

Capital Market Day  
07 March 2024



# FREE TO RUN

# Agenda

- 01 Driving the Telco Evolution
- 02 TIM Consumer
- 03 TIM Enterprise
- 04 Technology & Network Strategy
- 05 Transformation and Cost Efficiency
- 06 TIM Brasil
- 07 ESG
- 08 Execution Plan, New Reporting, Financial Policy
- 09 Closing Remarks

# 01 Driving the Telco Evolution

Pietro Labriola – CEO

# Delivering the transformation announced in 2022...



## Delaying



**Overcome vertically integrated** business model  
(NetCo disposal)



**Maintain strategic flexibility** to accelerate growth initiatives & capture market opportunities



## Deleveraging



**Unprecedented deleverage**  
leverage aligned to best-in-class peers



Restores **full financial flexibility**



## Delivering organic plan execution



**Strong performance**  
both on Domestic and Brazil



**Guidance achieved**  
in 2022 and '23

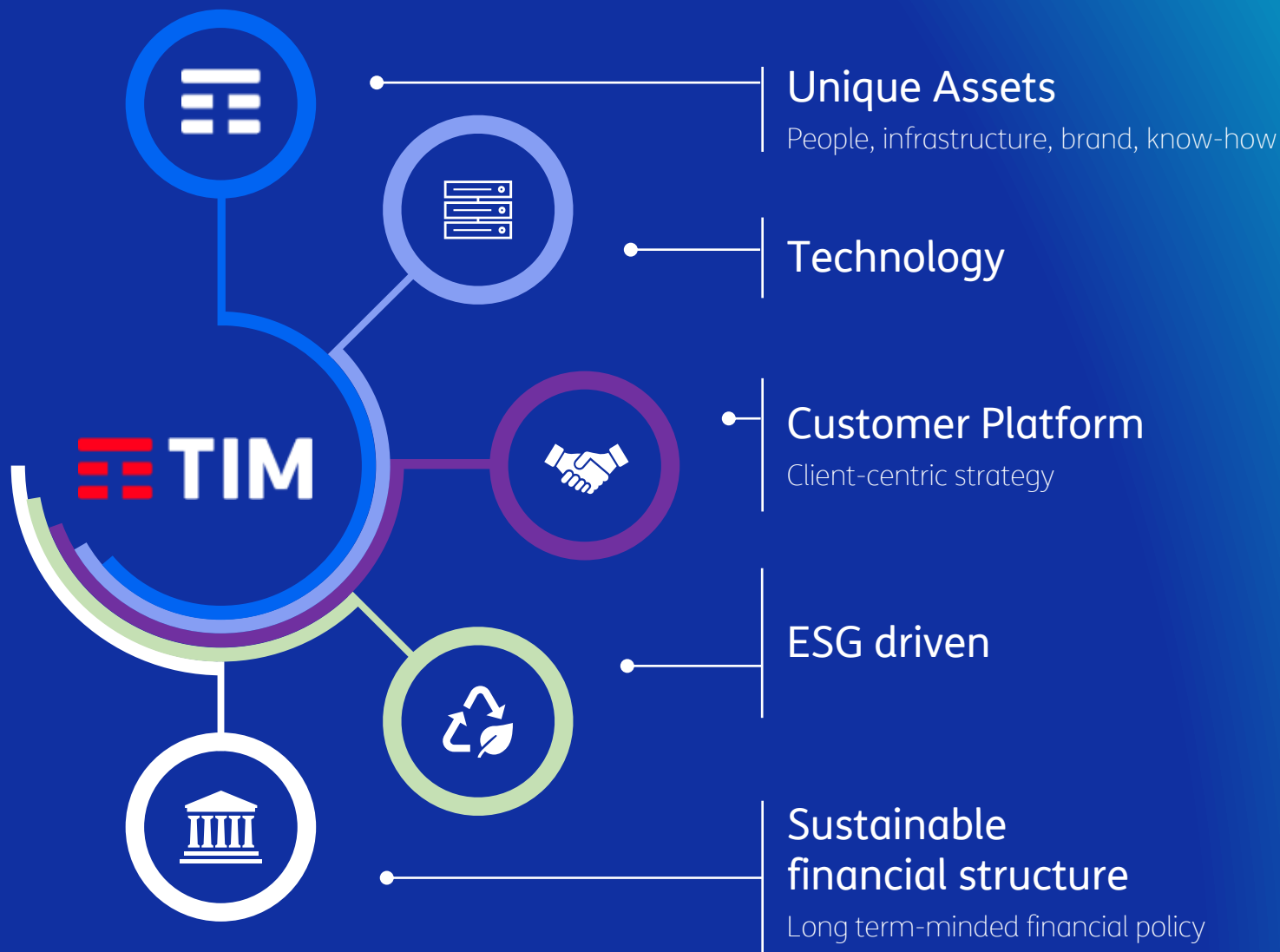


**Solid foundations**  
to accelerate growth  
and unlock hidden value

... and now presenting an **unprecedented opportunity to unlock value** for all stakeholders

Free to Run	Fit to Win	<ul style="list-style-type: none"> <li>▪ <b>Less regulated</b> - pricing autonomy, faster time to-market</li> <li>▪ <b>Flexibility</b> to shape commercial offering</li> <li>▪ <b>Focused strategy</b> - implement TIM entities distinct roadmaps</li> </ul>	
	Technologically addicted	<ul style="list-style-type: none"> <li>▪ <b>Drive digitalization</b> both in Italy and Brazil</li> <li>▪ <b>Technology as engine</b> to increase cost/capex efficiency</li> </ul>	
	Financially disciplined	<ul style="list-style-type: none"> <li>▪ <b>Prudent capital structure</b></li> <li>▪ <b>Strong focus on cash flow generation</b></li> </ul>	
	Strategically flexible	<ul style="list-style-type: none"> <li>▪ <b>Financial flexibility</b></li> <li>▪ <b>Accelerate growth</b> both organically and inorganically</li> <li>▪ <b>Capture market opportunities</b></li> </ul>	<p>The most distinctive digital and telco infrastructure in Italy</p> <p>Positive EFCF AL both in Italy and Brazil in plan horizon</p> <p>≤2x target leverage YE 2024 <sup>(1)</sup></p>

# The heart of TIM strategy...



# ...bolted in each Entity

## **TIM CONSUMER**

Turnaround completion of core business  
Evolution from "Pure Telco" towards a  
"Customer Platform" strategy

## **TIM ENTERPRISE**

Sustainable growth fueled by ICT  
Operating model evolution  
with a shift from buy vs. make

## **TIM BRASIL**

Capturing upsides from beyond connectivity  
Core business growth  
leveraging leading network positioning



Innovation

Open Innovation and data monetization to drive Company's innovative journey



Technology

Leveraging on 5G and full-fledged path to cloud to enhance quality and enable a new operating model  
Differentiation to run away from commoditization risk



HR

Increase in organizational efficiency (TIM Consumer)  
Resource insourcing through hiring and reskilling (TIM Enterprise)

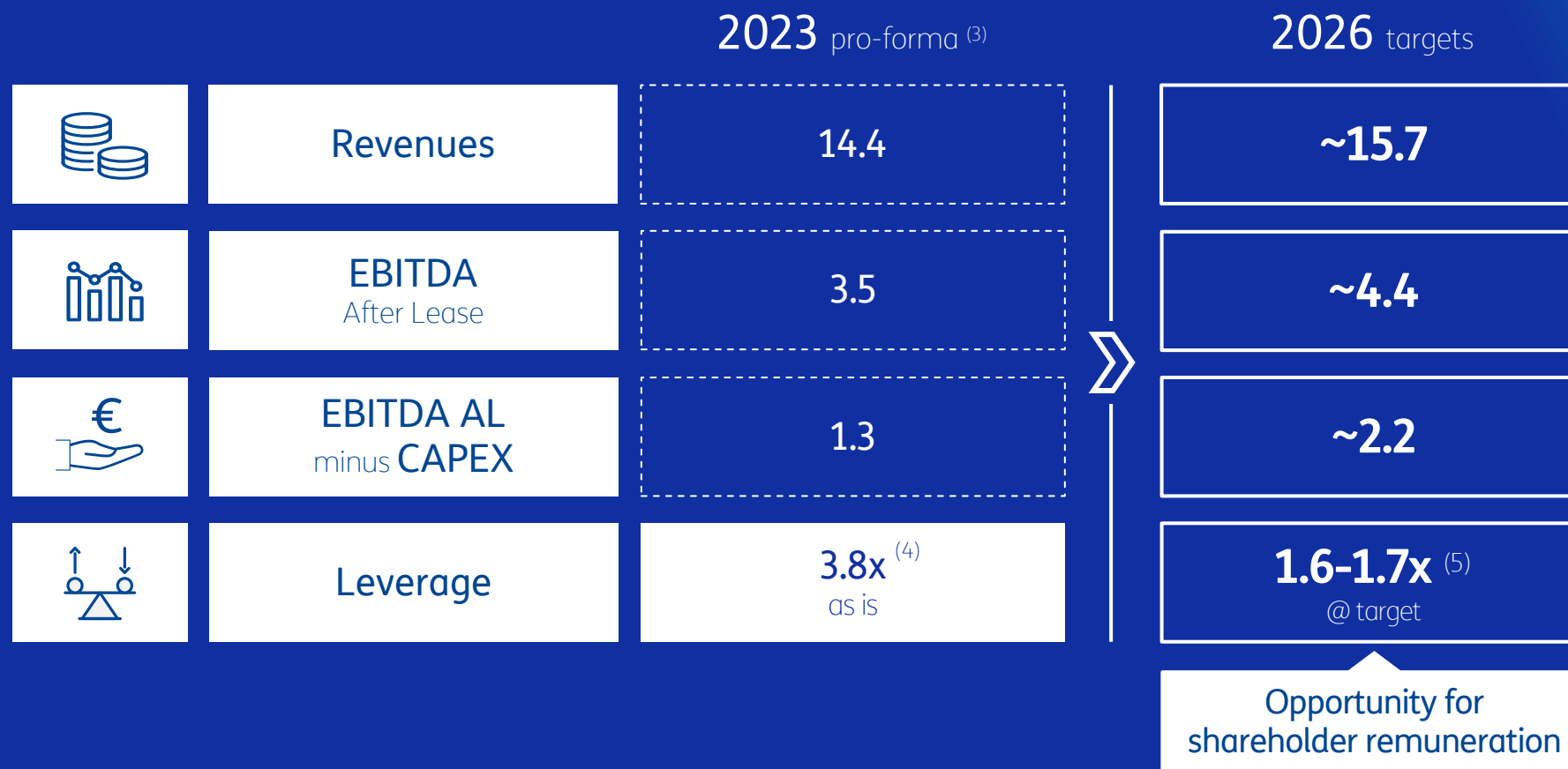


Transformation

Digital capabilities enhancement, cost structure simplification, operating model optimization

# A stronger company, committed to growth

Organic data<sup>(1)</sup>, € bn, including Sparkle<sup>(2)</sup>



# 02 TIM Consumer

Andrea Rossini – Chief Consumer, Small & Medium Markets Officer

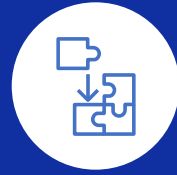
# From turnaround to growth

2022-23

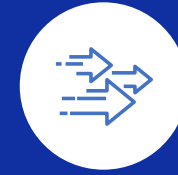
2024-26



“Turnaround” strategy  
focused on fixing the core



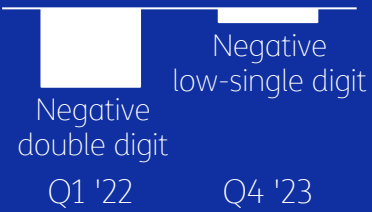
Revenue stabilization while  
further addressing cost structure



Evolution towards  
“Customer Platform” model

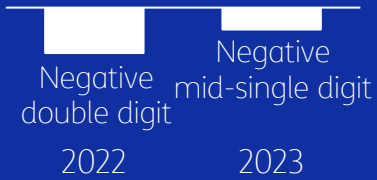
## Top-line trend recovery

YoY trend

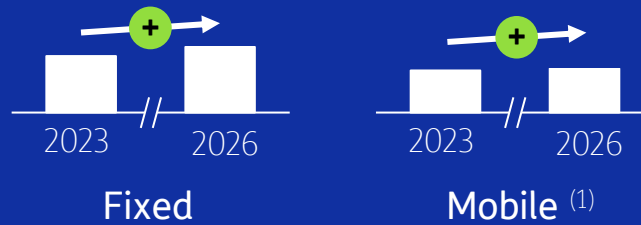


## Margin trend improvement

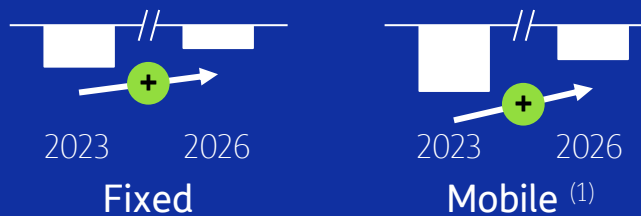
YoY trend



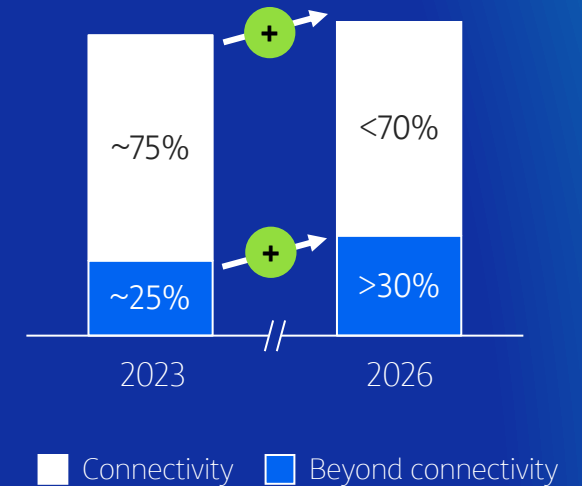
## ARPU Consumer



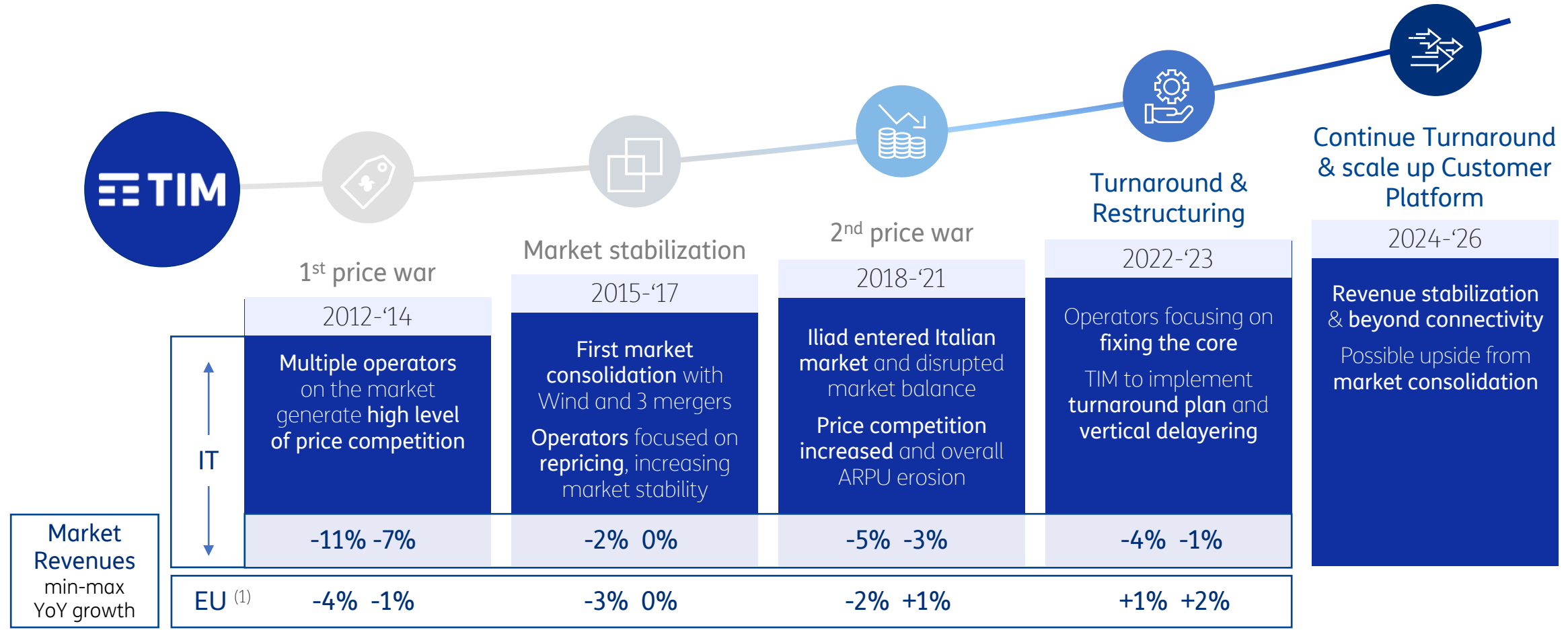
## Net balance (2)



