



TIM Brasil Company Presentation

May, 2020

MORE THAN EVER
WE NEED **TO BE
CONNECTED**



ISEB3



Disclaimer



This presentation **contains declarations that constitute forward looking statements** regarding the intent, belief or current expectations of the customer base, estimates regarding future financial results and other aspects of the activities.



Such **forward looking statements are not guarantees of future performance** and involve risks and uncertainties, and **actual results may differ materially from those projected** as a result of various factors.



Analysts and investors are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. TIM Part undertakes no obligation to release publicly the results of any revisions to these forward looking statements.



Financial results are presented considering impacts from IFRS 16 adoption, except otherwise indicated.

Agenda

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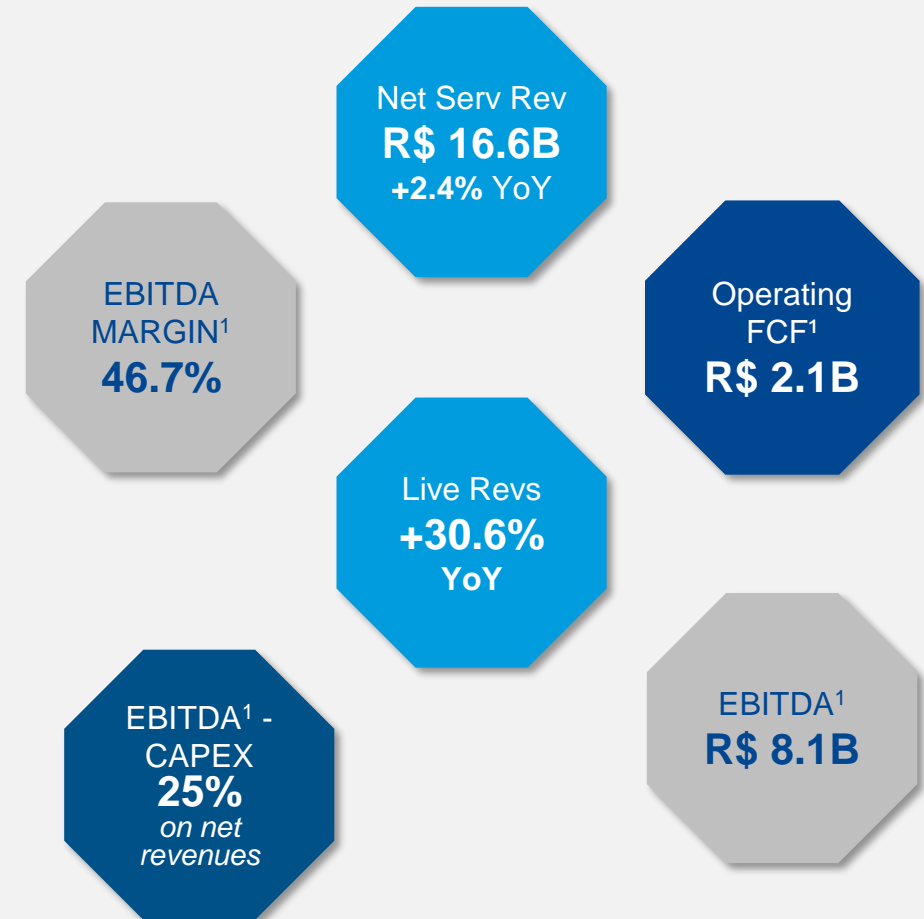
ABOUT US

The Company in a nutshell

- Presence in Brazil since 1998
- Telecom Italia subsidiary (67% of shares)
- ISE (Corporate Sustainability Index) **member for 12 years**
- ~R\$ 30 billion of Enterprise Value
- Introduced the **first plan focus on data** for smartphones
- **Best and Wider 4G Coverage**
- >100k km of fiber optical network throughout the country
- Strong legacy in prepaid



Solid Execution in the 2019

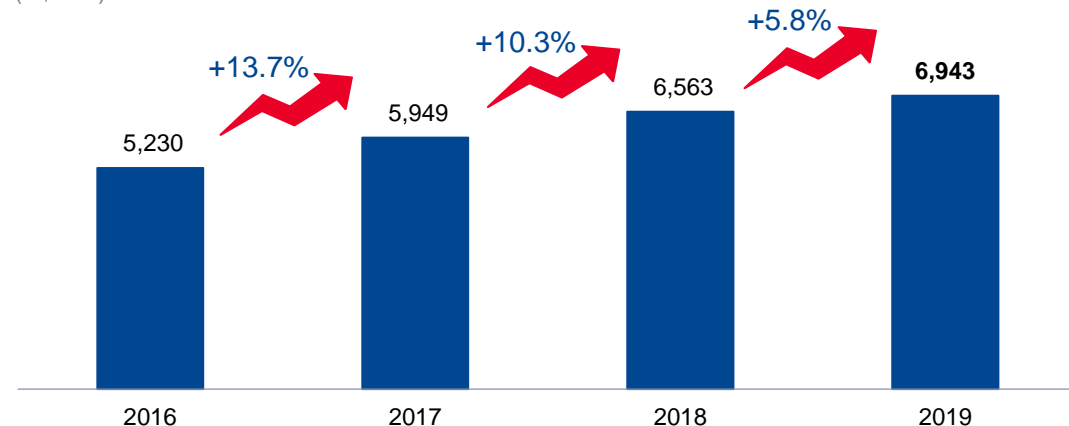


(1) Normalized.

Solid results with sustainable growth above market average

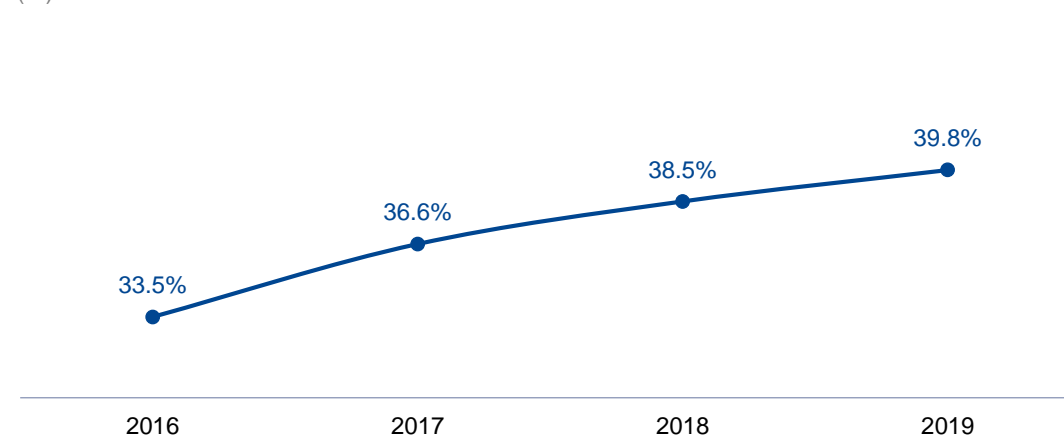
EBITDA

(R\$ MM)



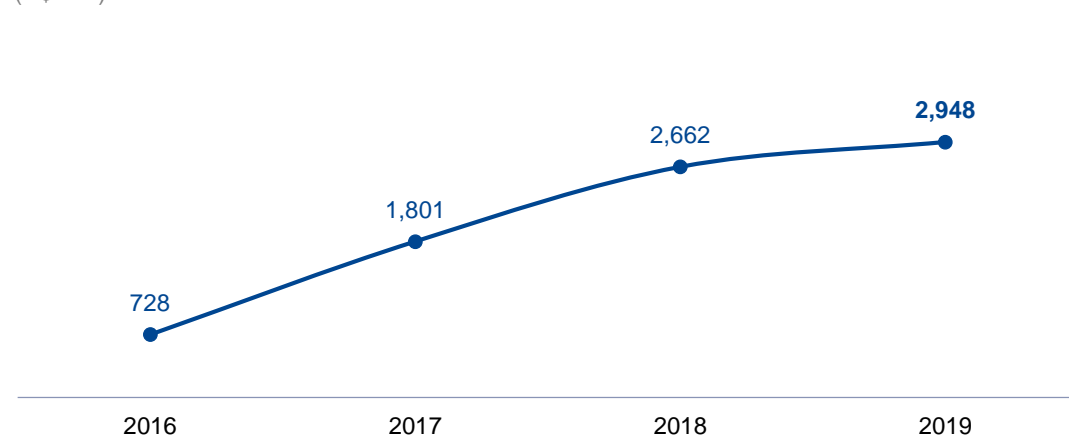
EBITDA Margin

(%)



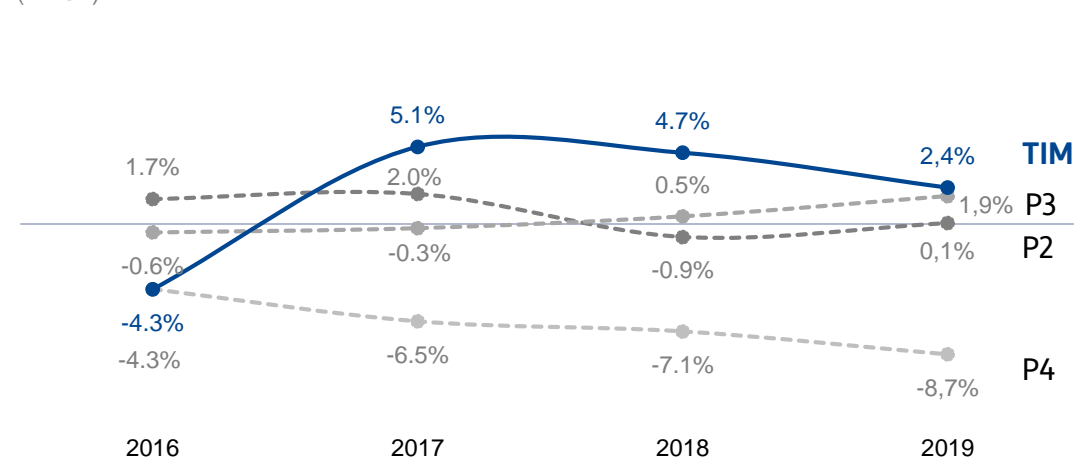
EBITDA - CAPEX

(R\$ MM)



Net Service Revenues

(Δ YoY)

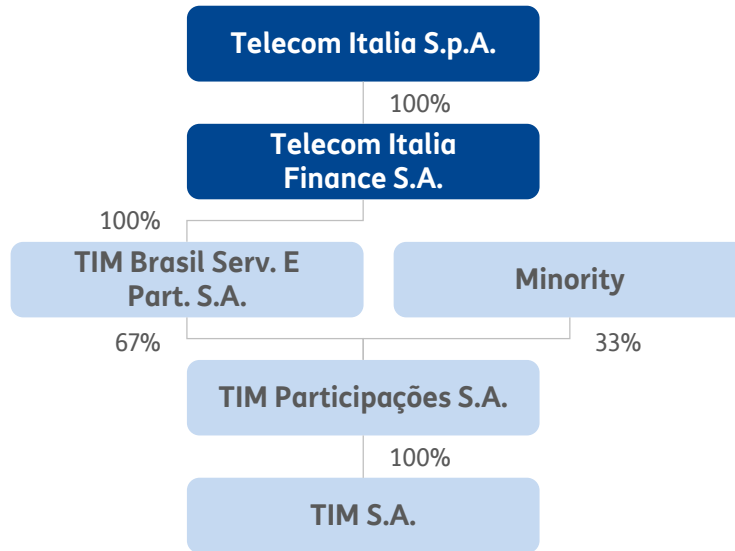


(1) Normalized EBITDA and Margin; (2) 2016-18 KPIs = on pro-forma basis; (3) 2019 KPIs = considering impacts from IFRS 15/9 adoption; (4) P3 = considering impacts from IFRS 16 adoption in 2019; (5) Annually updated in March.

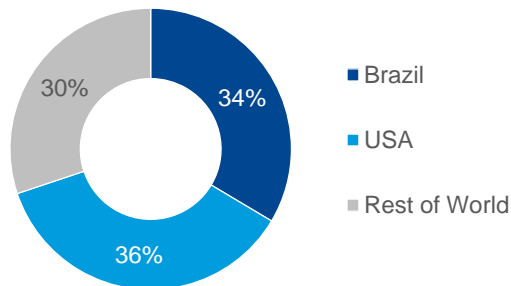
Meeting with Investors | April 2020
TIM Participações – Investor Relations

Shareholders' structure and highest level of corporate governance

SHAREHOLDERS' STRUCTURE



Shares (% of Free Float)

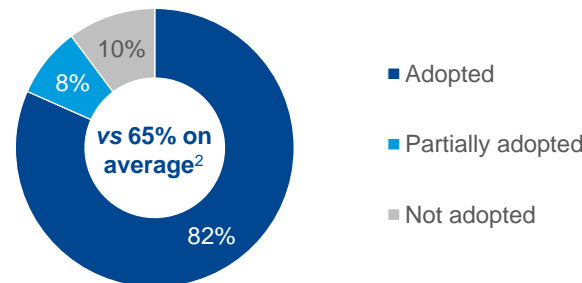


UNIQUE TELCO COMPANY LISTED ON THE NOVO MERCADO

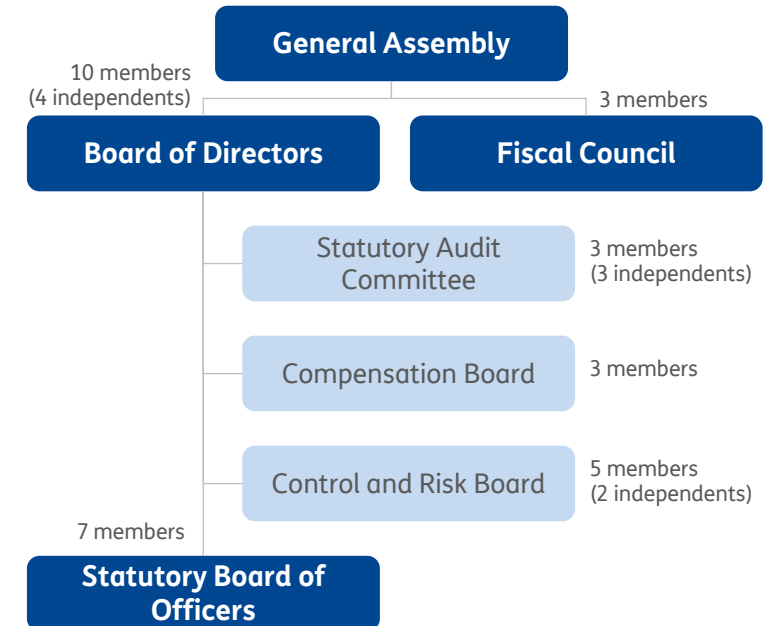


- Equal rights: vote, dividends and tag along
- Higher liquidity
- Single class of share (ordinary shares)
- Greater independence of Board of Directors (at least 20%)
- Strict disclosure policy
- Member of ISE for 12 years

Corporate Governance Form



COMMITTEES TO REINFORCE AND GUARANTEE SOLID CORPORATE GOVERNANCE

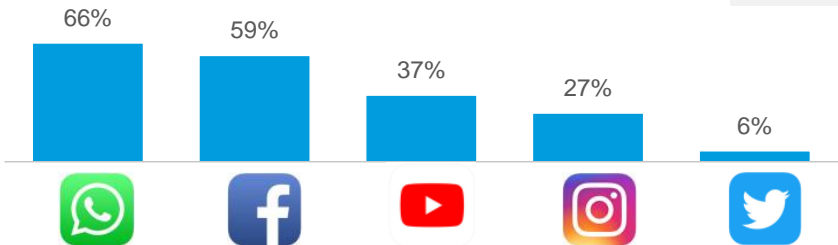


- 40% of independent members
- 30% of female representation: >3x B3 Novo Mercado average

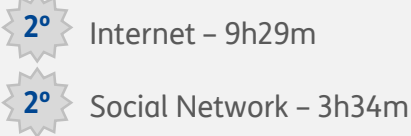
MARKET OVERVIEW AND TIM POSITIONING

New consumer habits reinforce data service as essential, especially over mobile network

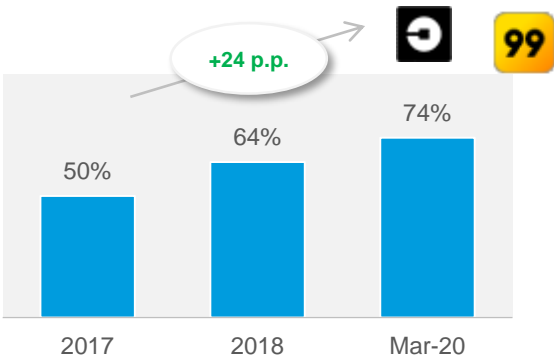
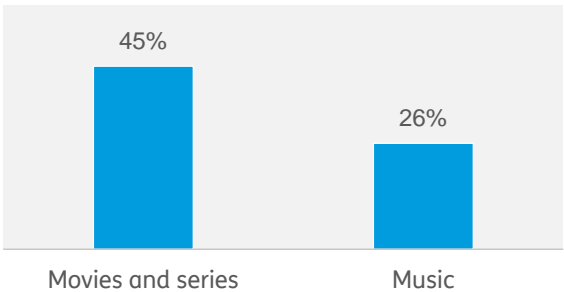
Social network penetration (% population)



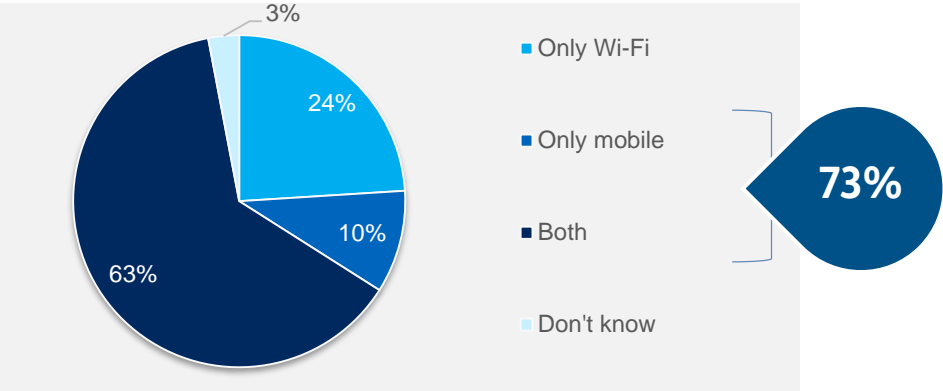
Time spent per day



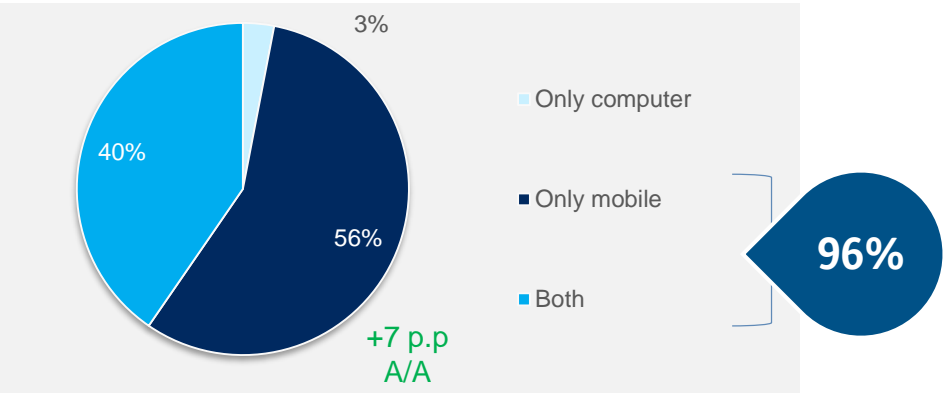
Paid streaming and car app users (% of smartphone users)



Internet users



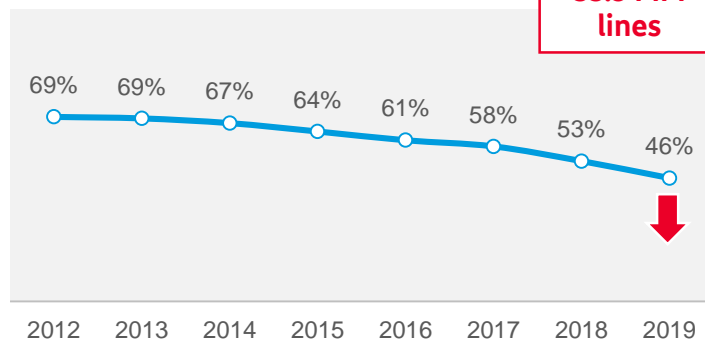
Internet users by device



Traditional services have been losing relevance in this new framework and internet has been gaining prominence

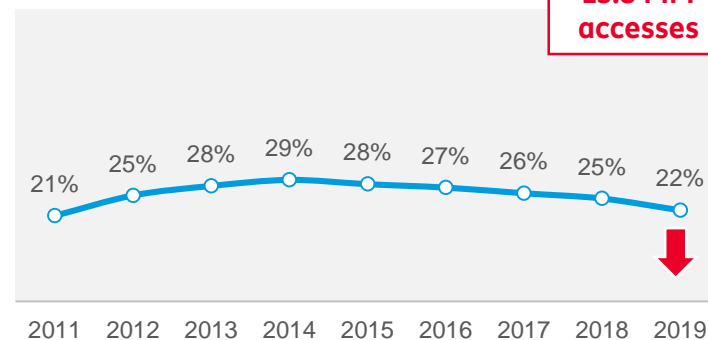
Fixed Voice Penetration

(% of households)



