TIM: THE BOARD OF DIRECTORS APPROVES THE INTERIM MANAGEMENT REPORT AT MARCH 31st, 2019

FIRST QUARTER RESULTS ARE IN LINE WITH GUIDANCE

CASH-GENERATION IMPROVES

NET DEBT DECREASED BY 190 MILLION EUROS QoQ AND 457 MILLION EUROS YoY

The following statements are based on organic results and on the IFRS 15 and 9 accounting standard, pre IFRS 16:

► Operating free cash flow 0.5 billion euros, increasing 558m YoY
► Equity free cash flow 0.2 billion euros, increasing 550m YoY
► Net Debt: 25.1 billion euros, decreasing 190 million euros compared to YE2018 and 457 million euros YoY
► Net Debt After Lease: 23.1 billion euros
► Revenues: 4.5 billion euros, -2.9% YoY
► EBITDA: 1.8 billion euros, flat YoY on a reported basis(1), -2.1% in organic terms
► EBITDA reported – CAPEX: 1.2 billion euros, +4.6% YoY
► Strategic initiatives proceeding in line with the plan
► Management reorganization substantially completed
► Mandate confirmed to CEO to finalize Persidera sale

(*) pre IFRS 16

Rome, 20 May 2019

TIM Board of Directors met today under the chairmanship of Fulvio Conti and approved the interim management report of TIM Group at March 31st.

Results are showing first evidence of the strong drive of the new management on cost reduction and on redesign of internal processes that have an impact on cash generation. Net debt was reduced by 190 million
Group revenues in the first quarter are **4.5 billion euros** (-2.9% YoY). Service revenues reached 4.1 billion euros, with a 3.0% reduction YoY impacted by Sparkle’s decision to close contracts related to low-zero margin International Wholesale services. Net of such impact (-53 million euros YoY) the service revenues variation is -2% YoY at Group level (-1.8% in Q4 2018) and -2.7% for the Domestic business unit (-3.0% in Q4 2018).

With regards to Italy, in the first quarter 2019, **fixed consumer ARPU** grew +9.4% YoY and fiber customers reached almost 6 million lines, retail and wholesale, with a remarkable growth of 58% YoY and 10% QoQ. ICT business continues to grow double-digit (+16% YoY). As a result, retail fixed service revenues were +1.5% YoY and overall fixed service revenues were flat YoY despite the impact of the above-mentioned discontinuity at Sparkle.

In **mobile** TIM’s strategy of focusing on quality rather than prices is paying-off. The entire market became more rational notably on pricing and the so called “washing-machine” effect of clients stepping from one operator to the other (Mobile Number Portability) cooled down.

TIM mobile lines were 31.7m at the end March, up 2.3% YoY. Churn rate was lower: -1.4pp YoY and -1pp QoQ. Looking at market segments, both the domestic Business segment and the domestic Wholesale segment were substantially flat YoY as the impact of lower wholesale prices was almost entirely offset by the strong growth of wholesale fiber. Consumer service revenues were down YoY as the benefit of the improved competitive scenario will take some time to turn into better revenue performance.

In **Brazil** TIM increased revenues 1.7% YoY thanks to the contribution of high-value postpaid customers and a stable overall market share, allowing TIM Brazil to reiterate guidance.

**Group organic EBITDA** was 1.8 billion euros, -2.1% YoY, strongly improved vs. -9.9% in Q4 2018. EBITDA margin grew to 40.7% from 40.4% thanks to cost cutting actions. The Domestic Business unit EBITDA was 1.5 billion euros (-4.0% YoY), with a strong improvement versus Q4 2018 (-13.2% YoY). TIM Brazil EBITDA grew 5.5% YoY in line with Q4 (+5.4% YoY).

TIM has already reached around 99% of the population with 4G and 80% with Fiber, and is committed to cover the entire Country with fiber deployment, 5G and Fixed Wireless Access. In the first quarter 2019 TIM **CAPEX** were **0.6 billion euros** with a 6.5% reduction YoY (0.5 billion euros Domestic, -10.3% YoY) thanks to increased efficiency. During the first quarter TIM was confirmed as the best mobile network in Italy.

