

TIM GROUP

FY '20 RESULTS AND 2021-23 PLAN

Beyond Connectivity

24 February 2021



Disclaimer

This presentation contains statements that constitute forward looking statements regarding the intent, belief or current expectations of future growth in the different business lines and the global business, financial results and other aspects of the activities and situation relating to the TIM Group. Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those projected or implied in the forward looking statements as a result of various factors.

The financial results of the TIM Group are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the EU (designated as “IFRS”).

The accounting policies and consolidation principles adopted in the preparation of the financial results for FY20, Q4'20 and for 2021-2023 Plan of the TIM Group are the same as those adopted in the TIM Group Annual Audited Consolidated Financial Statements as of 31 December 2019, to which reference can be made, except for the amendments to the standards issued by IASB and adopted starting from January 1, 2020.

As of today, the audit work by our independent auditors on the FY20 results have not yet been completed.

Alternative Performance Measures

The TIM Group, in addition to the conventional financial performance measures established by IFRS, uses certain alternative performance measures for the purposes of enabling a better understanding of the performance of operations and the financial position of the TIM Group. In particular, such alternative performance measures include: EBITDA, EBIT, Organic change and impact of non-recurring items on revenue, EBITDA and EBIT; EBITDA margin and EBIT margin; net financial debt (carrying and adjusted amount) and Equity Free Cash Flow. Moreover, following the adoption of IFRS 16, the TIM Group uses the following additional alternative performance indicators:

- * **EBITDA adjusted After Lease ("EBITDA-AL")**, calculated by adjusting the Organic EBITDA, net of non-recurring items, of the amounts related to the accounting treatment of lease contracts according to IFRS 16;
- * **Adjusted Net Financial Debt After Lease**, calculated by excluding from the adjusted net financial debt the net liabilities related to the accounting treatment of lease contracts according to IFRS 16;
- * **Equity Free Cash Flow After Lease**, calculated by excluding from the Equity Free Cash Flow the amounts related to lease payments.

Such alternative performance measures are unaudited.

Agenda

- **Promised, delivered**
- **2020 achievements**
- **Solid Q4 financials**
- **What next? A better macro and telco outlook**
- **TIM ready to ride all opportunities in connectivity and beyond in Italy and Brazil**
- **Financial and ESG Guidance. Closing remarks**
- **Q&A**



PROMISED, DELIVERED

Promised, delivered...

Foundations of transformation set in 2019

2019 plan: “Deliver & Delever”

Equity Free Cash Flow generation	<ul style="list-style-type: none"> ▪ € 1.6bn in '20 and € 1.5bn in '19⁽¹⁾ ▪ Reinstated dividends on ordinary shares
Debt reduction	<ul style="list-style-type: none"> ▪ €4.7bn debt reduction⁽¹⁾ in 2 years
Stabilized governance	<ul style="list-style-type: none"> ▪ Positive dynamics in board ▪ Exiting BOD proposed its slate for next 3 years
Developed Brazil	<ul style="list-style-type: none"> ▪ Acquisition of Oi mobile assets with Vivo and Claro⁽²⁾ ▪ Strengthened the core ▪ Network sharing partnership with Vivo
Created optionality for value creation	<ul style="list-style-type: none"> ▪ Inwit-Vodafone towers merger ▪ Co-investing in FiberCop with KKR and Fastweb ▪ Google partnership, cloud/data centers carve out

Customer base stabilization reached in Q4

2020 plan: “Operations TIME”

Stabilized customer base	<ul style="list-style-type: none"> ▪ Fixed CB growing in Q4 '20 for the first time since 2001 ▪ Mobile MNP stabilized
Improving pricing environment	<ul style="list-style-type: none"> ▪ Upper end mobile since Q1 '19, low end since Q1 '21 ▪ Fixed acquisition prices on healthy trend
Cost cutting	<ul style="list-style-type: none"> ▪ OPEX⁽³⁾ -15% in '19-20 ▪ Addressable costs⁽³⁾ -9.5% YoY in '20
TIM Vision	<ul style="list-style-type: none"> ▪ Richest content platform in Italy: partnerships with Netflix, Disney+, DAZN, NowTV
ESG plan executed	<ul style="list-style-type: none"> ▪ Ecoefficiency hikes monetized (white certificates) ▪ Inaugural Sustainability Bond issued

...and created optionality by developing, sharing and monetizing infrastructure

2 years of evolutionary revolution for TIM's key infrastructures...

INWIT

Infrastructure sharing through merger with Vodafone Towers and partial monetization

€2.3bn
proceeds '20



mobile

fixed

cloud & data centers



€1.8bn
proceeds '21

FiberCop

Creation of the leading Italian fiber company and partial monetization

Google Cloud

Strong partnership with world class public cloud provider



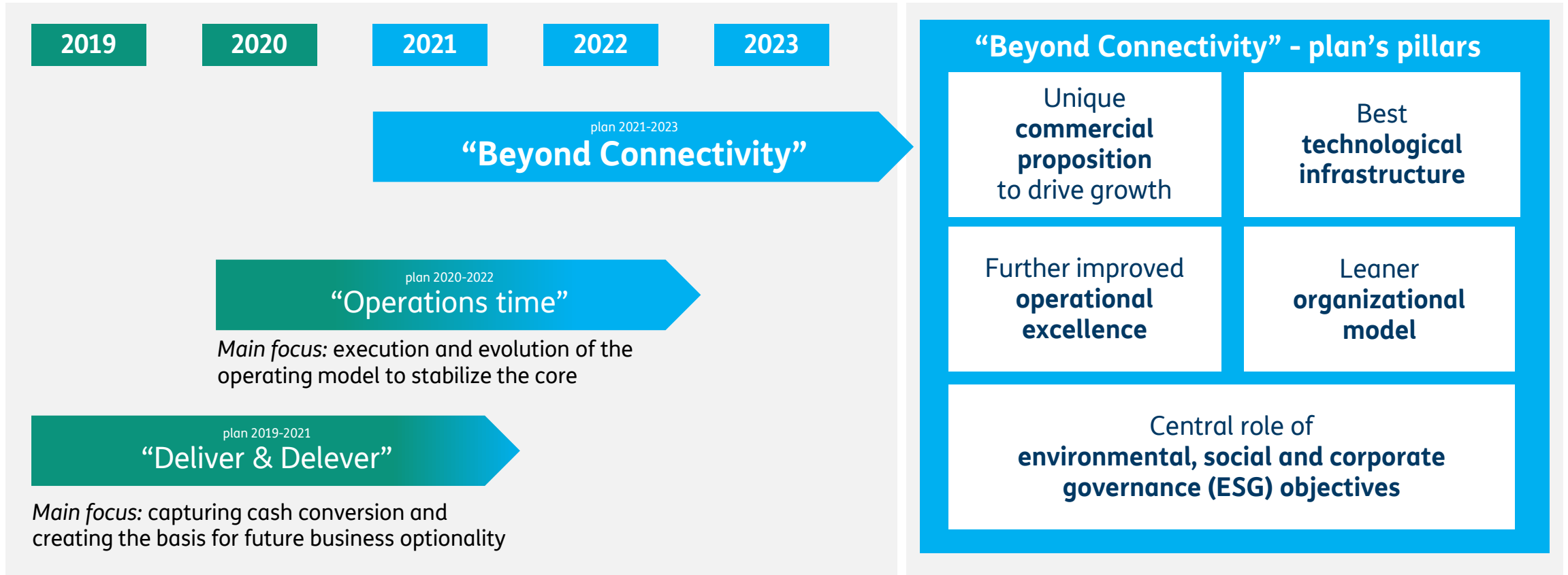
€1bn
Revenues '24 (1)
€0.4bn
EBITDA (1)

noovle

Carve out of the leading Italian Cloud and Data Centers company

...and more specialized “factories” to create optionality are being developed

The new plan raises the bar: “beyond connectivity” towards growth

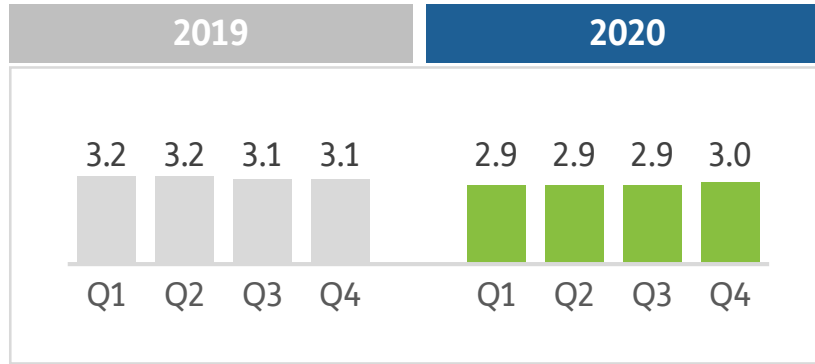




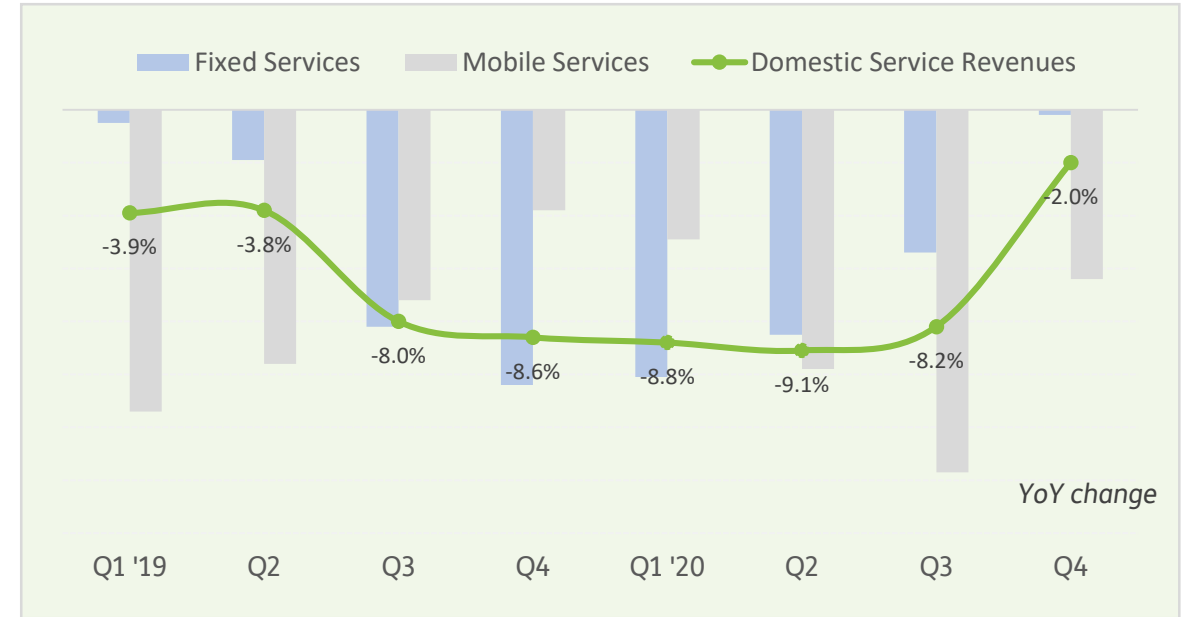
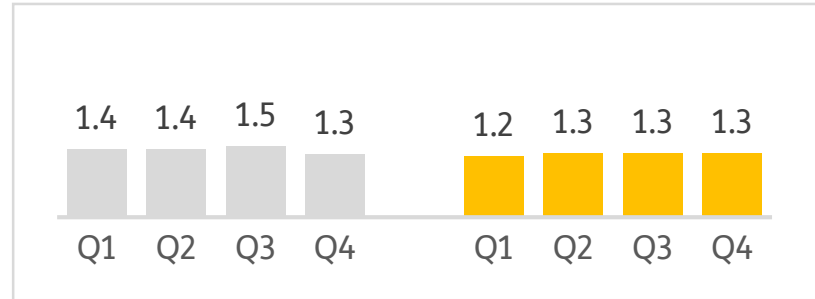
2020 ACHIEVEMENTS

Stabilized the core: service revenues and EBITDA flattened YoY in Q4 2020

Domestic Service Revenues (€ bn)



Domestic EBITDA After Lease (€ bn)



In 2018

Telco market became **irrational**

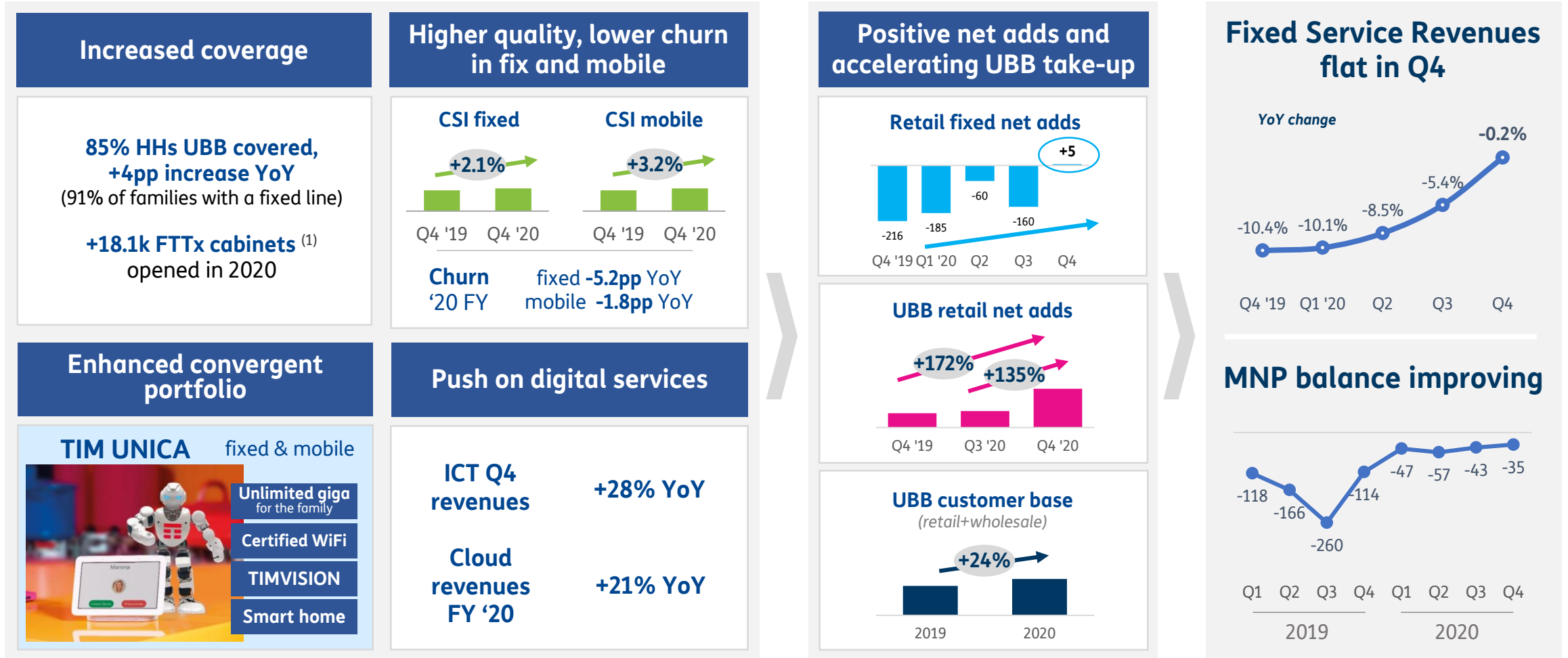
In '19/20 TIM took tough decisions to make revenues sustainable for L/T

- **No price increases** on CB
 - CSP⁽¹⁾ cleaning in mobile
 - Stricter commercial conduct
- Reasons for 2020 service revenue decline now mostly over, namely:
- ~50% due to **sustainable commercial conduct**⁽²⁾ & **COVID**⁽³⁾
 - ~50% **CB decline, now stabilized**

In 2021 ready for improving landscape

Mobile market: positive signs in the low-end of the market (upper-end already healthier)
Fixed market: back to growth after years leaving space for all players, BB penetration still below Europe

“Fix the fixed” delivered results: line losses turned positive in Q4 for the first time since 2001. Convergence helping mobile as well



(1) Equivalent to 14.6k excluding sub-cabinets, 10k in white areas

Change in customers habits inverted fixed-to-mobile substitution trend... ...and Telcos will play an even bigger role in the “after COVID” reconstruction

In 2020 fixed lines stopped falling YoY...