## Annualized sales



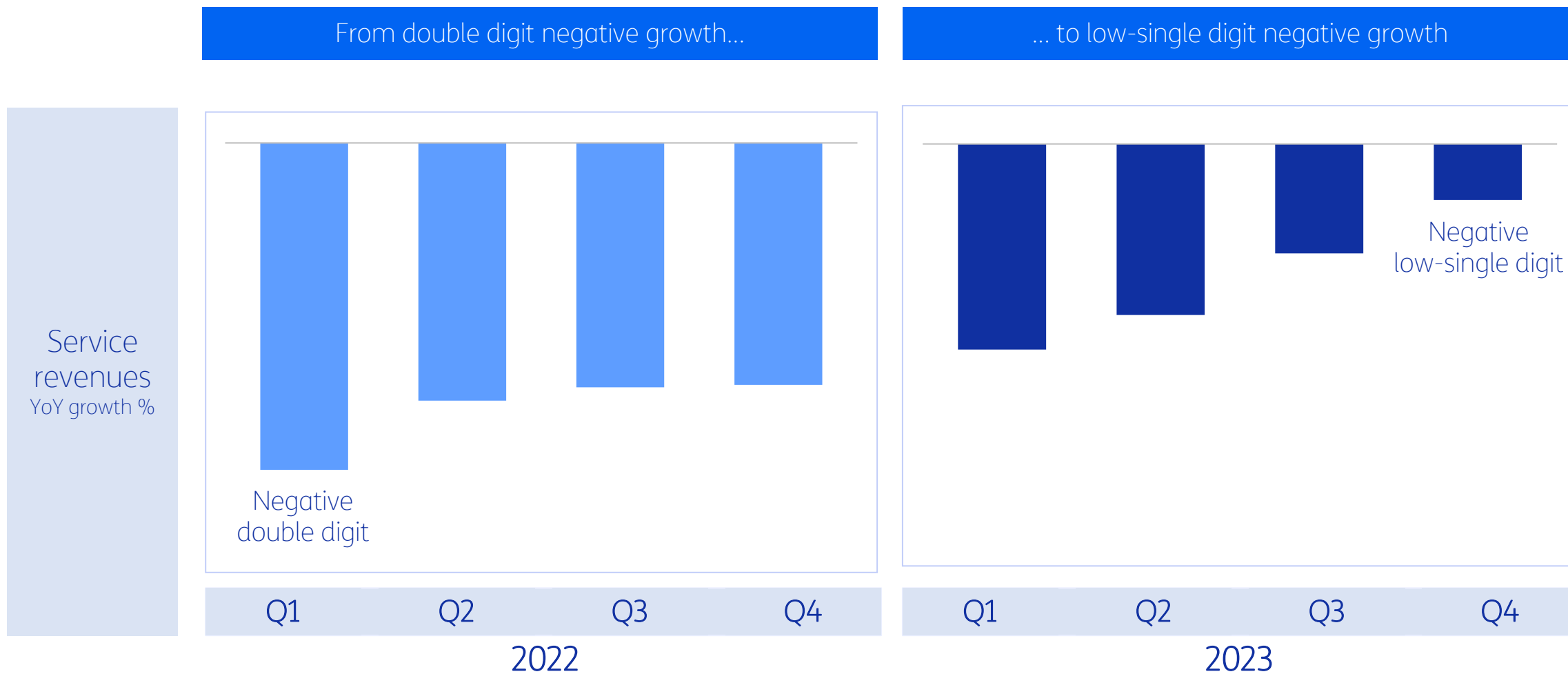
# Completing the turnaround while setting the foundations for the "Customer Platform"



(1) Excluding Italy  
Source: NSR (panel: TIM, Vodafone, Iliad, Wind3, Fastweb, Tiscali), EU outlook 2024 report, expert interviews

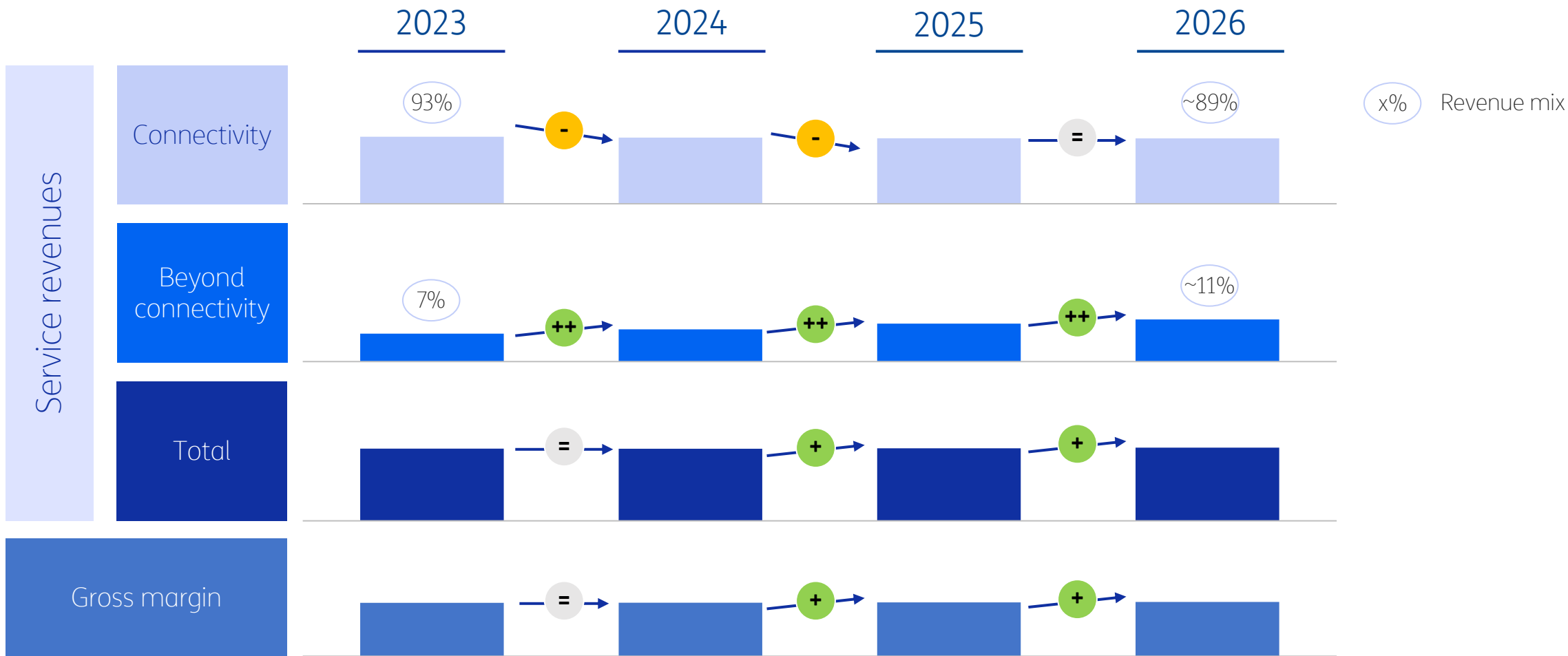
# Turnaround strategy showing steady results

Organic figures

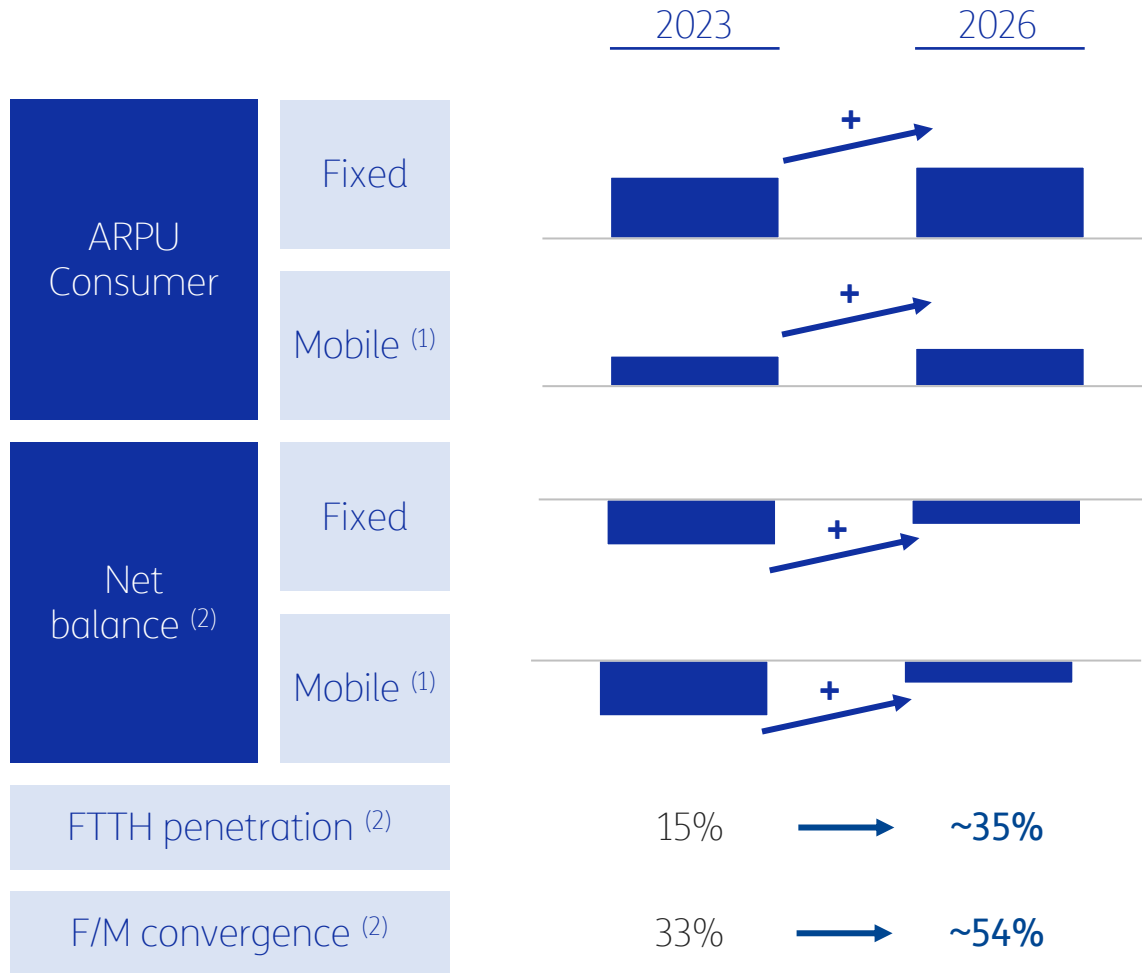


# Stabilizing the core while focusing on “Customer Platform”

Organic figures

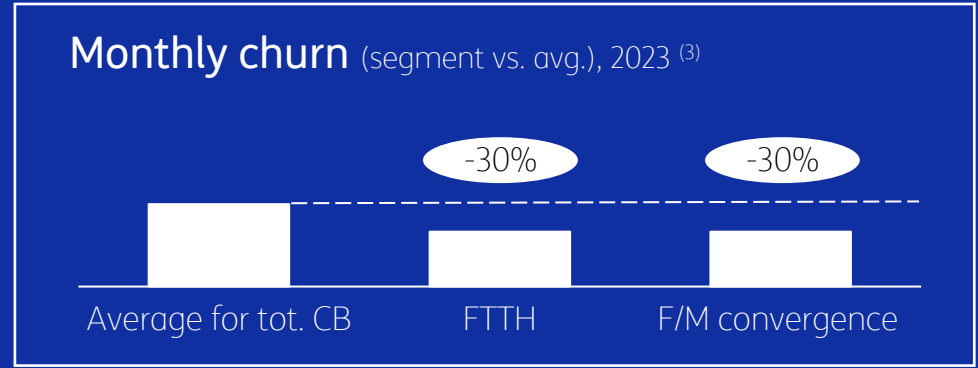


# TIM will continue to pursue CB valorization and stabilization also through the “Customer Platform” strategy



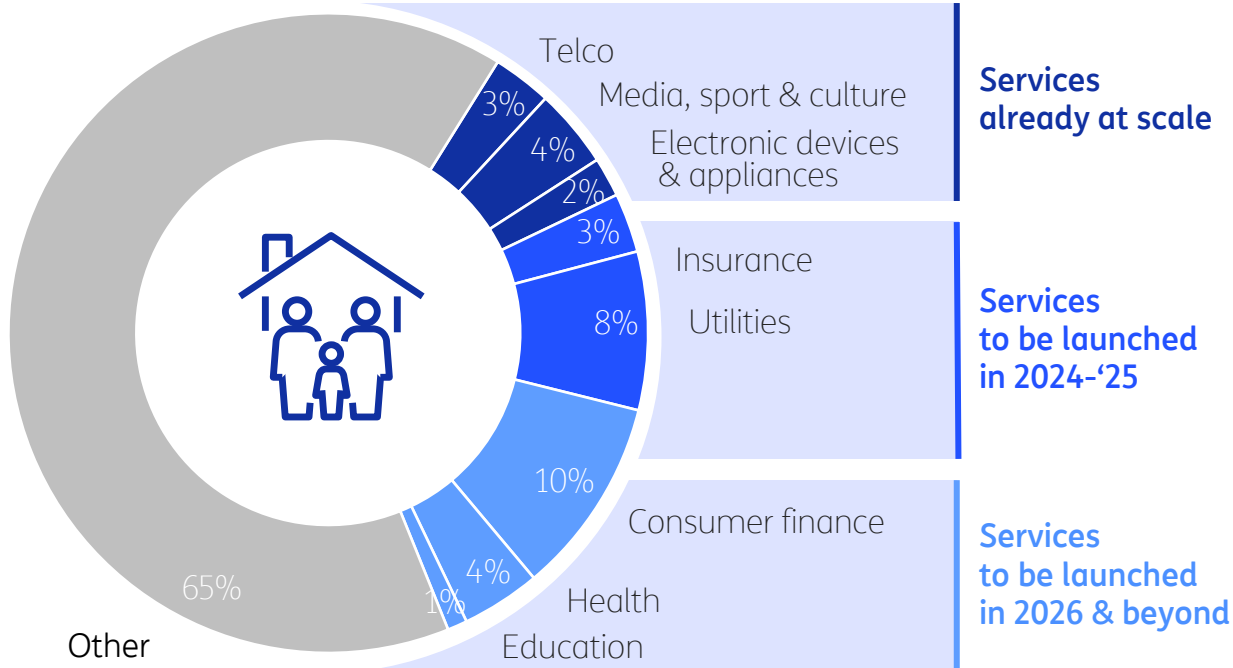
 CB valorization in continuity through **repricing** and **up-selling**

