

RESULTS 3Q21

Telefônica Brasil S.A.
Investor Relations

October 28th, 2021



VIVT
B3 LISTED

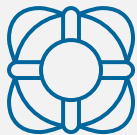
VIV
LISTED
NYSE

ISEB3 ICO2B3

DISCLAIMER



This presentation may contain forward-looking statements concerning prospects and objectives regarding growth of the subscriber base, a breakdown of the various services to be offered and their respective results



Our actual results may differ materially from those contained in such forward-looking statements, due to a variety of factors, including Brazilian political and economic factors, the development of competitive technologies, access to the capital required to achieve those results, and the emergence of strong competition in the markets in which we operate



The exclusive purpose of such statements is to indicate how we intend to expand our business and they should therefore not be regarded as guarantees of future performance



FIXED REVENUE BACK TO GROWTH AND HIGHEST EXPANSION OF MOBILE SERVICE REVENUE IN 6 YEARS, WITH NET PROFIT UP +8.5% AND ACCELERATED BUYBACKS

97 million total accesses

48mn

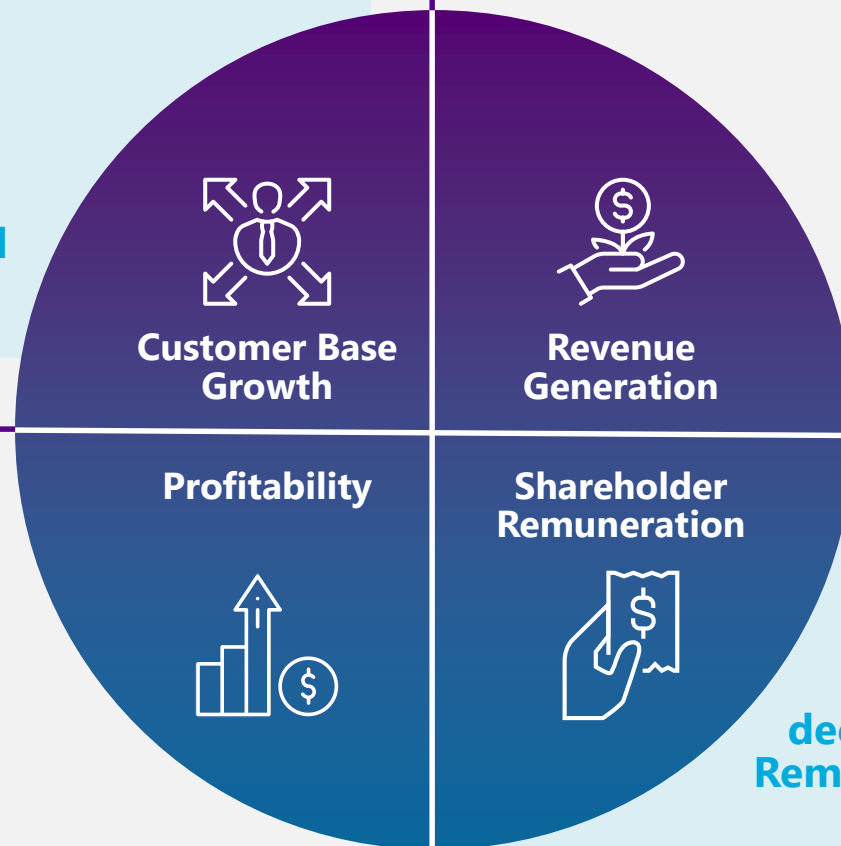
**Mobile Postpaid
Accesses**

Leading to largest
mobile base since 2015

4.4mn

**Fiber
Homes Connected**

+39.2% YoY,
with 310k net adds in Q3



+0.4%

**Total Fixed
Revenue Growth**

