TIM Group has adopted IFRS 16 (Lease) starting from 2019. It also adopts IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial instruments) since 2018. "Comparable" figures based on uniform accounting standards are also presented in this press release to ensure comparability of results in the quarter with those of corresponding period of the previous year.

TIM: BOARD OF DIRECTORS APPROVES FINANCIAL REPORT AT JUNE 30, 2019

GUIDANCE CONFIRMED: SECOND QUARTER RESULTS IN LINE

CASH GENERATION TREBLED ON FIRST HALF OF 2018

NET DEBT DOWN BY 539 MILLION EUROS FROM START OF YEAR AND BY 349 MILLION EUROS IN THE QUARTER

Organic results based on IFRS 9 and 15, before application of IFRS 16:

- **Operating free cash flow: 1.5 billion euros, up 604 million YoY**
- **Equity free cash flow: 786 million euros, trebled YoY**
- **Net financial debt: 24.7 billion euros, a reduction of 539 million compared to end 2018**
  In Q2: -349 million euros YoY
- **Net financial debt after leases: 22.8 billion euros**
- **Revenues: 9.0 billion euros (-1.2% YoY excluding Sparkle and product revenues)**
  In Q2: 4.5 billion euros (-0.4% YoY)
- **Reported EBITDA (*): 4.1 billion euros, +8.9% YoY**
  In Q2: 2.3 billion euros, +17.2% YoY
- **EBITDA AL (After Lease): 3.6 billion euros (-1.6% YoY)**
  In Q2: 1.8 billion euros (-1.4%)
- **Reported EBITDA – CAPEX: 2.6 billion euros (+21% YoY)**
  In Q2: 1.4 billion euros (+39.5% YoY)
- **Network sharing agreement signed with Vodafone**
- **New content strategy for TIMVISION**

(*) before IFRS 16 benefit

Rome, August 1, 2019

TIM's Board of Directors met today under the chairmanship of Fulvio Conti and approved the financial report of the Group for the first half of 2019.

The results for the first half of the year are in line with the objectives of the three-year plan "TIMe to deliver and delever", both in terms of execution, thanks to the numerous strategic and business initiatives put in place, and in terms of debt reduction through significant cash generation.

Operating free cash flow reached **1.5 billion euros**, an improvement of 604 million euros compared to the first half of 2018, and **equity free cash flow** was **786 million euros**, +526 million euros YoY.

Consequently, **net financial debt** at June 30 fell by 539 million euros from the end of 2018 (and by 349 million euros compared to March 31, 2019), reaching **24.7 billion euros**.

During the quarter, a binding agreement was reached for the sale of **Persidera**, which is expected to be finalized within this year and will result in a further reduction in net financial debt of **160 million euros**.

On July 26, 2019 TIM and Vodafone have signed agreements to share the active component of the 5G network, to share active devices on the 4G network, and to expand their existing agreement on passive network infrastructure sharing. The agreements will enable more efficient implementation of 5G in Italy, with wider geographical coverage (national coverage expected by 2025) and significant cost reductions, including over 800 million euros of synergies each for TIM and Vodafone over the next 10 years. In addition, the new INWIT is expected to see an annual improvement of over 200 million euros in EBITDA by 2026, through synergies, commitments and new potential opportunities.

Finally, on August 1, 2019 an agreement was signed with Sky that puts an end to a contractual dispute started a few years ago and allows TIM to sell the NowTV-Ticket Sport great sport offer, including 7 out of 10 Serie A TIM matches. This important partnership allows TIM to build a TIMVISION offer package that aggregates and distributes the contents from other TIM partners: Discovery, Mediaset, Netflix, Amazon Prime and Eurosport.

The management has informed the Board of Directors on the progress of both the project for a partnership in financial services to support TIM's business and of the discussions with Open Fiber and its shareholders (following the announcement on June 20, 2019 of the signing of a Non-Disclosure Agreement), on the latter confirming mandate to the CEO to continue negotiations.

