

TELECOM ITALIA S P A
Form 6-K
May 12, 2003

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

**Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

For May 12, 2003

TELECOM ITALIA S.p.A.

(Translation of registrant's name into English)

**CORSO D'ITALIA 41
ROME, ITALY 00198**

(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- _____

List of exhibits regarding the Form 6-K dated May 12, 2003:

- 1) Investor Presentation shown at a meeting held in Boston/New York on May 12, 2003;
- 2) Investor Presentation shown at a meeting held in London, England on April 16, 2003; and
- 3) Presentation to Financial Community following Merger Announcement on March 13, 2003.

New York, Boston 12-05-03

Investor Presentation

Investor Presentation

Disclaimer

ⁿ *Except as provided below, any offer to purchase or sell securities described herein is not being made, directly or indirectly, in or into, or by the use of the mails of, or by any means or instrumentality (including, without limitation by mail, telephonically or electronically by way of internet or otherwise) of interstate or foreign commerce, or any facility of any securities exchange, of the United States of America and any such offer will not be capable of acceptance by any such use, means, instrumentality or facility. The information contained herein does not constitute an offer of securities for sale in the United States or offer to acquire securities in the United States. The Olivetti securities referred to herein have not been, and are not intended to be, registered under the U.S. Securities Act of 1933 (the Securities Act) and may not be offered or sold, directly or indirectly, into the United States except pursuant to an applicable exemption. The Olivetti ordinary shares and Olivetti savings shares are intended to be made available within the United States in connection with the merger pursuant to an exemption from the registration requirements of the Securities Act. The proposed cash tender offer for a portion of the Telecom Italia ordinary shares described herein is intended to be made available in or into the United States pursuant to an exemption from the tender offer rules available pursuant to the Securities Exchange Act of*

1934. The proposed cash tender offer for a portion of the Telecom Italia savings shares described herein is not being made and will not be made, directly or indirectly, in or into the United States.

Cautionary Statement for Purposes of the Safe Harbor Provision of the United States Private Securities Litigation Reform Act of 1995

- n The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. This presentation contains certain forward looking statements and forecasts reflecting management’s current views with respect to strategic objectives and targets for the next three years (2003-2005). The ability of the Telecom Italia Group to achieve the objectives and targets is dependent on many factors which are outside of management’s control. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Accordingly, actual results may differ materially from those forecasted or implied in the forward-looking statements.
- n There are a number of important factors that could cause the Telecom Italia Group’s actual results to differ materially from those projected or implied in any forward-looking statements. Such factors are disclosed and can be found in Telecom Italia’s 6-K filing made on April 6, 2003.
- n The factors we disclose should not be construed as exhaustive. Due to such uncertainties and risks, investors are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof.
- n Accordingly, there can be no assurance that the Group will achieve its forecasted objectives or targets.

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The New Telecom Italia

Telecom Italia Group: 2002 results and targets

Olivetti / Telecom Italia merger: update

The New Telecom Italia: profile

Closing remarks

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T.I. Group: highlights 2002

				Revenues: 30.4 Bn € Ebitda⁽¹⁾: 45.9% FCF⁽²⁾: 8.6 Bn € Headcount: 101,713	
Domestic Wireline	Mobile	Internet & Media	Information Technology	Research & Development	
~28 Mn Lines >1 Mn Broadband Connections Domestic leader in voice, data, VAS, web services	~25 Mn Domestic Lines 46% Domestic Market Share Strong presence in South America and Greece	>2.2 Mn active Internet Subscribers Leading Web Portal in Italy Niche TV audience ~1,000 retail outlets	One of the major providers of IT services in Italy Strong presence in the PA and in the banking industry	~1,400 resources 65 patents owned, 32 projects delivered in 2002 Partnership with Pirelli Labs	
Revenues: 17 Bn € Ebitda: 46.8% Capex: ~2 Bn €/year FCF: 5.7 Bn €	Revenues: 11 Bn € Ebitda: 46.4% Capex: ~1.3 Bn €/year FCF: 2.9 Bn €	Revenues: 2 Bn € Ebitda: 29.8% FCF: 0.3 Bn €	Revenues: 1 Bn € Ebitda: 11.4% FCF: 0.2 Bn €	Opex: ~140 Mn €/year	

