

 **TIM**  
**BRASIL** DAY 2021

Imagine as possibilidades

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**ISE B3**



# TIM BRASIL DAY

March 01, 2021

# 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 S.A. 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.**

The normalized numbers reported in this presentation are adjusted by the effects listed in the FY2020 earnings release.



## AGENDA

2020 Retrospective and  
Strategic Paths

Pietro Labriola  
*CEO*

Strengthen the Core

Alberto Griselli  
*CRO*

Beyond the Core with  
New Businesses and Partnerships

Renato Ciuchini  
*Head of Strategy and Transformation*

Evolution and Transformation  
of our Infrastructure

Leonardo Capdeville  
*CTIO*

Evolution of TIM's Financial  
Indicators and Impacts of the  
Industry's Transformations

Adrian Calaza  
*CFO*

Mario Girasole  
*VP of Regulatory, Institutional and Press  
Relations*

Beyond Sustainability

Bruno Gentil  
*VP de Corporate Resources*

Maria Antonietta Russo  
*VP of Human Resources*

Jaques Horn  
*CLO*





# 2020 Retrospective and Strategic Paths

Pietro Labriola, CEO

TIM Brasil Day  
March 01, 2021

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



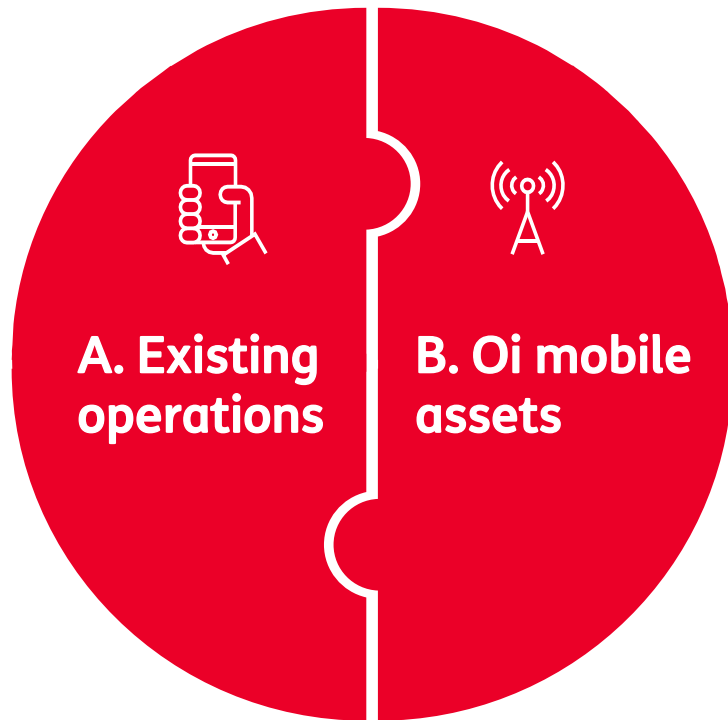
GOALS	SHORT TERM TARGETS (2021)	LONG TERM TARGETS
Revenue Growth Sustainability	Service Revenues Growth: <b>Mid single digit (YoY)</b>	Service Revenues Growth (CAGR '20-'23): <b>Mid single digit standalone</b> <i>High single digit combining Oi's assets</i>
Improve Profitability	EBITDA Growth: <b>Mid single digit (YoY)</b> <i>(Including preparation costs)</i>	EBITDA Growth (CAGR '20-'23): <b>Mid single digit standalone</b> <i>Double digit combining Oi's assets</i>
Infrastructure Development	Capex: <b>~R\$ 4.4 bln</b> <i>(including preparation investments)</i>	Capex (cumulated 2021-'23): <b>~R\$ 13.0 bln standalone</b> <i>~R\$ 13.5 bln combining Oi's assets</i> <i>(Capex on revenues declining starting in 2022 combining Oi's assets)</i>
Expand Cash Generation	EBITDA-Capex on Revenues: <b>~24%</b> <i>(including preparation costs and investments)</i>	EBITDA-Capex on Revenues: <b>≥ 29% in 2023 combining Oi's assets</b>