Group **revenues** in the half year totalled **9.0 billion euros**, down 3.4% YoY, almost entirely attributable to Sparkle's international voice traffic. Excluding this component and product revenues, the change in service revenues falls to -1.2% YoY.

Group **reported EBITDA** in the first six months was **4.1 billion euros**, up 8.9% YoY due to the continuation of cost-optimisation actions and net non-recurring income including 662 million euros from the favourable outcome for TIM Brasil of the disputes over double taxation, partly offset by 296 million euros provisions.

Consequently, **reported EBITDA – CAPEX** reached **2.6 billion euros**, up 21.0% YoY.

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Performance in the second quarter of 2019

Group **revenues** in the second quarter reached **4,523 million euros** (**-3.9%** YoY on organic basis). Service revenues totalled **4,143 million euros**, down by 107 million euros (**-2.5%** YoY) compared to the second quarter in 2018, in an improving trend on the first quarter of 2019 (-3.0% YoY), albeit influenced by the significant reduction in low- or zero-margin International Wholesale contracts since the beginning of the year implying an EBITDA boost for Sparkle (+17% in Q2 YoY). Net of this impact (-96 million YoY), service revenues were stable compared to the previous year (-0.4% YoY) at Group level (-2.0% in Q1) and down 1.2% for the Domestic business unit (-2.7% in Q1).

In Italy, in the **fixed-line segment** there was an increase in both **consumer ARPU** (**+8.3%** YoY) and **broadband** (**+17.2%** YoY) and in the number of fibre customers – retail and wholesale – to **6.3 million**, up 45% YoY and 5.6% compared to the first quarter 2019. This ongoing migration from copper to fibre, together with the positive impact of the new regulated wholesale prices and the growth in business ICT (+16% YoY), led to service revenues improving of 2.2% YoY and overall revenues of +3.0% YoY, net of the above-mentioned changes in the International Wholesale segment (Sparkle).

The **mobile segment** showed a reversal of the downward trend in ARPU, which increased to 12.5 euros per line per month from 12.4 euros in the previous quarter. A sign of a return to market normality was the further decline in Mobile Number Portability, which decreased by 36% on an annual basis and by 11% compared to the previous quarter (2.6 million lines vs. 2.9 million lines). The total number of TIM mobile lines amounted to 31.7 million at the end of June, up 0.1% YoY. The churn rate fell by 1.7pp YoY and 0.9pp QoQ.

Strong performance of the Domestic Wholesale segment, which saw an increase in service revenues of 14.4% YoY, thanks to the aforementioned migration of customers from copper to fibre in addition to the stabilisation of regulated tariffs and the Business segment, whose revenues rose by 0.4%. The Consumer segment was affected by the performance of the mobile market, where service revenues fell compared to the second quarter of 2018 by 5.6%.

In **Brazil**, TIM recorded an increase in service revenues of 2.4% YoY (+1.7% YoY in the first quarter) driven by sales policies deployed in the mobile segment and despite the adverse macroeconomic and market dynamics, once again in line with guidance.

Group EBITDA After Lease stood at **1.8 billion euros** (-1.4% YoY).

Group organic EBITDA (IFRS 9/15) was **1.9 billion euros**, -2.6% YoY, with an EBITDA margin of 42.2% (+0.6 percentage points YoY) driven by cost containment initiatives. The EBITDA of the Domestic business unit was 1.5 billion euros (-4.4% YoY) while the EBITDA of TIM Brasil increased by 6.3% YoY, (+5.5% YoY in the first quarter).

TIM's **4G coverage** reaches about 99% of the Italian population and its **fibre coverage** extends to 80% of the population. The company is committed to providing universal coverage in Italy by developing its fibre, 5G (national coverage by 2025) and Fixed Wireless Access networks.

Group investments in the second quarter totalled 874 million euros (-6.0% YoY) of which 659 million euros in Italy (-6.5% YoY).

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The results for second quarter of 2019 will be illustrated to the financial community during a conference call scheduled for August 2, 2019 at 1pm (CET). Journalists may listen in to the presentation, without asking questions, by calling +39.06.33485042 or +39.06.33486868.
The slides of the accompanying presentation will be available on the following web page https://www.telecomitalia.com/2Q2019/eng.

