TIM Group

April 2018 Investor Meetings

Safe Harbour

This presentation has been prepared by the management in order to support the meeting with the financial community and is based on the public data available in the "Industrial Plan" and the internal records of the company and other public sources.

This presentation is aimed at providing to the market a fair representation of the matters included to the best of the knowledge of the Company's management and at clarifying (and, to the extent reasonably possible, avoiding) different public miscommunications with regards to the same matters.

This presentation contains forward-looking statements about the TIM Group's intentions, beliefs and current expectations with regard to its financial results and other aspects of the TIM Group's operations and strategies.

Nothing in this presentation is to be considered has a commitment to future results and actions. Readers of this presentation should not place undue reliance on such results and/or actions, as final results and/or actions may differ significantly from those contained in this presentation owing to a number of factors, the majority of which are beyond the TIM Group's control.

Introduction and Context of this Presentation

- On March 6th 2018, the Board of TIM approved unanimously the 2018-2020 Industrial Plan prepared by Management (the "Management Plan")
- On April 9th 2018, Elliott Funds ("Elliott") proposed through a dedicated website[1] an alternative value creation plan for TIM ("Elliott Plan"), whose main driver is a significant reduction in the perimeter of TIM
- In this context, TIM Management (the "Management") has prepared this presentation with the objective of providing TIM investors with management's considerations on Elliott's alternative value creation plan, in the context of the Management Plan

[1] Source: Elliott's presentation with the title "Transforming TIM" dated 9-Apr-2018 (www.transformingtim.com)

The best strategy to create value is to address TIM transformation through the execution of its Management Plan

Management Plan is focused on industrial transformation	■ Management believes that the Management Plan is the right way to address the industrial transformation of the Company, as it represents the best strategy to create sustainable growth and long term and lasting value for all shareholders, resulting in an expected share price appreciation ■ Implementation of the Management Plan is well on track
Elliott Plan proposes a break-up of TIM[1]	■ The Elliott plan proposes a radical reduction of the Company's current asset perimeter based on: – Fixed network ("NetCo") deconsolidation – Further reduction of TIM interest in Inwit, including potential sale of its entire shareholding in the Company – Selling control of Sparkle ■ Elliott further refers to a potential combination of TIM Brazil with a local peer ■ All these actions had been already carefully evaluated by Management and, with the exception of further exploring potential options for Sparkle, they had not been included in the Management Plan as they are mostly considered premature / not feasible. Furthermore, in the current context and regulatory environment, they would carry material financial and execution implications ■ One of the key objectives of the Management Plan is to strengthen TIM's financial and operational profile allowing return to Investment Grade rating, which could be undermined by potential asset disposals and premature significant shareholder distributions

[1] Source: Elliott's presentation with the title "Transforming TIM" dated 9-Apr-2018 (www.transformingtim.com)

Elliott Plan is based on a significant reduction in the perimeter of the Company which is not consistent with the Management Plan

"Our Plan: A Stronger Company"

First-class corporate governance: our candidates ensure competence and independence for the Board, unprecedented since TIM privatization

TIM — **100% Ordinary Shares** (A)

Target ownership	25%-75%	0%-75%	0%-60%	67%	100% (C)
	TIM NetCo	SPARKLE	INWIT	TIM Evoluir é fazer diferente	TIM ServiceCo
	• Legal separation of Access Network • Pave way for potential consolidating transactions • Further value realisation via stake sales	• Stake Sale to strategic partner	• Potential further monetisation	• Retain control of high-performing Brazilian business • Possibly combine with local peers, strengthening international presence	• Focus on value-add profitable services • De-lever company to reintroduce dividend

