

# RESULTS 4Q23

February 20<sup>th</sup>, 2024  
Telefónica Brasil S.A.  
Investor Relations

VIVT  
B3 LISTED



VIV  
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NYSE

ISEB3 ICO2B3



# DISCLAIMER

**This presentation may contain forward-looking statements** concerning prospects and objectives regarding the capture of synergies, 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



# Sound operational performance leads to enhanced profitability and attractive shareholder remuneration



## Operating

**61.8 mn** +5.3% YoY  
113 million  
Total Accesses

Mobile Postpaid Accesses

**6.2 mn** +12.6% YoY  
+0.7 million  
accesses YoY

Fiber Homes Connected



## Growth

**+6.9%** +8.7% YoY  
growth of Core  
Revenues

Total Revenue Growth 4Q23 YoY

**+8.7%** Handsets &  
Electronics  
Revenues  
+5.8% YoY

Mobile Serv. Revenue Growth 4Q23 YoY



## Profitability

**R\$5.8bn** +9.9% YoY  
42.5% EBITDA  
Margin (+1.1  
p.p. YoY)

EBITDA 4Q23

**R\$12.4bn** +26.7% YoY  
23.7% OpCF  
Margin (+3.4  
p.p. YoY)

Operating Cash Flow<sup>1</sup> 2023



## Sustainability

**R\$8.1bn** +11.8% YoY  
15.6% of Total  
Revenues

Free Cash Flow 2023

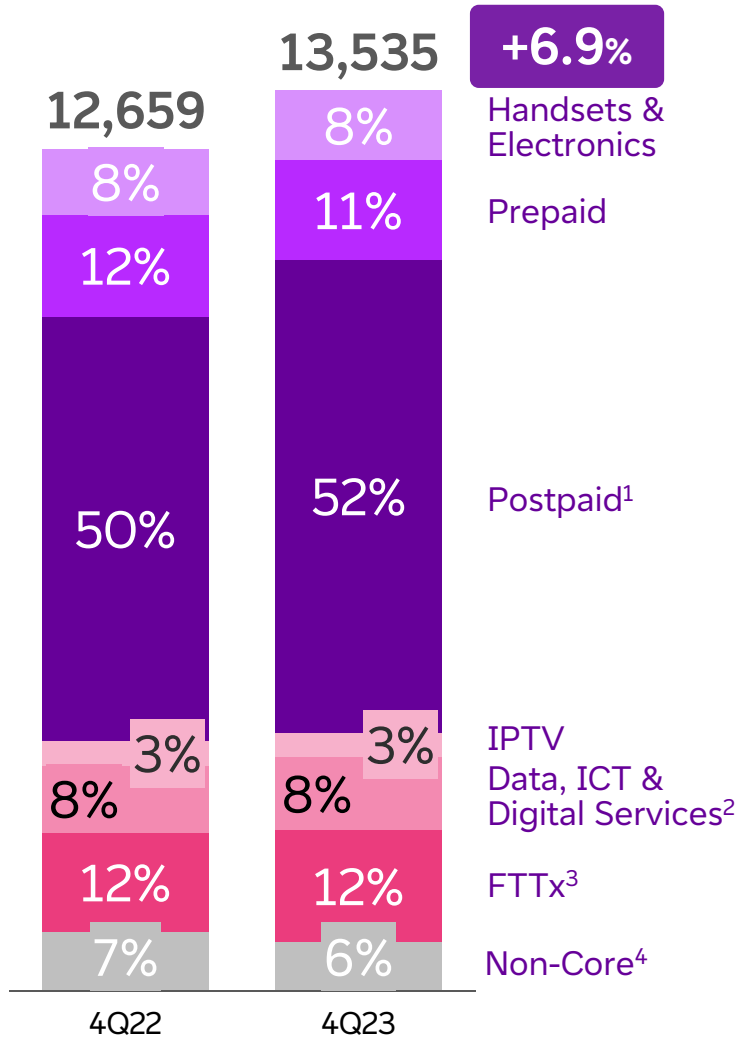
**R\$5.0bn** +23.1% YoY  
Cash payment of  
R\$4.8bn in 2023,  
related to IoC<sup>2</sup>,  
dividends and  
share buybacks<sup>3</sup>

Net Income 2023<sup>4</sup>

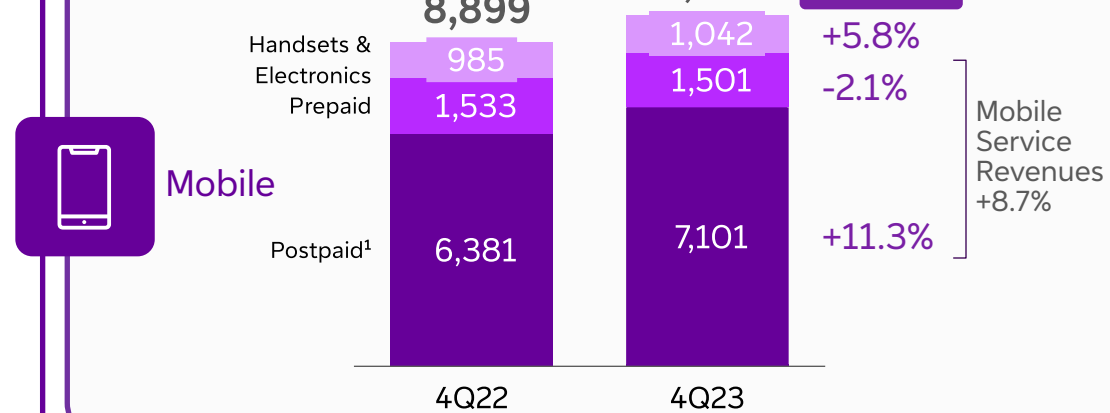
Telefônica Brasil will be holding its **Capital Markets Day**  
on March 5<sup>th</sup>, 2024