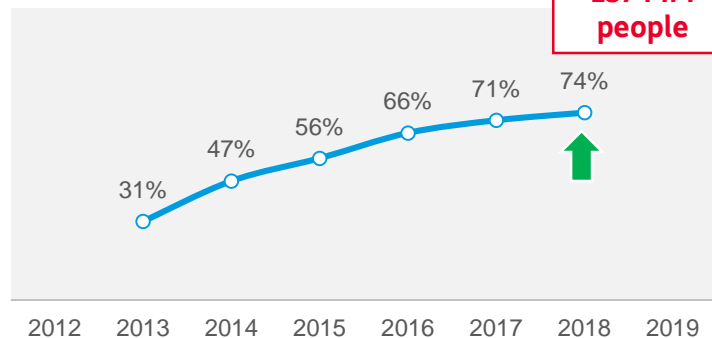
Pay TV Penetration

(% of households)



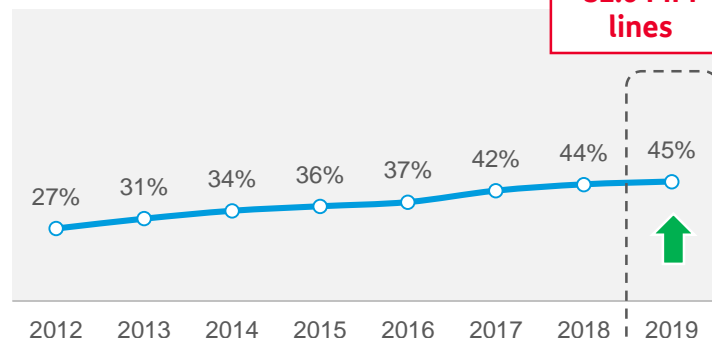
Mobile Internet Users²

(% of ≥ 10 years population)

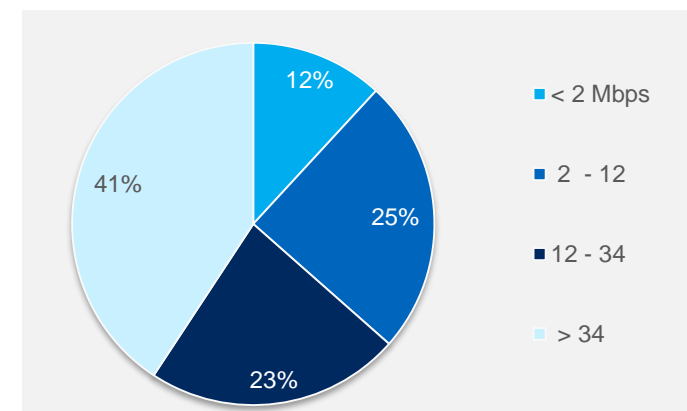


Fixed Broadband Penetration

(% of households)



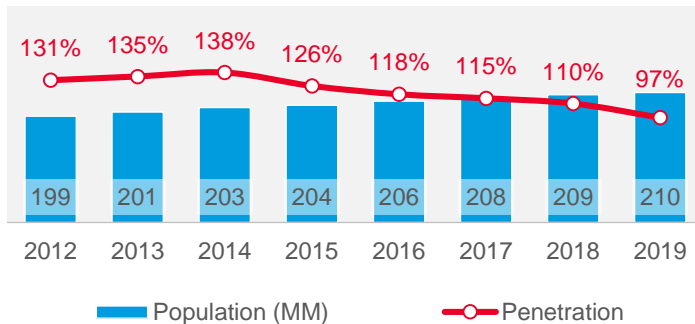
Fixed Broadband Connections Speed



Change in market structure combined with new consumption habits resulted in a transformation in the base profile

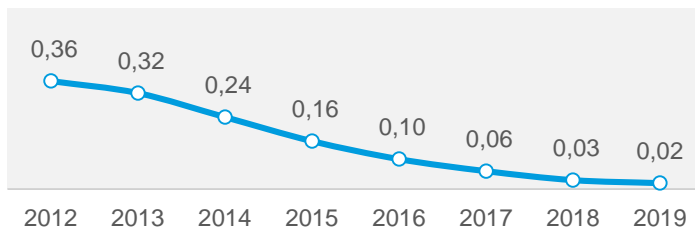
Mobile Penetration

**227 MM
SIM Cards**



Penetration is decreasing due to the reduction of total SIM cards: weakening of the “community effect” due to the decrease in ITX tariff (off-net reduction) and dissemination of communication apps.

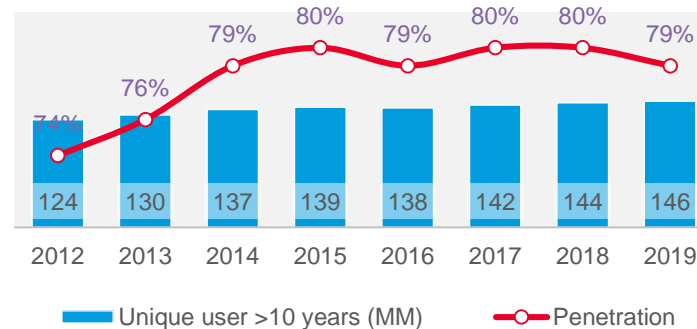
MTR Evolution (R\$ / min)



The maintenance of a high interconnection tariff pushed the “community effect (on-net)” through the possession of multiple SIM cards.

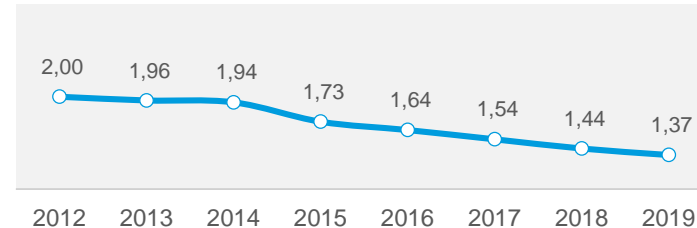
Unique User Penetration

**146 MM
people**



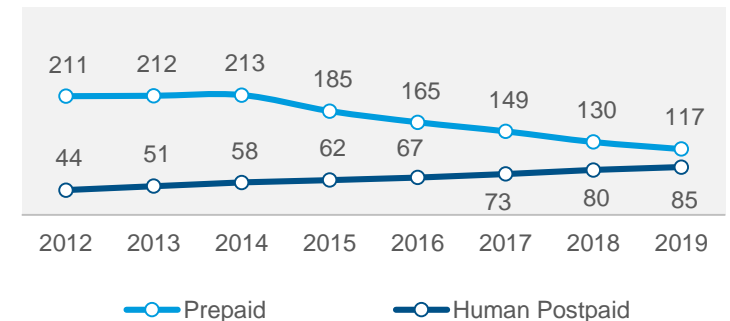
Mobile market has been experiencing organic growth in total unique users.

SIM Cards per Unique User (Unit)



SIM consolidation despite the growing number of mobile users.

Mobile Base per Segment (MM)

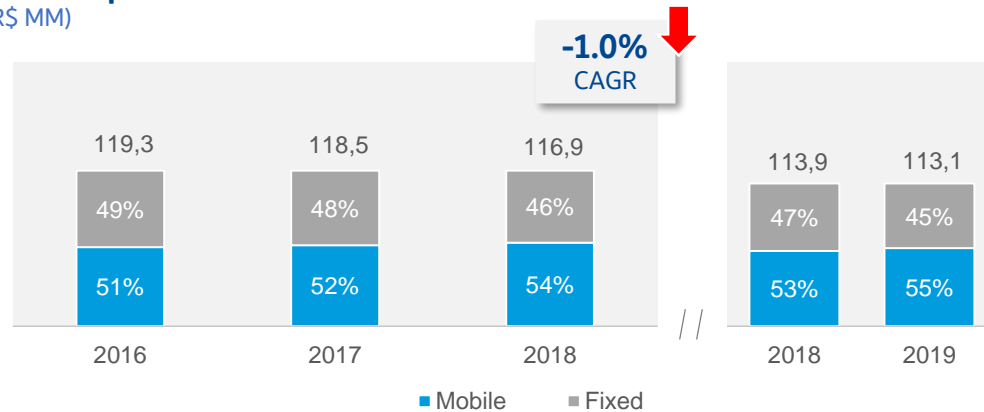


Postpaid base already represents ~50% of unique users, besides that >60 MM Brazilians are in the credit bureau blacklist.

Market revenue dynamic indicates mobile growth, and highlights TIM's evolution

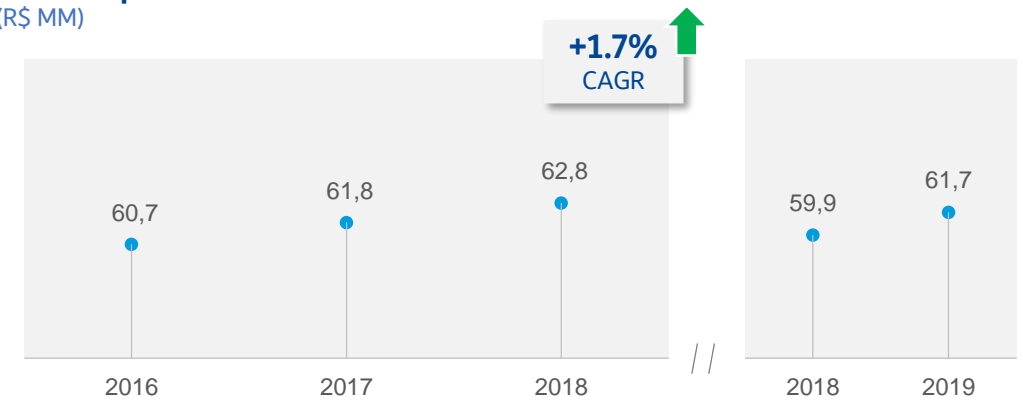
Market | Total Services Net Revenues

(R\$ MM)



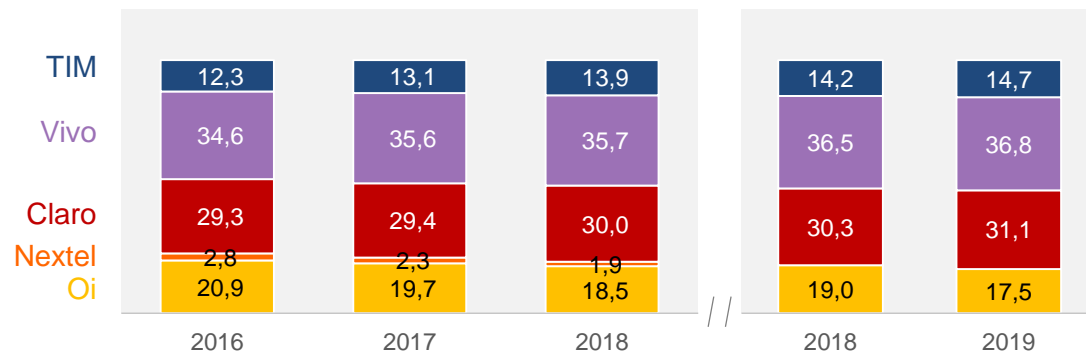
Market | Mobile Service Net Revenues

(R\$ MM)



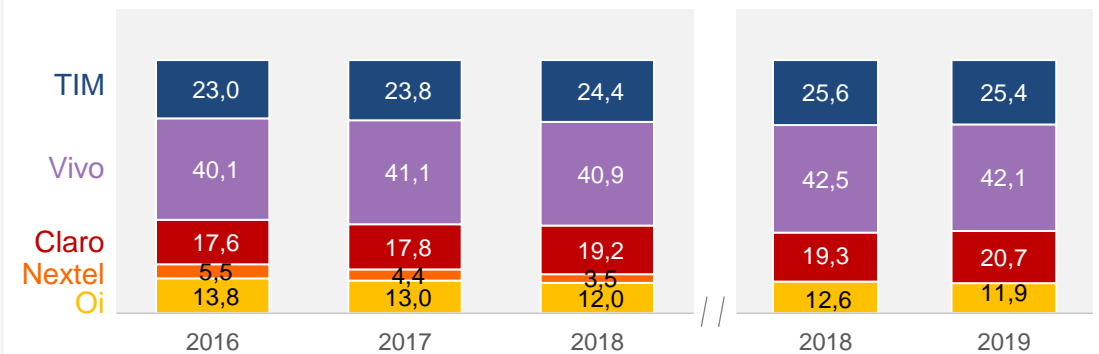
Total Services Net Revenues Share

(%)



Mobile Service Net Revenue Share

(%)

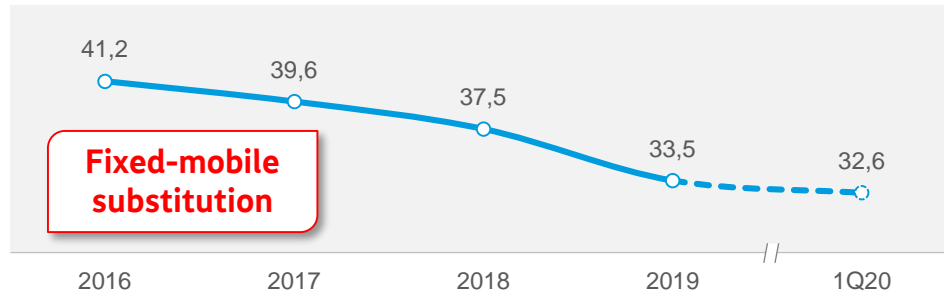


TIM is well positioned to attend the new demand, with no legacy to defend

Fixed Line Base
(MM)

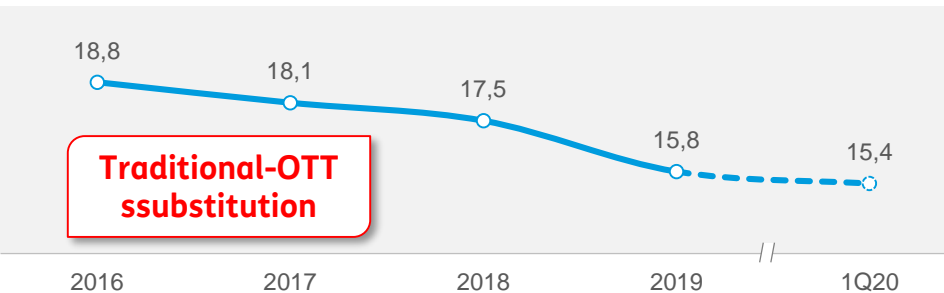
Market
-6.9%
CAGR

TIM
+15.7%
CAGR



Pay-TV Base
(MM)

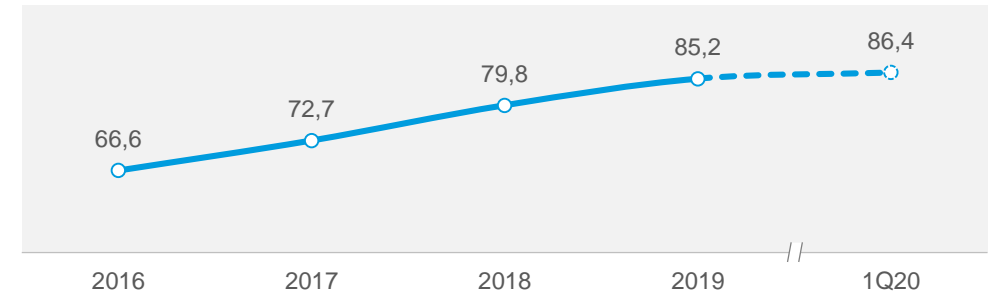
Market
-6.0%
CAGR



Human Postpaid Base (ex-M2M)
(MM)

Market
+8.3%
CAGR

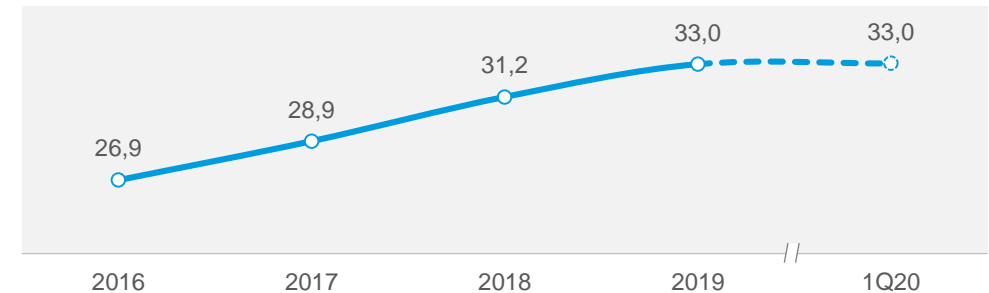
TIM
+9.4%
CAGR



Broadband Base
(MM)

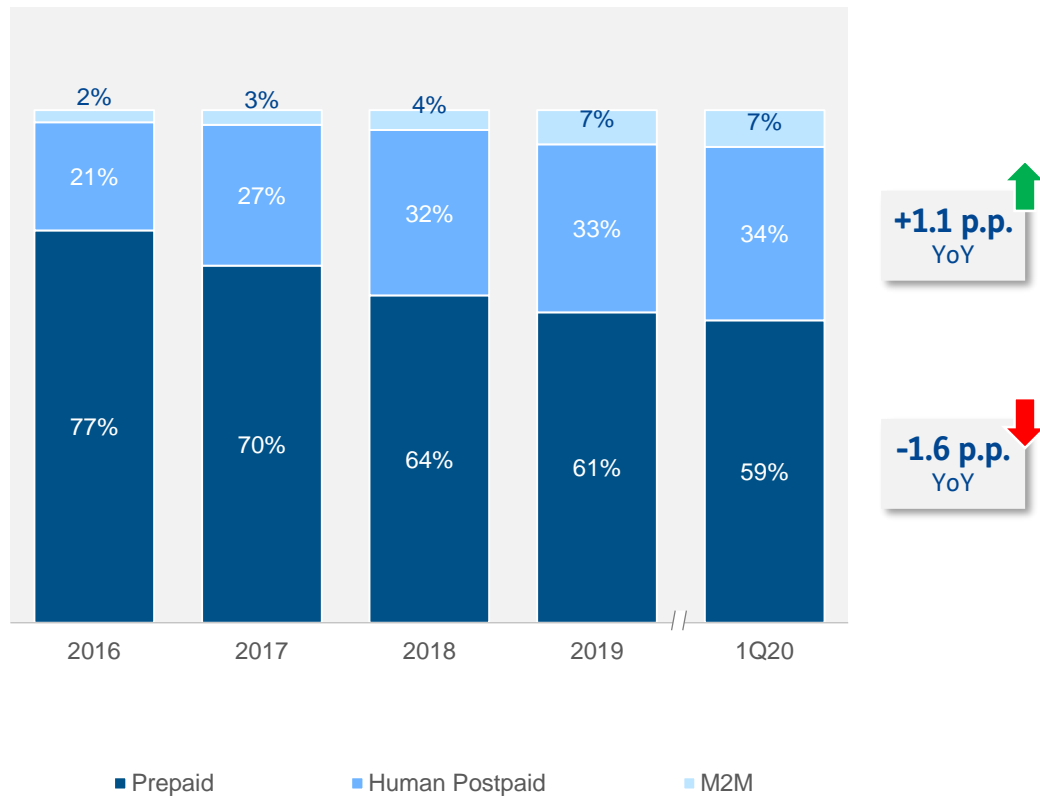
Market
+6.5%
CAGR

TIM
+22.0%
CAGR

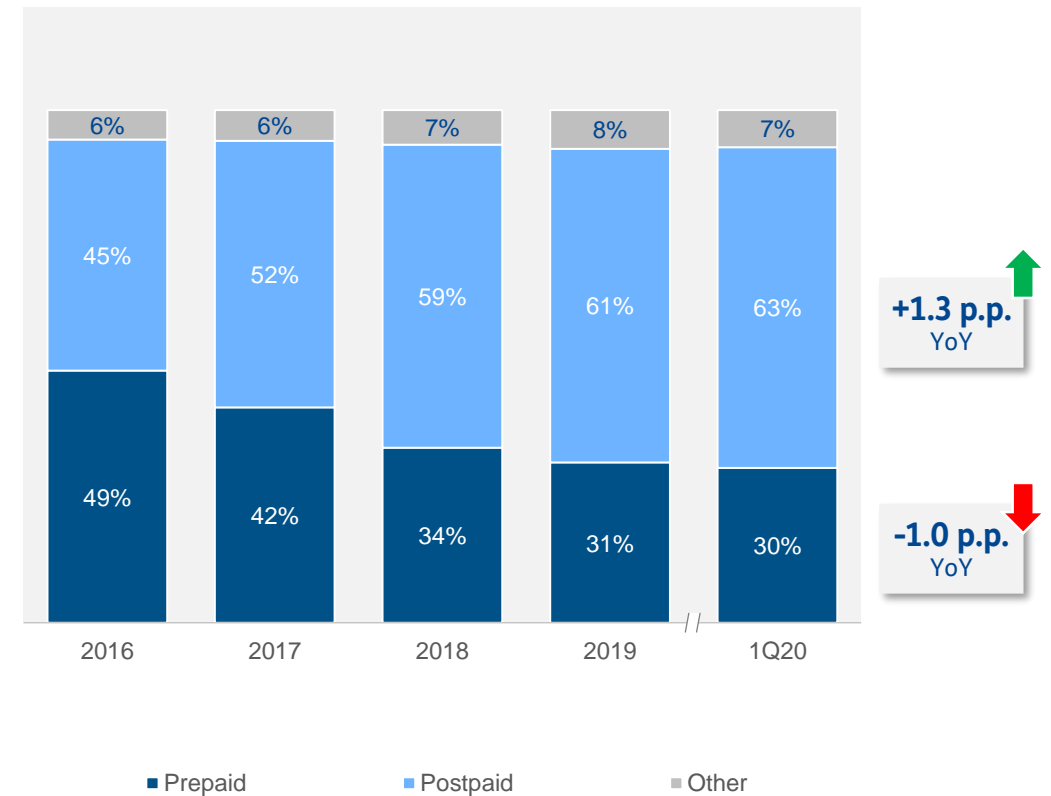


Customer base transformation process, driven by pre-postpaid migration, supported an evolution at the top of the pyramid

