Transcript

January to June - 2026

Vivo – 2nd Quarter 2026 Results

João Pedro Soares Carneiro – Investor Relations Director

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

Today, our CEO, Christian Gebara, will present Vivo's ongoing execution in connectivity and new businesses, as well as share our key ESG highlights for the quarter.

Then, Rodrigo Monari, our CFO, will give more color on cost evolution, cash generation, profitability, and shareholder distribution going forward.

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

Building on the positive performance from the beginning of the year, Vivo delivered another quarter of solid execution, combining healthy operational and financial trends. These numbers demonstrate the strength of our business model, the quality of our customer base, and the consistency of our strategy within a dynamic environment.

Customer engagement remains at the center of our growth story. In mobile, we kept adding customers, with postpaid accesses at 73.2 million, up 6.9% year-over-year. In fiber, homes connected reached 8.2 million, advancing 11.3% year-over-year, while our footprint expanded to 32 million homes passed. These accomplishments reflect our sustained commercial momentum, supported by the attractiveness of our value proposition and customers' recognition of the quality and differentiation we deliver.

Financially, total revenue increased above inflation once again, up 7.6% year-over-year. Mobile service revenues advanced 6.6%, while fixed revenues grew 6.0%, highlighting the improvement of fiber and the positive contribution of our B2B operations.

Profitability continues to outpace revenue growth. EBITDA advanced 10.9% year-over-year, with a margin of 41.8%. In the first half of the year, operating cash flow totaled R$8.2 billion, while net income rose 17.9% to R$2.8 billion. Free cash flow generation reached R$4.9 billion, underscoring the strength of our cash generation capabilities.

Our operational excellence and financial discipline support attractive shareholder returns. Year-to-date, we declared R$2.2 billion in interest on capital to be paid by April of 2027, or before, representing an evolution of 34.5% versus the same period last year, and remain fully committed to our shareholder remuneration guidance for this year.

Slide 4: Total Revenues

On slide 4, the benefits of our diversified ecosystem are becoming increasingly evident, supporting growth across connectivity, digital services, and the sale of handsets and electronics.

Total revenues increased 7.6% year-over-year in the quarter, reflecting balanced contributions across our top line. Mobile service revenues advanced 6.6%, while FTTH revenues delivered an even stronger performance, of 10.7%.

Another highlight was the handsets and electronics segment, that soared 27.8% year-over-year, marking its highest annual evolution in five years. This performance reflects the success of our commercial initiatives and the growing relevance of Vivo as a destination for consumer technology products.

As our ecosystem expands, the quality and predictability of revenues keep improving. Recurring revenues attained 84.8% of service revenues, extending a positive trend that has consistently strengthened over recent quarters. This evolution further reinforces the resilience of our business model and the sustainability of our trajectory.

Slide 5: Mobile Operation

Turning to slide 5, our mobile operation stands out through its ability to combine customer growth, monetization, and retention.

Total mobile base increased 2.6% year-over-year, as postpaid accesses rose 7.3%, reaching 52.4 million customers, while M2M and dongles grew 6.1%, reinforcing our leadership across multiple mobile segments.

Commercial activity remained solid, with postpaid net additions rising 14.1% year-over-year. This performance confirms Vivo's competitiveness and the attractiveness of our offers.

At the same time, we remain focused on successfully executing our "more-for-more" strategy. Mobile ARPU reached a new high of R$32.5, with postpaid churn at stable levels of only 1.0%. Notably, even after recent pricing adjustments, customer loyalty remained unchanged, reflecting our superior network and service excellence.

The evolution of 5G is an important part of this story. Today, nearly one-third of our mobile base excluding M2M and dongles, uses 5G every day. As usage continues to ramp up, we are further enhancing customer experience while creating new opportunities to deepen engagement and support future revenue expansion.

Overall, these results underscore the resilience and monetization potential of our mobile platform. The combination of postpaid expansion, record ARPU, resilient churn levels, and growing 5G adoption demonstrate how Vivo is creating a solid foundation for ongoing profitable growth.

Slide 6: Fiber Operation

On slide 6, we illustrate how scale, quality and convergence underpin Vivo's ability to raise the bar in the fiber market.

We closed the quarter with 8.2 million fiber accesses, an increase of 11.3% year-over-year. Once again, convergence was the key driver of this performance. Vivo Total reached 3.8 million customers, up 29.4% compared to last year and further increasing its relevance within our fiber base. This reinforces a trend we have seen for several quarters: customers increasingly demand integrated solutions that unite connectivity, convenience, and superior experience.

