecture review
- Catalogue creation

**Network 5 key pillars**
- Data Growth
- 5G ready
- IoT
- New initiatives
- Fixed Broadband

**Benefits:**
- Customers’ Integrated view
- Time-to-market
- New capabilities
- Automation of processes and efficiency increase
- Fixed Wireless Access
- Decommissioning Savings
- Densification and innovative solutions
- New IoT businesses opportunities
- Convergent architecture

**Evolution**

**Transformation**

**TIM**

**CMD 2020**

**39**
Mobile: Move from volume to value to sustain mobile business growth, leveraging customer experience

Residual growth: churn management becomes more important

Playing by opportunity, meeting clients true needs

Increasing “share of wallet”

Innovation positioning: ensuring execution and customer satisfaction to succeed.

Postpaid Churn Rate (% p.m.)

→ Eliminate pain points: discount management
→ Lock in high propensity customers
→ Improve service level

Mobile Customer Base by Segment (MM)

→ Prepaid acceleration (regional + smart promo, channel mgmt.)
→ Postpaid: brand positioning, handsets
→ SMB: consumerization

ARPU increase

SIMs per Unique Users

→ Unlock upselling opportunities
→ Price with “more for more” approach
→ Boost big data, data analytics, NBA capabilities

Mobile Unique Users\(^2\) (MM)

Reduce churn

→ Unlock upselling opportunities
→ Price with “more for more” approach
→ Boost big data, data analytics, NBA capabilities

Customer Base Mix\(^1\) (MM)

Attack all segments

Postpaid >45% of CB in 2022

2014 2019 2022

Premium Price

Low Price

Convergence

Innovation

2010 2015 2020 2022

Mobile ARPU (R$ / month)

22.5 23.7

CAGR 19-22 low to mid single digit

2018 2020 2022

Increasing “share of wallet”

SIMs per Unique Users\(^1\)

1.9 1.7 1.4

2010 2015 2020 2022

Residual growth: churn management becomes more important

Playing by opportunity, meeting clients true needs

Increasing “share of wallet”

Innovation positioning: ensuring execution and customer satisfaction to succeed.

Postpaid Churn Rate (% p.m.)

→ Eliminate pain points: discount management
→ Lock in high propensity customers
→ Improve service level

Mobile Customer Base by Segment (MM)

→ Prepaid acceleration (regional + smart promo, channel mgmt.)
→ Postpaid: brand positioning, handsets
→ SMB: consumerization

ARPU increase

SIMs per Unique Users\(^1\)

→ Unlock upselling opportunities
→ Price with “more for more” approach
→ Boost big data, data analytics, NBA capabilities

Mobile ARPU (R$ / month)

22.5 23.7

CAGR 19-22 low to mid single digit

2018 2020 2022

Increasing “share of wallet”

SIMs per Unique Users\(^1\)

1.9 1.7 1.4

2010 2015 2020 2022

Residual growth: churn management becomes more important

Playing by opportunity, meeting clients true needs

Increasing “share of wallet”

Innovation positioning: ensuring execution and customer satisfaction to succeed.

Postpaid Churn Rate (% p.m.)

→ Eliminate pain points: discount management
→ Lock in high propensity customers
→ Improve service level

Mobile Customer Base by Segment (MM)

→ Prepaid acceleration (regional + smart promo, channel mgmt.)
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Mobile ARPU (R$ / month)

22.5 23.7

CAGR 19-22 low to mid single digit

2018 2020 2022

Increasing “share of wallet”

SIMs per Unique Users\(^1\)
Ultrabroadband: Industrialization to capture growth opportunity with financial discipline

From Evolution...

Footprint expansion and operational improvement
- Cherry peaking deployment
- Reduce early churn
- Improve care and self-care
- Reliable bill to cash processes

Differentiation: UBB + Content
- OTT content friendly approach
- Wi-Fi experience

Fixed Net Revenues
- TIM Live CAGR 19-22: >30%
- The lever for fixed business growth.