Core Fixed¹ Revenues
+14.8% YoY,
Fiber +37.2% YoY

+5.7%

**Mobile Service
Revenue Growth**

Highest YoY% in 6 years

R\$
4.4bn

**Recurring
EBITDA² 3Q21**

+2.1% YoY

EBITDA Margin:
40.0%

R\$
1.3bn

**Net Profit
3Q21**

+8.5% YoY

R\$
1.9bn

**declared Shareholder
Remuneration in 9M21**

Dividend yield of 7.4%³

R\$
0.4bn

**in Share
Buybacks 9M21**

11.7mn shares in Treasury,
0.69% of Total Equity



CORE REVENUES REPRESENTING ALMOST 90% OF VIVO'S TOTAL BUSINESS, WITH STRONG SERVICE CORE PERFORMANCE IN 3Q21

Core Businesses



Mobile



Handsets



FTTx



IPTV



Digital Services



Data and ICT

Non-Core Businesses



Fixed Voice



ADSL

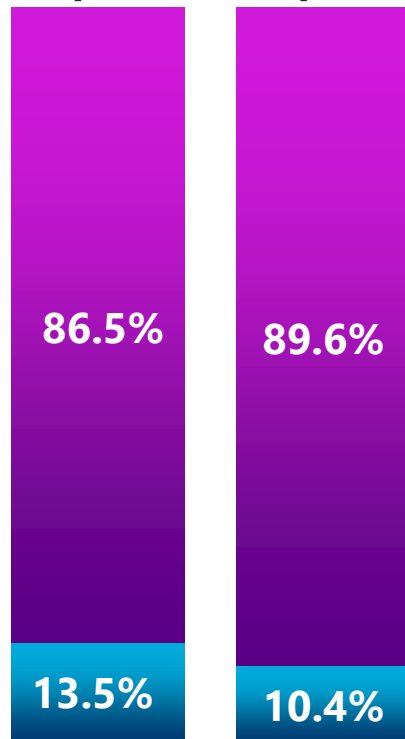


DTH

Total Revenues¹

R\$ million, %

10,792 11,033 +2.2%

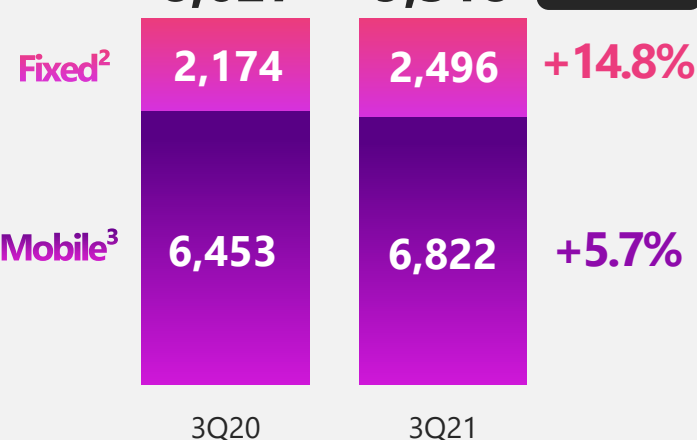


Ex-Handset:
+8.0%

Service Core Revenues

R\$ million

8,627 9,318 +8.0%



Service Core Revenues Growth YoY



Core Businesses Non-Core Businesses

4
1 – Mobile Revenues: +3.2% YoY, Fixed Revenues: +0.4%
2 – Includes FTTH, FTTC, IPTV, Data & ICT, Wholesale Revenues and others
3 – Mobile Revenues excludes Handset Sales

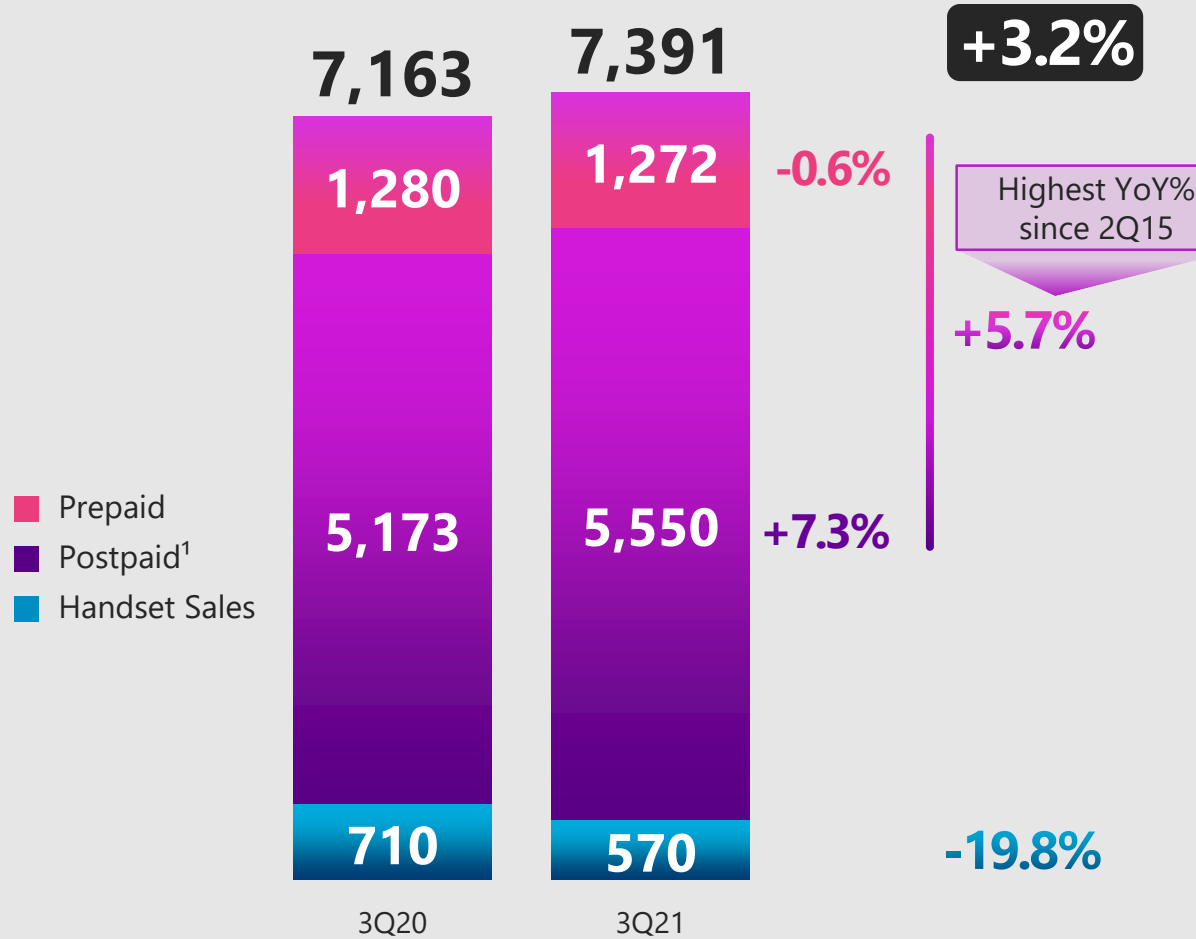


Mobile

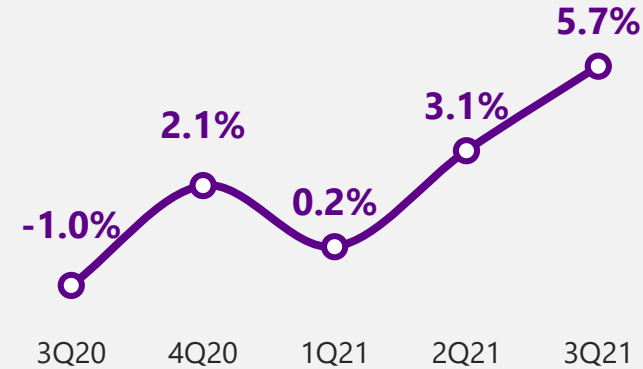
POSTPAID CONTINUES TO GAIN MOMENTUM AS CONNECTIVITY AND DIGITAL SERVICES EXPAND IN RELEVANCE