Beyond growth, our customer base profile remains a clear differentiator. Fiber churn declined to just 1.4%, reaching historically low levels and reflecting the depth of our customer relationships, as well as the trust in the services we deliver. This high level of loyalty supports the long-term sustainability of our fiber business and contributes to stronger lifetime value generation.

Commercial momentum also remained healthy throughout the period. FTTH net additions reached 213 thousand accesses, 6% higher than a year ago. At the same time, we have continued to expand our footprint with both speed and discipline. Homes passed reached 32 million, while take-up improved to 25.6%. This pattern of network expansion and rising penetration confirms that we are successfully converting infrastructure investments into profitable customer growth.

Slide 7: B2C Revenues

Moving to slide 7, we continue to see the benefits of our strategy to expand beyond connectivity and build a distinguished ecosystem capable of serving a broader range of customer needs.

This approach is translating into consistent growth and stronger monetization. On a last-twelve-month basis, B2C revenues reached R$46.6 billion, advancing 6.8% year-over-year. This performance reflects both the resilience of our connectivity business and the accelerating contribution of new business revenues, that expanded 33.6% versus last year.

The sustainability of this growth is reflected in customer monetization. B2C revenue per RGU reached R$68.5 per month, continuing the upward trend observed over the past several quarters. As customers adopt more products and services within the Vivo platform, we strengthen engagement and deepen the relationship with our more than 56 million clients.

New Business endures as one of the most dynamic components of our portfolio. Consumer electronics revenues increased 63.8%, health and wellness advanced 58.2%, video and music OTTs grew 25.7%, and financial services expanded 12.8%. Together, these businesses now represent 3.4% of total revenues.

Innovation also remains an important differentiator. During the quarter, we reinforced Vivo's position as a leading digital hub by introducing exclusive benefits related to Gemini AI and Google cloud storage for eligible customers. In addition, we expanded the attractiveness of our offers through partnerships such as YouTube Premium, providing customers with a richer digital experience and further increasing the relevance of our plans.

Through tailored offerings, digital innovation, and a growing portfolio of services, we strengthen customer lifetime value and create new avenues for future expansion.

Slide 8: B2B Revenues

Turning to slide 8, our B2B business continues to demonstrate the strength of Vivo's strategy to evolve from a connectivity provider into a trusted technology partner for enterprises across multiple industries.

B2B revenues reached R$13.9 billion on a last-twelve-month basis, up 9.2% year-over-year. Digital B2B remained the main growth vector, advancing 14.9%, while connectivity revenues rose 5.8%.

Looking at the portfolio, cloud services continued to lead performance with 20.9% growth. Digital solutions increased 20.2%, cybersecurity advanced 10%, and IoT and messaging grew 1% year-over-year.

What stands out is not only the performance itself, but also the breadth of our capabilities. Today, enterprises seek partners capable of delivering tailored, end-to-end solutions rather than isolated products. This trend continues to expand Vivo's opportunities across both private and public sectors.

A good example of this approach is our recent partnership with EcoRodovias to expand mobile coverage along 400 kilometers of highways in Goiás and Minas

Gerais, benefiting approximately 1.4 million people. Beyond enhancing connectivity, projects like this highlight Vivo's ability to develop customized initiatives that create value for customers and society.

Slide 9: ESG

On slide 9, we highlight the continued advancement of our ESG agenda through initiatives that generate measurable impact and recognition from leading institutions.

On the environmental front, we continue to expand programs that combine education, awareness, and circular economy principles. Through the third edition of Vivo Recicle, aligned with Vivo's Volunteer Day, we promoted environmental education and electronic waste collection across 33 schools, benefiting approximately 32 thousand students, teachers, and community members. As a result, the volume of materials collected increased 28% year-over-year, demonstrating growing engagement with responsible consumption and recycling practices.

We also achieved important milestones in waste management and environmental stewardship. Through our Certified Recycling Seal, 100% of our packaging is now recyclable across all Brazilian states, exceeding our original target by 66 percentage points. In parallel, the Floresta Futuro Vivo progressed with the planting of its first seedlings and the engagement of local communities, reinforcing our commitment to regeneration and biodiversity preservation.

From a governance perspective, Vivo was awarded the Pró-Ética Seal and achieved the maximum score in FTSE Russell's ESG assessment.