FTTx Customer Base
- In 2020...
- +40% households covered
- +15 cities

Evolution

... To Transformation

Strategic Partnership
- Expanding TIM Live's services with the right balance between Sales and Capex, unlocking additional value of this asset
- Create in partnership a neutral fiber infrastructure asset in Brazil
- Market sound process with an advisor to find the right partner

Fixed Net Revenues
- 2018
- 2019
- 2020
- 2021
- 2022

FTTx Customer Base
- 2018
- 2019
- 2020
- 2021
- 2022
Efficiency: Keep the lead in profitability taking efficiency to the next level, while enhancing customer experience

**E2E transformation to improve cash cost efficiency, leveraging digital, automation, new make vs buy models**

### Process efficiency
- **Bad Debt** (e.g. new credit models, collections systems improvement)
- **Legal processes** (e.g. predictive models to reduce JEC expenses - special court for small cases)

### Digital & Automation
- **Self-Provisioning** (e.g., Naked SIM)
- **Self-caring**: Cognitive IVR and WhatsApp services (e.g., second invoice, balance check and etc.)
- **Self-healing** (e.g., technical resolution for broadband services)

### Make vs buy
- **Administrative processes** (e.g., commissioning, ground leasing)
- **Pay-roll management**
- **IT Planning & Development**

### Smart CAPEX
- **Industrial agreements** (e.g. VIVO MoU)
- **Innovative Technologies** (Massive MIMO)
- **TIM Live’s Transformation** with partnership
- **Cloudification** (storage as commodity)
Beyond the core: Leverage our assets with strategic partnerships through a unique window of opportunity

**IoT**

**Develop at scale and monetize IoT verticals to explore B2B opportunities.**

*Latin America IoT Market in 2022*

- **2x connections** reaching 106.3 mln of IoT devices (19.6% CAGR).
- **US$ ~750 mln addressable market in agriculture**
- **US$ ~400 mln addressable market in transport/logistics**

*Sole operator in the initiative developing agribusiness solutions based on IoT.*

**Mobile Advertising**

- **R$ 24.2 bln** Brazil’s digital ad market in 2022
- **R$ 19 bln delivered through mobile**

**TIM as publisher**
Exploring available touchpoints.

**TIM as ad tech player**
Leveraging on customer knowledge and ownership.

**Mobile Financial Services**

**Penetration over Brazilian Population**

- **27%** Credit Card Ownership
- **59%** Debit Card Ownership
- **79%** Mobile Penetration

**1 HIGH-END**
Convenience and simplicity.
- Full bank offer
- Commercial partnership
- Value generated by commissions in fees + equity

**2 LOW-END**
Access to banking services.
- Symbiotic partnership (JV like)
- Value generated by profit sharing

**Connected Car**

- **First mover: agreement with car manufacturer to provide in-car connectivity and automation.**
- **R$ 190 mln** already generated in mobile ads products with a ~35% upside in 2020.
- New trial contracts signed in the past 2 months.

**Telecom + digital banking services.**
- Agreement with a digital bank to be announced in the coming weeks.

**Partners short list under analysis**

**Sources:** GlobalData Market Opportunity Forecasts to 2023: Global IoT; Latin America Digital Ad Spending 2019 eMarketer; Global Findex Database 2017

(1) Population > 15 years; (2) Population > 10 years.
# TIM Brasil 2020–’22 Targets

<table>
<thead>
<tr>
<th>GOALS</th>
<th>DRIVERS</th>
<th>SHORT TERM TARGETS (2020)</th>
<th>LONG TERM TARGETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Growth Sustainability</td>
<td>→ Leverage mobile ARPU improve</td>
<td>Service Revenues Growth: Mid single digit (YoY)</td>
<td>Service Revenues Growth: Mid single digit (CAGR ’19–’22)</td>
</tr>
<tr>
<td></td>
<td>→ Expand Residential UBB operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>→ Tap B2B opportunity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve Profitability</td>
<td>→ Accelerate digital transformation</td>
<td>EBITDA Growth: Mid single digit (YoY)</td>
<td>EBITDA Margin: ≥40% in 2022 (≥47% w/ IFRS 16)</td>
</tr>
<tr>
<td></td>
<td>→ Maintain zero-based budget approach</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>→ Reliable bill to cash process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>→ Smart and selective Capex approach</td>
<td>Capex on Net Revenues: Low 20’s</td>
<td>Capex: R$ 12.0 - 12.5 bln (Σ’20–’22)</td>
</tr>
<tr>
<td>Expand Cash Generation</td>
<td>→ Strict financial discipline</td>
<td>EBITDA-Capex on Net Revenues: &gt;16% (&gt;20% w/ IFRS 16)</td>
<td>EBITDA-Capex on Net Revenues: ≥20% in 2022 (≥25% w/ IFRS 16)</td>
</tr>
<tr>
<td></td>
<td>→ Continue debt and tax rate optimization</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) KPIs with IFRS 15/9, except when otherwise indicated.
New cash generation culture
FY '19 showing strong improvement in cash generation:

- **Service Revenues** excluding Sparkle -2.6% YoY in FY '19: Domestic -4.0%; Brazil +2.4%

- **EBITDA** -2.8% YoY: Domestic -5.0% and Brazil +6.8%. EBITDA margin up 1 p.p. to 42.1%

- Q4 performance better than Q3 thanks to acceleration in cost cutting

**FY’19 showing strong improvement in cash generation:**

- **Equity FCF** at € 1.7bn, 3x vs. FY’ 18 (€ 491m in Q4 ’19, +38% YoY)

- **Net Debt** at € 23,839m, reduced € 1.4bn from FY ’18 and ~€ 0.5bn from Q3
Mobile Service Revenues continue to improve YoY performance

- **Lines**: TIM best performer in MNP and on an improving trend (-114k vs -263k in Q3)
- **Mobile Service Revenues continue to improve YoY performance** despite the reduction of Content Service Provider (CSP) revenues (-1.4p.p. drag YoY)
- **ARPU YoY performance better than Q3** despite impact of CSP revenues (-0.2 €/month). Q4 seasonality lower than Q3 as usual
- Lower sales of handsets with improved marginality (strategy introduced in '19 benefiting EBITDA)

**TIM ARPU**

<table>
<thead>
<tr>
<th>Human</th>
<th>13.0</th>
<th>12.4</th>
<th>12.5</th>
<th>12.9</th>
<th>12.4</th>
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</thead>
<tbody>
<tr>
<td>€ / line / month</td>
<td>Q4 '18</td>
<td>Q1 '19</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
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</table>

**MNP**

<table>
<thead>
<tr>
<th>Lines</th>
<th>12.6</th>
<th>8%</th>
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</thead>
<tbody>
<tr>
<td>ex.CSP</td>
<td>% YoY</td>
<td></td>
</tr>
<tr>
<td>-46</td>
<td>-18</td>
<td>-36</td>
</tr>
<tr>
<td>-114</td>
<td>-260</td>
<td>-42</td>
</tr>
<tr>
<td>-5%</td>
<td>-114</td>
<td>8%</td>
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</table>

**Mobile Revenues**

<table>
<thead>
<tr>
<th>Organic data, € m</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,274</td>
</tr>
<tr>
<td>1,143</td>
</tr>
<tr>
<td>Q4 '18</td>
</tr>
</tbody>
</table>

**Customer Base**

<table>
<thead>
<tr>
<th>k, Rounded numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>31,254</td>
</tr>
<tr>
<td>30,895</td>
</tr>
<tr>
<td>Q3 '19</td>
</tr>
<tr>
<td>21,413</td>
</tr>
<tr>
<td>Q4 '19</td>
</tr>
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</table>

**Churn rate**

<table>
<thead>
<tr>
<th>Q1 '18</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.5%</td>
<td>6.0%</td>
<td>6.2%</td>
<td>5.2%</td>
</tr>
<tr>
<td>5.4%</td>
<td>5.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source**: intra operator database
Domestic Fixed KPIs showing early signs of TIM’s “fix the fixed” initiatives

Wireline KPIs

**Total Accesses**

<table>
<thead>
<tr>
<th>Q3 '19</th>
<th>Q4 '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>17,136</td>
<td>17,136</td>
</tr>
<tr>
<td>9,085</td>
<td>9,085</td>
</tr>
<tr>
<td>8,051</td>
<td>8,051</td>
</tr>
</tbody>
</table>

**UBB Accesses**

<table>
<thead>
<tr>
<th>Q3 '19</th>
<th>Q4 '19</th>
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</thead>
<tbody>
<tr>
<td>6,641</td>
<td>6,670</td>
</tr>
<tr>
<td>3,076</td>
<td>3,097</td>
</tr>
</tbody>
</table>

