





TIMS
B3 LISTED NM
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.



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Financial results are presented considering impacts from IFRS 16 adoption.



The normalized numbers reported in this presentation are adjusted by the effects listed in the notes.





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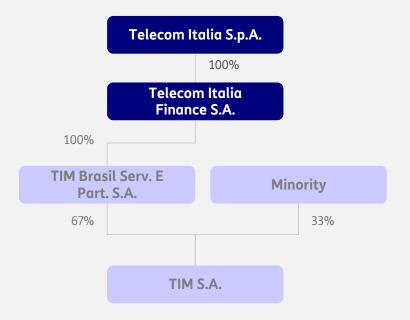


# ABOUT US

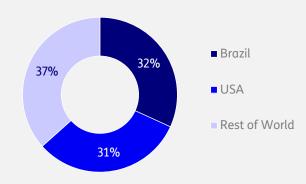
### The Company in a nutshell



### SHAREHOLDERS' STRUCTURE



### **Shares** (% of Free Float)



### ESG: A long journey already taken



### **MORE THAN A DECADE OF INITIATIVES AND RESULTS**

**13 ISE** B3 Brazilian Telco for the longest time in the Corporate Sustainability Index of the B3



### Instituto == TIM

TIMS **B3** LISTED NM

Only Telco in the **Novo** Mercado (since 2011), with the implementation of the **Statutory Audit Committee** since 2013

Since 2013, Instituto TIM has been developing and promoting projects and initiatives for the democratization of education in ST&I

### Indexes and acknowledgements

(indexes)

MSCI (#) ISE B3

**ICO2**B3



FTSF4Good

Teva Indices ESG Mulheres no

**CDPR Index** Climate Resilience

Índice S&P/B3 Brasil ESG

**Ambition** 

(reports)



Conselho®

Communication on Progress (UN)



**GHG** Inventory



Disclosure of emissions and climate change-related information Sustainability Report

#### (acknowledgements and best practices)



Global Compact



1st Telco Pró-Ética Seal (CGU)

### TIMS **B3** LISTED NM

Novo Mercado since 2011, highest level of corporate governance

### 1<sup>st</sup> in data privacy

The best rated company in the survey on internet providers' policies for data protection<sup>1</sup>

#### (certifications)

Quality Management





Environmental System Management



**Ambition** 



Information Security Management

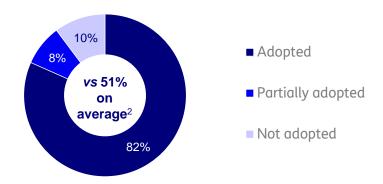
### **ESG:** Highest level of Corporate Governance

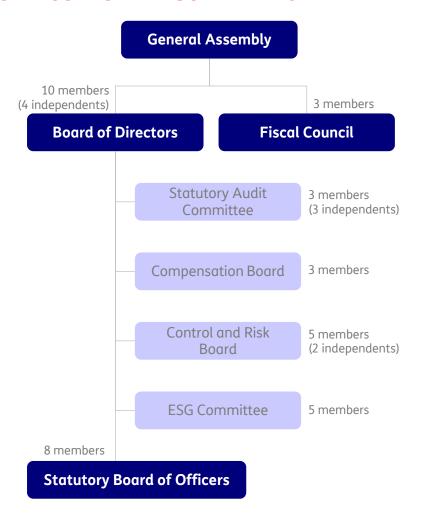


### STRUCTURE TO REINFORCE AND GUARANTEE A SOLID CORPORATE GOVERNANCE

- → Unique Telco listed on the Novo Mercado segment: Equal rights vote, dividends and tag along
- → **Stock-based long-term incentives:** compensation aligned to shareholders' interests
- → Board of directors: **40% independent** + **top 12 companies in female representation** (30% of board members)<sup>1</sup>

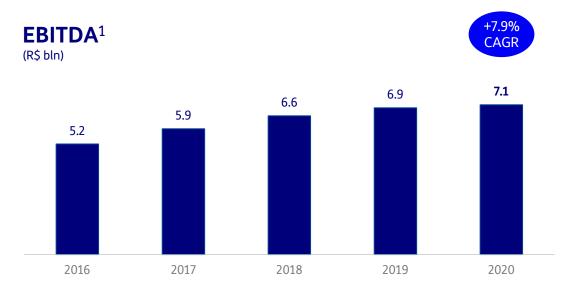
### **Corporate Governance Form (ICVM 586)**



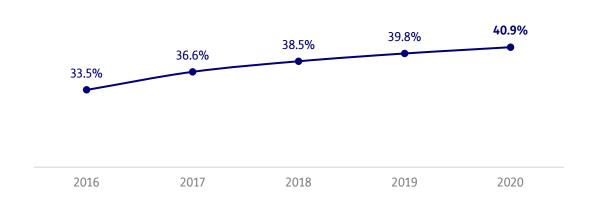


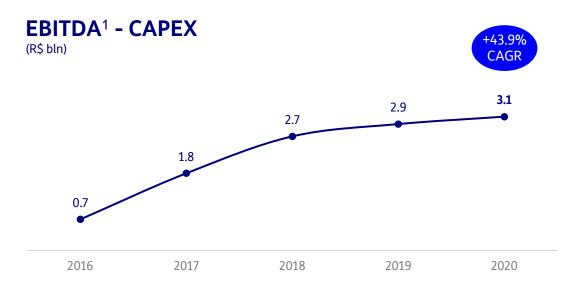
### Solid results with sustainable growth



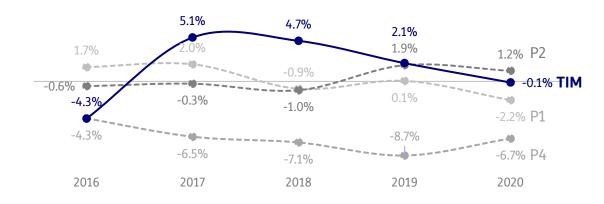








### **Net Service Revenues**<sup>2</sup>



### Detailing Strengths and Countering Weaknesses



### **Ability to Grow Revenues**

- Net Service Revenues growing in 16 of
   17 quarters => CAGR (16-20) +3.2% vs.
   +2.5% (overall market)
- Mobile ARPU CAGR (16-20): 8.5%
- 30 quarter of TIM Live Revenues growing double-digits => CAGR (16-20): +34.2%
- TIM Live ARPU CAGR (16-20): ~12%
- Resilient revenues with transformed revenues mix:
  - Postpaid: 45% (16') => ~65% (20')
  - Prepaid: 49% (16') => ~30% (20')
- >85% of 4G penetration on customer base from ~25% in 2016
- Zero revenue legacy in pay-tv or fixed voice

# Efficiency & Capacity to Generate Cash

- OPEX CAGR (16-20): -0.4% vs. +4.4% (inflation<sup>1</sup>)
- 19 quarters of EBITDA positive growth
   => CAGR (16-20) +7.9% vs. +2.5%
   (overall market²)
- 2<sup>nd</sup> highest EBITDA margin in the world<sup>3</sup>
- Low leverage with zero exposure to FX
- Net cash position (ex-IFRS16) in 2020
- ~1 bln in dividend/JCP per year
- Capex on revenues declining:
   28% (16') => ~23% (20')
- EBITDA-Capex CAGR (16-20): 42.1%

# Tangible & Intangible Assets

- Broadest and Best 4G coverage
- Solid infrastructure
  - >100k KM of fiber (CAGR 16-20: +11.4%)
  - >20k cell sites (CAGR 16-20: +7.0%)
- · Leader in agribusiness IOT market
- Strong brand: TOP of Mind 2020<sup>4</sup>
- Solid ESG metrics: Novo Mercado, B3
   Sustainability Index, ESG S&P Index, etc
- Employee engagement at 85% in 2020