Traffic on Network

- +44% fixed network
- +40% mobile network
- 10x video communication



Remote Working

- ~5.4m smart workers in Italy (+9.4x YoY)⁽¹⁾



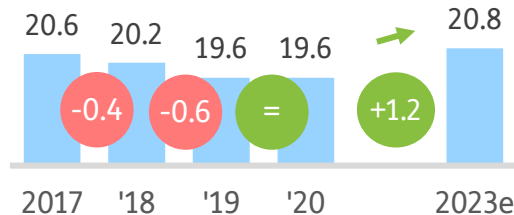
Digital Skills

“Risorgimento digitale” project for teaching digital skills to the population



Inversion of F-M substitution trend

Italian wireline market⁽²⁾
Million lines



...and public funding is yet to boost connectivity / digital services

Vouchers

€0.2bn

Phase 1: kick off in mid-November, >75% still available for '21

€0.9bn

Phase 2: available for '21 – Pending EU approval, kick-off expected by the end of Q1

Schools

€ 0.4bn

Received approval from the EU Commission Public tender being assigned ⁽³⁾

Grey Areas

€ 1.1bn

Public tender expected in 2021

Next Gen. EU DIGITAL

€ 46.3bn

Resources directly allocated to digital in the *National Recovery and Resiliency Plan*

Leaner organization/processes for better engagement and CSI with lower costs

Leaner organization

- Voluntary exits and staff rejuvenation
- Processes reengineering in E2E perspective
- Selective implementation of “Agile” models

Examples of process improvement initiatives

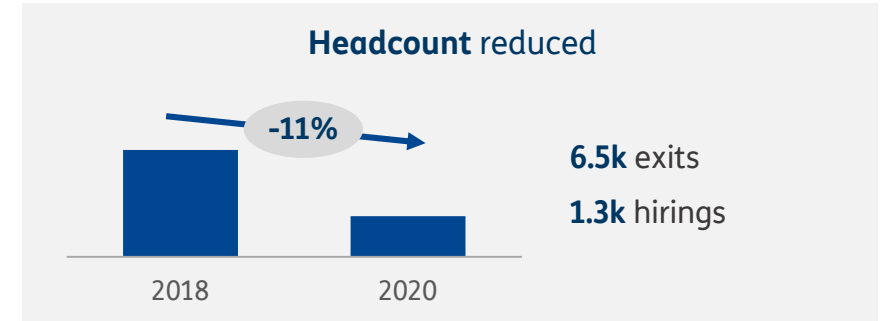
Improved processes

Commercial

- Channel mix optimization: push to pull
- Increased penetration of digital

Operations

- Enhanced self-care
- Diffused AI for faults prediction



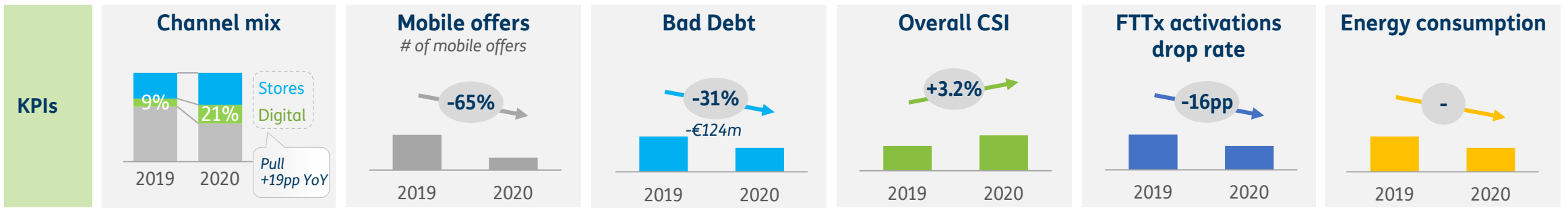
IT & Technology

- Legacy decommissioning
- Simplification

Bad debt

- Commercial policies review
- New “Early Warning System”

Greater operational performance



2020 addressable cost base -9.5%: 3-year target reached in 1 year

2020 addressable baseline

	€ bn	Delta YoY
Commercial	1.3	(14.2%)
Industrial	1.0	(4.5%)
G&A	0.3	(12.5%)
Labour	1.9	(6.6%)
Tot. addressable baseline	4.6*	(9.5%)

* ~63% of total 2020 OPEX baseline

Key OPEX variation drivers

- VAS content -34% YoY mainly for CSP cleanup
- Commissioning -3% YoY for increased web sales
- Caring -5% YoY for process digitization
- Bad debt -31% YoY for improved process
- Energy costs -11% YoY: lower energy prices and volumes
- Real estate -24% YoY for rightsized office space
- Lower headcount: -2.6k YoY (after -2.7k last year, o/w 3.6k exits) plus 1k hirings

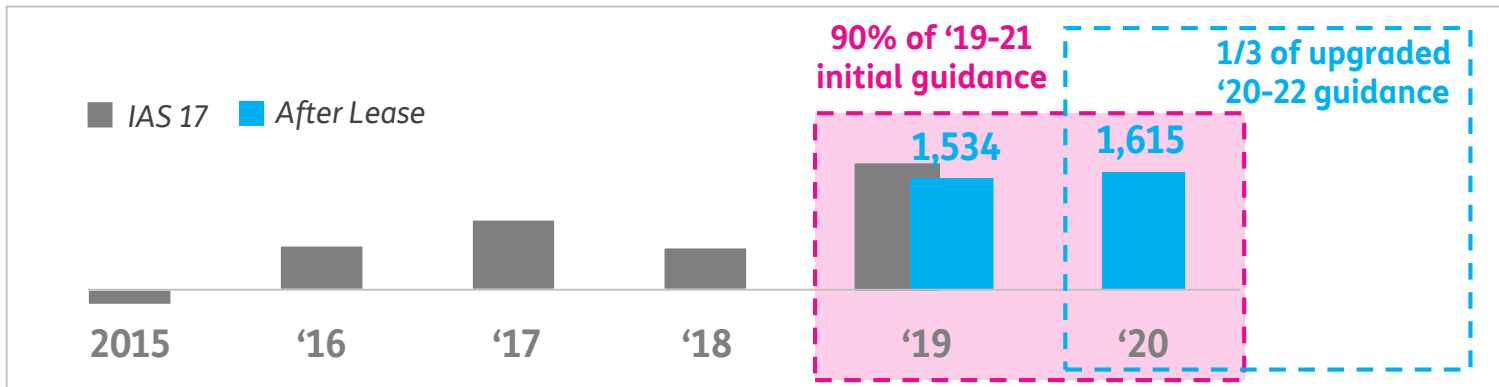
3-year plan's target reached in 1 year



€4.7bn debt cut in 2 years. 2020 EFCF fully on track for upgraded guidance

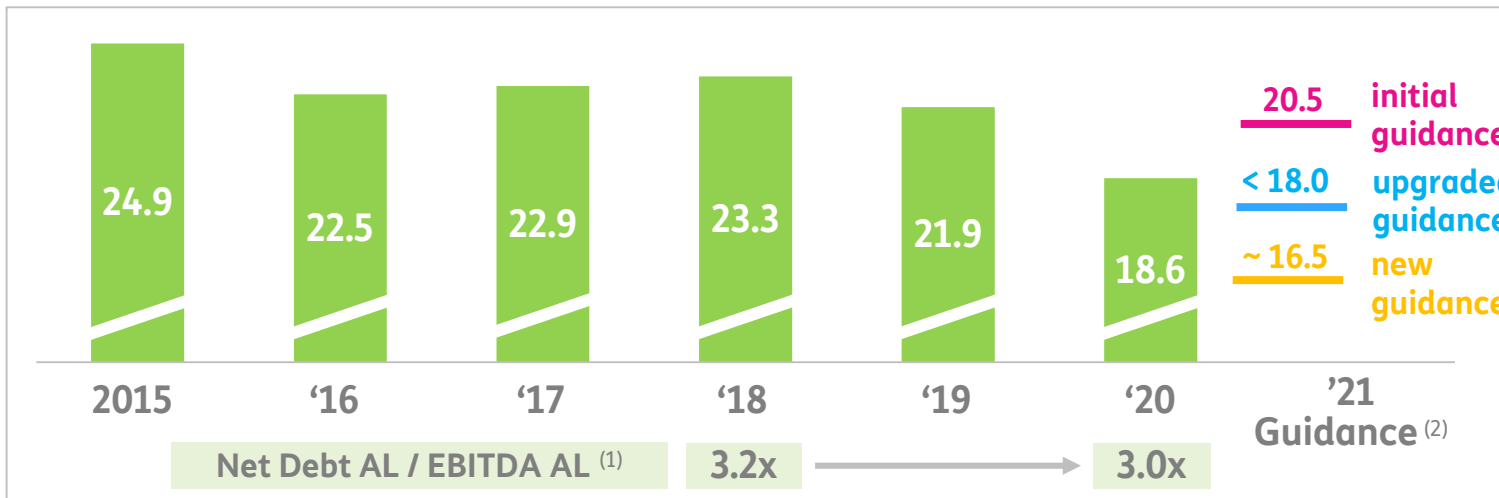
Historical trend of Equity FCF and Net Debt

Group Equity FCF
€ m



Equity FCF
90% of 3-year target for '19-21 (€ 3.5bn) reached in 2 years

Group Net Debt AL
Adjusted, € bn



Net Debt AL
-€ 3.3bn in 2020

2020 ESG guidance met or beaten. On track on all L/T targets

Targets ⁽¹⁾

Eco-efficiency	+50%	2025
Renewable energy on total energy (%)	+5pp/yr	
Indirect emissions ⁽²⁾	-70%	
Carbon Neutrality ⁽²⁾		2030
Employees Engagement	+14pp	2022
Reskilled people	2,000	
Churn of Young employees	<15%	
New VC fund size	€ 50m	
IoT and Security service revenues	+20%	
Green Smartphone	>15%	

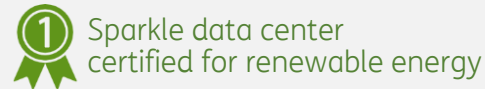
On track on all targets 

2020 actions and achievements

Increased infrastructure energy efficiency

- Optimizing fixed and mobile networks
- Transforming data centers

- White certificates program
- Circular economy for infrastructure and workplaces



Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Sustainability Award
Silver Class 2021
S&P Global



- Engagement over performed, 3-year target topped in one year
- Agile & sustainable building
- Digital initiatives in response to COVID emergency

- Increased digital inclusion

REFINITIV 
TOP 100 COMPANY 2020
Diversity and Inclusion Index



- Launched «TIM Green»
- Enabled Italian enterprises' sustainability

- Supported and invested in ESG startups
- Launched «TIM with Green Pea»

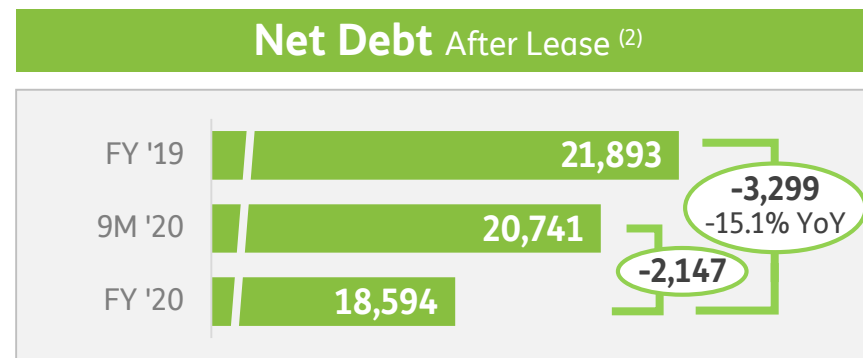
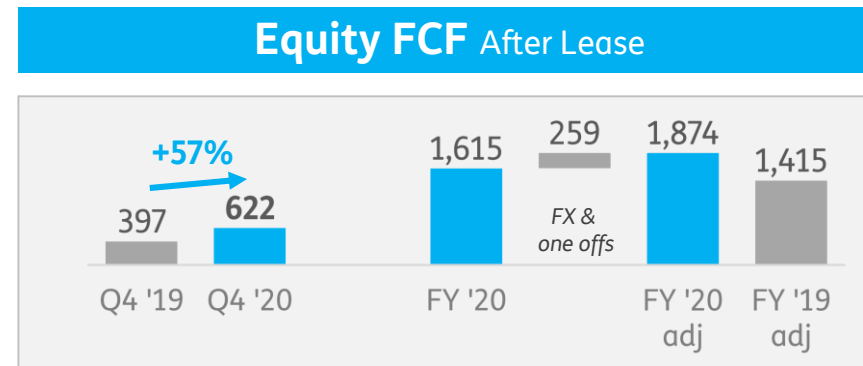
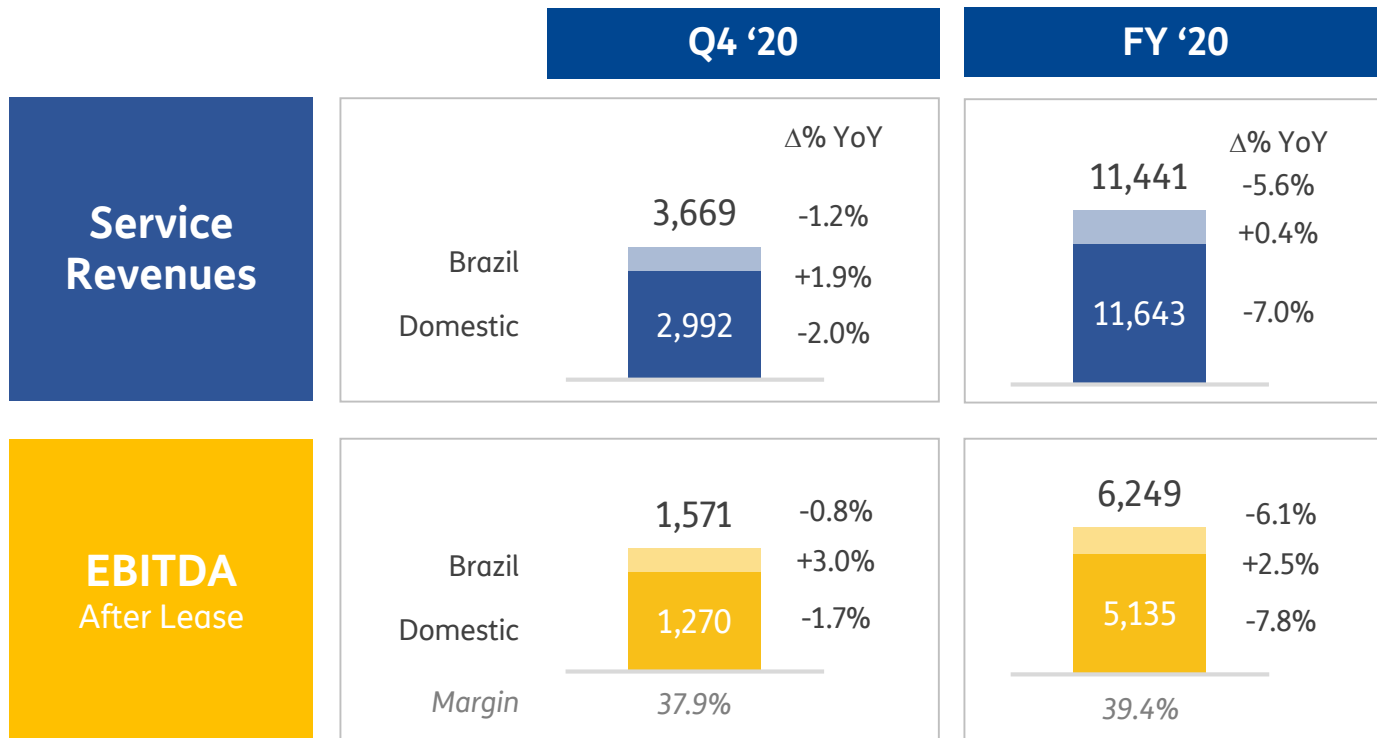
Inaugural Sustainability Bond issued: € 1bn, 8 year maturity, 1.625% coupon



SOLID Q4 FINANCIALS

Strong topline and EBITDA trends improvement vs. Q3, Equity FCF +57% YoY

Organic data ⁽¹⁾, IFRS 16, € m



Service revenues and EBITDA AL trends improved both in Italy and Brazil.

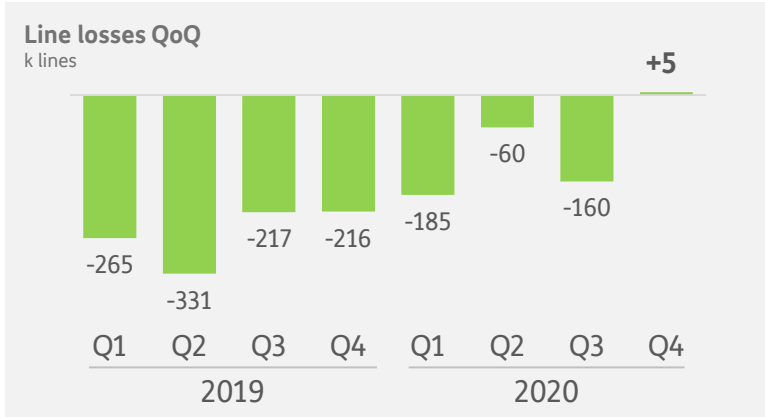
Q4 domestic EBITDA AL +0.4% YoY like for like: no solidarity in Q4 '20 (vs. 4 days in Q4 '19) implies 2.1pp YoY drag.

