

TELECOM ITALIA

9M '07 Financial Results

Milan, November 9, 2007

Telecom Italia Group 9M '07 Financial Results

ENRICO PARAZZINI

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.

Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking statements as a result of various factors.

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 Spa 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 Spa business or acquisition strategy 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.

TI Group - Key Financial Results

€ Mln

	9M '07 reported	9M '06 reported	YoY reported	YoY Organic*		3Q '07 reported	YoY reported	YoY Organic*
Revenues	23,207	23,104	+0.4%	-0.7%	+1.0% excluding change for non- geographic numbers ** (373 mln € in 9M06)	7,737	-0.4%	-2.2%
Ebitda	9,433	9,786	-3.6%	-3.5%		3,139		
Ebitda margin	40.6%	42.4%	-1.8pp	-1.2pp		40.6%	-1.5pp	-1.1pp
Ebit	5,138	5,621	-8.6%	-6.3%		1,689		
Ebit margin	22.1%	24.3%	-2.2pp	-1.3pp		21.8%	-1.6pp	-1.5pp
Net Income post minorities	2,220	2,376	-6.6%			720		
Capex	3,688	3,299	+389		+4.3% net of disposals and discontinued operations impact	1,214	+131	
Net Debt	37,443	39,504	-2,061 +142 vs. YE '06		After cash out of € 2.8 bln for dividend payment			

* Excluding changes in consolidation area, exchange rate impact and other non organic items

** In accordance with AGCOM deliberation 417/06/CONS, starting January 1st 2007, Telecom Italia invoices services rendered by OLO on NNG 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

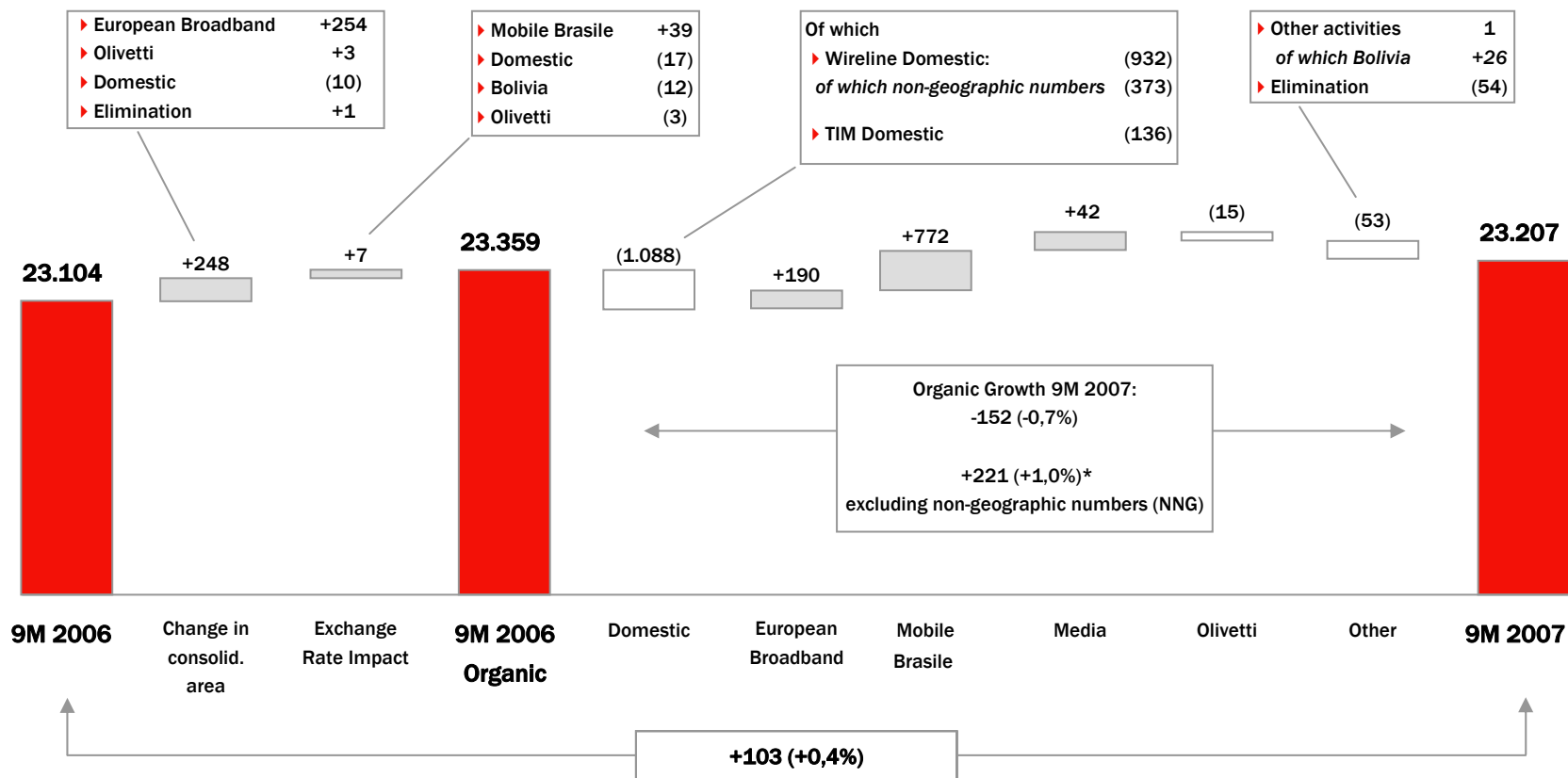
TI Group – Comparison with FY 2007 Targets

