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TELECOM ITALIA GROUP

Celebrating 10 years.

Elisabetta Ripa
CEO TI Sparkle

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Telecom Italia Group Overview

▶ **Economic and Financial Results (2012):**

- ■ Revenues: 29.5 Bln €

- ■ EBITDA: 11.7 Bln €
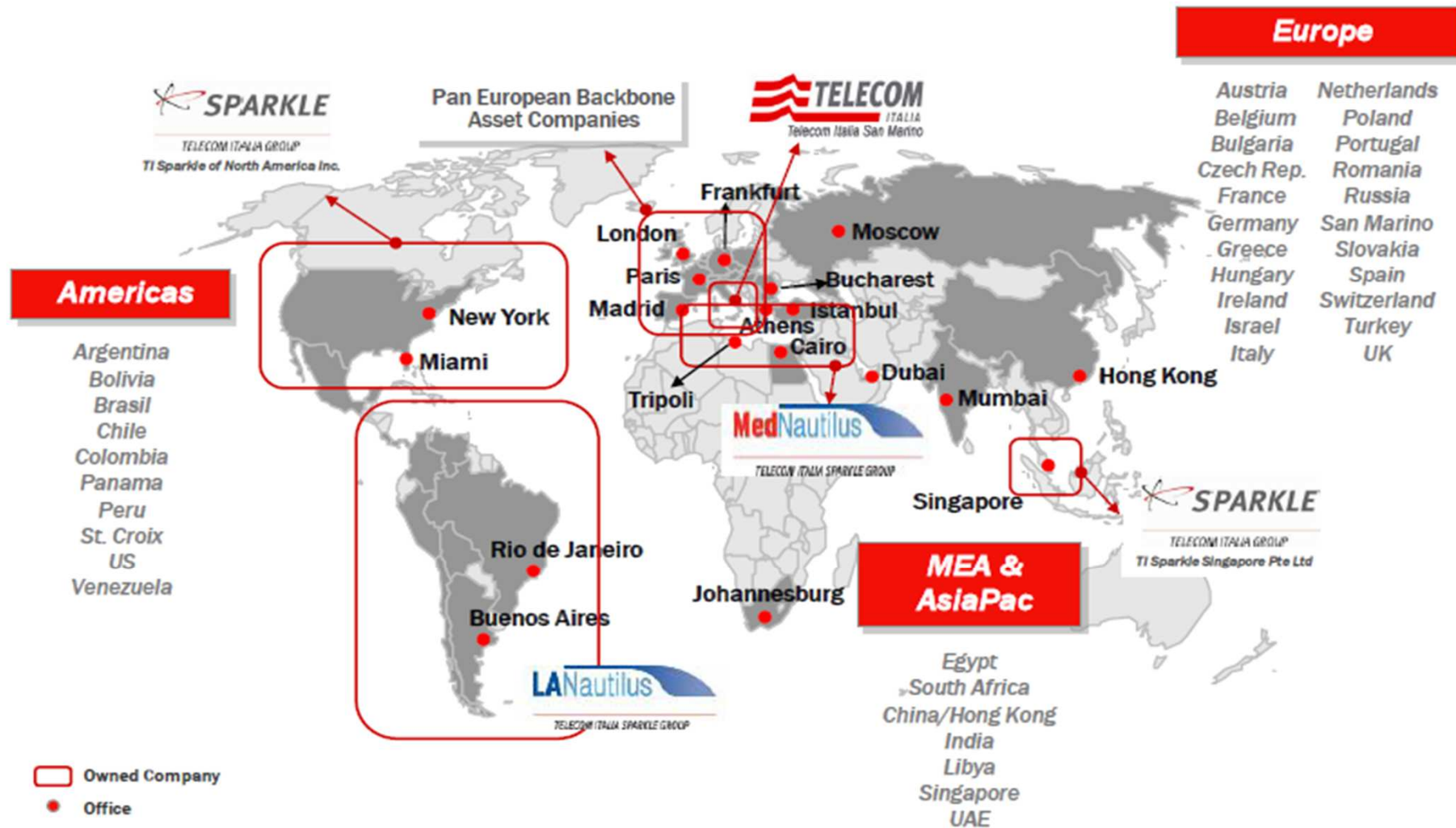
- ■ Operating FCF : 6.5 Bln €

- ■ 85K Employees

▶ **Retail operations and customer base:**

Italy	Argentina	Brazil
• 16,2 million fixed lines • 9 million broadband customers • 32,2 million mobile customers	• 4,1 million fixed lines • 1,6 million broadband customers • 18,7 million mobile customers	• Starting fixed broadband business now • 70,4 million mobile customers

TOP ICT company in Europe leading in Telecommunication Solutions and Innovative Services
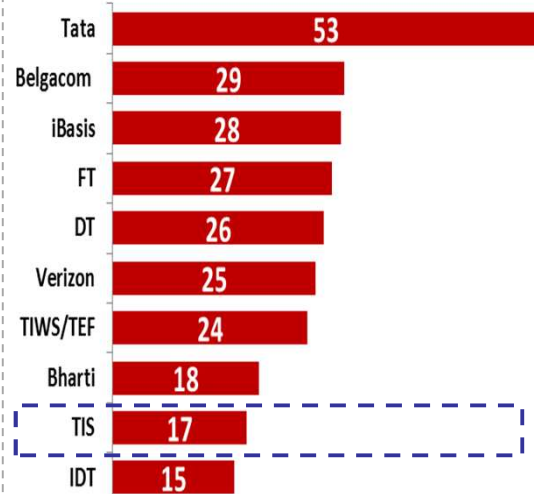
All data at December 31, 2012

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TI Sparkle International Presence