These achievements were complemented by several recognitions, including being named the best ESG company in the sector by EXAME for the third consecutive year and ranking first in LinkedIn Top Companies in São Paulo. We also surpassed our 2025 gender and racial diversity targets under the UN Global Compact Brazil's Ambition 2030 initiative.

With that, I would like to hand over to Rodrigo, who will walk you through our financial results. Thank you.

Rodrigo Monari - Chief Financial Officer

Thank you, Christian and good morning, everyone.

Slide 10: Costs

Turning to slide 10, our results continue to demonstrate the scalability of our business model, as disciplined cost management and an evolving business mix translated into double-digit EBITDA expansion and further margin improvement.

Total costs increased 5.3% year-over-year. This was mainly driven by higher costs of services and goods sold, rising 10.2% as a result of the performance in handset sales, digital solutions and new business revenues. These costs remain closely linked to commercial activity and ongoing diversification of our revenue mix.

At the same time, operating expenses remained under control, rising only 3.2%. Commercial and infrastructure rose 5.7% year-over-year, supported by business growth and ongoing investments in customer experience and network quality. Personnel expenses grew below inflation at 3.2% year-over-year, highlighting our efforts to drive productivity and efficiency across the organization.

Bad debt showed a behavior consistent with our disciplined credit practices and the resilient quality of our customer base, remaining flat year-over-year in nominal terms and reducing as a percentage of gross revenue.

We are also on track in our migration from concession to authorization plan, generating R$202 million in proceeds from copper sales in the quarter. Going forward, we expect to further advance in the value captured through these initiatives.

As a result, EBITDA grew double-digit for the first time in 11 quarters, at 10.9% year-over-year and margins expanded by 1.3 percentage points to 41.8%. This illustrates our ability to capture growth while preserving cost discipline and operational productivity.

Slide 11: Capex & Operating Cash Flow

On slide 11, we stay focused on investing for future growth while sustaining efficiency and financial discipline.

As we capture opportunities across mobile, fiber, and digital services, we are steadily enhancing the infrastructure and capabilities that underpin our long-term competitiveness. Capex totaled R$2.6 billion in the quarter, equivalent to 16.4% of revenues, slightly below the previous year.

These investments were mainly focused on supporting growth in fiber and the expansion of 5G coverage, now present in 978 cities. This represents an increase of 325 cities compared to the same period last year, reaching more than 73% of the Brazilian population.

As a result of our investment strategy, we are enhancing our returns and cash generation profile. In the first half of 2026, operating cash flow before leases reached R$8.2 billion, growing 11.3% year-over-year and exceeding the pace of Capex expansion. This reflects our ability to combine network expansion with operational excellence, translating top-line growth and higher profitability into stronger cash flow.

Slide 12: Net Income, Indebtedness and Free Cash Flow

Moving to the next slide, we present the progress in profitability, cash flow, and balance sheet management.

Net income for the first half of the year was R$2.8 billion, up 17.9%, delivering the strongest first-half YoY evolution in three years. This result reflects the consistent execution discussed throughout the presentation, supported by revenue growth above inflation, margin expansion, and a greater contribution from more valuable revenue streams across our portfolio.

Free cash flow has followed a positive trajectory since 3Q25, reflecting our consistent ability to convert operating performance into cash. While quarterly results can be affected by temporary effects that distort year-over-year comparability, the underlying trend remains sound. This is evidenced by the R$4.9 billion of free cash flow generated in the first half of 2026, reinforcing the robustness of our cash generation profile and the strength of our balance sheet. As in prior years, cash generation remains subject to some quarterly phasing effects, with the overall growth trend remaining unchanged.

Net debt-to-EBITDA was stable at just 0.4x, while our net cash position remained at robust levels, providing significant financial flexibility and supporting future opportunities.

By combining organic growth, ongoing business transformation, strong cash generation, and prudent financial management, we are creating a firm foundation for long-term value while maintaining one of the strongest balance sheets in the sector.

Slide 13: Shareholder Remuneration

On slide 13, shareholder remuneration remains one of the main pillars of our capital allocation framework.

We have already disbursed R$7 billion to shareholders as part of our remuneration guidance for 2026, an increase of nearly 32% compared to the same period of 2025. Additionally, we still have a share buyback program of up to R$1 billion in place until February 2027.

