FY '21 RESULTS AND 2022-'24 PLAN

3 MARCH 2022

Disclaimer

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

The financial results of the TIM Group are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the EU (designated as "**IFRS**").
The accounting policies and consolidation principles adopted in the preparation of the financial results for FY ’21, Q4 ‘21 and for 2022-‘24 Plan of the TIM Group are the same as those adopted in the TIM Group Annual Audited Consolidated Financial Statements as of 31 December 2020, to which reference can be made, except for the amendments to the standards issued by IASB and adopted starting from 1 January, 2021.
Please note that as of today, the audit work by our independent auditors (E&Y) on the FY ’21 results have not yet been completed.

Alternative Performance Measures
The TIM Group, in addition to the conventional financial performance measures established by IFRS, uses certain alternative performance measures for the purposes of enabling a better understanding of the performance of operations and the financial position of the TIM Group. In particular, such alternative performance measures include: EBITDA, EBIT, Organic change and impact of non-recurring items on revenue, EBITDA and EBIT; EBITDA margin and EBIT margin; net financial debt (carrying and adjusted amount) and Equity Free Cash Flow. Moreover, following the adoption of IFRS 16, the TIM Group uses the following additional alternative performance indicators:
* **EBITDA adjusted After Lease ("EBITDA-AL")**, calculated by adjusting the Organic EBITDA, net of non-recurring items, of the amounts related to the accounting treatment of lease contracts according to IFRS 16;
* **Adjusted Net Financial Debt After Lease**, calculated by excluding from the adjusted net financial debt the net liabilities related to the accounting treatment of lease contracts according to IFRS 16;
* **Equity Free Cash Flow After Lease**, calculated by excluding from the Equity Free Cash Flow the amounts related to lease payments.

Such alternative performance measures are unaudited.

Agenda

Q4 AND FY ’21 RESULTS

FOCUS ON TIM BRASIL

2022-2024 GROUP STRATEGIC PLAN

CLOSING REMARKS

2021 a very good year in Brazil and several achievements in Italy as well

New tiered offer portfolio launched

Premium price, segmented offer

Churn reduced in fixed and mobile

Fixed: 15.6% (2020), 13.5% (2021)

Mobile: 18.6% (2020), 14.7% (2021)

Cloud and ICT growing double-digit

ICT revenues: +23% (2020 → 2021)

Cloud revenues: +20% (2020 → 2021)

Bad debt reduced
Quality improved

Bad debt: -30% (2020 → 2021)

CSI fixed: +4% (2020 → 2021)

Ultrabroadband coverage largely improved

FTTx technical units: 85% (Q4 '20), 90% (Q4 '21)

~94% of active lines

Increased digital payments

Fixed: +7pp (2020 → 2021)

Mobile: +4pp (2020 → 2021)

Created FiberCop

1st EU telco to adopt **co-investment** model (1)

FTTH roll-out 2021 **3.8x** 2020

FTTH lines **+108%** YoY

Achieved targets and strategic goals in Brazil

- All financial targets achieved
- Successful 5G tender
- Created FiberCo
- Oi deal approved

Group: net debt reduced by €1bn, €5.7bn in 3 years (2)

(1) As per EU TLC code definition
(2) Net Debt After Lease, adjusted

2021 ESG achievements fully on track with guidance. Ambitions raised

Transforming processes to be **green**

- Reached **100% of renewable energy** for Data Centers
- **Decarbonized CO_2 emissions** of TIM Group websites
- **Submitted to SBTI** scope 1, 2 and 3 emission targets
- Developed **circular economy initiatives** on furnishing, PCs and devices
- Started the **Eco rating project** to measure the environmental impact of smartphones
- **Purchases of goods and services** increasingly based on sustainability criteria

Innovating through sustainability

- **Noovle** became the first **Benefit Company** of TIM Group
- Launched "**TIM Challenge for Circular economy**" for startups & scaleups
- **B2B portfolio** dedicated to sustainability

Rising the level of **employees' motivation**

- **Overperformance on employees' engagement** thanks to caring actions during pandemic, improved work-life balance, agile organization and effective corporate networking via internal communication and collaboration tools
- Employees' engagement on sustainability through **gamification projects**

2021 targets all achieved

ESG Plan Targets	Target '21-'23 (1)		Closing '21
Carbon neutrality (Scope 1+2)	2030		On track ✓
Indirect emissions	0	2025	-32% ✓
Eco-efficiency	+50%	2025	+90% ✓✓
Renewable energy (2) % on total energy	100%	2025	33% ✓
Employee engagement	+19pp	2023	+20pp ✓✓
Hours of training for reskilling and upskilling	6.4m hrs	2023	4.9m ✓
Churn of young employees	<15%	2023	3.2% ✓
New VC fund size	€ 60m	2023	Allocated ✓
IoT and Security service revenues	+20% CAGR	2023	+33% ✓✓
Green smartphone	>15%	2024	2.9% ✓

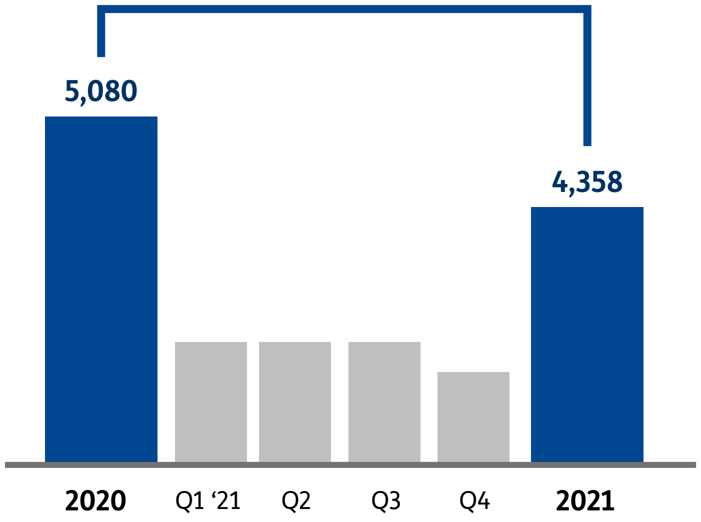
✓ Achieved ✓✓ Over achieved

(1) Baseline 2019. Domestic targets, except for indirect emissions (scope 2) and Carbon Neutrality that are Group targets
(2) Electricity

A few things played out differently vs expectations, particularly in Q4…

Domestic Organic EBITDA AL

(€m)



Reported EBITDA impacted by multimedia provision (€0.5bn), personnel, settlements and litigations (€0.5bn) and other impacts (COVID included)

Revenues related items

DAZN
DAZN agreement not fueling the expected ARPU and subscribers' uplift

- Concurrency not stopped
- Piracy still high
- Lower fiber net adds and ARPU
- Renegotiation ongoing
- Stop-loss mechanism in place

Vouchers
Vouchers and NRRP delays brought more competition and price pressure

- 2nd phase consumer vouchers delayed to '22
- PNRR delays
- ARPU pressure from vouchers delay

Costs related items

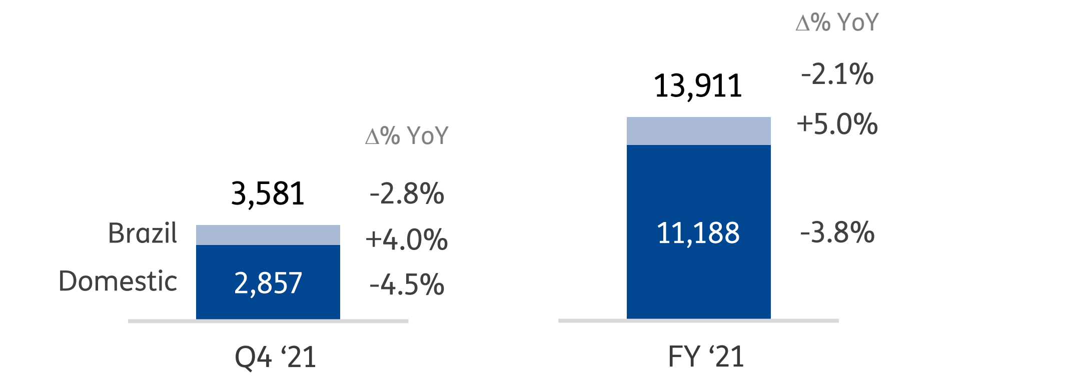
New Law impact on retail contracts
Provision for risks on retail contracts related to installment payments on equipment

Digital companies and Football
Higher costs to fuel football launch and digital companies start ups, not fully compensated by higher revenues

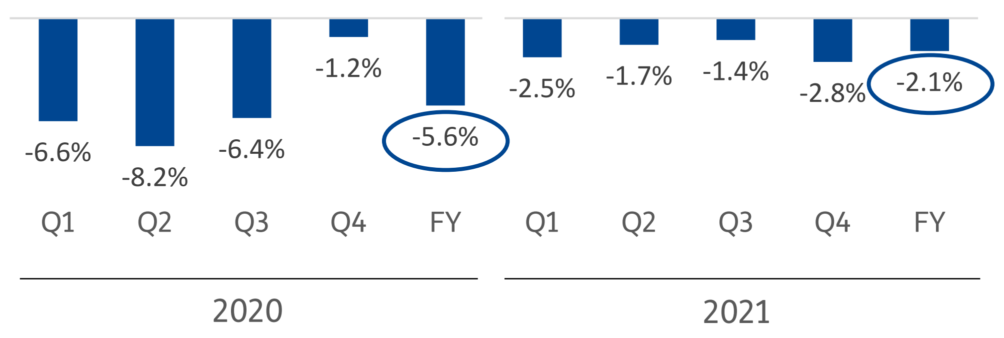
...and cost cutting not enough to offset shift towards lower margins revenue mix

Organic data (1), IFRS 16, € m

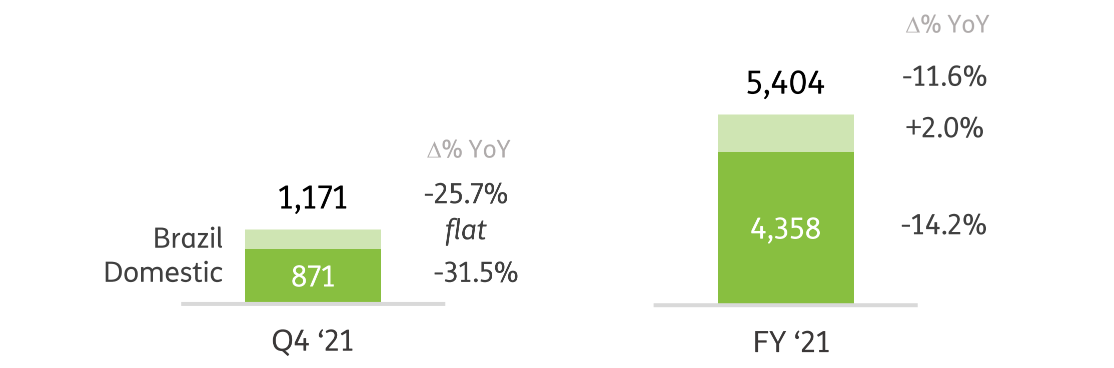
Service Revenues



Service revenues change YoY



EBITDA After Lease



Q4 domestic service revenues affected by Q4 2020 tough comps in wholesale; retail not improving enough to offset

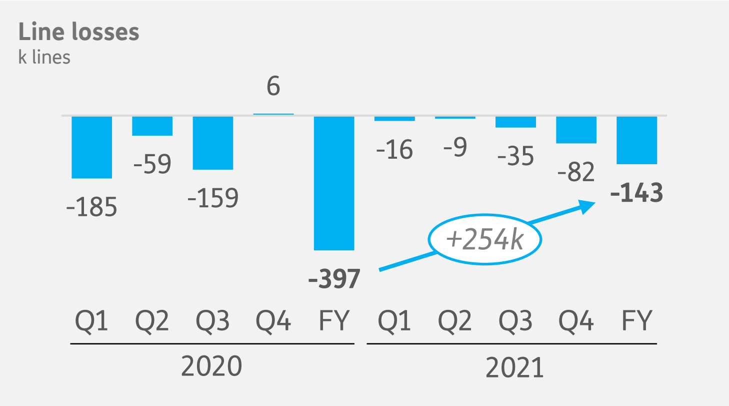
Q4 domestic EBITDA decline further explained by:

- Impact of new law with provisions of risks on retail contracts related to installment payments (3pp)
- Football and Digital Companies startup costs (7pp)
- Lower equipment sales with the related positive margin (3pp)
- Interconnection costs (1pp)
- Labour & G&A up for indirect personnel costs, covid rebound, energy (4pp)

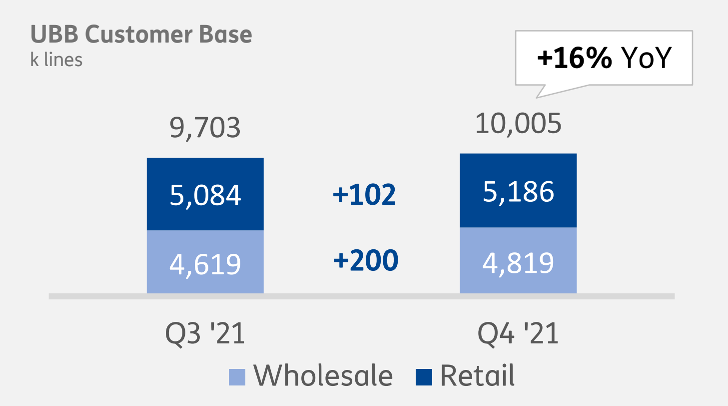
(1) Excluding exchange rate fluctuations, non-recurring items and change in consolidation area. Group figures @ average exchange-rate actual 6.38 R$/€