Broadband net adds

- Q4 '18: 60
- Q1 '19: 117
- Q2: 60
- Q3: 60

Accesses churn

- Q4 '18: 5.9%
- Q1 '19: 5.6%
- Q2: 6.1%
- Q3: 4.4%
- Q4: 4.9%

Migration to UBB continues: ~7m lines reached, +5% QoQ and +27% YoY, thanks to push on fiber conversion, reduced delivery time (FTTx –5 days YoY) and new FWA offer launched in Q3

Early benefits from “fix the fixed” initiatives

- **Continuous growth in broadband and fiber net adds**: +60k bb net adds, 105k fiber net adds vs. 68k in Q3
- **Wholesale lines continue to benefit from migration to fiber**: +233k VULA net adds vs. +207k in Q3 (still 49k more than ULL losses); FY VULA net adds 1.05m
- **Line losses continue improving trend**: -220k retail and wholesale vs. -254k in Q3

- **Market discipline**: price gap vs. TIM reduced throughout the year. Competitors not levelling down prices in Q4
- **Churn rate** improving YoY thanks to early signs of retention activities
- **ARPU** growth affected by annualization of the July and November 2018 price increases and lower contribution from activation fees

---

(1) On TIM infrastructure, retail VoIP excluded
(2) FTTx and Fixed Wireless Accesses (FWA)
FSR still affected by Sparkle and new sustainable cash generation culture

**Total Fixed Revenues** -4.8% YoY excluding Sparkle’s International Wholesale business

- **Fixed Service Revenues (FSR)** affected by:
  - Sparkle’s strategy revision explaining 4.6pp decline YoY (no impact on margins; minor impact expected in 2020)
  - Shift to equipment accounting explains another 1.6pp (different offer structure in consumer - modem now paid - and B2B - ICT related sales-)
  - reduced washing machine effect (lower activation fees) but cash flow strongly benefiting (lower commissions and provisioning)

- **Consumer** affected by the decision not to reprice the client base, which benefitted KPIs
- **ICT services** growing steadily (+13.7% YoY)
- **National Wholesale** -2.7% YoY due to comparison with very strong Q4 ‘18. VULA revenue growth still greater than ULL decline
- **Sparkle’s International Wholesale** revenues down 33.2%, following strategy revision (no impact on margins)
Cost cutting has continued to accelerate, with OPEX down €279m YoY (-12%, vs -9.3% in Q3) and addressable costs -5.4% (-7.4% cash-view)

Net of deferred costs, on a cash view, the overall reduction reaches €315m (-12% YoY)

- **Interconnection & equipment**: benefiting from new strategy for both Sparkle and handsets (e.g. equipment margin +€35m in Q4, >€90m in 9 months)
- **Commercial**: positively impacted by the reduced “washing machine” effect and better bad debt
- **Industrial**: decrease in network and industrial building cost more than offsetting drag from energy prices (€13m, no drag expected from 2020)
- **G&A**: lower costs of consulting, civil building and land fleet management
- **Labour**: benefiting from FTE reduction (~2.7k exits in 2019)

---

**OPEX**

<table>
<thead>
<tr>
<th>Category</th>
<th>Q4 '18</th>
<th>Q4 '19</th>
<th>Net of deferred costs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPEX</strong></td>
<td>2,413</td>
<td>2,134</td>
<td>-12%</td>
</tr>
<tr>
<td><strong>Interconnection</strong></td>
<td>397</td>
<td>260</td>
<td>-12% (-279)</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>491</td>
<td>260</td>
<td>-34%</td>
</tr>
<tr>
<td><strong>CoGS</strong></td>
<td>111</td>
<td>145</td>
<td>+30%</td>
</tr>
<tr>
<td><strong>Commercial</strong></td>
<td>428</td>
<td>381</td>
<td>-11%</td>
</tr>
<tr>
<td><strong>Industrial</strong></td>
<td>272</td>
<td>266</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>G&amp;A</strong></td>
<td>163</td>
<td>130</td>
<td>-20%</td>
</tr>
<tr>
<td><strong>Labour</strong></td>
<td>548</td>
<td>525</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>2</td>
<td>36</td>
<td>+33%</td>
</tr>
</tbody>
</table>

---

(1) Net of deferred costs, total OPEX amounts to €2,533m in Q4 '18 and €2,218m in Q4 '19
(2) Net of capitalized costs
(3) Includes other costs/provision and other income
Capex respecting guidance; NWC outflow improved €550m YoY