 Customer Base stabilization leveraging **convergence** and **FTTH migration**

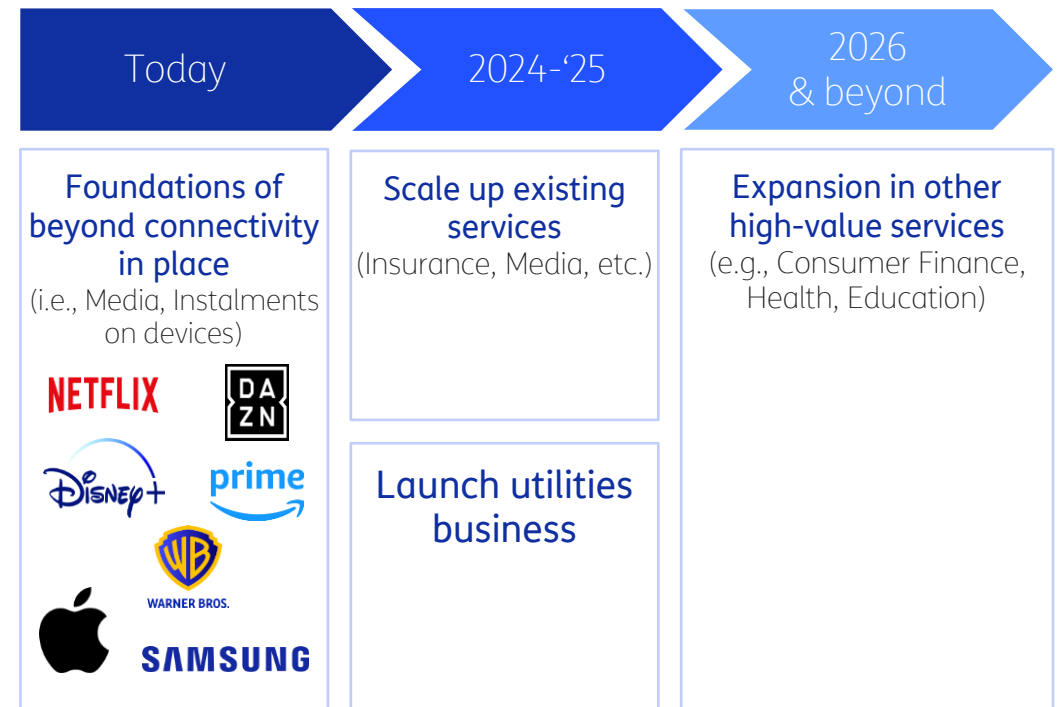


# TIM aims to increase its offering covering high potential market segments

## Split of households' spending



## Roadmap for services launch

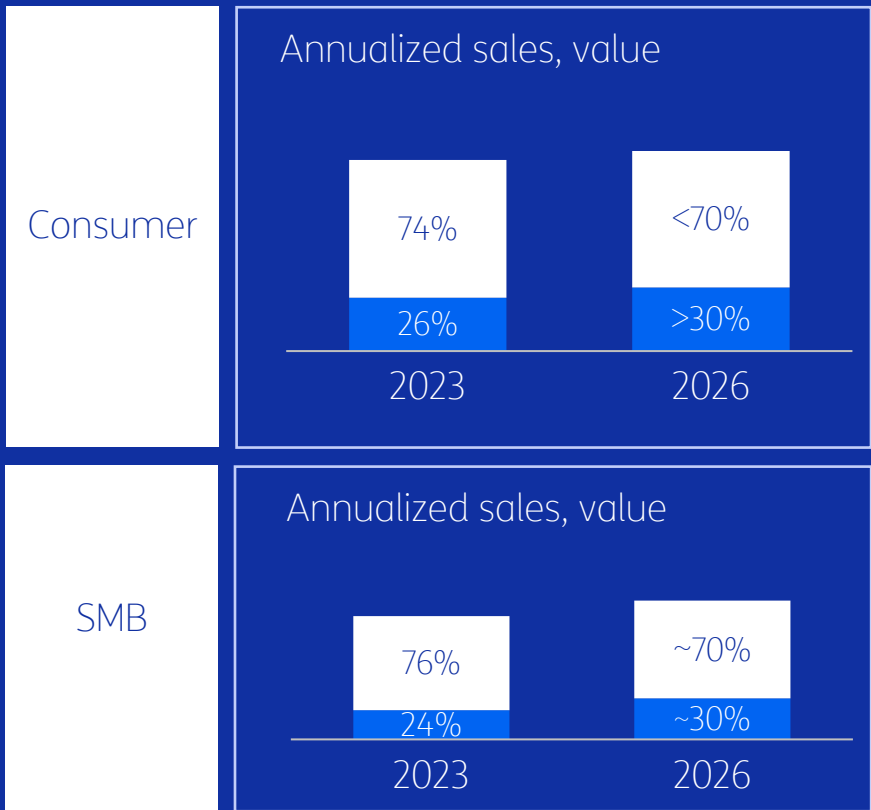


# In the Plan horizon, TIM will transition from a “Pure Telco” towards a “Customer Platform” strategy

TIM owns distinctive assets...



...which will allow beyond connectivity to scale up



 **Increase customer loyalty**, reducing churn

 Build a positive and sustainable **growth trend**

 **Create value from customer data**

# 03 TIM Enterprise

Elio Schiavo – Chief Enterprise and Innovative Solutions Officer

# Consistent journey of sustainable growth

2022-'23



**Overperformance vs. market**  
consolidating leading position

**+6% vs. +5%**

TIM Enterprise performance  
vs. Italian market CAGR '21-'23

**Leading player** in the **PA** space

**2x duration** of new Cloud contracts <sup>(1)</sup>

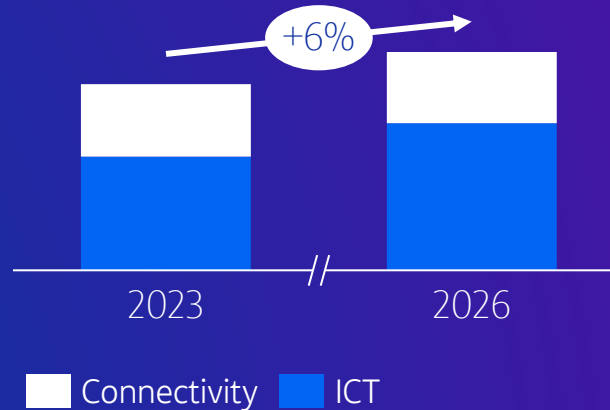
**Capabilities insourcing** for all factories

2024-'26



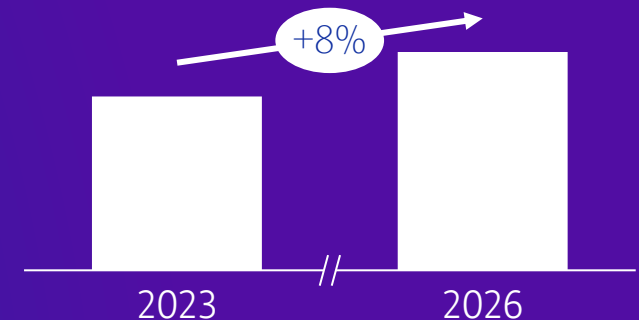
**Sustainable growth**  
fueled by ICT revenues

**Service revenues**  
CAGR '23-'26

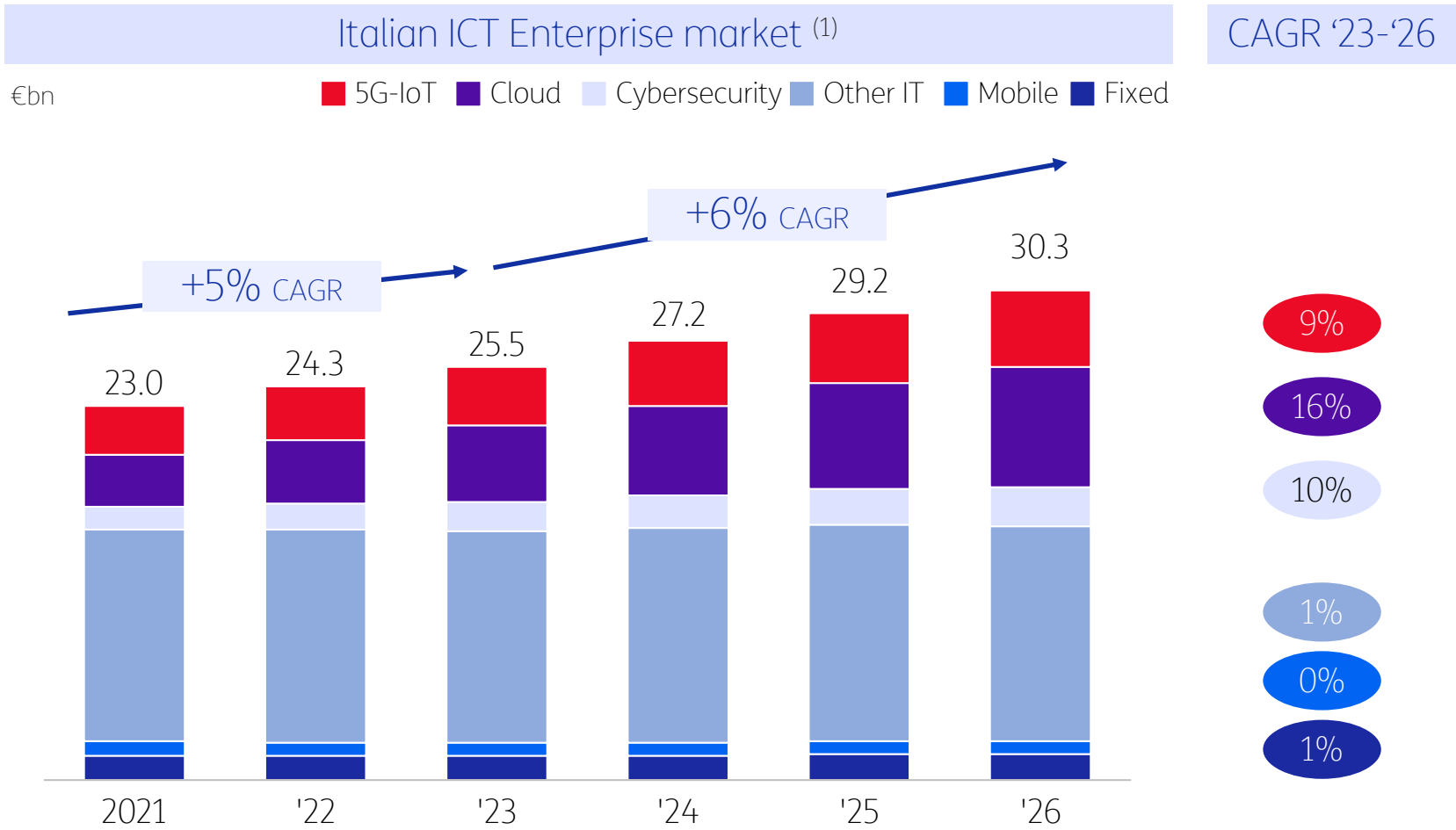


**Operating model evolution**  
and key assets optimization

**Gross Margin**  
CAGR '23-'26



# Italian ICT B2B: a sizable and growing market

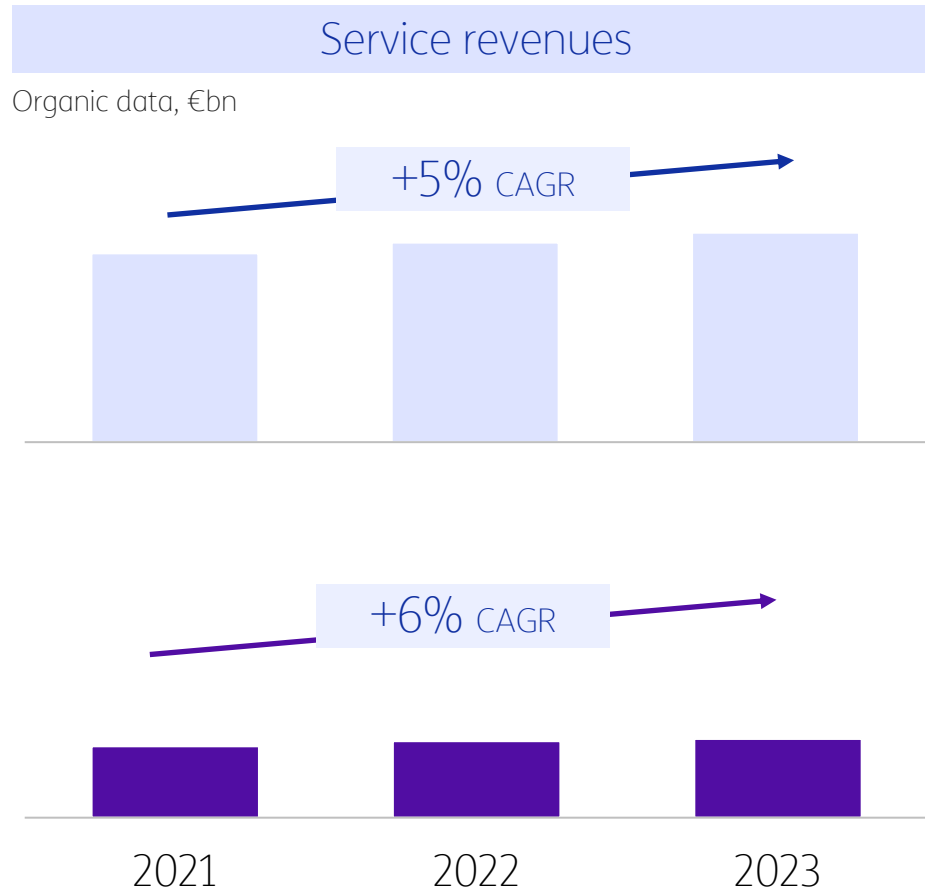


## Market dynamics

- IoT-5G**  
 Keep a constant growth of ~10% YoY in the timeframe
- Cloud**  
 Keep a constant growth of 15-20% YoY in the timeframe
- Cybersecurity**  
 Keep a constant growth of ~10% YoY in the timeframe
- Other IT**  
 Include services of network management and device, ICT products and application services
- Connectivity**  
 Zero growth considering both mobile and fixed

# Higher performance vs. market average since 2022, when the journey started

Italian market



**Outperformed the market**  
in both revenues and profitability, consolidating a leading position

**Strengthened recurring revenues** streams (+6.4% YoY in '23)

**Unified go-to-market model** increasing share of revenues from services developed by TIM factories (from 11% in '23 to 21% in '26)

**Switch to National Strategic Hub** to provide infrastructure for cloud-based management of PA

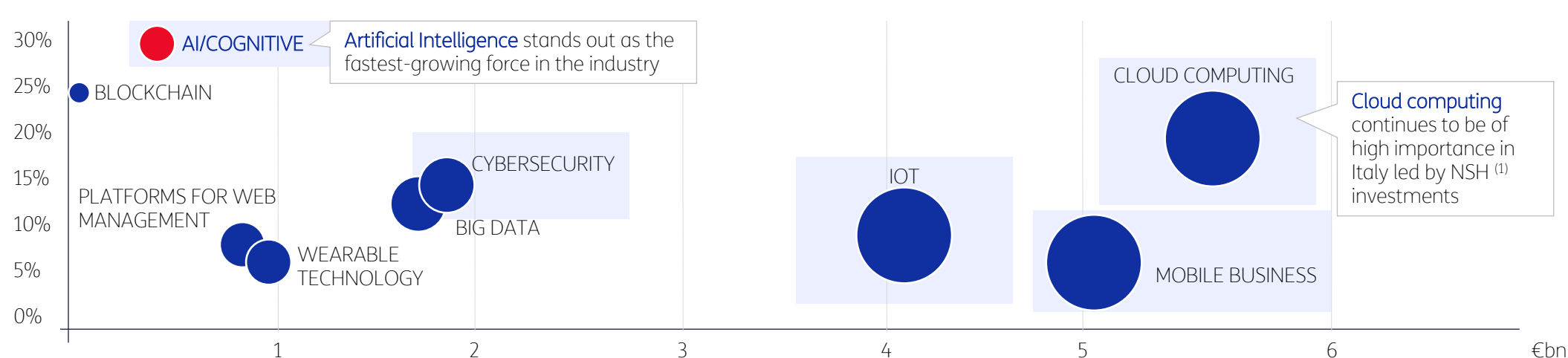
# We are on the right side of the story

2023e market value (€bn) & '23-'26 growth (%)

