



FY 2023

PRELIMINARY RESULTS



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. Consequently, TIM makes no representation, whether expressed or implied, as to the conformity of the actual results with those projected in the forward-looking statements. Forward looking information is based on certain key assumptions which we believe to be reasonable as of the date hereof, but forward-looking information by its nature involves risks and uncertainties, which are outside our control, and could significantly affect expected results.

Analysts and investors are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date of this presentation.

The **2023 preliminary financial results** of the TIM Group were drafted 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 **2023 preliminary financial results** of the TIM Group are the same as those adopted in the TIM Group Annual Audited Consolidated Financial Statements as of 31 December 2022, to which reference can be made, except for the amendments to the standards issued by IASB and adopted starting from 1 January, 2023.

Please note that the **2023 preliminary financial results** of the TIM Group **are unaudited**.

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), Equity Free Cash Flow, Operating Free Cash Flow (OFCF) and Operating Free Cash Flow (net of licences). Moreover, following the adoption of IFRS 16, the TIM Group uses the following additional alternative performance indicators: EBITDA After Lease ("**EBITDA-AL**"), Adjusted Net Financial Debt After Lease and Equity Free Cash Flow After Lease.

Such alternative performance measures are unaudited.

#1

Operations update

#2

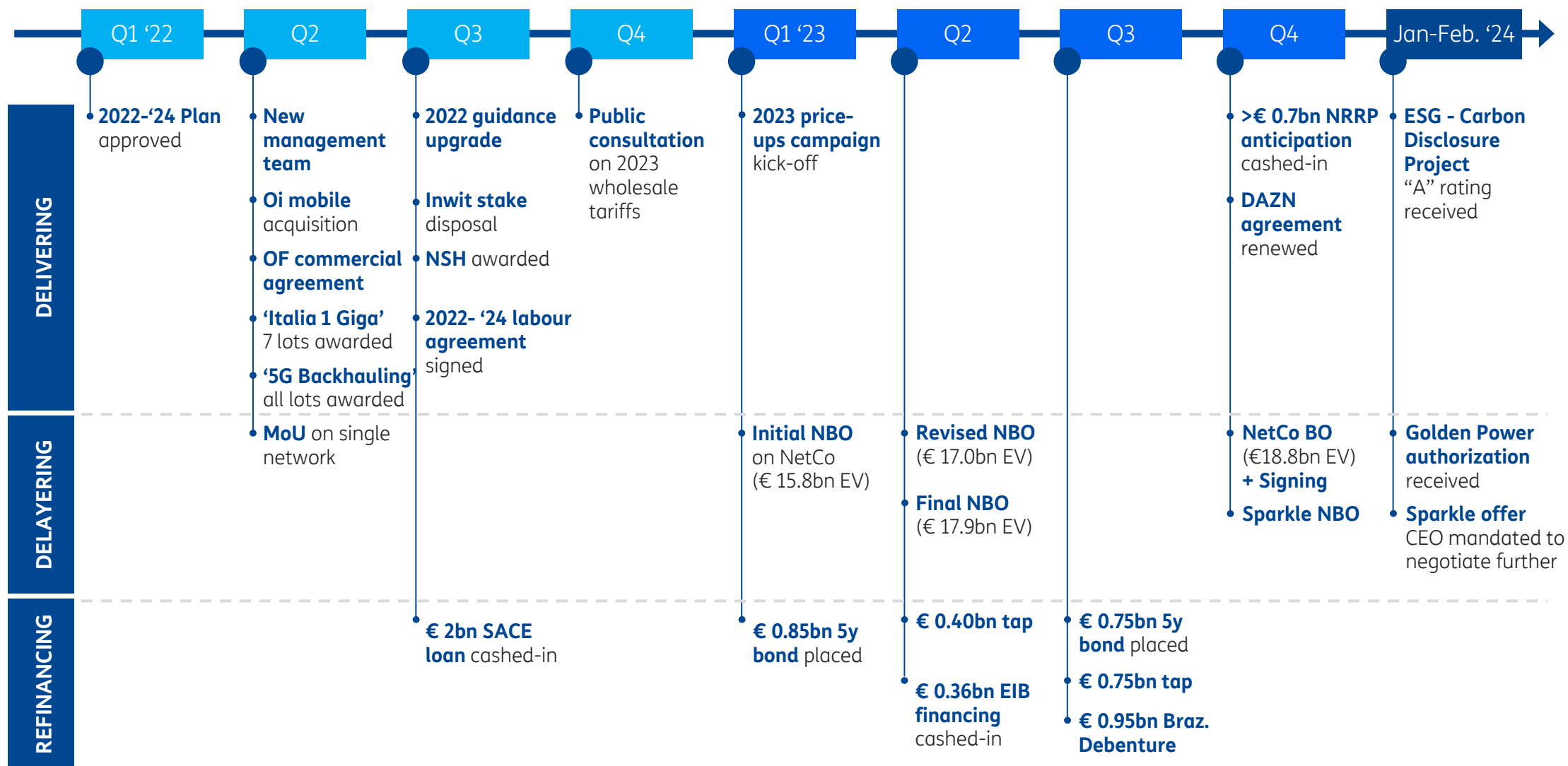
Financial and operating results

#3

Closing remarks



2 years of achievements driven by solid execution



Delivered 2 consecutive years of guidance for the 1st time since 2010-‘11

Organic YoY performance ⁽¹⁾

	2022		2023	
SERVICE REVENUES o/w Domestic	LSD decrease	ACHIEVED ✓	LSD growth	ACHIEVED ✓
			Broadly stable	
EBITDA o/w Domestic	HSD decrease ⁽²⁾	ACHIEVED ✓	MSD growth	ACHIEVED ✓
			Flat to LSD growth	
EBITDA AL	Low teens decrease ⁽²⁾	ACHIEVED ✓	LMSD growth	ACHIEVED ✓
CAPEX o/w Domestic	€ 4.1bn	ACHIEVED ✓	€ 4.0bn	ACHIEVED ✓
	€ 3.2bn		€ 3.1bn	

