FINANCIAL INFORMATION AT SEPTEMBER 30, 2019

This document has been translated into English for the convenience of the readers.
In the event of discrepancy, the Italian language version prevails.

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TIM's Board of Directors met November 7, 2019 chaired by Salvatore Rossi to approve the Group's Financial Information of TIM Group at September 30, 2019.

HIGHLIGHTS

PERFORMANCE IN THE FIRST NINE MONTHS OF 2019

The results for the first nine months of the year allowed to achieve the debt-reduction target about three months in advance and confirm management's acceleration in execution, against a complex competitive background.

Operating free cash flow reached **2.2 billion euros**, recording an improvement of 791 million euros compared to the same period of 2018, thanks to the continuous cost reduction and optimization of working capital management. **Equity free cash flow** amounted to **1.2 billion** euros, up by over 1 billion euros YoY.

Consequently, **net financial debt** at September 30 fell by 958 million euros from the end of 2018 and by 419 million euros compared to June 30, 2019, amounting to **24.3 billion euros**.

In the first nine months Group **service revenues**, net of the contribution from Telecom Italia Sparkle (International Wholesale), amounted to **11.8 billion euros**, (-2.2% YoY), while total revenues reached 13.4 billion euros (-4.3% YoY).

Group **reported EBITDA** was **6.0 billion euros,** up 4.0% YoY, thanks to the continuation of cost-optimization actions and to a positive balance of non-recurring items benefiting from 693 million euros from the favorable outcome for TIM Brasil of the disputes over double taxation, partly offset by 393 million euros of provisions.
Reported EBITDA – CAPEX reached **3.7 billion euros**, up 12.5% YoY, benefiting from ongoing improvement in expenditure terms and conditions and from the levels of coverage already reached both in fixed and in mobile.

Reported net profit attributable to the owners of the parent amounted to **852 million euros** (loss of 868 million euros in the first nine months of 2018).

PERFORMANCE IN THE THIRD QUARTER 2019

Service revenues, totaled **4,061** million euros, down by 244 million euros compared to the third quarter of 2018 (-5.7% YoY), due to the significant reduction in low- or zero-margin International Wholesale contracts started at the beginning of the year. Net of the latter impact, revenues from services were down by 4.0% YoY at Group level and by 6.1% for the Domestic.
Group **total revenues** in the third quarter amounted to 4,429 million euros (-6.1% YoY on organic basis).

In Italy, **mobile** ARPU continued increasing QoQ, growing from 12.5 euros per line/month in the previous quarter to 12.9 euros. A further sign of improvement in the market was the slowdown in Mobile Number Portability, down 42% YoY even though competition remains fierce in the more price-sensitive segment. The total number of TIM mobile lines was 31.3 million at the end of September, slightly down compared to the previous quarter with an improved churn rate compared to the third quarter of last year (5.4% compared to 7.6% in 3Q 2018). The decision to reduce sales of mobile devices (142 million euros, -45% YoY) with zero or negative margins drove a significant improvement in EBITDA.

In the **fixed** segment, a new commercial policy was adopted that included a number of actions, without increasing prices on the customer base. This translated into a reduction in the churn rate to 4.4% (from 6.1% in the second quarter), a further increase in broadband net adds (+117,000, up compared to +60.000 in the second quarter), and the continuous migration of the customer base to ultra-broadband. Retail and wholesale **fiber lines** reached **6.6 million** units, up 36% YoY and 4% QoQ. Revenues from innovative services to digital technology-based companies continued to grow in the business segment (+11.4% YoY), confirming and consolidating TIM's leadership in the ICT segment in terms of both offer and market presence.

Domestic Wholesale, performed well, posting revenues from services up by 2.5% YoY due, as mentioned above, to customers migrating from copper to fiber and the stabilization of regulated prices.

In **Brazil**, TIM increased revenues from services by 3.0% YoY (+2.4% YoY in the second quarter) thanks to the commercial policies implemented in the mobile segment and despite the adverse macroeconomic and market changes, with guidance confirmed.

Group EBITDA after leases totaled **1.9 billion euros** (-4.3% YoY on organic basis).

Group organic EBITDA (IFRS 9/15) amounted to **2.0 billion euros** (with a 44.6% EBITDA margin (+0.7 pp YoY) thanks to the cost containment measures taken. The EBITDA of the Domestic business unit came to 1.6 billion euros (-6.9% YoY) while the EBITDA of TIM Brasil went up 6.8% YoY (+6.3% YoY in the second quarter).

Group **investments** in the third quarter totaled 795 million euros (-8.7% YoY) of which 585 million euros in Italy (-13.3% YoY). TIM's infrastructure allows Italy to rank above the European average with 90% fixed ultra-broadband network coverage (European average 80%). TIM's 4G coverage reaches about 99% of the Italian population and its fiber coverage extends to 80% of the population. The company is committed to providing universal coverage in Italy by developing its fiber, 5G (national coverage expected by 2025) and Fixed Wireless Access networks. TIM's network offers potential speed of 100-1000Mbps to >40% of population and >50Mbps to c. 80% of population. TIM recently announced the launch of a nation-wide project ("Operation Digital Risorgimento") that will involve 107 municipalities to spread the knowledge and skills necessary for using the Internet and digital tools, with the goal of reducing the digital divide still affecting a large portion of the Italian population.

NON-FINANCIAL PERFORMANCE

The urgency to switch over to a sustainable economic model has generated ever greater support given by society to companies that pursue a long-term outlook through concrete actions in the social and environmental areas.
The path to sustainable development also comprises use of ICT products and services, qualifying factors to meet the Agenda 2030 goals. Indeed, intelligent use of data is the basis for enhanced efficiency and less waste of resources. In this area, with its widespread presence and infrastructural and technological wealth, TIM confirms its leadership role in the evolution into a digital economy that, in turn, accelerates today's necessary cultural, environmental, and social changes upon which a different economic balance is based.

The Group's commitment to integrating sustainability within its corporate strategy is proven by it being included in the **Dow Jones Sustainability Index Europe (DJSI Europe)** for the 16th year in a row.
TIM's presence in the Dow Jones is added to other important world indexes, including the **FTSE4Good** and **Euronext Vigeo Eiris**.

INTRODUCTION

TIM voluntarily writes and publishes periodic financial information referring to the first and third quarter of each year as part of its corporate policy on regular financial and operating performance disclosure addressed to the market and to investors, in line with the best market practices.
The consolidated figures of the TIM Group presented in this periodic financial information at September 30, 2019 have been prepared in compliance with the International Financial Reporting Standards issued by the IASB and endorsed by the EU; such figures are unaudited.
The accounting criteria and consolidation principles adopted are homogeneous with those used when drawing up the Consolidated Financial Statements of the TIM Group at December 31, 2018, to which reference is made, except for the adoption of IFRS 16 (Leases) adopted starting from January 1, 2019 with the modified retrospective method (that is, without recalculating the comparative figures of previous years), whose effects are explained in the annexed chapter "Adoption of the new IFRS 16 (Leases) standard" to which reference is made for further details. Application of the new standard 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 comparablity of the economic and financial performances of the first nine 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 nine 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, from the amounts connected with the accounting treatment of the finance leasing contracts according to IAS 17 (applied until year-end 2018) and according to IFRS 16 (applied starting from 2019).***
- ***Adjusted net financial debt After Lease, calculated by excluding 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, the improvements - also on the supporting IT systems - relating to the process of implementing the new accounting standards adopted in 2018, together with the high number of new commercial offers, involved recalculating the time distribution of the revenues during the first and second quarters of 2018 for some specific fixed-line and mobile contract types, and presentation of the income statement figures of the first two quarters of the year 2018. These figures are not audited.
Lastly, the section entitled "Business Outlook for the year 2019" contains forward-looking statements in relation to the Group's intentions, beliefs or current expectations regarding financial performance and other aspects of the Group's operations and strategies. Readers of this release are reminded not to place undue reliance on forward-looking statements; in fact, actual results may differ significantly from forecasts owing to risks and uncertainties depending on numerous factors, the majority of which are beyond the scope of the Group's control. Please refer to the contents of the Annual Financial Report at December 31, 2018 for more information. It provides a detailed description of the major risks pertaining to the TIM Group business activity which can, even considerably, affect its ability to meet the set goals.

MAIN CHANGES IN THE SCOPE OF CONSOLIDATION OF THE TIM GROUP

There were no significant changes in the scope of consolidation in the first nine months of 2019 or in the corresponding period of 2018.

RESULTS OF THE TIM GROUP FOR THE FIRST NINE MONTHS OF 2019

Total **TIM Group revenues** amounted to **13,423 million euros** in the first nine months of 2019, down by 4.6% on the first nine months of 2018 (14,077 million euros); organic change in total revenues was -4.3%.
TIM Group revenues from services, not including the contribution coming from the Telecom Italia Sparkle group – International Wholesale, which is repositioning its business with the exit from voice contracts with lower margins, amounted to **11,775 million euros,** in organic terms, down 2.2% compared to the first nine months of 2018 (12,034 million euros).

Total TIM Group revenues for the third quarter of 2019 came to 4,429 million euros, down by 286 million euros in organic terms (-6.1%); i **TIM Group revenues from services**, not including the contribution by the Telecom Italia Sparkle group – International Wholesale, amounted to 3,892 million euros in organic terms, down 4.0% compared to the third quarter of 2018.

The breakdown of total TIM Group revenues of the first nine months of 2019, divided by operating segment, compared to the first nine months of 2018 is as follows:

(millions of euros)	9 months to 9/30/2019 comparable		9 months to 9/30/2018		Changes		
		% of total		% of total	amount	%	% organic excluding non-recurring
Domestic	10,523	78.4	11,182	79.4	(659)	(5.9)	(5.9)
Core Domestic	*9,986*	*74.4*	*10,453*	*74.3*	*(467)*	*(4.5)*	*(4.3)*
International Wholesale	*697*	*5.2*	*919*	*6.5*	*(222)*	*(24.2)*	*(25.2)*
Brazil	2,930	21.8	2,918	20.7	12	0.4	2.1
Other Operations	–	–	–	–	–		
Adjustments and eliminations	(30)	(0.2)	(23)	(0.1)	(7)		
Consolidated Total	**13,423**	**100.0**	**14,077**	**100.0**	**(654)**	**(4.6)**	**(4.3)**

The organic change in consolidated Group revenues of the first nine months of 2019 is calculated leaving out non-recurring charges for 15 million euros, referring to adjustments of revenues of past years, and the negative effect of the changes in exchange rates [11] equal to -36 million euros.

Reported EBITDA of the first nine months of 2019 was **6,499 million euros**, and benefited, for the amount of 491 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 with the relevant finance expenses posted to the income statement.

Comparable EBITDA of the first nine months of 2019 - prepared on the basis of accounting standards homogeneous with those adopted in the first nine months of 2018 - amounted to 6,008 million euros (5,778 million euros in the first nine months of 2018); +4.0%), with an EBITDA margin of 44.8% (41.0% in the first nine months of 2018; +3.8 percentage points). The breakdown by operating segment of comparable EBITDA for the first nine months of 2019, on the same accounting basis and compared to the first nine months of 2018, is shown below, together with the EBITDA margin:

(1) The average exchange rates used for the translation into euro (expressed in terms of units of local currency per 1 euro) were 4.36545 for the Brazilian real in the first nine months of 2019 and 4.29236 in the first nine months of 2018; they were 1.12373 for the US dollar in the first nine months of 2019 and 1.19469 in the first nine months 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.

(millions of euros)	9 months to 9/30/2019 comparable		9 months to 9/30/2018		Changes		
		% of total		% of total	amount	%	% organic excluding non-recurring
Domestic	4,285	71.3	4,739	82.0	(454)	(9.6)	(5.2)
EBITDA Margin	*40.7*		*42.4*			*(1.7)pp*	*0.3 pp*
Brazil	1,730	28.8	1,050	18.2	680	64.8	6.2
EBITDA Margin	*59.0*		*36.0*			*23.0 pp*	*1.4 pp*
Other Operations	(7)	(0.1)	(12)	(0.2)	5		
Adjustments and eliminations	–	–	*1*	–	*(1)*		
Consolidated Total	**6,008**	**100.0**	**5,778**	**100.0**	**230**	**4.0**	**(3.1)**
EBITDA Margin	*44.8*		*41.0*			*3.8 pp*	*0.5 pp*

Organic EBITDA – net of the non-recurring component, which was positive in the first nine months of 2019 for a total of 300 million euros – amounted to **5,708 million euros**, with an EBITDA margin of **42.5%** (5,891 million euros in the first nine months of 2018, EBITDA margin of 42.0%).

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

- income from the tax recoveries of the Brazil Business Unit, which totaled 693 million euros, connected with the recognition of tax credits consequent to the favorable result of the tax disputes connected to the inclusion of the ICMS indirect tax in the basis of calculation of the taxes on PIS and COFINS revenues, of which 411 million euros related to the recovery of indirect taxes and 282 million euros for the legal revaluation; in the third quarter of 2019, this income amounted to 31 million euros, of which 15 million euros related to the tax recovery and 16 million euros to legal revaluation;
- non-recurring charges of the Domestic and Brazil Business Units, totaling 393 million euros, mainly relating to provisions for regulatory disputes and potential related liabilities, to liabilities with customers and/or suppliers and to charges related to corporate reorganization/restructuring as well as to the aforementioned adjustments to revenues from previous years; in the third quarter of 2019 these non recurring charges amounted to 63 million euros.

Non-recurring operating expenses in the first nine months of 2018 amounted to 128 million euros, including the provision to cover a fine for alleged infringement of Article 2 of Italian Decree Law no. 21 of March 15, 2012 (the "Golden Power" rule).

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

(millions of euros)	9 months to 9/30/2019 comparable	9 months to 9/30/2018	Changes	
			amount	%
EBITDA	**6,008**	**5,778**	**230**	**4.0**
Foreign currency financial statements translation effect		(15)	15	
Non-recurring expenses (Income)	(300)	128	(428)	
ORGANIC EBITDA, excluding Non-recurring items	**5,708**	**5,891**	**(183)**	**(3.1)**

In the first nine months of 2019, **amortization and depreciation and losses from the sale of non-current assets** amounted to 3,291 million euros (3,161 million euros in the same period of the previous year); it is also specified that the first nine months of 2018 sustained an **impairment** of 2,000 million euros on the goodwill attributed to Core Domestic.

Reported EBIT of the first nine months of 2019 was **2,712 million euros**.

Comparable EBIT for the first nine months of 2019, net of the IFRS 16 impact of 5 million euros, amounted to 2,717 million euros (617 million euros in the first nine months of 2018), up by 2,100 million euros compared to the first nine months of 2018, with an EBITDA margin of 20.2% (4.4% in the first nine months of 2018). It should be remembered that EBIT of the first nine months of 2018 suffered not only the above-mentioned goodwill impairment changes, but also the negative impact of non-recurring charges referring to EBITDA (128 million euros).

Organic EBIT, net of the non-recurring component, was 2,417 million euros (2,738 million euros in the first nine months of 2018) with an EBIT margin of 18.0% (19.5% in the first nine months of 2018).

In detail:

(millions of euros)	9 months to 9/30/2019 comparable	9 months to 9/30/2018	Changes amount	%
EBIT	**2,717**	**617**	**2,100**	**-**
Foreign currency financial statements translation effect		(7)	7	
Non-recurring expenses (Income)	(300)	2,128	(2,428)	
ORGANIC EBIT, excluding Non-recurring items	**2,417**	**2,738**	**(321)**	**(11.7)**

The **Reported net result of the first nine months of 2019 attributable to the Owners of the Parent** was positive at the figure of 852 million euros (negative at 868 million euros in the first nine months of 2018).

On a comparable basis, the Net result attributable to Owners of the Parent for the first nine months of 2019 was down on the same period of the previous year by 198 million euros, particularly not including the goodwill impairment changes carried out in 2018 and the other non-recurring items.