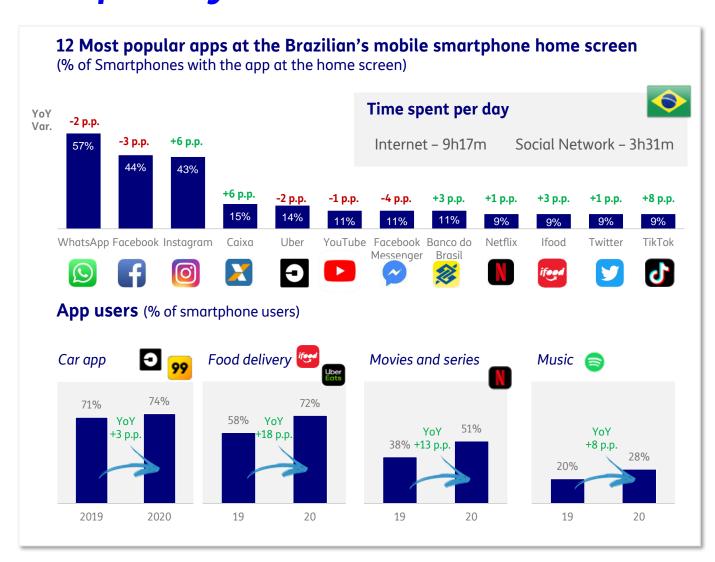


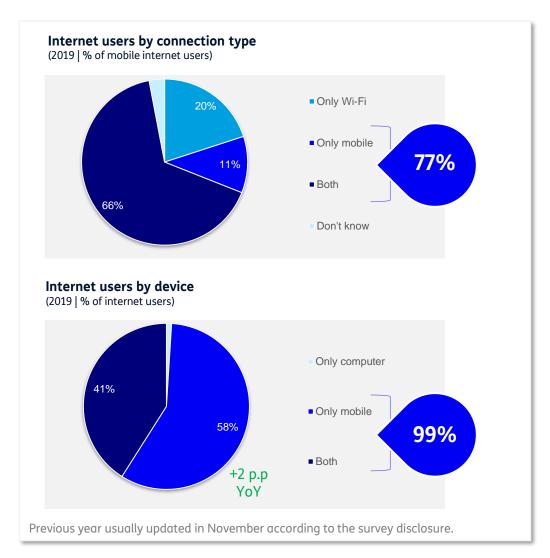


# MARKET OVERVIEW AND TIM'S POSITIONING

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

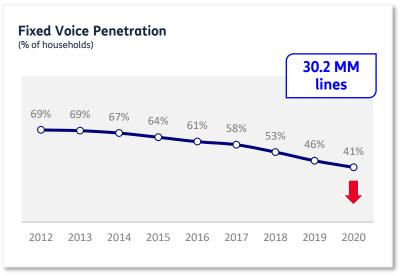


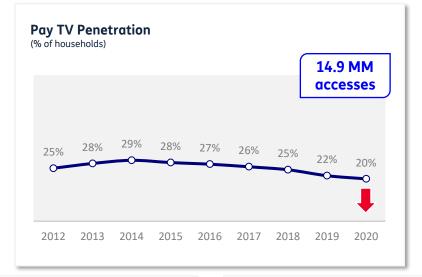


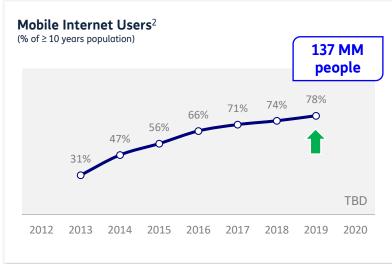


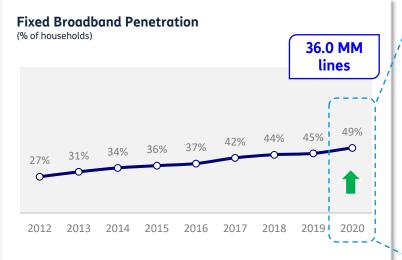
# Traditional services have been losing relevance in this new framework and internet has been gaining prominence

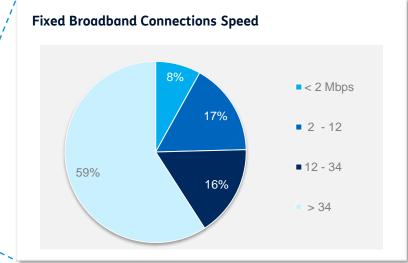






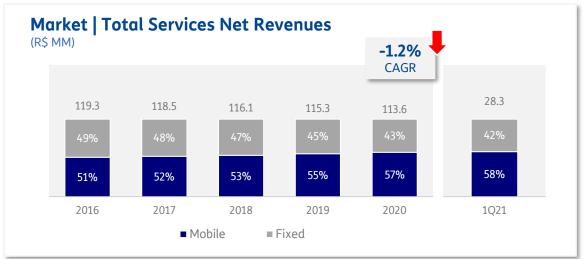


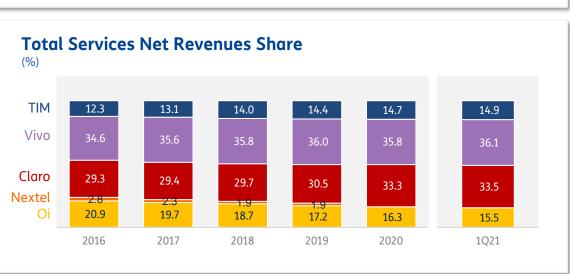


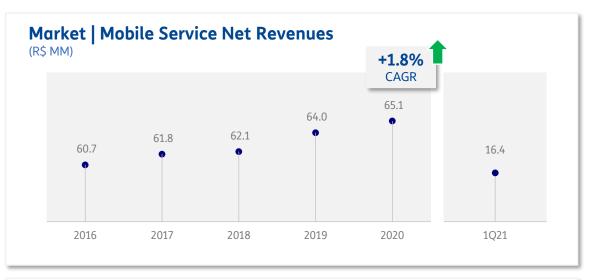


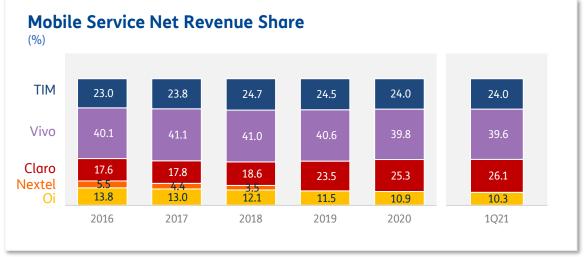
# Market revenue dynamic indicates mobile growth, and highlights TIM's evolution





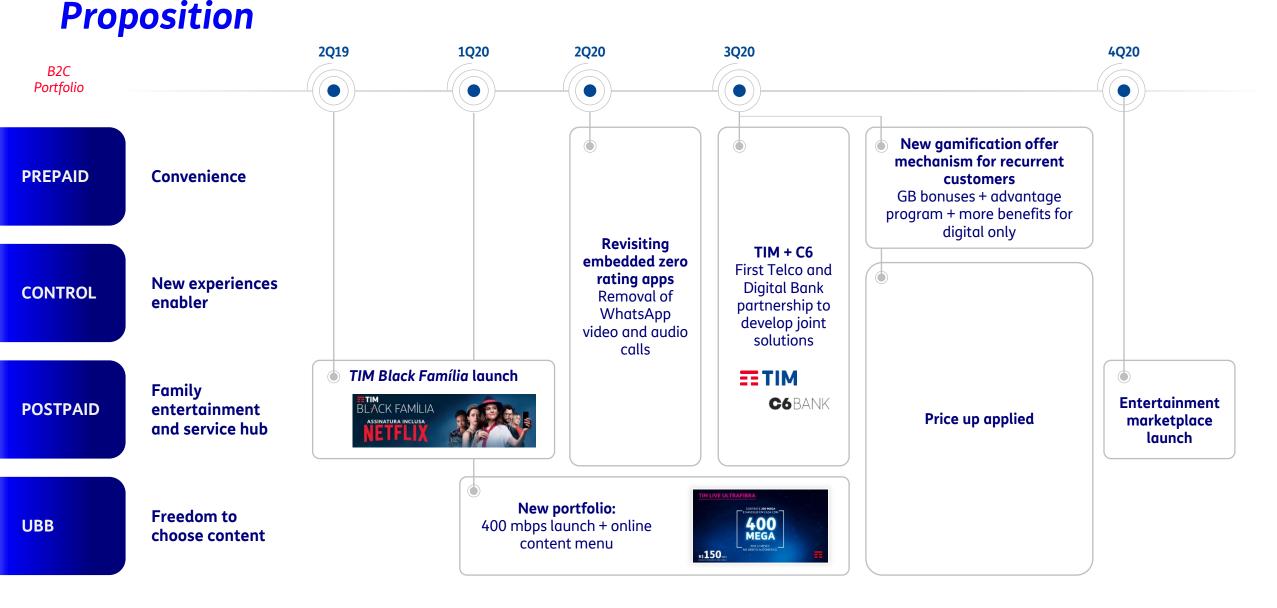






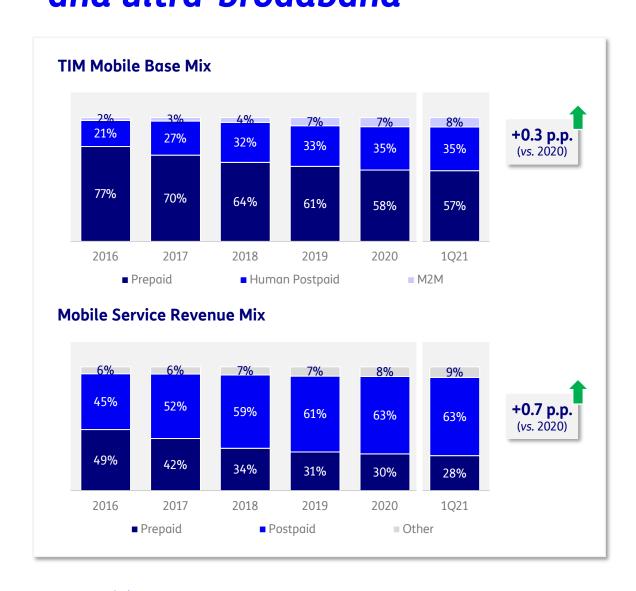
# A Rational Market Approach Combined With an Evolved

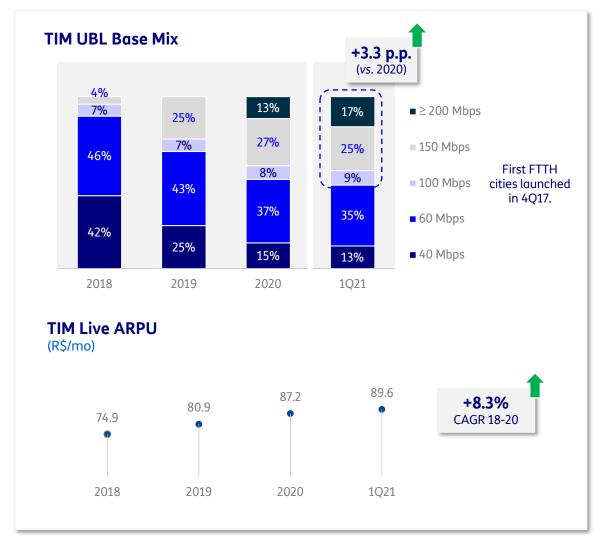




# Transformation process of customer base seeks value in mobile and ultra-broadband











# STRATEGIC PLAN 2021-23



# During the next years, some relevant trends will have structural implications on operators' business model in Brazil, while economy will recover, but still at uncertain pace







Acceleration in digital consumption



Wave of asset separation



Monetization of Consumer Platform



Paving the way for 5G



IoT and M2M technology

**Dynamic** 

Moving from 5 to 4 after Nextel acquisition and from 4 to 3, after Oi's mobile assets sale is completed Data demand growth for mobile and fixed, further accelerated by Covid-19 Increasing initiatives of network separation (InfraCo vs. ServCo)

Increasing numbers of digital business leveraging Telco's Consumer Platform (e.g. digital wallet, data monetization) **Preparation to launch 5G,** with 5G DSS as marketing positioning, auction and vendor analysis

