TIM S.p.A.
Form 6-K
February 22, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15D-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

FOR THE MONTH OF FEBRUARY 2019

TIM S.p.A.

(Translation of registrant s name into English)

Via Gaetano Negri 1

20123 Milan, Italy

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

FORM 20-F FORM 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

YES NO

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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From 1 January 2018 the TIM Group has been applying IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers). To permit comparison of the economic and financial results of the Full Year 2018 with the corresponding period of the previous year, this press release presents the comparable profit and loss and balance sheet figures, formulated according to the previous accounting principles (IAS 39, IAS 18, IAS 11 and their Interpretations).

TIM: BOARD OF DIRECTORS APPROVES THE GROUP S ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2018

Full year revenues grew on previous year fueled by a strong performance in Brazil and stable fixed Domestic supported by UBB take-up (+73% YoY), with both Business and Wholesale revenues growing YoY. In Mobile, TIM is best in class in defending against new entrant and MVNOs.

FY 2018 MAIN RESULTS ON A COMPARABLE BASIS WITH FY 2017 (PRE IFRS 9/15):

Organic Group Revenues reached 19.2 billion euros (+0.5% YoY excluding non-recurring items)

Organic Group EBITDA at 8.1 billion euros (-3.4% YoY excluding non-recurring items); excluding all non-linear items the figure stood at -1.1% YoY. Reported Group EBITDA at 7.7 billion euros (-1% YoY)

Group Net Profit at 1.4 billion euros on a normalized basis, excluding 2.6 billion euros write down on Core Domestic and International units (non-cash item) restructuring charges and other one offs

Group CAPEX at 4.2 billion euros (-14.9% YoY), plus 2.4 billion euros invested for 5G licenses in Italy

2018 group adjusted Net Financial Debt at 25.3 billion euros, stable YoY despite the payment of the first tranche of 5G licenses of 0.5 billion euros

Shareholders meeting called for 29 March 2019

Dividend proposed for savings shares is 2.75 eurocents

Rome, 21 February 2019

TIM s Board of Directors met today under the chairmanship of Fulvio Conti and approved the consolidated financial statements of the TIM Group, the draft separate financial statements of TIM S.p.A. and the Consolidated Non-Financial Statement/Sustainability Report at December 31, 2018.

Group **revenues** growth in 2018 (+0.1%) was supported by Brazil (+4.7%), with the Domestic business resilient (-0.6%). In Q4 revenues reached 5 billion euros, -2.5% YoY on an organic basis (-1.3% excluding non-recurring charges), with Brazil still growing at +5% and Domestic at -2.7% YoY showing resilience despite regulatory and competitive hurdles.

With regards to the Domestic Business Unit, in **Fixed** the strong increase in UBB customers (+2.3 million retail and wholesale subs, +73% YoY), TIMVISION customers (+ 23% YoY) and Broadband ARPU (+15% YoY) allowed TIM to post a positive Q4 at 2,556 million euros (+1.2% YoY). In **Mobile**, TIM has effectively reacted to the increased competitiveness of the market and defended its customer base (substantially flat YoY) achieving best in class results in terms of Number Portability .

Looking at market segments, 2018 marked a good performance for the **Business** segment, with service revenues growing +1.4% YoY thanks to the increasing weight of IT services (Cloud, ICT, Security, etc) that grew 15% YoY. **Wholesale** service revenues grew by 2.6% YoY thanks to increasing Fiber lines, more than off-setting the decrease in copper, and to the expansion of non-regulated activities. **Consumer** service revenues decreased low single-digit (-1.6%).

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Group **organic EBITDA** (8.1 billion euros, -3.4% YoY, -1.1% YoY excluding all non-linear items) was supported by a very positive performance in Brazil, with EBITDA growing double-digit (+10.4% on comparable basis, net of exchange-rate). Domestic organic EBITDA was 6.6 billion euros (-6.0% YoY), affected by market dynamics and non-linear items (-3.3% net of non-linear items).

In Q4 organic Group EBITDA reached 2.0 billion euros (-9.9% YoY, -5.3% net of non-linear items), benefiting from Brazil (0.4 billion euros, +5.4%) with Domestic at 1.5 billion euros, -13.2% (-7.6% YoY net of non-linear items); reported Group EBITDA in Q4 at 1.7 billion euros (+6.7% YoY).

In 2018, TIM invested 2.4 billion euros to acquire 5G spectrum licenses in Italy, paving way to further strengthening its network leadership. Net of the license expenditure, Group **CAPEX** amounted to 4.2 billion euros (-14.9% YoY), with Domestic at 3.2 billion euros (-17.5% YoY). TIM has already reached 99% of the population with 4G and 80% with Fiber, and is committed to expand the coverage further, in synergy with 5G deployment.

2018 Group **Adjusted Net Financial Debt** was stable YoY at 25,270 million euros; in Q4 Net Debt increased 80 million euros QoQ due to 477 million euros of 5G licenses payment.

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The results for financial year 2018 will be illustrated to the financial community during a conference call scheduled for 22 February 2019 at 2 PM (CET). Journalists may listen in to the presentation, without asking questions, by calling +390633485042 or +39.0633486868.

The slides of the accompanying presentation will be available at the link

https://www.telecomitalia.com/tit/en/investors/presentations/2019/FY2018-group-results-new-plan.html.

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The financial statements of TIM Group and TIM S.p.A. for 2018 and the comparative figures for the previous year have been prepared in accordance with the International Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union (IFRS). During 2018, TIM applied accounting policies consistent with those applied for the previous year, except for the new accounting standards adopted as of January 1, 2018, the impact of which is illustrated in the section Adoption of the new IFRS 9 and IFRS 15 standards (attached) to which readers are referred for more details.

To permit comparison of the economic and financial results of the Full Year 2018 with the corresponding period of the previous year, this press release presents the comparable profit and loss and balance sheet figures, formulated according to the previous accounting principles (IAS 39, IAS 18, IAS 11 and their Interpretations).

In addition to the conventional IFRS financial performance indicators, TIM Group uses certain alternative performance indicators in order to give a clearer picture of the general performance and financial position of the company. Specifically, the alternative performance indicators are: EBITDA; EBIT; organic change in revenues, in EBITDA and EBIT; EBITDA margin and EBIT margin; net financial debt carrying amount and adjusted net financial debt. The meaning and content of these indicators are explained in the annexes.

Please also note that the audit of TIM s separate and consolidated financial statements for the year ended December 31, 2018 has not yet been completed.

MAIN CHANGES TO THE TIM GROUP CONSOLIDATION SCOPE

There were no significant changes to the consolidation scope in the first nine months of 2018 or in the same period of 2017.

TIM GROUP RESULTS

Revenues in 2018 amounted to 18,940 million euros.

Comparable revenues on the same accounting basis amounted to 19,109 million euros for 2018, down by 3.6% (-719 million euros) on 2017 (19,828 million euros); the decrease is mainly attributable to the Brazil Business Unit (-543 million euros), due to the depreciation of the Brazilian real of approximately 20% compared to 2017, and the Domestic Business Unit (-169 million euros). Without the negative exchange rate effect, the Brazil Business Unit saw growth of +189 million euros (+5.0%) and the organic change in consolidated revenues for the Group was up by 0.1% (+27 million euros).