**2022-‘23 GUIDANCE
ACHIEVED ON ALL METRICS**

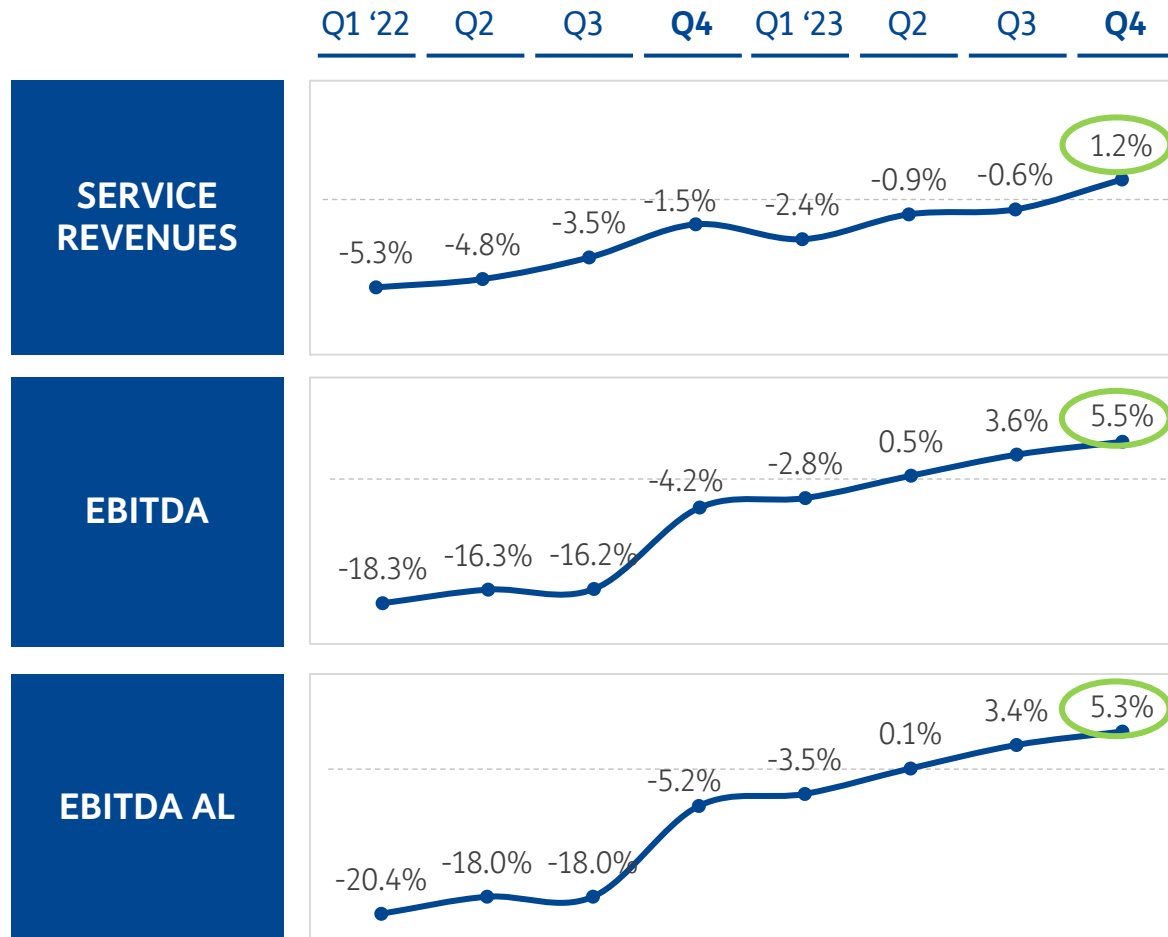
LSD = Low-Single Digit; MSD = Mid-Single Digit; LMSD = Low-to-Mid Single Digit

(1) Group figures @ average exchange-rate 5.44 R\$/€ in '22 and 5.40 R\$/€ in '23

(2) Upgraded in Aug. '22

Clear growth trajectory of Domestic trends

Organic YoY performance ⁽¹⁾



**DOMESTIC SERVICE REVENUES
BACK TO POSITIVE**
after 22 quarters

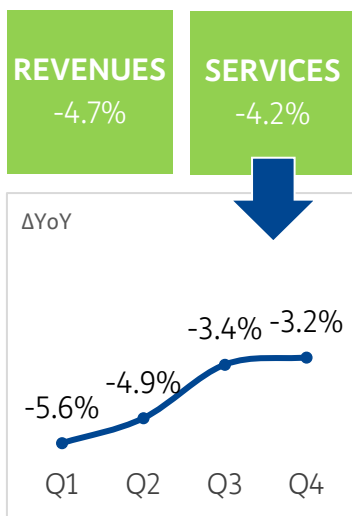
DOMESTIC EBITDA GROWTH
for the 3rd consecutive quarter

(1) Excluding exchange rate fluctuations, non-recurring items and change in consolidation

TIM Entities delivered results

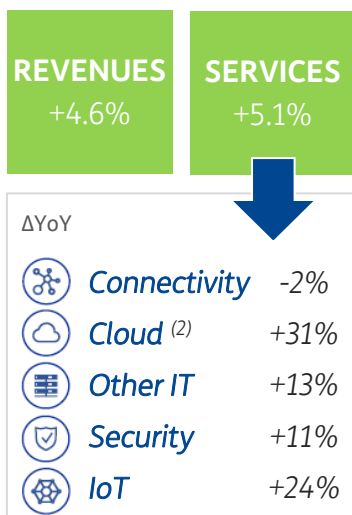
FY '23, organic YoY performance, TIM Consumer and TIM Enterprise revenues and service revenues consistent with July 2022 disclosure

TIM CONSUMER (CO+SMB)

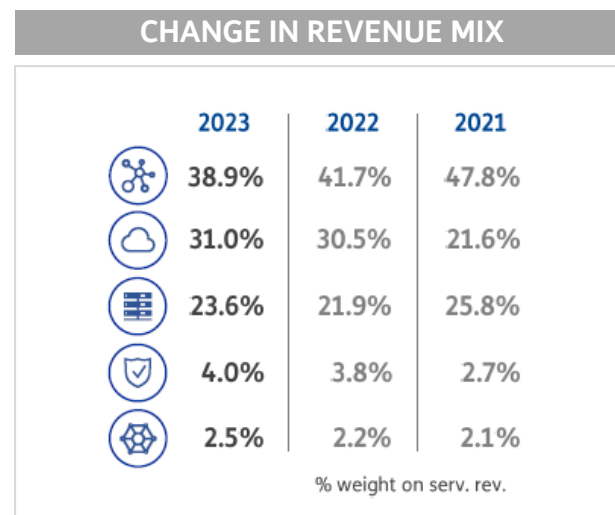
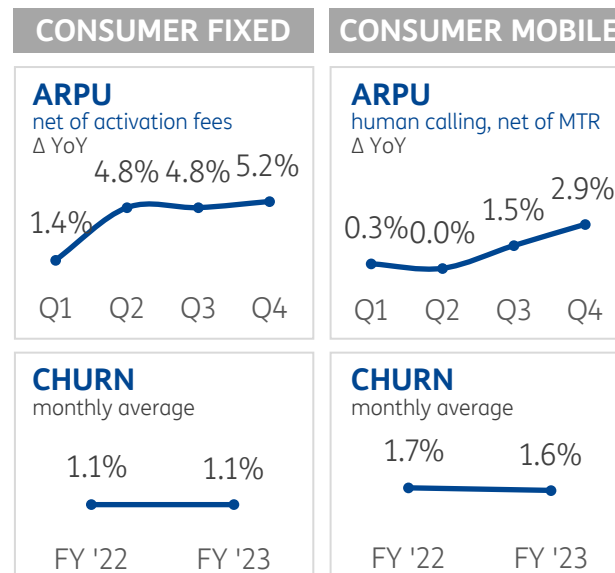


- ✓ **IMPROVED SERVICE REVENUE TREND AND ARPU**
successful repricing campaign both on fixed and mobile, limited impact on churn
- ✓ **CONFIRMED FTTH LEADERSHIP**
highest market share for the 6th consecutive quarter ⁽¹⁾
- ✓ **NRRP: 5G COVERAGE TARGET OVER-ACHIEVED**
152 areas covered (109% of YE target achieved)