Exponential number of use cases in several industries (e.g. agribusiness, connected cars, utilities, health)

Implications and Opportunities

Foster more balanced competitive landscape (e.g. pairing spectrum gap)

**Revenue growth** on data monetization

Increase **pressure** over network **cash costs** 

Geographical expansion of fiber

Partnership negotiation to finance network expansion and modernization

New revenues sources for telco operators leveraging new digital disruptors (e.g. fintech, data provider, OTT content) rollout with proposed auction framework,
Release 16 as catch
up for the country

**Expand business beyond connectivity**(e.g. applications,
data monetization,
implementation)



## Adapting the approach but reinforcing the strategic pillars



### **Strategic Paths**



# Strengthen the core

Fill current **infrastructure gap with M&A**, also fostering inorganic growth and capturing potential synergies

Capture **ultrabroadband** market **growth opportunity** with new financial and business models

### Build the future

Expand **new sources of value** (e.g. IoT, C6, Mobile Advertising, Customer Data Monetization, Health, Education) leveraging the customer base platform through ecosystem and partnerships

Implement **transformational projects** on infrastructure (e.g. 5G, ORAN, M-MIMO, cloudification)



Boost
disruptive
efficiencies

Boost **disruptive efficiencies** through digitalization, automation and new operating models, leveraging skills and capabilities enhancement

# Strengthen sustainability

Strengthen and consolidate **ESG proposition** making a positive transformation



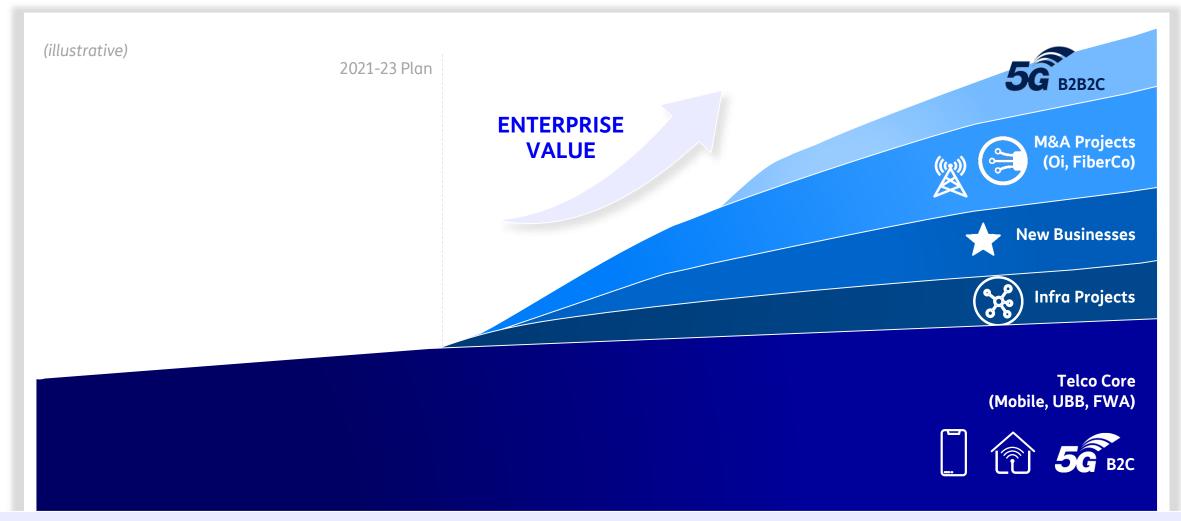


# "Imagine as possibilidades": Our aspirations for 2023 reflect market opportunities and trends





### **Value Creation through time**



Time



### We will further accelerate the volume to value transition focusing on customer experience











Promote a **brand** "aspirational" and "credible" by refreshing DNA, a new tag line and innovation format and content

- Promote our network quality
- **Foster brand** engagement
- Invest in digital media



Increase **product** 

**differentiation** through innovative value proposition and customer experience simplification (e.g. journey digitalization)





Marketing **Analytics** 



Customer experience

### Sales

Focus on **customer** experience, productivity and sales force optimization

### **Customer Relations**

Increase automation and offer differentiation in service level

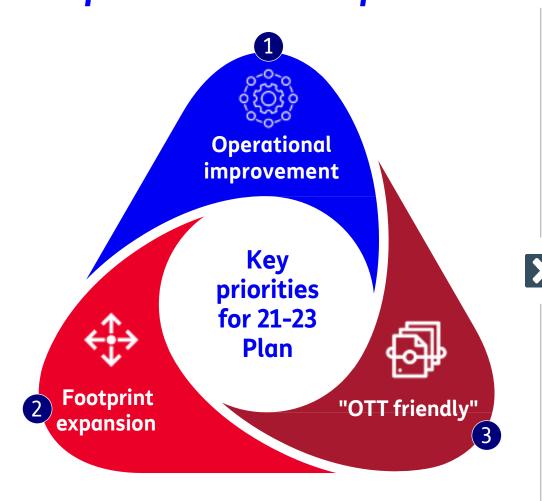
**New Caring** Model



**New Management Tools** 



In order to capture ultrabroadband market growth opportunity, we focus on 3 main pillars





- Time-to-market and commercial assertiveness
- Efficiency and quality on Sales and Post-Sales
- Increase of self-service and expansion of forms of contact
- Network QoS and Field Service Efficiency

2

- Consolidation of current clusters and launch of new ones
- Partnership to grow with financial discipline
- Selective FTTH overlay over FTTC
- Cherry picking deployment

3

- Refresh Key Visual and Communication
- Portfolio evolution to "Power Home" concept and evolve content embedded (Smart Hub)
- Ultra speed and relevant content claim positioning

# ₽☶

# FiberCo: accelerating FTTH coverage and capturing infra players' valuation while expanding opportunities with the open market

### WHY?



- → Accelerate the expansion and consolidate current clusters with financial discipline.
- → Unlock value through infrastructure players' multiple difference.
- → Future value opportunity with a stake in a relevant vehicle in the infra open market.

### PERIMETER



- → The deal targets TIM's last-mile infrastructure (FTTH+FTTC).
- → TIM's backbone and backhaul are not included in this operation.
- → Modems are TIM's responsibility in future model.

#### NEXT STEPS

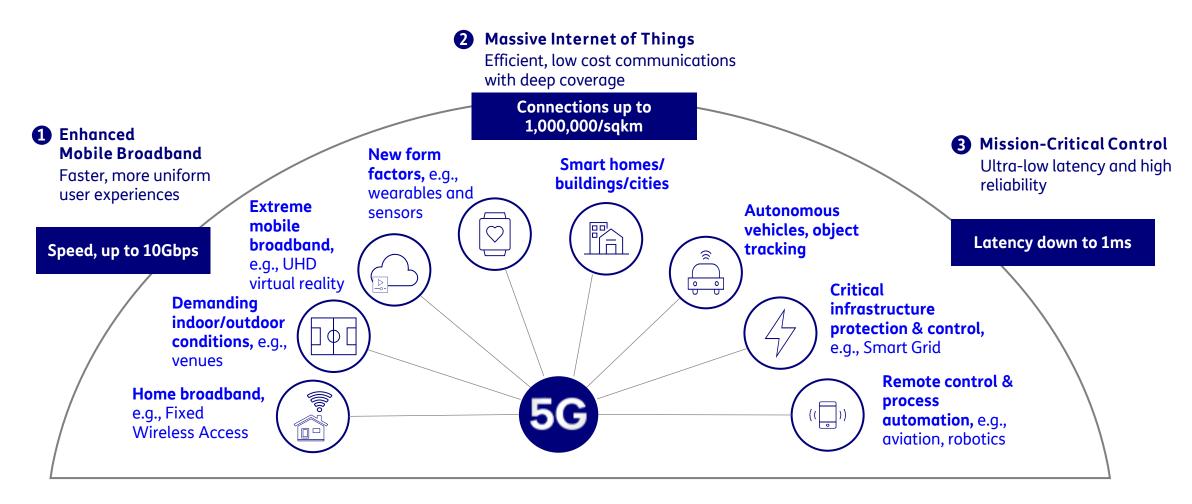


- → Signing expected for 1Q21.
- → Over the next three years, our plan is to focus on our footprint expansion, while making operational improvements, sticking to our "OTT friendly" approach.

4 formal offers received

Double-digits EV/EBITDA multiples involved

# 5G will unlock use cases enhancing mobile broadband, massive internet of things and mission-critical control use cases



# TIM Consumer Platform Strategy: A unique approach that can unlock significant value with digital start-ups

### **Differentiated Approach**

1 Strategic partnerships

Explore industrial synergies beyond simple commercial agreements, speeding up time to market, and lowering execution risk and investment (not in house development).

2 "Best of breed"
Choose high flying players
that have the best chance to disrupt
their industries and generate value.