TIM Base Mix



Mobile Service Revenue Mix



Complete Portfolio to Address Customer Desires

Mobile Portfolio (B2C)

		POSTPAID		TIM Black	TIM Black Família
		TIM Pré Top	TIM Controle		
	Entertainment	Newspaper + Magazines	Newspaper + Magazines + Protection	Newspaper + Magazines + Music + 1x GB to watch Netflix, Youtube, E+, Looke, and Cartoon Network	Newspaper + Magazines + Music + Netflix monthly fee included
	Social	WhatsApp + Facebook + Messenger + Twitter	Facebook + Instagram + Twitter (+ R\$ 15)	all included	Instagram + WhatsApp + Facebook + Twitter
	Communication Services	≥ 2GB + unlimited calls	≥ 4GB + unlimited calls	≥ 10GB + unlimited calls + GB bonus for portability	≥ 60 GB + unlimited calls + shared benefits + international roaming
		≥R\$ 20.00/two weeks	≥R\$ 49.99/mo	≥R\$ 119.99/mo	≥R\$ 269.99/mo

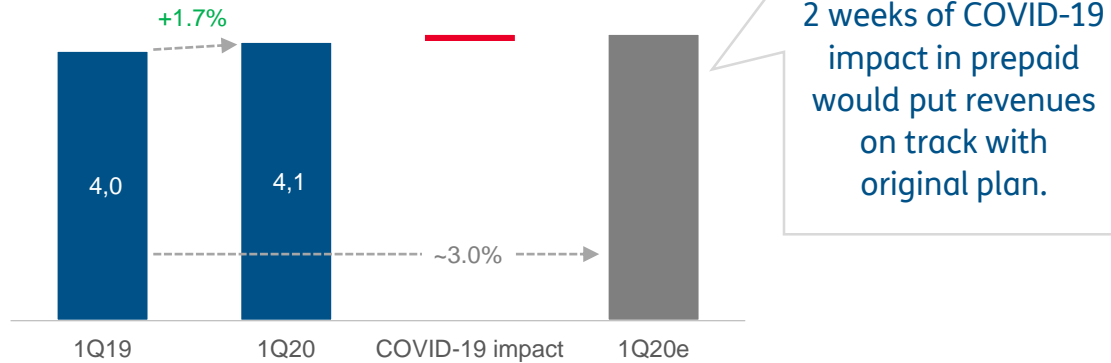
UBB Portfolio

		FIBER		Ultra Fibra
		Internet (WTTx)	Ultra	
	Plans	allowance of 30 GB to 80 GB	speed from 40 mbps to 60 mbps	speed from 100 mbps to 2 gbps
	Value-Added Services	Protection + Modem	+ VoD Partnerships	+ Content (VoD, TIM Banca, Ensina) + Power Wi-Fi

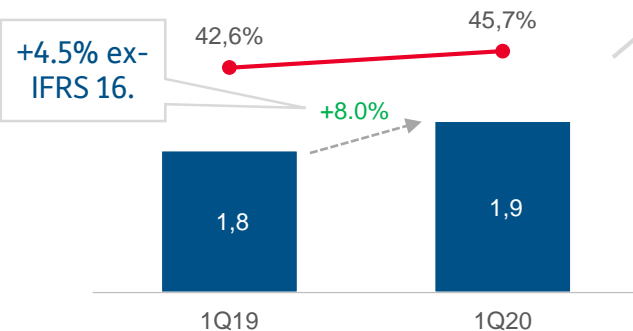
1Q20 RESULTS

1Q20 Highlights: Solid Execution According to our Plan Until the Impact of COVID-19

Net Service Revenues
(R\$ bln)



Normalized EBITDA and Margin¹
(R\$ bln)



Cost discipline to ensure deliver

Reinforcing TIM's commitment, top line impacts will be offset by solid execution of costs control and the efficiency delivered on multiple fronts

Google Agreement for big data virtualization

New partnership

C6BANK

~500k

TIM Black Família customer base

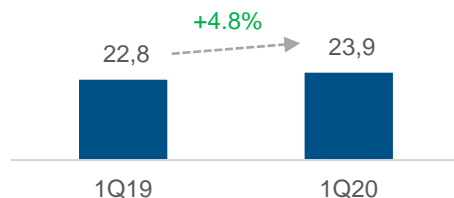
+29% YoY
TIM Live Revenues

100%
4G Coverage in PR and SC

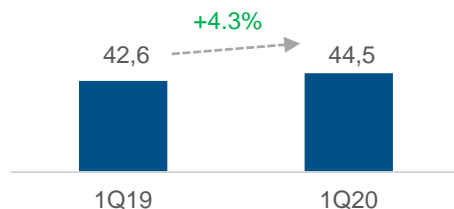
Ongoing Transition From Volume to Value, Although Short-Term Headwinds Bringing Additional Challenges

Mobile ARPU

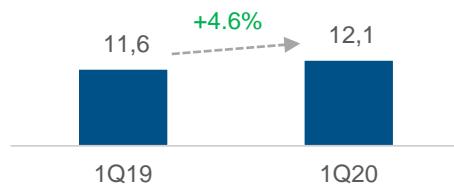
Total
(R\$ / mo)



Human Postpaid¹
(R\$ / mo)

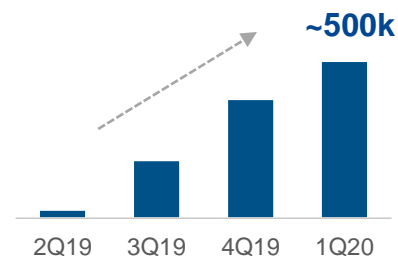


Prepaid
(R\$ / mo)



Better value proposition and improved commitment adding more resilience

TIM Black Família Base
(‘000)

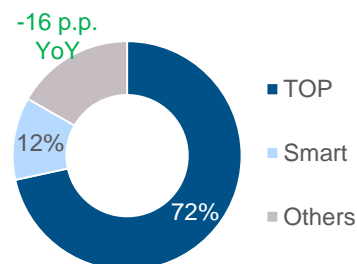


Additional incentives for relationship maintenance and to encourage digital shift

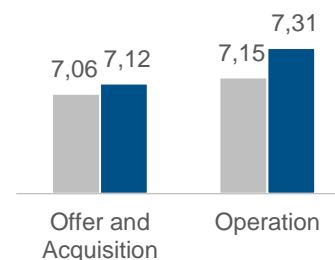


Actions **in accordance** with customers’ historic commitment **avoiding** churn and **future costs of acquisition**.

Prepaid Base Mix



Anatel’s Satisfaction Survey (0-10)



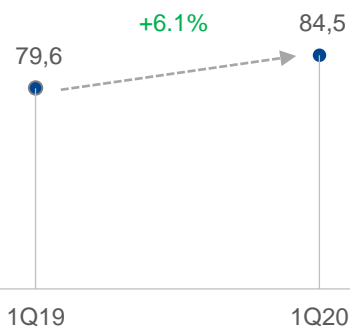
■ 2018 ■ 2019



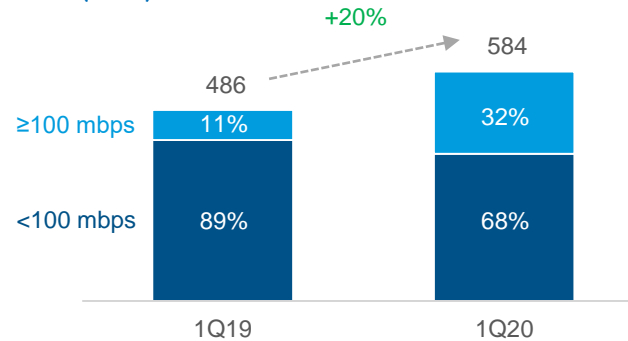
TIM Live Consistency: Another Quarter of Strong Delivery

KPIs evolution on track

ARPU
(R\$/mo)



Customer base
(‘000)

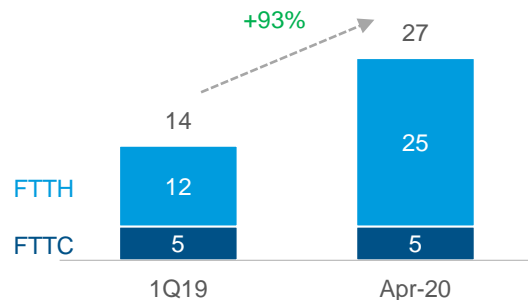


TIM Live Net Revenues
(R\$ mln)

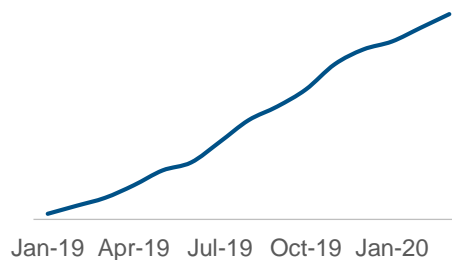


Network rollout increasing potential market

TIM Live Coverage¹
(# cities)



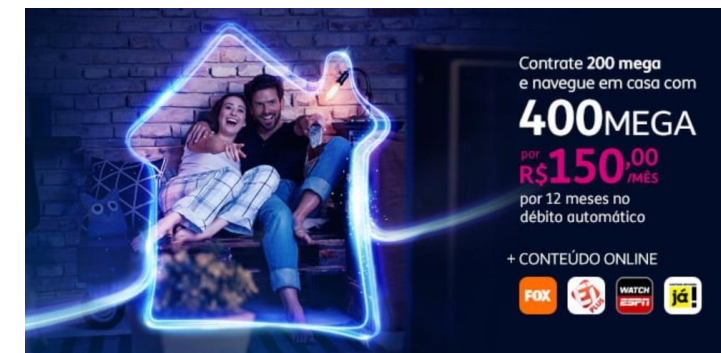
Accumulated New OLTs
(# of units)



New cluster launched: Betim and Contagem (MG)



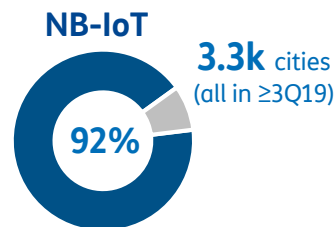
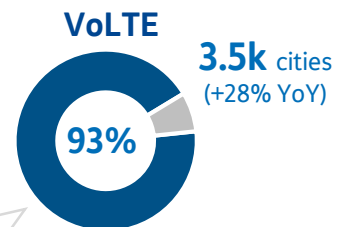
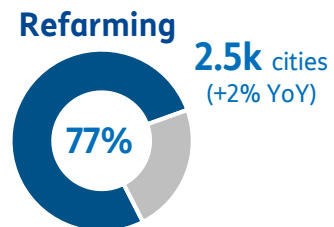
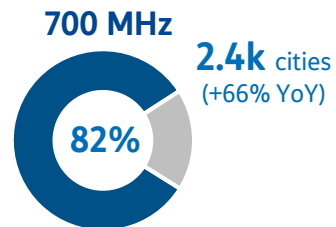
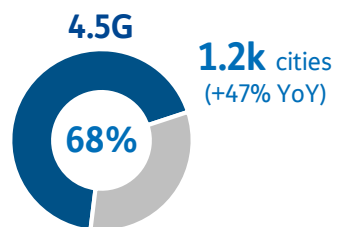
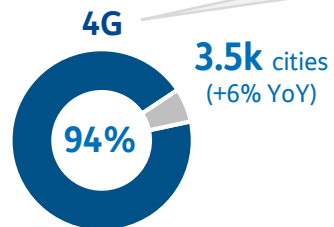
New portfolio: 200 mbps with twice the speed and entertainment content



Leveraging on our Robust Infrastructure To Deliver High Quality Experience

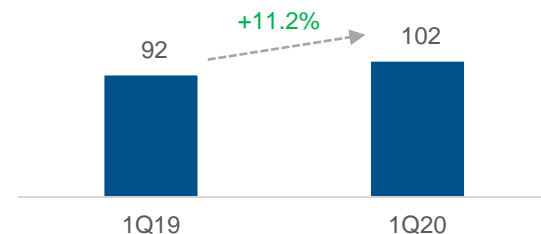
Urban Population Coverage (%)

100% of 4G coverage in PR, SC and ES, join SP and RJ.

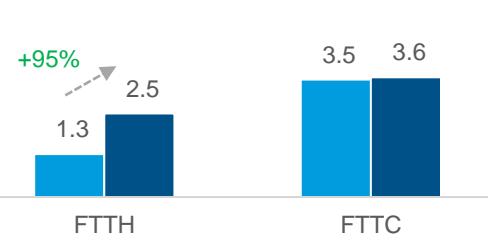


Better voice quality and network efficiency during increased demand.

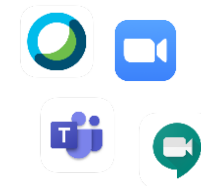
Backbone + Backhaul ('000 Km)



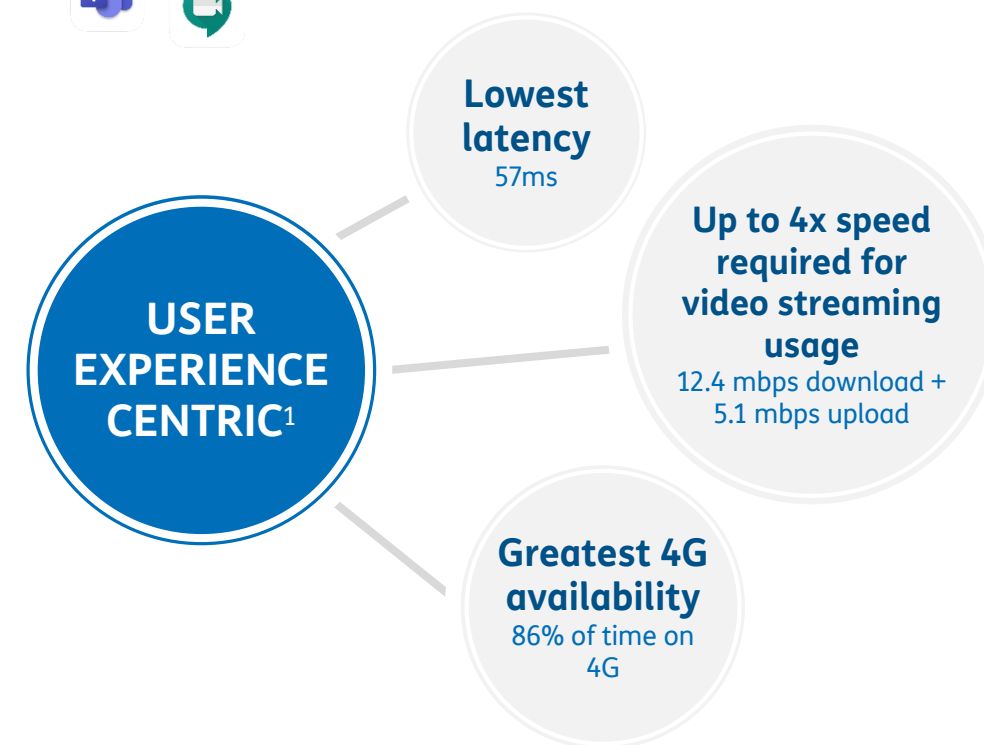
Households Covered (mln)



Network designed for all types of use, prioritizing quality and connection stability

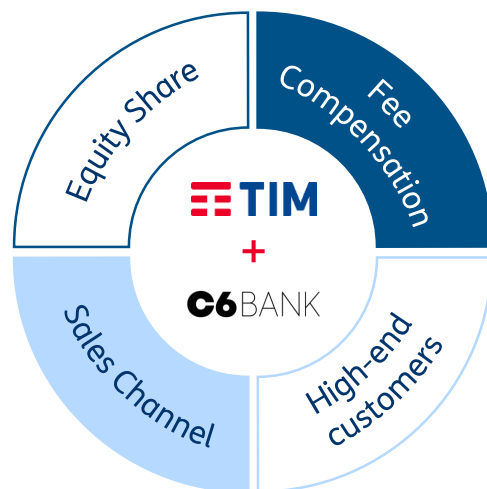


Emerging apps are enjoying a consistent 5-year network evolution.



Seeking the Future With Beyond Core and Smart Capex Initiatives

Financial Services

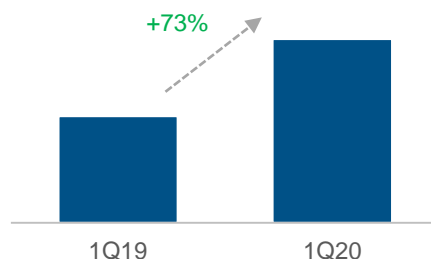


C6 Partnership

- **First telco-bank partnership** to develop joint solutions
- More for more: **increase attractiveness on client acquisition** within a differentiated onboarding experience
- Offer to be **launched later this year**
- **Hybrid partnership** model combining **fees and equity**

Mobile Advertising

Mobile Ad Revenues (R\$ mln)



TIM Ads trial campaign for prepaid customers: data package reward for video view.

Smart Capex

01

Google Cloud Agreement

Big data virtualization bringing disruptive efficiency (Analytics, Machine Learning) and opening future commercial opportunities.

02

Network Sharing Agreement with Vivo

Anatel's and CADE's approval in April. 2G network in 50 cities will be shared as initial effort.

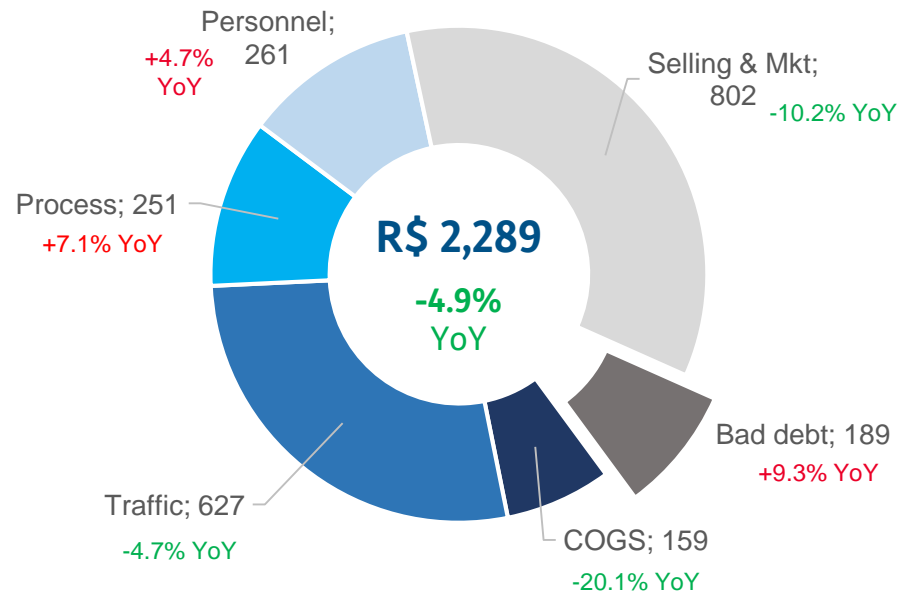
03

TIM Live Project

Starting first steps to approach and select partners at the market: NDAs being signed.