# Total Revenues continue to grow significantly above inflation

**Total Revenues**  
R\$ million, % of Total Revenues

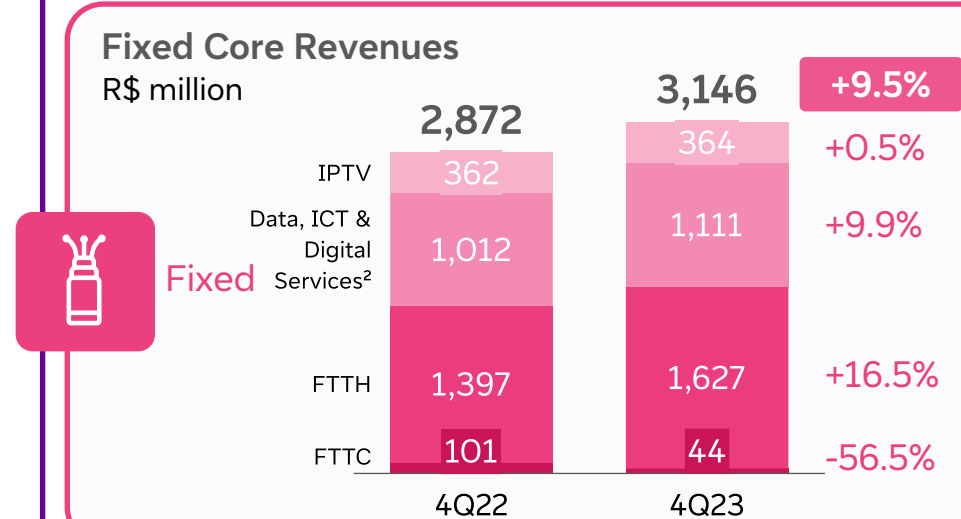


**Mobile Revenues**  
R\$ million



**Double-digit MSR growth in 2023 explained by strong commercial activity and improved customer mix**

**Fixed Core Revenues**  
R\$ million

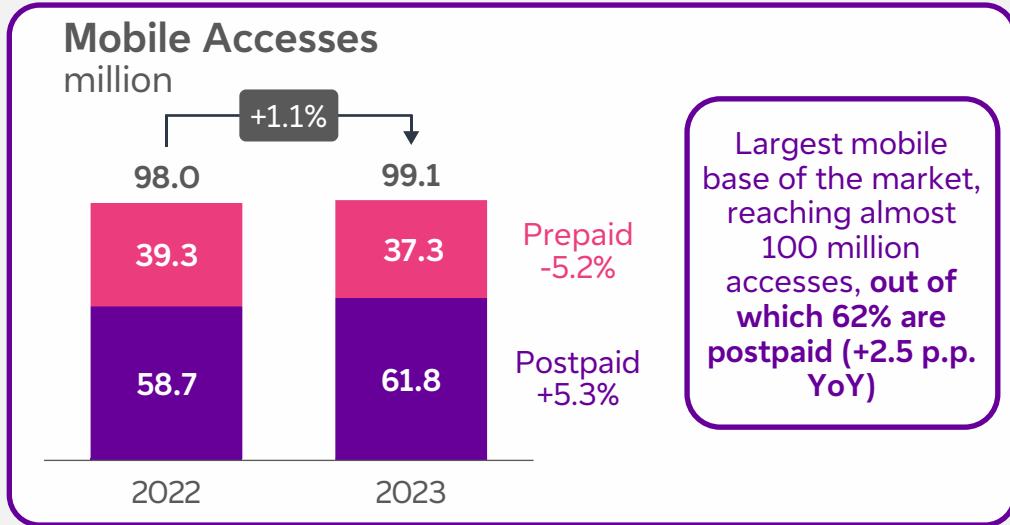


**Total fixed revenues growing +3.5% YoY in 4Q23, as core revenues now represent 80.9% (+4.5 p.p. YoY) of our fixed business**

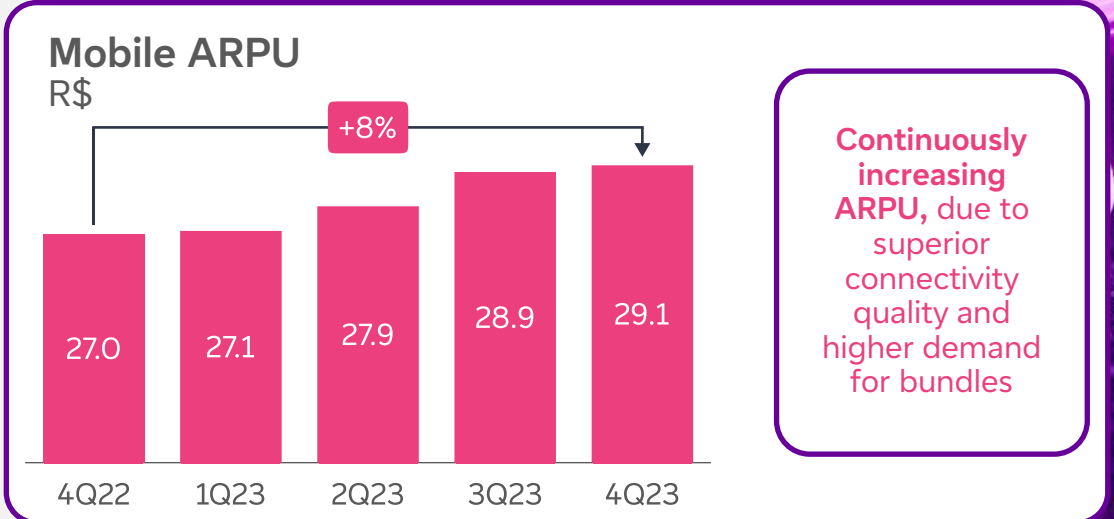
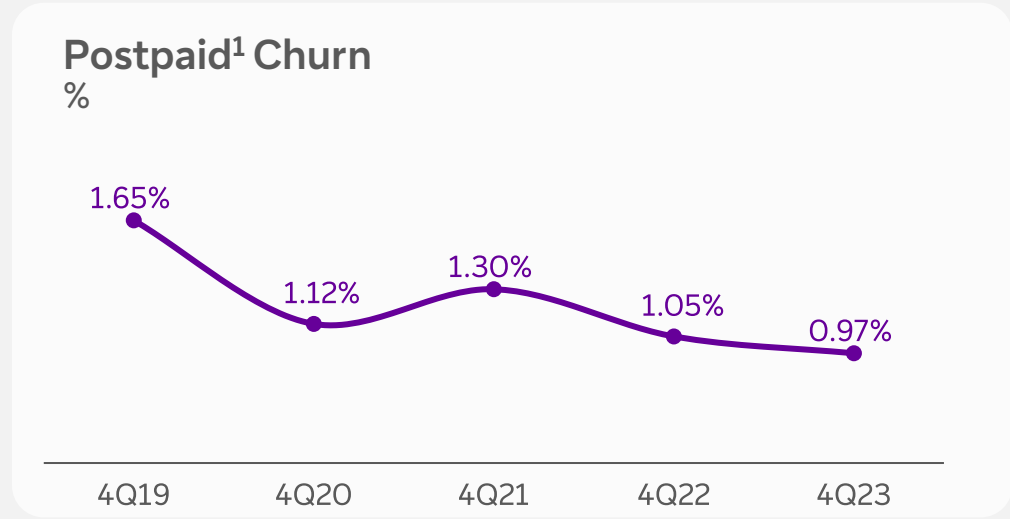
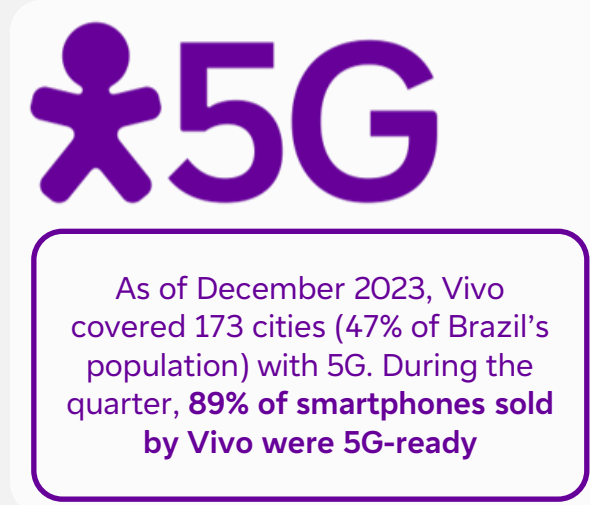
1 – Postpaid includes M2M, Dongles and Other Revenues. 2 – Data, ICT & Digital Services include Wholesale and Other Fixed Revenues. 3 – FTTH (Fiber-to-the-Home) and FTTC (Fiber-to-the-Cabinet). 4 – Non-Core includes fixed voice, xDSL & DTH. From Jan/2023 onwards, we are no longer offering DTH services.