Working capital management improved in the quarter, with outflow halving to 600 million euros YoY. The renewed focus on optimizing working capital, which will continue pro-actively in the course of 2019, contributed to reducing net debt to 25.08 billion euros at the end of the period, 190 million euros lower than at the end of 2018 and -457 million euros YoY.

TIM’s management presented to the Board of Directors an update on the networks sharing partnership with Vodafone that, based on a preliminary analysis, is estimated to generate over time synergies between 100 and 150 million euros on a yearly basis.

The Board of Directors confirmed the mandate to the CEO to finalize the exclusive negotiation, following the binding offer received for Persidera’s sale.

**Guidance confirmed**

Guidance has been confirmed and updated to reflect the adoption of IFRS 9/15/16 accounting standards and the IFRS 16 “After Lease” view:
- Organic group service revenues are expected to post low single digit decrease for 2019, while low single digit growth is targeted for both 2020 and 2021
- Organic group EBITDA-AL is expected to decrease low single digit in 2019, while low single digit growth is targeted for both 2020 and 2021
- Domestic service revenues are expected to decrease low single digit over the period of the plan, with the aim of stabilizing from 2020(*)
- Organic domestic EBITDA-AL is expected to decrease low to mid single digit in 2019, with low single digit growth targeted for both 2020 and 2021
- Brazilian service revenues up by 3-5% in local currency in 2019, growing mid single digit in both 2020 and 2021
- Brazilian EBITDA-AL is expected to grow mid/high single digit in 2019 with over 39% margin target for 2020 confirmed (40% confirmed pre IFRS 9/15/16)
- Domestic Capex is targeted at around 2.9 billion euro per year (3 billion euro confirmed pre IFRS 9/15/16)
- Brazilian Capex about 12 billion Reais cumulated in the 3-year period (12.5 billion euro confirmed pre IFRS 9/15/16)
- The group is expected to generate around 3.5 billion euros Equity Free Cash Flow cumulative over the period, to be enhanced through inorganic actions presently not included
- Group’s adjusted net debt after lease is targeted to fall to around 20.5 billion euros by 2021 before inorganic actions (22 billion euros pre IFRS 9/15/16 confirmed)

(*) Excluding Sparkle’s service revenues decrease for the closing of contracts with low-zero margin; no impact on EBITDA.

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The results for Q1 2019 will be illustrated to the financial community during a conference call scheduled for 21 May 2019 at 2 PM (CET). Journalists may listen in to the presentation, without asking questions, by calling +390633485042 or +39.0633486868. The slides of the accompanying presentation will be available at the link https://www.telecomitalia.com/1Q2019/eng.
TIM voluntarily writes and publishes periodic financial information referring to the first and third quarter of each year as part of its corporate policy on regular financial and operating performance disclosure addressed to the market and to investors, in line with the best market practices.

The consolidated figures of the TIM Group presented in this periodic financial information at March 31, 2019 have been prepared in compliance with the International Financial Reporting Standards issued by the IASB and endorsed by the EU; such figures are unaudited.

The accounting criteria and consolidation principles adopted are homogeneous with those used when drawing up the Consolidated Financial Statements of the TIM Group at December 31, 2018, to which reference is made, except for the adoption of IFRS 16 (Leases) adopted starting from January 1, 2019 with the modified retrospective method (that is, without recalculating the comparative figures of previous years), whose effects are explained in the annexed chapter “Adoption of the new IFRS 16 (Leases) standard” to which reference is made for further details. Application of the new standard was not completed and may be subject to amendments until when the consolidated financial statements of the year 2019 of the TIM Group are published. It should be noted that, starting from 1 January 2018, the TIM Group adopted IFRS 15 (Revenues from contracts with customers) and IFRS 9 (Financial instruments).

To allow the comparability of the economic and financial performances of the first three months of 2019 with the ones of the same period of the previous year, the financial figures and main income statement balances of the first three months of 2019 are shown in this disclosure in a “comparable” layout, using the previous IAS 17 (Leases) accounting standard and relevant interpretations (IFRIC 4, SIC 15 and SIC 27) in order to distinguish between operating and finance leases and the resulting booking of the lease contracts payable.

