This document illustrates the key changes to our financial reporting for 2019, including both the adoption of new accounting standards and a simplification of our revenues reporting.

The Investor Relations team is available to answer any question you may have.
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This presentation addresses two topics:

1. The new IFRS16 standard adopted for the first time in 2019, on top of IFRS9 and 15 that were introduced in 2018 and will still be shown in 2019 in order to ensure comparability with 2018.
2. Simplified reporting on Revenues aimed at adapting to the evolving telecoms business and TIM’s organization.

With regards to IFRS 16, like most of our peers, we’re introducing an “After Lease” view in order to enable a more comprehensive reading of our business net of all operating and finance leases.

Importantly, the “After Lease” view will be the key reference for our financial communication going forward, both for reported results and guidance.

Based on 2018 numbers, an “After Lease” view would show Net Debt of €23.3bn and net debt/EBITDA organic(1) ratio of 3.16x vs. €25.3bn and 3.24x respectively in the IFRS 15/9 view, as reported at YE 2018.

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(1) reported excluding non-recurring items
In order to facilitate comparison with our historical reporting, this slide provides a summary of the impacts of each step of the transition to IFRS 16. Going from left to right we show:

1) 2018 results based on old principles in column 1,
2) the impact of IFRS 9/15 in column 2,
3) 2018 results based on IFRS 9/15 in column 3. All analysts should have already incorporated these results in their model and the excel file that you can find on the web site – FY’18 Financial and Operating Figures – IFRS 15/9 and “After Lease” – is now complete with all quarterly info needed for a detailed modeling,
4) column 4 shows the impact of the new accounting standard IFRS 16 (introduced in 2019) vs. IFRS 9/15,
5) column 5 gives an indication of theoretical 2018 results based on IFRS 16 while column 8, the last column on the right, shows the “After Lease” view,
6) columns 6 and 7 explain that we arrive at the After Lease view by deducting from EBITDA both the operating leases accounted as amortization and Interest Expenses under IFRS (both reclassified as OPEX) and the financial leases accounted as amortization and Interest Expenses under IAS 17 (reclassified as OPEX as well).

We remind that finance leases – amounting to a total of €1.9bn – were already included in reported Net Debt as for IAS17 at the end of 2018 which means that a part of the IFRS impact from leasing was already captured in TIM’s Net Debt reported so far. You may recall that back in 2015 net debt was inflated €1.2bn as a result of the duration extension of several real estate leasing contracts.

As shown above, 2018 “After Lease” Net Debt falls to €23.3bn vs. €25.3bn reported under IFRS 15/9, because in the After Lease view we not only subtract the operating lease liabilities amounting to €3.6bn but also the financial lease liabilities amounting to €1.9bn. Conversely, from EBITDA we not only deduct the operating leasing costs but also the financial leasing costs previously classified as amortization of RoU asset and Financial Expenses for a total of €0.4bn.
In slide 5 we add granularity on all changes affecting the domestic and Brazilian business.

Column 2 reminds the impact stemming from adoption of IFRS 9/15 while column 4 shows the effect of a new revenue reclassification aimed at aligning financial reporting to business evolution. It implies no change in total revenues but a slightly different mix between service and equipment revenues which is explained in slides 7 and 8.
Slide 6 is just a recap of the main impacts of IFRS 9 and 15 application.
We took the opportunity of changes related to new standards adoption to update also the classification of revenues which was misaligned with the evolution of the telecoms business and with TIM’s organization.

Firstly we’ve implemented a sharper distinction between retail and wholesale services and overcome the anachronistic definition of innovative and traditional services, which was created before the introduction of bundles. The bill paid by customers is now hardly attributable to voice, data or content.

Within retail we are still providing the amount of “Broadband and content revenues”, as well as of ICT, ensuring comparability with the past.

Secondly, “Wholesale” is now aligned to the most recent organizational changes.

Overall there is no impact on total wireline revenues nor on the mix of service revenues and equipment revenues.
We have overcome the anachronistic Traditional / Innovative distinction and adopted the Retail / Wholesale view, as we did in wireline.

Now all revenue streams related to MVNOs, Visitors and Inwit are booked in the “Wholesale and other” line.

The second change is in the treatment of handsets sold in a bundle with service promo included (“Prova TIM”). Now the revenues related to these promos - a Try & Buy promo offering to clients buying a handset free GB to be used within the first month of activation - are reclassified in the line “Handsets and Handsets bundle”.

All these changes are reflected in the new ARPU definition. Hence Human ARPU is €2.4 lower than under the previous reporting. On FY 2018 reclassified Human ARPU is €13.4, with the remaining part reclassified in “Wholesale and other” and “Handsets and Handsets bundle”.

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**New Revenues Reporting**

**New revenues reporting: Mobile**

<table>
<thead>
<tr>
<th>REVENUES (€'000)</th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL MOBILE REVENUES</td>
<td>1,262</td>
<td>1,311</td>
<td>1,328</td>
<td>1,274</td>
<td>5,185</td>
</tr>
<tr>
<td>Mobile Service Revenues</td>
<td>1,034</td>
<td>1,044</td>
<td>1,069</td>
<td>960</td>
<td>4,107</td>
</tr>
<tr>
<td>Retail Services</td>
<td>946</td>
<td>942</td>
<td>931</td>
<td>880</td>
<td>3,039</td>
</tr>
<tr>
<td>Voice</td>
<td>73</td>
<td>74</td>
<td>70</td>
<td>73</td>
<td>289</td>
</tr>
<tr>
<td>Wholesale and Other</td>
<td>88</td>
<td>102</td>
<td>138</td>
<td>80</td>
<td>408</td>
</tr>
<tr>
<td>Handsets and Handsets Bundle</td>
<td>228</td>
<td>277</td>
<td>259</td>
<td>314</td>
<td>1,078</td>
</tr>
</tbody>
</table>

- Adapting to organizational and business evolution, with a “Retail” and “Wholesale” view, the latter including MVNOs, Visitors and Inwit.
- Overcoming anachronistic Traditional / Innovative view.
- Revenues related to mobile handsets with bundled service promo (“Prova TIM”) are now booked in the “Handsets / Handsets bundle” revenue line.
- Mobile ARPU calculation has been aligned accordingly.

Changes in financial reporting May 2020
This slide details what anticipated in slide 5.
This slide details what anticipated in slide 5.
For the “After Lease” view we show, in column 4, the increase in OPEX due to finance leases amounting to €399M and the equivalent decrease in amortization (€215m) and Financial Expenses (€184m) that offsets it.

The EBITDA is therefore net of all leases expenses. Net Income remains unchanged.
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Changes in financial reporting