Transcript

January to March - 2026

Vivo – 1st Quarter 2026 Results

João Pedro Soares Carneiro – Investor Relations Director

Good morning, everyone, and welcome to Vivo's first quarter 2026 earnings call.

Today, our CEO, Christian Gebara, will begin by presenting Vivo's execution in connectivity and digital services, as well as highlight our key ESG accomplishments for the quarter.

Then, Rodrigo Monari, our CFO, will comment on our controlled cost evolution, free cash flow generation, profitability, and shareholder distribution in the period.

With that, I'll turn the call over to Christian.

Christian Gebara - Chief Executive Officer

Thank you, João. Good morning, everyone, and thank you for joining us today.

Slide 3: Highlights

Vivo began 2026 at a strong pace. Once again, we delivered growth above inflation across our core metrics, supported by customer base expansion, resilient revenue performance, and continued margin improvement.

On the operational side, postpaid remains a key driver of value creation. Our postpaid base grew 6.9% year-over-year, reaching 72.1 million accesses, representing 69.5% of our mobile base. This execution reflects a healthy combination of net adds, disciplined pricing, and focus on customer experience.

Fiber also remains an essential growth vector. We reached 8 million homes connected, advancing 11.5% year-over-year, with our footprint expanding to 31.5 million homes passed. Beyond scale, fiber strengthens convergence, deepens customer relationships, reduces churn, and supports a stronger revenue profile.

Regarding our financial results, total revenue grew 7.4% when compared to the previous year. Mobile service revenues delivered a 6.6% increase, while fixed revenues grew 5.1%, underscoring the sustained contribution from fiber and our B2B portfolio.

In terms of profitability, EBITDA rose 8.9% year-over-year, lifting margins to 40.2%. Operating cash flow reached R$4.2 billion, an 8.5% improvement, while net income expanded 19.2% to R$1.3 billion. Free cash flow generation totaled R$2.2 billion during the quarter.

Our efficient operation allows us to remain fully committed to shareholder returns. So far, we have allocated R$7 billion for distribution in 2026, reaffirming our confidence in meeting our guidance for the year.

Slide 4: Total Revenues

Moving to slide 4, we highlight the ongoing transformation of our revenue mix as it continues to drive positive impact on our top line.

In the first quarter, total revenues grew 7.4% year-over-year, led by a well-balanced contribution from both mobile and fixed services, as well as the growing relevance of our new business.

Postpaid revenues rose 7.8% year-over-year, demonstrating the strength of our value proposition, balanced pricing, and enhanced customer mix. FTTH revenues also improved, advancing 9.3%, driven by sustained demand for high-quality connectivity and convergence.

It is also worth highlighting the strong performance of our handsets and electronics line that grew 26.6% year-over-year, fueled by a more competitive portfolio, and a new go-to-market strategy that enhanced the availability of in-store devices, accessories, and electronics in general.

Our New Business continue to play a central role in our strategy. They now represent 12.1% of total revenues, an increase of 1.8 percentage points versus 1Q25, with meaningful contributions from both B2C and B2B solutions. This progress emphasizes our long-term vision of revenue diversification, scaling of digital services, and consolidation of our ecosystem.

As a result of our commercial momentum, postpaid and fiber revenues now account for over 74% of service revenues, highlighting a structurally stronger and more resilient revenue mix as we begin 2026.

Slide 5: Mobile Operation

On slide 5, we show how our solid mobile operation was once again driven by Vivo's differentiated network and superior customer experience.

By the end of the first quarter, our total mobile base reached 103.7 million accesses, representing year-over-year improvement of 1.3%. Postpaid excluding M2M and dongles remains the key growth engine, expanding 7.2% to 51.6 million accesses, while M2M and dongles also delivered a healthy increase of 6.4%.

Commercial performance was particularly strong this quarter, with postpaid net additions accelerating 22.7% compared to last year, further underlining Vivo's leadership in this segment.

Importantly, this evolution comes with value. Postpaid churn remained well controlled at 1.0%, confirming the depth of our customer relationships and loyalty. At the same time, mobile ARPU reached a record level, up 5.7% year-over-year, as customers continue to migrate to higher-value plans and consume more data.