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The Half-year Financial Report at June 30, 2019 of the TIM Group has been prepared in compliance with Article 154-ter (Financial Reports) of Italian Legislative Decree no. 58/1998 (Consolidated Law on Finance – TUF) and subsequent amendments and supplements, and in accordance with the international accounting standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as "IFRS"), as well as with the regulations issued to implement Article 9 of Italian Legislative Decree no. 38/2005.

The Half-year Financial Report includes:

- *the Interim Management Report;*
- *the Half-Year Condensed Consolidated Financial Statements;*
- *the Certification of the Half-Year Condensed Consolidated Financial Statements pursuant to Article 81-ter of the Consob Regulation 11971 dated May 14, 1999, and subsequent amendments and additions.*

The Half-year Condensed Consolidated Financial Statements at June 30, 2019 is subject to a limited Audit Review, currently underway.

The accounting criteria and consolidation principles adopted for the preparation of the condensed half-year consolidated Financial Statements at 30 June 2019 are homogeneous with those used when drawing up the Consolidated Financial Statements of the TIM Group at December 31, 2018, to which the reader is referred, except for the adoption of IFRS 16 (Leases) adopted starting from January 1, 2019 with the simplified 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 six 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 six 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, 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 the liabilities connected with the accounting treatment of the finance leasing contracts from the adjusted net financial debt 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, existing 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, as well as those of the first half of 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 the Interim Management Report are reminded not to place undue reliance on forward-looking statements; 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 half of 2019 or in the corresponding period of 2018.

TIM GROUP RESULTS FOR THE FIRST HALF OF 2019

TIM Group revenues amounted to 8,994 million euros in the first half of 2019, down by 4.4% on the first half of 2018 (9,411 million euros). The reduction was mainly attributable to the Domestic Business Unit (-354 million euros) and the Brazil Business Unit (-55 million euros). Without the negative exchange rate effect [(1)] amounting to 94 million euros, the revenues of the Brazil Business Unit saw growth of +39 million euros (+2.1%).

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

(millions of euros)	1st Half 2019 comparable		1st Half 2018		Changes		
		% of total		% of total	amount	%	% organic excluding non-recurring
Domestic	7,069	78.6	7,423	78.9	(354)	(4.8)	(4.7)
Core Domestic	*6,704*	*74.5*	*6,943*	*73.8*	*(239)*	*(3.4)*	*(3.2)*
International Wholesale	*469*	*5.2*	*609*	*6.5*	*(140)*	*(23.0)*	*(24.1)*
Brazil	1,946	21.6	2,001	21.3	(55)	(2.7)	2.1
Other Operations	–	–	–	–	–		
Adjustments and eliminations	(21)	(0.2)	(13)	(0.2)	(8)		
Consolidated Total	**8,994**	**100.0**	**9,411**	**100.0**	**(417)**	**(4.4)**	**(3.4)**

The organic change of the Group consolidated revenues, excluding non-recurring items of 15 million euros referring to adjustments of revenues of previous years and the effect of variations in the exchange rate by

(1) The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 4.34394 for the Brazilian real in the first half of 2019 and 4.14011 in the first half of 2018. For the US dollar, the average exchange rates used were 1.12977 in the first half of 2019 and 1.21058 in the first half 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.

85 million euros, was -317 million euros (-3.4%). Such reduction is almost entirely imputable to international voice traffic of Sparkle; excluding this component and product revenues, the change in service revenues falls to -1.2% YoY.

The reported **EBITDA** of the first half of 2019 was 4,391 million euros, and benefited for the amount of 326 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.

The comparable EBITDA of the first half of 2019 - prepared on the basis of accounting standards homogeneous with those adopted in the first half of 2018 - amounted to 4,065 million euros (3,733 million euros in the first half of 2018; +8.9%) with a margin on revenues of 45.2% (39.7% in the first half of 2018; +5.5 pp).