Mobile Revenues

R\$ million

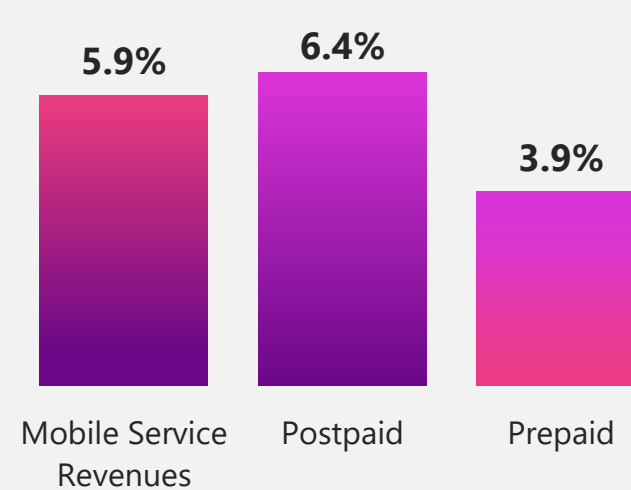


Mobile Service Revenue growth YoY



Solid fundamentals leading to another quarter of robust mobile service revenue

Mobile QoQ evolution



VIVO CONTROLE

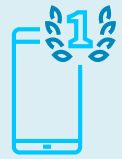
Strong postpaid growth QoQ supported by positive trends and hybrid price increases in July

VIVO PRÉ

Positive evolution of prepaid as customer base and recurrence grow

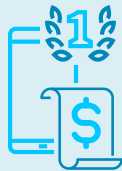
QUALITY OF NETWORK AND CX UNDERPIN VIVO'S MARKET LEADERSHIP AND CUSTOMER BASE EXPANSION, ENHANCING LIFETIME VALUE

Mobile Market Share¹



Mobile
market leader

33.0%



Postpaid
market leader

36.8%



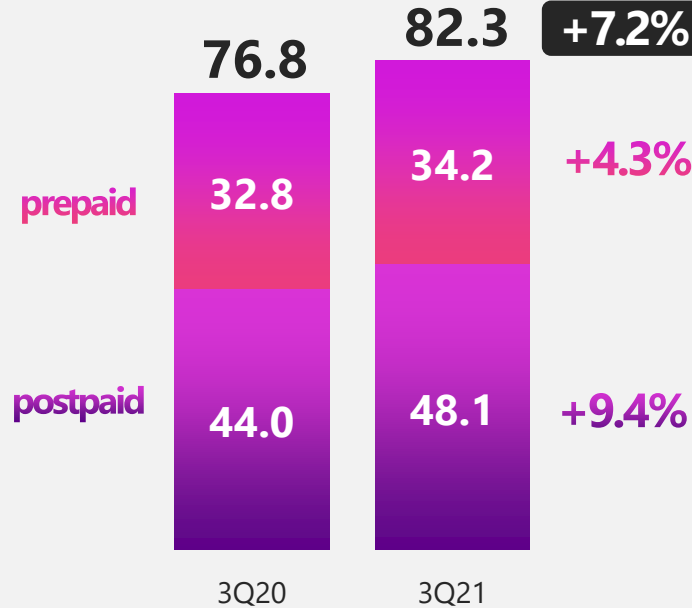
Prepaid
market leader

28.8%

Vivo reaffirms its leadership across all segments of the mobile market quarter after quarter...

Mobile Customer Base

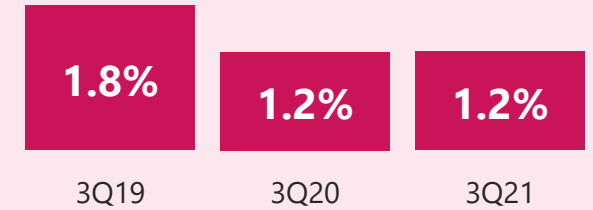
million



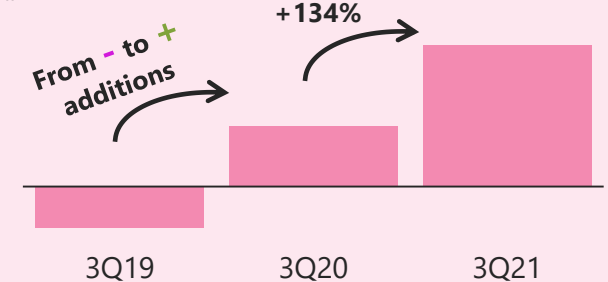
... while consistently adding **pre and postpaid customers**, leading to the highest access base since 2015...