### Where we can generate additional value



## TIM has unique assets and key capabilities that enable the **Consumer Platform strategy**







**Brand awareness** and trust

Extensive customer behavior knowledge through Big data, analytics and Surveys



At scale billing and collection capacity of non-credit card transactions



**High Frequency interactions in Digital Channels** 108 mln visits/mo @MeuTIM, Captive Portal, and TIM apps



Widespread sales channels capillarity in all major cities, call center structures and online presence (~215k POS)

Consumer willingness to participate in data monetization initiatives for giga bonus >12 mln consents in 3 months





### **Consumer Platform's target markets**

#### **FINANCE**





First Telco + Digital Bank integrated offer in LatAm

# Additional revenue and equity share

Leveraging customer base to **reduce cost** 

# New digital Stone payment gateway

**+500k POS network** for recharge and invoice payment

#### **EDUCATION**



**48 mln** people eligible to a university degree

### **Double-digit CAGR**

Until 2025 **Distance Learning** will reach **4.0 mln students** (from 2.1 mln in 2019)

10-18x EV/Ebitda multiples

### **HEALTH**



Low availability

of quality public health services

### >150 mln people

Without access to private medical care (~700 mln consultations / year)

### **Telemedicine**

Pandemic changed perception and potential adoption

### **ENTERTAINMENT**



Pay TV low penetration ~21% and decreasing

### Video and other content platforms

Already popular (Video OTT with 35% penetration, reaching 25 mln households) and growing fast – expected 17% CAGR from 2020 to 2023

### Enterprise value per client of digital disruptors in Brazil (selected industries)





TIM can leverage its assets to achieve:



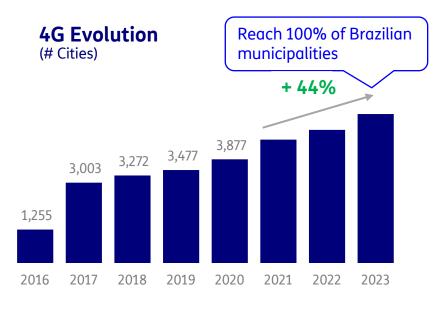
25-50% acquisition contribution in new clients

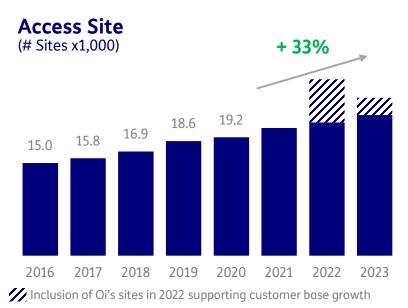
%

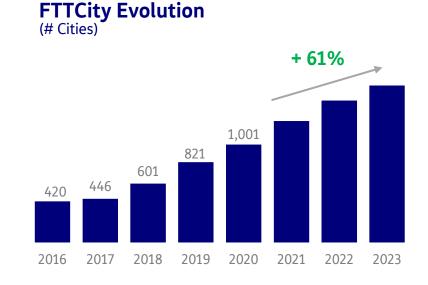
10-30% equity participation

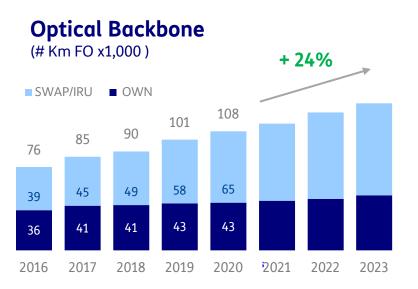


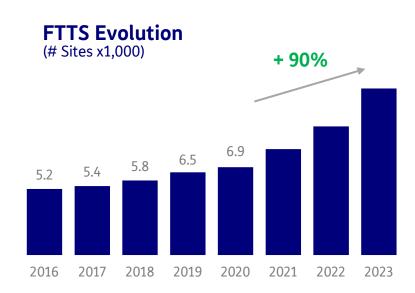
### **Network Plan**

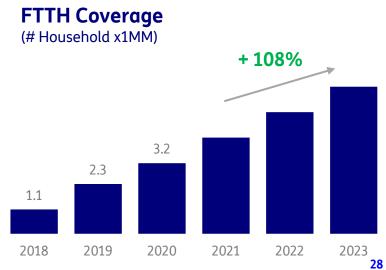








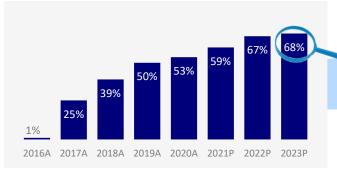




# **Excellency** – Combining Network Virtualization and Edge Computing to bring the best experience to our customers







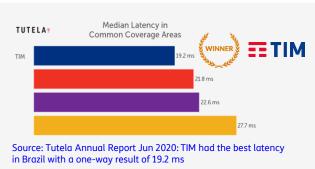
### **Distributed Data Centers #**



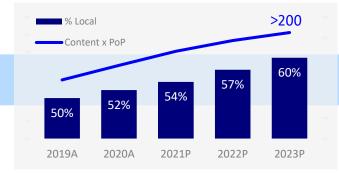
## Caching agreements are helping TIM to latency reduce for a customer's content request



### The Best Latency in Brazil



**Local Traffic %** 



Open Cache

Infra Ready EDGE COMPUTING



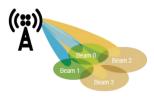




### Innovation beyond 4G: Massive MIMO and 5G DSS

### M-MIMO as the cornerstone of the 4G Capacity strategy



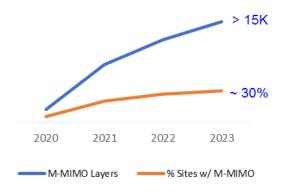


- New sites avoidance: 2k less capacity sites needed per year, reducing TCO¹
- Remaining sites needed for densification to be addressed with innovative Biosite solution



### New Sites Needed for Capacity M-MIMO Deployment





### **5G DSS – Dynamic Spectrum Sharing**



Investments in Network to activate the 5G DSS

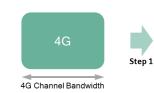
- 5G clusters in the main cities, covering strategic business markets, taking advantage of TIM 5G Readiness
- 7 active clusters:
  - São Paulo (2)
  - Rio de Janeiro (2)
  - Curitiba (1)
  - Belo Horizonte (1)
  - Brasília (1)



Cluster Rio de Janeiro "Southern Zone"

- 3 trial cities: Itajubá-MG, B. Gonçalves-RS and Três Lagoas-MS
- DSS Feature use allowing fast activation on sites 5G ready
- Full synergy with 4G capacity reinforcement, improving CEX through Massive MIMO solution

#### **LTE-only Low Band**



DSS between LTE & NR



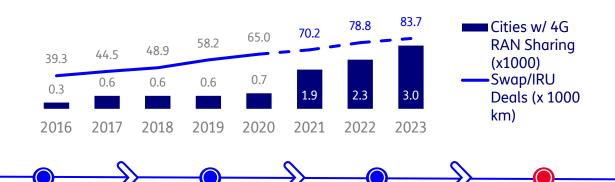
#### Refarming to NR





# **Efficiency** – Smart Capex approach to expand coverage and increase capacity for the mobile network

#### INNOVATION THROUGH SHARING AGREEMENTS SINCE 2013 TO OPTIMIZE TCO1 AND IMPROVE CEX



#### SHARING ACCESS

#### 2013

4G RAN Sharing 2.6 GHz TIM & OI

1st Deal in Latin America

### 2015

4G RAN Sharing 2.6 GHz TIM & OI & VIVO VIVO joins deal

### 2019

Single Grid & Coverage Expansion

2G Switch-off TIM & VIVO

1<sup>st</sup> Consolid. Deal for cities < 30k hab.

### 2021-'23

Single Grid Expansion: 350+ cities (each)

Single Grid Consolid.: 800+ cities potential (each)

2G Switch-off: 6,000+ potential sites (each)

#### SHARING OPTICAL FIBER

Long distance and metropolitan optical fiber and ductes swap deals, expanding optical connectivity

### TIM S.A. – Investor Relations Meeting with Investors

### Sky Coverage – Efficient and Unplugged

### New business model for levaraging coverage:

- Coverage expansion to previously non enconomic viable locations
- Disruptive Business Model
- ELC (Extreme Low Cost) and ESG compliant solutions

### **Coverage Targets:**

- ✓ Districts and villages ~1.4k
- ✓ Roads ~6,000 Km
- ✓ Resorts and Touristic Spots >40

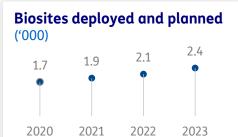
# Solar Condition of the Condition of the

### **Biosites (Density and capacity)**

- Main solution for capacity sites densification
- Smaller footprint for infrastructure deployment
- Multifuncionality: teleco tower, street lighting, vigilance

cameras

- Lower visual impact in harmony with the environment
- Fast deployment & cost efficient





## TIM & VIVO Network Sharing Agreement: focus on cost savings and customer experience improvements

Increasing data **demand** put pressure at the cost to serve. leading to the necessity of different approaches...

2020

### **2G SWITCH-OFF**

(at national level)

- 50% switch-off of 2G sites for each operator
- Better cost efficiency and refarming of frequencies

✓ Technical solution defined **Pilot started** 

### **COVERAGE EXPANSION**

**SINGLE GRID** (less than 30k pop.)

(4G and 3G)

4G coverage expansion with less Capex intensity due to network sharing

✓ Expansion to 308 cities (154 each operator)

### SINGLE NETWORK CONSOLIDATION

- Access network **consolidation** in a single-grid model focused on cities
- Better network capacity and data quality combining spectrum frequencies

**✓** Definition of pilot cities for the tests

**Target** 2021

Rollout expected starting form 3Q

730 cities (365 for each operator)

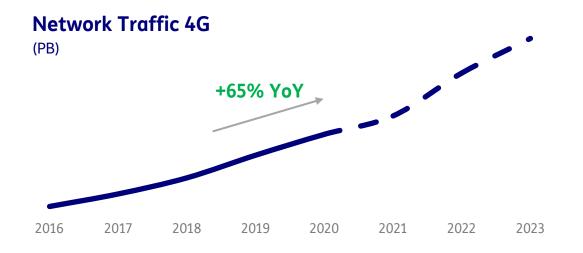
**Expected in 1H** 

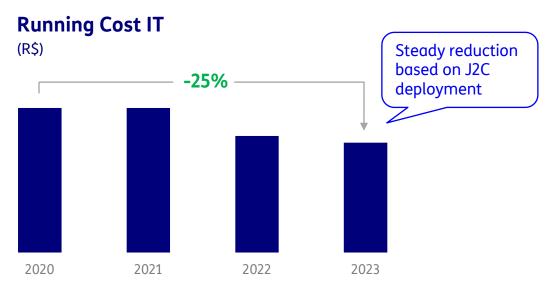
**Tests in 50 cities starting in April** 