## Industry



## Technology

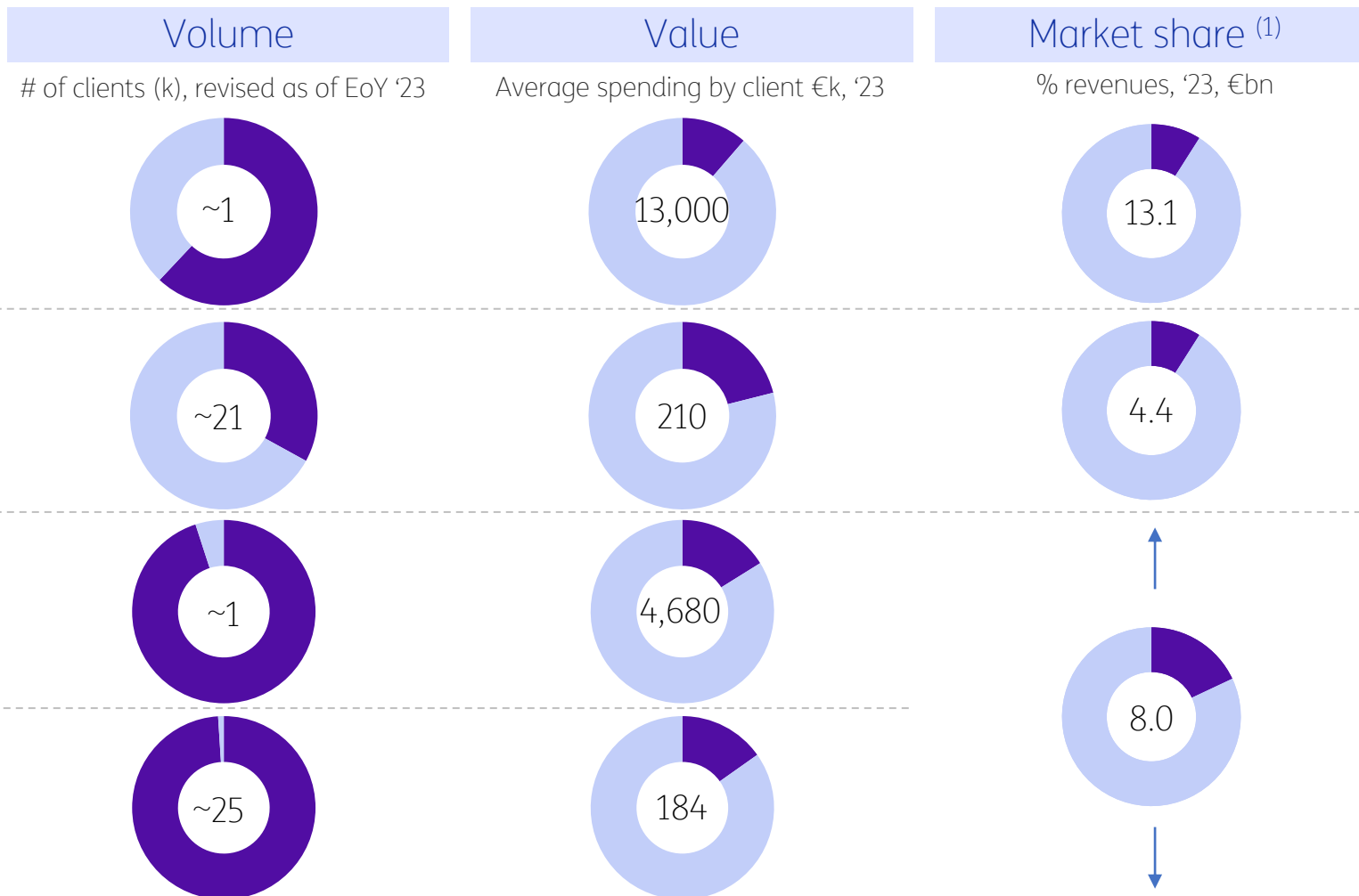


(1) National Strategic Hub  
Source: Gartner

■ TIM presence/focus    ● High growth industry/segment

# Leading the market and capitalizing on untapped opportunities

TIM Enterprise Others



(1) Total addressable market for TIM Enterprise. Source: Assintel, Assinform, TIM Data

# In continuity with the past, we will double down on our strategic priorities to boost growth

## Sustainable growth

Topline acceleration by further expansion into the ICT market

- **Increase penetration of ICT solutions** (~30% of clients have only E2E offering)
- **Leverage 5G** to develop and strengthen mission-critical communication and infrastructure monitoring
- **Strengthen agreements with PA** (acceleration of NSH <sup>(1)</sup> for national PA digitalization)

## Operating model evolution

Shift from “buy” to “make”, insourcing external capabilities

- **Hirings and capability-building** at scale in the tech field
- **Strategic partnership** to accelerate professional services growth in high-potential markets and enrich the product portfolio increasing the available solutions
- **M&As** to strengthen proposition in the emerging tech area and expand the professional services business

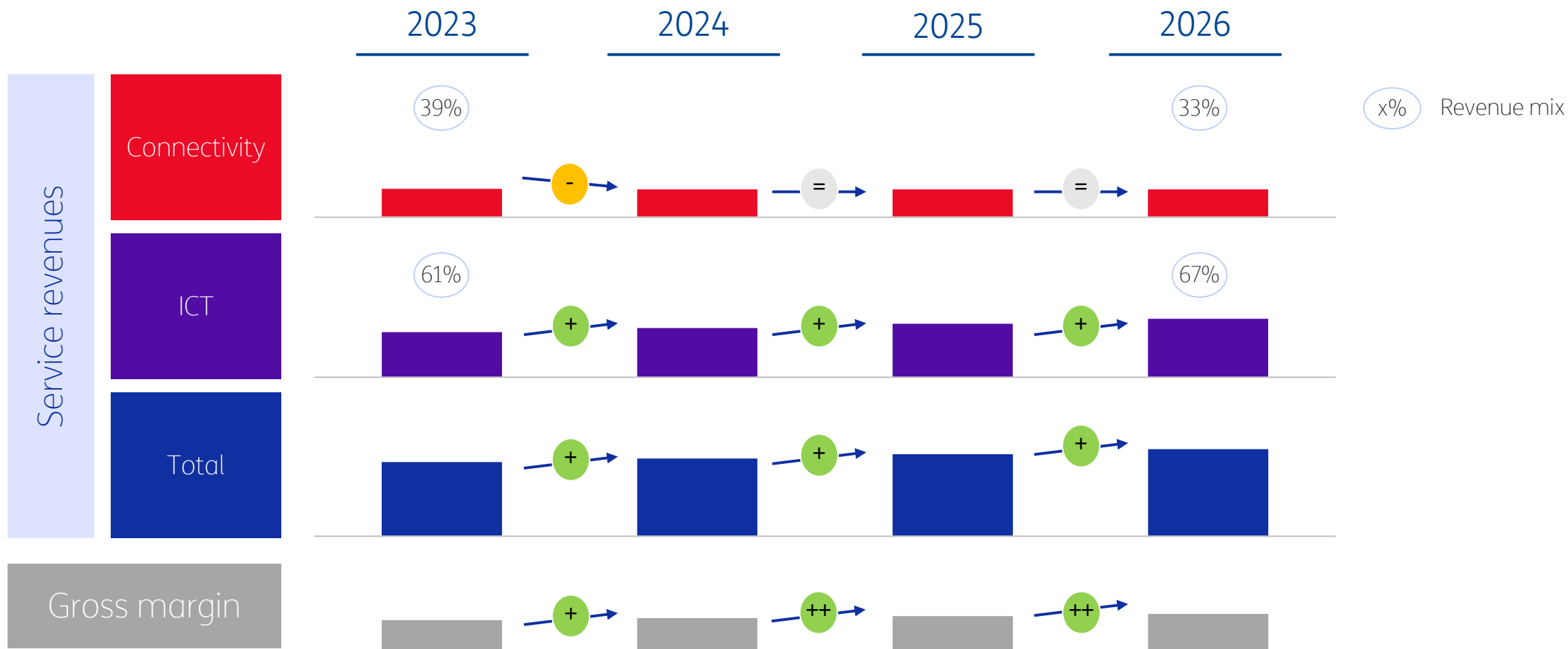
## Key assets optimization

More efficient operations

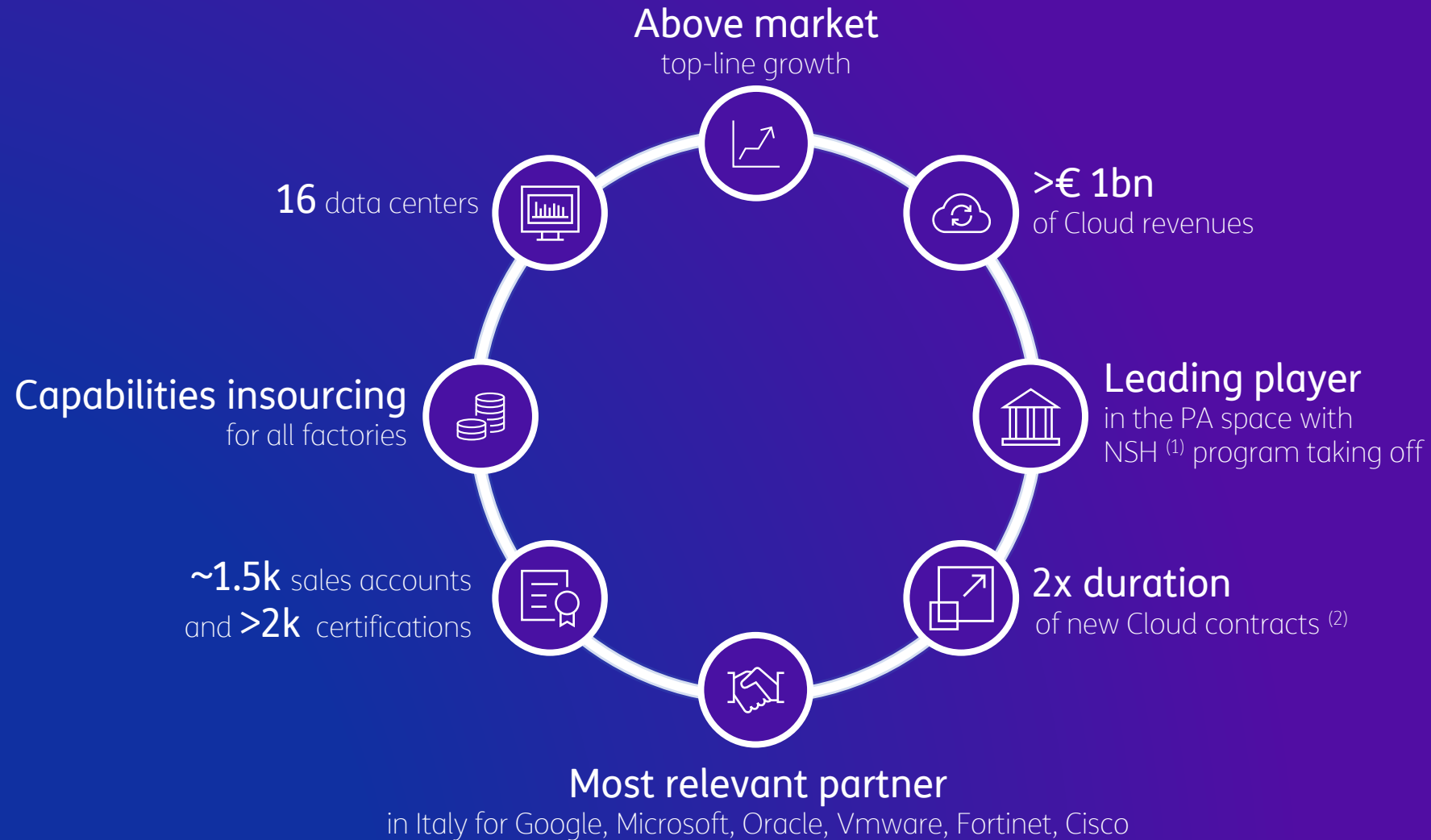
- **Strengthening its position** as the leading infrastructure provider in the local market through the optimization of Data Center estate
- **Leveraging AI and GenAI** to optimize caring costs and consolidate leading position on Smart City and digitization of cultural heritage

# Ambition to consolidate the ICT leadership in the country

Organic figures



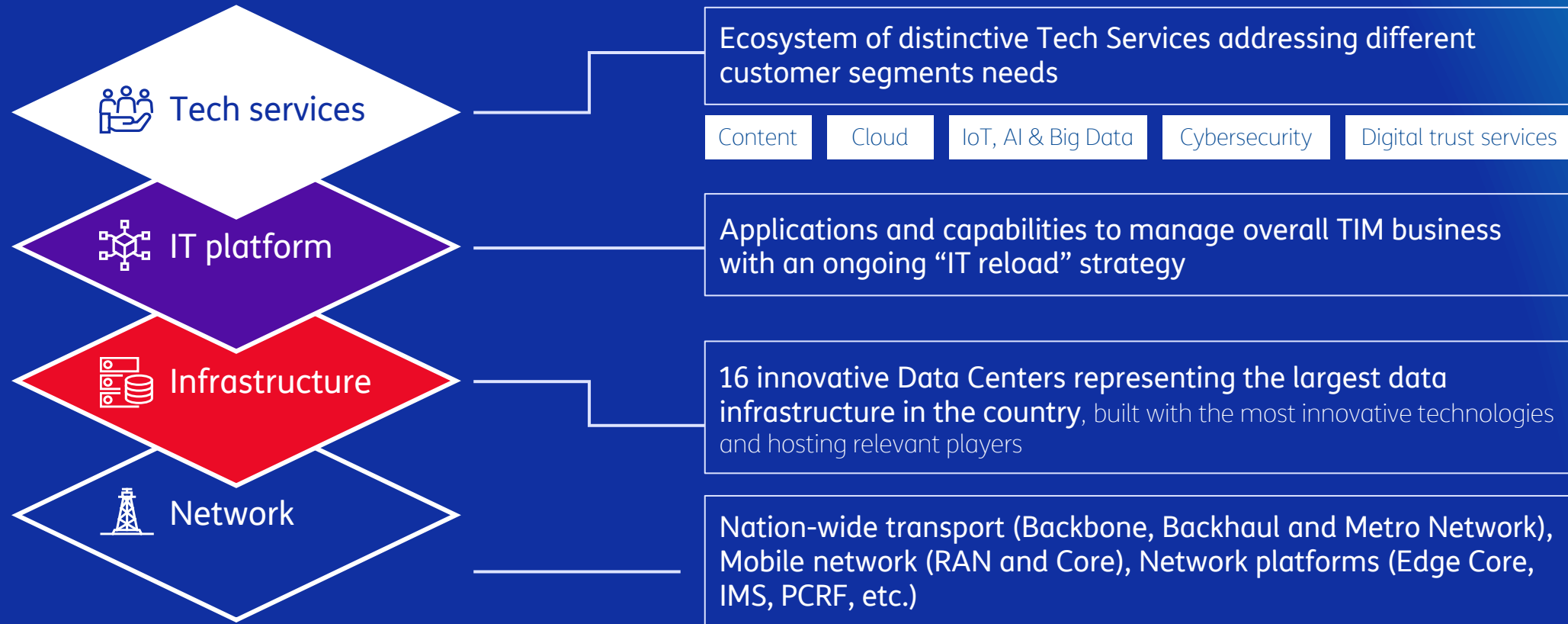
# The recipe for sustainable growth



# 04 Technology & Network Strategy

Leonardo Capdeville – Chief Technology & Innovation Officer

# Maintaining distinctive technology assets post delayering



# Leveraging unique network-related resources to offer distinctive services to its clients



## Mobile network

Broader 5G+ spectrum for enhanced connectivity

100 MHz C-Band vs. competitors' <80 MHz



## Transport Network

Greatest nation-wide transport network

27 ExaByte in 2023 and 70% mobile sites covered by fiber (will be ~85% after NRRP)



## People

Highly skilled workforce

Strong TLC-ICT skills



## CDN Platform

High quality Video Live CDN platform for content distribution

Present in 30 cities with the most advanced technology (Multicast ABR) ensuring differentiated quality and optimizing network usage



## ICT Lab

Wide network of ICT labs for innovation

Connected to the EU and national research ecosystem to develop, test and adopt new solutions (>2.7k patents in portfolio)



## Cloud

Extensive cloud infrastructure

Enabler of flexibility and scalability

# Established agreements with NetCo for the use of fixed network



## Competitive access tariffs

Tariffs aligned with the best price offered to other market competitors



## Lack of commitment constraints

Absence of constraints on volumes or on migration from legacy services to fiber <sup>(1)</sup>



## Guarantee on NetCo performance

Definition of **SLAs/KPIs** and relative penalties, aligned with regulatory and/or market conditions








## Maximum geographic FTTH availability

Usage of **NetCo infrastructure** where present and possibility to access **other players' infrastructure** if NetCo is not available

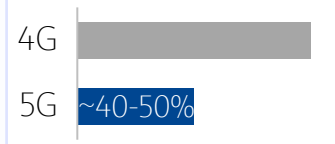
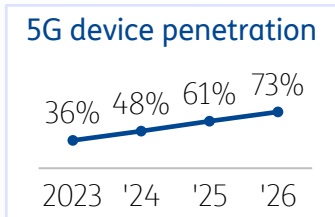
# Ecosystem of distinctive Tech Services addressing different customer segments needs