# ***What is behind those numbers?***



# Strategic Plan 2021-23: Building blocks for the future

Events that will be incorporated in  
TIM Brasil Strategic Plan numbers



Elements not incorporated in the Plan  
numbers



5G auction  
and launch



Fiber assets  
carve-out

**READY**

# ***Strategic Plan 2021-23: Building blocks for the future***

***A solid 2020 base  
to start from***

***Coherent  
strategic  
path***



# Consistent Evolution in a Challenging Year

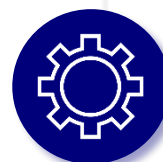


~26% EBITDA<sup>1</sup>-  
Capex on Revenues

ARPU growth in  
all segments<sup>4</sup>

Right to **1.4%** of C6 Bank  
equity stake<sup>3</sup>

Bad debt back on track **2.3%**  
of gross revenues  
(-0.7 p.p. YoY)



Signing of Oi's mobile  
assets purchase  
agreement

Creation of the  
Board of Directors  
ESG committee

Widest 4G coverage,  
best experience and  
availability<sup>4</sup>

300+ cities  
active under the network  
sharing agreement

# ***Our prior plan already pointed to the right direction, combining Evolution and Transformation to develop six strategic pillars***

2020-2022 Strategic Plan Framework



# 2020 plan recap, delivering what we promised

## ENABLING INFRASTRUCTURE

Improved network quality and reduced cost to serve

**1st** 4G coverage and experience

**>3 mln** FTTH Homes passed

Network Innovation

M-MIMO, 700MHz Refarming,

IT supporting efficiency + CEX improvement

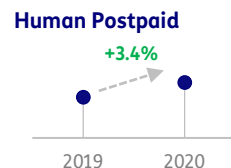
Cognitive IVR

Cloud based solutions

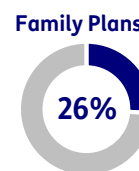


## MOBILE EVOLUTION: FROM VOLUME TO VALUE

Consecutive ARPU growth in all segments



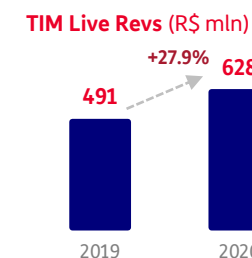
Customer base improvement



2022 churn guidance delivered

## SURFING UBB GROWTH OPPORTUNITY

Delivering organic growth and building the path to accelerate

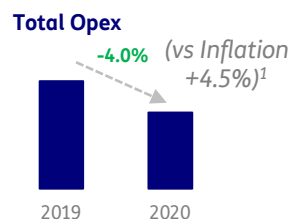


TIM Live customer base (+4.6 p.p. above total market) **645k**

Formal offers received and signing expected for 1Q21 **FiberCo**

## TAKING EFFICIENCY TO NEXT LEVEL

Opex below inflation



Digitalization was a pillar for efficiency and CEX

Smart Capex

- Journey2Cloud
- Network Sharing Agreement

**-10.5%** Digital-related opex Annual average⁴

## NEW SOURCES OF REVENUES

Building an ecosystem of partners to go beyond the core



## CONTINUE ESG TRANSFORMATION

**B3 sustainability index** 13 years in a row

**1st** Consumer data protection²

**TOP ranked** in the B3 & S&P ESG index

**P90³** Record in employee's engagement



Delivering on guidance commitments: EBITDA Margin, EBITDA-CAPEX, EBITDA-CAPEX on Revenues

***But the telecom market will  
change, so how to adapt?***



# 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



## Mobile market consolidation



## 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)

**Focus on 5G network 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

Enhance and accelerate the transition from **volume to value**, to sustain mobile business growth, focusing on customer experience

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)