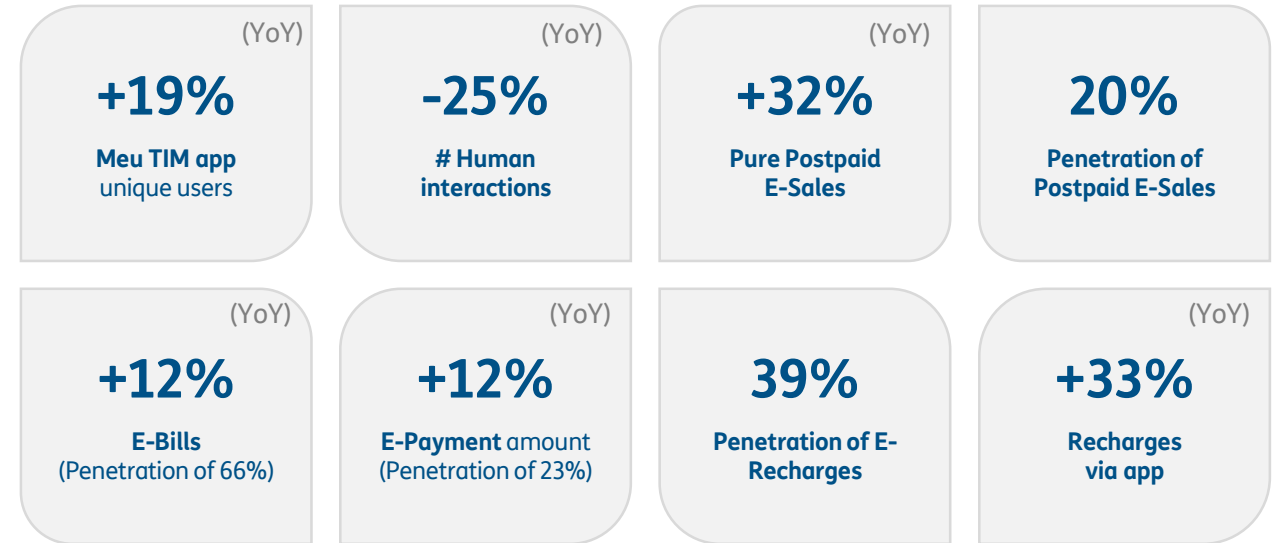
Digital Transformation is Helping to Deliver Efficiencies Today And To Open New Opportunities for Tomorrow

Normalized Opex Breakdown
(R\$ mln)

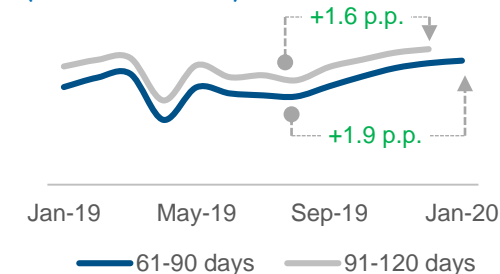


- **Volume driven costs positively impacted** by social distance measures
- **Limited exposure to FX volatility:** low single digit of our Opex (ex-COGS)

Digital channels are boosting savings:



Collection Curve
(% of total billed)

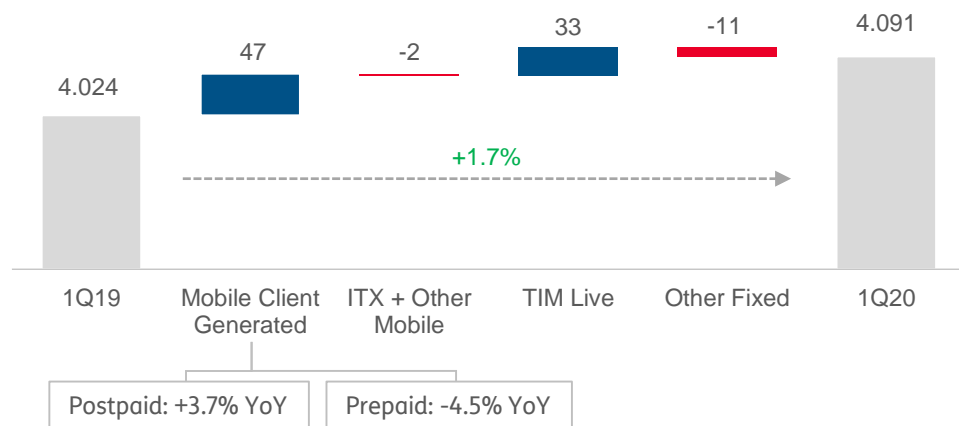


- **Improved collection curve** reflect a positive trend in bad debt, which picked up in 3Q19
- **Opex ex-bad debt** would have **decreased 6.0% YoY**

Resilient Revenue With Strong EBITDA and Consistent Margin Evolution

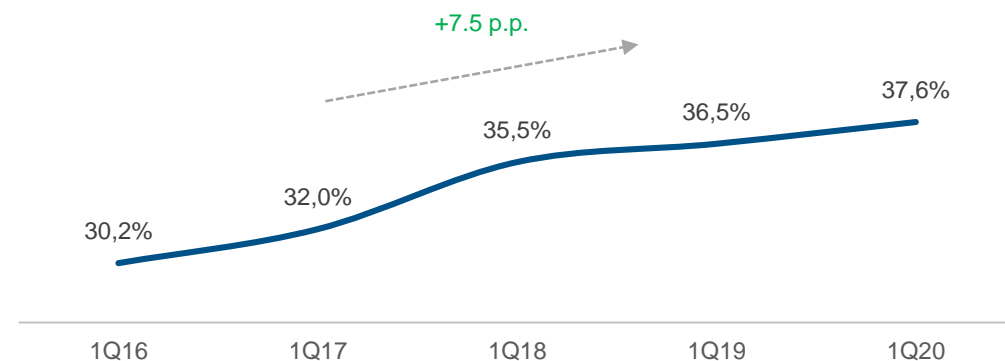
Net Services Revenues Breakdown

(R\$ mln)



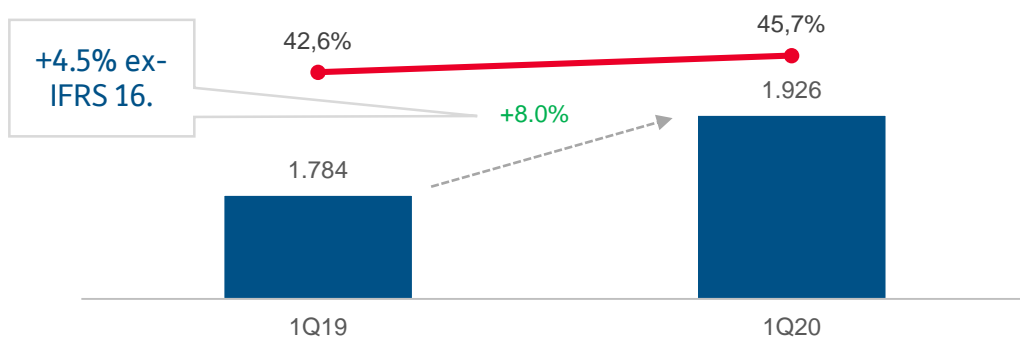
EBITDA Margin (Pro-forma¹)

(%)



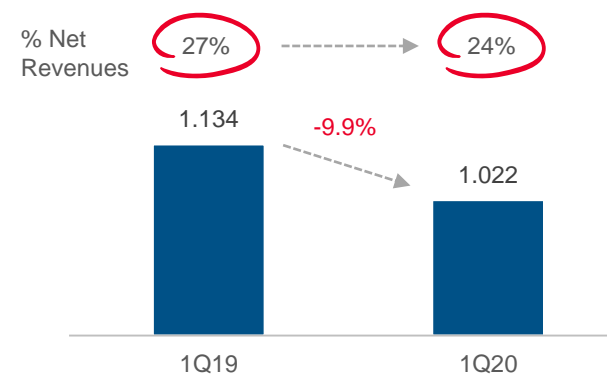
Normalized EBITDA & Margin²

(R\$ mln)

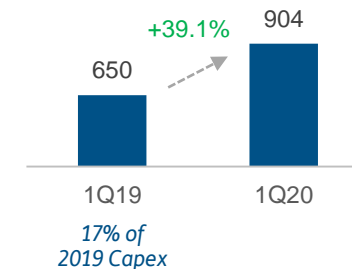


Normalized EBITDA² – CAPEX

(R\$ mln)



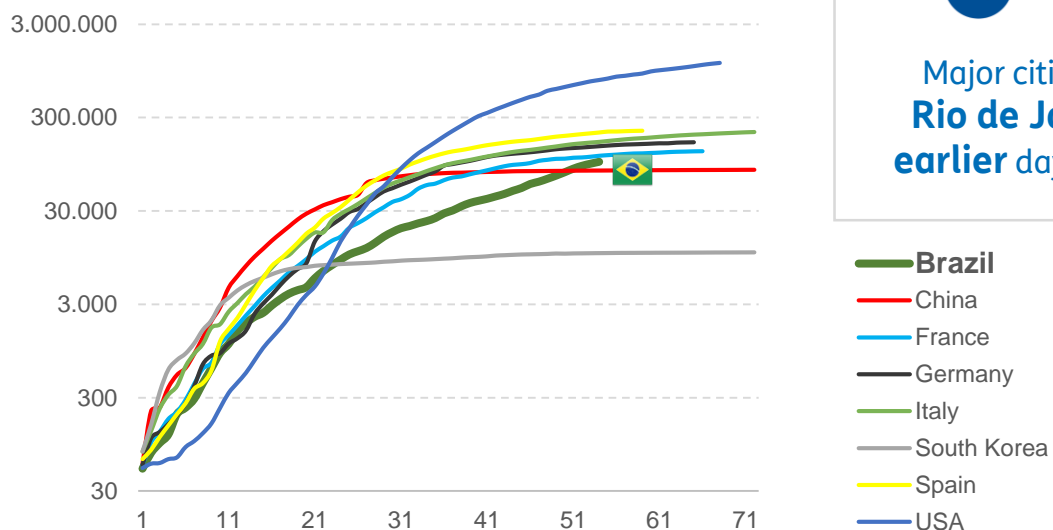
Reduction explained by **lower Capex level in 1Q19** due to seasonal fluctuation between quarters. 1Q20 Capex in accordance with our plan.



COVID-19 Containment Measures Were Implemented on a Regional Basis With a Nationwide Economic Impact

Brazil comparison with other countries

Coronavirus cases evolution¹
(Day 1 set when 50 cases were reached)



The estimated percentage of reported cases in Brazil is between 9-14%.²



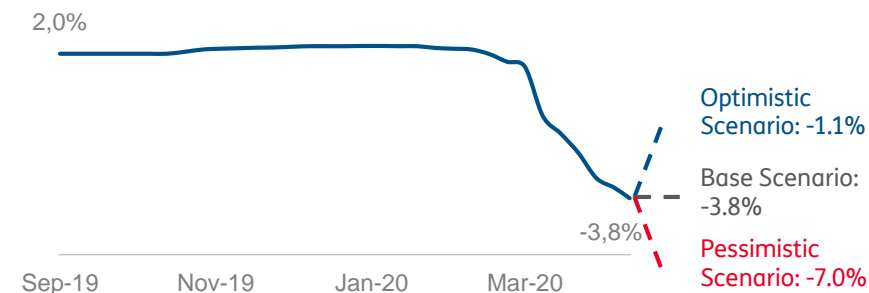
Social restriction started on

March 17th

Major cities as **São Paulo** and **Rio de Janeiro** started in the **earlier** days with others following.

Economic impacts

GDP 2020 weekly forecasts (YoY)



Revised growth projections due to outbreak, with a wide spread between estimates.

Lowest consumer confidence ever³



-28%
drop in retail sales⁴



Main Measures to Quickly Respond and Care for our People, Clients and Society

EMPLOYEES

Social isolation, people management, and maintenance of work conditions



99.9% of employees on remote work since Mar 20

100% of stores closed since Mar 31

1st to convert internal call center to remote work

CUSTOMERS

Service guarantee and maintenance of customer relationship, prioritizing digital



1

Network Adjustments

Strengthening coverage in residential, hospitals and health institutions areas

2

Digital First

Reinforcing e-Sales & e-Caring channels: *Meu TIM*, Cognitive IVR and digital service channels such as SMS, Chat TIM, WhatsApp, and digital recharges

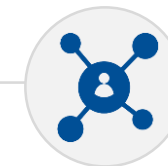
3

Maintaining the Relationship

- More service in exchange for customer engagement continuity
- Temporary adjustments to collection rules and payment terms

SOCIETY

Supporting the fight against COVID-19



Big Data and Analytics

- First mover with city of Rio de Janeiro partnership
- First joint effort between the 4 operators as data providers for the market

Sectorial agreement with OTTs to guarantee service availability

Service prioritization to support the fight – the “Caixa Econômica Federal” case

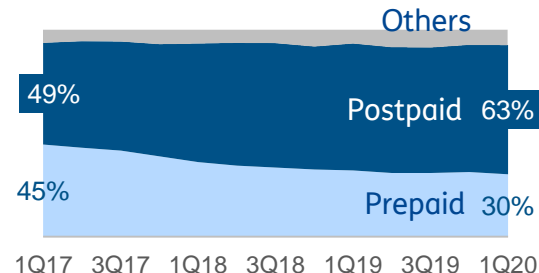
- 48h for a service implementation (111 code) vs 30 days usually
- Quick response to apply zero rating to “Auxílio Emergencial” app (government aid claims)

Mixed Impacts Coming From the Pandemic. So Far, Negative Effects Were Mostly Concentrated in Prepaid, While Postpaid and Live Are Controlled

PREPAID

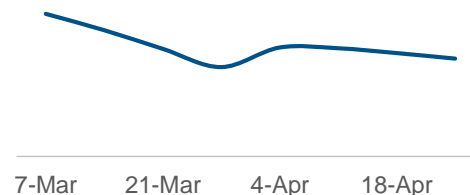
Revenue mix shift in the past years helped **reduce the size of the impact.**

Mobile Services Revenue Mix



Recharges are now at mid-teen drop, after closing March at -20%. This was already a deceleration versus -25% in the early days of the quarantine.

Weekly Prepaid Recharges (R\$ mln; EOP)



Digital recharge growing +35% YoY

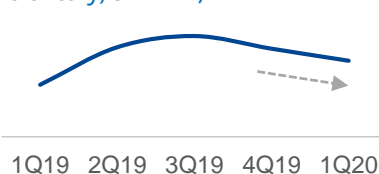
- Digital experience today building behavior of tomorrow
- Lower commissioning cost: digital channels 2-3 times less costly than traditional ones

POSTPAID AND LIVE



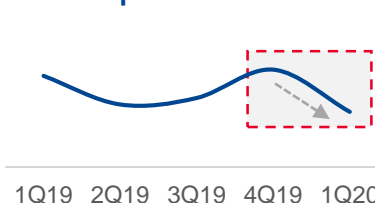
Lower mobile commercial activity means **lower voluntary churn...**

Human Postpaid Churn (voluntary; ex-M2M)



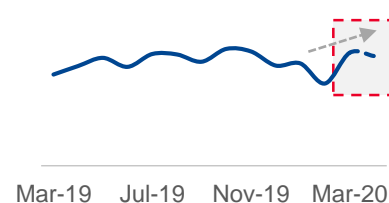
... and also fewer gross adds

B2C Postpaid Gross Adds



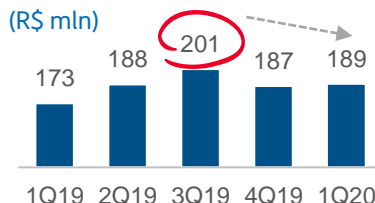
Normal commercial activity at Fixed segment

TIM Live Gross Adds



Bad debt remains a risk, but for 1Q no major impact

Bad debt (R\$ mln)



OTHER EFFECTS



Digital caring going up with lower costs

Meu TIM app unique users
+19%
YoY



Volume driven costs are positively impacted



B2B services for connectivity and authentication are seeing increased demand



Network resilience (traffic)¹

Mobile Data
+6%
MoM

Fixed Data
+25%
MoM

Mobile Voice
+15%
MoM

Solid Balance Sheet With Robust Liquidity Position

Strong Liquidity with Additional Credit Lines

February 2020

- (-) R\$ 621 mln (BNDES financing amortization) with a cost of debt of approx. 7% p.y.
- (+) R\$ 800 mln issued (total amount of two loans from different banks with a cost of debt of approx. 4% p.y. each)

April 2020

- (+) In face of the COVID-19 scenario, R\$ 574 mln was contracted due in April 2021 (cost of debt of approx. 6% p.y.)

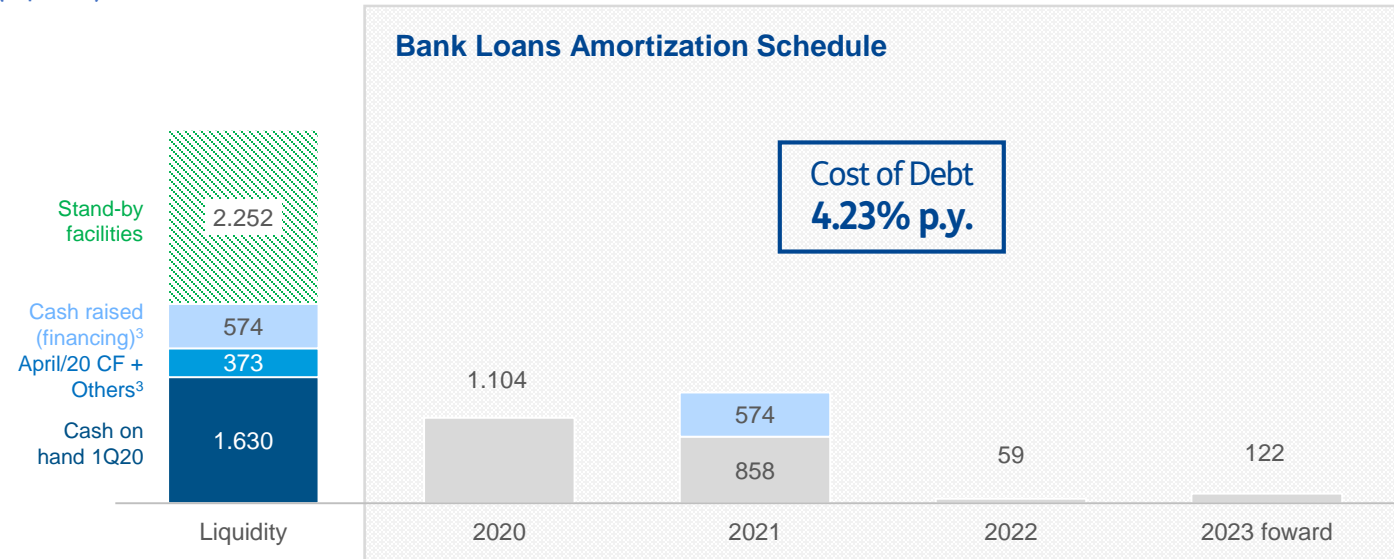
Credit lines available (“Stand-by facilities”)

- (+) R\$ 1.5 bln and R\$ 752 mln from BNDES and BNB, respectively, with no commitment fee

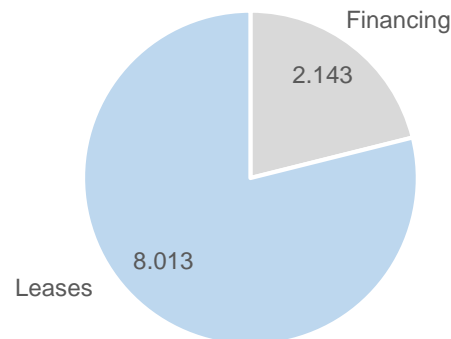
FISTEL + Condecine payments postponement

- Brazilian Entities authorized the postponement of the payment of those regulatory taxes providing an important relieve in the short term: R\$ 789 mln to be paid starting from Aug/2020

Cash Position & Amortization Schedule² (R\$ mln)



Gross Debt 1Q20² (R\$ mln)



Net Financial Position¹ (R\$ mln)



Adjusting our Short-Term Approach and Ready to Face a Challenging Scenario Ahead



FROM VOLUME TO VALUE

- **Offer** and customer management **consistency**
- **Exploring opportunities** of the new context



DISRUPTIVE EFFICIENCY AND COSTS DISCIPLINE

- **Bad debt** started to show **improvements**
- **Digitalization accelerated** by social transformation
- New **smart capex** initiatives
- Make or buy initiatives to be announced next quarter
- Strict Capex control in order to **maintain profitability guidance**



NEW SOURCES OF REVENUES

- New partnership with **C6**
- Possibility of **Google Cloud** usage for corporate portfolio expansion



INORGANIC OPPORTUNITIES

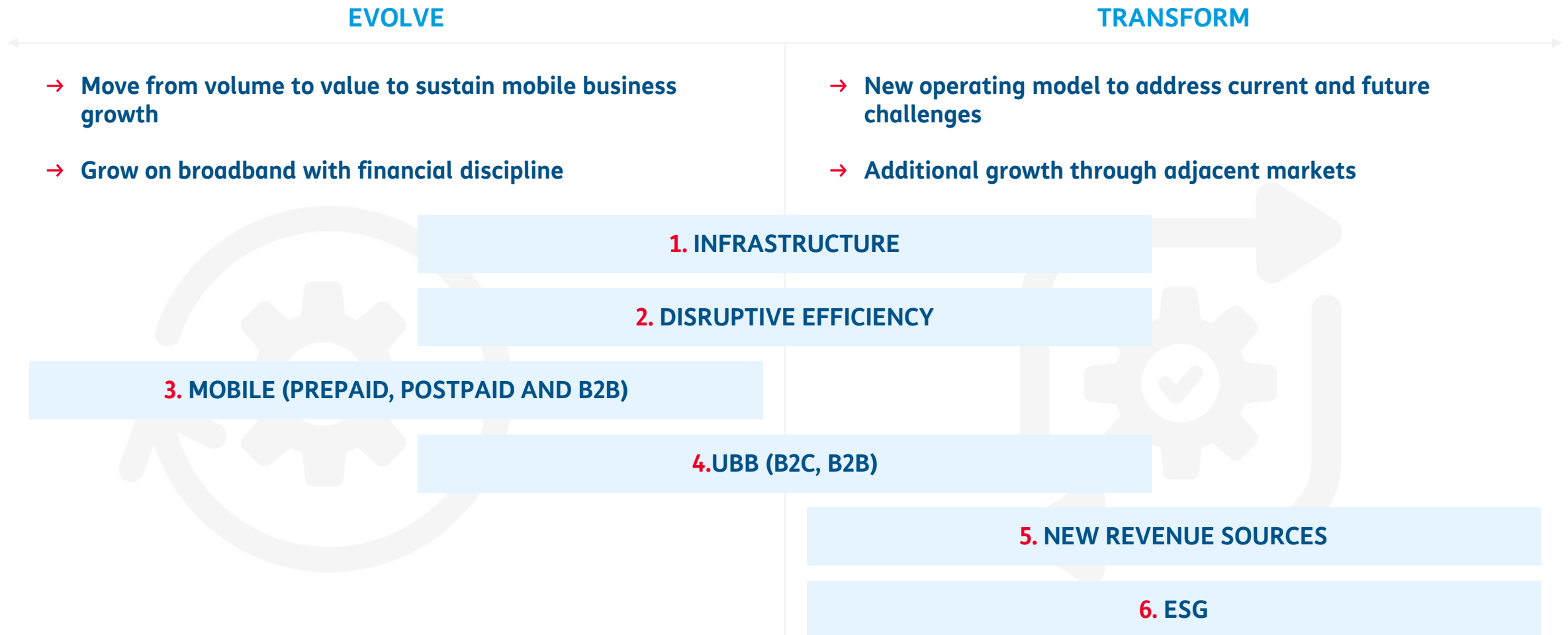
- Advancing with **Oi mobile assets Due Diligence process**
- **TIM Live further expansion**: ongoing process to find a strategic partner