The breakdown of revenues on the same accounting basis for 2018 by operating segment is shown below, with comparative data provided for 2017.

	2018	2017	Changes

(millions of euros)	comparable	% of total		% of total	absolute	%	% organic
Domestic	15,185	79.5	15,354	77.4	(169)	(1.1)	(1.0)
Core Domestic	*14,161*	*74.1*	*14,249*	*71.9*	*(88)*	*(0.6)*	*(0.6)*
International Wholesale	*1,272*	*6.7*	*1,349*	*6.8*	*(77)*	*(5.7)*	*(4.7)*
Brazil	3,959	20.7	4,502	22.7	(543)	(12.1)	5.0
Other Operations							
Adjustments and eliminations	(35)	(0.2)	(28)	(0.1)	(7)		
Consolidated Total	**19,109***	**100.0**	**19,828**	**100.0**	**(719)**	**(3.6)**	**0.1**

(*) Includes 62 million euros related to a non-recurring adjustment for the realignment of the estimated settlement value of some contractual liabilities - attributable to a considerable time frame spanning previous financial years - connected with the measurement of contractual liabilities of specific types of commercial offering, and in particular prepaid deals. Excluding this item Revenues grow by +0.5%.

Revenues for the fourth quarter of 2018 amounted to 4,863 million euros. The comparable figure (4,892 million euros) shows a drop of 5.0% (-2.5% in organic terms).

EBITDA amounted to 7,403 million euros for 2018.

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Comparable EBITDA for 2018 totaled 7,713 million euros (7,790 million euros in 2017), showing a drop of 77 million euros (-1.0%); the EBITDA margin stood at 40.4% (39.3% in 2017; +1.1 percentage points).

Organic EBITDA, net of the non-recurring component, amounted to 8,121 million euros (8,404 million euros in 2017). Specifically, EBITDA for 2018 was reduced by a total of 408 million euros due mainly to the Domestic Business Unit (883 million euros in 2017), arising from net non-recurring expenses mainly connected with company restructuring and reorganization processes, expenses arising from regulatory disputes and sanctions and the liabilities related to those expenses, as well as expenses for disputes with former employees, and liabilities with customers and/or suppliers, as well as items related to adjustments and realignments relative to previous years.

In detail:

(millions of euros)	**2018**	**2017**
Non-recurring expenses (income)		
Revenues		
Realignment of revenues from previous years	62	
Other income		
Effect of Brazil BU tax recovery	(37)	
Acquisition of goods and services and Change in inventories		
Expenses related to agreements and the development of non-recurring projects	15	10
Employee benefits expenses		
Expenses related to restructuring and rationalization and other expenses	233	697
Sundry expenses and provisions		
Expenses related to disputes and regulatory penalties and liabilities related to those expenses, and expenses related to disputes with former employees and liabilities with customers and/or suppliers	135	176
Impact on EBITDA	**408**	**883**
Impairment loss on Goodwill attributable to CGU Core Domestic and CGU International Wholesale	2,590	
Impairment losses on intangible assets		30
Impact on EBIT	**2,998**	**913**

For comparative purposes only and to provide a better understanding of business performance in the reporting period, in addition to non-recurring items, one-off transactions that, by their nature, are not linear or recurring in the reporting period or the comparative period have also been specifically reported. These items pertain exclusively to the Domestic market, are not subject to auditing and is produced for explanatory purposes only.

In 2017, EBITDA included some positive one-off items including 112 million euros, relative to the differential impact arising from the revised estimate of the settlement value of some contractual liabilities with customers and suppliers.

The breakdown of comparable EBITDA, on the same accounting basis, by operating segment for 2018 compared to 2017 is shown below, together with the EBITDA margin.

	2018 comparable		**2017**		**Changes**		
(millions of euros)		% of total		% of total	absolute	%	% organic
Domestic	6,221	80.6	6,171	79.2	50	0.8	0.9
EBITDA Margin	*41.0*		*40.2*			*0.8 pp*	*0.8 pp*
Brazil	1,511	19.6	1,635	21.0	(124)	(7.6)	10.4
EBITDA Margin	*38.2*		*36.3*			*1.9 pp*	*1.9 pp*
Other Operations	(19)	(0.2)	(16)	(0.2)	(3)		
Adjustments and eliminations							
Consolidated Total	**7,713**	**100.0**	**7,790**	**100.0**	**(77)**	**(1.0)**	**2.6**
EBITDA Margin	*40.4*		*39.3*			*1.1 pp*	*1.0 pp*

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EBITDA for the fourth quarter of 2018 amounted to 1,625 million euros. Comparable EBITDA amounted to 1,683 million euros, up by 6.7 million euros compared to the fourth quarter of 2017 (+10.9% net of FX).

EBIT amounted to 561 million euros for 2018.

Comparable EBIT for 2018 totaled 727 million euros (3,291 million euros in 2017), a drop of 2,564 million euros (-77.9%) compared to 2017; the EBIT margin stood at 3.8% (16.6% in 2017).

Organic EBIT, net of the non-recurring component, amounted to 3,725 million euros (4,115 million euros in 2017), with an EBIT margin of 19.4% (21.6% in 2017).

EBIT for the financial year 2018 was impacted by 2,590 million euros related to the write-down of the goodwill allocated to Core Domestic and to International Wholesale: at 30 September 2018, a goodwill impairment of 2.0 billion euros was recorded attributable to Core Domestic; the impairment test was repeated for the Financial Statements at 31 December 2018, and an additional write-down of 450 million euros was recorded on Core Domestic - bringing the total write-down of 2018 to 2,450 million euro - as well as a write-down of 140 million euro on the goodwill attributed to International Wholesale. EBIT also discounts additional non-recurring net charges of 408 million euros with a total impact of 2,998 million euros (net charges amounted to 912 million euro in 2017, at parity exchange rates).

Consolidated EBIT for the fourth quarter of 2018 amounted to -56 million euros. Comparable EBIT amounted to -35 million euros (457 million euros in the fourth quarter of 2017).

The net consolidated loss for 2018 attributable to Owners of the Parent amounted to 1,411 million euros, reflecting in particular the aforesaid impairment loss on goodwill. In comparable terms - excluding the overall impact of non-recurring net expenses - consolidated net profit would have been a positive 1.4 billion euros approximately.

TIM Group **headcount** as at December 31, 2018 was 57,901, of which 48,005 in Italy (59,429 as at December 31, 2017, of which 49,689 in Italy).

Capital expenditures and expenditures for mobile telephone licenses, totaling 6,408 million euros (6,558 million euros in comparable terms; 5,701 million euros in 2017), are broken down by operating segment as follows:

(millions of euros)	**2018**	% of total	**2018 comparable** (a)	% of total	**2017** (b)	% of total	**Change** (a-b)
Domestic	5,518	86.1	5,634	85.9	4,551	79.8	*1,083*
Brazil	890	13.9	924	14.1	1,150	20.2	*(226)*
Adjustments and eliminations							

Consolidated Total	**6,408**	**100.0**	**6,558**	**100.0**	**5,701**	**100.0**	**857**
% of Revenues	*33.8*		*34.3*		*28.8*		*5.5 pp*

In particular:

- the **Domestic Business Unit** reported expenditures equal to 5,634 million euros (4,551 million euros in 2017). Excluding the acquisition in late 2018 of user rights to 5G frequencies (2,399 million euros) and the renewal of the GSM license in 2017 (630 million euros), capital expenditures were down by 686 million euros, mainly considering the coverage levels already reached by the fixed and mobile networks;

- the **Brazil Business Unit** posted 924 million euros of capex in 2018, 226 million euros less than for 2017. Without the impact of fluctuations in exchange rates (-187 million euros), the change was a negative 39 million euros. Capital expenditures of the Business Unit were targeted primarily at strengthening mobile ultra-broadband network infrastructure and developing the fixed broadband business of TIM Live.