Europe

Austria	Netherlands
Belgium	Poland
Bulgaria	Portugal
Czech Rep.	Romania
France	Russia
Germany	San Marino
Greece	Slovakia
Hungary	Spain
Ireland	Switzerland
Israel	Turkey
Italy	UK

Americas

Argentina
Bolivia
Brasil
Chile
Colombia
Panama
Peru
St. Croix
US
Venezuela

MEA & AsiaPac

Egypt
South Africa
China/Hong Kong
India
Libya
Singapore
UAE

□ Owned Company
• Office

Figures as of March 2013

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TI Sparkle Positioning

Top WW Voice Carriers

2012 Bn Mins – Traffic volumes worldwide

Carrier	Bn Mins
Tata	53
Belgacom	29
iBasis	28
FT	27
DT	26
Verizon	25
TIWS/TEF	24
Bharti	18
TIS	17
IDT	15

Source: Internal Sources, Telegeography Data 2012

IP Ranking WW - Renesys

	Sept '12
Level 3	1
Global Crossing	2
TeliaNet	3
Inteliquent (ex Tinet)	4
NTT Communications	5
Cogent Communications	6
Sprint	7
Tata Communications	8
TI Sparkle	**9**
PCCW Global	10

Source: Renesys

Major Int'l IP Routes in Africa, 2012

Italy

Aggregate international Internet capacity (Gbps)
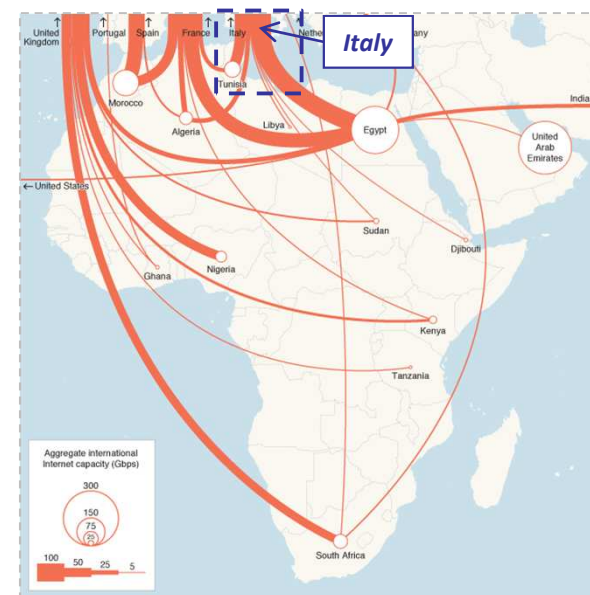
VOICE — **#9** for worldwide traffic collected on an international basis and **5#** on pure wholesale basis.

MOBILE — Among the few global players active today within the wholesale mobile market
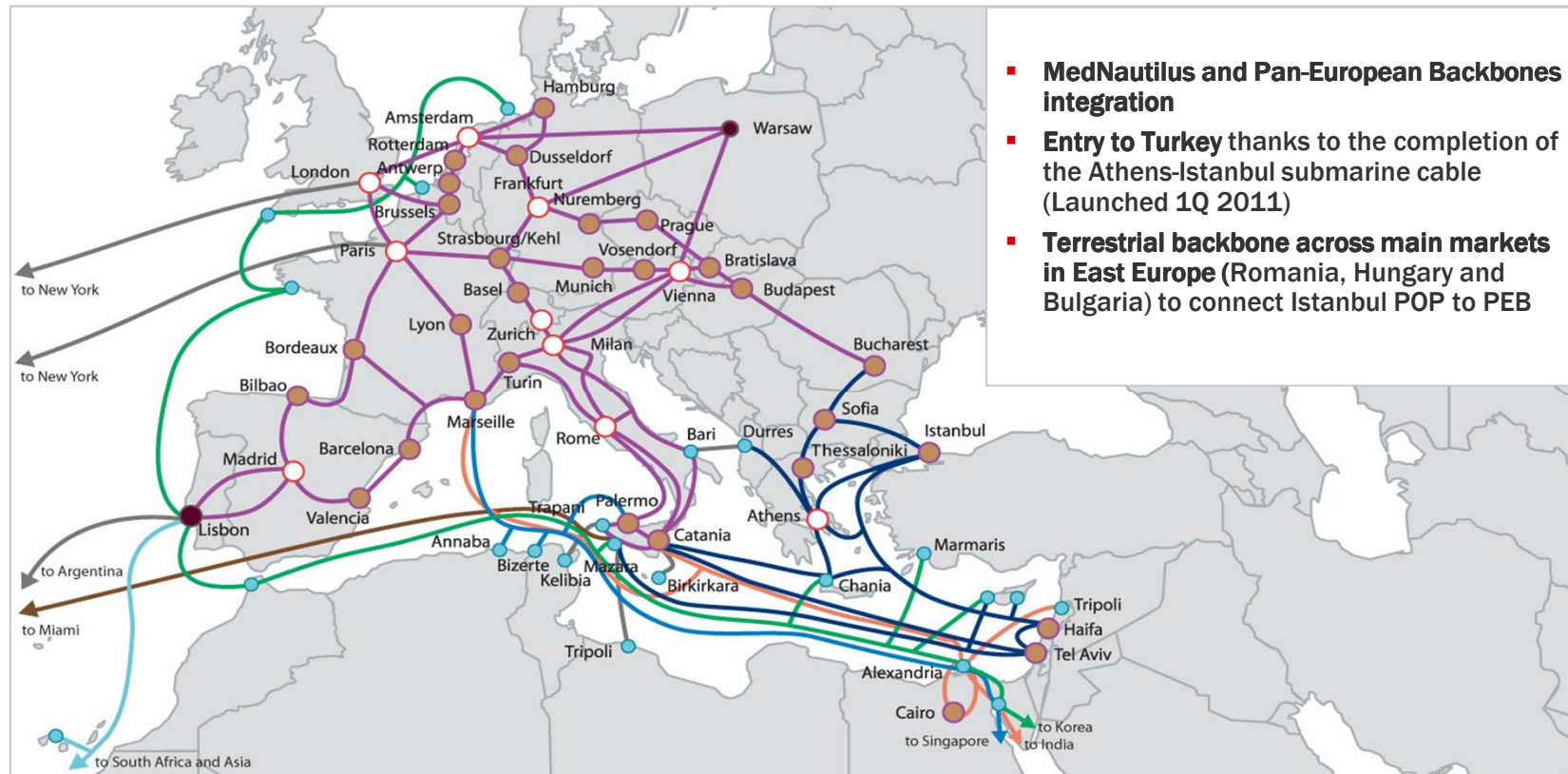
IP&DATA —
- "Seabone", TI Sparkle IP Backbone, ranked **#1** in the Mediterranean, **#3** in Europe, **#9** worldwide *(Renesys)*
- On a regional basis, "Seabone" ranked **# 2** in Africa and Latam and **# 3** in Asia *(Telegeography)*