Guidance: 2020-2022 Plan

- Plan assumptions (e.g. GDP growth of 2% in 2020) no longer represent current economy situation + The duration of the pandemic is not known => More clarity on impacts from COVID 19 are expected by the end of 2Q;
- Commitment to Free Cash Flow:
 - ❗ **EBITDA – Capex on Revenues guidance confirmed: >20% in 2020** (Mid-single digit YoY for EBITDA-Capex)

STRATEGIC PLAN 2020-22

It is Time to Move Forward: Evolution Plan to Further Develop Initiatives Already in Place. Transformation Plan to Reshape Company's Skills Over the Next 3 Years



Act Today to Be Ready for the Future

IT to the next level in 18-24 months



**Big data
evolution**



**NBA
roll-out**



**Cognitive
systems**



**Application and
architecture review**



**Catalogue
creation**

Network 5 key pillars



**Data
Growth**



**5G
ready**



IoT



**New
initiatives**



**Fixed
Broadband**

Benefits:



**Customers'
Integrated view**



**Time-to-
market**



**New
capabilities**



**Automation of
processes and
efficiency increase**



**Fixed
Wireless
Access**



**Decommissioning
Savings**



**Densification and
innovative solutions**



**New IoT
businesses
opportunities**



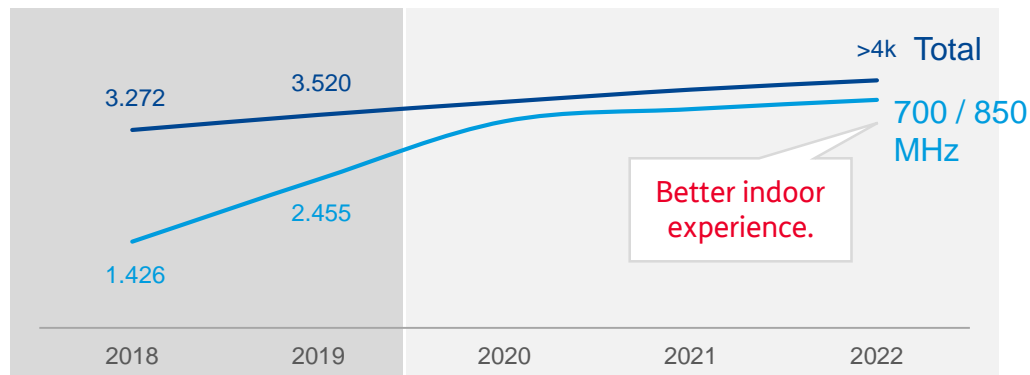
**Convergent
architecture**

Network Efficiency

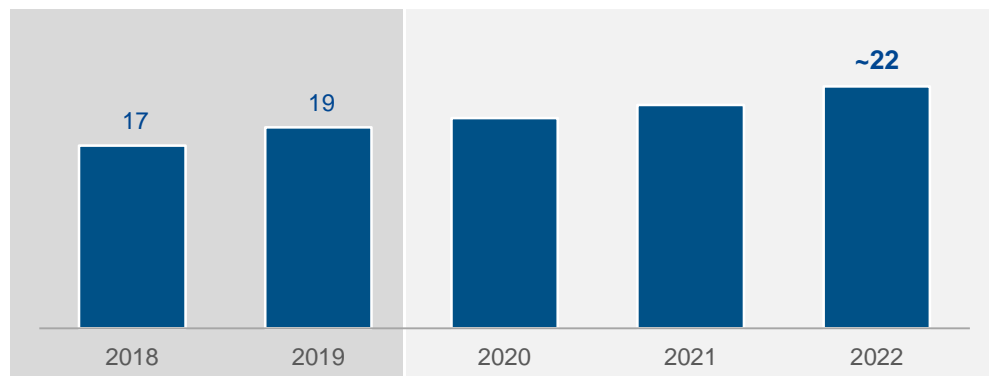
Mobile Shift to 4G Network Still in Progress as a Way to Improve Quality and Reduce Cost to Serve



4G COVERAGE (# cities)



ACCESS NETWORK ('000 SITES)

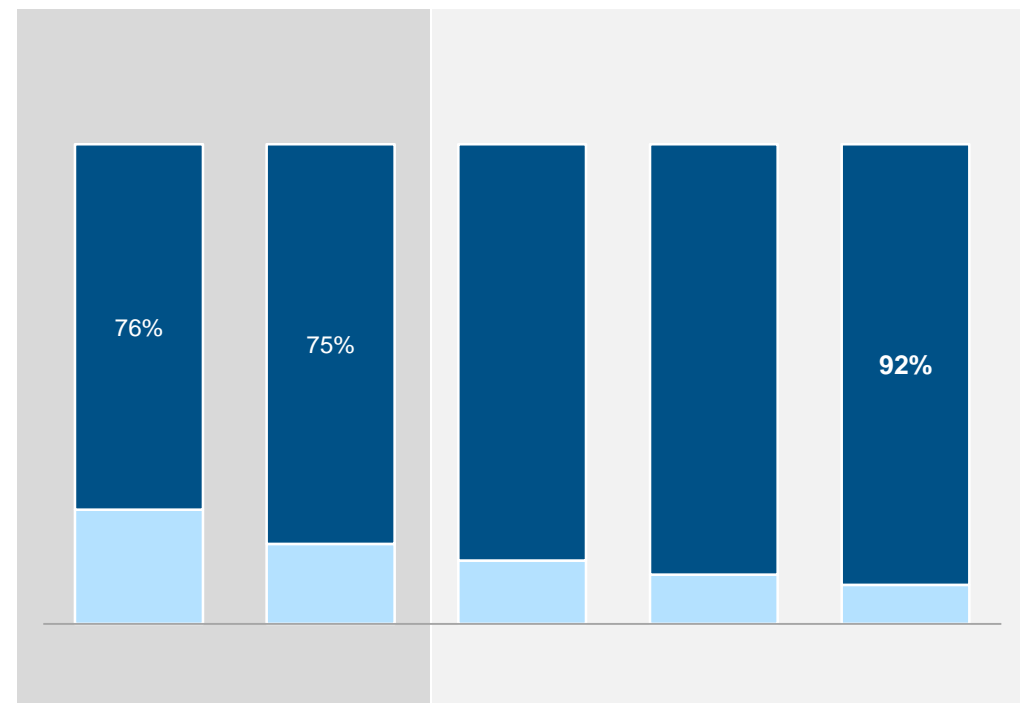


TRAFFIC MIX EVOLUTION

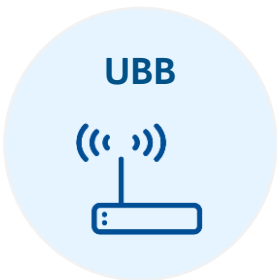


4G

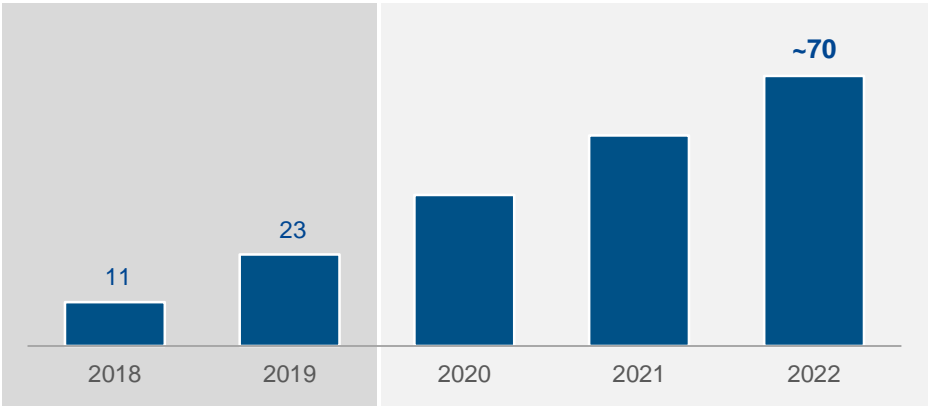
2G / 3G



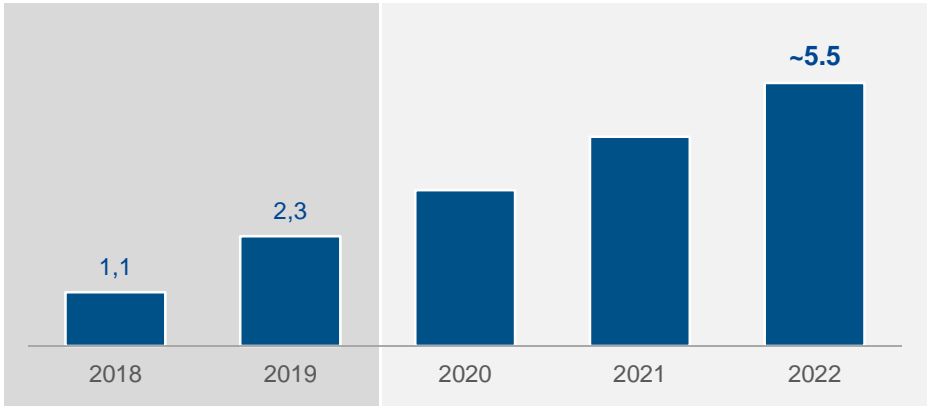
Fiber Expansion to Support Business Continuity and Ultrabroadband Acceleration



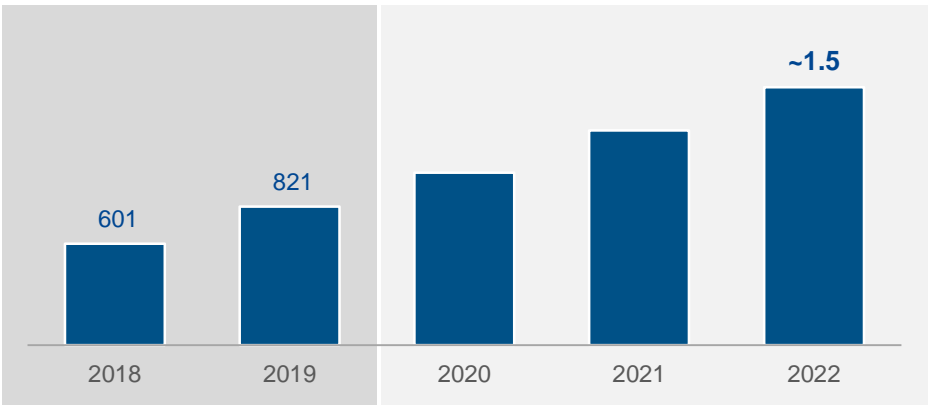
FTTH (# cities)



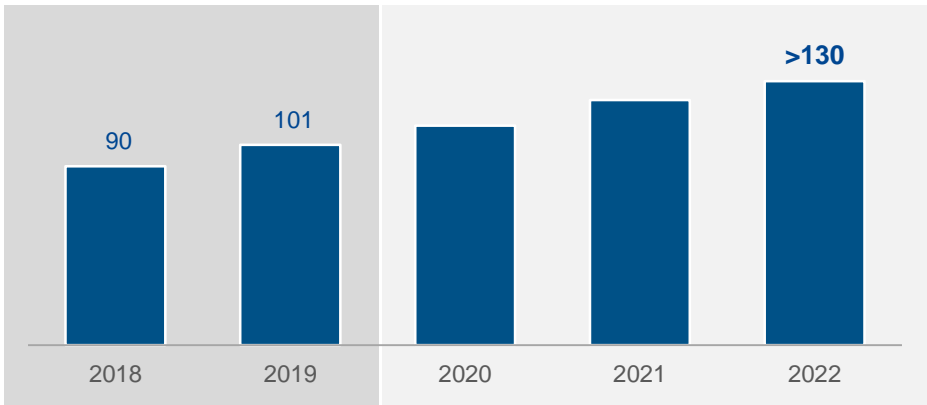
HOME PASSED (mln)



FTTCity (# cities)



BACKBONE + BACKHAUL ('000 km)



Disruptive Efficiency to Address Industry Challenges



Process efficiency

Gaps as opportunities:

Close gaps and surpass the benchmark.

- **Bad Debt** (e.g. new credit models, collections systems improvement)
- **Legal processes** (e.g. predictive models to reduce JEC expenses - special court for small cases)



Digital & Automation

Brazilians are already

digital: unique environment opportunity.

- **Self-Provisioning** (e.g., Naked SIM)
- **Self-caring:** Cognitive IVR and WhatsApp services (e.g., second invoice, balance check and etc.)
- **Self-healing** (e.g., technical resolution for broadband services)



Make vs buy

Productivity: focus on the core.

- **Administrative processes** (e.g. ground leasing)
- **Pay-roll management IT Planning & Development**



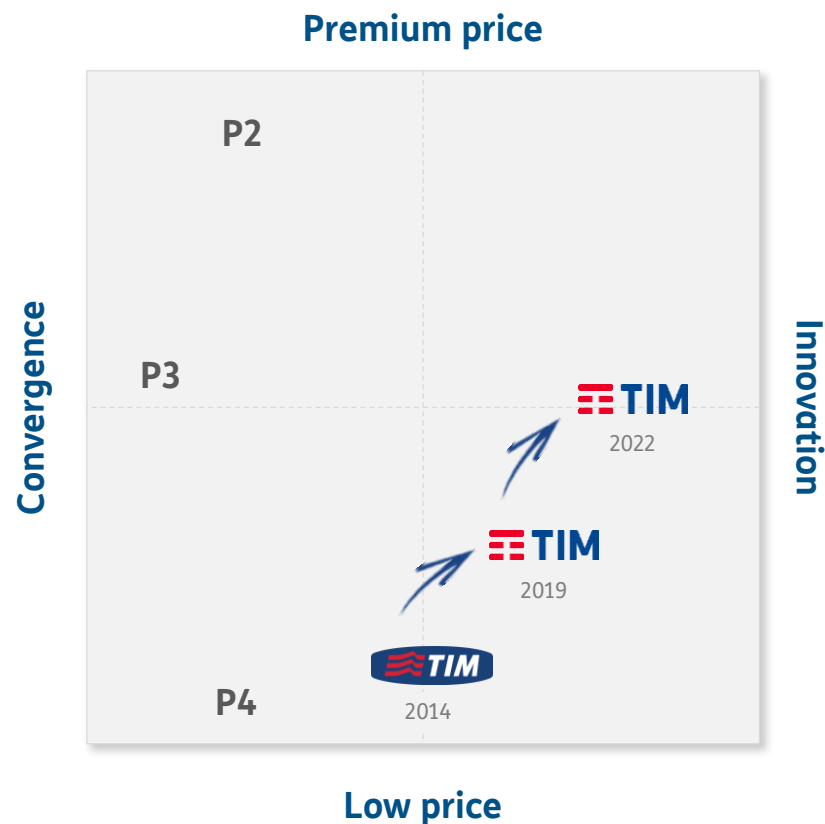
Smart CAPEX

Being competitive: increase return on investment by focusing it where we can apply differentiation.

- **Industrial agreements** (e.g. VIVO MoU)
- **Innovative Technologies** (Massive MIMO)
- **TIM Live's Transformation** with partnership
- **Cloudification** (storage as commodity)

Mobile: From Volume to Value

Innovation Positioning with Unique Assets to Leverage



“Ensuring **execution** and **customer satisfaction** to succeed.”

4G: Widest Coverage and Availability.

Regional Leadership: Solid presence in **North-East** and **Paraná/Santa Catarina**.

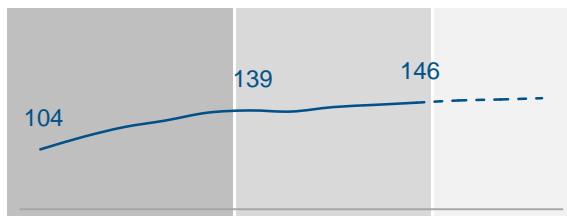
Financial Discipline: Positive performance over the last years, leanest Opex structure, capability of cash flow generation.

Mobile: From Volume to Value

Move from volume to value to sustain mobile business growth, leveraging CEX

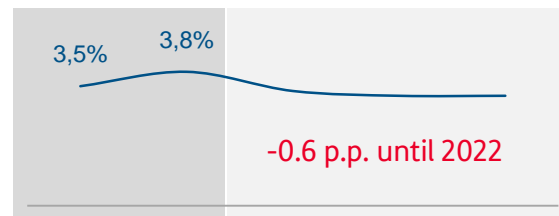
Residual growth: churn management becomes more important

MOBILE UNIQUE USERS (mln)



» **Reduce churn**

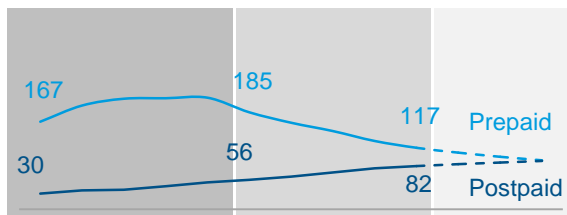
POSTPAID CHURN RATE (% p.m.)



- **Eliminate pain points:** discount management
- **Lock in** high propensity customers
- Improve **service level**

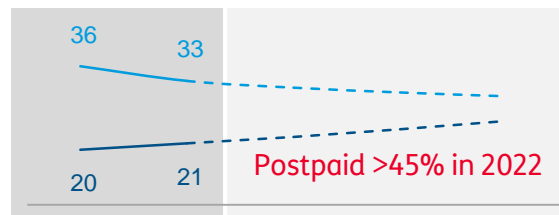
Playing by opportunity, meeting clients true needs

CUSTOMER BASE MIX (mln)



» **Attack all segments**

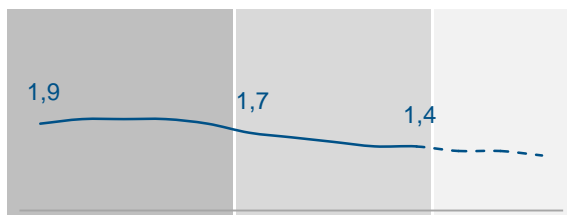
TIM MOBILE CUSTOMER BASE BY SEGMENT (mln)



- Prepaid: acceleration w/ regional + smart promo, channel management
- Postpaid: brand positioning, and outstanding customer service level
- SMB: consumerization

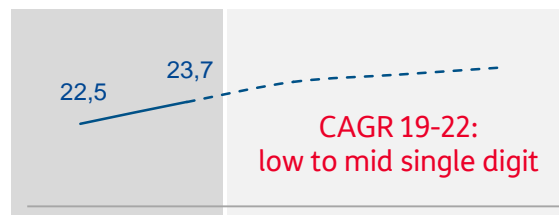
Increasing “share of wallet”

SIM PER UNIQUE USERS¹ (mln)



» **ARPU increase**

TIM MOBILE ARPU (R\$/month)

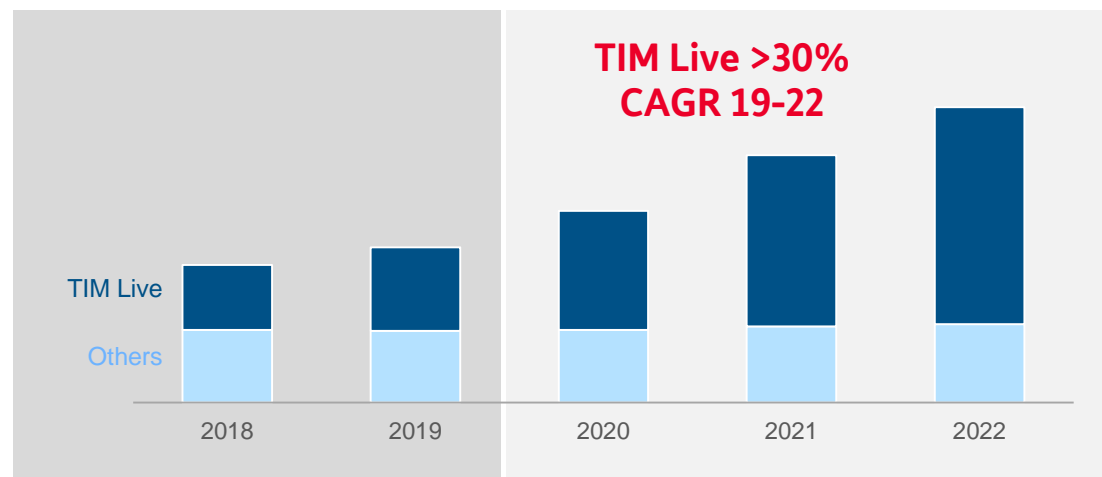


- Unlock **upselling** opportunities
- Price with “**more for more**” approach
- Boost **big data, data analytics, NBA** capabilities

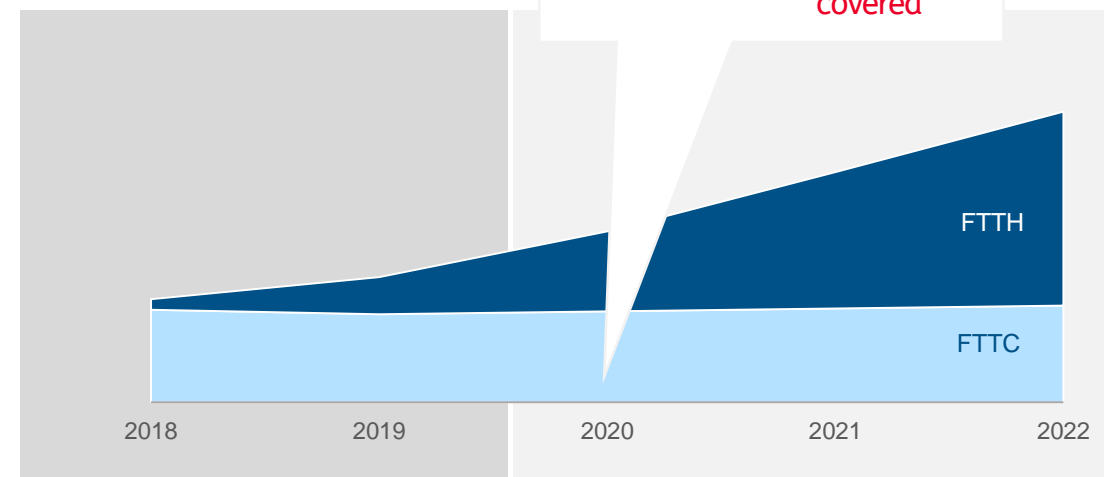
Broadband Revenues will be the Lever for Fixed Business Growth

FROM EVOLUTION...

