

TELECOM ITALIA ANALYST & INVESTOR BRIEFING
2007 Results & Strategic Guidelines

Telecom Italia International

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Safe Harbour

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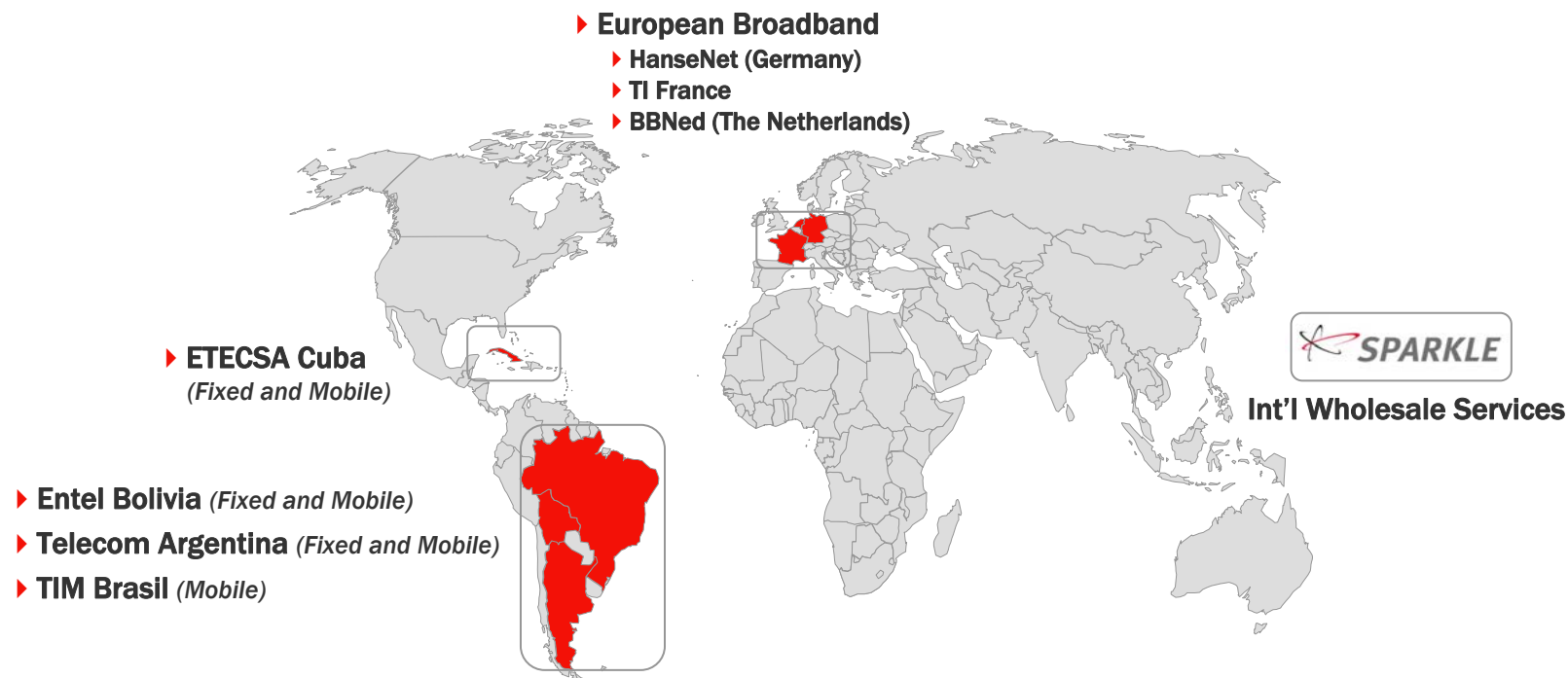
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Agenda

- ▶ Telecom Italia International portfolio
- ▶ Telecom Italia International strategy
- ▶ South America
- ▶ European Broadband
- ▶ International Wholesale

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Telecom Italia International Portfolio



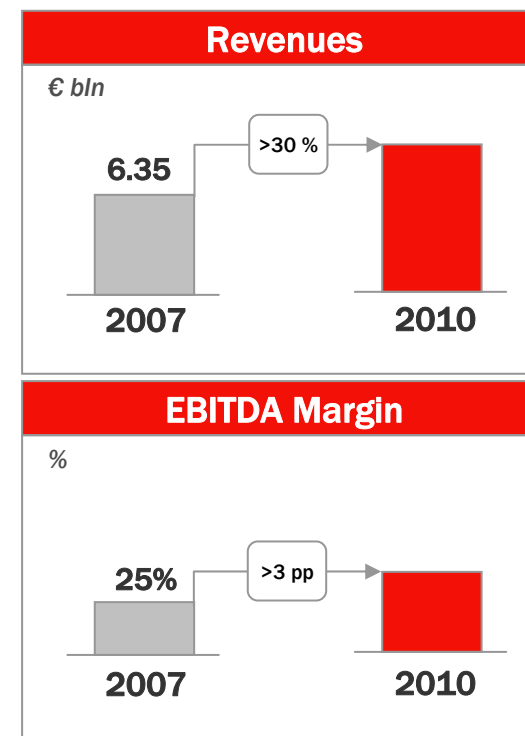
- ▶ **Telecom Italia international footprint consistent with TLC market growth macro trends:**
 - ▶ **Latin America Mobile** with expected 2006-2010 CAGR of +10%
 - ▶ **European BB** with expected 2006-2010 CAGR of +16%

