

2019-2021 Strategic Plan

February, 2019



Key strategic priorities for 2019-2021 plan

Areas

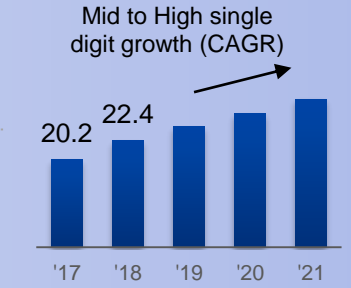
Key priorities

Growth waves

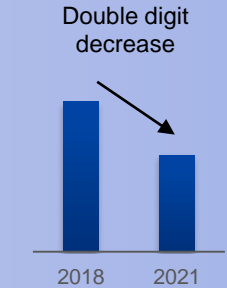
A Consumer

- Mobile **Pre Paid**
 - Offer simplification to improve customer experience with continued evolution of digital channels
- Mobile **Post Paid** Consumer (“the Controle wave”)
 - Growth based on a «Mobile Challenger» approach **pushing migration from prepaid**
 - Leverage the benefits of **4G coverage** leadership
 - Customer long term relationship driven by **loyalty initiatives**

Blended ARPU (R\$)



Postpaid Churn (monthly %)

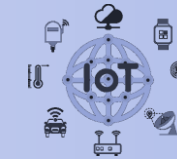


B Mobile B2B

- Opportunity to **gain relevance** in overall business revenues leveraging on:
 - Revision of value proposition
 - More convergent approach offering **E2E solutions**
 - Increase in **efficiency** and sales **productivity**

C Digital

- Increased role in **IoT growing ecosystem** (beyond connectivity)
- New revenues opportunity from being a **Platform provider** (analytics, BD, mobile advertising, etc.)
- **Content offer aggregation** to support Mobile + Fixed service revenue growth

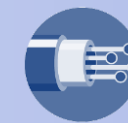


Opportunity size by 2021

~1 bln Reais >30 mln lines

D Infrastructure deployment

- **Fiber deployment acceleration** (backbone, backhaul and FTTH), with **FTTH offer in selected regions**
- Launch of **global deals for Network Access**, according to spectrum mix evolving towards **significant use of 4G vs. 2G and 3G by 2021**



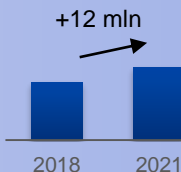
FTTCITY 601 (2018) → >1,500 (2021)
FTTH 1.1 (mln HH) (2018) → >4 (2021)

E Efficiency Plan

- Successful Efficiency Plan still leveraging TIM results
- Accelerate **Digital Transformation** in customer facing activities and internal process and systems
- Continuous **margin improvement**, reaching more than 40% in 2020, due to rigid cost control (Opex growth below inflation)



Digital Interactions (mln)



TIM Brasil 2019-'21 Targets

GOALS	DRIVERS	SHORT TERM (2019) TARGETS	LONG TERM TARGETS
Revenue Growth Sustainability	<ul style="list-style-type: none"> Further improve mobile ARPU Expand Residential BB Revenues contribution Tap B2B opportunity 	Service Revenues Growth: 3% – 5% (YoY)	Service Revenues Growth: Mid single digit (CAGR '18-'21)
Improve Profitability	<ul style="list-style-type: none"> Accelerate digitalization efficiencies Maintain zero-based approach and traditional initiatives Improve risk management models 	EBITDA Growth: Mid to High single digit growth (YoY)	EBITDA Margin: ≥40% in 2020
Infrastructure Development	<ul style="list-style-type: none"> Additional Capex to grow fiber and improve mobile capacity 	Capex on Revenues: Low 20's	Capex: ~R\$ 12.5 bln (Σ'19-'21)
Expand Cash Generation	<ul style="list-style-type: none"> Increase cash flow from operations Continue with debt and tax rate optimization 	EBITDA-Capex on Revenues: >15%	EBITDA-Capex on Revenues: ≥20% in 2021