

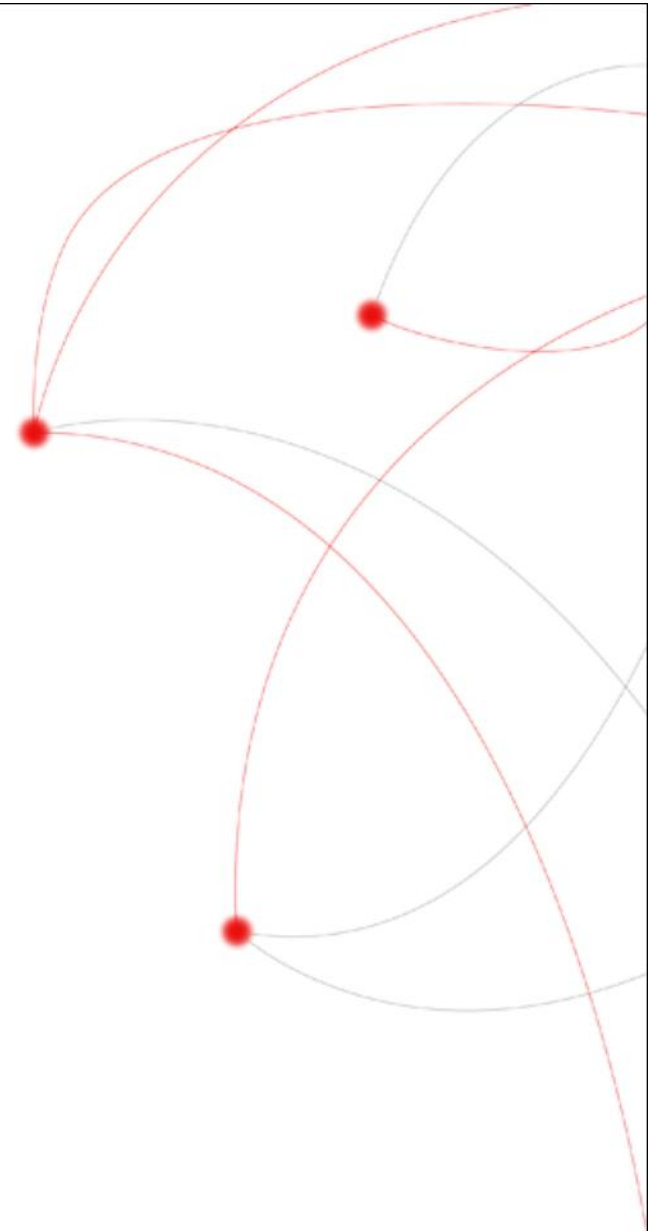
TELECOM ITALIA GROUP

9M 2011 Results

Milan, November 11, 2011

Telecom Italia 9M 2011 Results

FRANCO BERNABE'



Safe Harbour

These presentations contain statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the customer base, estimates regarding future growth in the different business lines and the global business, market share, financial results and other aspects of the activities and situation relating to the Company and the 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.

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 are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. Telecom Italia S.p.A. undertakes no obligation to release publicly the results of any revisions to these forward looking statements which may be made to reflect events and circumstances after the date of this presentation, including, without limitation, changes in Telecom Italia S.p.A. business or acquisition strategy or planned capital expenditures or to reflect the occurrence of unanticipated events. Analysts and investors are encouraged to consult the Company's Annual Report on Form 20-F as well as periodic filings made on Form 6-K, which are on file with the United States Securities and Exchange Commission.

It should also be noted that starting from the year 2010, Telecom Italia reclassified some taxes paid in Brazil of non-material amount, previously included in "Other operating expenses", in reduction of "Revenues" and "Other income" in order to ensure a better comparability and intelligibility of the financial information.

Agenda

- ▶ **TI Group 9M11 Results**
- ▶ **Telecom Italia Core Markets Results**
 - ▶ Italy
 - ▶ Brazil
 - ▶ Argentina
- ▶ Appendix

TI Group 9M11 Key Achievements

Focus on
Core
Markets

Group Reported Revenues: 22.06 bln € (+10.9% YoY; +12.6% YoY in 3Q11)
Group Organic Revenues: 22.06 bln € (+1.9% YoY; +3.7% YoY in 3Q11)

Group Reported Ebitda: 9.18 bln € (+8.3% YoY; +16.6% YoY in 3Q11)
Group Organic Ebitda: 9.23 bln € (-1.0% YoY; +0.8% YoY in 3Q11)

Group Reported Ebitda – Capex: 6 bln € (+448 mln € YoY, +8.1%)
Group Organic Ebitda – Capex: 6 bln € (-60 mln € YoY, -1.0%)

Group Net Income post Minorities before GW Writedown 9M11: 1.98 bln € (+9% YoY)
Group Net Income post Minorities 3Q11: 0.8 bln € (+199 mln €, +32.7% YoY)

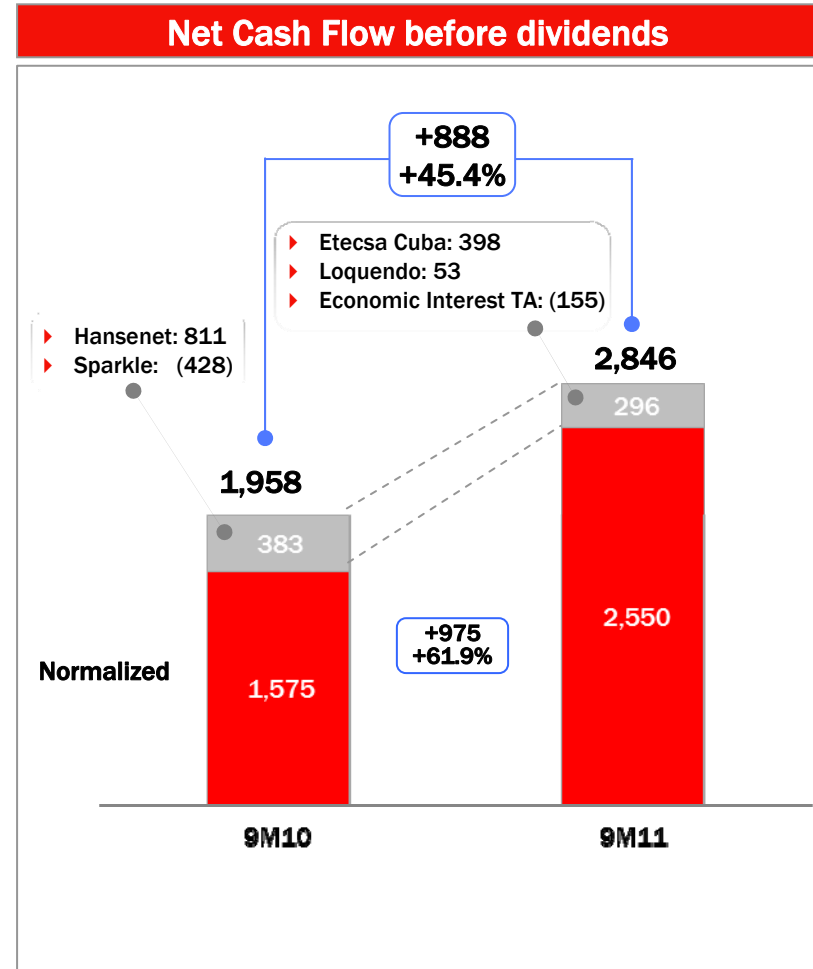
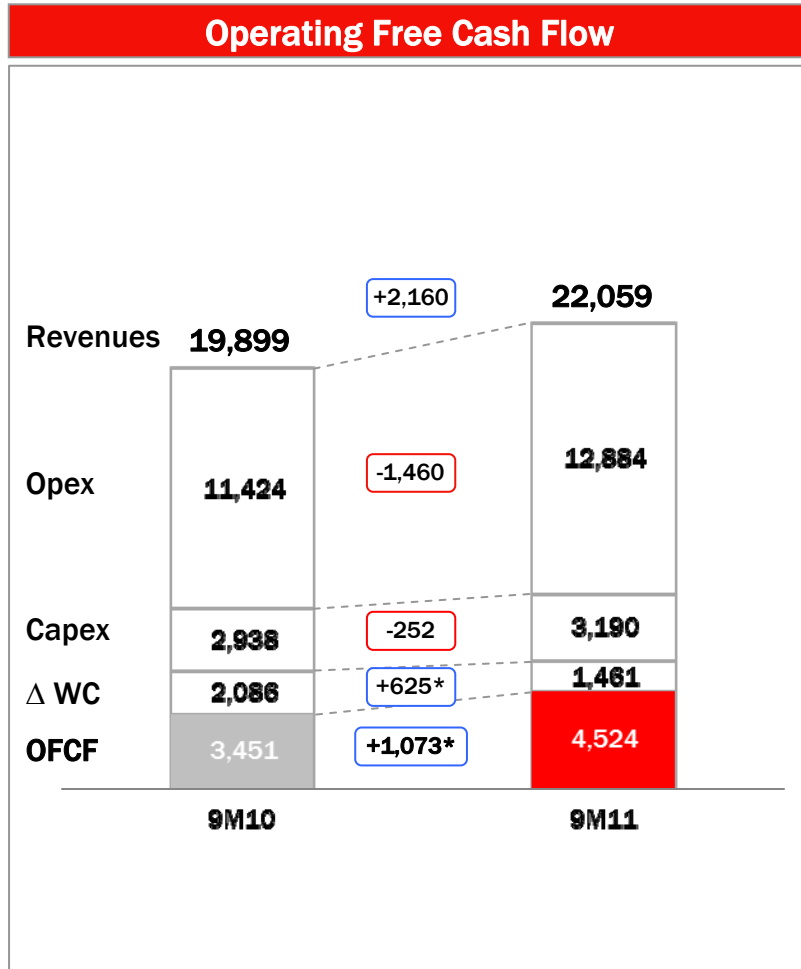
Financial
Discipline