The TIM Group, in addition to the conventional financial performance measures established by the IFRS, uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition. Specifically, these alternative performance measures refer to: EBITDA; EBIT; organic change and impact of the non-recurring items on revenues, EBITDA and EBIT; EBITDA margin and EBIT margin; and net financial debt carrying amount and adjusted net financial debt. Following the adoption of IFRS 16, the TIM Group also presents the following additional alternative performance indicators:

- EBITDA adjusted After Lease (“EBITDA-AL”), calculated by adjusting the Organic EBITDA, net of the non-recurring items, of the amounts connected with the accounting treatment of the finance leasing contracts according to IAS 17 (applied until year-end 2018) and according to IFRS 16 (applied starting from 2019);
- Adjusted net financial debt After Lease, calculated by excluding, from the adjusted net financial debt, the liabilities connected with the accounting treatment of the finance lease contracts according to IAS 17 (applied until year-end 2018) and according to IFRS 16 (applied starting from 2019).

The meaning and content of the alternative performance indicators are explained in the annex and the analytical detail of the amounts of the reclassifications introduced and of the methods for determining indicators is provided.

As described in the 2018 consolidated financial statements of the TIM Group, the improvements - also on the supporting IT systems - relating to the process of implementing the new accounting standards adopted in 2018, together with the high number of new commercial offers, involved recalculating the time distribution of the revenues during the first and second quarters of 2018 for some specific fixed-line and mobile contract types, and presentation of the income statement figures of the first two quarters of the year 2018. These figures are not audited.

Lastly, the section entitled “Business Outlook for the year 2019” contains forward-looking statements in relation to the Group’s intentions, beliefs or current expectations regarding financial performance and other aspects of the Group’s operations and strategies. Readers of this release are reminded not to place undue reliance on forward-looking statements; in fact actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the scope of the Group’s control.

MAIN CHANGES IN THE SCOPE OF CONSOLIDATION OF THE TIM GROUP
There were no significant changes in the scope of consolidation in the first quarter of 2019 or in the corresponding period of 2018.

**TIM GROUP RESULTS FOR THE Q1 2019**

**TIM Group revenues** amounted to **4,471 million euros** in the first quarter of 2019, down by 4.6% on the first quarter of 2018 (4,685 million euros); the reduction was mainly attributable to the Domestic Business Unit (-155 million euros) and the Brazil Business Unit (-54 million euros). Without the negative exchange rate effect (1), amounting to 70 million euros, the revenues of the Brazil Business Unit saw growth of +16 million euros (+1.7%).

The analysis of the first quarter 2019 revenues, broken down by operating segment compared to the first quarter of 2018, is the following:

<table>
<thead>
<tr>
<th>(millions of euros)</th>
<th>1st Quarter 2019 comparable</th>
<th>1st Quarter 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of total</td>
<td>% of total</td>
<td>amount</td>
</tr>
<tr>
<td>Domestic</td>
<td>3,502</td>
<td>3,657</td>
<td>(155)</td>
</tr>
<tr>
<td>Core Domestic</td>
<td>3,316</td>
<td>3,429</td>
<td>(113)</td>
</tr>
<tr>
<td>International Wholesale</td>
<td>238</td>
<td>286</td>
<td>(48)</td>
</tr>
<tr>
<td>Brazil</td>
<td>979</td>
<td>1,033</td>
<td>(54)</td>
</tr>
<tr>
<td>Other Operations</td>
<td>--</td>
<td>(5)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Adjustments and eliminations</td>
<td>(10)</td>
<td>(5)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Consolidated Total</td>
<td>4,471</td>
<td>4,685</td>
<td>(214)</td>
</tr>
</tbody>
</table>

The organic change, excluding the non-recurring items, of the Group consolidated revenues was -135 million euros (-2.9%), net of 14 million euros referring to adjustments of revenues of previous years.

**Reported EBITDA** of the first quarter of 2019 was **1,946 million euros**, and benefited, for the amount of 154 million euros, from the application of IFRS 16 following which, with reference to the lease contracts payable that did not cover supply of services, the lease payments are no longer recognized as costs for acquisition of goods and services, but a financial liability must be recognized in the statements of financial position, represented by the current value of the future payments, and the Right of Use under assets, amortized along the probable term of the contact.