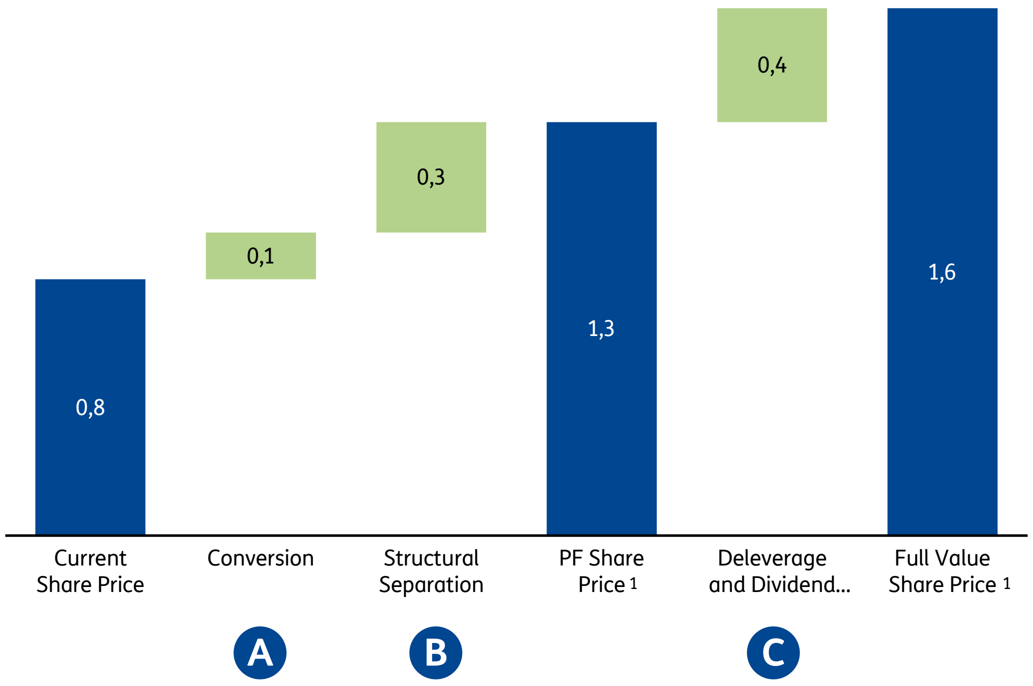
(B)

Unlock hidden asset value

Solve issues with Govt.

De-lever

"How The Company Could Deliver Additional Value to Shareholders"



[1] Performance calculated on last ordinary share price. B and C performances exclude upside from conversion.

Source: Elliott's presentation with the title "Transforming TIM" dated 9-Apr-2018 (www.transformingtim.com).

Elliott's slides

The Management Plan is underpinned by substantially maintaining the current asset base

Change of current perimeter indicated by Elliott[1]

Change of current perimeter	Management view
NetCo Deconsolidation €0.3 p.s. B	■ Management Plan for NetCo (legal separation with 100% ownership) is the most sensible action in the current context and regulatory framework ■ Management is open to evaluate any further action, such as selling a minority stake and/or consolidating the Italian fibre infrastructure market, subject to (i) a careful assessment of all necessary regulatory, commercial, technological and competitive matters and, (ii) an overall objective of retaining control and full consolidation ■ No conclusive evidence from a limited number of precedents that value unlocking will be achieved just through separation and not a strategy being pursued by any of the major telecom operators in Europe ■ NetCo valuation (and potential multiple re-rating) entirely dependent on its financial profile, which ultimately is the result of the regulatory framework and the competitive landscape as well as take-up of new technologies – Limited comparability of Netco with other regulated utilities (mainly due to different regulatory and competitive framework) ■ Value of ServiceCo also dependent on a number of specific factors (e.g. competitive position / regulatory framework, separation costs, etc.) – In the current context, ServiceCo would become a minor player in Europe, competing with far larger international competitors in its domestic market ■ Appropriate capital structure and rating implications for NetCo and ServiceCo would need to be assessed based on regulatory and market framework, amongst others
Further monetisation of Inwit	■ Inwit has key strategic relevance for TIM, especially in light of 5G development and increasing tower utilisation ■ Further monetisation would need to be assessed vis-à-vis strategic and financial benefits and subject to the right conditions – Final impact on net financial position to be assessed under new accounting standards (i.e. IFRS 16); also, limited expected impact on credit metrics
Combination of TIM Brazil	■ A combination with a local peer such as Oi (the most speculated option, due to its potential relevance) could result in significant incremental short term financial pressure for TIM, given the financial profile of Oi, thus, potentially jeopardizing the successful implementation of the Management Plan, as it would drastically change the cash generation profile of TIM's Brazilian operations, as well as materially increase its risk profile
Selling control of Sparkle	■ Sparkle's competitive positioning, together with "Golden Power" regulation, would need to be carefully considered in assessing potential strategic options – Management already evaluating steps in this direction

