

TELECOM ITALIA

**FY 2007 Financial Results**

Milan, March 6th, 2008

**Telecom Italia**

**FY 2007 Business Performance**

## **Agenda**

- ▶ **FY 2007 business performance:**
  - ▶ **Domestic**
  - ▶ **European BroadBand**
  - ▶ **TIM Brasil**
  
- ▶ **Appendix**

## Main Results

 Excl. NGN\*

€ Mln, %

	Reported Data				Organic Data**				
	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %	
<b>TI Group</b>									
Revenues	31,290	31,275	+15	0.0%	31,322	31,732	-410	-1.3%	+0.1%
EBITDA	11,617	12,850	-1,233	-9.6%	12,413	13,140	-727	-5.5%	
% EBITDA Margin	37.1%	41.1%	-4.0 p.p.		39.6%	41.4%	-1.8 p.p.		
<b>Domestic</b>									
Revenues	24,220	25,785	-1,565	-6.1%	24,252	25,751	-1,499	-5.8%	-4.2%
Fixed	15,727	16,988	-1,261	-7.4%	15,703	16,954	-1,251	-7.4%	-4.9%
Mobile	9,922	10,210	-288	-2.8%	9,978	10,210	-232	-2.3%	
EBITDA	10,174	11,893	-1,719	-14.5%	10,939	12,079	-1,140	-9.4%	
% EBITDA Margin	42.0%	46.1%	-4.1 p.p.		45.1%	46.9%	-1.8 p.p.		
<b>European BroadBand</b>									
Revenues	1,545	915	+630	+68.9%	1,545	1,299	+246	+18.9%	
EBITDA	246	81	+165	+203.7%	250	132	+118	+89.4%	
% EBITDA Margin	15.9%	8.9%	+7.0 p.p.		16.2%	10.2%	+6.0 p.p.		
<b>TIM Brasil</b>									
Revenues	4,990	3,964	+1,026		4,990	4,091	+899	+22.7%	
EBITDA	1,207	950	+257		1,207	985	+222	+23.3%	
% EBITDA Margin	24.2%	24.0%	+0.2 p.p.		24.2%	24.1%	+0.1 p.p.		

\* Excluding change in accounting for Non Geographic Numbers (-442 mln € in 2006). In accordance with AGCOM deliberation 417/06/CONS, starting January 1st 2007, Telecom Italia invoices services rendered by OLO on NGN while does not assume credit risks. These services, since January 1st are thus no longer recorded for as revenues and costs in Telecom Italia accounts.

\*\* Including business exceptional items (see chart "Domestic: Main Results – Organic Trend FY '07" in Appendix)

## FY2007 Results and targets fulfillment

€ Mln, %

	2007 Δ % YoY Organic*	2007 Organic Target
<b>TI Group</b>		
	<i>Excl. NGN**</i>	
Revenues	-1.3%	+0.1%
% EBITDA Margin	-1.8 pp	+1%/+2%
<b>Domestic</b>		
	<i>Excl. NGN**</i>	
Revenues	-5.8%	-3.5%/-2.5%
Fixed	-7.4%	-3.5%/-2.5%
Mobile	-2.3%	-3.0%/-2.0%
% EBITDA Margin	-1.8pp	-2.0/-1.5 pp
<b>European BroadBand (reported values)</b>		
Revenues (abs)	1,55 Bln €	~1,6 Bln €
% EBITDA Margin (abs)	15.9%	>14%
<b>TIM Brasil</b>		
Revenues	+22.7%	>15%
% EBITDA Margin (abs)	24.2%	~23%

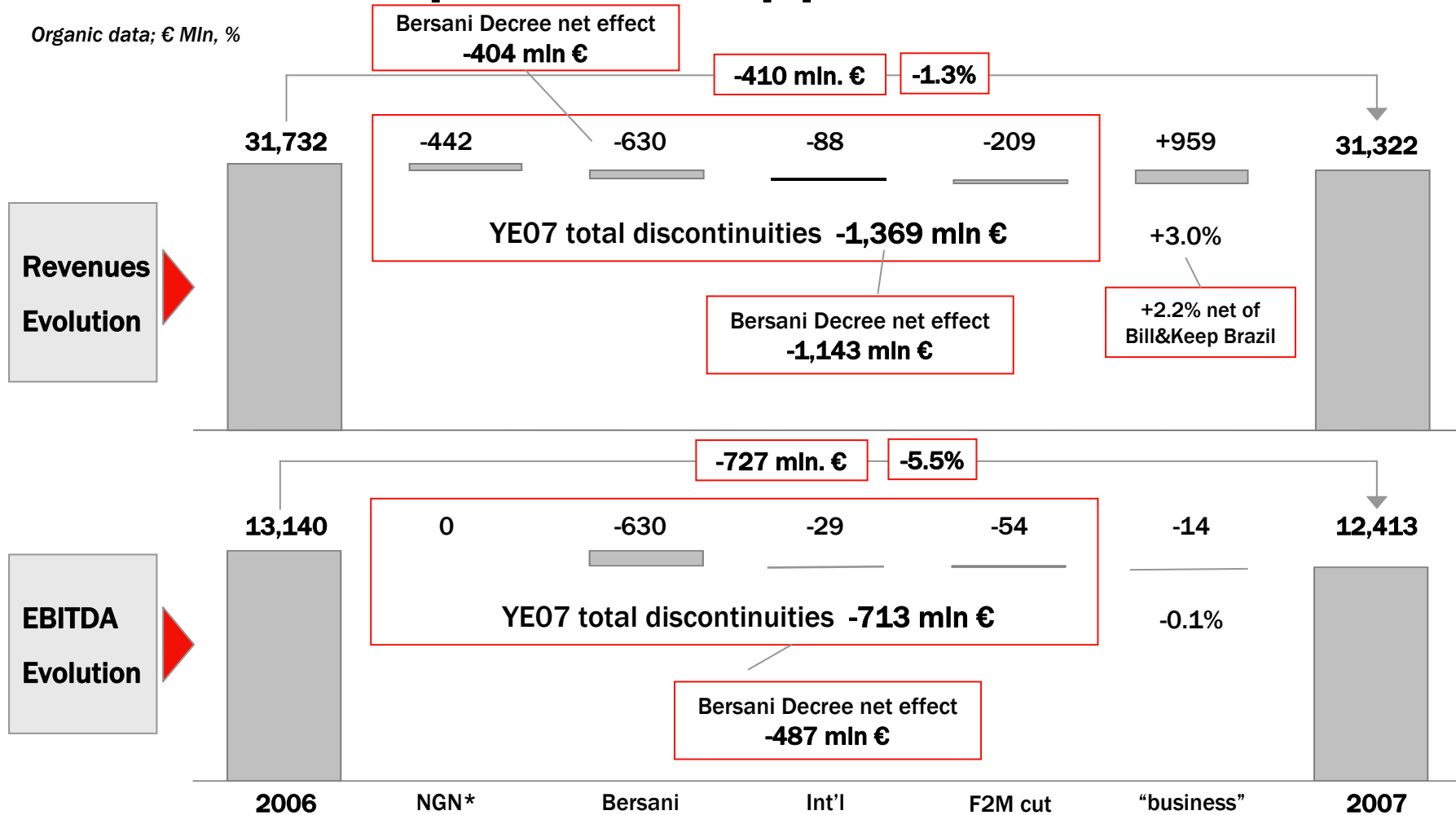
▶ +14.8% net of Bill&Keep  
vs >10% Target

\* Including business exceptional items (see chart "Domestic: Main Results – Organic Trend FY '07" in Appendix)

\*\* Excluding change in accounting for Non Geographic Numbers (-442 mln € in 2006). In accordance with AGCOM deliberation 417/06/CONS, starting January 1st 2007, Telecom Italia invoices services rendered by OLO on NGN while does not assume credit risks. These services, since January 1st are thus no longer recorded for as revenues and costs in Telecom Italia accounts.

# Discontinuities impact on TI Group performance

Organic data; € Mln, %



\* In accordance with AGCOM deliberation 417/06/CONS, starting January 1st 2007, Telecom Italia invoices services rendered by OLO on NGN while does not assume credit risks. These services, since January 1st are thus no longer recorded for as revenues and costs in Telecom Italia accounts

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- ▶ **FY 2007 business performance:**
  - ▶ **Domestic**
  - ▶ **European BroadBand**
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## Domestic: Main Results FY 2007 vs FY 2006

€ Mln, %

	Reported Data				Organic Data*				
	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %	
<b>Revenues</b>	<b>24,220</b>	<b>25,785</b>	<b>-1,565</b>	<b>-6.1%</b>	<b>24,252</b>	<b>25,751</b>	<b>-1,499</b>	<b>-5.8%</b>	▶ <b>-4.2%</b> excluding change in accounting for <b>Non Geographic Numbers**</b> (-442 mln € in 2006)
of which fixed	15,727	16,988	-1,261	-7.4%	15,703	16,954	-1,251	-7.4%	
of which mobile	9,922	10,210	-288	-2.8%	9,978	10,210	-232	-2.3%	
<b>EBITDA</b>	<b>10,174</b>	<b>11,893</b>	<b>-1,719</b>	<b>-14.5%</b>	<b>10,939</b>	<b>12,079</b>	<b>-1,140</b>	<b>-9.4%</b>	▶ <b>-4.9%</b> excluding change in accounting for <b>Non Geographic Numbers**</b> (-442 mln € in 2006)
% on revenues	42.0%	46.1%	-4.1 p.p.		45.1%	46.9%	-1.8 p.p.		
<b>EBIT</b>	<b>5,751</b>	<b>7,676</b>	<b>-1,925</b>	<b>-25.1%</b>	<b>6,502</b>	<b>7,755</b>	<b>-1,253</b>	<b>-16.2%</b>	
% on revenues	23.7%	29.8%	-6.1 p.p.		26.8%	30.1%	-3.3 p.p.		
<b>CAPEX</b>	<b>4,064</b>	<b>3,894</b>	<b>+170</b>	<b>+4.4%</b>					
% on revenues	16.8%	15.1%	1.7 p.p.						

\* Including business exceptional items (see chart "Domestic: Main Results – Organic Trend FY '07" in Appendix)

\*\* In accordance with AGCOM deliberation 417/06/CONS, starting January 1st 2007, Telecom Italia invoices services rendered by OLO on NGN while does not assume credit risks. These services, since January 1st are thus no longer recorded for as revenues and costs in Telecom Italia accounts

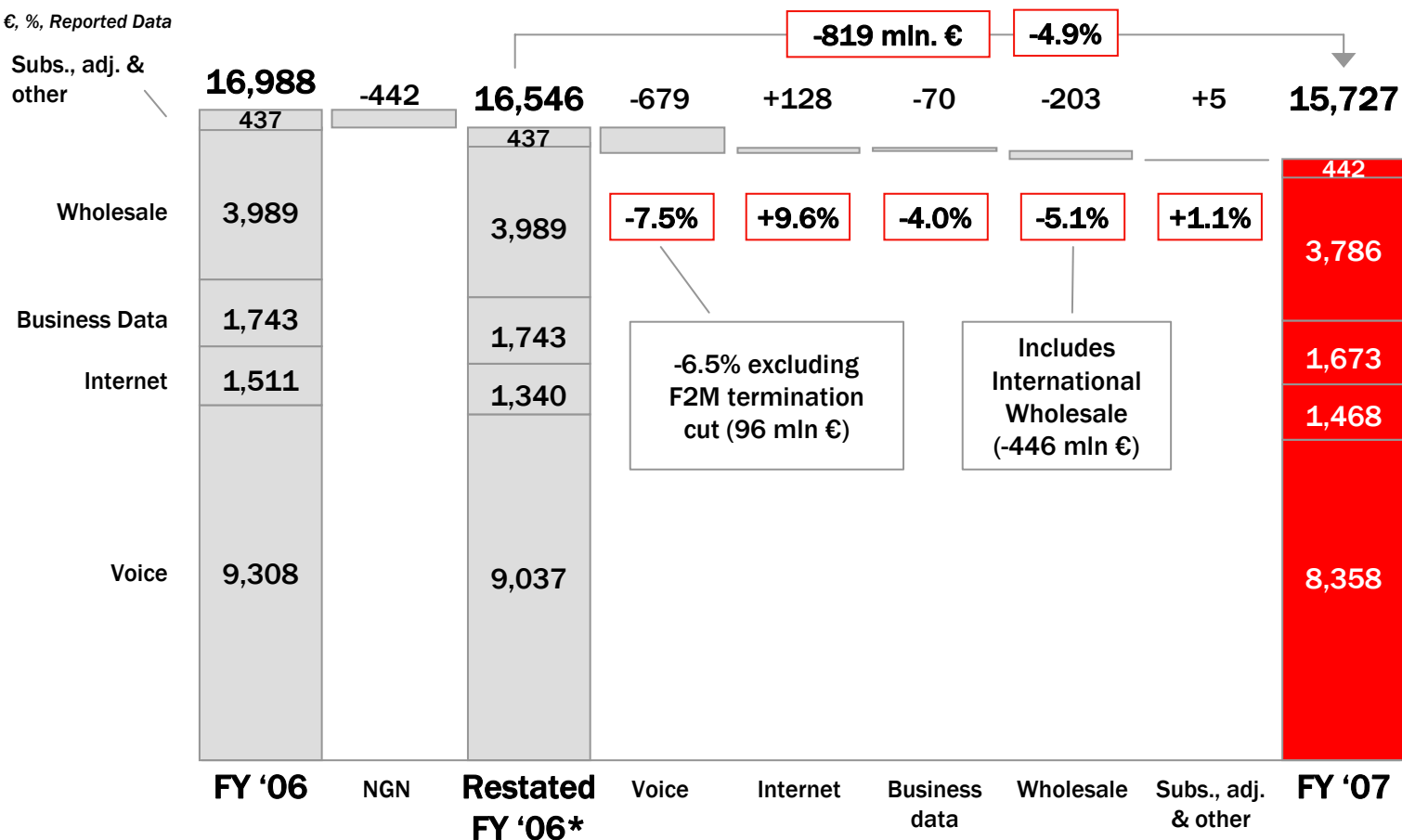
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    - ▶ **Fixed business performance**
    - ▶ **Mobile business performance**
    - ▶ **Cost Analysis**
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- ▶ **Appendix**