In prepaid, while access growth is still negative, revenue is gradually improving, with the year-over-year decline narrowing to minus 1.0% this quarter. This is the result of ongoing efforts to stabilize the base, enhance monetization, and prioritize customer recurrence.

Overall, these results showcase the resilience and quality of our mobile platform, combining continuous postpaid expansion, record ARPU, low churn, and consistent recovery of prepaid revenues. This gives us confidence in our strategy and supports sustainable growth throughout the year.

With that, let's move to fiber.

Slide 6: Fiber Operation

Turning to slide 6, we further highlight the strength of our fiber business and the growing role of convergence as a key differentiator for Vivo.

Fiber accesses demonstrate continuous momentum, maintaining double-digit year-over-year increase and reaching 8 million connections. This performance clearly reflects customer preference for high-quality connectivity and integrated solutions, with Vivo Total once again standing out.

Growth is progressively driven by convergence. Vivo Total accesses expanded 32.6% year-over-year, reaching 3.6 million customers, and now represent 44.7% of our FTTH base, an expansion of more than 20 percentage points in just two years. This confirms the attractiveness of our convergent proposition and its ability to capture even more customers.

Our fiber footprint also expanded, with homes passed reaching 31.5 million, up 6.2% year-over-year, while the take-up rate improved to 25.4%. This combination strengthens our conviction in achieving network penetration above 30% over time, as we continue to translate fiber expansion into customer base growth.

Slide 7: B2C Revenues

Moving to slide 7, we give more color on the acceleration of our B2C business, supported by stronger totalization of our customers' needs and the growing relevance of services beyond connectivity.

On a last-twelve-months basis, total B2C revenues reached R$45.7 billion, growing 5.9% year-over-year. This performance shows the resilience of our core connectivity, as well as strong acceleration in new business, that expanded 31.5% and now account for 3.2% of total revenues.

Monetization trends remain very solid. B2C revenue per RGU increased to R$67.2, underlining the effectiveness of our strategy to deepen customer engagement, drive cross-selling, and extract greater lifetime value from our existing base.

Looking specifically at new business, we continue to see robust and well-balanced growth across our main verticals. Video and music OTTs remain the largest contributor, growing 24.8% year-over-year. Consumer electronics delivered another strong result, with revenues up 56%, supported by higher demand during the period.

Health and wellness continued to stand out as one of our fastest-growing categories, with revenues up nearly 68%, supported by the strong scaling of Vale Saúde, that now exceeds 500 thousand subscribers, up 13% year-over-year. This highlights our ambition to scale services that are adjacent to our connectivity solutions.

In parallel, we maintained the expansion of our financial services capabilities. Through Vivo Pay, we launched our proprietary installment plan, broadening access to credit and enabling a more seamless purchasing experience for handsets and electronics, while further supporting monetization and customer retention.

Altogether, these developments emphasize Vivo's evolution into a broader digital platform. While connectivity remains our core foundation, an increasingly diversified ecosystem of services is enhancing customer lifetime value, expanding opportunities, and positioning us for sustainable growth over the long term.

Slide 8: B2B Revenues

On slide 8, we provide an update on the development of our B2B business and how the ongoing shift in our revenue mix toward digital solutions continues to gain traction.

B2B revenues reached R$13.7 billion, growing 11.8% year-over-year, once again delivering a remarkable performance. Digital B2B remains the main growth lever, advancing 23.8% and reaching R$5.4 billion over the last twelve months, while B2B connectivity also posted robust growth of 5.2%, demonstrating the solidity of our enterprise services.

Within Digital B2B, performance remains well balanced across the portfolio. Cloud services expanded 29% year-over-year, supported by rising demand for scalable infrastructure and hybrid environments. IoT and Messaging advanced 17.3%, while Digital Solutions grew 21.1%, driven by broader adoption of customized enterprise offerings. Cybersecurity also evolved at a healthy pace, rising 19%, as customers prioritize data protection.

In this context, B2B is gaining relevance within Vivo's overall revenue mix, reinforcing the segment's role as a key growth pillar, evidenced by accelerating demand from companies undergoing digital transformation across multiple industries.

A clear example of this strategic positioning is our partnership with São Martinho in the agribusiness sector. This initiative illustrates Vivo's leadership in enabling data-driven, sustainable and competitive operations tailored to customers' needs.