- **Domestic improving €740m YoY in FY’19**
  - Benefitting from improved cash conversion.
  - Additional benefits from: lower inventories (+€223m), VAT impact from split payment (+€360m), change from billing in advance to billing in arrears in Q1 ‘18 (+€116m), higher trade payables due to better cost management (+€122m), lower trade receivables (+€48m)
- **TIM Brasil worsening €205m YoY in FY’19**
  - Due to reduction on payment delay (-€183m), lower legal and tax provision and higher indirect tax payments (-€115m)
Consumer finance JV: innovative credit management to optimize cash generation and increase commercial fire power

**Scope**
- Development and distribution of consumer finance products to purchase TIM’s fixed and mobile devices

**Benefits**
- Credit management effectiveness and reduced credit risk translating into lower bad debt (-€ 50m ca. at run rate)
- Lower capital absorption bearing debt reduction (-€ 0.5bn ca. in 2020)
- Higher commercial flexibility and cross-selling opportunities opening new profitability opportunities (personal loans, insurance products)

**Partnership structure & governance**
- 51% Santander (SCB), 49% TIM
  - TIM in charge of commercial, SCB of key banking business matters
  - SCB to appoint CEO/CFO, TIM to appoint Chairman/head of sales

**Cost Reductions**
- € 50m cost reduction (bad debt)
- € 500m debt reduction
TIM Group

Net Debt: a constant fall throughout the year

\[ \varepsilon \text{ m; } (-) = \text{Cash generated, } (+) = \text{Cash absorbed, excluding call-outs} \]

<table>
<thead>
<tr>
<th></th>
<th>FY '18 Net Debt</th>
<th>H1 '19 Net Debt</th>
<th>FY '17</th>
<th>H1 '19</th>
<th>FY '18</th>
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</thead>
<tbody>
<tr>
<td>OFCF</td>
<td>25,270</td>
<td>24,731</td>
<td>25,308</td>
<td>24,141</td>
<td>25,190</td>
</tr>
<tr>
<td>Financial Expenses</td>
<td>(1,490)</td>
<td>(758)</td>
<td>(886)</td>
<td>(329)</td>
<td>(285)</td>
</tr>
<tr>
<td>Dividends &amp; Change in Equity</td>
<td>-539</td>
<td>(1)</td>
<td>211</td>
<td>6</td>
<td>285</td>
</tr>
<tr>
<td>Cash Taxes &amp; Other Impacts</td>
<td>-1,431</td>
<td>(604)</td>
<td>(157)</td>
<td>(4,065)</td>
<td>(571)</td>
</tr>
</tbody>
</table>

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<td>(1,490)</td>
<td>(157)</td>
<td>(4,065)</td>
<td>(571)</td>
</tr>
</tbody>
</table>

-958 o/w -419 in Q3
-1,431 o/w -473 in Q4
-958 o/w -190 in Q1 and -349 in Q2
-539 o/w -190 in Q1 and -349 in Q2

EBITDA | CAPEX | ΔWC & Others | Operating FCF
---|---|---|---
4,065 | (1,481) | (1,094) | 1,490
1,943 | (795) | (390) | 758
Liquidity margin - After Lease view
Cost of debt ~3.6%, flat QoQ, -0.4p.p. YoY

**Liquidity Margin**

**Debt Maturities**

**Cost of debt ~3.6%, -0.4 p.p. YoY**

**Coverage ratio*** from **1.5x** FY 2018 to **2.3x** FY 2019

* Liquidity Margin on 24M maturities

---

(1) €25,410m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and fair value valuations (€725m), current financial liabilities (€776m) and held for sale (€84m), the gross debt figure of €26,995m is reached.
**After Lease view shows slightly better trends YoY**

### EBITDA After Lease

<table>
<thead>
<tr>
<th></th>
<th>FY '18 EBITDA</th>
<th>FY '18 EBITDA AL</th>
<th>FY '19 EBITDA</th>
<th>FY '19 EBITDA AL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>€7,774</td>
<td>€7,377 (-2.2%)</td>
<td>€7,216</td>
<td>€7,560 (-2.8%)</td>
</tr>
<tr>
<td>Domestic</td>
<td>€6,362</td>
<td>€6,033 (-4.4%)</td>
<td>€5,767</td>
<td>€6,041 (-5.0%)</td>
</tr>
</tbody>
</table>

Lease impact: -3.9% in Q4 for Group; -4.7% in Q4 for Domestic.

