

## Press Release

### **TIM: THE BOARD OF DIRECTORS HAS APPROVED TIM'S 2021-2023 STRATEGIC PLAN**

- **New 'Beyond Connectivity' plan approved, which, in line with previous ones, renews and extends financial and sustainability targets to 2023**
- **2020-2022 plan guidelines confirmed, financial and ESG actions increased**
- **Action to stabilise and relaunch the domestic business continues, opening up a new growth phase stemming from adjacent markets and supported by a new organisational model**
- **After-Lease net debt reduction accelerated: around 16.5 billion euros expected by 2021, with a Net Debt/EBITDA ratio of 2.6x by 2023**
- **Dividend distribution policy confirmed: 1 eurocent (floor) for ordinary shares and 2.75 eurocents for savings shares**
- **Sustainability Plan updated with further initiatives and greater attention to gender equality, energy efficiency and the adaptation of ESG reporting and governance systems**

**The 'Beyond Connectivity' plan provides for the ongoing improvement of the traditional business and the growth of adjacent services beyond connectivity. It is largely based on the strategic initiatives developed over the last two years:**

- **Noovle, the largest Cloud and Edge Computing project in Italy, which will leverage the Group's data centres**
- **FiberCop, in launch phase, with an ambitious plan to provide coverage to the country by creating a fibre optic secondary access network**
- **TIMVISION, with major collaborations launched with the main content partners worldwide**

**TIM Brazil continues to grow and is beginning to integrate the mobile assets of Oi, awarded to TIM, Vivo and Claro last December**

Rome, 23 February 2021

The TIM Board of Directors, which met today chaired by Salvatore Rossi, has approved the 2021-2023 Strategic Plan presented by the Chief Executive Officer Luigi Gubitosi.

The strategy outlined is based on the industrial objectives achieved and the solid financial foundation established by exceeding the cash generation and debt reduction targets achieved in the last two years. The technological evolution and expansion of the fixed, mobile and cloud infrastructures and data centres has been speeded-up and strengthened by partnerships with leading global companies such as Google for the Cloud, Disney for TV content, Vodafone for mobile towers, KKR and Fastweb for the development of super high-speed fibre.

#### **TIM S.p.A.**

Registered Office: Via Gaetano Negri, 1 - 20123 Milan

Tax Code/VAT No. and registration with the Milan Business Register: 00488410010 - Registration in the R.A.E.E. (Register of Manufacturers of Electrical and Electronic Equipment) IT0802000000799

Share Capital €11,677,002,855.10 fully paid-up Certified e-mail address [Casella PEC]: [telecomitalia@pec.telecomitalia.it](mailto:telecomitalia@pec.telecomitalia.it)

The primary objective of the new three-year plan is the expansion of the Group's business beyond connectivity by leveraging the convergence of different business areas, continuing to increase the efficiency of the traditional core business at the same time. The plan also takes into account the deteriorating economic outlook following the COVID-19 pandemic.

All Business Units will play a key role in achieving the main industrial, financial and sustainability targets of the 2021-2023 Plan:

- **Consumer:** consolidates the convergence model developed, increasing the drive for “adjacent” services (TV, smart home, security), the digitisation of processes and an improved customer experience. As a result, a stabilisation or moderate increase of the fixed and mobile ARPU is envisaged in addition to significant growth in the volumes of digital services. The actions planned will maintain stabilisation of the fixed lines and constructive dynamics for Mobile Number Portability in the mobile sector.
- **TIMVISION:** within the Plan service portfolio, TIMVISION represents the heart of the consumer market strategy and will continue to enrich the offer that has transformed this service into the most complete TV platform on the Italian market, aggregating the best entertainment and sports content of the main sector players (e.g.: Disney, Netflix, SKY, Dazn, Amazon, Discovery).
- **Business:** the positioning outlined confirms previous plans’ goal to consolidate TIM as a reference provider and quality top partner of integrated solutions for SMEs and large companies. In this context, the adjacent market with the best development prospects is that of ICT services and in particular the cloud and data centres, which will be able to benefit from the support of both Google Cloud, the strategic partner, and Noovle, the new dedicated hub created for this purpose. The same model, with specialised “factories”, will be adopted to develop new business opportunities with Olivetti for the IoT, Telsy for cybersecurity and Sparkle for geographically extended international connectivity services and “beyond connectivity” services.
- **Wholesale:** after the satisfactory results recorded in 2020, the goal of protecting market share will continue to be pursued while maintaining leadership in ultrabroadband coverage. The aim will be to seize the opportunities resulting from non-regulated services, in line with the previous plan, while also offering other operators services beyond connectivity such as data centres.

The path of increasing efficiency and strengthening technological leadership in terms of quality and innovation continues. As for total coverage, the goal of closing the digital divide throughout the country is confirmed and a speed of between 30 and 200 Mbps is already recorded nationwide (99% of the country). At the same time TIM is committed to increasing the speed to over 1 Giga thanks to coverage with Fiber to the Home (FTTH) technology: FiberCop will reach 76% of technical units in the grey and black areas by 2025 (56% of technical units at national level). At the same time, the FTTC networks will reach 93% of households with an active phone line by 2023 (already 91% today), in addition to coverage with mobile, FWA and satellite technology. The first three regions in which the digital divide will be “closed” are Apulia (completed in 2020), Friuli Venezia Giulia within the first quarter of 2021 and subsequently Lombardy.

The mobile sector is continuing the modernisation of the 4G network and deployment of 5G, with the aim of national 5G coverage by 2025.

The undertaking to make TIM a “sustainable” group has been further strengthened through a series of actions in addition to the planned ones, to implement improvements concerning the environmental impact, circular economy, “digital inclusion” and ESG governance thanks to new and more advanced reporting tools.

Financial targets of the 2021-2023 plan (IFRS 16/After Lease) net of the acquisition of Oi:

- Cumulated Equity Free Cash Flow during the three-year Plan of around 4 billion euros, net of 0.7 billion euros substitute tax pursuant to Decree Law 104/2020;
- Reduction of the Group's After Lease debt to around 16.5 billion euros by the end of 2021 and a debt/EBITDA ratio of 2.6x by 2023;
- The Group’s Organic Service Revenues are expected to see stable to low single-digit growth in 2021 and low single-digit growth in 2022-2023;

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- The Group's Organic After Lease EBITDA is expected to see stable to low single-digit growth in 2021 and low to mid single-digit growth in 2022-2023;
- Revenues from Domestic services are expected to be stable in 2021 and see stable to low single-digit growth in 2022- 2023;
- The domestic Organic After Lease EBITDA is expected to be stable in 2021 and see low single-digit growth in 2022-2023;
- Domestic Capex are expected at around 2.9 billion euros per annum;
- Dividend policy: 1 eurocent (floor) for ordinary shares and 2.75 eurocents for savings shares in the period 2021-2023;
- Long-term ESG targets presented last year confirmed and medium-term targets improved. Actions to improve energy efficiency and reduce emissions by 2025 have increased and carbon neutrality by 2030 is confirmed; people engagement targets for 2022 have increased; gender equality and inclusion objectives are introduced into the remuneration of management.

**TIM Press Office**

+39 06 3688 2610

<https://www.gruppotim.it/media>

Twitter: @TIMnewsroom

**TIM Investor Relations**

+39 06 3688 2807

[https://www.gruppotim.it/investor\\_relations](https://www.gruppotim.it/investor_relations)

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