Group cash flow from operations was a positive 2,077 million euros (positive 2,496 million euros in 2017). The cash flow generated from operations was absorbed by financial management, as well as the funds required to pay 739 million euros of income taxes, 256 million euros of dividends and 477 million euros relative to the portion of the award amount due for 2018 for rights to use 5G frequencies in Italy. The remaining tranches of which, as decided by the Italian Government in the 2017 Budget, will be paid on the basis of pre-established quotas between 2019 and 2022.

Adjusted net financial debt amounted to 25,270 million euros at December 31, 2018, down by 38 million euros compared to December 31, 2017 (25,308 million euros).

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Net financial debt at December 31, 2018 totaled 25,995 million euros (26,091 million euros at December 31, 2017).

In the **fourth quarter of 2018, adjusted net financial debt** increased by 80 million euros compared to September 30, 2018 (25,190 million euros): income tax payments and the payment of 477 million euros relative to the portion of the award amount due for 2018 for rights to use the 5G frequencies in Italy basically offset positive cash generation from operations and financing activities.

The available liquidity margin amounted to 8,043 million euros, equal to the sum of:

- Cash and cash equivalents and Current securities other than investments totaling 3,043 million euros (4,568 million euros at December 31, 2017), also including 545 million euros of repurchase agreements, of which 450 million euros maturing in January 2019 and the remaining portion maturing in March 2019;

- the new Revolving Credit Facility opened in January 2018 for 5,000 million euros.

This margin is sufficient to cover Group financial liabilities falling due over the next 24 36 months.

BUSINESS UNIT RESULTS

DOMESTIC

Revenues for 2018 amounted to **15,031 million euros**. Comparable revenues on the same accounting basis amounted to 15,185 million euros for 2018, down by 169 million euros on the previous year (-1.1%).

In the **fourth quarter**, revenues recorded a drop of 168 million euros (-4.2% compared to the fourth quarter of the 2017).

Revenues from services totaled 13,834 million euros (-166 million euros compared to 2017, -1.2%), impacted by the effects of a changed regulatory and competitive scenario (30-day pricing restored, entry of a fourth mobile operator and a reduction in the prices of some wholesale services).

In detail:

- **revenues from services for the fixed-line market** amounted to **9,951 million euros**, remaining stable with respect to 2017 despite stronger market competition. This stabilization was due to higher retail ARPU and higher revenues from ICT solutions (+99 million euros compared to 2017, +14.8%) and innovative services for data connectivity (+306 million euros, +14.4%), also driven by growth in Ultrabroadband customers (+1.0 million on 2017) that reached 3.2 million at the end of 2018 (5.4 million including wholesale lines). These dynamics offset the natural decline in revenues from traditional voice services (-334 million euros), due to the decrease in traditional accesses and lower regulated prices on some wholesale services (-65 million euros);

Revenues from services for the Mobile market, equal to **4,513 million euros** (-142 million euros, -3.1% on 2017), were affected to a greater extent by the changed regulatory and competitive scenario, with a downturn in calling and broadband ARPU.

Revenues from product sales, including the change in work in progress, amounted to 1,351 million euros in 2018 (-3 million euros on the previous year).

<u>**Core Domestic Revenues**</u>

Core Domestic revenues amounted to 14,161 **million euros**, a decrease of 0.6% on 14,249 million euros in 2017.

The performance of the market segments compared to 2017 was as follows:

Consumer: revenues for 2018 in the Consumer segment were equal to 7,573 million euros, down on the performance of the previous year (-164 million euros, -2.1%), in contrast to the growth registered in 2017, due to the changed competitive and regulatory scenario (entry of a fourth operator, 30-day pricing restored). The same trend seen in total revenues also applied to revenues from services, which amounted to 6,834 million euros, down by 1.6% compared to the previous year (-114 million euros). In particular:

Mobile revenues amounted to 3,835 million euros (-1.5% on the previous year); revenues from services fell by 122 million euros (-3.7% over 2017), with a more marked slowdown in the fourth quarter compared to the trend observed the previous year, attributable to the changed regulatory and competitive scenario;

Fixed revenues totaled 3,696 million euros, down over the previous year (-3.0%), but with revenues from services in line with 2017; this trend reflected a decrease in accesses, offset by higher ARPU levels.

Business: revenues for the Business segment amounted to 4,721 million euros, up by 65 million euros on 2017 (+1.4%) attributable to revenues from services (+1.4%). In particular:

Mobile revenues showed an improved performance compared to 2017 (+1.8%), driven mainly by higher revenues from services (+1.2%) and, in particular, growth in new digital services (+2.7% on 2017);

Fixed Revenues rose by 41 million euros (+1.1% over 2017), thanks to the performance of services (+1.4%); lower prices and revenues from traditional services (connected with the technological shift towards VoIP systems and solutions) were more than offset by steady growth in revenues from ICT services (+14.7%).

Wholesale: revenues for the Wholesale segment in 2018 came to 1,787 million euros, up by 97 million euros compared to 2017 (+5.8%). Cuts to regulated prices, which lowered revenues by 65 million euros, were mainly offset by growth in access, driven by the Ultra-Broadband segment.

International Wholesale Revenues

The Cash generating Unit International Wholesale consists of the companies of the **Telecom Italia Sparkle group.** Revenues of the Cash Generating Unit **International Wholesale** for 2018 totaled 1,272 million euros, showing a drop of 77 million euros on the 2017 figure (-5.7%). This trend is mainly related to the downturn in revenues from traditional telephone services and to the expiry of long-term contracts relative to the Mediterranean Basin area (IP/Data services).

EBITDA for the Domestic Business Unit for 2018 amounted to **5,955 million euros.**

Comparable EBITDA for 2018 totaled 6,221 million euros, up by 50 million euros compared to 2017 (+0.8%), with an EBITDA margin of 41.0% (+0.8 percentage points compared to the previous year).

Organic EBITDA, net of the non-recurring component, amounted to 6,629 million euros (7,050 million euros in 2017). In detail, EBITDA for 2018 was reduced by 408 million euros due to non-recurring net expenses (882 million euros in 2017)

In the fourth quarter of 2018, organic EBITDA amounted to 1,263 million euros, showing an increase of 146 million euros (+13.1%) compared to the fourth quarter of 2017, with the EBITDA margin posting an increase of 5.0 percentage points, rising from 27.6% in the fourth quarter of 2017 to 32.6% for 2018.

EBIT for the Domestic Business Unit for 2018 amounted to **16 million euros.**

Comparable EBIT for 2018 totaled 177 million euros (2,772 million euros in 2017), showing a drop of 2,595 million euros, with the EBIT margin at 1.2% (18.1% in 2017).