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

(millions of euros)	**1st Half 2019 comparable**		**1st Half 2018**		**Changes**		
		% of total		% of total	amount	%	% organic excluding non-recurring
Domestic	2,749	67.6	3,037	81.4	(288)	(9.5)	(4.2)
% on Revenues	*38.9*		*40.9*			*(2.0) pp*	*0.2 pp*
Brazil	1,321	32.5	704	18.9	617	87.6	5.9
% on Revenues	*67.9*		*35.2*			*32.7 pp*	*1.3 pp*
Other Operations	(5)	(0.1)	(9)	(0.3)	4		
Adjustments and eliminations	*–*	*–*	*1*	*–*	*(1)*		
Consolidated Total	**4,065**	**100.0**	**3,733**	**100.0**	**332**	**8.9**	**(2.3)**
% on Revenues	*45.2*		*39.7*			*5.5 pp*	*0.4 pp*

Organic EBITDA - net of the non-recurring component positive for the first half of 2019 for a total 332 million euros - amounted to 3,733 million euros (3,823 million euros in the first half of 2018) in reduction by 90 million euros (-2.3%) compared to the first half of 2018.

In detail, TIM Group recorded net non-recurring income in the first half of 2019, as the balance between:

• income of 662 million euros related to the recognition, for the Brazil Business Unit, of tax receivables resulting from the favourable outcome of tax disputes relating to the inclusion of the ICMS indirect tax in the calculation base of taxes on PIS and COFINS revenues;

• non-recurring costs of the Brazil and Domestic Business Units, for a total of 330 million euros, mainly relating to provision for regulatory disputes and possible related liabilities, to liabilities with customers and / or suppliers and charges related to corporate reorganization / restructuring as well as to the aforementioned revenue adjustments of previous years.

Non-recurring operating expenses in the first half of 2018 amounted to 121 million euros, including 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).

Organic EBITDA, net of the non-recurring component, is calculated as follows:

(millions of euros)	1st half 2019 comparable	1st half 2018	Changes amount	%
EBITDA	**4,065**	**3,733**	**332**	**8.9**
Foreign currency financial statements translation effect		(31)	31	
Non-recurring expenses (Income)	(332)	121	(453)	
ORGANIC EBITDA, excluding Non-recurring items	**3,733**	**3,823**	**(90)**	**(2.3)**

Reported **EBIT** totalled 1,887 million euros in the first half of 2019.
The comparable EBIT for the first half of 2019 amounted to 1,871 million euros (1,614 million euros in the first half of 2018), up 257 million euros (+15.9%) compared to the first half of 2018 with an EBIT margin of 20.8% (17.2% in the first half of 2018).

Organic EBIT, net of the non-recurring component, amounted to 1,539 million euros (1,723 million euros in the first half of 2018), with an EBIT margin of 17.1% (18.5% in the first half of 2018).
In detail:

(millions of euros)	1st half 2019 comparable	1st half 2018	Changes amount	%
EBIT	**1,871**	**1,614**	**257**	**15.9**
Foreign currency financial statements translation effect		(12)	12	
Non-recurring expenses (Income)	(332)	121	(453)	
ORGANIC EBIT, excluding Non-recurring items	**1,539**	**1,723**	**(184)**	**(10.7)**

Reported profit for the first half of 2019 attributable to Owners of the Parent totalled 551 million euros (532 million euros in the first half of 2018) benefiting from non-recurring net income of 53 million euros.
On comparable basis, profit attributable to Owners of the Parent for the first half of 2019 was down by approximately 111 million euros compared to the same period of the previous year.

The TIM Group **headcount** at 30 June 2019 was **57,316**, including 47,665 in Italy (57,901 at 31 December 2018, including 48,005 in Italy).

