Telecom Italia - Telecom Argentina

Full-Year 2012 Preliminary Results and 2013-15 Plan Outline

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Safe Harbour

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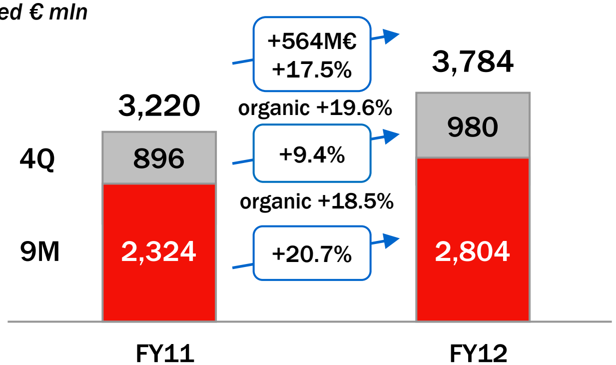
Agenda

- BU Argentina 2012 Preliminary Results (IFRS)
- Telecom Argentina Plan
- Take-aways on main Telecom Argentina Trends

2012 Main Preliminary Results

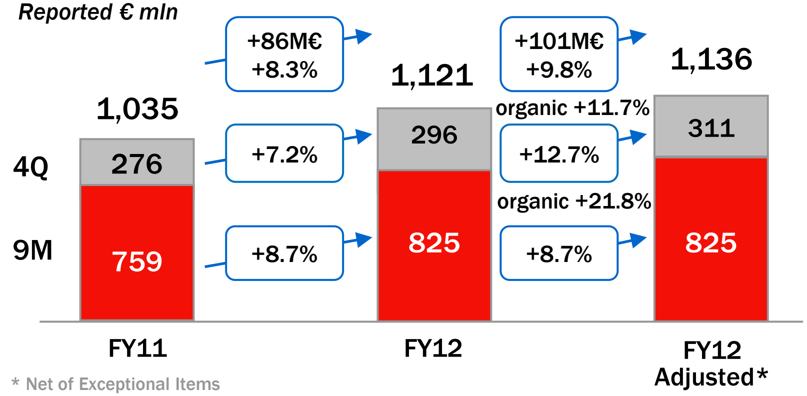
Revenues

Reported € mln



EBITDA

Reported € mln



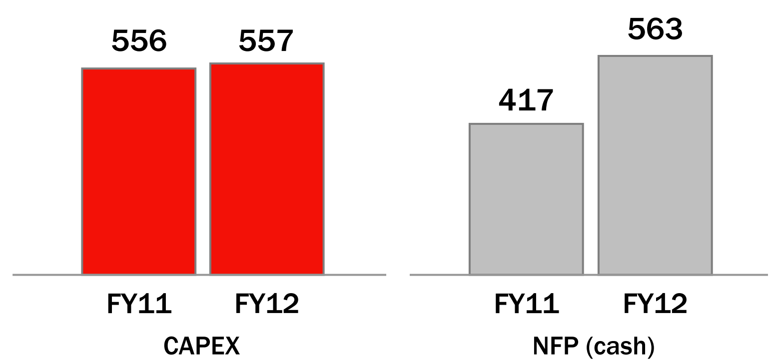
* Net of Exceptional Items

Key Highlights

- Strong revenues and EBITDA growth in line with targets despite of slowing economy
- Fixed-Mobile network integration proven key to success
- Capex freed due to cancelled spectrum auction, reassigned to additional access network deployment
- Strong cash flow generation and solid financial position with no debt instruments in foreign currency