	2007 Organic Target*	9M 2007 Δ YoY Organic*	
Revenue Growth	+1% / +2%	-0.7%	+1.0% excluding change for non-geographic numbers
EBITDA Margin	-2.5 / -2.0 pp	-1.2 pp	
EBIT Margin	-3.0 / -2.5 pp	-1.3 pp	
Net Financial Position	reducing	-2.1bln €	
NPF/Ebitda	< 3.0 X	On Track	

* Excluding changes in consolidation area, exchange rate impact and other non organic items

TI Group - Revenues 9M '07 vs. 9M '06

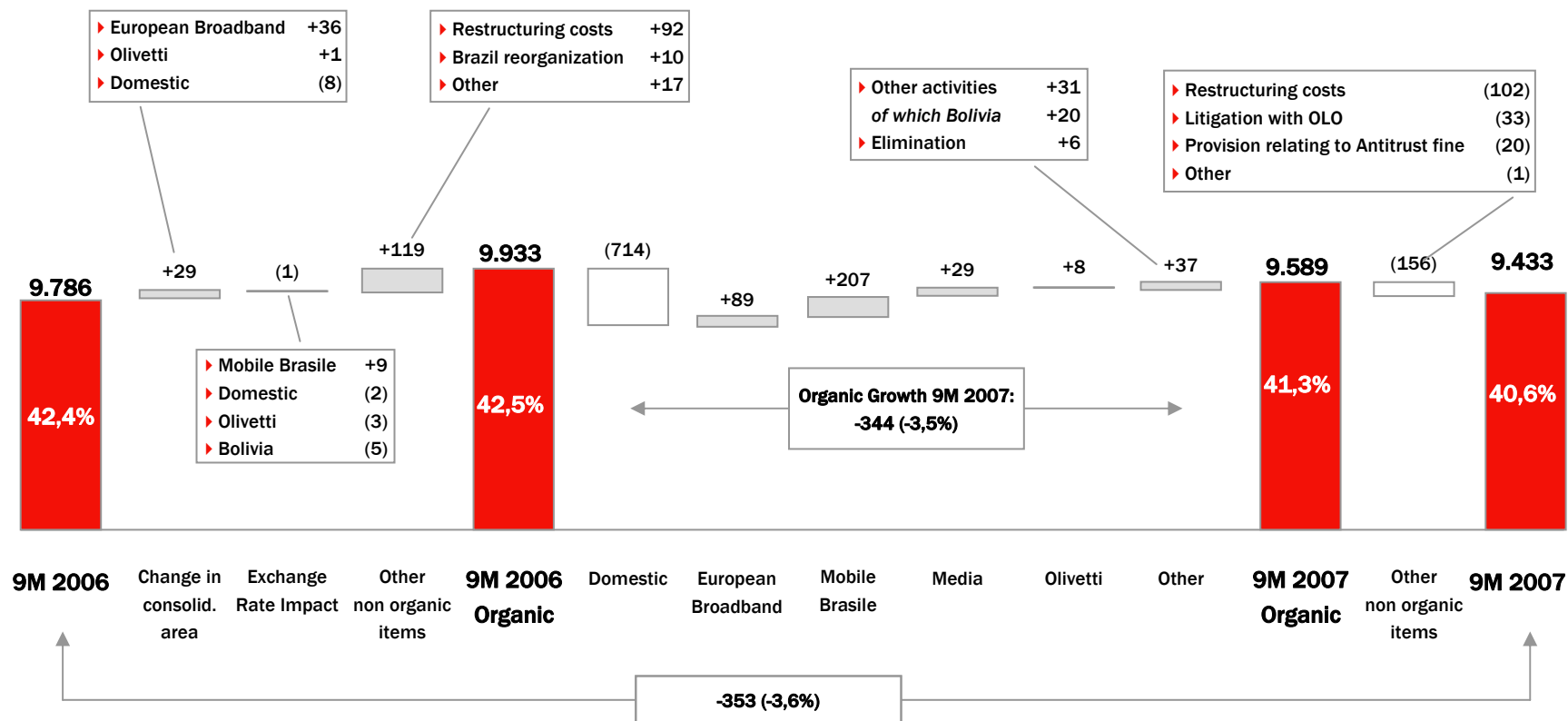
Euro mln



(* In accordance with AGCOM deliberation number 417/06/CONS, starting January 1st 2007, Telecom Italia invoices services rendered by OLO on NNG 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