Q4 Equity Free Cash Flow AL € 622m (+57% YoY)

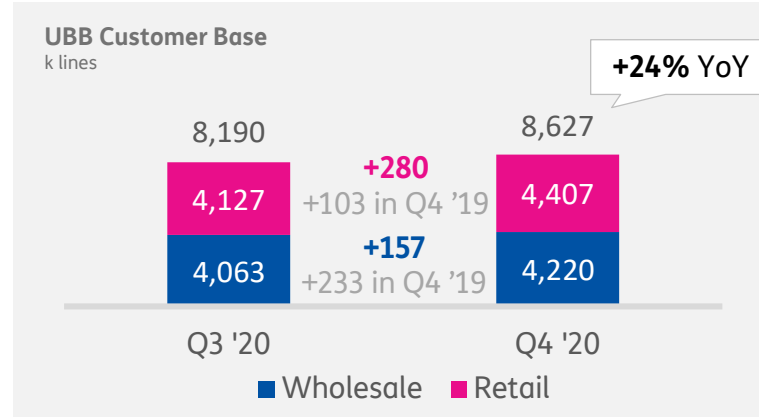
Net Debt AL down €2.1bn QoQ in Q4

Fixed retail lines back to growth, one of the strongest quarters ever in retail UBB

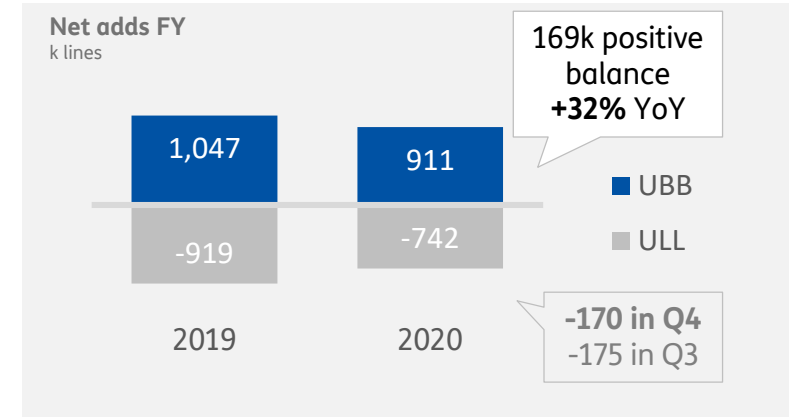
Retail net adds back to positive in Q4



Retail UBB net adds doubled QoQ



Positive balance btw UBB net adds and ULL losses grew YoY



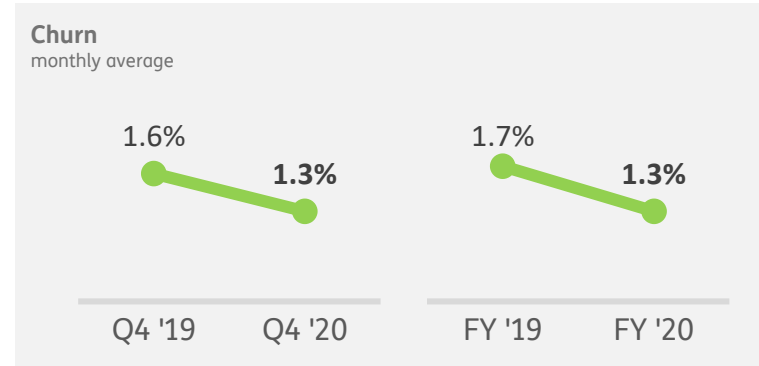
No fixed line losses in Q4, 2 years ahead of target

Vouchers helped but >75% of first €200m tranche still available plus 100% of €900m tranche

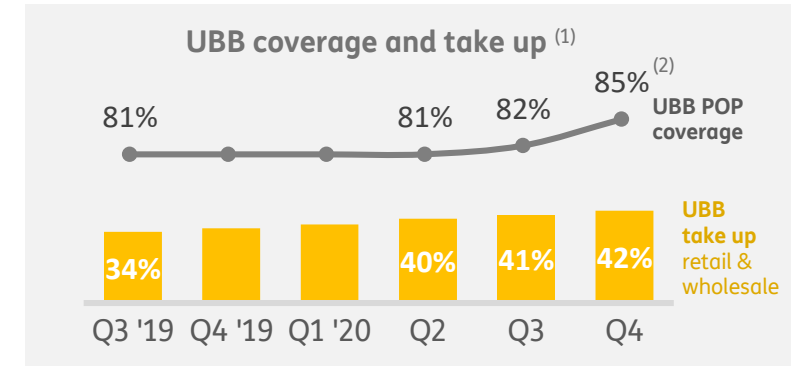
Improvement attributable to “Fix the Fixed” plan

18.1k cabinets opened to FTTx in 2020 (reaching ~91% coverage of fixed active lines)

Churn improved, lower disconnections from F-M substitution and delinquent clients

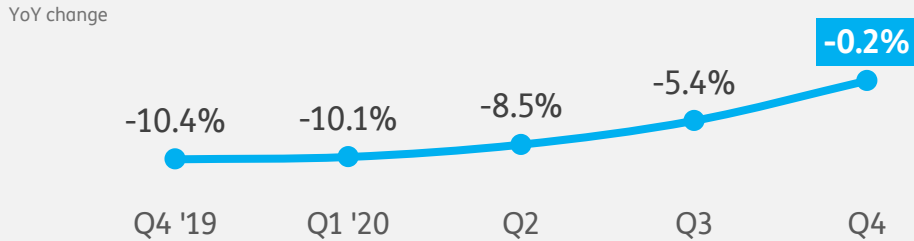


UBB growth accelerated



FSR flat YoY: QoQ improvement across the board: both retail and wholesale

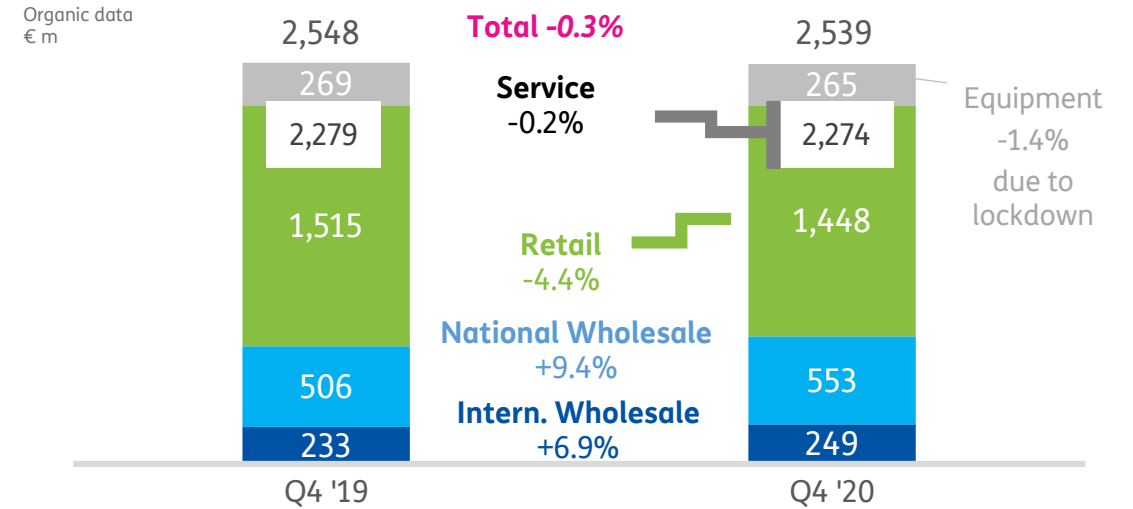
Fixed Service Revenues



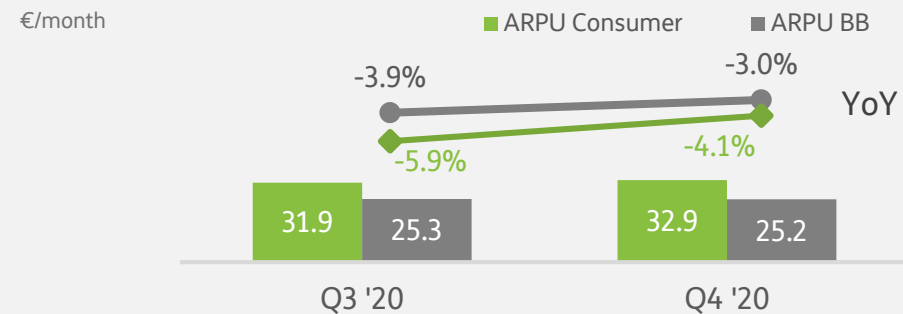
Fixed Service Revenues flat YoY in Q4

- **National Wholesale** +9.4% vs. +1.7% in Q3 thanks to better mix in revenues (VULA vs ULL) and OLOs' deals impact
- **International Wholesale** +6.9% vs. -1.8% in Q3 thanks to data business
- **Retail** YoY trend improving vs Q3 (-4.4% YoY vs -8.2% in Q3). Positive swing in Q4 vs. Q3 thanks to:
 - CB evolution: ~ +0.9pp
 - Consumer ARPU: ~ +0.7pp
 - ICT revenues: ~ +1.3pp with 28% YoY growth (+18% in Q3) mainly for increased cloud services

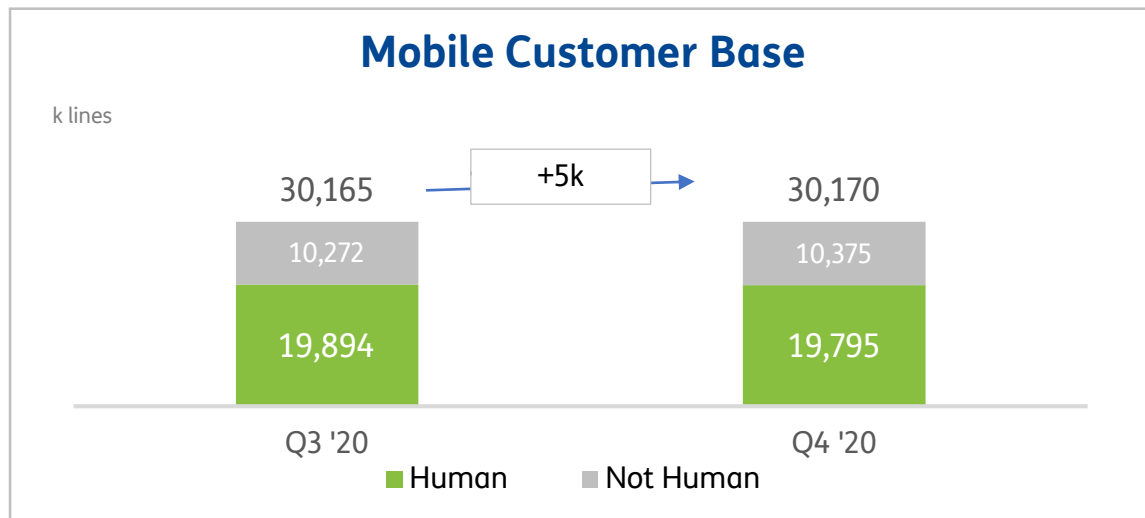
Fixed Revenues



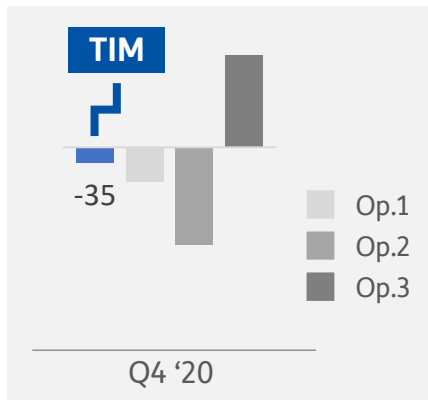
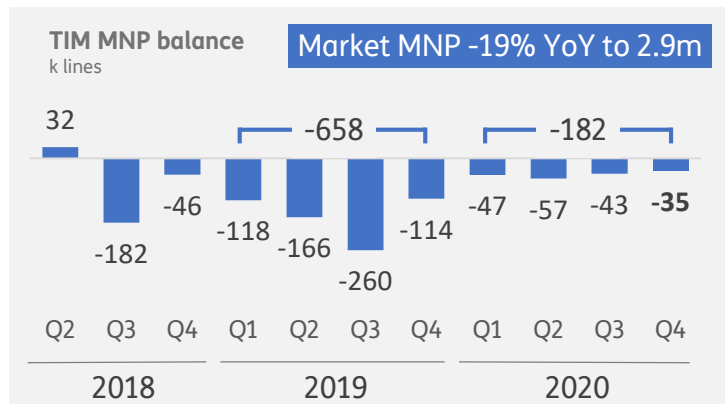
ARPU trend improving QoQ



Mobile KPIs showing improvements on all fronts



MNP balance keeps improving, TIM still the best among big 3



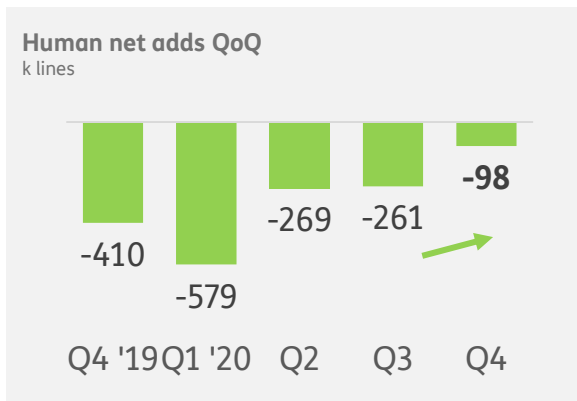
Further step toward customer base stabilization: impact on MSR from CB reduction improved ~1pp QoQ (after ~2pp QoQ in Q3)

CSI +3.2% YoY in Q4

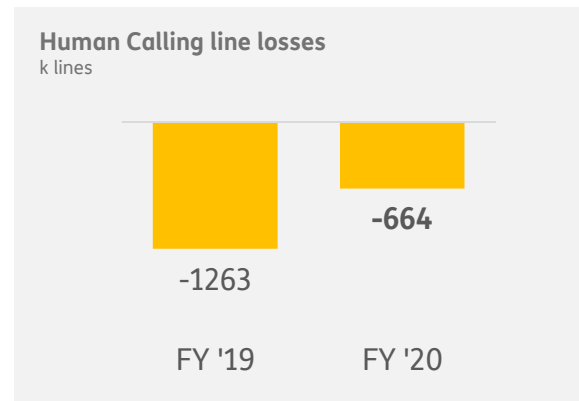
Churn reduced 1.0pp QoQ

NPS improving further QoQ and still well above large operators'

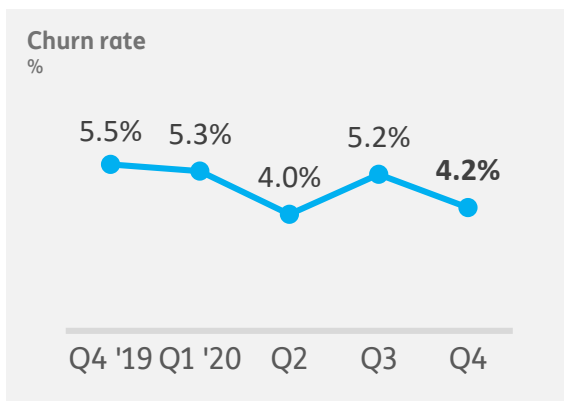
Human net adds improved



Calling lines net adds improved



Churn reduced YoY



MSR more than halved YoY decline vs. Q3; discontinuities to fade-off in 2021

MSR improving: -6.4% YoY vs. -13.7% in Q3. YoY fall is explained by:

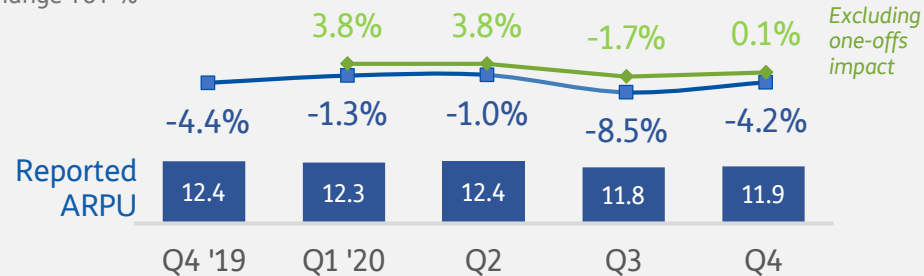
- One-off drags⁽¹⁾: ~ -3pp (vs. ~ -6pp in Q3), set to fade off in 2021
- CB trend: ~ -3pp (vs. ~ -4pp in Q3)
- Price dynamics: > +1pp (vs. ~ -2pp in Q3)

