

ATTACHMENTS TO THE PRESS RELEASE

ALTERNATIVE PERFORMANCE MEASURES	2
TIM GROUP - SEPARATE CONSOLIDATED INCOME STATEMENTS	4
TIM GROUP - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	5
TIM GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	6
TIM GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS	8
TIM GROUP - NET FINANCIAL DEBT	10
TIM GROUP - OPERATING FREE CASH FLOW	11
TIM GROUP - INFORMATION BY OPERATING SEGMENTS	12
DOMESTIC	12
BRAZIL	13
TIM GROUP - RECONCILIATION BETWEEN REPORTED DATA AND ORGANIC DATA	14
DOMESTIC - RECONCILIATION BETWEEN REPORTED DATA AND ORGANIC DATA	15
TIM GROUP - DEBT STRUCTURE, BOND ISSUES AND EXPIRING BONDS	16
TIM GROUP - EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON EACH ITEM OF THE SEPARATE CONSOLIDATED INCOME STATEMENTS	19
TIM S.p.A. - SEPARATE INCOME STATEMENTS	20
TIM S.p.A. - STATEMENTS OF COMPREHENSIVE INCOME	21
TIM S.p.A. - STATEMENTS OF FINANCIAL POSITION	22
TIM S.p.A. - STATEMENTS OF CASH FLOWS	24
TIM S.p.A. - NET FINANCIAL DEBT	26
TIM S.p.A. - EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON EACH ITEM OF THE SEPARATE INCOME STATEMENTS	27

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 TIM Group and the Parent Company TIM 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 TIM as a financial target in internal presentations (*business plans*) and in external presentations (to analysts and investors). It represents a useful unit of measurement for assessing the operating performance of the Group (as a whole and at the Business Unit level) and of the Parent Company TIM S.p.A. in addition to **EBIT**.

These measures are calculated as follows:

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

(1) "Expenses (income) from investments" for TIM S.p.A..

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

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

TIM believes that the presentation of the organic change in Revenues, EBITDA and EBIT 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 "organic" ones.

- **EBITDA margin and EBIT margin:** TIM believes that these margins represent some useful indicator of the ability of the Group (as a whole and at Business Unit level) and the Parent Company to generate profits from its revenues. In fact, EBITDA margin and EBIT margin measure the operating performance of an entity by analyzing the percentage of revenues that are converted into EBITDA and EBIT, respectively. Such indicators are used by TIM in internal presentations (*business plans*) and in external presentations (to analysts and investors) in order to illustrate the results from operations also through the comparison of the operating results of the fiscal year with those of the previous fiscal years.

- **Net Financial Debt:** TIM 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 this press release are included two tables showing the amounts taken from the statement of financial position and used to calculate the Net Financial Debt of the Group and Parent Company, respectively.

In order to better represent the actual change in Net Financial Debt, in addition to the usual measure (named "Net financial debt carrying amount") is also 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.

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

The reclassified Separate Income Statements, Statements of Comprehensive Income, Statements of Financial Position and the Statements of Cash Flows as well as the Net Financial Debt of the TIM Group and the Parent TIM S.p.A., herewith presented, are the same as those included in the Report of Operations of 2017 TIM Annual Financial Report. Such statements, as well as the Net Financial Debt, are however consistent with those included in the TIM Consolidated and Separate Financial Statements for the year ended December 31, 2017.

To such extent, please note that the audit work by our independent auditors on the TIM Consolidated and Separate Financial Statements for the year ended December 31, 2017 as well as the check of consistency of the 2017 Report on Operations with the related TIM Consolidated and Separate Financial Statements have not yet been completed.

TIM GROUP - SEPARATE CONSOLIDATED INCOME STATEMENTS

(millions of euros)	2017	2016	Change (a-b)	
	(a)	(b)	amount	%
Revenues	19,828	19,025	803	4.2
Other income	523	311	212	68.2
Total operating revenues and other income	20,351	19,336	1,015	5.2
Acquisition of goods and services	(8,388)	(7,793)	(595)	(7.6)
Employee benefits expenses	(3,626)	(3,106)	(520)	(16.7)
Other operating expenses	(1,208)	(1,083)	(125)	(11.5)
Change in inventories	35	9	26	-
Internally generated assets	626	639	(13)	(2.0)
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	7,790	8,002	(212)	(2.6)
Depreciation and amortization	(4,473)	(4,291)	(182)	(4.2)
Gains (losses) on disposals of non-current assets	11	14	(3)	(21.4)
Impairment reversals (losses) on non-current assets	(37)	(3)	(34)	-
Operating profit (loss) (EBIT)	3,291	3,722	(431)	(11.6)
Share of profits (losses) of associates and joint ventures accounted for using the equity method	(1)	(23)	22	95.7
Other income (expenses) from investments	(18)	7	(25)	-
Finance income	1,808	2,543	(735)	(28.9)
Finance expenses	(3,303)	(3,450)	147	4.3
Profit (loss) before tax from continuing operations	1,777	2,799	(1,022)	(36.5)
Income tax expense	(490)	(880)	390	44.3
Profit (loss) from continuing operations	1,287	1,919	(632)	(32.9)
Profit (loss) from Discontinued operations/Non-current assets held for sale	-	47	(47)	-
Profit (loss) for the year	1,287	1,966	(679)	(34.5)
Attributable to:				
Owners of the Parent	1,121	1,808	(687)	(38.0)
Non-controlling interests	166	158	8	5.1

TIM GROUP - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In accordance with IAS 1 (Presentation of Financial Statements) here below are presented the Consolidated Statements of Comprehensive Income, including the Profit (loss) for the year, as shown in the Separate Consolidated Income Statements, and all non-owner changes in equity.