Fixed lines stabilized despite fading help from vouchers (none from Q3), CSI strongly improved, UBB net adds remained healthy despite "COVID indigestion"

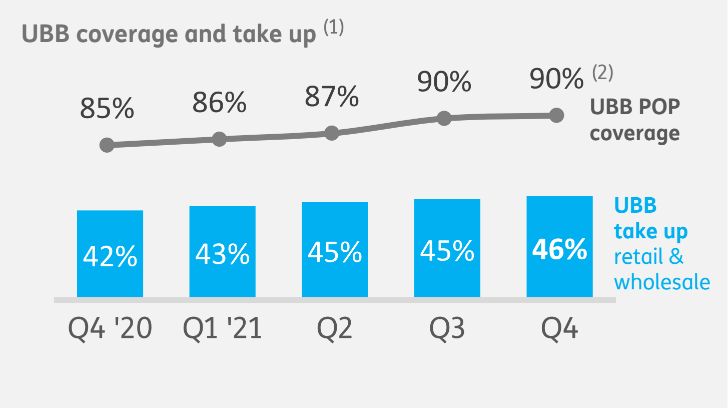
Retail net adds improved trend YoY



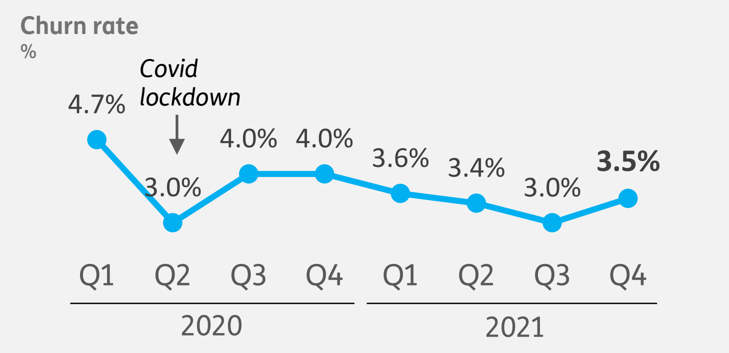
Overall UBB net adds kept growing



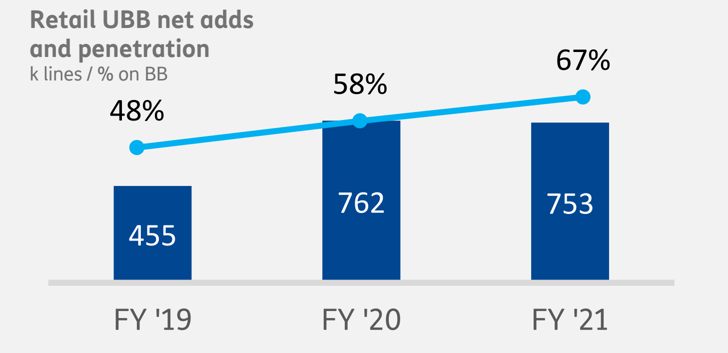
UBB coverage and take up increased YoY



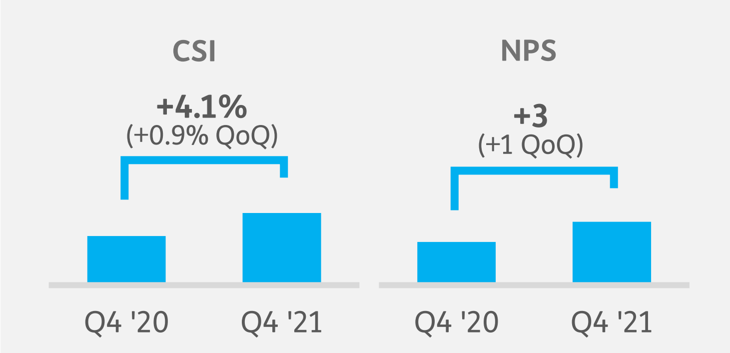
Churn lower YoY



Retail UBB net adds in line YoY



Quality improved, **CSI and NPS** higher



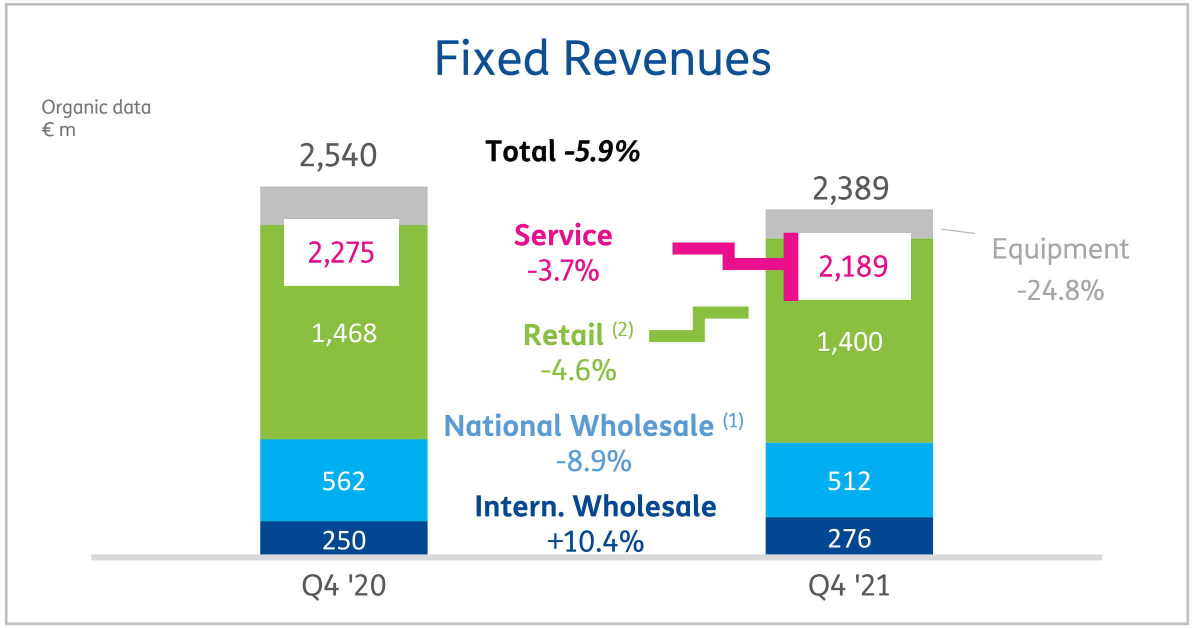
(1) UBB take up calculated on technical HHs covered by UBB
(2) Equivalent to ~94% of families with an active fixed line

Retail FSR improvement not enough to offset Q4 '20 tough comps in wholesale

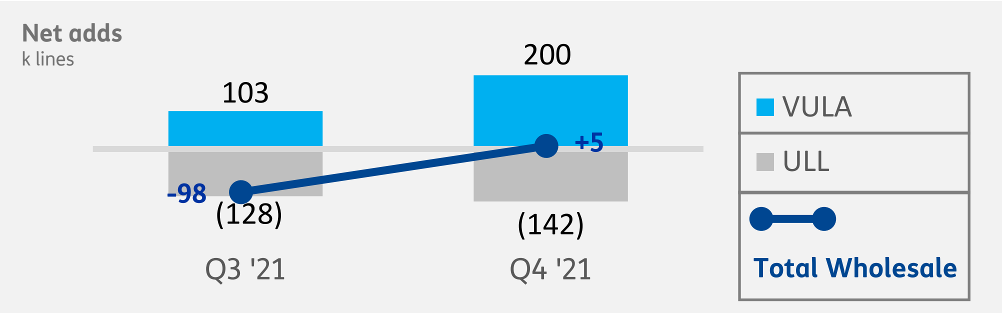
Fixed Service Revenues -3.7% YoY, -1.2pp QoQ

- **International Wholesale**: +10.4% YoY (vs. 11.3% Q3)
- **National Wholesale**[1] -8.9% YoY (vs. -2.8% in Q3) despite very strong KPIs and regulated revenues, due to comparison with very strong Q4 '20 non-regulated revenues
- **Retail**[2] -4.6% YoY, +0.4pp QoQ helped by:
  - **Customer base** stabilization: -0.8pp drag, +0.4pp QoQ
  - **ICT revenues growth: 3.1pp tailwind,** + 1.4pp QoQ (+21% YoY vs +13% in Q3)
  - **Consumer ARPU** affected by market dynamics; business ARPU growth not enough to offset

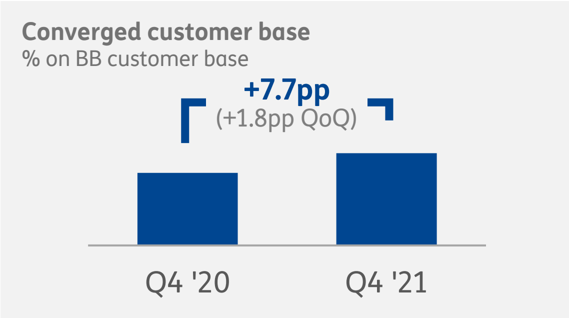
Equipment sales -24.8% YoY as Q4 2020 benefited from equipment sold with vouchers and strong sell in of modems



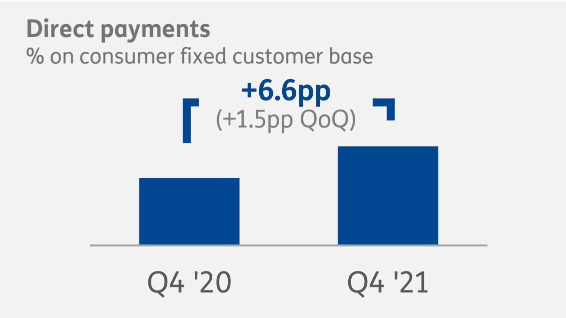
Wholesale: VULA net adds peak



Convergence accelerating



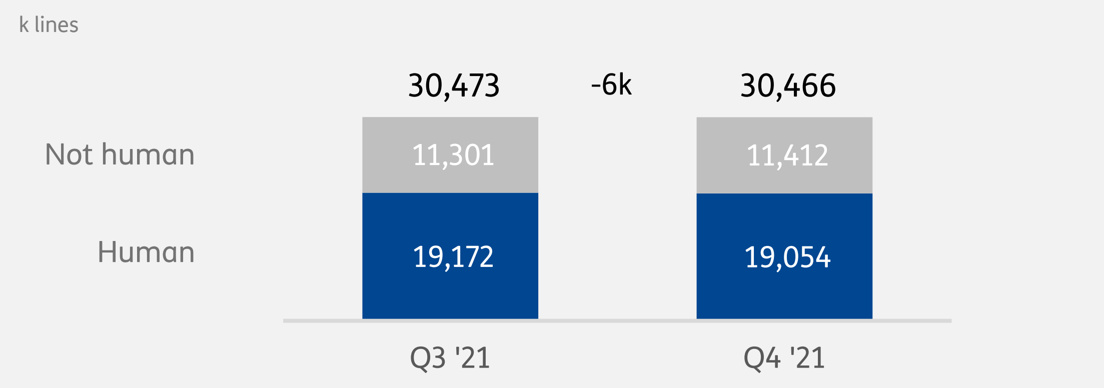
Direct payments increased



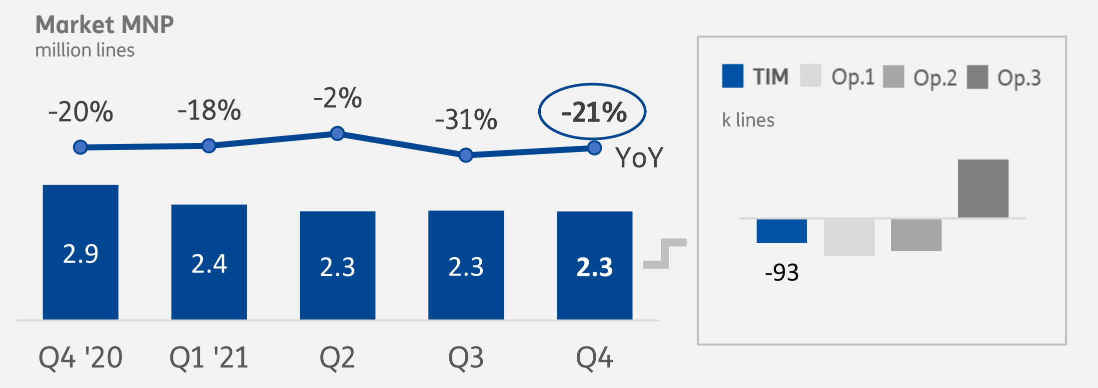
(1) Including FiberCop revenues
(2) Including ICT revenues generated by TIM Digital Companies

Mobile net adds improved QoQ, churn remained record low, coolest Q4 MNP market in the last 11 years thanks to TIM's rational behaviour

