

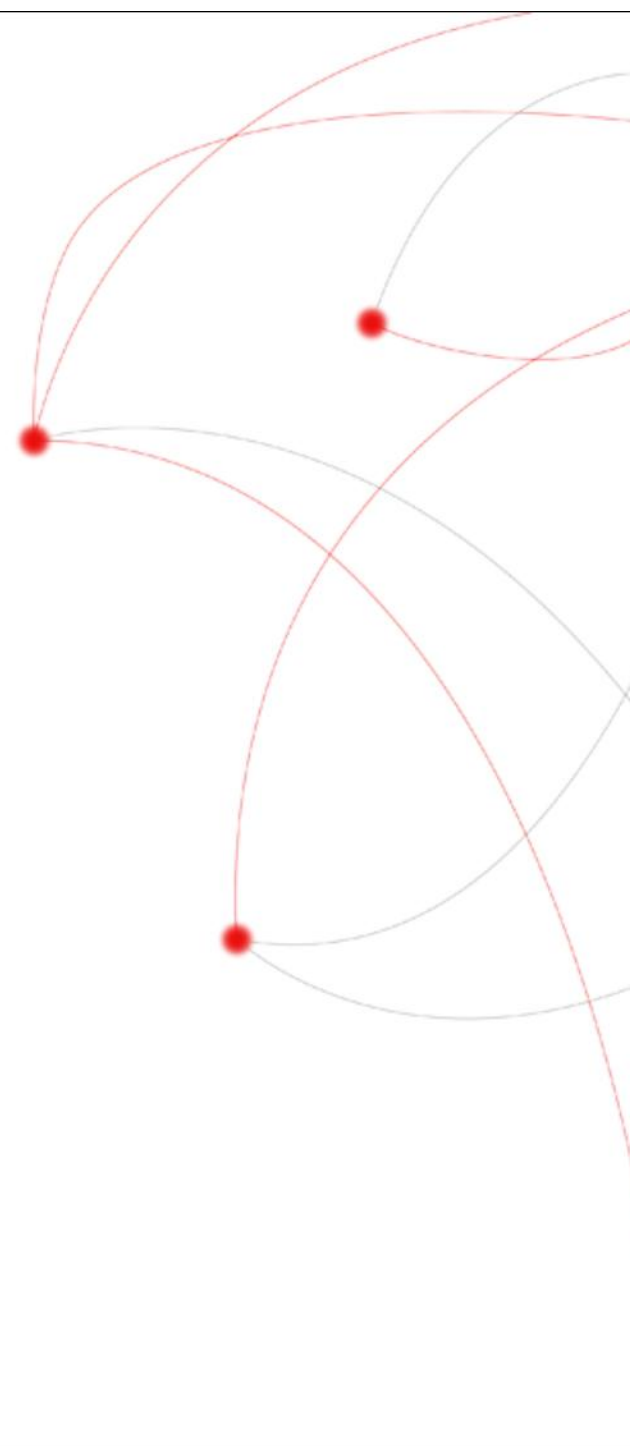
TELECOM ITALIA GROUP

9M 2011 Results

Milan, November 11, 2011

Telecom Italia 9M 2011 Results

MARCO PATUANO



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.

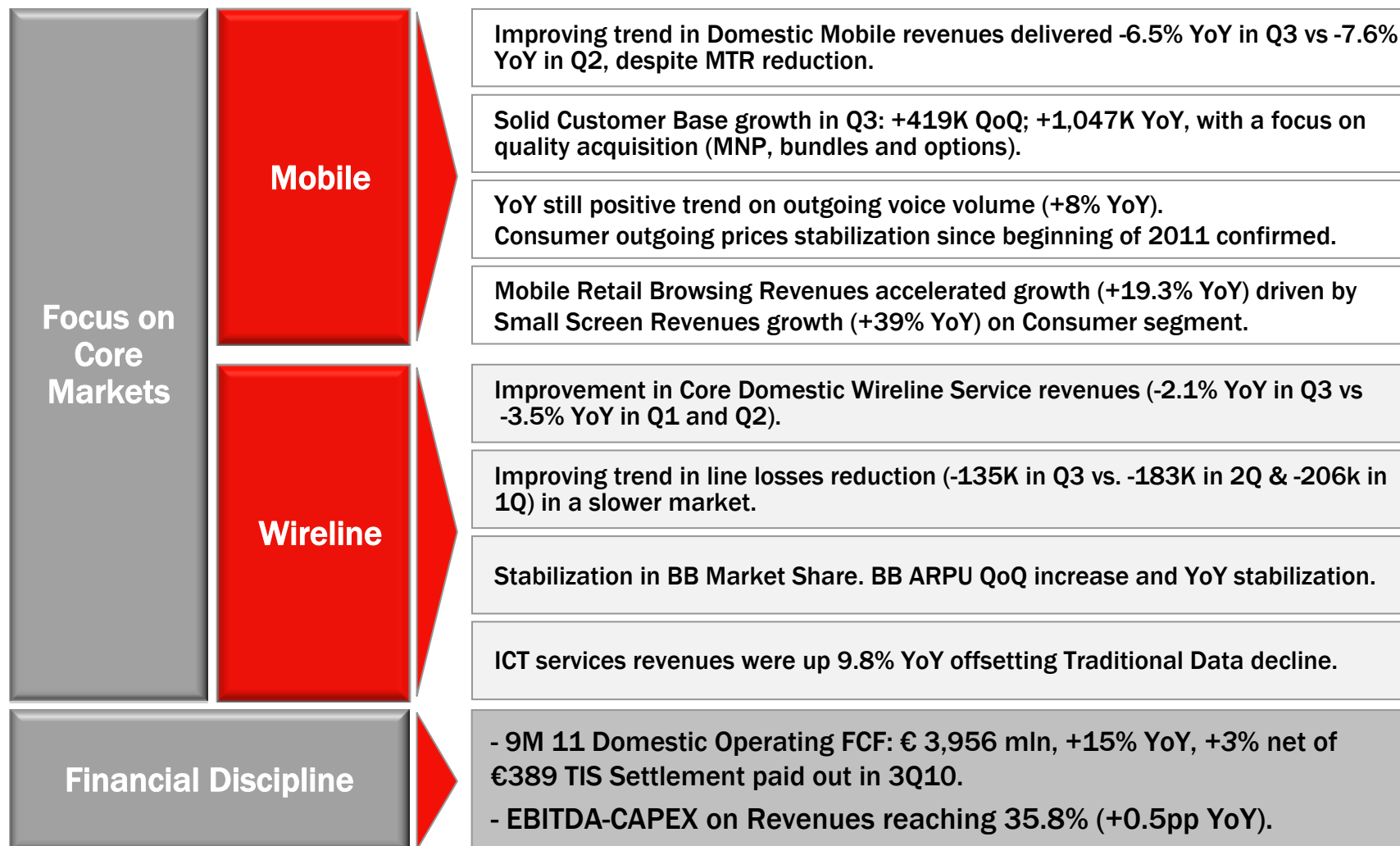
Forward-looking information is based on certain key assumptions which we believe to be reasonable as of the date hereof, but forward looking information by its nature involves risks and uncertainties, which are outside our control, and could significantly affect expected results.

