

TELECOM ITALIA S P A
Form 6-K
March 18, 2016

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 MARCH 2016

TELECOM ITALIA S.p.A.

(Translation of registrant's name into English)

Via Gaetano Negri 1

20123 Milan, Italy

(Address of principal executive offices)

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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-

Press Release

TELECOM ITALIA: BOARD OF DIRECTORS EXAMINES AND APPROVES THE ANNUAL FINANCIAL REPORT AT 31 December 2015

CONSOLIDATED EBIT: 3.0 BILLION EUROS (-33.0% IN ORGANIC TERMS WITH RESPECT TO 2014) AFFECTED BY NON-RECURRING NET CHARGES FOR 990 MILLION EUROS, WITHOUT WHICH THE ORGANIC CHANGE WOULD BE -8.3%

CONSOLIDATED NET LOSS: 72 MILLION EUROS (PROFITS OF 1,350 MILLION EUROS IN 2014). EXCLUDING NON-RECURRING NET CHARGES, THE CHARGES CONNECTED WITH THE BUY-BACK OF BONDS AND THE NEGATIVE EFFECTS OF THE VALUATION OF THE MANDATORY CONVERTIBLE BOND, THE PROFITS WOULD HAVE BEEN IN THE REGION OF 1.4 BILLION EUROS

PROPOSED DISTRIBUTION OF DIVIDEND FOR SAVINGS SHARES OF 2.75 EURO CENTS FOR A TOTAL AMOUNT OF APPROXIMATELY 166 MILLION EUROS

SHAREHOLDERS MEETING CALLED FOR 25 MAY 2016

BOARD MANDATES MANAGEMENT TO EXAMINE THE OFFERS RECEIVED FOR THE SHARE IN INWIT

Telecom Italia S.p.A.

Registered Office: Via Gaetano Negri, 1 - 20123 Milan

Tax Code / VAT no. and registration with the Milan Business Register: 00488410010 - Registration in the A.E.E. Register (index of Manufacturers of Electrical and Electronic Equipment) IT08020000000799

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The economic and financial results of the Telecom Italia Group and Telecom Italia S.p.A. for the 2015 financial year as well as the previous year's results to which they are compared have been prepared according to the International Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union (defined as IFRS). In the 2015 financial year, Telecom Italia applied the same accounting principles as used for the previous year, apart from the new Principles/Interpretations adopted from 1 January 2015, which had no impact on the results of the 2015 financial year.

In addition to the conventional financial performance measures established by IFRS, the Telecom Italia Group uses certain alternative performance measures for purposes of a better understanding of the trend of operations and financial position. Specifically, the alternative performance measures refer to: EBITDA; EBIT; organic change in revenues, EBITDA and EBIT; net financial debt carrying amount and adjusted net financial debt. The meaning and content of these measures are explained in the annexes.

Note that this release and in particular the information on the Outlook for the 2016 financial year, contains forward-looking statements about the Group's intentions, beliefs and current expectations with regard to its financial results and other aspects of Group's operations and strategies. Readers of the present press release should not place undue reliance on such forward-looking statements, as final results may differ significantly from those contained in the above-mentioned forecasts owing to a number of factors, the majority of which are beyond the Group's control.

Finally, please note that the audit of the Telecom Italia consolidated and separate Financial Statements at 31 December 2015 has not yet been completed.

MAIN CHANGES IN THE TELECOM ITALIA GROUP SCOPE OF CONSOLIDATION

The following changes occurred in 2015:

INWIT S.p.A. (Domestic Business Unit): was established in January 2015;

Alfabook S.r.l. (Domestic Business Unit): on 1 July 2015, Telecom Italia Digital Solutions S.p.A. acquired 100% of the capital of the company, which therefore entered the Group's consolidation scope;

TIM Real Estate S.r.l. (Domestic Business Unit): was established in November 2015.