The **personnel** of the TIM Group at September 30, 2019 is **56,048 units**, of which 46,274 in Italy (57,901 units at December 31, 2018, of which 48,005 in Italy) with 1,853 fewer units, of which -1,731 units in Italy.

Capital expenditures, which totaled **2,276 million euros,** break down as follows by operating segment:

(millions of euros)	9 months to 9/30/2019 comparable		9 months to 9/30/2018		Change
		% of total		% of total	
Domestic	1,699	74.6	1,887	76.7	(188)
Brazil	577	25.4	573	23.3	4
Other Operations	–	–	–	–	–
Adjustments and eliminations	–	–	–	–	–
Consolidated Total	**2,276**	**100.0**	**2,460**	**100.0**	**(184)**
% of Revenues	*17.0*		*17.5*		*(0.5)pp*

In particular:

- the **Domestic Business Unit** recorded capital expenditures that amounted to 1,699 million euros (1,887 million euros in the first nine months of 2018), down by 188 million euros owing to the continuous improvement of the spending conditions and terms and to the coverage levels already achieved on the fixed and mobile access components;

- in the first nine months of 2019, the **Brazil Business Unit** recorded capital expenditures totaling 577 million euros (573 million euros in the same period of the previous year). Excluding the impact of changes in exchange rates (-10 million euros), capital expenditure rose by 14 million euros, targeted mainly at the expansion of mobile ultra-broadband infrastructure and the development of the fixed broadband business of TIM Live.

The **comparable Group Operating Free cash flow** was positive and totaled 2,248 million euros (1,457 million euros in the first nine months of 2018, +791 million euros).

Net Financial Debt

Comparable adjusted net financial debt posted a **reduction of 958 million euros compared to year-end 2018**, and amounted to 24,312 million euros (25,270 million euros at December 31, 2018) and 419 million euros compared to June 30, 2019. The announced project to reduce debt continued with solid generation of operating cash flows, mainly on the domestic market, achieved by continuously reducing costs and optimizing working capital.

To better understand the report following the application of the new IFRS 16 standard, the various methods of representing the Net Financial Debt are explained in the following table (as regards the figures at January 1, 2019, the values resulting from adoption of IFRS 16 were implemented on the accounting data at December 31, 2018):

(millions of euros)	9/30/2019	1/1/2019	Change
Net financial debt carrying amount	**28,447**	**29,548**	**(1,101)**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(556)*	*(725)*	*169*
Reported adjusted net financial debt	**27,891**	**28,823**	**(932)**
Net impact of applying IFRS 16 - Leases	*(3,579)*	*(3,553)*	*(26)*
Comparable adjusted net financial debt	**24,312**	**25,270**	**(958)**
Liabilities due to financial leasing pursuant to IAS 17	*(1,847)*	*(1,948)*	*101*
Adjusted net financial debt - After Lease	**22,465**	**23,322**	**(857)**

The net financial debt carrying amount at September 30, 2019 amounted to 28,447 million euros and reflects the impact of the application of the new accounting standard IFRS 16 (Leases).

Reported adjusted net financial debt (including IFRS 16) amounted to 27,891 million euros at September 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.
Reported adjusted net financial debt is determined by sterilizing the effects caused by the volatility of the financial markets: given that some components of the fair value measurement of derivatives (contracts for setting exchange and interest rates for contractual flows) and derivatives embedded in other financial instruments do not result in actual monetary settlement, the adjusted net financial debt excludes these purely accounting and non-monetary effects from the measurement of derivatives and related financial assets/liabilities.

Comparable adjusted net financial debt was down by 958 million euros compared to the end of 2018, and amounted to 24,312 million euros (25,270 million euros at December 31, 2018), and by 419 million euros compared to June 30, 2019.

Adjusted Net Financial 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 22,465 million euros at September 30, 2019.

The TIM Group's **available liquidity margin** at September 30, 2019 amounted to 8,253 million euros, equal to the sum of:

- "Cash and cash equivalents" (2,147 million euros) and "Current securities other than investments" (1,106 million euros) totaling 3,253 million euros (3,043 million euros at December 31, 2018), also including 450 million euros of repurchase agreements with short term expiration;
- the Revolving Credit Facility totaled 5,000 million euros, not fully utilized.

This margin is sufficient to cover Group financial liabilities falling due over the next 30 months.

RESULTS OF THE BUSINESS UNITS

DOMESTIC

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

Revenues from Domestic Business Unit stand alone Services, not including the revenues of the international wholesale component, down compared to the same period of 2018 following the repositioning of the Sparkle group in the voice business, amounted to **8,991 million euros** in organic terms (-312 million euros compared to the same period of 2018, equal to **-3.4%**) and were affected by the effects of the changed regulatory and competitive scenario.
In detail:

- **revenues from Fixed market stand alone Services** fell 0.4% in a challenging competitive and market context. The increased retail ARPU, growth in revenues from ICT solutions (+77 million euros compared to the first nine months of 2018, +14.3%) and from broadband services (+136 million euros, +7.8%), only partly offset the natural decline in revenues from voice services resulting from the decreased accesses;
- **revenues for Mobile market stand alone Services** dropped 9.4% in organic terms (-11.4% in the first quarter of 2019, -10.5% in the first half of 2019) and sustained the effect of the changed regulatory and competitive context, with lower ARPU but tending to progressively recover in the latter quarters.

Handset and Bundle & handset revenues, including the change in work in progress, amounted to 1,010 million euros in the first nine months of 2019, -127 million euros compared to the first nine months of 2018, following the repositioning on the products with greater margin.

Total Revenues of the Domestic Business Unit amounted to 10,523 million euros, down by 659 million euros compared to the first nine months of 2018 (-5.9%). Revenues amounted to 3,454 million euros in the third quarter of 2019, down by 305 million euros on the third quarter of 2018 (-8.1%).

▶ Core Domestic Revenues

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 in order to provide a homogeneous representation. The Persidera company 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..

Core Domestic revenues totaled 9,986 million euros, posting a 4.5% decrease (10,453 million euros in the first nine months of 2018).

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

- **Consumer:** Revenues of the Consumer segment in the first nine months of 2019 totaled 4,969 million euros and decreased by 567 million euros (-10.2%) compared to the first nine months of 2018 due to the different competitive and regulatory context. The same trend seen in total revenues also applied to revenues from stand alone services, which amounted to 4,413 million euros, down by 6.9% compared to the same period of the previous year (-325 million euros). In particular:
  - **revenues from stand alone Mobile services** amounted to 1,944 million euros and posted a decrease of 211 million euros (-9.8%) compared to the first quarter of 2018 mainly due to the changed regulatory and competitive dynamics;
  - **revenues from stand alone Fixed services** amounted to 2,485 million euros, down compared to the first nine months of 2018 (-123 million euros, equal to -4.7%); this trend reflected a decrease in accesses, only partly offset by higher ARPU levels.

  Handset and bundle & handset revenues of the Consumer segment totaled 555 million euros, down by 243 million euros on the first nine months of 2018 (-30.4%), of which -238 million euros were on the mobile component and -5 million euros on the fixed component.

- **Business:** revenues for the Business segment amounted to 3,432 million euros, up by 11 million euros on the first nine months of 2018 (+0.3%, of which -1.8% for revenues from the stand alone services component). In particular:
  - mobile revenues show a negative performance compared to the first nine months of 2018 (-9.0%), driven mainly by lower revenues from stand alone services (-8.3%);
  - fixed revenues increased by 87 million euros (+3.4% over the first nine months of 2018, of which +0.5% on the services component); 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 (+14.3%).

- **Wholesale:** Wholesale segment revenues in the first nine months of 2019 came to 1,420 million euros, up by 94 million euros compared to the first nine months of 2018 (+7.1%), with a positive performance mainly driven by the growth in accesses in the Ultra Broadband segment.

► International Wholesale Revenues – Telecom Italia Sparkle group

The revenues of the first nine months of 2019 of the International Wholesale Cash-Generating Unit - Telecom Italia Sparkle group came to 697 million euros, down 222 million euros (-24.2%) compared to the first nine months of 2018. This trend is mainly connected to the new positioning of Telecom Italia Sparkle in the Voice business, with better focused contracts having higher margins, also in a perspective of simplifying and streamlining operating processes.

* * *

Reported EBITDA of the Domestic Business Unit for the first nine months of 2019 amounted to **4,554 million euros** as it benefited from the application of IFRS 16 by the amount of 269 million euros.
Comparable EBITDA for the first nine months of 2019 amounted to 4,285 million euros, down 454 million euros on the first nine months of 2018 (-9.6%).
Organic EBITDA, net of the non-recurring component, amounted to **4,617 million euros**, down 251 million euros compared to the first nine months of 2018 (-5.2%).

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

(millions of euros)	9 months to 9/30/2019 comparable	9 months to 9/30/2018	Changes amount	%
EBITDA	**4,285**	**4,739**	**(454)**	**(9.6)**
Foreign currency financial statements translation effect		2	(2)	
Non-recurring expenses (Income)	332	127	205	
ORGANIC EBITDA - excluding Non-recurring items	**4,617**	**4,868**	**(251)**	**(5.2)**

In particular, EBITDA in the first nine months of 2019 was negatively impacted by 332 million euros, referring to non-recurring charges mainly related to provisions for regulatory disputes and 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.

In the first nine months of 2019, **amortization and depreciation and losses from the sale of non-current assets** amounted to 2,595 million euros (2,488 million euros in the first nine months of the previous year); with an increase mainly related to the amortization of the 5G spectrum. Please note that in the first nine months of 2018 sustained an **impairment** of 2,000 million euros on the goodwill attributed to Core Domestic.

Reported EBIT of the Domestic Business Unit for the first nine months of 2019 was 1,694 million euros.

Comparable EBIT for the first nine months of 2019 amounted to 1,690 million euros (251 million euros in the first nine months of 2018), up by 1,439 million euros, with an EBITDA margin of 16.1% (2.2% in the first nine months of 2018).
Organic EBIT, net of the non-recurring component, was 2,022 million euros (2,378 million euros in the first nine months of 2018) with an EBIT margin of 19.2% (21.2% in the first nine months of 2018).

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

(millions of euros)	9 months to 9/30/2019 comparable	9 months to 9/30/2018	Changes	
			amount	%
EBIT	**1,690**	**251**	**1,439**	**–**
Foreign currency financial statements translation effect	–	–	–	
Non-recurring expenses (Income)	332	2,127	(1,795)	
ORGANIC EBIT, excluding Non-recurring items	**2,022**	**2,378**	**(356)**	**(15.0)**

Personnel totaled 46,502 units (48,200 units at December 31, 2018), posting a reduction of 1,698 units.

BRAZIL (average real/euro exchange rate 4.36545)

Revenues of the Tim Brasil group for the first nine months of 2019 amounted to 12,791 million reais, up by 267 million reais compared to the first nine months of 2018 (+2.1%).

Revenues from services totaled 12,240 million reais, an increase of 255 million reais compared to 11,985 million reais for the first nine months of 2018 (+2.1%).

Revenues from product sales came to 551 million reais (539 million reais in the first nine months 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, allowing TIM customers to access to broadband services on 3G/4G networks, as well as to support new retention offerings for higher-value postpaid customers.

Revenues of the third quarter of 2019 were equal to 4,337 million reais, an increase of 2.2% compared to the same period of the previous year (4,242 million reais).

Mobile ARPU of the first nine months of 2019 was 23.3 reais, growing by over 5% compared to the figure posted in the first nine months of 2018 due to an overall repositioning on the postpaid segment and new commercial initiatives aimed at boosting use of data and the customer's average spending.

Total lines in place at September 30, 2019 amounted to 54.5 million, a decline of 1.4 million compared to December 31, 2018 (55.9 million). The lower figure was driven entirely by the prepaid segment (-2.4 million) and only partially offset by growth in the post-paid segment (+1 million), in part due to the consolidation underway in the market for second SIM cards. Postpaid customers accounted for 39.0% of the customer base at September 30, 2019, an increase of 2.8 percentage points on December 2018 (36.2%).

Reported EBITDA of the first nine months of 2019 was 8,522 million reais.
Comparable EBITDA for the first nine months of 2019 amounted to 7,550 million reais, up by 3,041 million reais (+67.4%) on the same period of the previous year (4,509 million reais).
EBITDA in the first nine months of 2019 included 2,760 million reais of non-recurring net income, connected to the aforementioned recognition of tax receivables for an amount of 3,024 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 264 million reais, mainly for regulatory disputes and potential liabilities related to them, as well as to liabilities with customers and/or suppliers and charges associated with corporate reorganization/restructuring.

EBITDA, net of the non-recurring component, was equal to 4,790 million reais and calculated as follows:

(millions of reais)	9 months to 9/30/2019 comparable	9 months to 9/30/2018	Changes	
			amount	%
EBITDA	**7,550**	**4,509**	**3,041**	**67.4**
Non-recurring expenses (Income)	(2,760)	–	(2,760)	
ORGANIC EBITDA - excluding Non-recurring items	**4,790**	**4,509**	**281**	**6.2**

Growth in EBITDA, excluding the aforementioned non-recurring items, was equal to +6.2%, attributable to both the positive performance of revenues and the benefits delivered by projects to enhance the efficiency of the operating expenses structure.
EBITDA for the third quarter of 2019 amounted to 2,152 million reais. On the same accounting basis, the figure came to 1,812 million reais, showing growth of 218 million reais on the third quarter of 2018. EBITDA in the third quarter of 2019 included 110 million reais of non-recurring net income, connected to the aforementioned recognition of tax receivables

for an amount of 148 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 38 million reais, mainly for regulatory disputes and potential liabilities related to them, as well as to liabilities with customers and/or suppliers.

The EBITDA margin for the third quarter of 2019 stood at 41.8%, up by 4.2 percentage points on the same period of the previous year (37.6%).

Reported EBIT of the first nine months of 2019 was 4,476 million reais.
Comparable EBIT for the first nine months of 2019 amounted to 4,515 million reais, up by 2,894 million reais on the same period of the previous year (1,621 million reais).
Net of the non-recurring component, organic EBIT was equal to 1,755 million reais, with a growth of 8.3%; and was calculated as follows:

(millions of reais)	9 months to 9/30/2019 comparable	9 months to 9/30/2018	Changes	
			amount	%
EBIT	**4,515**	**1,621**	**2,894**	**-**
Non-recurring expenses (Income)	(2,760)	–	(2,760)	
ORGANIC EBIT - excluding Non-recurring items	**1,755**	**1,621**	**134**	**8.3**

EBITDA for the third quarter of 2019 amounted to 729 million reais. On the same accounting basis, the figure came to 766 million reais, showing growth of 187 million reais on the third quarter of 2018 (+32.3%). The EBIT margin for the third quarter of 2019 stood at 17.7%, up by 4.1 percentage points on the same period of the previous year (13.6%).

Personnel totaled 9,533 units (9,658 units at December 31, 2018), posting a reduction of 125 units.