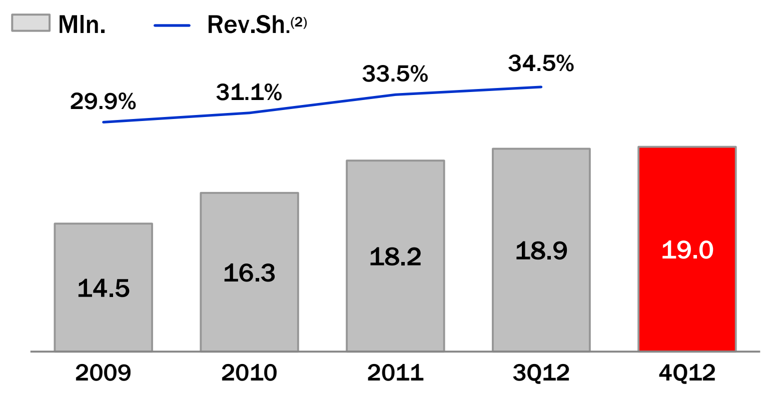
CAPEX and NFP

Reported € mln



Mobile Business

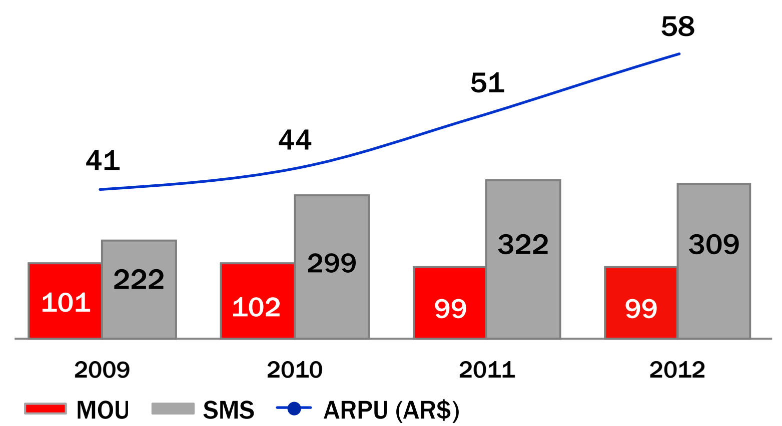
Mobile Customers & Revenue Share



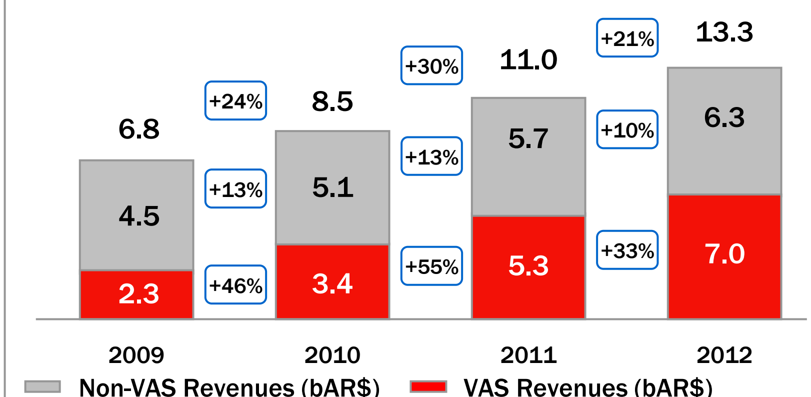
2012 Highlights

- Consistent net port-ins leadership in MNP first year
- Postpaid contracts 58% of total net adds and 83% of port-ins
- Growing share of smart/3G handsets (>90% of 4Q12 sellouts)
- 12% YoY ARPU growth despite prices adjustment limited to postpaid in 4Q12 only
- Upgrade to 3G handset for improved spectrum usage efficiency and data service
- VAS growth affected by frequency spectrum shortage
- Consolidation of Personal Black premium brand

KPI's



Service Revenues & VAS(1)(3)

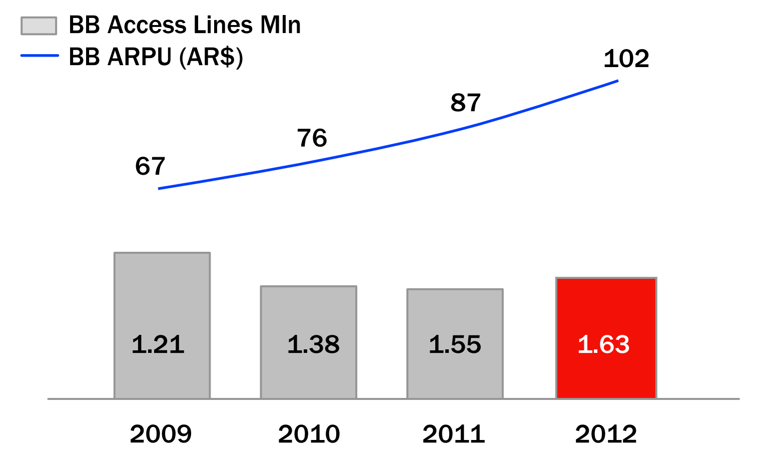


(1) Argentinean Operation (2) Estimated data (3) Net of intercompany

VAS includes: SMS, MMS, SMS revenue sharing, Contents, Mobile internet & others
Figures are in Argentina GAAP, with no material difference in terms of growth under IFRS for 2009, 2010 2011 and 2012.