MNCs — **#1** in Italy, challenger in Europe and emerging player on the global market
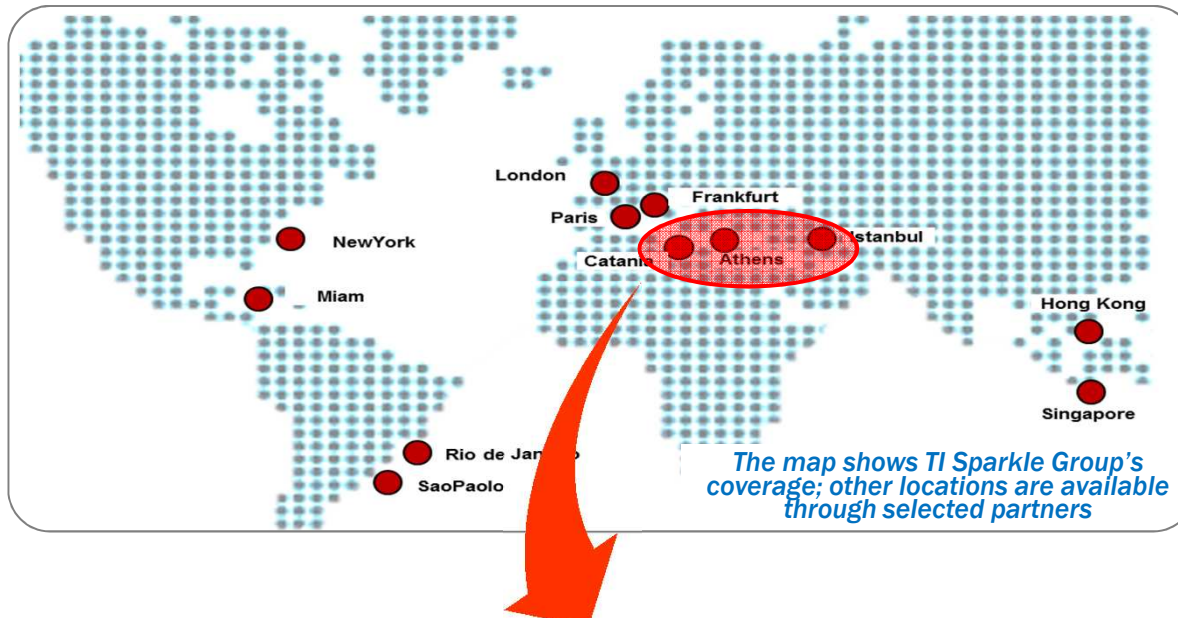

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TI Sparkle Network in Europe and the Mediterranean Basin

- **MedNautilus and Pan-European Backbones integration**
- **Entry to Turkey** thanks to the completion of the Athens-Istanbul submarine cable (Launched 1Q 2011)
- **Terrestrial backbone across main markets in East Europe** (Romania, Hungary and Bulgaria) to connect Istanbul POP to PEB

- **New Balkans Backbone connecting Istanbul to Wien and Bratislava with Points of Presence in Sofia, Bucharest and Budapest**
- **New submarine cable Athens-Istanbul (Launched 1Q 2011)**

Single Point of Contact for End2End Connectivity Services in Middle East, the Balkans and the Mediterranean basin

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TI Sparkle's Worldwide Facilities & Mediterranean NGDC

The map shows TI Sparkle Group's coverage; other locations are available through selected partners

- Space rental with redundant connectivity
- Datacenter space extremely secure and reliable 24 x 7
- Latest high-density power configurations with free cooling and maximum-efficiency components
- Physical Access, "Hands and Eye" and Remote Support

A Regional NGDCs in the Mediterranean with the aim of developing a **Disaster Recovery** Solution by leveraging on a unique and protected **terrestrial and submarine connectivity to Europe**
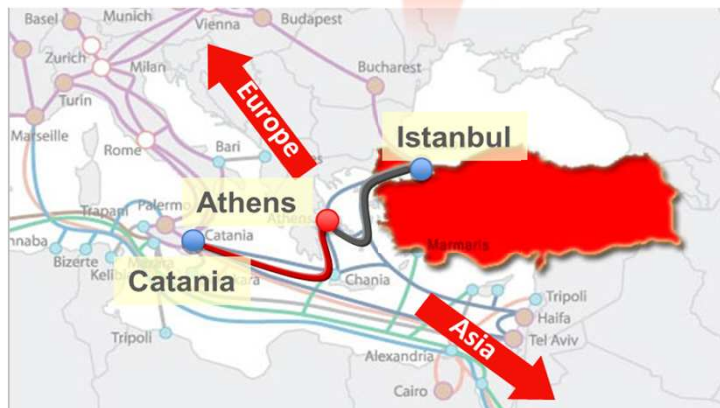
ISTANBUL
- ✓ Cloud IaaS Solutions – *in service*
- ✓ PaaS Video Plaform
- ✓ Disaster Recovery