The following changes in the scope of consolidation occurred during 2014:

Telecom Italia Ventures S.r.l. (Domestic Business Unit): was established in July 2014;

Rete A S.p.A. (Media Business Unit): on 30 June 2014 Persidera S.p.A. acquired 100% of the company, and as a consequence, Rete A became part of the Group's scope of consolidation and was fully consolidated; on 1 December 2014 the merger by incorporation of Rete A into Persidera was completed;

TIMB2 S.r.l. (Media Business Unit): was established in May 2014;

*Trentino NGN S.r.l. (Domestic Business Unit): on 28 February 2014, the Telecom Italia Group acquired a controlling stake in the company, that therefore entered the Group's scope of consolidation.
Milan, 17 March 2016*

The Board of Directors of Telecom Italia met today, chaired by Giuseppe Recchi, to approve the Telecom Italia Group consolidated Financial Statements and the separate draft Financial Statements of Telecom Italia S.p.A. at 31 December 2015, with the main operating results already announced to the market on 16 February 2016.

Telecom Italia S.p.A.

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TELECOM ITALIA GROUP RESULTS

Revenues in 2015 amounted to **19,718 million euros**, down 8.6% on the 2014 financial year (21,573 million Euros). In terms of organic change, calculated by excluding the effect of changes in exchange rates and consolidation area, consolidated revenues were down 4.6% (-951 million euros).

Revenues, broken down by operating segment, were as follows:

(million euros)	2015		2014		Changes		
		% of total		% of total	Absolute	%	% organic
Domestic	15,001	76.1	15,303	70.9	(302)	(2.0)	(2.3)
<i>Core Domestic</i>	13,858	70.3	14,205	65.8	(347)	(2.4)	(2.4)
<i>International Wholesale</i>	1,314	6.7	1,244	5.8	70	5.6	1.1
<i>Olivetti</i>	172	0.9	227	1.1	(55)	(24.2)	(24.2)
Brazil	4,636	23.5	6,244	28.9	(1,608)	(25.8)	(12.1)
Media and Other Assets	131	0.7	71	0.3	60		
<i>Adjustments and eliminations</i>	(50)	(0.3)	(45)	(0.1)	(5)		
Consolidated Total	19,718	100.0	21,573	100.0	(1,855)	(8.6)	(4.6)

EBITDA was **7,004 million euros**, down 1,782 million euros (-20.3%) from the previous financial year, with an EBITDA margin of 35.5% (40.7% in 2014). **In organic terms, the EBITDA is down 1,529 million euros (-17.9%) compared with the previous financial year and the EBITDA margin is down 5.8 percentage points (35.5% in 2015 compared with 41.3% in 2014).**

EBITDA for 2015 reflected the negative impact of non-recurring charges for a total of 1,076 million euros. Without these, the organic change in EBITDA would have been -4.5%, with an EBITDA margin of 41.0% of revenues, 0.1 percentage points higher than 2014.

These charges were connected with events and operations that by their very nature do not occur continuously in normal operating activity. They are emphasised because the total is significant, and includes charges and liabilities deriving from the reorganisation/restructuring of the business.

Net non-recurring charges (million euros)	2015
Employee benefits expenses	446
Acquisition of goods and services and Change in inventories	112
Other charges and provisions	518
Total non-recurring charges with impact on EBITDA	1,076

In particular, with reference to the non-recurring personnel charges, which totalled 446 million euros, it should be noted that the Parent and other Group companies signed specific agreements with the trade unions in 2015 for the

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application of legal tools that will enable the company to manage the excess personnel - caused by the rationalisation processes that all companies operating in the world of telecoms are experiencing - from 2016 onwards, through solidarity contracts, through the use of voluntary early retirement (in application of art. 4, subsection 1-7ter of law no. 92 of 28 June 2012, (the Fornero law) and through the use of voluntary redundancy pursuant to law no. 223/91.

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Acquisition of goods and services and other charges and provisions include non-recurring charges totalling 630 million euros, relating to provisions and costs connected to disputes and sanctions of a regulatory nature, and to liabilities related to these disputes, some charges for specific transactions with customers and suppliers, non-recurring costs related to major projects and charges for disputes with former employees.