~3.3pp drags affecting Q4 are expected <1pp in '21

MTR price reduction explains -1.1pp drag (-0.7pp in Q3)

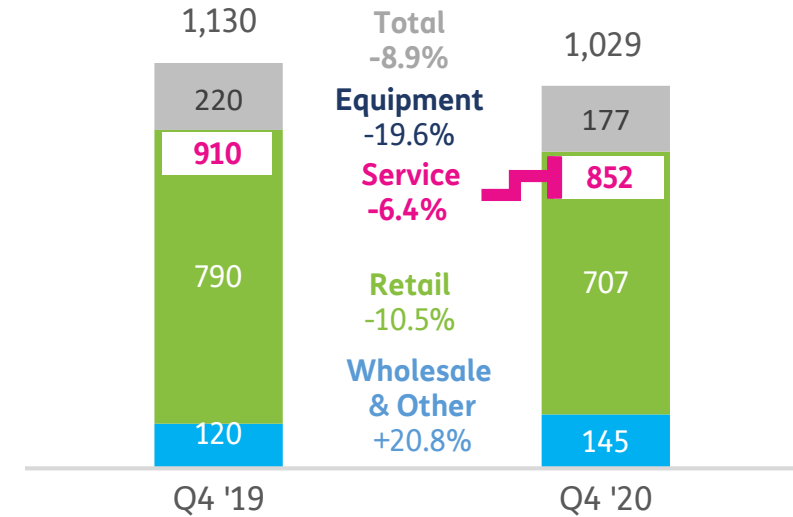
Mobile ARPU better trend both YoY and QoQ

TIM human ARPU
Change YoY %



Mobile Revenues

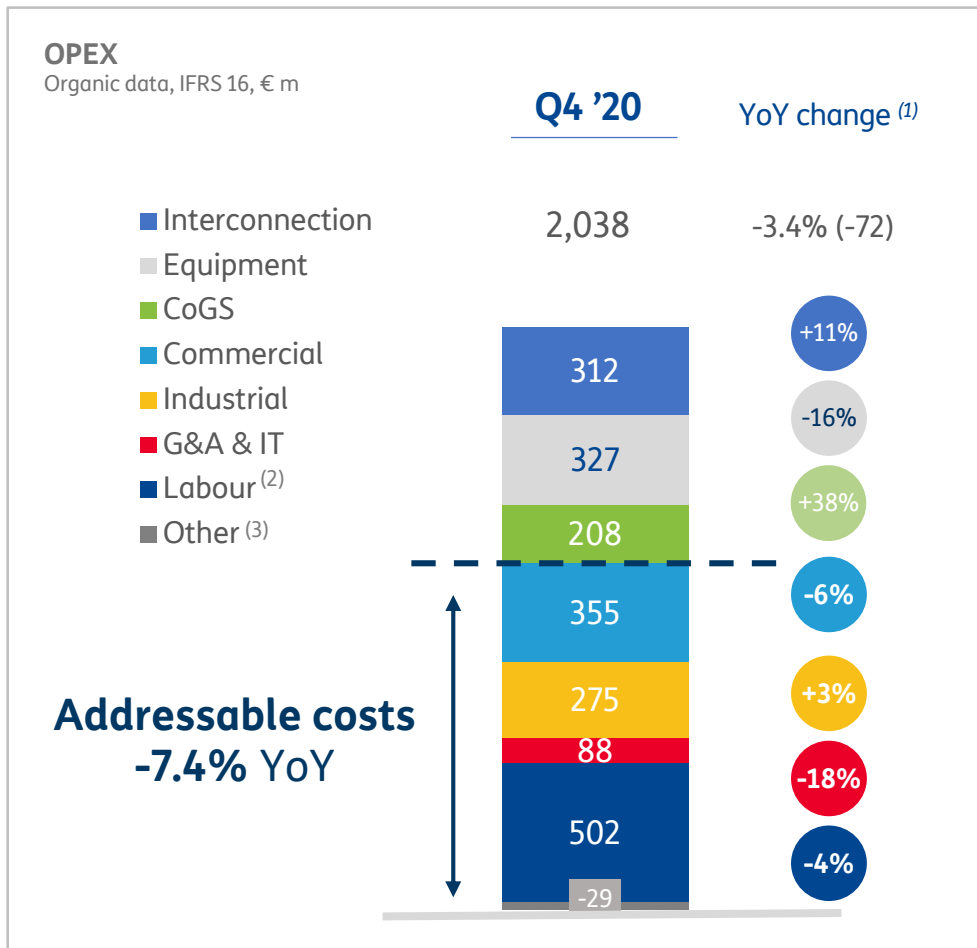
Organic data
€ m



ARPU increasing 0.1% YoY excluding 4.4pp of one offs of which:

- 2.8pp CSP cleaning (+1.9pp QoQ),
- 1.5pp Roaming (flat QoQ)
- 0.1pp Consip contract at lower prices (+0.6pp QoQ)

Addressable cost base -7.4% YoY in Q4

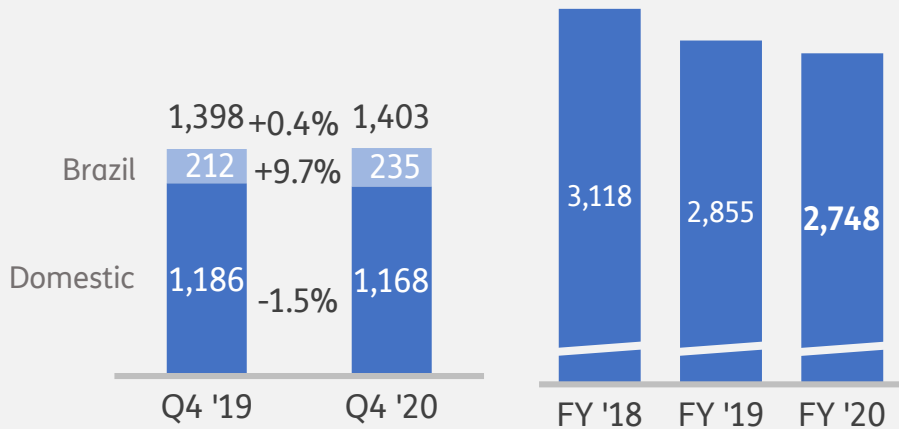


- **Labour** -4% YoY for FTE reduction (-2.4k YoY). Fall would be -9% net of ~€27m drag due to no solidarity in Q4 vs. 4 days of solidarity in Q4 '19
- **G&A** -18% YoY thanks to lower indirect personnel and consulting, lower fleet management and civil building costs
- **Industrial:** lower energy costs (-6% YoY). Higher industrial building due to mobile sites co-sharing
- **Commercial** -6% for lower commissioning and bad debt partly offset by advertising
- **CoGS** increase related to ICT revenue growth
- **Equipment** down due to Covid-19
- **Interconnection** increase for higher international and retail traffic volumes

CAPEX: lower YoY despite push on FTTx

CAPEX: domestic FY guidance achieved

Organic data, € m



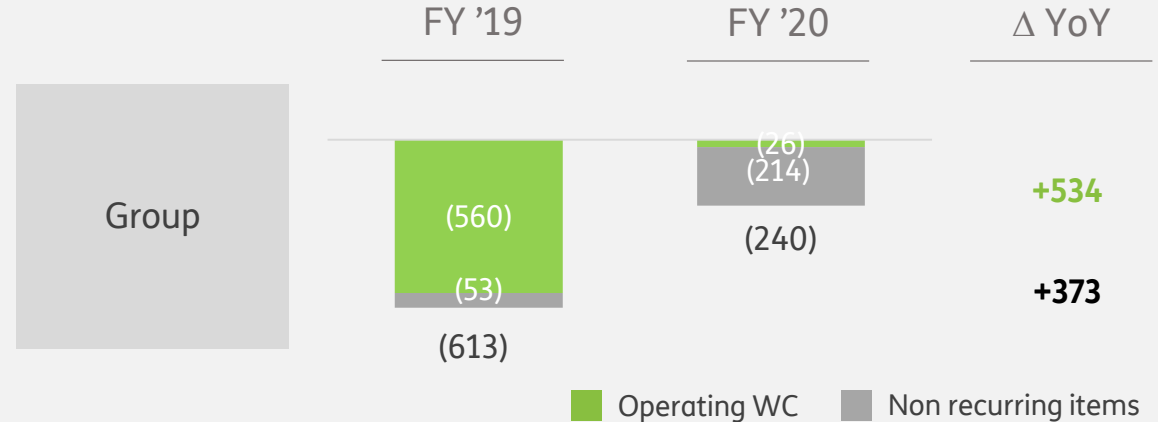
Group **CAPEX** flat YoY

Accelerated expansion in white areas (~10k new cabinets opened in FY) offset by **improved efficiencies**

Brazilian CAPEX increased in Q4 to catch up plans affected by COVID in previous quarters

Group Operating WC improving € 534m YoY

Net Working Capital
IFRS 16, € m



Group Operating Working Capital outflow improving €534m YoY

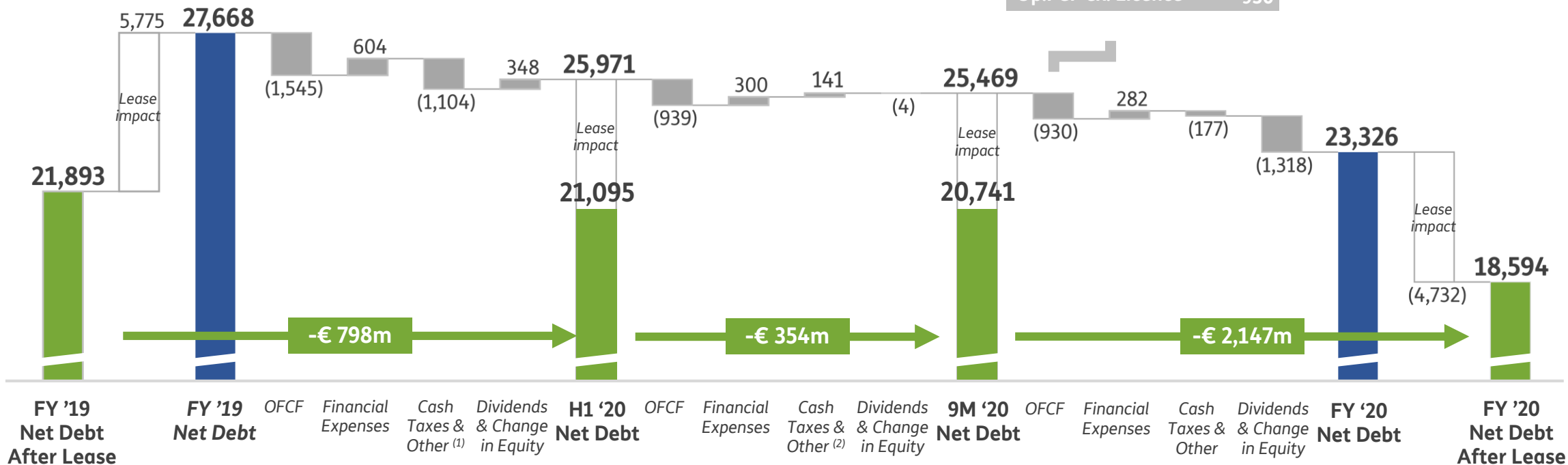
Brazilian tax benefits and FX more than offsetting domestic negative one offs⁽¹⁾ (€209m)

€373m YoY improvement excluding YoY swing in non recurring items

Deleverage: €4,342m debt cut in 2020 (-€3,299m YoY After Lease view)

€ m; (-) = Cash generated, (+) = Cash absorbed, excluding call-outs

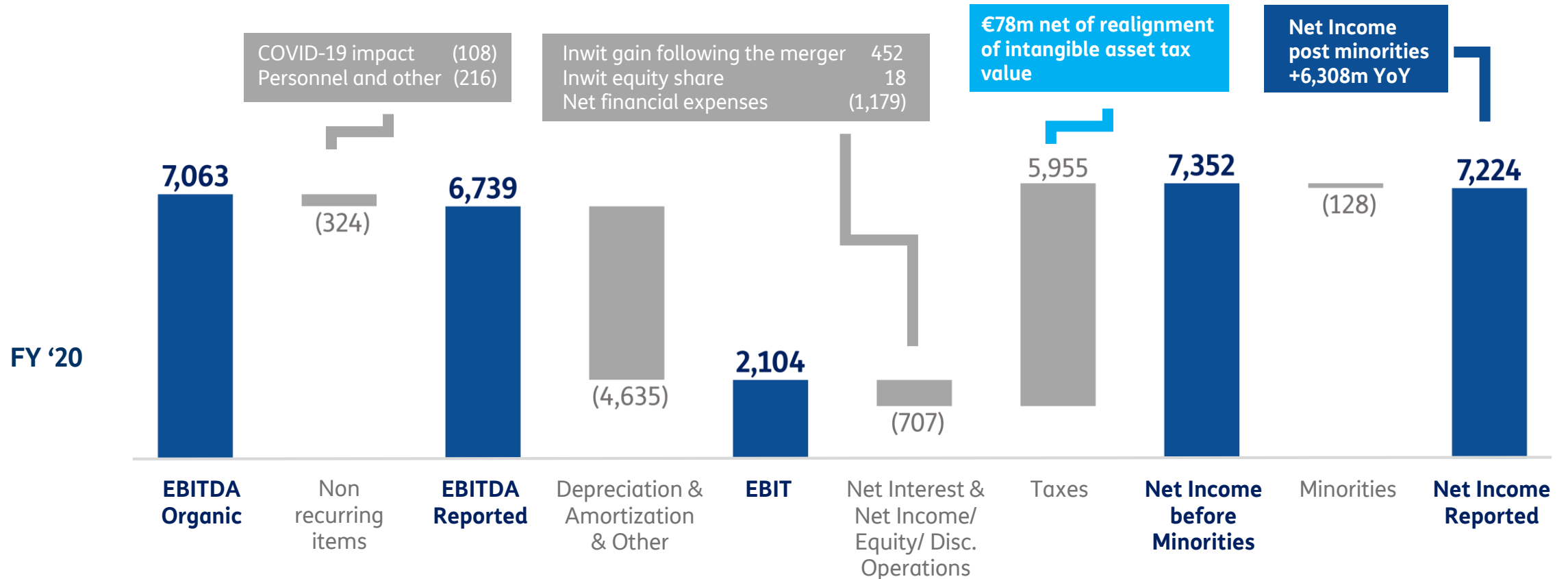
EBITDA	1,621
CAPEX	(1,403)
ΔWC & Others	712
Op.FCF ex. Licence	930



	FY '18					FY '19					FY '20							
	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	
2019	25,270	(1,819)	707	3,929*	241	28,328	(990)	324	228	1	27,891	(1,016)	341	425	27	27,668	(5775)	21,893
				*o/w 3,553 FTA IFRS 16														
Δ vs. 2019	274*	(103)	-5,033	107	(2,357)	51	(24)	(87)	(5)	(2,422)	86	(59)	(602)	(1,345)	(4,342)	1,043	(3,299)	
	*204 ex Inwit																	

FY Net Income grew €6.3bn YoY, +€0.4bn net of tax asset value realignment

Reported data, € m, Rounded numbers



FY '19	7,505	646	8,151	(4,976)	3,175	(1,420)	(513)	1,242	(326)	916
Δ vs. FY '19	(442)	(970)	(1,412)	341	(1,071)	713	6,468	6,110	198	6,308

Realignment of intangible asset tax value

Realignment of the tax value

- **Decree-Law 104/2020** allows for realignment of intangible asset tax value to the book value
- 3% **substitute tax** to be paid on the amount redeemed
- **Future income taxes** will benefit from intangible asset tax amortization

TIM SpA intangible assets redeemed

- Overall **tax benefit: € 5.9bn** (28.5% of tax basis) net of substitute tax
- Benefit will occur over 18 years

