



TIM PARTICIPAÇÕES S.A.  
Citi's 17th Annual Latin America Conference  
March 2009



▶ **4Q08 Results**

▶ **Macro Scenario & TIM's Fundamentals**

▶ **TIM's Re-launch Plan**

▶ **Historical Data**



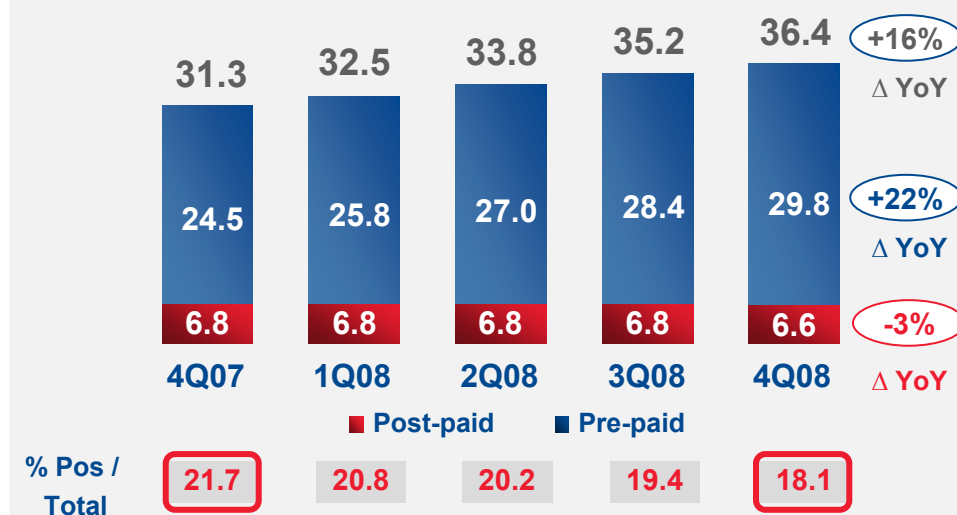
Você, sem fronteiras.

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## Breakdown: subscribers base and revenue

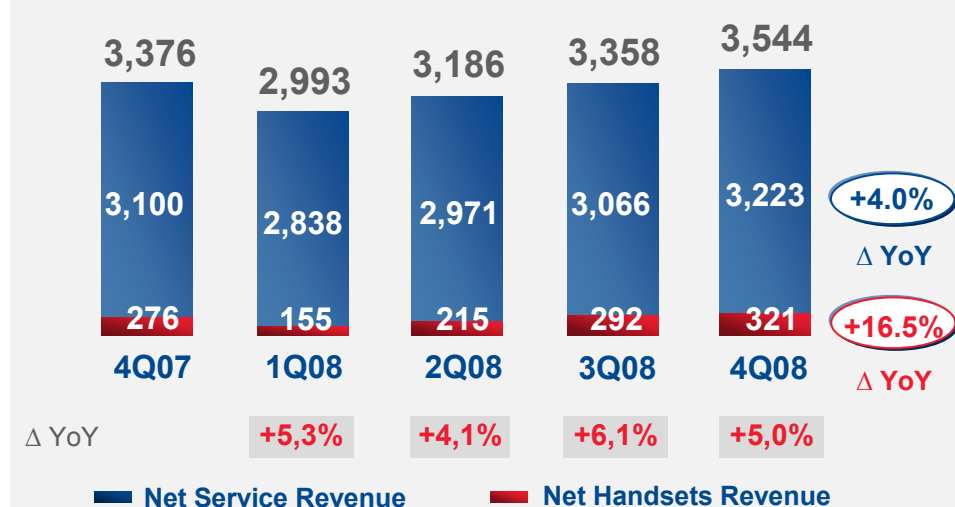
### Subscriber Base

Million lines



### Net Revenue

R\$ Million



#### Mix change due to pre-paid growth:

- ✓ TIM Customer Base grew to 36.4 Mln lines mainly on pre-paid (+22%)
- ✓ Post-paid lines down to 6.6 Mln (-200K lines YoY), representing 18.1% of total customer base

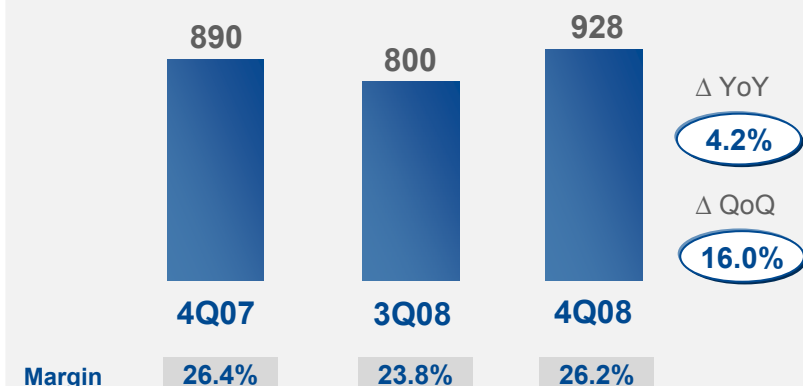
#### Revenue growth at 5.1% in 2008:

- ✓ Lower than expected post-paid growth, high churn on post-paid (10% in 4Q08)
- ✓ MOU reduction in 4Q08 due to lower push on promotions

## Rigorous financial discipline

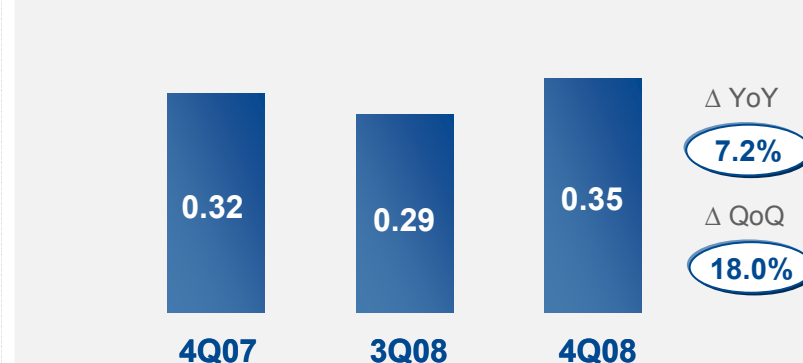
### EBITDA %: Meeting company's guidance

R\$ Million



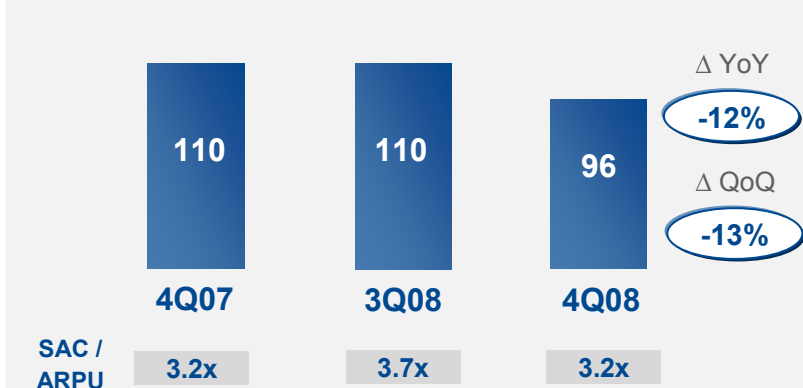
### ARPM Increase

R\$ Cent.



