



## ATTACHMENTS TO THE PRESS RELEASE

### **ALTERNATIVE PERFORMANCE MEASURES**

In this press release, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for purposes of a better understanding of the trend of operations and the financial condition related to the Telecom Italia Group and the Parent Company Telecom Italia S.p.A.. Such measures, which are presented in the periodical financial reports (annual and interim), should, however, not be considered as a substitute for those required by IFRS.

The alternative performance measures used are described below:

- **EBITDA:** this financial measure is used by Telecom Italia as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group (as a whole and at the Business Unit level) and the Parent Company. This measure is calculated as follows:

<b>Profit (loss) before tax from continuing operations</b>	
+	Finance expenses
-	Finance income
+/-	Other expenses (income) from investments <sup>(1)</sup>
+/-	Share of losses (profits) of associates and joint ventures accounted for using the equity method <sup>(2)</sup>
<b>EBIT - Operating profit (loss)</b>	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Depreciation and amortization
<b>EBITDA - Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets</b>	

(1) Expenses (income) from investments for Telecom Italia S.p.A..

(2) Line item in Group consolidated financial statements only.

- **Organic change in Revenues and EBITDA:** these measures express changes (amount and/or percentage) in Revenues and EBITDA, excluding, where applicable, the effects of the change in the scope of consolidation and exchange differences.

Telecom Italia believes that the presentation of the organic change in revenues and EBITDA allows for a more complete and effective understanding of the operating performance of the Group (as a whole and at the Business Unit level) and the Parent Company; this method of presenting information is also used in presentations to analysts and investors. In this press release, is also provided the reconciliation between the “accounting or reported” data and the “comparable” ones.

- **Adjusted Net Financial Debt:** Telecom Italia believes that the Net Financial Debt represents an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets.

In order to better represent the actual change in net financial debt, is shown the “Adjusted net financial debt”, which excludes effects that are purely accounting in nature resulting from the fair value measurement of derivatives and related financial liabilities/assets.



Adjusted net financial debt is calculated as follows:

+ Non-current financial liabilities
+ Current financial liabilities
+ Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale
<b>A) Gross Financial Debt</b>
+ Non-current financial assets
+ Current financial assets
+ Financial assets included in Discontinued operations/Non-current assets held for sale
<b>B) Financial Assets</b>
<b>C=(A - B) Net Financial Debt carrying amount</b>
<b>D) Reversal of fair value measurement of derivatives and related financial liabilities/assets</b>
<b>E=(C + D) Adjusted Net Financial Debt</b>

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## TELECOMITALIA GROUP-KEY OPERATING AND FINANCIAL DATA

### TELECOM ITALIA GROUP - HIGHLIGHTS

(millions of euros)

	2015 Preliminary	2014	Change %	
			Reported	Organic
Revenues	19,718	21,573	(8.6)	(4.6)
EBITDA	7,004	8,786	(20.3)	(17.9)
<i>EBITDA margin</i>	35.5%	40.7%	(5.2)pp	
<i>Organic EBITDA margin</i>	35.5%	41.3%	(5.8)pp	
Capital expenditures	5,197	4,984	4.3	
Net Operating Free Cash Flow	1,974	3,174	(1,200)	
Adjusted net financial debt	27,278	26,651	627	
Headcount at year-end (number)	65,867	66,025	(158)	

## TELECOM ITALIA S.p.A. - KEY OPERATING AND FINANCIAL DATA

### TELECOM ITALIA S.p.A. - HIGHLIGHTS

(millions of euros)

	2015 Preliminary	2014	Change	
			amount	%
Revenues	13,797	14,153	(356)	(2.5)
EBITDA	5,266	6,739	(1,473)	(21.9)
<i>EBITDA margin</i>	38.2%	47.6%	(9.4) pp	
Capital expenditures	3,645	2,693	952	
Adjusted net financial debt	29,983	31,481	(1,498)	
Headcount at year-end (number)	44,171	44,164	7	



## TELECOM ITALIA GROUP - INFORMATION BY OPERATING SEGMENTS

### DOMESTIC

(millions of euros)	2015 Preliminary	2014	Change		
			amount	%	% organic
Revenues	15,001	15,303	(302)	(2.0)	(2.3)
EBITDA	5,567	6,998	(1,431)	(20.4)	(20.6)
EBITDA margin	37.1	45.7		(8.6)pp	(8.5)pp
Headcount at year-end (number)	52,644	53,076	(432)	(0.8)	

### Core Domestic

(millions of euros)	2015 Preliminary	2014	Change	
			amount	%
Revenues	13,858	14,205	(347)	(2.4)
Consumer	7,267	7,349	(82)	(1.1)
Business	4,600	4,824	(224)	(4.6)
National Wholesale	1,785	1,793	(8)	(0.4)
Other	206	239	(33)	(13.8)
EBITDA	5,392	6,761	(1,369)	(20.2)
EBITDA margin	38.9	47.6		(8.7)pp
Headcount at year-end (number)	51,741	51,849	(108)	(0.2)