Substitute tax (3%): € 0.7bn

- To be paid in 3 annual instalments (€ 0.2bn per year), from June 2021



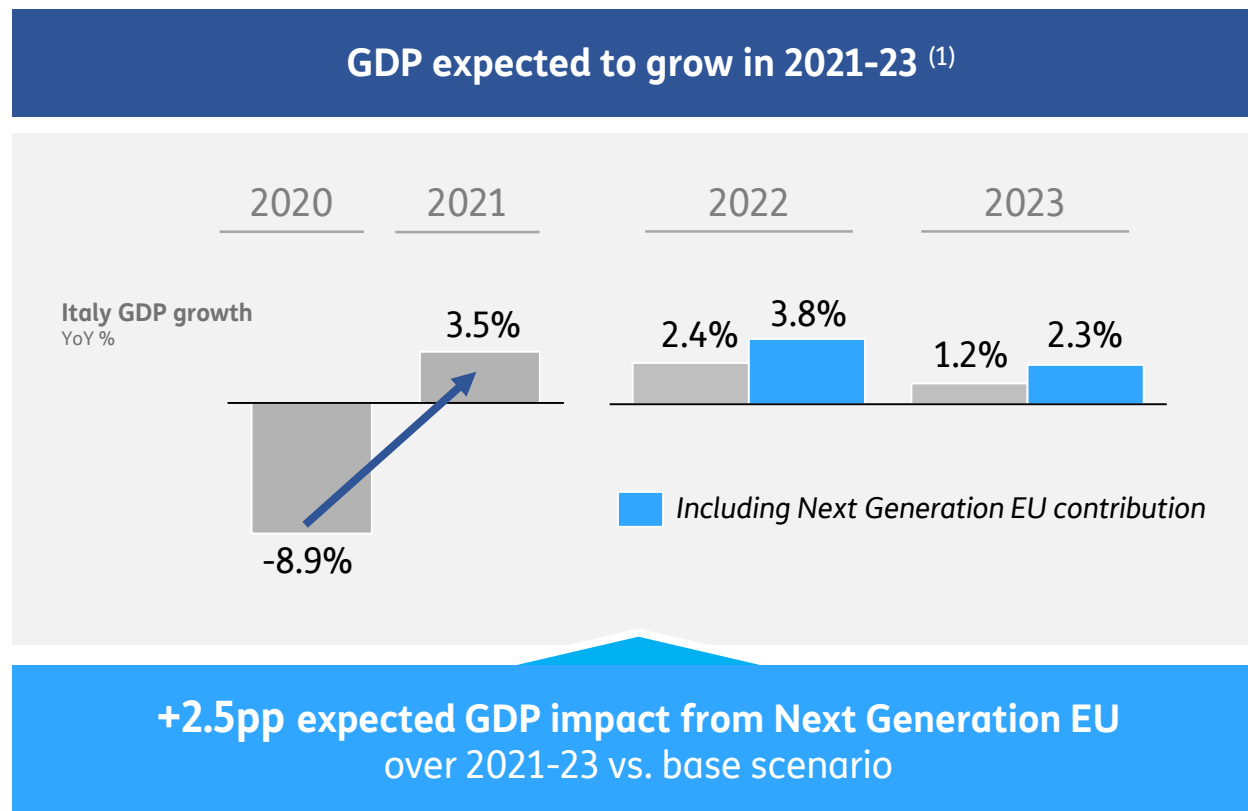
**WHAT NEXT?
A BETTER MACRO AND TELCO OUTLOOK**

Macro context: 2021 GDP growth swing YoY expected one of the largest in modern history. EU recovery fund set to boost economy and telco sector

Next Generation EU fueling economic recovery and digitization: € 209bn funds allocated to Italy

On top of >€ 150bn allocated by the Government for liquidity and solvency measures

Digitalization € 46.3bn	Transition 4.0 € 18.8bn
Green revolution € 69.8bn	Culture & Tourism € 8.0bn
Infrastructure € 32bn	PA digitalization € 8.0bn
Education € 28.5bn	UBB, 5G & satellites € 4.2bn
Social € 27.6bn	Supply chain & internationalization € 2.0bn
Health € 19.7bn	Justice € 2.3bn
	PA modernization € 1.5bn
	SMEs digitalization € 0.8bn
	Microprocessors € 0.8bn



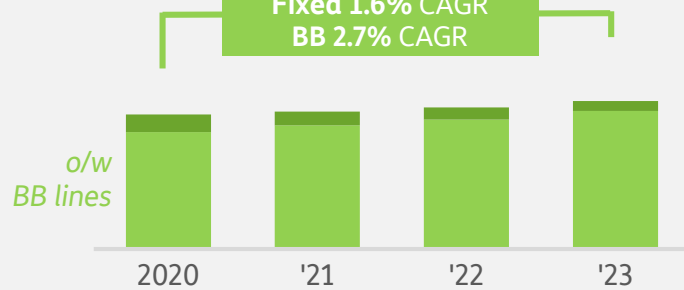
Telco context: new reasons to close the penetration gaps vs. Europe and grow

Fixed market growth expected to become structural

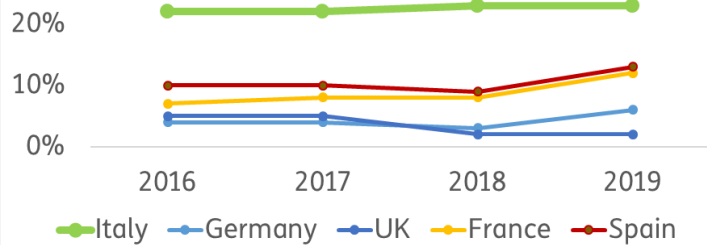
New habits and needs bring mobile-only BB users back to fixed, closing >10pp gap vs. other EU Countries

Growing fixed market...

Fixed market ⁽¹⁾
Million lines



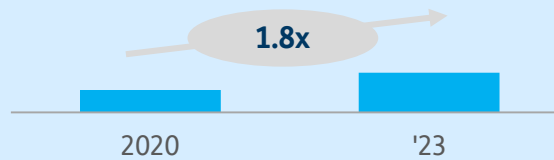
Broadband «Mobile-only» families



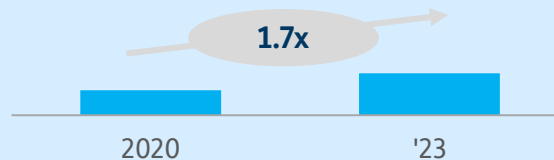
Source: Eurostat

...pushed by B2C...

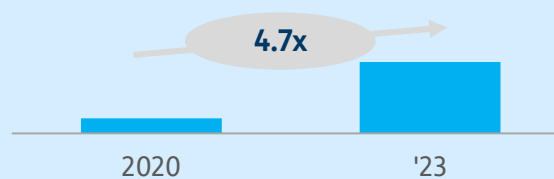
PayTV OTT



Smart Home



Cloud Gaming



Source: Polimi/Statista, Analysis Mason, OMDIA

...and B2B demand

	2019 value pool, € bn	'19-24 CAGR, %
Cloud	3.3	+19.0%
IOT Urban services	4.3	+10.8%
IOT Industrial services	5.7	+7.6%
IOT Merchant services	9.1	+4.5%
Cyber-security	1.6	+8.4% ⁽²⁾

Source: Gartner, IDC, Assintel, PoLiMi



**TIM READY TO RIDE ALL OPPORTUNITIES
IN CONNECTIVITY AND BEYOND**

- ITALY -

plan 2021-23

“Beyond Connectivity”

Unique commercial proposition

Connectivity quality leader provider in Italy

Integrated platform to develop new digital services through an ecosystem of tech partners

Best technological infrastructure

Further UBB deployment & technological upgrading

Further improve operational excellence






Improved KPIs and reduced cost structure

Leaner organizational model

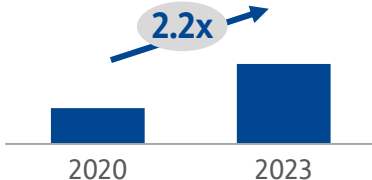
Superior capabilities and efficiency

Central role of ESG objectives

The growth engine: TIM and its specialized “factories” exploiting adjacent markets with tech partners for digital transformation (and optionality)

Service	Company	Ambition	Target KPIs
Cloud		Leading Italian cloud and infrastructure provider	<ul style="list-style-type: none"> ▪ € 1bn revenues in '24 ▪ €0.4bn EBITDA in '24 ▪ 300+ clients addressed with Google
Cyber security		Reference partner for Enterprise and Government	<ul style="list-style-type: none"> ▪ 10-12% market share in '23
Integrated IoT		Leading Italian E2E business services solution provider	<ul style="list-style-type: none"> ▪ 80-100k merchants reached by '23 ▪ 10-15 smart city projects ▪ 4-5 core Italian manufacturing value chains
International wholesale		Leading E2E connectivity partner for operators, MNOs, OTTs content providers, enterprises. Building and selling infrastructure	<ul style="list-style-type: none"> ▪ Enterprise: +200 Customers by '23 ▪ Targeting to be in Gartner MQ for Global SP⁽¹⁾
Contents		Easiest, most complete and affordable entertainment hub in the Italian market	<ul style="list-style-type: none"> ▪ +21pp paying clients weight on BB CB by '23

Factories revenue target ⁽²⁾



2020 2023

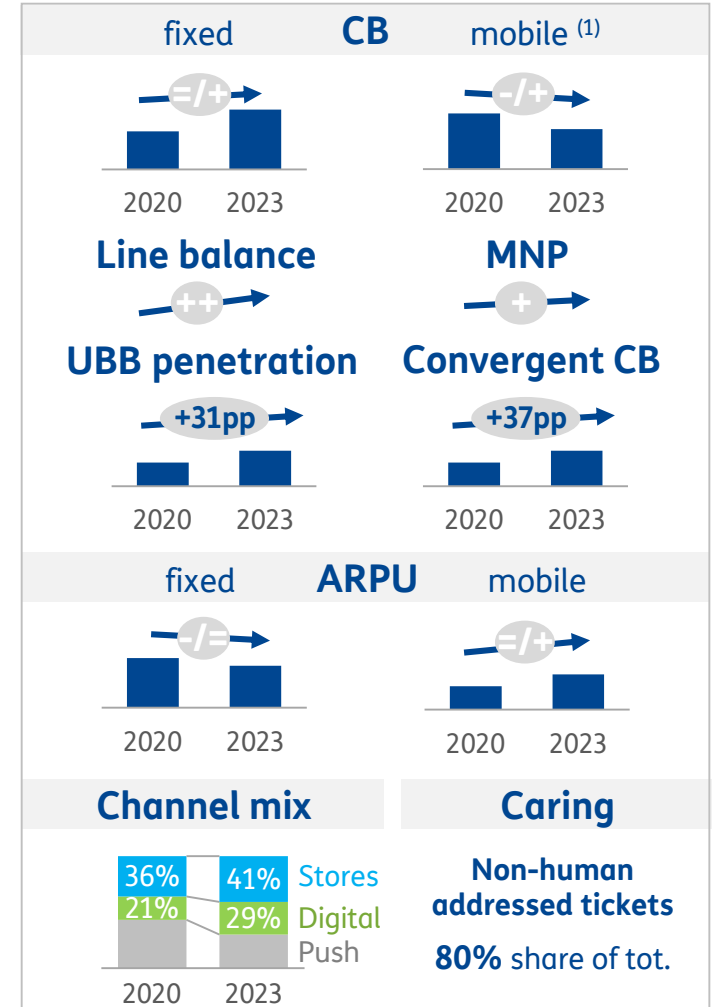
- New specialized offering in most relevant digital services
- Integrated commercial approach, product development and resource allocation for TIM and its “factories”
- *Factories likely recipients of Recovery fund*

Consumer: best convergent solutions for UBB & content for the household

Key strategic priorities

Quadruple Play TIM Vision enhanced offer	<ul style="list-style-type: none"> ▪ Enlarged 4P (fixed + mobile + contents + smart home) ▪ Improved TIM Vision offering: new services and partnerships with best-in-class players (Netflix, Disney+, DAZN, NowTV, Discovery+) 	
Digital sales channels and stores redesign	CVM	<ul style="list-style-type: none"> ▪ Data-driven Customer Value Management (CVM) for segmented campaigns
	Channel remix	<ul style="list-style-type: none"> ▪ From Push to Pull and digital ▪ Increase stores' productivity: convergent products, new compensation
	Sales excellence	<ul style="list-style-type: none"> ▪ "Industrialization" across all channels ▪ Dedicated go-to-market to accelerate FTTH take-up
Touchpoints digitization	<ul style="list-style-type: none"> ▪ AI to enhance customer experience and reduce human intervention ▪ Redesigned Customer Journey (e.g. order tracking for fixed and mobile prospects, new booking process) 	

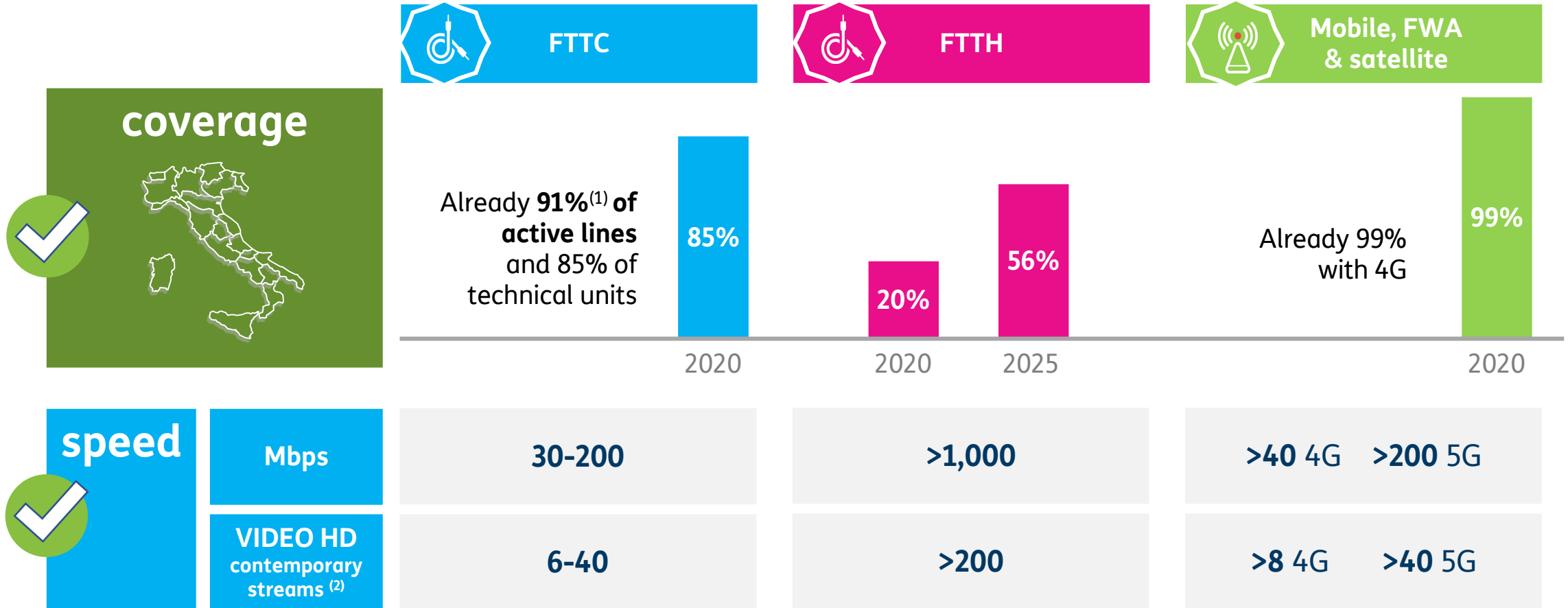
KPIs expected evolution in 2020-23



1) Human calling slight growth, M2M growing strongly



TIM's networks: the largest coverage at the highest speed, HD Video ready





Business: new offering / new channels for SME and SOHO. End-to-end IoT/Cloud solutions for Enterprise and P.A.