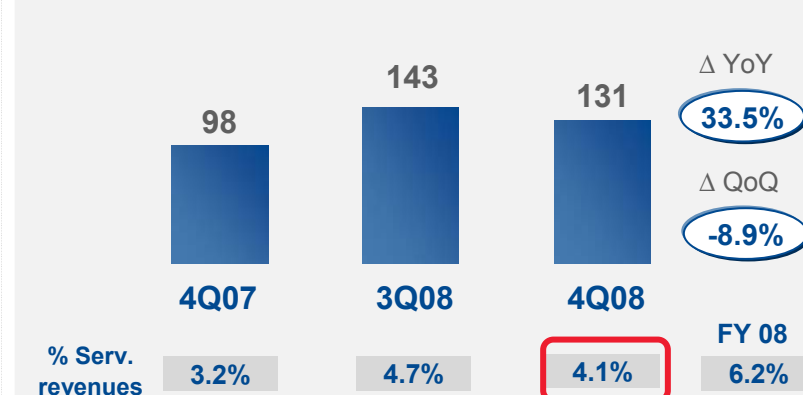
### SAC Control

R\$



### Bad Debt Control

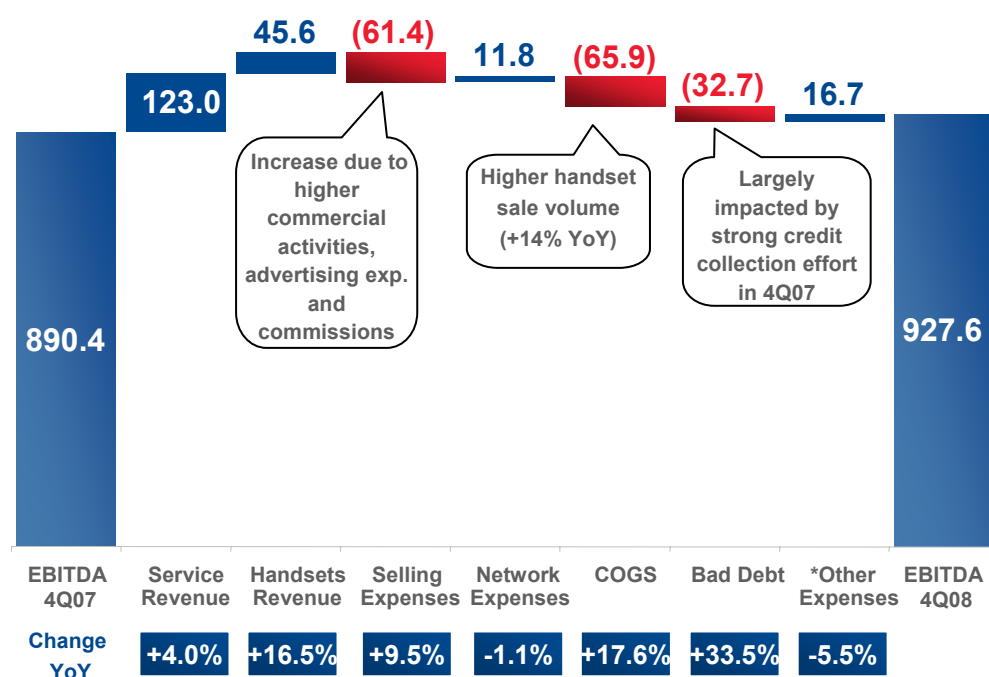
R\$ Million



## EBITDA and bottom line performance

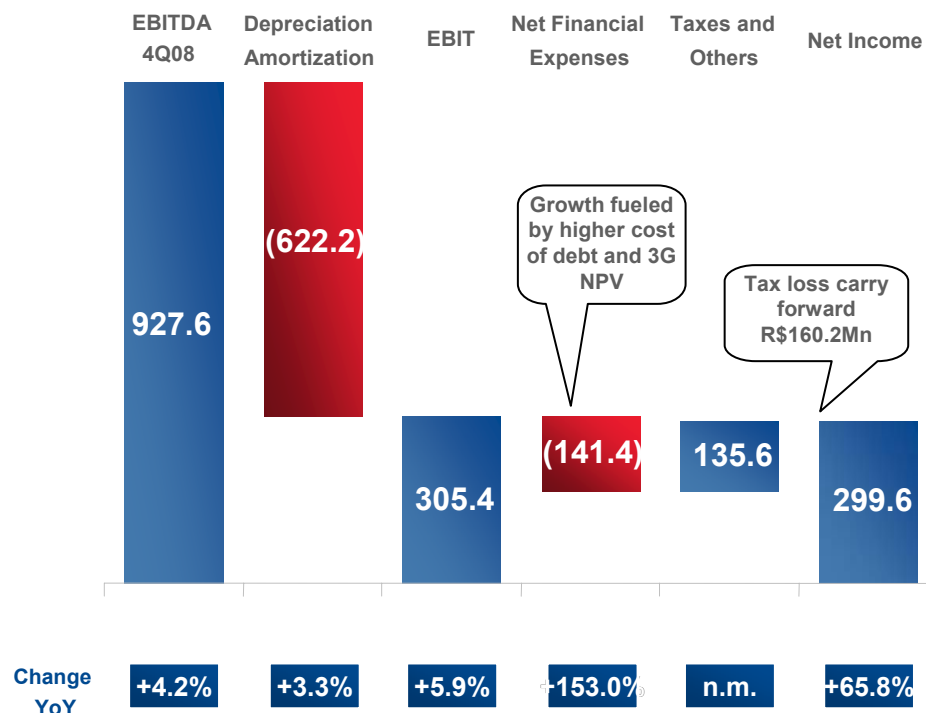
### EBITDA YoY performance\*

R\$ Million



### From EBITDA to bottom line

R\$ Million



\* Other Expenses include: G&A, Personnel and Net Other Operating Expenses/Revenues

▶ 4Q08 Results

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▶ Historical Data



Você, sem fronteiras.

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## Brazilian competitive landscape

|  | TIM  | Telefonica/Vivo <sup>(1)</sup> | Embratel /Claro                | Oi <sup>(2)</sup> /Brasil Telecom |
|--|--|--------------------------------|--------------------------------|-----------------------------------|
| Player Footprint                                 | <p>National fixed license acquired in may / 07</p> |                                | <p>Long distance incumbent</p> |                                   |
| Market share <sup>(4)</sup>                      |  |                                |                                |                                   |
| Mobile   | 24%<br>(36.4 MM)                                   | 30%<br>(44.9 MM)               | 26%<br>(38.7 MM)               | 20%<br>(30.0 MM)                  |
| Fixed  | ~0.5%  | ~30% / ~90% <sup>(3)</sup>     | ~13%                           | ~55% / ~85% <sup>(3)</sup>        |
| Broadband  | ~5%  | ~26%                           | ~22%                           | ~40%                              |
| <b>Mobile + Fixed Incumbent</b><br><b>Mobile</b> |  |                                |                                |                                   |

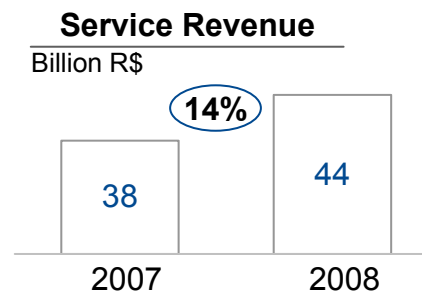
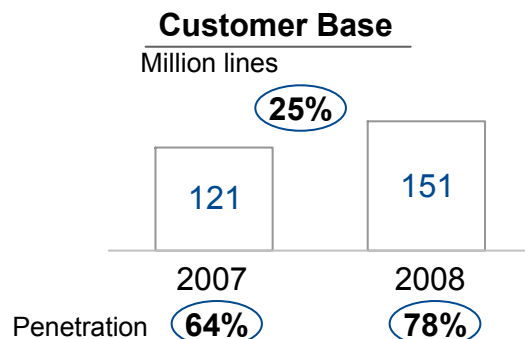
(1) Including Telemig Celular  
(2) Including Amazonia Celular  
(3) Considering its regional presence  
(4) 4Q08 figures  
Source: company reports and Anatel