Organic EBIT, net of the non-recurring component, amounted to 3,175 million euros (3,683 million euros in 2017), with an EBIT margin of 20.8% (24.0% in 2017).

EBIT for 2018 reflected the negative impact of non-recurring net expenses, totaling 2,998 million euros (912 million euros in 2017, at constant exchange rates) including the aforesaid impairment loss on goodwill of the Core Domestic (-2,450 million euros) and International Wholesale (-140 million euros).

EBIT for the fourth quarter 2018 amounted to -235 million euros; comparable EBIT amounted to -216 million euros(265 million euros in 4Q 2017).

Headcount of 48,200 was down 1,651 compared to December 31, 2017.

BRAZIL (average real/euro exchange rate 4.30628)

Revenues for the TIM Brasil group in 2018 amounted to 16,981 million reais.

Comparable revenues for 2018, amounting to 17,050 million reais, were up by 816 million reais (+5.0%) on the previous year.

Revenues from services, on the same accounting basis, amounted to 16,205 million reais, rising by 731 million reais on the 15,474 million reais posted for 2017 (+4.7%).

Revenues from product sales, on the same accounting basis, came to 845 million reais (760 million reais for 2017, +11.2%). The increase reflects the change in the sales policy, which is now focused more on value than on increasing sales volumes. The main goals of the new strategy are to increase purchases of new connected devices giving TIM customers access to broadband services on 3G/4G networks and to support new retention offerings for higher-value postpaid customers.

On the same accounting basis, Mobile Average Revenue Per User (ARPU) for 2018 was equal to 22.4 reais, up by +11% on the figure for 2017 (20.2 reais), due to a general repositioning towards the postpaid segment and new commercial initiatives aimed at increasing data usage and the average spend per customer.

Total lines in place at December 31, 2018 amounted to 55.9 million, a decline of 2.7 million compared to December 31, 2017 (58.6 million). The lower figure was driven entirely by the prepaid segment (-5.1 million), only partially offset by growth in the post-paid segment (+2.4 million), in part due to the consolidation underway in the market for second SIM cards. Postpaid customers accounted for 36.2% of the customer base at December 31, 2018, an increase of 5.8 percentage points on December 2017 (30.4%).

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Revenues for the fourth quarter of 2018 amounted to 4,457 million reais. Comparable revenues were equal to 4,479 million reais, an increase of 5.2% compared to the same period of the previous year (4,257 million reais).

EBITDA for 2018 amounted to 6,316 million reais.

Comparable EBITDA for 2018 amounted to 6,508 million reais, up by 614 million reais on the previous year (+10.4%). Growth in EBITDA was attributable to both the positive performance of revenues and the benefits delivered by projects to enhance the efficiency of the operating expenses structure.

The EBITDA margin, on the same accounting basis, rose by 1.9 percentage points on 2017 to reach 38.2%.

The Brazil Business Unit reported net non-recurring income in 2018 of 2 million reais, mainly relative to the positive effect of the favorable outcome of the tax dispute concerning the unconstitutional nature of the law including the ICMS indirect tax in the base for calculating taxes on PIS and COFINS revenues (159 million reais at an EBITDA level), which was mainly offset by the recognition of expenses related to the forecast revision of labor litigation arising in previous years.

EBITDA, net of the non-recurring component, was equal to 6,506 million reais.

EBITDA for the fourth quarter of 2018 amounted to 1,807 million reais. On the same accounting basis, the figure came to 1,856 million reais, showing growth of 98 million reais on the fourth quarter of 2017. The EBITDA margin for the fourth quarter of 2018 stood at 41.4%, up by 0.1 percentage points on the same period of the previous year (41.3%).

EBIT for 2018 amounted to 2,428 million reais.

Comparable EBIT for 2018 rose to 2,449 million reais, up by 518 million reais (+26.8%) on the same period of the previous year (1,931 million reais). Growth was mainly driven by higher EBITDA (+614 million reais) and slightly higher depreciation and amortization (96 million reais).

EBIT net of the non-recurring component included in EBITDA was equal to 2,447 million reais.

EBIT for the fourth quarter of 2018 amounted to 807 million reais. On the same accounting basis, the figure came to 813 million reais, showing growth of 84 million reais on the fourth quarter of 2017 (+11.5%). The EBIT margin for the fourth quarter of 2018 stood at 18.2%, up by 1.1 percentage points on the same period of the previous year (17.1%).

Headcount at December 31, 2017 was 9,658 (9,508 at December 31, 2017).

RESULTS OF TIM S.p.A.

Revenues amounted to 13,902 million euros.

The application of the new accounting standards resulted in the recognition of lower revenues by 153 million euros.

Excluding such impact, revenues for 2018 amounted to 14,055 million euros, down by 44 million euros (-0.3%) on 2017.

This result is impacted by the effects of the changed regulatory and competitive scenario (30-day pricing restored, entry of a fourth mobile operator), particularly in the Consumer segment.

EBITDA amounted to 5,608 million euros for 2018.

The application of the new accounting standards had a negative impact on EBITDA of 268 million euros. Excluding this effect, comparable EBITDA for 2018 totaled 5,876 million euros (5,801 million euros in 2017), increasing by 75 million euros (equal to +1.3%); the EBITDA margin stood at 41.8% (41.1% in 2017, up by 0.7 percentage points).

EBITDA for 2018, net of the non-recurring component, amounted to 6,280 million euros (6,677 million euros in 2017). In detail, EBITDA for 2018 was reduced by 404 million euros due to non-recurring net expenses (876 million euros in 2017)

EBIT was a negative at 241 million euros.

The application of the new accounting standards had a negative impact on EBIT of 164 million euros. Excluding that effect, EBIT for 2018 amounted to 77 million euros (2,567 million euros in 2017), showing a drop of 2,644 million euros. The EBIT margin fell from 18.2% in 2017 to -0.5% in 2018.

EBIT for 2018 was pulled down by non-recurring net expenses totaling 3,090 million euros (906 million euros in 2017), including the aforesaid goodwill impairment loss attributable to TIM S.p.A. for 2,686 million euros.

The loss for the year amounted to 1,854 million euros (profit of 1,087 million euros in 2017). The figure was adversely affected by the adoption of IFRS 9 and IFRS 15 for 105 million euros, as well as by non-recurring net expenses for 3,024 million euros.

On comparable basis, profit for the year would have amounted to around 1.3 billion euros, a drop of approximately 0.4 billion euros over 2017.

EVENTS SUBSEQUENT TO DECEMBER 31, 2018

TIM: BOND ISSUE AT 5 YEARS AND 3 MONTHS FOR 1 BILLION 250 MILLION EUROS

Please refer to the press release on this subject issued on January 8, 2019.

OUTLOOK FOR THE 2019 FINANCIAL YEAR

Please refer to the press release on the 2019-2021 Strategic Plan, issued on today s date.

IFRS 16 (Leasing) APPLICABLE FROM JANUARY 1, 2019

As of January 1, 2019, TIM Group will apply IFRS 16 (Leasing). The new accounting standard provides for a different representation of passive location contracts in the Financial Statement.