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TI International Portfolio: Financial performance

- ▶ International portfolio is a key driver of growth, contributing substantially to TI's Group performance and value

	<i>w/o TI France</i>		
	2006*	2007*	2007
Revenues	5.07 Bln €	6.75 Bln €	6.35 Bln €
EBITDA	1.11 Bln €	1.55 Bln €	1.60 Bln €
EBITDA margin	22%	23%	25%
CAPEX	1.19 Bln €	1.39 Bln €	1.24 Bln €
Op. Cash Flow**	-0.17 Bln €	0.10 Bln €	0.28 Bln €

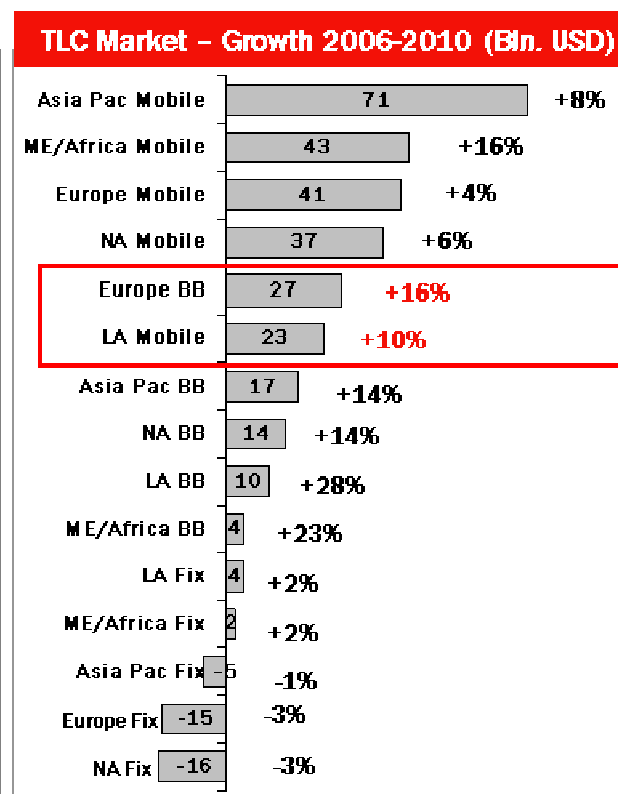
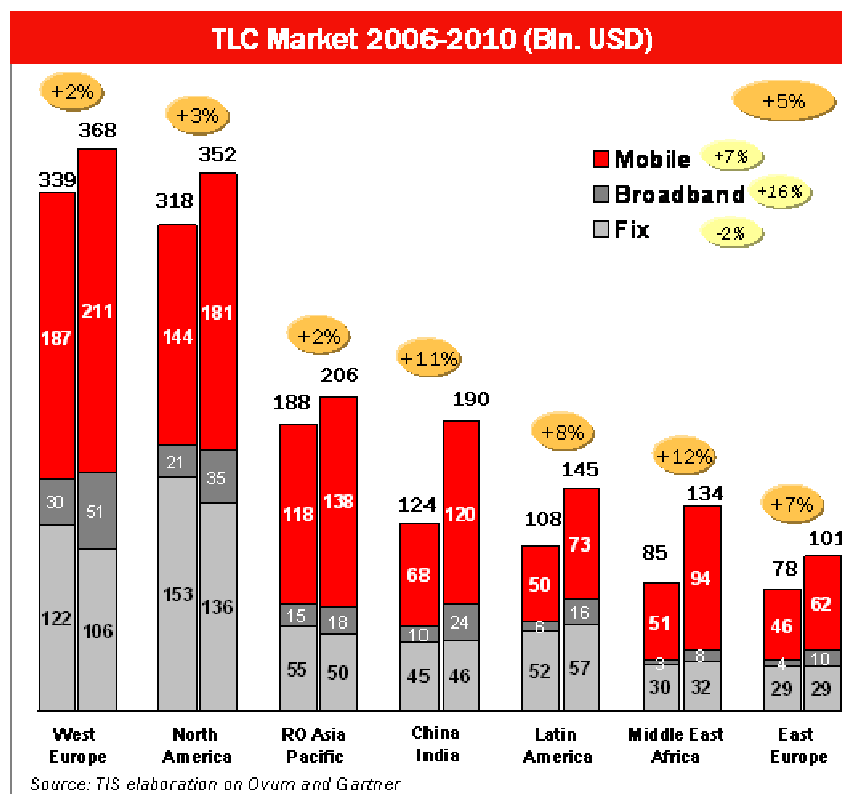