FIXED NET REVENUES (R\$)



FTTx CUSTOMER BASE (mln)



Footprint expansion and operational improvement

Cherry picking deployment, Reduce early churn, Improve care and self-care, Reliable bill to cash processes

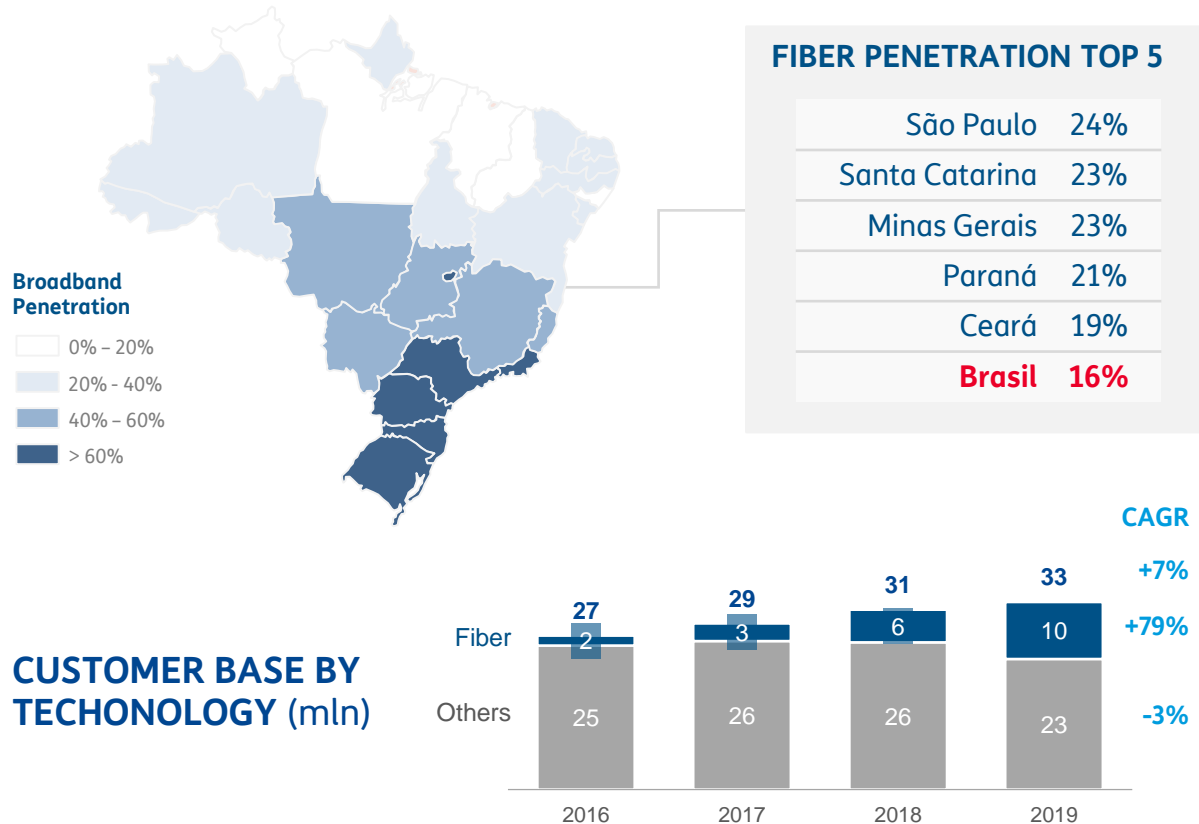
Differentiation: UBB + Content

OTT content friendly approach, Wi-Fi experience

Smart Capex to Ensure Acceleration

BRAZIL'S BROADBAND MARKET

BROADBAND AND FIBER PENETRATION (on HH)



...TO TRANSFORMATION

Strategic Partnership



Expanding TIM Live's services with the right balance between Sales and Capex, unlocking additional value of this asset



Create in partnership a neutral fiber infrastructure asset in Brazil



Market sound process with an advisor to find the right partner out of the telecom space

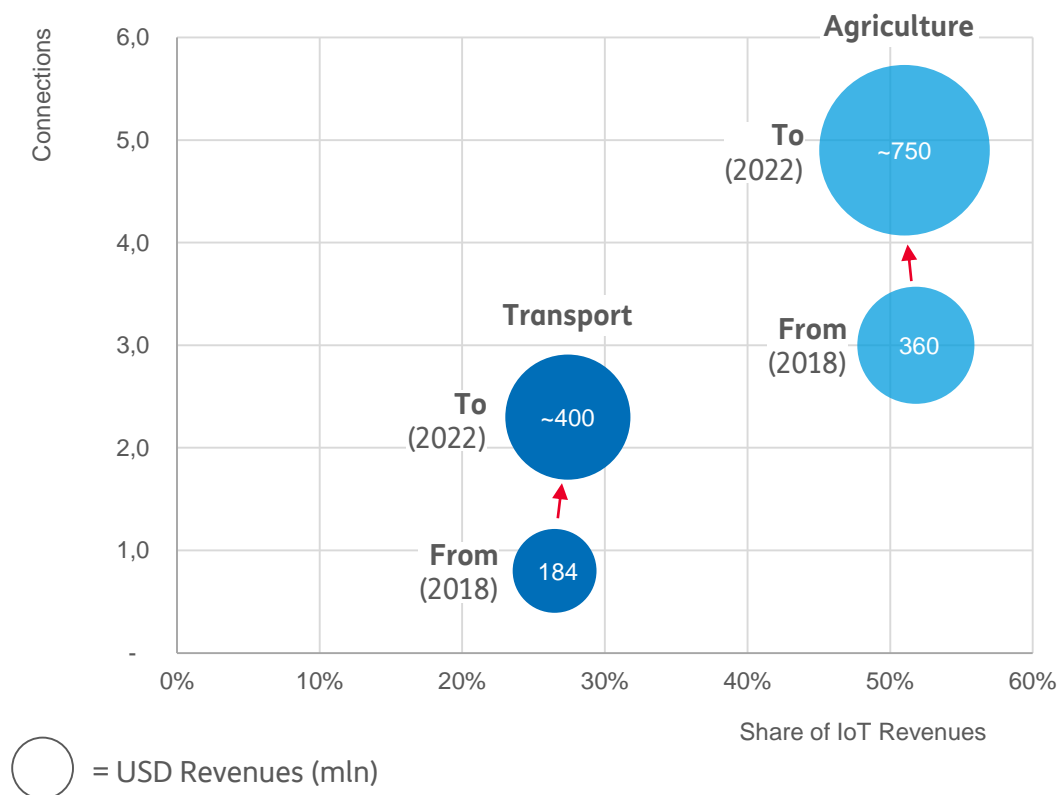
To be completed by the end of 2020.

Beyond Core: Leveraging our Assets with Strategic Partnerships

Exploring B2B New Services

IoT IN LATIN AMERICA

IoT MARKET SIZE¹



DEVELOP AT SCALE AND MONETIZE IOT VERTICALS

4G TIM no Campo

Sole operator in the initiative developing agribusiness solutions based on IoT.

conectar4GRO

~5 mln acres with 4G

1st place in 4G coverage in Brazil

Connected Car

First mover: agreement with car manufacturer to provide in-car connectivity and automation.

>3 k cities with NB-IoT

major partners in agro

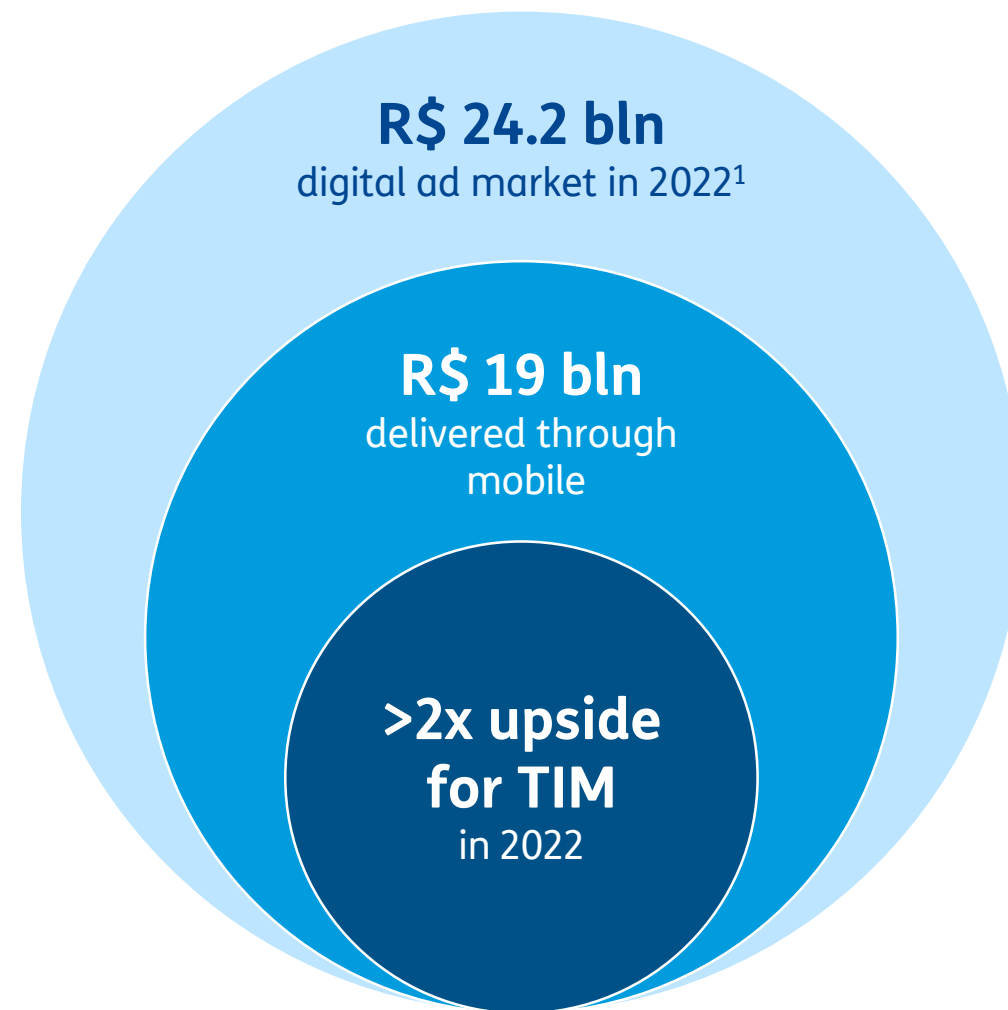
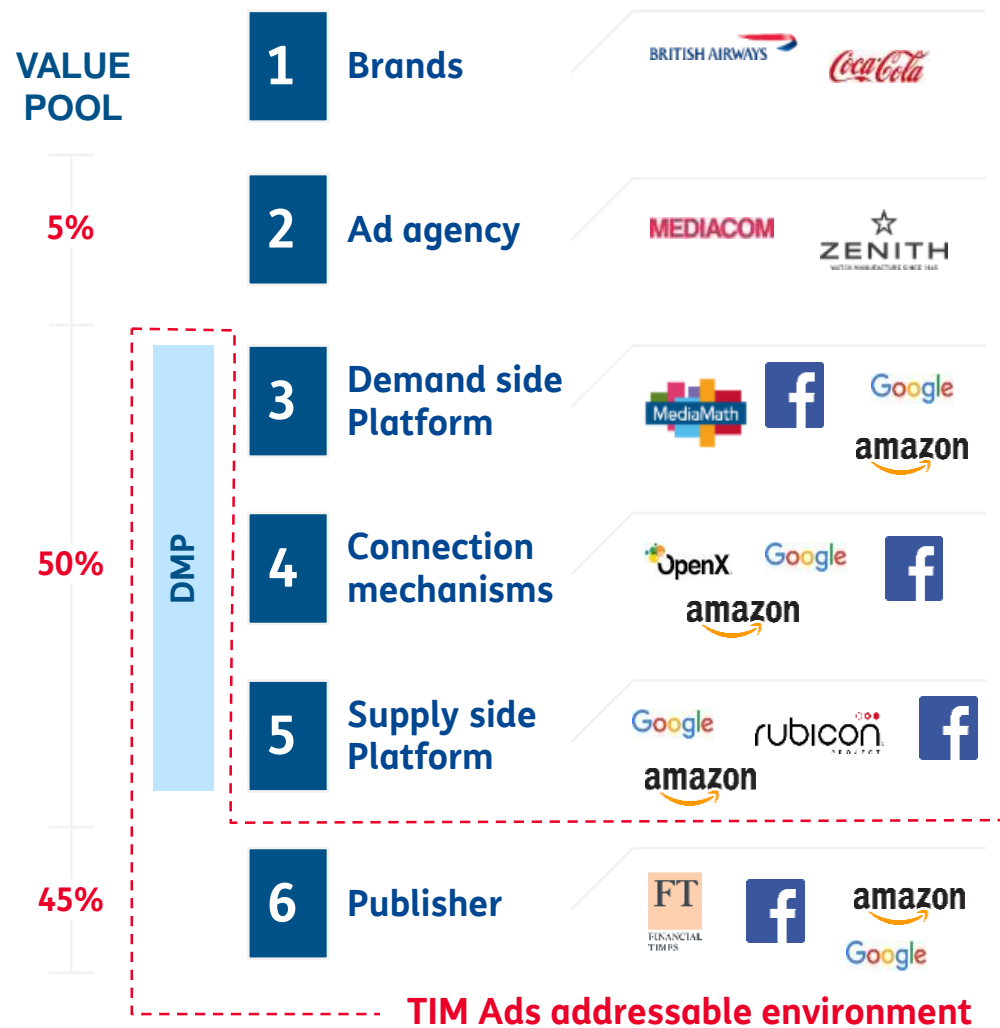
citrosuco AMAGG

adecoagro SLC Agrícola

JALLES MACHADO

Beyond Core: Leveraging our Assets with Strategic Partnerships

The Mobile Advertising Opportunity



Beyond Core: Leveraging our Assets with Strategic Partnerships

TIM's Positioning as Publisher and Ad-Tech Player

As is

To be

TIM AS PUBLISHER

Exploring owned touch-points (digital and physical) to advertise 3rd parties.

Opportunistic approach

- SMS to any 3rd parties
- ~R\$ 190 mln already generated in mobile ads products

Close the gap

- Exploring Captive Portal interactions to display 3rd parties ads
- New trial contracts signed in the past 2 months
- Fine-tuning and new products development

TIM AS AD TECH PLAYER

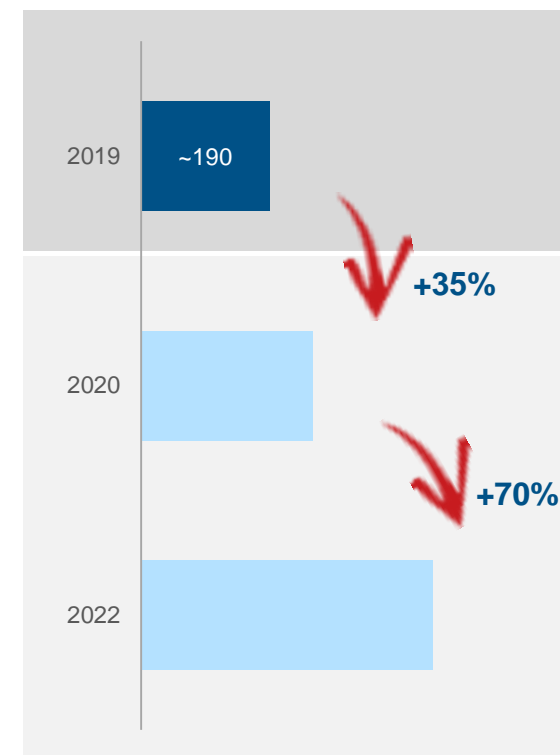
Leveraging on customer data and ownership to enhance advertisers knowledge.

Becoming a front runner

- Data monetization: enhancing 3rd parties campaigns assertiveness with customer knowledge
- Operators cooperation
- Aligned with LGPD for scoring and new economy



MOBILE ADS REVENUE (R\$ mln)

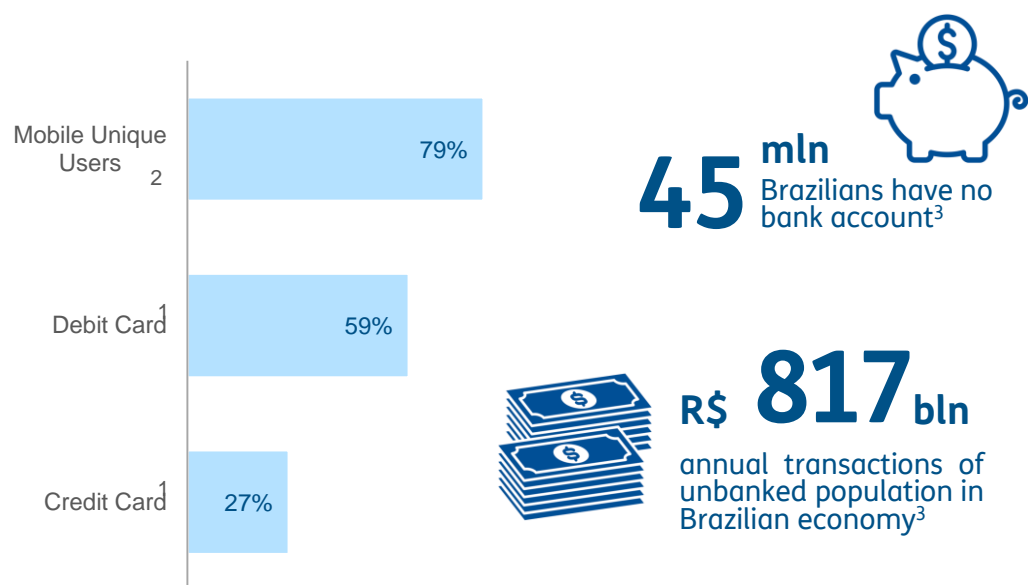


Beyond Core: Leveraging our Assets with Strategic Partnerships

FinTech's Playing Field is Moving Fast and We Have a Unique Window of Opportunity

FINANCIAL SERVICES IN BRAZIL

OWNERSHIP PENETRATION OF... (% population)



83% top 5 banks' market share



EOP 2020
BCB expects to launch its instant payment system: PIX.

EXPLORING PARTNERSHIP OPPORTUNITIES

1

HIGH-END

Convenience and simplicity.

- Full bank offer
- Commercial partnership
- Value generated by commissions in fees + equity

2

LOW-END

Access to banking services.