### Net Debt After Lease

<table>
<thead>
<tr>
<th></th>
<th>FY '18 Net Debt</th>
<th>FY '19 Net Debt AL</th>
<th>Net Debt AL FY '18</th>
<th>Net Debt AL FY '19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>€25,270 (1,948)</td>
<td>€23,322 (-1,429)</td>
<td>€23,839</td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>€21,893</td>
<td>€1,946</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Under the After Lease view, results show slight improvements vs. the IFRS 9/15 view:

- **Group EBITDA-AL** -2.2% YoY vs. -2.8% in FY (-1.0% YoY vs. -1.6% in Q4)
- **Domestic EBITDA-AL** -4.4% YoY vs. -5.0% in FY (-3.9% YoY vs. -4.7% in Q4)
- **Group Net Debt AL** at €21,893m with a reduction of €1.4bn from FY 2018, of which €572m in Q4
TIM Group

2020: Moving to IFRS 16 after lease, excluding Persidera and INWIT

<table>
<thead>
<tr>
<th>FY 2019, €m</th>
<th>REPORTED</th>
<th>Pro-forma Baseline - excluding changes in consolidation area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IFRS 9/15</td>
<td>IFRS 16</td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
<tr>
<td>Revenues</td>
<td>Domestic</td>
<td>14,081</td>
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<tr>
<td></td>
<td>Brasil</td>
<td>3,937</td>
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<tr>
<td></td>
<td>Group</td>
<td>17,977</td>
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<tr>
<td></td>
<td>Brasil</td>
<td>6,041</td>
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<td></td>
<td>Group</td>
<td>1,528</td>
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<tr>
<td></td>
<td>Domestic</td>
<td>7,560</td>
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<tr>
<td>EBITDA</td>
<td>Domestic</td>
<td>5,345</td>
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<tr>
<td>organic</td>
<td>Brasil</td>
<td>2,153</td>
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<td></td>
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<td>7,489</td>
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<td>EBITDA</td>
<td>Domestic</td>
<td>2,912</td>
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<td>reported</td>
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<td>872</td>
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<td>Group</td>
<td>3,784</td>
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<td>CAPEX</td>
<td>Domestic</td>
<td>23,839</td>
</tr>
<tr>
<td>ex spectrum</td>
<td>Brasil</td>
<td>3.2</td>
</tr>
<tr>
<td></td>
<td>Group</td>
<td></td>
</tr>
</tbody>
</table>

(1) Net Debt already reflecting Disposal
Guidance and final remarks
## Equity FCF guidance upgrade despite finishing in ‘20 sales/EBITDA restructuring INWIT deconsolidated (proceeds not yet embodied)

### YoY growth rates, IFRS 16 / After Lease

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Domestic</th>
<th>Brasil</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2021-’22</td>
<td>2020</td>
</tr>
<tr>
<td>Organic Service revenues</td>
<td>Low single digit decrease</td>
<td>Low single digit growth</td>
<td>Low to Mid single digit decrease</td>
</tr>
<tr>
<td>Organic EBITDA AL</td>
<td>Low single digit decrease</td>
<td>Low to Mid single digit growth</td>
<td>Low to Mid single digit decrease</td>
</tr>
<tr>
<td>CAPEX</td>
<td>~€ 2.9bn / Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eq FCF AL</td>
<td>Cumulated € 4.5 - 5.0 bn</td>
<td>To be enhanced through inorganic actions presently not included</td>
<td>Equivalent to cumulated € 5.0 - 5.5 bn under old accounting standard before INWIT deconsolidation</td>
</tr>
<tr>
<td>Dividend</td>
<td>ordinary: floor of € 1 cent per share, aim to distribute 20-25% of yearly Equity FCF subject to deleverage execution savings: €2.75 cents per share throughout 2020-2022</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Domestic revenue growth excluding Sparkle's zero-low margin voice traffic business stopped
- Figures @ Avg Exchange Rate Actual 4.41 REAIS/EUR
# ESG Guidance (Group)