Comparable EBITDA for the first quarter of 2019 - prepared with accounting principles consistent with those adopted in 2018 - totaled 1,792 million euros (1,793 million euros in the first quarter of 2018), basically unchanged, with an EBITDA margin of 40.1% (38.3% in the first quarter of 2018; +1.8 percentage points).

The breakdown by operating segment of comparable EBITDA for the first quarter of 2019, on the same accounting basis and compared to the first quarter of 2018, is shown below, together with the EBITDA margin.

<table>
<thead>
<tr>
<th>(millions of euros)</th>
<th>1st Quarter 2019 comparable</th>
<th>1st Quarter 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of total</td>
<td>% of total</td>
<td>amount</td>
</tr>
</tbody>
</table>

The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 1.13592 in the first quarter of 2019 and 1.2288 in the first quarter of 2018 for the US dollar. For the Brazilian real, the average exchange rates used were 4.27983 in the first quarter of 2019 and 3.99014 in the first quarter of 2018. The effect of the change in exchange rates is calculated by applying the foreign currency translation rates used for the current period to the period under comparison.
Organic EBITDA, net of the non-recurring component, amounted to 1,826 million euros (1,865 million euros in the first quarter of 2018) and is calculated as follows:

<table>
<thead>
<tr>
<th>(millions of euros)</th>
<th>1st Quarter</th>
<th>1st Quarter</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019 comparable</td>
<td>2018</td>
<td>amount</td>
<td>%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,792</td>
<td>1,793</td>
<td>(1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Foreign currency financial statements translation effect</td>
<td>(23)</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-recurring income/(expenses)</td>
<td>(34)</td>
<td>(95)</td>
<td>61</td>
<td></td>
</tr>
<tr>
<td>ORGANIC EBITDA - excluding Non-recurring items</td>
<td>1,826</td>
<td>1,865</td>
<td>(39)</td>
<td>(2.1)</td>
</tr>
</tbody>
</table>

TIM Group posted non-recurring net operating expenses totaling 34 million euros in the first quarter of 2019, mainly connected with disputes and regulatory sanctions and other provisions, and the aforesaid adjustments of revenues of previous years.

Non-recurring operating expenses in the first quarter of 2018 amounted to 95 million euros and mostly referred to the provision to cover a fine for alleged infringement of Article 2 of Italian Decree Law 21 of March 15, 2012 (the “Golden Power” rule).

**Reported EBIT** totaled **683 million euros** in the first quarter of 2019 and reflected an impact of -2 million euros following the application of IFRS 16.

Comparable EBIT for the first quarter of 2019 totaled 685 million euros (740 million euros in the first quarter of 2018), down by 55 million euros (-7.4%) compared to the first quarter of 2018, with an EBIT margin of 15.3% (15.8% in the first quarter of 2018).

Organic EBIT, net of the non-recurring component, amounted to 719 million euros (826 million euros in the first quarter of 2018), with an EBIT margin of 16.0% (17.9% in the first quarter of 2018).

**Reported Profit for the first quarter of 2019 attributable to Owners of the Parent** totaled **165 million euros**. The comparable figure - calculated excluding the effect caused by the adoption of IFRS 16 - amounted to 193 million euros, substantially in line with previous year (199 million euros).

The **personnel** of the TIM Group at March 31, 2019 is **57,540 units**, of which 47,892 in Italy (57,901 units at 31 December 2018, of which 48,005 in Italy).

**Capital expenditures**, which totaled **607 million euros**, break down as follows by operating segment:

<table>
<thead>
<tr>
<th>(millions of euros)</th>
<th>1st Quarter 2019 comparable</th>
<th>1st Quarter 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of total</td>
<td>% of total</td>
<td>% of total</td>
</tr>
<tr>
<td>Domestic</td>
<td>455</td>
<td>75.0</td>
<td>507</td>
</tr>
<tr>
<td>Brazil</td>
<td>152</td>
<td>25.0</td>
<td>153</td>
</tr>
<tr>
<td>Adjustments and eliminations</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Consolidated Total</td>
<td>607</td>
<td>100.0</td>
<td>660</td>
</tr>
</tbody>
</table>
In particular:

- **the Domestic Business Unit** recorded capital expenditures that amounted to 455 million euros (507 million euros in the first quarter of 2018), down by 52 million euros, particularly on the fixed and mobile access components due to the coverage levels already achieved;

- **the Brazil Business Unit** posted capital expenditures in the first quarter of 2019 of 152 million euros, down by 1 million euros on the corresponding period of 2018. Excluding the impact of changes in exchange rates (-10 million euros), capital expenditure rose by 9 million euros, targeted mainly at the expansion of mobile ultra-broadband infrastructure and the development of the fixed broadband business of TIM Live.