More broadly, partnerships like this underline how our role is evolving beyond connectivity, positioning Vivo as a trusted digital partner for enterprise customers.

Slide 9: ESG

Turning to slide 9, we show how ESG remains a core pillar of Vivo's strategy, with consistent progress across people, environment, and governance translating into tangible outcomes for our stakeholders.

Vivo continues to be recognized by major global benchmarks. We lead B3's Corporate Sustainability Index across all sectors for the third time, are still the only Brazilian telco included in the Dow Jones Best-in-Class World Index, and, for the sixth consecutive year, were recognized by CDP for supplier climate engagement.

On the people front, we continue to expand initiatives focused on employee well-being, including Hospital Púrpura, that offers structured care journeys and has seen growing adoption since its launch. Today, the platform is available to more than 80 thousand people, including employees and their relatives. In addition, Vivo was named the winner of Anatel's 2026 Accessibility Ranking, reinforcing our position as a leader in digital inclusion.

From a governance standpoint, following the appointment of a new board member in April, women now account for 42% of our Board of Directors, marking another important milestone as we continue to foster diversity across all levels of the Company.

On the environmental agenda, we strengthened our external commitments by joining additional initiatives of the UN Global Compact in Brazil, underscoring the credibility and consistency of our ESG roadmap.

With that, I'll hand over to Rodrigo, who will walk you through the financial results. Thank you.

Rodrigo Monari - Chief Financial Officer

Thank you, Christian and good morning, everyone.

Slide 10: Costs

Moving to slide 10, we provide more color on the evolution of our cost structure and how improvements in cost mix turned into EBITDA growth in the first quarter.

Total costs reached slightly over R$9 billion, reflecting strong commercial momentum alongside continued control across our cost base.

Looking at the composition, cost of services and goods sold increased 12%, with higher volumes in handset and accessories sales, as well as the expansion of new business revenues. This cost line is fully linked to revenue-generating activities and our ongoing business-mix transformation.

On the other hand, operating costs grew close to 4% year-over-year. Commercial and infrastructure, our largest cost component, rose below inflation for the period, maintaining the trend for the fifth consecutive quarter. At the same time, we continue to assess opportunities to deploy AI across our operations, further enhancing the customer journey and supporting gains in efficiency. Despite the progress already achieved, we remain focused on moderating the evolution of this line.

During the quarter, copper revenues showed a slight deceleration, reflecting a tactical decision to pause sales in March. Sales resumed in late April, keeping us on track to deliver the planned R$4.5 billion in concession-related assets by the end of 2028.

With regard to bad debt, the overall trend remained stable, representing 2% of gross revenue.

This favorable cost mix resulted in high single-digit year-over-year EBITDA growth, with the margin expanding to above 40% in the quarter.

Slide 11: Capex & Operating Cash Flow

On slide 11, we present the progress of our operating cash flow in the first quarter.

Capex totaled R$2 billion, reflecting continued investment in our network, consistent with our strategic priorities. This represents capital intensity in line with

1Q25 and below the previous year's average, as we continue optimizing Capex allocation.

Operating cash flow before leases totaled R$4 billion, that resulted in a 10% year-over-year increase in operating cash flow after leases, amounting to R$3 billion. This performance demonstrates our ability to convert EBITDA into cash, through a combination of efficiency initiatives in both owned and leased assets.

Notably, this translated into further margin expansion both before and after leases, confirming the resilience of our cash profile.

Slide 12: Net Income, Indebtedness and Free Cash Flow

Turning to slide 12, we highlight how our financial management discipline results in higher profitability.

Net income in the first quarter had the highest yearly growth in over two years, confirming our operational execution diligence and reflecting the sustained evolution across our core businesses.

Free cash flow was up around 4% year over year, with the quarterly comparison influenced by timing effects. Looking ahead, we remain confident in our capacity to deliver a strong performance by year-end.

Our net cash position advanced materially, up 65% year-over-year. Our net debt over EBITDA also improved, now reaching only 0.4x in the last twelve months, underlining the ongoing strengthening of our balance sheet.

Overall, this was another robust cash generation quarter, keeping Vivo in a very strong position to invest with responsibility while maintaining attractive returns.