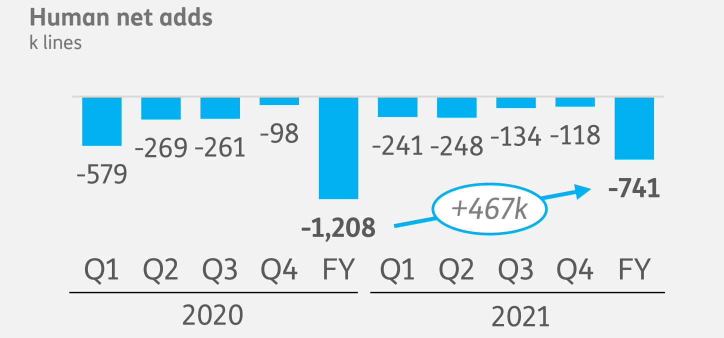
Mobile Customer Base



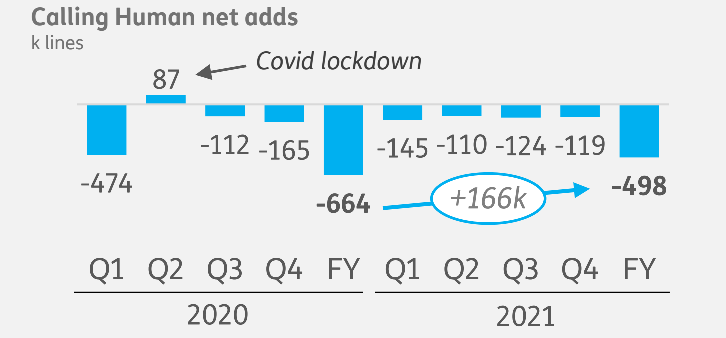
Market MNP reduced significantly YoY



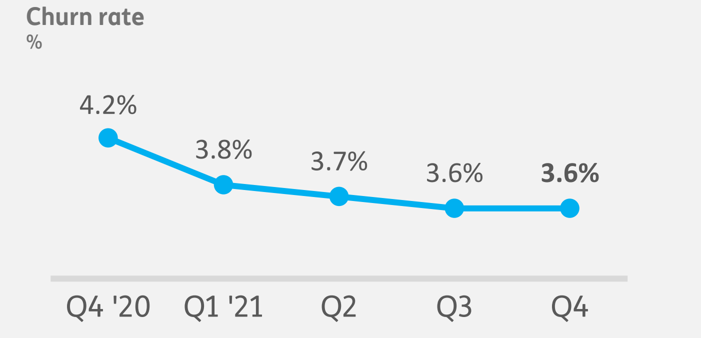
Human net adds improved trend YoY



Calling human net adds better YoY

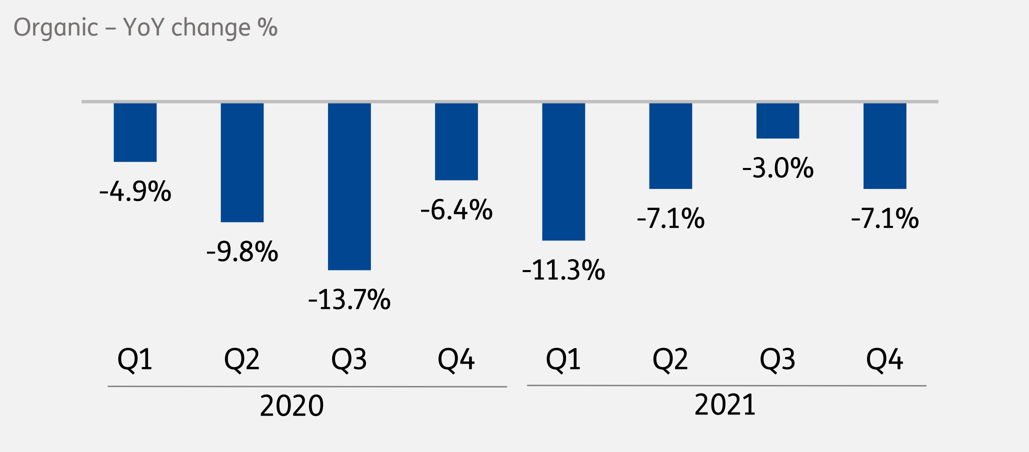


Churn rate down YoY, flat QoQ

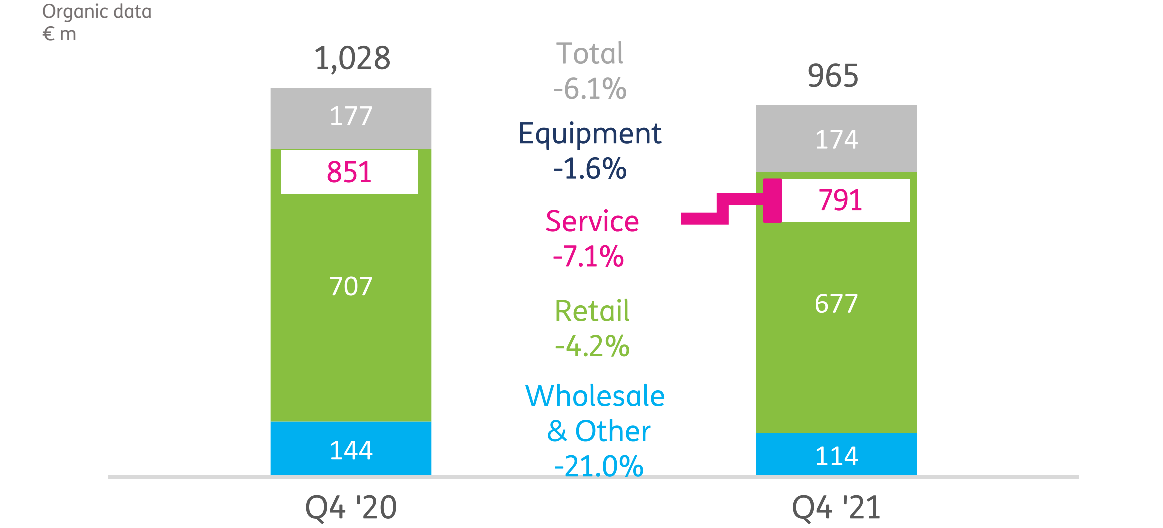


MSR on an improving path however Q4 affected by tough comps in wholesale, 2020 COVID-led pay per use and lower help from roaming vs. Q3

Mobile Service Revenues

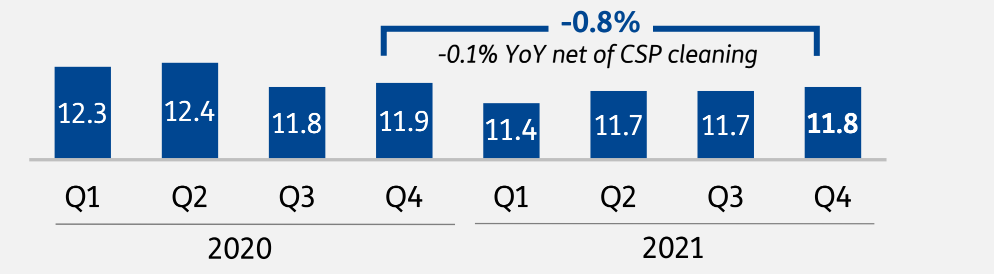


Mobile Revenues



ARPU Human

€/month



MSR -7.1% YoY (-4.1pp QoQ) due to:

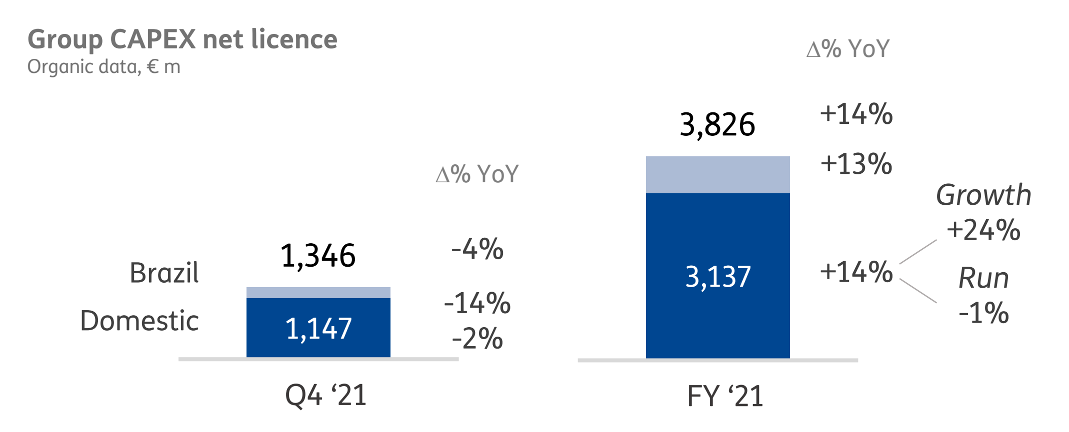
- lower contribution from roaming, (0.5pp YoY tailwind vs. 1.8pp in Q3)
- drag from 2020 COVID-led pay per use (-1pp drag vs. 0pp)
- tough wholesale comps (-3.5pp drag vs. +0.4pp)

Customer base explaining -1.3pp YoY (+0.5pp QoQ), MTR -0.9pp (unchanged), CSP cleaning -0.5pp (+0.4pp QoQ)

Equipment -1.6% YoY vs. -12.2% in Q3

CAPEX for growth increased, NWC in line YoY

CAPEX



Q4 CAPEX lower YoY for different phasing during the year

FY CAPEX up exclusively for higher growth CAPEX: FTTH, Cloud and football in Italy; preparation costs for Oi integration in Brazil

2021 FTTH homes passed +36% YoY. Roll out effort 3.8x 2020

Q4 Working Capital (+€0.8bn YoY) benefiting from deferred payment of 5G license in Brazil (€0.4bn) and domestic provisioning related to multimedia (€0.5bn). Net of non-recurring items, NWC in line with Q4 '20

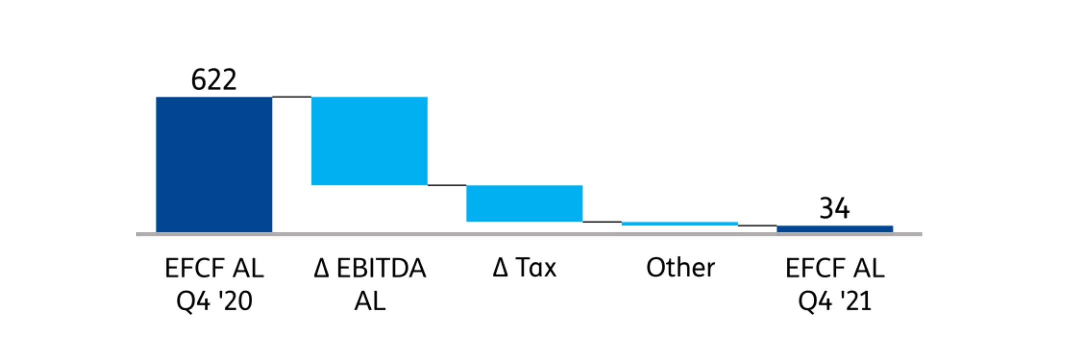
EFCF down mainly for lower EBITDA and higher cash-taxes (Q4 '20 benefiting from the patent box)[1]

Group Operating Working Capital

Change in Net Working Capital
IFRS 16, € m

	Q4 '20	Q4 '21	Δ YoY
Change in NWC	712	1,523	+811
Non-recurring items	*19*	*-836*	
Change in NWC net of non-recurring items	**731**	**687**	**-44**