*TI France, HanseNet, BBNed, TIM Brasil, Entel Bolivia

** based on TI stake (50% Entel Bolivia; 69.7% TIM Brasil)

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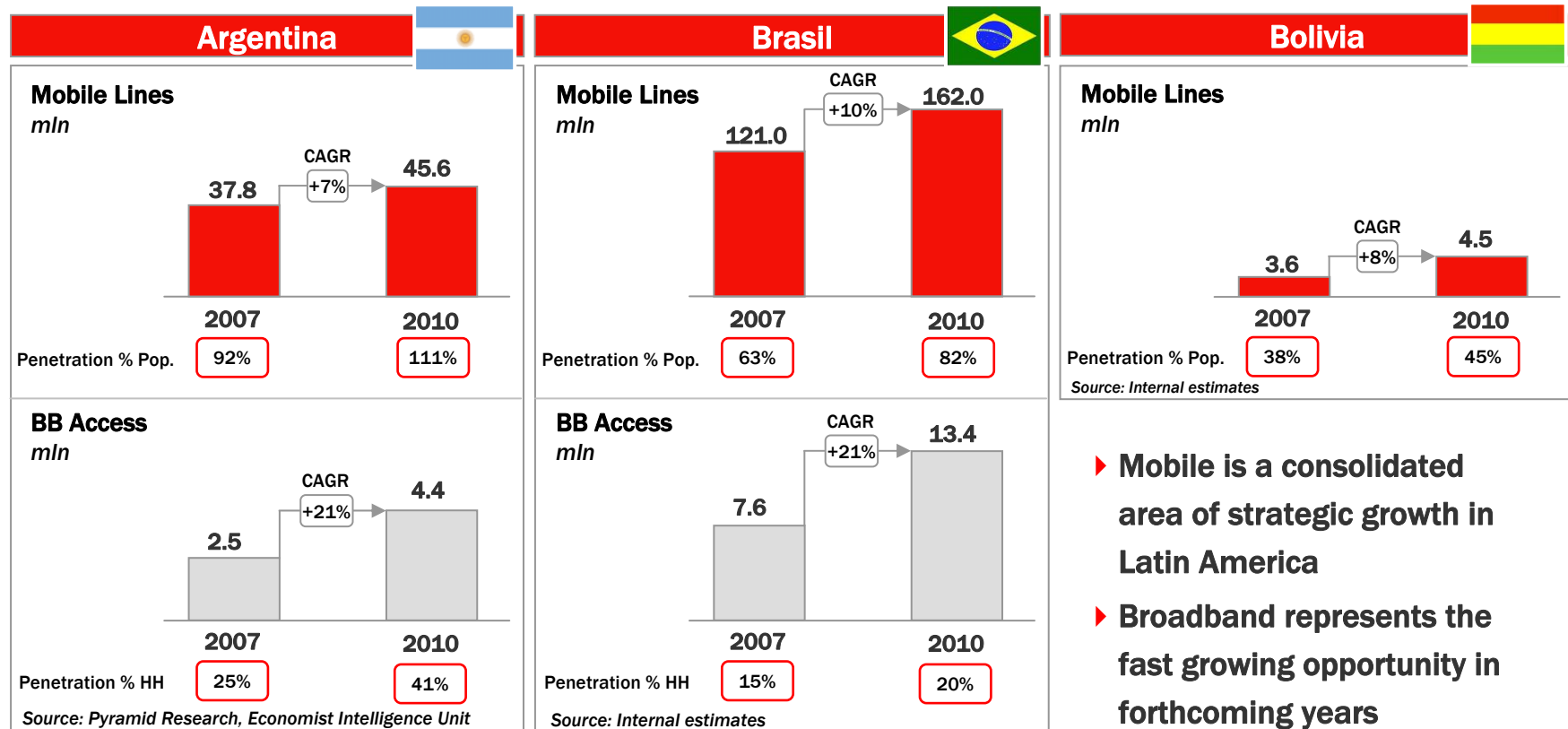
International Market scenario



- ▶ European Broadband and Latin America Mobile are TI's areas of strategic presence and focus, and key growth areas for the TLC market
- ▶ Mobile in Emerging Markets represents an additional opportunity for growth

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South America: Market Scenario



- ▶ Mobile is a consolidated area of strategic growth in Latin America
- ▶ Broadband represents the fast growing opportunity in forthcoming years