(millions of euros)

	2017	2016
Profit (loss) for the year	(a) 1,287	1,966
Other components of the Consolidated Statement of Comprehensive Income		
Other components that will not be reclassified subsequently to Separate Consolidated Income Statement		
Remeasurements of employee defined benefit plans (IAS19):		
Actuarial gains (losses)	10	(33)
Income tax effect	(1)	7
	(b) 9	(26)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:		
Profit (loss)	-	-
Income tax effect	-	-
	(c) -	-
Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement	(d=b+c) 9	(26)
Other components that will be reclassified subsequently to Separate Consolidated Income Statement		
Available-for-sale financial assets:		
Profit (loss) from fair value adjustments	63	46
Loss (profit) transferred to Separate Consolidated Income Statement	(62)	(37)
Income tax effect	2	(2)
	(e) 3	7
Hedging instruments:		
Profit (loss) from fair value adjustments	(854)	(312)
Loss (profit) transferred to Separate Consolidated Income Statement	826	(80)
Income tax effect	(3)	90
	(f) (31)	(302)
Exchange differences on translating foreign operations:		
Profit (loss) on translating foreign operations	(830)	852
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement	19	304
Income tax effect	-	-
	(g) (811)	1,156
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:		
Profit (loss)	-	-
Loss (profit) transferred to Separate Consolidated Income Statement	-	-
Income tax effect	-	-
	(h) -	-
Total other components that will be reclassified subsequently to Separate Consolidated Income Statement	(i=e+f+g+h) (839)	861
Total other components of the Consolidated Statement of Comprehensive Income	(k=d+i) (830)	835
Total comprehensive income (loss) for the year	(a+k) 457	2,801
Attributable to:		
Owners of the Parent	527	2,534
Non-controlling interests	(70)	267

TIM GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(millions of euros)	12/31/2017 (a)	12/31/2016 (b)	Change (a-b)
Assets			
Non-current assets			
Intangible assets			
Goodwill	29,462	29,612	(150)
Intangible assets with a finite useful life	7,192	6,951	241
	36,654	36,563	91
Tangible assets			
Property, plant and equipment owned	14,209	13,947	262
Assets held under finance leases	2,331	2,413	(82)
	16,540	16,360	180
Other non-current assets			
Investments in associates and joint ventures accounted for using the equity method	17	18	(1)
Other investments	51	46	5
Non-current financial assets	1,768	2,698	(930)
Miscellaneous receivables and other non-current assets	2,422	2,222	200
Deferred tax assets	993	877	116
	5,251	5,861	(610)
Total Non-current assets	(a) 58,445	58,784	(339)
Current assets			
Inventories	290	270	20
Trade and miscellaneous receivables and other current assets	4,959	5,426	(467)
Current income tax receivables	77	94	(17)
Current financial assets			
<i>Securities other than investments, financial receivables and other current financial assets</i>	1,430	1,908	(478)
<i>Cash and cash equivalents</i>	3,575	3,964	(389)
	5,005	5,872	(867)
Current assets sub-total	10,331	11,662	(1,331)
Discontinued operations / Non-current assets held for sale	-	-	-
Total Current assets	(b) 10,331	11,662	(1,331)
Total Assets	(a+b) 68,776	70,446	(1,670)

(millions of euros)

	12/31/2017	12/31/2016	Change
	(a)	(b)	(a-b)
Equity and Liabilities			
Equity			
Equity attributable to owners of the Parent	21,557	21,207	350
Non-controlling interests	2,226	2,346	(120)
Total Equity	(c) 23,783	23,553	230
Non-current liabilities			
Non-current financial liabilities	28,108	30,469	(2,361)
Employee benefits	1,736	1,355	381
Deferred tax liabilities	265	293	(28)
Provisions	825	830	(5)
Miscellaneous payables and other non-current liabilities	1,678	1,607	71
Total Non-current liabilities	(d) 32,612	34,554	(1,942)
Current liabilities			
Current financial liabilities	4,756	4,056	700
Trade and miscellaneous payables and other current liabilities	7,513	7,646	(133)
Current income tax payables	112	637	(525)
Current liabilities sub-total	12,381	12,339	42
Liabilities directly associated with Discontinued operations/Non-current assets held for sale	-	-	-
Total Current Liabilities	(e) 12,381	12,339	42
Total Liabilities	(f=d+e) 44,993	46,893	(1,900)
Total Equity and liabilities	(c+f) 68,776	70,446	(1,670)

TIM GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of euros)