AFTER LEASE INDICATORS

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

EBITDA ADJUSTED AFTER LEASE - TIM GROUP

(millions of euros)	9 months to 9/30/2019 comparable	9 months to 9/30/2018	Changes amount	%
ORGANIC EBITDA - excluding Non-recurring items	**5,708**	**5,891**	**(183)**	**(3.1)**
Amortization of assets under finance leasing	(140)	(157)	17	10.8
Finance expenses on liabilities for finance leasing	(118)	(142)	24	16.9
Exchange rate effect on amortization and finance expenses for liabilities due to finance leasing		1	(1)	-
EBITDA adjusted After Lease (EBITDA-AL)	**5,450**	**5,593**	**(143)**	**(2.6)**

EBITDA ADJUSTED AFTER LEASE - DOMESTIC

(millions of euros)	9 months to 9/30/2019 comparable	9 months to 9/30/2018	Changes amount	%
ORGANIC EBITDA - excluding Non-recurring items	**4,617**	**4,868**	**(251)**	**(5.2)**
Amortization of assets under finance leasing	(129)	(146)	17	11.6
Finance expenses on liabilities for finance leasing	(77)	(101)	24	23.8
EBITDA adjusted After Lease (EBITDA-AL)	**4,411**	**4,621**	**(210)**	**(4.5)**

EBITDA ADJUSTED AFTER LEASE - BRAZIL

(millions of reais)	9 months to 9/30/2019 comparable	9 months to 9/30/2018	Changes amount	%
ORGANIC EBITDA - excluding Non-recurring items	**4,790**	**4,509**	**281**	**6.2**
Amortization of assets under finance leasing	(48)	(50)	2	4.0
Finance expenses on liabilities for finance leasing	(176)	(171)	(5)	(2.9)
EBITDA adjusted After Lease (EBITDA-AL)	**4,566**	**4,288**	**278**	**6.5**

ADJUSTED NET FINANCIAL DEBT AFTER LEASE - TIM GROUP

(millions of euros)	9/30/2019	12/31/2018	Change
Comparable adjusted net financial debt	**24,312**	**25,270**	**(958)**
Liabilities for finance leasing (IAS 17)	(1,847)	(1,948)	101
Adjusted net financial debt - After Lease	**22,465**	**23,322**	**(857)**

BUSINESS OUTLOOK FOR THE YEAR 2019

Guidance has been confirmed with regard to what was stated in the TIM Group Interim Financial Report at June 30, 2019.

EVENTS SUBSEQUENT TO SEPTEMBER 30, 2019

No significant events occurred after September 30, 2019.

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

ATTACHMENTS

ADOPTION OF THE NEW IFRS 16 (LEASES) STANDARD

This section provides an overview of IFRS 16 (Leases) main disclosure elements and of the impacts arising from the application of the standard starting from January 1, 2019.

IFRS 16 (Leases) was endorsed by the European Union on October 31, 2017 with the Commission Regulation (EU) 2017/1986.

IFRS 16 has replaced IAS 17 (Leases) and the relative interpretations (IFRIC 4 Determining whether an Arrangement Contains a Lease; SIC 15 Operating Leases – Incentives; SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease).

As allowed by the new standard, the TIM Group has applied the modified retrospective method with the recognition of the cumulative effect of the standard first-time adoption as an adjustment to the opening balance of equity at the data of the first application, without restating prior comparative periods.

Based on the provisions of IFRS 16, lease agreements (that are not service contracts) are accounted by recognizing, in the statement of financial position, a financial liability for an amount corresponding to the present value of the future lease payments and (as counter entry) a Right of Use among the assets. This liability is subsequently adjusted over the lease contract term in order to reflect the payment of interest on the debt and the repayment of the principal; the right of use of the leased asset is amortized over the contract term. The application of IFRS 16 determines lower operating costs and higher amortization/depreciation and financial charges in comparison with IAS 17 which required the recognition of operating costs for non-financial leases; moreover, according to IFRS 16 for the lessees the distinction between financial and operating leases doesn't exist any longer.

As of January 1, 2019 (transition date), the TIM Group has applied a modified retrospective method by recognizing, for leases previously classified as operating leases (under IAS 17), a financial liability and a corresponding right of use, measured on the basis of the remaining lease payments at the transition date.

In the TIM Group the agreements that fall within the scope of IFRS 16 mainly refer to:

- land and buildings for office and industrial use,
- infrastructure sites for the mobile network and
- network infrastructure (when not services).

With reference to the options and exemptions provided for by IFRS 16, the TIM Group has adopted the following choices:

- IFRS 16 is not usually applied to intangible assets or to short-term (i.e. less than 12 months) contracts with low unit value;
- rights of use and financial liabilities relating to lease agreements have been classified on specific line items in the statement of financial position;
- any service contract component included in the lease payments have been generally excluded from the IFRS 16 scope;
- contracts with similar characteristics have been assessed using a single discount rate;
- lease agreements previously considered finance leasing pursuant to IAS 17 have retained the previously recognized values, in full continuity with the past.

The adoption of the new standard may be subject to amendments until the issue of 2019 consolidated financial statement of the TIM Group. In particular, certain analyses are still in progress regarding the accounting treatment of certain indirect and unrecoverable taxes in Brazil, which are currently included in the value shown on first-time adoption.

The impacts during transition are not indicative of future developments since the choices of allocating capital might change with resulting economic and financial repercussions on recognition in the financial statements.

IMPACTS ARISING FROM THE ADOPTION OF IFRS 16

Impacts on the consolidated statements of financial position at 1/1/2019 (transition date)

For the TIM Group, adoption of IFRS 16 entailed higher non-current assets due to the recognition of the "Right of Use" as a balancing entry to the higher financial liabilities recognized. In detail, the impacts of the transition on the main line items of the consolidated statements of financial position are shown below.

(millions of euros)	12/31/2018	Riclassification (*)	IFRS 16 impacts (**)	1/1/2019 Restated
Assets				
Non-current assets				
Intangible assets	35,658	(445)	–	35,213
Tangible assets	16,146	(1,923)	–	14,223
Right of use assets	–	2,368	3,503	5,871
Other non-current assets				
Non-current financial receivable for lease contracts	54	–	6	60
Miscellaneous receivables and other non-current assets	2,291	–	–	2,291
Deferred tax assets	1,136	–	–	1,136
Current assets				
Trade and miscellaneous receivables and other current assets	4,706	–	(29)	4,677
Current financial receivables arising from lease contracts	70	–	4	74
Total Assets	**65,619**	**–**	**3,484**	**69,103**
Equity and Liabilities				
Equity				
Equity attributable to Owners of the Parent	19,528	–	–	19,528
Non-controlling interests	2,219	–	–	2,219
Total Equity	**21,747**	**–**	**–**	**21,747**
Non-current liabilities				
Non-current financial liabilities for lease contracts	1,740	–	3,021	4,761
Deferred tax liabilities	192	–	–	192
Current liabilities				
Current financial liabilities for lease contracts	208	–	542	750
Trade and miscellaneous payables and other current liabilities	6,901	–	(79)	6,822
Total Equity and Liabilities	**65,619**	**–**	**3,484**	**69,103**

(*) The column includes reclassification of Rights of use on third-party assets (2,368 million euros) of: a) Indefeasible Right of Use – IRU (412 million euros) previously recognized as intangible assets; b) Rights of use on infrastructure in Brazil – "LT Amazonas" (33 million euros) previously recognized as intangible assets; c) assets held under finance leases (1,895 million euros), previously recognized as tangible assets; d) improvements to third-party assets (28 million euros) previously recognized as tangible assets.

(**) The column includes recognition of the rights of use on third-party assets, the related financial debt and related items consequent to IFRS 16.

The amount of net financial Liabilities (Assets) recognized for Leases at January 1, 2019 is the following:

(millions of euros)	
Financial liabilities for lease contracts payable, non-current and current, at December 31, 2018 (2018 financial statements)	1,948
Other financial liabilities recognized for leases at January 1, 2019	3,563
Total financial liabilities at January 1, 2019	**5,511**
Financial assets for lease contracts receivable, non-current and current, at December 31, 2018 (2018 financial statements)	(124)
Other financial assets recognized for leases at January 1, 2019	(10)
Total financial assets at January 1, 2019	**(134)**
Net financial Liabilities (Assets) for leases at January 1, 2019	**5,377**

Adjusted net financial debt

(millions of euros)

Adjusted net financial debt at December 31, 2018	**25,270**
Other financial liabilities recognized for leases at January 1, 2019	3,563
Other financial asset recognized for leases at January 1, 2019	(10)
Adjusted net financial debt at January 1, 2019	**28,823**

The average discount rate applied to the lease liabilities recognized in the statements of financial position, at the date of initial application (January 1, 2019), was 5.6%.

Impact on the main separate consolidated income statement line items and on the consolidated statements of financial position of the first nine months of 2019

The breakdown of the impact of IFRS 16 on key consolidated income statement figures for the first nine months of 2019 compared with the comparable first nine months of 2019 is shown below.

(millions of euros)		9 months to 9/30/2019 comparable (*) (a)	IFRS 16 impact (b)	9 months to 9/30/2019 (a+b)
Total operating revenues and other income		**14,273**	**–**	**14,273**
Operating expenses	(1)	(8,265)	491	(7,774)
EBITDA		**6,008**	**491**	**6,499**
Depreciation of assets held under finance leases	(2)	(140)	(486)	(626)
Gains (losses) on disposals of non-current assets	(3)	(21)	(8)	(29)
EBIT		**2,717**	**(5)**	**2,712**
Interest expenses on lease liabilities	(4)	(118)	(154)	(272)
Profit (loss) before tax from continuing operations		1,750	(159)	1,591
Income tax expense	(5)	(548)	50	(498)
Profit (loss) for the period		**1,202**	**(109)**	**1,093**
Attributable to:				
Owners of the Parent		**931**	**(79)**	**852**
Non-controlling interests		271	(30)	241

(*) In the comparable first nine months of 2019, the signed lease contracts starting from January 1, 2019 are always classified as operating leases for IAS 17 purposes

The different nature, qualification and classification of the expenses, with recognition of the "Amortization of rights of use assets" and of "Financial expense for interest relating to rights of use " instead of "Lease and rental costs - payments for operating leases" according to IAS 17, has determined a positive impact on EBITDA equal to 491 million euros.

Application of **IFRS 16** to lease contracts particularly has determined:

(1) reduction of **Operating expenses** for the different accounting treatment of the rentals relating to the lease contracts of land, building for office and industrial use, infrastructure sites for the mobile telephony network and network infrastructure (when not classifiable as services);

(2) the increase in **Amortization** of rights of use assets consequent to recognition of higher non-current assets ("Right of Use asset") amortized for the term of the contract;

(3) the increase in **Losses on disposals of non-current assets** due to the early termination of finance leases;

(4) the increase in **Financial expense for interest** due to the recognition of higher financial liabilities connected to the Right of use assets;

(5) the change in **Income tax expense** that shows the income tax effect of the changes illustrated above.

The breakdown of the impact of IFRS 16 on the main consolidated statements of financial position figures at September 30, 2019 is shown below.

(millions of euros)	9/30/2019 comparable (a)	IFRS 16 impact (b)	9/30/2019 (c=a+b)
Assets			
Non-current assets			
Intangible assets	34,464	–	34,464
Tangible assets	13,995	–	13,995
Right of use assets	2,247	3,446	5,693
Other non-current assets	6,509	14	6,523
Total Non-current assets	**57,215**	**3,460**	**60,675**
Current Assets	**8,851**	**(53)**	**8,798**
Total Assets	**66,066**	**3,407**	**69,473**
Equity and Liabilities			
Equity			
Equity attributable to owners of the Parent	20,284	(62)	20,222
Non-controlling interests	2,348	(26)	2,322
Total Equity	**22,632**	**(88)**	**22,544**
Non-current liabilities	**33,147**	**3,004**	**36,151**
Current liabilities	**10,287**	**491**	**10,778**
Total Liabilities	**43,434**	**3,495**	**46,929**
Total Equity and Liabilities	**66,066**	**3,407**	**69,473**

The breakdown of the impact of IFRS 16 on consolidated net financial debt is shown below.

Adjusted Net Financial Debt

(millions of euros)	9/30/2019
Comparable adjusted net financial debt	**24,312**
Additional financial liabilities recognized in application of IFRS 16	3,589
Additional financial assets recognized in application of IFRS 16	(10)
Adjusted net financial debt	**27,891**

TIM GROUP – FINANCIAL HIGHLIGHTS

(millions of euros)	9 months to 9/30/2019	9 months to 9/30/2019 comparable (a)	9 months to 9/30/2018 (b)	% Change (a-b)	% Change organic excluding non-recurring
Revenues	13,423	13,423	14,077	(4.6)	(4.3)
EBITDA (1)	6,499	6,008	5,778	4.0	(3.1)
EBITDA Margin	*48.4%*	*44.8%*	*41.0%*	*3.8pp*	
Organic EBITDA Margin excluding non-recurring	*46.1%*	*42.5%*	*42.0%*		*0.5pp*
EBIT before goodwill impairment loss	2,712	2,717	2,617	3.8	
Goodwill impairment loss	–	–	*(2,000)*		
EBIT (1)	2,712	2,717	617		(11.7)
EBIT Margin	*20.2%*	*20.2%*	*4.4%*	*15.8pp*	
Organic EBIT Margin excluding non-recurring	*17.9%*	*18.0%*	*19.5%*		*(1.5)pp*
Profit (loss) for the period attributable to owners of the Parent	852	931	(868)		
Capital Expenditures & spectrum	2,276	2,276	2,460	(7.5)	
	9/30/2019	**9/30/2019 comparable (a)**	**12/31/2018 (b)**	**Change Amount (a-b)**	
Adjusted Net Financial Debt (1)	27,891	24,312	25,270	(958)	

(millions of euros)	3rd Quarter 2019	3rd Quarter 2019 comparable (a)	3rd Quarter 2018 (b)	% Change (a-b)	% Change organic excluding non-recurring
Revenues	4,429	4,429	4,666	(5.1)	(6.1)
EBITDA (1)	2,108	1,943	2,045	(5.0)	(4.5)
EBITDA Margin	*47.6%*	*43.9%*	*43.8%*	*0.1pp*	
Organic EBITDA Margin excluding non-recurring	*48.3%*	*44.6%*	*43.9%*		*0.7pp*
EBIT before goodwill impairment loss	825	846	1,003	(15.7)	
Goodwill impairment loss	–	–	*(2,000)*		
EBIT (1)	825	846	(997)		(13.5)
EBIT Margin	*18.6%*	*19.1%*	*(21.4)%*		
Organic EBIT Margin excluding non-recurring	*19.3%*	*19.8%*	*21.5%*		*(1.7)pp*
Profit (loss) for the period attributable to owners of the Parent	301	339	(1,400)		

(1) Details are provided under "Alternative Performance Measures".

TIM GROUP – RECLASSIFIED STATEMENTS

The reclassified Separate Consolidated Income Statements, Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position and the Consolidated Statements of Cash Flows, as well as the Consolidated Net Financial Debt of the TIM Group are consistent with the consolidated financial statements included in the Annual Financial Report and in the Half-Year Financial Report. Such statements were not audited by the audit firm.
The accounting policies and consolidation principles adopted are consistent with those applied for the TIM Group Consolidated Financial Statements at December 31, 2018, except for the new standards adopted as of January 1, 2019, the impact of which is illustrated in the chapter "Adoption of the New IFRS 16 (Leases) Standard".
To enable the comparison of the economic and financial performance for the first nine months and third quarter of 2019, with the corresponding period of the previous year, this press release shows "comparable" income statement figures and "comparable" statement of financial position figures, prepared in accordance with the previous accounting standards applied (IAS 17 and relative Interpretations).
As described in the 2018 consolidated financial statements of the TIM Group, the improvements - also on the supporting IT systems - relating to the process of implementing the new accounting standards adopted in 2018, together with the high number of new commercial offers, involved recalculating the time distribution of the revenues during the first and second quarters of 2018 for some specific fixed-line and mobile contract types. Therefore, the financial figures of the first and second quarters of 2018 have been recalculated. These figures are not audited.
The figures provided below are to be considered "reported" unless otherwise indicated.