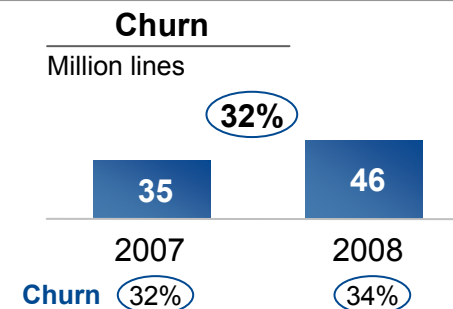
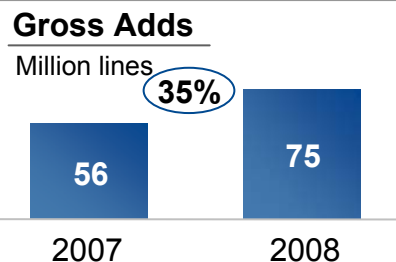
Você, sem fronteiras.

## A large and competitive market

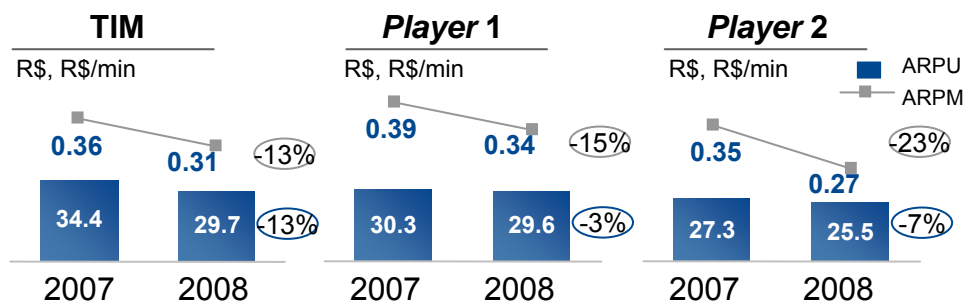
✓ Double-digit market growth



✓ Churn market...



✓ ... suffering strong competitive pressure



**Competition increases with Mobile Number Portability in 2009:**

17% of population covered in Sep-08 → 100% by Mar-09



## TIM's strong fundamentals

### ① Network: leadership in coverage and quality

- **voice** (coverage and quality)
- **data** (Edge/ 3G)

### ② High-Value Customer Base (ARPU ~30R\$) with proven innovation attitude (VAS 10.8% Gross Service Revenue in 4Q08)

### ③ Unique “Pure Mobile” convergence offering

- **TIM Web: strong growth** (+2.5x of base YoY)
- **TIM Fixo: high satisfaction** among early adopters

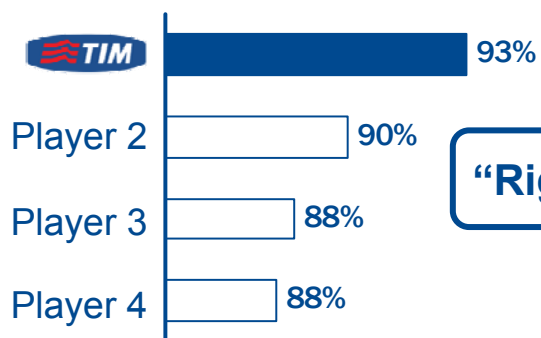
**Operating as a  
“Pure Mobile”  
company, with solid  
fundamentals...  
... in line with our DNA**

1

## Network: leadership in voice and data coverage

### Voice

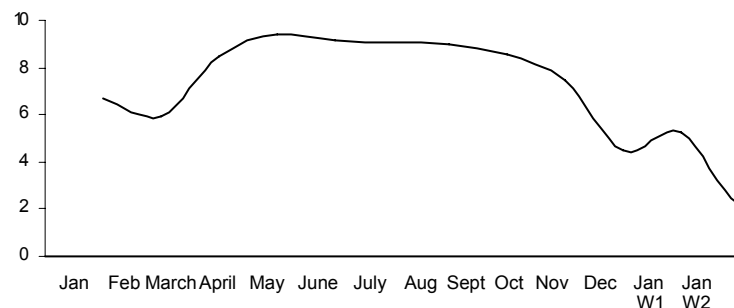
#### ✓ Population covered by GSM\*



“Right on spot”

#### ✓ Recovery of Service Quality

Congestion % cells with Grade of Service > 2%



### Data

#### ✓ Largest data network = Edge / UMTS

#### ✓ 3G Data Only → high quality

#### ✓ Native 3.5G (HSDPA) → high performance

#### ✓ 59% of high-value customer base covered by 3G (Jan-09) → 78% by Dec-09

\* Urban population covered (Jan-09)



Você, sem fronteiras.