Reinforcing this track record, the total amount declared since the beginning of the year stands at R$2.2 billion, to be paid by early 2027. This represents a growth of 34.5% compared to the previous year.

Looking ahead, we remain committed to distributing at least 100% of our 2026 net income, reflecting our confidence in the business fundamentals, strong cash flow profile, and continued focus on value creation for shareholders.

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

Vivo – 2Q26 Q&A

Luiz Chagas, XP:

Congrats on the results and thank you for the opportunity of making questions. I have two questions here. The first one, what is your perspective on the current competitive landscape on mobile? In which segment has competition been the most intense?

And the second one is about prepaid. In this quarter, prepaid posted positive sequential net adds. How does that reflect a change in your commercial approach versus a change in competition? Should we treat this as a structural inflection or a quarter-specific effect?

Christian Gebara:

Luis, thank you for your comments and your question. The competitive environment, I think, remains similar to the previous quarter. It's balanced, but in some markets and some segments, a little bit more aggressive.

Vivo's strategy stands on upselling data, digital services and totalization of customers as I have been saying, with a very disciplined monetization. And the results of this quarter, once again, proved that we have been successful, especially in the postpaid segment, because we have been upselling first from prepaid to hybrid, but also hybrid to postpaid. And overall, we have positive portability and churn remained very controlled, at the same level of 1% in the 2Q26.

And the pricing strategy, we have been adjusting front book prices for pure postpaid and for hybrid. We did that in March, as you know, and also, we did back book pricing for our customer base in April, for more than 75% of the hybrid and almost 80% of the pure postpaid.

So, we have been keeping our strategy with great results, and net adds have been positive, as I said, and the postpaid growth at 7.9%, although the competition is there, and we are very attentive, specifically in some markets where we have more players competing, and also in some segments.

Regarding prepaid, you asked me the most competitive one, and I believe prepaid remains very competitive. Actually, I think it could be more rational, capitalizing the fact that connectivity services are essential, and they are quite cheap, the prices that we have in prepaid, compared to most countries. We have also initiatives like zero ratio strategy for WhatsApp and et cetera, that makes it may be more difficult in the future to migrate to hybrid, since most of the offers have like R$30 per month as prepaid.

So, we have been able to capture customers, as you could see the net adds, they are positive. That's good to keep prepaid growing. We have a slightly negative evolution, but better than other quarters. And as you know, prepaid revenues represent just 30% of the total mobile service revenues for Vivo. But we need to be capturing prepaid customers to be able to, in the future, migrate them to the hybrid.

So, I think that's more or less what you wanted. I do not think it’s a big change in the strategy, having that net adds, I think it’s part of our commercial activity. But again, I think the price difference is still very high between prepaid and the entry point of hybrid.

Marcelo Santos, JPMorgan:

Thank you for allowing me to make questions. The first question is, I want to double click on the mobile competition and mobile plans. We saw the emergence of Lite plans like Vivo Lite in the range of R$30, R$35 per month, and competitors are also doing something similar. What is the risk of cannibalization of the higher-priced hybrid plans? I just wanted to get your comments on this new development. It looks like a new category of plans is emerging with a lower price than what we were seeing before. So, I just wanted to hear you, the pros and the cons. I want to see how you see the benefits of this plan.

And the second question, maybe more to Rodrigo, what are the main initiatives you have ongoing to secure savings on the lease line? I know you have a lot of things going on, so I just wanted you to provide an update on how that's going. Thank you very much.

Christian Gebara:

Marcelo, thank you for your question. The Lite plans, they are very segmented. These plans represent a simpler customer proposition than traditional postpaid offerings. We provide streamlined onboarding journeys with very light characteristics, similar to the digital subscription services.

And what they allow us to address customer segments that may not qualify for traditional hybrid plans. Because first, they have, as I said, less onboarding friction and lower bad debt exposure, because they are on credit cards. So, what we are targeting here is prepaid customers that we would not migrate to hybrid because of credit scoring, for instance, and we could do that through the credit card payment.

As you said, we have R$30 per month, but that's for annual subscription. So, we guarantee 12 months with no bad debt risk. Or we have the monthly one that is R$45 per month, that's comparable to some below the line hybrid offers that we see on the market. Again, we do not get the risk of bad debt, and when it's cheaper, we guarantee the annual contribution of the customer.