SEPARATE CONSOLIDATED INCOME STATEMENTS OF THE TIM GROUP

(millions of euros)	9 months to 9/30/2019	9 months to 9/30/2019 comparable (a)	9 months to 9/30/2018 (b)	Change (a-b) amount	%
Revenues	**13,423**	**13,423**	**14,077**	**(654)**	**(4.6)**
Other income	850	850	200	650	–
Total operating revenues and other income	**14,273**	**14,273**	**14,277**	**(4)**	**–**
Acquisition of goods and services	(4,746)	(5,237)	(5,889)	652	11.1
Employee benefits expenses	(2,179)	(2,179)	(2,171)	(8)	(0.4)
Other operating expenses	(1,160)	(1,160)	(906)	(254)	(28.0)
Change in inventories	(89)	(89)	25	(114)	–
Internally generated assets	400	400	442	(42)	(9.5)
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**6,499**	**6,008**	**5,778**	**230**	**4.0**
Depreciation and amortization	(3,758)	(3,270)	(3,167)	(103)	(3.3)
Gains (losses) on disposals of non-current assets	(29)	(21)	6	(27)	–
Impairment reversals (losses) on non-current assets	–	–	(2,000)	2,000	–
Operating profit (loss) (EBIT)	**2,712**	**2,717**	**617**	**2,100**	**–**
Share of profits (losses) of associates and joint ventures accounted for using the equity method	(4)	(4)	(2)	(2)	–
Other income (expenses) from investments	2	2	10	(8)	(80.0)
Finance income	951	950	723	227	31.4
Finance expenses	(2,070)	(1,915)	(1,770)	(145)	(8.2)
Profit (loss) before tax from continuing operations	**1,591**	**1,750**	**(422)**	**2,172**	**–**
Income tax expense	(498)	(548)	(254)	(294)	–
Profit (loss) from continuing operations	**1,093**	**1,202**	**(676)**	**1,878**	**–**
Profit (loss) from Discontinued operations/Non-current assets held for sale	**–**	**–**	**–**	**–**	**–**
Profit (loss) for the period	**1,093**	**1,202**	**(676)**	**1,878**	**–**
Attributable to:					
Owners of the Parent	**852**	**931**	**(868)**	**1,799**	**–**
Non-controlling interests	241	271	192	79	41.1

SEPARATE CONSOLIDATED INCOME STATEMENTS FOR THE THIRD QUARTER OF THE TIM GROUP

(millions of euros)	3rd Quarter 2019	3rd Quarter 2019 comparable (a)	3rd Quarter 2018 (b)	Change (a-b) amount	%
Revenues	**4,429**	**4,429**	**4,666**	**(237)**	**(5.1)**
Other income	84	84	56	28	50.0
Total operating revenues and other income	**4,513**	**4,513**	**4,722**	**(209)**	**(4.4)**
Acquisition of goods and services	(1,548)	(1,713)	(1,909)	196	10.3
Employee benefits expenses	(677)	(677)	(645)	(32)	(5.0)
Other operating expenses	(289)	(289)	(245)	(44)	(18.0)
Change in inventories	(15)	(15)	(10)	(5)	(50.0)
Internally generated assets	124	124	132	(8)	(6.1)
Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**2,108**	**1,943**	**2,045**	**(102)**	**(5.0)**
Depreciation and amortization	(1,262)	(1,084)	(1,045)	(39)	(3.7)
Gains (losses) on disposals of non-current assets	(21)	(13)	3	(16)	–
Impairment reversals (losses) on non-current assets	–	–	(2,000)	2,000	–
Operating profit (loss) (EBIT)	**825**	**846**	**(997)**	**1,843**	**–**
Share of profits (losses) of associates and joint ventures accounted for using the equity method	(1)	(1)	–	(1)	–
Other income (expenses) from investments	–	–	–	–	–
Finance income	371	371	172	199	–
Finance expenses	(736)	(686)	(501)	(185)	(36.9)
Profit (loss) before tax from continuing operations	**459**	**530**	**(1,326)**	**1,856**	**–**
Income tax expense	(106)	(126)	43	(169)	–
Profit (loss) from continuing operations	**353**	**404**	**(1,283)**	**1,687**	**–**
Profit (loss) from Discontinued operations/Non-current assets held for sale	–	–	–	–	–
Profit (loss) for the period	**353**	**404**	**(1,283)**	**1,687**	**–**
Attributable to:					
Owners of the Parent	**301**	**339**	**(1,400)**	**1,739**	**–**
Non-controlling interests	52	65	117	(52)	(44.4)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF THE TIM GROUP

In accordance with IAS 1 (Presentation of Financial Statements) here below are presented the Consolidated Statements of Comprehensive Income, including the Profit (loss) for the period, as shown in the Separate Consolidated Income Statements, and all non-owner changes in equity.

(millions of euros)		3rd Quarter 2019	3rd Quarter 2018	9 months to 9/30/2019	9 months to 9/30/2018
Profit (loss) for the period	**(a)**	**353**	**(1,283)**	**1,093**	**(676)**
Other components of the Consolidated Statement of Comprehensive Income					
Other components that will not be reclassified subsequently to Separate Consolidated Income Statement					
Financial assets measured at fair value through other comprehensive income:					
Profit (loss) from fair value adjustments		2	1	5	(2)
Income tax effect		–	–	–	–
	(b)	**2**	**1**	**5**	**(2)**
Remeasurements of employee defined benefit plans (IAS19):					
Actuarial gains (losses)		–	–	(70)	7
Income tax effect		–	–	17	(3)
	(c)	**–**	**–**	**(53)**	**4**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:					
Profit (loss)		–	–	–	–
Income tax effect		–	–	–	–
	(d)	**–**	**–**	**–**	**–**
Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement	**(e=b+c+d)**	**2**	**1**	**(48)**	**2**
Other components that will be reclassified subsequently to Separate Consolidated Income Statement					
Financial assets measured at fair value through other comprehensive income:					
Profit (loss) from fair value adjustments		15	(5)	37	(1)
Loss (profit) transferred to Separate Consolidated Income Statement		(4)	(1)	(7)	13
Income tax effect		(2)	3	(3)	(5)
	(f)	**9**	**(3)**	**27**	**7**
Hedging instruments:					
Profit (loss) from fair value adjustments		387	145	486	80
Loss (profit) transferred to Separate Consolidated Income Statement		(253)	(184)	(345)	(261)
Income tax effect		(32)	10	(35)	43
	(g)	**102**	**(29)**	**106**	**(138)**
Exchange differences on translating foreign operations:					
Profit (loss) on translating foreign operations		(204)	(156)	(117)	(766)
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement		–	–	–	–
Income tax effect		–	–	–	–
	(h)	**(204)**	**(156)**	**(117)**	**(766)**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:					
Profit (loss)		–	–	–	–
Loss (profit) transferred to Separate Consolidated Income Statement		–	–	–	–
Income tax effect		–	–	–	–
	(i)	**–**	**–**	**–**	**–**
Total other components that will be reclassified subsequently to Separate Consolidated Income Statement	**(k=f+g+h+i)**	**(93)**	**(188)**	**16**	**(897)**
Total other components of the Consolidated Statement of Comprehensive Income	**(m=e+k)**	**(91)**	**(187)**	**(32)**	**(895)**
Total comprehensive income (loss) for the period	**(a+m)**	**262**	**(1,470)**	**1,061**	**(1,571)**
Attributable to:					
Owners of the Parent		**274**	**(1,539)**	**858**	**(1,530)**
Non-controlling interests		(12)	69	203	(41)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION THE TIM GROUP

(millions of euros)		9/30/2019 (a)	12/31/2018 (b)	Change (a-b)
Assets				
Non-current assets				
Intangible assets				
Goodwill		26,750	26,769	(19)
Intangible assets with a finite useful life		7,714	8,889	(1,175)
		34,464	**35,658**	**(1,194)**
Tangible assets				
Property, plant and equipment owned		13,995	14,251	(256)
Assets held under finance leases		–	1,895	(1,895)
		13,995	**16,146**	**(2,151)**
Right of use assets		**5,693**		**5,693**
Other non-current assets				
Investments in associates and joint ventures accounted for using the equity method		12	16	(4)
Other investments		52	49	3
Non-current financial receivable for lease contracts		53	54	(1)
Other non-current financial assets		2,584	1,540	1,044
Miscellaneous receivables and other non-current assets		2,803	2,291	512
Deferred tax assets		1,019	1,136	(117)
		6,523	**5,086**	**1,437**
Total Non-current assets	**(a)**	**60,675**	**56,890**	**3,785**
Current assets				
Inventories		299	389	(90)
Trade and miscellaneous receivables and other current assets		4,940	4,706	234
Current income tax receivables		104	251	(147)
Current financial assets				
Current financial receivables arising from lease contracts		*61*	*70*	*(9)*
Securities other than investments, other financial receivables and other current financial assets		*1,247*	*1,396*	*(149)*
Cash and cash equivalents		*2,147*	*1,917*	*230*
		3,455	**3,383**	**72**
Current assets sub-total		**8,798**	**8,729**	**69**
Discontinued operations /Non-current assets held for sale		**–**	**–**	**–**
Total Current assets	**(b)**	**8,798**	**8,729**	**69**
Total Assets	**(a+b)**	**69,473**	**65,619**	**3,854**

(millions of euros)		9/30/2019 (a)	12/31/2018 (b)	Change (a-b)
Equity and Liabilities				
Equity				
Equity attributable to owners of the Parent		20,222	19,528	694
Non-controlling interests		2,322	2,219	103
Total Equity	**(c)**	**22,544**	**21,747**	**797**
Non-current liabilities				
Non-current financial liabilities for financing contracts and others		25,546	23,319	2,227
Non-current financial liabilities for lease contracts		4,716	1,740	2,976
Employee benefits		1,379	1,567	(188)
Deferred tax liabilities		383	192	191
Provisions		971	876	95
Miscellaneous payables and other non-current liabilities		3,156	3,297	(141)
Total Non-current liabilities	**(d)**	**36,151**	**30,991**	**5,160**
Current liabilities				
Current financial liabilities for financing contracts and others		3,557	5,705	(2,148)
Current financial liabilities for lease contracts		720	208	512
Trade and miscellaneous payables and other current liabilities		6,459	6,901	(442)
Current income tax payables		42	67	(25)
Current liabilities sub-total		**10,778**	**12,881**	**(2,103)**
Liabilities directly associated with Discontinued operations/Non-current assets held for sale		**–**	**–**	**–**
Total Current Liabilities	**(e)**	**10,778**	**12,881**	**(2,103)**
Total Liabilities	**(f=d+e)**	**46,929**	**43,872**	**3,057**
Total Equity and Liabilities	**(c+f)**	**69,473**	**65,619**	**3,854**

TIM

CONSOLIDATED STATEMENTS OF CASH FLOWS OF THE TIM GROUP

(millions of euros)		9 months to 9/30/2019	9 months to 9/30/2018
Cash flows from operating activities:			
Profit (loss) from continuing operations		1,093	(676)
Adjustments for:			
Depreciation and amortization		3,758	3,167
Impairment losses (reversals) on non-current assets (including investments)		26	2,003
Net change in deferred tax assets and liabilities		287	(37)
Losses (gains) realized on disposals of non-current assets (including investments)		28	(5)
Share of losses (profits) of associates and joint ventures accounted for using the equity method		4	2
Change in provisions for employee benefits		(243)	(116)
Change in inventories		90	(20)
Change in trade receivables and net amounts due from customers on construction contracts		(108)	(266)
Change in trade payables		(418)	(511)
Net change in current income tax receivables/payables		125	(48)
Net change in miscellaneous receivables/payables and other assets/liabilities		(116)	17
Cash flows from (used in) operating activities	**(a)**	**4,526**	**3,510**
Cash flows from investing activities:			
Purchases of intangible, tangible and rights of use assets on a cash basis		(2,891)	(3,190)
Capital grants received		6	9
Acquisition of control of companies or other businesses, net of cash acquired		–	–
Acquisitions/disposals of other investments		(4)	(3)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)		17	(7)
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of		–	–
Proceeds from sale/repayments of intangible, tangible and other non-current assets		7	12
Cash flows from (used in) investing activities	**(b)**	**(2,865)**	**(3,179)**
Cash flows from financing activities:			
Change in current financial liabilities and other		134	9
Proceeds from non-current financial liabilities (including current portion)		3,619	2,182
Repayments of non-current financial liabilities (including current portion)		(4,032)	(3,032)
Changes in hedging and non-hedging derivatives		(673)	87
Share capital proceeds/reimbursements (including subsidiaries)		10	22
Dividends paid		(252)	(239)
Changes in ownership interests in consolidated subsidiaries		–	2
Cash flows from (used in) financing activities	**(c)**	**(1,194)**	**(969)**
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	**(d)**	**–**	**–**
Aggregate cash flows	**(e=a+b+c+d)**	**467**	**(638)**
Net cash and cash equivalents at beginning of the period	**(f)**	**1,631**	**3,246**
Net foreign exchange differences on net cash and cash equivalents	(g)	2	(66)
Net cash and cash equivalents at end of the period	**(h=e+f+g)**	**2,100**	**2,542**

Purchases of intangible, tangible and rights of use assets

(millions of euros)	9 months to 9/30/2019	9 months to 9/30/2018
Purchase of intangible assets	(570)	(736)
Purchase of tangible assets (1)	(1,673)	(1,772)
Purchase of right of use assets	(558)	–
Total purchase of intangible, tangible and right of use assets on an accrual basis	(2,801)	(2,508)
Change in payables arising from purchase of intangible, tangible and right of use assets	(90)	(682)
Total purchases of intangible, tangible and rights of use assets on a cash basis	(2,891)	(3,190)

(1) They include, for the first nine months of 2018, purchases of assets under finance leases.

Additional Cash Flow information

(millions of euros)	9 months to 9/30/2019	9 months to 9/30/2018
Income taxes (paid) received	(72)	(325)
Interest expense paid	(1,415)	(1,546)
Interest income received	439	695
Dividends received	–	1

Analysis of Net Cash and Cash Equivalents

(millions of euros)	9 months to 9/30/2019	9 months to 9/30/2018
Net cash and cash equivalents at beginning of the period		
Cash and cash equivalents - from continuing operations	1,917	3,575
Bank overdrafts repayable on demand – from continuing operations	(286)	(329)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	–	–
Bank overdrafts repayable on demand – from Discontinued operations/Non-current assets held for sale	–	–
	1,631	**3,246**
Net cash and cash equivalents at end of the period		
Cash and cash equivalents - from continuing operations	2,147	2,543
Bank overdrafts repayable on demand – from continuing operations	(47)	(1)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale	–	–
Bank overdrafts repayable on demand – from Discontinued operations/Non-current assets held for sale	–	–
	2,100	**2,542**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY OF THE TIM GROUP

Changes from January 1, 2018 to September 30, 2018

	Equity attributable to owners of the Parent										
(millions of euros)	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	**Total**	**Non-controlling interests**	**Total Equity**
Balance at December 31, 2017	**11,587**	**2,094**	**51**	**(582)**	**(955)**	**(104)**	**–**	**9,383**	**21,474**	**2,221**	**23,695**
Changes in equity during the period:											
Dividends approved								(166)	**(166)**	(86)	**(252)**
Total comprehensive income (loss) for the period			5	(138)	(533)	4		(868)	**(1,530)**	(41)	**(1,571)**
Grant of equity instruments								1	**1**		**1**
Other changes								3	**3**	25	**28**
Balance at September 30, 2018	**11,587**	**2,094**	**56**	**(720)**	**(1,488)**	**(100)**	**–**	**8,353**	**19,782**	**2,119**	**21,901**

Changes from January 1, 2019 to September 30, 2019

	Equity attributable to owners of the Parent										
(millions of euros)	Share capital	Additional paid-in capital	Reserve for financial assets measured at fair value through other comprehensive income	Reserve for hedging instruments	Reserve for exchange differences on translating foreign operations	Reserve for remeasurements of employee defined benefit plans (IAS 19)	Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	**Total**	**Non-controlling interests**	**Total Equity**
Balance at December 31, 2018	**11,587**	**2,094**	**30**	**(563)**	**(1,340)**	**(90)**	**–**	**7,810**	**19,528**	**2,219**	**21,747**
Adoption of IFRS 16								–	**–**	–	**–**
Adjusted Balance at December 31, 2018	**11,587**	**2,094**	**30**	**(563)**	**(1,340)**	**(90)**	**–**	**7,810**	**19,528**	**2,219**	**21,747**
Changes in equity during the period:											
Dividends approved								(166)	**(166)**	(112)	**(278)**
Total comprehensive income (loss) for the period			32	106	(79)	(53)		852	**858**	203	**1,061**
Grant of equity instruments								3	**3**		**3**
Other changes								(1)	**(1)**	12	**11**
Balance at September 30, 2019	**11,587**	**2,094**	**62**	**(457)**	**(1,419)**	**(143)**	**–**	**8,498**	**20,222**	**2,322**	**22,544**