TIM ENTERPRISE



- ✓ **SERVICE REVENUES GROWTH ABOVE MARKET AVERAGE FOR THE 2nd CONSECUTIVE YEAR**
- ✓ **CONSOLIDATED CLOUD LEADERSHIP**
~€ 1bn revenues from Cloud products and services, hyper performing DCs, >2k certifications
- ✓ **>40K DEALS CLOSED IN 2023**
12-month value of contracts signed +33% YoY
- ✓ **STRONG PIPELINE**
up to ~€ 1.5bn from ongoing negotiations



(1) FTTH market share TIM 25.9% vs Op.2 18.5%, Op.3 18.5%, Op.4 17.4% and Others 19.6% (Source: AGCOM, data as of Sep. '23)

(2) Net of SPC Cloud; +7% YoY reported

TIM Entities delivered results

FY '23, organic YoY performance, NetCo revenues and service revenues consistent with July 2022 disclosure

TIM BRASIL	REVENUES +10.7%	SERVICES +10.8%	✓ STRONG OPERATIONAL PERFORMANCE ✓ 2023 GUIDANCE OVER-DELIVERED			MOBILE	
	EBITDA ⁽¹⁾ +14.7%	CAPEX 18.9% on revenues	REVENUES	HSD growth	✓		HIGHEST EVER OPERATING FCF ⁽²⁾ 4.2bn R\$ 17.5% of net revenues
	EBITDA AL-CAPEX ⁽¹⁾ +62.1%	EBITDA MARGIN ⁽¹⁾ 48.7%	EBITDA ⁽¹⁾	LDD growth	✓		
	EBITDA AL-CAPEX ⁽¹⁾	EBITDA MARGIN ⁽¹⁾	CAPEX	<20% on revenues	✓		
SHAREHOLDERS REMUNERATION	EBITDA AL-CAPEX ⁽¹⁾	EBITDA AL-CAPEX ⁽¹⁾	DD growth	✓			
NETCO	✓ FTTH ROLL-OUT ON TRACK fiber migration and technology upgrade ongoing		✓ DELIVERED ON NRRP ROLL-OUT MILESTONES			FTTH COVERAGE (technical units, million) ⁽³⁾ 	
	REVENUES +3.7%	SERVICES -0.2%	Italia 1 Giga	5G Backhauling			
	~76% of YE target achieved ~255k HHs connected		~106% of YE target achieved ~3.6k sites connected ~1.2k sites passed				
	Delay mainly due to lack of specialized workforce in Sardinia, no risk of penalties		Further acceleration of execution expected				
7.8 FY '22		9.2 FY '23		FTTX COVERAGE >95% of active lines ~63% >100Mbps			
77% on TIM network		MARKET SHARE 77% on TIM network					
ACCESSES 15.5m, >70% FTTx							

HSD = High Single Digit; LDD = Low Double Digit; DD = Double Digit

(1) Net non-recurring items (2) EBITDA AL net non-recurring items - CAPEX (3) Overall FTTH coverage, including NRRP and "Eurosud"

Transformation plan execution on track, ~€ 0.8bn additional savings achieved in '23

	2022	2023	2024
TARGET SAVINGS (€bn) ⁽¹⁾	0.3 ✓	1.1 ✓	1.5
o/w OPEX savings ⁽²⁾	0.3	0.7	1.0
o/w cash cost / CAPEX extra-savings	-	0.4	0.5

~€ 0.8bn additional savings in 2023
106% of incremental FY target achieved

Highlights

Customer care	<ul style="list-style-type: none"> ▪ Customer Care spend reduced 6% YoY thanks to lower human volumes (-18% YoY), increased productivity, make vs buy mix review, near-shoring and digital features upgrade
IT	<ul style="list-style-type: none"> ▪ Licensing cost optimized through contracts revision (>90 contracts terminated or renegotiated YTD) ▪ IT spending governance strengthened through the set-up of a dedicated committee, ITC spend optimization and systematic review of >120 business plans
HR & Corporate	<ul style="list-style-type: none"> ▪ Insourcing, completed 2nd wave and involved during the year ~1.1k employees across >100 different roles ▪ Travel expenses contained at same level of '22 despite COVID restriction (~27% below the 2023 initial budget) ▪ SMS fraudulent traffic prevention through new detection tools, SMS cap and reduction of off-net grey routes (-31pp YoY)

2023 key contributors

Decommissioning	<ul style="list-style-type: none"> ▪ Energy savings from 3G switch-off and dismantling of obsolete network elements (e.g. exchanges equipment) ▪ Public Payphones, ~14k dismantled
Real Estate & Energy	<ul style="list-style-type: none"> ▪ Optimized management of 200k sqm premises by leveraging home working & Friday closure by contractual agreement
Labour	<ul style="list-style-type: none"> ▪ Hourly reduction, >70% of HCs involved, achieving >4k FTEs reduction ▪ Voluntary exits, ~0.6k HCs (~115% of FY target) ▪ Early retirements, >2.5k HCs (~109% of FY target) ▪ Skill Remix, ~0.5 HCs recruited (~113% of FY target)

(1) Cumulated savings vs. inertial plan (2) On 2021 restated cost baseline (€ 4.8bn)

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Closing remarks



Key financials

Organic data ⁽¹⁾, IFRS 16 and After Lease (AL), €m and YoY trend

	FY '23		vs. FY '22	Q4 '23		vs. Q3 '23
REVENUES o/w Domestic	16,296	+3.1%	+3.4pp ↑	+1.9%	-1.8pp ↓	
	11,922	+0.6%	+6.1pp ↑	-0.1%	-2.3pp ↓	
SERVICE REVENUES o/w Domestic	14,953	+2.3%	+1.0pp ↑	+3.0%	+1.4pp ↑	
	10,721	-0.7%	+3.1pp ↑	+1.2%	+1.7pp ↑	
EBITDA o/w Domestic	6,383	+5.7%	+12.4pp ↑	+6.8%	+0.3pp ↑	
	4,242	+1.7%	+16.0pp ↑	+5.5%	+1.9pp ↑	
EBITDA AL	5,304	+6.1%	+16.7pp ↑	9.4%	+0.8pp ↑	

FY GROUP REVENUES BACK TO GROWTH
improvement on Domestic, continued growth in Brazil

DOMESTIC SERVICE REVENUES BACK TO POSITIVE IN Q4
broadly stable in FY

GROUP EBITDA GROWTH IN FY
driven by Domestic back to positive
3rd CONSECUTIVE QUARTER OF DOMESTIC EBITDA GROWTH

(1) Excluding exchange rate fluctuations, non-recurring items and change in consolidation area. Group figures @ average exchange-rate 5.40 R\$/€