TIM

[1] Source: Elliott's presentation with the title "Transforming TIM" dated 9-Apr-2018 (www.transformingtim.com)

● Value creation per share as per Elliott's presentation

Potential ordinary dividend reinstatement within the Management Plan horizon once investment grade metrics are achieved

C — **ServiceCo deleverage and dividend reintroduction** — €0.4 p.s.

- A significant portion of Elliott Plan for value creation hinges on ServiceCo re-rating thanks to (i) deleverage through disposal of NetCo, and (ii) reintroduction of the ordinary dividend

Disposal of NetCo

- — Disposal of a majority stake in NetCo at 8.3x EV / 2018 EBITDA assumed by Elliott is based on benchmarks of companies that have different characteristics from current NetCo configuration (e.g. regulated utilities)
- — The Elliott Plan[1] assumes debt deconsolidation of 4.0x Net Debt / EBITDA for NetCo. Optimal capital allocation between NetCo and ServiceCo will ultimately depend on regulatory framework and competitive landscape, which are not yet stable

ServiceCo re-rating and reintroduction of ordinary dividend

- Cash flow and dividend projections for ServiceCo by Elliott appear not in line with the current Management Plan
  - — ServiceCo's FCF is higher than the projections of the Management Plan: Elliott's estimate of €1.7bn of FCF for 2019 alone just for the ServiceCo compares with the 2018-'20 TIM Group Cumulated FCF total of ~ €4.5bn[2] estimated by Management
- ServiceCo business profile would be challenged by NetCo deconsolidation and large dividend outflows, potentially leading to weaker credit profile
- Management will consider proposing to the Board reinstatement of a progressive ordinary dividend policy, once the Company achieves Investment Grade rating metrics; Management expects that this could happen within the horizon of the Management Plan

A — **Savings conversion** — €0.1 p.s.

- Elliott assumes a dividend privilege of €0.0275 per saving share (€166m p.a. in total)[3] which is accurate only when ordinary shares pay no dividend
  - — When ordinary dividend per share is considered, the EPS accretion is only c. 3-4%[3] vs c. 12-14% as reported in the Elliott's presentation
- Conversion of the saving shares is routinely assessed by Management, but conditions must be right
- The ultimate decision on saving shares conversion sits with the Board and with TIM shareholders