 Consumer  Enterprise  Public Administration

<p><b>Content</b></p>	<ul style="list-style-type: none"> <li>Wide range of movies, TV series, Football and Sport in <b>just one subscription</b></li> <li>Platform working both with a <b>set-of-box</b> and with a <b>boxless set-up</b></li> </ul>	
<p><b>Cloud</b></p>	<ul style="list-style-type: none"> <li>Offers <b>fast, agile, and scalable solutions</b> along the entire cloud chain</li> <li>Provides products, services and tailored made solutions in a <b>secure cloud space</b></li> </ul>	
<p><b>IoT and automation</b></p>	<ul style="list-style-type: none"> <li>Offers expertise in <b>IoT, AI and Big Data</b>, with a focus on Smart City and Smart Industry verticals</li> <li>Drives business through <b>digital innovation</b>, leveraging on 5G technology</li> </ul>	
<p><b>Cyber</b></p>	<ul style="list-style-type: none"> <li>Combines <b>Intelligence services, Managed Security Services and Cyber Professional Services</b></li> <li>Enhances <b>national defense and business security</b> protecting sensitive data and communications</li> </ul>	
<p><b>Digital trust services</b></p>	<ul style="list-style-type: none"> <li>Focuses on <b>identity and digital validation</b> solutions</li> <li>Ensures <b>compliance with EU regulations</b> for data/ document lifecycle management</li> </ul>	

# Ambition to leveraging on 5G deployment

in 2024-'26

<p>Improving quality and customer experience</p>	<p><b>Higher service quality</b> for both 5G and 4G customers through <b>reduced load on the network</b></p>	<p><b>18pp increase</b> % of success in quality tests</p>
<p>Increasing efficiency in CAPEX allocation</p>	<p><b>5G spectrum efficiency</b> allows to offer <b>better services at a lower cost</b> in respect to 4G infrastructure</p>	<p><b>Cost per GB</b></p> 
<p>Enabling 5G traffic</p>	<p><b>Ubiquitous high-capacity and low-latency</b> indispensable for individual and business to benefit from the use of emerging technologies</p>	<p><b>95% Pop. coverage</b> (outdoor)</p> <p><b>5G device penetration</b></p> 

Significant deployment of **network layers** within plan horizon:

- Investing on both 4G and 5G in '24 to improve mobile network quality
- Focusing investments on 5G in '25-'26, deploying 4G only to respect contractual obligations

# Already using TIM unique assets for relevant projects

## Public safety services by TIM: paving the way for a secure future



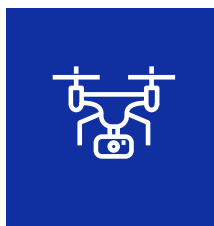
Comprehensive  
5G coverage

- Main target: **coverage 5G@3.7GHz public frequencies in 11 provinces** (85% of urban areas)



Pioneering  
innovative public  
safety solutions

- TIM's exclusive services for **National Security** including **Mission Critical Push-to-Talk and Video Surveillance**, ensuring specialized and secure communication



Innovation  
for a secure  
future

- TIM **commitment to innovation and excellence** sets the stage for a new era, dedicated to **advancing safety and connectivity**, shaping a future where public safety is paramount

# TIM Vision and CDN+ services by TIM - catalyst for evolution



## Strategic Partnerships

- The cornerstone of TIM Vision unique identity, offering customers a centralized access point for Italy's top video services
- Notable collaborations include Amazon for football Champions League, DAZN for Serie A TIM, and a partnership with Netflix and Disney+

## Network Infrastructure Highlights

- TIM CDN has a capillary distribution to be closer to the customer, for superior customer experience and robust content security with tokenization and watermarking, for video services



This is just the beginning of a new era in TIM

# 05 Transformation & Cost Efficiency

Alessandra Michelini – Head of Transformation

# 2022-'23 targets achieved, launching 2<sup>nd</sup> wave of Transformation in 2024-'26

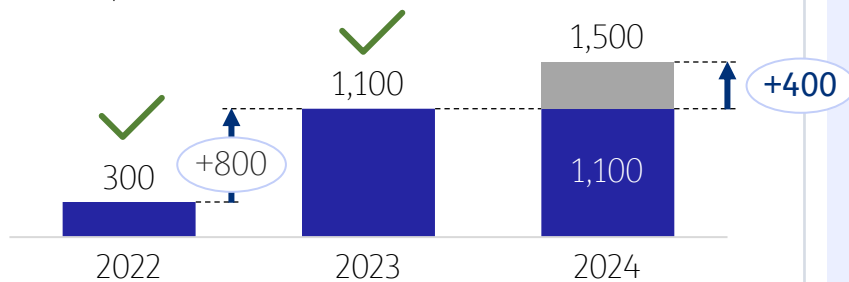


As of today

Successfully achieved 2022-'23 targets, addressing '24 objectives

### Transformation targets (2022-'24 plan)

OPEX and CAPEX/cash costs savings vs. inertial plan, €m

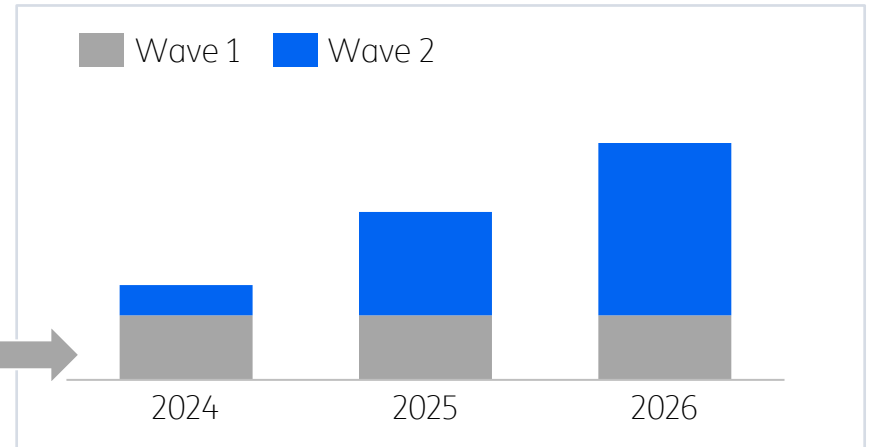
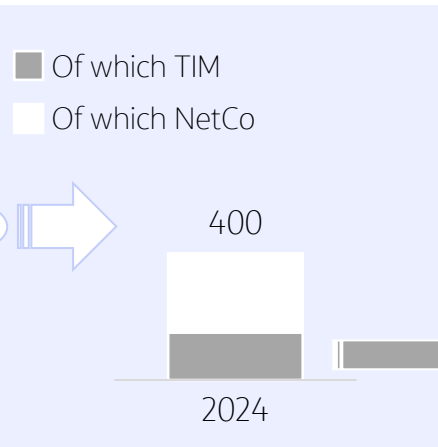


The Transformation program needs to evolve, considering the new addressable baseline



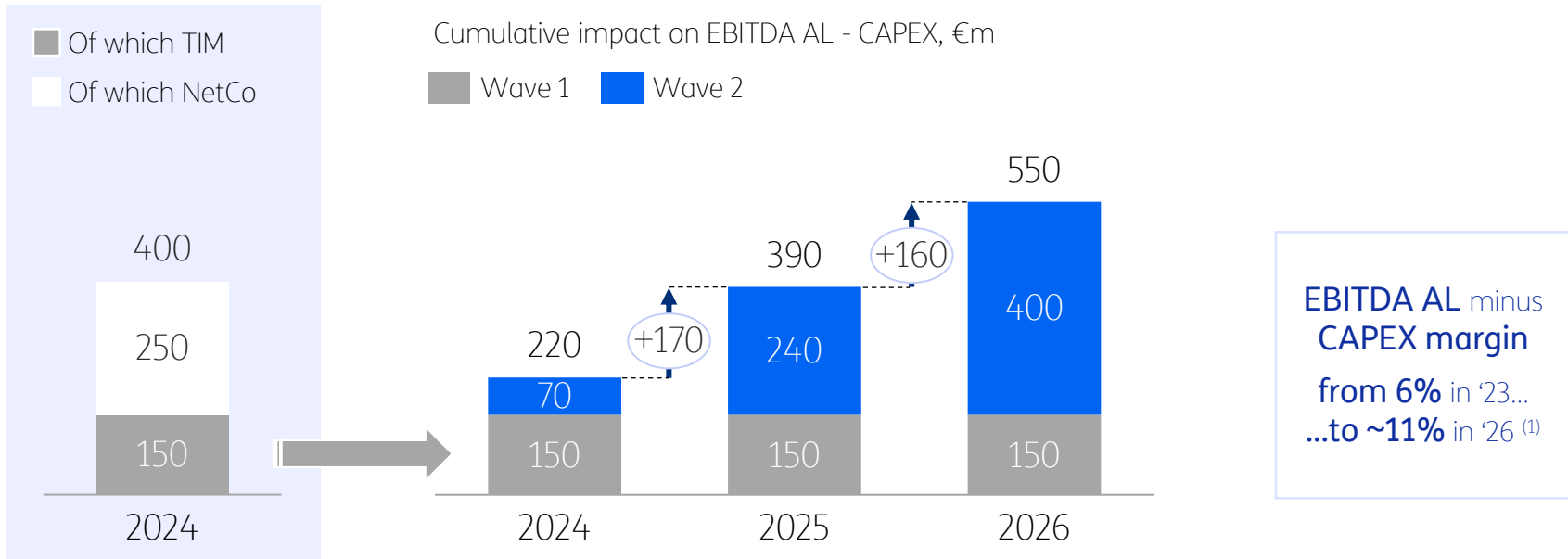
In the next 3 years

Ever-evolving market context requires TIM to launch **a new Transformation**, taking on an **extra challenge**



New wave with additional impact of €~400m by '26,  
EBITDA AL – CAPEX margin to increase ~5pp

## Objective of Transformation program



Goal is to mitigate total cash cost increase due to the revenue mix shift

### Transformation Pillars



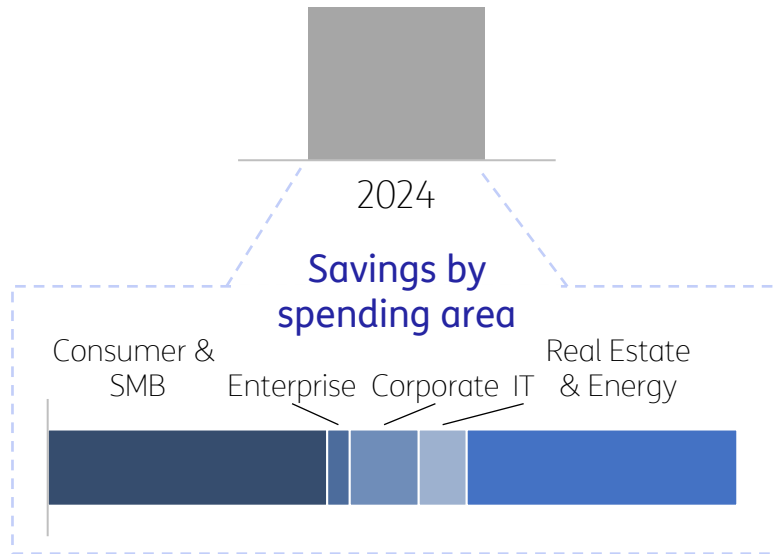
**Streamline the cost baseline** by simplifying and right-sizing the cost structures, with a clearer full cost accountability



**Operating model review** by evolving TIM digital capabilities, processes and operating model

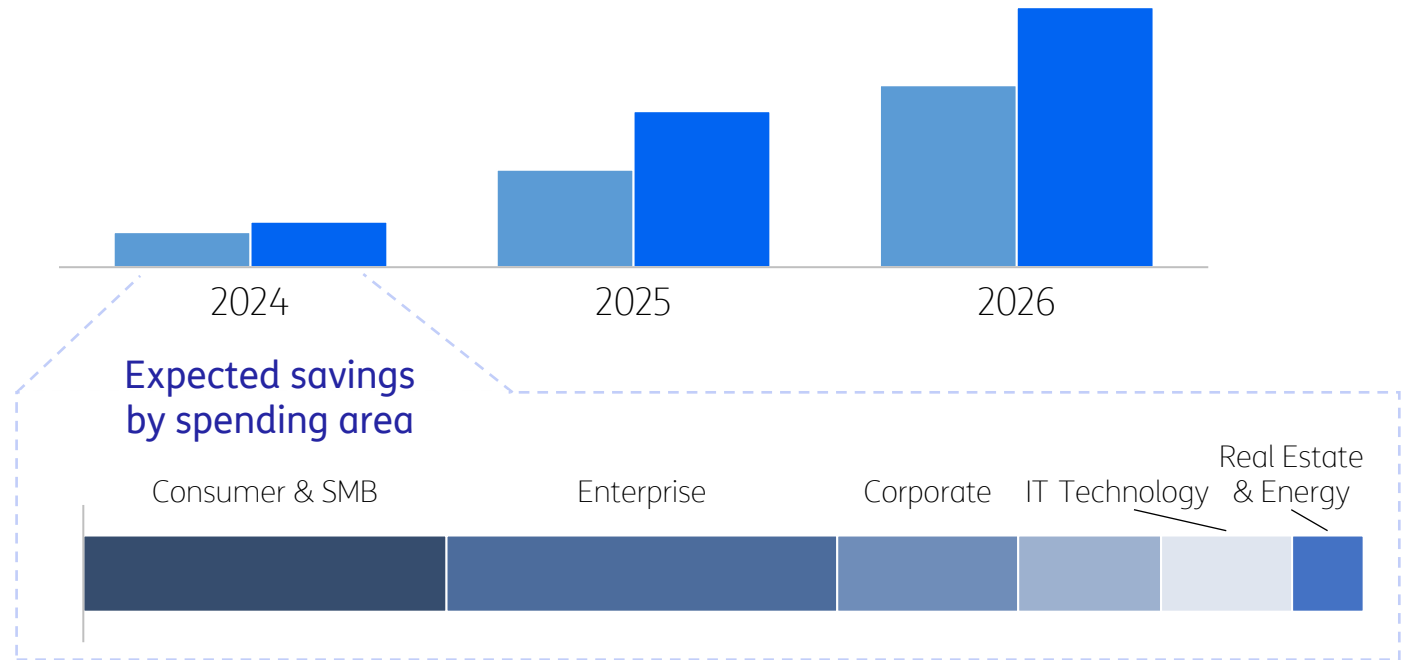
Transformation will continue to deliver and steer the 1<sup>st</sup> wave and is already working on a new pipeline of initiatives

**“Running” Benefits** from Wave 1 of 2022-'24 Transformation program

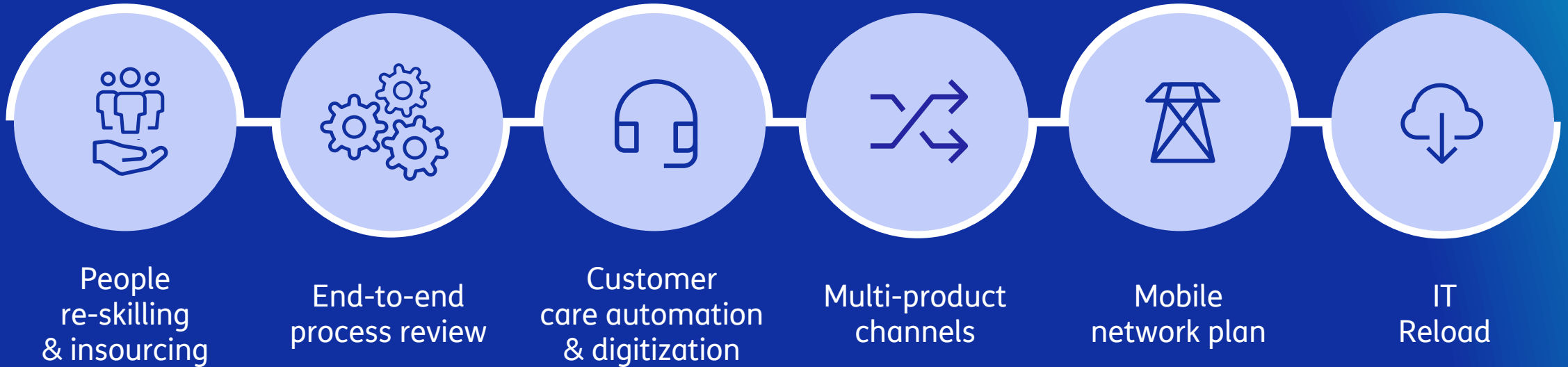


**Additional benefits expected** from Wave 2 of 2024-'26 Transformation program vs. Target

■ Benefits from initiatives already identified ■ New Transformation Targets (Wave 2)