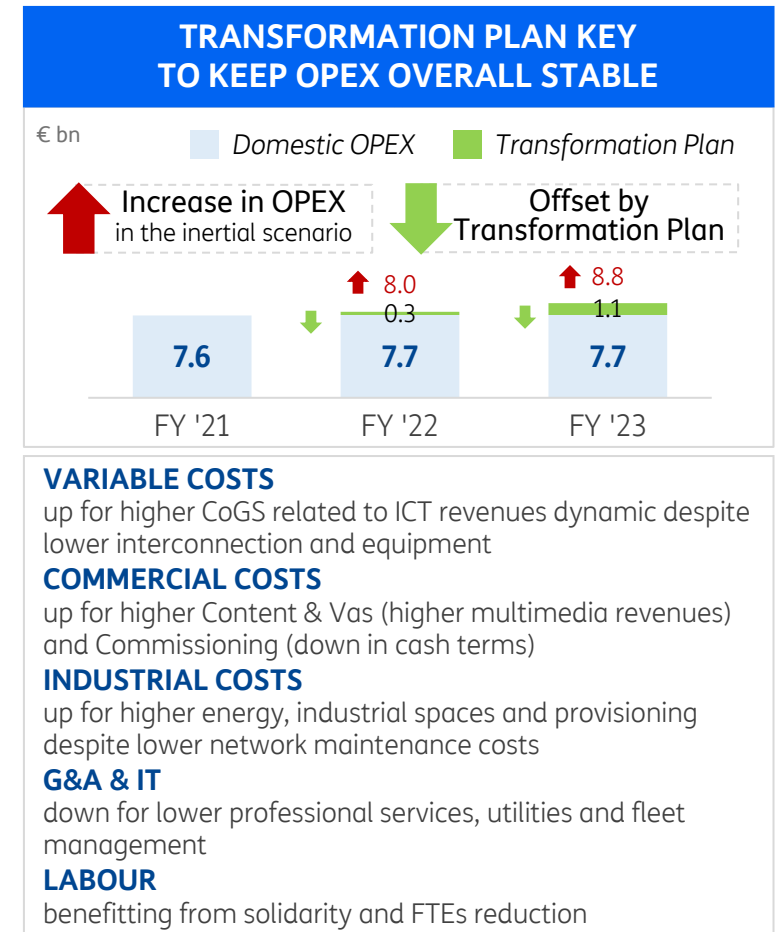
OPEX – Flat in FY thanks to Transformation Plan execution, higher revenue-driven costs offset by increased efficiencies. Q4 down YoY thanks to lower labour and G&A

Organic data, IFRS 16, €m

	FY '23	YoY trend	Weight on OPEX trend	Q4 '23	YoY trend
DOMESTIC OPEX	7,680	+2 (+0.0%)		2,165	-57 (-2.6%)
(CASH VIEW)		-39 (-0.5%)			
INTERCONNECTION	1,007	-6.8%	-1.0pp ↓	256	-6.0%
EQUIPMENT	739	-12.3%	-1.3pp ↓	244	-13.4%
OTHER COGS	1,236	+23.2%	+3.0pp ↑	413	+17.3%
COMMERCIAL	1,294	+5.4%	+0.9pp ↑	359	+0.9%
INDUSTRIAL	1,180	+3.8%	+0.6pp ↑	319	+8.3%
G&A AND IT	414	-6.7%	-0.4pp ↓	110	-9.4%
LABOUR ⁽¹⁾	1,776	-5.8%	-1.4pp ↓	447	-13.5%
OTHER ⁽²⁾	34	-42.0%	-0.3pp ↓	18	-35.4%

(1) Net of capitalized costs

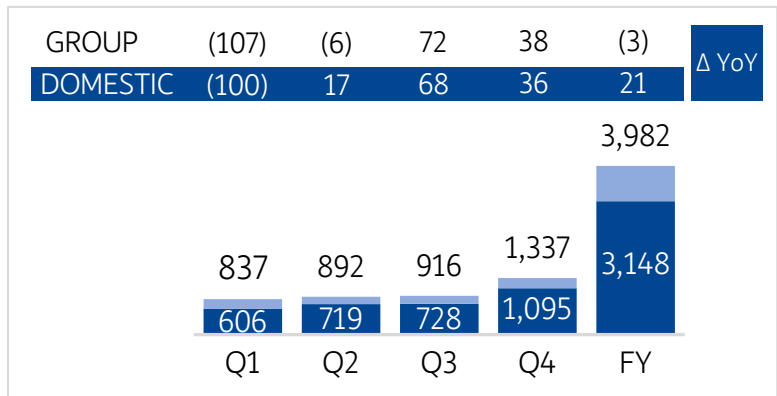
(2) Includes other costs/provision and other income



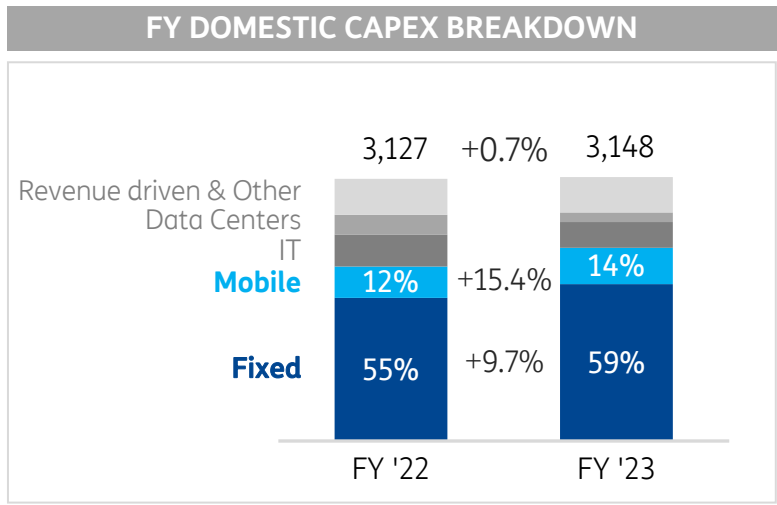
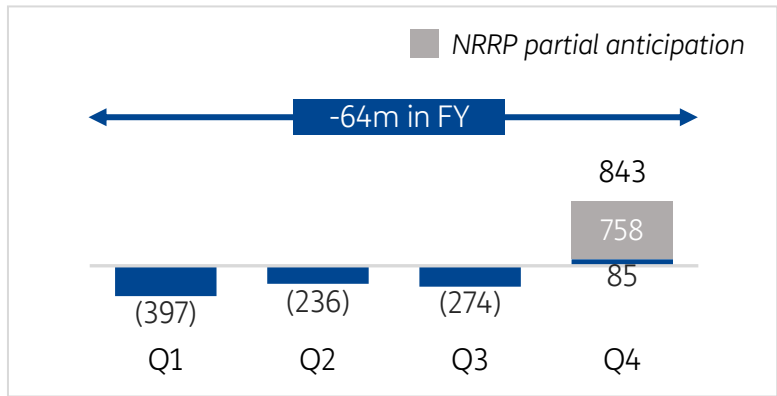
CAPEX in line with plan. **Net Debt** lower QoQ thanks to positive EFCF organic performance and NRRP anticipation