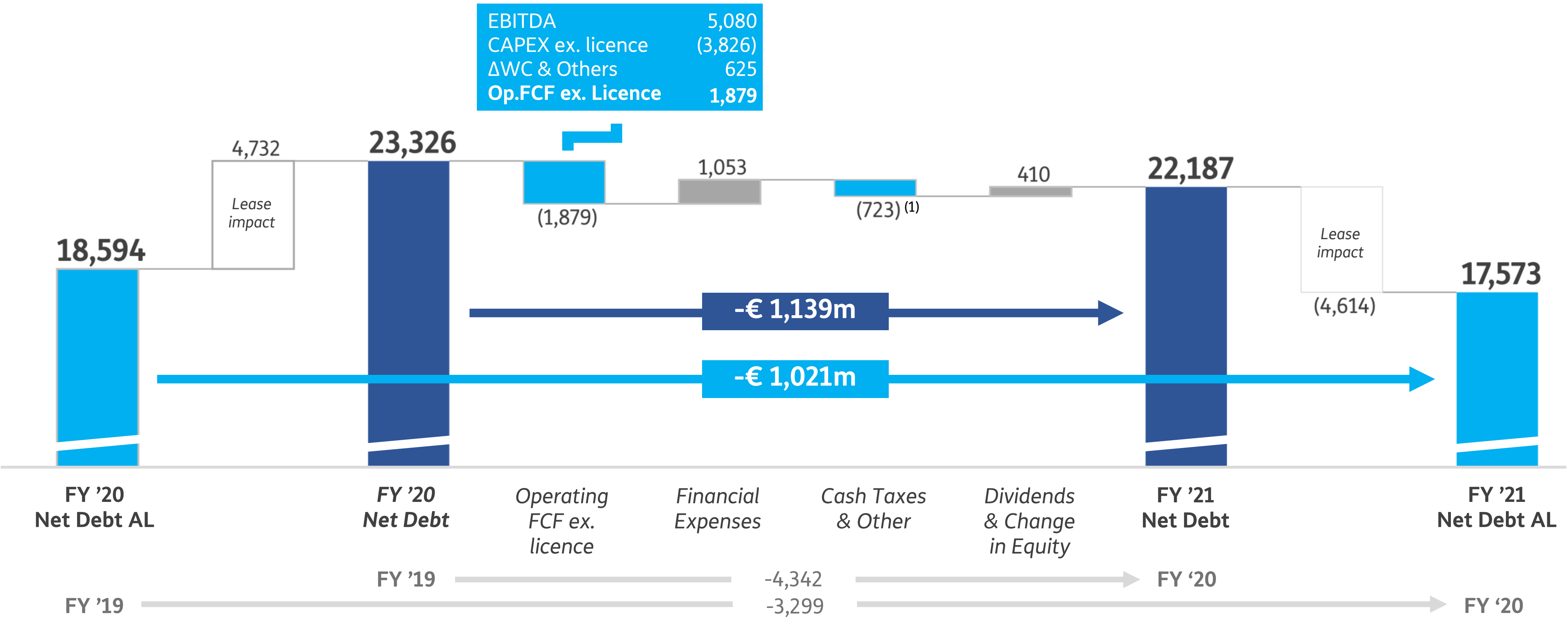
Equity Free Cash Flow After Lease



(1) Patent box 2015-2019 ruling signed in August 2020

Net debt reduced by € 1.1bn in 2021 (-€ 1.0bn After Lease view)

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



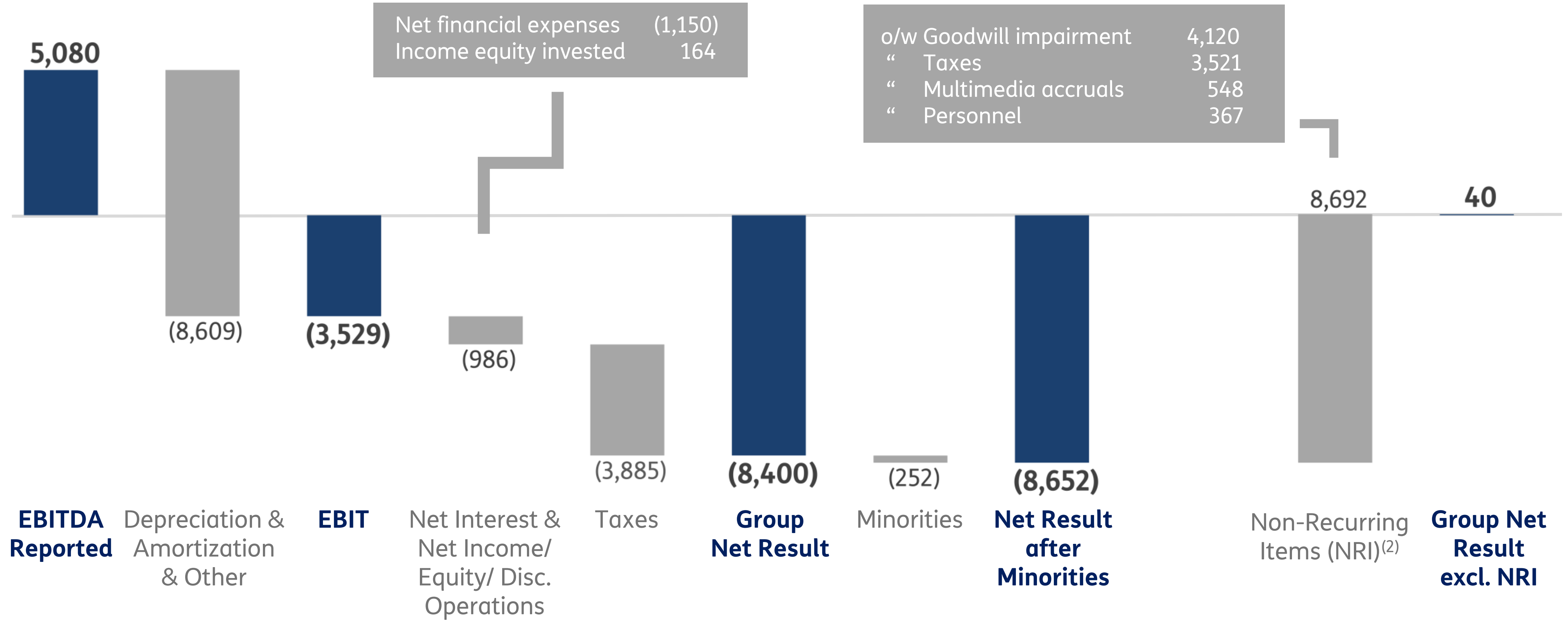
21,893	5,775	**27,668**	(3,414)	1,186	(1,140)[2]	(974)[3]	**23,326**	(4,732)	**18,594**	**2020**
(3,299)	(1,043)	**(4,342)**	1,535	(133)	417	1,384	**(1,139)**	118	**(1,021)**	**Δ YoY**

(1) Including FiberCop, FiberCo, Inwit dividends, financial investments and licences (2100 Mhz + 5G)
(2) Includes Inwit deconsolidation and ordinary dividend, financial investments and 5G licence
(3) Includes Inwit additional stake

P&L affected by devaluation of tax asset due to law change and goodwill impairment

Reported data, € m, Rounded numbers

FY '21



	EBITDA Reported	Depreciation & Amortization & Other	EBIT	Net Interest & Net Income/ Equity/ Disc. Operations	Taxes	Group Net Result	Minorities	Net Result after Minorities	Non-Recurring Items (NRI)[2]	Group Net Result excl. NRI
FY '20	**6,739**	(4,635)	**2,104**	(707)	5,955	**7,352**	(128)	**7,224**	(6,051)	**1,173**
Δ vs. FY '20	(1,659)	(3,974)	(5,633)	(279)[1]	(9,840)	(15,752)	(124)	(15,876)	(14,740)	(1,133)

o/w NRI on Personnel FY '21 €302m, 548m accrual for content

(1) Of which +€25m equity share from Inwit, -€ 333m gain from disposal
(2) Non-recurring items include personnel provisions (2021-26 layoffs ex art.4 Fornero Law), Multimedia accruals, settlement and COVID related costs

Q4 AND FY ’21 RESULTS

FOCUS ON TIM BRASIL

2022-2024 GROUP STRATEGIC PLAN

CLOSING REMARKS

Strong execution delivers solid results and sustainable growth

Core

Value strategy and differentiation supporting ARPU (+17% last 3 years, +6% YoY in Q4)

Positive 5G auction outcome as expected

New Business

Launch of Ampli Partnership

C6 Partnership with great results, reaching 4.4% of Equity

Revenues above R$ 100m target

M&A

Closing of FiberCo deal to accelerate FTTH rollout

Regulatory approval of the deal with Oi

Infra Projects

Network preparation for Oi integration

85% achievement of 4G coverage TAC commitment

Journey to Cloud supporting CEX improvement and cash cost efficiency

Financials

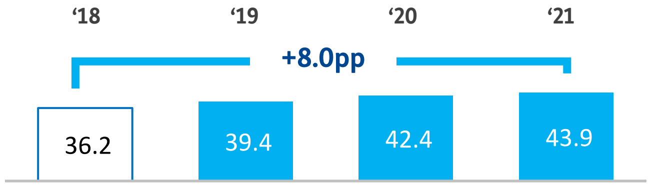
All financial targets achieved

R$ 6bn of OFCF in '21, >1bn increase YoY

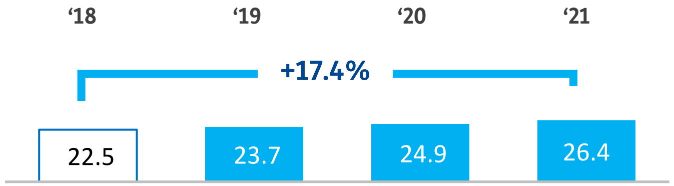
Mid-single digit growth for service revenues and EBITDA

Delivering on the promises made and building sustainable growth

Post paid over Mobile CB (%)



Mobile ARPU (R$)



EBITDA Margin (1)

48.4% margin in FY '21

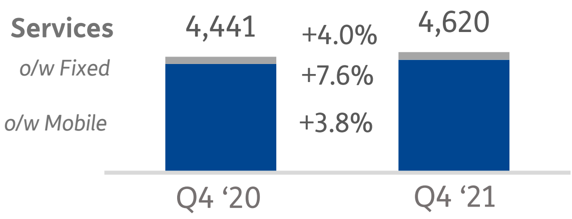
Among top 5 EBITDA margin worldwide (2)

(1) Normalized EBITDA (includes IFRS 9, 15 and 16 adoption)
(2) BofA Wireless Matrix, 25 June 2021

Q4 revenues growth on track driven by postpaid, beyond the core and TIM Live

Solid Revenues growth
thanks to mobile postpaid and fixed

Reported, R$ m



Tot. revenues +2.6% YoY

Services +4.0% YoY:

- **MSR** +3.8% YoY, with postpaid +3.7% YoY and prepaid -3.4% YoY
- **FSR** +7.6% YoY driven by TIM Live

Mobile	TIM Live
ARPU +2.6% YoY to 27.7 R$/month	ARPU +0.5% YoY to 91.1 R$/month
24th consecutive quarterly growth	CB +6.1% YoY to 685k

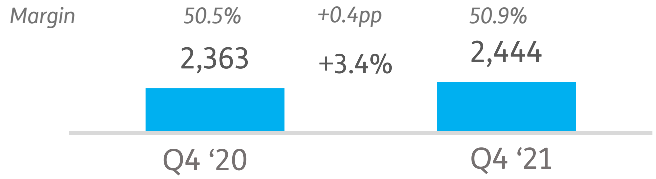
E **-94%** scope 1 and scope 2 GHG, **Zero** indirect emissions (scope 2)
100% of avg consumption from renewables, **>1,7k** Active Biosites

S 1st TLC worldwide in **Refinitiv Diversity & Inclusion Index** and **Bloomberg Gender Equality Index**

G 14th year listed in the **B3 Corporate Sustainability Index**
R$ 1.6bn in SLB Issuance: generating +ve impact while reducing funding costs

Robust EBITDA growth
with continuous margin expansion

EBITDA net non-recurring items, R$ m



22nd quarter of positive EBITDA growth

Infrastructure evolution

Coverage expansion

- **4G:** 4.7k cities covered (+22% YoY, +7% QoQ), o/w 1.7k 4.5G
- **Sky Coverage:** 0.4k new sites QoQ to 0.9k
- **FTTH:** ~4.2m HHs passed (+29% YoY, +6% QoQ)

Capacity and modernization

- **M-MIMO:** 0.3k new sites QoQ to 2.3k
- **Site modernization:** +1.4k sites QoQ

(1) Scope 1 and 2
(2) Scope 2

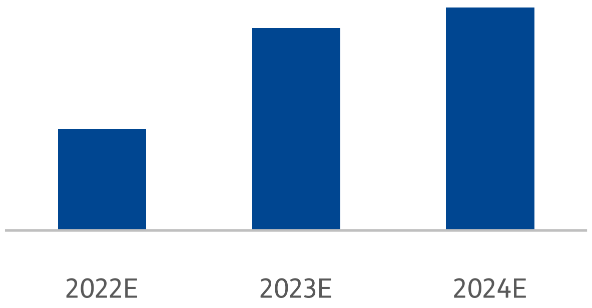
Revenues and EBITDA set to accelerate growth with the acquisition of OI mobile assets and consolidation from 4 to 3 players

Ready to successfully integrate Oi's assets in TIM's operations...