The comparable Group Operating Free cash flow was positive and totaled **541 million euros** (negative for 17 million euros in the first quarter of 2018).

Please be reminded that the operating free cash flow of the first quarter of 2018 reflected the payment of the VAT balance by TIM S.p.A. for 378 million euros connected with the split payment.

**Comparable adjusted net financial debt** amounted to 25,080 million euros at March 31, 2019, down by 190 million euros compared to December 31, 2018 (25,270 million euros).

**Reported adjusted net financial debt** amounted to 28,583 million euros at March 31, 2019 and particularly reflects the 3,553 million euros increase emerging from the application of the new IFRS 16 (Leases) as of January 1, 2019 following which the lease payments are no longer recognized as costs for Acquisition of goods and services, but a financial liability must be recognized in the statement of financial position, represented by the current value of the future payments.

Based on IAS 17, The TIM Group already recognized financial liabilities for some contract types (finance leasing) for the amount of 1,948 million euros at December 31, 2018 and financial assets for leases totaling 124 million euros. At January 1, 2019, financial liabilities for leases totaled 5,511 million euros.

The **net financial debt carrying amount** at March 31, 2019 amounted to 29,293 million euros and reflects the impact of the application of the new accounting standard IFRS 16 (Leases).

Net Debt After Lease (net of all leases, as specified in the detailed section “Alternative Performance Measures”), a metric adopted by the main European peers, was 23,143 million euros at 31 march 2019.

The TIM Group’s available **liquidity margin** amounted to 8,251 million euros, equal to the sum of:

- “Cash and cash equivalents” and “Current securities other than investments” totaling 3,251 million euros (3,043 million euros at December 31, 2018), also including 445 million euros of repurchase agreements falling due in April 2019;
- the Revolving Credit Facility totaled 5,000 million euros.

This margin is sufficient to cover Group financial liabilities falling due over the next 24–36 months.

**RESULTS OF THE BUSINESS UNITS**

**DOMESTIC**

In order to bear in mind the changed market context and types of offer, starting from 2019 the breakdown of revenues and the itemization of some commercial indicators have been revised. As a result, also the comparative 2018 figures have been updated in order to provide a homogeneous representation. In detail, Revenues are represented by distinguishing between those deriving from offers of only Services or packages of Services (Revenues from stand-alone Services) and those deriving from so-called “bundle” offers that include the customer signing a contract providing for the purchase of devices/products jointly with the rendering of a service along a certain time span (Handset and Bundle & Handset revenues).

**Revenues** amounted to **3,502 million euros** in the first quarter of 2019, down by 155 million euros on the first quarter of 2018 (-4.2%).
Revenues from stand-alone services amounted to 3,155 million euros (-139 million euros compared to the same period of 2018, equal to -4.2%), impacted by the effects of a changed regulatory and competitive scenario (30-day pricing restored, entry of a fourth mobile operator and a reduction in the prices of some wholesale services).

In detail:

• **Revenues from stand-alone services of the Fixed market amounted to 2,394 million euros,** essentially stable compared to the first quarter of 2018 (-0.3%) in a competitive and challenging market context. Contributing to this stabilization was the increase in retail ARPU, the positive trend of revenues from ICT solutions (+26 million euros compared to the first quarter of 2018, +16%) and from broadband services (+82 million euros, +14.6%), also brought about by growth in Ultra BroadBand customers. These dynamics offset the natural decline in revenues from traditional voice services due to the decrease in accesses and lower regulated prices on some wholesale services (-18 million euros). Leaving the revenues from services out of the low margin international wholesale component, revenues from fixed services increased by 1.8% compared to the first quarter of 2018;

• **revenues from stand-alone services for the Mobile market** were equal to 916 million euros (-118 million euros, equal to -11.4% on the first quarter of 2018) and were affected by the changed regulatory and competitive scenario, with a downturn in ARPU.