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Agenda

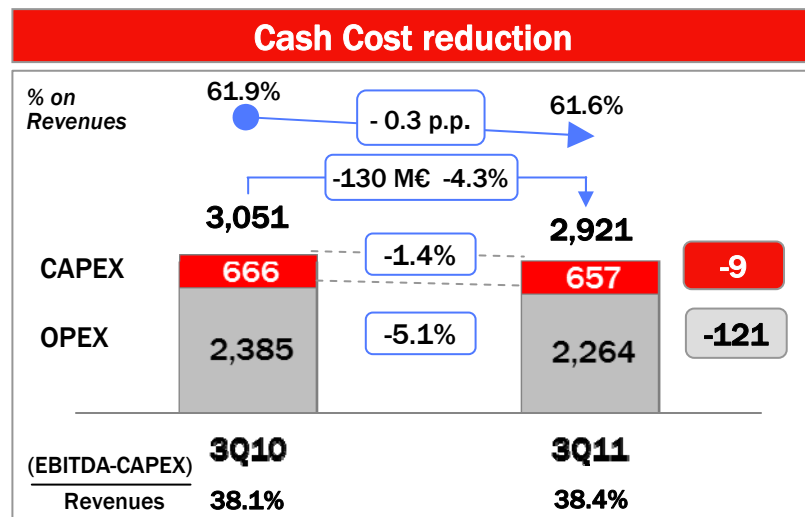
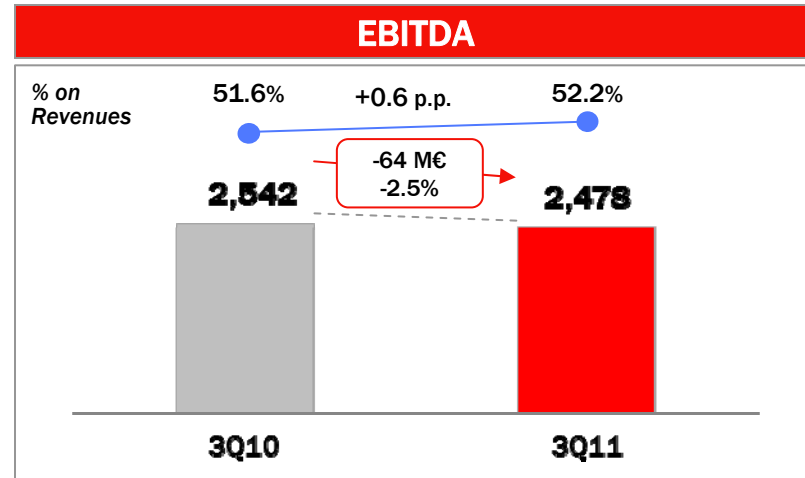
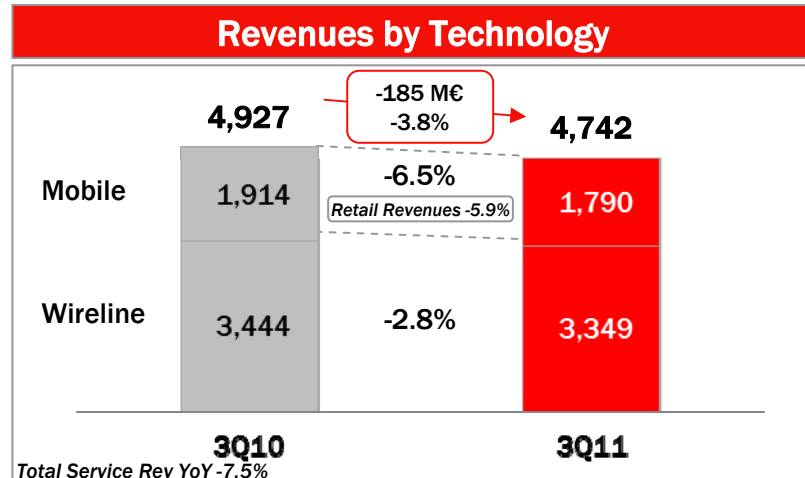
- ▶ **Domestic 3Q11 Progress Report**
- ▶ Mobile
- ▶ Fixed
- ▶ EBITDA trend
- ▶ Appendix