TIM

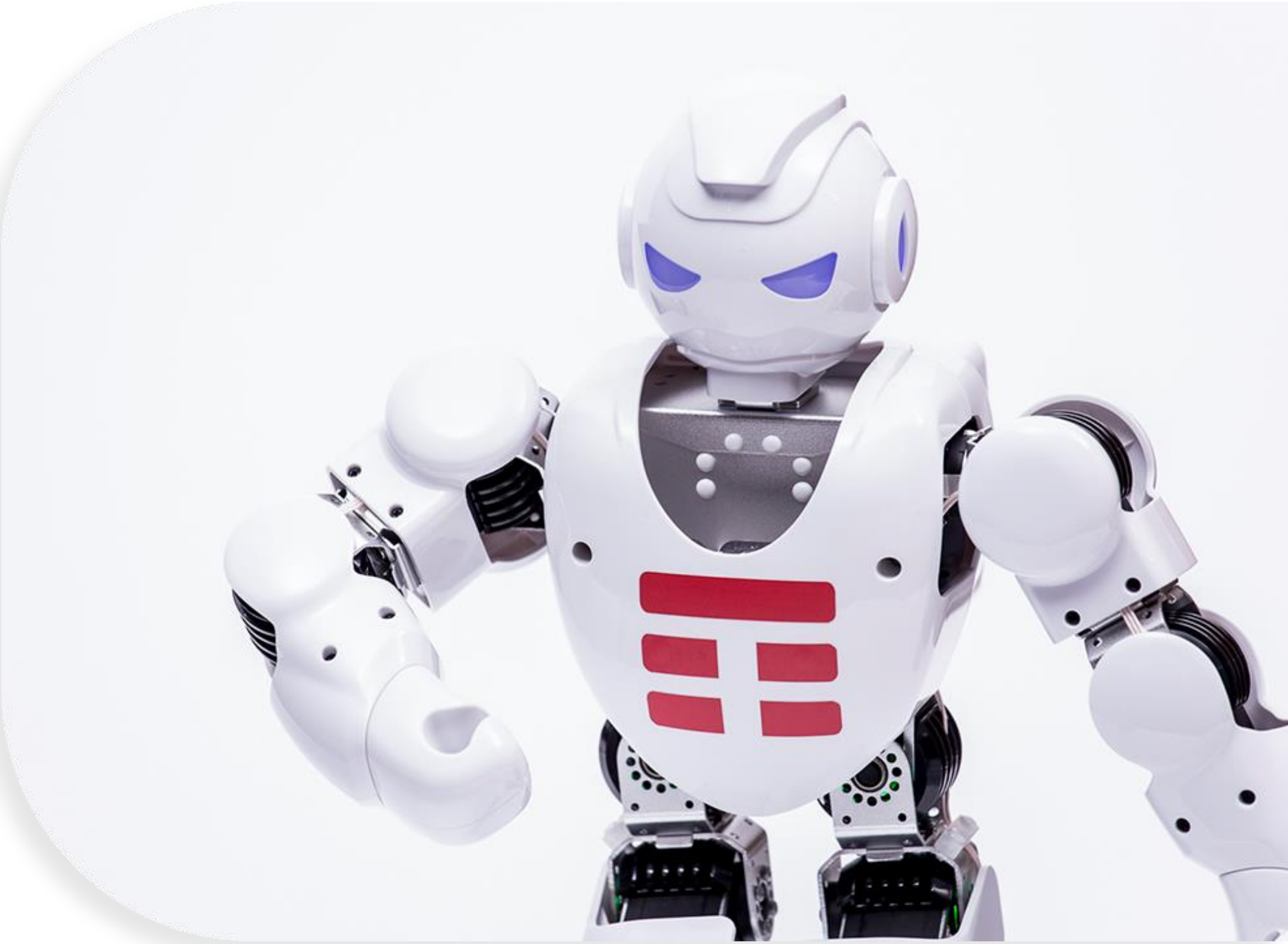
[1] Source: Elliott's presentation with the title "Transforming TIM" dated 9-Apr-2018 (www.transformingtim.com). [2] Source: TIM's 2018-2020 strategic plan. [3] When ordinary shares pay dividend, saving share privilege is only €0.011 (€66m p.a. in total).

● Value creation per share as per Elliott's presentation

Key Take-Aways

- The Management Plan focuses on the industrial transformation of the Company and addresses TIM operational and financial challenges
- The Management Plan is the best strategy to create sustainable long term and lasting value for all shareholders and bondholders
- TIM competes mostly against large, diversified and established international players in the domestic market. Current perimeter of TIM maximises strategic flexibility for the future and provides TIM with the right scale to compete in the market
- A radical reduction of the Company's current asset perimeter is neither a long-term sustainable strategy, nor the best strategy to create value in TIM