Slide 13: Shareholder Remuneration

Finally, on slide 13, we would like to highlight that shareholder remuneration remains a priority of our strategy as we reiterate our guidance for the year.

As of today, R$7 billion has already been confirmed to be distributed during the year. This amount includes the IoC declared in 2025 and paid in April this year, as well as the capital reduction scheduled for payment in July 2026. In addition, we have declared R$890 million year-to-date, to be paid by April 2027.

Also, in February 2026, our Board approved a new share buyback program of up to R$1 billion, to be executed through February 2027. This initiative is fully aligned with our efficient capital allocation strategy and our focus on long-term value creation for shareholders.

To conclude, we reaffirm our commitment to distribute at least 100% of the net income generated in 2026, supported by our strong cash generation and conservative leverage profile.

Thank you. We are now ready to move to the Q&A session.

Vivo – 1Q26 Q&A

Luiz Chagas, XP:

The first one regards broadband. Vivo is executing very well with Vivo Total and is gaining clients consistently while the market is somewhat mature. So the question here is, how do you see competition in the broadband segment, and if you see any room to increase prices in fiber? And over the next three years, what's your goal in terms of Vivo Total's penetration in your FTTH space?

And the second question is about prepaid, which is virtually stable for some time. Do you see any room to increase prices in prepaid?

Christian Gebara:

We increased around 25% of our customer base price in the back book of fiber in January. So we are following the right timing to do this increase.

We also had Vivo Total price increase in April. So, we are following the annual price evolution that we normally have, and our focus is strongly in Vivo Total.

In prepaid, yes, we do believe there is room for price increase. We are moving now more to the monthly tariff. We are not giving WhatsApp, that's also a way to monetize. And our revenues, if you compare it to the 1Q25, decreased 1%. That is a much lower pace than it used to decrease before. If you look back, for instance, in the 1Q25, we were declining more than 11%. Now it's only 1%.

This is a combination of more customers and our ability to keep them engaged with Vivo and selling better plans. In this case, it's longer plans that can also increase their ARPU.

Fiber is very competitive, as you described. Our strategy is to have more and more Vivo Total customers. For you to have an idea, in the 1Q24, of our total fiber customers, just 24% were of Vivo Total, and now it's closer to 45%. Apart from that, we have another 20% that are convergent but are not in Vivo Total.

Yes, our strategy is to keep in Vivo Total, because churn is much lower of fiber customers when they are in this convergent plan. And apart from Vivo Total, we are also upselling more digital services, as the one that I described, I think successfully, the video ones. There are more than 4.4 million customers already with that.

Once we sell more service to the same customer, that's why also we highlighted the revenue per customer, because we do believe it's a very relevant metric to understand the recurrency and how healthy our revenues are, because they come from the ability to have more loyal customers, spending more money with Vivo, increasing their lifetime value.

Regarding fiber as well, the market is very fragmented, but in the 1Q, the number one player is Vivo, and we got 200,000 net adds. The second player, minus 80. Our market share is 19.2%. One year ago it was 18.4%. So that gives us clearness that we are following the right strategy, and that's the one that we're going to continue to follow. Expanding more network, penetrating more network, and selling more convergences plus digital services.

Leonardo Olmos, UBS:

Good morning. I want to discuss a little bit margin. If you look at commercial infrastructure, a positive surprise, but bad debt was a negative one. And so, I just wanted to check on if you are growing so much B2B in a few of revenues that have lower margin, but they are positive in terms of free cash flow. So the overall discussion I have is, if you have a margin contraction that impacts net income, but the free cash flow is positive, but dividends are linked to net income. You see where I am going? If you have lower net income and lower dividends, how can we see in dividends the increase you are delivering in free cash flow? I am not sure I was clear, but it's just one question I have. So how can we see increasing dividends proportionate to the free cash flow increase you are delivering?

Christian Gebara:

Leonardo, thank you for your question. I will try to answer it, if I understood that correctly, but our net income is increasing 19.2%, and we already have a commitment of distributing R$7 billion this year. That is way above what we distributed last year. So I do not see a concern about shareholder remuneration. And apart from that, as you know, we already declared another tranche of interest on capital and also a new program for share buyback.