Operating Free Cash Flow: 4.52 bln € (+1.07 bln € YoY, +684 mln € excluding Sparkle settlement)

Adj. Net Financial Position: 29.95 bln €
(-1.52 bln € vs FY10, -3.04 bln € vs 9M10, after 1.3 bln € Dividend Payment)

Strong Free Cash Flow Generation

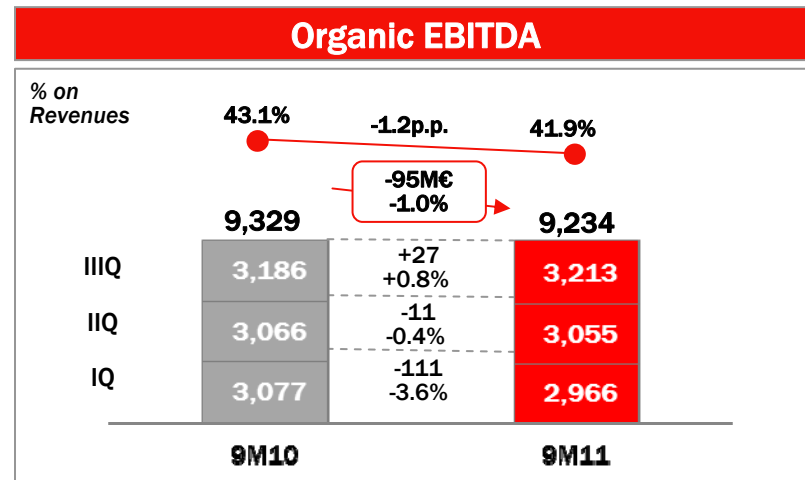
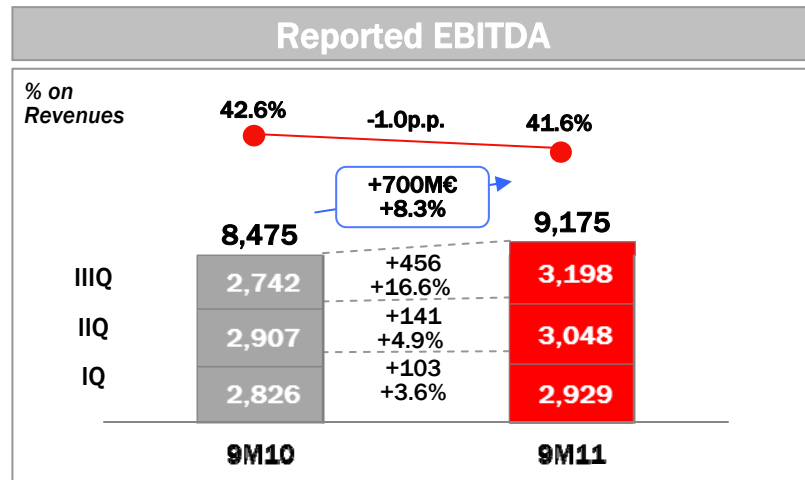
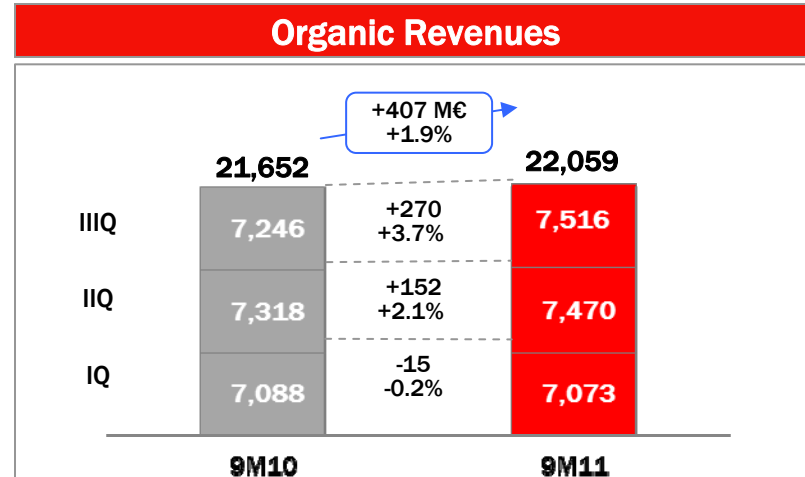
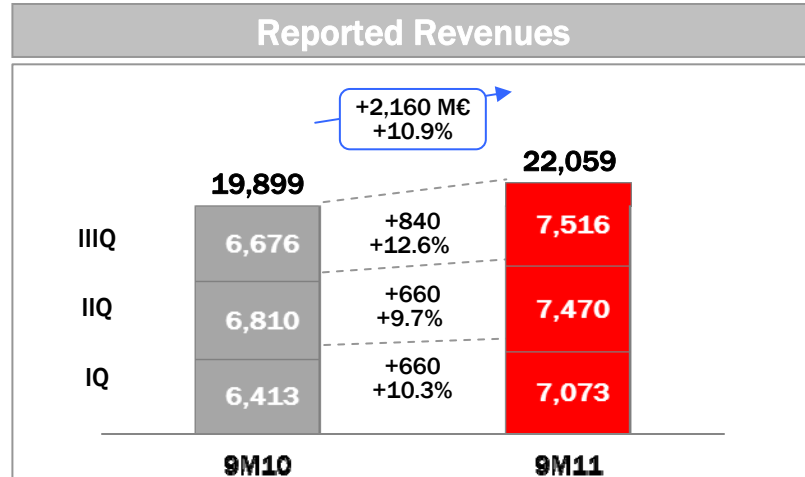
Euro mln, Reported Data