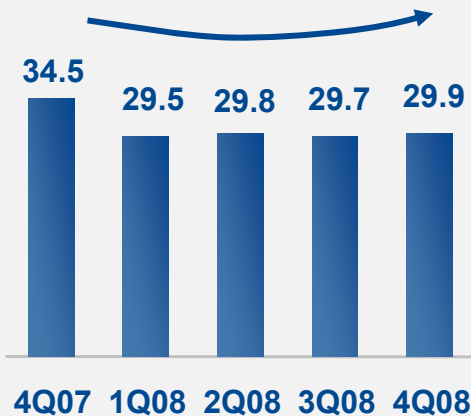
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## High-value customer base with proven innovation attitude

### ARPU

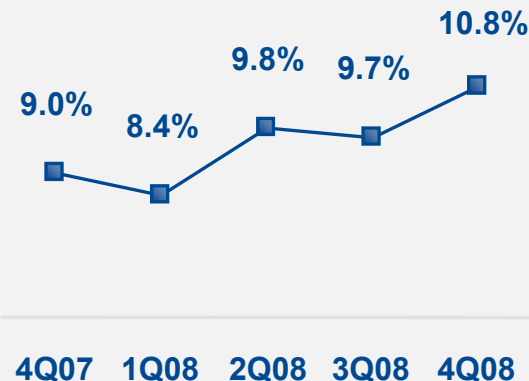
Monthly ARPU, R\$



Reversal of ARPU  
dilution

### VAS / Gross Service Revenue

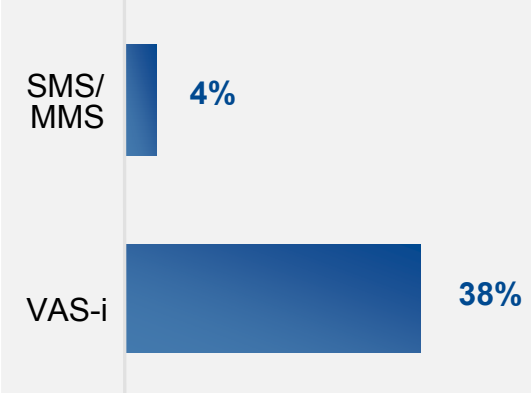
% Gross Service Revenue



Increase in VAS...

### Data Revenue Growth

4Q07 vs. 4Q08



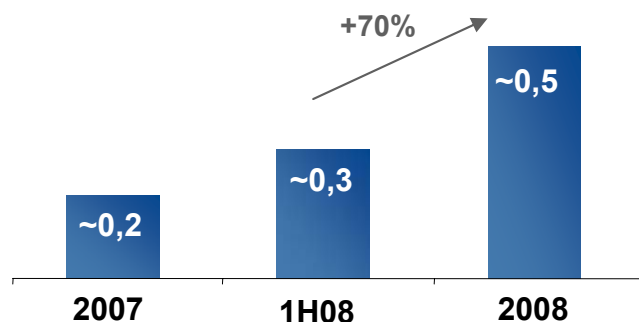
... with push in  
data and content

3

## Unique “Pure Mobile” convergence offering

### Mobile Broadband: Strong growth

Million (Mn)



- ✓ TIM Web ARPU grew > 50% since 3G launch (May'08)
- ✓ The fastest mobile broadband offer in the market: up to 7.2 Mbps and robust 3G backhaul
- ✓ Unattended ADSL demand: Over 50% of TIM Web users has a fixed location
- ✓ Over 70% of TIM Web users are satisfied\*