**Handset and Bundle & Handset revenues**, including the change in work in progress, amounted to 347 million euros in the first quarter of 2019 (-16 million euros on the first quarter of 2018).

► **Core Domestic Revenues**

Core Domestic revenues totaled 3,316 million euros, posting a -3.3% decrease (3,429 million euros in the first quarter of 2018).

Please note that as of 2019, in consideration of the possible developments, the revenues of the company Persidera are no longer included in the Consumer segment of Core Domestic and are reclassified as revenues of Other Core Domestic assets; the Consumer revenues of 2018 were therefore revised in order to provide a homogeneous representation.

Specifically, the following changes compared to the first quarter of 2018 are reported in the first quarter of 2019:

• **Consumer:** revenues of the Consumer segment for the first quarter of 2019 totaled 1,693 million euros and, compared to the figures for the first quarter of 2018, dropped by 111 million euros (-6.2%) due to the changed regulatory and competitive scenario (entry of a fourth operator, 30-day pricing restored). The same trend seen in total revenues also applied to revenues from stand alone services, which amounted to 1,487 million euros, down by 5.2% compared to the same period of the previous year (-81 million euros). In particular:
  - **revenues from stand alone Mobile services** amounted to 616 million euros and posted a decrease of 91 million euros (-12.9%) compared to the first quarter of 2018 due to the changed regulatory and competitive dynamics;
  - **revenues from stand alone Fixed services** amounted to 868 million euros, slightly up on the first quarter of 2018 (+6 million euros, +0.7%); this trend reflected a decrease in accesses, more than offset by higher ARPU levels.

Handset and bundle & handset revenues of the Consumer segment totaled 215 million euros, down by 30 million euros on the first quarter of 2018 (-12%), of which -13 million euros were on the mobile component and -17 million euros on the fixed component.

• **Business:** revenues for the Business segment amounted to 1,142 million euros, up by 3 million euros on the first quarter of 2018 (+0.3%, of which +0.2% for revenues from the stand alone services component). In particular:
Mobile revenues show a negative performance compared to the first quarter of 2018 (-8.1%), driven mainly by lower revenues from stand alone services (-5.7%) and, in particular, a decline in new digital services (-10.7% on the first quarter of 2018);

Revenues from the fixed-line market rose by 27 million euros (+3.1% over the first quarter of 2018), mostly thanks to the performance of services (+2.3%); lower prices and revenues from traditional services (connected with the technological shift towards VoIP systems and solutions) were more than offset by steady growth in revenues from ICT services (+16.0%).

Wholesale: Wholesale segment revenues in the first quarter of 2019 came to 430 million euros, down by 3 million euros compared to the first quarter of 2018 (-0.7%). Cuts to regulated prices, which lowered revenues by 18 million euros, were mainly offset by growth in access, driven by the Ultra-Broadband segment.

International Wholesale Revenues
The revenues of the first quarter of 2019 of the International Wholesale Cash-Generating Unit came to 238 million euros, down 48 million euros (-16.8%) compared to the first quarter of 2018. This trend is mainly related to the new position of Telecom Italia Sparkle in the voice business, more focused on high margin contracts, also in light of simplification and efficiency of the operational processes.

Reported EBITDA of the Domestic Business Unit amounted to 1,534 million euros in the first quarter of 2019 as it benefited from the application of IFRS 16 by the amount of 87 million euros. Comparable EBITDA totaled 1,447 million euros for the first quarter of 2019, up by 1 million euros compared to the first quarter of 2018 (+0.1%), with an EBITDA margin of 41.3% (+1.8 percentage points compared to the first quarter of 2018).