ATHENS
- ✓ Colo&Housing – *in service*
- ✓ Cloud IaaS Solutions – *up & ready*
- ✓ Disaster Recovery

CATANIA
- ✓ Colo&Housing – *in service*
- ✓ Disaster Recovery

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Telecom Italia Sparkle Overview

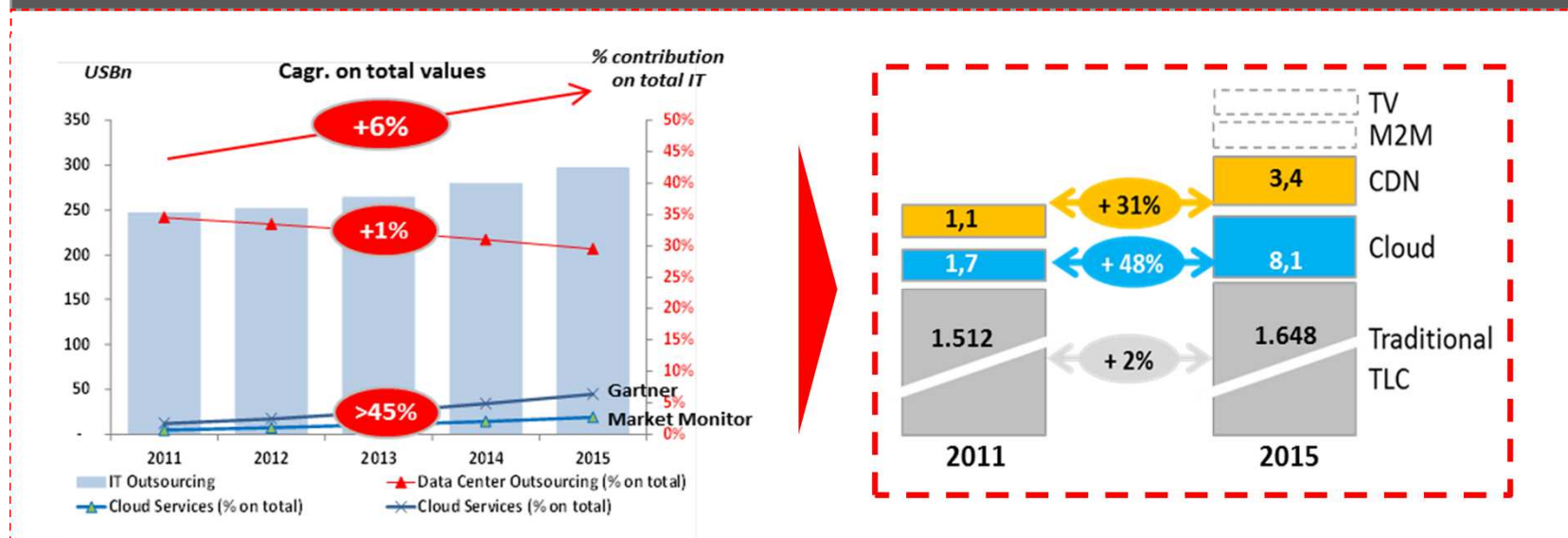Worldwide IT Industry Trends

Telecom Italia Sparkle IT Strategy

Q&A

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Major Trends in the Telecom Industry

New Areas of Growth from IT based services

- The increasing power of IT and IT outsourcing demand (boosted by customers cost cutting policies) are key drivers for incremental growth in a border TLC/IT segment like Cloud

- The explosion of multimedia and bandwidth-hungry contents and applications is continuously pushing towards efficient Content Distribution Network Solutions.

- Among IT outsourcing services, Cloud, as it is replacing traditional DC and web/managed hosting services, is expected to grow at ~ 45% yearly.

- Multiplicity of mobile smart devices, connected/interactive TV will boost traffic growth which represents both a threat and an opportunity for Telcos

Telcos have to compensate the traditional services flat trend addressing new areas of growth