* o/w 389 € mln TI Sparkle settlement

TI Group: Revenues & Ebitda

Euro mln, %



TI Group - Main Results of Core Markets

Euro mln, Organic Data



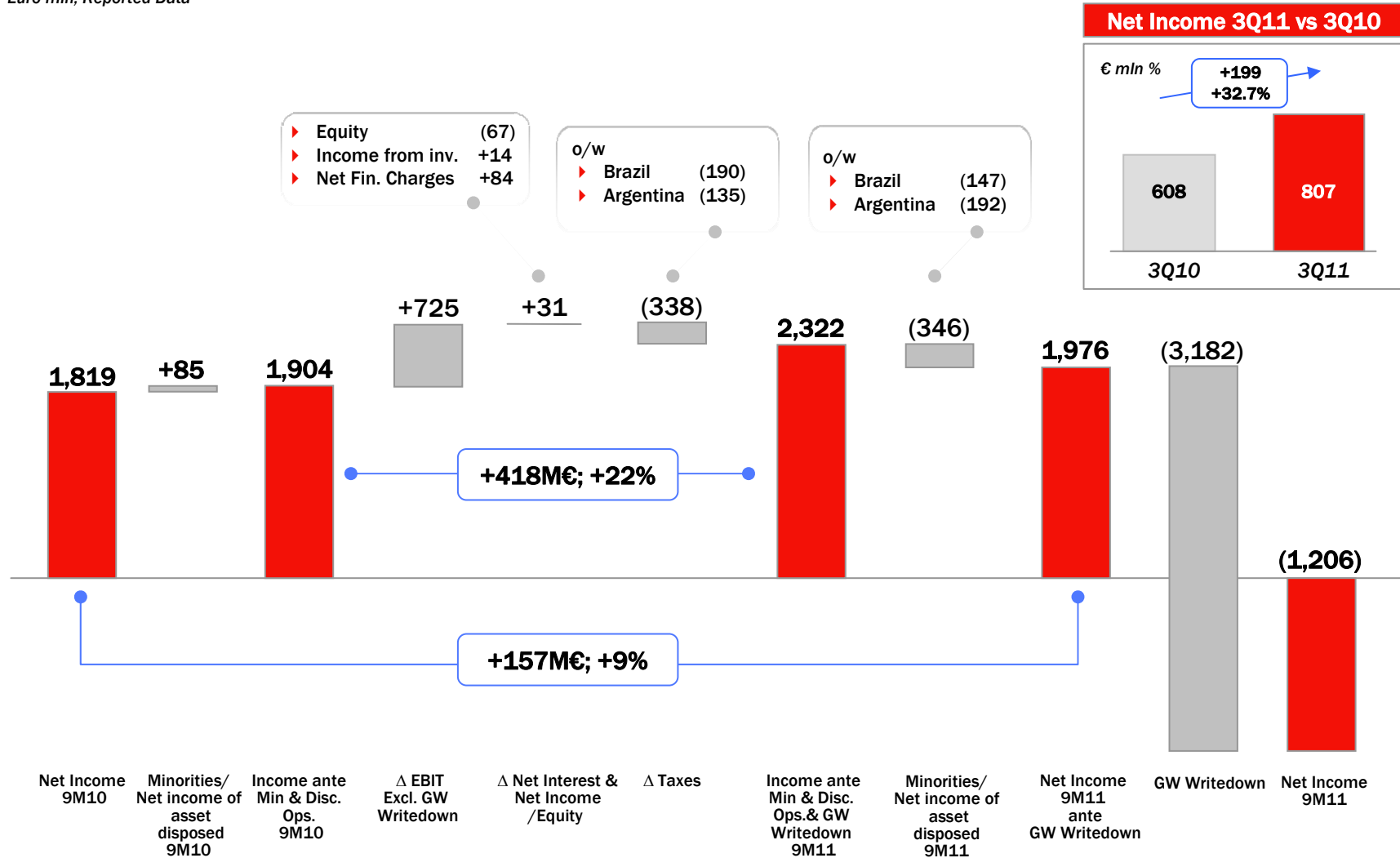
	TI Group		Domestic		Brazil		Argentina	
	9M11	Δ% yoy	9M11	Δ% yoy	9M11	Δ% yoy	9M11	Δ% yoy
Revenues	22,059	+1.9%	14,098	-5.7%	5,395	+17.5%	2,324	+27.4%
<i>Weight on TI Group*</i>			64%		24%		11%	35%
EBITDA	9,234	-1.0%	7,069	-4.9%	1,447	+10.7%	759	+23.8%
<i>Weight on TI Group</i>			77%		16%		8%	24%
EBITDA-CAPEX	6,044	-1.0%	5,054	-4.4%	640	+16.3%	428	+26.7%
<i>Weight on TI Group</i>			~84%		~11%		~7%	
Lines (mln)	~ 130							
<i>Weight on TI Group</i>			~36%		~46%		~19%	

* Revenues based on net contributions

Net Income Evolution

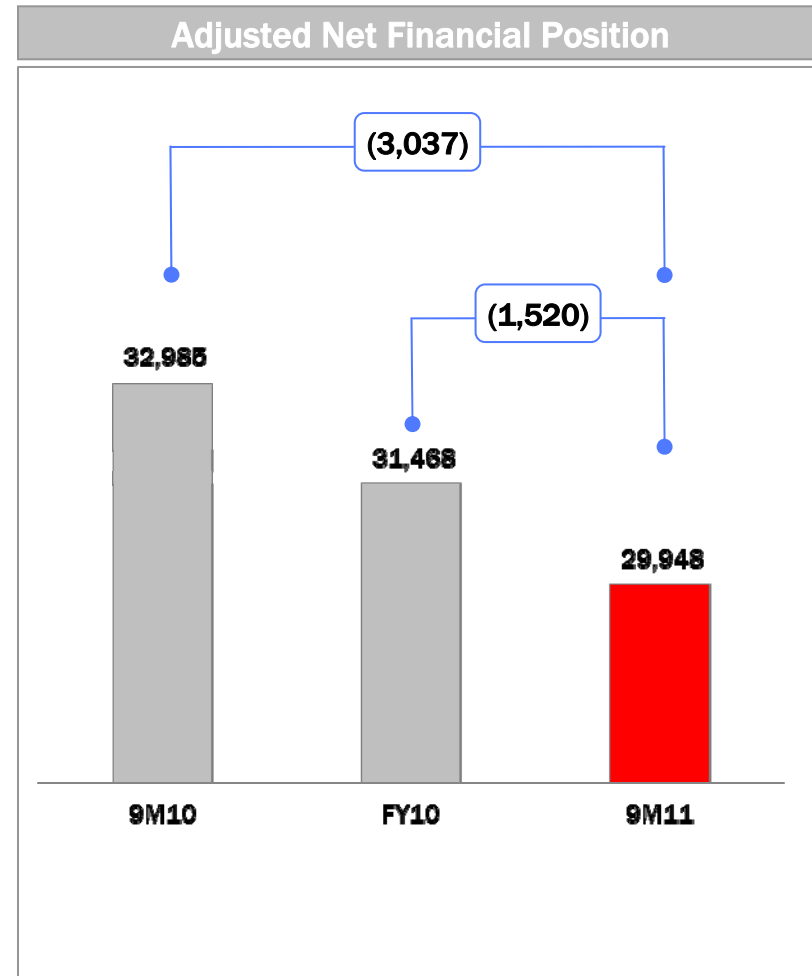
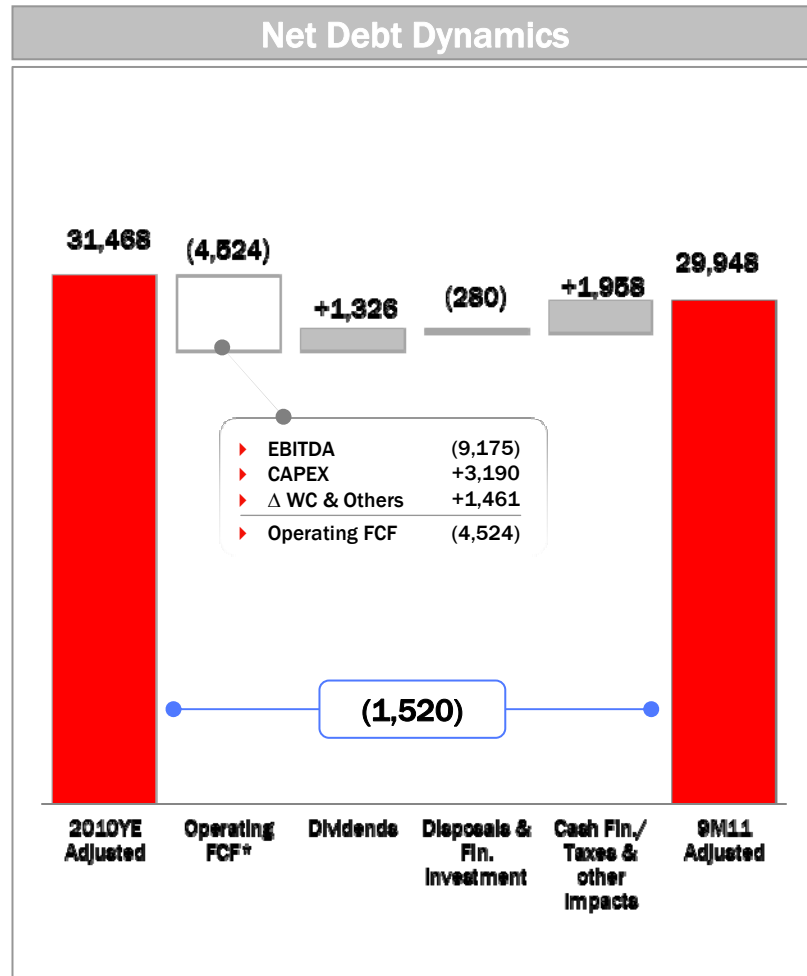
Euro mln, Reported Data

