Press Release

TIM SECURES 3700 MHz BAND FREQUENCIES WITH AN INVESTMENT OF 1,694 MILLION EUROS TO LEAD DEVELOPMENT OF THE NETWORKS OF THE FUTURE IN ITALY

TIM consolidates its leadership of the mobile communications market in Italy and reaffirms its commitment to the country’s digital development

The 3700 MHz band frequencies are fundamental for infrastructure deployment and the dissemination of new generation UBB services

Rome, 2 October 2018

TIM has concluded its participation in the Ministry of Economic Development’s auction for 5G frequencies with successful bids for an 80MHz block of 3700 MHz (at a cost of 1,694 million euros) and a 200MHz block of 26 GHz (at a cost of 33 million euros). In addition to the two blocks of 700 MHz it had already won, this brings the total invested in this 5G spectrum auction to 2,407 million euros, which represents both the widest spectrum bandwidth acquired and the biggest investment of any company participating in the auction. The frequencies all have different and complementary characteristics in terms of coverage, penetration and capacity, and will be available until 2037.

TIM’s Chief Executive Officer, Amos Genish, stated: “By securing all three band frequencies put on auction, TIM strengthens its network leadership in Italy. The new frequencies acquired represent a core asset for the Group’s future development and, at the same time, for the ongoing digitization of Italy. The 5G tests initiated in recent years by TIM are a unique case in Italy, which have already brought about tangible results. The recent switch on of the antenna in Bari certifies TIM’s technological primacy. Our commitment to innovation is reaffirmed and we are convinced we can continue to offer our customers services that are always cutting edge as well as the best digital experience available on the market”.

“Artificial intelligence, virtual and augmented reality, robotics and a network of sensors expected to number one trillion by 2025 – these will be the innovation drivers of the next decade and the pillars on which digital transformation is based. Together they will lead to the creation of the Gigabit Society in which TIM will continue to play a leading role in Italy,” concluded Genish.

TIM will make immediate use of the higher frequency 5G blocks (3700 MHz and 26 GHz), together with the blocks it already owns in those frequencies, to leverage the testing already underway in Turin, Bari and Matera and in the Republic of San Marino. In San Marino TIM has already started to implement services for the Smart City (public security, transport, environmental monitoring), healthcare, tourism and culture, in addition to applications in the media, education and virtual reality fields.

The 3700 MHz band, already used for the tests launched at the start of the year, is available immediately; from 2019 the 26 GHz “millimetre wave” band will be available, which is already “5G-ready” and will be used to road test the first 5G services.

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The 700 MHz frequencies, available from 2022, will strengthen UBB coverage throughout the country, including in indoor areas, with the implementation of 5G technology.

The availability of 5G frequencies will further boost the deployment of TIM’s new generation networks in Italy, where TIM’s 4G mobile ultrabroadband coverage now reaches over 98% of the population and fixed super-fast broadband reaches 80% of homes via FTTC and FTTH technology.

More than anything, 5G will be an enabling factor for a series of services capable of revolutionising the lives of citizens, consumers and businesses, launching us into an environment where everything will be smarter and more connected. From cars to cities, agriculture and hospitals, the Internet of Things and smart infrastructure; tens of billions of IoT devices and sensors with a mobile connection will generate more and more data. 5G networks will provide a download capacity of around 10-50 Gigabits, with a maximum latency of 1 millisecond for mobile communication, ensuring a clear improvement that complements and supplements the performance currently guaranteed by 4G (and its evolutions like 4.5G).

In relation to the payment of the frequencies, the Government has established in the 2017 Budget Law that the proceeds will derive primarily from the frequencies 3.6-3.8 and 26.5-27.5. For the current year the Government has identified, in relation to the 5G auction, to collect a total of 1,250 million euros from all operators, 50 million in 2019, 300 million in 2020, 150 million in 2021, and the remaining surplus in 2022. For the TIM Group the cash outlay estimated beforehand, and thus the impact on the net financial position in 2018, will be of approximately 480 million euros.