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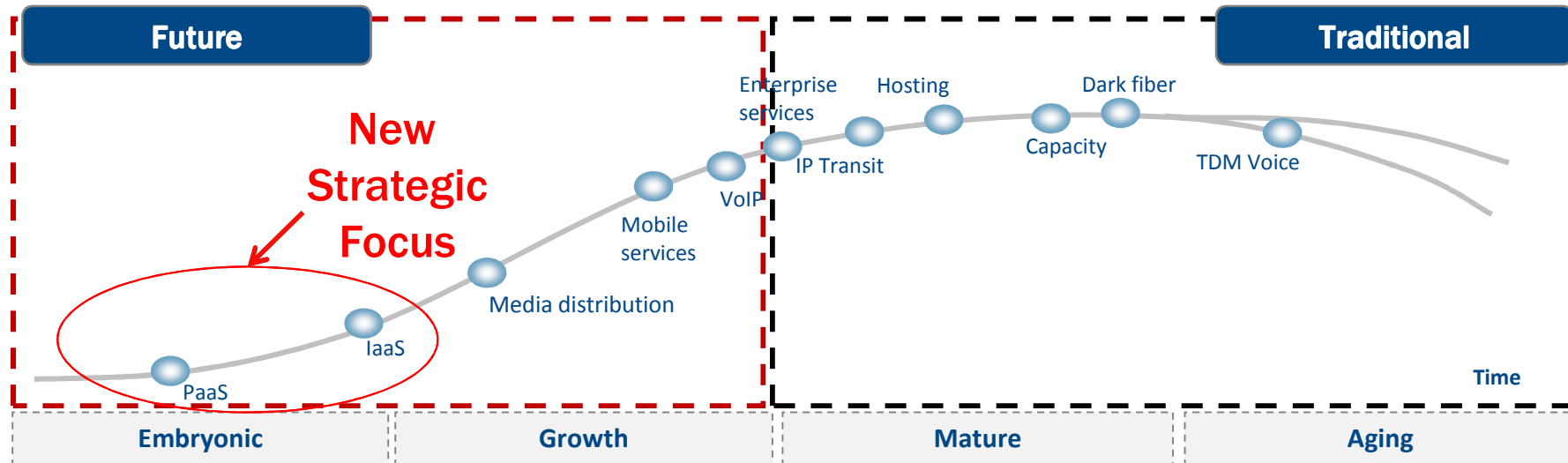# Int'l Wholesale Market is rapidly changing

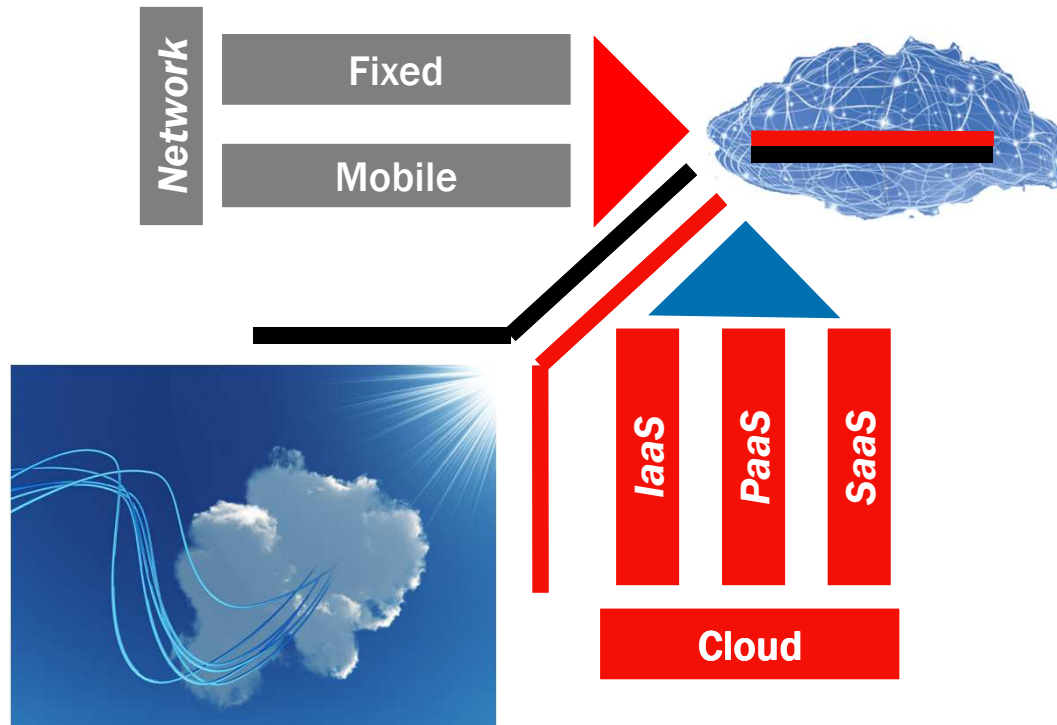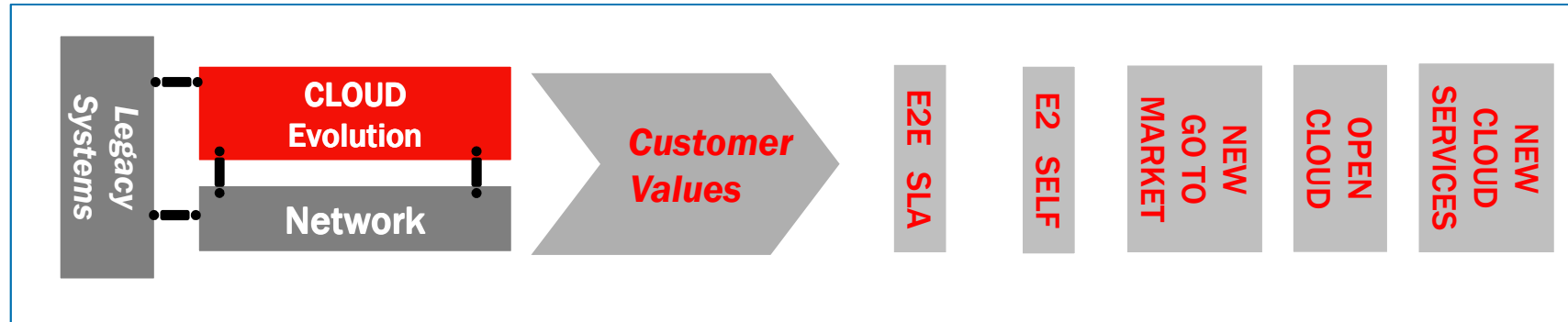| **Changing Scenario** | Competitive scenario is rapidly changing with a growing separation between infrastructure and services | ▶ | **Opportunity to change** |

| **New Int'l Core Services** | Telco entering into Media distribution and IT outsourcing upcoming segments | ▶ | **Need to change** |