## Domestic fixed: Revenue analysis

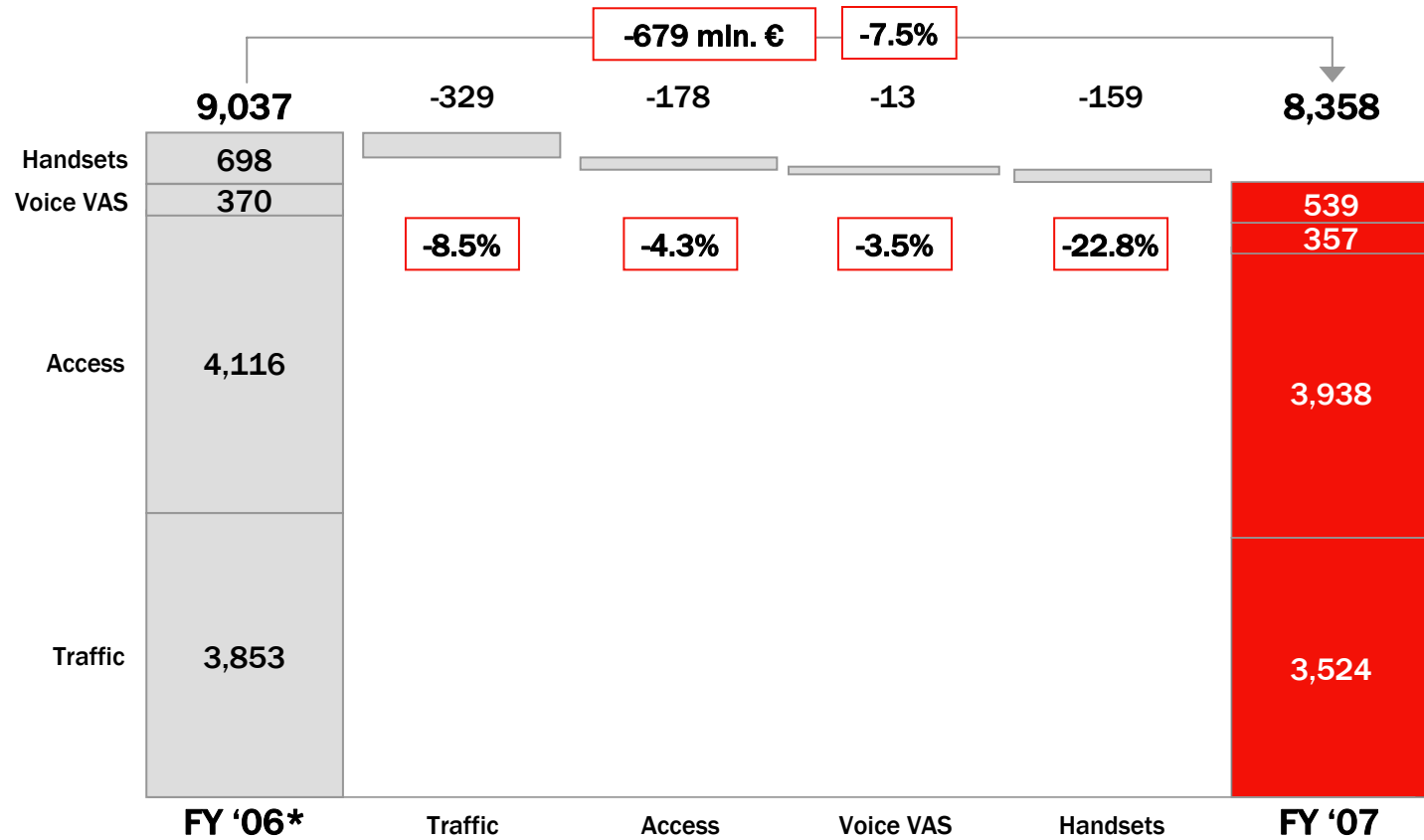
Mln €, %, Reported Data



\* Excluding different accounting for **Non Geographic Numbers** (-271 mln € on Voice and -171 mln € on Internet).  
 In accordance with AGCOM deliberation 417/06/CONS, starting January 1<sup>st</sup> 2007 Telecom Italia Invoices services rendered by OLO on NGN while does not assume credit risks. These services, since January 1<sup>st</sup> are thus no longer recorded for as revenue and costs in Telecom Italia accounts

## Domestic fixed: Voice revenue

Mln €, %, Reported Data



\* Restated figures, excluding different accounting for Non Geographic Numbers (-271 mln €: -34 mln € on Traffic and -237 mln € on Voice VAS)

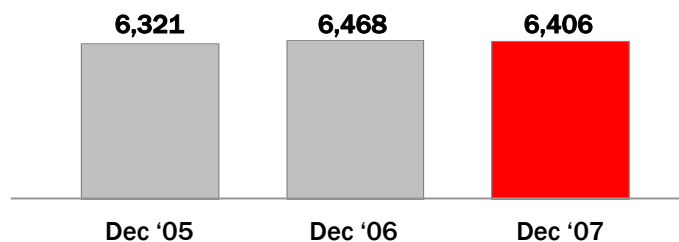
\*\* Including Payphone Services

\*\*\* Of which Δ F2M termination cut -2.5%

## Domestic fixed: Traffic and access performance

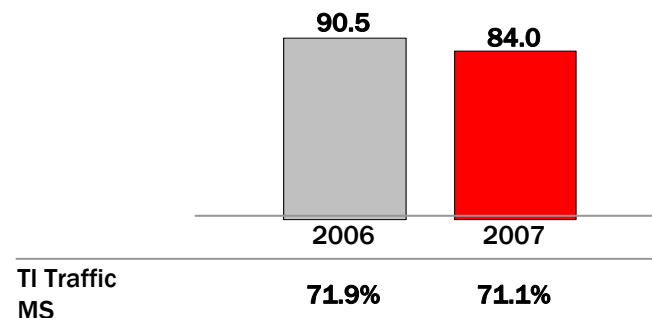
### Telecom Italia voice flat offers

'000, Voice Flat/Semi-Flat offers



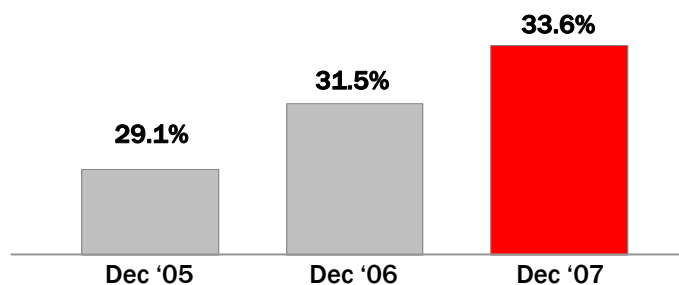
### Telecom Italia traffic and MS

Bln minutes



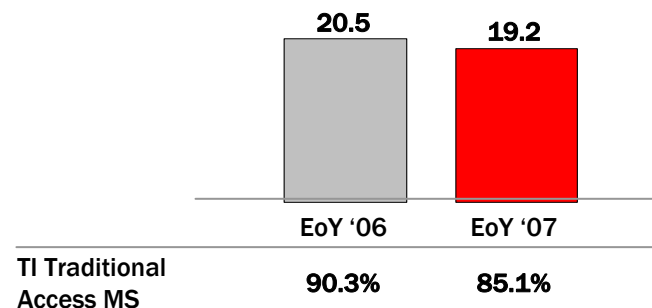
### Telecom Italia voice flat offers penetration

% Voice Flat/Semi-Flat offers on Total access



### Telecom Italia traditional access and MS

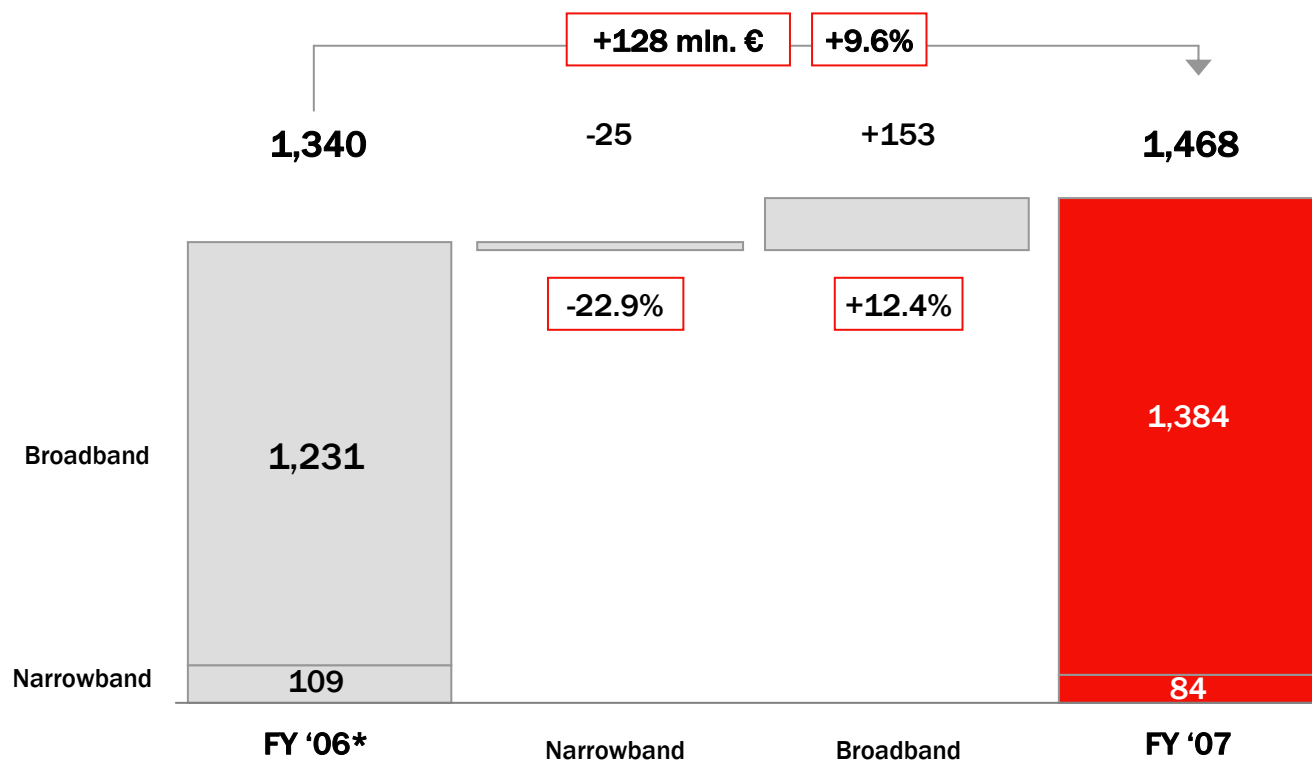
Mln lines



Source: Company Data, Analyst Estimates, NRA

## Domestic Fixed: Internet revenue

*Mln €, %, Reported Data*



\* Restated figures, excluding change in accounting for Non Geographic Numbers (-171 mln € on narrowband)

## Domestic fixed: Broadband portfolio evolution

### Broadband Portfolio

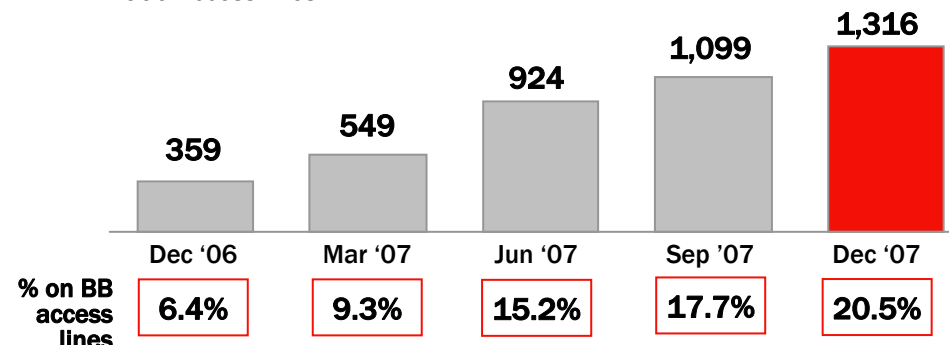
'000 Access lines

	Dec '05	Dec '06	Dec '07
<b>Retail</b>	<b>4,817</b>	<b>5,639</b>	<b>6,427</b>
Consumer	3,857	4,544	5,157
Business	960	1,095	1,270
<b>Wholesale</b>	<b>890</b>	<b>1,131</b>	<b>1,163</b>
<b>Total TI Domestic</b>	<b>5,707</b>	<b>6,770</b>	<b>7,590</b>