### Fixed: Assessing TIM Fixo satisfaction\*



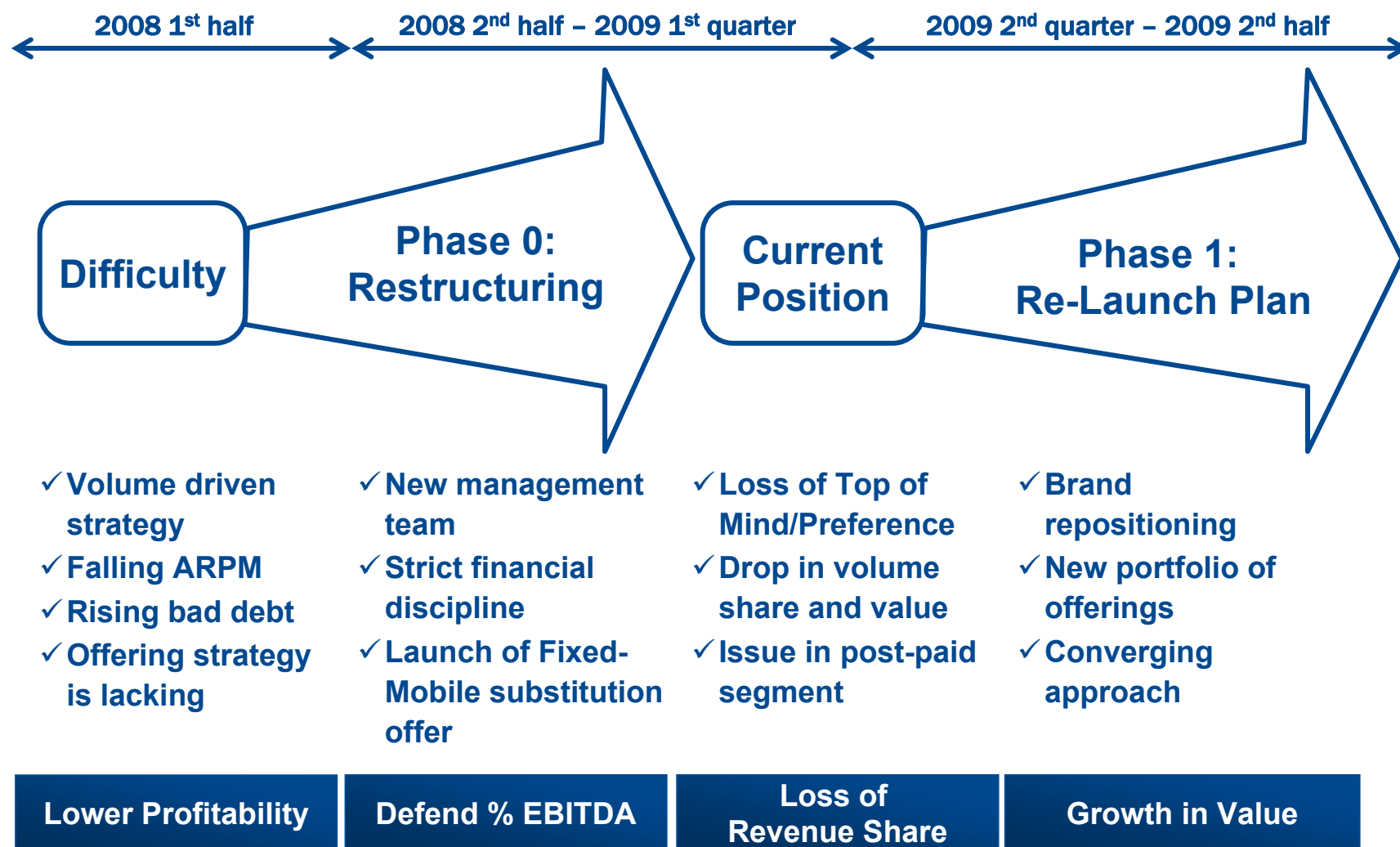
|            | Fixed Mkt Avg | TIM Fixo |
|------------|---------------|----------|
| Region I   | 7.99          | 8.44     |
| Region II  | 7.85          | 8.82     |
| Region III | 7.07          | 8.44     |

- ✓ Subscriber base reached ~200K users
- ✓ Strong customer satisfaction on TIM Fixo
- ✓ Over 25% of TIM's clients came from other fixed players
- ✓ Fresh-market: 40% of TIM Fixo users were previously unattended
- ✓ Customer loyalty far above the average market

\*source: TNS Interscience Survey Dez2008

- ▶ 4Q08 Results
- ▶ Macro Scenario & TIM's Fundamentals
- ▶ **TIM's Re-launch Plan**
- ▶ Historical Data

## Main phases of TIM Brasil's re-launch plan



## Re-launch plan

- 1 Brand**
  - ✓ Repositioning: Strong communication, maintaining coherence and awareness
- 2 Offering portfolio**
  - ✓ Distinctiveness: Custom and multiple play offers
- 3 Caring**
  - ✓ Selectiveness: New management model based on access/ value
- 4 Sales Force**
  - ✓ Leveraged footprint: higher productivity with a multi-channel approach
- 5 Network**
  - ✓ Quality and efficiency: higher capacity and to support 3G roll-out
- 6 Organization and team**
  - ✓ New, marketing-driven and rapid: a customer-oriented structure

## Re-launch timeline

|                | 1Q09   | 2Q09   | 3Q09  | 4Q09   |
|----------------|--|--|---|--|
| <b>Actions</b> | <ul style="list-style-type: none"> <li>✓ New strategy assessment</li> <li>✓ Organization and Team</li> <li>✓ Advertising: new format</li> <li>✓ Push on existing Offers: <ul style="list-style-type: none"> <li>• TIM Fixo</li> <li>• TIM Web</li> <li>• Existing post-paid offer</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>✓ New Offering: <ul style="list-style-type: none"> <li>• Consumer</li> <li>• Corporate</li> <li>• Convergent</li> </ul> </li> <li>✓ Push on the points of sale</li> </ul> | <ul style="list-style-type: none"> <li>✓ Network optimization</li> <li>✓ New Caring Model</li> <li>✓ Convergence: multiple play strategy</li> </ul> | <ul style="list-style-type: none"> <li>✓ Push on Commercial</li> </ul> |
| <b>Results</b> | <ul style="list-style-type: none"> <li>✓ High Churn: "Clean" our prepaid and postpaid customer base</li> </ul>   | <ul style="list-style-type: none"> <li>✓ Post-paid Subscribers: "back on track"</li> </ul>   | <p>← Back to Revenue Growth →</p>   |  |