The following table shows a breakdown of EBITDA and EBITDA margin by business unit:

(million euros)	2015		2014		Absolute	Changes	
		% of total		% of total		%	% organic
Domestic	5,567	79.5	6,998	79.6	(1,431)	(20.4)	(20.6)
<i>% of Revenues</i>	<i>37.1</i>		<i>45.7</i>			<i>(8.6) pp</i>	<i>(8.5) pp</i>
Brazil	1,449	20.7	1,774	20.2	(325)	(18.3)	(3.3)
<i>% of Revenues</i>	<i>31.3</i>		<i>28.4</i>			<i>2.9 pp</i>	<i>2.9 pp</i>
Media and Other Assets	(14)	(0.2)	13	0.2	(27)		
<i>Adjustments and eliminations</i>	<i>2</i>		<i>1</i>		<i>1</i>		
Consolidated Total	7,004	100.0	8,786	100.0	(1,782)	(20.3)	(17.9)
<i>% of Revenues</i>	<i>35.5</i>		<i>40.7</i>			<i>(5.2) pp</i>	<i>(5.8) pp</i>

FY 2015 EBIT was **2,961 million euros** (4,530 million euros in 2014), 1,569 million euros less (-34.6%) than in FY 2014, with an EBITDA margin of 15.0% (21.0% in FY 2014).

Organic EBIT was down 1,458 million euros, accounting for 15.0% of revenues (21.4% in FY 2014).

FY 2015 EBIT incorporates the following impacts:

net non-recurring charges already mentioned on EBITDA (1,076 million euros);

a capital gain of 328 million euros of the Brazil Business Unit, deriving from the sale of the first three tranches of its telecommunication towers (approximately 85% of the portfolio sold);

a loss deriving from the 240 million euros in impairment charged against Goodwill assigned to our Brazilian operations, as a result of the worsening of the current macroeconomic context in which they are working.

Net of these non-recurring charges, the organic change in EBIT would have been -8.3%, with an EBITDA margin of 20.0%.

Period losses attributable to parent company shareholders were 72 million euros (1,350 million euros in profit during FY 2014). In addition to net non-recurring charges, they also suffered the negative impact of the bond buyback transactions carried out during the first part of the year, the benefits of which will be seen in subsequent financial years in the form of lower financial charges, and some items of a purely accounting and valuation nature, which do not generate any financial adjustments, particularly in connection with the valuation at fair value of the implicit option

included in the Mandatory Convertible Bond issued late 2013 with a maturity at three years. In the absence of these impacts, the profits of FY 2015 attributable to the Shareholders of the Parent company, would have been approximately 1.4 billion euros.

Capital expenditure totalled **5,197 million euros** in the 2015 financial year, 213 million euros more than in 2014, broken down by operational sector as follows:

(million euros)	2015		2014		Change
		% of total		% of total	
Domestic	3,900	75.0	2,783	55.8	1,117
Brazil	1,289	24.8	2,195	44.0	(906)
Media and Other Assets	8	0.2	6	0.2	2
<i>Adjustments and eliminations</i>					
Consolidated Total	5,197	100.0	4,984	100.0	213
<i>% of Revenues</i>		<i>26.4</i>		<i>23.1</i>	<i>3.3 pp</i>

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The **Domestic Business Unit** posted investments for 3.900 million euros up by 1,117 million euros compared to the 2014 financial year. This increase was influenced, particularly, by: acceleration and growth in innovative investments dedicated to developing new generation networks and services (+788 million euros), which represented more than 44% of total investments (33% in 2014), the award of the right to use L band frequencies (231 million euros) and the expenditure incurred to extend the GSM licence for a further three years (117 million euros).

The **Brazil Business Unit** posted a reduction of 906 million euros (including a negative foreign exchange effect of 341 million euros) from the 2014 figure; these investments were focussed mainly on the evolution of the business infrastructure and the sales support platforms. It should be recalled that, in 2014, investments included the acquisition of the 700 MHz licence for approximately 930 million euros.

Cash flow from Group operations is positive by **1,974 million euros** (positive by 3,174 million euros in the 2014 financial year).

Adjusted net financial debt was 27,278 million euros at 31 December 2015, 627 million euros higher than at the end of 2014 (26,651 million euros). The increase in indebtedness, despite the positive dynamic of operations and finances, the revenues from the INWIT IPO on the domestic market and the sale of the ownership of the towers in Brazil, is due to the effects of posting higher debt due for finance leases connected to the property project, and the back-leasing of a stake in the Brazil towers, as well as the net negative impact of the bond buyback operations, the benefits of which will impact the debt in subsequent years, in the form of lower financial charges.

Net financial debt carrying amount as of 31 December 2015 was equal to 28,475 million euros (28,021 million euros as of 31 December 2014).