# Highest ARPU and lowest churn in the last 4 years are evidence of Vivo's unrivaled mobile quality



Largest mobile base of the market, reaching almost 100 million accesses, **out of which 62% are postpaid (+2.5 p.p. YoY)**

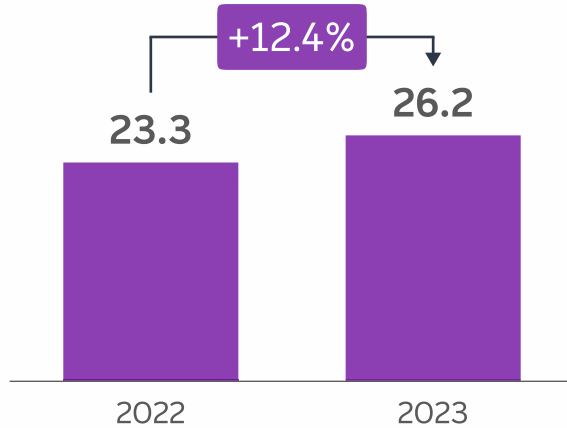


1 – Ex-M2M. 2 – “Pure postpaid” does not include hybrid plans.

# Strong momentum in fiber expansion enhanced by fast deployment **and convergent portfolio**

## FTTH Homes Passed

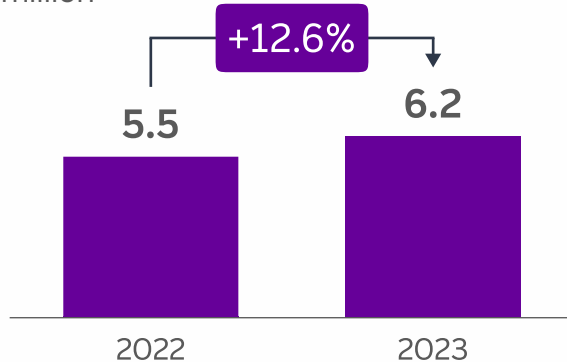
million



Vivo Fibra is present in **443 cities across Brazil** (+34 YoY)

## FTTH Homes Connected

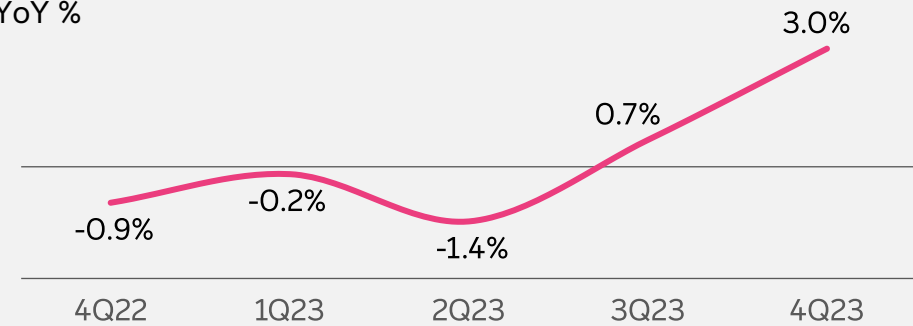
million



In 2023, **Vivo added +692k new FTTH customers**, leading the market in that period