Lifetime Value

Postpaid churn, ex-M2M²
%



Postpaid portability net adds
#

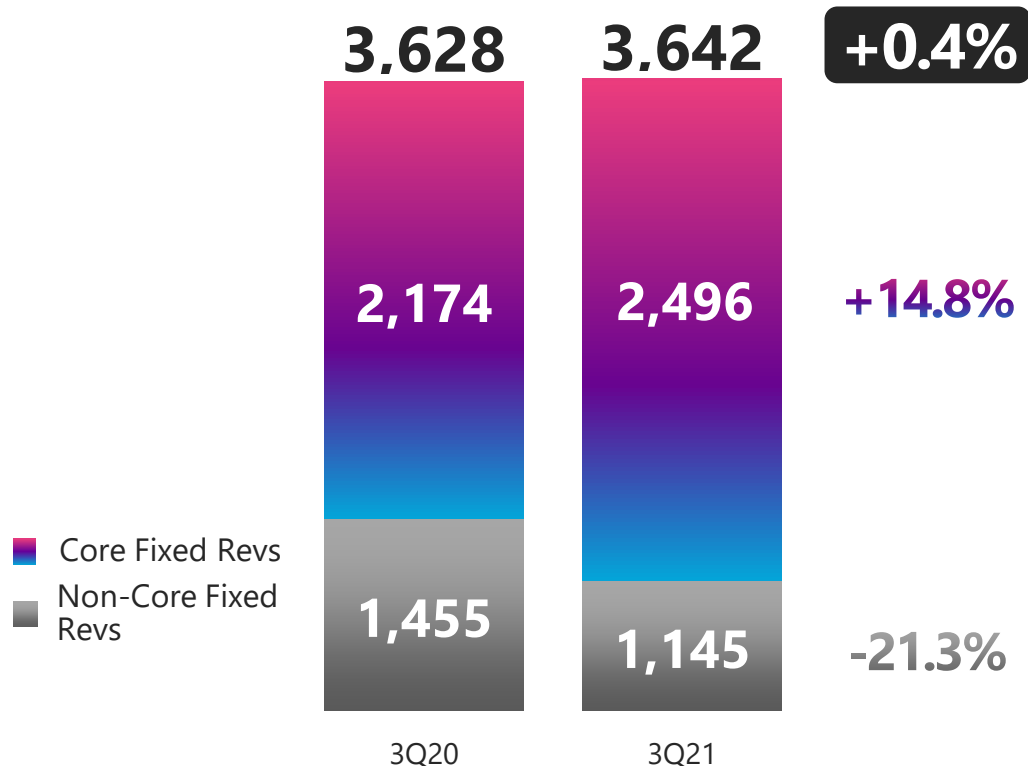


... combined with positive portability and historically low churn, **resulting in increased Lifetime Value**

RETURN TO GROWTH OF TOTAL FIXED REVENUES, AS FIBER BUSINESSES THRIVE AND CORPORATE DATA & ICT MAINTAINS THE POSITIVE MOMENTUM

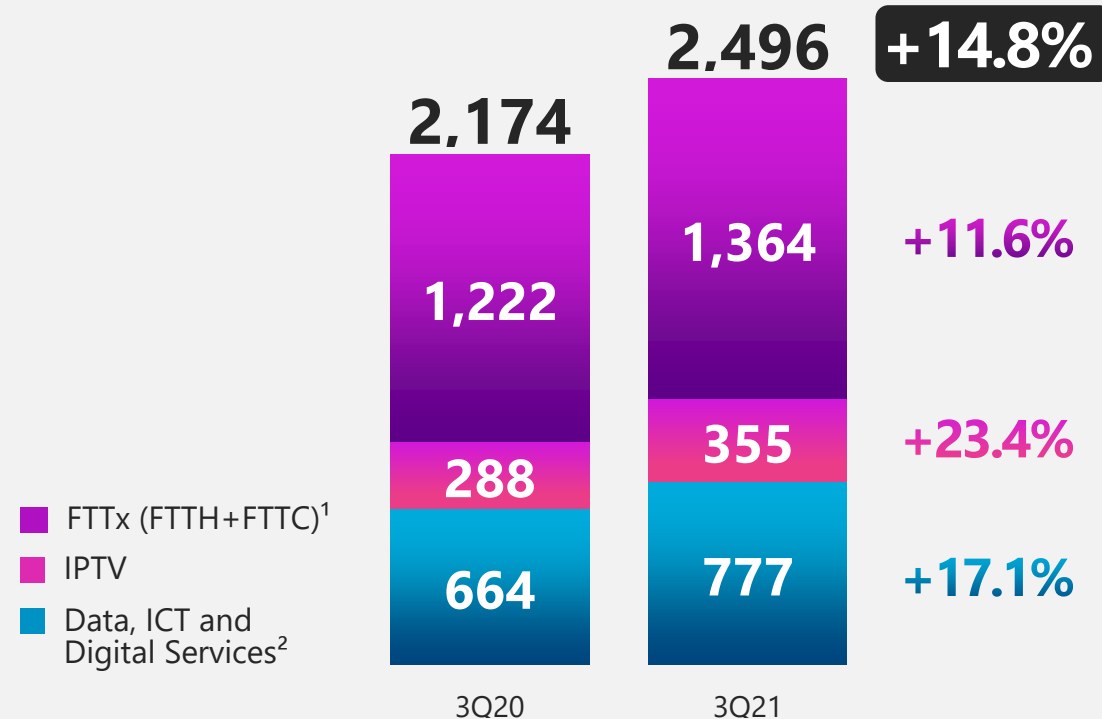
Total Fixed Revenues

R\$ million



Core Fixed Revenues

R\$ million



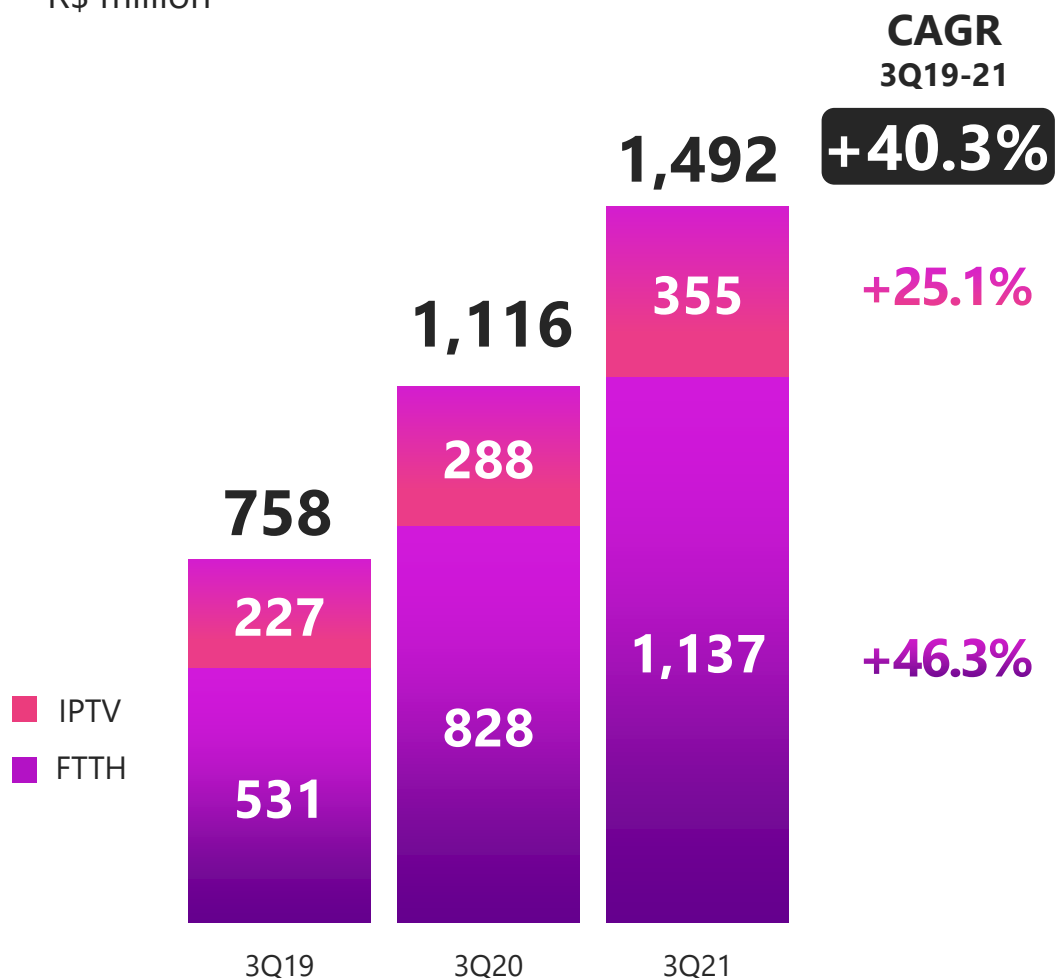
Total Fixed Revenues back to growth after 4 years...