**Total TI BB Portfolio (Domestic + European):  
 11.1 mln customers**

### VoIP portfolio

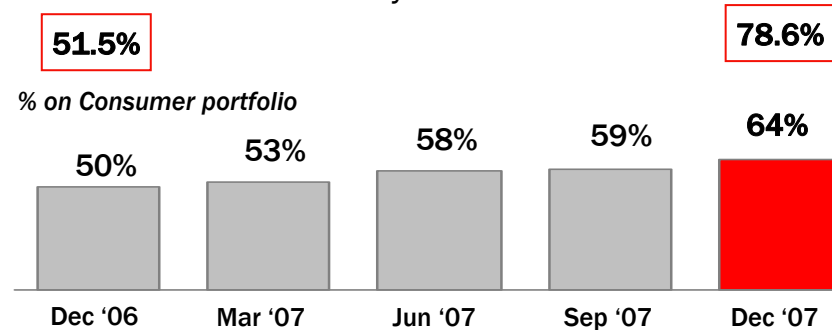
'000 Access lines\*



\* Including Consumer and Business customers

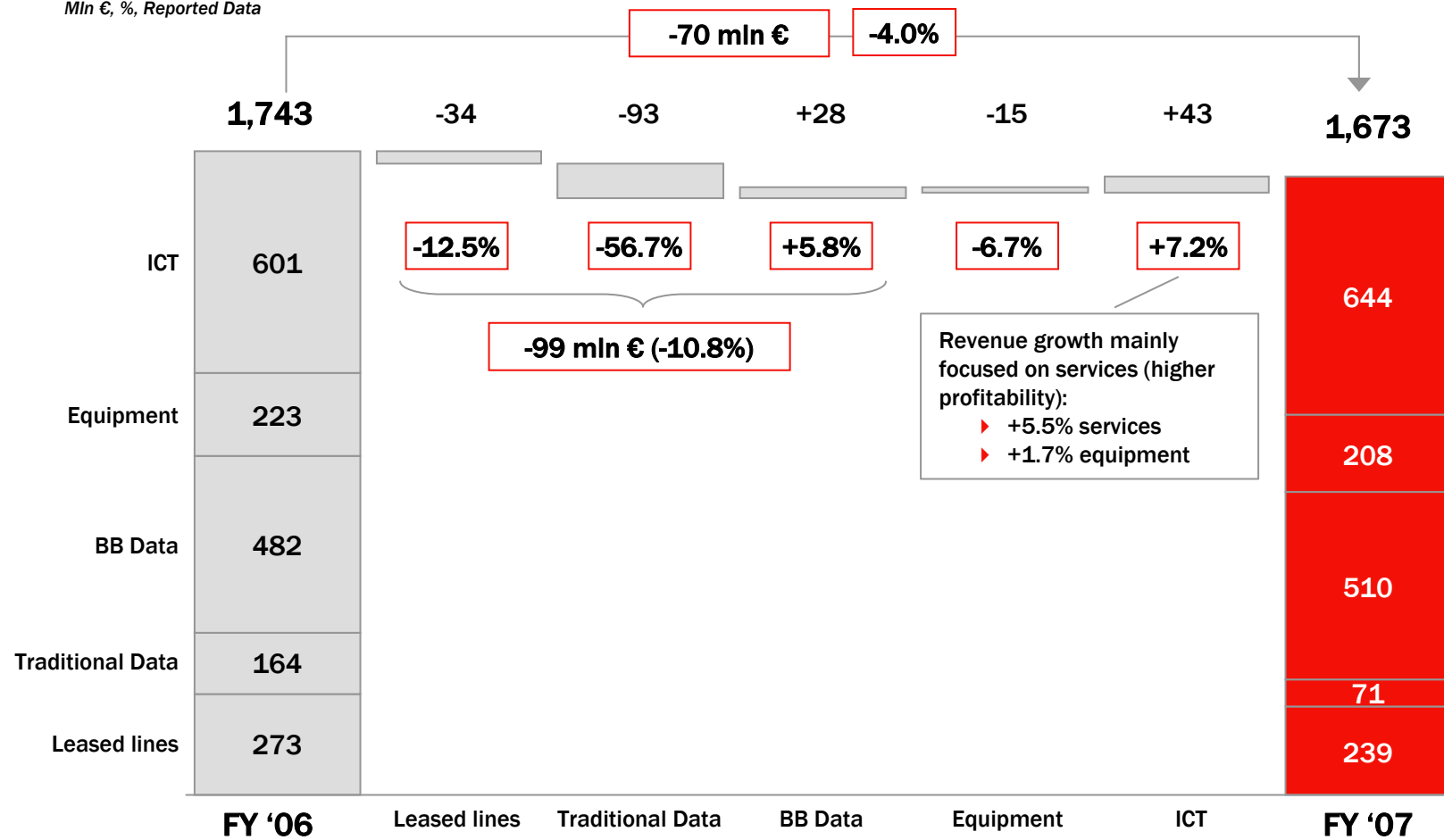
### Consumer Flat Offer development

% Flat over Consumer BB monthly activations



## Domestic fixed: Business data revenue

Mln €, %, Reported Data

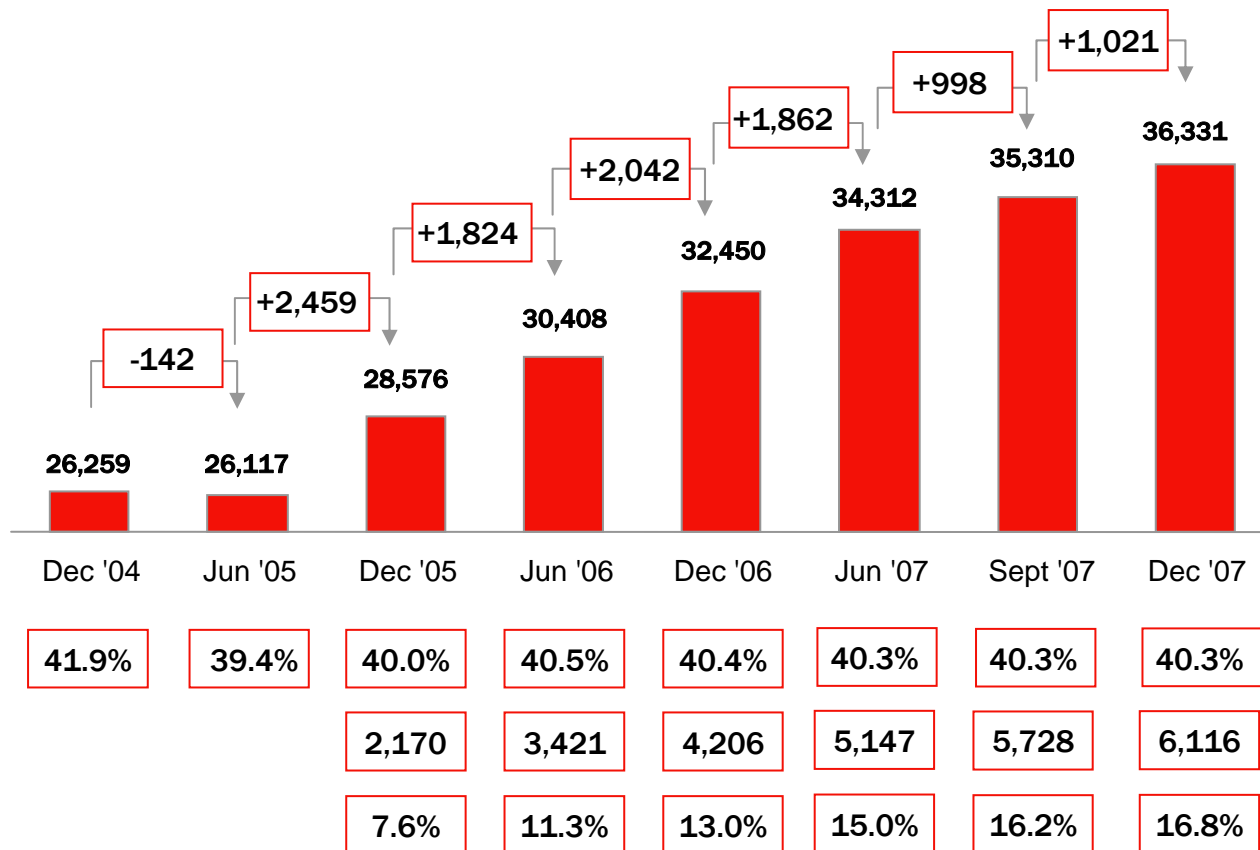


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    - ▶ Costs Analysis
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# Domestic mobile: Customer Base Trend

SIM '000



## KPIs:

- ▶ 1 mln Net Adds in IVQ '07 and stable market share
- ▶ Postpaid >23% of gross adds in 2007
- ▶ 1.9 mln UMTS customers added in 2007 and UMTS penetration ~17%

Market Share TIM EoY (%)

UMTS\* Customers

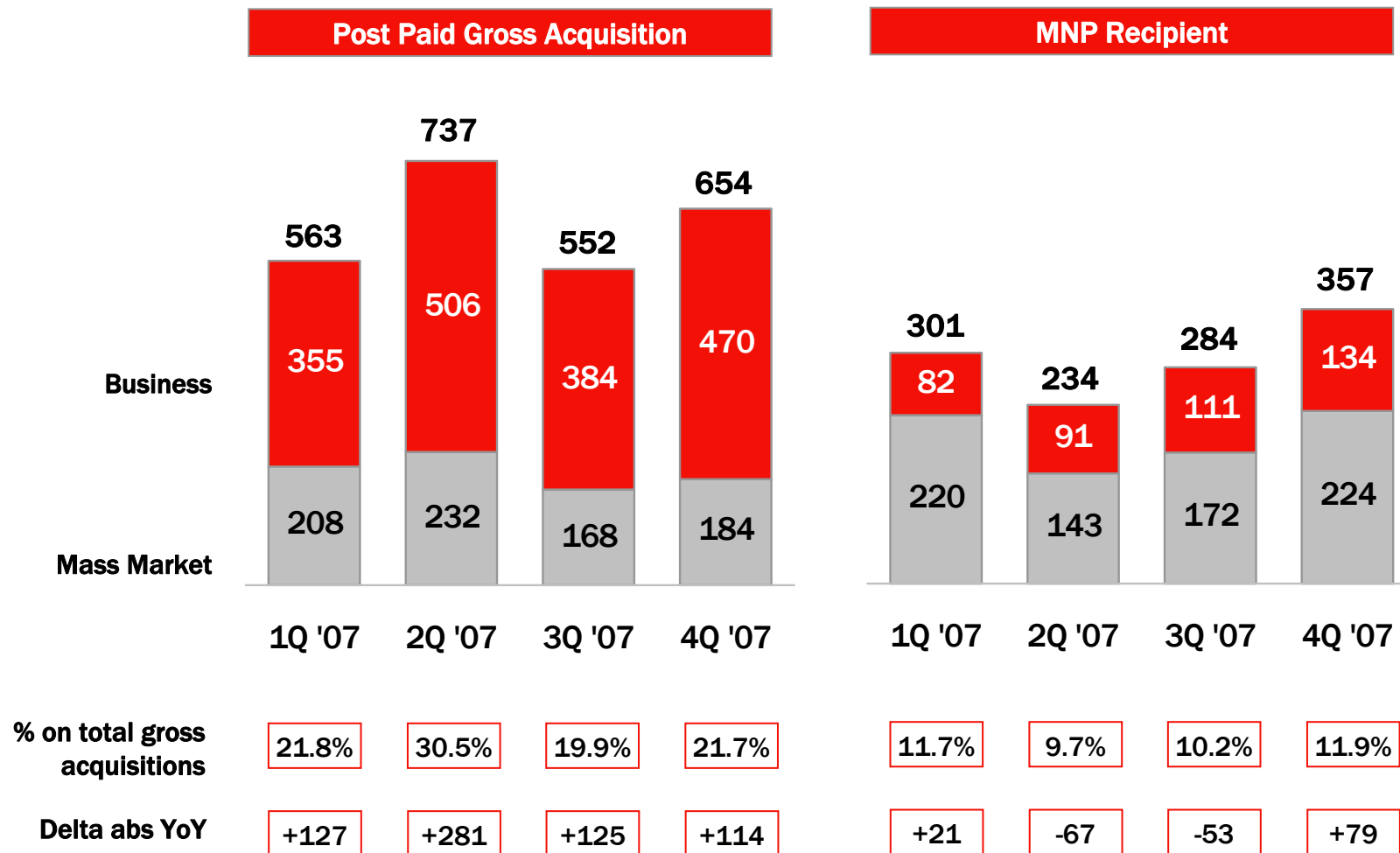
UMTS penetration (%)