NET FINANCIAL DEBT OF THE TIM GROUP

(millions of euros)	9/30/2019 (a)	12/31/2018 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	19,974	18,579	1,395
Amounts due to banks, other financial payables and liabilities	5,572	4,740	832
Non-current financial liabilities for lease contracts	4,716	1,740	2,976
	30,262	**25,059**	**5,203**
Current financial liabilities (*)			
Bonds	1,863	2,918	(1,055)
Amounts due to banks, other financial payables and liabilities	1,694	2,787	(1,093)
Current financial liabilities for lease contracts	720	208	512
	4,277	**5,913**	**(1,636)**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale	–	–	–
Total Gross financial debt	**34,539**	**30,972**	**3,567**
Non-current financial assets			
Securities other than investments	–	–	–
Non-current financial receivable for lease contracts	(53)	(54)	1
Financial receivables and other non-current financial assets	(2,584)	(1,540)	(1,044)
	(2,637)	**(1,594)**	**(1,043)**
Current financial assets			
Securities other than investments	(1,106)	(1,126)	20
Current financial receivables arising from lease contracts	(61)	(70)	9
Financial receivables and other current financial assets	(141)	(270)	129
Cash and cash equivalents	(2,147)	(1,917)	(230)
	(3,455)	**(3,383)**	**(72)**
Financial assets relating to Discontinued operations/Non-current assets held for sale	–	–	–
Total financial assets	**(6,092)**	**(4,977)**	**(1,115)**
Net financial debt carrying amount	**28,447**	**25,995**	**2,452**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(556)*	*(725)*	*169*
Adjusted Net Financial Debt	**27,891**	**25,270**	**2,621**
Breakdown as follows:			
Total adjusted gross financial debt	**32,338**	**29,432**	**2,906**
Total adjusted financial assets	**(4,447)**	**(4,162)**	**(285)**
(*) of which current portion of medium/long-term debt:			
Bonds	*1,863*	*2,918*	*(1,055)*
Amounts due to banks, other financial payables and liabilities	*572*	*1,477*	*(905)*
Current financial liabilities for lease contracts	*720*	*208*	*512*

CHANGE IN ADJUSTED NET FINANCIAL DEBT OF THE TIM GROUP

(millions of euros)	9 months to 9/30/2019	9 months to 9/30/2019 comparable (a)	9 months to 9/30/2018 (b)	Change (a-b)
EBITDA	6,499	6,008	5,778	230
Capital expenditures on an accrual basis	(2,276)	(2,276)	(2,460)	184
Investments for mobile licenses acquisition / spectrum	–	–	–	–
Change in net operating working capital:	(1,290)	(1,342)	(1,778)	436
Change in inventories	*90*	*90*	*(20)*	*110*
Change in trade receivables and net amounts due from customers on construction contracts	*(108)*	*(108)*	*(266)*	*158*
Change in trade payables	*(1,015)*	*(1,038)*	*(1,206)*	*168*
Changes of mobile licenses acquisition payable / spectrum	*(18)*	*(18)*	*(36)*	*18*
Other changes in operating receivables/payables	*(239)*	*(268)*	*(250)*	*(18)*
Change in provisions for employee benefits	(243)	(243)	(116)	(127)
Change in operating provisions and Other changes	101	101	33	68
Net operating free cash flow	**2,791**	**2,248**	**1,457**	**791**
Of which Operating Free Cash Flow related to the mobile licenses acquisition / spectrum	*(18)*	*(18)*	*(36)*	*18*
% of Revenues	*20.8*	*16.7*	*10.4*	*6.3 pp*
Sale of investments and other disposals flow	7	7	14	(7)
Share capital increases/reimbursements, including incidental expenses	10	10	22	(12)
Financial investments	(4)	(4)	(3)	(1)
Dividends payment	(252)	(252)	(239)	(13)
Increases in finance lease contracts	(525)	(26)	(48)	22
Finance expenses, income taxes and other net non-operating requirements flow and impact from application of IFRS 16	(4,648)	(1,025)	(1,085)	60
Reduction/(Increase) in adjusted net financial debt from continuing operations	**(2,621)**	**958**	**118**	**840**
Reduction/(Increase) in net financial debt from Discontinued operations/Non-current assets held for sale	–	–	–	–
Reduction/(Increase) in adjusted net financial debt	**(2,621)**	**958**	**118**	**840**

INFORMATION BY OPERATING SEGMENTS OF THE TIM GROUP

DOMESTIC

(millions of euros)	9 months to 9/30/2019	9 months to 9/30/2019 comparable (a)	9 months to 9/30/2018 (b)	Change (a - b)		
				amount	%	% organic excluding non-recurring
Revenues	10,523	10,523	11,182	(659)	(5.9)	(5.9)
EBITDA	4,554	4,285	4,739	(454)	(9.6)	(5.2)
EBITDA margin	*43.3*	*40.7*	*42.4*		*(1.7) pp*	*0.3 pp*
EBIT	1,694	1,690	251	1,439	-	(15.0)
EBIT margin	*16.1*	*16.1*	*2.2*		*13.9 pp*	*(2.0) pp*
Headcount at period-end (number)	(°)46,502		(*)48,200	(1,698)	(3.5)	

(*) Headcount at December 31, 2018.
(°) Includes employees with temp work contracts: 6 units at September 30, 2019 (0 units at December 31, 2018).

(millions of euros)	3rd Quarter 2019	3rd Quarter 2019 comparable (a)	3rd Quarter 2018 (b)	Change (a-b)		
				amount	%	% organic excluding non-recurring
Revenues	3,454	3,454	3,759	(305)	(8.1)	(8.2)
EBITDA	1,625	1,536	1,702	(166)	(9.8)	(6.9)
EBITDA Margin	*47.0*	*44.5*	*45.3*		*(0.8) pp*	*0.6 pp*
EBIT	665	678	(1,120)	1,798	-	(17.4)
EBIT Margin	*19.3*	*19.6*	*(29.8)*		*49.4 pp*	*(2.3) pp*

Fixed

	9/30/2019	12/31/2018	9/30/2018
Physical accesses of TIM Retail (thousands)	9,305	10,149	10,450
of which NGN	*3,490*	*3,166*	*2,955*
Physical accesses of TIM Wholesale (thousands)	8,050	8,063	8,114
of which NGN	*3,076*	*2,262*	*1,904*
Active Broadband accesses of TIM Retail (thousands)	7,532	7,483	7,561
Consumer ARPU (€/month) (1)	35.1	34.0	33.5
Broadband ARPU (€/month) (2)	28.3	26.3	25.7

(1) Revenues from retail Consumer services in proportion to the average Consumer physical accesses.
(2) Revenues from broadband services in proportion to the average active TIM retail retail accesses.

Mobile

	9/30/2019	12/31/2018	9/30/2018
Lines at period end (thousands)	31,254	31,818	31,994
of which Human	21,413	22,448	22,738
Churn rate (%) (3)	14.8	26.3	20.1
Broadband users (thousands) (4)	12,951	13,015	13,365
Reported ARPU (€/month) (5)	8.8	9.8	10.0
Human ARPU (€/month) (6)	12.6	13.4	13.6

(3) The data refer to total lines. The churn rate represents the number of mobile customers who discontinued service during the period expressed as a percentage of the average number of customers.
(4) Mobile lines using data services.
(5) Revenues from retail services (visitors and MVNO not included) in proportion to the average total lines.
(6) Revenues from retail services (visitors and MVNO not included) in proportion to the average human total lines.

Core Domestic

(millions of euros)	3rd Quarter 2019 comparable	3rd Quarter 2018	9 months to 9/30/2019 comparable	9 months to 9/30/2018	% Change		
	(a)	(b)	(c)	(d)	(a/b)	(c/d)	organic excluding non-recurring
Revenues	3,282	3,510	9,986	10,453	(6.5)	(4.5)	(4.3)
Consumer	1,624	1,884	4,969	5,536	(13.8)	(10.2)	(10.2)
Business	1,119	1,116	3,432	3,421	0.3	0.3	0.3
Wholesale	483	449	1,420	1,326	7.6	7.1	7.1
Other	56	61	165	170	(8.2)	(2.9)	5.9
EBITDA	1,508	1,669	4,193	4,669	(9.6)	(10.2)	(5.6)
EBITDA margin	45.9	47.5	42.0	44.7	(1.6) pp	(2.7) pp	(0.6) pp
EBIT	678	(1,125)	1,682	264	-	-	(15.7)
EBIT margin	20.7	(32.1)	16.8	2.5	52.8 pp	14.3 pp	(2.8) pp
Headcount at period-end (number)			(°)45,753	(*)47,455		(3.6)	

(*) Headcount at December 31, 2018.
(°) Includes employees with temp work contracts: 6 units at September 30, 2019 (0 units at December 31, 2018).

International Wholesale

(millions of euros)	3rd Quarter 2019 comparable	3rd Quarter 2018	9 months to 9/30/2019 comparable	9 months to 9/30/2018	% Change		
	(a)	(b)	(c)	(d)	(a/b)	(c/d)	organic excluding non-recurring
Revenues	228	310	697	919	(26.5)	(24.2)	(25.2)
of which third party	*184*	*261*	*569*	*777*	*(29.5)*	*(26.8)*	*(28.0)*
EBITDA	30	32	95	85	(6.3)	11.8	9.2
EBITDA margin	*13.2*	*10.3*	*13.6*	*9.2*	*2.9 pp*	*4.4 pp*	*4.3 pp*
EBIT	–	3	8	(1)	-	-	-
EBIT margin	–	*1.0*	*1.1*	*(0.1)*	*(1.0) pp*	*1.2 pp*	*1.2 pp*
Headcount at period-end (number)			749	(*)745		0.5	

(*) Headcount at December 31, 2018.

The International Wholesale Cash Generating Unit consists of the companies of the Telecom Italia Sparkle group; part of the TIM Group's goodwill was allocated on the CGU.

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BRAZIL

	(millions of euros)			(millions of Brazilian reais)					
	9 months to 9/30/2019	**9 months to 9/30/2019 comparable**	**9 months to 9/30/ 2018**	**9 months to 9/30/2019**	**9 months to 9/30/2019 comparable**	**9 months to 9/30/2018**	**Change**		
							amount	%	% organic excluding non-recurring
		(a)	(b)		(c)	(d)	(c-d)	(c-d)/d	
Revenues	2,930	2,930	2,918	12,791	12,791	12,524	267	2.1	2.1
EBITDA	1,952	1,730	1,050	8,522	7,550	4,509	3,041	67.4	6.2
EBITDA margin	*66.6*	*59.0*	*36.0*	*66.6*	*59.0*	*36.0*		*23.0pp*	*1.4pp*
EBIT	1,025	1,034	378	4,476	4,515	1,621	2,894		8.3
EBIT margin	*35.0*	*35.3*	*12.9*	*35.0*	*35.3*	*12.9*		*22.4pp*	*0.8pp*
Headcount at period-end (number)				9,533		(1) 9,658			

(1) Headcount at December 31, 2018

	(millions of euros)			(millions of Brazilian reais)					
	3rd Quarter 2019	**3rd Quarter 2019 comparable**	**3rd Quarter 2018**	**3rd Quarter 2019**	**3rd Quarter 2019 comparable**	**3rd Quarter 2018**	**Change**		
							amount	%	% organic excluding non-recurring
		(a)	(b)		(c)	(d)	(c-d)	(c-d)/d	
Revenues	984	984	917	4,337	4,337	4,242	95	2.2	2.2
EBITDA	485	409	346	2,152	1,812	1,594	218	13.7	6.8
EBITDA margin	*49.6*	*41.8*	*37.6*	*49.6*	*41.8*	*37.6*		*4.2pp*	*1.6pp*
EBIT	163	171	126	729	766	579	187	32.3	13.3
EBIT margin	*16.8*	*17.7*	*13.6*	*16.8*	*17.7*	*13.6*		*4.1pp*	*1.5pp*

HEADCOUNT OF THE TIM GROUP

Average salaried workforce

(equivalent number)	9 months to 9/30/2019 (a)	12 months to 12/31/2018 (b)	9 months to 9/30/2018 (c)	Change (a-c)
Average salaried workforce – Italy	42,968	45,058	45,772	(2,804)
Average salaried workforce – Outside Italy	9,225	9,365	9,347	(122)
Total average salaried workforce (1)	**52,193**	**54,423**	**55,119**	**(2,926)**

(1) Includes employees with temp work contracts: 4 average employees in the first nine months of 2019, 0 average employees in the first nine months of 2018 and year 2018.

Headcount at period end

(number)	9/30/2019 (a)	12/31/2018 (b)	9/30/2018 (c)	Change (a-b)
Headcount – Italy	46,274	48,005	49,349	(1,731)
Headcount – Outside Italy	9,774	9,896	9,775	(122)
Total headcount at period end (1)	**56,048**	**57,901**	**59,124**	**(1,853)**

(1) Includes employees with temp work contracts: 6 employees at 9/30/2019; 0 employees at 12/31/2018 and at 9/30/2018.

Headcount at period end – Breakdown by Business Unit

(number)	9/30/2019	12/31/2018	Change
Domestic	46,502	48,200	(1,698)
Brazil	9,533	9,658	(125)
Other Operations	13	43	(30)
Total	**56,048**	**57,901**	**(1,853)**

EFFECTS OF NON-RECURRING EVENTS AND TRANSACTIONS ON EACH ITEM OF THE SEPARATE CONSOLIDATED INCOME STATEMENTS OF THE TIM GROUP

The effects of non-recurring events and transactions on the separate consolidated income statements line items are set out below in accordance with Consob communication DME/RM/9081707 dated September 16, 2009:

(millions of euros)	9 months to 9/30/2019	9 months to 9/30/2018
Revenues:		
Revenue adjustments of previous years	(15)	–
Other income:		
Brazil Business Unit Tax recovery effect	693	–
Acquisition of goods and services, Change in inventories:		
Professional expenses, consulting services and other costs	(12)	(11)
Employee benefits expenses:		
Expenses related to restructuring, rationalization and other	(77)	(12)
Other operating expenses:		
Sundry expenses and other provisions	(289)	(105)
Impact on Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	**300**	**(128)**
Impairment reversals (losses) on non-current assets:		
Impairment loss on goodwill attributable to CGU Core Domestic	–	(2,000)
Impact on EBIT - Operating profit (loss)	**300**	**(2,128)**
Other income (expenses) from investments:		
Net gains on disposals of Other investments	1	–
Finance expenses:		
Miscellaneous finance expenses	(34)	(6)
Impact on profit (loss) before tax from continuing operations	**267**	**(2,134)**
Income taxes on non-recurring items	(112)	10
Impact on profit (loss) for the period	**155**	**(2,124)**

TIM GROUP - DEBT STRUCTURE, BOND ISSUES AND EXPIRING BONDS

Revolving Credit Facilities and term loans

The following table shows committed credit lines available at September 30, 2019:

(billions of euros)	9/30/2019		12/31/2018	
	Agreed	Drawn down	Agreed	Drawn down
Revolving Credit Facility – maturing January 2023	5.0	-	5.0	-
Total	**5.0**	**-**	**5.0**	**-**

At September 30, 2019, TIM had bilateral Term Loans for 1,750 million euros with various banking counterparties and overdraft facilities for 290 million euros, drawn down for the full amount.