Domestic 3Q11 Progress Report



Domestic: Organic Results

Euro mln, Organic data, %



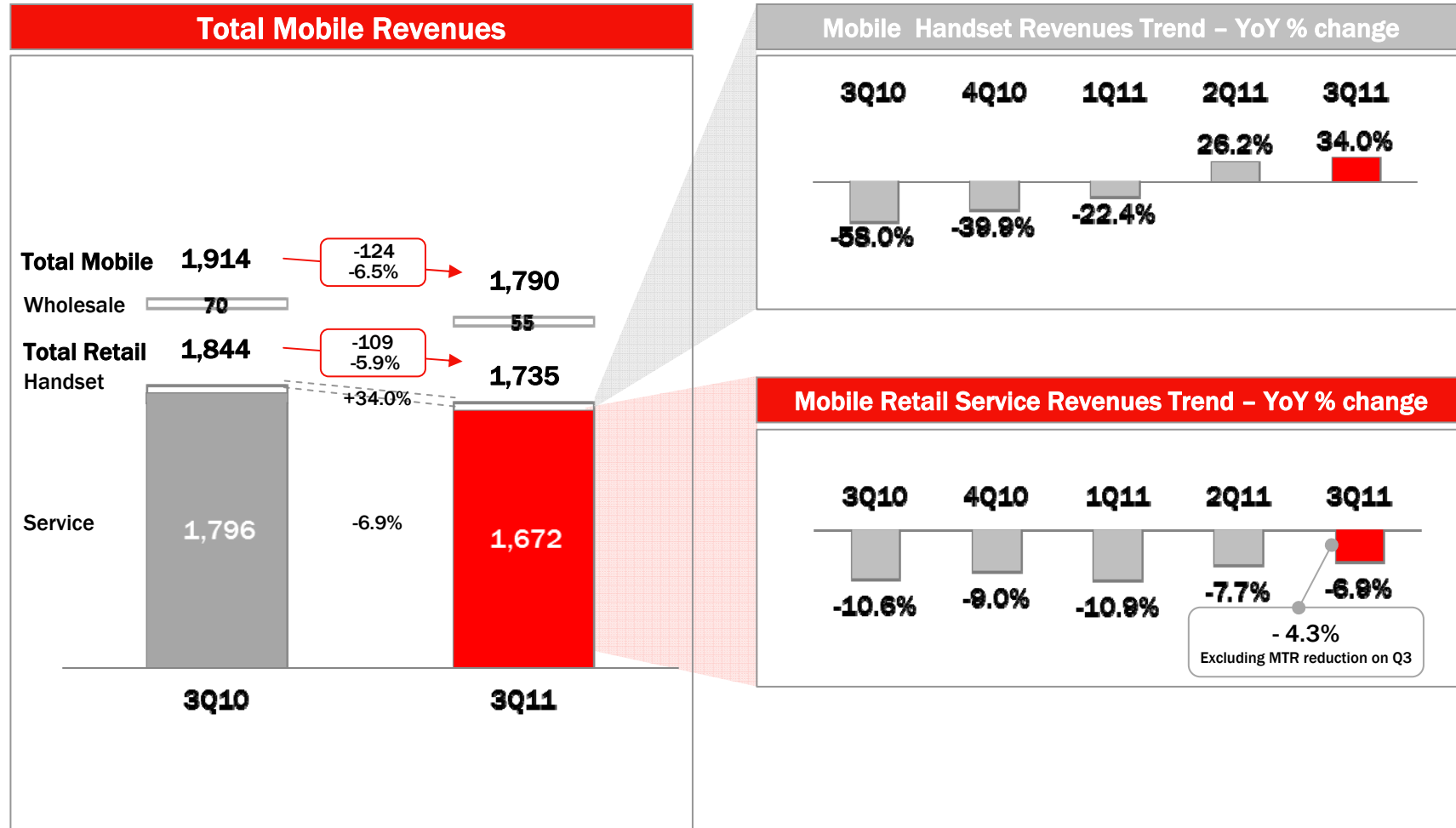
- ### Highlights
- ▶ Further improvement in Revenues trend, in both Fixed and Mobile
 - ▶ On Fixed, performance was sustained by July tariff simplification and by a successful value-driven approach in a slowing market
 - ▶ On Mobile, voice price stabilization and data growth delivered further trend improvement, despite MTR reduction in July
 - ▶ Year-on-Year trend on Int'l Wholesale close to stabilization
 - ▶ Continued focus on cash cost delivered a 0.6pp growth on EBITDA Margin, now at 52.2%
 - ▶ Ebitda-Capex on Revenues reached 38.4% in Q3

Agenda

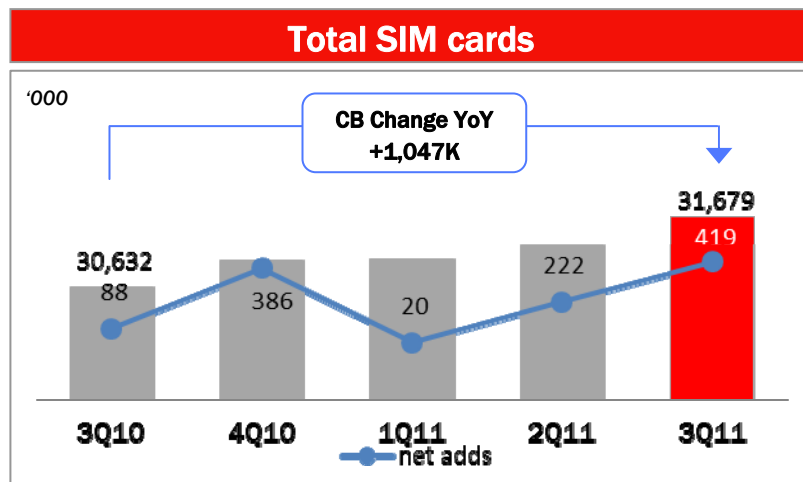
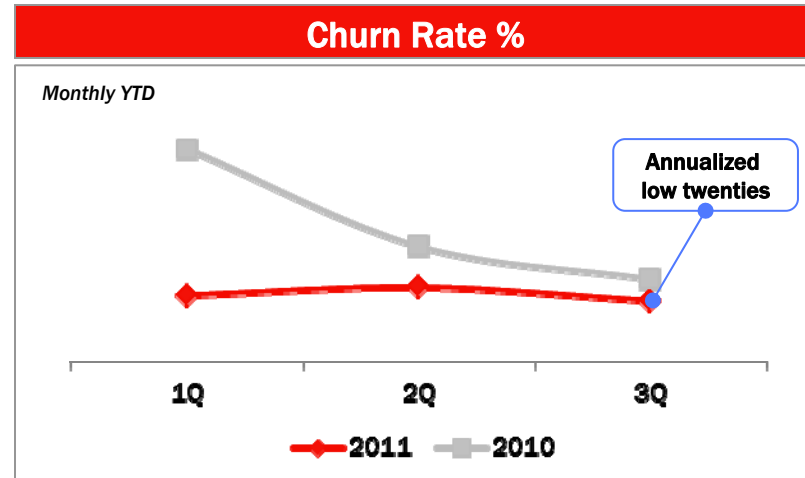
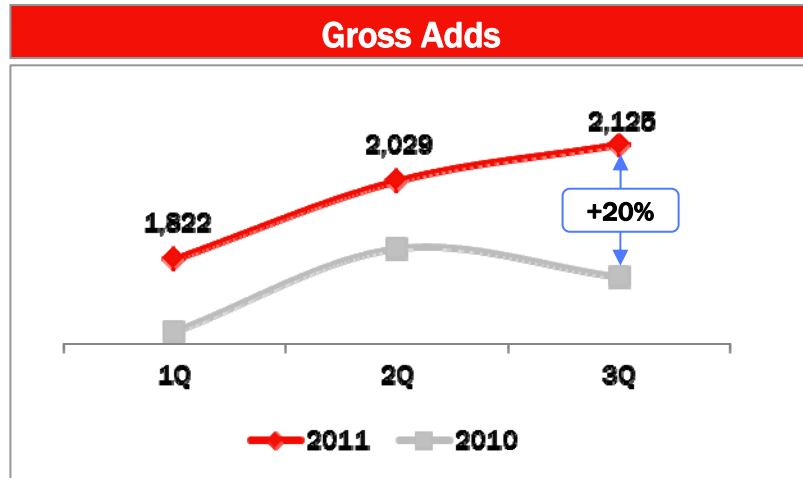
- ▶ Domestic 3Q11 Progress Report
- ▶ **Mobile**
- ▶ Fixed
- ▶ EBITDA trend
- ▶ Appendix