- **Anatel/Cade approval**
- **Expected closing before May**
- **Network migration 30 days after closing(1)**
- **IT systems migration 60 days after closing(2)**
- **Migration completion March '23**

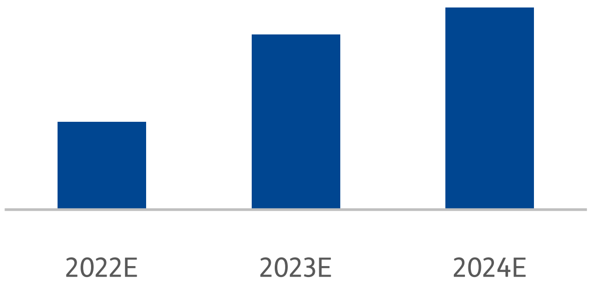
...to materially improve TIM Brasil's growth profile

Service revenues – Migrated Clients contribution (R$ bln)



>15% of TIM's NSR from migrated clients in '24

EBITDA – Migrated Clients contribution (R$ bln)



>20% of TIM's EBITDA from migrated clients in '24

+3pp EBITDA margin contribution in '24 from migrated customers

(1) CB migration to take 3 months, spectrum migration to be completed in 6 to 8 months from closing
(2) IT systems migration to end Feb '23

New company, new targets: 2022-'24 guidance

GOALS	SHORT TERM TARGETS (2022)	LONG TERM TARGETS (2022-'24)
Revenue Sustainability	Service Revenues Growth: **+ Double digit YoY**	Service Revenues Growth: **+ Double digit CAGR '21-'24**
Profitability	EBITDA Growth: **+ Double digit YoY**	EBITDA Growth: **+ Double digit CAGR '21-'24**
Infrastructure Development	Capex: **~R$ 4.8bn**	Capex: **~R$ 14.0bn ∑ '22-'23** Capex on Revenues: **<20% @2024**
Cash Generation	EBITDA-Capex on Revenues: **>24%**	EBITDA-Capex on Revenues: **≥29% @2024**

Guidance excludes:

- Any additional M&A activity
- New spectrum auctions
- ICMS taxation changes (ruled to be effective in Q1 '24)
- Any other taxation or Regulatory reform
- Upside from Customer Platform partnerships (e.g. value created by equity stakes)

On like-for-like comparison, all metrics would be on track versus the old plan

Q4 AND FY ’21 RESULTS

FOCUS ON TIM BRASIL

2022-2024 GROUP STRATEGIC PLAN

CLOSING REMARKS

Setting the scene

TIM has very valuable assets…
… however, it is facing tough competition and regulatory constraints…

- **Wireline market** is growing, however regulatory hurdles and risk of competitive pressure remain intense also due to new competitor
- **Mobile** is progressively improving and showing signs of stabilization
- **Digital businesses** are growing healthily, however with lower margins compared to core telco services
- **Wholesale:** ARPU is improving, however facing tough regulatory environment and infrastructure competition

Besides, **incremental CAPEX** is needed to support growth of new businesses and build future cash-flows

Extraordinary actions are required to improve TIM's value beyond its inertial path

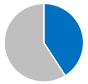
TIM has a valuable set of assets in an improving Country environment

Top **brand**

1st telecom brand in Italy

Brand Awareness (1)

Top of mind



44%

Spontaneous

88%

Unique **Telco** & **IT infrastructures**

1st **UBB coverage** (2)

94%

1st **5G speed** (3) — **296 Mbps**

1st **Data center** infrastructure — **50k sqm**

Strongest **B2B** positioning

TIM's share in Enterprise segment (4)

Private	**45%**
Public Administration	**>50%**

2nd player in the cloud market

Best in class **technologies** & **know-how**

Full convergent player in B2B and B2C **connectivity** and **service platforms** layers

4G | 4G | FWA | Edge | IoT | TV | Games

... | FTTC | FTTH | Cloud | Security | AI | Music | ...

Best suited to exploit **NRRP funds**

Participating in tenders worth

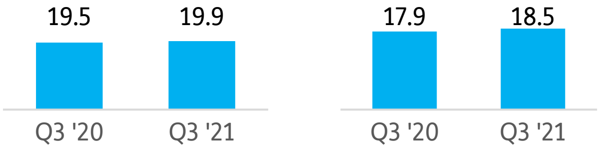
~€5bn

of NRRP funds (5)

Fixed market back to **growth**

Fixed lines — **+0.4m** YoY

Broadband lines — **+0.7m** YoY



Source: AGCOM

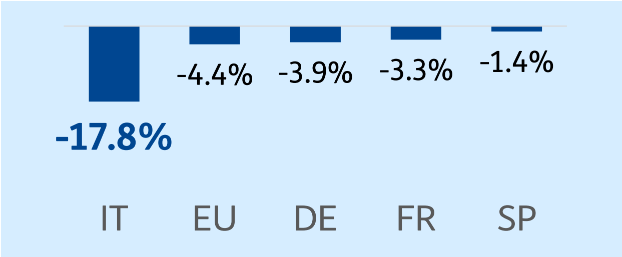
(1) Source Ipsos, research on Brand Awareness, 2021
(2) Fixed lines with a UBB connection on total fixed lines
(3) Source Opensignal, 1H 2021
(4) Market share connectivity, source TIM processing data of AGCOM, Gartner and Sirmi
(5) "Italia 1 Giga" €3.7bn, "Connected schools" €0.2bn, "Connected health care" €0.4bn, Cloud for PA ("NSH") €0.7bn

…but also material challenges…

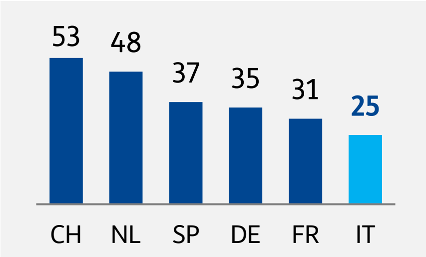
Italy is the most competitive EU market following Antitrust decisions…

Telecom sector prices in EU

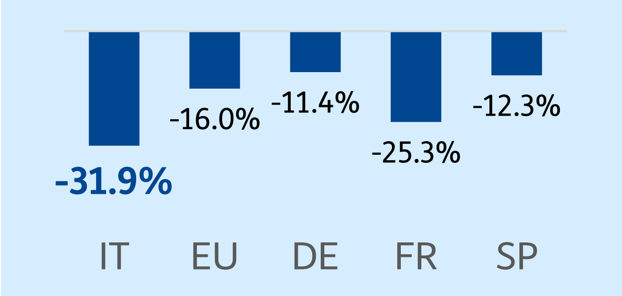
5-year price variation
Fixed + Mobile, Q3 '21 vs. Q3 '16 (1)



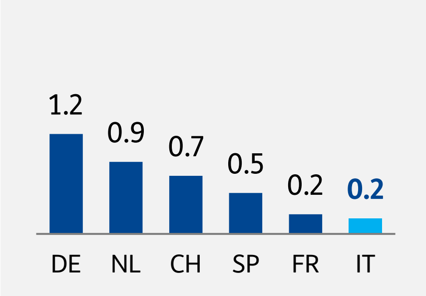
Fixed Prices avg.
€/month, Q3 '21 (2)



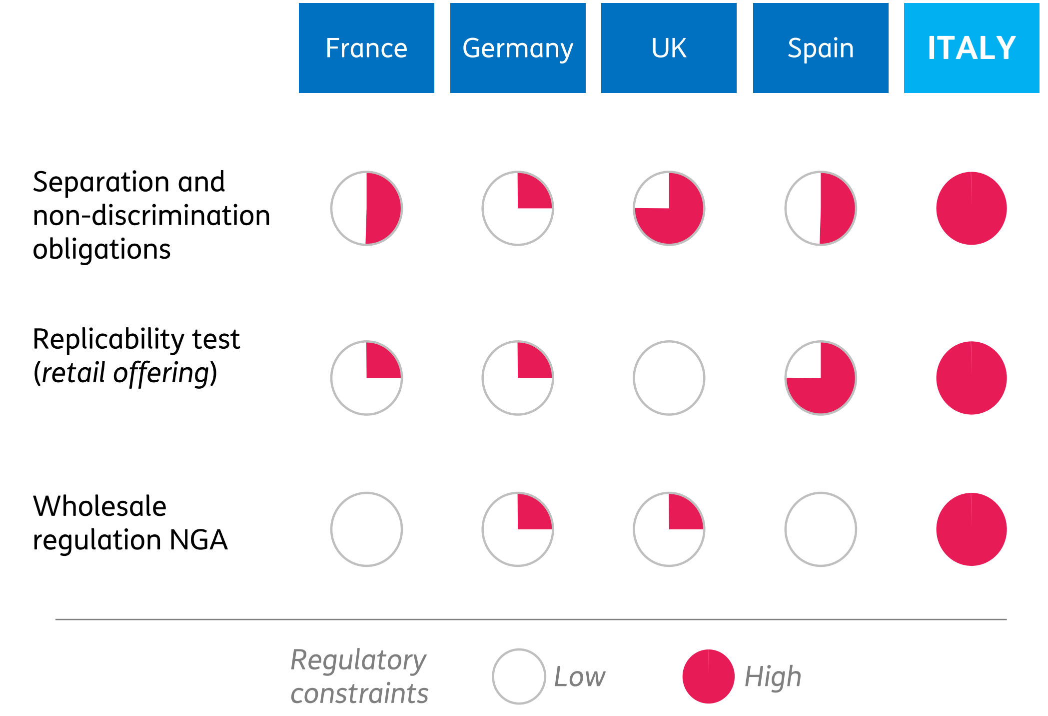
10-year price variation
Fixed + Mobile, Q3 '21 vs. Q3 '11 (1)



Mobile prices avg.
€/GB, Q3 '21 (2)



…and has the toughest Regulation in Europe

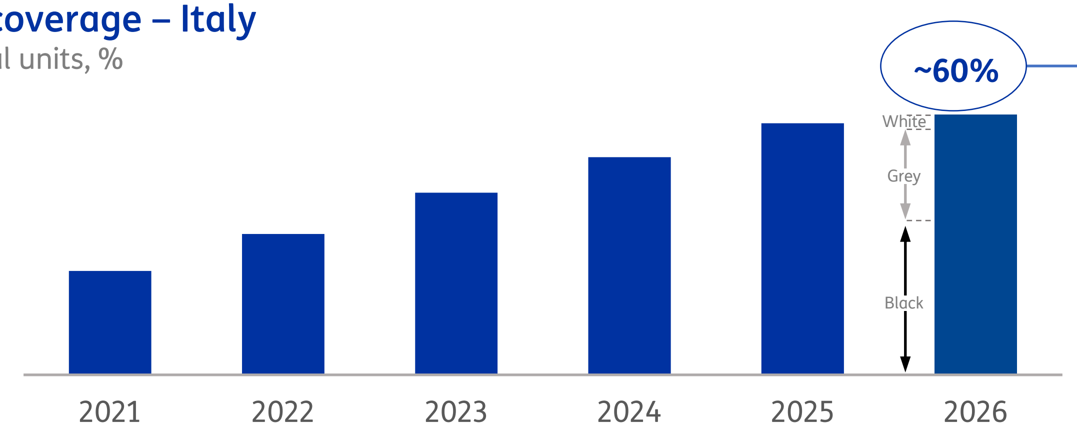


(1) Source: AGCOM "Osservatorio Comunicazioni, Dec. '21
(2) Source: Newstreet European tariff tracker, Sep. '21. For Italy's fixed line prices, TIM analysis

…and opportunities that need to be financed: accelerating FTTH/5G and Digital Companies' investments to shorten path to sustainable cash flow generation

FTTH roll-out completed by 2026

FTTH coverage – Italy
Technical units, %



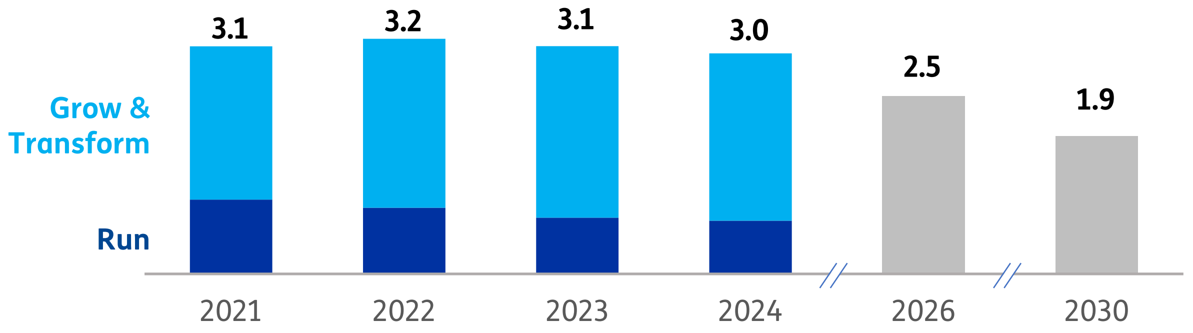
+3pp coverage vs previous plan (in grey areas)

Grey areas of "Italia 1 Giga" tender not included

FTTH roll-out accelerated
leveraging on 95% FTTC coverage

CAPEX for growth

CAPEX
€bn, excl. licences



Peak CAPEX in '22 trending to <15% M/T

S/T CAPEX caters for FTTH roll out, data centers enhancement, 3G switch-off, new routes for international wholesale and ICT tenders won (1)

(1) E.g. «Bando scuole»

The way forward

The new Vision

From vertical integration to 4 separate entities with different industrial focus and financial metrics

NetCo
- **Wholesale**

ServCo
- **Enterprise**
- **Consumer**
- **TIM Brasil**

Key benefits

1 Business & strategic
- Stronger **focus**
- **Strategic options** for the 4 entities
- Network company **dedicated infra perimeter** makes partnerships/aggregations easier

2 Regulatory
- Network company could be freed from cost-orientation if it becomes "wholesale-only" (1)
- Retail would enjoy regulatory relief

3 Financial
- Better **capital allocation**
- Better **allocation of debt** relative to cash-flows
- Better **visibility** on group assets and **attractiveness** for private money
- Allow **full valorization potential**
- A path towards **higher distribution to shareholders**

Retail to own mobile infrastructure and compete in fixed line on the same basis as OLOs

Execution to require 12/18-months

(1) Art. 80 EU Communication Code

Strategic rationale: 4 very different entities, 3 in good shape

NETWORK	ENTERPRISE	CONSUMER	TIM BRASIL
building strong future cash flow	strong growth ahead	fighting in crowded fixed and mobile	top performance and growth
Wholesale ARPU uplift and margin stabilizing through accelerated shift from copper to fiber	Consolidating its leadership and growing thanks to Cloud, IoT, Cybersecurity and NNRP	Most impacted by regulation and hyper-competitive market dynamics	Delivering on mid single-digit growth targets ready to benefit from market consolidation