# 2<sup>nd</sup> wave of Transformation will focus on six “big bets” to transform the operating model







# 06 TIM Brasil

Alberto Griselli – CEO TIM Brasil

# Improvement of macroeconomic conditions supports industry growth




## Brazil's encouraging macro-outlook reduces risks and supports sector's positive momentum

Market outlook (1)






GDP		Modest but steady growth for the next 3 years (+2% p.y. on average)
Inflation		Downward trend towards central bank target at 3.5% p.y.
Interest Rate		Cuts totaling 325 bps until '26 to reach 8.5% p.y.
FX Rate		Below 5 BRL in '24, around 5 BRL in '25 and '26

## Brazil's telecom sector offers great opportunities for an agile player like TIM Brasil

Telecom market

<p><b>5 → 3</b> players</p> <p>market with a much more balanced competitive stance</p>	<p><b>5G</b></p> <p>rollout started with market offering opportunities for data monetization</p>	Mobile
<p></p> <p>Fragmented market with regional players increased competition levels</p>	<p></p> <p>Migration to FTTH is still underway offering opportunities</p>	Broadband
<p></p> <p>A new market that needs to be shaped offer huge opportunities as we close Brazil's infrastructure gap</p>		B2B IoT

# TIM Brasil is enjoying the new environment, over-delivering the promises made to the market and outperforming LatAm peers

	SHORT-TERM TARGETS (2023)	2023 RESULTS (ACHIEVED)
Service Revenue <sup>(1)</sup>	High single-digit growth YoY	+10.7% YoY 
EBITDA <sup>(1)</sup>	Low double-digit growth YoY	+14.2% YoY 
CAPEX <sup>(1)</sup>	< 20% on net revenue	18.9% 
OpFCF <sup>(1,2)</sup>	Double-digit growth YoY	+58.2% YoY 
Shareholder Remuneration	>R\$ 2.9bn	R\$ 1.6bn as IoC R\$ 1.3bn as Dividends 

## Outperforming peers all around <sup>(3)</sup>

- ✓ Fastest top line and service revenues growth
- ✓ Fastest EBITDA annual growth and highest margin
- ✓ Highest annual growth for OpFCF
- ✓ #Among LatAm Top Dividend Yield players

# Crafting the next generation TIM with a well-defined strategy



## MOBILE

Most preferred operator

Cash cow with increasing returns



## B2B

Shaping a new market

Exponential growth opportunity



## BROADBAND

Profitable growth

Selective approach, keeping our options open



## EFFICIENCY

Intrinsic for the business

Strict discipline in capital allocation and expenditure



## PEOPLE, SOCIETY AND ENVIRONMENT

*We develop our business, driven by People, Society and Environment*

# Brazilian mobile market is healthier than ever before supporting a more for more strategy

## New market dynamics

Valued-based competition increasingly more relevant than volume-based

One of the few large markets with **5 to 3 consolidation**

**Market rationality** with valued-based competition

**Quality perception is the # 1 attribute** <sup>(1)</sup> used to choose a mobile operator

## Service essentiality

High penetration with enrooted impact in daily lives

**97%** of internet users access it via a mobile device

**79%** of banking transactions done through mobile <sup>(2)</sup>

## Usage opportunity

Low data usage compared to other countries

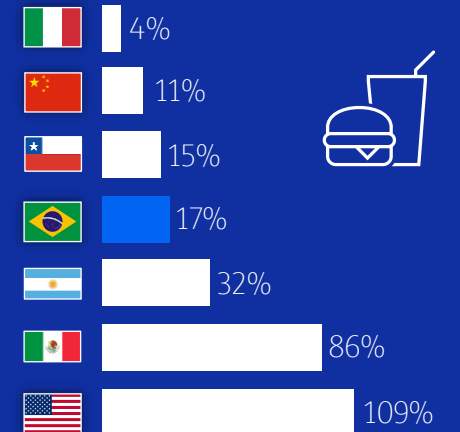
GB/month per connection, 2023 <sup>(3)</sup>



## Price affordability

Local cost of 1GB mobile data vs. 1 Big Mac (2022)

Percentage of 1GB of mobile data per 1 Big Mac in local currency <sup>(4,5)</sup>



# Uniquely positioned to become the most preferred operator

The **best value proposition** in a value driven market



## Best Service

providing the best customer experience

**+8.1pp**

Improving clients **Digital Interactions** <sup>(1)</sup> YoY in 2023

**Best** in class in all resolution rankings

(PROCON-SP, Reclame Aqui and Anatel) <sup>(2)</sup>

**+43%**

Improvement of **Human Interaction NPS** in Call Center YoY in Q4 '23



## Best Network

from structural gap to competitive advantage

**1<sup>st</sup>**

Operator to cover all **5,570 cities** in Brazil with 4G



**The MOST awarded** <sup>(3)</sup> network:

1. Network Consistency Quality Index (ECQ)  
2. **1<sup>st</sup> place** in 7 of the 13 items evaluated



**The BEST 5G Coverage**

**#1 in 5G** <sup>(4)</sup>: 7.8k sites in 209 cities covered (Dec. '23)



## Best Offer

innovative offerings and partnerships

**Apple One**

First and only operator in Brazil to embed **Apple One** on its plans



**1<sup>st</sup> in LatAm** to launch a trial offer, encouraging the usage of the best 5G network



Strategic partnership where **recharges gives cashback** to be used in "Zé Delivery" app

**Cartão de Todos**

Offering health services through "Cartão de Todos" partnership

# Shaping a new B2B market, leveraging our pioneer stance enabling the next wave of productivity for key industries

Brazil's infrastructure gap offers a compelling business opportunity

<20%

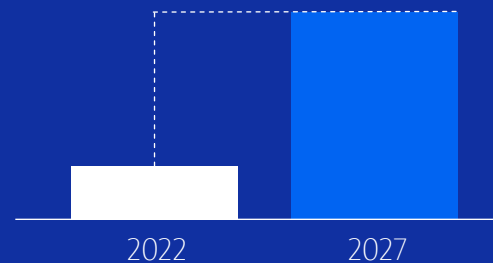
of the territory with network coverage <sup>(1)</sup>

>90%

of population covered <sup>(1)</sup>

Our B2B strategy focuses on IoT, while upholding traditional services

**IoT**  
Connectivity Solutions  
(HW, SW and services)



**4x** IoT revenue growth in the next five years <sup>(2)</sup>

*Examples of mapped use-cases*



*On-going*

## 1. IoT Connectivity

Mobile Coverage    Private Network



*Starting*

## 2A. IoT Solutions beyond Connectivity

Smart lighting    Precision agriculture    Herd management



*Under Construction*

## 2B. IoT Solutions beyond Connectivity (5G based)

Autonomous Operations    Video surveillance & Analytics

# Our expansion is being fueled by the significant market growth potential to be unlocked across key verticals



## Agribusiness

### Our achievements

**16.6m ha**

Current planted area with TIM connectivity

### Market potential to explore

**350m ha**

Total planted and farming area <sup>(1)</sup>



## Logistics

**>4.7k km**

Roads under concession with TIM connectivity

**55k km**

Highways being auctioned for mandatory connectivity in a total of 1.7m km of roads



## Utilities

**150K**

Installed smart light poles from TIM

**>15m**

poles in PPP<sup>(2)</sup> for street lighting until 2026

B2B contracted revenues

**~R\$ 425m**

Accumulated over the last 2 years


As pioneers, we have compelling reasons to persist in this direction, **molding this emerging market**

...generating growth with **incremental OpFCF margin** and positive social impact to the countryside of Brazil


Projects' social impacts:  
**Coverage of 349 public schools, 101 health units, 1.3m rural residents**

There is a noteworthy potential for broadband expansion, with TIM having the best value proposition

### Market opportunity

 ~2% share <sup>(1)</sup> of ~R\$ 40bn market

 ~2% share <sup>(2)</sup> of ~47m clients' market

 ~11% CAGR <sup>(3)</sup> Growing at the same pace of other large Telcos

TIM Brasil has **ROOM** to accelerate growth if the conditions are right

### Best value proposition



Best offer with the highest speed and best streaming content



Best service with NPS leadership <sup>(4)</sup> and #1 in OpenSignal consistent quality index



Distinct positioning driving to the highest ARPU <sup>(5)</sup>

TIM Brasil is **READY** to accelerate at the right moment

# Broadband market still fragmented and competitive with convergence never becoming a killer application

Fragmented market with **8k** formal regional players



Incentives for regional players results in over 26 different market share leaders in Brazilian area codes...<sup>(1)</sup>

...triggering strong pressure on price per Mbps and driving a declining trend for FTTH ARPU<sup>(2)</sup>

## Broadband market share:

Non-integrated players: 63%



Integrated players: 37%

## 3-play offer cost:

Broadband



+

Mobile



+

TV



=



R\$ 270

Average Income representation of the convergent offer price (%)<sup>(3)</sup>

16.6% share of income<sup>(3)</sup>

Convergence helps churn, but so does content add-ons

Our efficiency leadership is helping to finance our best value proposition to clients and drive value to shareholders



## OPEX

Continuous cost efficiency initiatives  
Digitalization initiatives  
Next generation with AI and GenAI

**~14%**  
% of cost being benefited by traditional digital initiatives

Digital initiatives to improve customer experience while reducing operating costs



## LEASE

Decommissioning  
Network sharing agreement

**100%**  
Decommissioned sites in 2024

~85% of sites had their contracts cancelled

Financial effects of the remaining 15% will occur in '24



## CAPEX

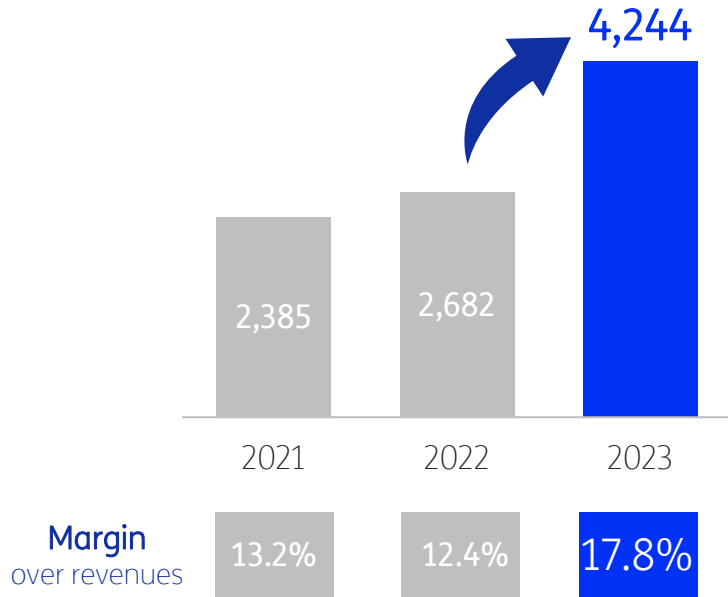
5G Technology  
Spectrum Portfolio

**4.6MHz**  
MHz per client <sup>(1)</sup>

Highest MHz/client among competitors, keeping CAPEX at sustainable levels

A strong cash generation, reinforcing our financial health and cost control, enabling higher returns to shareholders and paving the way for new possibilities

EBITDA AL - CAPEX evolution <sup>(1)</sup>  
(R\$ m)



### Building the best value proposition to investors in LatAm

Revenue growth above inflation	<b>MOBILE</b> More for More strategy Best value proposition Customer platform acceleration opportunity	<b>B2B</b> High growth long-term revenue opportunity	<b>BROADBAND</b> Focus on healthy business approach
	Discipline on cash costs	<b>OPEX</b> Ordinary cost control initiatives Digitalization efficiencies Long-term AI opportunity	<b>LEASES</b> New approach to tower portfolio management

OpFCF <sup>(2)</sup> margin expansion is driving our ROIC improvement overtime

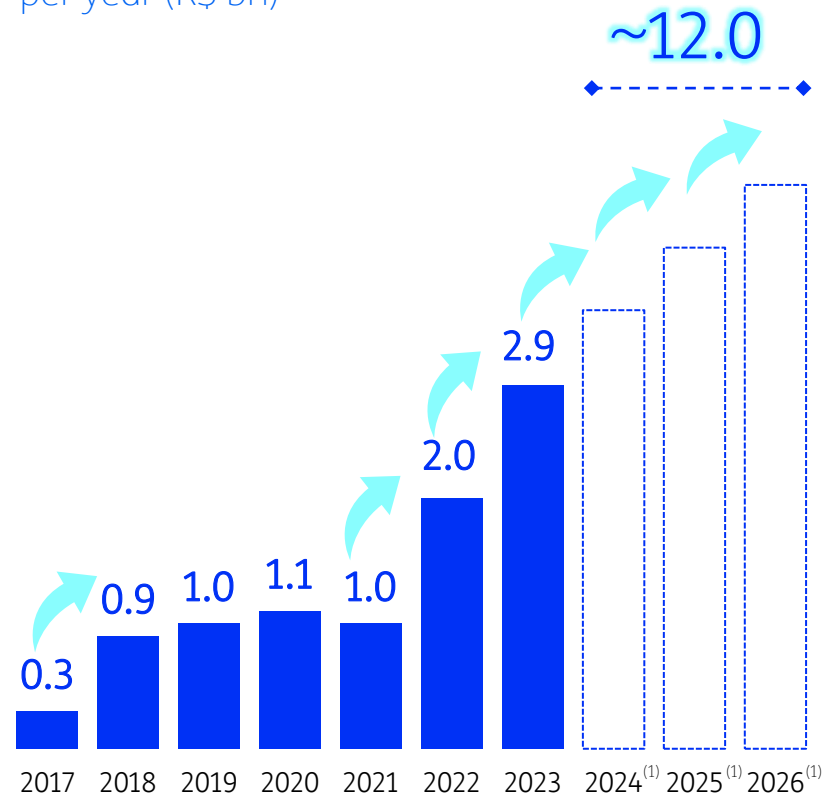
Another step in the continuous evolution of our shareholders remuneration <sup>(1)</sup> leading to a distribution of **~R\$ 12bn <sup>(2)</sup> in the next 3 years**

(1) Includes IoC, dividends, shares buyback or other applicable instruments. This guidance is subject to the performance of the business and the deliberation of the Board of Directors






(2) All figures refer to TIM S.A.