Mobile Revenues: 3Q11 Results Breakdown

Euro mln, Organic Data



Domestic Mobile: Customer Base Trend

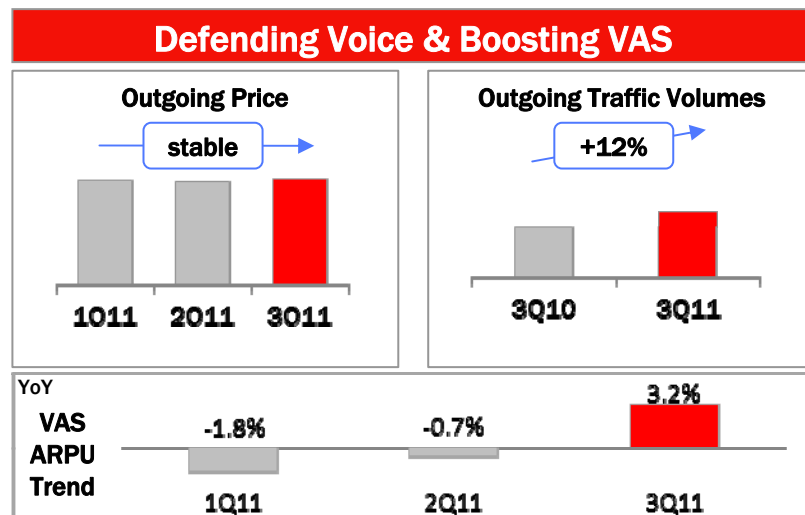
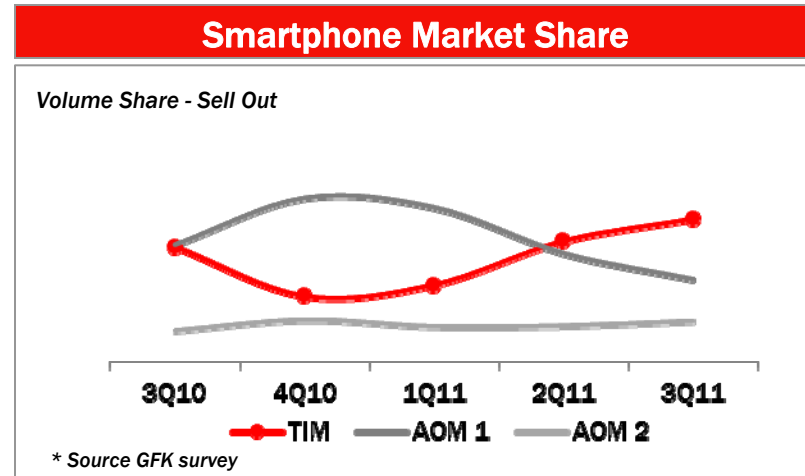
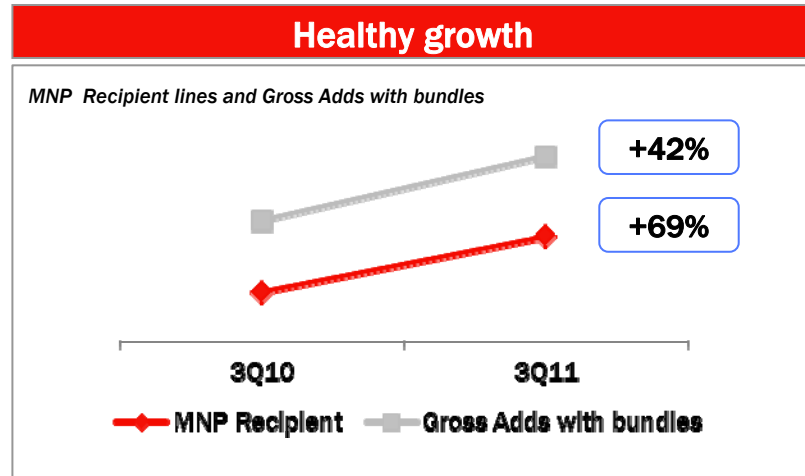


Highlights

Gross Adds combined with a controlled churn generates a sound Customer Base growth:

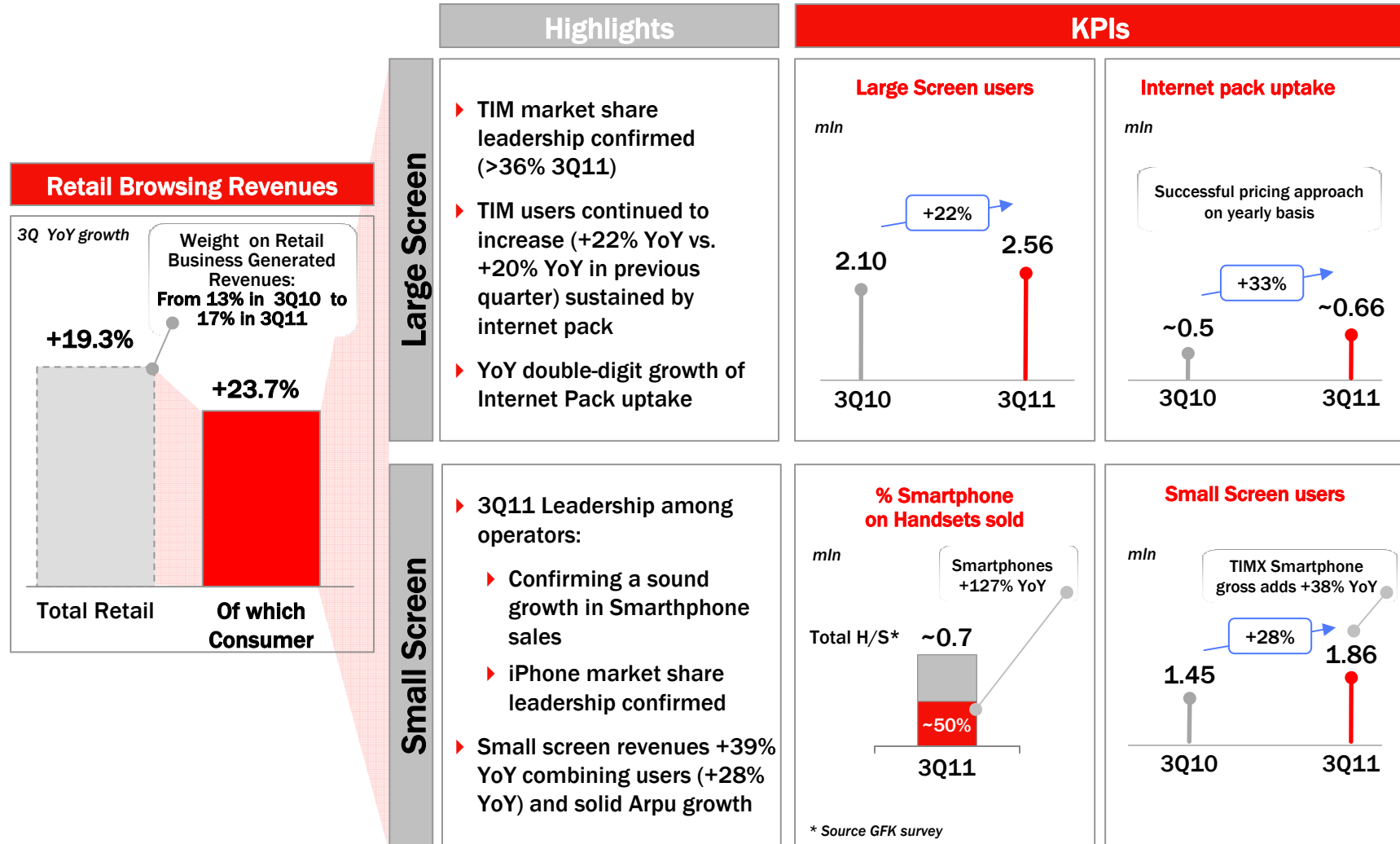
- ▶ Focus on acquisition delivered a double-digit growth in Gross Adds (+20% YoY)
- ▶ Churn rate still improving, driven by CRM focus and increasing lock-in offerings on Customer Base

Domestic Mobile Consumer: A Quality Growth



- ### Highlights
- ▶ Focus on quality acquisition with an important growth on:
 - MNP acquisitions both as rate on total acquisition and as absolute terms
 - Bundle options sales on new customers
 - ▶ Consolidated leadership on smartphone market
 - ▶ Defending Voice, stabilizing price since the beginning of 2011 and continuing growth in traffic volume YoY

Domestic Mobile – Focus on Mobile BB Consumer



Domestic Mobile Revenues

Euro mln, Organic Data, %

	3Q10	3Q11	Δ% YoY	2011 vs 10 Δ% YoY
Total	1,914	1,790	(6.5)	(7.6)
Wholesale	70	55	(21.4)	(32.5)
Retail	1,844	1,736	(5.9)	(6.6)
o/w Services	1,796	1,672	(6.9)	(7.7)
o/w Business Generated (*)	1,578	1,496	(5.2)	(6.6)
o/w Outgoing Voice (**)	1,065	973	(8.6)	(9.0)
o/w VAS	513	524	2.1	(1.8)
o/w Incoming	218	176	(19.3)	(13.9)