In the **fourth quarter of 2015** adjusted net financial debt increased by 474 million euros compared to 30 September 2015 (26,804 million euros): in addition to the usual tax payments, there were, in the quarter, the expenditure to use the L Band frequencies (231 million euros), the acquisition of two properties considered to be strategic, and the increase in debt due to finance leases, in the property project.

The **liquidity margin** at 31 December 2015 was 12,047 million euros (which excludes the 202 million euros related to the Sofora Telecom Argentina group, classified as Discontinued Operations), equivalent to the sum of Cash and cash equivalents and Securities other than investments for a total of 5,047 million euros (6,112 million euros at 31 December 2014) and unused committed lines of credit for a total of 7,000 million euros. This margin covers the financial liabilities of the Group falling due for at least the next 24 months.

The Group **headcount** as of 31 December 2015, excluding the 16,228 units related to the Sofora - Telecom Argentina group classified as Discontinued Operations, was **65,867**, of whom 52,555 in Italy (66,025 as of 31 December 2014, of whom 52,882 in Italy).

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BUSINESS UNIT RESULTS

DOMESTIC

The results of the 2015 financial year show the continuous recovery of the domestic performance. In this scenario, the trend for the quarter confirms the recovery, particularly on service revenues (-1.1% in the fourth quarter of 2015 compared to the same period of 2014; -1.5% in the third quarter of 2015; -1.7% in the second quarter of 2015; -3.3% in the first quarter of 2015). This recovery of performance may be attributed to an improvement in the competitive scenario, which caused an acceleration in the development of services for connectivity and content on broadband and ultrabroadband networks, maintenance of market shares, and a progressive slowdown in the dynamics of ARPU erosion on traditional services, primarily in the mobile sector. Indeed, it should be noted that in the fourth quarter of 2015 the performance of the mobile sector was positive in terms of total revenues, up 0.7% and service revenues, up 0.1%, compared to the same period in 2014.

There was a fall in total revenues in 2015 compared to 2014 of 302 million euros (-2%, from 15,303 million euros in 2014 to 15,001 million euros in 2015).

In more detail:

Domestic service revenues - which totalled 14,058 million euros in 2015 - fell by 276 million euros (-1.9% down on the previous year). The quarterly trend confirmed the recovery trend already mentioned, stronger than in previous periods: -1.1% in the fourth quarter of 2015 compared to the same period in 2014; -1.5% in the third quarter of 2015; -1.7% in the second quarter of 2015; -3.3% in the first quarter of 2015. Specifically:

fixed market service revenues totalled 10,372 million euros in 2015, a fall of 300 million euros compared to 2014 (-2.8%);

mobile market service revenues totalled 4,517 million euros and presented a fall of 91 million euros compared to the previous year (-2.0%); the quarterly trend contributed to the improvement trend, with a positive +0.1% in the fourth quarter of 2015, compared to the same period in 2014, preceded by -1.5% in the third quarter of 2015, -2.5% in the second quarter of 2015, -4.2% in the first quarter of 2015.

Revenues from product sales, including changes to work in progress, totalled 943 million euros in 2015 (26 million less than in 2014), grew by 68 million in the Mobile sector, thanks to the continual increase in demand for evolved handsets (smartphones), and fell in the Fixed sector after rationalisation of the product portfolio.

The Domestic Business Unit operates distinctly in three different reference environments, and an analysis of revenues by the three Cash Generating Units is provided below:

Core Domestic Revenues

Core Domestic revenues totalled **13,858 million euros** and fell by 2.4% (14,205 million euros in 2014).

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The performance of the individual market segments as compared with 2014 is as follows:

Consumer: the 2015 revenues of the Consumer segment totalled 7,267 million euros, with a fall of 82 million euros (-1.1%) from the 2014 figure, showing a sustained recovery, in particular, of the progressive and structural recovery in the Mobile segment, thanks to the maintenance of market share and the stabilisation of ARPU levels.

Specifically:

mobile revenues totalled 3,599 million euros, and grew slightly, compared to 2014 (+29 million euros, +0.8%), confirming the positive trend in two consecutive quarters (fourth quarter of 2015, +2.5%, third quarter +3.3%, second quarter -1.6%, first quarter -1.5%). Service revenues fell by 39 million euros (-1.2% compared to 2014), also evidencing a significant recovery trend (fourth quarter of 2015: +1.5%; third quarter: -0.3%; second quarter: -2.1%; first quarter: -4.3%), which may be attributed to a cooling of competitive pressure, the progressive stabilisation of market share and the constant growth of mobile internet and digital services to support the stabilisation of ARPU;

the revenues of the Fixed sector totalled 3,705 million euros, with a fall of 112 million euros compared to 2014 (-2.9%) and presented a slowdown in the last quarter of 2015 (-6.7%) after a trend to improvement recorded from the second half of 2014, thanks to the actions to develop ARPU undertaken in the last months of the year (repricing, the introduction of flat tariffs, bundle development).