Potential domestic perimeter

	ServCo		NetCo	
	Consumer	Enterprise	Wholesale	
Brands and legal entities	TIM, Kena, TV TIMVISION	TIM, noovle, olivetti, Telsy	FiberCop, SPARKLE	
Commercial	Consumer and SME	Enterprise	Wholesale vs TIM Retail and OLOs	International Service Providers
Network	Service Platforms and DC		International connectivity (Sparkle)	
	Core IP / NOC		Real estate & Building systems	
	Backbone / IP transport		Backbone fibers & Legacy transport	
	Core mobile and spectrum		Access electronics & Central Office	
	IRU on selected fibers for access / backbone		Cabinets	
	Mobile access	FWA	Fixed primary	Fixed secondary

NetCo

ServCo

Beyond vertical integration towards expected regulatory relief

NetCo
ServCo

TIM today is subject to the most stringent fiber regulation in EU[1]

	IT	FR	DE	ES	UK	PT	SE
Fiber Bitstream	CO	-	ERT	ERT	-	-	-
Fiber VULA	CO	-	CO	ERT	NCO	-	-
Fiber ULL	CO	-	NCO	-	-	-	ERT
SLU	CO	CO	CO	-	CO	-	CO
Ducts	CO	CO	CO	CO	CO	CO	-
Dark Fiber	CO	-	CO	NCO	-	CO	CO

CO	Cost orientation
NCO	No cost orientation
-	Obligation not imposed
ERT	Economic Replicability Test

Structural separation would provide regulatory relief

Already implemented by TIM — Next step

Functional separation	Legal separation	Structural separation
✗ No regulatory relief granted	✗ No regulatory relief granted	✓ "Wholesale-only" regulatory relief

Expected Regulatory relief

Retail

Elimination of current replicability rules (price test)

Wholesale

Regulation promoting fiber investment and take up: elimination of cost-orientation and incentives for migration and decommissioning [2]

\+

Option value vs potential combinations

(1) Source: TIM's elaboration based on Cullen International and National Regulatory Authorities' decisions on markets 3a and 3b of the Recommendation 2014/710/EU (2022) – prevailing regulation, exceptions apply (e.g. for TIM no obligation in Milan)
(2) Considering new regime for SMP 'wholesaler-only', cost-orientation would be lifted excluding exceptional cases

2021 indicative financials
Shareholders to get exposure to all entities

Preliminary

Indicative Financials **2021** - €bn Organic figures	ServCo: Consumer / Enterprise	NetCo: Wholesale [3]	Domestic
Revenues [1]	~73% Consumer [2] · 9.9 · ~27% Enterprise [2]	5.3	12.5
EBITDA AL	2.2 *23%* on revenues	2.2 *41%* on revenues	4.4
CAPEX	1.7 *17%* on revenues	1.5 *27%* on revenues	3.1
CAPEX / Sales % M/L TERM [4]	12-13%	14-15%	

Limited dis-synergies

The bulk of separation costs have already been paid in the past:

- **"Equivalence of Input" and "Equivalence of Output" required IT systems upgrades**
- **FiberCop already separated**

NetCo
ServCo

(1) Including intercompany
(2) Net revenues contribution
(3) Including Sparkle
(4) CAPEX net of license. Network CAPEX / Sales excluding Sparkle

Wholesale: national to ride migration to FTTH, international to grow strongly

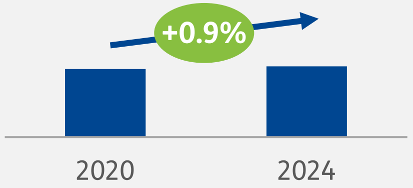
NetCo

ServCo

Market context

- **Fixed lines** market expected **growing** supported by FTTH
- **Competition** from FTTH overbuild
- **NRRP** opportunities in grey areas

Wireline market growth
%, CAGR



Strategic priorities

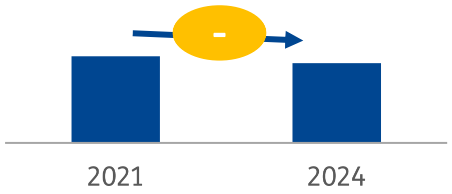
- **CB protection and UBB growth**
- **Co-investment agreements**
- **FTTx migration and technology upgrade**
- **Reinforce role as a backhaul provider**
- **Wholesale as a new channel for factories (Noovle, Olivetti, Telsy)**

Upsides not factored in plan

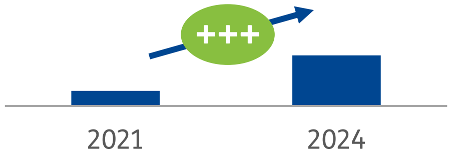
Extension of **FWA** wholesale to OAOs (1)

KPIs

TIM lines (Retail + Wholesale)



TIM FTTH



SPARKLE

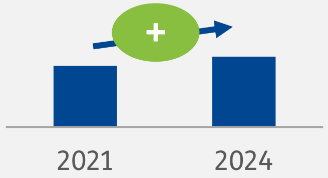
Market context

- Core connectivity: volumes doubling every 2 years
- Networking: value shifting towards solution vs. connectivity only

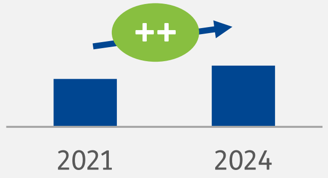
Opportunities

- Strengthen leadership in the Core Connectivity business, with selective expansion in growing areas
- Exploit SD-WAN potential, blended by add-on security solutions and co-management capabilities

Revenues



EBITDA



(1) Other Authorized Operators

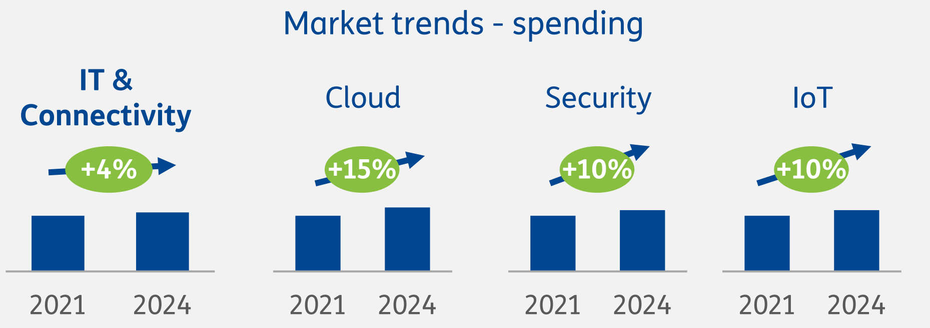
Enterprise: evolving towards Tech-company operating model in a growing market

NetCo

ServCo

Market context

- Market **growing at 4%** p.a. fueled by IT
- **Evolving customer demand** towards integrated, convergent, e2e ICT solutions
- Increased **focus on data sovereignty** and security
- Significant **growth from PA**, with cloud-first strategy adoption and **NRRP** / NSH(1) as additional catalyst



Strategic priorities

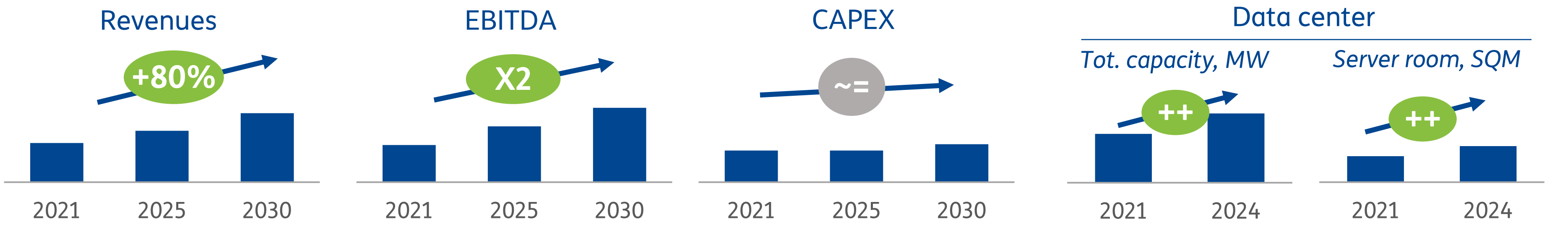
- **Drive shift from traditional to advanced connectivity solutions**
- **Strengthen integrated ICT offerings leveraging on Digital Companies' capabilities**
- **Evolve towards integrated unit to accelerate commercial traction**
- **Develop proprietary ICT products/solutions to sustain/improve marginality**
- **Prioritize focus on large corporates and PA to capture NRRP / NSH(1) opportunities**

Upsides not factored in plan

Synergies from more integrated operating model

PNRR boost

Financials



(1) National Strategic Hub

Enterprise: set to grow market share thanks to a unique value proposition: Secured MultiCloud and Advanced ICT made simple

Clear transformation path

TIM Enterprise BU

noovle | Telsy | olivetti

TIM Enterprise BU

noovle Telsy olivetti

Enterprise to grow even faster vs. market
thanks to unique value proposition

"One-stop-shop" approach	End-to-end tailored offering	Unparallel capabilities

- Complete and diversified product portfolio, integrated Go-to-market approach
- Capabilities to integrate and orchestrate different ICT solutions, offering simplicity
- Strong competences and track record to meet large corporate/PA's complex needs
- Opportunity to develop off-the-shelf ICT products for Consumer/SMB segments
- TIM already the leader in ICT market, able to guide further market consolidation
- Simple replication of the model abroad in the future

noovle | olivetti | Telsy

Cloud offering

Cloud transformation	*Modern workplace*	*Security*
DC services	*Customer experience*	*AI & Analytics*

Data Centers

16 sites
50k sqm

Enterprise: Strong cloud growth expected in PA segment, thanks to the NSH initiative and more to come from the NRRP

NetCo
ServCo

TIM-led consortium project selected as the most suitable for the creation of the **National Strategic Hub** (NSH) (1)

Private-Public Partnership

cdp	sogei	LEONARDO	TIM
20%	10%	25%	**45%**

Cloud NewCo

Cloud NewCo business model

NewCo buys services and infrastructure mainly from industrial partners and sells to PA:

- **Cloud migration / set-up** (supported by respectively €1bn / €0.9bn(2) Recovery and Resilience Facility)
- **Infrastructure** and **services** (recurring revenues)

Cloud NewCo Financials (1)

-TIM-led consortium proposal -
(cumulated values, 13 years)

Revenues	€ 4.4bn
Operating costs	€ 3.2bn
EBITDA	€ 1.2bn
CAPEX	€ 0.7bn

National Recovery & Resilience Plan - €235bn & other public funding initiatives (3)

Short-list of main public funding initiatives
with telco component (total digital €50bn)

Mission	Initiative	€bn	Status
M1	**Industry 4.0**	18.5	*Ongoing*
M1	**Italia 5G**	2.0	*Pre-tender*
O	Vouchers *Phase 1*	0.2	*Closed*
O	Connected Schools Phase1	0.3	*Ongoing*
M4	Schools cabling	0.5	*Ongoing*
M3	Green Ports	0.3	*Call for expression*
M1	**NSH & PA cloud migration**	1.9	*Tender phase (2)*
M1	**Italia 1 Giga**	3.7	*Tender phase*
O	Vouchers *Phase 2*	0.9	*SMB approved*
M1	Connected Schools Phase 2	0.2	*Tender phase*
M1	Connected health care	0.4	*Tender phase*
M4	**Open RAN & Cloud Edge**	1.5	*Awaiting approval*

M1-6 NRRP mission “O”= other funds

€bn Resources allocated (4)

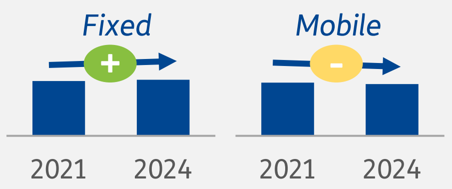
(1) During the tender process, other players can submit proposals in line with the terms set by the TIM-led consortium, which however has a right to match
(2) Tender for the set-up of cloud infrastructure launched on January 26th (€ 0.7bn, RRF allocation € 0.9bn)
(3) Italian Ultra-Broadband Strategic Plan, funded by national and EU funds
(4) Tenders value may differ from original NRRP allocation

Consumer: value strategy and focus on retaining existing client base

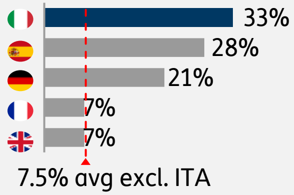
Market context

- **Fixed** market growing, competition expected to remain intense
- **Mobile** shows signs of stabilization
- Migration towards **FTTH** and **5G**

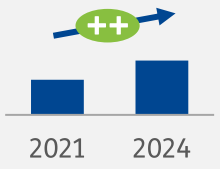
Market trends - lines



Households Mobile only



OTT TV Subscriptions



Strategic priorities

- **Brand: revamp tiered premium positioning, "high-tech made in Italy" and handset financing through TIMFin**
- **Shift from acquisition to CB caring and retention**
- **Leverage new wave of vouchers**
- **Improve channel performance on core**
- **Targeted upselling actions**
- **Further push on convergence**
- **Content: improve marginality and develop options for transforming business model**