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Telecom Argentina

Not consolidated

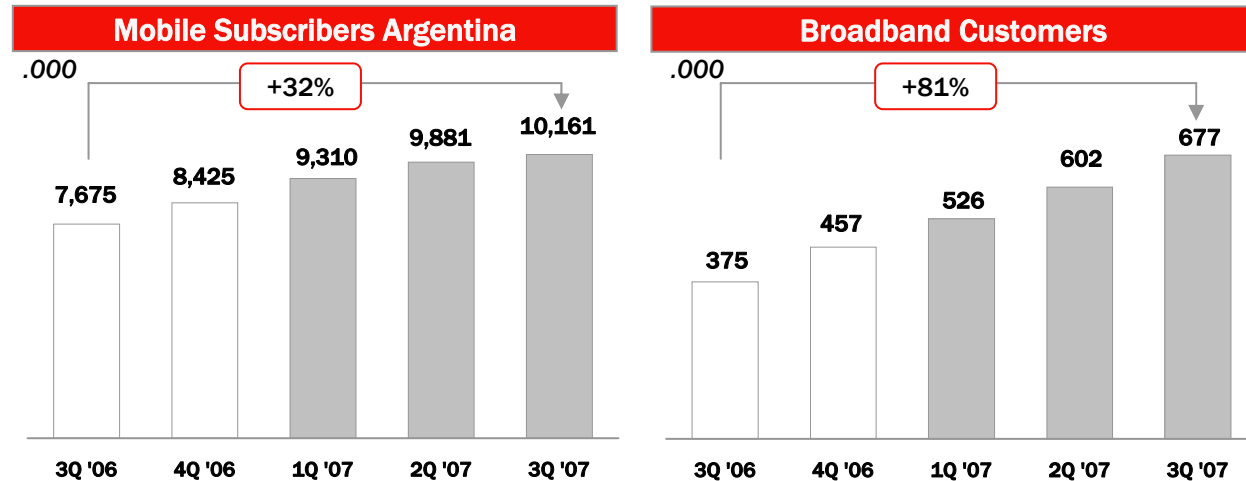
Held by: Telecom Italia and Telecom Italia International through Nortel Inversora/Sofora 13.97%



Reported data by
 Telecom Argentina
 (mln P\$, local GAAP)

	9M 2006	9M 2007	Δ '07 vs '06	
			abs	%
Revenues	5,242	6,515	1,273	24%
OPBDA*	1,730	2,252	522	30%
OPBDA margin	33%	35%	+2 pp	
CAPEX	755	981	226	30%

Revenue increase mainly fueled by the Mobile and BB businesses



*OPBDA = Operating Profit Before Depreciation & Amortization

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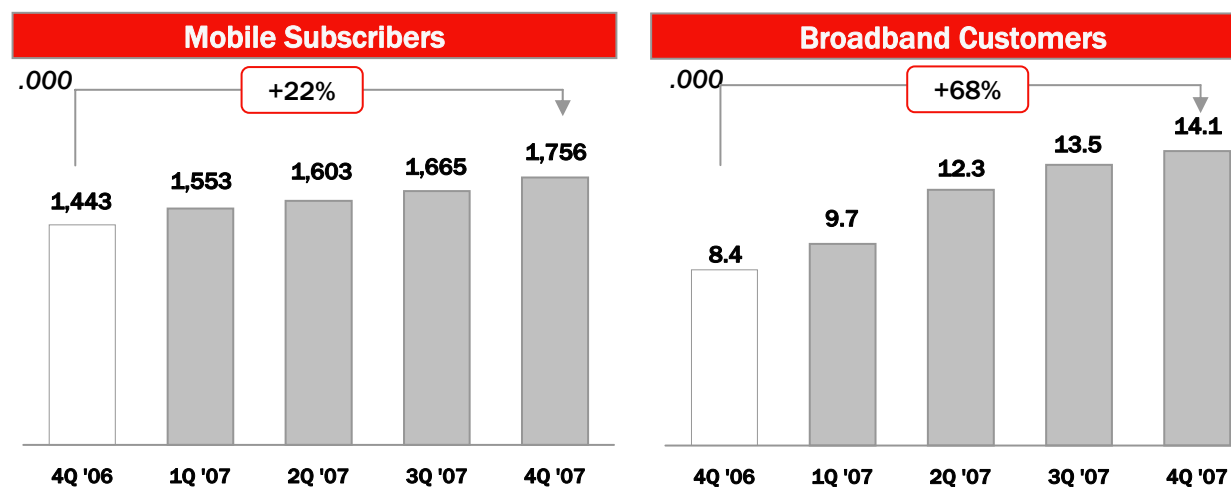
Entel Bolivia