Future

Traditional

New Strategic Focus

Enterprise services

Hosting

Dark fiber

IP Transit

Capacity

TDM Voice

VoIP

Mobile services

Media distribution

IaaS

PaaS

Time

| Embryonic | Growth | Mature | Aging |

Integration between IT and Network: Telco's Leadership

Legacy Systems	CLOUD Evolution	Customer Values	E2E SLA	E2 SELF	NEW GO TO MARKET	OPEN CLOUD	NEW CLOUD SERVICES
	Network						

Network

Fixed

Mobile

IaaS PaaS SaaS

Cloud

- **Levereging Network Assets to Enhance (IT only) Cloud Offering**
- **Majority of Investments on Public Cloud made by Telcos**
- **Natural Shift from Distributing Comms services to Selling On Demand ICT Services**
- **Explosive Growth in Mobile Apps based on Cloud**
- **Telcos as Cloud Users themselves**
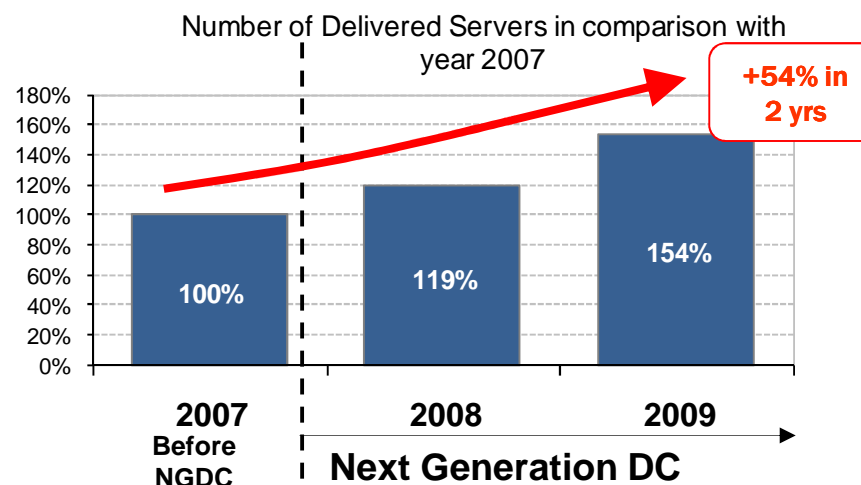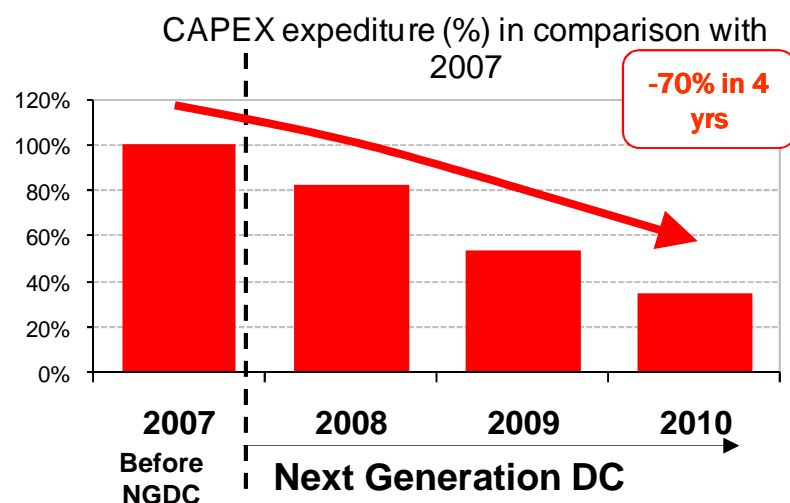
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Telecom Italia Cloud Strategy

Starting in 2008 NGDC (Next Generation Data Center) IT infrastructure consolidation and transformation program allowed to permanently reduce the IT spending which becomes a business enabler.