	2017	2016
Cash flows from operating activities:		
Profit (loss) from continuing operations	1,287	1,919
Adjustments for:		
Depreciation and amortization	4,473	4,291
Impairment losses (reversals) on non-current assets (including investments)	50	6
Net change in deferred tax assets and liabilities	(147)	38
Losses (gains) realized on disposals of non-current assets (including investments)	(11)	(15)
Share of losses (profits) of associates and joint ventures accounted for using the equity method	1	23
Change in provisions for employee benefits	437	(131)
Change in inventories	(30)	(10)
Change in trade receivables and net amounts due from customers on construction contracts	379	(310)
Change in trade payables	(605)	229
Net change in current income tax receivables/payables	(515)	581
Net change in miscellaneous receivables/payables and other assets/liabilities	80	(915)
Cash flows from (used in) operating activities	(a) 5,399	5,706
Cash flows from investing activities:		
Purchase of intangible assets	(2,292)	(1,641)
Purchase of tangible assets	(3,477)	(3,467)
Total purchase of intangible and tangible assets on an accrual basis	(5,769)	(5,108)
Change in amounts due for purchases of intangible and tangible assets	455	450
Total purchase of intangible and tangible assets on a cash basis	(5,314)	(4,658)
Capital grants received	82	
Acquisition of control of companies or other businesses, net of cash acquired	-	(10)
Acquisitions/disposals of other investments	(4)	(5)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	466	175
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of	-	492
Proceeds from sale/repayments of intangible, tangible and other non-current assets	30	42
Cash flows from (used in) investing activities	(b) (4,740)	(3,964)
Cash flows from financing activities:		
Change in current financial liabilities and other	(1,188)	(437)
Proceeds from non-current financial liabilities (including current portion)	2,630	3,561
Repayments of non-current financial liabilities (including current portion)	(3,426)	(4,164)
Changes in hedging and non-hedging derivatives	997	
Share capital proceeds/reimbursements (including subsidiaries)	16	4
Dividends paid	(235)	(227)
Changes in ownership interests in consolidated subsidiaries	(4)	-
Cash flows from (used in) financing activities	(c) (1,210)	(1,263)
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	(d) -	(45)
Aggregate cash flows	(e=a+b+c+d) (551)	434
Net cash and cash equivalents at beginning of the year:	(f) 3,952	3,216
Net foreign exchange differences on net cash and cash equivalents	(g) (155)	302
Net cash and cash equivalents at end of the year:	(h=e+f+g) 3,246	3,952

Additional Cash Flow information

(millions of euros)	2017	2016
Income taxes (paid) received	(1,100)	(218)
Interest expense paid	(2,899)	(2,306)
Interest income received	1,636	934
Dividends received	1	8

Analysis of Net Cash and Cash Equivalents

(millions of euros)	2017	2016
Net cash and cash equivalents at beginning of the year:		
Cash and cash equivalents - from continuing operations	3,964	3,559
Bank overdrafts repayable on demand - from continuing operations	(12)	(441)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	-	98
Bank overdrafts repayable on demand - from Discontinued operations/Non-current assets held for sale	-	-
	3,952	3,216
Net cash and cash equivalents at end of the year:		
Cash and cash equivalents - from continuing operations	3,575	3,964
Bank overdrafts repayable on demand - from continuing operations	(329)	(12)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	-	-
Bank overdrafts repayable on demand - from Discontinued operations/Non-current assets held for sale	-	-
	3,246	3,952

TIM GROUP - NET FINANCIAL DEBT

(millions of euros)	12/31/2017 (a)	12/31/2016 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	19,981	20,369	(388)
Amounts due to banks, other financial payables and liabilities	5,878	7,656	(1,778)
Finance lease liabilities	2,249	2,444	(195)
	28,108	30,469	(2,361)
Current financial liabilities (*)			
Bonds	2,221	2,595	(374)
Amounts due to banks, other financial payables and liabilities	2,354	1,269	1,085
Finance lease liabilities	181	192	(11)
	4,756	4,056	700
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	-	-	-
Total gross financial debt	32,864	34,525	(1,661)
Non-current financial assets			
Securities other than investments	-	(1)	1
Financial receivables and other non-current financial assets	(1,768)	(2,697)	929
	(1,768)	(2,698)	930
Current financial assets			
Securities other than investments	(993)	(1,519)	526
Financial receivables and other current financial assets	(437)	(389)	(48)
Cash and cash equivalents	(3,575)	(3,964)	389
	(5,005)	(5,872)	867
Financial assets relating to Discontinued operations/Non-current assets held for sale	-	-	-
Total financial assets	(6,773)	(8,570)	1,797
Net financial debt carrying amount	26,091	25,955	136
<i>Reversal of fair value measurement of derivatives and related financial liabilities/assets</i>	(783)	(836)	53
Adjusted Net Financial Debt	25,308	25,119	189
<i>Breakdown as follows:</i>			
Total adjusted gross financial debt	31,149	32,574	(1,425)
Total adjusted financial assets	(5,841)	(7,455)	1,614
<i>(*) of which current portion of medium/long-term debt:</i>			
Bonds	2,221	2,595	(374)
Amounts due to banks, other financial payables and liabilities	1,371	670	701
Finance lease liabilities	181	192	(11)

TIM GROUP - OPERATING FREE CASH FLOW

(millions of euros)	2017	2016	Change
EBITDA	7,790	8,002	(212)
Capital expenditures on an accrual basis	(5,701)	(4,876)	(825)
Change in net operating working capital:	(126)	(98)	(28)
<i>Change in inventories</i>	(30)	(10)	(20)
<i>Change in trade receivables and net amounts due from customers on construction contracts</i>	379	(310)	689
<i>Change in trade payables (*)</i>	(217)	445	(662)
<i>Other changes in operating receivables/payables</i>	(258)	(223)	(35)
Change in provisions for employee benefits	437	(131)	568
Change in operating provisions and Other changes	96	(41)	137
Net operating free cash flow	2,496	2,856	(360)
<i>% of Revenues</i>	<i>12.6</i>	<i>15.0</i>	<i>(2.4) pp</i>