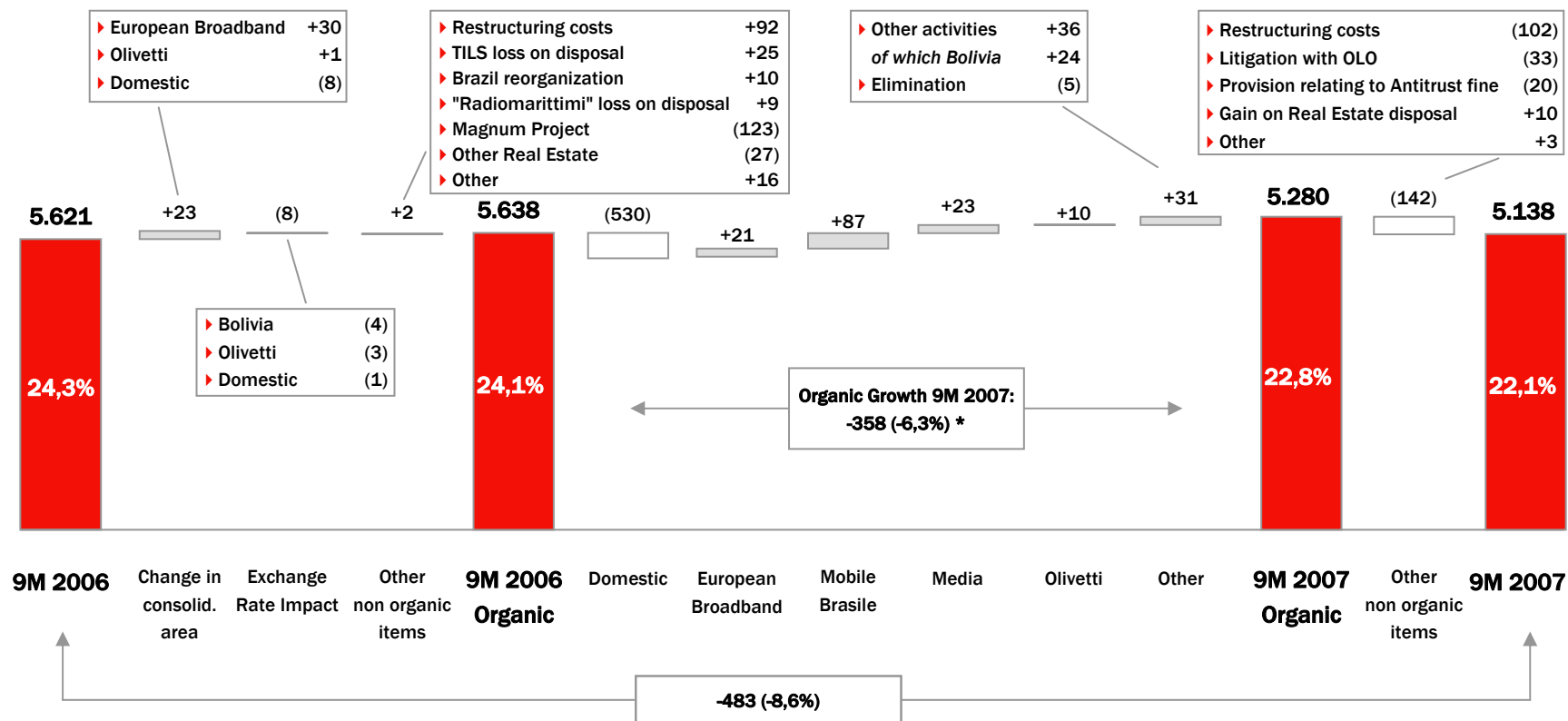
TI Group - EBITDA 9M '07 vs. 9M '06

Euro mln



TI Group - EBIT 9M '07 vs. 9M '06

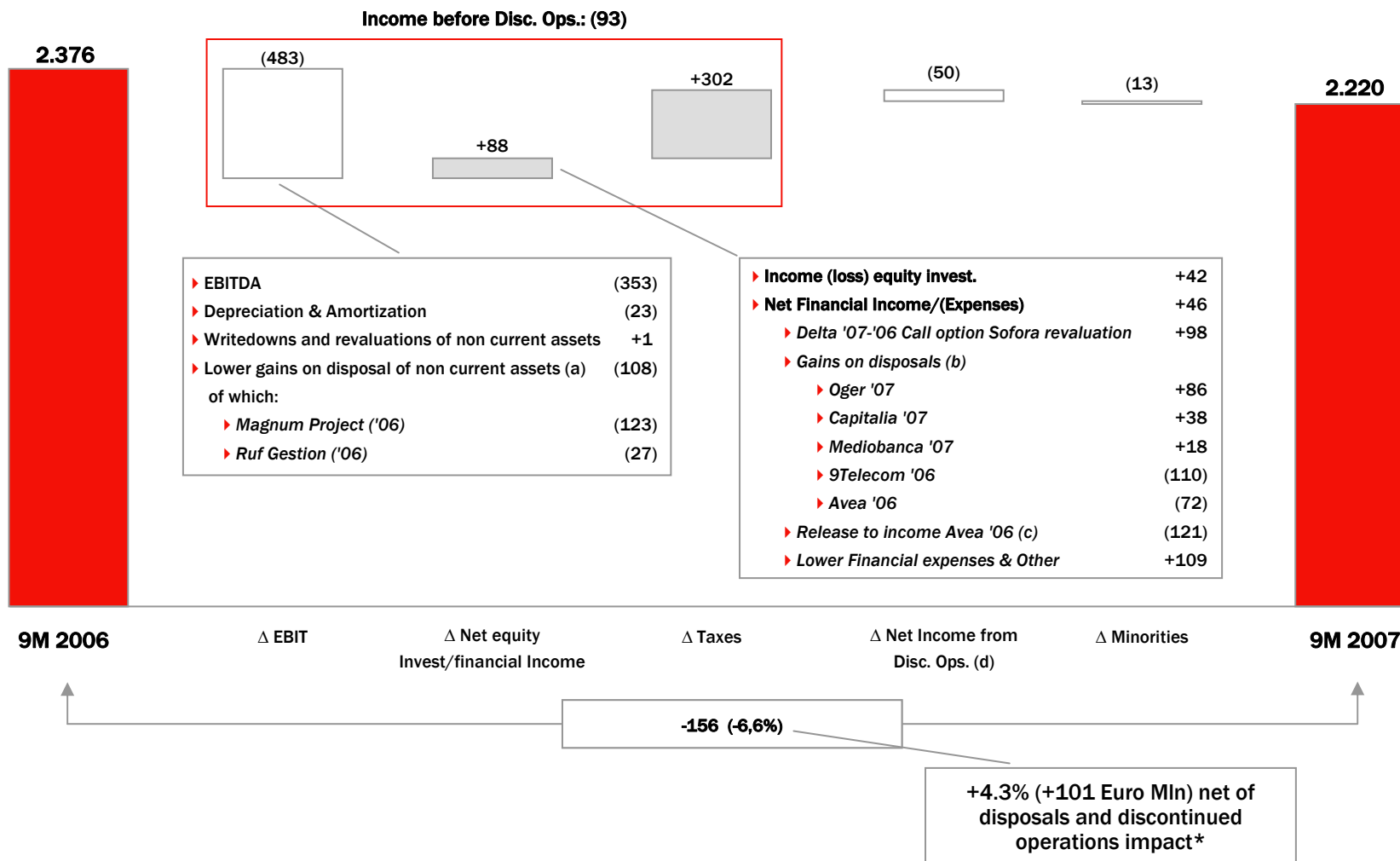
Euro mln



(*) Including a positive impact on EBIT for 270M€ vs. 9M 2006 related to depreciation revision of asset's useful lives made in december 2006, as requested by IAS/IFRS 16.