CAPEX expediture (%) in comparison with 2007

-70% in 4 yrs

120%
100%
80%
60%
40%
20%
0%

2007 Before NGDC

2008　　**2009**　　**2010**

Next Generation DC

Number of Delivered Servers in comparison with year 2007

+54% in 2 yrs

180%
160%
140%
120%
100%
80%
60%
40%
20%
0%

100%　　119%　　154%

2007 Before NGDC

2008　　**2009**

Next Generation DC

**With less than half of 2007 costs,
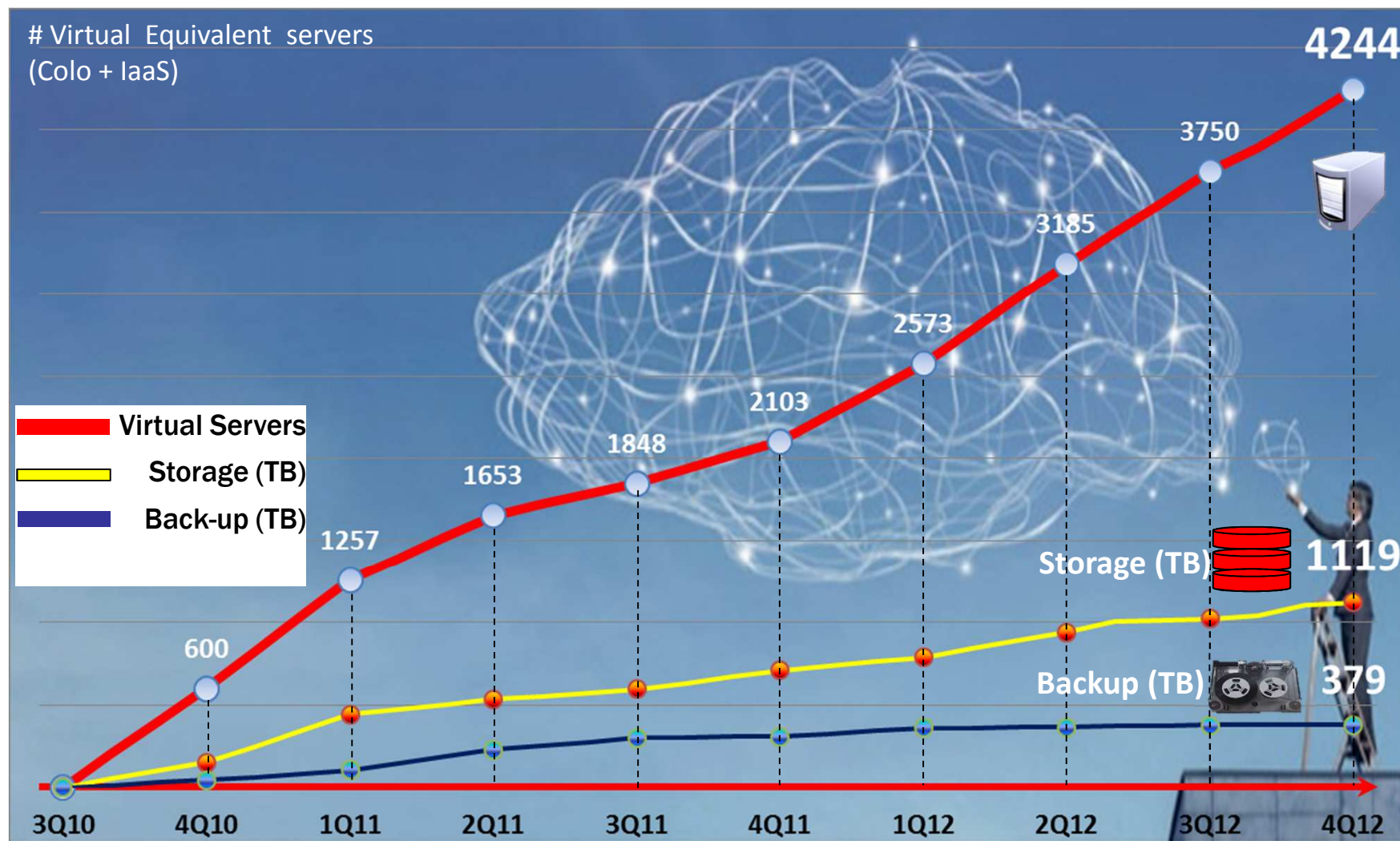the NGDC now delivers 50% more applications.**

Telecom Italia "Nuvola Italiana"

A wide range of services launched with a joint effort of TI engineers and marketeers together with a newly designed approach to develop and manage the cloud partners community.

TELECOM ITALIA — Nuvola Italiana - Service Portfolio

SaaS
- Messaging
- Collaboration
- Support
- E-Government

PaaS
- Cloud Service Designer
- Service
- Cloud API

IaaS
- Ospit@ virtuale — Virtual Hosting
- Virtual Desktop
- Data Space
- Protection

Nuvola Italiana: A Success Story

Virtual Equivalent servers (Colo + IaaS)

Legend:
- **Virtual Servers** (red)
- **Storage (TB)** (yellow)
- **Back-up (TB)** (blue)

Virtual Servers data points:
- 4Q10: 600
- 1Q11: 1257
- 2Q11: 1653
- 3Q11: 1848
- 4Q11: 2103
- 1Q12: 2573
- 2Q12: 3185
- 3Q12: 3750
- 4Q12: 4244

Storage (TB): 1119
Backup (TB): 379

X-axis: 3Q10 4Q10 1Q11 2Q11 3Q11 4Q11 1Q12 2Q12 3Q12 4Q12

Nuvola Italiana: Going Internationally

International Cloud
Same services,
Same Offering Strategy

A Cloud Always Technologically
toward All Customers and other
Cloud Providers

A Cloud open to Federerations
with Apps Data, Customers
Data Management and
Association and/or Application
Cloud Providers

...Leveraging on TI Sparkle's Capabilities

1 **By leveraging on TI Sparkle's Facilities...**

Traditional Colocation and Physical Hosting as well as Virtual Colocation now available on a project basis in selected telehouses, worldwide geographically distributed!

NEW!
COLOCATION/PHYSICAL HOSTING
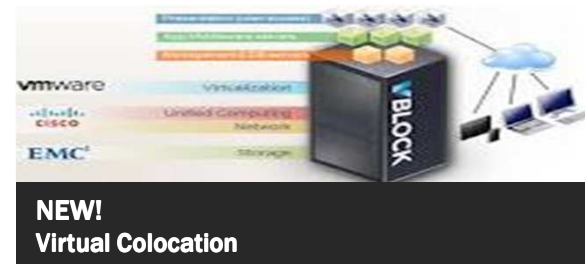
NEW!
Virtual Colocation

2 **... and Network!**

IaaS solutions in nearboor Countries (i.e. Balcans, North Africa, etc.) via TIS Sparkle Group's Gloabl Network.
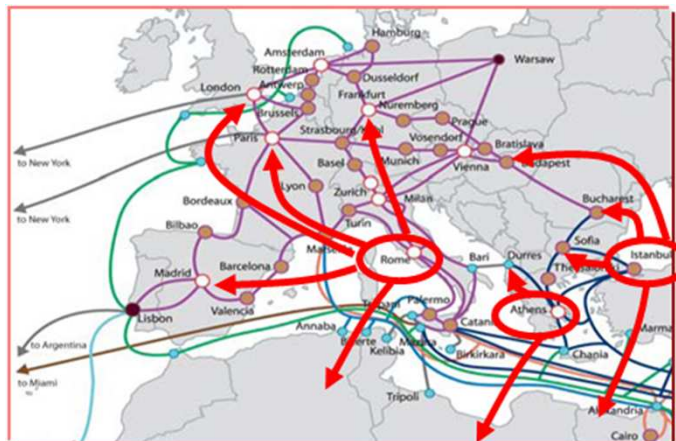
Providing Cloud from Turkey/Greece/Italy to other Countries leveraging on sinergies with our own PoPs and network.