Capital expenditure, totalling **1.481** million euros, break down as follows by operating segment:

(millions of euros)	1st Half 2019 comparable	% of total	1st Half 2018	% of total	Change
Domestic	1,114	75.2	1,212	75.9	(98)
Brazil	367	24.8	385	24.1	(18)
Other Operations	–	–	–	–	–
Adjustments and eliminations	–	–	–	–	–
Consolidated Total	**1,481**	**100.0**	**1,597**	**100.0**	**(116)**
% on Revenues	*16.5*		*17.0*		*(0.5) pp*

In particular:

- the **Domestic Business Unit** recorded capital expenditures that amounted to 1,114 million euros (1,212 million euros in the first half of 2018), down by 98 million euros, particularly on the fixed and mobile access components due to the coverage levels already achieved;
- the **Brazil Business Unit** posted capex in the first half of 2019 of 367 million euros, down by 18 million euros on the corresponding period of 2018 (385 million euros) substantially related to exchange rate dynamics. Capital expenditures were therefore in line with the first half of 2018 and targeted primarily at strengthening mobile ultra-broadband network infrastructure and developing the fixed broadband business of TIM Live.

The comparable **Group Operating Free Cash Flow** totalled **1,490** million euros (886 million euros in the first quarter of 2018).

Comparable adjusted net financial debt amounted to 24,731 million euros at June 30, 2019, down by 539 million euros compared to December 31, 2018 (25,270 million euros) and by 410 million euros compared to June 30, 2018.

Adjusted Net Debt After Lease (net of all leases, as specified in the detailed section "After Lease Indicators"), **a metric adopted by the main European peers**, was 22,818 million euros at June 30, 2019.

Reported adjusted net financial debt (including IFRS 16) amounted to 28,328 million euros at June 30, 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 (financial leasing) for the amount of 1,948 million euros at December 31, 2018 and financial assets for leases totalling 124 million euros. At January 1, 2019, financial liabilities for leases totalled 5,511 million euros.

The positive cash generation in the second quarter of the year has more than offset the payment of dividends for approximately 220 million euros; the reported adjusted net financial debt was down by 255 million euros from March 31, 2019 (28,583 million euros), and the comparable adjusted net financial debt was down by 349 million euros from March 31, 2019 (25,080 million euros).

The reported net financial debt at June 30, 2019 amounted to 29,024 million euros and reflects the impact of the application of the new accounting standard IFRS 16 (Leases).

TIM Group's available **liquidity margin** amounted to 7,704 million euros, equal to the sum of:

- "Cash and cash equivalents" and "Current securities other than investments" totalling 2,704 million euros (3,043 million euros at December 31, 2018), also including 490 million euros of repurchase agreements falling due in August 2019;
- the Revolving Credit Facility totalled 5,000 million euros.

This margin is enough 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 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).

Business Unit Domestic revenues amounted to 7,069 million euros, down by 354 million euros compared to the first half of 2018 (-4.8%).
Revenues from stand-alone services amounted to 6,386 million euros (-262 million euros compared to the same period of 2018, equal to -3.9%), impacted by the effects of a changed regulatory and competitive scenario.

In detail:

- revenues from stand-alone Fixed services amounted to 4,810 million euros, down 50 million euros compared to the first half of 2018 (-1.0%). Leaving the revenues from services out of the low margin international wholesale component, revenues from fixed services increased by 2.0% compared to the first half of 2018, in a competitive and challenging market environment. Contributing to this result was the increase in retail ARPU, the positive trend of revenues from ICT solutions (+56 million euros compared to the first half of 2018, +15.9%) and from broadband services (+160 million euros, +14.1%), 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;
- revenues from stand-alone services for the Mobile market were equal to 1,859 million euros (-219 million euros, equal to -10.5% on the first half 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 683 million euros in the first half of 2019 (-92 million euros on the first half of 2018).

▶ Core Domestic Revenues

Core Domestic revenues totalled 6,704 million euros, posting a 3.4% decrease (6,943 million euros in the first half of 2018).

Please note that as of 2019, 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 the corresponding period of 2018 were therefore revised to provide a homogeneous representation. Persidera is being sold following the conclusion of the binding agreement signed on June 5, 2019 by TIM S.p.A. and GEDI Gruppo Editoriale S.p.A. with F2i and EI Tower S.p.A.