⁽¹⁾ EBITDA= See definition at page 46

⁽²⁾ FCF (operating)= EBITDA - Capex - Δ Working Capital

TI Group: consistent delivery on commitments

September 2001

- Renewal and reorganisation of management team

- Introduction of the Industrial and Financial Restructuring Plan

**November/
December 2001**

- Successful execution of Olivetti's recapitalisation

February 2002

- Completed 75% of the Financial Restructuring Plan
- Significantly improved debt level and profile
- Strong operational improvement and cost efficiency
- Focus on improvement of financial structure

February 2003

- Ahead of schedule with implementation of the industrial plan
- Sector leading performance indicators in all businesses
- Increased focus on improving financial structure
- Commitment to reduce and simplify the control chain

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2002: strong results

n Strong operating performance:

	Organic	Reported
- Revenues growth	+ 3.8%	- 1.4%
- EBITDA growth	+ 4.9%	+ 2.5%
- EBIT growth	+ 9.9%	+ 10.6%

n Improved profitability:

- EBITDA Margin from 44.2% to 45.9%
- EBIT Margin from 21.7% to 24.3%
- Growing margins in all the key businesses

n Increased cash generation:

- Operating Cash Flow 8.6 Bn €
- Cash In from disposal: 4.8 Bn €

n Accelerated debt reduction:

- Net Debt down from 21.9 Bn € to 18.1 Bn €

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Telecom Italia: guidelines 2003-2005

- Focus on innovation
- Leveraging domestic leadership
- Emphasis on Value Added Services
- Smart application of core skills

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Telecom Italia: targets 2003-2005

- Revenues (organic growth*)	+4/4.5% CAGR
- Efficiencies	2.6 Billion Euro as of Dec 04
- EBITDA (organic growth)	5/5.5% CAGR
- EBIT (organic growth)	8/8.5% CAGR
- Capex	'03-'05 = 14-16 Billion Euro
- Net Debt	~13 Billion Euro

* Net of exchange rate impact and changes in consolidation area

Focus on innovation

Total Capex, billion euros

Regulatory Scenario

Domestic market highly competitive:

- Prices in line with European average
- Key access schemes already introduced (ULL, Shared access, etc.)
- Progressive reduction of interconnection and termination prices in line with Network Cap
- Move from ex-ante to ex-post regulation

No major discontinuity in national or European regulatory criteria expected in the next 3 years

2003-2005 targets and plans already account for regulatory pricing evolution

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Q1 2003: on track

- ⁿ Improved operating results, despite unfavourable economic scenario
- **Revenues growth** (Q1 03 vs. Q1 02)
 - **EBITDA growth** (Q1 03 vs. Q1 02)
 - **EBIT growth** (Q1 03 vs. Q1 02)

Organic	Reported
+ 6.4%	- 1.9%
+ 3.9%	+ 0.9%
+ 6.4%	+ 7.8%

- ⁿ Increased profitability:

- **EBITDA Margin: 46.4%**, vs. 45.1% in Q1 02
 - **EBIT Margin: 26.2%**, vs. 23.8% in Q1 02

n Increased cash generation - **FCF: 2.4 Bn Euro**, vs. 1.6 Bn Euro in Q1 02

n Further debt reduction - **Net debt: 16.1 Bn Euro (end of March 03)**, vs. 18.1 Bn Euro as of 31/12/2002

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Rationale of the transaction

- n The proposed merger will strengthen the Group:
- Return Telecom Italia to “normal company” status
 - Eliminate inherited and abnormal capital structure
 - Eliminate dividend leakage
 - Remove an effective credit rating and share price cap.
 - Increase the contendibility of the company

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Terms of the transaction

- n The terms of the transaction benefit the shareholders of both companies:
- Consistency with market values and trends
 - Consistency with valuations based on DCF
 - Compliance with statutory requirements
 - Approved by T.I. and Olivetti boards
 - Ratio confirmed by reports of independent auditors

Timing of the transaction

- n The timing is appropriate:
- Increasingly negative impact of the present structure on the value of TI shares, despite continued positive results
 - Sustainability of the additional debt
 - Tax benefits generated by 2002 write-downs
 - Stable correlation between the market values of the 2 companies

Exchange ratio and market values

Market evidence vs. claims

Claims

- Transfer of value from T.I. to Olivetti shareholders
- Too much debt for the company
- Additional funding devoted to paying an expensive and unnecessary “recesso” to Olivetti shareholders
- Savings shareholders disadvantaged