Italy	Enhance Free Cash Flow Generation
Brazil	
Argentina	



Net Debt

Euro mln, Reported Data



* Argentina: (428) Euro mln

Even and Back-Loaded Maturities

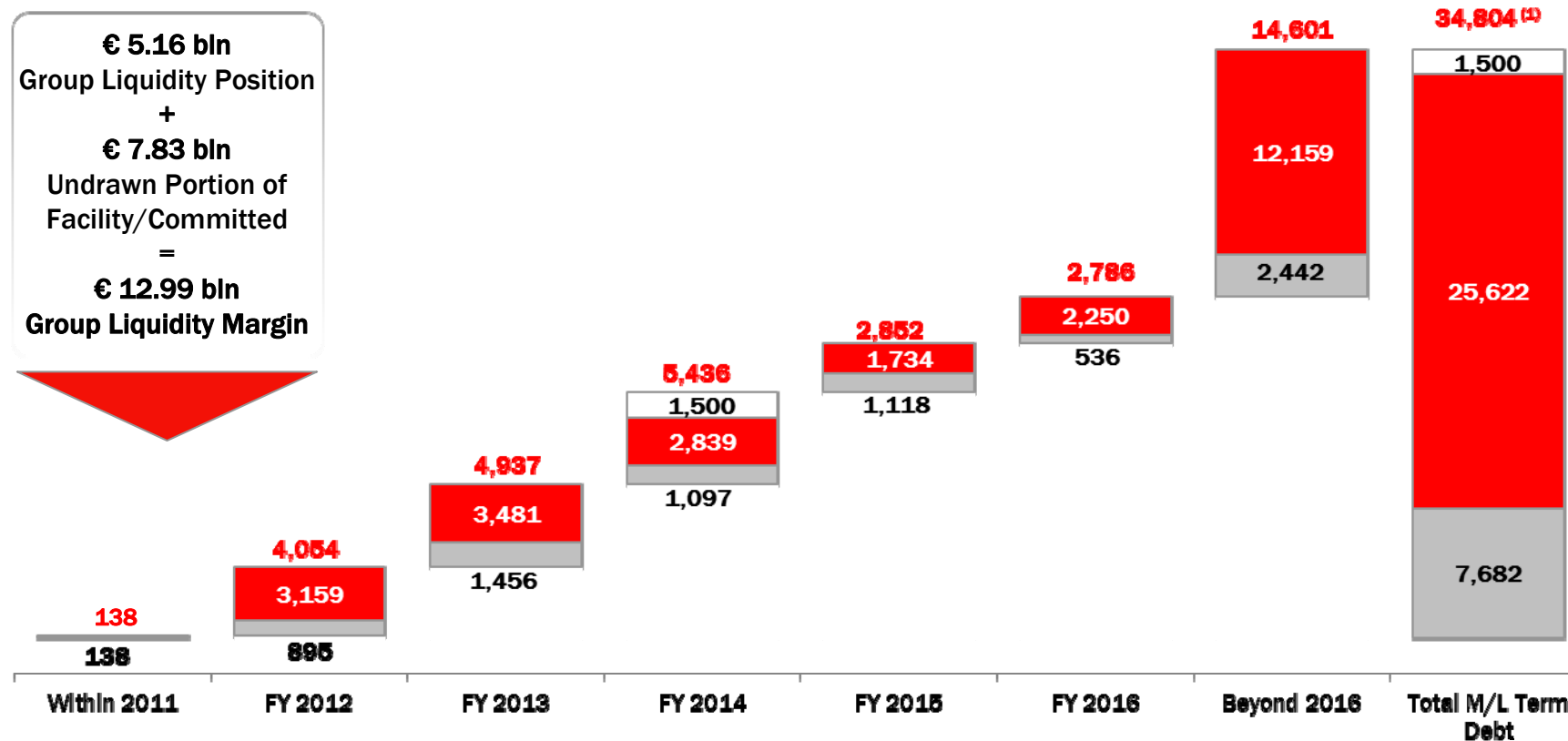


Euro mln

■ Bonds

■ Loans (of which long-term rent, financial and operating lease payable € 1,582)

 Drawn bank facility



(1) € 34,804 mln is the nominal amount of outstanding medium / long-term debt. By adding IAS adjustments (€ 1,072 mln) and current liabilities (€ 467 mln), the gross debt figure of € 36,343 mln is reached.

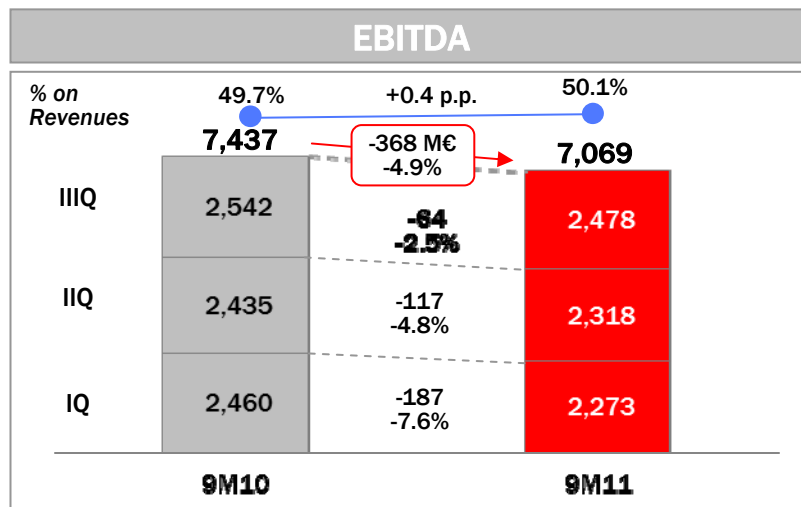
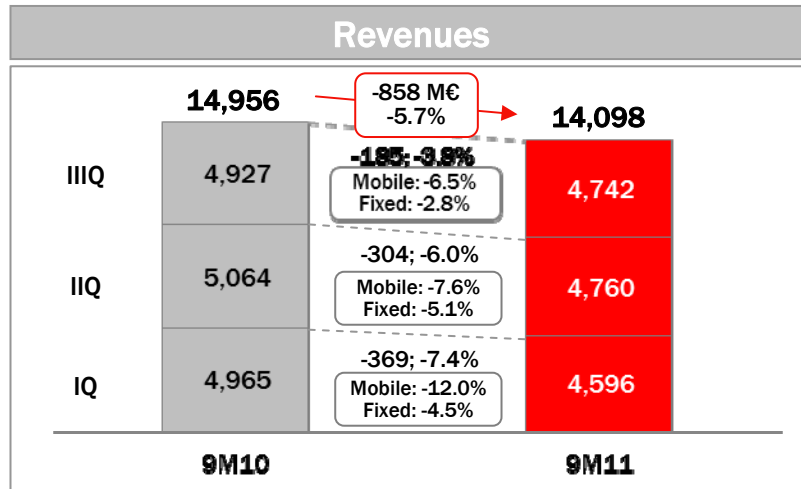
N.B. Debt maturities are net of: € 180 mln (face value) of repurchased own bonds (TI Spa € 850 mln 5.25 % Notes due 2065); € 77 mln (face value) of repurchased own bonds (TI Spa € 750 mln 4.75 % Notes due 2014); € 35 mln (face value) of repurchased own bonds (TIF € 1,060 mln 7.75 % Notes due 2033); and € 199 mln (face value) of repurchased own bonds (TIF € 1,000 mln 7.25 % Notes due 2012).