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

TIM GROUP - INFORMATION BY OPERATING SEGMENTS

DOMESTIC

(millions of euros)	2017	2016	Change		
			amount	%	% organic
Revenues	15,354	15,006	348	2.3	2.4
EBITDA	6,171	6,698	(527)	(7.9)	(7.8)
<i>EBITDA margin</i>	<i>40.2</i>	<i>44.6</i>		<i>(4.4) pp</i>	<i>(4.4) pp</i>
EBIT	2,772	3,376	(604)	(17.9)	(17.9)
<i>EBIT margin</i>	<i>18.1</i>	<i>22.5</i>		<i>(4.4) pp</i>	<i>(4.4) pp</i>
Headcount at year-end (number)	49,851	51,280	(1,429)	(2.8)	

Core Domestic

(millions of euros)	2017	2016	Change	
			amount	%
Revenues	14,249	13,926	323	2.3
<i>Consumer</i>	<i>7,737</i>	<i>7,389</i>	<i>348</i>	<i>4.7</i>
<i>Business</i>	<i>4,656</i>	<i>4,531</i>	<i>125</i>	<i>2.8</i>
<i>Wholesale</i>	<i>1,690</i>	<i>1,780</i>	<i>(90)</i>	<i>(5.1)</i>
<i>Other</i>	<i>166</i>	<i>226</i>	<i>(60)</i>	<i>(26.5)</i>
EBITDA	6,029	6,528	(499)	(7.6)
<i>EBITDA margin</i>	<i>42.3</i>	<i>46.9</i>		<i>(4.7) pp</i>
EBIT	2,736	3,309	(573)	(17.3)
<i>EBIT margin</i>	<i>19.2</i>	<i>23.8</i>		<i>(4.7) pp</i>
Headcount at year-end (number)^(*)	49,095	50,527	(1,432)	(2.8)

(*) Includes employee with temp work contracts: 0 employees at 12/31/2017 (1 employee at 12/31/2016).

International Wholesale – Telecom Italia Sparkle group

(millions of euros)	2017	2016	Change		
			amount	%	% Organic
Revenues	1,349	1,351	(2)	(0.1)	0.4
<i>of which third parties</i>	<i>1,152</i>	<i>1,136</i>	<i>16</i>	<i>1.4</i>	<i>2.0</i>
EBITDA	154	182	(28)	(15.4)	(14.4)
<i>EBITDA margin</i>	<i>11.4</i>	<i>13.5</i>		<i>(2.1) pp</i>	<i>(2.0) pp</i>
EBIT	37	67	(30)	(44.8)	(43.9)
<i>EBIT margin</i>	<i>2.7</i>	<i>5.0</i>		<i>(2.3) pp</i>	<i>(2.2) pp</i>
Headcount at year-end (number)^(*)	756	753	3	0.4	

(*) Includes employees with temp work contracts: zero employees at 12/31/2017 (3 employees at 12/31/2016).

BRAZIL

	(millions of euros)		(millions of Brazilian reais)		Change	
	2017	2016	2017	2016	amount	%
	(a)	(b)	(c)	(d)	(c-d)	(c-d)/d
Revenues	4,502	4,047	16,234	15,617	617	4.0
EBITDA	1,635	1,325	5,894	5,114	780	15.3
EBITDA margin	36.3	32.7	36.3	32.7		3.6pp
EBIT	535	368	1,931	1,418	513	36.2
EBIT margin	11.9	9.1	11.9	9.1		2.8pp
Headcount at year-end (number)			9,508	9,849	(341)	(3.5)

TIM GROUP - RECONCILIATION BETWEEN REPORTED DATA AND ORGANIC DATA

REVENUES – reconciliation of organic data

(millions of euros)	2017	2016	Change	
			amount	%
REPORTED REVENUES	19,828	19,025	803	4.2
Foreign currency financial statements translation effect		277	(277)	
Changes in the scope of consolidation		-	-	
ORGANIC REVENUES	19,828	19,302	526	2.7

EBITDA – reconciliation of organic data

(millions of euros)	2017	2016	Change	
			amount	%
REPORTED EBITDA	7,790	8,002	(212)	(2.6)
Foreign currency financial statements translation effect		91	(91)	
Changes in the scope of consolidation		-	-	
ORGANIC EBITDA	7,790	8,093	(303)	(3.7)
of which Non-recurring Income/(Expenses)	(883)	(197)	(686)	
Foreign currency translation effect on Non-recurring Income/(Expenses)		(1)	1	
ORGANIC EBITDA, excluding Non-recurring items	8,673	8,291	382	4.6

EBIT – reconciliation of organic data

(millions of euros)	2017	2016	Change	
			amount	%
REPORTED EBIT	3,291	3,722	(431)	(11.6)
Foreign currency financial statements translation effect		24	(24)	
Changes in the scope of consolidation		-	-	
ORGANIC EBIT	3,291	3,746	(455)	(12.1)
of which Non-recurring Income/(Expenses)	(913)	(185)	(728)	
Foreign currency translation effect on Non-recurring Income/(Expenses)		-	-	
ORGANIC EBIT, excluding Non-recurring items	4,204	3,931	273	6.9

DOMESTIC - RECONCILIATION BETWEEN REPORTED DATA AND ORGANIC DATA

EBITDA – reconciliation of organic data

(millions of euros)	2017	2016	Change	
			amount	%
REPORTED EBITDA	6,171	6,698	(527)	(7.9)
Foreign currency financial statements translation effect		(2)	2	
Changes in the scope of consolidation		-	-	
ORGANIC EBITDA	6,171	6,696	(525)	(7.8)
of which Non-recurring Income/(Expenses)	(882)	(182)	(700)	
ORGANIC EBITDA, excluding Non-recurring items	7,053	6,878	175	2.5