Consolidated

Held by: Telecom Italia International
 through ICH/ETI 50%

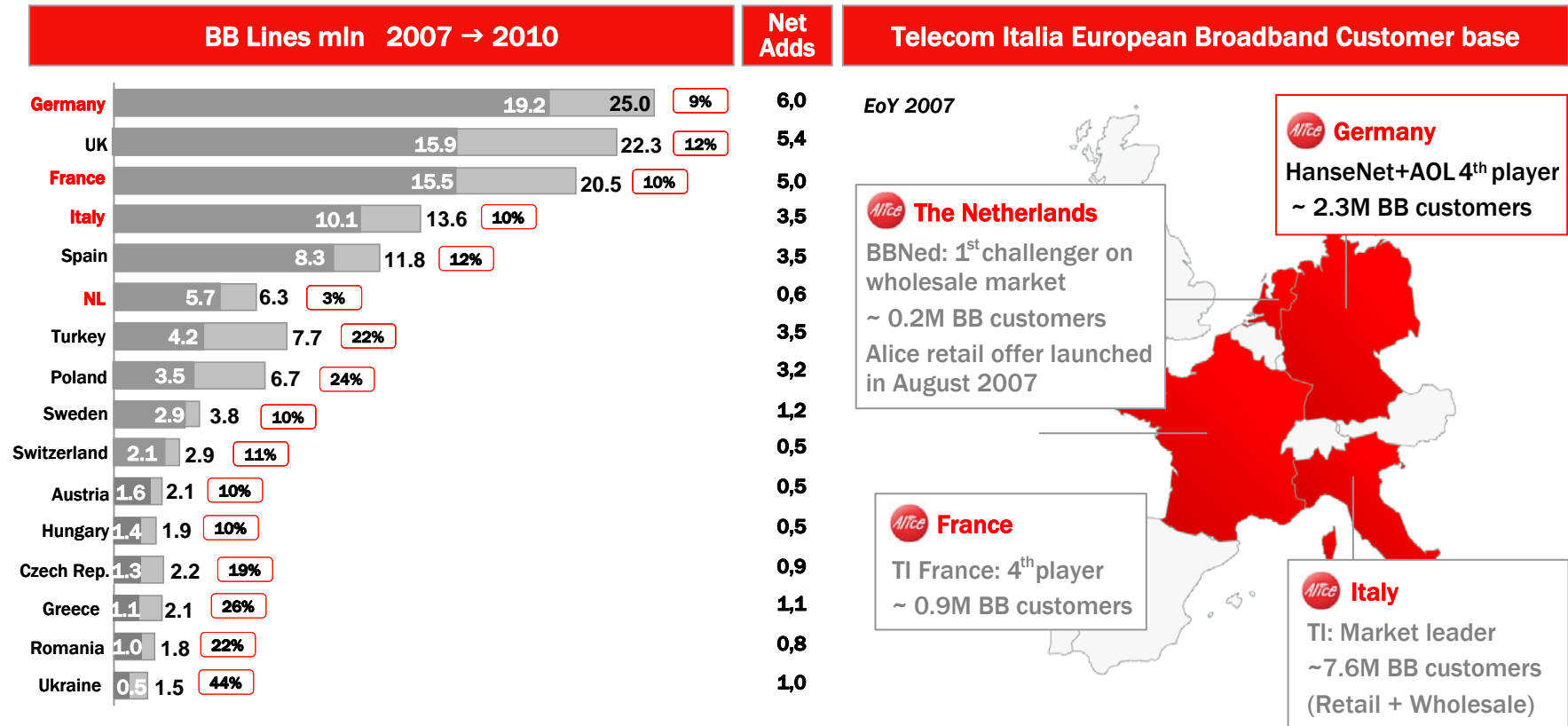


Reported data	2006	2007	Δ '07 vs '06	
			abs	%
Revenues	192 Mln €	210 Mln €	18 Mln €	9%
EBITDA	82 Mln €	98 Mln €	16 Mln €	20%
EBITDA margin	43%	47%	+4 pp	
Op. Cash Flow	85 Mln €	72 Mln €	-13 Mln €	-15%



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European Broadband Market and Telecom Italia presence