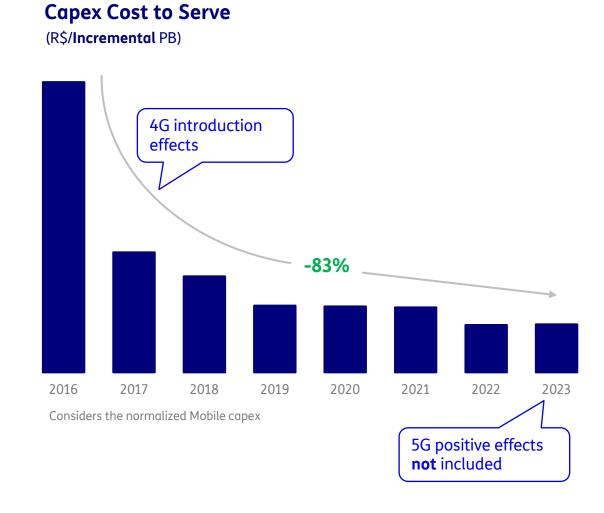
(25 for each operator)

Potential of 1.6k cities (800 for each operator)

# Impacts of efficiency in CTIO's total cost







### **Journey to Cloud: Benefits**



### **Business Benefits**

- Deliver best-in-class availability to TIM's customers
- Minimize time-to-market for our business
- Guarantee the best trade-off between service excellence and spending
- **Define/Optimize** the current DCs asset strategy



### **Technology Benefits**

- Harmonize the evolution strategy across technology department
- Greater alignment to group technology strategy
- Process, Tools and Technologies standardization
- Guarantee infrastructure agility, availability and security
- Re-focus on differentiating DCs capabilities and related skills

# We are taking cash cost efficiency to the next level with a holistic approach using 4 levers





### Improve process efficiency

**Bad Debt** (e.g. new credit models development, collections systems improvement)

**Legal processes** (e.g. predictive models to reduce JEC expenses)



### **Accelerate digital & automation**

3S's: self-provisioning, self-healing and self-caring

**Boost digital channels** for sales and customer services (e.g. E-payment)

Increased usage of AI and cognitive systems (e.g. Cognitive IVR) in call centers, back office, operations and Legal

Cloudification (journey to the cloud) decreasing TCO and allowing fast response



Traditional efficiency initiatives

Administrative processes

Pay-roll management

IT Planning & Development



Real Estate/Energy efficiency plan

Office space optimization due to smart working and cloudification

Increased use of renewable energy sources

Reassessment of buy/sell due to IFRS 16

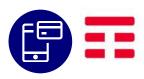


## Perimeter of the transaction with Oi

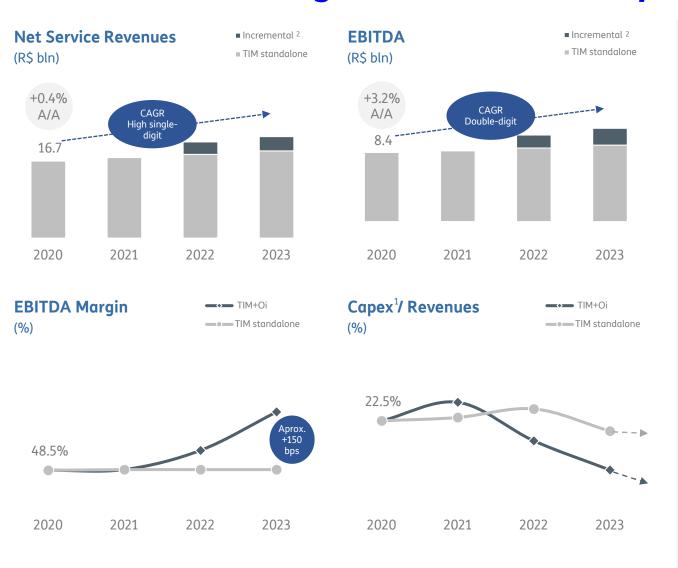
Subscriber base	#### <b>+14.5</b> mln	40% of Oi's Mobile customer base	Acquired customer base mix	<b>~40%</b> Postpaid¹	<b>~60%</b> Prepaid
Sites and towers	+7.2		Acquired towers overlap	~40% New location	~60% Same/near location
Spectrum	<b>+49</b> MHz	54% of Oi's spectrum holdings	Spectrum bands acquired	900 MHz 1,800 MHz	2,100 MHz 2,600 MHz
Price of the Assets	44,3% of the bidding price for Oi assets (R\$ 6.98 billions)				
Transition Service Agreement	Temporary contract to serve subscriber base (e.g. supporting care, bill-to-cash) and NOC maintenance during the transition (TIM's part is R\$ 318 millions)				

Long term capacity contract

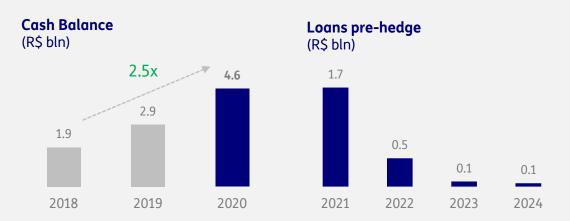
Long-term contract to provide backhaul/backbone capacity, with connectivity assurance services between access and core network (TIM's part has an NPV of ~R\$ 476 millions)<sup>2</sup>



# Oi's assets integration could transform TIM Brasil by 2023



# TIM's cash balance and current loans schedule



# **Deal's Funding**

## **Sources of Financing**

- ✓ Local debt
- ✓ Current cash balance
- ✓ Internally generated cash

### Amount of debt to be raised in 2021

√ ~R\$ 6 bln, including refinancing of current debt's portion with maturity in 2021

### Instruments mix to be used

- ✓ Debentures
- ✓ Lines of credit already contracted with major Brazilian development banks
- Bilateral agreements with international banks (100% hedged)

# Synergies' buckets and theoretical deal timeline

>60% of synergies

Spectrum & Network



# **Spectrum**

- ✓ Capex and Opex avoidance and reduction
- ✓ Additional frequencies will reduce the necessity for new sites, equipment, and etc.
- Synergies come fast, and last for long

### Sites

- ✓ **Opex and leasing reduction** from overlapped sites
- ✓ Opex synergies come fast
- ✓ **Leasing synergies** depend on contract negotiation

# **Customer Base**

### SG&A

- Opex reduction due to higher cost dilution for a higher revenue base
- ✓ Synergies come fast, from day one after integration

# **Additional Value**

#### Market

- **Churn reduction:** decrease in the "washing machine" effect
- ✓ More balanced competition
- Churn improvement could materialize faster

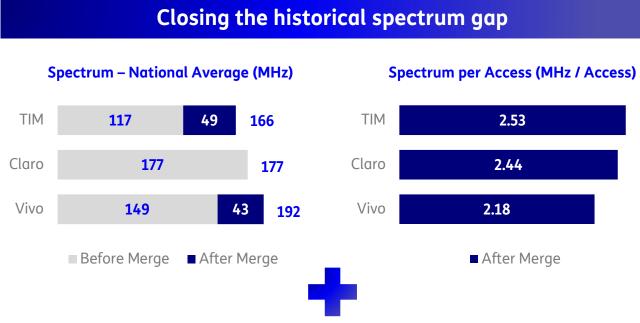
### Revenues

- ✓ Increase with possible launch of new products and services as a consequence of more spectrum
- ✓ **Long term opportunity** to extract synergy

1H21: Pre-closing	~1M after closing	12M after closing

Preparation	Customer migration and assets integration	Assets integrated
Network integration Capex/Opex Network preparation with capacity increase to sustain	in Oi's customer base	End of technical integration and migration
	Incorporation of Oi's CB: Aprox. 6 months after closing migration ends	
	Network and spectrum integration, w/ sites decommissioning (after client migration)	
	Transition Service Agreement is effective for 12 months	
	Marginal capex/opex due to Oi's legacy network	
TIM S.A. – Investor Relations	Long-term contract to provide backhauling/backbone capacity	
Meeting with Investors		38

# Oi Assets Acquisition + 5G -> Unique opportunity



- Lower Cost to Serve
- **Better CEX**

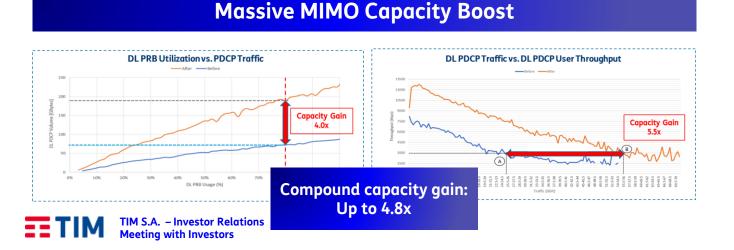
Industry 4.0

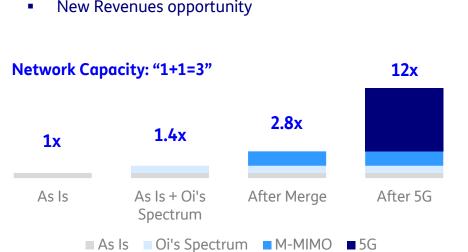
**FWA** 

New Revenues opportunity

Agriculture

Medical





**Future Investments** 

**Transportation** 

Education

Mining

# Market guidance 21-23 shows Revenue and EBITDA growth, and positive impact coming from M&A



**GOALS** 

Revenue Growth
Sustainability

Improve Profitability

Infrastructure Development

**Expand Cash Generation** 

# SHORT TERM TARGETS (2021)

Service Revenues Growth:

Mid single digit (YoY)

**EBITDA Growth:** 

Mid single digit (YoY)

(Including preparation costs)

Capex:

~R\$ 4.4 bln

(including preparation investments)

**EBITDA-Capex on Revenues:** 

~24%

(including preparation costs and investments)

### **LONG TERM TARGETS**

Service Revenues Growth (CAGR '20-'23):

Mid single digit standalone

High single digit combining Oi's assets

EBITDA Growth (CAGR '20-'23):

Mid single digit standalone

**Double digit combining Oi's assets** 

Capex (cumulated 2021-'23):

~R\$ 13.0 bln standalone

~R\$ 13.5 bln combining Oi's assets

(Capex on revenues declining starting in 2022 combining Oi's assets)

EBITDA-Capex on Revenues:

≥ 29% in 2023 combining Oi's assets

# READY

- √ 5G auction and launch
- ✓ Fiber assets carve-out

(elements not fully incorporated in the Plan numbers)