\* UMTS customers that generated traffic on TIM's 3G network in the last 90 days



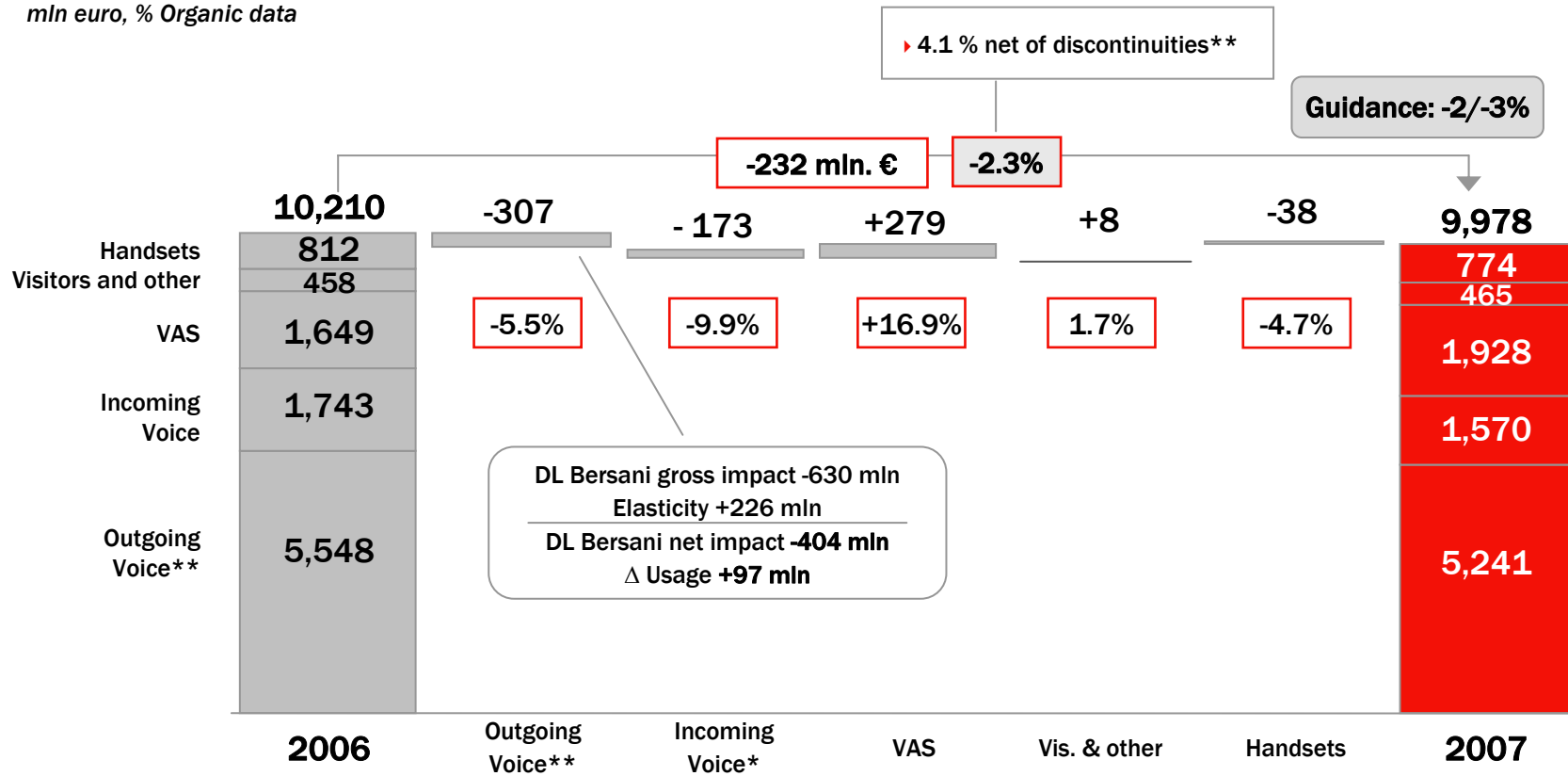
## Domestic Mobile: Post paid Gross Acquisitions & MNP

SIM '000, Not Human included



# Domestic Mobile: Revenue Analysis

mln euro, % Organic data



\* Excluding H3G arbitration on Incoming Voice (-56 mln € IVQ07)

\*\* Bersani Decree net effect (404 mln €), Int'l Roaming (88 mln €), F2M cut (162 mln €).

## Domestic Mobile Revenues Breakdown: Retail & Wholesale

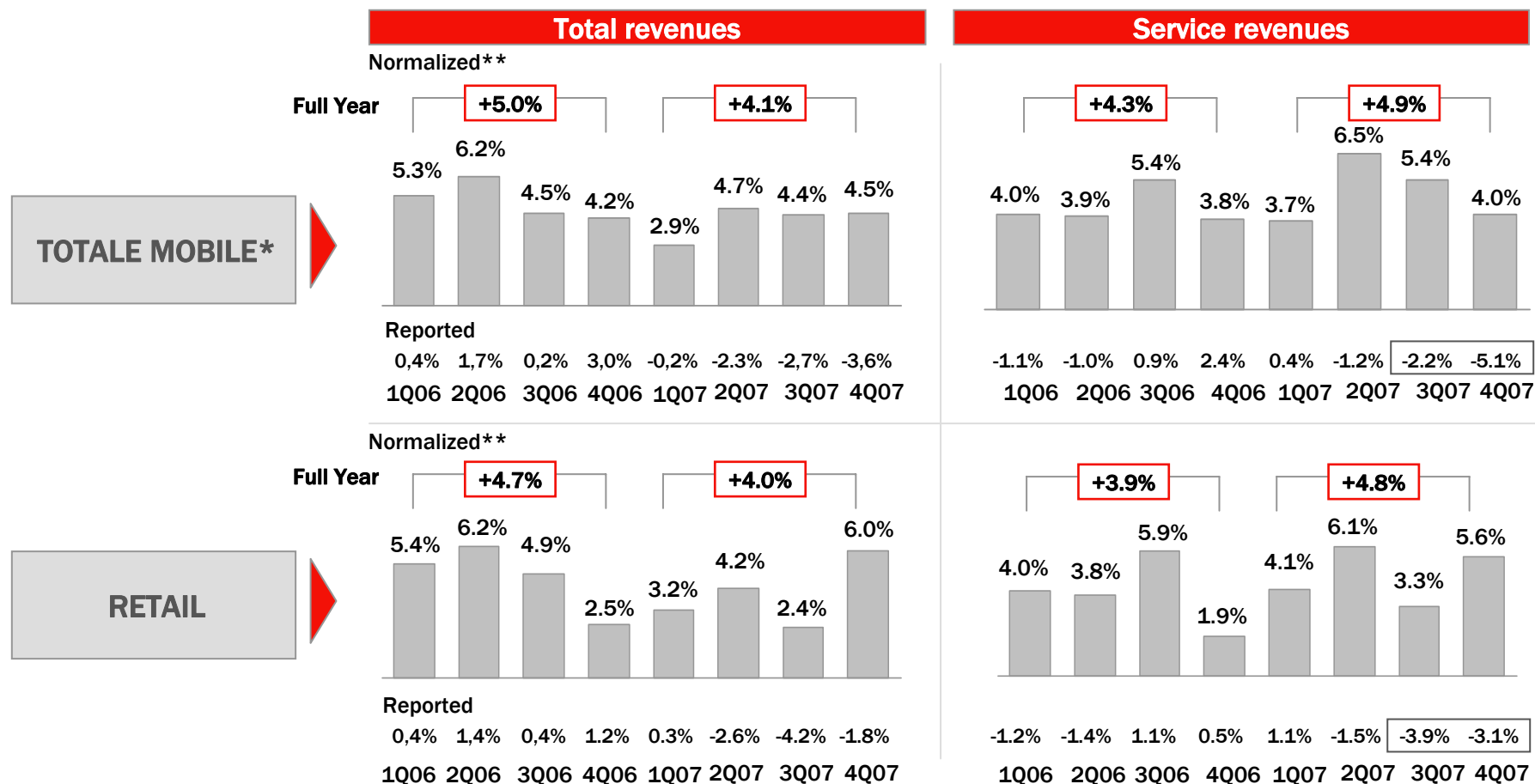
	Mobile Totale				Retail				Wholesale**			
	2007*	2006	Δ%	Δ% Normalized ^	2007	2006	Δ%	Δ% Normalized ^	2007*	2006	Δ%	Δ% Normalized ^
Revenues (Mln €)	9,978	10,210	(2.3)	4.1	9,523	9,730	(2.1)	4.0	455	480	(5.2)	7.2
<b>Services</b>	9,205	9,398	(2.1)	4.9	8,749	8,919	(1.9)	4.8	455	479	(4.9)	7.5
<b>Outgoing Voice</b>	5,241	5,548	(5.5)	2.3	5,237	5,523	(5.2)	2.7	4	25	(84.1)	(84.1)
<b>Fee</b>	529	1,017	(48.0)		529	993	(46.7)					
<b>Voice</b>	4,712	4,531	4.0		4,708	4,529	3.9					
<b>Incoming Voice</b>	1,570	1,743	(9.9)		1,555	1,716	(9.4)		15	27	(43.3)	
<b>VAS</b>	1,928	1,649	16.9		1,921	1,642	17.0		7	7	(8.1)	
<b>Visitors/Other</b>	465	458	1.7	14	36	38	(4.8)		429	420	2.2	16
<b>Handsets</b>	774	812	(4.7)		774	811	(4.5)		0	1	n.m.	

\* Excluding H3G arbitration effect on revenues (56 mln € IVQ07)

\*\* International Roaming, National Roaming H3G, Site Sharing, Access Fee OLO, Other

^ Net discontinuities: Impact DL Bersani (404 mln) e F-M Tariff cut (162 mln), (Reding: 88 Mln of which Retail 29 Mln & Wholesale 59 Mln)

## Domestic Mobile: Revenue Trends by Quarter



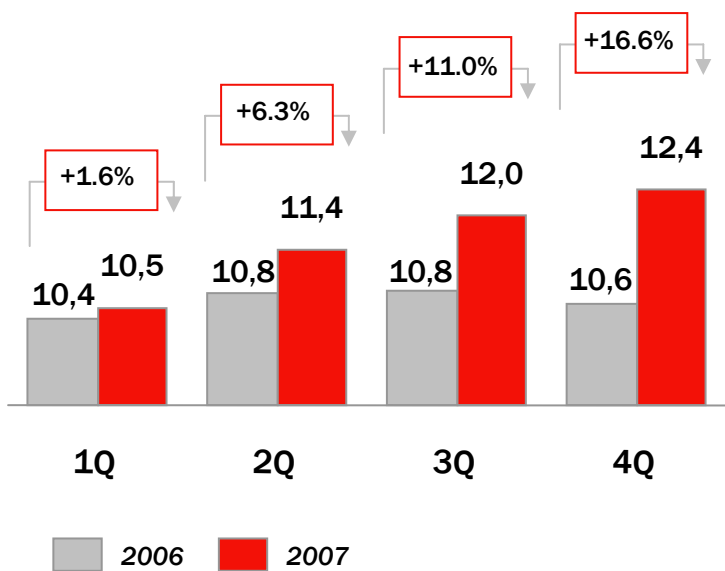
\* Excluding H3G arbitration effect on revenues (56 mln € IVQ07)

\*\* Bersani Decree net effect (30 mln € IQ '07, 133 mln € 2Q '07, 110 mln € 3Q '07, 131 mln € 4Q '07), Int'l Roaming (8mln € 1Q '07, 12 mln € 2Q '07, 27 mln € 3Q '07, 41 mln € 4Q '07) and F2M termination cut (36 mln € in 1Q '07, 37 mln € in 2Q '07, 46 mln € in 3Q '07, 43 mln € in 4Q '07)

# Domestic mobile: Voice Traffic Performance

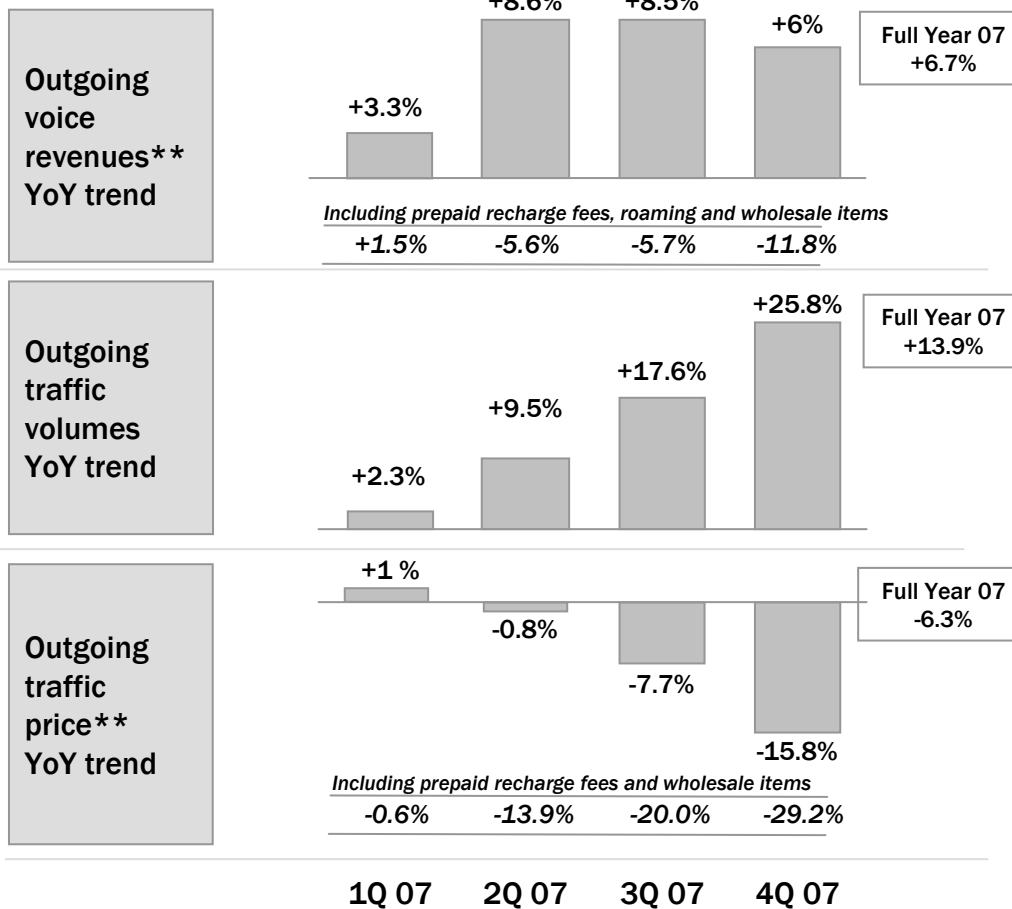
## Total Traffic Volumes\*

Bln. Minutes



\* Incoming + Outgoing, excluding Visitors and roaming  
 \*\* Excluding prepaid recharge fees, roaming and wholesale items