That's compared to what we have today in the market, prepaid, as I said before. That average offer among players is R$30 per month. R$15 for 15 days or R$30 for 30 days. So again, we believe we are pursuing a more-for-more strategy, again, because we guarantee recurrency from our prepaid customers that we do not have guaranteed. And also, we reduce or eliminate any bad debt exposure or risk.

Rodrigo Monari:

First, on leasing, it's important to remember there is a lot of phasing in leasing payments. But if you look at it on a 12-month basis, our leases are increasing only 1.8% year-over-year, which means we are on track in our goal to keep leasing payments growing below mobile services revenue.

We try to share the initiatives in some pillars here. One of them is to negotiate the contract with TowerCos. The other one is to find some efficiencies in terms of usage and technology regarding TowerCos. And the third one is more structural. We are trying to find some kind of new company that could be useful for us to increase the tenant ratio for each tower used. As you know, in Brazil, we have an average of 1.4 tenant per tower. In the US, it's more than 2, so we see some room to increase this rate. And that's the overall point of our initiative.

Gustavo Miele, Goldman Sachs:

Good morning. Thanks for the opportunity. I would like to ask two questions. The first one would be regarding profitability. We see that this is the third quarter in a row that device sales appear to be a positive highlight for the Company, but one question that we usually receive from investors is the impact that this could have on Company's margins. So, my question would be whether this makes sense, if this should be diluted for margins going forward, and if there's any lever that we should think about for the remainder of the year that could offset this impact of mix on margins until the end of 2026. This would be my first question.

The second one is more straightforward. We note that there is apparently a non-recurring event on the financial results, which is a financial revenue of R$56 million related to a tax amnesty program. I just want to make sure whether this is purely non-recurring or maybe if we should think about this repeating in the results of the 2H26. Thank you very much.

Christian Gebara:

Yes, it's non-recurring. So, as it was stated, there's a non-recurring effect.

Going to EBITDA, I think it's important to see the evolution of our EBITDA. We have been growing EBITDA in 10.9%. Even when we exclude any other effect that you may consider here, copper sales or whatever, the evolution is very strong. I think the strategy of selling devices and electronics in general is a very successful strategy. Apart from the numbers that it brings to revenues or EBITDA, it also allows us to bring more customers to our stores.

We have 1,700 stores; that’s our way of attracting people. And once they are there, apart from buying these products, we are also able to sell services. And when we talk about electronics, it's important to realize that it's not only smartphone anymore. We are also selling accessories and other products that have much better margin than smartphones. So, when I sell a smartphone attached to the case, to the charger and whatever, I have different margins when I compare the smartphone one and the other ones.

So, EBITDA has a very strong evolution, margins have a strong evolution. But more important than that, what I think we showed here is that the EBITDA minus CAPEX evolution, as an absolute number, has a very strong positive evolution, and margins over revenues also presenting strong evolution.

So that comes as part of our strategy to have more smartphones and electronics, again, driving customers to stores online and offline, and also contributing to the sale of more services and more electronics with better margin than smartphones.

Rogério Araújo, Bank of America:

Good morning. Thanks for the opportunity. Two questions on our side, one is a follow-up on the mobile market. We heard on a competitor's call that Vivo was aggressive on discounts in the 2Q. Could you please clarify what may have driven that perception? And also, what should we expect going forward in terms of discounting?

My second question is on churn ratio. Could you walk through the main drivers for lower churn versus competition? Is it purely the postpaid mix and conversions, or are there other factors? And how do you see this lower churn translating to tangible benefits going forward? Thank you.

Christian Gebara:

I think the tangible benefits are the strong evolution of our revenues along many consecutive quarters. I think that's the best answer and why we believe that our churn represents the preference that customers have for Vivo and the loyalty they have for Vivo.

I think here, Rogério, it's a combination of factors. I really do not know to whom I am answering and what the comment was, but I do not think we have more aggressive offers on the market. What we do have is the ability to offer the best convergent offer in the market. In a single plan that is Vivo Total, we can offer all the services, and that is driving preference and also driving loyalty.

If you look at the evolution that we have in Vivo Total, one year ago we had 30% less customers. So now we have 3.8 out of the 8.2. Additionally, with the Vivo Total, we have convergent different plans, that is another 1.5%.

So Vivo has been able to drive convergence in a way that at the moment is nonreplicable. That is driving the general evolution of revenues both in mobile and in fixed, it’s also driving down the churn level in both mobile and in fixed and also giving us room to sell more digital services as well.