## FTTH ARPU Growth

YoY %



**FTTH ARPU continues its positive trend** as top-notch customer experience leads to improved pricing power

## Total Fiber + Mobile<sup>1</sup>

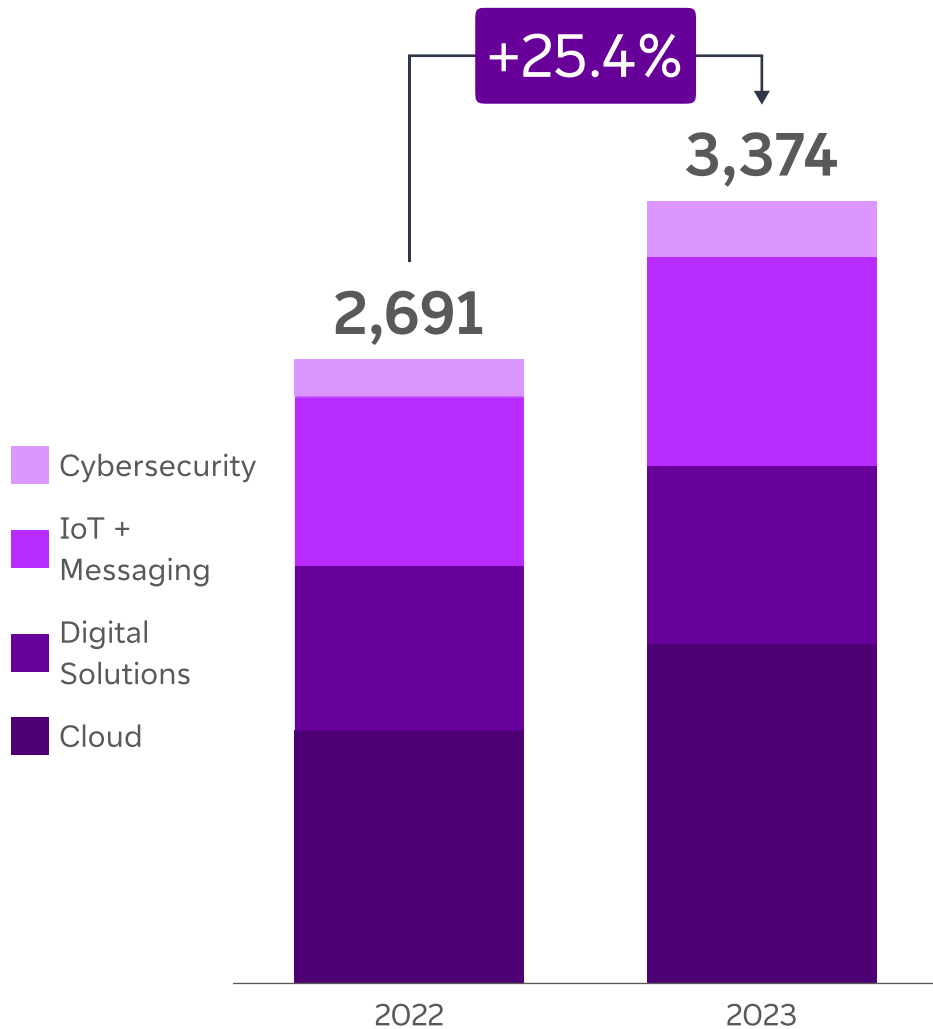
Customer base:

**1.3mn**  
up **2.3x YoY** in 2023

Vivo Total's ongoing growth, low churn and high ARPU, are a result of **customers' demand for quality connectivity and easy, transparent control of their bills**

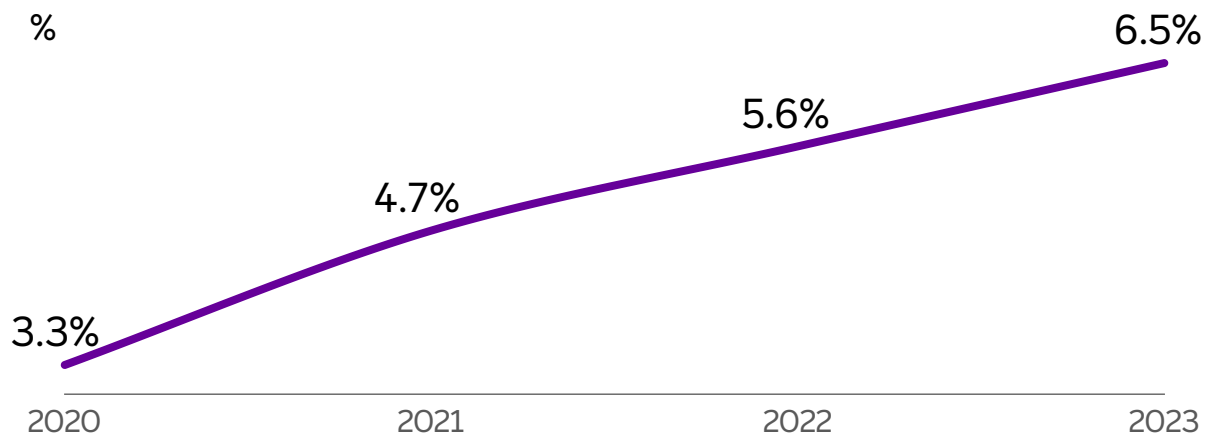
1 – Vivo Total is a convergent offer that combines fiber and mobile in a single bill.