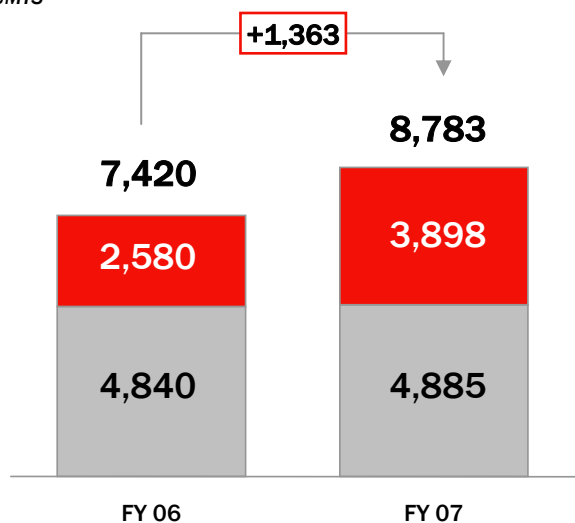
## Outgoing voice



# TIM Accelerates UMTS and Interactive VAS Penetration

## Handsets sold

'000, %  
■ UMTS



% UMTS

34.8%

44.4%

- ▶ 34.2% in 1Q '07
- ▶ 37.6% in 2Q '07
- ▶ 42.6% in 3Q '07
- ▶ 54.1% in 4Q '07

Mobile Office  
 Devices Sold\*  
 (000)

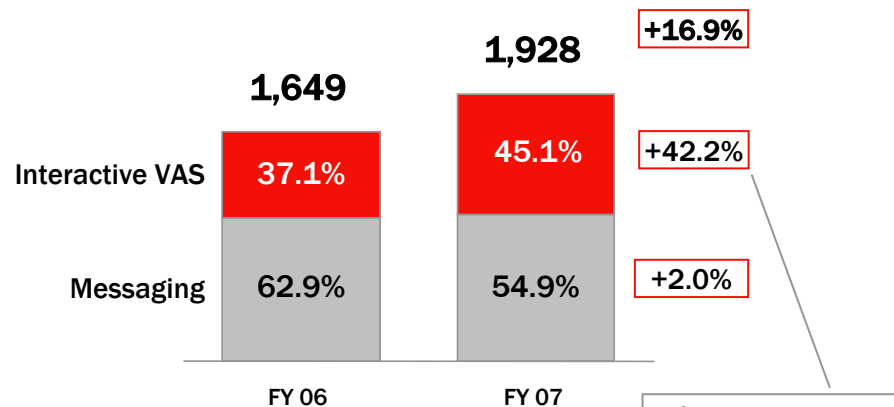
155

483

\* PDA, BlackBerry, PC Card

## VAS Revenues

mln €



% VAS/Services Revenues\*

17.5%

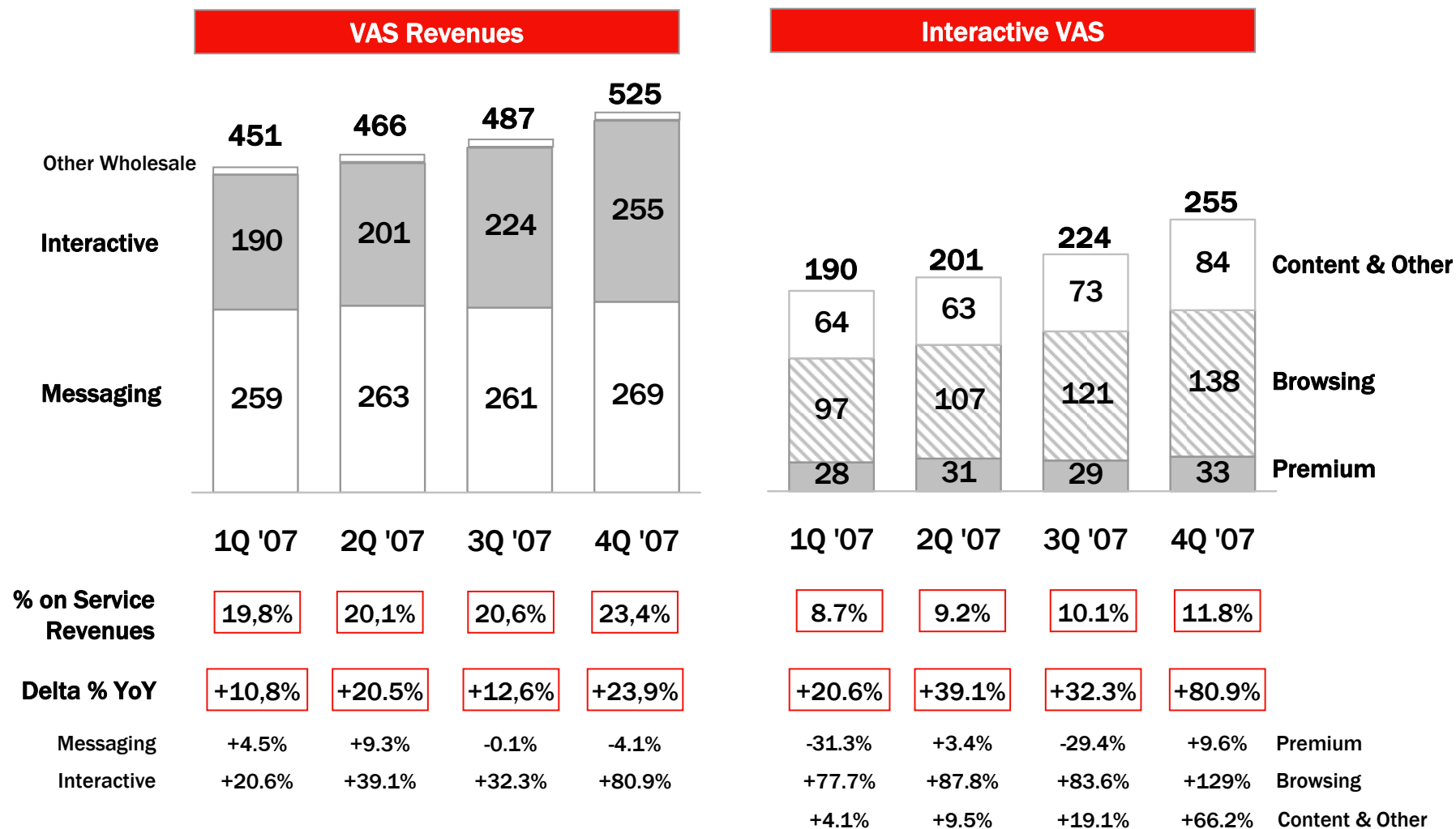
20.9%

23.4% in 4Q '07

of which Mobile  
 Internet Revenues  
 +95%

\* Net H3G Litigation

## Domestic Mobile: Vas Revenues Trends by Quarter



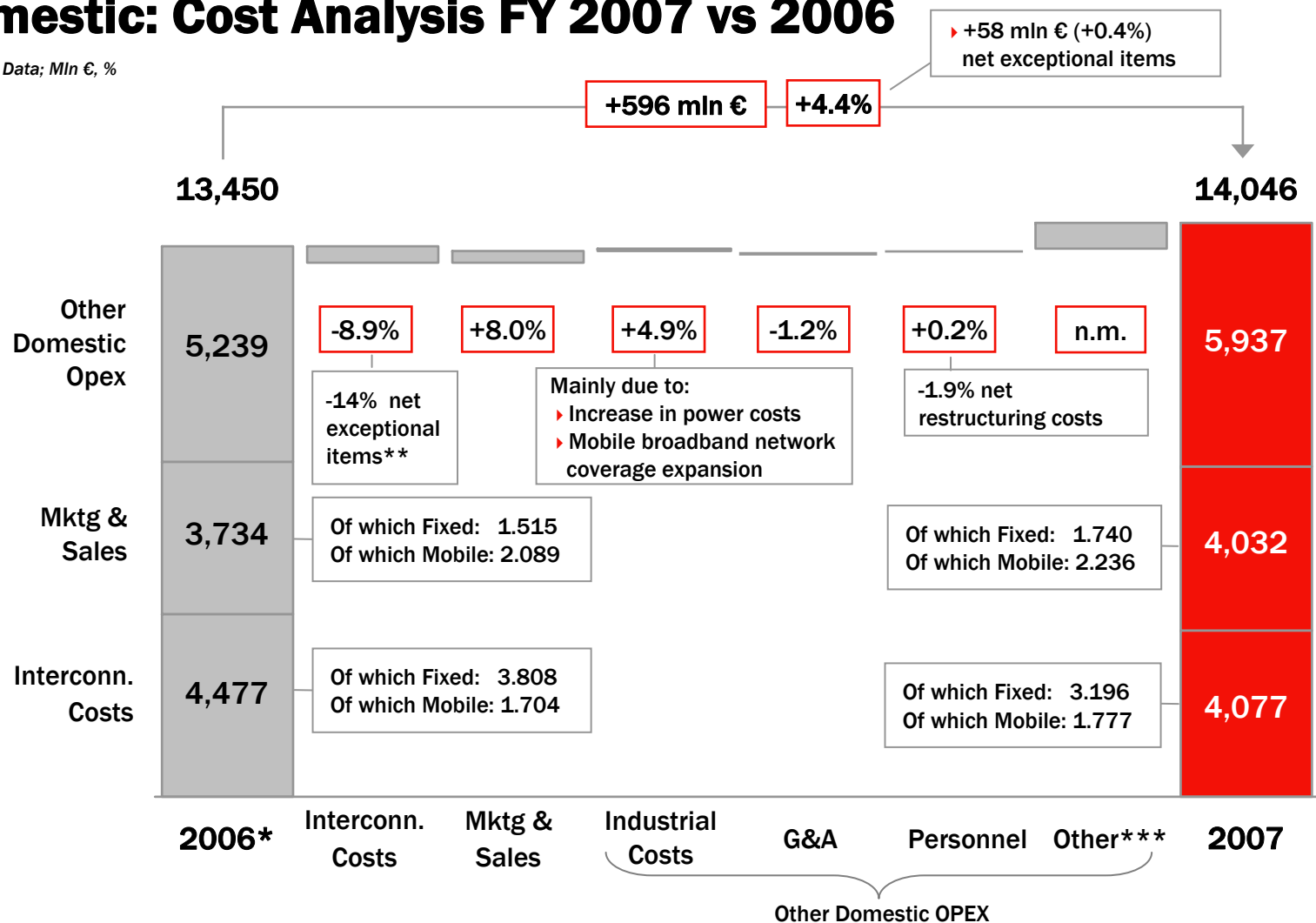
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# Domestic: Cost Analysis FY 2007 vs 2006