If you consider what is representing digital services in B2C, B2B added together, it’s more than 12%. If I add to that to the previous question about smartphone and electronics, it’s another 7%. So, 19% of our revenues are coming from services or products that are not 100% telecom.

That is what is driving the preference for Vivo, the ability to do in one single shop. You want a one-stop shopping strategy, you can have everything from technology addressed by a company that is also recognized by superior customer experience, both with the best network in mobile and fixed, but also for the best customer service. So, I think that's the answer. That's what's going to keep us going and growing in the future quarters.

Leonardo Olmos, UBS:

Good morning. Christian, you gave an interview discussing the probable acceleration of asset sales in the 2H. There are also some headwinds, negative effects on net income this quarter. So, my question is, should we expect an acceleration in net income in the 2H26, and as a consequence, an acceleration of dividends? Thank you.

Christian Gebara:

I am not giving additional guidance, but I am going to explain to your question what copper and real estate is, and why I am positive about the increase in the number that we see there. And also, I think only before I start that, in the past we said that depreciation would be higher these two quarters because of the legacy technology that we are depreciating. So, we are ending up the depreciating process right now. It gives also a positive upside to the 3Q and the 4Q regarding net income.

For copper and real estate, if you see, we said that we would sell R$3 billion in copper. Up to now, 2025 and 2026, we reached more or less R$443 million. So, it's still missing R$2.5 billion.

If I look to real estate, we already sold R$206 million. So, if you continue with the R$1.5 billion, it's still missing a lot for the total number. So, the two together is more or less R$650 million total sale, and we said that would be R$4.5 billion. So, it's still missing R$3.850 billion to reach our number.

So, going forward, and if you look at the trend of the copper, it was R$86 million the 1Q. It's already R$201.5 million in the 2Q, and the trend is to go up in the 3Q and the 4Q. In real estate, we did not sell anything this quarter and in the previous one, but we organized ourselves to start selling more in the next quarters. I think that was part of the thing that was in the interview.

We selected 47 properties that are valued at around 600 million. We put them in for sale. Now, we have to wait to see. We started to have some offers, but we want to sell that in the better price, at the best price for the Company. That's what I said that I see the opportunity of starting selling some of them in the 3Q and the 4Q.

And of course, if that comes along, it has a direct impact on the net income for the quarters.

Phani Kanumuri, HSBC:

Good morning, everyone. My first question is an extension to the previous question asked by other analysts. You have these Lite plans that you have introduced. Have you till date seen any cannibalization of your own controlled base that has shifted downwards towards the Lite plans?

And the second question is regarding the prepaid churn. This quarter, it seemed that you had a very low prepaid churn compared to others. So, I wanted to understand if there is some factor there. Thank you.

Christian Gebara:

As I said, Phani, it's not cannibalizing hybrid. It's a different value proposition. It's targeted at a different type of customer. It is more addressed to prepaid customers that cannot have the hybrid plan in this standard way due to different reasons. Maybe credit scoring, that we see, is one of the most attractive ones.

The credit card penetration in Brazil has gone up in the last years. So, there are customers with the ability to get a credit score for a bank that maybe do not get from us. So, they now have an opportunity to have an annual plan or a monthly plan where we do not have the bad debt risk, and we can offer a very attractive offer. The hybrid will be differentiated by other characteristics, specifically the one that I can build the customer, and the customer does not need to use his or her credit in the credit card.

Prepaid churn is not something that we follow very closely because the prepaid is driven by other metrics. More importantly, it is to attract and to keep a very healthy customer base with high recurrency. That's what we aim at in the prepaid, and that's basically the way we measure this segment.

Phani Kanumuri, HSBC:

Okay. And did you see any change in the recurrence from the customer in the prepaid segment?

Christian Gebara:

It's going very well. As I said, the evolution of the revenues is slightly negative, but it's better than previous quarter. So, I think we have been working closely to increase this recurrency. And once it becomes very recurrent, there's always a very attractive way for us to migrate these customers to hybrid.

And now we have also a second option to migrate these customers to Lite, where I can get a guaranteed annual fee if he prefers the offer that is annual. More or less the same logic that customers are used to having when they subscribe digital plans.

Maria Clara Infantozzi, Itaú:

Thanks for the opportunity. I have two questions from my side, the first one on fiber and the second one on tactics. So, first on fiber, how should we think about the next phase of growth for the BU? Should we expect acceleration of organic growth ahead, or could M&A be an important piece of growth in the next years? If you could provide an update about the competitive environment in fiber, it would be really helpful.