As regards the market segments, please note the following changes compared to the first half of 2018:

- **Consumer:** revenues of the Consumer segment for the first half of 2019 totalled 3,345 million euros and, compared to the figures for the first half of 2018, dropped by 307 million euros (-8.4%) due to the changed regulatory and competitive scenario. The same trend seen in total revenues also applied to

revenues from stand-alone services, which amounted to 2,952 million euros, down by 5.4% compared to the same period of the previous year (-169 million euros).
In particular:

- revenues from stand-alone Mobile services amounted to 1,252 million euros and posted a decrease of 170 million euros (-12.0%) compared to the first half of 2018 due to the changed regulatory and competitive dynamics;
- revenues from stand-alone Fixed services amounted to 1,711 million euros, substantially in line with the first half of 2018 (-6 million euros, -0.3%); this trend reflected a decrease in accesses, offset by higher ARPU levels.

Handset and bundle & handset revenues of the Consumer segment totalled 393 million euros, down by 138 million euros on the first half of 2018 (-26.0%), of which 124 million euros were on the mobile component and 14 million euros on the fixed component.

- **Business:** revenues for the Business segment amounted to 2,313 million euros, up by 8 million euros on the first half of 2018 (+0.3%, of which -0.7% for revenues from the stand-alone services component).
  In particular:
  - Mobile revenues show a negative performance compared to the first half of 2018 (-7.6%), due mainly to lower revenues from stand-alone services (-6.9%) and, in particular, a decline in new digital services (-9.3% on the first half of 2018);
  - revenues from the fixed-line market rose by 51 million euros (+2.9% over the first half of 2018), also thanks to the performance of services (+1.5%); 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 (+15,9%).
- **Wholesale:** Wholesale segment revenues in the first half of 2019 came to 938 million euros, up by 61 million euros compared to the first half of 2018 (+7.0%), with a positive performance mainly driven by the growth in accesses in the Ultra Broadband segment.

► International Wholesale Revenues

The revenues of the first half of 2019 of the International Wholesale Cash-Generating Unit came to 469 million euros, down 140 million euros (-23.0%) compared to the first half of 2018. This trend is mainly connected to the new positioning of Telecom Italia Sparkle in the voice business, better focused contracts having higher margins, also in a perspective of simplifying and streamlining operating processes.

* * *

Reported EBITDA of the Domestic Business Unit in the first half of 2019 amounted to 2,929 million euros benefiting of 180 million euros from the application of IFRS 16.
The comparable EBITDA for the first half of 2019 amounted to 2,749 million euros, down 288 million euros on the first half of 2018 (-9.5%).
Organic EBITDA, net of the non-recurring component, amounted to 3,027 million euros, down 133 million euros compared to the first half of 2018 (-4.2%). In particular, EBITDA in the first half of 2019 was negatively impacted by 278 million euros, referring to non-recurring charges mainly related to provisions for regulatory disputes and possible related liabilities, to liabilities with customers and/or suppliers and to charges related to corporate reorganization/restructuring as well as to cited adjustments to revenues from previous years.

Organic EBITDA, net of the non-recurring component, is calculated as follows:

(millions of euros)	1st half 2019 comparable	1st half 2018	Changes amount	%
EBITDA	**2,749**	**3,037**	**(288)**	**(9.5)**
Foreign currency financial statements translation effect		2	(2)	
Non-recurring expenses (Income)	278	121	157	
ORGANIC EBITDA - excluding Non-recurring items	**3,027**	**3,160**	**(133)**	**(4.2)**

Reported EBIT for the Domestic Business Unit in the first half of 2019 amounted to 1,029 million euros.

The comparable EBIT for the first half of 2019 amounted to 1,012 million euros (1,371 million euros in the first half of 2018).

Organic EBIT, net of the non-recurring component, amounted to 1,290 million euros (1,492 million euros in the first half of 2018), with an EBIT margin of 18.2% (20.1% in the first half of 2018).
EBIT for the first half of 2019 was negatively impacted by non-recurring net costs amounting to 278 million euros (121 million euros in the first half of 2018, at the same exchange rates).