Upsides not factored in plan

Leveraging unique combination of 5G, devices and unlimited plan

Mobile only specifically targeted

More help from Vouchers

KPIs

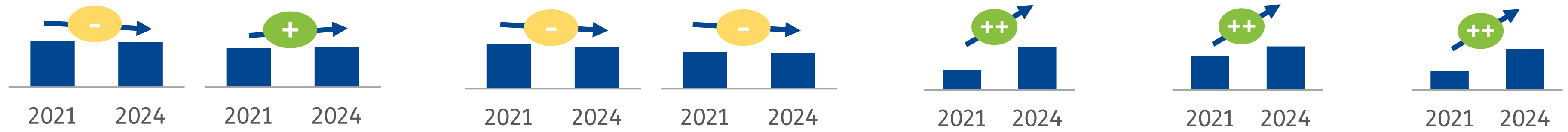
Fixed: *Lines*, *ARPU*

Mobile: *Lines* (*human*), *ARPU*

TIM Vision *Pay customers*

Direct payments

Convergence



SME: opportunity to leverage TIM's unique selling proposition

NetCo

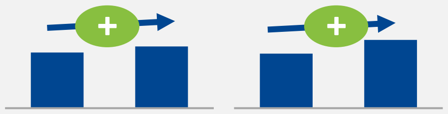
ServCo

Market context

- SMB is an heterogenous segment, where TIM must defend Medium/Small and has **room to grow in mobile and convergence**
- TIM is **the only integrated player in the market**, offering traditional and advanced connectivity solutions plus IT/ digital products and services

Market trends - lines

Fixed *Mobile*



2021 2024 2021 2024

Strategic priorities

- **Sustain premium positioning**
- **Protect existing CB and ARPU**
- **Data driven management for CB micro-cluster**
- **Strengthen caring and customer experience**
- **Push ICT as a "reason why" for choosing TIM**
- **"More for more" strategy**
- **Technology upgrade through vouchers**

Upsides not factored in plan

More help from Vouchers

KPIs

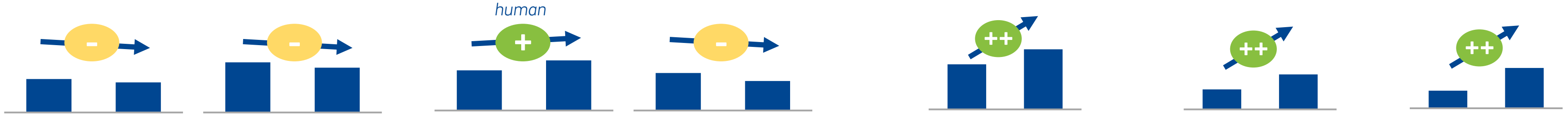
Fixed: *Lines*, *ARPU*

Mobile: *Lines* (*human*), *ARPU*

Direct payments

ICT penetration

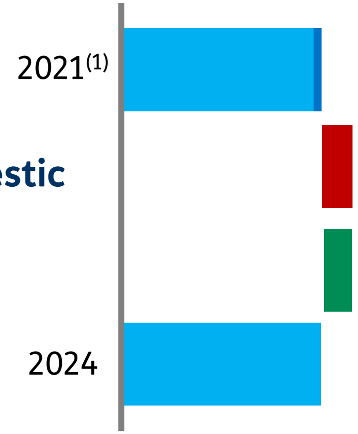
Convergence



2021 2024 2021 2024 2021 2024 2021 2024 2021 2024 2021 2024 2021 2024

Transformation plan to cut addressable costs by 15%, with ambition to cut >20%

Domestic OPEX
€bn

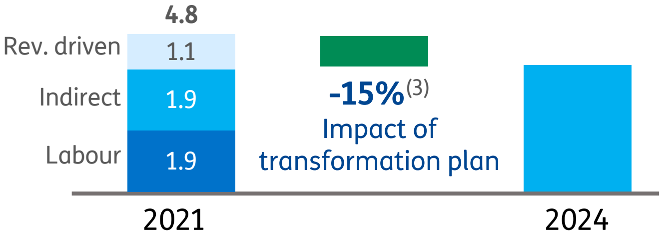


Increasing OPEX, driven by new businesses with different marginality, contractual and accounting factors

- Content
- Digital business (ICT)
- Commissioning & provisioning costs from prev. years
- Rental and energy costs

Offset by a **large transformation program** that will reduce addressable costs by 15%[3], with ambition of up to 20%

Addressable cost base [2]
€bn



Upsides not factored in plan

Content costs reducing significantly from '25

Transformation plan initiatives

Non exhaustive

Revenue driven	Other costs		Labour
▪ Equipment: margin to improve 3pp over the plan period	▪ Rationalize fixed and mobile offers (lower #) ▪ Decommissioning and delayering IT, stop 3G ▪ Move to digital and automatization	▪ Offshore part of IT in Brazil ▪ Consolidate suppliers ▪ Centralize procurement ▪ Make or buy approach	▪ Reduce working hours ▪ Early-retire ex. Art.4 ▪ Incentivize exits, delayer organization ▪ Scale up Agile way of working

NetCo

ServCo

(1) 2021 OPEX restated including €0.2bn on commissioning (benefit from churn reduction in '21 unlikely to be repeated in coming years)
(2) Updated definition of addressable cost base
(3) Impact would be -12% (ambition -16%) calculated on 2021 OPEX (non restated)

Q4 AND FY ’21 RESULTS

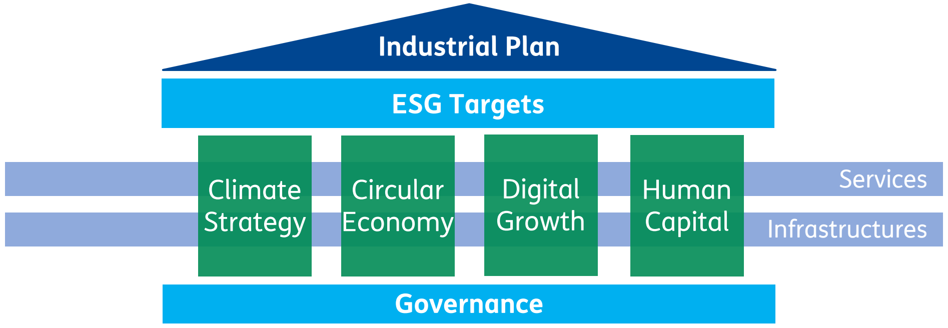
FOCUS ON TIM BRASIL

2022-2024 GROUP STRATEGIC PLAN

CLOSING REMARKS

The ESG plan in a nutshell. Raising ambitions

The ESG plan is focused on relevant and impacting projects



ESG Governance levers

- **Adapt processes** to the environmental criteria provided by NRRP to be eligible (e.g. certifications, purchases criteria)
- Implement **sustainable supply chain** deploying ESG KPIs trough the procurement process

ESG pillars

- Strenghten **Climate Strategy** with a Net Zero goal thanks to new projects on Scope 3
- Spread **Circular Economy** model reducing waste and reusing materials according to the Green Deal
- **Digital growth**, according to Digital Compass, focused on coverage and dissemineting digital services and tools
- Strenghten **Gender equality** by increasing the number of women managers

Group targets

NEW	**E** Net Zero (Scope 1+2+3)		2040
	E Carbon Neutrality (Scope 1+2)		2030
NEW	**E** Scope 3 Reduction (1)	-47%	2030
	E Renewable energy on total energy (%)	+100%	2025
NEW	**G** Women in leadership position (2)	29%	2024

Human Rights commitment: update due diligence, policy & remedies

Domestic targets

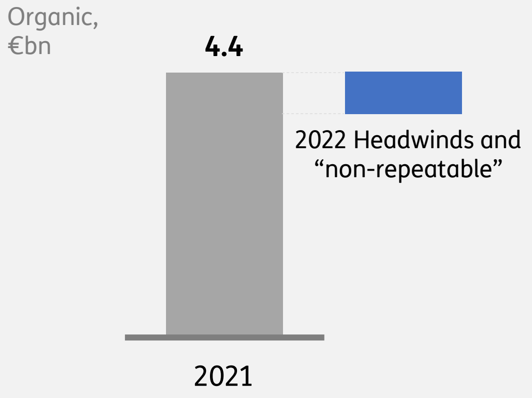
	E Green Products & Smartphones	≥50%	2024
NEW	**E** Circular Economy ratio (3)	+11%	2024
	S IoT & Security service revenues	+20% CAGR	2024
NEW	**S** Digital Identity Services	+15% CAGR	2024
NEW	**S** % People trained on ESG skills	90%	2024
NEW	**S** Young Employees Engagement	≥ 78%	2024
NEW	**S** FTTH Coverage	≥60% of POP	2026

Reorganization via voluntary staff reduction tools

(1) Scope 3 cat.1, 2 and 11
(2) Average between Domestic Scope target = 27% and Brasil Scope target =35%
(3) Unit revenues from the resale of used materials and assets plus waste recycling per kg of waste produced. Base line 2021 0,044€/kg

Some headwinds affecting 2022 domestic EBITDA and group net debt

Domestic EBITDA AL



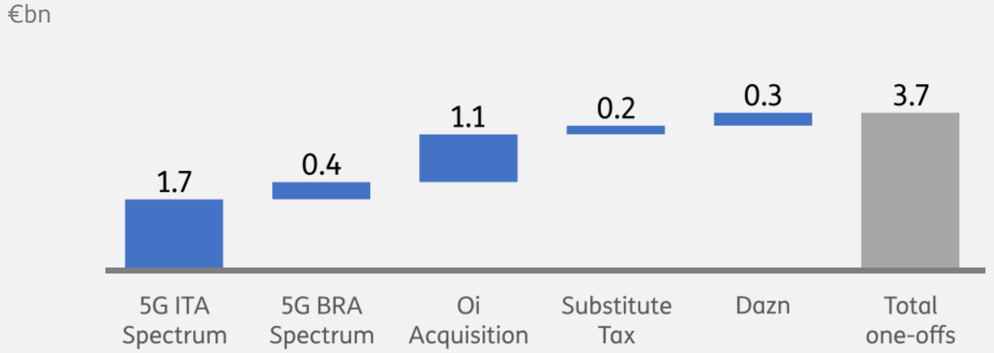
2022 headwinds: regulatory and competitive environment impacts

- Following new law (DL 207/2021), we are modifying our offers for consumer and microbusiness with front-end loaded impact on activation and equipment revenues in 2022, fading away in following years
- Regulated prices update (MTR and fixed wholesale regulated prices)
- Impact of newcomer in fixed and loyalty plans
- Stricter rules on vouchers (still a help but not as much as expected)

Non-repeatable: some actions have not been rolled-over into '22 budget

- Wholesale '21 over-performance (product sales, service revenues) and USO
- Improved churn in Fixed and Mobile, benefiting commissioning
- Subsidies for public training

Δ Net Debt AL 2021-'22



Extraordinary payments: spectrum, Oi acquisition, DAZN payments and substitute tax weighing on 2022 net debt

Closing remarks, guidance (including OI) and next steps

- We are living an unprecedented period for TIM, and it's **time to take action**
- **CEO fully empowered** by the BOD to develop the execution plan of the group's reorganization
- **Capital Market Day upon completion of plan details before half year results**
- Based on current configuration:
  - GROUP SERVICE REVENUES to grow low single digit CAGR '21-'24 (with 2022 to decrease low single digit)
  - GROUP EBITDA CAGR '21-'24 flat (with 2022 to decrease low teens) (1)
  - GROUP CAPEX at E4.0bn in 2022, E3.9bn in 2023 and E3.8bn in 2024, with Domestic CAPEX/Sales <15% in the medium-long term (2)
  - 2022 NET DEBT will be affected by spectrum payments and Oi acquisition with its impact on leverage fully absorbed by 2025
- **Guidance on new TIM entities** will be provided at the CMD
- Received binding offer from Ardian Infrastructures for the majority of Daphne 3 (3)
- Intention to reinstate **dividends** as soon as the reorganization envisaged will have brought the expected results

(1) Group EBITDA After Lease to decrease low single digit CAGR '21-'24, mid to high teens decreases in 2022. Oi's transaction is impacting leases account for the plan period and will be absorbed thereafter
(2) Domestica CAPEX guidance on page 25
(3) Holding owning 30.2% of INWIT