EBIT – reconciliation of organic data

(millions of euros)	2017	2016	Change	
			amount	%
REPORTED EBIT	2,772	3,376	(604)	(17.9)
Foreign currency financial statements translation effect		(1)	1	
Changes in the scope of consolidation		-	-	
ORGANIC EBIT	2,772	3,375	(603)	(17.9)
of which Non-recurring Income/(Expenses)	(912)	(182)	(730)	
ORGANIC EBIT, excluding Non-recurring items	3,684	3,557	127	3.6

TIM GROUP - DEBT STRUCTURE, BOND ISSUES AND EXPIRING BONDS

Revolving Credit Facilities and term loans

In the table below are shown the composition and the drawdown of the committed credit lines available as of December 31, 2017:

(billions of euros)	12/31/2017		12/31/2016	
	Committed	Utilized	Committed	Utilized
Revolving Credit Facility – due May 2019	4.0	-	4.0	-
Revolving Credit Facility – due March 2020	3.0	-	3.0	-
Total	7.0	-	7.0	-

As at December 31, 2017 TIM had two syndicated *Revolving Credit Facilities* for the amounts of 4 billion euros and 3 billion euros maturing, respectively, on May 24, 2019 and on March 25, 2020, both not utilized. On January 16, 2018 the two *Revolving Credit Facilities* have simultaneously been closed and a new *Revolving Credit Facility* have been drawn up for the amount of 5 billion euros and expiring in 5 years.

Furthermore, TIM has:

- a bilateral Term Loan with UBI Banca (former Banca Regionale Europea) for the amount of 200 million euros expiring in July 2019, drawn down for the full amount;
- two bilateral Term Loans with Mediobanca respectively for the amount of 134 million euros expiring in November 2019 and for the amount of 75 million euros expiring in July 2020, drawn down for the full amounts;
- a bilateral Term Loan with ICBC for the amount of 120 million euros expiring in July 2020, drawn down for the full amount;
- a bilateral Term Loan with Intesa Sanpaolo for the amount of 200 million euros expiring in August 2021, drawn down for the full amount;
- a hot money loan with Banca Popolare Emilia Romagna for the amount of 250 million euros expiring in February 2018, drawn down for the full amount;
- a hot money loan with Intesa Sanpaolo for the amount of 200 million euros expiring in December 2018, drawn down for the full amount;
- a bilateral Term Loan with Intesa Sanpaolo for the amount of 2 billion euros expiring in December 2018, unused.

On December 21, 2017 TIM S.p.A. notified Mediobanca the execution of the early repayment, in force on January 3, 2018, regarding the bilateral Term Loan for the amount of 150 million euros expiring in July 2020, for the total outstanding amount of 75 million euros.

On January 16, 2018 TIM S.p.A. exercised its right of early resolution, in force on January 17, 2018, on the bilateral Term Loan for the amount of 2 billion euros with Intesa Sanpaolo, expiring in December 2018.

Bonds

The following tables show the evolution of the bonds during the year 2017:

New issues

(millions of original currency)	Currency	Amount	Issue date
Telecom Italia S.p.A. 1,000 million euros 2.500% due 7/19/2023	Euro	1,000	1/19/2017
Telecom Italia S.p.A. 1,250 million euros 2.375% due 10/12/2027	Euro	1,250	10/12/2017

Repayments

(millions of original currency)	Currency	Amount	Repayment date
Telecom Italia S.p.A. 545 million euros 7.000% ⁽¹⁾	Euro	545	1/20/2017
Telecom Italia S.p.A. 628 million euros 4.500% ⁽²⁾	Euro	628	9/20/2017
Telecom Italia S.p.A. 750 million of GBP 7.375%	GBP	750	12/15/2017

⁽¹⁾ Net of 455 million euros repurchased by TIM S.p.A. during 2015.

⁽²⁾ Net of 372 million euros repurchased by TIM S.p.A. during 2015.

With respect to the Telecom Italia S.p.A. 2002-2022 bonds, reserved for subscription by employees of the Group, at December 31, 2017, the amount was 204 million euros (nominal amount) and increased by 3 million euros compared to December 31, 2016 (201 million euros).

The nominal amount of repayment, net of the Group's bonds buyback, related to the bonds expiring in the following 18 months as of December 31, 2017 issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. (fully and unconditionally guaranteed by TIM S.p.A.) totals 4,162 million euros with the following detail:

- 593 million euros, due May 25, 2018;
- 564 million euros (equivalent to 677 USD million), due June 4, 2018;
- 582 million euros, due December 14, 2018;
- 832 million euros, due January 29, 2019;
- 633 million euros (equivalent to 760 USD million), due June 18, 2019;
- 958 million euros (equivalent to 850 GBP million), due June 24, 2019.

The bonds issued by the TIM Group do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interest, etc.) or clauses that would involve the early automatic redemption of the bonds in relation to events other than the insolvency of the TIM Group⁽¹⁾. Furthermore, the repayment of the bonds and the payment of interest are not covered by specific guarantees nor are there commitments provided relative to the assumption of future guarantees, except for the full and unconditional guarantees provided by TIM S.p.A. for the bonds issued by Telecom Italia Finance S.A. and Telecom Italia Capital S.A..

Since these bonds have been placed principally with institutional investors in major world capital markets (Euromarket and the U.S.A.), the terms which regulate the bonds are in line with market practice for similar transactions effected on these same markets, including, for example, commitments not to use the company's assets as collateral for loans ("negative pledges").