# Boosting initiatives that increase our ESG impact

### E nvironmental

We want to be green

## **Enablers**

- → Increasing **efficiency** and taking advantage of **green energy** cost reduction
- → Developing cloud data centers to deliver more to our customers with less impact on operations
- → Demobilizing obsolete technologies through innovation and infrastructure sharing
- → Promoting efficient and responsible **solid waste** management

# Social

New capabilities are a key factor in maintaining leadership

- → Promoting an **inclusive environment**, with **equal** opportunities, valuing **talents** and caring for the **health and integrity** of employees
- → Developing **digital education** to support the demand for connectivity
- → Keeping Instituto TIM as a reference in ST&I and education projects
- → Extending access to 4G **connectivity** to all municipalities in Brazil

# Governance

Efficient mechanisms to fairly balance the interests of all stakeholders

- → Maintaining the recognition as a company with the highest level of commitment to transparency and corporate governance
- → Disseminating ESG principles to high-risk suppliers
- → Adopting best practices related to compliance, information security, data protection and privacy
- → Promoting **customer empowerment** through **digital transformation**







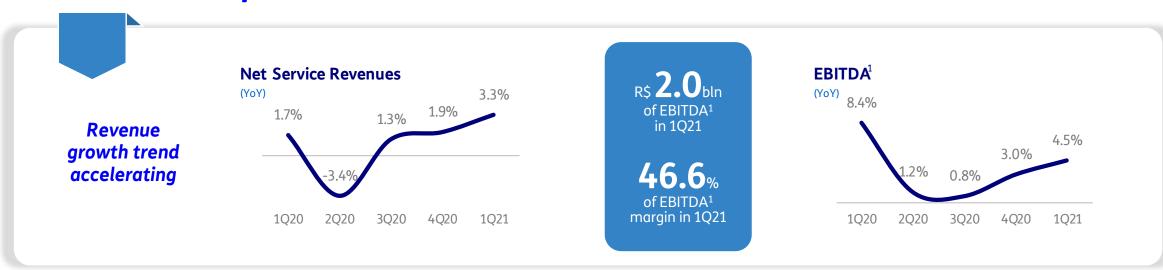
# 1Q21 RESULTS

(1) Due to the reverse incorporation of TIM Participações S.A. by TIM S.A. (former wholly owned subsidiary of TIM Participações S.A.) by the end of August 2020, 2020 results present TIM S.A.'s figures, in accordance with the company's financial statements (ITR and DFP). In order to provide an adequate comparison from the economic standpoint, 2019 (and previous) data disclosed reflect that in TIM Participações's financial statements.

(2) Operating Costs normalized by adjustments to towers' sale-leaseback contract (+R\$ 2.6 million in 1Q20), and administrative services connected to M&A projects (+R\$ 27.2 million in 4Q20). Net income normalized by tax credit and other effects (-R\$2.4 million in 4Q20).



# Recovery is Accelerating, While Structural Changes Are Underway to Build the Path for the Future





CUSTOMER PLATFORM NEW PROJECTS

Education vertical and Mobile Wallet



DELIVERYING OUR COMMITMENTS

















## FIRST SKY COVERAGE SITES<sup>2</sup>

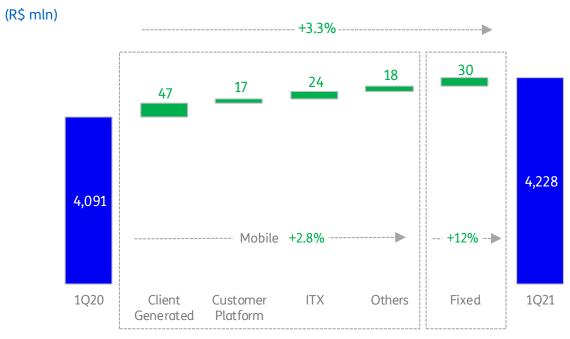
122 sites already implemented



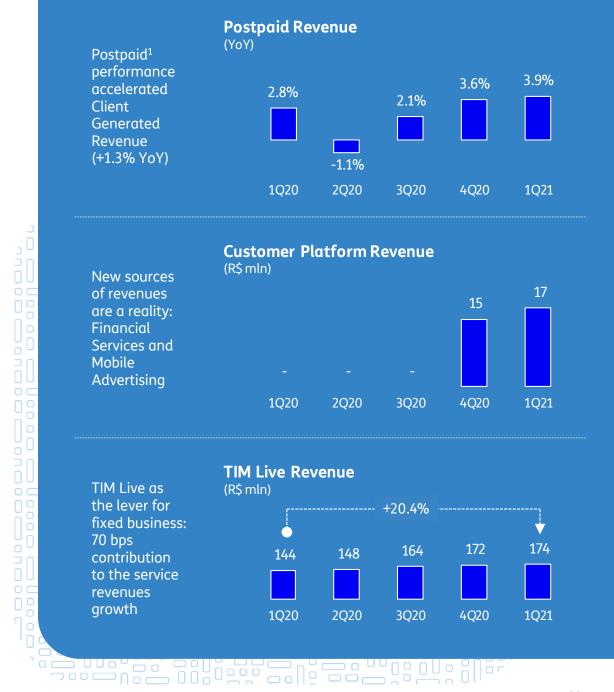
Financial Evolution

# All Revenue Streams Contributing Positively for Service Revenue Acceleration

# **Net Service Revenues Breakdown**



Mobile and Fixed Revenue Growth Acceleration Driven by Consistent ARPU Improvements



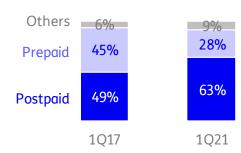


# "Volume to Value" Driving the Mobile Segment, Despite Pandemic

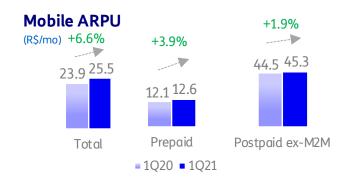
# **Context**

# CONSISTENT PERFORMANCE EVOLUTION WITH TRANSITION TO VALUE STRATEGY

### Mobile Revenues Mix

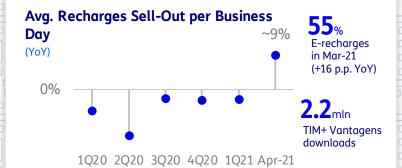


# Reshape of revenue profile

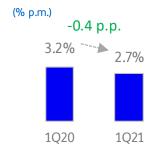


ARPU growth in all segments

## RESILIENT STRATEGY WITH THE CORRECT APPROACH FOR EACH SEGMENT'S DEMANDS



## **Human Pospaid Monthly Churn Rate**



#### DIFFERENTIATED OFFER

- → Pure postpaid: most desirable OTTs in the content marketplace (now for Family and Individual plans)
- → Control: access to new services - digital financial service

### MORE FOR MORE APPROACH

→ Monetizing the additional data

## STRENGTENING THE PRESENCE AND GOING **BEYOND GB/PRICE COMPETITION**



New full digital campaign reinforcing beyond the GB/price: "Who compares, comes to TIM"

### Store opening and renovation project



time reduction in owned stores customer service



**Omnichannel** experience

(e-commerce handsets acquisition with in-store pick-up)



retention rate of partners supported by special program for pandemic period

TIM S.A. – Investor Relations **Meeting with Investors** 



# Continuous Development of the Customer Platform, and a Highly Diversified IoT Ecosystem are Already Bearing Fruits

### **FINANCIAL SERVICES**

Financial services will become a consistent contributor to revenue growth in 1021



Leveraging promotional dates to boost account opening:

mother's day handset sales in 18 installments exclusively on C6 Credit Card

# loT

- → AGRI SOLUTIONS: one of the biggest initiatives in partnership with Adecoagro to expand connectivity
- → 4.0 INDUSTRY: Partnership with Anglo American and Lundin Mining
- → CONNECTED CAR: Arrival of the first connected car launched under Stellantis (FCA) partnership

# **MOBILE ADVERTISING** ~R\$ 6 mln 1st quarter of Mobile-Ads in 1021 revenues TIM ADS<sup>1</sup> ~750k 15+ mln opt-ins to third Leads generated parties' content and ads 35+ mln ads clicks ~500k surveys fulfilled **INFORMA TIM**<sup>2</sup> +111% 2.2 mln of active users addressable engaged (vs 4Q20) users

### **CUSTOMER PLATFORM ROADMAP**

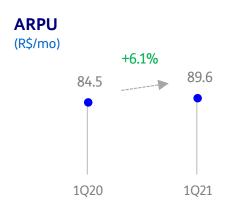
- → MOBILE ADVERTISING & DATA MONETIZATION
- APP INSTALLS: New format launched in 1Q
- ICARO PARTNERSHIP: TIM News (Content ad-based platform) to be launched in May-21
- PLAY2PAY PARTNERSHIP: TIM Fun to be launched in Jun-21
- → E-EDUCATION: Advanced negotiations, to be signed in 2Q21
- → DIGITAL WALLET: Negotiations progressing, expected for the end of 2Q21
- → E-HEALTH: Early-stage negotiations, agreement expected for 3Q21



# Consistent Operation, with Continuous Growth at a Strong Pace

Solid Revenue and ARPU evolution



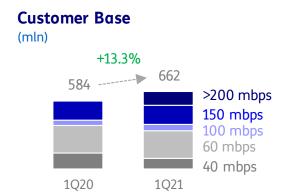






**Accelerated** rollout and customer base with market share increase above main players<sup>1</sup>







Home connected devices in TIM Tech Store, a marketplace for customers' discount

**TIM Live Operation** 

# Signing with IHS, an Industrial Player with Expertise to Accelerate FTTH Rollout

# **FIBER CO**

- → TIM will hold 49% of the capital of the new company;
- → FiberCo will deploy, operate and maintain last mile infrastructure, participating as well in other network projects (e.g., FTTSite). All commercial and customer service activities will remain with TIM;
- → Preserving the prerogative on rollout decisions, with 6 months of exclusivity period on the use of the network in new areas;
- → Expected closing for 2H21.