Wireline Business

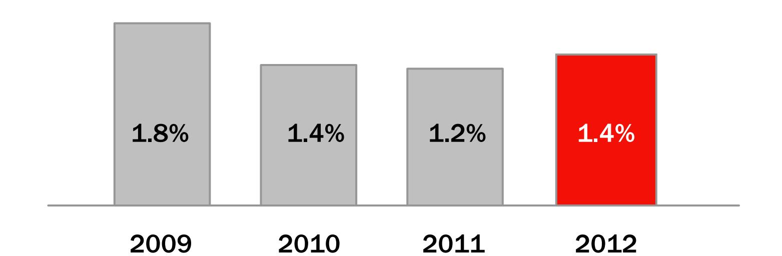
BB Access & ARPU



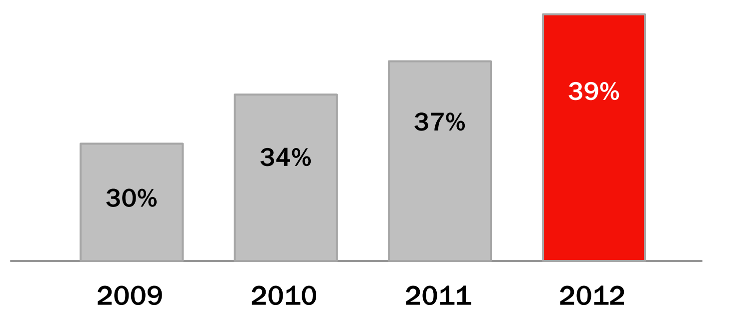
2012 Highlights

- Deploying FTTC to improve Bandwidth and effectively compete with CATV
- Upselling of bandwidth upgrades and video streaming
- Increasing ICT orders backlog
- Voice and wireline/mobile broadband product bundling
- Flat pricing to mitigate impact of regulated tariffs
- Broadband ARPU growth 18% YoY in 2012

BB Churn



BB/Fixed Lines



Telecom Argentina Full Year Results vs. Guidance

Telecom Argentina Group, excluding Nortel/Sofora, excluding PPA, AR$

Revenues

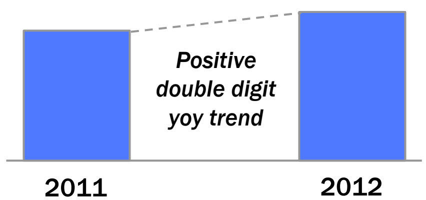
Guidance FY12

FY12 Results

22.1 Bln
+19.6% vs. FY11

Ebitda

Guidance FY12



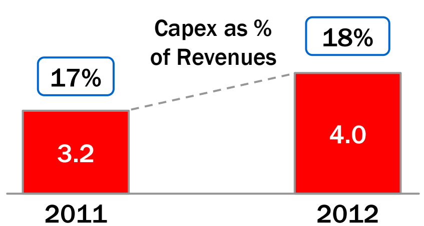
FY12 Results

6.6 Bln
+9.6% vs. FY11 reported
+11.1% vs. FY11 adjusted (*)

(*) excluding non-recurring costs

Capex

Guidance FY12



FY12 Results

3.3 Bln
+2% Vs. FY11
15% of Revenues
delays in clearing customs for equipment imports affected target

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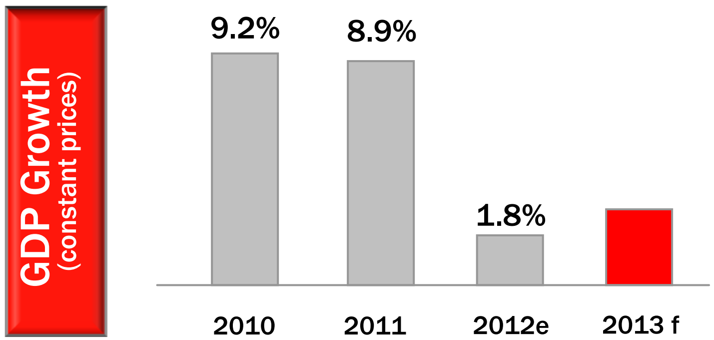
- **Telecom Argentina Plan**
- Take-aways on main Telecom Argentina Trends

Business Environment

Macroeconomic Context

Source: INDEC and Company estimates



Weak 2012 economic growth impacted business growth

- Exports declined due to a severe drought affecting the harvest and to lower Brazilian demand
- Increased regulation on the FX market impacted economic growth
- Reduction in public sectors (energy, transportation) reduced disposable income