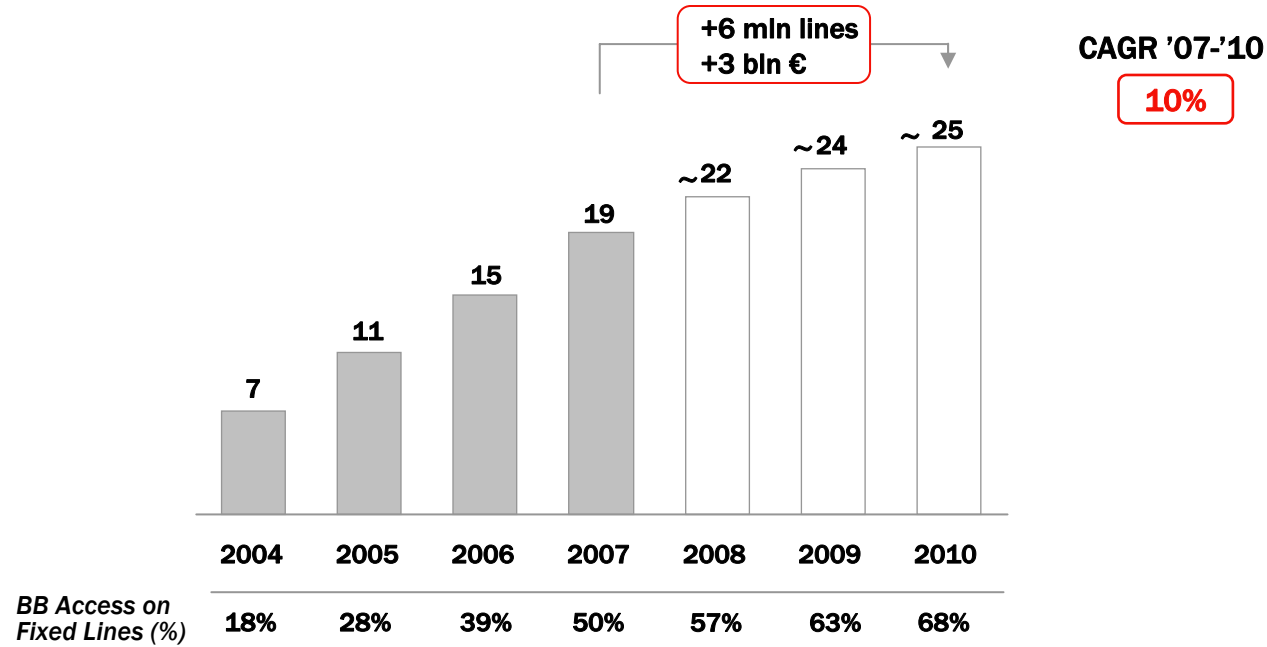


► Germany is a strategic market for TI growth in European BB

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Germany: Broadband Market evolution

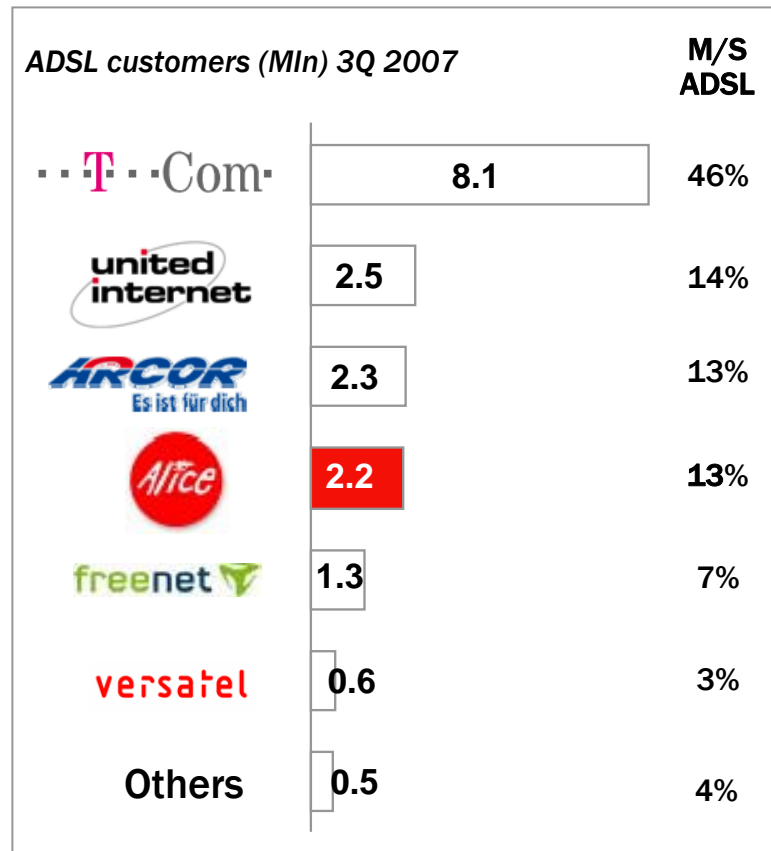
mln lines



- ▶ German BB market will still experience a **sustained growth** in the next 3 years (+10%):
~6 Mln of BB access will be added
- ▶ With ARPU exceeding 40 € per month, **this new market will be worth ~3 Bln €**
- ▶ Penetration will reach the European average in 2010 (68% on fixed lines)