Appendix- TIM Plan



Management Plan 2018-'20 Targets

GOALS	DRIVERS	TARGETS / KPIs	
Sustain Top Line & Profitability	• Focus on value maximization via accelerated convergence and new services • Drive digital and analytics as core differentiators (both cost and revenues) • Look for growth in and outside the core (eg. Cloud, IoT, Mobile Advertising, Data Monetization) • In Italy, TIM Fixed UBB lines (Retail + WHS) to grow to ~9 million by 2020 (3x 2017 figure)	• Domestic Service Revenues: Broadly Stable • Domestic EBITDA: Low single digit 2017-'20 CAGR[1] • Brazil & Inwit: Continued Growth in Revenues and EBITDA	Over 2018-2020 Plan Period
Strong Deleverage and drop in Capex Intensity	• Enhanced cash generation, supported by operational and financial discipline, will lower our Group Net Debt/Ebitda ratio by end 2018 • Domestic Capex / Sales moving back to normal intensity, having now completed catch-up phase	• Group Adj. NFP/EBITDA ~2.7x in 2018, further reducing both in 2019 and 2020[2] • Domestic Capex/Sales <20% by YE2019	2018 and 2019
Relevant Step-up in 3-Years Cumulated Free Cash Flow	• Selective growth investments to maximize ROI • Lower capital intensity following network rollout • Reduce costs while improving customer satisfaction through agile customer journey redesign	• 2018-'20 Group Cumulated Equity Free Cash Flow of ~ €4.5bn[3] excluding spectrum and pre-dividend	2020

■ **Implementation of the Management Plan is well on track**

[1] On Organic basis. [2] Spectrum not included. [3] Cumulative '15-'17 Equity Free Cash Flow at €1.6bln, excl. M&A.

DigiTIM is a portfolio value driven strategy with solid execution enablers

Best in class customer engagement

Domestic

Leadership positioning

1 Consumer
- Sustain premium base through convergence (data and exclusive content)
- Extract more value from CB accelerating fiber migration and new avenues of growth
- Transform customer engagement through Digital journeys and new simplified portfolios

2 Business
- Sustain traditional revenue base through convergence, fiber and VOIP migration
- Accelerate evolution towards an "ICT Company" to capture new growth opportunities (e.g., cloud, ICT on SMEs)

3 Wholesale
- Sustain traditional revenues through fiber migration (e.g., NetCo)
- Step-change growth of non-regulated sales by radically improving customer engagement
- Optimize coverage to improve competitive positioning

4 TIM Brasil
- Win share on affluent segments (e.g., post-paid SMB) leveraging premium infrastructure and improving customer digital engagement
- Further deliver on fixed and mobile UBB by expanding coverage
- Accelerate cash generation through smart CAPEX and efficiency program

5 Inwit
- Strengthen leadership on Italian tower market leveraging on new mobile opportunities and leading network densification phase

6 Sparkle
- Sustain traditional business, expand commercial footprint on new geographies and accelerate data/VAS services

Cash-flow generation

7 OPEX efficiency
- Create a lean efficient and zero-based cost structure leveraging the digital transformation and data analytics

8 CAPEX effectiveness
- Maximize value driven CAPEX deployment leveraging current UBB infrastructure

Agile organization

9 Digital
- Enable superior customer engagement and omnichannel experience while unlocking efficiency

10 Advanced Analytics and AI
- Implement leading capabilities to capture value both on customer engagement (e.g., predictive CLM) and cash flow generation (e.g., predictive maintenance)

11 People, culture & organization
- Drive accountability, transparency and performance based culture via agile organization and high employee engagement

12 Execution
- Drive implementation pace and drastically streamline internal processes with end-to-end Transformation Office

TIM

Management Plan Take-Aways

1 DigiTIM is now

- Best in class customer engagement through digital and agile customer journey redesign
- Leadership positioning by sustaining premium customer base and capturing new growth opportunities in and outside the core
- Acceleration of cash-flow generation to strengthen balance sheet and increase total shareholder return
- Agile organization, performance based and data driven culture

2 Relentless focus on execution: delivery is utmost priority

- End-to-end transformation across all BUs, leveraging on cross-functional enablers
- New organization and way of thinking