Going to your question about cost, I do not know if it's the one that you are also elaborating, you are right, we had a very positive result in commercial and infrastructure. We had, as I said, increase in everything that is related and linked to revenue expansion.

Talking about B2B, we have an increased commercial activity in digital B2B solutions, because we are doing very strongly in these lines, in all of them, cyber, cloud etc., and of course, there are some cost of services linked to that.

Apart, I think, from the B2B digital services, and also there's part of that, that is B2C, when I sell video OTTs, I am also contributing to more cost of services sold, but I think goods sold is also an important driver of this quarter. But our revenues grew 26.6%. So again, costs linked to revenues.

Going to the provision of bad debt, we are very clear. Our B2C bad debt has not changed. We have more or less the same level. Actually, I would say that if I exclude one single B2B customer, my bad debt would go to 1.88%. My average bad debt over revenues last year was 1.92%. So, that's not a story about B2B not performing. I am talking about one single B2B customer that did not perform last year. So I am giving you full transparency in the bad debt line. All the rest in B2C, and all the rest in B2B is 100% under control.

So, that's more or less the explanation that I had about cost, and I do not know if you have anything else about free cash flow that I can try to respond.

Leonardo Olmos, UBS:

Actually, you answered more than I asked for. So, thank you. I think those are positive news, and the net income increase, like you said, 19%, goes to dividends. So, quite positive.

Christian Gebara:

I will add something else that you did not ask me, about costs. By the end of last quarter, the quarter that we are talking about, we had to technically stop the sale of copper. There was, for a moment, a change in the tax over copper sale. We extracted the copper, but we did not sell.

Fortunately, that tax change was reverted. So, now we are able to continue in the increasing pace of selling copper, as we said before. Because some people may say, “oh, you sold more copper in the 4Q than you sold in the 1Q”. That's correct. I extracted a larger amount, but it did not sell because I had a tax impact that I was not expecting that fortunately was reverted. And here, we prioritize the return to our shareholders. So, that's why we are going to see a better movement of copper sales this quarter, the 2Q.

Marcelo Santos, JPMorgan:

I wanted to go a bit back on your answer to Luiz’ question regarding the back book price. Could you please remind us when did you increase prices last year, what time for each product and so far what you did this year? I just wanted to recap here year over year to understand the calendar effect.

And the second question is regarding CAPEX. Could you provide us with considerations regarding the CAPEX outlook for this year?

Christian Gebara:

Marcelo, in the hybrid, last year we had price increase in back book in April and August, and now we have in April again, around 76% of our hybrid customer base. The remaining, we are expecting to do that in August, but it's to be confirmed.

Postpaid, last year April, remaining in August. This year again, around 80% in April, remaining probably in August.

Fiber, it was more distributed along January and June. And again, we started fiber also in January. And again, probably June, the rest.

Vivo Total, last year April, this year April, 100%.

Marcelo Santos, JPMorgan:

You gave some percentages for this year. Would it be something you would be willing to open for last year? Like you said, 75%, you are going to do this April on hybrid. You gave two numbers, 75% and 80%.

Christian Gebara:

76% were hybrid, 79% were postpaid.

Rodrigo Monari:

Marcelo, thank you for your question. First, we would like to highlight that our CAPEX intensity remains in line with 1Q25. And below the average of full year 2025. As we are committed to deploying resources with discipline, most of the CAPEX is focused on mobile network enhancement, along with fiber expansion and customer connections to sustain our leadership in our position. At this point, there are no structural differences in composition or CAPEX strategy for this year.

Christian Gebara:

I want to highlight here, if you look at operating cash flow, EBITDA minus CAPEX, we came from a margin in 1Q24 of 23.6%, went to 25%, and now we are at 26.2%. That is 100% aligned with our strategy of optimizing CAPEX but also having the ability to increase in new businesses, keeping EBITDA absolute evolution in a very strong positive way. So now, our operating cash flow over revenues is 26.2%.

Marcelo Santos, JPMorgan:

The first line, Rodrigo, you said is that CAPEX intensity remains in line with what happened. But for the year, in the past, you used to say that CAPEX intensity should gradually go down, like in 2026. That was my understanding of previous calls. Is this something you are still committed to see in capital intensity?