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Italy: Revenues & Ebitda Trend

Euro mln, Organic Data, %



Continued Improvement in Core Markets

- ▶ Visible improvement of Fixed Business
- ▶ Better progressive trend in Mobile Top Line
- ▶ 3Q11 Year-on-Year Ebitda at -2.5%
- ▶ Leadership in Gross Mobile Acquisitions confirmed in 3Q11
- ▶ Positive impact from Fixed Pricing Simplification and reduction in Fixed Line Losses in 3Q (-135k) vs 2Q11 (-183k)

BB Achievements

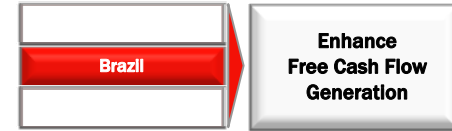
- ▶ Upbeat double-digit performance in Mobile Small Screen Browsing
- ▶ Leading in smartphones market share
- ▶ Value-oriented approach on Fixed BB delivers r an increasing ARPU and a stable market share QoQ

Developing Innovation

- ▶ Successful introduction of bolt-on offers on Fixed BB paves the way for Personal Cloud services

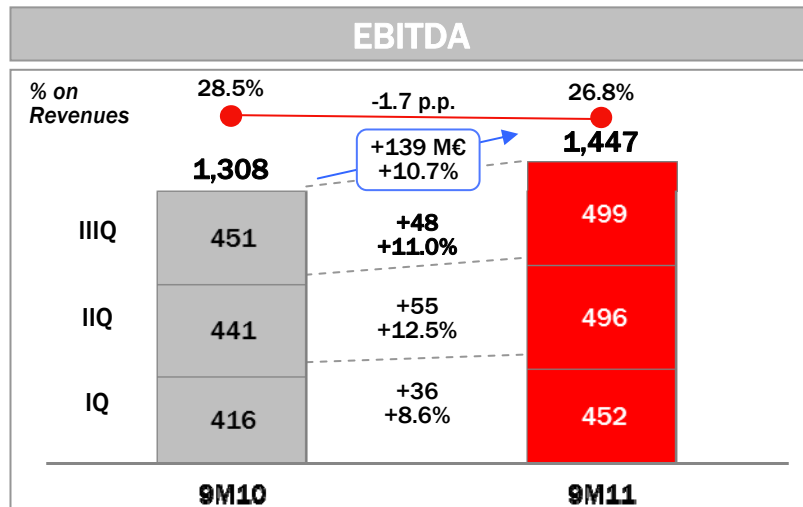
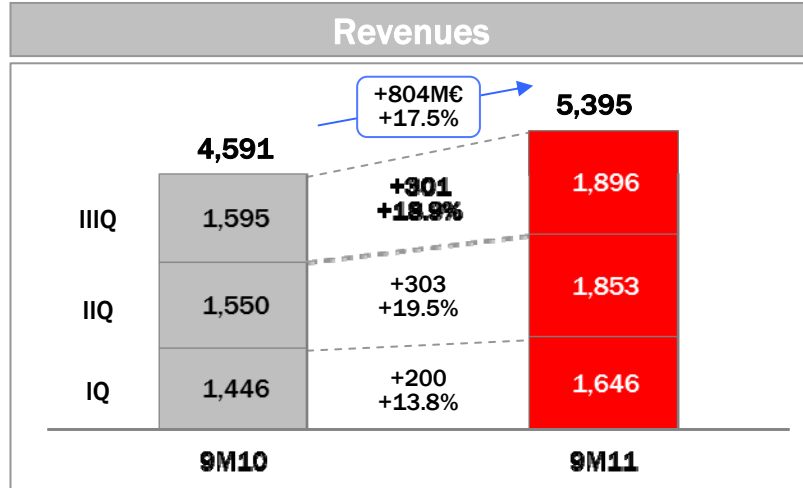
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Brazil: Revenues & Ebitda Trend

Euro mln, Organic Data, %



Size

- ▶ TIM Brasil confirmed as #2 operator in volume and value
- ▶ Data revenues on the rise YoY in 3Q11 at +47,6% vs YoY in 2Q11 +33%
- ▶ About 3.7 million lines added in the last Quarter

Revenue Growth

- ▶ Confirmed Voice outgoing revenues double-digit performance in 3Q (+21% YoY)
- ▶ Brilliant Data Revenues performance thanks to continued smartphone penetration increase (now at 19.5%)

Value Creation

- ▶ Sound Ebitda performance: +11% YoY in 3Q11

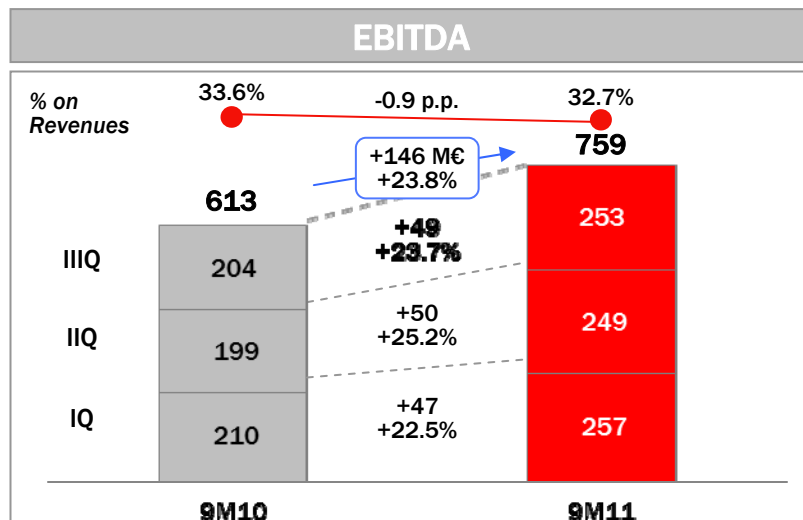
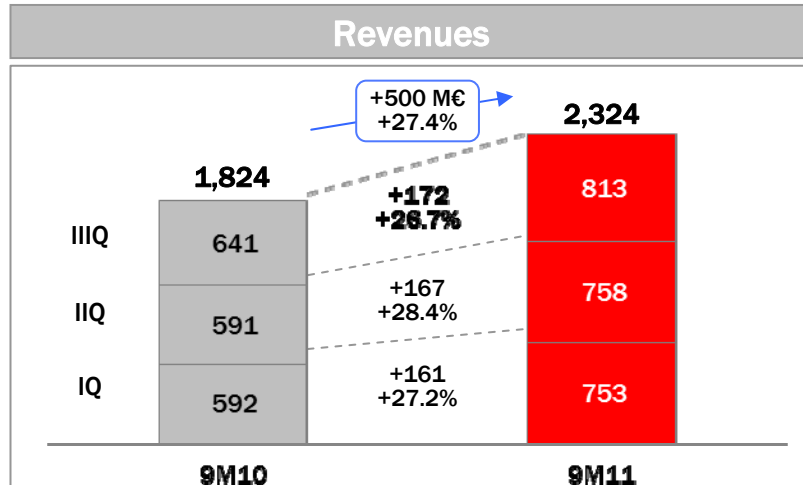
Agenda