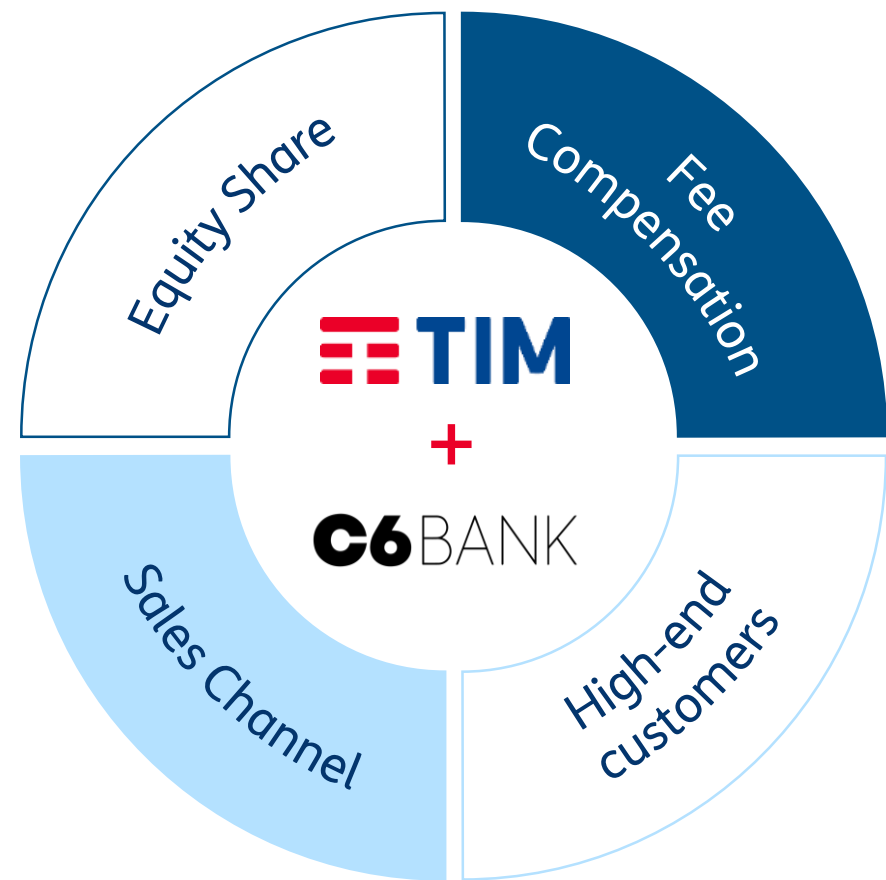
- Symbiotic partnership (JV like)
- Value generated by profit sharing

First mover in telecom + digital banking services.

Exclusive agreement with Bank C6.

Partners short list under analysis.

Confirming Innovation Leadership in Telecom Through a Hybrid High-end Partnership with C6 Bank



DESCRIPTION	TIM	C6 BANK
Role	Sales channel	Provider of banking licenses, technology and infrastructure
Target clients	TIM customer base: increase attractiveness on client acquisition within a differentiated onboarding experience (potential 'VIP' experience for high-end costumers)	
Offer	Bank and Telecom account, making life easier for consumer	
Business structure	Hybrid partnership model combining fees and equity	

REDUCE CHURN

Distinguished offer through MFS and increased engagement with the clients have a potential to reduce churn in the core telco business.

LOWER COLLECTION COST

The bonus is only guaranteed when the customer pays their invoice or recharge through the App C6, **lowering the cost of collection.**

TIM Brasil plans to improve its ESG practices based on its materiality matrix

ESG: TIM's commitment with a positive transformation to all stakeholders

Environmental

We want to be green.

- Increasing **efficiency** and taking advantage of **green energy** cost reduction
- Developing **infrastructure** and **data center** to give more to our customer with less impact from operations

Eco-efficiency in traffic transmitted

+75%

Indirect emissions

-70%

2025

Social

New capabilities are a key factor to maintain leadership.

- Improving internal **workforce valorization** and **talent management**
- Accessing Brazilian **Top Employer ranking** based on diversity issues
- Promote **digital capabilities and ESG Culture** among the employees
- Developing the **digital education** to support demand for connectivity

Carbon neutral by 2030

Employees engagement

>MQ3

Employees trained on ESG culture

>95%

Digital capability development

1k people

2022

Novo Mercado and ISE

Maintain

ISO 27001 and ISO 37001

Obtain

Governance

Efficient mechanisms to fairly balance the interests of all stakeholders, while improving transparency and controls.

- TIM recognized as a company with **highest level of commitment** to sustainability and corporate governance
- Reinforcing and disseminating the **ESG principles to the high risk suppliers**
- Adopting best practices regarding **compliance, information security and privacy protection** ("LGPD")



ISEB3



United Nations Agenda: 10 relevant goals for TIM Brasil

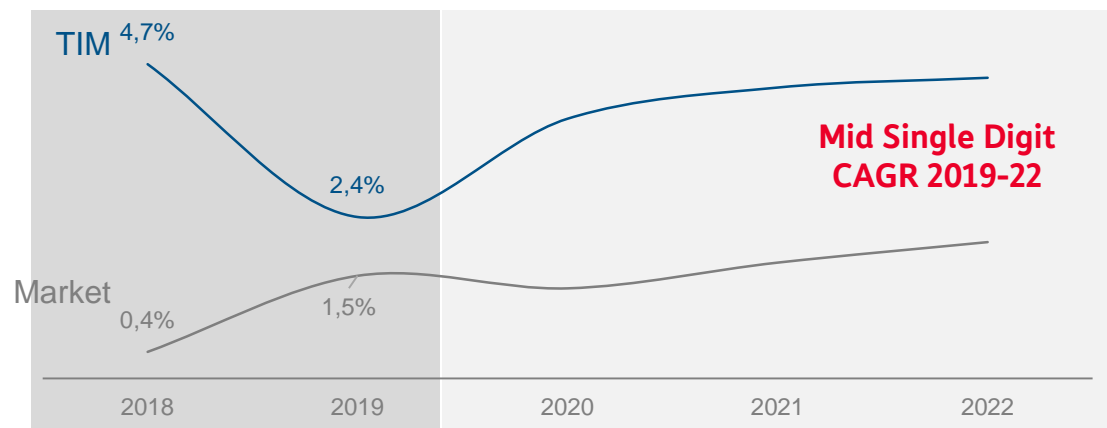


TIM Brasil 2020-'22 Targets

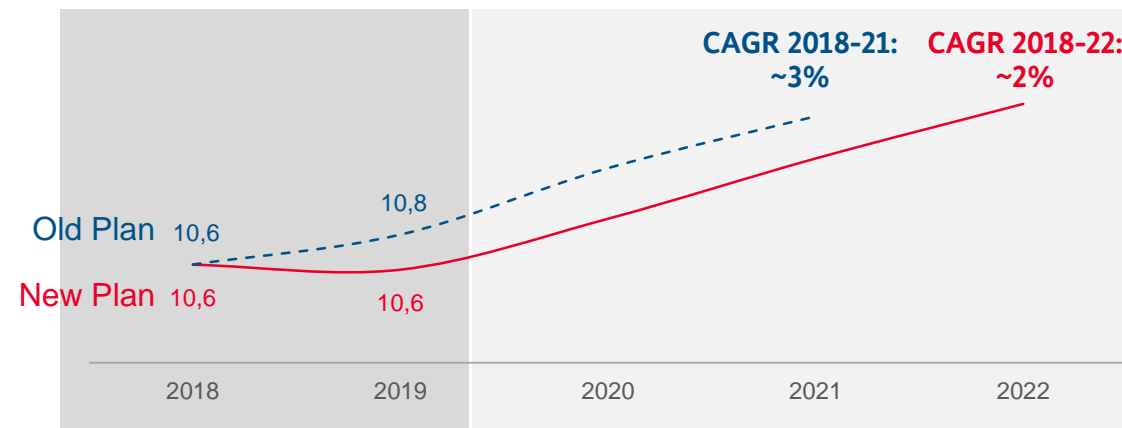
Key Performance Indicators (IFRS 15/9)

Pre COVID-19¹

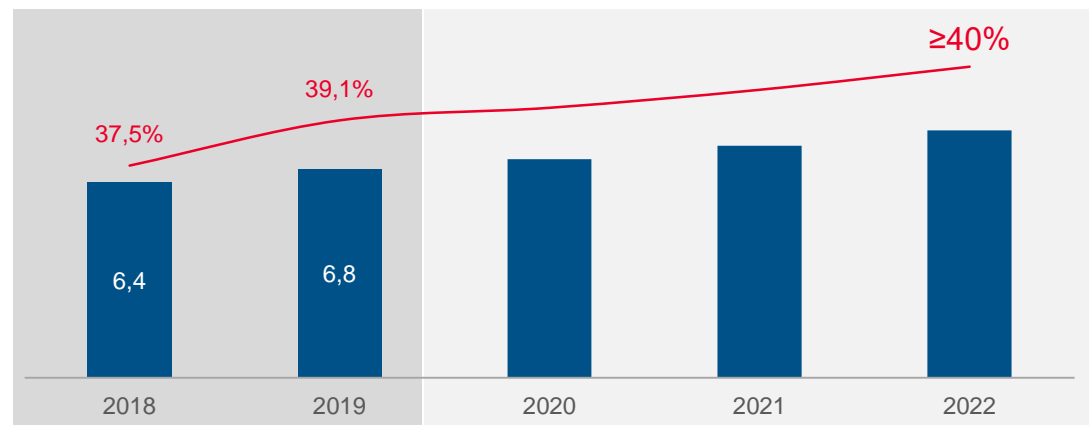
NET SERVICE REVENUES (% YoY)



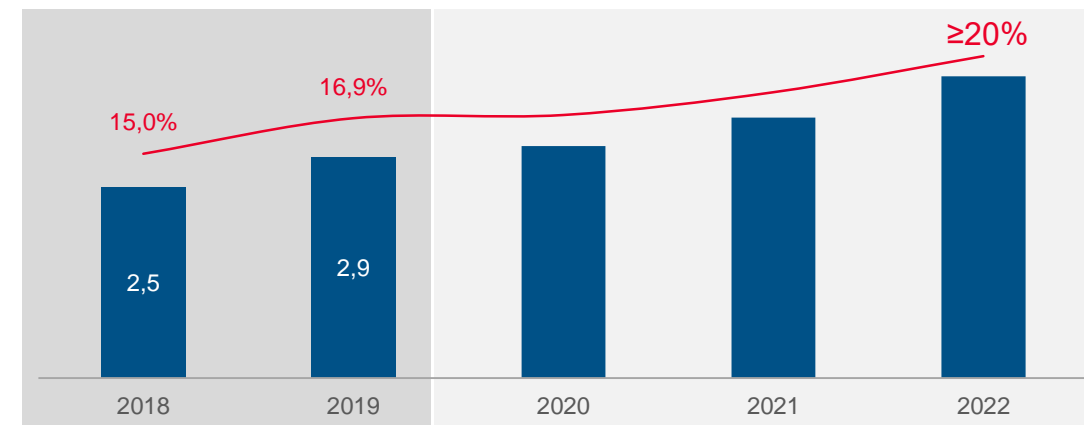
OPEX (R\$ bln)



EBITDA AND MARGIN EXPANSION (R\$ bln; %)



EBITDA - CAPEX (R\$ bln; %)



TIM Brasil 2020-'22 Targets Guidance

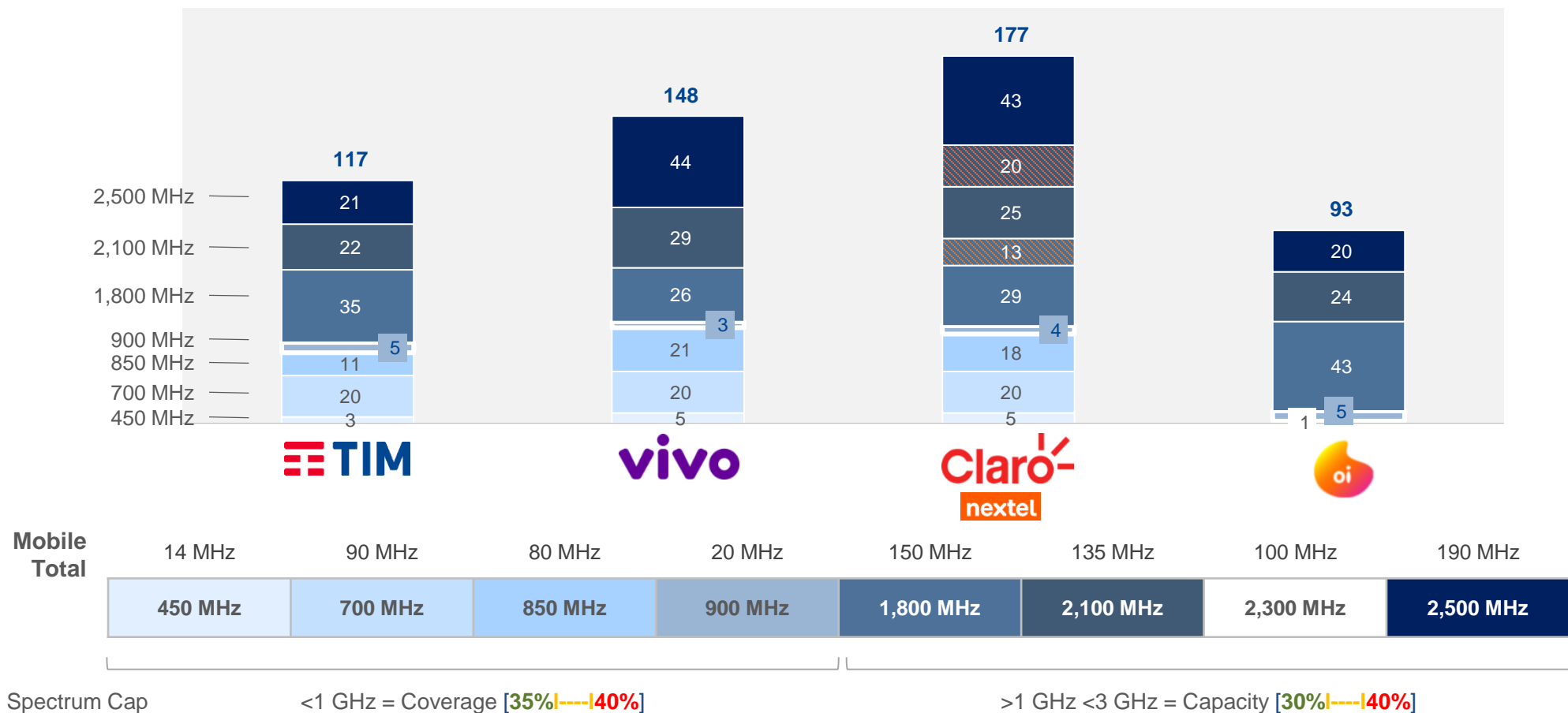
Pre COVID-19²

GOALS	DRIVERS	SHORT TERM TARGETS (2020)	LONG TERM TARGETS
Revenue Growth Sustainability	<ul style="list-style-type: none"> → Leverage mobile ARPU improve → Expand Residential UBB operations → Tap B2B opportunity 	Service Revenues Growth: Mid single digit (YoY)	Service Revenues Growth: Mid single digit (CAGR '19-'22)
Improve Profitability	<ul style="list-style-type: none"> → Accelerate digital transformation → Maintain zero-based budget approach → Reliable bill to cash process 	EBITDA Growth: Mid single digit (YoY)	EBITDA Margin: ≥40% in 2022 (≥47% w/ IFRS 16)
Infrastructure Development	<ul style="list-style-type: none"> → Smart and selective Capex approach 	Capex on Net Revenues: Low 20's	Capex: R\$ 12.0 - 12.5 bln (Σ'20-'22)
Expand Cash Generation	<ul style="list-style-type: none"> → Strict financial discipline → Continue debt and tax rate optimization 	EBITDA-Capex on Net Revenues: >16% (>20% w/ IFRS 16)	EBITDA-Capex on Net Revenues: ≥20% in 2022 (≥25% w/ IFRS 16)

REGULATORY UPDATES

Spectrum distribution reflects available capacity, though user experience will also depend on network management

Spectrum Distribution
(Average of MHz / population)



New spectrum bands under discussion that should be auctioned in 2020

Overview of Anatel Public Consultation Proposal for auction rules

Public Consultation Proposal.
Concluded on April 2nd, 2020.

Frequency		Spectrum	Lot proposal	Comments
700 MHz	»	10+10 MHz (FDD)	1st round: 1x 10+10 MHz (national) 2nd round: 2x 5+5 MHz (national)	Left over from 2014 auction 7 different regional areas
2.3 GHz	»	90 MHz (TDD)	1x 50 MHz (regional) + 1x 40 MHz (regional)	There is a 10 MHz guard band at the end of the 2.3 GHz band
3.5 GHz	»	400 MHz (TDD)	1st round: 2x100 and 1x80 MHz (national) + 2x60 MHz (regional) - 1 to small providers or NewCo 2nd round: 01x20 and 01 x40 MHz (regional)	<ul style="list-style-type: none"> - Potential clean-up could be needed to solve coexistence w/ satellite. In the C band, the broadcast channels must be relocated - The second option for regional lots could be acquired by the winners of the national blocks. Sub-cap: 140 MHz
26 GHz	»	3,2 GHz (TDD)	1st round: 05x400 MHz (national), 03x400 MHz (regional) 2nd round: up to 10x200 MHz (national)+ up to 06x200 MHz (regional)	200 MHz lots, only if 400MHz lots are unsold

Law 13,879/2019 | The major change in TLC framework in 20 years

LGT (Law 9,472/1997)

Fixed

- Concessions **expire in 2025**
- **Reversible assets** must return to the Federal Government
- **Universalization Obligations (PGMU III)**
 - **Payphones (TUP)** – Locations with > 100 pop., max. distance 300m, min. density 4 Payphone/1k pop.
 - **Individual access** – Locations with > 300 pop. in max 7 days

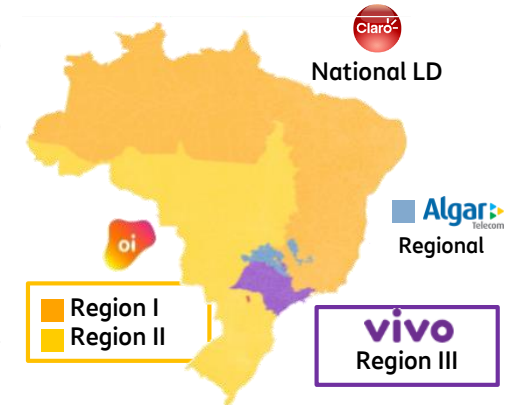
PGMU IV (Dec./2018) – TUP reduction x FWA in ~1,4k secondary districts

Mobile Spectrum

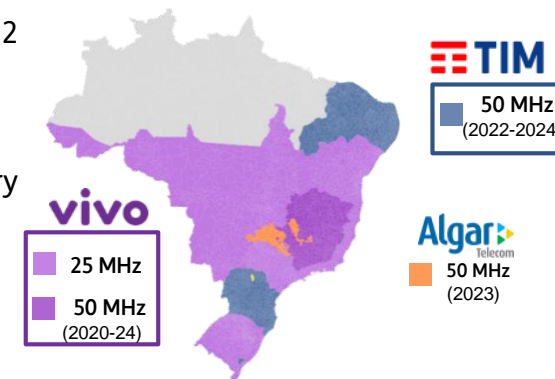
- **Authorizations** – Max. 20+20 years (limited to one-time renewal)
- **Renewal fee** – 2% net revenues biennial payment (cash)
- **Tenure** – RF assigned only by Anatel (not tradable among private players)

Law 13,879/2019 – Amendments to LGT

- Concessions – **subsequent renewals (not limited to 2025)**
- **Migration option** from expiring Concessions to Authorizations with no deadline
 - Obligation to maintain service in non competitive areas
- **Additional broadband investments plan** based on
 - “NPV balance” expiring Concessions vs adapted Authorization
 - Reversible assets
 - Public policy areas (and network sharing)



- **Authorizations** – Subsequent renewals (not limited to 2 periods)
- **Renewal fee** – Could be converted into investments
- **Tenure** – RF transfer among operators (secondary market)



APPENDIX

Historical Data: P&L

R\$ Thousand

Description	1Q19	2Q19	3Q19	4Q19	2019	1Q20	1Q20 vs 1Q19 (%YoY)
Gross Revenues	6,104,071	6,264,065	6,281,682	6,533,015	25,182,832	6,091,893	-0.2%
Service Gross Revenues	5,833,801	5,930,275	5,964,999	6,091,269	23,820,344	5,850,561	0.3%
Mobile Service Gross Revenues	5,437,748	5,518,044	5,537,073	5,652,167	22,145,033	5,426,617	-0.2%
Fixed Services Gross Revenue	396,053	412,230	427,926	439,101	1,675,311	423,944	7.0%
Product Gross Revenues	270,269	333,790	316,683	441,746	1,362,488	241,332	-10.7%
Taxes and Discounts	(1,913,244)	(2,001,324)	(1,944,619)	(1,946,450)	(7,805,638)	(1,876,585)	-1.9%
Taxes and discounts on services	(1,809,384)	(1,866,890)	(1,813,087)	(1,733,828)	(7,223,189)	(1,759,265)	-2.8%
Taxes and discounts on product sales	(103,860)	(134,433)	(131,533)	(212,622)	(582,449)	(117,320)	13.0%
Total Net Revenues	4,190,826	4,262,741	4,337,063	4,586,564	17,377,194	4,215,308	0.6%
Net Revenues Services	4,024,417	4,063,385	4,151,912	4,357,441	16,597,155	4,091,296	1.7%
Mobile Service	3,795,195	3,833,492	3,918,446	4,101,100	15,648,232	3,840,444	1.2%
Client generated	3,506,024	3,503,994	3,575,665	3,786,475	14,372,159	3,553,013	1.3%
Interconnection	138,551	105,002	122,244	111,497	477,294	111,267	-19.7%
Other Revenues	150,620	224,495	220,537	203,128	798,779	176,165	17.0%
Fixed Service	229,222	229,893	233,466	256,341	948,922	250,852	9.4%
of which TIM Live	111,848	114,750	126,694	137,435	490,727	144,392	29.1%
Net Revenues Products	166,409	199,357	185,150	229,124	780,040	124,012	-25.5%
Operating Expenses (Normalized)	(2,406,489)	(2,301,676)	(2,279,645)	(2,275,647)	(9,263,457)	(2,288,994)	-4.9%
Personnel expenses	(249,027)	(254,237)	(247,090)	(255,090)	(1,005,444)	(260,807)	4.7%
Selling & marketing expenses	(893,124)	(841,230)	(824,667)	(797,725)	(3,356,746)	(802,052)	-10.2%
Network & interconnection	(658,307)	(557,624)	(543,287)	(557,081)	(2,316,298)	(627,460)	-4.7%
General & administrative	(133,865)	(135,872)	(147,535)	(159,843)	(577,114)	(162,398)	21.3%
Cost Of Goods Sold	(198,633)	(240,429)	(221,242)	(271,515)	(931,818)	(158,743)	-20.1%
Bad Debt	(172,610)	(188,234)	(200,611)	(186,836)	(748,291)	(188,588)	9.3%
Other operational revenues (expenses)	(100,924)	(84,050)	(95,214)	(47,559)	(327,746)	(88,947)	-11.9%
EBITDA (Normalized)	1,784,337	1,961,065	2,057,418	2,310,917	8,113,737	1,926,314	8.0%
EBITDA Margin (Normalized)	42.6%	46.0%	47.4%	50.4%	46.7%	45.7%	3.1 p.p.
Depreciation & Amortization	(1,334,210)	(1,297,772)	(1,436,718)	(1,060,281)	(5,128,981)	(1,408,605)	5.6%
Depreciation	(863,100)	(880,142)	(954,602)	(554,875)	(3,252,719)	(935,295)	8.4%
Amortization	(471,110)	(417,630)	(482,116)	(505,406)	(1,876,262)	(473,310)	0.5%
EBIT (Normalized)	450,127	663,293	620,700	1,250,636	2,984,756	517,709	15.0%
EBIT Margin (Normalized)	10.7%	15.6%	14.3%	27.3%	17.2%	12.3%	1.5 p.p.
Net Financial Results (Normalized)	(262,548)	(264,217)	(333,409)	(235,738)	(1,095,912)	(254,575)	-3.0%
Financial expenses	(316,877)	(308,867)	(416,212)	(254,464)	(1,296,421)	(325,690)	2.8%
Net exchange variance	526	(3,092)	2,476	(819)	(908)	7,220	1272.9%
Financial income	53,803	47,743	80,327	19,545	201,418	63,896	18.8%
Income Before Taxes (Normalized)	187,579	399,077	287,290	1,014,898	1,888,844	263,134	40.3%
Income Tax and Social Contribution (Normalized)	(35,787)	(56,828)	206,107	(96,586)	16,906	(98,707)	175.8%
Net Income (Normalized)	151,792	342,249	493,398	918,311	1,905,749	164,428	8.3%