Q&A

ANNEX

Deferred Tax Asset – Realignment of intangible asset tax value

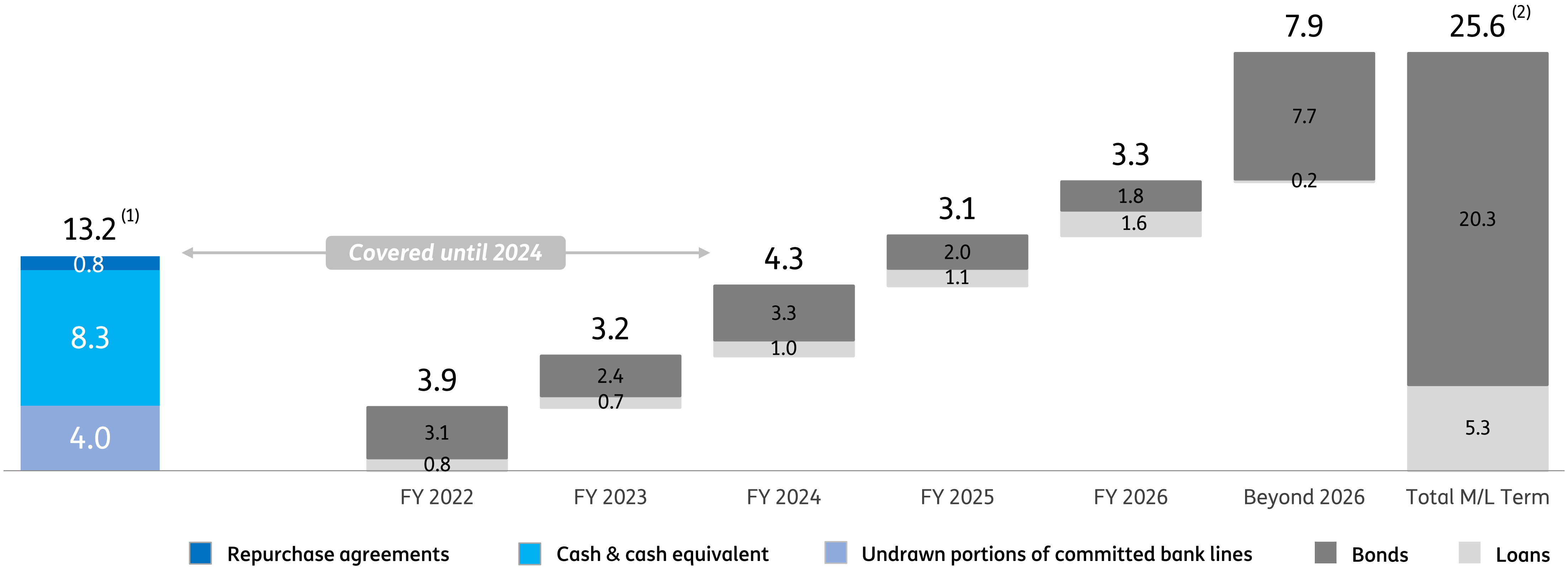
	Impact on 2020 Financial Statements (benefit: 18 years)	Impact filled in 2021 Financial Statements (benefit: 50 years)	
Realignment of the tax value	**+€ 5.9bn** ***P&L*** *– Positive item in income tax expenses*	**-€ 3.8bn** ***P&L*** *– Negative item in income tax expenses*	Write-off of IRES DTA exceeding 25y and full IRAP DTA based on future income estimates, based on 22-24 industrial plan
TIM SpA intangible assets redeemed € 23.1bn	**€ 6.6bn** ***Balance Sheet*** *– Deferred tax assets*	**€ 2.7bn** ***Balance Sheet*** *– Deferred tax assets*	
Substitute tax (3%)	**€ 0.7bn** ***Balance Sheet*** *–Income tax payables*	**€ 0.4bn** ***Balance Sheet*** *– Income tax payables*	▪ First payment in 2021 (€ 261m) ▪ Next Payments due: 2 instalments in '22 and '23
Cash out 2021 for substitute tax	**0** ***Balance Sheet*** *– Cash out*	**€ 0.3bn** ***Balance Sheet*** *– Cash out*	
Net equity suspended for tax purposes	**€ 22.4bn** ***Balance Sheet*** *– Net Equity suspended*	**€ 22.4** ***Balance Sheet*** *– Net Equity suspended*	Net equity suspended shall be reduced to €14.1bn consequent to the 2021 loss amounting to €8.3bn that will be covered using profits carried forward and reserves

A legislative proposal is currently under review providing for conversion of goodwill DTAs in tax credits.
If approved, it will be included in legislation to be published by the end of March

Liquidity margin - After Lease view

Cost of debt ~3.4%, +0.1pp QoQ, flat YoY

Liquidity Margin | **Debt Maturities**

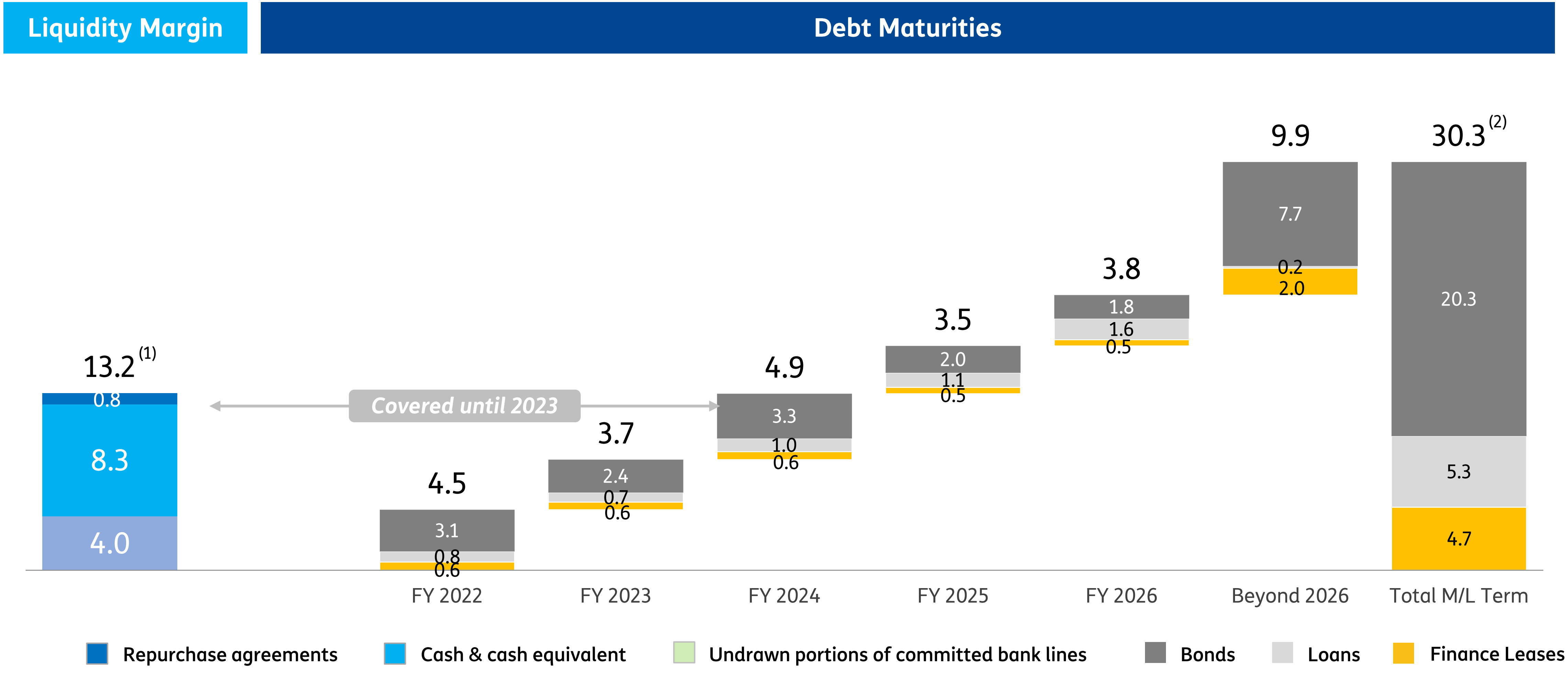


(1) Includes € 838m repurchase agreements o/w € 200m will expire in February 2022, € 558m will expire in March 2022 and € 80m will expire in April 2022
(2) € 25,615m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and reverse fair value valuations (€ 696m) and current financial liabilities (€ 1,538m), the gross debt figure of € 27,849m is reached

Liquidity margin - IFRS 16 view

Cost of debt ~3.7%*, flat QoQ and YoY

* *Including cost of all leases*

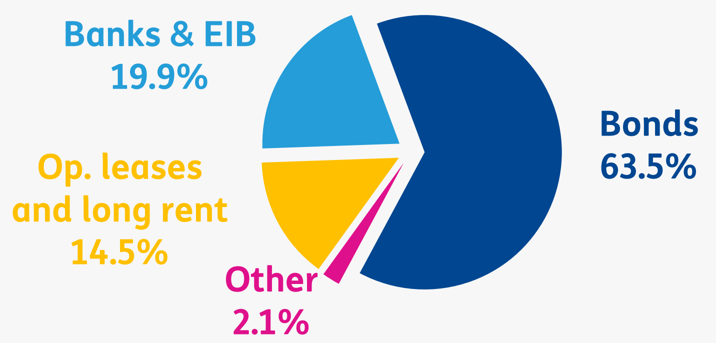


(1) Includes € 838m repurchase agreements o/w € 200m will expire in February 2022, € 558m will expire in March 2022 and € 80m will expire in April 2022
(2) € 30,296m is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and reverse fair value valuations (€ 730m) and current financial liabilities (€ 1,538m), the gross debt figure of € 32,564m is reached

Well diversified and hedged debt

	NFP adjusted	Fair value	NFP accounting
GROSS DEBT			
Bonds	20,672	223	20,895
Banks & EIB	6,493		6,493
Derivatives	142	1,310	1,452
Leases and long rent	4,715		4,715
Other	542		542
TOTAL	**32,564**	**1,533**	**34,097**
FINANCIAL ASSETS			
Liquidity position	9,153		9,153
Other	1,224	1,304	2,528
o/w derivatives	*852*	*1,304*	*2,156*
o/w active leases	*101*		*101*
o/w other credit	*271*		*271*
TOTAL	**10,377**	**1,304**	**11,681**
NET FINANCIAL DEBT	**22,187**	**229**	**22,416**

Gross Debt



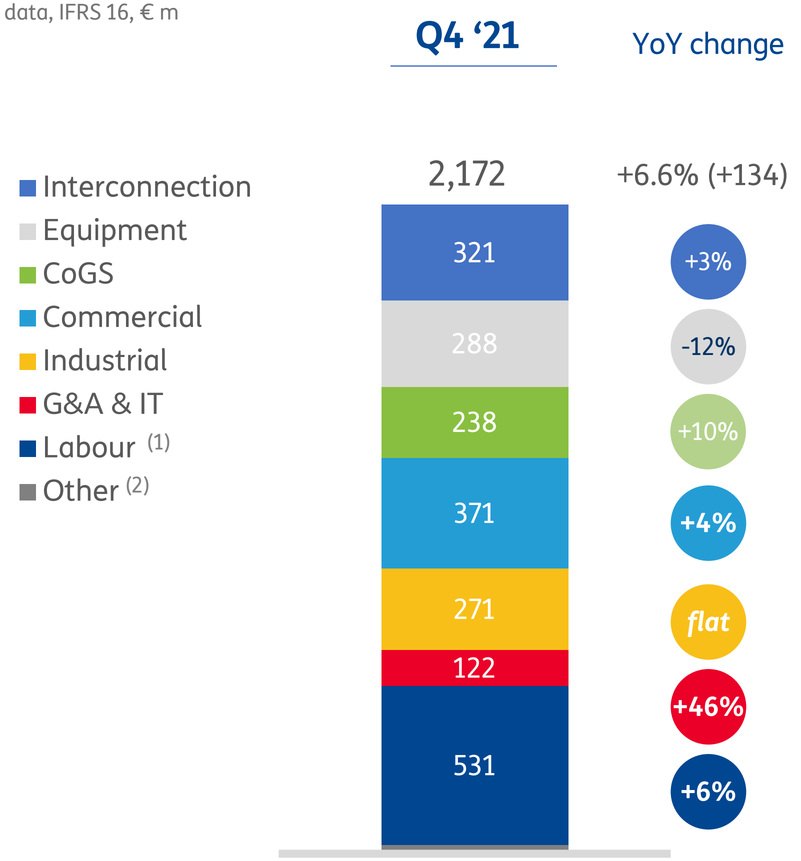
Average m/l term maturity:
6.5 years (bond 6.1 years only)

Fixed rate portion on medium-long term debt ~**81%**

Around **26% of outstanding bonds** (nominal amount) denominated in **USD and GBP and fully hedged**

OPEX higher mainly due to start up costs (football, cloud, ICT, digital companies)

OPEX
Organic data, IFRS 16, € m



OPEX increasing 6.6% YoY, with:

- **Variable costs** -1%, with lower equipment balanced by higher interconnection (Sparkle) and CoGS (ICT)
- **Commercial costs** up 4% YoY due to higher football and cloud set up costs, partly offset by lower commissioning and bad debt, explaining ~1pp of increase in Q4 OPEX
- **Industrial costs** flat
- **G&A** up for indirect personnel costs, covid rebound and energy. **IT** increase related to ICT sales. **G&A and IT** explaining ~2pp of increase in Q4 OPEX
- **Labour** +6% YoY for contract renewal and accrual of variable costs in Q4 vs. Q3 last year and lower capitalization, partly offset by lower FTEs and solidarity. This explaining ~2pp of increase in Q4 OPEX

(1) Net of capitalized costs
(2) Includes other costs/provision and other income

For further questions please contact the IR team

(+39) 06 3688 1 // (+39) 02 85954833

Investor_relations@telecomitalia.it

www.gruppotim.it

www.twitter.com/TIMNewsroom

www.slideshare.net/telecomitaliacorporate