Reported Data; Mln €, %



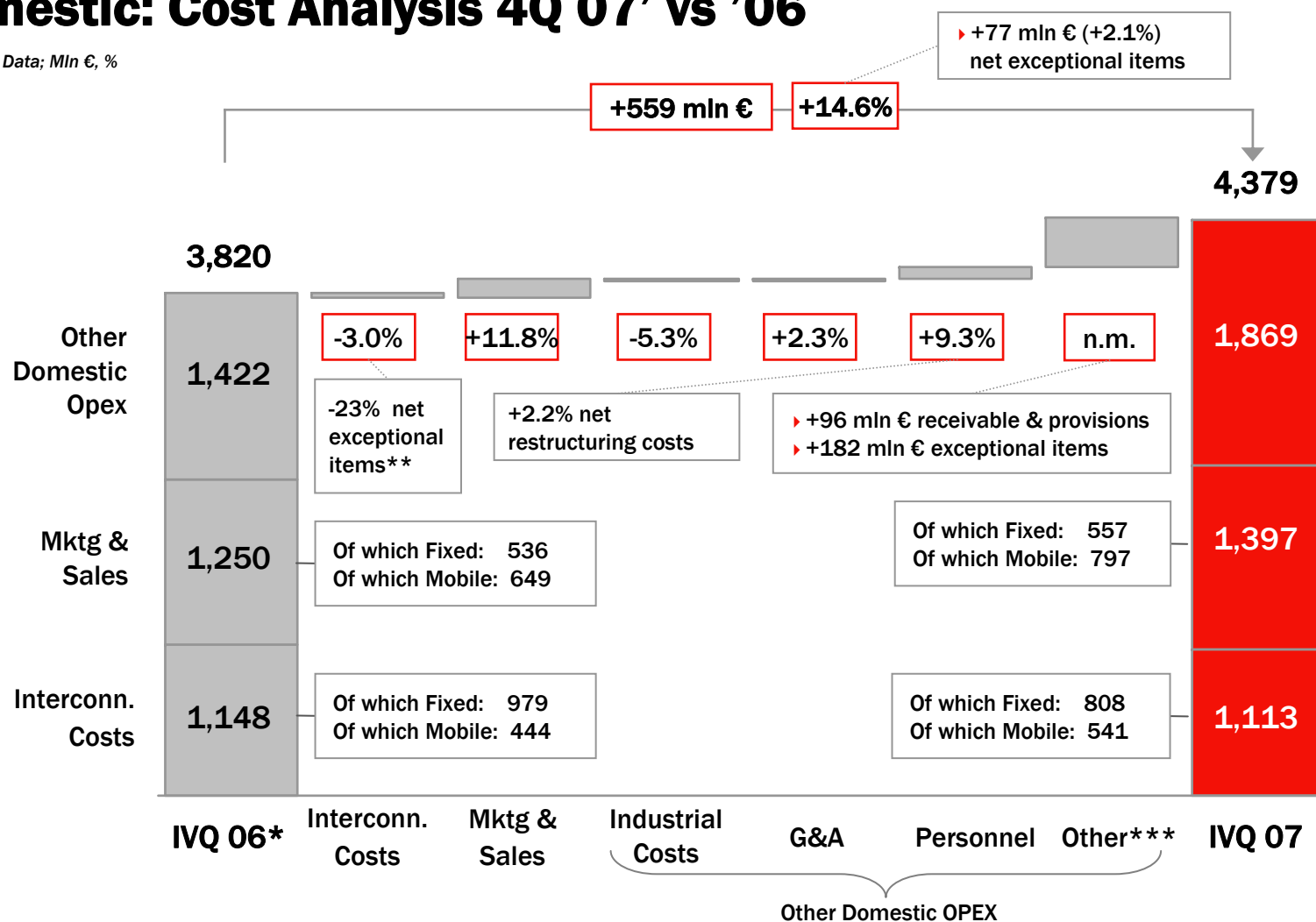
\* Restated figures, excluding change in accounting for Non Geographic Numbers (-442 mln €)

\*\* Net of H3G Litigation and Termination F-F

\*\*\* Includes Other Income, Provisions Charges and Capitalized costs

# Domestic: Cost Analysis 4Q 07' vs '06

Reported Data; Mln €, %



\* Restated figures, excluding change in accounting for Non Geographic Numbers (-69 mln €)  
 \*\* Net of H3G Litigation and Termination F-F  
 \*\*\* Includes Other Income, Provisions Charges and Capitalized costs

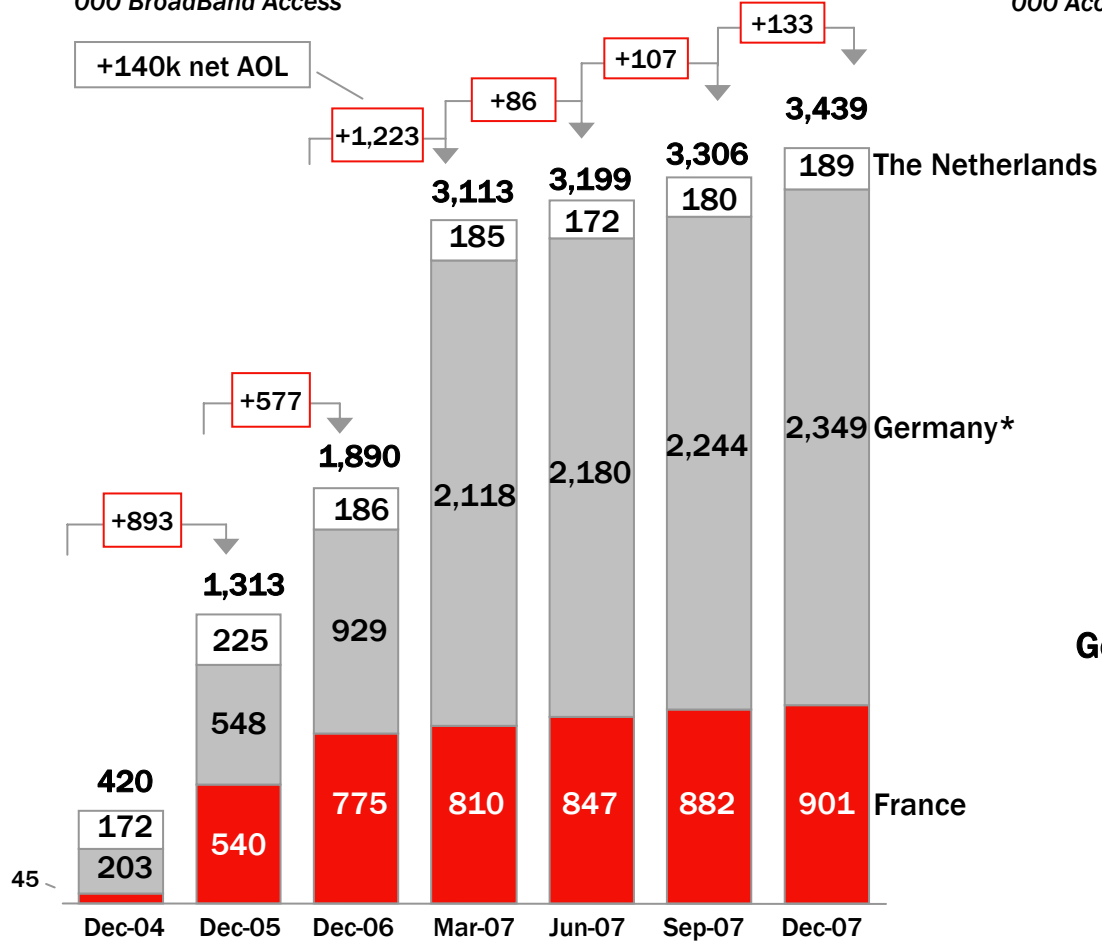
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## European Broadband: customer base evolution

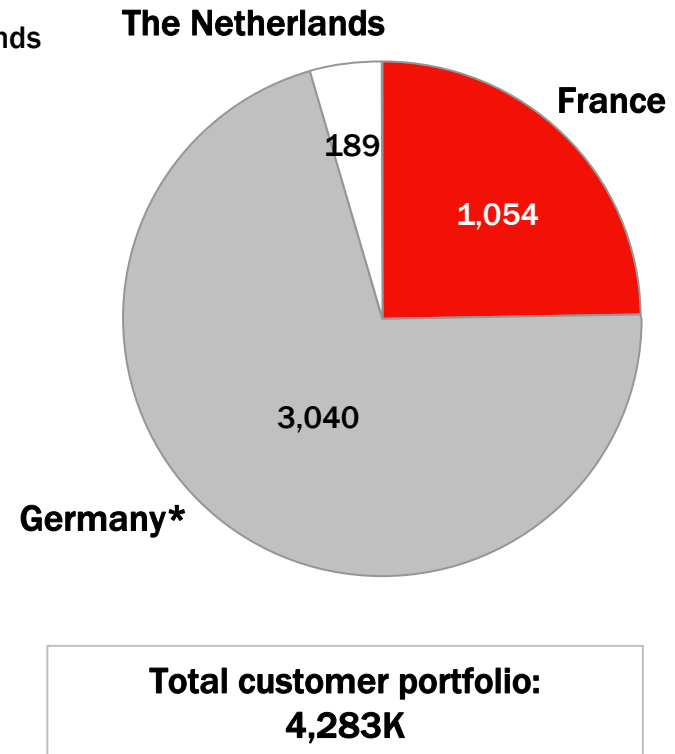
### Broadband Portfolio

'000 BroadBand Access



### Total customer portfolio: BB+NB

'000 Access

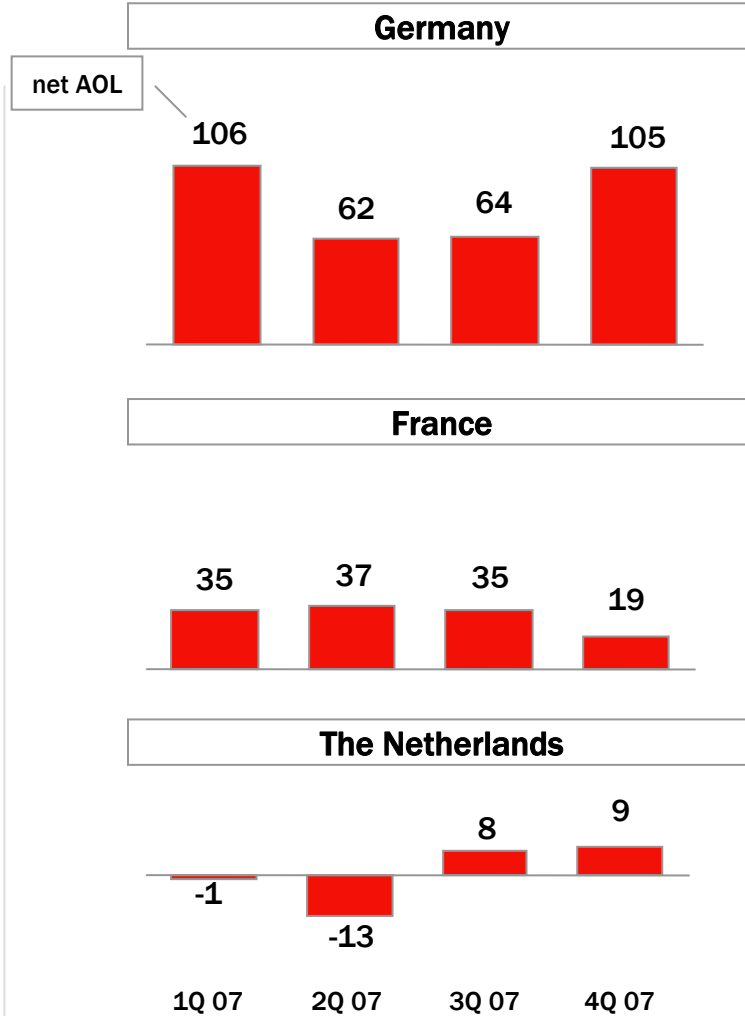
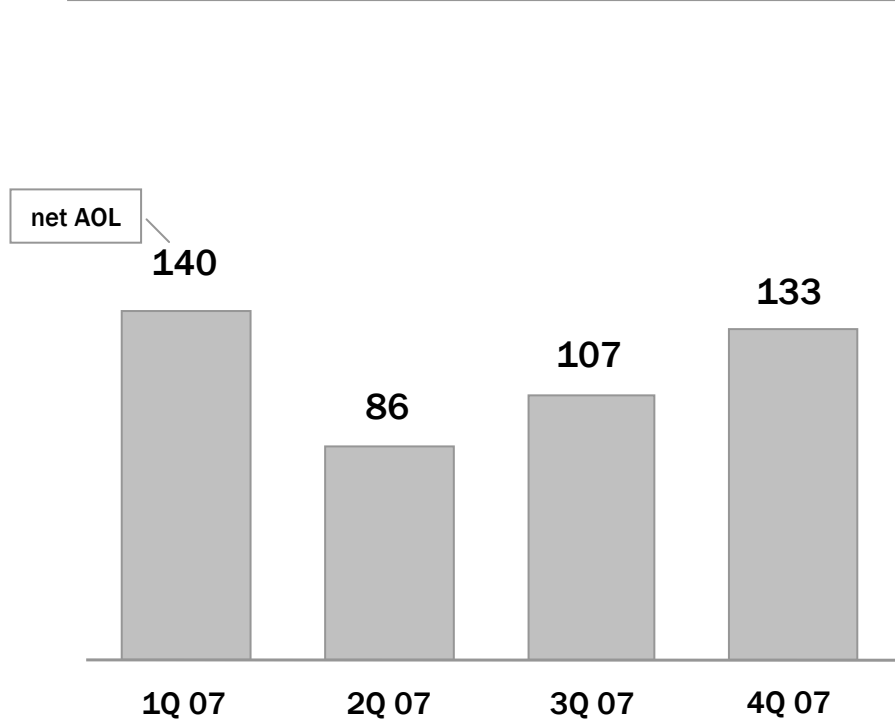


\* Including AOL Customers, as of March 1st 1,083 BB customers and 2,089k total customers

# European Broadband: net addition trend by quarter

'000 BroadBand net adds

## Broadband Net Additions



## European BroadBand Operations: Main Results FY '07 vs '06

€ Mln, %

	Reported Data				Organic Growth	
	2007	2006	Δ	Δ %	Δ	Δ %
Revenues	1,545	915	+630	+68.9%	+246	+18.9%
Ebitda	246	81	+165	+203.7%	+118	+89.4%
<i>Ebitda margin</i>	15.9%	8.9%	+7.0pp		+6.0pp	
Ebit	-69	-125	+56	+44.8%	+17	+20.7%
<i>Ebit margin</i>	-4.5%	-13.7%	+9.2pp		+2.1pp	
Capex	508	467	+41	+8.8%		
<i>% on revenues</i>	32.9%	51.0%	-18.1pp			