Organic EBIT, net of the non-recurring component, is calculated as follows:

(millions of euros)	1st half 2019 comparable	1st half 2018	Changes Amount	%
EBIT	**1,012**	**1,371**	**(359)**	**(26.2)**
Foreign currency financial statements translation effect	–	–	–	
Non-recurring expenses (Income)	278	121	157	
ORGANIC EBIT, excluding Non-recurring items	**1,290**	**1,492**	**(202)**	**(13.5)**

Headcount is 47.891 (48.200 at December 31, 2018).

BRAZIL (average real/euro Exchange rate 4,34394)

First half 2019 revenues of TIM Brasil amounted to 8,454 million reais, up by 172 million reais on the first half of 2018 (+2.1%).

Revenues from services totalled 8,088 million reais, an increase of 134 million reais compared to 7,954 million reais for the first half of 2018 (+1.7%).

Revenues from product sales came to 366 million reais (328 million reais in the first half 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 sales of new connected devices giving TIM customers access to broadband services on 3G/4G networks, as well as to support new retention offerings for higher value post-paid customers.

Mobile ARPU of the first half of 2019 was 23.0 reais, up 5.5% compared to the figure posted in the first half of 2018 due to an overall repositioning on the post-paid segment and new commercial initiatives aimed at boosting use of data and the customer's average spending.

Total lines in place at June 30, 2019 amounted to 55.0 million, a decline of 0.9 million compared to December 31, 2018 (55.9 million). The decrease is entirely attributable to the prepaid segment (-2,0 million) and only partially offset by growth in the post-paid segment (+1,1 million), also due to the consolidation underway in the market for second SIM cards. Postpaid customers accounted for 38,8% of the customer base at June 30, 2019, an increase of 2,6 percentage points on December 2018 (36,2%).

Reported EBITDA for the first half of 2019 amounted to 6,370 million reais.
Comparable EBITDA for the first half of 2019 amounted to 5,738 million reais, up by 2,823 million reais (+96.8%).
EBITDA in the first half of 2019 included 2,650 million reais of non-recurring net income, connecting to the aforementioned recognition of tax credits for an amount of 2,876 million reais - from the recognition by the Brazilian Federal Supreme Court ("STF") of the unconstitutionality of the inclusion of the ICMS in the calculation base of PIS/COFINS contributions - which were offset by charges for non-recurring expenses, for an amount of 226 million reais, mainly for regulatory disputes and related liabilities, to liabilities with customers and/or suppliers.

EBITDA, net of the non-recurring component, was equal to 3,088 million reais and calculated as follows:

(millions of reais)	1st half 2019 comparable	1st half 2018	Changes amount	Changes %
EBITDA	**5,738**	**2,915**	**2,823**	**96.8**
Non-recurring expenses (Income)	(2,650)	–	(2,650)	
ORGANIC EBITDA - excluding Non-recurring items	**3,088**	**2,915**	**173**	**5.9**

Growth in EBITDA, excluding the aforementioned non-recurring items, was equal to + 5.9%, driven by both the positive performance of revenues and the benefits delivered by projects to enhance the efficiency of the operating expenses structure.

Reported EBIT for the first half of 2019 amounted to 3,747 million reais.
Comparable EBIT for the first half of 2019 amounted to 3,749 million reais, up by 2,707 million reais on the same period of the previous year (1,042 million reais).

Net of the non-recurring component, organic EBIT was equal to 1,099 million reais, with a growth of 5.5%; and was calculated as:

(millions of reais)	1st half 2019 comparable	1st half 2018	Changes amount	Changes %
EBIT	**3,749**	**1,042**	**2,707**	**-**
Non-recurring expenses (Income)	(2,650)	–	(2,650)	
ORGANIC EBIT - excluding Non-recurring items	**1,099**	**1,042**	**57**	**5.5**

Headcount is 9,411 (9,658 at December 31, 2018).