Organic figures⁽¹⁾, IFRS 16 and After Lease, €m

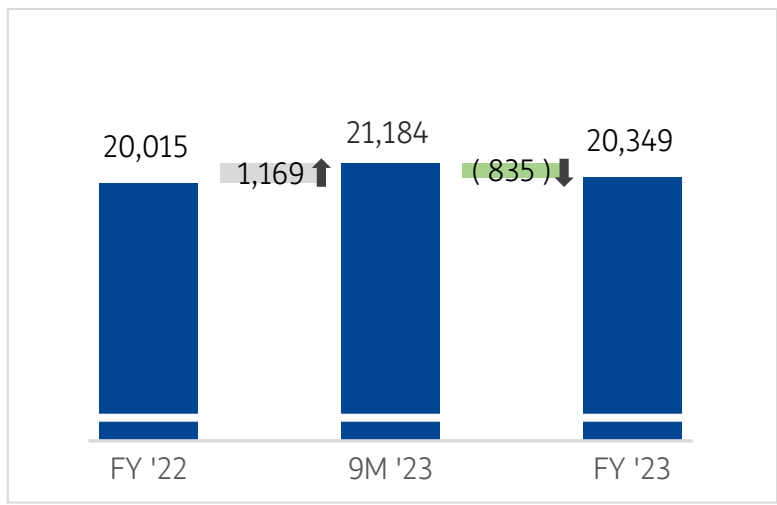
CAPEX ON TRACK



EFCF AL BROADLY NEUTRAL IN FY



NET DEBT AL REDUCED QoQ



(1) Group CAPEX net of exchange rate fluctuations (average exchange-rate 5.40 R\$/€)

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Closing remarks

DELIVERING & DELAYERING

2 CONSECUTIVE YEARS OF RESULTS IN LINE OR ABOVE GUIDANCE	
DOMESTIC GROWTH TRAJECTORY CONFIRMED	3 consecutive quarters of positive EBITDA
TRANSFORMATION PLAN ON TRACK	>€ 0.8bn incremental savings vs inertial plan
2023 NRRP MILESTONES ACHIEVED	>€ 0.7bn NRRP anticipation cashed-in
FY EQUITY FCF AL TARGET ACHIEVED	EFCF AL broadly neutral in FY including NRRP anticipation
DELAYERING PLAN ON TRACK	Golden Power authorization received for NetCo transaction
	Separation activities execution in line with plan
TIM 2024-'26 PLAN TO BE PRESENTED AT THE CMD ON 7 MARCH	



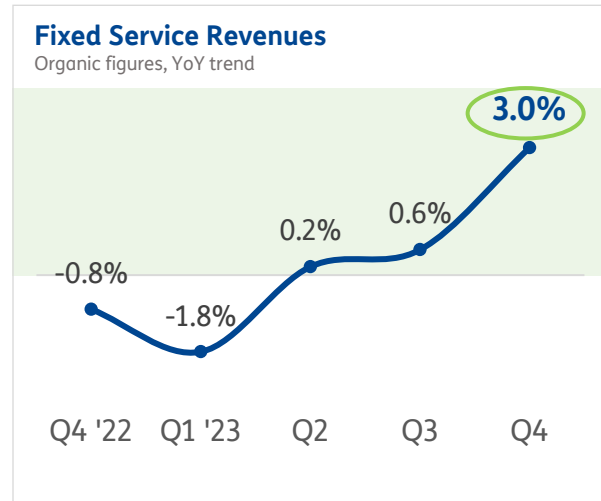
Q&A



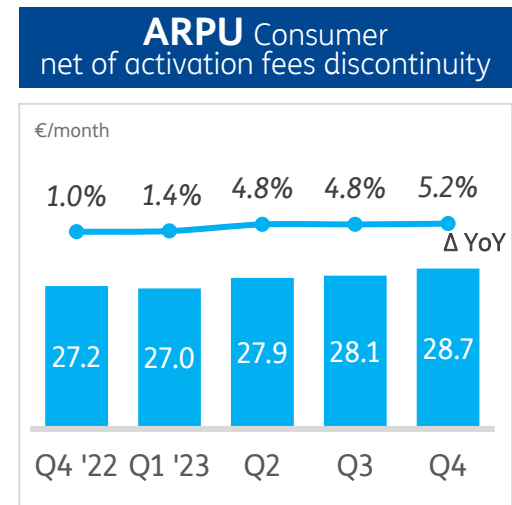
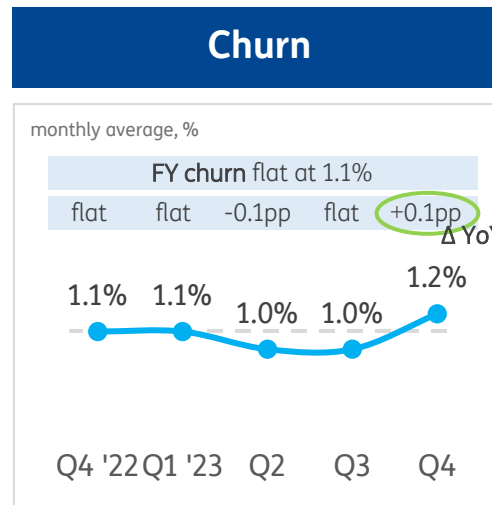
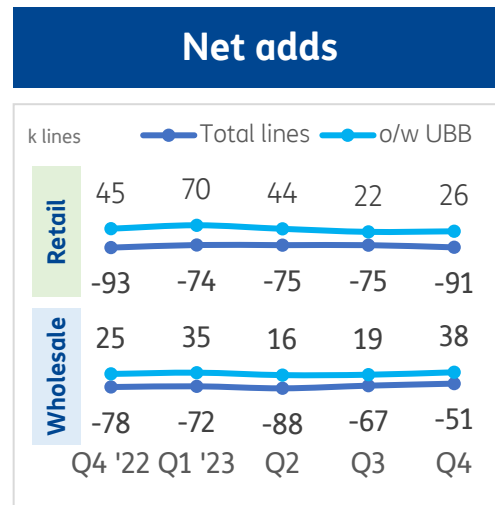
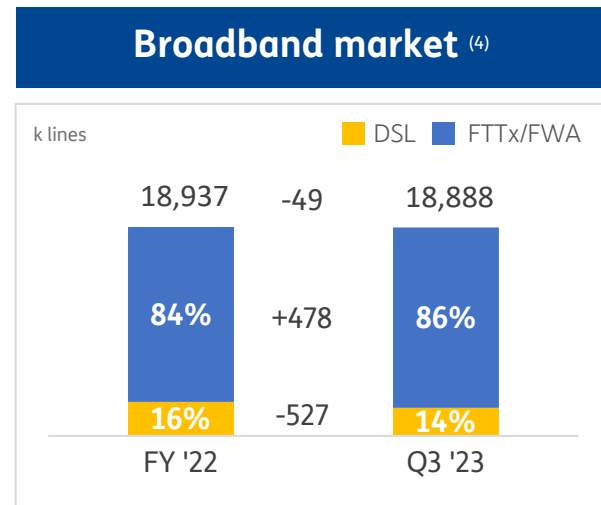
Annex



Fixed – 3rd consecutive quarter of FSR growth YoY, higher ARPU, churn slightly higher in Q4 but contained in FY