- ▶ 9.9% in 1Q '07
- ▶ 15.3% in 2Q '07
- ▶ 18.2% in 3Q '07
- ▶ 19.1% in 4Q '07

## European BroadBand: Main Results FY '07 vs '06 by Country

€ Mln, %, Reported Data

Organic growth:  
 ▶ +17.8% YoY revenues  
 ▶ +45.4% YoY EBITDA

	TI France				Hansenet + AOL				BBNED			
	2007	2006	Δ Abs	Δ%	2007	2006	Δ Abs	Δ%	2007	2006	Δ Abs	Δ%
Revenues	394	310	+84	+27.1%	1.074	528	+546	+103.4%	77	77	0	0%
Ebitda	-51	-94	+43	+45.7%	281	145	+136	+93.8%	16	30	-14	-46.7%
Ebitda margin	-12.9%	-30.3%	+17.4 pp		26.2%	27.5%	-1.3 pp		20.8%	39.0%	-18.2 pp	
Ebit	-191	-198	+7	+3.5%	126	63	+63	+100.0%	-4	10	-14	n.m.
Ebit margin	-48.5%	-63.9%	+15.4 pp		11.7%	11.9%	-0.2 pp		-5.2%	13.0%	-18.2 pp	
CAPEX	150	254	-104	-40.9%	344	196	+148	+75.5%	14	17	-3	-17.6%
% on revenues	38.1%	81.9%	-43.8 pp		32.0%	37.1%	-5.1 pp		18.2%	22.1%	-3.9 pp	

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## TIM Brasil: key 2007 takeaways

### A Recognized Brand...

- ▶ **Top of Mind\*** most remembered mobile operator for 5th year
- ▶ **First mobile choice** according to all recent key independent surveys\*\*
- ▶ **“Most Admired Company”** for 3rd consecutive time

### ...with a National Footprint...

- ▶ **Mobile 2G:** first and consolidated national player
- ▶ **Fixed:** national licence acquisition in July '07
- ▶ **Broadband:** frequency acquisitions in Dec '07 enabling future national roll-out



- ▶ **Mobile:** renewing community concept, strengthening loyalty and expanding customer base through operational efficiency
- ▶ **Convergence:** development in fixed and internet markets
- ▶ **Innovative low-ARPU business model** to target under penetrated low-income segments

and Drive to Create New Opportunities...

### Strong organic results

- ▶ **Achievement of all 2007 targets**
- ▶ **ARPU above market average**
- ▶ **Positive net income**
- ▶ **Positive net cash flow**

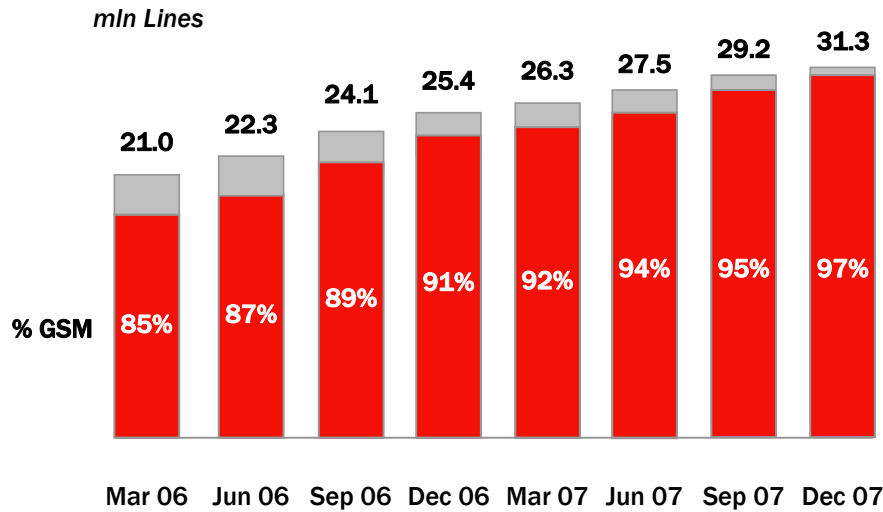
...ensuring Sustainable Growth

\* According to Datafolha Institute Survey

\*\* According to CartaCapital/TNS InterScience Survey

# TIM Brasil: Market Performance

## TIM Brasil Customer Portfolio

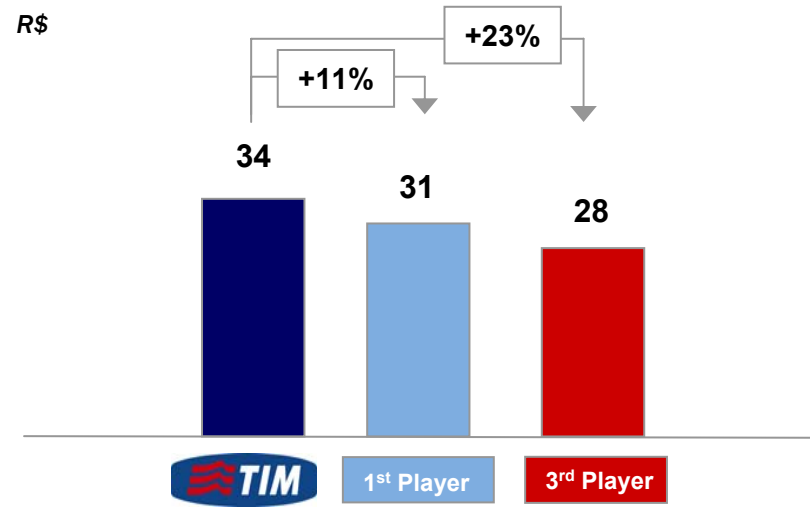


Market Share

23.5%	24.3%	25.1%	25.4%	25.8%	25.8%	25.9%	25.8%
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► Postpaid customers base at Dec 07: 22% of total customer base (6.8 mln lines) vs 19% market avg.

## ARPU 4Q07 (BRL GAAP)



► Keeping up Premium ARPU in 4Q07

## TIM Brasil: Main Results FY '07 vs '06

IAS/IFRS

	Reported Data - Euro Million Euro, %				Reported Data - Reais Million R\$, %				Organic Growth %
	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %	Δ %
<b>RICAVI</b>	<b>4.990</b>	<b>3.964</b>	<b>1.026</b>	<b>25,9%</b>	<b>13.293</b>	<b>10.836</b>	<b>2.457</b>	<b>22,7%</b>	<b>22.7%</b>
<b>EBITDA</b>	<b>1.207</b>	<b>950</b>	<b>257</b>	<b>27,1%</b>	<b>3.214</b>	<b>2.596</b>	<b>618</b>	<b>23,8%</b>	<b>23.3%</b>
<i>% on Revs</i>	<i>24,2%</i>	<i>24,0%</i>	<i>0,2 p.p.</i>		<i>24,2%</i>	<i>24,0%</i>	<i>0,2 p.p.</i>		<i>24.2% margin</i>
<b>EBIT</b>	<b>150</b>	<b>21</b>	<b>129</b>		<b>399</b>	<b>58</b>	<b>341</b>		<b>+14.8% net of B&amp;K</b>
<i>% on Revs</i>	<i>3,0%</i>	<i>0,5%</i>	<i>2,5 p.p.</i>		<i>3,0%</i>	<i>0,5%</i>	<i>2,5 p.p.</i>		
<b>CAPEX</b>	<b>865</b>	<b>699</b>	<b>166</b>		<b>2.305</b>	<b>1.910</b>	<b>395</b>		
<i>% on Revs</i>	<i>17,3%</i>	<i>17,6%</i>	<i>-0,3 p.p.</i>		<i>17,3%</i>	<i>17,6%</i>	<i>-0,3 p.p.</i>		

Fully delivering 2007 Targets

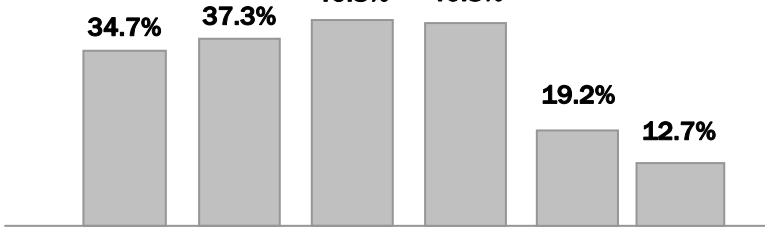
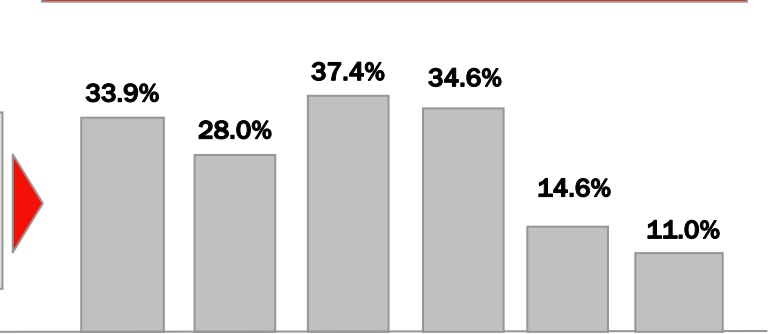
# TIM Brasil: Revenue Trends by Quarter

IAS/IFRS

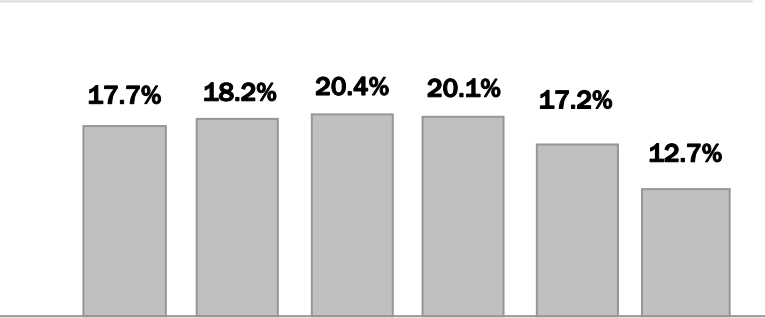
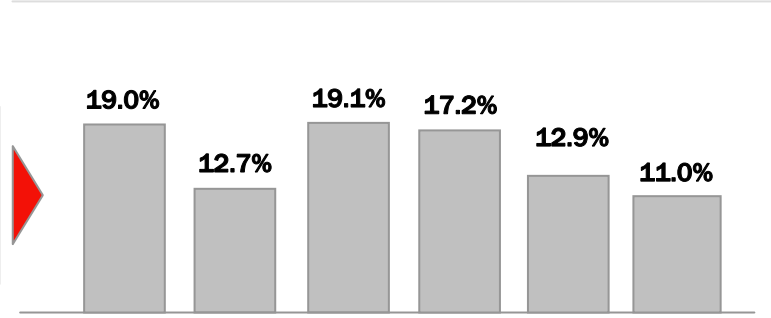
## Total revenues

## Service revenues

YoY Growth  
(Organic)



YoY Growth  
(Organic, net of  
B&K)\*



3Q 06   4Q 06   1Q 07   2Q 07   3Q 07   4Q 07

3Q 06   4Q 06   1Q 07   2Q 07   3Q 07   4Q 07

\* Growth net of B&K calculated on a like-for-like basis

## **Agenda**

- ▶ **FY 2007 business performance:**
  - ▶ **Domestic**
  - ▶ **European BroadBand**
  - ▶ **TIM Brasil**
  
- ▶ **Appendix**

# Domestic: Main Results – Organic Trend FY '07

Mln. €

	2006				2007			Organic trend	
	2006 Reported (IAS)	Change in Perimeter	Exchange rate Impact	Except. Items	2006 Organic	2007 Reported	Except. Items	2007 Organic	2007 vs 2006 Δ Abs    Δ %
<b>Revenues</b>	25,785	-11	-23		25,751	24,220	+32	24,252	-1,499    -5.8%
<i>Fixed</i>	16,988	-11	-23		16,954	15,727	-24	15,703	-1,251    -5.8%
<i>Mobile</i>	10,210	0	0		10,210	9,922	+56	9,978	-232    -5.8%
<b>Ebitda</b>	11,893	-5	-4	+195	12,079	10,174	+765	10,939	-1,140    -9.4%
<b>Ebit</b>	7,676	-5	-1	+85	7,755	5,751	+751	6,502	-1,253    16.2%

▶ -4.2% Excluding NGN\*

▶ Termination F-F

▶ H3G Litigation

- ▶ Restructuring Charges: 96 € mln
- ▶ OLO's Transaction: 24 € mln
- ▶ Fastweb Arbitration: 61 € mln
- ▶ Other exceptional: 14 € mln

- ▶ Real estate project: -135 € mln
- ▶ Other exceptional: 25 € mln

- ▶ Litigation with OLO: 448 € mln
- ▶ Restructuring Costs: 164 € mln
- ▶ Termination F-F: 92 € mln
- ▶ Provision for Antitrust Fine: 20 € mln
- ▶ AGCOM Fine: 6 € mln
- ▶ Other exceptional: 35 € mln