<table>
<thead>
<tr>
<th>Environment</th>
<th>CO2 eq. emissions reduction vs 2019</th>
<th>2020-'22</th>
<th>2025</th>
<th>Carbon neutral 2030</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>-30%</td>
<td>-70%</td>
<td></td>
</tr>
<tr>
<td>Eco-efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Renewable energy</td>
<td>% increase of weight on total energy</td>
<td>+5pp / year</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Social | Employees engagement | +14p.p.\(^{(1)}\) |     |                     |
|        | Reskilled people | 2,000 |     |                     |

| Governance | Refurbished smartphones | increase | >15\(^{(2)}\) | Reinforce ESG KPIs in supply chain |
|            | KPI Supply Chain | | | Increase eco-materials |

(1) Brazil maintains as it is still very high in the score
(2) Domestic

---

**Notes:**
- Renewable energy: % increase of weight on total energy
- Employees engagement: +14p.p.\(^{(1)}\)
- Reskilled people: 2,000
- Refurbished smartphones: increase >15\(^{(2)}\)
- KPI Supply Chain: Reinforce ESG KPIs in supply chain Increase eco-materials
TIM for all its stakeholders

- TIM is working for the Country: today for the emergency, long term for its modernization
- We overdelivered our financial guidance in 2019 and we’ll do our best to continue to do so
- Equity FCF has been and will continue to be our primary metric
- On dividend we are committed to € 1 cent / ordinary share with the ambition to do more subject to deleverage execution
- We are determined to improve sustainability and deliver results for all our stakeholders
Q&A
Annex
### Net Income

Reported data, € m, Rounded numbers

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,560</td>
<td>(71)</td>
<td>7,489</td>
<td>(4,431)</td>
<td>3,058</td>
<td>(1,221)</td>
<td>(533)</td>
<td>1,304</td>
<td>(342)</td>
<td>962</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7,774</td>
<td>(371)</td>
<td>7,403</td>
<td>(6,842)</td>
<td>561</td>
<td>(1,338)</td>
<td>(375)</td>
<td>(1,152)</td>
<td>(259)</td>
<td>(1,411)</td>
</tr>
</tbody>
</table>

\[\Delta\]

|        | (214)          | 418                | 204            | 2,411                            | 2,615| 117                                            | (158) | 2,474                    | (83)       | 2,491               |

**Goodwill writedown 2.6Bn**
TIM Group

Liquidity margin – IFRS 9/15 view

Cost of debt ~3.9%, -0.1 p.p. QoQ, -0.5 p.p. YoY

* Without IFRS 16

---

### Liquidity Margin

<table>
<thead>
<tr>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>Beyond 2024</th>
<th>Total M/L Term Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.0</td>
<td>4.0</td>
<td>5.000</td>
<td>2.2</td>
<td>2.4</td>
<td>0.4</td>
<td>11.9</td>
</tr>
<tr>
<td>2.0</td>
<td>0.6</td>
<td>0.1</td>
<td>3.1</td>
<td>0.6</td>
<td>0.2</td>
<td>10.2</td>
</tr>
<tr>
<td>2.2</td>
<td>1.5</td>
<td>0.1</td>
<td>3.3</td>
<td>0.2</td>
<td>0.1</td>
<td>3.6</td>
</tr>
<tr>
<td>4.4</td>
<td>3.1</td>
<td>0.1</td>
<td>3.3</td>
<td>0.1</td>
<td>0.1</td>
<td>12.4</td>
</tr>
</tbody>
</table>

---

### Debt Maturities

- **Cash & cash equivalent**
- **Undrawn portions of committed bank lines**
- **Bonds**
- **Loans**
- **Leases**

---

(1) €27,338m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and reverse fair value valuations (€ 743m), current financial liabilities (€ 776m) and held for sale (€ 84m), the gross debt figure of € 28,941m is reached.
# IFRS 16 – TIM Group main results

Reported data, € m

## Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY' 19 IFRS 9-15</th>
<th>Δ IFRS 16</th>
<th>FY' 19 IFRS 16</th>
<th>FY' 19 IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIM Group</td>
<td>17,977</td>
<td>(3)</td>
<td>17,974</td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>14,081</td>
<td>(3)</td>
<td>14,078</td>
<td></td>
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<tr>
<td>Brazil</td>
<td>3,937</td>
<td>-</td>
<td>3,937</td>
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</table>