## Commitments for 2009



- ▶ 4Q08 Results
- ▶ Macro Scenario & TIM's Fundamentals
- ▶ TIM's Re-launch Plan
- ▶ **Historical Data**

## Historical indicators: operational results

|   | 4Q08          | 3Q08          | 4Q07           | QoQ<br>%      | YoY<br>%      | 2008           | 2007           | YoY<br>%      |
|---|---------------|---------------|----------------|---------------|---------------|----------------|----------------|---------------|
| Estimated Population in the Region (million)        | 193.1         | 192.4         | 190.5          | 0.3%          | 1.4%          | 193.1          | 190.5          | 1.4%          |
| Municipalities Served - GSM                         | 2,768         | 2,765         | 2,655          | 0.1%          | 4.3%          | 2,768          | 2,655          | 4.3%          |
| <b>Brazilian Wireless Subscriber Base (million)</b> | <b>150.6</b>  | <b>140.8</b>  | <b>121.0</b>   | <b>7.0%</b>   | <b>24.5%</b>  | <b>150.6</b>   | <b>121.0</b>   | <b>24.5%</b>  |
| Estimated Total Penetration                         | 78.0%         | 73.2%         | 63.5%          | 4.9 p.p.      | 14.5 p.p.     | 78.0%          | 63.5%          | 14.5 p.p.     |
| Market Share  | 24.2%         | 25.0%         | 25.8%          | -0.9 p.p.     | -1.7 p.p.     | 24.2%          | 25.8%          | -1.7 p.p.     |
| <b>Total Lines ('000)</b>                           | <b>36,402</b> | <b>35,206</b> | <b>31,254</b>  | <b>3.4%</b>   | <b>16.5%</b>  | <b>36,402</b>  | <b>31,254</b>  | <b>16.5%</b>  |
| Prepaid   | 29,832        | 28,386        | 24,483         | 5.1%          | 21.8%         | 29,832         | 24,483         | 21.8%         |
| Postpaid  | 6,571         | 6,820         | 6,771          | -3.7%         | -3.0%         | 6,571          | 6,771          | -3.0%         |
| <b>Gross Additions ('000)</b>                       | <b>4,674</b>  | <b>4,573</b>  | <b>4,576</b>   | <b>2.2%</b>   | <b>2.1%</b>   | <b>17,080</b>  | <b>15,401</b>  | <b>10.9%</b>  |
| <b>Net Additions ('000)</b>                         | <b>1,196</b>  | <b>1,392</b>  | <b>2,094</b>   | <b>-14.0%</b> | <b>-42.9%</b> | <b>5,149</b>   | <b>5,843</b>   | <b>-11.9%</b> |
| Churn   | 9.8%          | 9.4%          | 8.5%           | 0.4 p.p.      | 1.3 p.p.      | 35.5%          | 35.2%          | 0.3 p.p.      |
| TOTAL ARPU  | R\$29.9       | R\$29.7       | R\$34.5        | 0.8%          | -13.2%        | R\$29.7        | R\$34.4        | -13.5%        |
| TOTAL MOU   | 86            | 101           | 106            | -14.4%        | -18.9%        | 95             | 96             | -1.0%         |
| <b>Investment (R\$ million)</b>                     | <b>782.5</b>  | <b>510.7</b>  | <b>1,007.2</b> | <b>53.2%</b>  | <b>-22.3%</b> | <b>3,272.1</b> | <b>1,932.9</b> | <b>69.3%</b>  |
| <b>Employees</b>                                    | <b>10,296</b> | <b>10,173</b> | <b>10,043</b>  | <b>1.2%</b>   | <b>2.5%</b>   | <b>10,296</b>  | <b>10,043</b>  | <b>2.5%</b>   |