... as Core Fixed Businesses continue at full speed, led by everything-fiber and Corporate Data, ICT and Digital Services

FIBER REVENUES REACH R\$1.5 BILLION WITH IMPRESSIVE COMPOUNDED GROWTH, DRIVEN BY ACCELERATION OF MONTHLY NET ADDITIONS

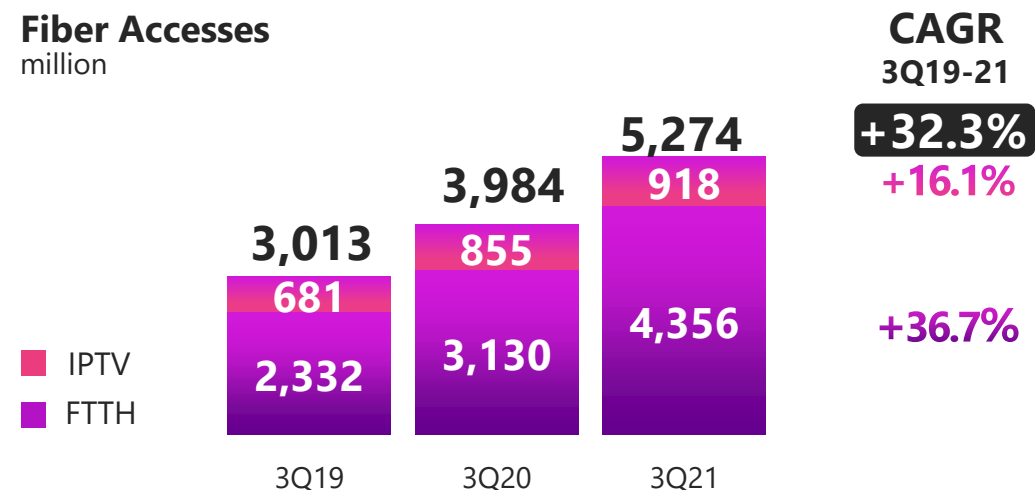
Fiber Revenues

R\$ million

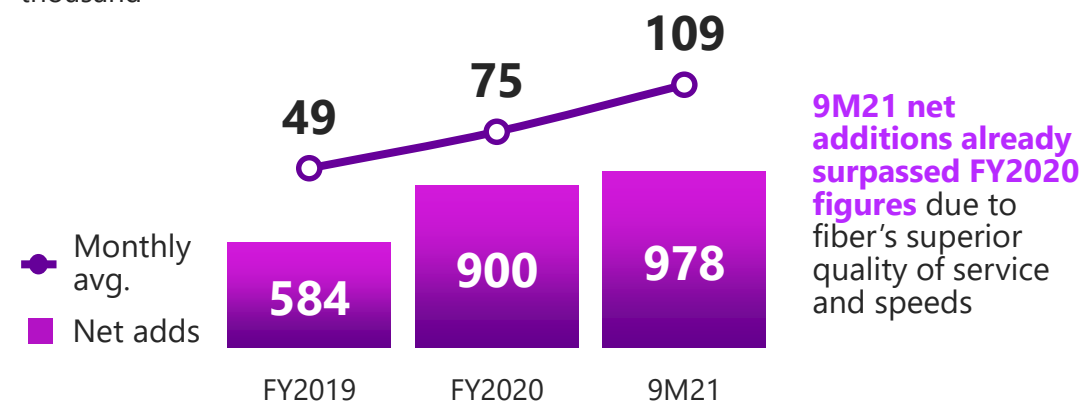


Fiber Customer Base

Fiber Accesses
million



FTTH Net Additions
thousand



VIVO HAS BRAZIL'S LARGEST FIBER-TO-THE-HOME FOOTPRINT AND WILL CONTINUE DEPLOYING AT AN ACCELERATED PACE, **REACHING 29 MILLION HOMES PASSED BY 2024**



New Homes Passed Target

million

+11mn

18

3Q21

29

FY2024



Vivo doubles down on its fiber ambition, **upping the target to 29 million HPs in FY2024**