Rodrigo Monari:

Marcelo, we always said that in the annual CAPEX intensity. It's always difficult to discuss quarter over quarter. So, over the year, we are committed to improving CAPEX intensity, and that's what we are going to do in 2026.

Rogério Araújo, Bank of America:

Good morning. Thanks for the opportunity. I have a couple here. First, on these asset sales from the concession migration, you reiterated the expected amount by 2028. But how can we think about the level expected in the remaining quarters of 2026? You resumed sales in the end of April. Should we expect something linear throughout 2028?

And also, on the remuneration to shareholders, regardless of the net profit, you commented about R$7 billion. Just a follow up here, is this at least R$7 billion? Or is this the absolute number, R$7 billion? This is the first one.

And the second one leases. Your main peer has been engaging on negotiations with the tower companies in Brazil, and this has been leading to reductions in lease payments. We have not seen the same at Vivo. Is there room for similar negotiations? And how should we expect it to play out regarding magnitude and timing? Thank you.

Christian Gebara:

Rogério, as I said before, we stopped for a while the sales, but we resumed the sales of copper. Yes, you can expect increase in the number that we are going to present for copper sales along the year, quarter over quarter. That's your first question.

The second question, at least R$7 billion. That's our confidence. Again, the guidance is at least 100% of net income. Since we have already declared and paid, and we will be paying the other tranche in July of R$7 billion, it means that is at least R$7 billion for the year.

Rogério Araújo, Bank of America:

Perfect. Thank you. And regarding lease negotiations with tower companies?

Christian Gebara:

We do not need to give what we are negotiating with everyone, but of course, we are negotiating with all of them. Our value related to leases, there's always some phasing related to the numbers that we presented, but it's very well controlled.

I think our goal is always to keep lease payments growing below mobile service revenues. We do that through coordinated efforts to reduce the unit cost, and that's the negotiation that we have with the tower. We also need to increase coverage, you understand that, we need to keep it. We are the number one company with 40% of the postpaid market. So we cannot stop that.

So if you look back at 2024, the amount we paid in the 1Q was broadly in line with the levels paid in the 4Q24. So more than a year later, our lease disbursements remain very stable.

So here, our challenge is to continue to grow it below the growth of revenues that we have in mobile. Of course, we are negotiating with tower companies, but we will not let Vivo not being the leader in coverage. So that's why we are also investing in more coverage, because Brazil needs it.

So that's our target, and we are complying with all of this since the first time that we talked about this.

Rogério Araújo, Bank of America:

Okay. So just a follow-up here. If you are not increasing the coverage, would it be dropping significantly?

Christian Gebara:

It's going to be dropping, of course, because Brazil has many things. There's not only negotiation, there is colocation. We have a very low level of colocation in Brazil. It's around 1.4, while what we see in Europe is above 2. So if I stop my network as it is today, Rogério, I would be negotiating to increase colocation with all the tower companies that I have. And of course, you would see it dropping.

But as we need to drop it, at the same time, I need to expand coverage. So it's very difficult to get the right number every single quarter. But the trend going back to 2004, as I just mentioned, is extremely positive.

And in the meantime, we are keeping our leadership in postpaid of 40%. We are number one in 5G. So that's our strategy, to keep differentiating Vivo as the best network of the country, at the same time keeping controlled our lease expenditure.

And it's also important, I just said before, when I was talking about the operating cash flow over revenues, I think it's also good to see, coming back to your question, operating cash flow after leases. I had 14.5% of margin in the 1Q24, I went to 15.8% of margin of operating cash flow after leases in 2025, and now I am presenting 17.1% of operating cash flow after leases over revenues. So I do believe that we are in the right track.

Leonardo Cintra, Itaú BBA:

The first one is about the equipment sales. It was a positive surprise compared to our numbers. Can you expect this level going forward? And if you could elaborate a little bit more on the dynamics of cell phone sales, it would be very helpful.

And the second one about is AI initiatives. Could you comment a little bit more on the revenue opportunities from B2B leveraged by these AI initiatives? And also regarding costs, how are the AI initiatives progressing, and what are you expecting in terms of margin improvement, particularly in terms of call centers and sale commissions dilution?