## Setting a new shareholder remuneration floor

Remuneration announced <sup>(2)</sup>  
per year (R\$ bn)



# Driving new possibilities - Updated plan (2024-'26)

GOALS	SHORT-TERM TARGETS <sup>(4)</sup> (2024)	MID-TERM TARGETS <sup>(4)</sup> (Until 2026)	
 Revenue <sup>(1)</sup>	Service revenue growth: <b>5% - 7% YoY</b>	Service revenue growth (CAGR '23-'26): <b>5% - 6%</b>	<b>Accelerating growth pace</b> as market conditions improve and best value proposition is recognized
 EBITDA <sup>(1)</sup>	EBITDA growth: <b>7% - 9% YoY</b>	EBITDA growth (CAGR '23-'26): <b>6% - 8%</b>	Solid growth pace confirmed with <b>positive margin</b> contribution
 Investments (CAPEX) <sup>(2)</sup>	Nominal CAPEX: <b>R\$ 4.4bn - 4.6bn</b>	Nominal CAPEX: <b>R\$ 4.4bn - 4.6bn (per year)</b>	<b>Stable CAPEX maintained</b> with a clear path of infrastructure development
 Operating Free Cash Flow <sup>(1)</sup>	EBITDA-AL minus CAPEX growth: <b>Double-digit YoY</b>	EBITDA-AL minus CAPEX growth (CAGR '23-'26): <b>Double-digit</b>	<b>Fast growth pace confirmed</b> with relevant margin expansion
 Shareholders Remuneration <sup>(3)</sup>	Remuneration sum (2024-'26): <b>R\$ 11.8bn - 12.2bn</b>		<b>Continuous evolution</b> of cash distribution to investors confirmed

07 ESG

Enrica Danese – Head of Corporate Communication & Sustainability


# A powerful «ESG engine» to ensure significant progress

## 2022

## 2023

## 2024-'26

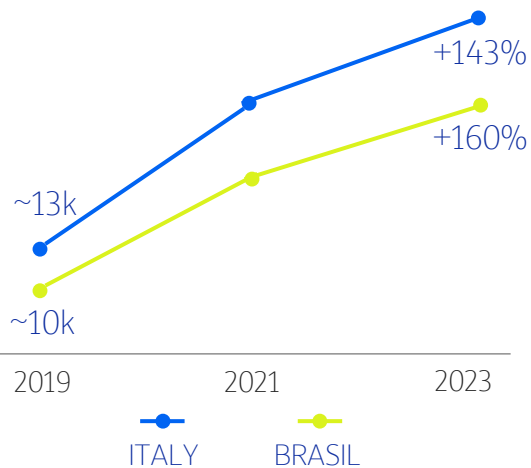
### From sustainability reporting to ESG project

- 
- Long term targets aligned to best practices on E and S
  - A simpler ESG report to give the vision, to show projects
  - Validation of GHG emissions reduction targets by the SBTi <sup>(1)</sup>
  - KPIs for every projects
  - ESG at the core of the business (ESG platform)
  - Enforcement of opportunities and risks mapping
  - ESG massive training
  - Certification for Gender Equality (UNI/pdr 125) and GEI Bloomberg Brazil
  - Accountability on ESG investments
  - Frequent meetings with investors
  - CSRD implementation <sup>(2)</sup>
  - Further engagement

# Our actions have material impacts

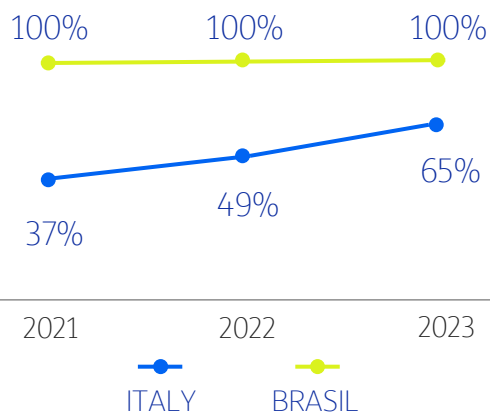
## E Eco-efficiency

Fixed/mobile voice and data traffic over energy consumption (bit/joule)



## E Renewable energy

Green energy over total energy purchased (%)



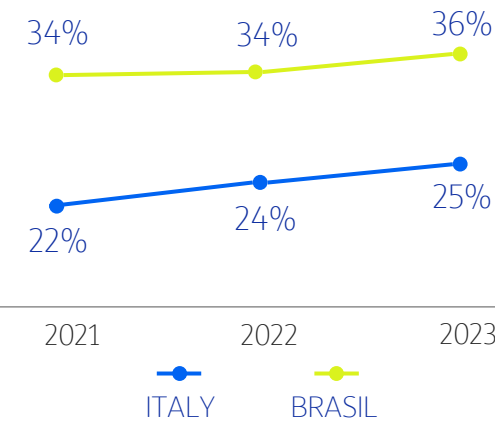
## S Digital growth

Digital impact on society



## S Gender gap

Women in leadership position (%)



## At the top of ESG ratings



Included in S&P's Sustainability Yearbook 2024 with top 10% S&P ESG score



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



Worldwide leading telco Group for diversity and inclusion policies (TIM Brasil #1)



In the "Top 10 of the Diversity Brand Index" among the best companies for commitment to D&I



Leader telco Group in corporate transparency and climate change performance

# 2024-'26 targets

	KPIs	Targets	Timing
<div style="background-color: #008000; color: white; padding: 5px; text-align: center; font-weight: bold;">E</div> <div style="text-align: center; font-weight: bold; font-size: 1.2em;">Climate strategy</div>	Renewable energy	100%	2025
	Emissions from operational and energy (Scope 1 and 2)	Carbon Neutrality	2030
	Emissions from the value chain (Scope 3)	-42%	2030
	Total emissions (Scope 1, 2, 3)	Net zero	2040
	TIM brand products with carbon footprint <sup>(1)</sup>	100%	2026
	Eco-efficiency in data traffic (bit/Joule)	+110%	2025
<div style="background-color: #003366; color: white; padding: 5px; text-align: center; font-weight: bold;">S</div> <div style="text-align: center; font-weight: bold; font-size: 1.2em;">Social strategy</div>	Gender gap: women managers in leadership position	≥33%	2026
	Cloud, IOT & Security services Revenues	+19% CAGR '24-'26	2026
	Digital Identity services	+30% CAGR '23-'25	2025
	Black people in leadership positions	≥25%	2025

## Highlights

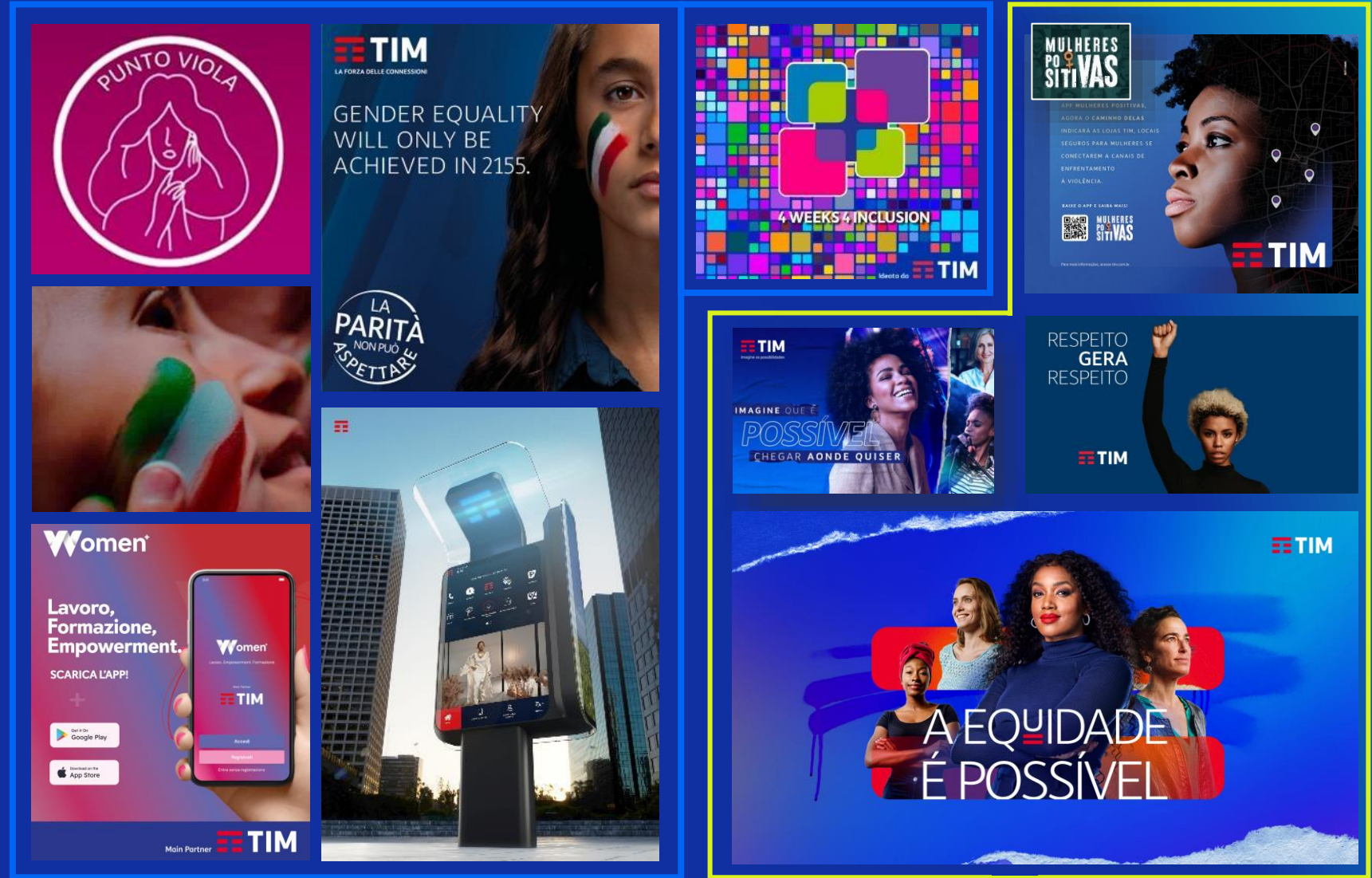
- Targets essentially confirmed in order to carry out our challenging roadmap
- # of targets reduced just to be focalized on TIM (from 12 to 8)
- Scope 3 redefined to be aligned with new perimeter

## Main drivers

- Dismissions + new technologies driven by transformation
- Service innovation designed by ESG vision
- Energy management
- Renewable energy self-production in Brazil
- Supply chain controlled by ESG KPIs
- Extended actions on gender gap
- Strengthened internal engagement on ESG

# Our vision shapes our positioning

- Cultural evolution towards a more diverse and inclusive society
- Tackling racism, violence, harassment and bullying
- Increase women employability
- Accelerate women career development
- Family programs to balance male and female effort





# 08 Execution Plan, New Reporting, Financial Policy

Adrian Calaza – CFO

# NetCo disposal - Solid capital structure thanks to unprecedented deleverage from transaction

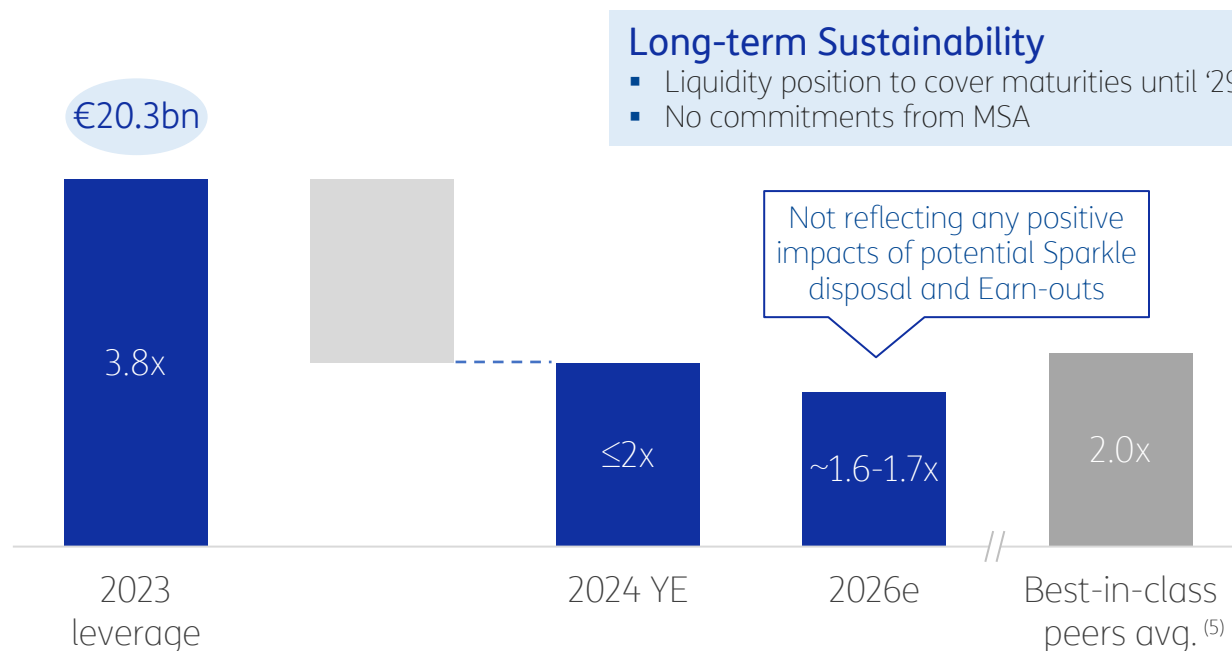
## KEY TERMS OF NETCO TRANSACTION

<b>NetCo EV</b> (incl. conditional items)	<b>€22bn</b>
-	
OF transaction & Regulation Earn-Outs <sup>(1)</sup>	€2.5bn
-	
Energy Earn-Out & benefit of LME	€0.6bn
=	
<b>NetCo Base EV</b>	<b>€18.8bn</b>
-	
Bridge to deleverage <sup>(2)</sup>	€4.6bn
=	
<b>Expected TIM deleverage</b> @ closing <sup>(3)</sup>	<b>€14.2bn</b>

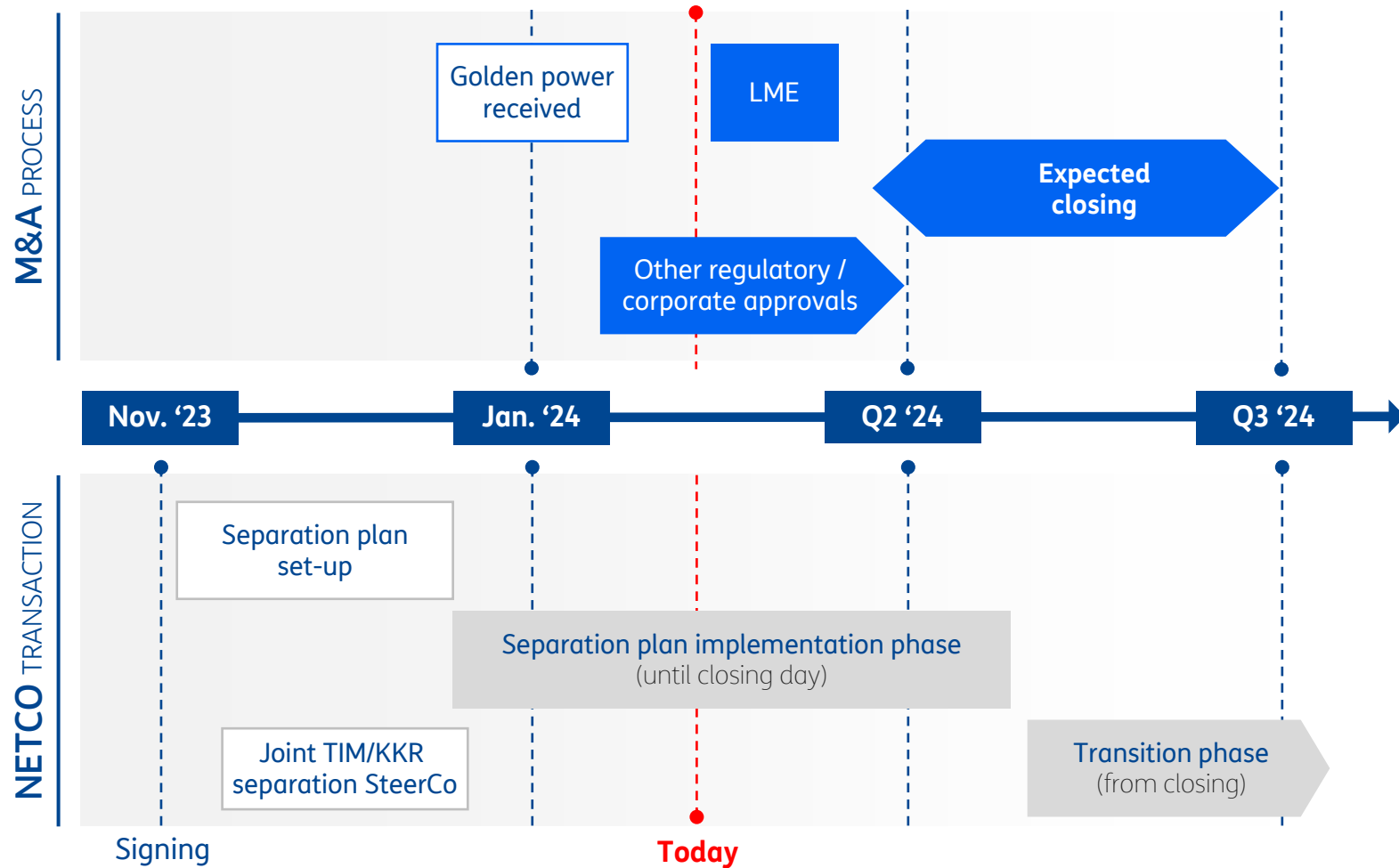
Not including **€0.6bn** IRU granted to TIM @ carve out