Business: the revenues of the Business segment totalled 4,600 million euros, 224 million euros compared to 2014 (-4.6%). Revenues from services (4,232 million euros, -204 million euros compared to 2014) confirm the trend to stabilisation that started during 2014 (-4.7% in the fourth quarter of 2015). Specifically:

mobile services revenue fell by -66 million euros (-5.5% compared to 2014): the positive performance of new digital services, and, in particular, of the Mobile Internet component (+38 million euros, +9% compared to 2014) was offset by a contraction in traditional mobile services for voice calls and messaging (-109 million euros) due to the dynamic of customers repositioning on bundle schemes with lower overall ARPU;

fixed services revenue fell by 141 million euros (-4.3% compared to 2014): despite constant growth in ICT service revenues (+5.7%), in particular in Cloud services (+26% compared to 2014), the segment continued to suffer the effects of the slow economic recovery, the contraction in prices of traditional voice and data services, and the technological shift towards VoIP systems.

National Wholesale: the Wholesale segment posted revenues totalling 1,785 million euros in 2015, substantially stable compared to 2014 (-8 million euros, -0.4%). In fact, the impact of the change in regulated prices on 2015 is similar to the impact in 2014, due to the retroactive change in prices for wholesale access for the period 2010/2012.

International Wholesale Telecom Italia Sparkle Group Revenues

The 2015 revenues of International Wholesale- Telecom Italia Sparkle Group totalled to 1,314 million euros, a significant increase compared to 2014 (+70 million euros, +5.6%). This increase related in particular to revenues for Phone services (+39 million euros, +4.3%) and revenues for IP/Data services (+33 million euros, +12.8%). The other business segments remain substantially stable (- 2 million euros, -2.2%).

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Olivetti Revenues

In 2015, revenues from core business lines (Office, Retail and Systems and Advanced Caring) came to 172 million euros. Of particular note in the Office segment, higher revenues from sales of multifunctional products on long term rental contracts (+15 million euros compared to 2014) and in Advanced Caring, with an increase of over 6 million euros in service revenues, compared to the previous year.

The **EBITDA** of the Domestic Business Unit in 2015 totalled 5,567 million euros, with a fall of 1,431 million euros compared to 2014 (-20.4%), with an EBITDA margin of 37.1%, (8.6 percentage points less than 2014). EBITDA in 2015 suffered the negative impact of non-recurring charges in the total amount of 1,028 million euros. Without these charges, the organic change in EBITDA would have been -4.9%, with an EBITDA margin of 44%, down 1.2 percentage points on 2014. In particular, labour costs include charges, provisions to personnel funds and other miscellaneous items of a non-recurring nature for a total of 429 million euros, 422 million euros of which to Parent Company Telecom Italia S.p.A., related primarily to the agreements with the trade unions mentioned above.

Purchases of goods and services and other charges and provisions include non-recurring charges totalling 599 million euros, relating to provisions and costs connected to disputes and sanctions of a regulatory nature, and to liabilities related to these disputes, some charges for specific transactions with customers and suppliers, non-recurring costs related to major projects and charges for disputes with former employees.

2015 **EBIT** for the Domestic Business Unit was **2,359 million euros** (3,738 million euros in 2014), 1,379 million euros less (-36.9%) than in 2014 with an EBITDA margin of 15.7% (24.4% in 2014). The trend in EBIT reflects the contraction in EBITDA described earlier, partially offset by the reduction in depreciation and amortisation for 85 million euros. It should be recalled that 2014 EBIT included the positive effect of the recording of the capital gain of 38 million euros following the sale of a property in Milan.

EBIT of 2015 suffered the negative impact of non-recurring charges for a total of 1,028 million euros. Without these, the organic change would have been -6.7%, accounting for 24.4% of revenues.

The **headcount**, of **52,644 employees**, fell by 432 units compared to 31 December 2014.