Handsets	47	63	34.0	26.2

Excluding MTR reduction on Q3 -4.3% YoY

MTR price reduction of 19.7% YoY

(*) Total Retail Services Revenues net of Incoming

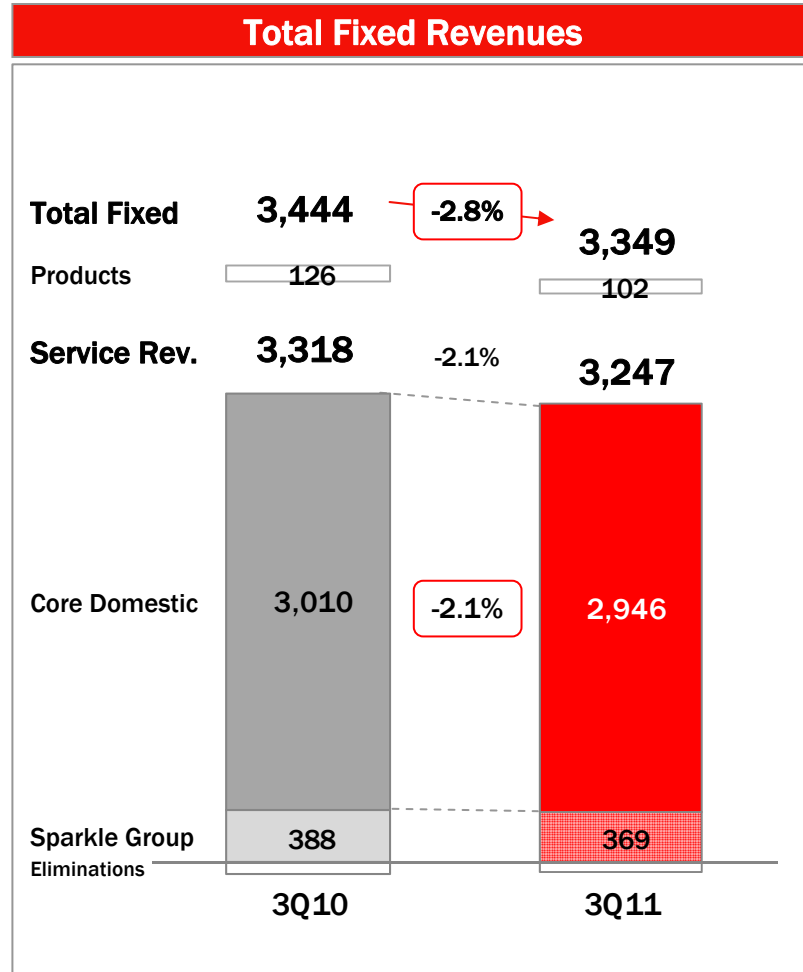
(**) Including Roaming & Visitors

Agenda

- ▶ Domestic 3Q11 Progress Report
- ▶ Mobile
- ▶ **Fixed**
- ▶ EBITDA trend
- ▶ Appendix

Domestic Fixed: Revenues Dynamics

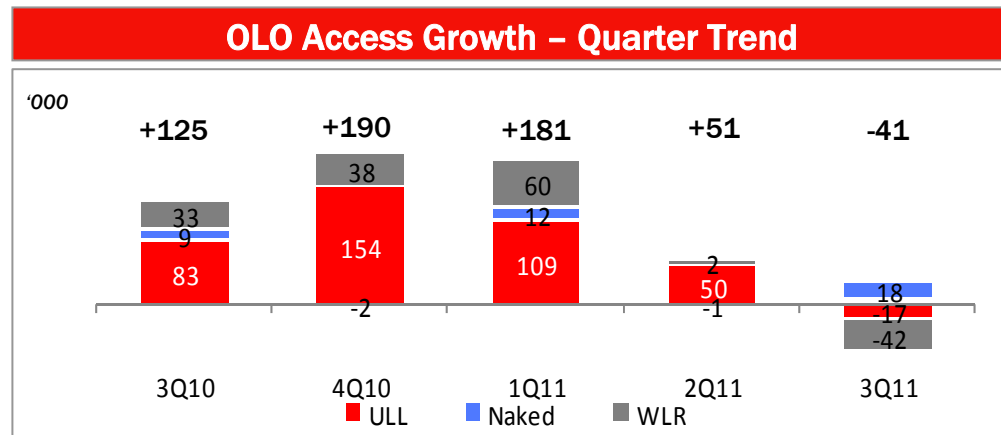
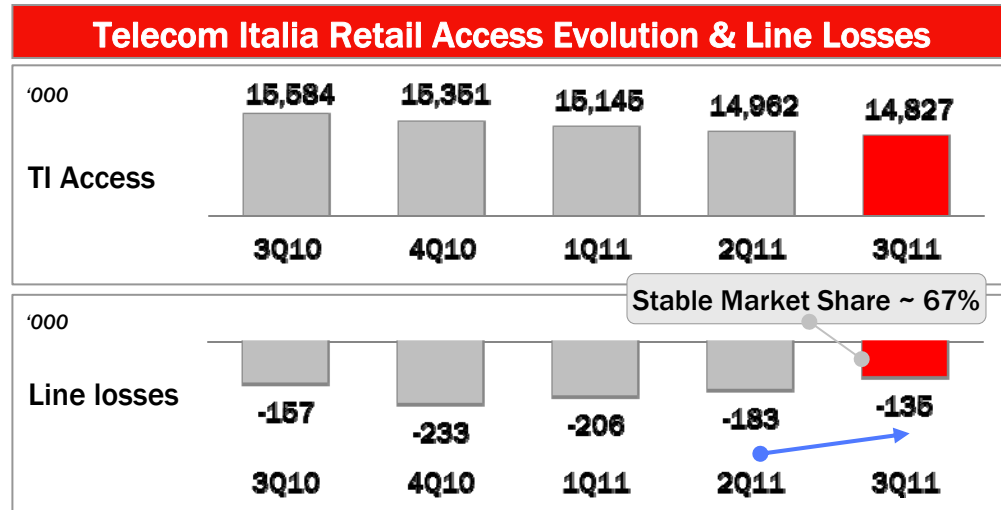
Euro mln, Organic Data, %



Highlights

- ▶ **Material improvement in Core Domestic Service Revenues: -2.1% YoY in Q3 vs -3.5% in Q2 & Q1, as a result of:**
 - Positive impact of Monthly fee revision and tariff simplification
 - Successful value-oriented approach on Broadband
 - Confirmed Positive trend on ICT Service Revenues growth
- ▶ **Sparkle Revenues trend stabilization**