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Argentina: Revenues & Ebitda Trend



Euro mln, Organic Data, %



Size

- ▶ Steady growth in fixed BB accesses (+13% vs 9M10)
- ▶ Argentina # 2 Mobile Operator, with 17.8 mln clients and steady growth in postpaid segment

Revenue Growth

- ▶ Mobile Personal: strong VAS Revenue growth still driven by SMS & Internet
 - ▶ ARPU Personal: ARS 49,8 YTD, +16% YoY
 - ▶ VAS: +58% 9M11 vs 9M10
- ▶ Sound Broadband growth: 3Q11 BB ARPU +14% YoY

Value Creation

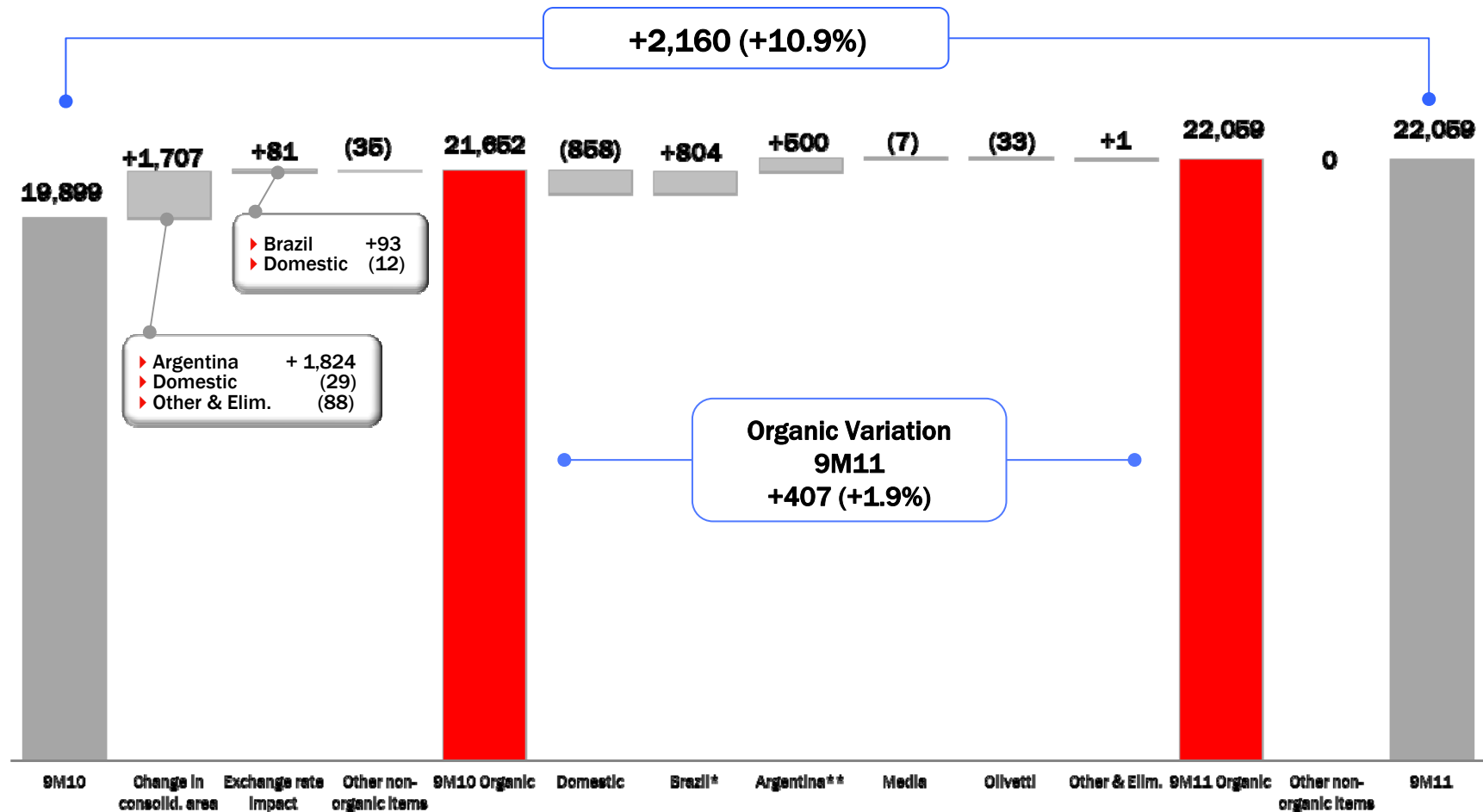
- ▶ Confirmed double-digit EBITDA Growth: +23.7% YoY in 3Q
- ▶ YTD OFCF stands at €428 million
- ▶ Solid cash position (around €300 million in September) also due to the delay in spectrum auction

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TI Group – Revenues Evolution