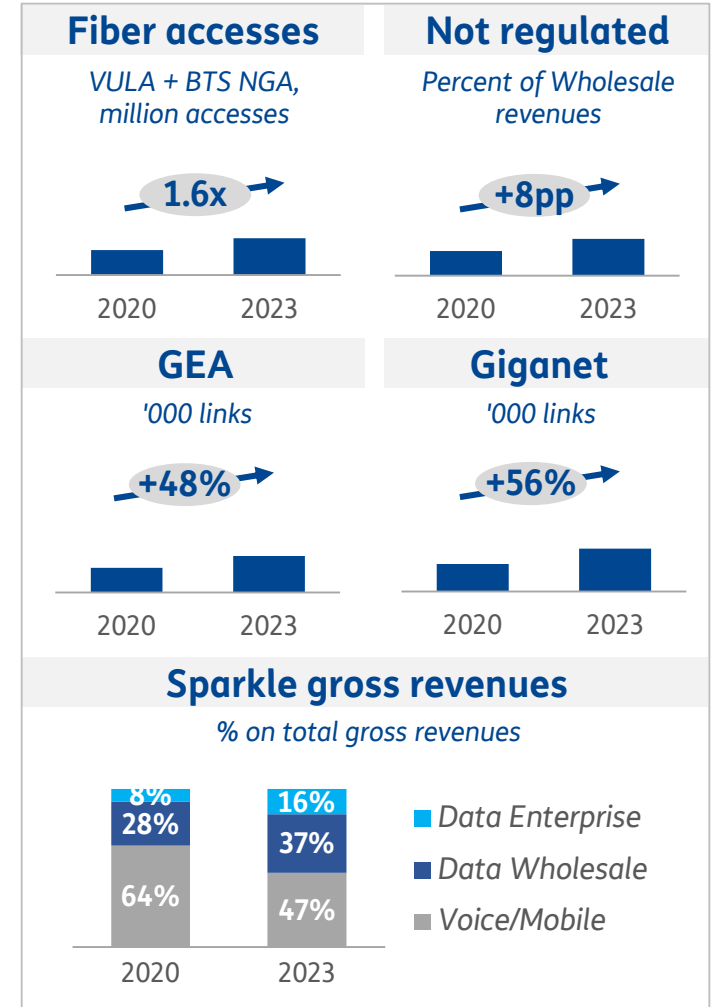
		Key strategic priorities for TOP	Key strategic priorities for SME	KPIs expected evolution in 2020-23									
Unique one-stop-shop solution		<ul style="list-style-type: none"> Comprehensive cloud solution package and end-to-end IoT solutions 	<ul style="list-style-type: none"> Turnkey ICT offering, jointly developed with “factories” and partners: Payments, VoIP, Cybersecurity, Cloud 	Revenue share of digital services <table border="1"> <caption>Revenue share of digital services</caption> <thead> <tr> <th>Segment</th> <th>2020</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Enterprise</td> <td>-</td> <td>+10pp</td> </tr> <tr> <td>SME</td> <td>-</td> <td>+12pp</td> </tr> </tbody> </table>	Segment	2020	2023	Enterprise	-	+10pp	SME	-	+12pp
Segment	2020	2023											
Enterprise	-	+10pp											
SME	-	+12pp											
Evolved distribution model	Sales excellence & CVM	<ul style="list-style-type: none"> Capability building program New Sales & Marketing tools: account planning, CRM, marketing campaigns 	<ul style="list-style-type: none"> Push convergence and ICT products Improve segmentation with dedicated loyalty offerings 	Enterprise sales per representative <table border="1"> <caption>Enterprise sales per representative</caption> <thead> <tr> <th>Year</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>-</td> </tr> <tr> <td>2023</td> <td>+15%</td> </tr> </tbody> </table>	Year	Value	2020	-	2023	+15%			
	Year	Value											
2020	-												
2023	+15%												
	Channel remix	<ul style="list-style-type: none"> Re-engineered salesforce channel to win in ICT 	<ul style="list-style-type: none"> New dedicated SoHo channel New incentives scheme 	Faults closed in next business day <table border="1"> <caption>Faults closed in next business day (SME)</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>81%</td> </tr> <tr> <td>2023</td> <td>90%</td> </tr> </tbody> </table>	Year	Percentage	2020	81%	2023	90%			
Year	Percentage												
2020	81%												
2023	90%												
Improved caring and assistance		<ul style="list-style-type: none"> Dedicated support for high-value accounts with “1-to-1” approach 	<ul style="list-style-type: none"> Redesigned caring processes and systems to sustain premium positioning 	2,000 Enterprise resources to be trained									

Wholesale: UBB/solutions provider in regulated and non regulated markets

Key strategic priorities

<p>National Wholesale</p>	<p>CB protection through UBB expansion and offer breadth (suits different level of infrastructure and geographical footprint)</p>	<ul style="list-style-type: none"> ▪ Co-investment: commercial agreements to develop FTTH with both existing and new customers ▪ “Turn-key” offers (One-Step) to increase customer satisfaction ▪ Increase competitiveness of Bitstream/NGA
	<p>Growth of not regulated services</p>	<ul style="list-style-type: none"> ▪ Strengthen TIM's offering and role as backhaul provider ▪ Review commercial offer of High Quality Connectivity (Gea and Giganet) ▪ Expand offering to Data Center Services
<p>SPARKLE</p>	<p>Growth targeting new segments and geographies</p>	<ul style="list-style-type: none"> ▪ Core Connectivity and E2E Enterprise partner with new integrated portfolio of Security, IoT and Cloud services ▪ Cross segment enablers: e.g. co-building partnerships with Hyperscalers/OTTs and collaboration with TIM Factories

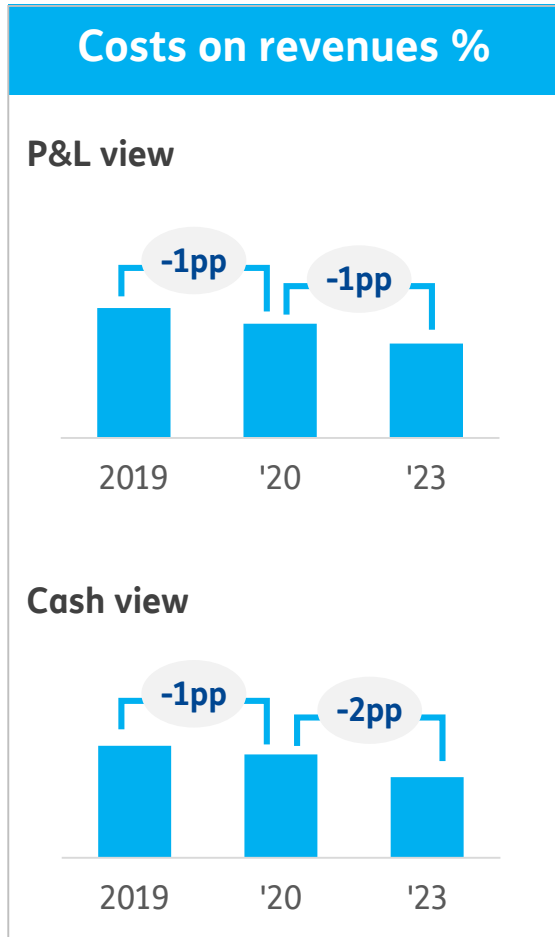
KPIs expected evolution in 2020-23





Addressable cost base to be further optimized. Some initiatives yet to unfold full potential

Addressable base evolution



Main initiatives

- Continue using early retirement schemes
- Optimize **channel mix** (web sales +8pp by 2023),
- Keep working on **bad debt** (-32% planned by '23)
- Increase **self-care and faults prediction** through AI
- Optimize **real estate** footprint
- Think out of the box, e.g. white certificates**
- Extend adoption of **new operating models** (automation, remotization, consolidation)
- Streamline **procurement** through massive insourcing, demand shaping, Should-Cost and Design-to-Value

Example of initiatives not yet showing their full benefit

White certificates⁽¹⁾: revenues generated from eco-efficiency improvements (see details in Appendix)

Approved projects

FIXED - Copper to fiber switch

- FTTC 60% more efficient than ADSL
- FTTH 20x more efficient than ADSL

MOBILE - 4G upgrade and 5G roll-out

- Evolved 4G 20% more efficient vs 4G ⁽²⁾
- 5G (5x more efficient than 4G)

Potential next steps

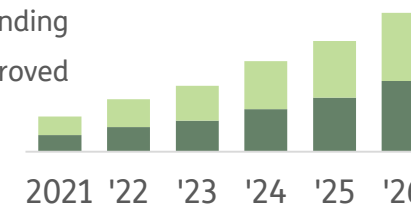
- Data Centers
- Special projects



White certificates P&L benefit estimate

Progressive yearly accruals based on internal accounting of the actual efficiency vs 2019 baseline, first settlement and TEE issue on 2023

- Approval pending
- Already approved



Cumulated P&L benefit in 6 years
 $\Sigma = \text{€}0.25\text{-}0.4\text{bn}$
before data centers and special projects



CAPEX: ~€2.9bn p.a. for strong FTTH/5G coverage expansion

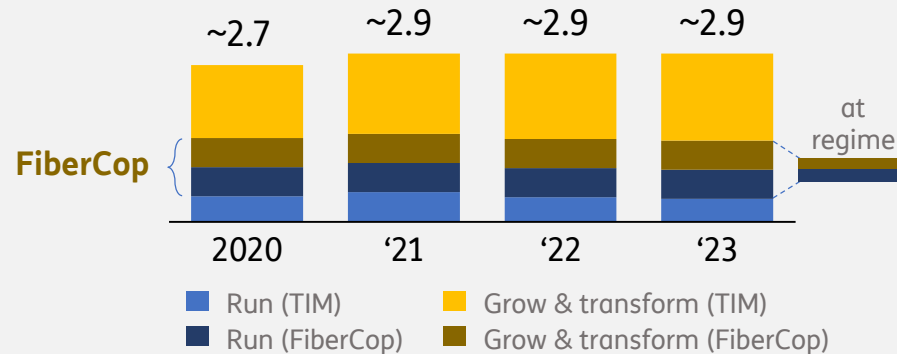
Grow & Transform

- **ROI-driven mobile/fixed access development** (4G and 5G, FWA, FTTx) to close digital divide
- FTTH roll out with new model delivery, assurance, deployment
- **Decommissioning** of legacy systems. Getting ready for 3G switch off during 2022
- **Enable B2B use cases with low latency** (e.g. connected cars)

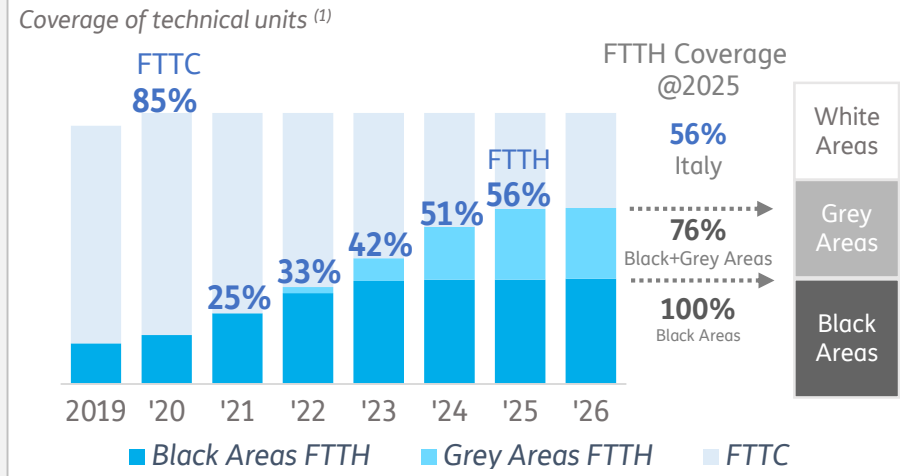
5G coverage

- **2020:** 10 cities (90% Milan)
- **2021:** all major cities, tourist areas and industrial districts
- **2025:** national coverage

Capex evolution and mix



Extensive FTTH roll-out plan through FiberCop



Co-investment scheme according to EU Telecommunication Code art.76 (regulation eased)

In Jan 2021 TIM published a **public offer for co-investment:**

- **Scope:** FTTH secondary access network
- **Coverage:** 1,610 municipalities, reaching 76% of technical units (12.9m), in black and grey areas
- **Target:** operators taking volume commitments (pay per use or IRU)
- **Timing:** 2021-25

Strategic initiatives update

FiberCop

- Carve-out finalized
- Co-investment scheme published and open to all operators
- 2021 revenues E1.2-1.3bn, EBITDA c. 0.9bn, debt/EBITDA 3.4x
- EBITDA – CAPEX positive from 2025; CAPEX/sales <10% at regime
- €1.8bn cash-in from KKR to buy 37.5% of FiberCop

AccessCo

- Enel announced disposal of its stake in OF to Macquarie
- Technical due-diligence of OF and FiberCop completed, confirming our initial expectations

Develop TIM Brasil

- **Oi mobile** business auction in December 2020 **awarded to TIM Brasil**, VIVO and Claro
- Assets allocation to TIM: ~14.5m customers, ~7.2k mobile sites, ~49 MHz frequencies
- Execution pending CADE approval

Data centers carve out

- **Carve out of Noovle** completed
- €0.5bn revenues and €0.2bn EBITDA generated in 2020, in line with plan
- €1bn revenues and €0.4bn EBITDA targeted for 2024



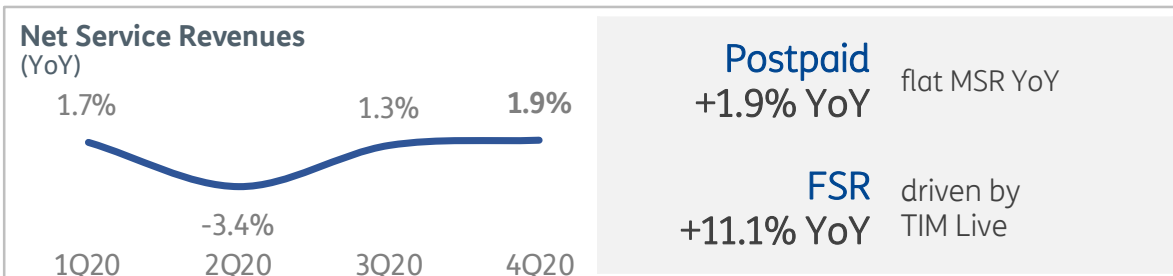
**TIM READY TO RIDE ALL OPPORTUNITIES
IN CONNECTIVITY AND BEYOND**

- BRAZIL -

TIM Brasil: Delivering growth in a more challenging macro scenario

Reported data

Service Revenues improved (+0.4% YoY in FY '20)
with positive contributions from both mobile postpaid and fixed

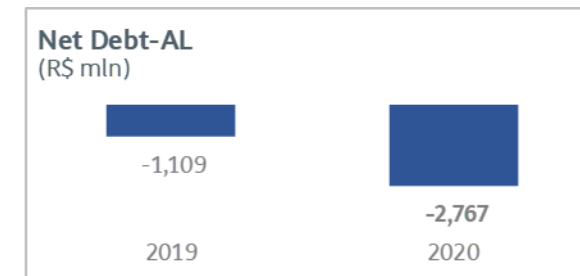
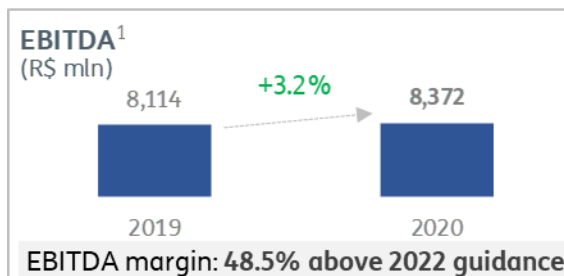


Postpaid +1.9% YoY flat MSR YoY
FSR +11.1% YoY driven by TIM Live

Mobile	
ARPU +4.9% YoY to 24.9 R\$/month	Human Postpaid ARPU +3.4% YoY
	Prepaid ARPU +4.9% YoY

TIM Live	
Revenues +27.9% YoY	CB +14.0% YoY to 645k
	ARPU +7.8% YoY to R\$ 87.2

EBITDA¹ expansion with the highest Latam margin, leading to cash flow and net debt improvement: **Net Cash on b/sheet more than doubled YoY**



OPEX below inflation (+1.0% YoY vs IPCA² 4.5%)
Bad debt back on track (2.3% of gross revenues)

Focus on value and service quality driving churn rate reduction

Infrastructure Development
FTTH coverage **+43% YoY** (3.2 mln HHs covered)
Best 4G coverage experience and availability (95% urban pop. coverage in 3.9k cities)
Massive MIMO rollout (200 cities implemented)
Network Sharing Agreement (3G/4G expansion: 730 cities in 1H21e)

Special Projects
TIM + C6 BANK
Signing with Oi
Fiber Co: Network last mile carveout

ESG
One of the best ranked stocks in the B3 and S&P ESG index
New ESG committee

Better macro and telecoms outlook



Mobile market consolidation

Moving from 5 to 4 after Nextel acquisition and from 4 to 3 after deal with Oi mobile is completed

Foster more **balanced competitive landscape** (e.g. pairing spectrum gap)



Acceleration in digital consumption

Data demand growth for mobile and fixed, further accelerated by Covid-19

Revenue growth on data monetization
 Increase **pressure** over network **cash costs**
 Geographical expansion of fiber



Wave of asset separation

Increasing **initiatives of network separation** (InfraCo vs. ServCo)

Partnership negotiation to finance **network expansion and modernization**



Monetization of Consumer Platform

Increasing numbers of **digital business leveraging Telco's Consumer Platform** (e.g. digital wallet, data monetization)

New revenue sources for telco operators leveraging new digital disruptors (e.g. fintech, data provider, OTT content)



Paving the way for 5G

Preparation to launch 5G, with 5G DSS as marketing positioning, auction and vendor analysis

Focus on 5G network rollout with proposed auction framework, **Release 16 as catch up** for the country



IoT and M2M technology

Exponential number of use cases in several industries (e.g. agribusiness, connected cars, utilities, health)

Expand business beyond connectivity (e.g. applications, data monetization, implementation)

Dynamic

Implications and Opportunities

Solid results in 2020 confirm the consistency of our strategic plan



Strategic Paths



Strengthen the core

Enhance and accelerate the transition from **volume to value**, to sustain mobile business growth, focusing on customer experience

Capture **ultrabroadband** market **growth opportunity** with new financial and business models

Fill current **infrastructure gap with M&A**, also fostering inorganic growth and capturing potential synergies