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TI Sparkle Cloud Strategic Evolution
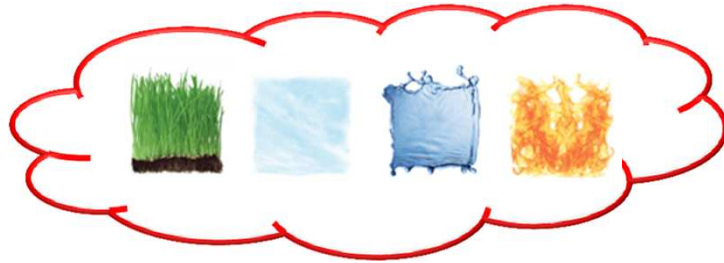
Integration of Communications & Cloud
"Nuvola Italiana" on TI Sparkle's footprint

Full integration with Sparkle Service portfolio of connectivity solutions at the Domestic and International level

- Internet Access

- VPN MPLS services

- Ethernet end to end services

- SDH Point to Point services

A complete set of solutions to serve corporate customers at a global level

- Services to serve corporate customers directly

- Services to support other carriers to serve their own corporate customers

Network & Security Management

CDN

VPN

IaaS
PaaS
SaaS

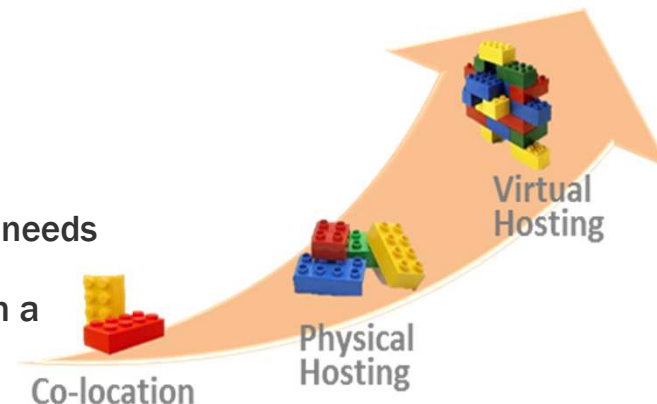Internet
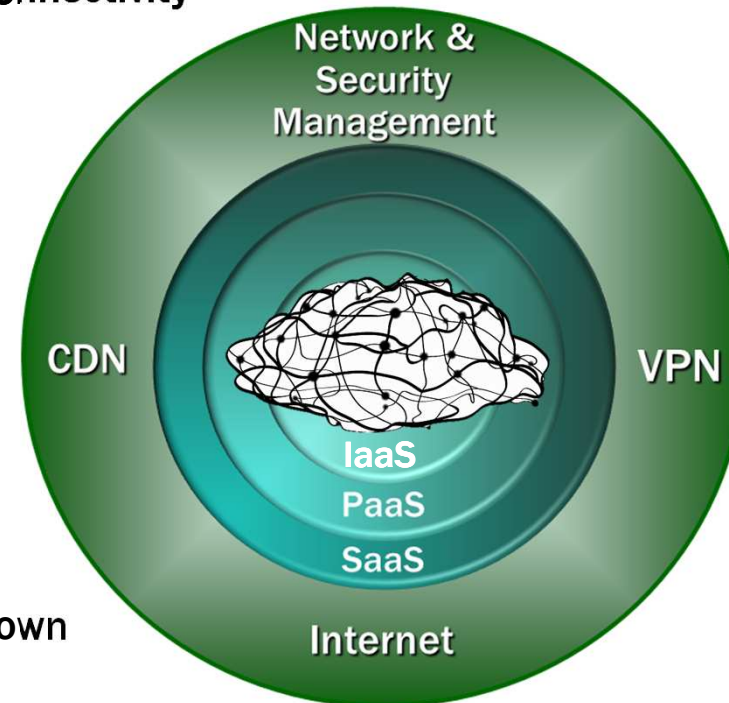
TI Sparkle Cloud Solutions
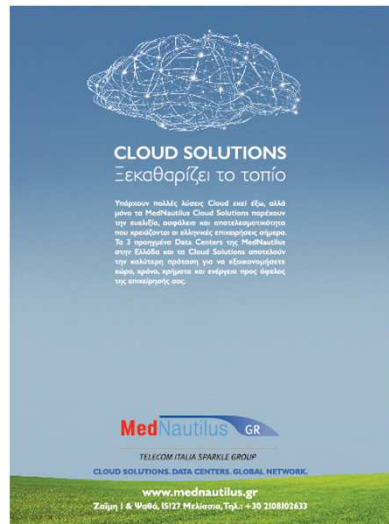
TI Sparkle, with the expertise of Telecom Italia Group (leading cloud provider in Europe), now offers a new range of enhanced Cloud Solutions catering to customer's needs from our DCs in Istanbul and Athens.

Cloud Solutions

Integrated **IaaS services**, from Co-location to Virtual Hosting

High level of **scalability and flexibility** with an easy-to-build combination of modular building blocks fulfilling customer's needs

A **Partnership Program** tailored to address partners' needs in a win-win approach

Virtual Hosting

Physical Hosting

Co-location

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