Reported Figures	1Q19	2Q19	3Q19	4Q19	2019	1Q20	1Q20 vs 1Q19 (%YoY)
Operating Expenses	(2,407,961)	(807,185)	(2,242,563)	(2,275,647)	(7,733,357)	(2,291,581)	-4.8%
EBITDA	1,782,865	3,455,556	2,094,500	2,310,917	9,643,838	1,923,727	7.9%
EBIT	448,655	2,157,784	657,782	1,250,636	4,514,857	515,122	14.8%
Net Financial Results	(262,548)	786,527	(267,031)	(235,738)	21,210	(254,575)	-3.0%
Income Tax and Social Contribution	(66,073)	(922,212)	170,931	(96,586)	(913,940)	(98,707)	49.4%
Net Income	120,034	2,022,100	561,681	918,311	3,622,127	161,841	34.8%

Historical Data: Cash-Flow

R\$ Million

Description	1Q19	2Q19	3Q19	4Q19	2019	1Q20	1Q20 vs 1Q19 (%YoY)
Initial Cash & Cash Equivalents	1,076	915	667	876	3,534	2,285	112.4%
Adjusted Earnings Before Taxes	188	399	287	1,015	1,889	263	40.3%
Non recurring operating items	(1)	2,545	103	-	2,647	(3)	75.7%
D&A	1,334	1,298	1,437	1,060	5,129	1,409	5.6%
Income from equity accounting	-	-	-	-	-	-	n.a.
Provision for legal and administrative proceedings	95	300	91	62	548	98	3.1%
Monetary adjustments to deposits, administrative and legal processes	43	132	53	(27)	200	58	35.1%
Interest, monetary and exchange variations of borrowings and other	21	(1,075)	27	76	(951)	69	226.2%
Lease interest payable	210	197	207	207	821	166	-20.8%
Lease interest receivable	(6)	-	-	-	(6)	(5)	-23.1%
Provision for doubtful debts	173	188	201	187	748	189	9.3%
Others	8	10	7	11	36	3	-58.0%
Decrease (increase) in operating assets	(870)	(1,663)	(79)	365	(2,246)	(186)	-78.6%
Trade accounts receivable	(328)	(174)	(366)	(159)	(1,027)	(151)	-54.0%
Taxes and contributions recoverable	97	(1,750)	(29)	81	(1,601)	245	153.3%
Inventory	(32)	1	3	8	(20)	(65)	106.8%
Prepaid expenses	(635)	221	263	252	101	(229)	-63.9%
Judicial deposit	45	34	96	121	296	44	-1.1%
Other current assets	(17)	5	(46)	63	5	(30)	77.0%
Increase (decrease) in operating liabilities	(898)	(1,274)	(230)	650	(1,751)	(1,573)	75.2%
Payroll and related charges	34	(9)	5	(22)	7	35	4.5%
Suppliers	(541)	(892)	30	1,002	(401)	(1,302)	140.8%
Taxes, charges and contributions	(113)	(34)	124	62	40	(39)	-65.6%
Authorizations payable	8	(116)	(57)	65	(100)	-	-100.0%
Payments for legal and administrative proceedings	(157)	(160)	(182)	(216)	(715)	(117)	-25.4%
Deferred revenues	(77)	(51)	(48)	(28)	(204)	(81)	5.3%
Other current liabilities	(51)	(11)	(101)	(213)	(377)	(69)	34.3%
Net Cash (used in) from operations	296	1,059	2,104	3,606	7,065	488	64.8%
Capex	(650)	(945)	(924)	(1,335)	(3,853)	(904)	39.1%
Others	38	258	(283)	128	141	621	1542.4%
Net cash used in investment activities	(612)	(687)	(1,207)	(1,207)	(3,713)	(283)	-53.7%
New borrowing	1,000	-	-	-	1,000	800	-20.0%
Repayment of borrowing	(135)	(212)	(173)	(204)	(724)	(666)	394.5%
Interest paid - borrowing and financings	(15)	(21)	(45)	(16)	(97)	(33)	116.4%
Payment of financial lease	(152)	(210)	(210)	(229)	(801)	(213)	40.7%
Interest paid - leases	(200)	(199)	(199)	(187)	(785)	(211)	5.4%
Dividends and interest on shareholder's equity paid	(343)	(0)	(63)	(364)	(770)	(567)	65.4%
Others	1	22	1	9	33	(7)	n.a.
Net cash used in financing activities	156	(620)	(688)	(991)	(2,143)	(898)	n.a.
Cash Flow	(160)	(248)	209	1,409	1,209	(694)	332.4%
Final Cash & Cash Equivalents	915	667	876	2,285	4,743	1,591	73.9%

Historical Data: Financial Indicators

Description	1Q19	2Q19	3Q19	4Q19	2019	1Q20	1Q20 vs 1Q19 (%YoY)
Mobile ARPU (R\$)	22.8	23.2	23.9	25.1	23.7	23.9	4.8%
Prepaid	11.6	11.6	12.0	12.9	12.0	12.1	4.6%
Postpaid	38.2	37.1	37.5	39.4	38.0	37.2	-2.6%
Postpaid (ex-M2M)	42.6	42.8	44.1	47.0	44.1	44.5	4.3%
SAC/Gross Adds (R\$)	62.9	51.1	50.1	44.1	51.7	59.6	-5.2%
TIM Live ARPU (R\$)	79.6	78.0	81.8	83.8	80.8	84.5	6.1%
CAPEX (R\$ Mln)	650	945	924	1,334	3,853	904	39.1%
CAPEX ex-licenses (R\$Mln)	650	945	924	1,334	3,853	904	39.1%

Historical Data: Operational Indicators

Description	1Q19	2Q19	3Q19	4Q19	2019	1Q20	1Q20 vs 1Q19 (%YoY)
Brazilian Wireless Subscriber Base (million)	228.1	228.3	228.4	226.7	226.7	226.3	-0.8%
Estimated Total Penetration	99.6%	98.9%	98.4%	96.9%	96.9%	96.2%	-3.4 p.p.
Mobile Customer Base ('000)	55,083	54,972	54,527	54,447	54,447	52,826	-4.1%
Prepaid	34,507	33,648	33,284	32,984	32,984	31,153	-9.7%
Postpaid	20,576	21,324	21,243	21,463	21,463	21,673	5.3%
Postpaid ex-M2M	18,207	18,059	17,770	17,820	17,820	17,880	-1.8%
M2M	2,368	3,265	3,474	3,643	3,643	3,792	60.1%
4G Users ('000)	35,672	36,430	37,340	38,641	38,641	38,620	8.3%
Market Share	24.1%	24.1%	23.9%	24.0%	24.0%	23.35%	-0.8 p.p.
Prepaid	27.2%	27.2%	27.4%	28.2%	28.2%	27.31%	0.1 p.p.
Postpaid	20.3%	20.4%	19.9%	19.5%	19.5%	19.31%	-1.0 p.p.
Gross Additions (000's)	5,626	6,213	5,934	6,476	24,249	5,357	-4.8%
Net Additions (000's)	-840	-111	-444	-80	-1,476	-1,621	93.1%
Monthly Churn (%)	3.9%	3.8%	3.9%	4.0%	3.9%	4.3%	0.5 p.p.
Fixed Telephony Customer Base ('000)	946	1,006	1,051	1,079	1,079	1,101	16.4%
TIM Live Customer Base ('000)	486	507	537	566	566	584	20.2%
FTTH Customer Base ('000)	71	98	132	167	167	196	174.7%
FTTC Customer Base ('000)	414	408	404	398	398	388	-6.3%
Handsets sold ('000)	246	244	234	277	1,000	174	-29.4%
Smartphone Penetration (%)	85.7%	86.8%	86.2%	87.2%	87.2%	87.5%	1.8 p.p.
BOU	2,660	2,808	3,154	3,412	3,009	3,592	35.0%
MOU	124	124	125	122	124	119	-3.9%
Employees	9,411	9,414	9,540	9,700	9,700	9,588	1.9%

Brazilian Telcos: Financial X-Ray

	TIM			Vivo			Claro			To be released		
	1Q20	1Q19	% YoY	1Q20	1Q19	% YoY	1Q20	1Q19	% YoY	Oi	4Q18	% YoY
Total Net Revenues	4.215	4.191	0,6%	10.825	10.975	-1,4%	9.791	9.485	3,2%	4.862	5.317	-8,6%
Service Revenues	4.091	4.024	1,7%	10.244	10.376	-1,3%	9.522	9.198	3,5%	4.828	5.255	-8,1%
Mobile Service Revenues	3.840	3.795	1,2%	6.489	6.482	0,1%	4.082	3.566	14,5%	1.860	1.879	-1,0%
Fixed Service Revenues	251	229	9,4%	3.754	3.894	-3,6%	5.440	5.632	-3,4%	2.969	3.375	-12,1%
Products Revenues	124	166	-25,5%	581	598	-2,9%	259	274	-5,5%	34	62	-45,4%
Organic EBITDA	1.926	1.784	8,0%	4.431	4.360	1,6%	3.709	3.450	7,5%	1.056	1.287	-17,9%
Organic EBITDA Margin	45,7%	42,6%	3,1 p.p.	40,9%	39,7%	1,2 p.p.	37,9%	36,4%	1,5 p.p.	21,7%	24,2%	-2,5 p.p.
Capex	904	650	39,1%	1.648	1.696	-2,8%	n.a.	n.a.	n.a.	1.979	2.085	-5,1%
Capex/Net Revenues	21,5%	15,5%	5,9 p.p.	15,2%	15,5%	-0,2 p.p.	n.a.	n.a.	n.a.	40,7%	39,2%	1,5 p.p.
EBITDA - Capex	1.022	1.134	-9,9%	2.784	2.665	4,5%	n.a.	n.a.	n.a.	-922	-798	15,6%
Net Debt	8.526	7.477	14,0%	7.402	9.581	-22,7%	n.a.	n.a.	n.a.	15.927	11.826	34,7%
Net Debt / EBITDA 12M	1,03	1,11	-7,0%	0,41	0,59	-30,8%	n.a.	n.a.	n.a.	3,5	2,0	75,1%
ARPU	23,9	22,8	4,8%	29,0	29,5	-1,7%	24,0	18,0	20,5%	16,6	16,5	0,4%
Prepaid	12,1	11,6	4,6%	12,5	12,1	5,0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Postpaid (ex-M2M)	44,5	42,6	4,3%	51,3	53,2	-3,6%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Brazilian Telcos: Operational X-Ray

	TIM			Vivo			Claro			Oi		
	1Q20	1Q19	% YoY	1Q20	1Q19	% YoY	1Q20	1Q19	% YoY	4Q19	4Q18	% YoY
Mobile Customer Base (MM)	52.8	55.1	-4.1%	74.7	73.5	1.7%	55.1	56.4	-2.2%	36.8	37.7	-2.4%
Market Share	23.3%	24.1%	-0.8 p.p.	33.0%	32.2%	0.8 p.p.	24.4%	24.7%	-0.4 p.p.	16.2%	16.4%	-0.2 p.p.
Human Postpaid Customer Base ex-M2M (MM)	17.9	18.2	-1.8%	33.3	32.3	3.0%	20.3	17.7	14.6%	10.2	8.6	19.0%
Market Share	20.7%	22.5%	-1.8 p.p.	38.5%	39.9%	-1.4 p.p.	23.5%	21.9%	1.6 p.p.	12.0%	10.8%	1.3 p.p.
Mix Postpaid	33.8%	33.1%	0.8 p.p.	44.6%	44.0%	0.6 p.p.	36.9%	31.4%	5.4 p.p.	27.8%	22.8%	5.0 p.p.
4G Customer Base (MM)	38.6	35.7	8.3%	50.0	42.9	16.5%	37.2	32.3	15.1%	24.8	21.3	16.4%
Market Share	24.8%	26.0%	-1.2 p.p.	32.1%	31.2%	0.8 p.p.	23.8%	23.5%	0.3 p.p.	16.3%	16.4%	-0.1 p.p.
Mix 4G	73%	65%	8.3 p.p.	67%	58%	8.5 p.p.	67%	57%	10.1 p.p.	67%	57%	10.9 p.p.
Banda Larga >34 Mbps ¹	576,423	478,727	20.4%	2,953,910	2,320,663	27.3%	6,573,107	4,952,816	32.7%	731,564	157,989	363.0%
Market Share	3.8%	5.1%	-1.3 p.p.	19.5%	24.9%	-5.3 p.p.	43.5%	53.1%	-9.6 p.p.	5.5%	1.9%	3.6 p.p.

TIM has different opportunities in terms of regionality

(Market Share | Mar-20)

BRASIL Pen: 96.2%	
vivo	33.0%
Claro	25.9%
TIM	23.3% ↓ -0.8 p.p.
oi	16.2%

NO ↓ -1.7 p.p.	
vivo	36.1%
Claro	24.6%
TIM	19.8%
oi	19.3%

NE ↓ -1.2 p.p.	
TIM	32.2%
oi	30.3%
Claro	25.4%
vivo	12.1%

BA/SE ↓ -0.6 p.p.	
vivo	36.2%
oi	24.8%
Claro	20.0%
TIM	18.8%

CO ↓ -0.2 p.p.	
Claro	37.2%
vivo	34.6%
oi	16.0%
TIM	11.7%

MG ↓ -1.9 p.p.	
vivo	42.8%
oi	21.8%
TIM	19.0%
Claro	10.8%

RJ/ES ↑ +1.4 p.p.	
vivo	36.0%
Claro	33.0%
TIM	16.9%
oi	13.8%

PR/SC ↓ -1.5 p.p.	
TIM	51.7%
vivo	20.3%
Claro	16.9%
oi	10.4%

RS 0.0 p.p.	
vivo	47.0%
Claro	31.6%
oi	12.8%
TIM	8.3%

SP Interior ↑ +1.1 p.p.	
Claro	34.3%
vivo	32.0%
TIM	22.1%
oi	8.1%

SP Capital ↓ -2.4 p.p.	
vivo	41.7%
Claro	23.7%
TIM	23.5%
oi	9.3%

TIM's Position

Leader

2nd

3rd

4th

YoY p.p.

↑

=

↓



(1) Claro considering Nextel customer base. Source: Anatel.

TIM & VIVO Network Infrastructure Sharing Agreement



Following the MoU signed in Jul/19, TIM and Vivo reported in Dec/19 the implementation of three different workstreams, on two separate contracts, considering two phases

The Infrastructure Sharing Agreement is mainly focused in capex and opex saving, as well as **better frequency usage**, especially in cities below 30k inhabitants (approx. 4.400 cities out of 5.570). Finally **new coverage opportunities** are explored leveraging on cities where only one out the two Operators is present

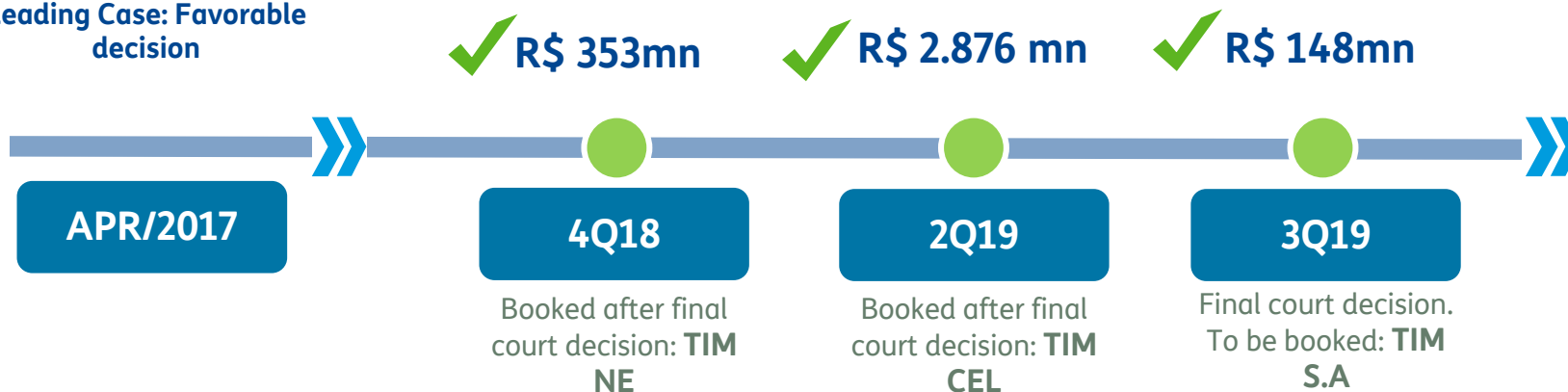
Approved without restrictions by CADE in Apr/20 (still pending decision on Claro's appeal) and by Anatel in May/20

Contracts		Description	Main expected impacts	Step 1 ¹	Step 2
SINGLE GRID (less than 30k pop.)	I 2G SWITCH-OFF (national level)	<ul style="list-style-type: none"> One of the two Operators to switch-off its 2G network, where both Operators are currently present The remaining Operator to provide services for both Customer Base 	<ul style="list-style-type: none"> Opex saving (mainly energy) and limited tower dismant Possible reuse of 850 MHz in refarming 	<ul style="list-style-type: none"> 40% of scope 	<ul style="list-style-type: none"> 100% of scope (≈ 2.700 cities)
	II Expansion and additional coverage (4G and 3G)	<ul style="list-style-type: none"> Full Single Grid approach where one of the two Operators is currently providing 4G/3G technologies Possibility to use Spectrum of both Operators to maximize efficiency (MOCN approach) and to reduce investments 	<ul style="list-style-type: none"> Footprint expansion in 4G/3G with Revenues opportunities in currently unserved markets Limited additional investments are expected to open new cities to the other operator Mutual usage of available frequencies 	<ul style="list-style-type: none"> 40% of scope 	<ul style="list-style-type: none"> 100% of scope (> 800 cities)
	III Consolidation in one Single Network	<ul style="list-style-type: none"> Full Single Grid approach in cases where both Operators are currently providing 4G/3G technologies One of the two Operators fully switch-off its network, while the remaining Operator is expected to provide services for both Customer Bases Possibility to use Spectrum of both Operators to maximize efficiency (MOCN approach) and to reduce investments 	<ul style="list-style-type: none"> Important Opex saving, due to the possibility to dismant full sites Investment saving for higher available capacity, considering the full sharing of available frequencies of both Operators and possible refarming of 3G frequencies Mutual usage of available frequencies 	<ul style="list-style-type: none"> 25+25 cities 	<ul style="list-style-type: none"> Perimeter to be extended up to 100% (>1.600 cities) in case of fulfillment of technical conditions

Recoverable Tax over PIS/COFINS: R\$ 3.4 bln from three lawsuits

In 2017 Brazilian Supreme Court stated that ICMS (State Tax) can not be included in the calculation basis of PIS and COFINS (Federal Tax). PIS/COFINS are levied on revenues and the Supreme Court stated that ICMS can not be considered a revenue. Any tax credit generated by this decision when booked incurs in payment of income tax (IR/CSLL).

Leading Case: Favorable decision



Gross Tax credits of:
R\$ 3,377 mln¹
To be used in ~3/4 years²

For further information

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MORE THAN EVER WE NEED **TO BE** **CONNECTED**