Build the future

Expand **new sources of value** (e.g. IoT, C6, Mobile Advertising, Customer Data Monetization, Health, Education) leveraging the customer base platform through ecosystem and partnerships

Implement **transformational projects** on infrastructure (e.g. 5G, ORAN, M-MIMO, cloudification)



Transformational Enablers

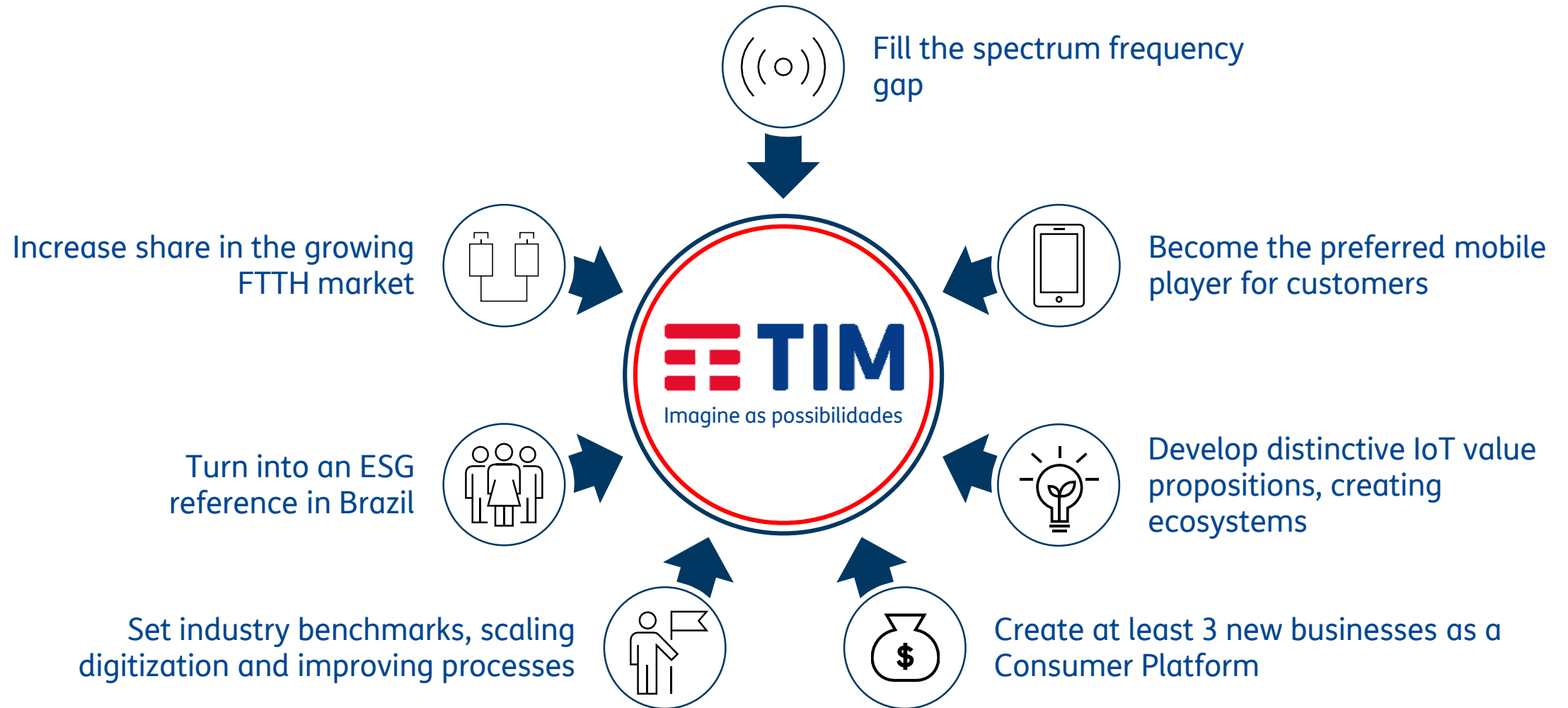
Boost disruptive efficiencies

Boost **disruptive efficiencies** through digitalization, automation and new operating models, leveraging skills and capabilities enhancement

Strengthen sustainability

Strengthen and consolidate **ESG proposition** making a positive transformation

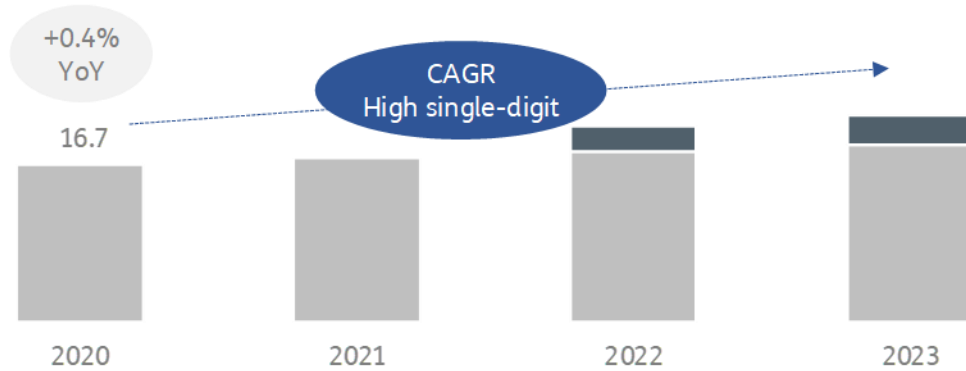
“Imagine as possibilidades”: Our aspirations for 2023 reflect market opportunities and trends



Oi's assets integration could transform TIM Brasil by 2023

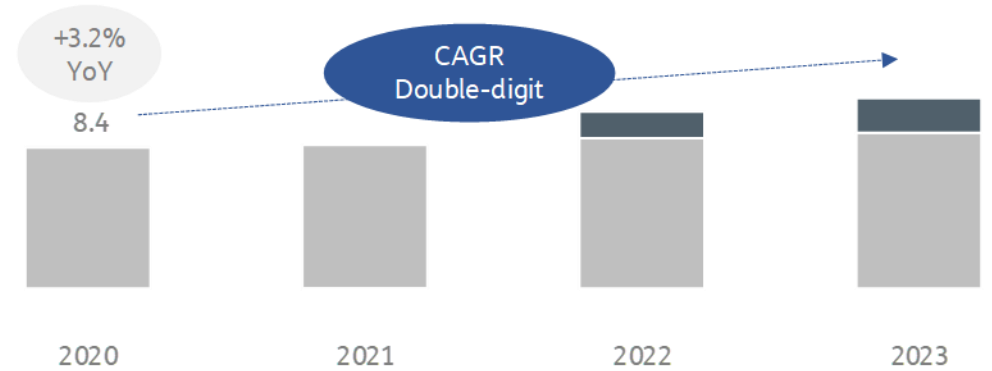
Net Service Revenues
(R\$ bln)

■ Incremental²
■ TIM standalone



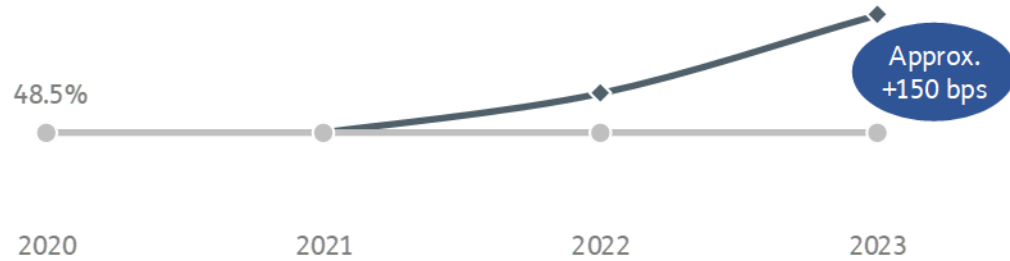
EBITDA
(R\$ bln)

■ Incremental²
■ TIM standalone



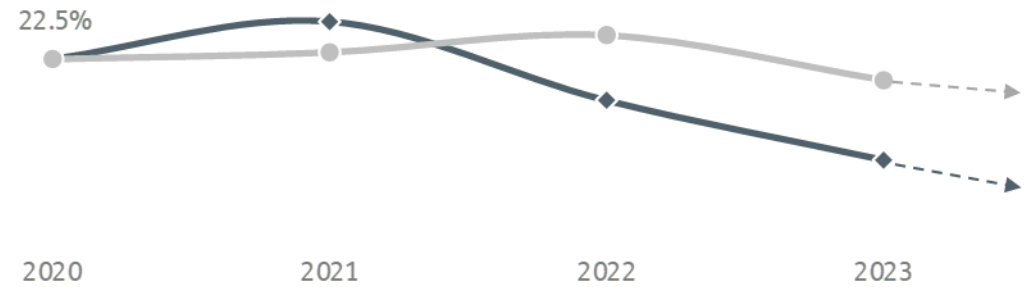
EBITDA Margin
(%)

◆ TIM+Oi
● TIM standalone



Capex¹/ Revenues
(%)

◆ TIM+Oi
● TIM standalone



Market guidance 21-23 shows Revenue and EBITDA growth, and positive impact coming from M&A

GOALS	SHORT TERM TARGETS (2021)	LONG TERM TARGETS
Revenue Growth Sustainability	Service Revenues Growth: Mid single digit (YoY)	Service Revenues Growth (CAGR '20-'23): Mid single digit standalone High single digit combining Oi's assets
Improve Profitability	EBITDA Growth: Mid single digit (YoY) <i>(Including preparation costs)</i>	EBITDA Growth (CAGR '20-'23): Mid single digit standalone Double digit combining Oi's assets
Infrastructure Development	Capex: ~R\$ 4.4 bln <i>(including preparation investments)</i>	Capex (cumulated 2021-'23): ~R\$ 13.0 bln standalone ~R\$ 13.5 bln combining Oi's assets <i>(Capex on revenues declining starting in 2022 combining Oi's assets)</i>
Expand Cash Generation	EBITDA-Capex on Revenues: ~24% <i>(including preparation costs and investments)</i>	EBITDA-Capex on Revenues: ≥ 29% in 2023 combining Oi's assets

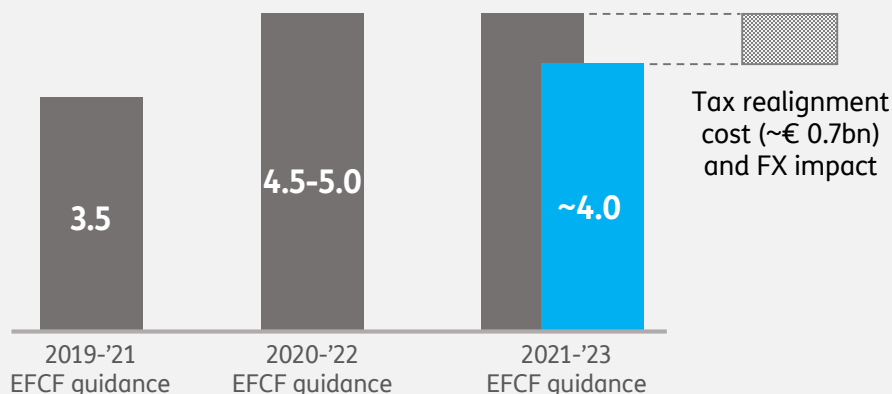


**FINANCIAL AND ESG GUIDANCE
CLOSING REMARKS**

New plan confirms cash generation, dividend guidance and deleverage

Cumulated Equity Free Cash Flow guidance for 2021-23 similar to 2020-22

€ bn, after lease



Anticipating a few payments

- €0.7bn to be spent in 2021-23 as tax realignment cost (**€5.9bn tax asset net of realignment cost to be used mostly after the plan period**)
- ~€0.3bn anticipation of 2100 MHz spectrum prepayment with €40m financial benefit, affecting 2021 net debt (not Equity Free Cash Flow)

Dividend distribution guidance unchanged

2021-23

- **ordinary: floor of €1 cent per share**, aiming at distributing 20-25% of yearly organic Equity FCF. Payout policy above floor subject to deleverage execution
- **savings: €2.75 cents per share throughout 2021-23**

>2023

Long term ambition: distribute 50% of yearly organic Equity Free Cash Flow

Guidance 2021-23: proceeds from FiberCop included, Oi's acquisition not yet reflected

YoY growth rates,
IFRS 16 / After Lease

	Group		Domestic		Brazil ⁽¹⁾	
	2021	2022-23	2021	2022-23	2021	2022-23
Organic Service revenues	Stable to Low single digit growth	Low single digit growth	Stable	Stable to Low single digit growth	Mid single digit growth	Mid single digit growth High single digit growth (CAGR '20-'23) with Oi
Organic EBITDA AL	Stable to Low single digit growth	Low to Mid single digit growth	Stable	Low single digit growth	Mid single digit growth	Mid single digit growth Double digit growth (CAGR '20-'23) with Oi
CAPEX	~€ 2.9 bn per year				~R\$ 13.0 bn ~R\$ 13.5 bn with Oi	
Eq FCF AL	Cumulated ~€ 4.0 bn		Net of ~€0.7bn tax realignment cost			
Adjusted Net Debt AL	~€ 16.5 bn excluding Oi ⁽²⁾	2.6x Net Debt AL / EBITDA AL ⁽³⁾ by 2023				
Dividend	<i>ordinary</i> : floor of € 1 cent per share, aim to distribute 20-25% of yearly Equity FCF subject to deleverage execution <i>savings</i> : €2.75 cents per share throughout 2021-23					

(1) Guidance based on IFRS 16 for EBITDA in Brazil

(2) Including proceeds from FiberCop (€1.8bn), including anticipation of 2100 MHz spectrum prepayment (~€0.3bn), and excluding Oi's mobile acquisition

(3) Based on Organic EBITDA AL; 2.7x based on Reported EBITDA AL

P/L figures @ average exchange-rate actual 5,9 REAIS/EUR

ESG plan and guidance confirmed or raised

Incremental actions 2021-23

E Climate strategy

Carbon free energy for infrastructures (data centers, fixed and mobile networks)

Science Based Targets initiative validated goals

Scope 3 calculation

Carbon offsetting of CO₂ emissions by '23

Renewable energy increase⁽⁴⁾

E Circular economy

Carbon calculator tool for business clients

Sustainable supply chain improvement

Circular economy standards for infrastructure and workplaces

Agile and sustainable buildings

S Digital inclusion

Reduce digital Divide and social exclusion through extensive infrastructure

5G development to push adoption **green and social IoT services**

Digital initiatives in response to COVID-19 emergency, on top of "Operazione Risorgimento Digitale"

Promote sustainability through strategic alliances (Eco-rating, B Lab)

G Gender equality and inclusion targets in management remuneration

Implement **EU Taxonomy** and **SASB** reporting

Targets (updated)⁽¹⁾

Eco-efficiency	+50%	2025
Renewable energy on total energy (%)	+5pp/yr	
Indirect emissions ⁽²⁾	-70%	
Carbon Neutrality ⁽³⁾		2030
Employees engagement	NEW +19pp	2023
Hours of training for reskilling and upskilling	NEW 6.4m hrs	
Churn of young employees	NEW <15%	
New VC fund size	NEW € 60m	2024
IoT and Security service revenues (CAGR)	NEW +20%	
Green Smartphone	>15%	

Closing remarks

- **Revenues and EBITDA stabilized** in Q4
- ESG and financial **guidance delivered**
- **Improving macro scenario** for Italy and the telco sector
- TIM ready to ride all **opportunities in connectivity and beyond**, both in Italy and in Brazil
- **Confident with our guidance** of domestic and group revenue growth
- **Making the world a better place** to live in