BRAZIL (average real/euro exchange rate 3.69727)

The **2015** revenues of the **TIM Brasil group** amounted to **17,139 million reais**, recording a fall of 12.1% compared with the 2014 financial year (-2,359 million reais). The lower turnover was attributable to the revenue component from incoming messaging and mobile traffic (-1,005 million reais, -40.2%) due to the reduction in the mobile termination rate (MTR) and the lower volumes, as well as to traditional outgoing voice traffic and messaging (-1,216 million reais, -13.4%). These effects were only partially offset by the increase recorded in turnover from the innovative component, mobile data and VAS content (+1,213 million reais, +35.0%).

Revenues from product sales stood at 1,755 million reais (3,173 million reais in 2014, -44.7%); this reflects the impact of the Brazilian economic crisis of family spending trends.

Mobile ARPU in 2015 was **16.7 reais**, compared to 17.7 reais in 2014 (-5.6%).

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The **total number of lines** as of 31 December 2015 was **66,234 thousand**, a fall of 12.5% compared to 31 December 2014, corresponding to a share of approximately 25.7% of the lines market (27% at 31 December 2014).

EBITDA of **5,358 million reais** was 183 million reais lower than the same period of 2014 financial year (-3.3%). The fall in EBITDA is attributable to the contraction in revenues, only partially offset by the effects of some efficiency interventions on cost items, and by the reduction in Costs for quotas to pay to other operators and sales costs; however, employee benefits expenses increased, due also to the adjustment of salaries to inflation, as well as non-recurring charges for 53 million reais.

The EBITDA margin was 31.3%, up 2.9 percentage points on the previous year.

EBIT amounted to **2,351 million reais** a downturn of 132 million reais on 2014. This result is affected not only by the lesser contribution made to EBITDA, but also by the impairment loss on Goodwill allocated to the Business Unit, of 887 million reais (240 million euros), but it benefits from the positive impacts deriving from the conclusion of the first three tranches of the sale of telecommunication towers to American Tower do Brasil. More precisely, at the time of the sale, the capital gain generated on assets sold amounts to 1,211 million reais and is already net of ancillary charges.

The **headcount** stood at **13,042 employees** (12,841 as of 31 December 2014).

MEDIA

It should be recalled that the merger by incorporation of Telecom Italia Media S.p.A. into Telecom Italia S.p.A. was completed on 30 September 2015. The operation had accounting effects from 1 January 2015. In 2015, the Media business unit operated through Persidera in the operation of Digital Multiplexes, as well as in offering accessory services and digital signal transmission platforms to third parties.

The **revenues** of the Network operator totalled **82 million euros** in 2015, an 11 million euro increase (+15.5%) compared with the 71 million euros of 2014. Part of this positive change was due to the integration of the former Rete A business from 30 June 2014. Including the former Rete A business for the first six months of 2014, the overall organic change in revenues was an increase of 1.2%.

2015 **EBITDA** was **37 million euros**, 12 million euros higher (+48%) than in 2014 (25 million euros). This positive result was in part due to the increase in revenues mentioned above, partially offset by an increase in operating costs primarily attributable to the costs resulting from the former Rete A business not present in the first six months of 2014. In organic terms, EBITDA increased by 5.7% compared to 2014.

EBIT was positive for **14 million euros**, an increase of 8 million euros compared to FY 2014 (6 million euros).

The **headcount** stood at **64 employees** (89 as of 31 December 2014).

Telecom Italia S.p.A.

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Share Capital 10,740,236,908.50 fully paid-up Certified e-mail address [Casella PEC]:
telecomitalia@pec.telecomitalia.it

RESULTS OF TELECOM ITALIA S.p.A.

Revenues **reached 13,797 million euros**, down by 356 million euros (-2.5%) compared to 2014. The 2015 results confirm the trend towards recovery of turnover, and the progressive and structural improvement in the Mobile segment, thanks to maintenance of market share, stabilisation of ARPU levels and the constant growth of mobile internet. In the commercial segments, the progressive stabilisation of results was confirmed in the Consumer (-1.0% compared to -8.7% in 2014), Business (-4.8% compared to -7.5%) and National Wholesale (-0.4% compared to -5.9%) segments.

EBITDA was **5,266 million euros** (6,739 million euros in 2014), 1,473 million euros less than in 2014, with an EBITDA margin of 38.2% (47.6% in 2014).