## Transformational Enablers

### Boost disruptive efficiencies

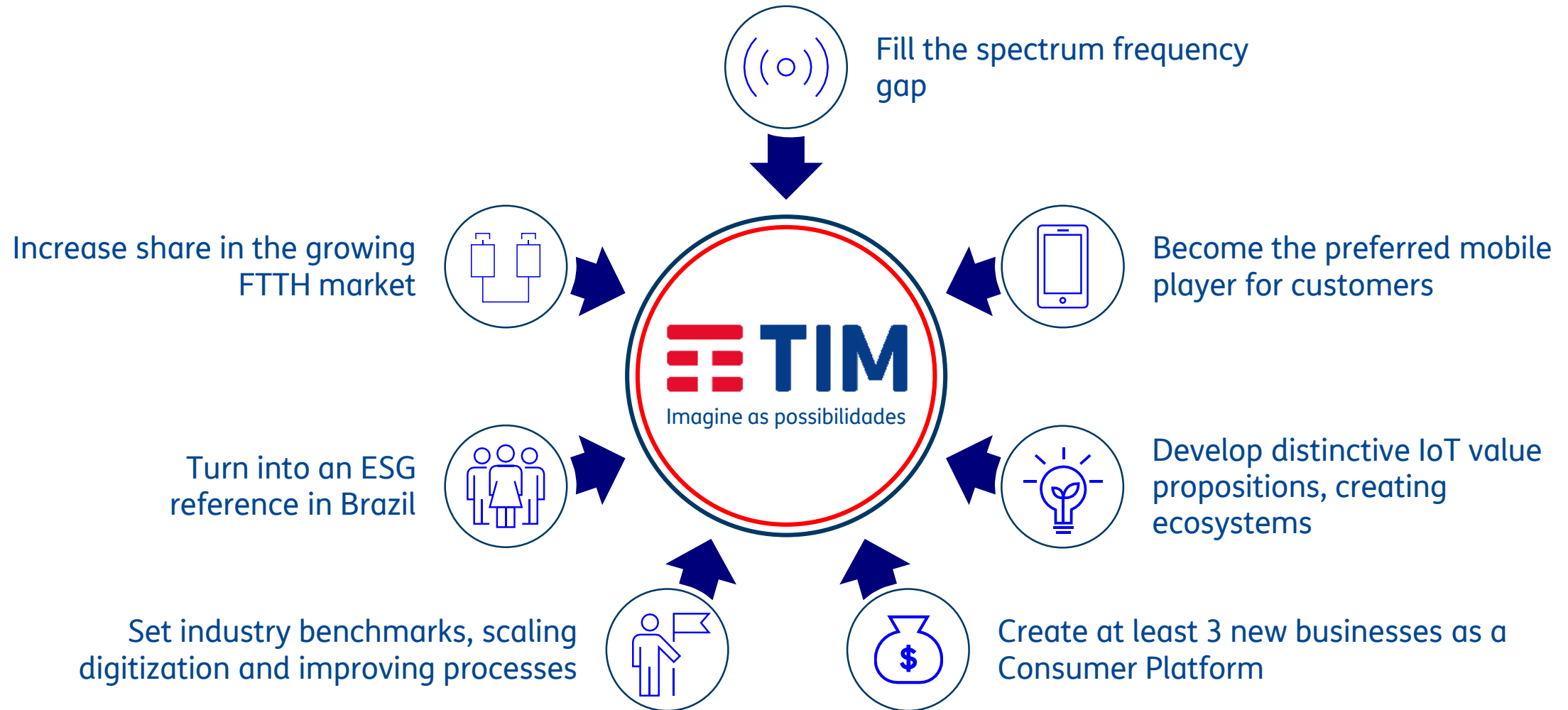
Boost **disruptive efficiencies** through digitalization, automation and new operating models, leveraging skills and capabilities enhancement