Cost per Home Passed

R\$

≈400

≈300

≈160

3Q19

3Q20

3Q21

-60%

Cost of HP significantly reduced due to efficiencies and in-depth expertise



Homes Passed

million

+4.3mn

10.2

3Q19

+3.8mn

14.5

3Q20

309 cities
+65 YoY

18.3

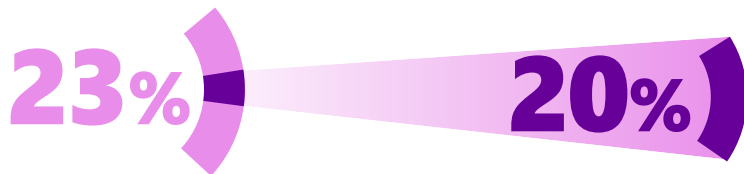
3Q21

VIVO IS CAPTURING DOUBLE-DIGIT GROWTH OPPORTUNITIES IN B2B BY DELIVERING AN ECOSYSTEM OF IT AND DIGITAL SOLUTIONS THAT INCREASE ENGAGEMENT



B2B Revenues¹ over
Total Revenues (LTM)

B2B Digital Services²
over B2B Revenues (LTM)



B2B Digital Revenues Last 12 Months (LTM)

R\$ billion

+35% → ≈1.9

≈1.4

- Cybersecurity
- Cloud
- IoT + Messaging
- IT Solutions + Equipments



LTM Sep-20



LTM Sep-21

B2B Digital Ecosystem

Vivo is a one-stop shop for companies that are digitalizing their business, offering services beyond connectivity



JOINT-VENTURE BETWEEN VIVO AND ANIMA EDUCAÇÃO TO CREATE A BUSINESS PLATFORM FOCUSED ON LIFELONG LEARNING AND EMPLOYABILITY

Education initiative

Signing of an MoU¹ aiming to create a **50/50 Joint-Venture** that will offer digital courses, focused on **lifelong learning** and **employability**

vivo 

Client acquisition
Go-to-Market
Billing and Collection

Leveraging on
Vivo's **key assets**

+

ănima
EDUCAÇÃO

Educational Content
Academic Operations
Online Learning Platform



Continued learning nano-courses in areas such as data science, programming, IT, among others



Designed for **teenagers and adults** seeking a career transition or formal employment



Personalized learning, as students can choose subjects according to their personal interests and job aspirations

ănima
EDUCAÇÃO

- Brazil's **largest high-quality education ecosystem**
- Focused on **Higher Education** and **Lifelong Learning**
- **Net Revenues (LTM)²**: R\$3.1 billion
- **Student base (2Q21)**: 320 thousand
- B3: **ANIM3 (R\$3.6 billion Market Cap³)**

VIVO CONTINUES TO INVEST AND EVOLVE IN ESG THROUGH INITIATIVES RELATED TO DISTRIBUTED ENERGY, DIVERSITY AND INNOVATION PROGRAMS

100%
Renewable Energy

Green energy
New target of 83 renewable energy plants by FY2022

Expansion of the Distributed Generation Program, which already has **19 plants in operation**, and inauguration of the **first biogas plant in the NE region in Caruaru (PE)**, with the capacity to generate **>18 thousand MWh/year**



Diversity
50% of our Internship Program positions will be filled by **black students**

Creation of a considerably more diverse leadership: **30% of women** by the end of 2021 and **30% of black people** in 2024



Innovation
Supporting disruptive startups "**Olivia**", "**Gabriel**", "**Alicerce**" and "**GamerSafer**" to scale their businesses

Partnership with Wayra in **fintech, edtech, security and cybersecurity** startups, with **significant cross-sell potential**

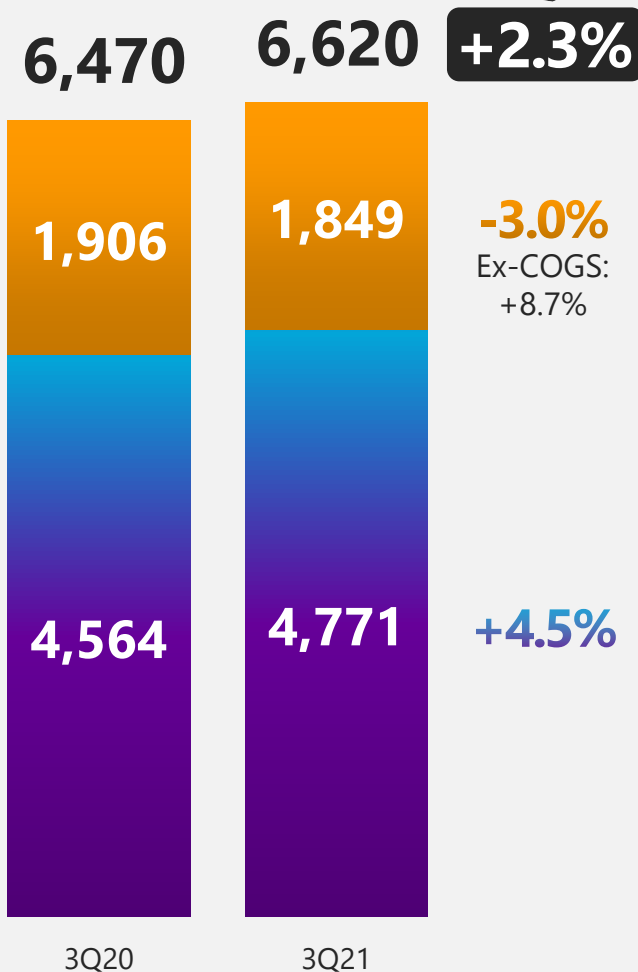


THE ACCELERATION OF VIVO'S CORE BUSINESSES IS TRANSFORMING THE COST BASE, THAT REMAINS UNDER CONTROL AND BELOW INFLATION

Total Costs¹

R\$ million

vs. Inflation LTM²:
+10.25%



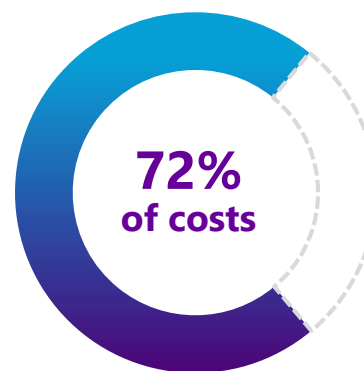
■ Cost of Services and Goods Sold
■ Cost of Operations¹