Christian Gebara:

Leonardo, thank you for the questions. AI is in the beginning, so of course we are exploring revenue opportunities. Imagine that Vivo has already a large number of customers that are buying cloud from us, and AI is very connected to cloud.

So we are going to leverage all this relationship and all this customer base that we already have, and all the partnerships that we have with the largest cloud providers of the world to exploit opportunities in AI.

I cannot share you a number right now, but of course, even when you talk about the big deals that we had with Sabesp, for instance, with São Martinho, they all have a piece of AI that will be implemented, because there's a lot of data being captured, there's a lot of automation being captured, and they will be driven by machine learning and AI for sure. So we cannot give you the number right now, but we are very positive about the opportunity of growing it even further.

The impact in our OPEX, of course, it will be seen. Just to give you one initiative that is in call center, we are going to launch in one month the beginning of our call center AI agent project. As I think I mentioned last quarter, we are going to have a concierge handling all the calls, and then we are going to have three agents focused on billing, in plans and the other one in technical support. Our aim here is to retain in the next quarters over 60% of the calls using these agents. So there is a vast number of opportunities that we are going to capture with AI.

Going to electronics, that was a great quarter for smartphones, but also, I want to highlight what is not smartphone that is consumer electronics, and that grew 56%. And then I am talking about 12 months, the growth of consumer electronics, and that's our ability to sell more other things rather than smartphones. There are tablets, gaming devices, televisions, accessories to smartphones. We bought i2GO, we have Ovvi. We have many things that are expanding our portfolio.

We now are expanding our portfolio to all our stores, not only the owned ones, but also the resellers, and we see in a very positive way our ability to grow even more from this footprint of being a retailer of technological products.

In smartphones, we are also growing. Of course, it still represents a lot of our total revenue. If you talk about R$1.1 billion, that is what we have for the quarter. The other consumer electronics that I told you is around 15% of this number, and the rest is smartphones. So both are growing. So that's why we are keeping 26.6.

We do not give guidance, but we are having a very strong commercial start for the 2Q. So, I do not see why we will change the trend.

Phani Kanumuri, HSBC:

Are you seeing any impact from higher oil prices on your operations, whether it's on the cost or on the customer behavior?

And the second question is regarding your ability to maintain the cost below revenue growth. You have been doing a good job. Is there a concern that this could grow above revenues in the future?

Christian Gebara:

Thank you, Phani. No concern. We are going to keep the excellent trend in our cost evolution, as I explained, splitting what is linked to revenue and what is operational. No concern.

Regarding oil, no impact. No direct impact. So it's very positive for us for the moment. The macro is not impacting our business. And as I said, bad debt either. So we are in shape.

Daniel Federle, Bradesco BBI:

In the first one, I would like to hear your thoughts regarding the competitive landscape, if it's getting better, getting worse, if it's stable, and specifically on the front book increases in the control plan. I understand that the entry plan is one of the most important ones in the portfolio, and last year Vivo increased prices in February, and this year so far, I think there were no increases.

And the second question is more like a follow-up, because you mentioned back book prices, 76% were increased in April and the remainder by the end of the year, to be confirmed. Just to understand, does 'to be confirmed' mean that there are risks of not increasing prices for the remaining of the existing clients?

Christian Gebara:

Daniel, 'to be confirmed' is the date. I am not going to increase 76% and not increase the remaining 24%. I just need to get to the right month of the increase. I said that it was in August, so it should be confirmed if it's going to be in August, or if it's going to be in the end of July or at the beginning of September. I do not want to be precise about the exact date. But of course, if I increased 76%, I am going to increase the remaining 24%.

As competition, very competitive market, but Vivo is standing out. Strong net adds, low churn, ability to sell more services, differentiating our value proposition. So, we are going to keep doing that. That's the way that we have decided to defend our positioning, offering more services to our customer base and trying to attract more customers because we have a better value proposition that adds the best infrastructure with the largest portfolio of services.

Regarding the control, the hybrid one, in some of the plans, we had some increase in the front. In the other ones, like the entry one, we are still considering, but again, we have the highest price if you consider what we offer at this price.

So, again, we believe that we have the right portfolio for the moment, but again, we are going to always be attentive if there is the opportunity to move up one single plan in our control.