### Strengthen sustainability

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

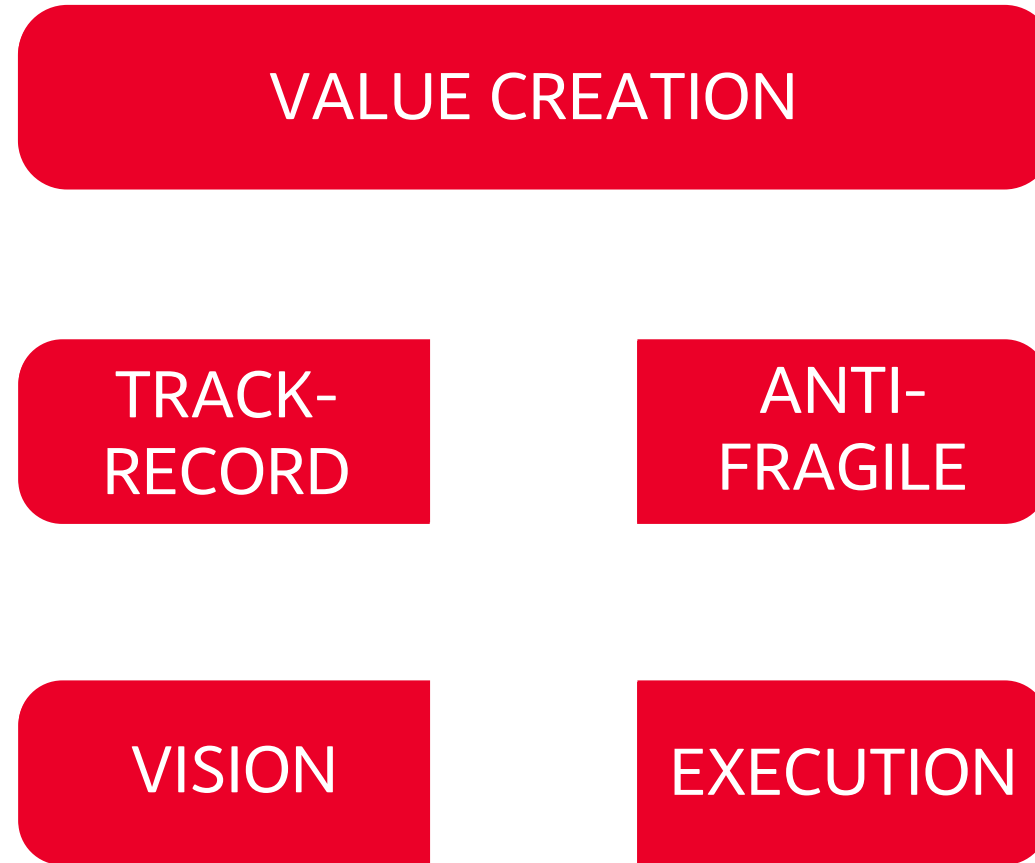


# ***“Imagine as possibilidades”: Our aspirations for 2023 reflect market opportunities and trends***





## *Unique combination to create long-term value*







*Unique combination to create long-term value*





# Strengthen the Core

Alberto Griselli, CRO

TIM Brasil Day  
March 01, 2021



# Adapting the approach but reinforcing the strategic pillars



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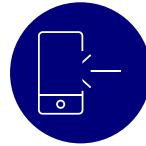
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# Telcos are becoming increasingly more important in people lives

## Market is reaching maturity



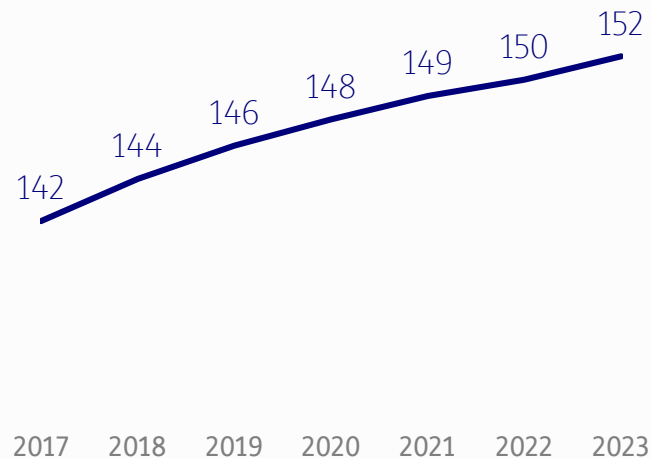
Consumer behavior is demanding more data



Brazil's potential growth in data consumption brings monetization opportunities

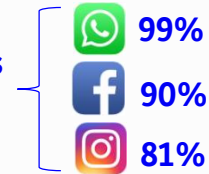


### Total mobile unique users (mln)



### > 86% of customers with a smartphone

+140 mln Social Media Users  
(% of smartphones)



### Time spent per day

Internet – 9h17m

Mobile – 4h41m

Watching TV – 3h51m  
(Linear & Stream.)

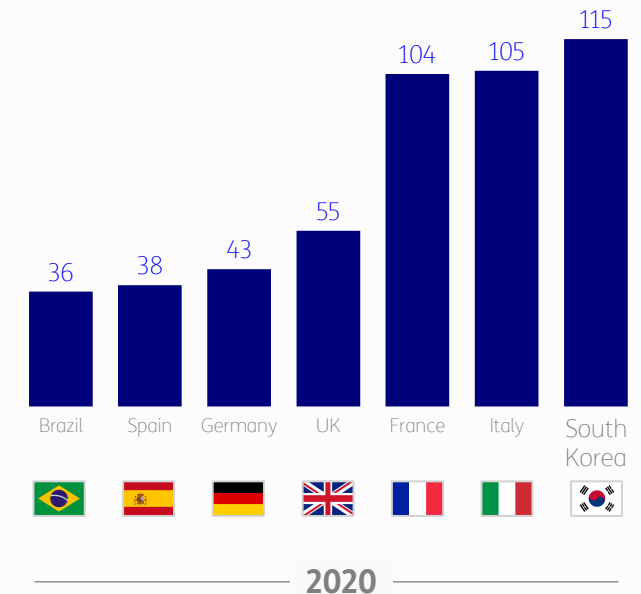
Social Media – 3h31m

Music (streaming) – 1h41m

Game (Console) – 1h14m

### Human data usage

(GB per year/user estimated in 2020)