With reference to the loans received by TIM S.p.A. from the European Investment Bank ("**EIB**"), as at December 31, 2017, the total nominal amount of outstanding loans amounted to 1,950 million euros, of which 800 million euros at direct risk and 1,150 million euros secured.

EIB loans not secured by bank guarantees for a nominal amount equal to 800 million euros need to apply the following covenant:

- in the event the company becomes the target of a merger, demerger or contribution of a business segment outside the Group, or sells, disposes or transfers assets or business segments (except in certain cases, expressly provided for), it shall immediately inform the EIB which shall have the right to ask for guarantees to be provided or changes to be made to the loan contract, or, only for certain loan contracts, the EIB shall have the option to demand the advance repayment of the loan (should the merger, demerger or contribution of a business segment outside the Group compromise the Project execution or cause a prejudice to EIB in its capacity as creditor);
- in the loan of 500 million euros signed on December 14, 2015, TIM enter into a contractual agreement according to which, for all the duration of the loan, the total financial indebtedness of the companies of the Group different from TIM S.p.A., and except in case that indebtedness is entirely and irrevocably

⁽¹⁾ The case of change in control would involve the repayment in advance of the convertible bond of TIM S.p.A., the EIB loans and the bilateral Term Loan with Mediobanca, as better described hereafter.

guaranteed by TIM S.p.A., will be less than the 35% (thirty-five per cent) of the Group total financial indebtedness.

EIB loans secured by bank or approved parties **guarantees** for a total nominal amount of 1,150 million euros and the loans at direct risk, respectively, of 300 million euros signed on July 30, 2014 and 500 million euros signed on December 14, 2015, need to apply the following covenants:

- “Inclusion clause”, provided on loans for a total amount of 1,650 million euros, according to which in the event TIM commits to keep in other loan contracts financial covenants (and in the loans at direct risk signed in 2014 and 2015, also more stringent clauses, for example, cross default and restrictions of the sale of goods) which are not present or are stricter than those granted to the EIB, then the EIB will have the right to request, at its fair opinion, in case those variations shall have negative consequences on TIM financial capacity, the providing of guarantees or the modification of the loan contract in order to envisage an equivalent provision in favor of the EIB;
- “Network Event”, clause provided on loans for a total amount of 1,350 million euros, according to which, against the disposal of the entire fixed network or of a substantial part of it (in any case more than half in quantitative terms) in favor of not controlled third parties or in case of disposal of the controlling stake of the company in which the network or a substantial part of it has previously been transferred, TIM shall immediately inform EIB, which shall have the option of requiring the provision of guarantees or amendment of the loan contract or an alternative solution.

TIM S.p.A. loan contracts do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interests, etc.) which would oblige the Company to repay the outstanding loan if the covenants are not observed.

The loan contracts contain the usual other types of covenants, including the commitment not to use the Company's assets as collateral for loans (negative pledges), the commitment not to change the business purpose or sell the assets of the Company unless specific conditions exist (e.g. the sale takes place at fair market value). Covenants with basically the same content are also found in the export credit loan agreement.

In the Loan contracts and in the Bonds, TIM must provide communication in case of change in control. Identification elements to prove that event of change in control and the applicable consequences – among which, at the investors' discretion, the possible constitution of guarantees or the repayment in advance of the issued amount by cash or shares and the cancellation of the commitment in absence of a different agreement – are precisely disciplined in each contract.

Furthermore, the outstanding loans contain a general commitment by TIM, whose breach is an event of default, not to implement mergers, demergers or transfer of business, involving entities outside the Group. Such event of default may entail, upon request of the Lender, the early redemption of the drawn amounts and/or the cancellation of the undrawn commitment amounts.

In the documentation of the loans granted to certain companies of the Tim Brasil group, the companies must generally respect certain financial ratios (e.g. capitalization ratios, ratios for servicing debt and debt ratios) as well as the usual other covenants, under pain of a request for the early repayment of the loan.

We finally underline that, as of December 31, 2017, no covenant, negative pledge clause or other clause relating to the above-described debt position, has in any way been breached or violated.

TIM GROUP - EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON EACH ITEM OF THE SEPARATE CONSOLIDATED INCOME STATEMENTS

The effects of non-recurring events and transactions on the separate consolidated income statements line items are set out below in accordance with Consob communication DME/RM/9081707 dated September 16, 2009:

(millions of euros)

	2017	2016
Acquisition of goods and services:		
Professional expenses, consulting services and other costs	(10)	(2)
Employee benefits expenses:		
Expenses related to restructuring, rationalization and other	(697)	(159)
Other operating expenses:		
Sundry expenses and other provisions	(176)	(36)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	(883)	(197)
Gains (losses) on disposals of non-current assets:		
Gain on disposals of non-current assets	-	12
Impairment reversals (losses) on non-current assets:		
Write-down of intangible assets	(30)	-
Impact on EBIT - Operating profit (loss)	(913)	(185)
Finance expenses:		
Interest expenses and other finance expenses	(26)	(25)
Impact on profit (loss) before tax from continuing operations	(939)	(210)
Income taxes on non-recurring items	262	63
Provision for tax risks - Sparkle case	(37)	-
Discontinued operations - Effect of the disposal of the Sofora - Telecom Argentina group	-	(12)
Impact on profit (loss) for the year	(714)	(159)