Economy expected to recover in 2013

Competitive & Regulatory Framework

- 1.7/2.1 GHz band auction process expected to start
- RAN sharing being considered for LTE
- Competition shifting to revenue share

Company Competitive position

	Revenue Share	Market Share
Mobile	#1 >34%	#2 >32%

- MNP winners; strong postpaid performance
- Mobile data leaders

Wireline Broadband	#2 ~34%
Wireline Voice	#2 ~48%

- Sustained value generation
- FTTC network upgrade

ICT	Among main Players

- Developing ICT market for governments, private enterprises and SMEs

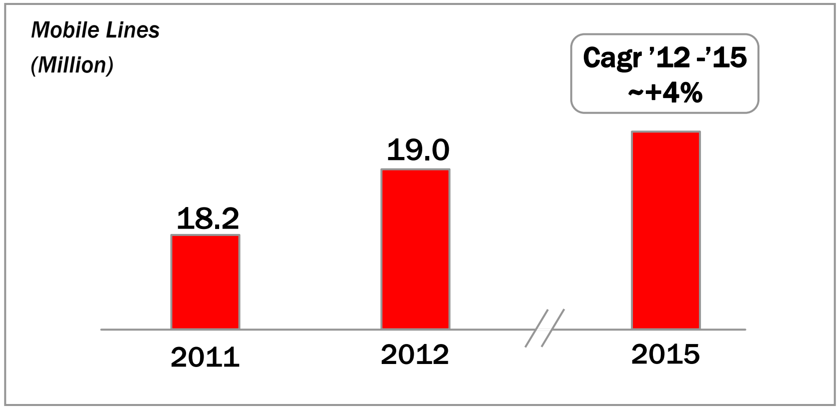
Revenue and Market Share among Top 3 Players for Mobile and BB Wirelines; among Top 2 Players for Voice Wirelines.

Mobile Business: Main Goals and Action Plan

Goals

- Improve Customer Experience
- Consolidate Revenue Share Leadership
- Promote Mobile Internet across the customer base
- Consolidate Leadership in Youth Segment

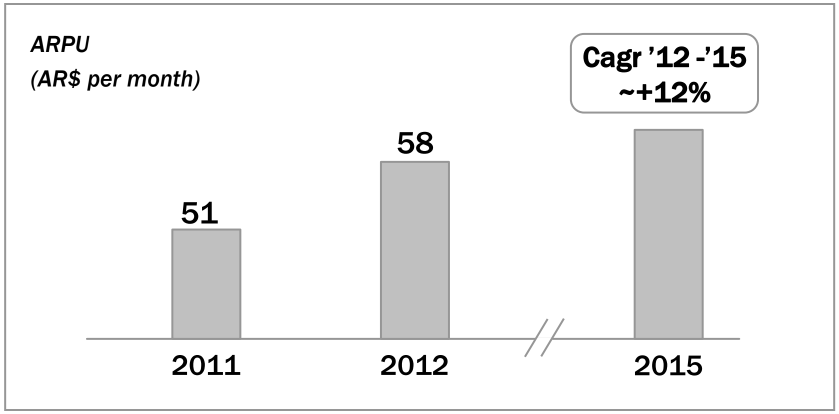
Outlook (1)



Action Plan

- Focus on quality of service
- Multichannel approach and self caring
- Social networking to get closer to the customer
- Bundle of products and upselling

Outlook (1)



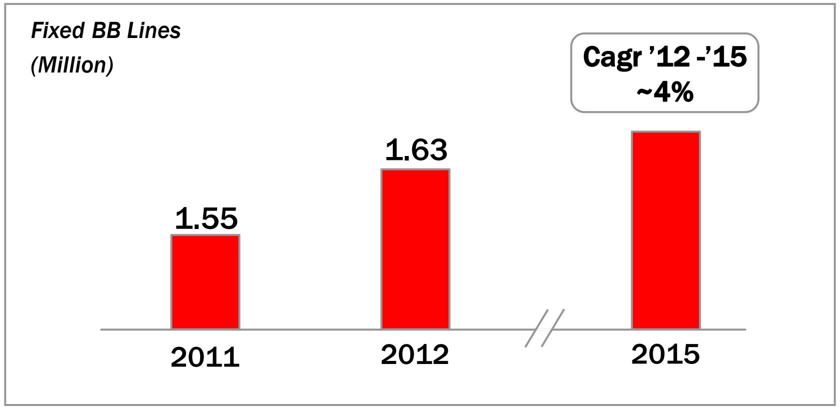
(1) Argentinean Operations only

Wireline Business: Main Goals and Action Plan

Goals

- Increase BB penetration of the existing customer base
- Consolidate leadership in ICT market
- Improve service provision
- Improve network delivery