The Annexes to this press release show an estimate of the impacts expected on the Group s main financial indicators.

CONSOLIDATED NON-FINANCIAL STATEMENT - SUSTAINABILITY REPORT

The Board of Directors has also approved the Consolidated Non-Financial Statement/Sustainability Report 2018, prepared in accordance with the obligations set forth in Legislative Decree 254/2016 on the disclosure of non-financial information and on diversity.

The TIM Group has provided disclosure on the legally required topics since 1997, the year in which the Group published its first Social Report , which has subsequently been extended to cover environmental issues.

The current Sustainability Report follows a multi-stakeholder approach involving the joint analysis of actions taken in respect of the main stakeholders with whom the Company interacts. It is based on the main reference standard for sustainability the Global Reporting Initiative Standards and on the principles of the AA1000 AccountAbility Principles Standard (APS 2008), adopted by the Group as of the 2009 Financial Statements (inclusivity, materiality, responsiveness).

The non-financial report is tied to the company s inclusion in the main sustainability indices. In 2018, the TIM Group was included for the fifteenth consecutive year in the Dow Jones Sustainability Indices World (DJSI World) and Europe (DJSI Europe), and in the Euronext Vigeo World 120, Eurozona 120 and Europa 120.

CORPORATE GOVERNANCE ISSUES

ADDITION TO THE AGENDA OF THE SHAREHOLDERS MEETING

The Board of Directors has supplemented the agenda of the Ordinary Shareholders Meeting called to meet on 29 March 2019 (single call) at the Rozzano auditorium (Milan), viale Toscana 3, with the following two items:

- payment of a preference dividend for savings shares (0.0275 euro per savings share), via the distribution of reserves;

- updating of the performance conditions of the share based incentives scheme approved by the Shareholders Meeting of 24 April 2018 (see the LTI Plan 2018).

The dividend amounts will be paid to the entitled parties, based on the custody accounts at the end of the accounting day on June 25,2019 (the record date), starting from June 26, 2019, while the coupon date will be June 24,2019.

The amendment to the proposal for the LTI 2018 Plan (in regard to which please refer to the information document which can be viewed on the company website www.telecomitalia.com consists of the update to the performance parameter which consists of the equity free cash flow accumulated in the period from 2018-2020, using for the financial years 2019 and 2020 the reference targets set out in the new 2019-2021 plan, rather than the objectives set forth in the 2018-2020 business plan. Given the significant difference between the two planning documents, insofar as the cash generation prospects in the remaining vesting period, we considered that a condition for securing the incentive and retention capacity of the bonus would be to forsake the now obsolete internal parameters of the last two years, in order to connect the accrual of 30% of the performance shares to the Group s current strategic objectives. Conversely, the external indicator of relative share performance compared to the median of the market performances of the peer baskets (weight: 70%) shall remain in place: in respect of which the need to align the interests of the shareholders with the interests of key management for TIM business purposes, in terms of increasing the value of the share over the medium-long term, cannot change.

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The amendment refers to an incentive scheme which the Board of Directors has already implemented (as per the report on remuneration), which includes the assignment of performance shares to the Chief Executive Officer and the remaining key management personnel of TIM S.p.A., (to date Mario Di Mauro, Lorenzo Forina, Carlo Nardello, Agostino Nuzzolo, Piergiorgio Peluso, Elisabetta Romano, Luciano Sale, Stefano Siragusa, Anna Spinelli). As far as is applicable, it is hereby specified that the transaction is a transaction with related parties of lesser significance; no publication of an information document is required pursuant to Consob Regulation 17221/2010 (Regulation on Related Party Transactions), but a supplement to the information document on the LTI 2018 Plan published last year pursuant to Regulation 11971/2010 (Issuers Regulation), as defined below, is required. The approval of the presentation of the amendment to the Shareholders Meeting was resolved by the Board of Directors upon the proposal and with the opinion in favor of the Committee for nominations and remuneration, which has competence pursuant to the applicable company procedures.

The reports on the proposals for resolutions on the various agenda items (other than those requested with shareholder Vivendi S.A. s request to call a meeting), and the supplement to the LTI 2018 Plan information document will be published within the deadline set by the law on the website www.telecomitalia.com and the storage mechanism 1INFO (www.1info.it).

MISCELLANEOUS

The Board of Directors has resolved to overcome the exclusion of vesting upon the Chief Executive Officer, Luigi Gubitosi, the powers already attributed to the Security Manager, who is the Safety Delegate pursuant to Golden Power rules. Therefore, he too will report to the Chief Executive Officer, who in turn holds all the executive powers for management of the Company.

With its approval of the periodic non-financial reports (sustainability report, report on remuneration, corporate governance and assets report), the Board also ascertained that the following Directors continue to fulfill the requirements of independence pursuant to the law and the Borsa Italiana Code: Alfredo Altavilla, Paola Bonomo, Giuseppina Capaldo, Maria Elena Cappello, Massimo Ferrari, Paola Giannotti, Marella Moretti, Lucia Morselli, Dante Roscini, Rocco Sabelli, Michele Valensise, and the Chairman Fulvio Conti. In assessing the adequacy of the organizational and control structure, the Board confirmed the perimeter of the strategic managerial positions which had previously been identified and include the Chief Strategic Development & Transformation Office, which has been assigned to Carlo Nardello (see CV available at www.telecomitalia.com). On this day, Mr. Nardello owns 120,000 ordinary shares issued by the Company.

Finally, the process of integrating the wholly owned subsidiary Noverca s.r.l. into TIM was initiated. Noverca s.r.l. operates under the name KENA, which is TIM Group s second mobile brand.

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The manager responsible for preparing the corporate financial reports, Piergiorgio Peluso, declares, pursuant to paragraph 2, article 154-bis of the Consolidated Law on Finance, that the accounting disclosures contained in this press release correspond to the Company s documents, accounting records and entries.

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ATTACHMENTS TO THE PRESS RELEASE

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ALTERNATIVE PERFORMANCE MEASURES

In this press release, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for purposes of a better understanding of the trend of operations and the financial condition related to the TIM Group and the Parent Company TIM S.p.A.. Such measures, which are presented in the periodical financial reports (annual and interim), should, however, not be considered as a substitute for those required by IFRS.

The alternative performance measures used are described below:

EBITDA: this financial measure is used by TIM as a financial target in internal presentations (business plans) and in external presentations (to analysts and investors). It represents a useful unit of measurement for assessing the operating performance of the Group (as a whole and at the Business Unit level) and of the Parent Company TIM S.p.A. in addition to **EBIT.**

These measures are calculated as follows:

Profit (loss) before tax from continuing operations
+ Finance expenses
- Finance income
+/- Other expenses (income) from investments [1]
+/- Share of losses (profits) of associates and joint ventures accounted for using the equity method[2]
EBIT - Operating profit (loss)
+/- Impairment losses (reversals) on non-current assets
+/- Losses (gains) on disposals of non-current assets
+ Depreciation and amortization
EBITDA - Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets

Expenses (income) from investments for TIM S.p.A.

Line item in Group consolidated financial statements only.

Organic change in Revenues, EBITDA and EBIT: these measures express changes (amount and/or percentage) in Revenues, EBITDA and EBIT, excluding, where applicable, the effects of the change in the scope of consolidation and exchange differences.