TIM S.p.A. - SEPARATE INCOME STATEMENTS

(millions of euros)	2017	2016	Change	
			amount	%
Revenues	14,099	13,670	429	3.1
Other income	459	241	218	90.5
Total operating revenues and other income	14,558	13,911	647	4.7
Acquisition of goods and services	(5,567)	(5,051)	(516)	(10.2)
Employee benefits expenses	(3,034)	(2,530)	(504)	(19.9)
Other operating expenses	(658)	(517)	(141)	(27.3)
Change in inventories	45	8	37	
Internally generated assets	457	483	(26)	(5.4)
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	5,801	6,304	(503)	(8.0)
Depreciation and amortization	(3,203)	(3,161)	(42)	(1.3)
Gains (losses) on disposals of non-current assets	(1)	(6)	5	83.3
Impairment reversals (losses) on non-current assets	(30)	(3)	(27)	
Operating profit (loss) (EBIT)	2,567	3,134	(567)	(18.1)
Income (expenses) from investments	225	12	213	
Finance income	1,571	1,957	(386)	(19.7)
Finance expenses	(2,965)	(2,784)	(181)	(6.5)
Profit (loss) before tax from continuing operations	1,398	2,319	(921)	(39.7)
Income tax expense	(311)	(762)	451	59.2
Profit (loss) from continuing operations	1,087	1,557	(470)	(30.2)
Profit (loss) from Discontinued operations/Non-current assets held for sale	-	340	(340)	-
Profit (loss) for the year	1,087	1,897	(810)	(42.7)

TIM S.p.A. - STATEMENTS OF COMPREHENSIVE INCOME

In accordance with IAS 1 (Presentation of Financial Statements) here below are presented the Statements of Comprehensive Income, including the Profit (loss) for the year, as shown in the Separate Income Statements, and all non-owner changes in equity.

(millions of euros)

		2017	2016
Profit (loss) for the year	(a)	1,087	1,897
Other components of the Statement of Comprehensive Income:			
Other components that will not be reclassified subsequently to Separate Income Statement			
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)		9	(29)
Income tax effect		(2)	7
		7	(22)
Total other components that will not be reclassified subsequently to Separate Income Statement	(b)	7	(22)
Other components that will be reclassified subsequently to Separate Income Statement			
Available-for-sale financial assets:			
Profit (loss) from fair value adjustments		(33)	4
Loss (profit) transferred to the Separate Income Statement		-	-
Income tax effect		9	(2)
	(c)	(24)	2
Hedging instruments:			
Profit (loss) from fair value adjustments		(190)	(498)
Loss (profit) transferred to the Separate Income Statement		393	279
Income tax effect		(49)	44
	(d)	154	(175)
Total other components that will be reclassified subsequently to Separate Income Statement	(e= c+d)	130	(173)
Total other components of the Statement of Comprehensive Income	(f= b+e)	137	(195)
Total comprehensive income (loss) for the year	(a+f)	1,224	1,702

TIM S.p.A. - STATEMENTS OF FINANCIAL POSITION

(millions of euros)

	12/31/2017	12/31/2016	Change
	(a)	(b)	(a-b)
Assets			
Non-current assets			
Intangible assets			
Goodwill	27,027	27,027	-
Intangible assets with a finite useful life	4,249	3,886	363
	31,276	30,913	363
Tangible assets			
Property, plant and equipment owned	10,863	10,046	817
Assets held under finance leases	2,072	2,105	(33)
	12,935	12,151	784
Other non-current assets			
Investments	7,747	7,732	15
Non-current financial assets	1,611	2,147	(536)
Miscellaneous receivables and other non-current assets	1,752	1,503	249
Deferred tax assets	902	773	129
	12,012	12,155	(143)
Total Non-current assets	(a) 56,223	55,219	1,004
Current assets			
Inventories	178	133	45
Trade and miscellaneous receivables and other current assets	3,935	3,925	10
Current income tax receivables	-	-	-
Current financial assets			
<i>Securities other than investments, financial receivables and other current financial assets</i>	1,072	1,194	(122)
<i>Cash and cash equivalents</i>	771	1,230	(459)
	1,843	2,424	(581)
Total Current assets	(b) 5,956	6,482	(526)
Total Assets	(a+b) 62,179	61,701	478

(millions of euros)

	12/31/2017	12/31/2016	Change
	(a)	(b)	(a-b)
Equity and Liabilities			
Equity			
Share capital issued	11,677	11,677	-
Less: treasury shares	(21)	(21)	-
Share capital	11,656	11,656	-
Additional paid-in capital	2,094	2,094	-
Other reserves and retained earnings (accumulated losses), including profit (loss) for the year	6,319	5,223	1,096
Total Equity (c)	20,069	18,973	1,096
Non-current liabilities			
Non-current financial liabilities	28,467	28,958	(491)
Employee benefits	1,661	1,274	387
Deferred tax liabilities	2	2	-
Provisions	595	596	(1)
Miscellaneous payables and other non-current liabilities	1,291	1,077	214
Total Non-current liabilities (d)	32,016	31,907	109
Current liabilities			
Current financial liabilities	4,197	4,810	(613)
Trade and miscellaneous payables and other current liabilities	5,842	5,465	377
Current income tax payables	55	546	(491)
Total Current Liabilities (e)	10,094	10,821	(727)
Total Liabilities (f=d+e)	42,110	42,728	(618)
Total Equity and liabilities (c+f)	62,179	61,701	478