Bonds

Changes in bonds over the first nine months of 2019 are shown below:

(millions of original currency)	**Currency**	**Amount**	**Issue date**
New issues			
Telecom Italia S.p.A. 1,250 million euros 4.000% maturing 4/11/2024	Euro	1,250	1/11/2019
TIM S.A. 1,000 million reais 104.10% CDI maturing 7/15/2020	BRL	1,000	1/25/2019
Telecom Italia S.p.A. 1,000 million euros 2.750% maturing 4/15/2025	Euro	1,000	4/15/2019

(millions of original currency)	**Currency**	**Amount**	**Repayment date**
Repayments			
Telecom Italia S.p.A. 832 million euros 5.375% (1)	Euro	832	1/29/2019
Telecom Italia Capital S.A. 760 million USD 7.175% (2)	USD	760	6/18/2019
Telecom Italia S.p.A. 850 million GBP 6.375%	GBP	850	6/24/2019

(1) Net of buy-backs totaling 418 million euros made by the company in 2015.

(2) Net of the securities bought back by TIM S.p.A. (240 million USD) on July 20, 2015.

With reference to Telecom Italia S.p.A. 2002-2022 bonds, reserved for subscription by employees of the Group, the nominal amount at September 30, 2019 was 204 million euros, up by 1 million euros compared to December 31, 2018 (203 million euros).

The nominal amount of repayment, net of the Group's bonds buyback, related to the bonds expiring in the following 18 months as of September 30, 2019 issued by TIM S.p.A., Telecom Italia Finance S.A. and Telecom Italia Capital S.A. (fully and unconditionally guaranteed by TIM S.p.A.) totals 2,051 million euros with the following detail:

- 719.5 million euros, due January 21, 2020;
- 220.5 million euros (equivalent to 1,000 million BRL), due July 15, 2020;
- 547.5 million euros, due September 25, 2020;
- 563.6 million euros, due January 25, 2021.

Bonds issued by the TIM Group do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interest, etc.) or clauses that result in the automatic early redemption of the bonds in relation to events other than the insolvency of the TIM Group[1] furthermore, the repayment of the bonds and the payment of interest are not covered by specific guarantees nor are there commitments provided relative to the assumption of future guarantees, except for the full and

(1) A change of control event can result in the early repayment of the convertible bond of TIM S.p.A., as further detailed below.

unconditional guarantees provided by TIM S.p.A. for the bonds issued by Telecom Italia Finance S.A. and Telecom Italia Capital S.A..
Since the bonds were placed principally with institutional investors in major world capital markets (Euromarket and the U.S.A.), the terms which regulate the bonds are in line with market practice for similar transactions effected on these same markets. Consequently, they carry negative pledges, such as, for example, the commitment not to pledge the company's assets as collateral for loans.

With reference to the loans received by TIM S.p.A. from the European Investment Bank ("EIB"), as at September 30, 2019, the total nominal amount of outstanding loans amounted to 650 million euros, of which 500 million euros at direct risk and 150 million euros secured.
EIB loans not secured by bank guarantees for a nominal amount equal to 500 million euros signed on December 14, 2015 are subject to the following covenants:

- in the event the company becomes the target of a merger, demerger or contribution of a business segment outside the Group, or sells, disposes of or transfers assets or business segments (except in certain cases, expressly provided for), it shall immediately inform the EIB which shall have the right to ask for guarantees to be provided or changes to be made to the loan contract, or, only for certain loan contracts, the EIB shall have the option to demand the immediate repayment of the loan (should the merger, demerger or contribution of a business segment outside the Group compromise the Project execution or cause a prejudice to EIB in its capacity as creditor);
- TIM undertook to ensure that, for the entire duration of the loan, the total financial debt of the Group companies other than TIM S.p.A. – except for the cases when that debt is fully and irrevocably secured by TIM S.p.A. – is lower than 35% (thirty-five percent) of the Group's total financial debt.

In all EIB loans, both secured by guarantees issued by banks or subject to EIB approval and at direct risk, some covenants are envisaged:

- "Inclusion clause", under which, in the event TIM commits to uphold financial covenants in other loan contracts (and even more restrictive clauses for the 2015 direct risk loan, including, for instance, cross default clauses and commitments restricting the sale of goods) that are not present in or are stricter than those granted to the EIB, the EIB will have the right – if, in its reasonable opinion, it considers that such changes may have a negative impact on TIM's financial capacity – to request the provision of guarantees or an amendment of the loan contract in order to establish an equivalent provision in favor of the EIB;
- "Network Event", under which, in the event of the disposal of the entire fixed network or of a substantial part of it (in any case, more than half in quantitative terms) to third parties not controlled by the Company, or in the event of disposal of the controlling interest in the company in which the network or a substantial part of it has previously been transferred, TIM must immediately inform the EIB, which may then opt to demand collateral or an amendment of the loan contract or choose an alternative solution.

The loan agreements of TIM S.p.A. do not contain financial covenants (e.g. ratios such as Debt/EBITDA, EBITDA/Interests, etc.) which would oblige the Company to repay the outstanding loan if the covenants are not observed.
The loan agreements contain the usual other types of covenants, including the commitment not to pledge the Company's assets as collateral for loans (negative pledge) and the commitment not to change the business purpose or sell the assets of the Company unless specific conditions exist (e.g. the sale takes place at fair market value). Covenants with basically the same content are also found in export credit loan agreements.

In the Loan Agreements and the Bonds, TIM is required to provide notification of change of control. Identification of the occurrence of a change of control and the applicable consequences – including, at the discretion of the investors, the establishment of guarantees or the early repayment of the amount paid in cash or as shares and the cancellation of the commitment in the absence of agreements to the contrary – are specifically covered in the individual agreements.
In addition, the outstanding loans generally contain a commitment by TIM, whose breach is an Event of Default, not to implement mergers, demergers or transfers of business, involving entities outside the Group. Such an Event of Default may entail, upon request of the Lender, the early redemption of the drawn amounts and/or the annulment of the undrawn commitment.

In the documentation of the loans granted to certain companies of the Tim Brasil group, the companies must generally respect certain financial ratios (e.g. capitalization ratios, ratios for servicing debt and debt ratios) as well as the usual other covenants, under pain of a request for the early repayment of the loan.

Finally, as at September 30, 2019, no covenant, negative pledge or other clause relating to the aforementioned debt position had in any way been breached or violated.

ALTERNATIVE PERFORMANCE MEASURES

In this press release, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for the purposes of enabling a better understanding of the performance of operations and the financial position of the TIM Group. Such measures, which are presented in the periodical financial reports (annual and interim), should, however, not be considered as a substitute for those required by IFRS.

Specifically, 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 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). This financial measure is used by TIM as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group (as a whole and at the Business Unit level), in addition to EBIT;
- **Adjusted net financial debt After Lease,** calculated by excluding from the adjusted net financial debt the liabilities related to the accounting treatment of the finance lease contracts in accordance with IAS 17 (applied until year-end 2018) and according to IFRS 16 (applied starting from 2019). TIM believes that the Adjusted net financial debt After Lease represents an indicator of the ability to meet its financial obligations.

The other alternative performance measures used are described below:

- **EBITDA:** this financial measure is used by TIM as the financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group (as a whole and at the Business Unit level), in addition to **EBIT**. These measures are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Finance expenses
-	Finance income
+/-	Other expenses (income) from investments
+/-	Share of profits (losses) of associates and joint ventures accounted for using the equity method
EBIT – Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Depreciation and amortization
EBITDA – Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets	

- **Organic change and impact of the non-recurring items on revenues, EBITDA and EBIT:** these measures express changes (amount and/or percentage) in Revenues, EBITDA and EBIT, excluding, where applicable, the effects of the change in the scope of consolidation, the exchange differences and the non-recurring events and transactions. TIM believes that this method of presentation provides a more complete and effective interpretation of the Group's operating performance (as a whole and with reference to the Business Units); it is therefore also used in the presentations to analysts and investors. This press release provides a reconciliation between the "accounting or reported" figures and the "organic excluding the non-recurring component".

- **EBITDA margin and EBIT margin:** TIM believes that these margins represent some useful indicator of the ability of the Group (as a whole and at Business Unit level) to generate profits from its revenues. In fact, EBITDA margin and EBIT margin measure the operating performance of an entity by analyzing the percentage of revenues that are converted into EBITDA and EBIT, respectively. Such indicators are used by TIM in internal presentations (business plans) and in external presentations (to analysts and investors) in order to illustrate the results from operations also through the comparison of the operating results of the reporting period with those of the previous periods.

- **Net Financial Debt:** TIM believes that the Net Financial Debt represents an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets. This press release includes a table showing the amounts taken from the statements of financial position and used to calculate the Net Financial Debt of the Group.
  To provide a better representation of the true performance of Net Financial Debt, in addition to the usual indicator (renamed "Net financial debt carrying amount"), the TIM Group reports a measure called

“Adjusted net financial debt”, which neutralizes the effects caused by the volatility of financial markets. Given that some components of the fair value measurement of derivatives (contracts for setting the exchange and interest rate for contractual flows) and of derivatives embedded in other financial instruments do not result in actual monetary settlement, the Adjusted net financial debt excludes these purely accounting and non-monetary effects (including the effects of IFRS 13 – Fair Value Measurement) from the measurement of derivatives and related financial assets/liabilities.

Net financial debt is calculated as follows:

+	Non-current financial liabilities
+	Current financial liabilities
+	Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale
A)	**Gross financial debt**
+	Non-current financial assets
+	Current financial assets
+	Financial assets relating to Discontinued operations/Non-current assets held for sale
B)	**Financial assets**
C=(A - B)	**Net financial debt carrying amount**
D)	**Reversal of fair value measurement of derivatives and related financial liabilities/assets**
E=(C + D)	**Adjusted net financial debt**

DISPUTES AND PENDING LEGAL ACTIONS

A description is provided below of the most significant court, arbitration and tax disputes involving TIM Group companies and pending at September 30, 2019, as well as those that came to an end during the period.
The TIM Group has posted liabilities totaling 726 million euros for those disputes described below where the risk of losing the case has been considered probable.
It should be noted that for some disputes described below, on the basis of the information available at the closing date of this Financial Report at September 30, 2019, and with particular reference to the complexity of the proceedings, to their progress, and to elements of uncertainty of a technical-trial nature, it was not possible to make a reliable estimate of the size and/or times of possible payments, if any. Moreover, in those cases in which disclosure of information on a dispute could seriously jeopardize the position of TIM or its subsidiaries, only the general nature of the dispute is described.
Lastly, as regards the proceedings with the Antitrust Authority, please note that based on Article 15, paragraph 1 of Italian Law 287/1990 ("Antitrust regulations"), the Authority has the right to impose an administrative sanction calculated on the turnover of the Group in cases of breaches considered serious.

A) SIGNIFICANT DISPUTES AND PENDING LEGAL ACTIONS

No significant events occurred for the following disputes and legal actions compared to what was published in the 2018 Annual Financial Report:

- Administrative offense charge pursuant to Legislative Decree 231/2001 for the so-called TIM Security Affair;
- Italian Competition Authority (AGCM) Case A428;
- VODAFONE, COLT TECHNOLOGY SERVICES, TELEUNIT, SIPORTAL, MC-Link disputes (connected with the Antitrust A428 case);
- Italian Competition Authority Case I-761;
- WIND and VODAFONE disputes (connected with AGCM case I-761);
- VODAFONE dispute (on access services);
- Dispute on "Adjustments to license fees" for the years 1994-1998;

International tax and regulatory disputes

As of September 30, 2019, the companies belonging to the Brazil Business Unit were involved in tax or regulatory disputes, the outcome of which is estimated as a possible loss totaling around 16.1 billion reais (16.5 billion reais as of December 31, 2018). The main types of litigation are listed below, classified according to the tax to which they refer.

Federal taxes

On March 22, 2011, TIM Celular S.A. (company incorporated into TIM S.A. starting from October 31, 2018) was served notice of a tax assessment issued by the Federal Tax Authorities of Brazil for a total sum of 1,265 million reais as of the date of the notification, including fines and interest, as a result of the completion of a tax investigation concerning financial years 2006, 2007, 2008 and 2009 for the companies TIM Nordeste Telecomunicações S.A. and TIM Nordeste S.A. (formerly Maxitel), companies which have been progressively incorporated into TIM Celular with the aim of rationalizing the corporate structure in Brazil.
The assessment notice includes various adjustments; the main challenges may be summarized as follows:

- non-recognition of the tax effects of the merger of TIM Nordeste Telecomunicações S.A. and Maxitel S.A.;
- non-recognition of the tax-deductibility of the amortization of goodwill relating to the purchase of Tele Nordeste Celular Participações S.A. ("TNC");
- non-recognition of certain tax offsets;
- denial of the SUDENE regional tax benefit, due to alleged irregularities in the management and reporting of the benefit itself.

The adjustments included in the assessment notice were disputed by TIM Celular, in administrative court, with the filing of its first objections on April 20, 2011. On April 20, 2012, TIM Celular received notification of the decision of the administrative court of first instance which confirmed the findings set out in the assessment notice; TIM Celular promptly filed an appeal against this decision on May 21, 2012.

The Company, as confirmed by specific legal opinions, believes it is unlikely that significant disbursements can be expected.

Still in relation to the federal level of taxation, the following additional disputes should also be noted:

- challenges regarding offsetting against previous tax losses;
- further challenges regarding the tax deductibility of the amortization of goodwill;
- imposition of income tax on certain types of exchange rate differences;
- imposition of withholding taxes on certain types of payments to foreign entities (for example, payments for international roaming);
- further challenges regarding offsets made between taxes payable and group company credit positions.

Overall, the risk for these cases, considered to be possible, amounts to 4.3 billion reais (4 billion reais at December 31, 2018).

State taxes

Within the scope of the state levy, there are numerous challenges regarding ICMS, and in particular:

- challenges concerning the reduction of the tax base due to discounts granted to customers, as well as challenges regarding the use of tax credits declared by group companies, with respect to the return of loaned telephone handsets, and following the detection of contract frauds to the detriment of the companies;
- subjection of some fees owed to group companies and classified by them as fees for services other than telecommunications to ICMS;
- challenges over the use of the "PRO-DF" tax benefit originally granted by some States, and subsequently declared unconstitutional (the challenge refers to the actual credit due to ICMS, declared by the TIM Cellular on the basis of the aforementioned tax benefits);
- challenges relating to the use of ICMS credits claimed by Group companies as a result of the acquisition of tangible assets, and in relation to the supply of electricity to the companies, as well as in application of the provisions on acting as a withholding agent;
- fines imposed on group companies for irregularities in tax return compliance.

In February 2018 the State of São Paulo notified two tax assessments regarding ICMS to TIM Celular, for a total amount of 679 million reais (at the date of the assessment, including fines and interest). The first assessment (344 million reais) regarded a challenge of ICMS credits in relation to acting as a withholding agent, applicable when equipment is bought and distributed in different States. The second assessment (335 million reais) challenged ICMS credits deriving from the "special credit" recognized by the company to its prepaid customers, against subsequent top-ups.

In June 2018 the State of São Paulo notified two further tax assessments to TIM Celular, again relating to ICMS, for a total amount of 369 million reais (at the date of the assessment, including fines and interest). This assessment too relates to ICMS credits deriving from the "special credit" recognized by the company to its prepaid customers against subsequent top-ups, as well as to the fines imposed for ICMS breaches. For a minor part of the claim, the company decided to authorize payment of the amount requested, instead of starting legal proceedings, benefiting from a discount on the fine. The dispute thus continues for the remaining amount, 296 million reais.

Overall, the risk for these cases, considered to be possible, amounts to 8.2 billion reais (8.9 billion reais at December 31, 2018).

Municipal taxes

Among disputes classified with a "possible" degree of risk, there are some relating to municipal taxes for a total amounting to around 0.7 billion reais (around 0.7 billion reais at December 31, 2018).