TI Group - Net Income 9M '07 vs. 9M '06

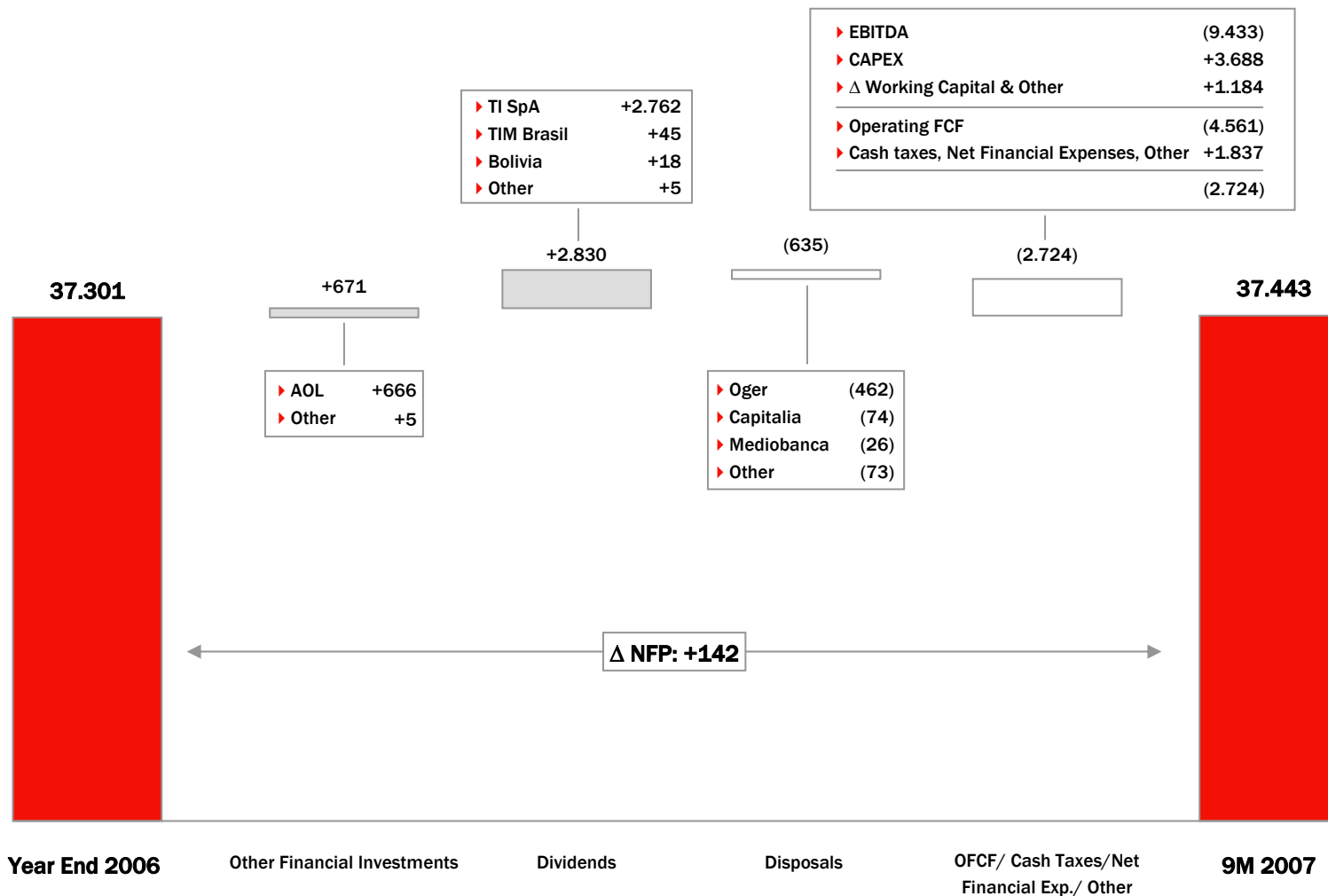
Euro mln



* Calculated as: a+b+c+d net of taxes

TI Group - Net Financial Position 9M '07 vs. 9M '06

Euro mln

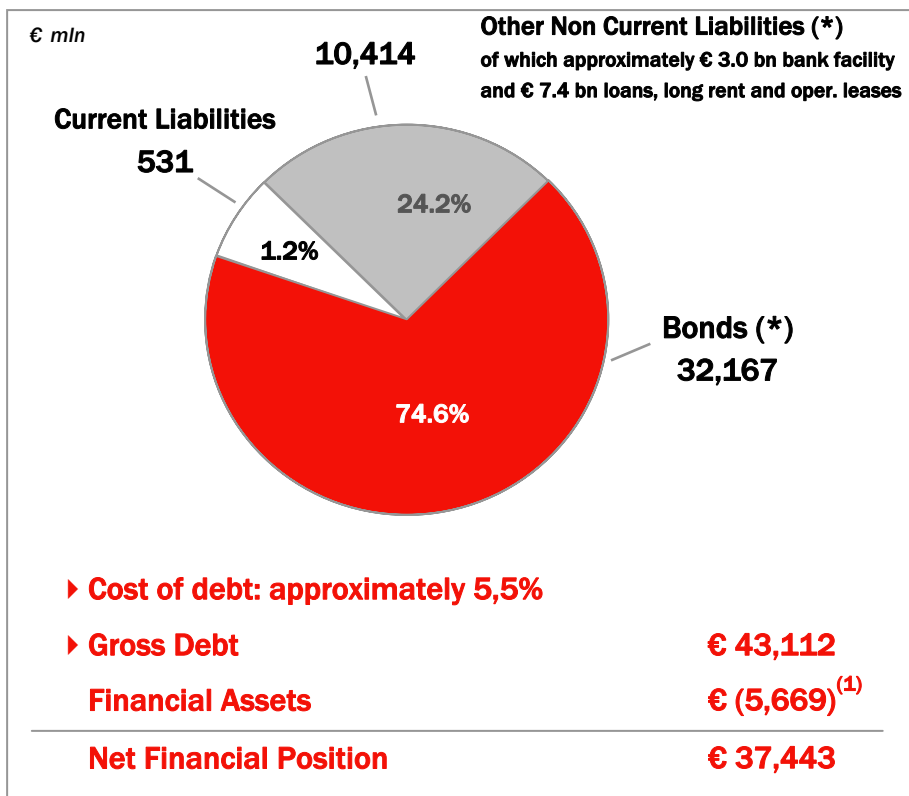


+ = cash absorption
 - = cash generation

Debt structure as of September 30, 2007

Total gross debt: € 43,112 mln

Maturities and risk management



- ▶ **Full flexibility for future funding: treasury margin stands at € 11.1 bln and is made of € 4.6 bln liquidity position plus further € 6.5 bln committed unfunded bank lines.**
- ▶ **Average bond maturity: 8.2 years**