## Digital B2B Revenues R\$ million



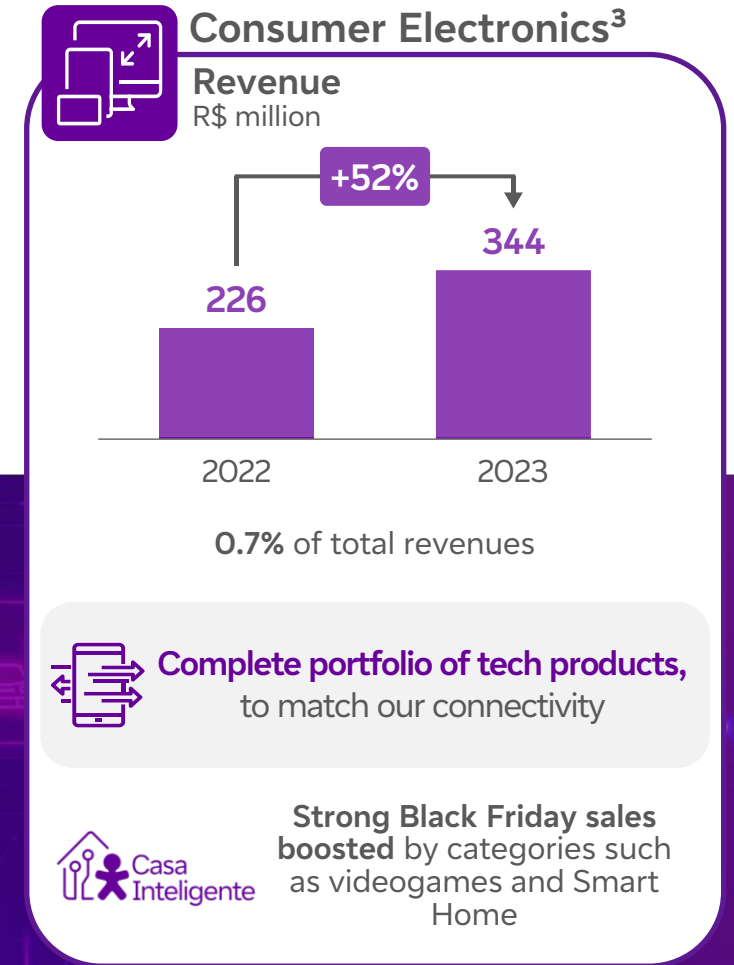
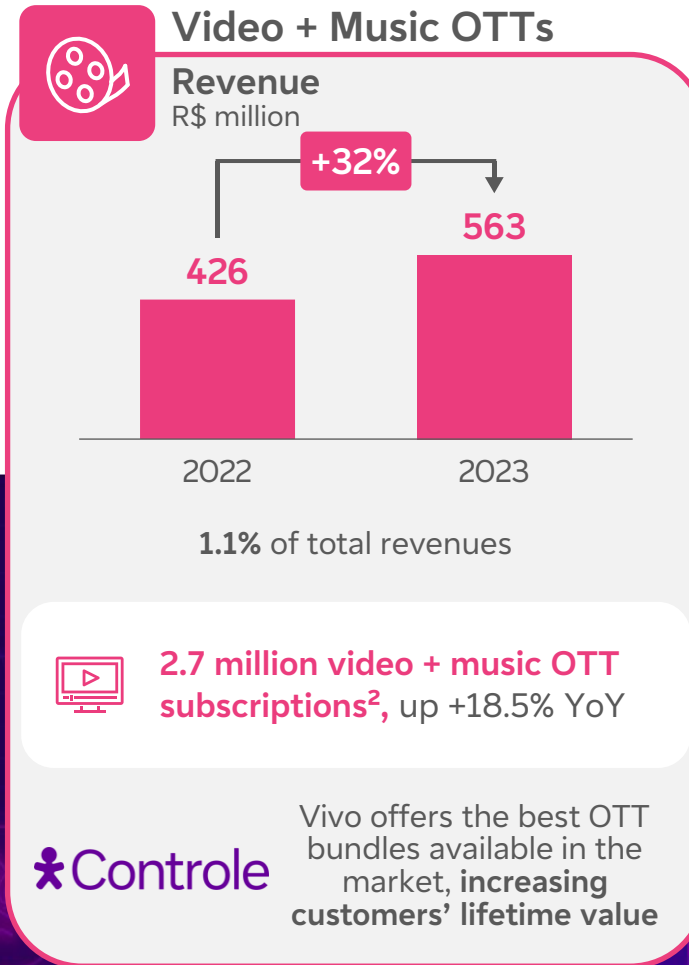
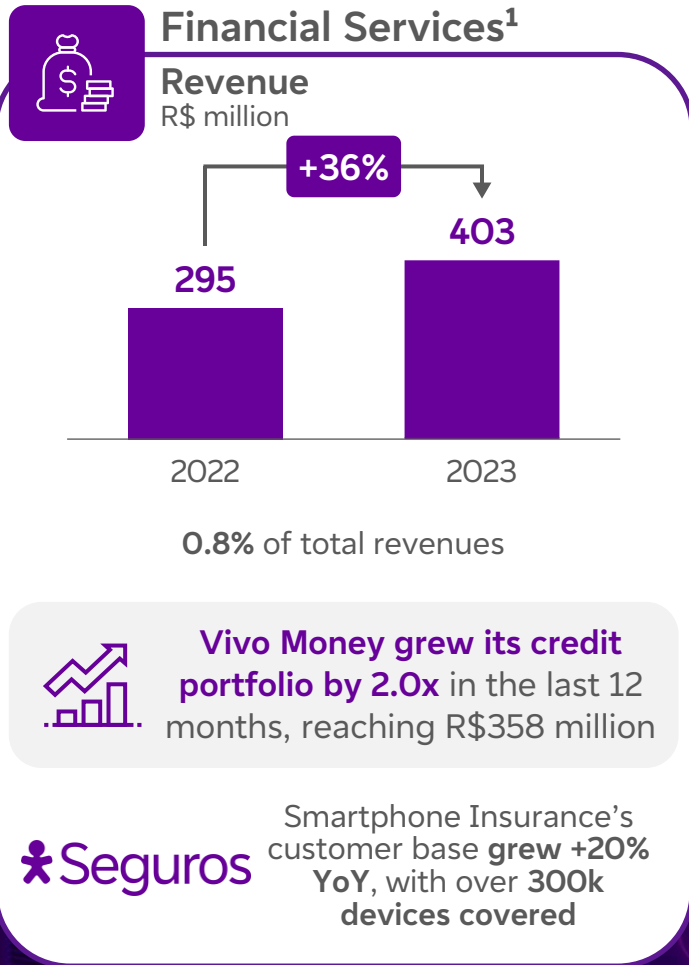
## Digital B2B Revenues continue to gain traction and grow at an accelerated pace

### Digital B2B/Total Revenue



Vivo joined forces to launch its **Open Gateway initiative in Brazil**, that aims to transform communication networks into intuitive and programmable platforms for the development of digital services and solutions, with the first use-case being developed for the banking sector

# Revenues from B2C digital solutions continue to **consistently expand on all fronts**



1 - Includes Vivo Money, Insurance and others. 2 - QoQ figure decreased due to a cleanup of inactive customers in one of the OTTs. 3 - Excluding smartphones. Note: this slide does not include the totality of the Company's digital services. Includes revenues allocated in service and other revenue lines.



# Vivo reaffirms its position as a global leader in ESG, consistently excelling in all dimensions

## Awards and Recognitions

Vivo ranked **#1** in B3's Sustainability Index (ISE), being recognized as **the most sustainable company** in Brazil across all sectors

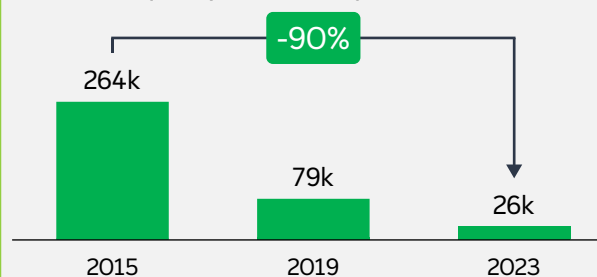
Vivo placed **8<sup>th</sup>** in the **S&P sectorial global ranking (87 points)** in the CSA<sup>1</sup> and joined The Sustainability Yearbook 2024

Vivo's **Climate Strategy** was highlighted during **COP 28** with the **Climate Guardians Award**, from UN Global Compact Brazil

Among the **Top 100 most sustainable companies in the world** according to **Corporate Knights**

## Environmental

tCO2e (Scope 1 and 2)