2020





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

● Detailed next



## **A Brand**

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



## **B Marketing**

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



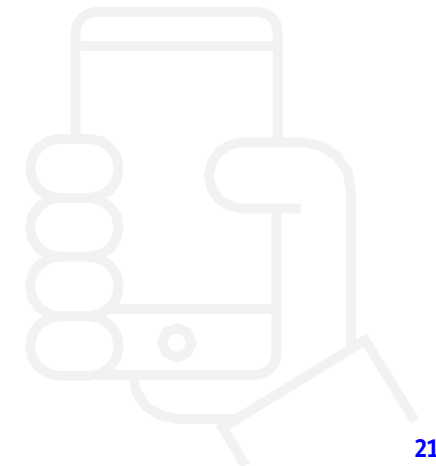
## **C Sales**

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

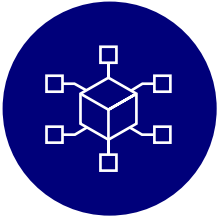


## **D Customer Relations**

Increase **automation** and **offer differentiation in service level**

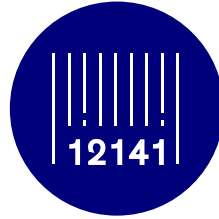


## A. Brand: aspirational and credible



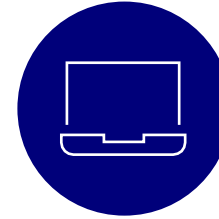
### Promote our network quality

- "Largest and best mobile network in Brazil"
- "100% 4G coverage, 4G leader"
- 5G experience



### Foster brand engagement

- Inclusion, diversity and resilience
- Music and entertainment (e.g. Summer TIM)
- Sports (football / Olympic Brazilian Team)



### Invest in digital media

- Implementation of CDP: online / off-line integration
- Web/App redesign and platform upgrade
- Increase in digital mix (54%)

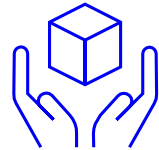


### Key achievement in 2020

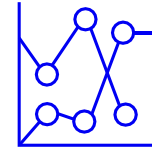




## B. Marketing: differentiation built on our “innovation DNA”



**Beyond  
Giga**



**Marketing  
Analytics**



**Customer  
experience**

**Postpaid**

**Hybrid**

**Prepaid**

**New Offers  
w/ Partners**



**Impressive  
results**

**2x**  
customer loyalty

**+1.1 Mln**  
C6 Bank accounts

**+2.0 Mln**  
TIM +Vantagens accounts



## C. Sales: a new store concept to transform the customer experience

Customized  
Service

Omnichannel &  
Digital Experience

One Stop Shop

Self-service &  
Education

Tech Assistance



New Services and Processes (e.g. quick check-out) to  
Improve Customer Experience

Experience &  
Entertainment Lounge

Exclusive service  
for TIM Black & SMB



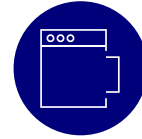
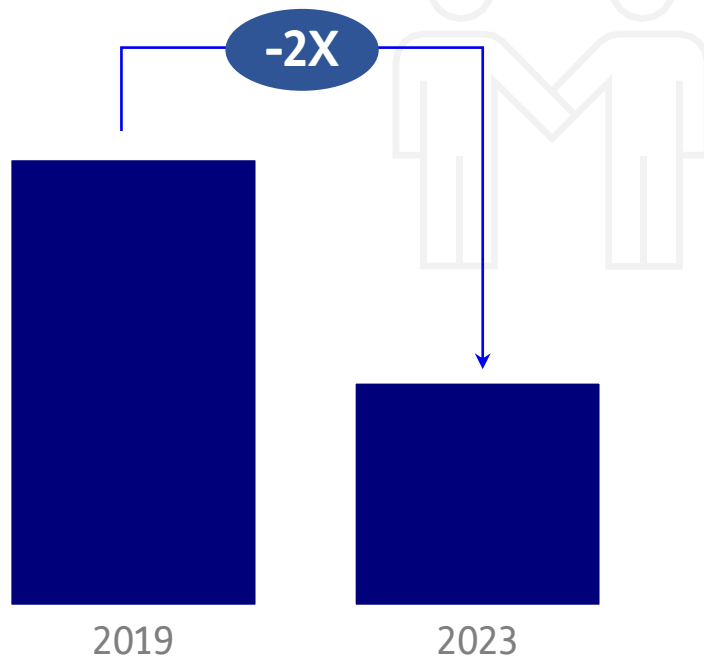