Cost of Services and Goods Sold



- **Increase on Cost of Services** (+8.7% YoY) given higher volumes of licenses and digital content sales
- **Contraction of Cost of Goods Sold** (-18.3% YoY) due to lower Handset Sales

Cost of Operations¹



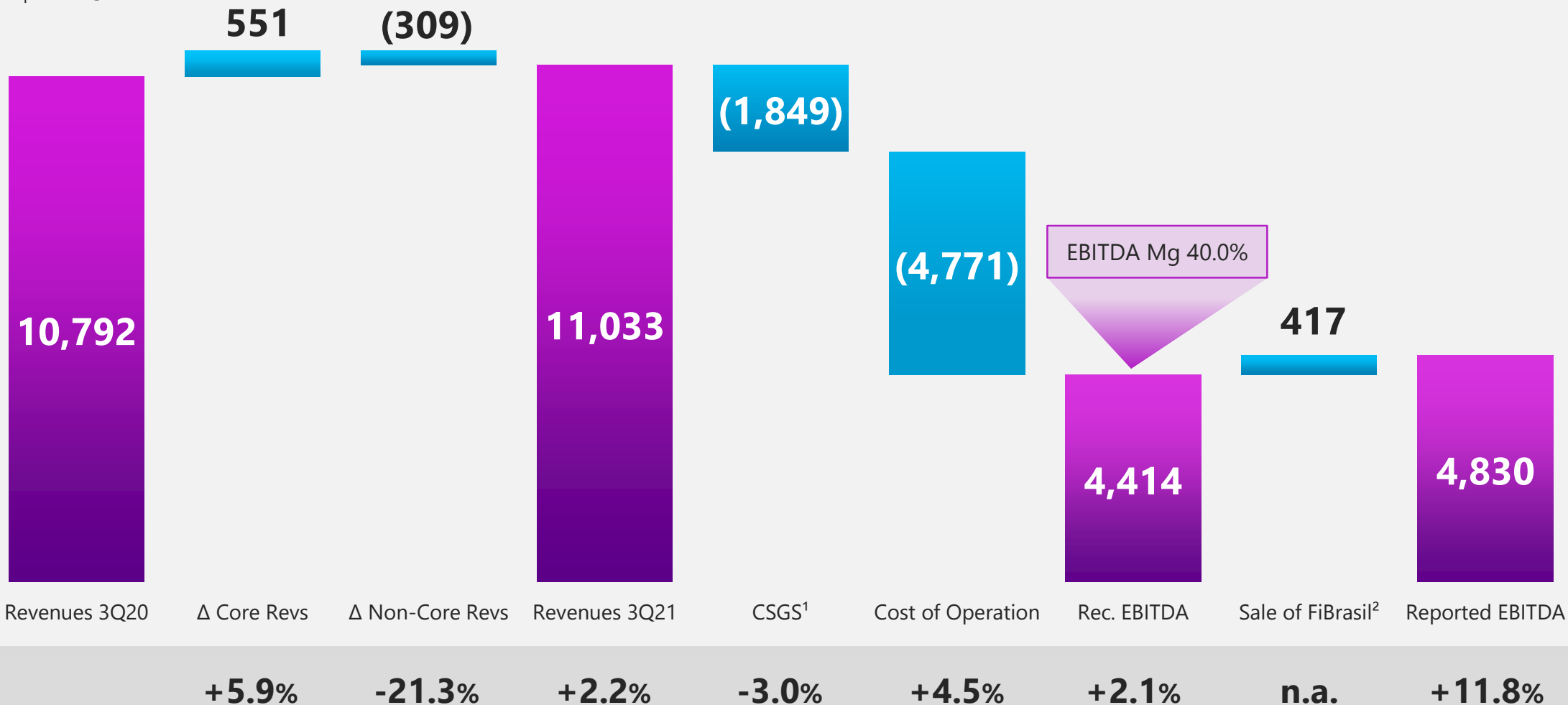
- **Personnel costs growth** (+11.8% YoY) due to inflation and higher benefit from government measures in 3Q20 (e.g., temporary workday reduction)
- **Rise of Commercial and Infrastructure expenses** due to accelerated sales activity, partially offset by digitalization and simplification initiatives



RECURRING EBITDA GROWTH OF 2.1% SUPPORTED BY SOLID PERFORMANCE OF CORE REVENUES, WITH DIGITALIZATION SAVINGS ALLEVIATING THE RAMP UP OF INFLATION

EBITDA Evolution

R\$ million

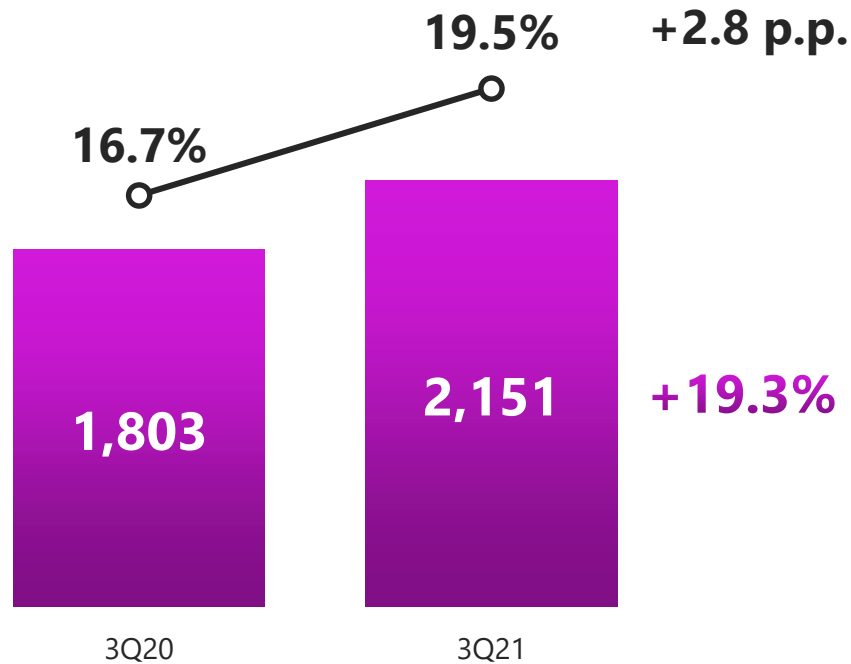




VIVO'S INVESTMENTS IN GROWTH TECHNOLOGIES AND CAPEX ALLOCATION INITIATIVES ARE PAVING THE PATH FOR FIBER ACCELERATION AND 5G ROLLOUT