Vivo reaches the **1<sup>st</sup>** target of its Net Zero plan   
Reduction of **90%** of emissions related to its operation

**1<sup>st</sup> telecom in Brazil** to commit to adopting the recommendations of the **Taskforce on Nature-related Financial Disclosures (TNFD)**

## Diversity

**37%**

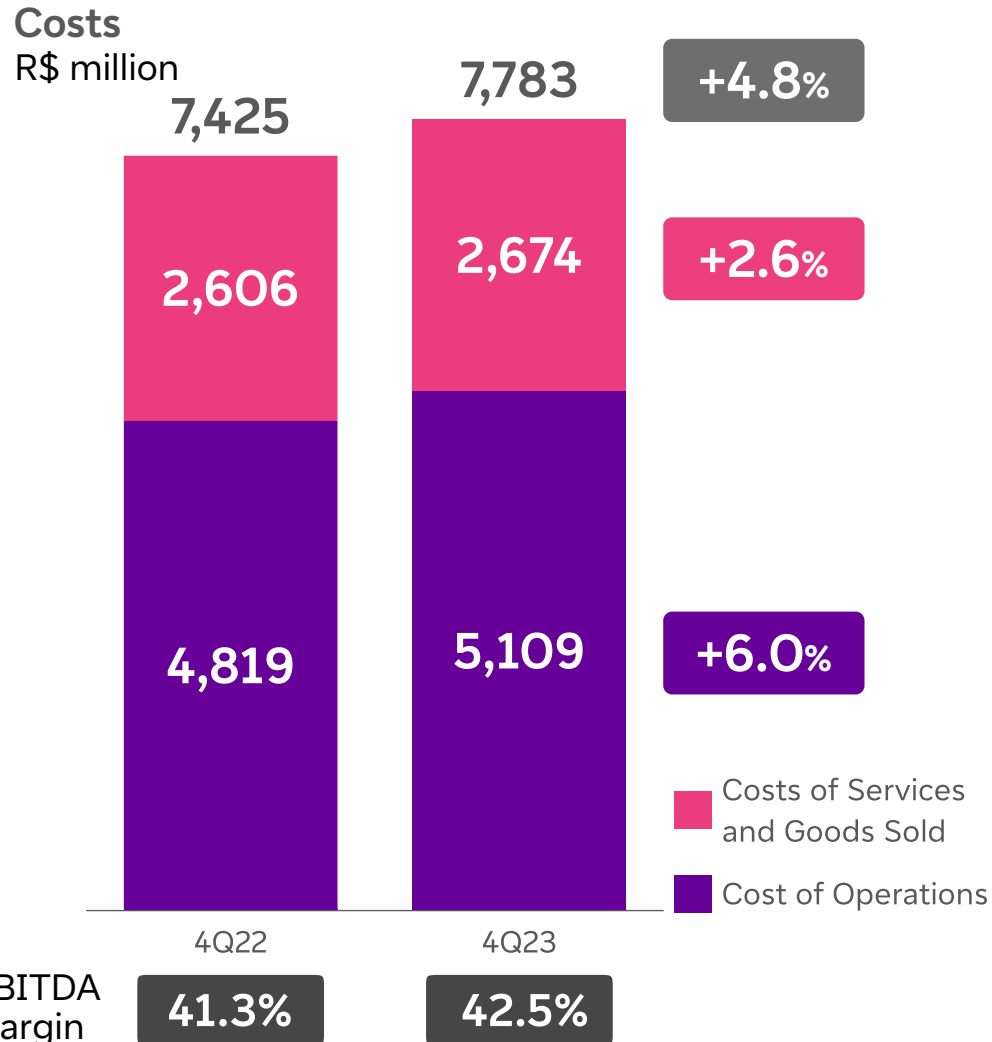
of Women in Executive Leadership Roles

**42%**

of employees self-declared black

Vivo opened around **2,700 exclusive vacancies for diverse talents** in 2023

# Accelerated revenue growth leads to an increase in costs, with operating efficiencies improving EBITDA margin



## Cost of Services & Goods Sold

**34%**  
of costs  
(-0.7 p.p. YoY)

- **Cost of Services** grew due to the increase of B2C and B2B digital solutions revenues, and the overall ramp up of our customer base
- **Cost of Goods Sold** expanded, reflecting strong sales of handsets and consumer electronics

## Cost of Operations

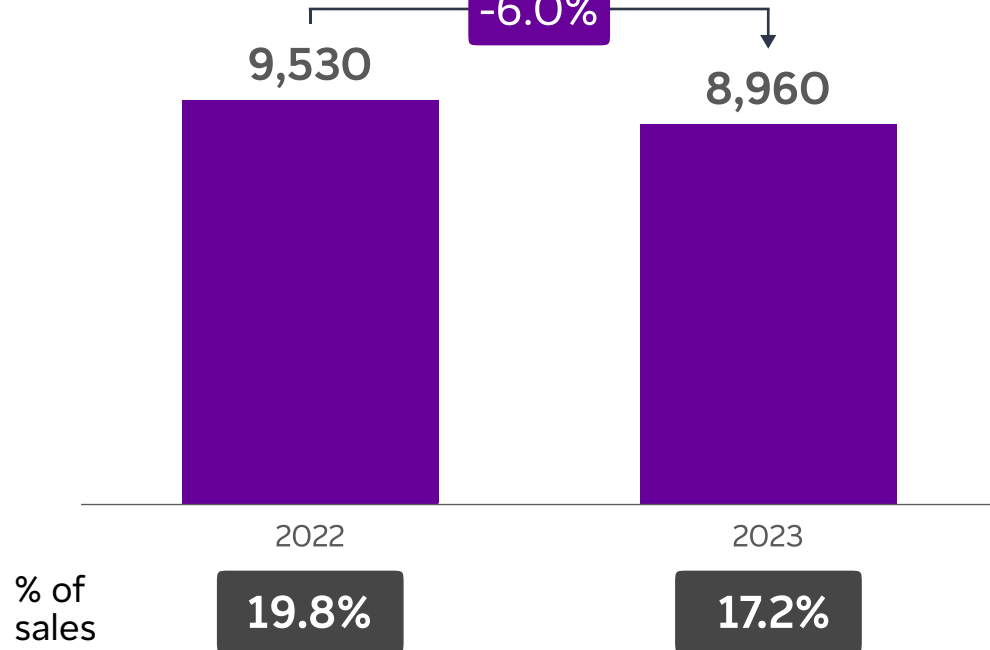
**66%**  
of costs  
(+0.7 p.p. YoY)