EBITDA for 2015 reflected the negative impact of non-recurring charges for a total of 1,021 million euros. Without these, the change in EBITDA would have been -6.8%, with an EBITDA margin of 45.6% of revenues, 2.1 percentage points lower than 2014.

EBIT was **2,188 million euros**, a decrease of 1,392 million euros compared to 2014 (3,580 million euros). The EBIT margin fell from the 25.3% of 2014 to 15.9% of 2015.

EBIT of 2015 suffered the negative impact of non-recurring net charges for a total of 1,021 million euros. Without these, the change in EBIT would have been -9.6%, accounting for 23.3% of revenues.

Period losses attributable to Telecom Italia S.p.A. were **456 million euros** (FY 2014 profits of 636 million euros). In addition to net non-recurring charges, they also suffered the negative impact of the bond buyback transactions carried out during the first part of the year and some items of a purely accounting and valuation nature, which do not generate any financial adjustments, particularly in connection with the valuation at fair value of the implicit option included in the Mandatory Convertible Bond issued late 2013 with a maturity at three years. For lack of these impacts, the Company's FY 2015 result would have been positive for more than 900 million euros.

EVENTS SUBSEQUENT TO 31 December 2015

8-year bond issue for 750 million euros

See the Press Release on the same subject issued on 13 January 2016

Sale completed of the stake in Sofora - Telecom Argentina

See the Press Release on the same subject issued on 08 March 2016

In connection with the announced valuation of a portion of INWIT's capital, the Board of Directors has appointed the management to examine and best negotiate the two binding offers received from Cellnex/F2I and EI Towers.

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OUTLOOK FOR THE 2016 FINANCIAL YEAR

As envisaged in the Business Plan, and following on from FY 2015, in 2016 the Domestic area expects to see an acceleration of investments, with the primary aim of guaranteeing constant progress in operating performance and ensuring long-term growth for the Group. Indeed, the improvement in the market context recorded in 2015 supports this opportunity, which thus becomes an increase in the pace of the related three-year investments (2016-2018) of almost 2 billion euros, with respect to that indicated when the 2015-2017 Plan was presented. This difference will be financed by the underlying operating cash generation. At the same time at Group level, debt is to be reduced, particularly as a result of the conversion of the Mandatory Convertible Bond - contractually set for November 2016 in the amount of 1.3 billion euros - and the sales of the residual stake of Telecom Argentina (finalised on 8 March 2016) and a significant portion of that held in INWIT. At end 2018, it is expected that the Net Adjusted Debt/reported EBITDA ratio will be below 3X.

Domestic investments in the three years 2016-2018 will therefore reach almost 12 billion euros, of which around 6.7 billion euros are dedicated to the innovative component (NGN; LTE; Cloud, Platforms, Sparkle and Transformation) with the aim at end 2018 of achieving - amongst others - coverage of the country with new generation networks for 84% of the population with fibre optic networks and 98% of the population with the LTE (4G) mobile network, thereby confirming the leadership role played in the infrastructural development and digitisation of the country.

The main areas of innovative technology development are:

acceleration in the development of fixed fibre optic ultrabroadband, to which 3.6 billion euros will be allocated;

LTE mobile ultrabroadband, for which 1.2 billion euros are planned;

the further development of the Cloud, Platforms and Transformation initiatives (such as the transfer to an All-IP Network and the decommissioning of certain Network segments) with related investments of 1.2 billion euros;

Telecom Italia Sparkle, for the development of international activities in which around 400 million euros will be invested.

TIM continues its transformation and transition from traditional Telco to Digital Telco & Platform Company, enabler of the country's digital life: a business model based on innovative infrastructure and an excellent quality of customer service, increasingly aimed at disseminating premium services and digital content within a customisable platform, accessible anywhere and on any device.

More specifically, in the Domestic Mobile segment, in a competitive context where there has been a progressive cooling of the pricing lever, greater attention paid to level of service and strong, continuous growth in data consumption, TIM will be focussing on the ever-greater adoption of 4G by its customers, fostered by the growing penetration of smartphones and bundle offers with distinctive digital contents. This will enable it to increase the ARPU and reinforce its market leadership.