### International Wholesale

(millions of euros)	2015 Preliminary	2014	Change		
			amount	%	% organic
Revenues	1,314	1,244	70	5.6	1.1
Of which third parties	1,062	981	81	8.3	2.4
EBITDA	196	271	(75)	(27.7)	(32.4)
EBITDA margin	14.9	21.8		(6.9)pp	(7.4)pp
Headcount at year-end (number) <sup>(*)</sup>	645	641	4	0.6	

(\*) Includes employees with temp work contracts: 2 employees at December 31, 2015 (4 employees at December 31, 2014).



## Olivetti

Following approval of the restructuring plan for the Olivetti group, which took place on May 11, 2015, the business lines for which the plan envisages a process leading to their disposal through divestment or termination are no consolidated under Olivetti and have instead been included under Other Operations.

(millions of euros)	2015 Preliminary	2014	Change	
			amount	%
Revenues	172	227	(55)	(24.2)
EBITDA	(9)	(29)	20	69.0
EBITDA margin	(5.2)	(12.8)		7.6 pp
Headcount at year-end (number) (*)	258	586	(328)	(55.9)

(\*) Includes employees with temp work contracts: 0 employees at December 31, 2015 (4 employees at December 31, 2014).

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## BRAZIL

	(millions of euros)		(millions of reais)		Change	
	2015 Preliminary	2014	2015 Preliminary	2014	amount	%
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d
Revenues	4,636	6,244	17,139	19,498	(2,359)	(12.1)
EBITDA	1,449	1,774	5,358	5,541	(183)	(3.3)
EBITDA margin	31.3	28.4	31.3	28.4		2.9pp
Headcount at year-end (number)			13,042	12,841		1.6

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## MEDIA

(millions of euros)	2015 Preliminary	2014	Change		
			amount	%	% organic
Revenues	82	71	11	15.5	1.2
EBITDA	37	25	12	48.0	5.7
EBITDA margin	45.1	35.2		9.9pp	1.9pp
Headcount at year-end (number) (*)	64	89	(25)	(28.1)	(8.6)

(\*) Includes employees with temp work contracts: 0 employees at December 31, 2015 (1 employees at December 31, 2014).



## TELECOM ITALIA GROUP - RECONCILIATION BETWEEN REPORTED DATA AND ORGANIC DATA

### REVENUES – reconciliation of organic data

(millions of euros)	2015 Preliminary	2014	Change	
			amount	%
<b>REPORTED REVENUES</b>	<b>19,718</b>	<b>21,573</b>	<b>(1,855)</b>	<b>(8.6)</b>
Foreign currency financial statements translation effect		(914)	914	
Changes in the scope of consolidation		10	(10)	
<b>ORGANIC REVENUES</b>	<b>19,718</b>	<b>20,669</b>	<b>(951)</b>	<b>(4.6)</b>

### EBITDA – reconciliation of organic data

(millions of euros)	2015 Preliminary	2014	Change	
			amount	%
<b>REPORTED EBITDA</b>	<b>7,004</b>	<b>8,786</b>	<b>(1,782)</b>	<b>(20.3)</b>
Foreign currency financial statements translation effect		(256)	256	
Changes in the scope of consolidation		3	(3)	
<b>ORGANIC EBITDA</b>	<b>7,004</b>	<b>8,533</b>	<b>(1,529)</b>	<b>(17.9)</b>
of which Non-recurring Income/(Expenses)	(1,076)	72	(1,148)	
<b>ORGANIC EBITDA, excluding Non-recurring items</b>	<b>8,080</b>	<b>8,461</b>	<b>(381)</b>	<b>(4.5)</b>

## DOMESTIC - RECONCILIATION BETWEEN REPORTED DATA AND ORGANIC DATA

### EBITDA – reconciliation of organic data

(millions of euros)	2015 Preliminary	2014	Change	
			amount	%
<b>REPORTED EBITDA</b>	<b>5,567</b>	<b>6,998</b>	<b>(1,431)</b>	<b>(20.4)</b>
Foreign currency financial statements translation effect	-	19	(19)	
Changes in the scope of consolidation	-	(7)	7	
<b>ORGANIC EBITDA</b>	<b>5,567</b>	<b>7,010</b>	<b>(1,443)</b>	<b>(20.6)</b>
of which Non-recurring Income/(Expenses)	(1,028)	72	(1,100)	
<b>ORGANIC EBITDA, excluding Non-recurring items</b>	<b>6,595</b>	<b>6,938</b>	<b>(343)</b>	<b>(4.9)</b>