## Service Revenues

<table>
<thead>
<tr>
<th></th>
<th>FY' 19 IFRS 9-15</th>
<th>Δ IFRS 16</th>
<th>FY' 19 IFRS 16</th>
<th>FY' 19 IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIM Group</td>
<td>16,306</td>
<td>(2)</td>
<td>16,304</td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>12,588</td>
<td>(3)</td>
<td>12,585</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>3,760</td>
<td>-</td>
<td>3,760</td>
<td></td>
</tr>
</tbody>
</table>

## EBITDA

<table>
<thead>
<tr>
<th></th>
<th>FY' 19 IFRS 9-15</th>
<th>Δ IFRS 16</th>
<th>FY' 19 IFRS 16</th>
<th>FY' 19 IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIM Group</td>
<td>7,489</td>
<td>662</td>
<td>8,151</td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>5,345</td>
<td>363</td>
<td>5,708</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>2,153</td>
<td>298</td>
<td>2,451</td>
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</tbody>
</table>
**Liquidity margin - IFRS 16 view**

**Cost of debt ~4.1%, -0.1 p.p. QoQ**

* Including cost of all leases

### Liquidity Margin

<table>
<thead>
<tr>
<th>FY 2020</th>
<th>FY 2021</th>
<th>FY 2022</th>
<th>FY 2023</th>
<th>FY 2024</th>
<th>Beyond 2024</th>
<th>Total M/L Term Debt</th>
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<tbody>
<tr>
<td>9.0</td>
<td>4.0</td>
<td>5,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Debt Maturities

- **Cash & cash equivalent**
- **Undrawn portions of committed bank lines**
- **Bonds**
- **Loans**
- **Finance Leases**

- **FY 2020:**
  - Cash & cash equivalent: 1.5
  - Undrawn portions of committed bank lines: 0.4
  - Bonds: 0.6
  - Loans: 0.5
  - Finance Leases: 0.4

- **FY 2021:**
  - Cash & cash equivalent: 2.5
  - Undrawn portions of committed bank lines: 0.6
  - Bonds: 1.2
  - Loans: 0.6
  - Finance Leases: 0.5

- **FY 2022:**
  - Cash & cash equivalent: 3.1
  - Undrawn portions of committed bank lines: 1.2
  - Bonds: 2.4
  - Loans: 0.5
  - Finance Leases: 0.4

- **FY 2023:**
  - Cash & cash equivalent: 3.5
  - Undrawn portions of committed bank lines: 2.4
  - Bonds: 2.6
  - Loans: 0.2
  - Finance Leases: 0.4

- **FY 2024:**
  - Cash & cash equivalent: 3.3
  - Undrawn portions of committed bank lines: 3.3
  - Bonds: 2.6
  - Loans: 0.2
  - Finance Leases: 0.4

- **Beyond 2024:**
  - Cash & cash equivalent: 3.9
  - Undrawn portions of committed bank lines: 3.9
  - Bonds: 2.6
  - Loans: 0.2
  - Finance Leases: 0.4

- **Total M/L Term Debt:**
  - Cash & cash equivalent: 13.3
  - Undrawn portions of committed bank lines: 13.3
  - Bonds: 10.2
  - Loans: 0.4
  - Finance Leases: 0.4

---

(1) €30,596m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and reverse fair value valuations (€ 755m), current financial liabilities (€ 776m) and held for sale (€ 655m) the gross debt figure of € 32,782m is reached.
For further questions please contact the IR Team

<table>
<thead>
<tr>
<th>Investor Relations Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Phone</strong></td>
</tr>
<tr>
<td>+39 06 3688 1</td>
</tr>
<tr>
<td>+39 02 8595 1</td>
</tr>
<tr>
<td><strong>E-mail</strong></td>
</tr>
<tr>
<td><a href="mailto:Investor_relations@telecomitalia.it">Investor_relations@telecomitalia.it</a></td>
</tr>
<tr>
<td><strong>Contact details for all IR representatives:</strong></td>
</tr>
<tr>
<td><a href="http://www.telecomitalia.com/ircontacts">www.telecomitalia.com/ircontacts</a></td>
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</table>

| **IR Webpage**                     |
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| www.twitter.com/TIMNewsroom        |

| **TIM Slideshare**                 |
| www.slideshare.net/telecomitalia|