## ***D. Customer relations: new path for competitive advantage***



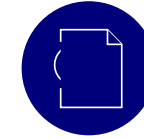
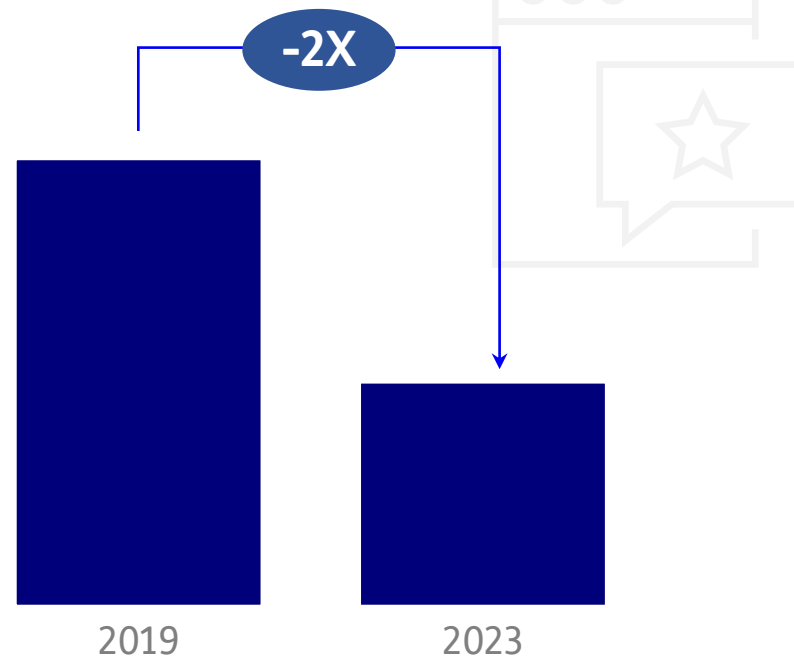
### **New Caring Model**