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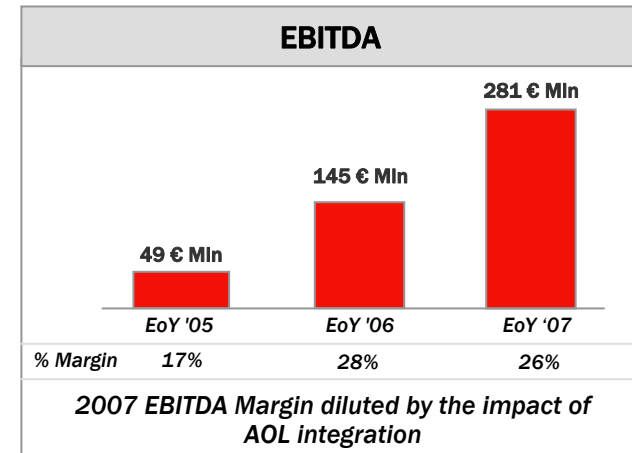
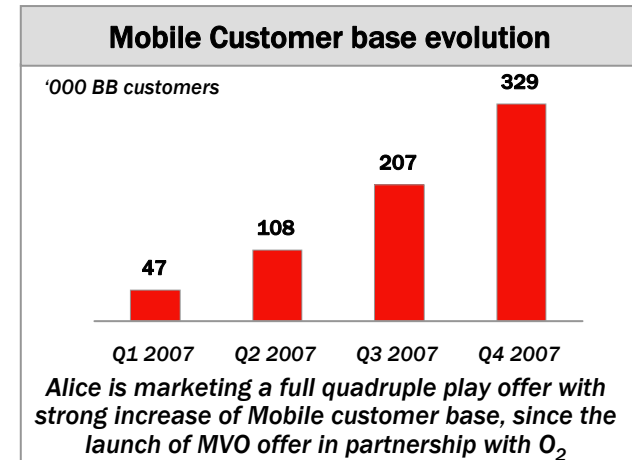
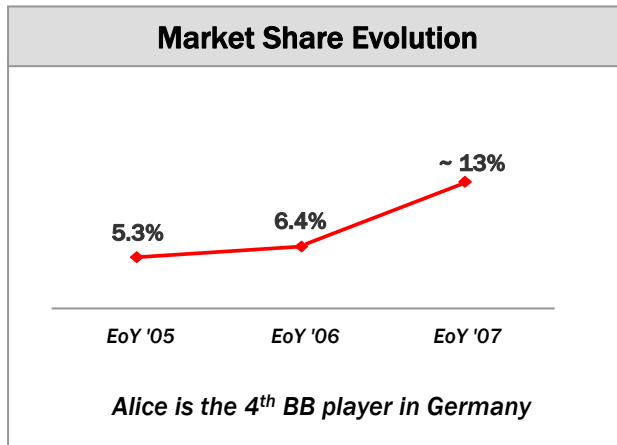
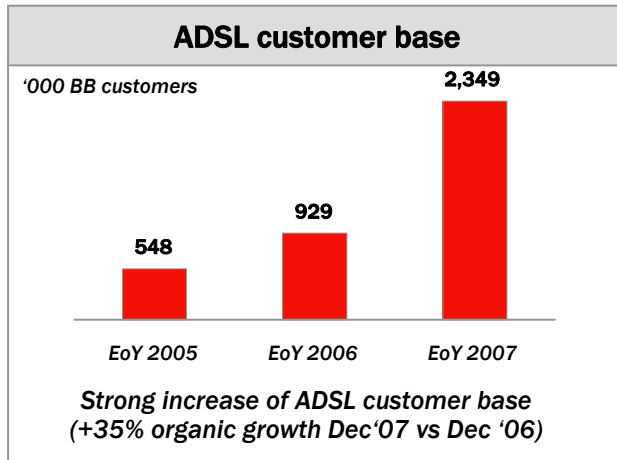
Germany: Market scenario



- ▶ Consolidation is likely to take place in the next two years
- ▶ The combination of customer base and infrastructure is an important factor in the consolidation process
- ▶ **Alternative Operators** are pursuing different business models:
 - ▶ United Internet and Freenet are resellers and do not own infrastructure
 - ▶ Arcor and Versatel have their own network
 - ▶ HanseNet has a mixed model, balancing its own ULL infrastructure with the use of partners' networks
 - ▶ Telefónica and QSC are network based operators focusing on wholesale market
- ▶ **Mobile operators** O₂ and Vodafone continue to push for convergence in the market
- ▶ Increased number of regional players investing in **FTTx technology**

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HanseNet: 2007 Performance



International Wholesale: Strategic guidelines

- ▶ **Enlarge structural presence in strategic markets by developing infrastructure and international services, in line with the TI profile**



Offer a complete set of innovative solutions to Corporate Multinational Customers and protect the high value A-end Italian Customers, through:

- ▶ synergies with TI assets & International Subsidiaries
- ▶ selective partnership agreements

Consolidate the Leadership on the Global Services and Infrastructure market, with focus on fast growing Regions such as MEA, Eastern Europe and South-East Asia

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Growth on MNCs Market

Goal

- ▶ Develop capabilities and advanced solutions for Italian and European Multinational Customers

DRIVERS

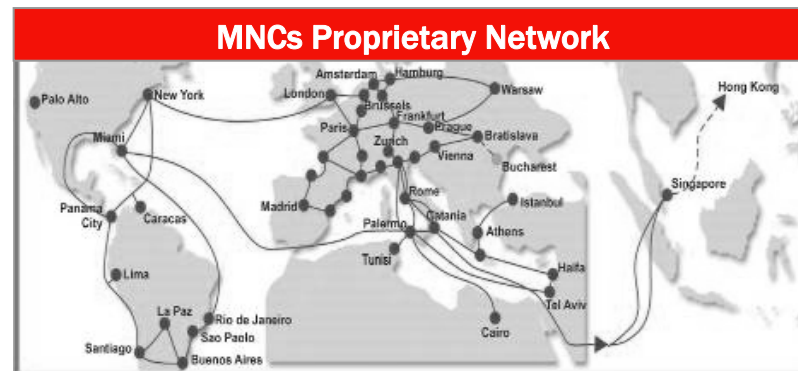
Intra-Group Synergies

- ▶ TI Sparkle global capabilities
- ▶ Telecom Italia new ICT focus
- ▶ Telecom Italia's Int'l Operations