Evidence

- T.I. shares outperformed Olivetti’s since the announcement
- Defined actions to reduce the debt in 18-24 months
- Credit Default Swap ratio improved
- Syndication oversubscribed
- “Recesso” terms statutory
- Suspension of Olivetti bond conversion: at least 3 Bn € available for PTO on T.I. shares
(Low percentage of “recesso” expected)
- Minimum dividend increases
- Dividend step-up increases
- Step-up granted also when reserves are distributed

Claim: “Transfer of value from T.I. to Olivetti shareholders”

Evidence: Olivetti has performed in-line with Telco index, TI has outperformed

Share price performance since March 7 — Last trading day before announcement

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Claim: “Too much debt for the company”

Evidence:

- T.I.’s CDS level has decreased since announcement
- Acquisition financing oversubscribed
- “The combined entity could enter the A rating category after 18 months post transaction”

Guy Deslondes, Standard & Poor’s

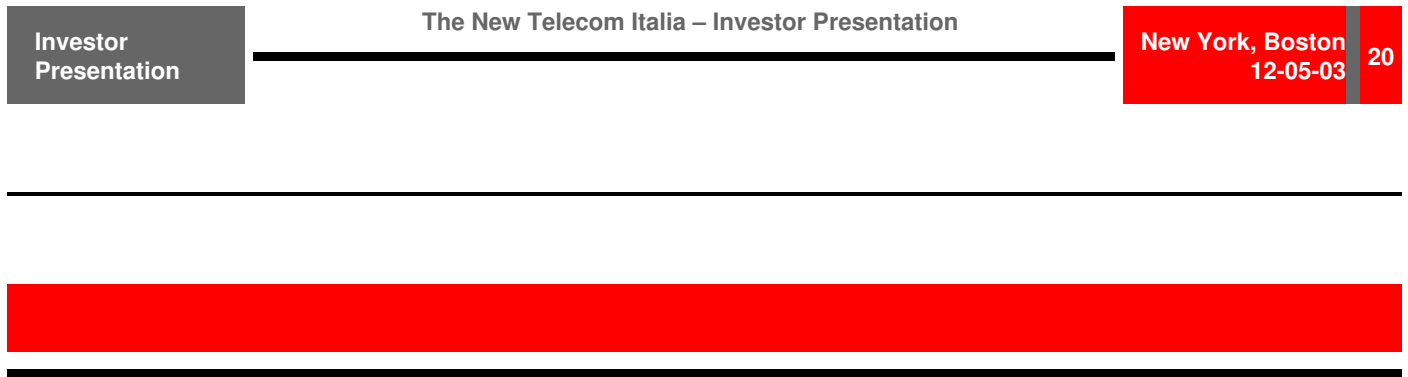
5 years CDS level performance since March 7 — Last trading day before announcement

€15bn facility €15bn facility

- n Syndication closed ahead of schedule with 37 international and local participating banks
- n The facility was oversubscribed by €3.5bn ie 23%
- n €9bn will be made available for the PTO/recesso while the remaining

■ €6.5bn covers all maturities of New TI for next 18 months

Source: Dataquery
1 II Sole 24 Ore, May 7, 2003



Expected timetable

The proposed cash tender offer for a portion of the saving shares is not being made and will not be made, directly or indirectly, in or into the United States.



The New Telecom Italia

Telecom Italia Group: 2002 results and targets

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New Telecom Italia: profile

Business targets confirmed

- Stability of regulatory scenario
- Focus on innovation and value added services
- Continued search for efficiency

Tax benefits more than offset the increase in financial costs

Operating cash flows, disposals and tax benefits allow for:

- Rapid repayment of the debt incurred for recesso and PTO
- Further reduction of the debt
- Maintained dividend policy

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New Telecom Italia: targets

Billion Euro	2002: Olivetti consolidated financials	New T.I.: 2002-2005 targets (organic growth)
- Revenues	31.4	4-4.5% CAGR
- EBITDA	14.0	5-5.5% CAGR
- % on revenues	44.6%	
- EBIT	6.0	8-8.5% CAGR
- % on revenues	19.1%	
- Free cash flow	8.6	29 (cumulated 2003-2005)
- Net financial debt	33.4	34.3 (as of Dec. 2004)
- Off-balance sheet debt*	2.4	0

* Put option JPM on Seat shares

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Debt reduction

Billion Euro

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New Telecom Italia: value for shareholders

More efficient financial structure, lower WACC

Corporate Governance based on TI model

Saving shareholders improving their benefits

Olimpia stake reduced



New Teleco