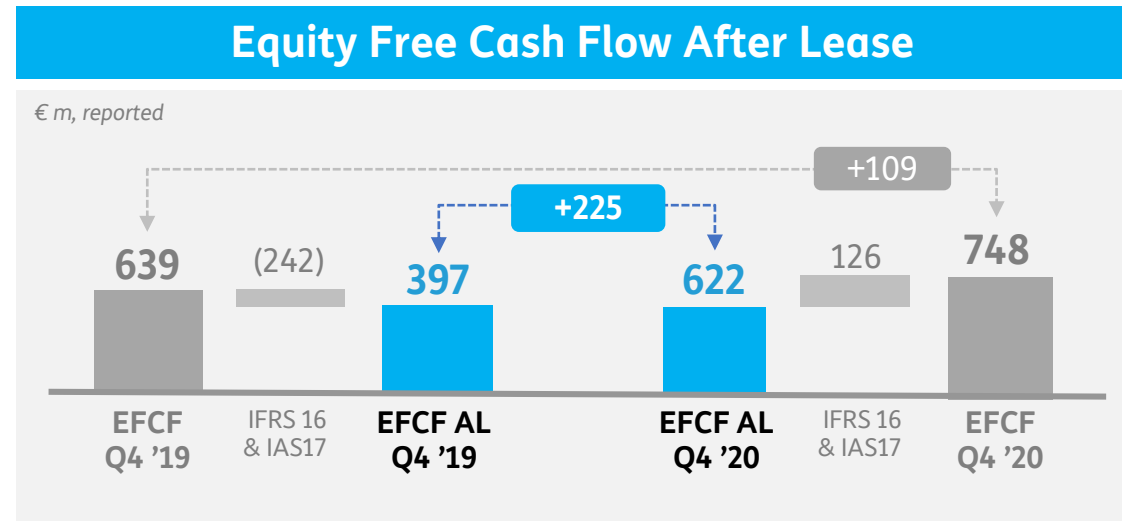
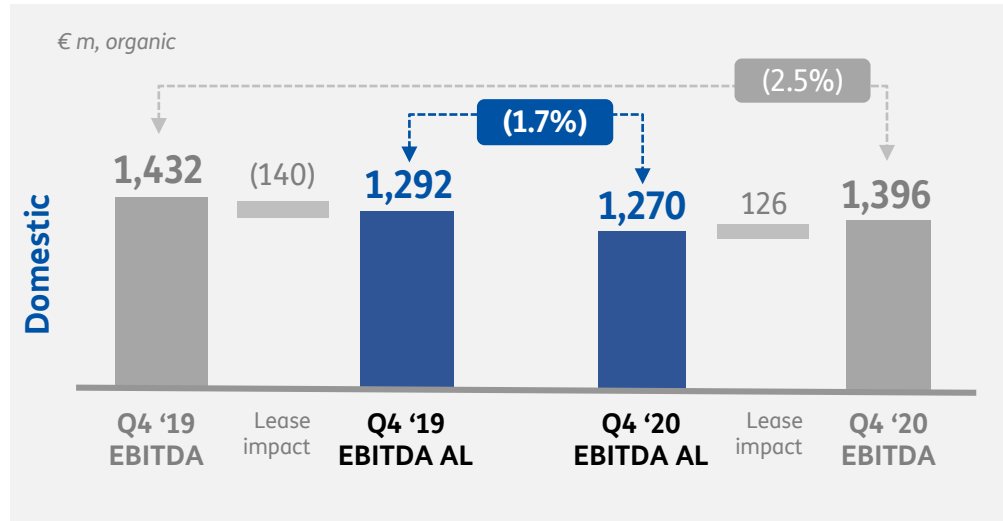
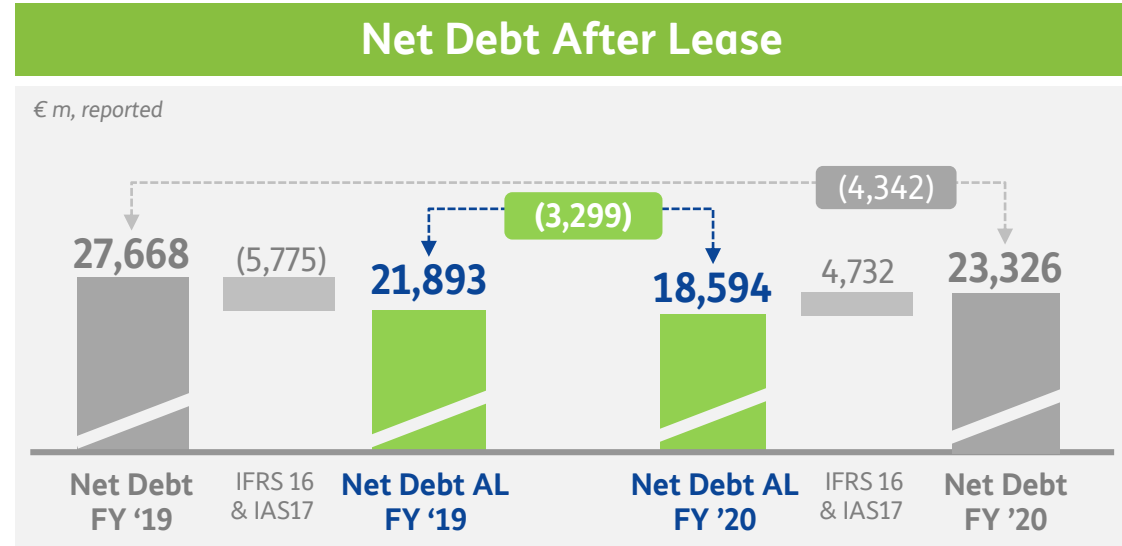
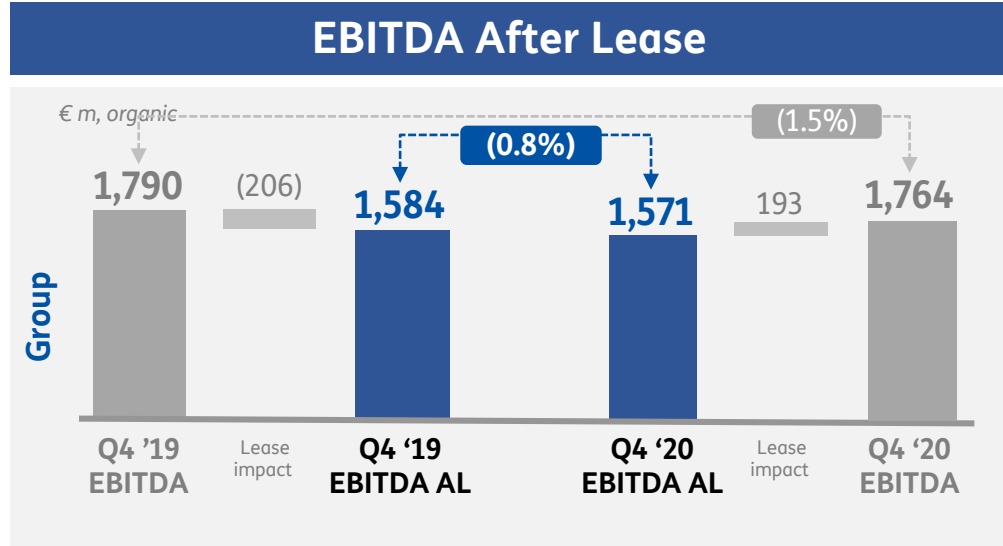


Q&A



ANNEX

IFRS 16 and IFRS 16 After Lease view

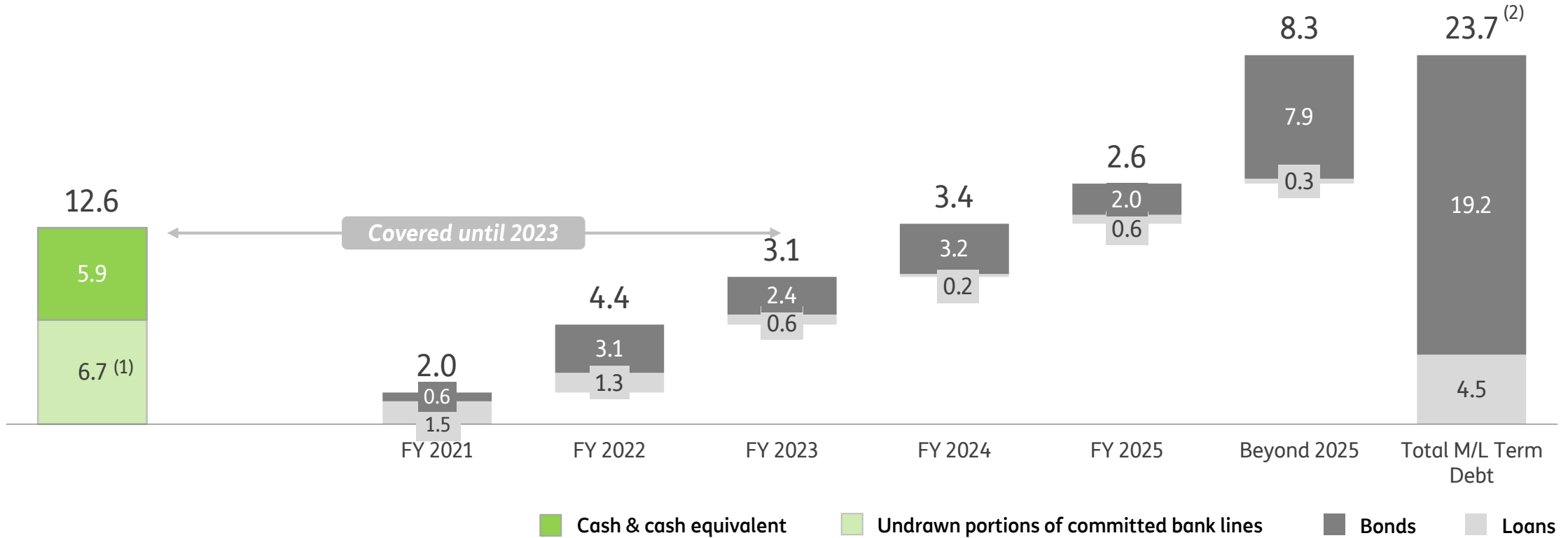


Liquidity margin - After Lease view

Cost of debt ~3.4%, flat QoQ, -0.2p.p. YoY

Liquidity Margin

Debt Maturities

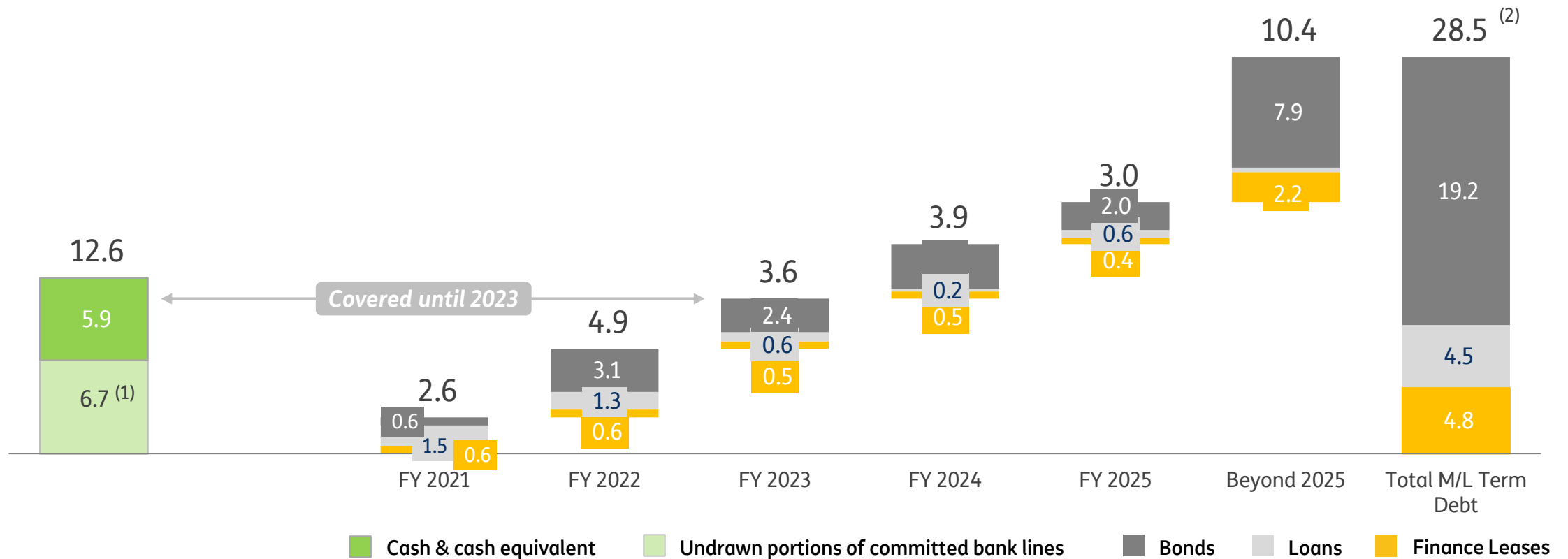


Liquidity margin - IFRS 16 view

Cost of debt ~3.7%*, flat QoQ, -0.4p.p. YoY

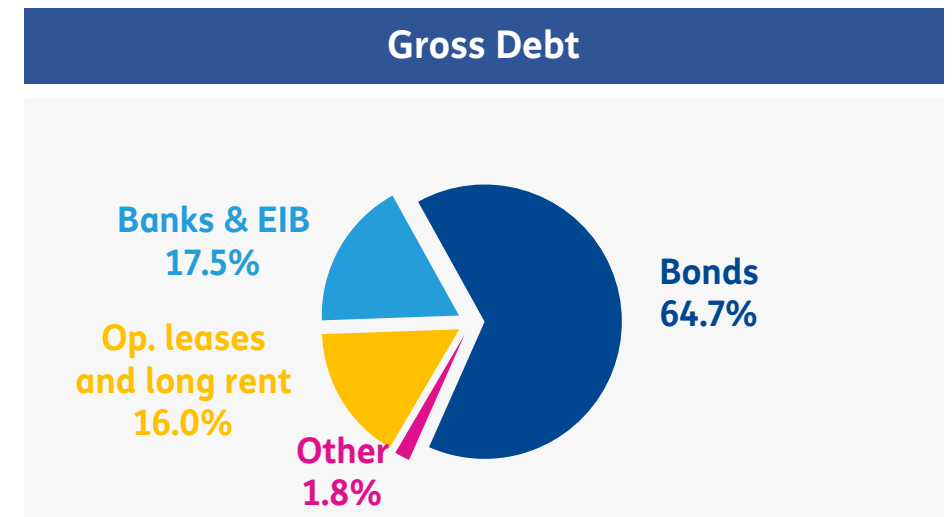
* Including cost of all leases

Liquidity Margin
Debt Maturities



Well diversified and hedged debt

	NFP adjusted	Fair value	NFP accounting
GROSS DEBT			
Bonds	19,541	303	19,844
Banks & EIB	5,279		5,279
Derivatives	240	1,666	1,906
Op. leases and long rent	4,830	-	4,830
Other	303	-	303
TOTAL	30,193	1,969	32,162
FINANCIAL ASSETS			
Liquidity position	5,921	-	5,921
Other ⁽¹⁾	946	1,581	2,527
TOTAL	6,867	1,581	8,448
NET FINANCIAL DEBT	23,326	388	23,714



Average m/l term maturity:
9.7 years (bond 6.8 years only)

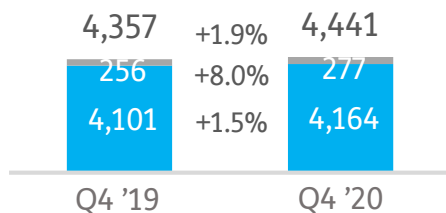
Fixed rate portion on medium-long term debt ~71%

Around 25% of outstanding bonds (nominal amount) denominated in USD and GBP and fully hedged

TIM Brasil: Q4 results in a nutshell

Reported data, R\$m

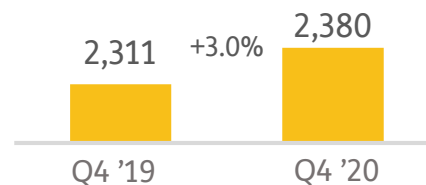
Service Revenues improved further (+1.9% YoY), with positive contributions from both mobile postpaid and fixed



MSR +1.5% YoY (vs. +0.4% in Q3), with Prepaid -4.9% (vs. -2.0% in Q3) and Postpaid +3.6% (vs. +1.2% in Q3)

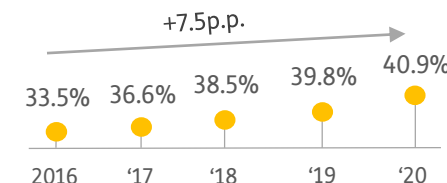
FSR +8.0% YoY driven by TIM Live

EBITDA⁽¹⁾ expansion supported by revenue trend and strict cost control, leading to the highest margin in TIM's history and best in the market



Q4'20 EBITDA margin: 50.9%

EBITDA margin (Pro-forma)⁽³⁾



Mobile

ARPU +4.9% YoY to 24.9 R\$/month

Prepaid ARPU +3.4% YoY
Postpaid ARPU +4.9% YoY⁽²⁾

TIM Live

Revenues +27.9% YoY

CB +14.0% YoY to 645k
ARPU +7.8% YoY to 87.2 R\$

ESG

One of the best ranked stocks in the B3 and S&P ESG index
Board members new ESG Committee

ARPU growth in all segments
Lower churn through better value proposition

Infrastructure Development

FTTH coverage +43% YoY
3.2m HHs covered

Best 4G coverage experience and availability

95% urban pop. coverage in 3.9k cities

Massive MIMO rollout

200 cities implemented

Conduct Adjustment Term

2021 commitment delivered

Beyond the core

TIM + C6 BANK

>1.1m open accounts

Partnership signed: Telcos + Central bank to integrate PIX and prepaid recharge wallet and invoice payments



>120k payments in the 1st month
>0,5m by February
>=70% reduction in collection costs

For further questions please contact the IR team



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