TIM believes that the presentation of the organic change in Revenues, EBITDA and EBIT allows for a more complete and effective understanding of the operating performance of the Group (as a whole and at the Business Unit level) and the Parent Company; this method of presenting information is also used in presentations to analysts and investors. In this press release, is also provided the reconciliation between the accounting or reported data and the organic ones.

EBITDA margin and EBIT margin: TIM believes that these margins represent some useful indicator of the ability of the Group (as a whole and at Business Unit level) and the Parent Company to generate profits from its revenues. In fact, EBITDA margin and EBIT margin measure the operating performance of an entity by analyzing the percentage of revenues that are converted into EBITDA and EBIT, respectively. Such indicators are used by TIM in internal presentations (*business plans*) and in external presentations (to analysts and investors) in order to illustrate the results from operations also through the comparison of the operating results of the fiscal year with those of the previous fiscal years.

Net Financial Debt: TIM believes that the Net Financial Debt represents an accurate indicator of its ability to meet its financial obligations. It is represented by Gross Financial Debt less Cash and Cash Equivalents and other Financial Assets.

In this press release are included two tables showing the amounts taken from the statement of financial position and used to calculate the Net Financial Debt of the Group and Parent Company respectively.

In order to better represent the actual change in Net Financial Debt, in addition to the usual measure (named Net financial debt carrying amount) is also shown the Adjusted net financial debt , which excludes effects that are purely accounting in nature resulting from the fair value measurement of derivatives and related financial liabilities/assets.

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Net financial debt is calculated as follows:

+	Non-current financial liabilities
+	Current financial liabilities
+	Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale
A)	**Gross Financial Debt**
+	Non-current financial assets
+	Current financial assets
+	Financial assets included in Discontinued operations/Non-current assets held for sale
B)	**Financial Assets**
C=(A - B)	**Net Financial Debt carrying amount**
D)	**Reversal of fair value measurement of derivatives and related financial liabilities/assets**
E=(C + D)	**Adjusted Net Financial Debt**

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The reclassified Separate Income Statements, Statements of Comprehensive Income, Statements of Financial Position and the Statements of Cash Flows as well as the Net Financial Debt of the TIM Group and the Parent TIM S.p.A, herewith presented, are the same as those included in the Report of Operations of 2018 TIM Annual Financial Report.

Such statements, as well as the Net Financial Debt are in any case consistent with those included in the TIM Group Consolidated and Separate Financial Statements for the year ended December 31, 2018.

The accounting policies and consolidation principles have been applied on a basis consistent with those adopted in the Annual Consolidated Financial Statements at December 31, 2017, to which reference should be made, except for the new accounting principles applied starting from January 1, 2018 whose effects are shown in the following chapter Adoption of the new IFRS 9 and IFRS 15 standards .

To enable the year-on-year comparison of the economic and financial performance for 2018, this press release shows comparable financial position figures and comparable income statement figures, prepared in accordance with the previous accounting standards applied (IAS 39, IAS 18, IAS 11, and relative Interpretations).

To such extent, please note that the audit work by our independent auditors on the TIM Consolidated and Separate Financial Statements for the year ended December 31, 2018 as well as the check of consistency of the 2018 Report on Operations with the related TIM Consolidated and Separate Financial Statements have not yet been completed.

TIM GROUP - SEPARATE CONSOLIDATED INCOME STATEMENTS

(millions of euros)	2018	2018 comparable (a)	2017 (b)	Change (a-b) amount	Change (a-b) %
Revenues	**18,940**	**19,109**	**19,828**	**(719)**	**(3.6)**
Other income	341	341	523	(182)	(34.8)
Total operating revenues and other income	**19,281**	**19,450**	**20,351**	**(901)**	**(4.4)**
Acquisition of goods and services	(8,186)	(8,089)	(8,388)	299	3.6
Employee benefits expenses	(3,105)	(3,084)	(3,626)	542	14.9
Other operating expenses	(1,259)	(1,236)	(1,208)	(28)	(2.3)
Change in inventories	102	102	35	67	
Internally generated assets	570	570	626	(56)	(8.9)
	7,403	**7,713**	**7,790**	**(77)**	**(1.0)**

Operating profit (loss) before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)					
Depreciation and amortization	(4,255)	(4,399)	(4,473)	74	1.7
Gains (losses) on disposals of non-current assets	(1)	(1)	11	(12)	
Impairment reversals (losses) on non-current assets	(2,586)	(2,586)	(37)	(2,549)	
Operating profit (loss) (EBIT)	**561**	**727**	**3,291**	**(2,564)**	**(77.9)**
Share of profits (losses) of associates and joint ventures accounted for using the equity method	(1)	(1)	(1)		
Other income (expenses) from investments	11	10	(18)	28	
Finance income	1,056	1,047	1,808	(761)	(42.1)
Finance expenses	(2,404)	(2,388)	(3,303)	915	27.7
Profit (loss) before tax from continuing operations	**(777)**	**(605)**	**1,777**	**(2,382)**	
Income tax expense	(375)	(433)	(490)	57	11.6
Profit (loss) from continuing operations	**(1,152)**	**(1,038)**	**1,287**	**(2,325)**	
Profit (loss) from Discontinued operations/Non-current assets held for sale					
Profit (loss) for the year	**(1,152)**	**(1,038)**	**1,287**	**(2,325)**	
Attributable to:					
Owners of the Parent	**(1,411)**	**(1,298)**	**1,121**	**(2,419)**	
Non-controlling interests	259	260	166	94	56.6

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TIM GROUP - CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In accordance with IAS 1 (Presentation of Financial Statements) here below are presented the Consolidated Statements of Comprehensive Income, including the Profit (loss) for the year, as shown in the Separate Consolidated Income Statements, and all non-owner changes in equity.

(millions of euros)		**2018**	**2017**
Profit (loss) for the year	**(a)**	**(1,152)**	**1,287**
Other components of the Consolidated Statement of Comprehensive Income			
Other components that will not be reclassified subsequently to Separate Consolidated Income Statement			
Financial assets measured at fair value through other comprehensive income:			
Profit (loss) from fair value adjustments		(5)	
Income tax effect			
	(b)	**(5)**	
Remeasurements of employee defined benefit plans (IAS19):			
Actuarial gains (losses)		19	10
Income tax effect		(5)	(1)
	(c)	**14**	**9**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)			
Income tax effect			
	(d)		
Total other components that will not be reclassified subsequently to Separate Consolidated Income Statement	**(e=b+c+d)**	**9**	**9**
Other components that will be reclassified subsequently to Separate Consolidated Income Statement			
Financial assets measured at fair value through other comprehensive income (*):			
Profit (loss) from fair value adjustments		(14)	63

Loss (profit) transferred to Separate Consolidated Income Statement		(4)	(62)
Income tax effect		2	2
	(f)	**(16)**	**3**
Hedging instruments:			
Profit (loss) from fair value adjustments		362	(854)
Loss (profit) transferred to Separate Consolidated Income Statement		(336)	826
Income tax effect		(7)	(3)
	(g)	**19**	**(31)**
Exchange differences on translating foreign operations:			
Profit (loss) on translating foreign operations		(554)	(830)
Loss (profit) on translating foreign operations transferred to Separate Consolidated Income Statement			19
Income tax effect			
	(h)	**(554)**	**(811)**
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method:			
Profit (loss)			
Loss (profit) transferred to Separate Consolidated Income Statement			
Income tax effect			
	(i)		
Total other components that will be reclassified subsequently to Separate Consolidated Income Statement	**(k=f+g+h+i)**	**(551)**	**(839)**
Total other components of the Consolidated Statement of Comprehensive Income	**(m=e+k)**	**(542)**	**(830)**
Total comprehensive income (loss) for the year	**(a+m)**	**(1,694)**	**457**
Attributable to:			
Owners of the Parent		**(1,784)**	**527**
Non-controlling interests		90	(70)

(*) For the year of 2017 also including Available-for-Sale financial assets .