FUST and FUNTTEL

The main challenges about contributions to the regulatory body (Anatel), and in particular in terms of FUST and FUNTTEL, concern whether or not interconnection revenues should be subject to these contributions.

Overall, the risk for these cases, considered to be possible, amounts to 2.9 billion reais (2.9 billion reais at December 31, 2018).

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Contingent assets related to exclusion of ICMS from the PIS/COFINS tax base

In March 2017, the Supreme Federal Court of Brazil recognized the inclusion of ICMS in the calculation of the PIS/COFINS contribution as unconstitutional. The companies of the TIM Brasil Group (formerly TIM Nordeste, TIM Celular and TIM S.A.) have been involved in legal proceedings since 2006, with reimbursement requests related - as allowed - to the previous five years, and therefore with effect from 2001.

During 2018, following a definitive and indisputable decision, the Company recognized a receivable of 353 million reais, of which 159 million reais for tax and 194 million reais for legal revaluations (amounts relating to the then TIM Nordeste).

As the result of two conclusive decisions (TIM Celular S.A. and TIM S.A.), in the first nine months of 2019 the Company recognized an additional receivable of 3,024 million reais, of which 1,795 million reais for tax and 1,229 million reais for legal revaluation, as broken down in the following table:

	(millions of euros) 9 months to 9/30/2019	(millions of reais) 9 months to 9/30/2019
ICMS indirect tax recovery:	**693**	**3,024**
• Tax (Principal)	411	1,795
• Legal revaluation (Monetary adjustment)	282	1,229
Income tax expense		
Deferred taxes	(236)	(1,028)
Net impact	**457**	**1,996**

The use of the recognized tax credits is expected starting from the end of 2019 or from the first half of 2020, in compliance with the formal certification procedures established by the Brazilian tax authorities with a conjectured horizon of three years, and will be subject to taxation; therefore, deferred direct taxes with a horizon of about four years were recognized.

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Golden Power Case

In August 2017 the Presidency of the Council of Ministers started formal proceedings against TIM (and also against Vivendi) to ascertain that TIM was indeed obliged to notify Vivendi's acquisition of corporate control of TIM and its strategic assets, pursuant to the "Golden Power" law. In September 2017, the proceedings in question concluded by ascertaining that this obligation did exist for TIM with effect from May 4, 2017 (the date of the Shareholders' Meeting that renewed TIM's corporate bodies).
As a result of this decision by the Presidency of the Council of Ministers, new and separate administrative proceedings started for the imposition on TIM of a financial penalty laid down by the Golden Power law for non-compliance with the aforementioned obligation to notify. These proceedings ended on May 8, 2018 with the imposition of a financial penalty of 74.3 million euros.
The Company is convinced that it has the legal arguments to demonstrate that it was under no obligation to notify the control exercised over it by Vivendi, has already filed an extraordinary appeal to the President of the Republic to request the abrogation of the order of September 2017 and has appealed to the Lazio Regional Administrative Court (TAR) against the aforementioned order of May 8, 2018 which imposed a financial penalty, requesting its precautionary suspension. After granting in July 2018, the application of the Company and thereby suspending payment of the fine, the Regional Administrative Court of Lazio with its provisional ruling of May 2019: rejected the exception of inadmissibility of the appeal on the sanction of 74.3 million euros; suspended the ruling preliminarily as regards the extraordinary appeal concerning the obligation of notification pursuant to the Golden Power rules; further suspended execution of the challenged measure.
It should also be noted that in May 2018 a guarantee bond for 74.3 million euros was issued in favor of the Presidency of the Council. TIM had been requested to submit such a bond for its application to Lazio TAR for precautionary suspension of the collection of the fine imposed for alleged breach of Article 2 of Decree Law 21 of March 15, 2012 (the "Golden Power" law).
On the other hand, the Presidency of the Council of Ministers exercised the special powers prescribed in the Golden Power law through two specific rulings in October and November 2017 with which it imposed specific prescriptions and conditions on TIM S.p.A. and on the companies of the Telecom Italia Sparkle group and Telsy Elettronica e Telecomunicazioni.
The prescriptions, according to the Administrative Authority, are essentially connected to the circumstance that these companies, in part, perform activities that are relevant for national security and as far as TIM is concerned to the circumstance that it also owns the infrastructure and the systems used to provide access to end-users of services covered by the universal service obligation.
Any failure on the part of the recipients of the orders to execute the conditions and prescriptions is penalized in the same way as failure to notify significant acts for the purpose of the application of Golden Power law.

The companies subject to the prescriptions are required to send periodic reports to a special Monitoring Committee established at the office of the Prime Minister in order to verify compliance with the aforementioned prescriptions.
In December 2017 the Group sent to the Presidency of the Council of Ministers the first compliance report outlining all the proposals and activities put in place to carry out the prescriptions. This report is then followed by half yearly reports, as required by current legislation.
In this case too TIM has already submitted an extraordinary appeal to the President of the Republic to request abrogation of the orders in question.
As stated, the premise for exercising special powers was (erroneously, according to the Company) referred to the de facto control resulting from the outcome of the shareholders' meeting of May 4, 2017 and to the direction and coordination of TIM by Vivendi. Both these circumstances no longer apply, as: at the shareholders' meeting of May 4, 2018, the slate presented by the shareholders Elliott International LP, Elliott Associates LP and The Liverpool Limited Partnership received the majority vote; the Board of Directors was re-appointed with 13 independent directors out of a total of 15, with only 5 from the slate presented by Vivendi; thus, Vivendi no longer has direction and coordination, nor is there de facto control.
Consequently, the Company requested the Prime Minister's Office to revoke the two Decrees, stating, in any case that it was willing as an alternative to assist in rewording the requirements applicable to TIM in view of the changed situation.
In a decree of July 6, 2018, the Prime Minister's Office did not consider an additional exercise of special powers, upholding the validity of the two Decrees already issued and rejecting the request to revoke them.
The reason for the above is due to the alleged circumstance that the new governance structures of the Company would be highly variable; this would not allow for the rulings according to which the special powers were exercised to be overruled, save for the need to protect the public interest as regards network security and operation.
The Company has lodged an appeal, with additional reasons and as part of the appeals already lodged, against the Prime Minister's decrees of October 16 and November 2, 2017, and against the Prime Minister's resolution of July 6, 2018, rejecting the appeal for revocation presented by the company, on the outcome of the changed situation in corporate governance.

COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.)

With writ of summons before the Rome Court, COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.) filed a damages claim for a total of 37 million euros in compensation for alleged anticompetitive and abusive conduct over the period 2009–2011, in the form of technical boycotting (refusals to activate wholesale services – KOs); the claim was based on the contents of the decision of the Italian Antitrust Authority that settled the A428 case. TIM filed an appearance, contesting all of the plaintiff’s allegations. In the judgment with ruling in April 2019, the Court of Rome partially granted the applications of COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.), sentencing TIM to pay an amount significantly lower than the amount in the counterparty's damages claim. In June 2019, TIM filed an appeal against the ruling, requesting full rejection of the claims presented by COMM 3000 S.p.A. (formerly KPNQWest Italia S.p.A.) in the ruling of first instance and obtained the suspension of payment of a significant portion of the amount defined in the ruling.

Italian Competition Authority Case A514

In June 2017 the Italian Antitrust Authority (AGCM) started proceedings A514 against TIM, to ascertain a possible abuse of its dominant market position in breach of article 102 of the “Treaty on the Functioning of the European Union”. The proceedings were started based on some complaints filed in May and June 2017, by Infratel, Enel, Open Fiber, Vodafone and Wind Tre, and concerns a presumed abuse of TIM's dominant position in the market for wholesale access services and for retail services using the broadband and ultra-broadband fixed network. In particular, the AGCM hypothesized that TIM had adopted conduct aimed at: i) slowing and hindering the course of the Infratel tender processes so as to delay, or render less remunerative the entry of another operator in the wholesale market; ii) preemptively securing customers on the retail market for ultra-broadband services by means of commercial policies designed to restrict the space of customer contendibility remaining for the competitor operators.
After the start of the proceedings, the Authority's officials carried out an inspection at some of TIM’s offices in the month of July 2017. On November 2, 2017, TIM filed a defense brief in which, in support of the correctness of its actions, it challenged all the arguments that the conduct it had allegedly engaged in, and which was the subject of the case, was unlawful.
On February 14, 2018, AGCM resolved to extend the scope of the case to investigate further behavior concerning TIM's wholesale pricing strategy on the market for wholesale access to broadband and ultra-broadband, and the use of the confidential information of customers of the alternative operators.
On July 5, 2018 TIM filed proposed undertakings which, if accepted by the Authority, would close the investigation without any offense being established or sanction being administered. The undertakings were considered as admissible by the Authority, that market tested them in August and September.
On October 30, 2018, TIM replied to observations made by third parties and modified its proposed undertakings. With its decision notified on December 4, 2018, the Italian Antitrust Authority once and for all rejected the proposed series of undertakings as it considered them unsuitable in light of the objections raised.
On March 4, 2019, TIM requested AGCM for an extension of the deadline for closing the proceedings (initially set for May 31, 2019).

On April 10, 2019, AGCM resolved to extend the deadline for conclusion of the proceedings until September 30, 2019. On May 17, 2019, AGCM notified TIM of the results of the investigation (CRI). In the CRI, AGCM essentially confirmed the case for the prosecution outlined in the start-up and extension of the proceedings orders.
On June 12, 2019 AGCM extended the deadline for deposit of TIM's final defense to September 20, 2019 and set the final hearing for September 25, 2019.
On September 18, 2019, AGCM resolved to extend the deadline for conclusion of the proceedings until February 28, 2020.

Antitrust Case I799

At its meeting on February 1, 2017, AGCM initiated an investigation for possible breach of Article 101 of the TFEU (prohibition of agreements that restrict competition) against TIM S.p.A. and Fastweb S.p.A., following the signing of an agreement aimed at setting up a cooperative joint venture called Flash Fiber S.r.l.. TIM, in agreement with Fastweb, submitted some amendments to the agreements signed, in the form of proposed undertakings, aimed at closing the investigation without any breach being ascertained and, therefore, without any fine.
On March 28, 2018, AGCM resolved to approve the undertakings, making them binding on the Parties, and closed the case without imposing any fine.
On January 30, 2019, TIM sent the planned annual report on the provided coverage to AGCM, supplemented by a subsequent communication dated March 29, 2019.
On June 11, 2018, Open Fiber S.p.A. and Wind Tre S.p.A. filed separate appeals to the Lazio Regional Administrative Court (TAR) against the order closing case I799 with the acceptance of the undertakings. They allege that this order has a series of procedural and substantial defects. Open Fiber S.p.A. also asked for the precautionary suspension of the order. With a ruling on July 19, 2018, the TAR rejected Open Fiber's request for precautionary suspension since there were no exigent circumstances; The appeal hearing was afterwards set for February 2020.
The appeal of Wind Tre will most likely be discussed during the same hearing of the appeal of Open Fiber.

EUTELIA and VOICEPLUS

In June 2009, Eutelia and Voiceplus asked that alleged acts of abuse by TIM of its dominant position in the premium services market (based on the public offer of services provided through so-called Non Geographic Numbers) be investigated. The complainants quantified their damages at a total of approximately 730 million euros.
The case follows a precautionary procedure in which the Milan Appeal Court prohibited certain behaviors of the Company relating to the management of some financial relations with Eutelia and Voiceplus concerning the Non Geographic Numbers, for which TIM managed the payments from the end customers, on behalf of such OLOs and in the light of regulatory requirements. After the ruling with which the Milan Court of Appeal accepted TIM's objections, declaring that it was not competent in this matter and referring the case to the Civil Court, Eutelia in extraordinary administration and Voiceplus in liquidation resubmitted the matter to the Milan Court. The first hearing took place in the month of March 2014. TIM filed an appearance challenging the claims of the other parties. After the collapse of Voiceplus, the Milan Court declared the case suspended, in an order in September 2015. The case was later resumed by Voiceplus.
With a judgment issued in February 2018, the Milan Court accepted TIM's defense and rejected the plaintiffs' claim for compensation, ordering them, jointly and severally, to pay the legal costs. In March 2018 Eutelia and Voiceplus proposed an appeal against the judgment in the first instance.
TIM appealed against the claim, requesting confirmation in full of the judgment in the first instance. The appeal of Eutelia and Voiceplus was fully rejected with the judgment of August 5, 2019. The term for the counterparty to appeal to the Court of Cassation is pending.

SKY

In 2016, TIM has started civil proceedings against SKY Italia in the Milan Court, asking the court to void the contract signed by the two companies in April 2014 for the delivery and marketing, between 2015 and 2019, of the SKY IPTV (Internet Protocol Television) offer on the TIM IPTV platform, due to abuse of dominant position by the other party.
As an alternative, the Company also asked the court to reduce to a fair level the amounts demanded by SKY by way of the so-called Guaranteed Minimums ("penalties") established to SKY's advantage and related to predetermined customer sign-up and churn-rate thresholds in the five years of the partnership.
SKY filed an appearance in February 2017, challenging TIM's claim and demanding payment of the Guaranteed Minimums it claimed to have accrued, a request which was opposed by the Company.
The suit was settled with the signing of a settlement agreement in August 2019.

28-day billing

Resolution 121/17/CONS, of March 2017, with which AGCom supplemented its resolution 252/16/CONS, constitutes the concluding act of a regulatory process that has always had the sole purpose of safeguarding price transparency and comparability of economic terms and conditions.
Said resolution 121/17/CONS, *inter alia*, introduced instructions on billing intervals for telephony, prescribing, specifically for fixed telephony, that the interval should be monthly, or multiples thereof, and, for mobile telephony, that it should be at least four-weekly.
TIM appealed Resolution 121/17/CONS to the Regional Administrative Court, alleging that AGCom was exceeding its powers. The judgment rejecting the appeal was published on February 12, 2018, and the grounds for this were published on May 4, 2018. TIM appealed this judgment to the Council of State on June 18, 2018 and the hearing is set for May 7, 2020.
During December 2017, with its Resolution 499/17/CONS, AGCom confirmed that TIM had breached the provisions of Resolution 121/17/CONS in not having adopted a cycle of renewal of fixed telephony offers and billing at monthly intervals or multiples thereof, and fined TIM 1,160,000 euros, ordering it to make provision – when the billing cycle was restored to monthly intervals or multiples thereof – to return the amounts corresponding to the fee for the number of days that, from June 23, 2017, had not been used by the users in terms of the supply of service due to the misalignment of the four-weekly and monthly billing cycles.
TIM also appealed this second resolution to the Regional Administrative Court of Lazio, asking for its precautionary suspension which, on February 22, 2018, was accepted by the Regional Administrative Court of Lazio limited to the part relating to the reimbursement orders.
Furthermore, law no 172 of December 4, 2017 decreed that contracts for the supply of electronic communications services should obligatorily prescribe that the renewal of offers and the billing of services be based on a month, or multiples thereof.
TIM adapted to this order within the period of time prescribed by law, namely within 120 days of the date it came into force (April 5, 2018).
On March 7, 2018, TIM was notified of another resolution (Resolution 112/2018/CONS) in which AGCom (i) ordered the Company to postpone, for fixed telephony services only, the due date of bills issued after the restoration of monthly billing by a number of days equal to those that had presumably been lost from June 23, 2017 onwards due to the four-weekly billing cycle; and (ii) revoked the preceding resolution 499/17/CONS in the part in which TIM was ordered to repay the amounts presumably lost from June 23, 2017 onwards, with the four-weekly billing cycle.
The aforementioned resolution was challenged by TIM on March 16, 2018, with an additional submission triggered as part of the appeal against resolution 499/17/CONS, with a request for single precautionary measures, which was provisionally granted until the hearing before the Council on April 11, 2018 with a Presidential Decree published on March 26, 2017.
After the notification by AGCom, on April 9, 2018, of Presidential Decree 9/18/PRES – which amended resolution 112/18/CONS in those parts prescribing that the deferment of billing had to take place when the billing cycle was restored to monthly intervals, or multiples thereof, also ordering that the timescales for complying with the order would be identified after hearings with the operators and the main consumer protection associations – TIM and the other operators affected by the Presidential Decree withdrew their application for precautionary measures.
On May 7, 2018, TIM also appealed AGCom Presidential Decree 9/18/PRES and Resolution 187/18/CONS which ratified this decree. On July 3, 2018, AGCom published new resolution 269/18/CONS, with which it set December 31, 2018 as the date by which the operators must return to their fixed network customers a number of days of service equal to those eroded as an effect of 28-day billing, or propose to the affected customers any alternative compensatory measures, after having notified them to AGCom. TIM, in keeping with actions taken and arguments made, intends to appeal this resolution.
In September 2018, TIM also appealed Resolution 297/18/CONS in which AGCom imposed a fine of 696,000 euros for having continued to adopt weekly billing and renewal of offers as from February 16, 2018 in violation of AGCom Resolution 121/17/CONS.
With the judgment published in November 2018, the TAR canceled the pecuniary administrative sanction of 1.16 million euros imposed with Resolution 499/17/CONS, and confirmed the obligation of *restitutio in integrum* to the fixed-line customers by December 31, 2018. TIM submitted its preventive appeal before the Council of State to interrupt execution of said decision and, with its ruling of December 20, 2018, the Council of State, in upholding TIM's appeal, interrupted the effectiveness of the aforesaid decision for the reversal order only, until March 31, 2019
On November 30, 2018, AGCom published resolution 521/18/CONS with which it imposed a sanction of 1,044,000 euros on TIM. The sanction was imposed for breach of the transparency rules and rights to withdraw in amending the contractual terms and conditions of the mobile offers applied to customers starting from April 8, 2018 following restoration of monthly billing. TIM appealed this resolution as well to the Regional Administrative Court in January 2019.
Following a new application submitted by TIM, the Council of State, with its ruling published on March 20, 2019, extended the precautionary measure to suspend the effectiveness of the decision until May 21, 2019 while awaiting publication of the grounds for the judgment.
Having acknowledged the publication of the grounds of the ruling handed down on May 10, 2019, the Council on May 21, 2019 ordered postponement of discussion of the application for precautionary measures to the Council meeting of July 4, 2019 in order to allow TIM to finalize its additional grounds with a new application for precautionary measures. Following this hearing, the Council of State rejected TIM's application to suspend execution of the ruling of the Regional Administrative Court with its ruling published on July 5, 2019, so it is