Euro mln

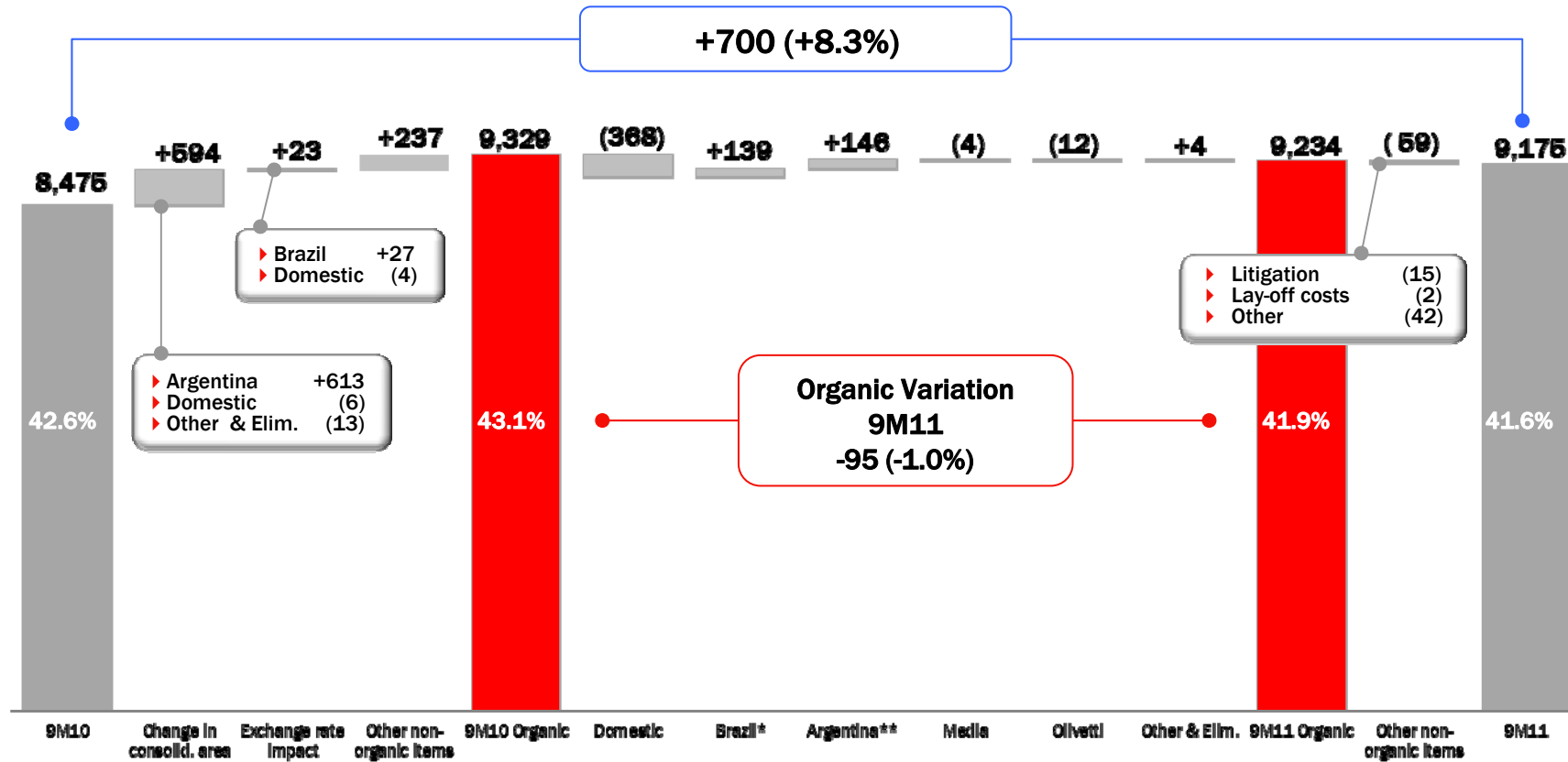


* Average Exchange rate (Real/Euro): 2.29 in 2011, 2.34 in 2010

** Average Exchange rate (Peso/Euro): 5.75 in 2011, 5.12 in 2010

TI Group – EBITDA Evolution

Euro mln

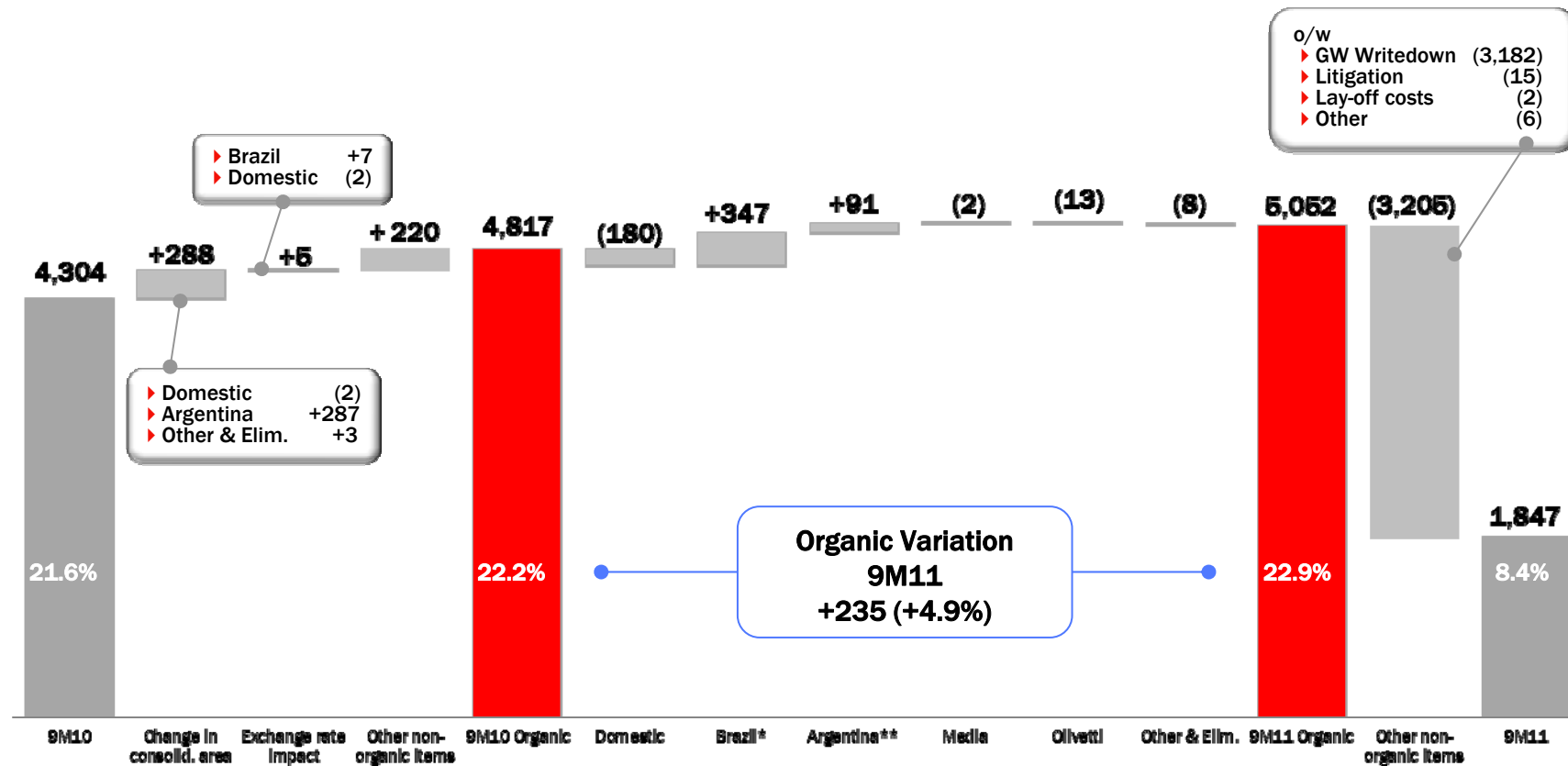


* Average Exchange rate (Real/Euro): 2.29 in 2011, 2.34 in 2010

** Average Exchange rate (Peso/Euro): 5.75 in 2011, 5.12 in 2010

TI Group – EBIT Evolution

Euro mln



* Average Exchange rate (Real/Euro): 2.29 in 2011, 2.34 in 2010

** Average Exchange rate (Peso/Euro): 5.75 in 2011, 5.12 in 2010

TI Group 9M11 Results - P&L

Euro mln, Reported Data

<i>Euro mln</i>	9M 2011			
	2011	2010	Δ Abs	Δ %
REVENUES	22.059	19.899	2.160	10,9
Other Operating Income	167	160	7	4,4
TOTAL REVENUES & OTHER INCOME	22.226	20.059	2.167	10,8
Total Purchases of materials and external services	(9.442)	(8.097)	(1.345)	16,6
Personnel	(2.884)	(2.911)	27	(0,9)
of which payroll	(2.828)	(2.631)	(197)	7,5
Other operating costs	(1.271)	(862)	(409)	47,4
Change in inventories	135	(120)	255	-
Capitalized internal constructions costs	411	406	5	(1,2)
EBITDA	9.175	8.475	700	8,3
% on Revenues	41,6%	42,6%		
Depreciation & Amortization	(4.169)	(4.173)	4	(0,1)
Writedowns and revaluations of non current assets	(3.182)	(12)	(3.170)	26.416,7
Gains/losses of non current assets realization	23	14	9	64,3
EBIT	1.847	4.304	(2.457)	(57,1)
% on Revenues	8,4%	21,6%		
Income (loss) equity invest. valued equity method	(19)	48	(67)	
Other income (expenses) from investments	15	1	14	
Net Financial Income / (Expenses)	(1.466)	(1.550)	84	
Income before Taxes & Disc. Ops.	377	2.803	(2.426)	
% on Revenues	1,7%	14,1%		
Taxes	(1.237)	(899)	(338)	
Income before Disc. Ops.	(860)	1.904	(2.764)	
Net income (loss) of assets disposed	(11)	(2)	(9)	
Net Income (ante Minorities)	(871)	1.902	(2.773)	
% on Revenues	-3,9%	9,6%		
Minorities	(335)	(83)	(252)	
Net Income (post Minorities)	(1.206)	1.819	(3.025)	
% on Revenues	-5,5%	9,1%		