TIM S.p.A. - STATEMENTS OF CASH FLOWS

	2017	2016
(millions of euros)		
Cash flows from operating activities:		
Profit (loss) from continuing operations	1,087	1,557
Adjustments for:		
Depreciation and amortization	3,203	3,161
Impairment losses (reversals) on non-current assets (including investments)	73	47
Net change in deferred tax assets and liabilities	(168)	58
Losses (gains) realized on disposals of non-current assets (including investments)	1	6
Change in provisions for employee benefits	439	(143)
Change in inventories	(45)	(2)
Change in trade receivables and net amounts due from customers on construction contracts	(16)	(191)
Change in trade payables	(538)	170
Net change in current income tax receivables/payables	(485)	603
Net change in miscellaneous receivables/payables and other assets/liabilities	99	(254)
Cash flows from (used in) operating activities	(a) 3,650	5,012
Cash flows from investing activities:		
Purchase of intangible assets	(1,627)	(1,056)
Purchase of tangible assets	(2,522)	(2,536)
Total purchase of intangible and tangible assets on an accrual basis	(4,149)	(3,592)
Change in amounts due for investing activities	676	221
Total purchase of intangible and tangible assets on a cash basis	(3,473)	(3,371)
Capital grants received	82	-
Cash and cash equivalents arising from corporate transactions	(243)	100
Acquisition/disposal of other investments	(76)	(32)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)	(114)	111
Proceeds from sale of investments in subsidiaries	-	340
Proceeds from sale/repayments of intangible, tangible and other non-current assets	47	6
Cash flows from (used in) investing activities	(b) (3,777)	(2,846)
Cash flows from financing activities:		
Change in current financial liabilities and other	(317)	(934)
Proceeds from non-current financial liabilities (including current portion)	3,243	3,183
Repayments of non-current financial liabilities (including current portion)	(3,595)	(4,687)
Changes in hedging and non-hedging derivatives	199	-
Share capital proceeds/reimbursements	-	1,300
Dividends paid	(166)	(166)
Cash flows from (used in) financing activities	(c) (636)	(1,304)
Aggregate cash flows	(d=a+b+c) (763)	862
Net cash and cash equivalents at beginning of the year	(e) 1,062	200
Net cash and cash equivalents at end of the year	(f=d+e) 299	1,062

Additional Cash Flow information

(millions of euros)	2017	2016
Income taxes (paid) received	(949)	(70)
Interest expense paid	(2,838)	(2,099)
Interest income received	1,658	826
Dividends received	255	59

Analysis of Net Cash and Cash Equivalents

(millions of euros)	2017	2016
Net cash and cash equivalents at beginning of the year:		
Cash and cash equivalents	1,230	916
Bank overdrafts repayable on demand	(168)	(716)
	1,062	200
Net cash and cash equivalents at end of the year:		
Cash and cash equivalents	771	1,230
Bank overdrafts repayable on demand	(472)	(168)
	299	1,062

TIM S.p.A. - NET FINANCIAL DEBT

(millions of euros)	12/31/2017	12/31/2016	Change
Non-current financial liabilities			
Bonds	14,902	14,102	800
Amounts due to banks, other financial payables and liabilities	11,709	12,889	(1,180)
Finance lease liabilities	1,856	1,967	(111)
	28,467	28,958	(491)
Current financial liabilities⁽¹⁾			
Bonds	1,528	2,457	(929)
Amounts due to banks, other financial payables and liabilities	2,522	2,192	330
Finance lease liabilities	147	161	(14)
	4,197	4,810	(613)
Total gross financial debt	32,664	33,768	(1,104)
Non-current financial assets			
Financial receivables and other non-current financial assets	(1,611)	(2,147)	536
	(1,611)	(2,147)	536
Current financial assets			
Securities other than investments	(746)	(842)	96
Financial receivables and other current financial assets	(326)	(352)	26
Cash and cash equivalents	(771)	(1,230)	459
	(1,843)	(2,424)	581
Total financial assets	(3,454)	(4,571)	1,117
Net financial debt carrying amount	29,210	29,197	13
Reversal of fair value measurement of derivatives and related financial liabilities/assets	(1,414)	(1,621)	207
Adjusted Net Financial Debt	27,796	27,576	220
<i>Breakdown as follows:</i>			
Total adjusted gross financial debt	30,298	31,245	(947)
Total adjusted financial assets	(2,502)	(3,669)	1,167
<i>(1) of which current portion of medium/long -term debt:</i>			
Bonds	1,528	2,457	(929)
Amounts due to banks, other financial payables and liabilities	1,428	1,352	76
Finance lease liabilities	147	161	(14)

TIM S.p.A. - EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON EACH ITEM OF THE SEPARATE INCOME STATEMENTS

The effects of non-recurring events and transactions on the separate income statements line items are set out below in accordance with Consob communication DME/RM/9081707 dated September 16, 2009:

(millions of euros)	2017	2016
Acquisition of goods and services	(8)	(1)
Professional expenses, consulting services and other costs	(8)	(1)
Employee benefits expenses	(692)	(130)
Expenses related to restructuring, rationalization and other	(692)	(130)
Other operating expenses	(176)	(25)
Costs resulting from legal disputes and penalties of a regulatory nature and related liabilities, charges relating to disputes with former employees and liabilities with customers and suppliers	(148)	(10)
Sundry expenses	(28)	(15)
Impact on operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	(876)	(156)
Impairment reversals (losses) on non-current assets	(30)	-
Impairment losses on intangible assets	(30)	-
Impact on EBIT - Operating profit (loss)	(906)	(156)
Other income (expenses) from investments	-	-
Other finance income (expenses)	(26)	(26)
Impact on profit (loss) before tax from continuing operations	(932)	(182)
Income taxes on non-recurring items	261	47
Discontinued operations - Effect of the disposal of investments in Sofora	-	340
Impact on profit (loss) for the year	(671)	205