TIM Group has applied IFRS 16 (Leases) from 2019 and IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments) from 2018. To enable comparability of results of the first nine months and of the third quarter against the corresponding periods of the previous year, "comparable" figures prepared based on uniform accounting standards are also shown in the press release.

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

EQUITY FREE CASH FLOW AT 1,230 MILLION EUROS (GROWING BY OVER 1 BILLION EUROS YoY)

NET DEBT DOWN BY 958 MILLION EUROS SINCE THE BEGINNING OF THE YEAR AND BY 419 MILLION EUROS IN THE QUARTER

MOU SIGNED WITH GOOGLE CLOUD TO DEFINE STRATEGIC ALLIANCE ON CLOUD AND EDGE COMPUTING SERVICES AND DATA CENTERS

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

- **Operating free cash flow: 2.2 billion euros, up 791 million euros YoY**
- **Equity free cash flow: 1.2 billion euros, growing over 1 billion euros YoY**
- **Net financial debt: 24.3 billion euros, a reduction of 958 million euros compared to end 2018 and of 419 million euros in the quarter**
- **Net financial debt After Lease: 22.5 billion euros**
- **Revenues: 13.4 billion euros (-2.2% YoY excluding Sparkle and product revenues)**
- **Reported EBITDA (*): 6.0 billion euros, +4.0% YoY**
- **EBITDA AL (After Lease): 5.5 billion euros, -2.6% YoY**
- **Reported EBITDA – CAPEX: 3.7 billion euros (+12.5% YoY)**
- **MoU signed with Google Cloud to define strategic partnership on Cloud and Edge Computing services**
- **TIM to form a NewCo to manage data center infrastructures and cloud services**
- **Partnership agreement signed with Santander Consumer Bank to develop a platform of consumer credit for the purchasing of devices through installment loans and cross-selling of insurance and financial services to TIM clients**
- **Guidance confirmed**
- **New agreement with Netflix**

(*) before IFRS 16 benefit

Rome, 7 November 2019

TIM's Board of Directors met today chaired by Salvatore Rossi to approve the Group's financial report at September 30, 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**.

TIM announced the signing of a **MoU with Google Cloud** to define a strategic partnership. The partnership will enable TIM to become a key Italian player in Cloud and Edge Computing services, expanding its portfolio of advanced products and services offered on the Italian market and enabling a rapid growth of the Company's innovative ICT service revenues. With its offer, TIM is leader in the Italian market of cloud business services, with over 20,000 clients, of which over 16,000 in the SaaS (Software as a Service) and over 5,000 in the IaaS (Infrastructure as a Service). TIM will create a new company to manage the Company's data centers and cloud services.

Development of strategic initiatives continues:

- **Network sharing partnership with INWIT and Vodafone Italia**: contract finalized in July; assessments by antitrust authorities are in progress.
- **Partnership for the possible integration of the fiber network:** the quarter saw the continuation of the process on the potential operation on Open Fiber by TIM together with one or more infrastructure funds, of which the selection is underway.
- **Partnership for consumer credit**: as announced today, a framework agreement with Santander Consumer Bank was signed, aimed at the creation of a Joint Venture that will offer financing for the purchasing of devices through installment loans and, in a successive phase, other consumer finance and insurance products. The JV will enable a further reduction of both TIM's debt and its cost of credit, while at the same time presenting new opportunities to expand TIM's revenue base and profitability.
- **TIMVISION**: the enrichment of the offer continues with a new agreement signed with Netflix which envisages dedicated offers to benefit not only from the extensive TIMVISION catalogue but also from Netflix App's full experience and its wide variety of original series, movies, documentaries and kids' and family's contents. TIM customers will be able to activate these offers directly on the bill and enjoy the contents through the TIM BOX.

  This important partnership further strengthens TIM's streaming platform and confirms TIMVISION's proposition to be a leading aggregator of digital content.

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).

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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 lowor 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 (+117.000k, up compared to +60.000k 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.

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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**.

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The results for the first nine months and for the third quarter of 2019 will be illustrated to the financial community during a conference call scheduled for November 8, 2019 at 14:00 (Italian time). Journalists may listen in to the presentation, without asking questions, by calling +39 06 33444
The slides of the accompanying presentation will be available at the link https://www.telecomitalia.com/3Q2019/eng.

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TIM Press Office
+39 06 3688 2610
www.telecomitalia.com/media
Twitter: @TIMnewsroom

TIM Investor Relations
+39 06 3688 2807
www.telecomitalia.com/investorrelations

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:

- 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).

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:

(1) **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;

(2) **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%).

- <u>Core Domestic Revenues</u>

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.

TIM

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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TIM's Board of Directors also approved the calendar of company events for the coming year and confirmed that also in 2020 the Group will disclose the interim reports for the quarters.

10 March 2020	Board of Directors meeting to approve the draft financial statements for the year and the consolidated financial statements at 31 December 2019
23 April 2020	Shareholders' Meeting to approve the Financial Statements at 31 December 2019
13 May 2020	Board of Directors meeting to approve the interim reports at 31 March 2020
4 August 2020	Board of Directors meeting to approve the report at 30 June 2020
10 November 2020	Board of Directors meeting to approve the interim reports at 30 September 2020

The conference calls to present the accounting data to the financial community will normally be held after the Board of Directors meeting for their approval. Any changes to the above dates will be communicated without delay.

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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.