Main Results by BU – Reported Data

Euro mln	I Half Reported				III Quarter Reported				9M Reported			
	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %
REVENUES												
Domestic	9,356	10,091	-735	(7.3)	4,742	4,941	-199	(4.0)	14,098	15,032	-934	(6.2)
Wireline Domestic	6,691	7,058	-367	(5.2)	3,349	3,458	-109	(3.2)	10,040	10,516	-476	(4.5)
Tim Domestic	3,496	3,908	-412	(10.5)	1,790	1,914	-124	(6.5)	5,286	5,822	-536	(9.2)
Brasile	3,499	2,875	624	21.7	1,896	1,623	273	16.8	5,395	4,498	897	19.9
Argentina	1,511	0	1,511	-	813	0	813	-	2,324	0	2,324	-
Media	118	127	-9	(7.1)	52	50	2	4.0	170	177	-7	(4.0)
Olivetti	161	176	-15	(8.5)	65	83	-18	(21.7)	226	259	-33	(12.7)
Other Activities	1	43	-42	(97.7)	1	21	-20	(95.2)	2	64	-62	(96.9)
Elim.	-103	-89	-14	(15.7)	-53	-42	-11	(26.2)	-156	-131	-25	(19.1)
TI Group	14,543	13,223	1,320	10.0	7,516	6,676	840	12.6	22,059	19,899	2,160	10.9

Euro mln	I Half Reported				III Quarter Reported				9M Reported			
	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %
EBITDA												
Domestic	4,547	4,920	-373	(7.6)	2,446	2,290	156	6.8	6,993	7,210	-217	(3.0)
Brasile	948	823	125	15.2	496	458	38	8.3	1,444	1,281	163	12.7
Argentina	506	0	506	-	253	0	253	-	759	0	759	-
Media	9	9	0	0.0	18	1	17	1,700.0	27	10	17	170.0
Olivetti	-24	-16	-8	(50.0)	-12	-8	-4	(50.0)	-36	-24	-12	(50.0)
Other Activities	-9	-4	-5	(125.0)	-2	1	-3	-	-11	-3	-8	(266.7)
Elim.	0	1	-1	(100.0)	-1	0	-1	-	-1	1	-2	-
TI Group	5,977	5,733	244	4.3	3,198	2,742	456	16.6	9,175	8,475	700	8.3
EBITDA MARGIN	41.1%	43.4%	-2.3 pp		42.5%	41.1%	1.4 pp		41.6%	42.6%	-1 pp	

Euro mln	I Half Reported				III Quarter Reported				9M Reported			
	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %
EBIT												
Domestic	-686	2,758	-3,444	-	1,536	1,280	256	20.0	850	4,038	-3,188	(78.9)
Brasile	440	165	275	166.7	243	167	76	45.5	683	332	351	105.7
Argentina	257	0	257	-	121	0	121	-	378	0	378	-
Media	-20	-21	1	4.8	4	-14	18	-	-16	-35	19	54.3
Olivetti	-27	-18	-9	(50.0)	-13	-9	-4	(44.4)	-40	-27	-13	(48.1)
Other Activities	-9	-14	5	35.7	-2	-5	3	60.0	-11	-19	8	42.1
Elim.	4	11	-7	(63.6)	-1	4	-5	-	3	15	-12	(80.0)
TI Group	-41	2,881	-2,922	-	1,888	1,423	465	32.7	1,847	4,304	-2,457	(57.1)
EBIT MARGIN	-0.3%	21.8%	-22.1 pp		25.1%	21.3%	3.8 pp		8.4%	21.6%	-13.2 pp	





Main Results by BU – Organic Data

Euro mln	I Half Organic				III Quarter organic				9M Organic			
	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %
REVENUES												
Domestic	9,356	10,029	-673	(6.7)	4,742	4,927	-185	(3.8)	14,098	14,956	-858	(5.7)
Wireline Domestic	6,691	7,031	-340	(4.8)	3,349	3,444	-95	(2.8)	10,040	10,475	-435	(4.2)
Tim Domestic	3,496	3,873	-377	(9.7)	1,790	1,914	-124	(6.5)	5,286	5,787	-501	(8.7)
Brasile	3,499	2,996	503	16.8	1,896	1,595	301	18.9	5,395	4,591	804	17.5
Argentina	1,511	1,183	328	27.8	813	641	172	26.7	2,324	1,824	500	27.4
Media	118	127	-9	(7.1)	52	50	2	4.0	170	177	-7	(4.0)
Olivetti	161	176	-15	(8.5)	65	83	-18	(21.7)	226	259	-33	(12.7)
Other Activities	1	1	0	0.0	1	1	0	0.0	2	2	0	0.0
Elim.	-103	-106	3	2.8	-53	-51	-2	(3.9)	-156	-157	1	0.6
TI Group	14,543	14,406	137	1.0	7,516	7,246	270	3.7	22,059	21,652	407	1.9

Euro mln	I Half Organic				III Quarter organic				9M Organic			
	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %
EBITDA												
Domestic	4,591	4,895	-304	(6.2)	2,478	2,542	-64	(2.5)	7,069	7,437	-368	(4.9)
Brasile	948	857	91	10.6	499	451	48	11.0	1,447	1,308	139	10.7
Argentina	506	409	97	23.9	253	204	49	23.7	759	613	146	23.8
Media	9	9	0	0.0	-3	1	-4	-	6	10	-4	(40.0)
Olivetti	-24	-16	-8	(50.0)	-12	-8	-4	(50.0)	-36	-24	-12	(50.0)
Other Activities	-9	-11	2	18.2	-2	-3	1	33.3	-11	-14	3	21.4
Elim.	0	0	0	-	0	-1	1	-	0	-1	1	-
TI Group	6,021	6,143	-122	(2.0)	3,213	3,186	27	0.8	9,234	9,329	-95	(1.0)
EBITDA MARGIN	41.4%	42.6%	-1.2 pp		42.7%	44.0%	-1.3 pp		41.9%	43.1%	-1.2 pp	

Euro mln	I Half Organic				III Quarter organic				9M Organic			
	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %	Actual 2011	Actual 2010	Δ Abs	Δ %
EBIT												
Domestic	2,539	2,738	-199	(7.3)	1,533	1,514	19	1.3	4,072	4,252	-180	(4.2)
Brasile	440	172	268	156.2	246	167	79	47.5	686	339	347	102.4
Argentina	257	190	67	35.7	121	97	24	24.7	378	287	91	31.9
Media	-20	-21	1	4.8	-17	-14	-3	(21.4)	-37	-35	-2	(5.7)
Olivetti	-27	-19	-8	(42.1)	-13	-8	-5	(62.5)	-40	-27	-13	(48.1)
Other Activities	-9	-11	2	18.2	-2	-3	1	33.3	-11	-14	3	21.4
Elim.	4	12	-8	(66.7)	0	3	-3	(100.0)	4	15	-11	(73.3)
TI Group	3,184	3,061	123	4.0	1,868	1,756	112	6.4	5,052	4,817	235	4.9
EBIT MARGIN	21.9%	21.2%	0.7 pp		24.9%	24.2%	0.7 pp		22.9%	22.2%	0.7 pp	

Italian Spectrum Auction - Outcome

				
800 Mhz	5 Mhz 5 Mhz	5 Mhz 5 Mhz	5 Mhz 5 Mhz	
1800 Mhz	5 Mhz	5 Mhz		5 Mhz
2600 Mhz FDD	5 Mhz 5 Mhz 5 Mhz	5 Mhz 5 Mhz 5 Mhz	5 Mhz 5 Mhz 5 Mhz 5 Mhz	5 Mhz 5 Mhz
2600 Mhz TDD				15 Mhz 15 Mhz

Specific Block 5 Mhz