Organic figures	Q4 '23	YoY trend	vs. Q3 '23	Highlights
Fixed revenues	2,460	+3.1%	-2.3pp ↓	
Equipment	219	+5.1%	n.m. ⁽¹⁾	mainly higher consumer volumes sold YoY
Services	2,241	3.0%	+2.4pp ↑	activation fees drag -0.7pp YoY
o/w retail ⁽²⁾	1,496	4.7%	+5.7pp ↑	lower CB, higher ARPU
o/w Nat. wholesale ⁽³⁾	499	1.8%	-0.6pp ↓	change in regulated prices more than offsetting lower customer volumes
o/w Int. wholesale	241	-5.9%	-9.3pp ↓	decrease in traditional low-margin voice revenues



(1) Wholesale deal with OF in Q3 '23

(2) Including ICT revenues generated by TIM Digital Companies

(3) Including FiberCop revenues

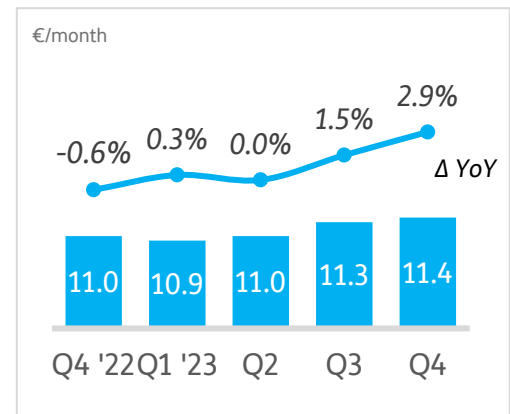
(4) Source: AGCOM

Mobile - MSR trend still affected by MTR reduction and lower CB YoY. MNPs under control, higher ARPU, churn contained

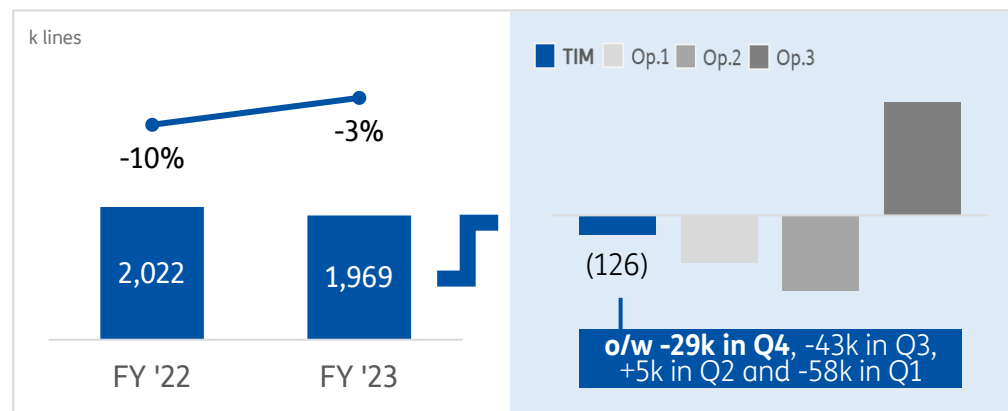
Organic figures

	Q4 '23	YoY trend	vs. Q3 '23	Highlights
Mobile revenues	850	-9.0%	-4.5pp ↓	
Equipment	109	-29.5%	-11.6pp ↓	mainly lower consumer volumes YoY
Services	741	-4.9%	-2.3pp ↓	MTR drag ~1pp YoY
o/w retail	638	-1.7%	+0.6pp ↑	lower CB, ARPU affected by MTR drag
o/w wholesale & other	103	-21.2%	-17.0pp ↓	lower VISE and wholesale & other (incl. MVNO)

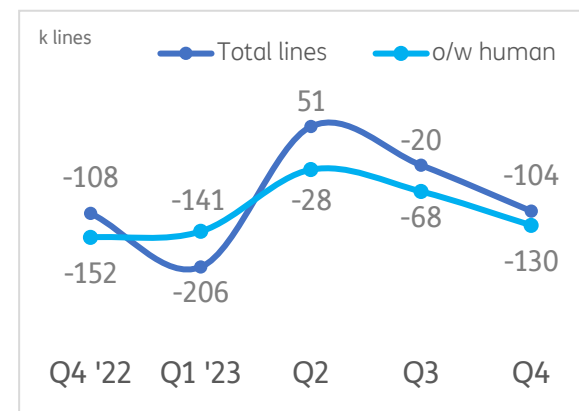
ARPU Consumer - Human Calling net of MTR discontinuity



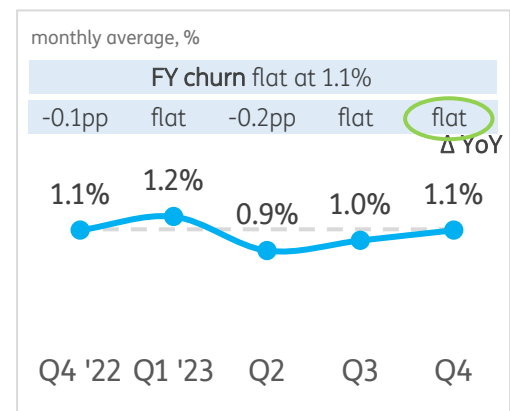
Market MNP reduced, TIM best performer among MNOs