Organic EBITDA, net of the non-recurring component, amounted to 1,481 million euros (1,542 million euros in the first quarter of 2018). In particular, EBITDA for the first quarter of 2019 reflected a negative impact totaling 34 million euros relative to non-recurring expenses and is calculated as follows:

<table>
<thead>
<tr>
<th>(millions of euros)</th>
<th>1st Quarter 2019</th>
<th>1st Quarter 2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>1,447</td>
<td>1,446</td>
<td>1</td>
</tr>
<tr>
<td>Foreign currency financial statements translation effect</td>
<td>-</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>of which non-recurring income/(expenses)</td>
<td>(34)</td>
<td>(95)</td>
<td>61</td>
</tr>
<tr>
<td>ORGANIC EBITDA - excluding Non-recurring Items</td>
<td>1,481</td>
<td>1,542</td>
<td>(61)</td>
</tr>
</tbody>
</table>

Reported EBIT of the Domestic Business Unit amounted to 584 million euros in the first quarter of 2019 as it benefited from the application of IFRS 16 by the amount of 3 million euros. Comparable EBIT for the first quarter of 2019 totaled 581 million euros (615 million euros in the first quarter of 2018), down by 34 million euros with an EBIT margin of 16.6% (16.8% in the first quarter of 2018).

Organic EBIT, net of the non-recurring component, amounted to 615 million euros (710 million euros in the first quarter of 2018), with an EBIT margin of 17.5% (19.4% in the first quarter of 2018). EBIT for the first quarter of 2019 reflected the negative impact of non-recurring net expenses totaling 34 million euros (95 million euros in the first quarter of 2018, at constant exchange rates).

Personnel, which totaled 48,118 units, was down 82 units compared to December 31, 2018.

BRAZIL (average real/euro exchange rate 4.27983)
First quarter 2019 revenues of the Tim Brasil group amounted to 4,191 million reais, up by 71 million reais on the first quarter of 2018 (+1.7%).

Revenues from services totaled 4,025 million reais, an increase of 39 million reais compared to 3,986 million reais for the first quarter of 2018 (+1.0%).

Revenues from product sales came to 166 million reais (134 million reais in the first quarter of 2018). The increase reflects the change in the sales policy, which is now focused more on value than on increasing sales volumes. The main goals of the new strategy are to increase purchases of new connected devices giving TIM customers access to broadband services on 3G/4G networks and to support new retention offerings for higher-value postpaid customers.

Mobile ARPU of the first quarter of 2019 was 22.8 reais, up 5.3% compared to the figure posted in the first quarter of 2018 due to an overall repositioning on the postpaid segment and new commercial initiatives aimed at boosting use of data and the customer’s average spending.

Total lines in place at March 31, 2019 amounted to 55.1 million, a decline of 0.8 million compared to December 31, 2018 (55.9 million). The lower figure was driven entirely by the prepaid segment (-1.2 million), only partially offset by growth in the post-paid segment (+0.4 million), in part due to the consolidation underway in the market for second SIM cards. Postpaid customers represented 37.4% of the customer base at March 31, 2019, up by 1.2 percentage points on December 2018 (36.2%).

Reported EBITDA amounted to 1,772 million reais in the first quarter of 2019, benefiting from the application of IFRS 16 for the amount of 287 million reais. Comparable EBITDA for the first quarter of 2019 amounted to 1,485 million reais, up by 78 million reais on the first quarter of 2018 (+5.5%). Growth in EBITDA was attributable to both the positive performance of revenues and the benefits delivered by projects to enhance the efficiency of the operating expenses structure. EBITDA for the first quarter of 2019 did not reflect any impact concerning non-recurring expenses/income.

The EBITDA margin on the same accounting basis stood at 35.4%, 1.2 percentage points higher than in the first quarter of 2018.

Reported EBIT totaled 434 million reais in the first quarter of 2019 and reflected an impact of -24 million reais following the application of IFRS 16. Comparable EBIT for the first quarter of 2019 amounted to 458 million reais, down by 65 million reais (-12.4%) on the same period of the previous year (523 million reais). Growth was mainly driven by higher amortization (139 million reais) that was partially offset by the higher EBITDA (+78 million reais).