- ▶ **70% fixed rate portion on overall debt position**
- ▶ **Non-Euro denominated bonds represent approximately 38% of all outstanding bonds and are fully hedged against foreign exchange risk**

(1) Nominal Liquidity Position, represented by cash and marketable securities stands at € 4.6 bln

(*) including the current portion of non current liabilities (maturing within 12 months) for € 4,065 mln (of which bonds € 2,909 mln and other € 1,156 mln)

Medium-long term debt Maturity Profile as of Sep. 30, 2007

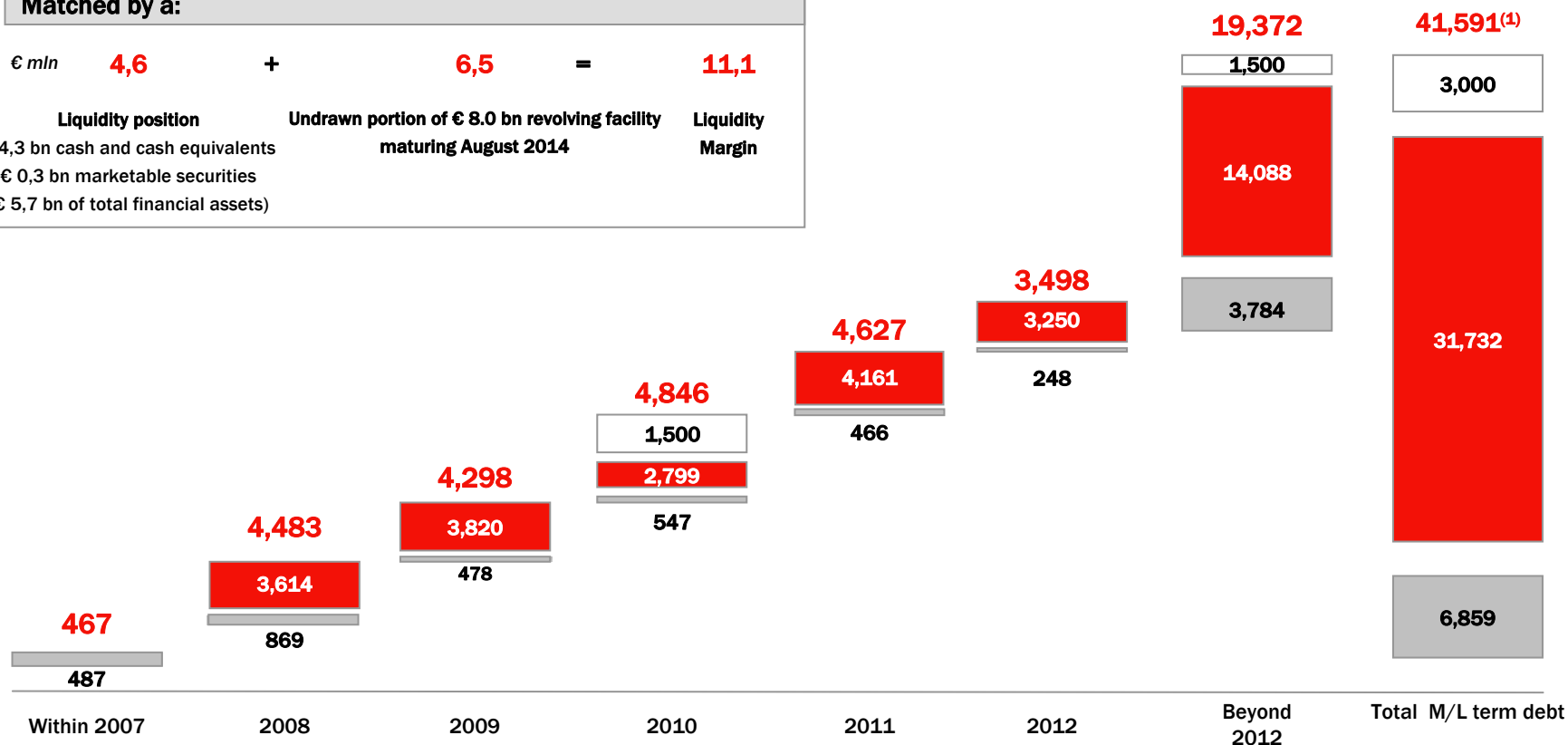
€ mln

■ Bonds

■ Loans, Long rent and op. leasing (€ 1,966)