Net adds



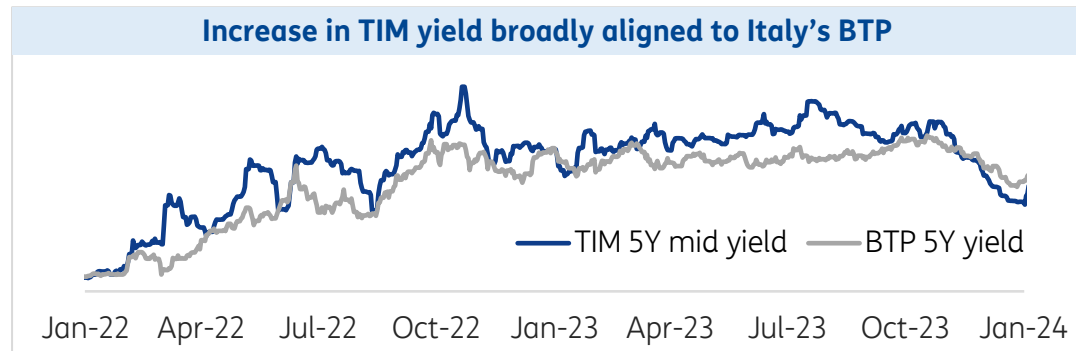
Churn



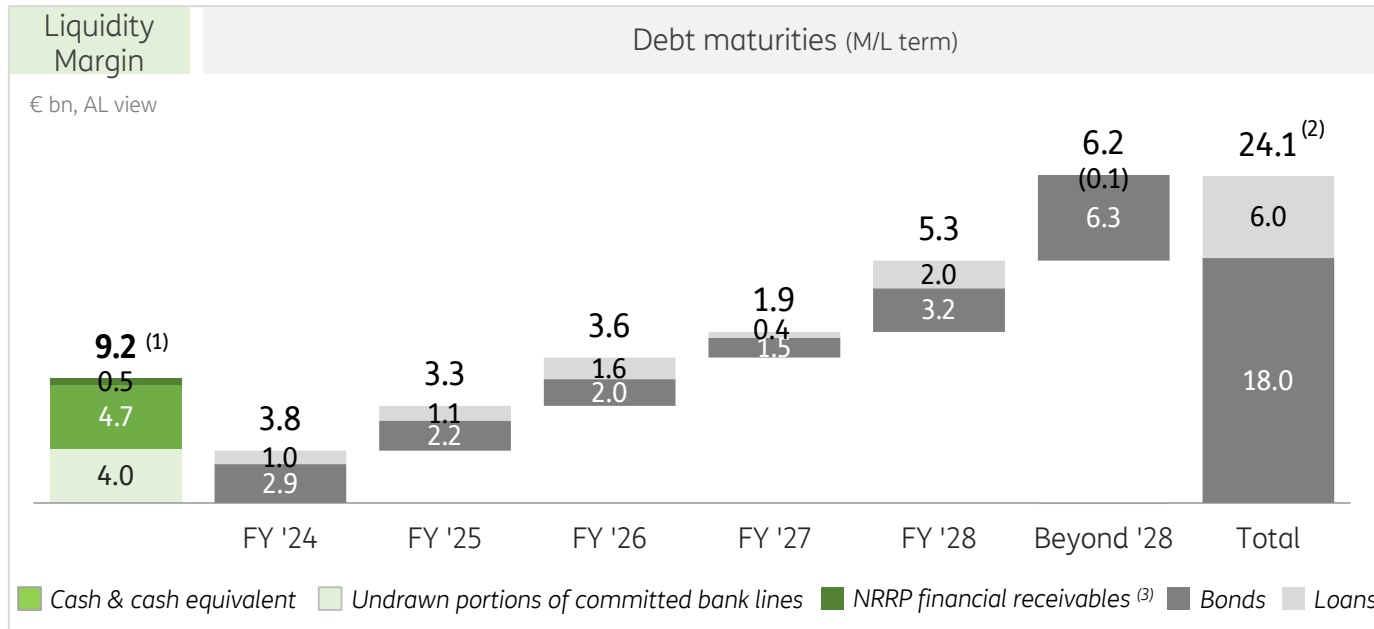
Liquidity margin - Debt maturities covered until '25

€ 4.1bn refinanced in 2023

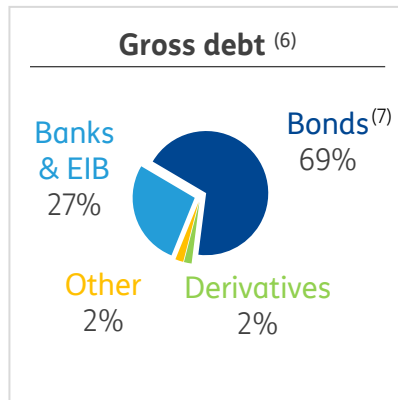
Jan. '23	€0.85bn	Bond
Apr.	€0.40bn	Tap
May	€0.36bn	EIB financing
Jul.	€0.75bn	Bond
	€0.95bn	Braz. Debenture
Sep.	€0.75bn	Tap



Liquidity margin covering debt maturities until '25



Cost of debt ~4.9% (4)
 +0.3pp QoQ, +1.0pp YoY
 ~70% M/L term debt at fixed rate (5)

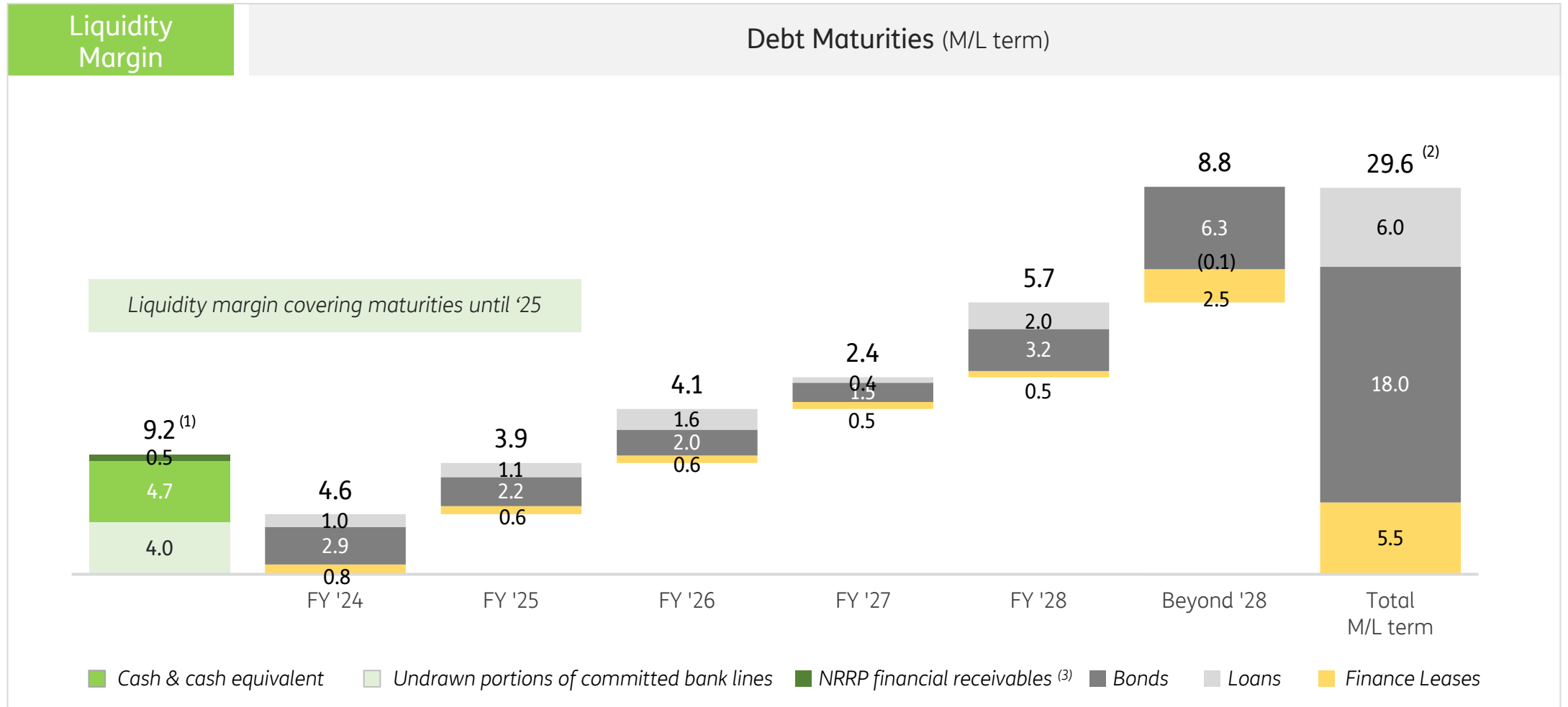


(1) Includes repurchase agreements (€ 0.8bn nominal amount) due in the following 6 months and does not consider € 0.1bn securities pledged against a bank guarantee (2) € 24.1bn is the nominal amount of outstanding M/L term debt. By adding the balance of IAS adjustments and reverse fair value valuations (€ 1.0bn) and current financial liabilities (€ 1.4bn), gross debt figure of € 26.4bn is reconciled with reported number (3) Cash-in on Jan. 2nd, 2024 (4) After Lease view (5) Avg. M-L term maturity 5.2y (bonds 6.0y) (6) Gross debt adjusted (7) ~28% of outstanding bonds (nominal amount) denominated in USD and ~7% in BRL, fully hedged vs accounting currencies