## Unprecedented deleverage aligning leverage to best-in-class peers

Net Debt After Lease and leverage ratio <sup>(4)</sup>



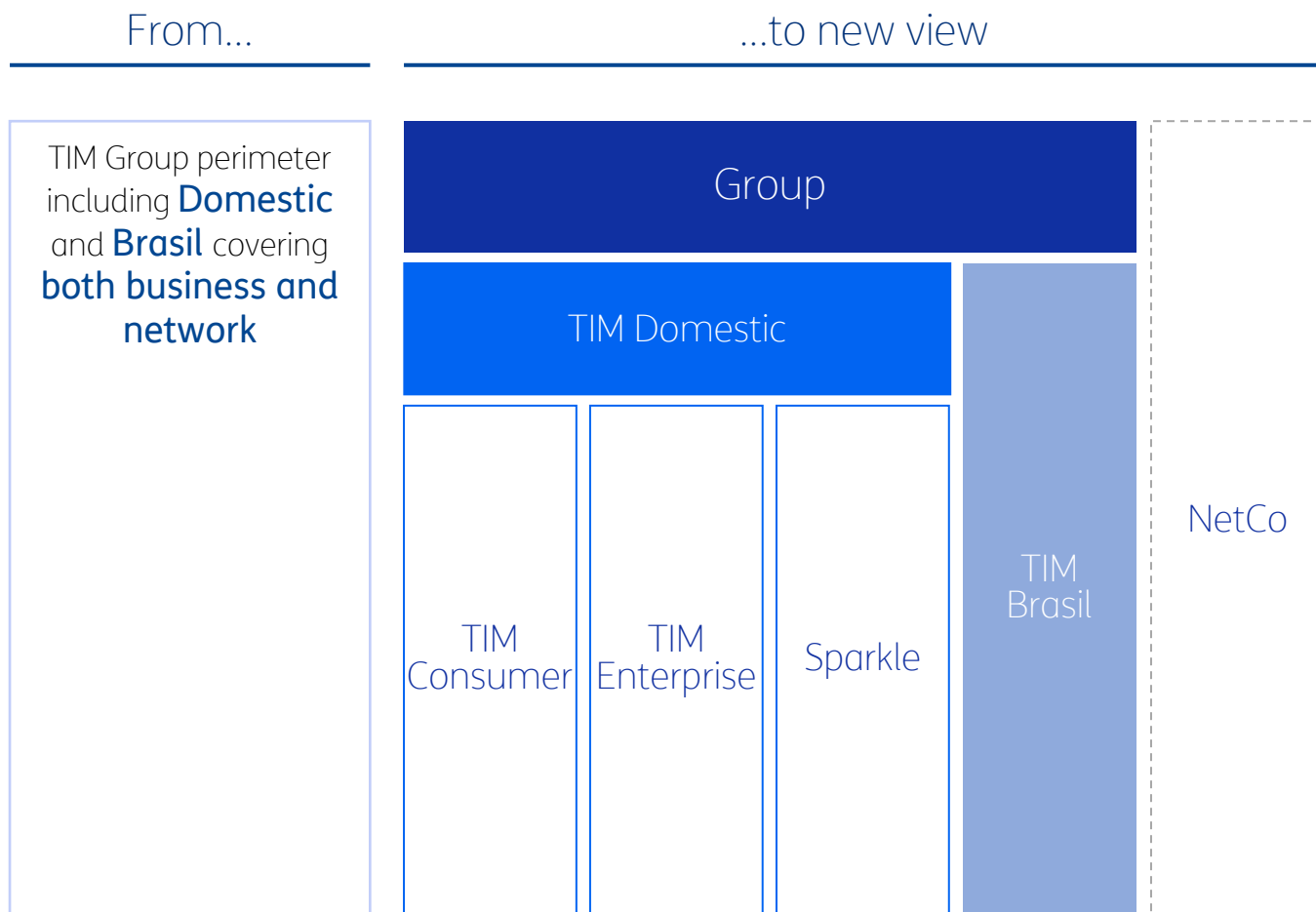
# NetCo disposal - Closing expected by summer



## DISCLOSURE TIMELINE

<b>LME</b> - April / May
LME Offering Memorandum Pro-forma audited figures
<b>Q1 '24 results</b> - End of May
Press release only
<b>Q2 '24 results</b> - End of July
Full set of results

# TIM perimeter as of today



## Disclaimer

The 2024-'26 plan is based on the following assumptions:

- Figures are based on **“pro-forma” estimate of revenues, OPEX and CAPEX division between TIM and NetCo** components, considering the current understanding of perimeter division
- **Relationship between TIM and NetCo** (as MSA Agreement), based on the status of the understanding as of today:
  - Simulates the effect as the transactions occurred in Jan. 2023 (to guarantee a “like-for-like” comparison YoY)
- **Temporary relationship** between TIM and NetCo (as per TSA Agreement) are **not considered** in the plan figures
- **Relationship between TIM Consumer and TIM Enterprise** should be considered as **preliminary** <sup>(1)</sup>
- **TI Sparkle** is currently considered **into TIM Domestic perimeter**

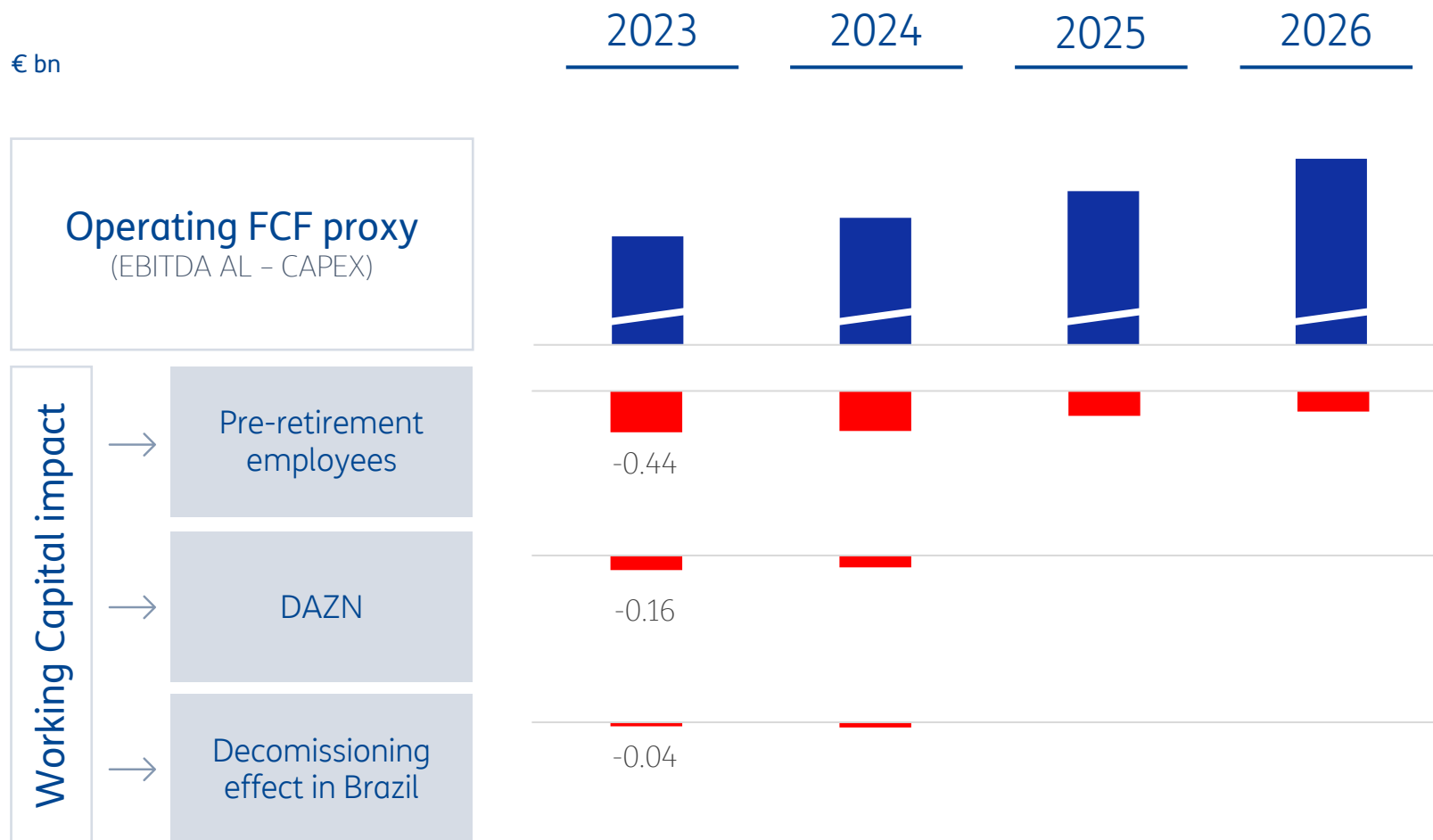
# Reconciling old vs. new Group figures – FY '23 preliminary pro-forma figures

Unaudited figures, organic, € bn <sup>(1)</sup>

	Reconciling old Group...			..with new Group view							NetCo	MSA eliminations <sup>(2)</sup>
	Group	TIM Domestic	TIM Brasil	Group	TIM Domestic	TIM Consumer	TIM Enterprise	Sparkle	TIM Brasil			
Revenues	16.3	11.9	4.4	14.4	10.0 <sup>(3)</sup>	6.2	3.4	1.0	4.4	4.2	-2.2	
EBITDA After Lease	5.3	3.7	1.6	3.5	1.9	1.1	0.7	0.1	1.6	1.9	-0.1	
CAPEX net of licences	4.0	3.1	0.8	2.1	1.3	0.9	0.3	0.1	0.8	1.9		
EBITDA AL minus Capex	1.3	0.6	0.8	1.3	0.6	0.2	0.4	-	0.8	0.1		

Provided at year end only

# Working Capital dynamics impacted by extraordinary items



**OFCF expected to grow overtime**  
thanks to the positive contribution from Domestic and Brazil EBITDA growth, with CAPEX remaining flat

**Cash out related to pre-retirements to continue, but with lower intensity**  
(~18k employees @ domestic level post NetCo disposal vs. ~40k as of today)

**DAZN payments phasing out from 2025**

**Cash out impact at TIM Brasil due to the accelerated decommissioning ending in 2024**

Assuming NetCo disposal effective by June 30<sup>th</sup> 2024, reported EFCF will include six months of TIM old view as integrated company and six months as TIM new view. Working Capital absorption in the first six months of the year usually higher due to CAPEX rollout/payment

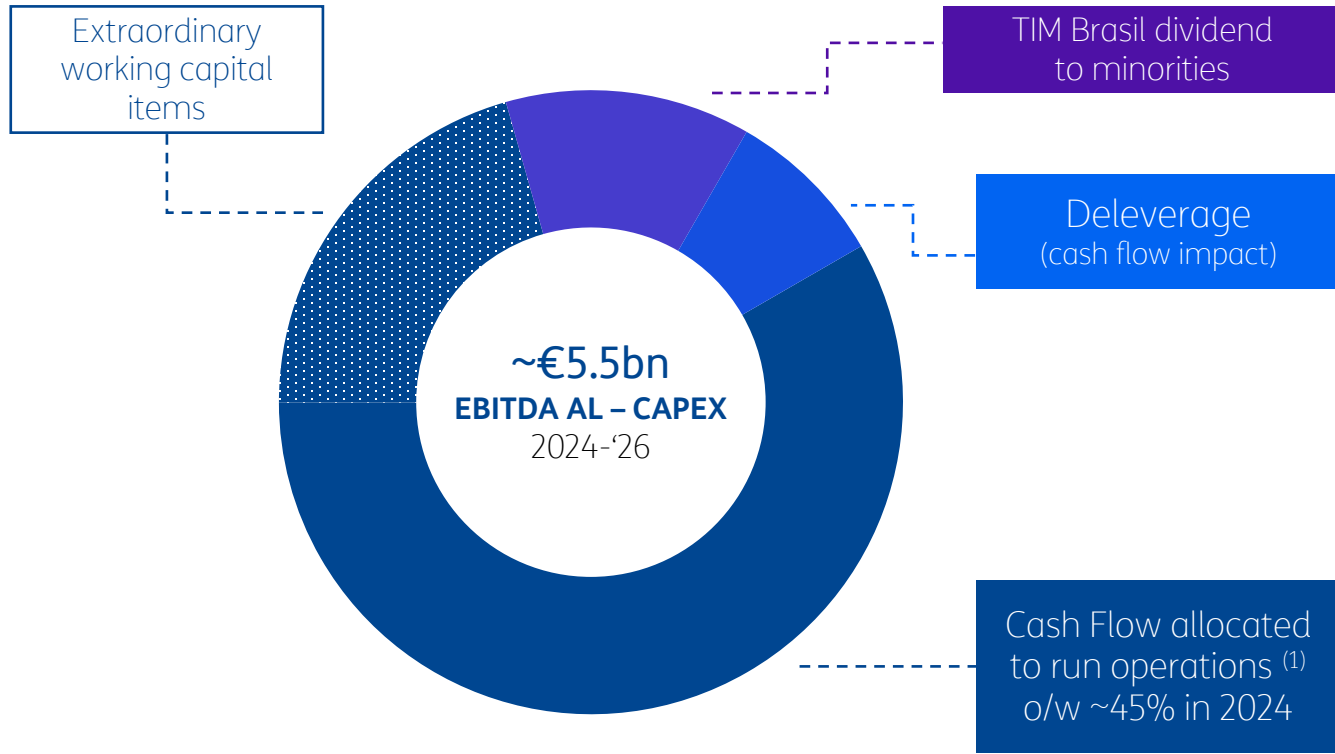
# Guidance 2024-'26

Organic data <sup>(1)</sup>, € bn, including Sparkle <sup>(2)</sup>

		TIM Group			o/w TIM Domestic		
		2023 pro-forma <sup>(3)</sup>	2024	2026	2023 pro-forma <sup>(3)</sup>	2024	2026
	<b>Revenues</b>	14.4	3-4% growth	~3% '23-'26 CAGR	10.0	2-3% growth	~2% '23-'26 CAGR
	<b>EBITDA After Lease</b>	3.5	8-9% growth	~8% '23-'26 CAGR	1.9	9-10% growth	9-10% '23-'26 CAGR
	<b>CAPEX net of licences</b>	2.1	~15% on revenues	~14% on revenues	1.3	~14% on revenues	~13% on revenues
	<b>EBITDA AL minus Capex</b>	1.3	15-17% growth	~2.2	0.6	11-12% growth	~1.1
	<b>Leverage</b>	3.8x <sup>(4)</sup> as is		1.6-1.7x <sup>(5)</sup> @ target	excl. shareholders remuneration		

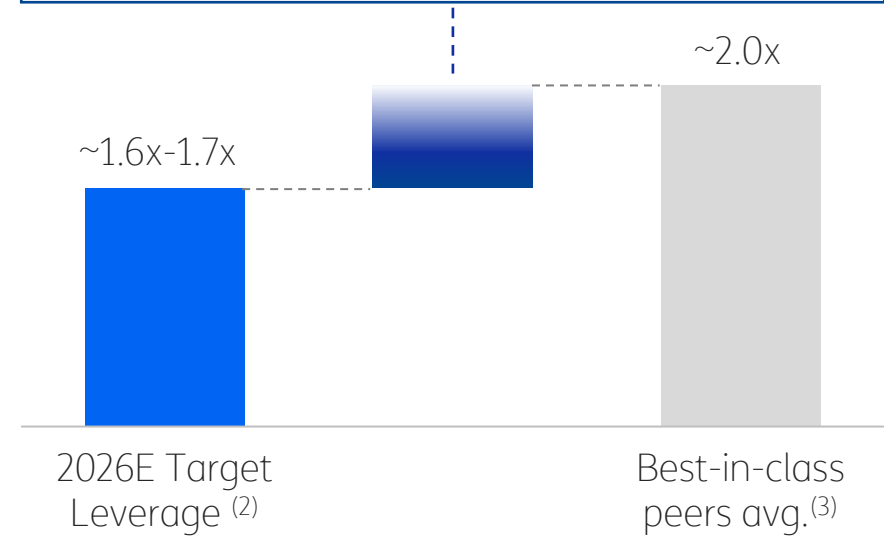
# Full financial flexibility – Solid balance sheet with flexibility to navigate unexpected complexities and for potential shareholder remuneration

## Capital allocation priorities and leverage in context



Depending on macro-context & business environment, financial flexibility for:

- Shareholder remuneration
- Accelerating growth strategy (both organic and inorganic)



# 09 Closing Remarks

Pietro Labriola – CEO

# Closing remarks

- 01 **'Free to run'**, with an unprecedented opportunity to unlock value for all stakeholders
- 02 **Fit to win**, with regulatory relief, the most distinctive digital and telco infrastructure in Italy and Brazil and a focused strategy for each Entity to capture market opportunities
- 03 Strong focus on **cash flow generation**, expected positive EFCF AL both in Italy and Brazil in the plan horizon
- 04 **Financial flexibility**, with 1.6-1.7x 2026 target leverage, not reflecting any positive impacts of potential Sparkle disposal and Earn-outs
- 05 Opportunity to return to **shareholder remuneration**

# Q&A

# Further questions

please contact the IR team



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# 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.

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 '23, Q4 '23 and for 2024-'26 Plan 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 as of today, the **audit** work by our independent auditors (E&Y) on the FY '23 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), 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.