Drawn bank facility

Matched by a:					
€ mln	4,6	+	6,5	=	11,1
	Liquidity position		Undrawn portion of € 8.0 bn revolving facility		Liquidity Margin
	€ 4,3 bn cash and cash equivalents		maturing August 2014		
	€ 0,3 bn marketable securities				
	(€ 5,7 bn of total financial assets)				

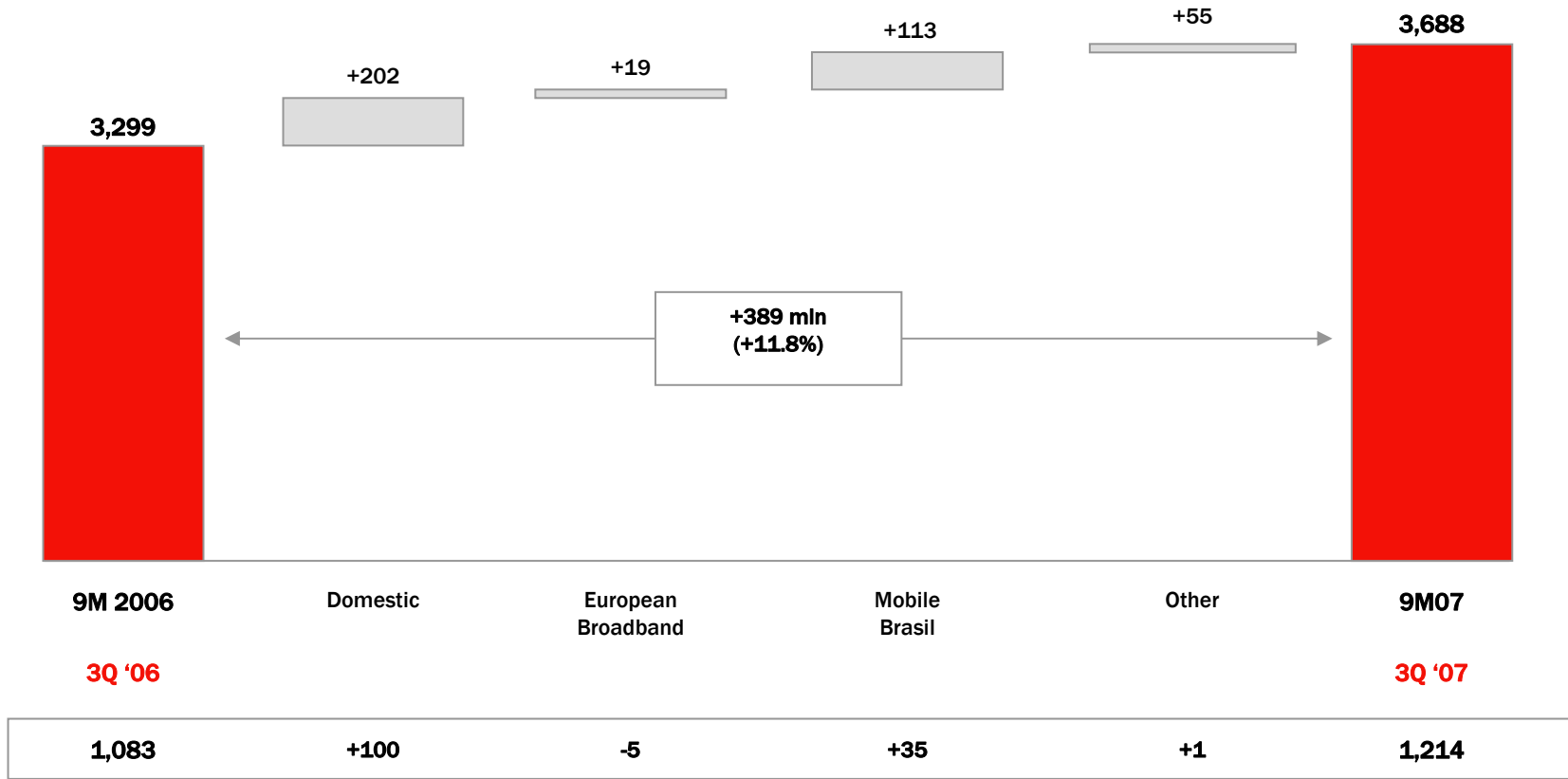


(1) € 41,591 mln is the nominal amount of outstanding medium-long term debt by adding IAS adjustments (€ 990 mln) and current liabilities (€ 531 mln), the gross debt figure of € 43,112 mln is reached.