Liquidity margin - IFRS 16 view

Cost of debt ~5.4%*, +0.3pp QoQ and +1.0pp YoY

* Including cost of all leases

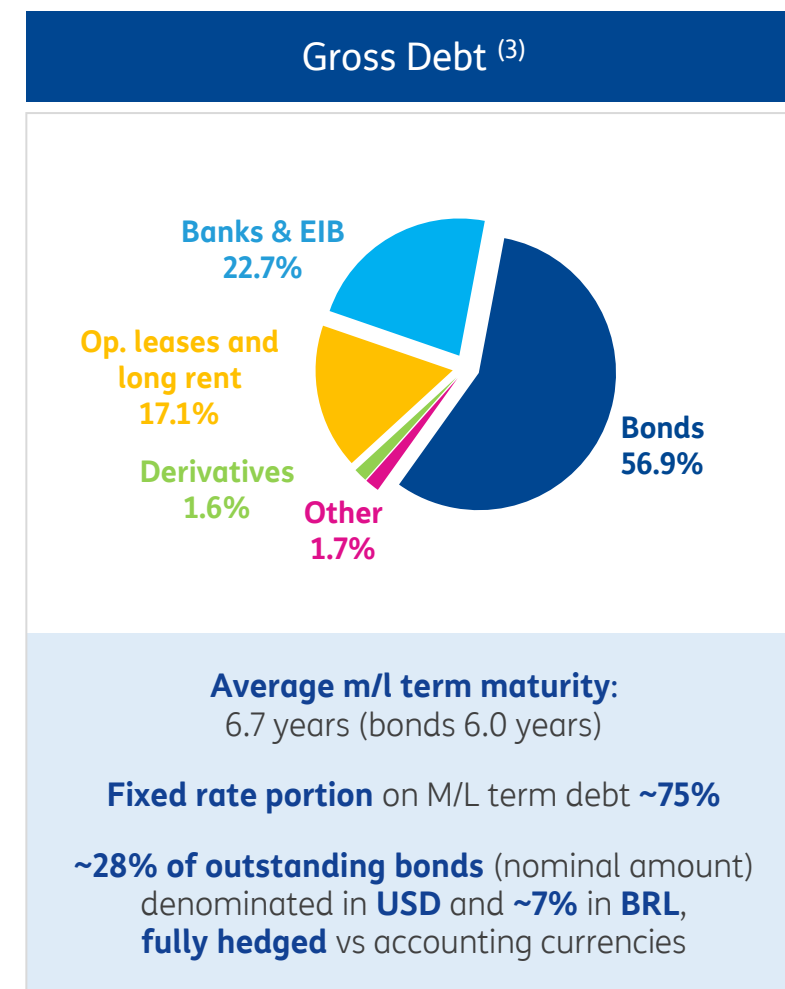


(1) Includes repurchase agreements (€ 0.8bn nominal amount) due in the following 6 months and does not consider € 0.1bn securities pledged against a bank guarantee (2) € 29.6bn is the nominal amount of outstanding medium-long term debt. By adding the balance of IAS adjustments and reverse fair value valuations (€ 1.0bn) and current financial liabilities (€ 1.4bn), gross debt figure of € 32.0bn is reconciled with reported number (3) Cash-in on Jan. 2nd, 2024

Gross Debt - IFRS 16 view

Well diversified and hedged debt

€ m	NFP adjusted	Fair value	NFP accounting
GROSS DEBT			
Bonds	18,423	140	18,563
Banks & EIB	7,407	-	7,407
Derivatives	34	495	529
Leases and long rent	5,581	-	5,581
Other ⁽¹⁾	556	-	556
TOTAL	32,001	635	32,636
FINANCIAL ASSETS			
Liquidity position	4,794	-	4,794
Other	1,551	515	2,066
o/w derivatives	721	515	1,236
o/w active leases	274	-	274
o/w other Credit ⁽²⁾	556	-	556
TOTAL	6,345	515	6,860
NET FINANCIAL DEBT	25,656	120	25,776



(1) Includes debts due to other lenders related to: Factor (€ 222m), Aflac (€ 128m), Brazil 5G (€ 178m) and other (€ 28m) receivables (cash-in on Jan. 2nd, 2024) (3) Gross debt adjusted

(2) Includes € 488m NRRP financial

ESG – Q4 findings

E Environment

- More **green energy** (540 GWh/h) through Purchase Power Agreements and photovoltaic plants
- Lower consumption** thanks to the switch-off of obsolete fixed and mobile assets
- >16k modem regenerated, >19k smartphones returned with trade-in services

S Social

- Digital Signature** over-performance (+47% certificates)
- Acquisition of **TS-Way** for the prevention and analysis of cyber attacks
- “Italia 1 Giga”**: ~255k HHs connected with FTTH in 463 municipalities
- Gender pay gap**: 53% of women managers received a ~10% average increase in earnings
- Certification for Gender Equality** achieved (UNI/pdr 125)
- Launch of the **#Equality can’t wait** communication campaign and of **“Women Plus”** app to help women in job search that also offers training and mentoring

G Governance


- New Code of Ethics** with sustainability as a reference point of TIM’s long-term strategy
- ESG platform** to track sustainability data related to targets, projects and non-financial reporting

2023- '25 Plan


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

*Scope 1: emissions from production (heating, cogeneration, company fleet)
Scope 2: electricity purchase emissions
Scope 3: emissions from upstream and downstream activities of the production chain (cat.1-purchase of goods; cat.2; capital goods; cat 11-use of goods sold)*

Domestic targets		
E Green Products & Smartphones ⁽³⁾	≥70%	2025
E Circular Economy ratio ⁽⁴⁾	2€/kg	
S Cloud, IoT & Security service revenues	+21% CAGR 23-25	
S Digital Identity Services ⁽⁵⁾	+30% CAGR 23-25	
S People trained on ESG skills	≥90%	
S Young Employees Engagement	≥ 78%	
S FTTH Coverage (% of technical units)	48%	




Leader in corporate transparency and climate change performance




Platinum Medal as part of the top 1% of the best Companies for ESG performance



World’s leading telco Company for diversity and inclusion policies



Included in the “S&P’s Sustainability Yearbook 2024”, top 10% score




In the “Top 10 of the Diversity Brand Index” among the best Companies for commitment to D&I

(1) Scope 3 cat.1, 2 and 11, 2019 baseline (2) Women managers, weighted average between Domestic and Brazil targets (≥27% and ≥35% respectively for '23-'25) (3) Baseline 2021 (4) Average revenues from the resale of used materials and assets plus waste recycling per kg of waste produced (5) PEC, SPID, Digital Signature (active services)

Further questions

please contact the IR team

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 **UPCOMING EVENT**
7 March
2024 *Capital Market Day 2024*

    Website
Gruppotim.it