AFTER LEASE INDICATORS

In addition to the conventional financial performance measures established by the IFRS, TIM Group uses some 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, TIM Group presents the following additional alternative performance indicators:

EBITDA ADJUSTED AFTER LEASE - TIM GROUP

(millions of euros)	1st half 2019 comparable	1st half 2018	Change amount	Change %
ORGANIC EBITDA - excluding Non-recurring items	**3,733**	**3,823**	**(90)**	**(2.3)**
Amortization of assets under finance leasing	(93)	(110)	17	15.5
Finance expenses on liabilities for finance leasing	(80)	(97)	17	17.5
Exchange rate effect on amortization and finance expenses for liabilities under finance leasing		2	(2)	-
EBITDA adjusted After Lease (EBITDA-AL)	**3,560**	**3,618**	**(58)**	**(1.6)**

EBITDA ADJUSTED AFTER LEASE - DOMESTIC

(millions of euros)	1st half 2019 comparable	1st half 2018	Change amount	Change %
ORGANIC EBITDA - excluding Non-recurring items	**3,027**	**3,160**	**(133)**	**(4.2)**
Amortization of assets under finance leasing	(87)	(102)	15	14.7
Finance expenses on liabilities under finance leasing	(52)	(69)	17	24.6
EBITDA adjusted After Lease (EBITDA-AL)	**2,888**	**2,989**	**(101)**	**(3.4)**

EBITDA ADJUSTED AFTER LEASE - BRAZIL

(millions of reais)	1st half 2019 comparable	1st half 2018	Changes amount	Changes %
ORGANIC EBITDA - excluding Non-recurring items	**3,088**	**2,915**	**173**	**5.9**
Amortization of assets under finance leasing	(31)	(33)	2	6.1
Finance expenses on liabilities for finance leasing	(122)	(113)	(9)	(8.0)
EBITDA adjusted After Lease (EBITDA-AL)	**2,935**	**2,769**	**166**	**6.0**

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(millions of euros)	30.6.2019	31.12.2018	Change
Comparable adjusted net financial debt	**24,731**	**25,270**	**(539)**
Liabilities for finance leasing (IAS 17)	(1,913)	(1,948)	35
Adjusted net financial debt - After Lease	**22,818**	**23,322**	**(504)**

BUSINESS OUTLOOK FOR THE YEAR 2019

For the Business outlook for the year 2019, it is confirmed as published in the press release issued May 20, 2019.

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EVENTS SUBSEQUENT TO JUNE 30, 2019

TIM BRASIL AND VIVO (TELEFONICA BRASIL) SIGN MOU ON NETWORK SHARING AND OTHER PROJECTS

Please refer to the press release on the same subject issued on July 23, 2019 by TIM Participações S.A.

TIM AND VODAFONE SIGN MOBILE NETWORK SHARING PARTNERSHIP AGREEMENTS - CREATING ITALY’S BIGGEST TOWER COMPANY

Please refer to the press release on the same subject issued on July 26, 2019.

ULTRABROADBAND: INFRATEL AND TIM SIGN AGREEMENT FOR USE OF FIBRE ON THE PUBLIC NETWORK IN 600 MUNICIPALITIES

Please refer to the press release on the same subject issued on July 30, 2019.

TIM AND SKY SIGN AN AGREEMENT TO SELL THE NOWTV-TICKET SPORT OFFER ON TIM'S ON DEMAND TV

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FURTHER DELIBERATIONS

The Board of Directors also has:

- taken the final decision to merge Noverca S.r.l. – company operating under the commercial brand Kena Mobile - into TIM. Completion of the company integration process of the wholly-owned subsidiary is expected by the end of the year;
- called Director Cadoret to join the Strategic Committee, now including Directors Cadoret, de Puyfontaine, Ferrari and Sabelli, as well as the Chairman of the Board of Directors and the Chief Executive Officer.

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The Executive responsible for preparing the corporate accounting documents, Giovanni Ronca, hereby declares, pursuant to subsection 2, Art.154 bis of Italy’s Consolidated Law on Finance, that the accounting information contained herein corresponds to the company’s documentation, accounting books and records.