- **Personnel Costs** edged higher due to annual salary increases and strong commercial activity
- **Commercial and Infrastructure Expenses** increased due to higher costs linked to the FTTH customer base expansion, as well as higher advertising expenses
- **Other Revenues (Expenses)** had a positive effect of R\$292mn<sup>1</sup> from the conclusion of negotiations with tower companies, related to leasing contracts of the towers acquired from Oi, partially compensated by a lower level of tax recoveries and network equipment sales in the quarter, when compared to previous years

# Robust operating cash flow margin, due to reduced CapEx intensity and solid EBITDA growth

## Capex<sup>1</sup>

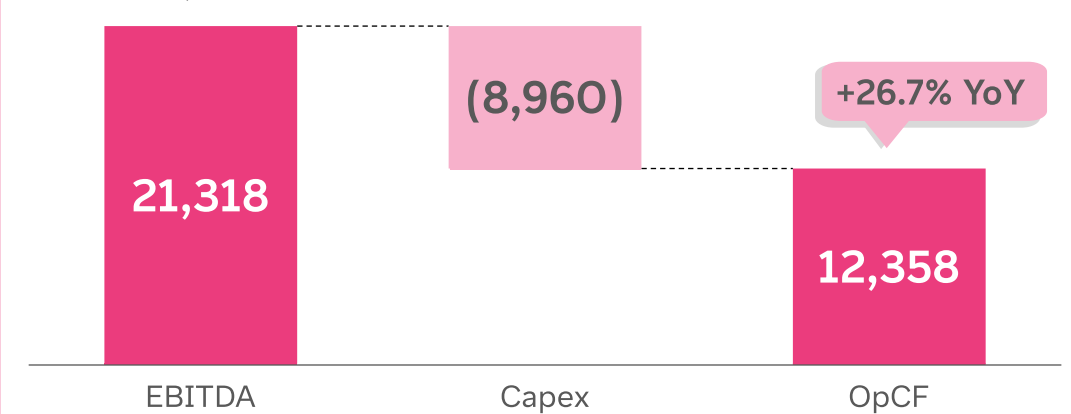
R\$ million



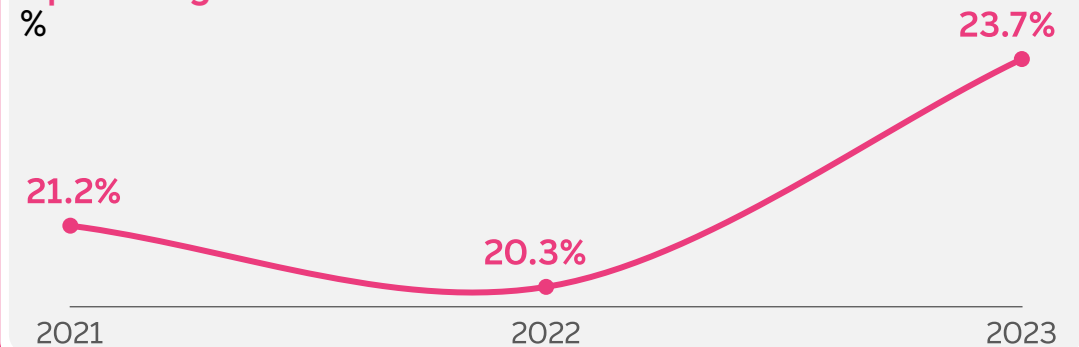
We successfully delivered on the guidance of investing **less than R\$9 billion in 2023**