Complaints



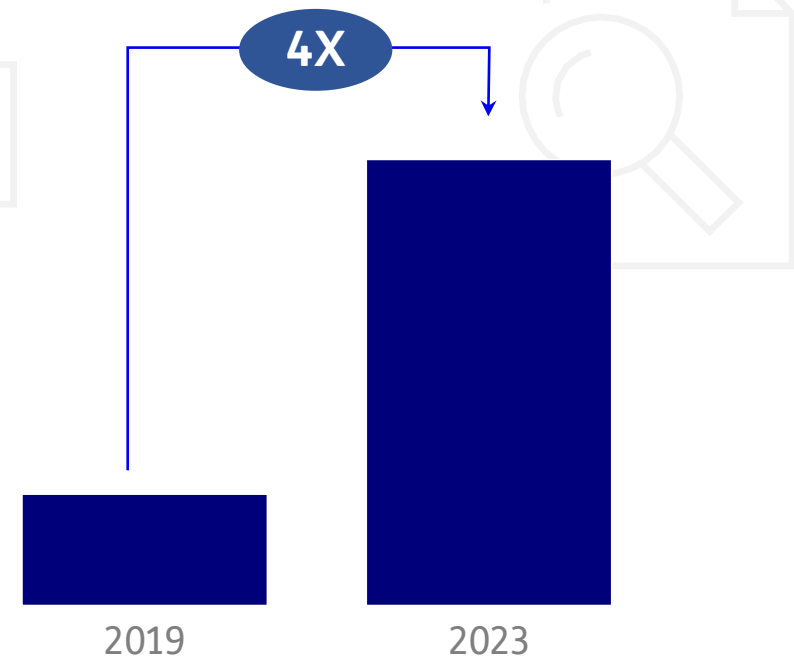
### **New Digital Channels**

Human Interactions



### **New Management Tools**

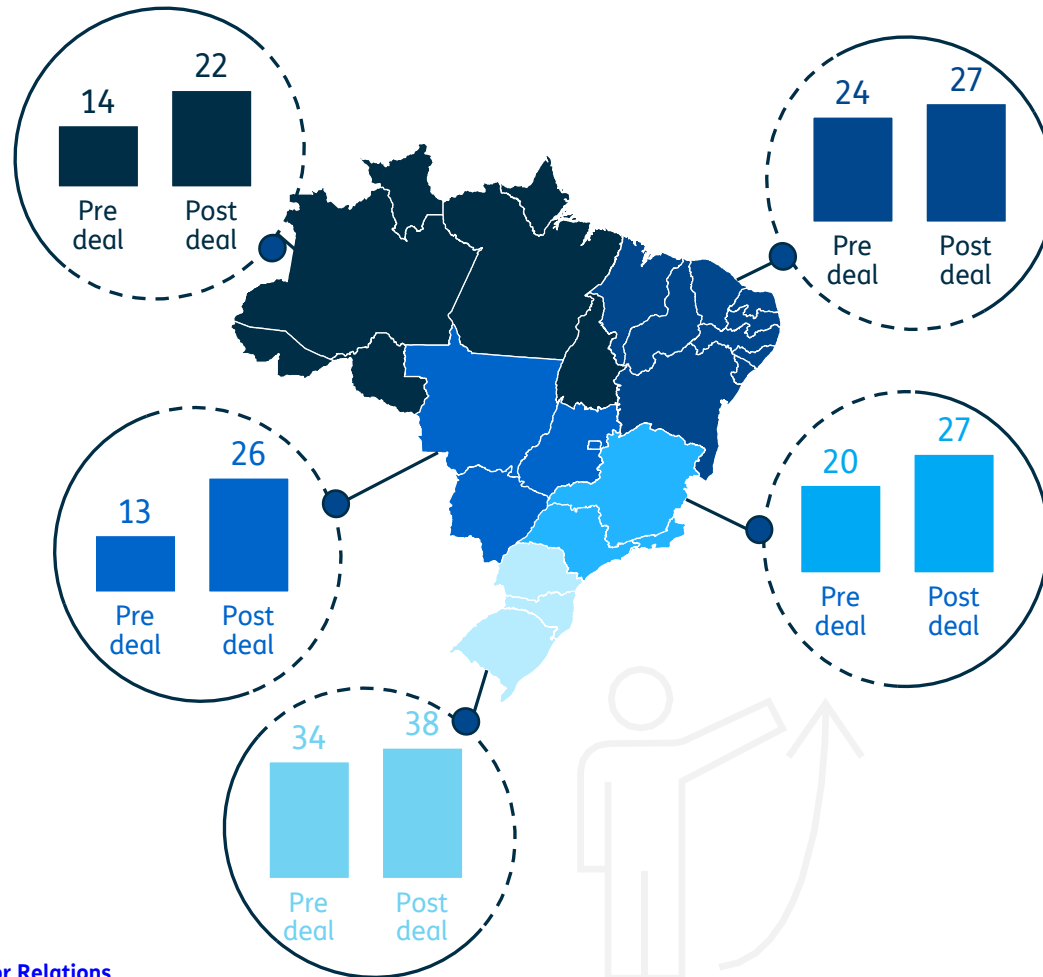
NPS





## Oi: a new competitive landscape

### Mobile Market Share pre and post Oi's asset acquisition



### Our Segmented Approach

#### Region with high growth (e.g. CO, NO):

- 1 Revamp our positioning and operations to preserve acquired customer base



#### Region with marginal growth (e.g. NE):

- 2 Consolidate current positioning to continue monetizing customer base



# The ultrabroadband market has huge growth opportunities

UBB  
Addressable  
market

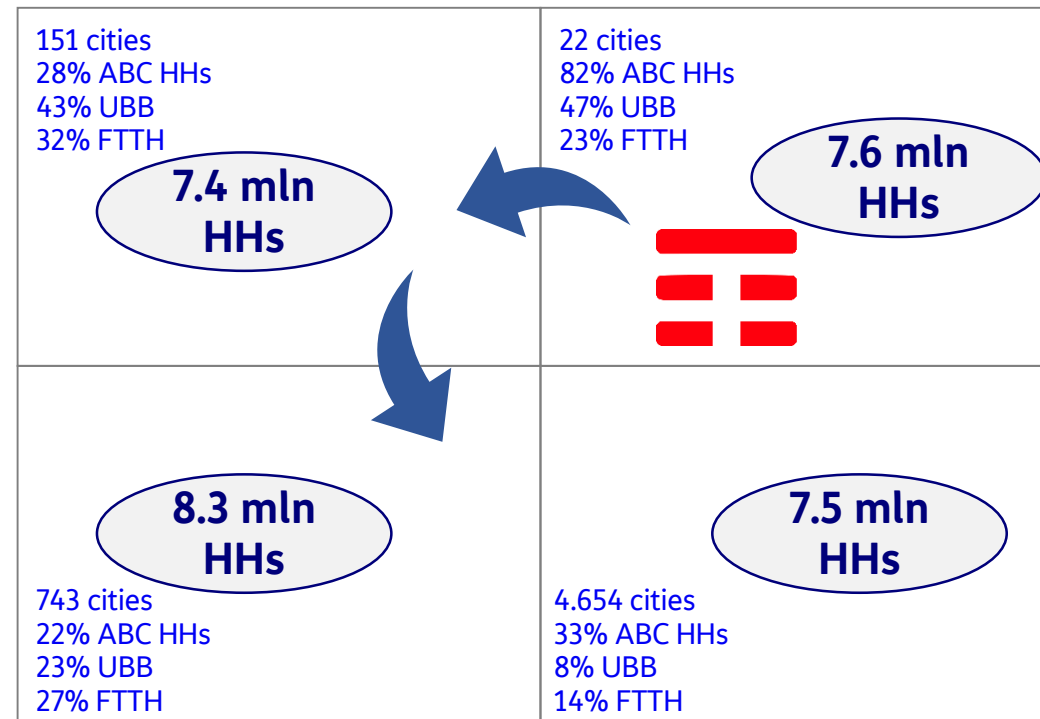


**UBB segment has impressively grown for the last years...**

- UBB has grown of 17 mln accesses since 2017, reaching 30% nationwide