# **DEAL HIGHLIGHTS**



R\$ 2.6 bln of Enterprise Value

Primary of R\$ 600 mln

~R\$ **1.0** bln

Secondary to be paid at closing to help fund Oi's assets acquisition

Deconsolidation of fiber rollout investments: ~2/3 of TIM Live's Capex

↓ Capex + ↑ Opex should positively impact FCF

Positive impacts expected for customer base and revenue



- → TIM will contribute with 6.4² mln homes passed 3.5 mln of FTTH and 3.5 mln of FTTC
- → FiberCo's 4-year plan expects to reach8.9 mln of FTTH homes passed



# Preparing the Network for Imminent Transformations – M&A Integration and 5G – to Ensure the Maintenance of Our Leading Role

# Mobile Coverage Details1

**4G** The first to surpass covered cities

96% of urban population

**4G** coverage improves **CEX** and reduces cost to serve

+42.4% YoY







**VoLTE** 





+6.2% YoY

1.5k cities +27.5% YoY

# Sky Coverage









# **Network Developments:** Steppingstones for 5G rollout and Oi's assets integration

(1Q21) **FTTCity** +18.2<sub>% Yo</sub>y **FTTSite** 

M-MIMO

+477<sub>sites</sub>

7<sub>k sites</sub>

**Modernization** 

# **Network Sharing Agreement Update:** Single Grid

- → Coverage Expansion: 348 cities implemented (each)
- → Consolidation: tests started in 50 cities (25 each)

## 2G switch-off

→ Tests underway and rollout expected in 3Q

### **5G DSS Update**

- → FWA pilot in 3 cities: package and modem upgrade for WTTx customers to test the service
- Coverage in strategic business areas: 19 active clusters
- Widest coverage: ~150 5G DSS stations<sup>2</sup>, above any other player
- Best availability: TIM's 5G DDS network is more frequently used when compared to other players<sup>3</sup>
- Beyond the lab experience: New pilots aiming to create an ecosystem to explore new verticals possibilities

First telco to test 5G standalone with commercial equipment





# Boosting CEX Through an IT Transformation that Reinforces our Infrastructure Agility, Availability, Security, and Efficiency



# JOURNEY TO CLOUD PROJECT: FIRST MOVER TO A STATE-OF-THE-ART CLOUD BASED SOLUTION



## **Pioneering**

→ First telco – and one of the first companies in Brazil – to migrate 100% of its datacenters to a multicloud environment

# Steps

- → CRM and Big Data systems to be fully transferred to cloud by the 2Q21
- → All IT datacenters expected to be decommissioned by 2023

## Strategic Partnerships

→ New agreement with Oracle and Microsoft to provide an ecosystem that allow better customer management and bring more efficiency to internal processes



# CARING PROJECTS GAINING REVELANCE AND PRESENTING SOLID PERFORMANCE



## TAIS: AI ASSISTANT

- ✓ 30% reduction of human interactions in the contact center in the 1Q21
- ✓ NPS Improvement: +30% YoY for caring supported by AI



### COGNITIVE IVR -

- √ >12 mln calls only in the 1Q21
- ✓ ~50 mln calls expected for 2021 (vs >22 mln in FY20)



### -TIM.X TOOL

- ✓ 1Q21: Deployment of the system completed for 100% of the operations
- √ Faster onboarding on customer care
- ✓ NPS 22,5% higher than non-TIM.X customer service



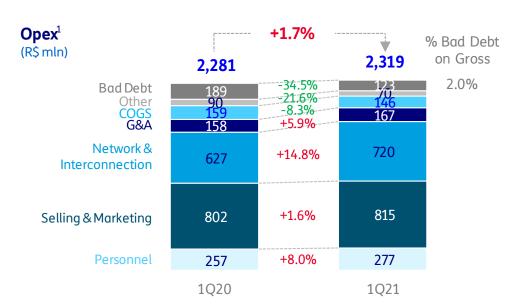
### **DEMAND TRACKING**

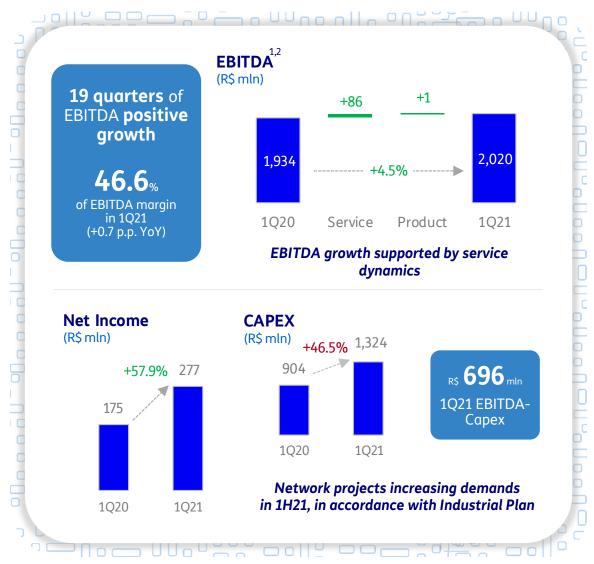
- Customers constantly informed about the progress of their demands
- Implemented for TIM Concierge (TIM Black Família customer service): highest NPS ever recorded in the segment ESG



# Digitalization Continues to Contribute to Cost Control, Suporting a Solid EBITDA Growth Trajectory







# Important Events Will Soon Reshape Market Structure: Both Expected in 3Q

## **OI'S MOBILE ASSETS UPDATE**



- → CADE pre notification in Nov-20
- → Petition to Anatel with prior consent made in Dec-20
- → CADE formal notification in Feb-21
- → CADE analysis process initiated in Mar-21
- → Approval process is going according to the expectation

## **SPECTRUM AUCTION**

Structure that **privileges consumer access to 5G and quality:** 

- → **80 MHz symmetric lots,** ensuring a great standard for 5G
- → Focus on investment obligations instead of upfront payments

Next steps: Approval of conditions and values by TCU, final decision and auction by Anatel.

### 

5G frequencies are the focus

(1) In the first round.



# Solid Results Reaffirm the Positive Momentum and Robust Fundamentals, Supporting Short and Long-term Vision



# **MOBILE BUSINESS GROWTH**

Consistent performance improvement. Vaccination and Reopening represent an additional upside.



# INFRASTRUCTURE TRANSFORMATION

Network preparation for 5G rollout and Oi's assets integration to accelerate in 2Q. New IT cloud-based platforms to transform CEX and cost to serve.



# TIM LIVE NEW STRATEGIC APPROACH

Partnership with an industrial player to go beyond the already audacious organic coverage plan.



# **PROFITABILITY IN FOCUS**

Efficiency initiatives are focused on free cash flow and long-term return improvement.



# **NEW BUSINESSES CONTRIBUTION**

Customer Platform to become an important contributor to growth, while we build new ecosystems for TIM and our partners.

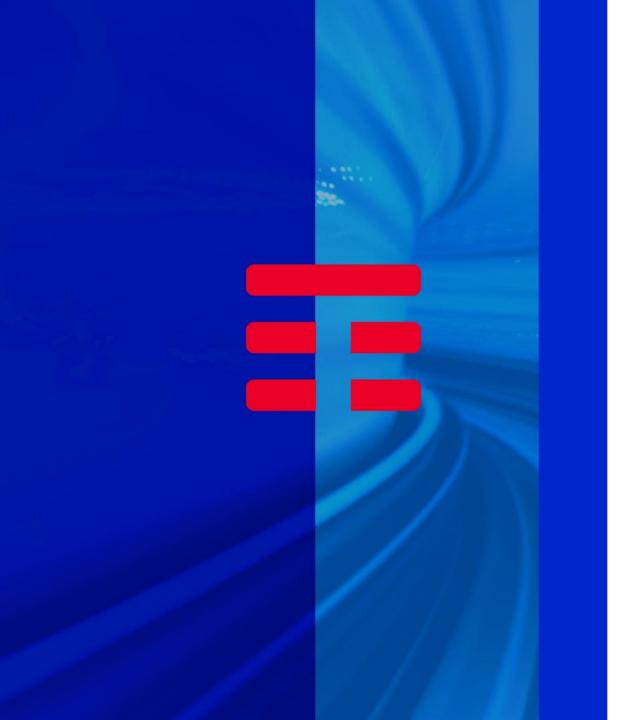


# FINANCIAL DISCIPLINE OPPORTUNITIES

Well-managed financial position enabling the execution of the funding plan under attractive conditions.

**ALL 2021 GUIDANCE CONFIRMED** 





# REGULATORY AGENDA

# Regulatory developments



# TAC – Conduct Adjustment Term (Jun, 2020)

- → First agreement with a major operator entered into TIM and Anatel (Jun/2020) with a reference value of R\$ 639 million, to generate improvements in three operating pillars: client experience, quality and infrastructure, as well as a project to cover 300 municipalities with 4G
- → Throughout 1Q2021, TIM performed all planned activities and, until the end of the quarter, no delays were identified in the schedule

### **FUST Utilization**

- → Law No. 14,109/2020 approved to allow the expansion, use and improvement of the qualities of telecommunications networks and services; reducing regional inequalities and promoting the use of new connectivity technologies for economic and social development
- → Decree No. 3,624/2000 should be updated to afford pay or play and the usage of FUST for rural/school areas

# **RQUAL**

- → Approved in Dec, 2019 to introduce responsive regulation to reach better quality of telecom services. Replaces pecuniary sanctions for alternative measures according to the risk identified
- → The Operating Manual with reference values is expected for May, 2021. First official cycle: Jan, 2022

# **Revision of the Telecommunications Model** (Law No. 13,879/2018)

- → Option of migration of concessions for authorizations, through prior approval of Anatel and investments in broadband expansion and obligation to maintain the service in non-competitive areas
- → **Secondary Market:** allows the transfer of RF between operators. Regulated by Anatel
- → Successive extension of RF: Decree No. 10,402/2017 includes grants in force at the time of approval of the Law