Domestic Fixed: TI Access Performance

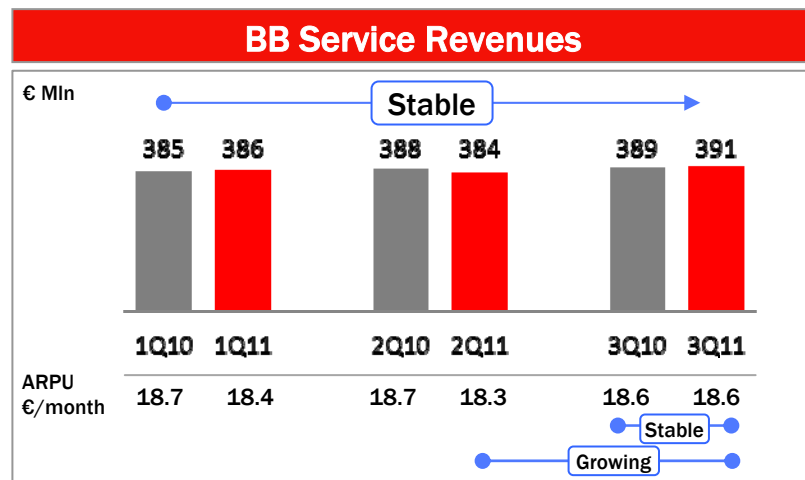
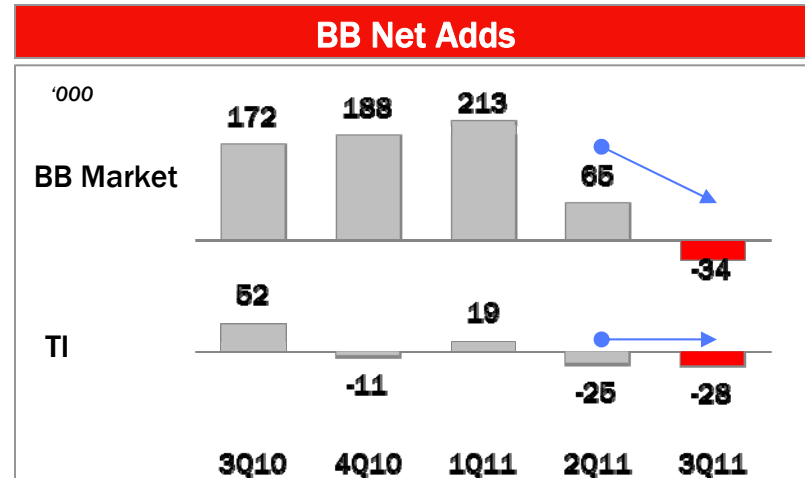
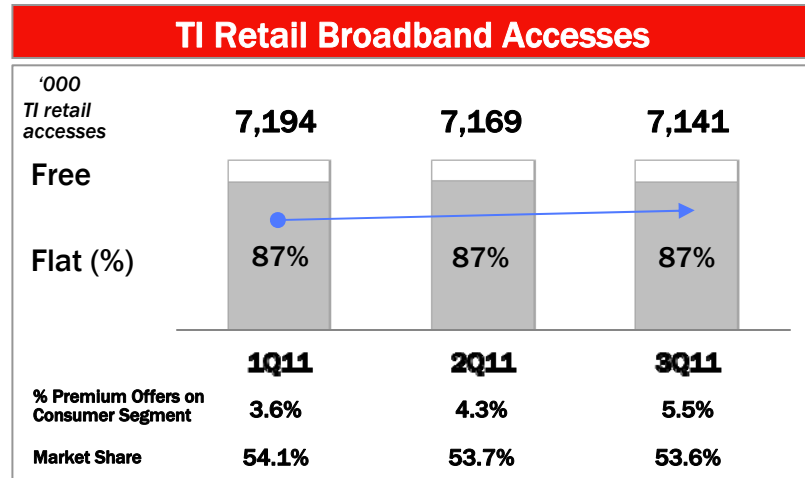


Highlights

- ▶ Stable Market Share
- ▶ For the first time negative growth of OLO access
- ▶ OLO aggressive promotions derive from a tough market, leading to a higher intra-OLO flow
- ▶ Improvement in TI line losses trend despite market contraction


TI's winning value oriented strategy

Domestic Fixed: Focus on Broadband



- ### Highlights
- ▶ Defending Broadband Market Share at 53.6%
 - ▶ Stabilizing BB reduction trend vs Market contraction
 - ▶ BB ARPU increase proving an healthy BB Strategy
 - ▶ Confirming the stable BB Service Revenues since 2010

Domestic Wireline Revenues

Euro mln, Organic Data, %

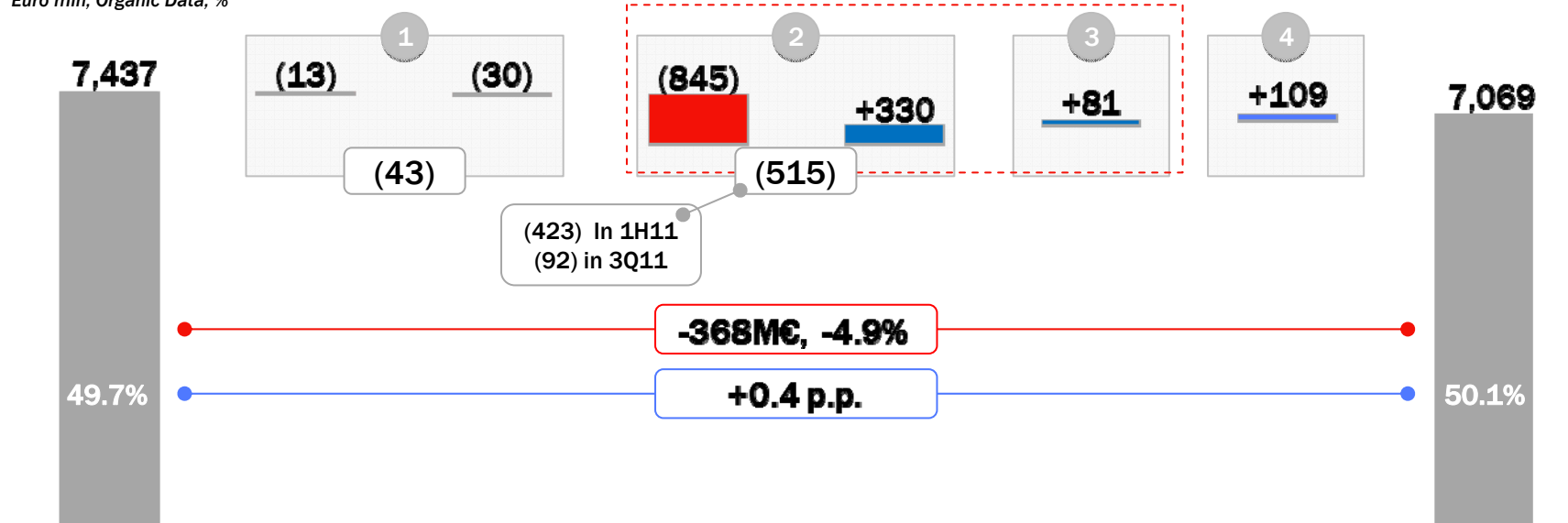
	3Q10	3Q11	YoY %	2Q11 vs 10 Δ% YoY
Total	3,444	3,349	(2.8)	(5.1)
Sparkle Group	388	369	(4.9)	(16.5)
Domestic Core Services	3,010	2,946	(2.1)	(3.5)
Voice & Access	1,471	1,383	(6.0)	(8.0)
Internet	413	411	(0.5)	(3.3)
Business Data	297	302	1.7	0.7
National Wholesale	766	789	3.0	4.0
Other	63	60	n.m.	n.m.
Products	126	102	(19.0)	(11.3)
Elimination	(80)	(68)	(15.0)	(9.0)