Appendix

TI Group - Capex 9M '07 vs. 9M '06

€ mln



TI Group - Main Results by BU (reported figures)

Euro mln	I Quarter				II Quarter				III Quarter				9 Months			
	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %
REVENUES																
Domestic	6.009	6.297	-288	(4,6)	6.173	6.580	-407	(6,2)	5.926	6.346	-420	(6,6)	18.108	19.223	-1.115	(5,8)
Wireline Domestic	3.989	4.286	-297	(6,9)	3.994	4.313	-319	(7,4)	3.765	4.108	-343	(8,3)	11.748	12.707	-959	(7,5)
Tim Domestic	2.365	2.370	-5	(0,2)	2.551	2.612	-61	(2,3)	2.513	2.583	-70	(2,7)	7.429	7.565	-136	(1,8)
European broadband	304	204	100	49,0	391	223	168	75,3	411	235	176	74,9	1.106	662	444	67,1
Mobile Brasile	1.100	837	263	31,4	1.222	885	337	38,1	1.281	1.070	211	19,7	3.603	2.792	811	29,0
Media	58	44	14	31,8	67	54	13	24,1	53	38	15	39,5	178	136	42	30,9
Olivetti	83	94	-11	(11,7)	109	118	-9	(7,6)	91	86	5	5,8	283	298	-15	(5,0)
Other Activities	60	64	-4	(6,3)	49	60	-11	(18,3)	57	53	4	7,5	166	177	-11	(6,2)
Elim.	-74	-58	-16		-81	-67	-14		-82	-59	-23		-237	-184	-53	(28,8)
TI Group	7.540	7.482	58	0,8	7.930	7.853	77	1,0	7.737	7.769	-32	(0,4)	23.207	23.104	103	0,4
EBITDA																
Domestic	2.853	3.148	-295	(9,4)	2.766	3.062	-296	(9,7)	2.821	3.010	-189	(6,3)	8.440	9.220	-780	(8,5)
European broadband	30	2	28	-	58	12	46	383,3	73	26	47	180,8	161	40	121	302,5
Mobile Brasile	269	181	88	48,6	316	173	143	82,7	239	250	-11	(4,4)	824	604	220	36,4
Media	-11	-28	17	60,7	-10	-24	14	58,3	-17	-19	2	10,5	-38	-71	33	46,5
Olivetti	-10	-12	2	16,7	-7	-14	7	50,0	-4	-10	6	60,0	-21	-36	15	41,7
Other Activities	23	10	13	130,0	18	11	7	63,6	25	13	12	92,3	66	34	32	94,1
Elim.	0	-6	6		-1	3	-4		2	-2	4		1	-5	6	-
TI Group	3.154	3.295	-141	(4,3)	3.140	3.223	-83	(2,6)	3.139	3.268	-129	(3,9)	9.433	9.786	-353	(3,6)
EBIT																
Domestic	1.790	2.081	-291	(14,0)	1.666	1.956	-290	(14,8)	1.728	1.846	-118	(6,4)	5.184	5.883	-699	(11,9)
European broadband	-31	-38	7	18,4	-21	-40	19	47,5	-7	-28	21	75,0	-59	-106	47	44,3
Mobile Brasile	16	-36	52	-	53	-42	95	-	-25	31	-56	-	-44	-47	91	-
Media	-26	-41	15	36,6	-26	-38	12	31,6	-32	-32	0	0,0	-84	-111	27	24,3
Olivetti	-14	-17	3	17,6	-10	-18	8	44,4	-8	-14	6	42,9	-32	-49	17	34,7
Other Activities	15	28	-13	(46,4)	10	0	10	-	17	3	14	-	42	31	11	35,5
Elim.	13	7	6		14	-1	15		16	14	2		43	20	23	115,0
TI Group	1.763	1.984	-221	(11,1)	1.686	1.817	-131	(7,2)	1.689	1.820	-131	(7,2)	5.138	5.621	-483	(8,6)

TI Group - Main Results by BU (organic figures)

Euro mln	I Quarter				II Quarter				III Quarter				9 Months			
	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %
REVENUES																
Domestic	6.009	6.289	-280	(4,5)	6.173	6.572	-399	(6,1)	5.926	6.335	-409	(6,5)	18.108	19.196	-1.088	(5,7)
Wireline Domestic	3.989	4.278	-289	(6,8)	3.994	4.305	-311	(7,2)	3.765	4.097	-332	(8,1)	11.748	12.680	-932	(7,4)
Tim Domestic	2.365	2.370	-5	(0,2)	2.551	2.612	-61	(2,3)	2.513	2.583	-70	(2,7)	7.429	7.565	-136	(1,8)
European broadband	304	242	62	25,6	391	339	52	15,3	411	335	76	22,7	1.106	916	190	20,7
Mobile Brasile	1.100	787	313	37,4	1.222	915	307	34,6	1.281	1.129	152	14,6	3.603	2.831	772	27,6
Media	58	44	14	31,8	67	54	13	24,1	53	38	15	39,5	178	136	42	30,9
Olivetti	83	93	-10	(10,8)	109	119	-10	(8,4)	91	86	5	5,8	283	298	-15	(5,0)
Other Activities	60	59	1	1,7	49	57	-8	(14,0)	57	49	8	16,3	166	165	1	0,6
Elim.	-74	-57	-17	(29,8)	-81	-69	-12	(17,4)	-82	-57	-25	(43,9)	-237	-183	-54	(29,5)
TI Group	7.540	7.457	83	1,1	7.930	7.987	-57	(0,7)	7.737	7.915	-178	(2,2)	23.207	23.359	-152	(0,7)
EBITDA																
Domestic	2.889	3.172	-283	(8,9)	2.864	3.107	-243	(7,8)	2.837	3.025	-188	(6,2)	8.590	9.304	-714	(7,7)
European broadband	30	8	22	275,0	60	26	34	130,8	75	42	33	78,6	165	76	89	117,1
Mobile Brasile	269	178	91	48,7	316	180	136	77,4	239	259	-20	(7,5)	824	617	207	34,0
Media	-10	-27	17	63,0	-10	-21	11	52,4	-17	-18	1	5,6	-37	-66	29	43,9
Olivetti	-10	-12	2	16,7	-7	-8	1	12,5	-3	-8	5	62,5	-20	-28	8	28,6
Other Activities	23	8	15	187,5	18	10	8	80,0	25	17	8	47,1	66	35	31	88,6
Elim.	0	-6	6	-	0	3	-3	(100,0)	1	-2	3		1	-5	6	-
TI Group	3.191	3.321	-130	(3,9)	3.241	3.297	-56	(1,7)	3.157	3.315	-158	(4,8)	9.589	9.933	-344	(3,5)
EBIT																
Domestic	1.816	2.021	-205	(10,1)	1.764	1.964	-200	(10,2)	1.743	1.868	-125	(6,7)	5.323	5.853	-530	(9,1)
European broadband	-31	-32	1	3,1	-19	-29	10	34,5	-5	-15	10	66,7	-55	-76	21	27,6
Mobile Brasile	16	-28	44	-	53	-42	95	-	-25	27	-52		44	-43	87	-
Media	-25	-40	15	37,5	-26	-34	8	23,5	-32	-32	0	0,0	-83	-106	23	21,7
Olivetti	-14	-17	3	17,6	-11	-12	1	8,3	-7	-13	6	46,2	-32	-42	10	23,8
Other Activities	15	-3	18	-	10	0	10	-	17	9	8	88,9	42	6	36	600,0
Elim.	13	9	4	44,4	14	22	-8	(36,4)	14	15	-1	(6,7)	41	46	-5	(10,9)
TI Group	1.790	1.910	-120	(6,3)	1.785	1.869	-84	(4,5)	1.705	1.859	-154	(8,3)	5.280	5.638	-358	(6,3)