Numbers may differ from the previous publishing due to rounding

## Historical indicators: financial results

|  | 1Q07               | 2Q07               | 3Q07               | 4Q07               | 2007               | 1Q08               | 2Q08               | 3Q08               | 4Q08               | 2008                |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| <b>Net Revenues</b>                              | <b>2.843.173</b>   | <b>3.059.568</b>   | <b>3.163.387</b>   | <b>3.375.515</b>   | <b>12.441.643</b>  | <b>2.992.957</b>   | <b>3.186.075</b>   | <b>3.357.794</b>   | <b>3.544.138</b>   | <b>13.080.965</b>   |
| Services   | 2.661.539          | 2.781.858          | 2.877.941          | 3.099.698          | 11.421.037         | 2.837.663          | 2.970.664          | 3.065.744          | 3.222.737          | 12.096.808          |
| Handset Revenue                                  | 181.634            | 277.710            | 285.445            | 275.816            | 1.020.606          | 155.294            | 215.411            | 292.051            | 321.401            | 984.157             |
| <b>Operating Expenses</b>                        | <b>(2.179.122)</b> | <b>(2.315.857)</b> | <b>(2.621.251)</b> | <b>(2.485.100)</b> | <b>(9.601.330)</b> | <b>(2.460.169)</b> | <b>(2.548.906)</b> | <b>(2.559.338)</b> | <b>(2.613.134)</b> | <b>(10.181.547)</b> |
| Personal Expenses                                | (152.173)          | (156.631)          | (149.426)          | (167.167)          | (625.398)          | (162.625)          | (168.697)          | (152.654)          | (164.186)          | (648.162)           |
| Selling and Marketing Expenses                   | (571.742)          | (618.680)          | (674.698)          | (646.957)          | (2.512.078)        | (598.141)          | (665.621)          | (715.019)          | (708.347)          | (2.687.128)         |
| Network & Interconnection                        | (908.735)          | (899.760)          | (996.524)          | (1.060.069)        | (3.865.089)        | (1.044.547)        | (1.072.570)        | (1.077.171)        | (1.048.241)        | (4.242.530)         |
| General & Administrative                         | (112.562)          | (108.011)          | (102.812)          | (106.314)          | (429.699)          | (123.779)          | (107.984)          | (101.496)          | (118.883)          | (452.143)           |
| Cost of Goods and Services                       | (263.619)          | (376.408)          | (420.673)          | (373.729)          | (1.434.431)        | (263.235)          | (324.831)          | (378.072)          | (439.650)          | (1.405.788)         |
| Bad Debt   | (172.968)          | (168.405)          | (275.371)          | (97.827)           | (714.571)          | (271.701)          | (203.327)          | (143.250)          | (130.554)          | (748.833)           |
| Other operational revenues (expenses)            | 2.678              | 12.039             | (1.746)            | (33.036)           | (20.065)           | 3.859              | (5.876)            | 8.325              | (3.272)            | 3.036               |
| <b>EBITDA</b>                                    | <b>664.051</b>     | <b>743.711</b>     | <b>542.136</b>     | <b>890.415</b>     | <b>2.840.313</b>   | <b>532.788</b>     | <b>637.169</b>     | <b>798.456</b>     | <b>931.004</b>     | <b>2.899.418</b>    |
| EBITDA - Margin over total net revenues          | 23,4%              | 24,3%              | 17,1%              | 26,4%              | 22,8%              | 17,8%              | 20,0%              | 23,8%              | 26,3%              | 22,2%               |
| <b>Depreciation &amp; Amortization</b>           | <b>(582.266)</b>   | <b>(569.986)</b>   | <b>(569.251)</b>   | <b>(602.172)</b>   | <b>(2.323.674)</b> | <b>(572.033)</b>   | <b>(596.338)</b>   | <b>(617.988)</b>   | <b>(622.185)</b>   | <b>(2.408.545)</b>  |
| <b>EBIT</b>                                      | <b>81.786</b>      | <b>173.725</b>     | <b>(27.115)</b>    | <b>288.243</b>     | <b>516.639</b>     | <b>(39.245)</b>    | <b>40.831</b>      | <b>180.468</b>     | <b>308.818</b>     | <b>490.872</b>      |
| <b>Net Financial Results</b>                     | <b>(63.255)</b>    | <b>(81.462)</b>    | <b>(80.893)</b>    | <b>(55.889)</b>    | <b>(281.500)</b>   | <b>(73.609)</b>    | <b>(91.382)</b>    | <b>(152.943)</b>   | <b>(57.041)</b>    | <b>(374.974)</b>    |
| <b>Income (loss) before taxes and Minorities</b> | <b>17.375</b>      | <b>89.709</b>      | <b>(118.939)</b>   | <b>246.995</b>     | <b>235.139</b>     | <b>(112.854)</b>   | <b>(50.552)</b>    | <b>27.526</b>      | <b>251.778</b>     | <b>115.898</b>      |
| Income tax and social contribution               | (36.840)           | (55.727)           | (8.009)            | (66.261)           | (166.837)          | (12.613)           | (15.743)           | (39.579)           | 132.188            | 64.254              |
| <b>Net Income (Loss)</b>                         | <b>(19.465)</b>    | <b>33.982</b>      | <b>(126.949)</b>   | <b>180.734</b>     | <b>68.302</b>      | <b>(125.466)</b>   | <b>(66.295)</b>    | <b>(12.053)</b>    | <b>383.966</b>     | <b>180.152</b>      |

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## “Safe Harbor” statements

Statements in this presentation, as well as oral statements made by the management of TIM Participações S.A. (the “Company”, or “TIM”), that are not historical fact constitute “forward looking statements” that involve factors that could cause the actual results of the Company to differ materially from historical results or from any results expressed or implied by such forward looking statements. The Company cautions users of this presentation not to place undue reliance on forward looking statements, which may be based on assumptions and anticipated events that do not materialize.

### Investor Relations

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**Você, sem fronteiras.**