Agenda

- ▶ Domestic 3Q11 Progress Report
- ▶ Mobile
- ▶ Fixed
- ▶ **EBITDA trend**
- ▶ Appendix

Focus on 9M11 Domestic EBITDA

Euro mln, Organic Data, %



	9M10	Handsets Revenues	Handsets Costs	Service Revenues	Interconn. Costs	Mktg&Comm. Opex	Fixed Opex*	9M11
Change YoY	2,542	(9)	(17)	(176)	+84	+24	+30	2,478
3Q10				-64M€, -2.5%				3Q11

<p>1 Increased focus on Smartphones to support data growth</p>	<p>3 Commercial effort increase on Mobile acquisitions balanced by efficiencies on customers operations and content costs reduction</p>
<p>2 Significant First Margin recovery in 3Q11 driven by price stabilization and data revenues growth</p>	<p>4 Acceleration on Opex efficiency confirmed (>100% of FY Target already achieved in 9M11)</p>

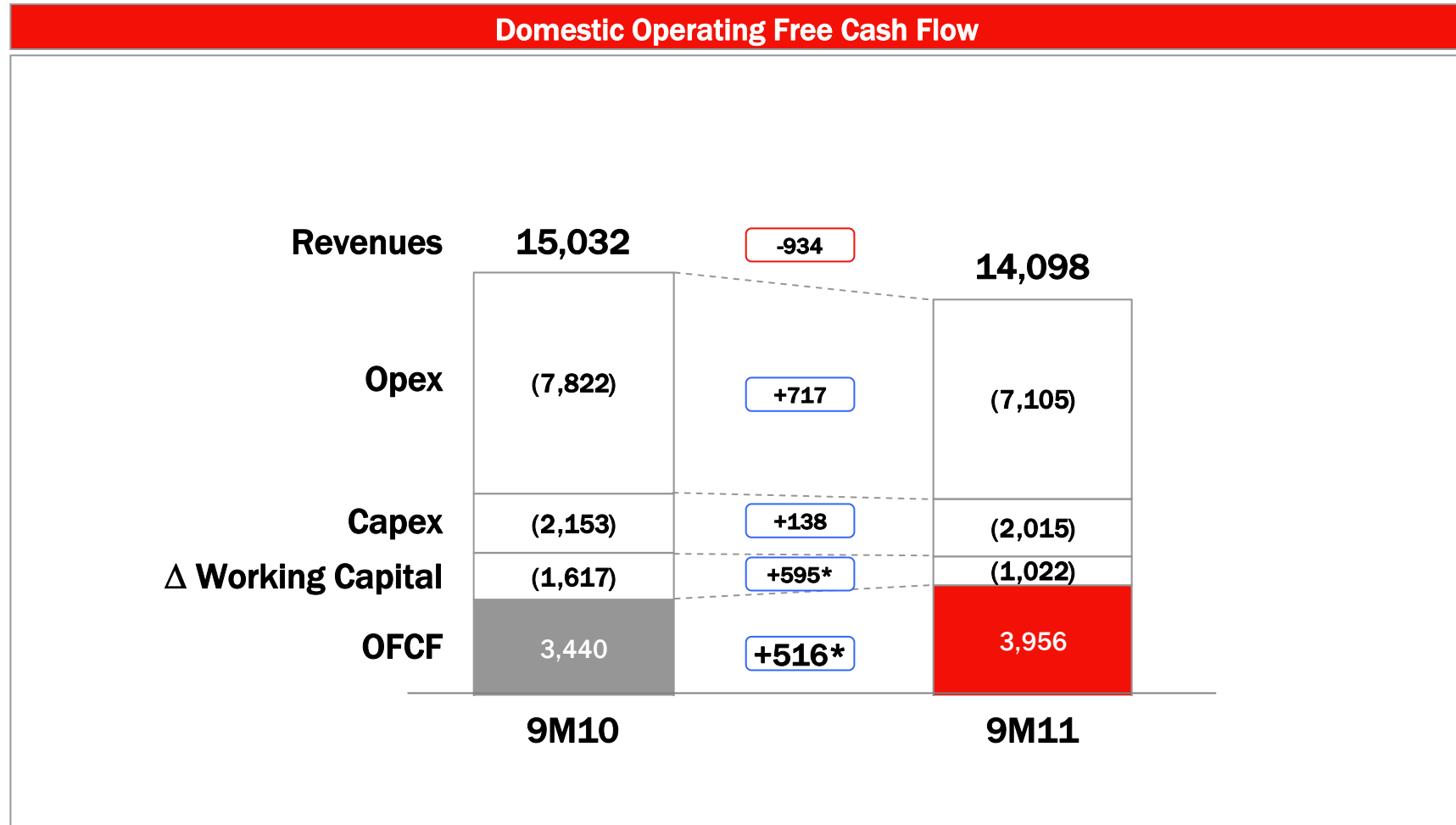
* Costs and operating income related to credit management are reclassified from Fixed Opex to Marketing & Commercial Opex

Agenda

- ▶ Domestic 3Q11 Progress Report
- ▶ Mobile
- ▶ Fixed
- ▶ EBITDA Trend
- ▶ **Appendix**

Focus on FCF Generation

Euro mln, Reported Data



* o/w 389 € mln TI Sparkle settlement