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TIM GROUP - CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(millions of euros)		12/31/2018 (a)	12/31/2017 (b)	Change (a-b)
Assets				
Non-current assets				
Intangible assets				
Goodwill		26,769	29,462	(2,693)
Intangible assets with a finite useful life		8,889	7,192	1,697
		35,658	**36,654**	**(996)**
Tangible assets				
Property, plant and equipment owned		14,251	14,216	35
Assets held under finance leases		1,895	2,331	(436)
		16,146	**16,547**	**(401)**
Other non-current assets				
Investments in associates and joint ventures accounted for using the equity method		16	17	(1)
Other investments		49	51	(2)
Non-current financial assets		1,594	1,768	(174)
Miscellaneous receivables and other non-current assets		2,291	2,422	(131)
Deferred tax assets		1,136	993	143
		5,086	**5,251**	**(165)**
Total Non-current assets	**(a)**	**56,890**	**58,452**	**(1,562)**
Current assets				
Inventories		389	290	99
Trade and miscellaneous receivables and other current assets		4,706	4,959	(253)
Current income tax receivables		251	77	174

Current financial assets				
Securities other than investments, financial receivables and other current financial assets		*1,466*	*1,430*	*36*
Cash and cash equivalents		*1,917*	*3,575*	*(1,658)*
		3,383	5,005	(1,622)
Current assets sub-total		**8,729**	**10,331**	**(1,602)**
Discontinued operations /Non-current assets held for sale				
Total Current assets	**(b)**	**8,729**	**10,331**	**(1,602)**
Total Assets	**(a+b)**	**65,619**	**68,783**	**(3,164)**

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(millions of euros)		12/31/2018 (a)	12/31/2017 (b)	Change (a-b)
Equity and Liabilities				
Equity				
Equity attributable to owners of the Parent		19,528	21,557	(2,029)
Non-controlling interests		2,219	2,226	(7)
Total Equity	**(c)**	**21,747**	**23,783**	**(2,036)**
Non-current liabilities				
Non-current financial liabilities		25,059	28,108	(3,049)
Employee benefits		1,567	1,736	(169)
Deferred tax liabilities		192	265	(73)
Provisions		876	825	51
Miscellaneous payables and other non-current liabilities		3,297	1,678	1,619
Total Non-current liabilities	**(d)**	**30,991**	**32,612**	**(1,621)**
Current liabilities				
Current financial liabilities		5,913	4,756	1,157
Trade and miscellaneous payables and other current liabilities		6,901	7,520	(619)
Current income tax payables		67	112	(45)
Current liabilities sub-total		**12,881**	**12,388**	**493**
Liabilities directly associated with Discontinued operations/Non-current assets held for sale				
Total Current Liabilities	**(e)**	**12,881**	**12,388**	**493**
Total Liabilities	**(f=d+e)**	**43,872**	**45,000**	**(1,128)**
Total Equity and liabilities	**(c+f)**	**65,619**	**68,783**	**(3,164)**

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TIM GROUP - CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions of euros)		**2018**	**2017**
Cash flows from operating activities:			
Profit (loss) from continuing operations		(1,152)	1,287
Adjustments for:			
Depreciation and amortization		4,255	4,473
Impairment losses (reversals) on non-current assets (including investments)		2,589	50
Net change in deferred tax assets and liabilities		(195)	(147)
Losses (gains) realized on disposals of non-current assets (including investments)		1	(11)
Share of losses (profits) of associates and joint ventures accounted for using the equity method		1	1
Change in provisions for employee benefits		(208)	437
Change in inventories		(99)	(30)
Change in trade receivables and net amounts due from customers on construction contracts		(49)	379
Change in trade payables		(163)	(605)
Net change in current income tax receivables/payables		(210)	(515)
Net change in miscellaneous receivables/payables and other assets/liabilities		(178)	80
Cash flows from (used in) operating activities	**(a)**	**4,592**	**5,399**
Cash flows from investing activities:			
Purchase of intangible assets		(3,647)	(2,292)
Purchase of tangible assets		(2,831)	(3,477)
Total purchase of intangible and tangible assets on an accrual basis		(6,478)	(5,769)
Change in amounts due for purchases of intangible and tangible assets		1,947	455

Total purchase of intangible and tangible assets on a cash basis		(4,531)	(5,314)
Capital grants received		108	82
Acquisition of control of companies or other businesses, net of cash acquired			
Acquisitions/disposals of other investments		(3)	(4)
Change in financial receivables and other financial assets (excluding hedging and non-hedging derivatives under financial assets)		96	466
Proceeds from sale that result in a loss of control of subsidiaries or other businesses, net of cash disposed of			
Proceeds from sale/repayments of intangible, tangible and other non-current assets		16	30
Cash flows from (used in) investing activities	**(b)**	**(4,314)**	**(4,740)**
Cash flows from financing activities:			
Change in current financial liabilities and other		394	(1,188)
Proceeds from non-current financial liabilities (including current portion)		2,546	2,630
Repayments of non-current financial liabilities (including current portion)		(4,426)	(3,426)
Changes in hedging and non-hedging derivatives		(110)	997
Share capital proceeds/reimbursements (including subsidiaries)		22	16
Dividends paid		(256)	(235)
Changes in ownership interests in consolidated subsidiaries			(4)
Cash flows from (used in) financing activities	**(c)**	**(1,830)**	**(1,210)**
Cash flows from (used in) Discontinued operations/Non-current assets held for sale	**(d)**		
Aggregate cash flows	**(e=a+b+c+d)**	**(1,552)**	**(551)**
Net cash and cash equivalents at beginning of the year:	**(f)**	**3,246**	**3,952**
Net foreign exchange differences on net cash and cash equivalents	**(g)**	**(63)**	**(155)**
Net cash and cash equivalents at end of the year:	**(h=e+f+g)**	**1,631**	**3,246**

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Additional Cash Flow information

(millions of euros)	**2018**	**2017**
Income taxes (paid) received	(739)	(1,100)
Interest expense paid	(1,978)	(2,899)
Interest income received	871	1,636
Dividends received	2	1