TI Group – Profit and Loss – 9M '07 vs. 9M '06

Euro mln

	I Quarter				II Quarter				III Quarter				9 Months			
	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %	2007	2006	Δ Abs	Δ %
REVENUES	7.540	7.482	58	0,8	7.930	7.853	77	1,0	7.737	7.769	(32)	(0,4)	23.207	23.104	103	0,4
Other Operating Income	73	111	(38)	(34,2)	92	200	(108)	(54,0)	86	85	1	1,2	251	396	(145)	(36,6)
TOTAL REVENUES & OTHER INCOME	7.613	7.593	20	0,3	8.022	8.053	(31)	(0,4)	7.823	7.854	(31)	(0,4)	23.458	23.500	(42)	(0,2)
Total Purchases of materials and external services	(3.239)	(3.090)	(149)	4,8	(3.647)	(3.679)	32	(0,9)	(3.450)	(3.489)	39	1,1	(10.336)	(10.258)	(78)	(0,8)
Personnel	(1.013)	(1.018)	5	(0,5)	(912)	(974)	62	(6,4)	(901)	(863)	(38)	(4,4)	(2.826)	(2.855)	29	1,0
of which payroll	(963)	(977)	14	(1,4)	(962)	(924)	(38)	4,1	(869)	(838)	(31)	(3,7)	(2.794)	(2.739)	(55)	(2,0)
Other operating costs	(377)	(314)	(63)	20,1	(455)	(352)	(103)	29,3	(499)	(336)	(163)	(48,5)	(1.331)	(1.002)	(329)	(32,8)
Capitalized Cost and Others	170	124	46	37,1	132	175	(43)	(24,6)	166	102	64	62,7	468	401	67	16,7
EBITDA	3.154	3.295	(141)	(4,3)	3.140	3.223	(83)	(2,6)	3.139	3.268	(129)	(3,9)	9.433	9.786	(353)	(3,6)
% on Revenues	41,8%	44,0%			39,6%	41,0%			40,6%	42,1%			40,6%	42,4%		
Depreciation & Amortization	(1.400)	(1.428)	28	(2,0)	(1.453)	(1.415)	(38)	2,7	(1.448)	(1.435)	(13)	(0,9)	(4.301)	(4.278)	(23)	(0,5)
Writedowns and revaluations of non current assets	0	(1)	1	-	0	(25)	25	-	0	0	0	-	0	(1)	1	-
Gains/losses of non current assets realization	9	118	(109)	(92,4)	(1)	34	(35)	-	(2)	(13)	11	84,6	6	114	(108)	(94,7)
EBIT	1.763	1.984	(221)	(11,1)	1.686	1.817	(131)	(7,2)	1.689	1.820	(131)	(7,2)	5.138	5.621	(483)	(8,6)
% on Revenues	23,4%	26,5%			21,3%	23,1%			21,8%	23,4%			22,1%	24,3%		
Income (loss) equity invest. valued equity method	29	12	17		29	13	16		17	8	9		75	33	42	
Net Financial Income / (Expenses)	(456)	(579)	123		(527)	(515)	(12)		(464)	(399)	(65)		(1.447)	(1.493)	46	
Income before Taxes & Discontinued Op.	1.336	1.417	(81)		1.188	1.315	(127)		1.242	1.429	(187)		3.766	4.161	(395)	
% on Revenues	17,7%	18,9%			15,0%	16,7%			16,1%	18,4%			16,2%	18,0%		
Taxes	(561)	(656)	95		(457)	(649)	192		(536)	(551)	15		(1.554)	(1.856)	302	
Income before Discontinued Op.	775	761	14		731	666	65		706	878	(172)		2.212	2.305	(93)	
Net income (loss) of assets disposed	0	11	(11)		(4)	35	(39)		0	0	0		(4)	46	(50)	
Net Income (ante Minorities)	775	772	3		727	701	26		706	878	(172)		2.208	2.351	(143)	
% on Revenues	10,3%	10,3%			9,2%	8,9%			9,1%	11,3%			9,5%	10,2%		
Minorities	0	(28)	28		(2)	51	(53)		14	2	12		12	25	(13)	
Net Income (post Minorities)	775	744	31		725	752	(27)		720	880	(160)		2.220	2.376	(156)	
% on Revenues	10,3%	9,9%			9,1%	9,6%			9,3%	11,3%			9,6%	10,3%		