And the second question, when it comes to CAPEX, came slightly above our expectations. So, I was wondering if this is somehow related to accelerating investment in fiber. Could you please elaborate on that, please? Thank you.

Christian Gebara:

Maria Clara, thank you for the question. Yes, we have been growing fiber in a very healthy way, as you said. I think we are increasing the number of homes passed and we are also increasing the number of net adds. I think that's the strongest, by far, evolution of the fiber business in the Brazilian market.

We have been doing that organically. Actually, we also bought the other partners that we had in FiBrasil, and now we control almost 100% of all the infrastructure that we have today to provide fiber.

We are growing, on average, between 2-2.5 million homes passed per year, and we grew in net adds almost 900 thousand customers last year. All the strategy is also driven by convergence. So, we are also deploying network where we have our customers, especially postpaid, to be able to address it with Vivo Total.

Going forward, we see a market that is much larger than the footprint that we have today. We could do that, continue to grow it organically, or access M&A opportunities where we could find someone with no overlay, or with a limited overlay with our network, with the technical conditions of the network and the CP, the ones that we expect to have, because we have a high-quality network and high-quality equipment in customers premise, and the right pricing.

So, we are very attentive to see if we find the right target. If we don't, we will continue to build it ourselves. So, I do not have much more to share, only that our strategy has been very successful, because net adds and the churn level also, I think, are the great reflect of the preference that customers have for the service that we provide.

So, we continue that because we see fiber as a value creation opportunity because of our unique assets. The brand, the channels, the customer service, the digital ecosystem, and our ability today to offer the best plan of convergence in the market, in a single plan.

Regarding CAPEX, there is also the seasonality of the CAPEX. The intensity of this quarter does not reflect what we envisioned for the year. As we said last year, we have been working for CAPEX optimization in the ratio CAPEX over revenues.

So, we continue with this positive trend because CAPEX has seasonality, and also because we see revenues growing in a very positive way in all lines. And some lines are also not driven by CAPEX. So that gives us a lot of room to continue with the trend of gradual improvement in CAPEX intensity on an annual basis.

Daniel Federle, Bradesco BBI:

Good morning. Congratulations on delivering a very solid mobile service revenue growth amid intensifying competition. My first question that I would like to hear from you is if it's possible for Vivo to remain immune while competitors are delivering much lower growth. The industry seems to be suffering. So, if it's possible for Vivo to remain a part of these industry trends.

And the second question, one of the main concerns from investors has been that the control price, the front book price has not been increased so far. It seems that someone needs to make the first move. Given that Vivo is outperforming competitors. Do you see room for Vivo to be this first mover, increasing front book prices in the control plan? Thank you.

Christian Gebara:

Thank you for the question. We have been always analyzing opportunities because there's inflation, so we need to have it considered. Going to your first question, I think our ability to grow is the ability also to raise price when it's needed, because we have inflation and we need to address it. Our costs are addressed by inflation, so we need also our revenues to be addressed by inflation. I think we have been very brave to do it. And as I said, we did that in front and in our customer base.

I think also our ability to continue to grow revenues is driven by convergence. Convergence not only fixed and mobile, but also convergence of all services to the same customer. We have been very obsessed about selling more digital service, selling more insurance, selling more other products, as I said, electronic products to our customers, and I think that is paying off to be the right strategy to keep revenues growing, even when we are the leader or even when we have the largest amount of revenues. I think that's the answer to your first question.

The second question, as I said before, I think there are maybe some segments that are not being addressed by inflation as they should. Prepaid for me is the key one. If prepaid is not addressed with a price correction driven by inflation, it's difficult to migrate to an entry plan that is much higher than the prepaid average monthly fee.

But we are analyzing the market as a whole, and we will be bringing news as we brought the one now that you just have found out, the Lite. That is also a great way to get recurrency, guarantee low bad debt, and also, we are going to come up with different ways also to address this in the prepaid and the entry level of the of the hybrid plan.

Daniel Federle, Bradesco BBI:

Okay. Just to confirm, the prepaid prices, they need to increase before increasing...

Christian Gebara:

I am not just saying that I am saying that I am analyzing all segments, and I am also analyzing the prepaid as well. Not saying that one has to be before the other one. I said that it's part of the strategy, because they are very connected.