Personnel totaled 9,408 units (9,658 units at December 31, 2018).
AFTER LEASE INDICATORS

The TIM Group, in addition to the conventional financial performance measures established by the IFRS, uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition. Specifically, following the adoption of IFRS 16, the TIM Group presents the following additional alternative performance indicators:

EBITDA ADJUSTED AFTER LEASE - TIM GROUP

<table>
<thead>
<tr>
<th>(millions of euros)</th>
<th>1st Quarter 2019 comparable</th>
<th>1st Quarter 2018</th>
<th>Change</th>
<th>amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANIC EBITDA - excluding Non-recurring items</td>
<td>1,826</td>
<td>1,865</td>
<td>(39)</td>
<td>(2.1)</td>
<td></td>
</tr>
<tr>
<td>Amortization of assets under finance leasing</td>
<td>(50)</td>
<td>(48)</td>
<td>2</td>
<td>4.2</td>
<td></td>
</tr>
<tr>
<td>Finance expenses on liabilities under finance leasing</td>
<td>(42)</td>
<td>(51)</td>
<td>9</td>
<td>17.6</td>
<td></td>
</tr>
<tr>
<td>Exchange rate effect on finance expenses for liabilities under finance leasing</td>
<td>1</td>
<td>(1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA adjusted After Lease (EBITDA-AL)</td>
<td>1,734</td>
<td>1,767</td>
<td>(33)</td>
<td>(1.9)</td>
<td></td>
</tr>
</tbody>
</table>

EBITDA ADJUSTED AFTER LEASE - DOMESTIC

<table>
<thead>
<tr>
<th>(millions of euros)</th>
<th>1st Quarter 2019 comparable</th>
<th>1st Quarter 2018</th>
<th>Change</th>
<th>amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANIC EBITDA - excluding Non-recurring items</td>
<td>1,481</td>
<td>1,542</td>
<td>(61)</td>
<td>(4.0)</td>
<td></td>
</tr>
<tr>
<td>Amortization of assets under finance leasing</td>
<td>(44)</td>
<td>(44)</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Finance expenses on liabilities under finance leasing</td>
<td>(26)</td>
<td>(36)</td>
<td>10</td>
<td>27.8</td>
<td></td>
</tr>
<tr>
<td>EBITDA adjusted After Lease (EBITDA-AL)</td>
<td>1,411</td>
<td>1,462</td>
<td>(51)</td>
<td>(3.5)</td>
<td></td>
</tr>
</tbody>
</table>

EBITDA ADJUSTED AFTER LEASE - BRAZIL

<table>
<thead>
<tr>
<th>(millions of Brazilian reais)</th>
<th>1st Quarter 2019 comparable</th>
<th>1st Quarter 2018</th>
<th>Change</th>
<th>amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORGANIC EBITDA - excluding Non-recurring items</td>
<td>1,485</td>
<td>1,407</td>
<td>78</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>Amortization of assets under finance leasing</td>
<td>(25)</td>
<td>(16)</td>
<td>9</td>
<td>56.3</td>
<td></td>
</tr>
<tr>
<td>Finance expenses on liabilities under finance leasing</td>
<td>(69)</td>
<td>(56)</td>
<td>13</td>
<td>23.2</td>
<td></td>
</tr>
<tr>
<td>EBITDA adjusted After Lease (EBITDA-AL)</td>
<td>1,391</td>
<td>1,335</td>
<td>56</td>
<td>4.2</td>
<td></td>
</tr>
</tbody>
</table>

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

<table>
<thead>
<tr>
<th>(millions of euros)</th>
<th>3/31/2019</th>
<th>12/31/2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable adjusted net financial debt</td>
<td>25,080</td>
<td>25,270</td>
<td>(190)</td>
</tr>
<tr>
<td>Liabilities for finance leasing (IAS 17)</td>
<td>(1,937)</td>
<td>(1,948)</td>
<td>11</td>
</tr>
<tr>
<td>Adjusted net financial debt - After Lease</td>
<td>23,143</td>
<td>23,322</td>
<td>(179)</td>
</tr>
</tbody>
</table>
BUSINESS OUTLOOK FOR THE YEAR 2019

Please refer to page 3.

EVENTS SUBSEQUENT TO MARCH 31, 2019

TIM: 6-YEAR BOND ISSUE FOR 1 BILLION EUROS
Please refer to the press release on the same subject issued on April 9, 2019.

***

The Board of Directors, having taken note of the succession process of the Chief Financial Officer announced on 6 May 2019, appointed Giovanni Ronca as the new manager in charge of preparing the Company’s accounting documents (with the responsibilities and powers established by law and the specific Internal regulation) with effect from next June.

***

The manager in charge of preparing the corporate financial reports, Piergiorgio Peluso, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained herein corresponds to the documentary records, books and accounting entries.