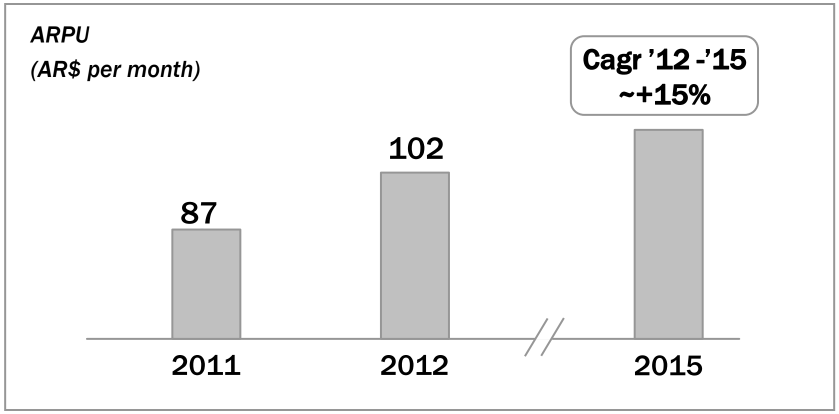
Outlook (1)



Action Plan

- Continue the FTTC deployment
- Improve core network capacity and quality of service
- Integrate connectivity with Hosting and Cloud Computing
- Develop video streaming and content delivery

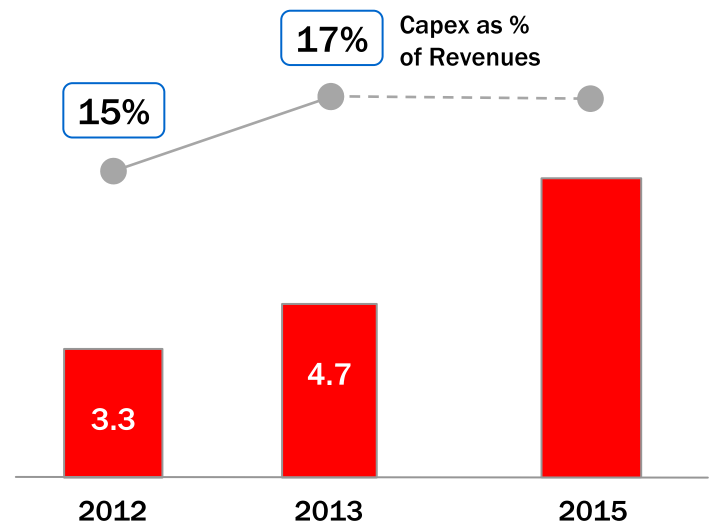
Outlook (1)



(1) Argentinean Operations only

CAPEX Plan

Capex (AR$, in billion)



Key Drivers

- Upgrade Mobile Access Network capacity and service delivery
  - low visual impact radiobase sites
  - 2G to 3G spectrum refarming
  - 6-Sectors cell sites
  - extend own network reach to reduce roaming
- Deploy Content Delivery Network
- Full-speed FTTC deployment
- Improve Core Network capacity and fault tolerance
- Upgrade Data Centre hosting and cloud computing capabilities

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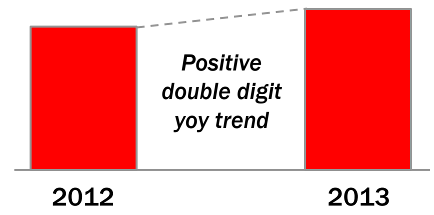
Take-aways on main Telecom Argentina Trends

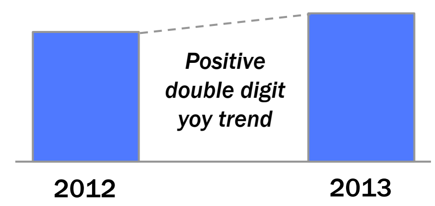
Revenues

- Improve Customer Experience
- Promote Mobile Data
- Increase Broadband Wireline Penetration



Ebitda

- Improve Quality of Service and Customer Experience to control Operation Costs
- Leverage on Mobile Leadership to control Acquisition/Retention Costs
- Streamline overhead expenses



Capex

- Focus on delivered Network Service Quality
- Extend Reach and Capacity of Mobile Access
- Deploy FTTC