\* Excluding change in accounting for Non Geographic Numbers

## Fixed Access lines

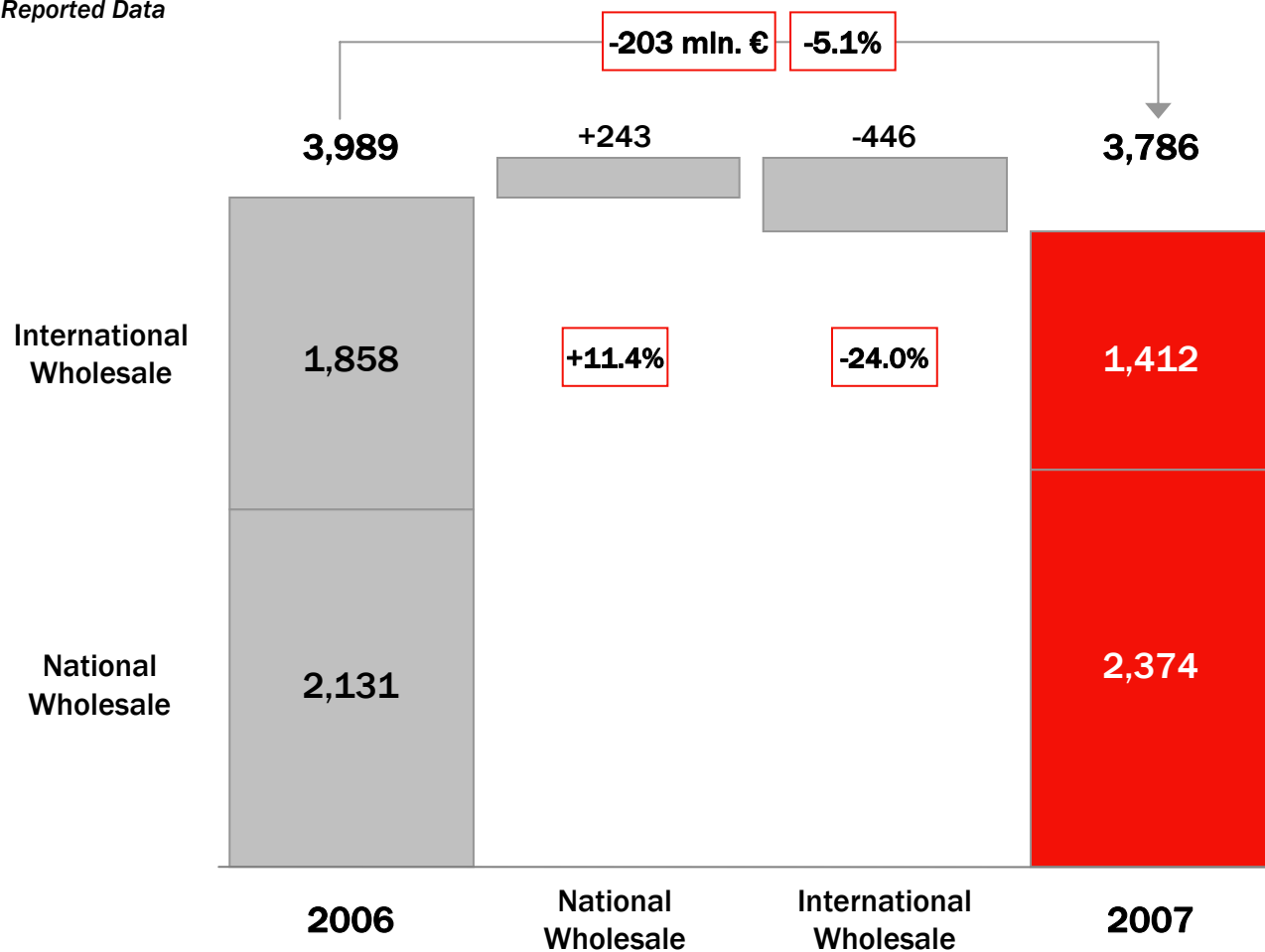
	2006	IQ 07	IH 07	9M 07	2007
<i>million access</i>					
<b>TI Wireline Retail Access</b>	<b>20.5</b>	<b>20.1</b>	<b>19.8</b>	<b>19.6</b>	<b>19.2</b>
<i>'000 access</i>					
<b>OLO Access (on TI infrastructure)*</b>					
ULL	1,711	1,967	2,322	2,521	2,930
Virtual ULL	254	357	327	250	178
Shared Access (ADSL)**	279	288	279	260	244

\* Restated (change in data mining systems)

\*\* Included in TI Retail Access

# Domestic fixed: Wholesale Services Revenues

€ Mln, %, Reported Data





## Domestic Mobile Revenues Breakdown: Retail & Wholesale

		2007				2006				Δ % YoY				Δ % YoY Normalized ^			
		IQ	IIQ	IIIQ	IVQ	IQ	IIQ	IIIQ	IVQ	IQ	IIQ	IIIQ	IVQ	IQ	IIQ	IIIQ	IVQ
<b>Mobile Totale*</b>	Revenues (Mln €)	2.365	2.551	2.513	2.549	2.370	2.611	2.584	2.644	(0,2)	(2,3)	(2,7)	(3,6)	2,9	4,7	4,4	4,5
	<b>Services</b>	2.274	2.321	2.366	2.244	2.264	2.350	2.420	2.364	0,4	(1,2)	(2,2)	(5,1)	3,7	6,5	5,4	4,0
	Outgoing Voice	1.331	1.296	1.367	1.247	1.312	1.373	1.449	1.414	1,5	(5,6)	(5,7)	(11,8)	3,7	4,1	2,4	(1,0)
	Fee	235	95	121	78	228	241	253	295	3,3	(60,6)	(52,0)	(73,7)				
	Voice	1.096	1.201	1.246	1.170	1.084	1.132	1.196	1.118	1,1	6,1	4,1	4,6				
	Incoming Voice	410	425	365	370	445	461	419	418	(7,8)	(7,9)	(12,9)	(11,5)				
	VAS	451	466	487	525	407	386	432	424	10,8	20,5	12,6	23,9				
	Visitors/Other	82	135	148	101	100	129	120	109	(18,1)	4,1	23,5	(7,1)				
	Handsets	91	230	147	306	107	262	163	280	(14,6)	(12,0)	(10,3)	9,2				
<b>Retail</b>	Revenues (Mln €)	2.274	2.420	2.359	2.470	2.266	2.485	2.463	2.515	0,3	(2,6)	(4,2)	(1,8)	3,2	4,2	2,4	6,0
	<b>Services</b>	2.183	2.190	2.212	2.165	2.160	2.224	2.301	2.235	1,1	(1,5)	(3,9)	(3,1)	4,1	6,1	3,3	5,6
	Outgoing Voice	1.331	1.295	1.365	1.247	1.312	1.372	1.449	1.389	1,4	(5,7)	(5,8)	(10,2)	3,7	4,0	2,3	0,7
	Fee	235	95	121	78	228	241	253	271	3,3	(60,6)	(52,1)	(71,4)				
	Voice	1.095	1.200	1.243	1.170	1.084	1.132	1.196	1.118	1,0	6,0	3,9	4,6				
	Incoming Voice	407	422	361	365	436	453	413	414	(6,7)	(6,8)	(12,7)	(11,9)				
	VAS	449	464	485	524	405	385	430	421	10,7	20,5	12,7	24,4				
	Other	(3)	9	2	29	7	13	8	10	n.s.	(35,3)	(80,2)	181,4				
	Handsets	91	230	147	306	106	261	162	281	(14,5)	(11,8)	(9,8)	9,0				
<b>Wholesale**</b>	Revenues (Mln €)	90	132	154	79	104	127	121	129	(12,9)	4,0	27,9	(38,9)	(5,2)	13,3	44,3	(23,6)
	<b>Services</b>	90	132	154	79	104	126	120	130	(12,9)	4,4	29,2	(39,2)	(5,1)	13,8	45,8	(24,0)
	Outgoing Voice	1	1	2	(0)	0	0	(0)	24	n.s.	n.s.	n.s.	n.s.				
	Incoming Voice	3	3	4	5	9	8	6	4	(63,4)	(65,5)	(32,0)	32,0				
	VAS	2	2	2	1	2	1	2	3	25,0	32,7	0,8	(52,6)				
	Visitors/Other	85	126	146	72	93	116	112	99	(9,2)	8,6	30,5	(26,6)				
	Handsets	0	0	(0)	(0)	0	1	1	(1)	n.s.	n.s.	n.s.	n.s.				

\* Excluding H3G arbitration effect on revenues (56 mln € IVQ07)

\*\* International Roaming, National Roaming H3G, Site Sharing, Access Fee OLO, Other

^ Net discontinuities: Impact DL Bersani, F-M Tariff cut, Reding

## TIM Brasil: Main Results FY '07 vs '06 Organic Growth in LC

IAS/IFRS - Million Reais, %

	2006			2007			Organic Growth '07 vs '06	
	2006 Reported	Exceptional Items	2006 Organic	2007 Reported	Exceptional Items	2007 Organic	Delta ass	Delta %
<b>Revenues</b>	10,836		10,836	13,293		13,293	2,457	22.7%
<b>Ebitda</b>	2,596	+11	2,607	3,214	-	3,214	607	23.3%
<i>Ebitda %</i>	24.0%		24.1%	24.2%		24.2%		
<b>Ebit</b>	58	+11	69	399	-	399	330	
<i>Ebit %</i>	0.5%		0.6%	3.0%		3.0%		

Includes TIM Brasil merger costs

## TIM Brasil: EBITDA 4Q on a like-for-like basis

IAS/IFRS - Million Reais, %

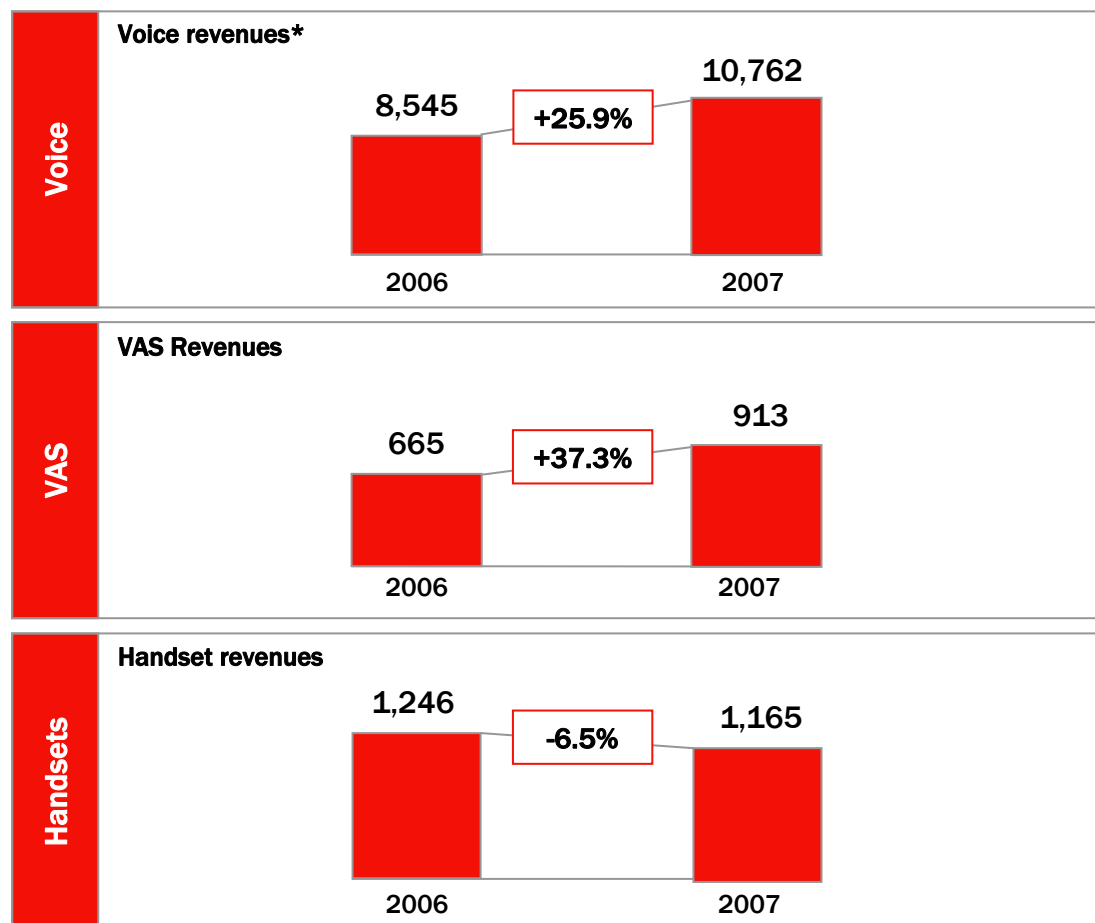
	4Q06			4Q07
	2006	Adjustments	2006 Restated	2007
Revenues Reported	3.241		3.241	3.599
EBITDA Reported <i>Ebitda Margin</i>	953 29.4%	-87	866 26.7%	998 27.7%
Exceptional Items	0		0	0
EBITDA Organic <i>Ebitda Margin</i>	953 29.4%	-87	866 26.7%	998 27.7%

Different SAC accounting between '06 and '07

+1.0pp

## TIM Brasil: Revenue Analysis

IAS/IFRS; R\$ Mln



\* Excluding visitors & others