operational starting from May 21, 2019. The hearing to discuss the introductory appeal and additional grounds submitted by TIM in the meantime is still to be set.
On July 12, 2019, the operative parts of the judgment, with which the Council of State rejected the similar appeals by Vodafone, Wind Tre and Fastweb, were published.
In September 2019, TIM also challenged AGCom resolution 221/19/CONS, served to TIM in June before the Regional Administrative Court (TAR), with which the sanction pursuant to Resolution 499/17/CONS, canceled by the Regional Administrative Court of Lazio, was recalculated to the amount of 580,000.00 euros, with the maximum fine provided for by Art. 98, paragraph 16 of the CCE in force at the time of the events applied.

Antitrust Case I820

On February 19, 2018, AGCM initiated a I820 preliminary proceeding against the companies TIM, Vodafone, Fastweb and Wind Tre and the industry association ASSTEL to investigate the alleged existence of an agreement among the major fixed-line and mobile telephone operators to restrict competition by coordinating their respective commercial strategies, in breach of Article 101 of the TFUE.
The presumed coordination, according to the opening provision of the proceedings by AGCM, would take the form of implementation of the obligation introduced by Article 19-quinquiesdecies of Decree Law 148/2017 (converted by Law 172/2017) which requires operators of electronic communication services to send out monthly (or monthly multiples) bills and renewed offers for fixed and mobile services.
On March 21, 2018, AGCM issued a provisional precautionary measure against all the operators involved in the proceedings with which it ordered the suspension, pending the proceedings, of the implementation of the agreement concerning the determination of repricing communicated to users at the time of reformulating the billing cycle in compliance with Law 172/17 and to independently redetermine its commercial strategy. With its decision no. 27112 of April 11, 2018, AGCM confirmed the precautionary measure.
On June 12, 2018, TIM filed an appeal with the TAR for the quashing of said measure.
In its session on June 27, 2018, AGCM took note of the brief submitted by TIM regarding compliance with the precautionary measure.
On July 17, 2019, AGCM resolved to extend the deadline for conclusion of the proceedings until January 31, 2020.
In the findings of the preliminary inquiry (CRI) communicated by AGCM to TIM, the Offices confirm the existence of a unique, complex and continuos agreement restricting competition between Telecom, Vodafone, Fastweb and Wind Tre, with the facilitation of the Asstel category association.
On October 10, TIM filed its final brief, and the final hearing was held on October 15 at AGCM.

Vodafone Dispute – Universal Service

In a decision published in July 2015, the Council of State rejected the appeal lodged by AGCom and TIM against the judgment of the Lazio Administrative Court (TAR) on the financing of the universal service obligations for the period 1999–2003. With this judgment the judge had granted the appeals by Vodafone, annulling AGCom decisions 106, 107, 109/11/CONS on the renewal of the related proceedings, which included Vodafone among the subjects required to contribute, for a sum of approximately 38 million euros. Essentially, the judgment confirms that the Authority has not demonstrated the particular degree of "replaceability" between fixed and mobile telephony for mobile operators to be included among the subjects required to repay the cost of the universal service, which means that AGCom needs to issue a new ruling.
TIM has filed an application with AGCom to renew the proceedings, and an appeal against the judgment of the Council of State to the Court of Cassation (which subsequently ruled that the appeal was inadmissible).
In April 2016 Vodafone appealed against the Ministry of Economic Development (MISE) and TIM to the Council of State, for non-compliance with the judgment of the Council of State. This appeal referred to AGCom decision 109/11/CONS (2003 yearly payment, on the basis of which Vodafone had paid the sum of approximately 9 million euros as contribution, restitution of which was requested).
In its judgment of November 2016, the Council of State rejected the appeal, referring to the Regional Administrative Court (TAR) the decision on the methods of compliance. In February 2017, Vodafone presented the Lazio Regional Administrative Court with four new appeals against the Ministry of Economic Development and TIM regarding observance of the ruling, upheld on appeal, countermanding the resolutions for the years 1999–2003 and repayment of the aforesaid amounts of around 38 million euros already paid to the Ministry of Economic Development as a contribution.
With a judgment issued in June 2018, the TAR rejected all of Vodafone's appeals for observance, and, as requested by TIM, expressly affirmed that AGCom must renew the proceedings, particularly with regard to the determination of the degree of replaceability between fixed and mobile telephony. Vodafone challenged the four judgments before the Council of State, which, with a decision of October 2019, upheld Vodafone's appeal and confirmed the restitutory obligation of the sums in question applicable to TIM.

Olivetti – Asbestos exposure

In September 2014 the Ivrea Public Prosecutor's Office closed the investigation on the presumed exposure to asbestos of 15 former workers from the companies "Ing. C. Olivetti S.p.A." (now TIM S.p.A.), "Olivetti Controllo Numerico S.p.A.", "Olivetti Peripheral Equipment S.p.A.", "Sixtel S.p.A." and "Olteco S.p.A." and served notice that the investigations had been concluded on the 39 people investigated (who include former Directors of the aforementioned companies).
On December 2014 the Ivrea Public Prosecutor's Office formulated a request for 33 of the 39 people originally investigated to be committed for trial, and at the same time asked that 6 investigations be archived.
During the preliminary hearing, which started in April 2015, TIM assumed the role of civilly liable party, after being formally summonsed by all 26 civil parties (institutions and natural persons) joined in the proceedings. At the end of the preliminary hearing, 18 of the original 33 persons accused were committed for trial. The trial started in November 2015, and, as the party liable for damages, the Company has reached a settlement agreement with 12 of the 18 individuals (heirs/injured persons/family members) who are civil parties to the dispute and they have, therefore, withdrawn the claim against TIM.
In the judgment of first instance, in July 2016, 13 of the 18 defendants were found guilty, with sentences ranging from 1 year to 5 years of imprisonment: four of the defendants were found not guilty, and one case was dismissed for health reasons. The defendants were also sentenced to pay compensation jointly and severally with the party liable for damages TIM, of an overall sum of approximately 1.9 million euros as a provisional payment to INAIL and 6 heirs who were not part of the settlement. A generic judgment to pay compensation for damages to the remaining damaged parties (entities/unions/associations) was issued, although they must in any case ask the civil court to quantify the damages. The Company challenged the rationale for the judgment in the first instance, and signed settlements, including with the final 6 heirs who constituted the civil party, before the judgment in the second instance was issued. So the only civil parties to the appeal were organizations and associations.
In April 2018, the Turin Appeal Court, overturning the judgment of the court of the first instance, found all the accused not guilty: "because there was no case to answer for all the charges".
In its considerations, filed in October 2018, the Court recognized that there was no causal link between the individual behavior of the accused persons and the death of the former workers.
The Public Prosecutor's Office at the Turin Appeal Court appealed to the Court of Cassation against said judgment. In October 2019 the Supreme Court rejected the appeal and definitively confirmed the acquittal handed down by the Turin Appeal Court.

Wind Tre

With writ of summons before the Milan Court, served in April 2019, Wind Tre S.p.A. filed a damages claim against TIM for approximately 255 million euros in compensation for damages arising from alleged anticompetitive conduct in the years 2014-2018. More specifically, according to Wind Tre, TIM allegedly illegally used information gained when supplying provisioning and wholesale services assurance through its sales division to convince customers to return to TIM or to activate the new user with TIM; carried out commercial promotion activity for TIM through its technical personnel when repairing failures or activating Wind Tre users; behaved unfairly in order to get Wind Tre customers to switch over to TIM. To support its arguments, Wind Tre also pleads some elements that emerged during the investigation for the AGCM A514 case. TIM will file an appearance, fully contesting the claims of the other party.

Poste

Litigation is still pending for lawsuits brought at the end of the 1990s by Ing. C. Olivetti & C. S.p.A. (now TIM) against Poste for the non-payment of services provided under a series of supply agreements for IT goods and services. The judgments handed down on first instance ruled partially in favor of the former Olivetti, but were challenged by Poste in individual appeals.
In 2009, the Rome Court of Appeal confirmed one of the credit claims of TIM, however in another judgment the same Court declared one of the disputed agreements null and void. Following that judgment, Poste served a writ of execution for the reimbursement of around 58 million euros, which TIM rejected given that its appeal against the judgment was still pending before the Supreme Court of Cassation.
In 2012, the Italian Supreme Court of Cassation overturned the Appeal Court ruling on which the writ of execution was based, after which the Rome Court ruled that the enforcement procedure was devoid of purpose as there was no longer any basis for the writ of execution obtained by Poste. The case has been reinstated before another section of the Rome Court of Appeal. In ruling no. 563 of January 25, 2019, the Rome Court of Appeal at the time of proceedings, reversing the Company's previous unfavorable appeal, confirmed the contract's validity and, with it, the legitimacy of TIM's view of the amount already collected, of which Poste had requested reimbursement. This ruling was challenged by Poste with appeal filed with the Court of Cassation, notified on July 31, 2019, which TIM challenged with relevant counter appeal.

Elinet S.p.A. bankruptcy

In 2014, the trustees in the bankruptcy of Elinet S.p.A., and subsequently the trustees of Elitel S.r.l. and Elitel Telecom S.p.A. (the parent, at the time, of the Elitel group) appealed the judgment by which the Court of Rome dismissed the damages claim brought by the trustees of the Elinet-Elitel group, filing a new damages claim for a total of 282 million euros. The Company is alleged to have exercised management and control powers over the plaintiff, and, with it, over the Elitel group (an OLO in which TIM has never held any equity interest) through the management of trade receivables. TIM has filed an appearance, refuting the claims of the other party. The judgment on the appeal was handed down with ruling in July 2019, which with reference to TIM confirmed full legality of its conduct and total non-existence of any element of management and coordination. The bankruptcy proceedings can appeal to the Court of Cassation.

Antitrust Proceedings PS11379 – mobile winback actions

Started on February 26, 2019 on the report of Iliad, the proceedings concern the alleged misconduct of mobile winback actions. The challenged aspects concern deceptive communication given to the target of reference and the aggressiveness of the conduct, since in the opinion of the AGCM Authority there would be pre-activated services in the offers made to customers. TIM believes that the commercial proposition of its mobile offers is fair, but to ensure ever-increasing transparency for its customers, during the course of the proceedings TIM gave commitments mainly aimed at improving the information relating to the components of the offer subject of the dispute. In spite of rejection of the commitments, TIM commenced the implementation of the proposed remedies as proof of good faith and of its fair conduct. Closing of the proceedings has been postponed until November 17, 2019. Similar proceedings have also been started against the other major operators.

Antitrust Proceedings IP 312 - Fiber non-compliance

Officially started on February 18, 2019 by the Authority, the proceedings concern the alleged non-compliance with the PS10696 measure on advertising communications of offers in Fiber. The aspects challenged by AGCM regard the inadequate evidence of information available to consumers on the technical and geographical limitations and the performance test. TIM believes that the Fiber offers communication complies with industry regulations, as also confirmed by AGCom Resolution 35/19/CONS. However, in order to ensure ever-increasing transparency for customer comparison, TIM gave commitments mainly aimed at improving disclosure during the proceedings. The proceedings closed on August 1, 2019 with a sanction of 200,000 euros in so far as the measures taken by TIM to improve transparency were positively evaluated by AGCM. At the same time the Authority concluded similar proceedings started against other operators.

Brazil – Opportunity Arbitration

In May 2012, TIM and Telecom Italia International N.V. (now merged in Telecom Italia Finance) were served with a notice of arbitration proceedings brought by the Opportunity group, claiming compensation for damages allegedly suffered for presumed breach of a settlement agreement signed in 2005. Based on the plaintiff's allegations, the damages relate to circumstances that emerged in the criminal proceedings pending before the Milan Court regarding, *inter alia*, unlawful activities engaged in by former employees of TIM.

The investigatory phase having been completed, the hearing for oral discussion took place in November 2014, after which the parties filed their concluding arguments in preparation for the decision on the case.

In September 2015, the Board of Arbitration declared the proceedings closed, as the award was going to be filed.

Subsequently, the Board of Arbitration allowed the parties to exchange short arguments and the ICC Court extended the term for the filing of the award.

In September 2016 the ICC Court notified the parties of its judgment, based on which the Board of Arbitration rejected all the claims made by the Opportunity group and decided that the legal costs, administrative costs and costs for expert witnesses should be split between the parties.

In April 2017 the Opportunity group filed an appeal against the arbitration award before the Paris Court of Appeal.

In November 2017, TIM and Telecom Italia Finance received from the Secretariat of the ICC's International Court of Arbitration notice of a Request for Revision of the arbitration finding, filed by the Opportunity group, asking for a new ruling. A Board of Arbitration was subsequently established.

In October 2018, TIM and Telecom Italia Finance requested proceedings with the Paris Court of Appeal to be suspended, in the light of proceedings pending with the Court of Arbitration of the International Chamber of Commerce to review the same arbitration award. In November 2018, the Paris Court of Appeal suspended the proceedings until the decision is taken by the Court of Arbitration in the review proceedings.

As regards the proceedings to review the award, in October 2019 the ICC held the discussion hearing in Paris.

B) OTHER INFORMATION

Of the disputes with the aforementioned characteristics, no significant facts have emerged for those listed below with respect to the information published in the 2018 annual financial report:

- Mobile telephony - criminal proceedings;
- Dispute concerning the license fees for 1998;
- Vodafone (previously TELETU).