Partnership

- ▶ Synergies with Telefónica
- ▶ Partners to complement TI geographical presence

NETWORK COVERAGE

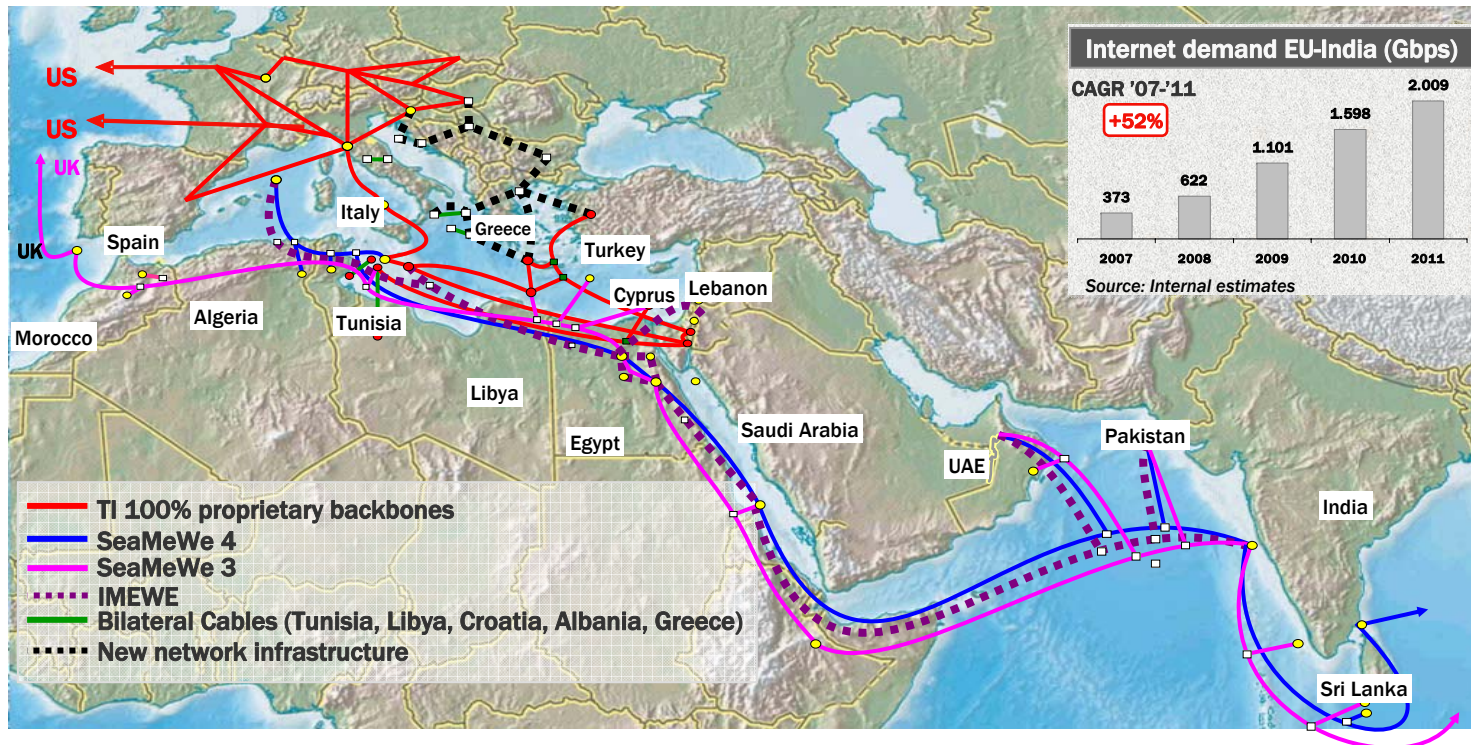


TI global presence through:

- ▶ Proprietary Network (112 access POPs)
- ▶ Partnership agreements with Global Carriers (i.e. C&W, Verizon) and Regional Operators (i.e. CPCNet, Tunisie Telecom, Batelco, GTS)

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Focus on Mediterranean infrastructure growth



- ▶ Italy through Palermo and Catania is a key point of interconnection for major cable systems connecting Europe, US and South-East Asia
- ▶ Leadership position to capture the high traffic growth driven by large demand for new BB services in emerging markets

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Building on current assets for future growth

- ▶ Consolidate presence in market where Telecom Italia can sustain a long term profitable position
- ▶ Monitor opportunities in emerging high growing markets and segments