## Operating Cash Flow<sup>1</sup>

R\$ million, 2023

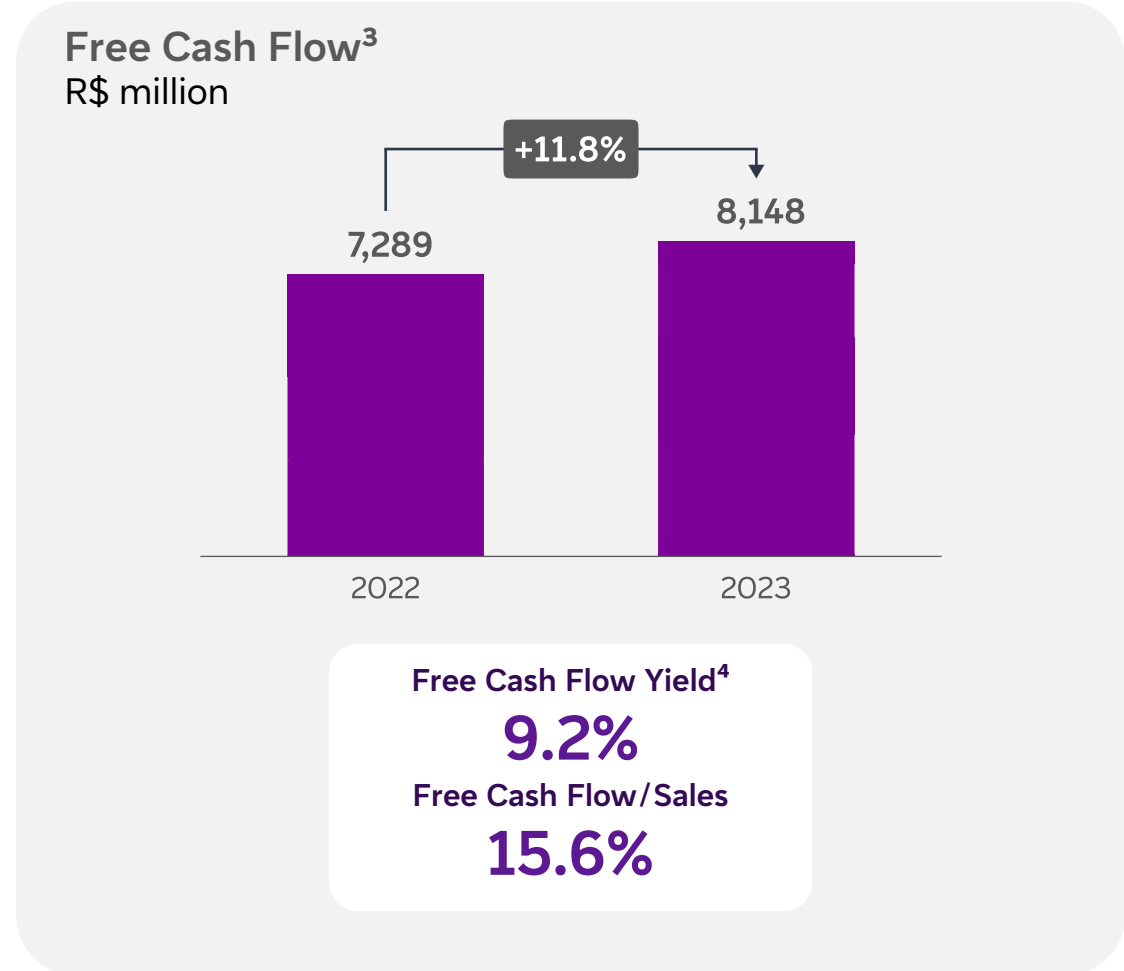
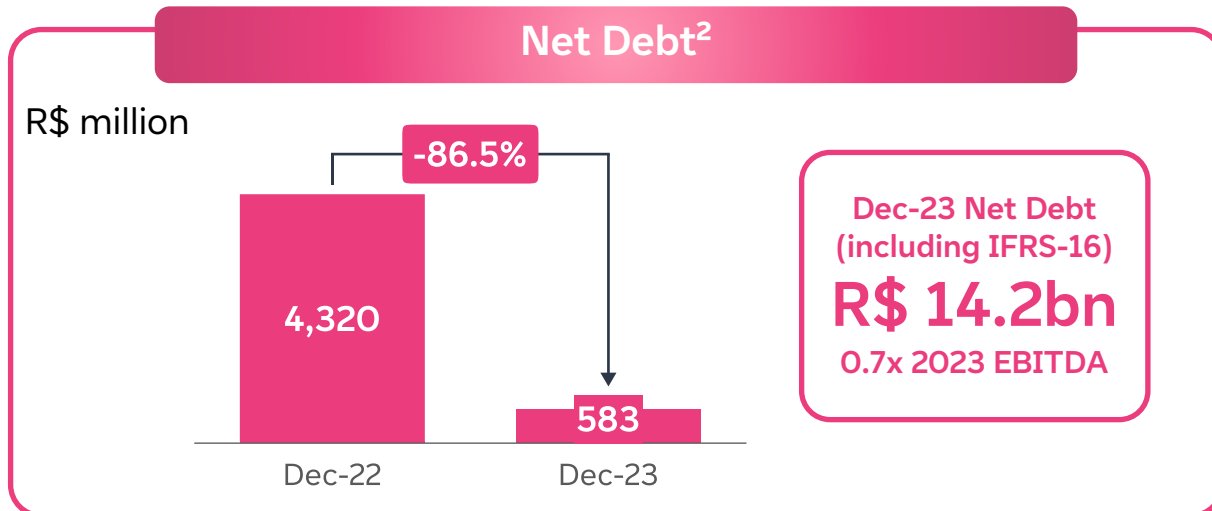
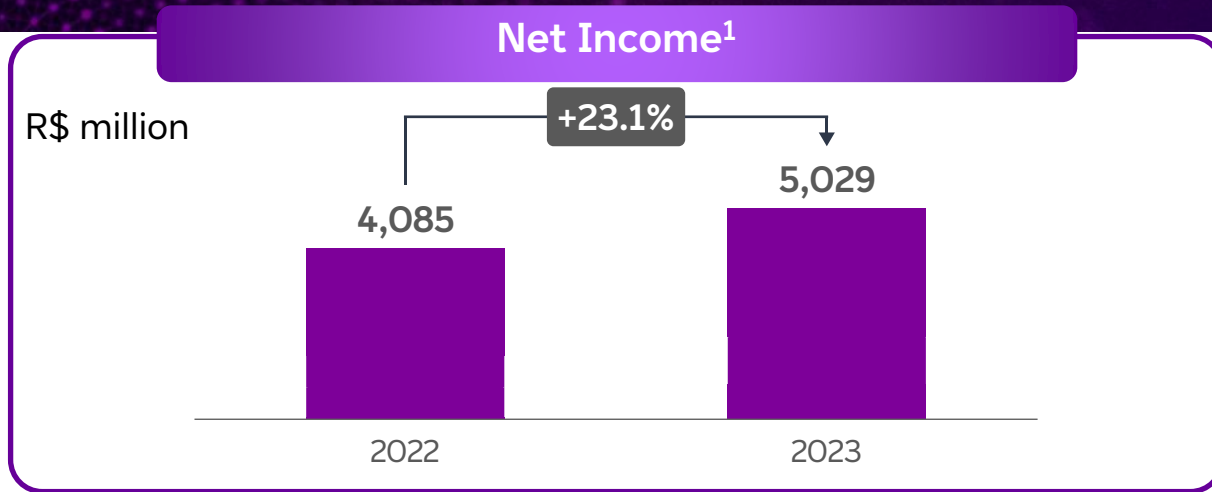


OpCF Margin<sup>1</sup>  
%





# Double-digit net income growth in 2023, combined with strong free cash flow expansion



1 – Considers the net income attributed to Telefônica Brasil. 2 – Excluding IFRS-16. Debt position does not include the outstanding amount related to the FISTEL TFF fee for the period 2020-2023, amounting to R\$3.5 billion. 3 – After leases. 4 – Market cap based on 12/31/2023.

## Shareholder Remuneration<sup>1</sup> R\$ million



# Shareholder remuneration remains solid and the recent guidance for 2024-26 reinforces our commitment



### Share buyback program and cancellation of shares

- ✓ In December 2023, we **cancelled 11.0m common shares<sup>2</sup>** acquired during the year (0.7% of the Company's total shares)



### Capital Reduction: update and next steps

- ✓ In September 2023, ANATEL approved our request for a **capital stock reduction of up to R\$5 billion**, giving us more flexibility to remunerate our shareholders
- ✓ At the Shareholders' Meeting, held on January 24<sup>th</sup>, 2024, approval was granted for the execution of the first capital reduction of **R\$1.5 billion, that will be paid by July 31<sup>st</sup>, 2024**



### Guidance 2024-26

- ✓ Vivo committed to **paying out ≥100% of the net income generated during 2024, 2025 and 2026**



### Ongoing focus on cash remuneration

complemented by the execution of our Share Buyback Program and Capital Reduction initiative

1 – Based on the payment date. 2 – Telefônica Brasil cancelled 13,381,540 shares in February 2023, in addition to the shares cancelled in December 2023.



For further information:

## Investor Relations

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