Analysis of Net Cash and Cash Equivalents

(millions of euros)	**2018**	**2017**
Net cash and cash equivalents at beginning of the year:		
Cash and cash equivalents - from continuing operations	3,575	3,964
Bank overdrafts repayable on demand from continuing operations	(329)	(12)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale		
Bank overdrafts repayable on demand from Discontinued operations/Non-current assets held for sale		
	3,246	**3,952**
Net cash and cash equivalents at end of the year:		
Cash and cash equivalents - from continuing operations	1,917	3,575
Bank overdrafts repayable on demand from continuing operations	(286)	(329)
Cash and cash equivalents - from Discontinued operations/Non-current assets held for sale		
Bank overdrafts repayable on demand from Discontinued operations/Non-current assets held for sale		
	1,631	**3,246**

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TIM GROUP - NET FINANCIAL DEBT

(millions of euros)	12/31/2018 (a)	12/31/2017 (b)	Change (a-b)
Non-current financial liabilities			
Bonds	18,579	19,981	(1,402)
Amounts due to banks, other financial payables and liabilities	4,740	5,878	(1,138)
Finance lease liabilities	1,740	2,249	(509)
	25,059	**28,108**	**(3,049)**
Current financial liabilities (*)			
Bonds	2,918	2,221	697
Amounts due to banks, other financial payables and liabilities	2,787	2,354	433
Finance lease liabilities	208	181	27
	5,913	**4,756**	**1,157**
Financial liabilities directly associated with Discontinued operations/Non-current assets held for sale			
Total Gross financial debt	**30,972**	**32,864**	**(1,892)**
Non-current financial assets			
Securities other than investments			
Financial receivables and other non-current financial assets	(1,594)	(1,768)	174
	(1,594)	**(1,768)**	**174**
Current financial assets			
Securities other than investments	(1,126)	(993)	(133)
Financial receivables and other current financial assets	(340)	(437)	97
Cash and cash equivalents	(1,917)	(3,575)	1,658
	(3,383)	**(5,005)**	**1,622**

Financial assets relating to Discontinued operations/Non-current assets held for sale			
Total financial assets	**(4,977)**	**(6,773)**	**1,796**
Net financial debt carrying amount	**25,995**	**26,091**	**(96)**
Reversal of fair value measurement of derivatives and related financial liabilities/assets	*(725)*	*(783)*	*58*
Adjusted Net Financial Debt	**25,270**	**25,308**	**(38)**
Breakdown as follows:			
Total adjusted gross financial debt	**29,432**	**31,149**	**(1,717)**
Total adjusted financial assets	**(4,162)**	**(5,841)**	**1,679**
(*) of which current portion of medium/long-term debt:			
Bonds	*2,918*	*2,221*	*697*
Amounts due to banks, other financial payables and liabilities	*1,477*	*1,371*	*106*
Finance lease liabilities	*208*	*181*	*27*

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TIM GROUP NET OPERATING FREE CASH FLOW

(millions of euros)	**2018**	**2017**	**Change**
EBITDA	7,403	7,790	(387)
Capital expenditures on an accrual basis	(4,009)	(5,071)	1,062
Investments for mobile licenses acquisition / spectrum	(2,399)	(630)	(1,769)
Change in net operating working capital:	1,194	(126)	1,320
Change in inventories	*(99)*	*(30)*	*(69)*
Change in trade receivables and net amounts due from customers on construction contracts	*(49)*	*379*	*(428)*
Change in trade payables (*)	*(150)*	*40*	*(190)*
Changes of mobile licenses acquisition payable / spectrum	*1,886*	*(257)*	*2,143*
Other changes in operating receivables/payables	*(394)*	*(258)*	*(136)*
Change in provisions for employee benefits	(208)	437	(645)
Change in operating provisions and Other changes	96	96	
Net operating free cash flow	**2,077**	**2,496**	**(419)**
Of which Operating Free Cash Flow related to the mobile licenses acquisition / spectrum	*(513)*	*(887)*	*374*
% of Revenues	*11.0*	*12.6*	*(1.6) pp*

(*) Includes the change in trade payables for amounts due to fixed assets suppliers.

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TIM GROUP HIGHLIGHTS

(millions of euros)		2018	2018 comparable (a)	2017 (b)	% Change (a-b)	% Change Organic
Revenues		**18,940**	**19,109**	**19,828**	(3.6)	0.1
EBITDA	(1)	**7,403**	**7,713**	**7,790**	(1.0)	2.6
EBITDA Margin		*39.1%*	*40.4%*	*39.3%*	*1.1 pp*	
Organic EBITDA Margin		*39.1%*	*40.4%*	*39.4%*	*1.0 pp*	
EBIT before goodwill impairment loss		**3,151**	**3,317**	**3,291**	0,8	
Goodwill impairment loss		*(2,590)*	*(2,590)*			
EBIT	(1)	**561**	**727**	**3,291**	(77.9)	(77.3)
EBIT Margin		*3.0%*	*3.8%*	*16.6%*	*(12.8) pp*	
EBIT Margin Organico		*3.0%*	*3.8%*	*16.8%*	*(13.0) pp*	
Profit (loss) for the year attributable to Owners of the Parent		**(1,411)**	**(1,298)**	**1,121**		
Capital Expenditures & spectrum		**6,408**	**6,558**	**5,701**	15.0	

		12/31/2018	12/31/2017	Change Amount
Adjusted Net Financial Debt	(1)	**25,270**	**25,308**	**(38)**

(millions of euros)		4rd Quarter 2018	4rd Quarter 2018 comparable (a)	4rd Quarter 2017 (b)	Change% (a-b)	Change% Organic
Revenues		**4,863**	**4,892**	**5,149**	(5.0)	(2.5)
EBITDA	(1)	**1,625**	**1,683**	**1,577**	6.7	10.9
EBITDA Margin		*33.4%*	*34.4%*	*30.6%*	*3.8pp*	
Organic EBITDA Margin		*33.4%*	*34.4%*	*30.3%*	*4.1pp*	

EBIT before goodwill impairment loss		**534**	**555**	**457**	21.4
Goodwill impairment loss		*(590)*	*(590)*		
EBIT	(1)	**(56)**	**(35)**	**457**	
EBIT Margin		*(1.2)%*	*(0.7)%*	*8.9%*	*(9.6)pp*
Organic EBIT Margin		*(1.2)%*	*(0.7)%*	*8.6%*	*(9.3)pp*
Profit (loss) for the period attributable to owners of the Parent		**(543)**	**(528)**	**88**	

Details are provided under Alternative Performance Measures

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TIM GROUP - INFORMATION BY OPERATING SEGMENTS

DOMESTIC

(millions of euros)	**2018**	**2018 comparable (a)**	**2017 (b)**	**Change** amount	**(a - b)** %	% organic
Revenues	15,031	15,185	15,354	(169)	(1.1)	(1.0)
EBITDA	5,955	6,221	6,171	50	0.8	0.9
EBITDA margin	*39.6*	*41.0*	*40.2*		*0.8 pp*	*0.8 pp*
EBIT	16	177	2,772	(2,595)	(93.6)	(93.6)
EBIT margin	*0.1*	*1.2*	*18.1*		*(16.9) pp*	*(16.9) pp*
Headcount at year end (number)	**48,200**		**49,851**	**(1,651)**	**(3.3)**	

(millions of euros)	**4th Quarter 2018**	**4th Quarter 2018 comparable (a)**	**4th Quarter 2017 (b)**	**Change** amount	**(a-b)** %	% organic
Revenues	3,849	3,874	4,042	(168)	(4.2)&nb	