In the Domestic Fixed segment, TIM expects to reduce the decline in the number of customers as from 2016, thanks to the acceleration in the dissemination of fibre, convergence and the strengthening of the positioning on Multimedia Entertainment, including Video, Music, Gaming and Publishing. TIM will also continue to work with Italian businesses in their digital transformation process, with its ICT and Cloud services, taking a differentiated approach depending on customer base characteristics, aiming to achieve a distinctive positioning in the vertical markets deemed to be of greatest interest.

Said investment dynamics, commercial development and competitive positioning, accompanied by rigorous actions and transformation programmes and cost-efficiency, represent the basis for a further improvement in operating performance, with the aim of stabilising EBITDA right from 2016.

In Brazil, the Plan considers and suffers the major changes to the macroeconomic, political and market context seen in recent months.

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The latest forecasts on the economic outlook in fact show a further, progressive deterioration for the whole of 2016 of its main indicators. More specifically, a downturn of almost 3% is expected in the GDP and an inflation rate - also following a series of interventions raising tariffs in regulated sectors - that will remain high and very volatile. This acceleration in inflation may have an increasing impact on the purchasing power of households, consequently worsening financial conditions, particularly for the low income brackets. The exchange rate with the dollar also reached and exceeded 4.0 reais/USD in 2015, with growth forecast during the Plan up to 4.20 reais/USD.

The whole of the telecommunications segment (and prepaid Mobile in particular) is very exposed to this scenario, with a decline in the comprehensive market value also as a result of its substantial maturity and saturation.

Moreover, a trend is being seen in Brazil of constant, strong growth in data use, with an intensity that is even greater than that recorded in the other major countries. This phenomenon goes hand-in-hand with a simultaneous reduction of voice traffic and messaging, driven by the aim of optimising and reducing customer spending, as customers privilege use of the services offered by the OTTs (WhatsApp in particular), as an alternative to traditional methods of using services.

In this context, TIM Brasil sets itself the aim of growing in terms of market share on revenues and improving profitability (EBITDA Margin) thanks to its important investment plan - which in the three years 2016-2018 is set to reach almost 14 billion reais - and to a renewed commercial positioning that is competitive both in terms of offer and customer experience. In Brazil too, TIM focuses on 4G, where it today leads the field, accordingly developing an ever-higher quality of service, with a mobile challenger approach that has once again shown able to get in ahead of symmetrical on/off net offers. At the same time, careful attention will be paid to efficiency, as a structural element and one that is necessary in order to ensure the balance and financial sustainability of the Plan.

CALL OF THE SHAREHOLDERS MEETING

The Board of Directors has resolved to call the Shareholders meeting for 25 May 2016 (single call), at the auditorium in Rozzano (Milan), Viale Toscana n. 3.

The following will be proposed to the Shareholders meeting:

approval of the financial statements

the distribution of the privileged dividend only to the savings shares, in the amount of 2.75 eurocents per share, using the reserves;

approval of the report on remuneration, in the section relating to the remuneration policy for 2016;

the integration of the Company name, by amending Article 1 of the company bylaws.

The integration of the company name is in order to allow for the alignment of the name to the brand, keeping the consolidated institutional name but introducing the possibility of using the shortened form, TIM S.p.A.

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The notice calling the meeting will be published over the next few days, whilst the pre-meeting documentation will be made available in accordance with applicable regulatory terms.

The amounts for dividends will be payable in favour of entitled parties as from 22 June 2016 (payment date), on the basis of the evidence of the share deposit accounts at the end of the record date of 21 June 2016, while the coupon date will be 20 June 2016.

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CORPORATE GOVERNANCE ISSUES

The Board of Directors has ascertained that the board as a whole continues to meet the requirements and that the Directors Benello, Calvosa, Cattaneo, Cioli, Cornelli, Gallo, Herzog, Kingsmill, Marzotto and Valerio continue to meet the independence requirements set forth in the Borsa Italiana Code. It has also ensured that said Directors and Director Fitoussi meet the legal independence requirements.

The Board of Directors has also approved a series of changes to the Company's Corporate Governance Principles, aimed at:

updating the references made to the Borsa Italiana Code, recalling the version in force at the time;

formalising the fact that the Executive Committee has been superseded as a standard organisational structure of the Board of Directors;

simplifying provisions regarding the Control and Risk Committee and the Nomination and Remuneration Committee, by referring to their specific regulations,

as well as