CAPEX¹

- Capex/Sales, %
- Capex, R\$ Million



- **CapEx 9M21: R\$6,346 million** (19.5% of sales, +2.7 p.p.)
- **88%** of CapEx dedicated to **Growth and Transformation**

RAN Sharing Agreement with TIM



Single Grid



2G switch-off

- **4G Coverage Expansion concluded**, with 716 cities (≈360 cities for each operator)
- **Consolidation: pilot completed, with proven technical feasibility.** Next steps currently being mapped out
- **Systems developments advancing as planned** and full technical solution expected by the end of the year

Preparation for 5G



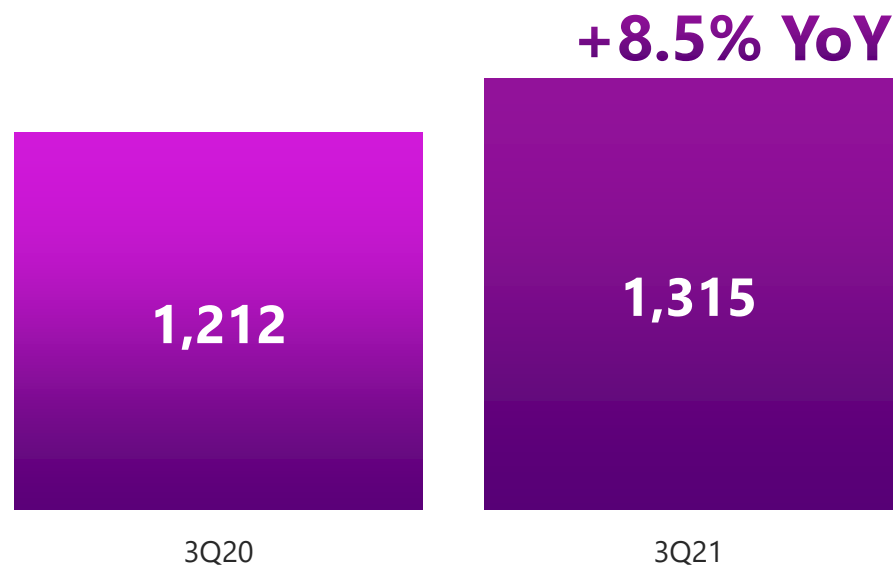
- **Initial launch of 5G DSS** in 8 major Brazilian cities
- **4.5G Coverage in 2,383 cities** (+718 YoY)
- **>90% Fiber-to-the-Site** in the 50 biggest cities
- Possibility of **CapEx savings** coming from **network sharing agreements**



NET PROFIT EXPANDS 8.5% AND SUSTAINS SHAREHOLDER REMUNERATION, ENHANCED BY THE ACCELERATION OF SHARE BUYBACKS

Net Profit

R\$ million



Share Buyback

11.7mn Shares in Treasury

0.69% of Total Equity



- Share Buybacks are consistently being executed and have been accelerated to further increase shareholder returns
- The Company evaluates cancelling the shares in treasury, subject to the relevant approvals³



Payment Schedule based on 2020 Net Income

First Tranche

R\$2.6 billion

Jul 13th, 2021 ✓

Second Tranche

R\$2.8 billion

Oct 05th, 2021 ✓



DPS¹:
R\$3.19²

Shareholder Remuneration

R\$1.9bn

of **IOC** declared
in 9M21

7.4%

**Dividend
Yield** LTM

8.0%

**Dividend +
SBB⁴ Yield** LTM



FREE CASH FLOW TOTALED R\$6.7 BILLION IN THE FIRST 9 MONTHS OF 2021, ALLOWING VIVO TO FUND THE ACQUISITION OF OI MOBILE'S ASSETS AND INVEST IN SPECTRUM

Free Cash Flow¹ 9M21

R\$6.7bn

Free Cash Flow Yield (LTM)

10.2%

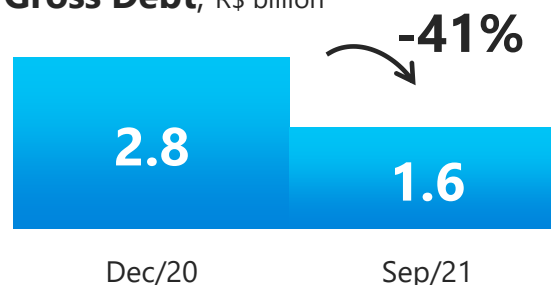
Free Cash Flow/Sales (LTM)

16.9%

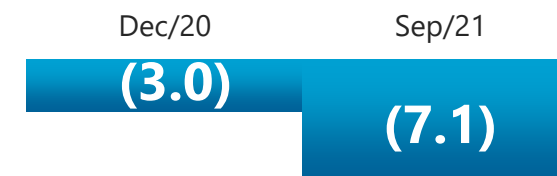
Leverage

Resilient Balance Sheet and **comfortable cash position**, reinforcing Vivo's ability to **invest in 5G spectrum** and **Oi Mobile assets' acquisitions**

Gross Debt, R\$ billion



Net Debt (Cash), R\$ billion





For further information:

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