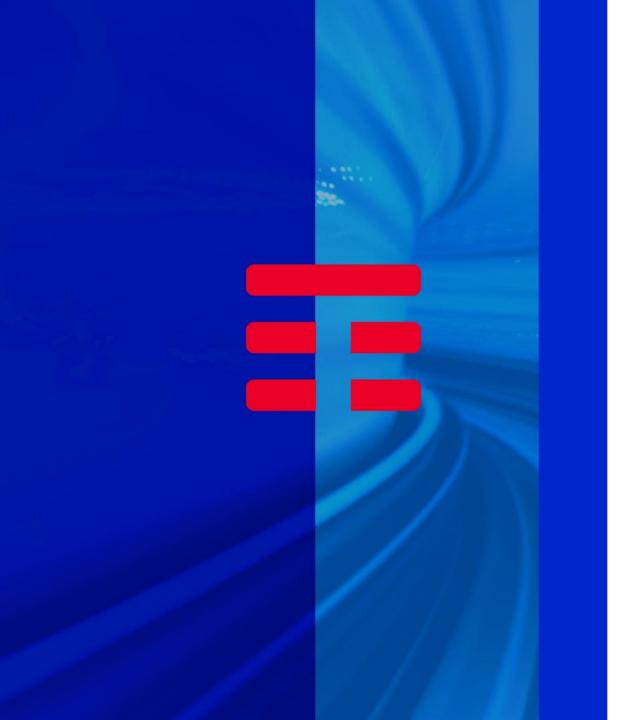
# **SART** (2019 – 2021) **and RGC** (2021)

- → First Code signed in 2019: Nãomeperturbe (Telemarketing)
- → Telecommunications Self-Regulatory Code (SART) based on responsive regulation and immediate response to problems faced by consumers (Mar, 2020)
- → Service, Offer and Collection Codes approved in 2021
- → RGC under review by Anatel. Expected approval for 1H2022

# BTS and Transmission Regulation (LGA and Decree 10,480/2020)

- → **Right of Way**. Forbids charge to network deployment under public ways and other public goods. Supreme Court declared constitutional rule in Feb, 2021
- → **Positive Silence**. 60 days for the competent authority issue a decision
- → **Dig once**. Single dig to install pipelines for all types of infra on highways
- → Small Cell. License waive according to certain specifications

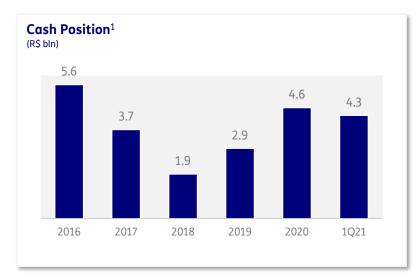




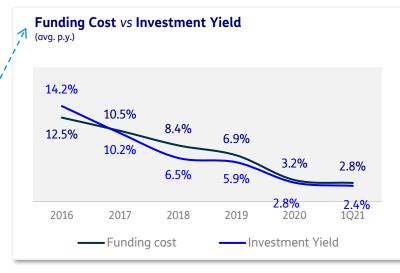
# **APPENDIX**

# Solid financial position: Maintaining a strong balance sheet and increasing distribution to shareholders

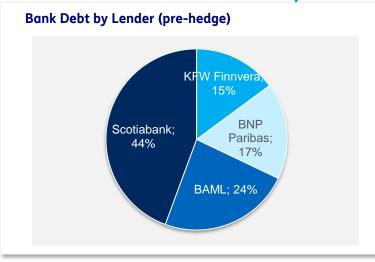


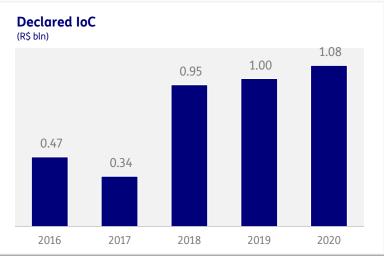












(1) Cash, Cash equivalents and short-term investments; (2) The Derivatives position excludes the subscription bonus in C6 Bank capital (Financial Statements, Note 36). Leasing related to the sale of towers, the LT Amazonas project and lease contracts with terms exceeding 12 months pursuant to IFRS 16; (3) Net Debt-After Leasing does not consider any current and non-current leasing liabilities; (4) EBITDA normalized for the effects detailed in slide 42.

# **Brazilian Telcos: Financial X-Ray**



	тім				Vivo			Claro + Nextel		Oi		
	1Q21	1Q20	% YoY	1Q21	1Q20	% YoY	1Q21	1Q20	% YoY	1Q21	1Q20	% YoY
Total Net Revenues	4,340	4,215	3.0%	10,849	10,825	0.2%	9,775	9,791	-0.2%	4,395	4,700	-6.5%
Service Revenues	4,228	4,091	3.3%	10,205	10,244	-0.4%	9,480	9,522	-0.4%	4,373	4,678	-6.5%
Mobile Service Revenues	3,947	3,840	2.8%	6,503	6,489	0.2%	4,290	4,082	5.1%	1,686	1,781	-5.3%
Fixed Service Revenues	281	251	12.1%	3,702	3,754	-1.4%	5,190	5,440	-4.6%	2,688	2,897	-7.2%
Products Revenues	112	124	-10.1%	644	581	10.9%	275	259	6.2%	21	21	-0.6%
Organic EBITDA	2,020	1,934	4.5%	4,455	4,431	0.5%	3,905	3,709	5.3%	1,128	1,481	-23.8%
Organic EBITDA Margin	46.6%	45.9%	0.7 p.p.	41.1%	41.6%	-0.6 p.p.	39.9%	37.9%	2.1 p.p.	25.7%	31.5%	-5.8 p.p.
Capex	1,324	904	46.4%	1,943	1,648	18.0%	n.a.	1,675	n.a.	1,859	1,781	4.4%
Capex/Net Revenues	30.5%	21.5%	9.1 p.p.	17.9%	15.2%	2.7 p.p.	n.a.	17.1%	n.a.	42.3%	37.9%	4.4 p.p.
EBITDA - Capex	696	1,030	-32.4%	2,512	2,859	-12.2%	n.a.	2,153	n.a.	-731	-299	144.1%
Net Debt	5,917	8,561	-30.9%	1,880	7,402	-74.6%	n.a.	14,599	n.a.	39,881	26,932	48.1%
Net Debt / EBITDA 12M	0.70	1.04	-32.5%	0.11	0.41	-74.2%	n.a.	0.97	n.a.	7.3	4.5	59.8%
ARPU	25.5	23.9	6.6%	27.4	29.0	-5.4%	22.0	24.0	-8.3%	15.0	16.2	-7.0%
Prepaid	12.6	12.1	3.9%	12.1	12.5	-3.5%	n.a.	n.a.	n.a.	8.8	9.7	-8.6%
Postpaid (ex-M2M)	45.3	44.5	1.9%	49.7	51.3	-3.1%	n.a.	n.a.	n.a.	28.7	33.7	-14.7%

# **Brazilian Telcos: Operational X-Ray**



	TIM			Vivo			Claro + Nextel			Oi		
	1Q21	1Q20	% YoY	1Q21	1Q20	% YoY	1Q21	1Q20	% YoY	1Q21	1Q20	% YoY
Mobile Customer Base (MM)	51.7	52.8	-2.1%	79.7	74.7	6.6%	66.3	58.7	13.1%	38.6	36.7	5.2%
Market Share	21.5%	23.3%	-1.8 p.p.	33.2%	33.0%	0.1 p.p.	27.6%	25.9%	1.7 p.p.	16.1%	16.2%	-0.2 p.p.
Human Postpaid Customer Base <i>ex- M2M</i> (MM)	18.3	17.9	2.2%	35.3	33.3	6.0%	27.4	23.8	15.0%	12.8	10.5	22.2%
Market Share	19.4%	20.7%	-1.4 p.p.	37.4%	38.6%	-1.2 p.p.	29.0%	27.6%	1.4 p.p.	13.6%	12.1%	1.4 p.p.
Mix	35.3%	33.8%	1.5 p.p.	44.3%	44.6%	-0.2 p.p.	41.3%	40.6%	0.7 p.p.	33.2%	28.6%	4.6 p.p.
M2M Customer Base (MM)	3.9	3.8	3.9%	10.7	10.4	2.7%	10.7	8.0	32.6%	2.3	2.0	11.5%
Market Share	12.9%	14.6%	-1.7 p.p.	35.1%	40.2%	-5.1 p.p.	35.0%	31.0%	4.0 p.p.	7.4%	7.8%	-0.4 p.p.
Prepaid Customer Base (MM)	29.5	31.2	-5.3%	33.7	31.0	8.5%	28.3	26.8	5.5%	23.5	24.2	-2.7%
Market Share	25.4%	27.3%	-1.9 p.p.	29.0%	27.2%	1.8 p.p.	24.4%	23.5%	0.9 p.p.	20.3%	21.2%	-0.9 p.p.
Mix	57.0%	59.0%	-1.9 p.p.	42.3%	41.5%	0.8 p.p.	42.7%	45.7%	-3.0 p.p.	60.9%	65.9%	-5.0 p.p.
4G Customer Base (MM)	44.0	39.0	12.6%	57.7	50.2	14.9%	48.2	40.8	18.1%	28.3	25.4	11.2%
Market Share	24.2%	24.8%	-0.6 p.p.	31.8%	31.9%	-0.1 p.p.	26.5%	25.9%	0.6 p.p.	15.6%	16.1%	-0.6 p.p.
Mix	85%	74%	11.1 p.p.	72%	67%	5.2 p.p.	73%	70%	3.1 p.p.	73%	69%	4.0 p.p.
Banda Larga >34 Mbps (MM) <sup>1</sup>	656	576	13.8%	3,979	2,954	34.7%	7,931	6,573	20.7%	2,515	982	156.2%
Market Share	2.6%	3.8%	-1.2 p.p.	16.0%	19.5%	-3.5 p.p.	31.9%	43.3%	-11.4 p.p.	10.1%	6.5%	3.7 p.p.

Source: Anatel.





# For further information

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