- However FTTH penetration is still at 24%



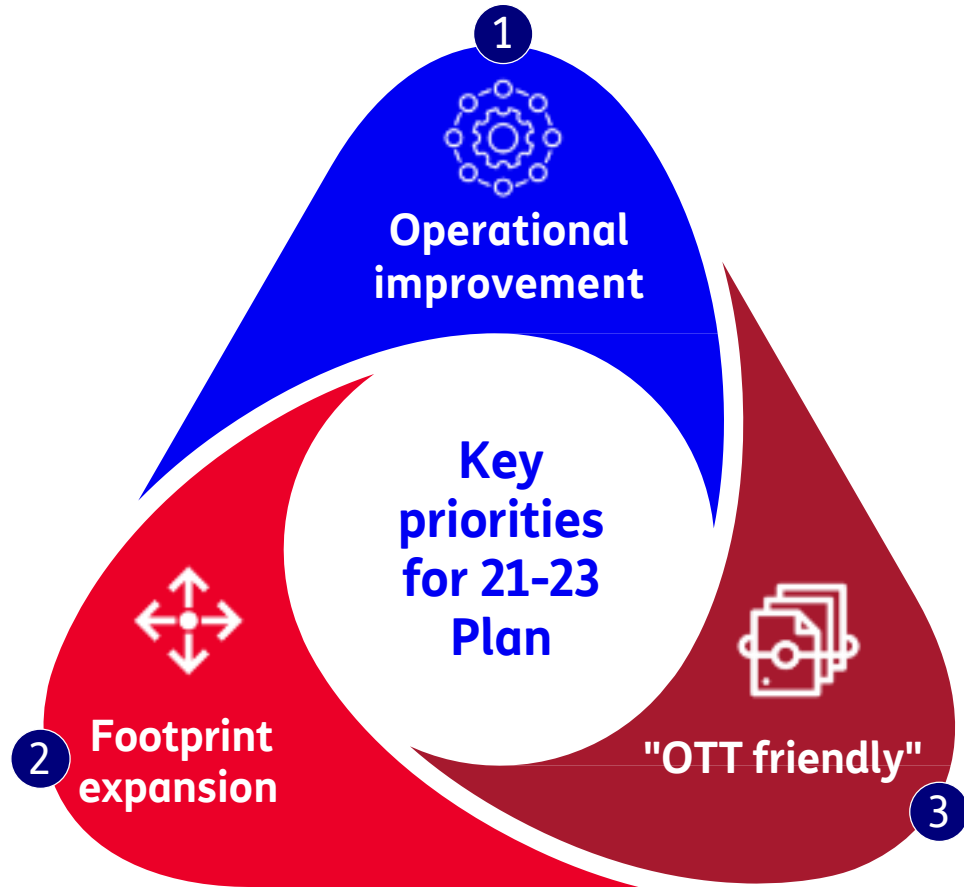
**...and there is still room across all segmented city groups...**



**... driving Live's expansion, aligned with current and future opportunities**

- Continuing to expand FTTH footprint
- Leveraging FiberCo model
- Complementing expansion using FWA to low density regions/cities

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



1

- 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



# We are front-runners in developing the IoT segment in Brazil

## Developing a specific value proposition in key relevant verticals



- Agri
- Mobility
- Utilities
- Mining



## Fostering an ecosystem of business and technical partners



## Anchoring on industry / value chain leaders

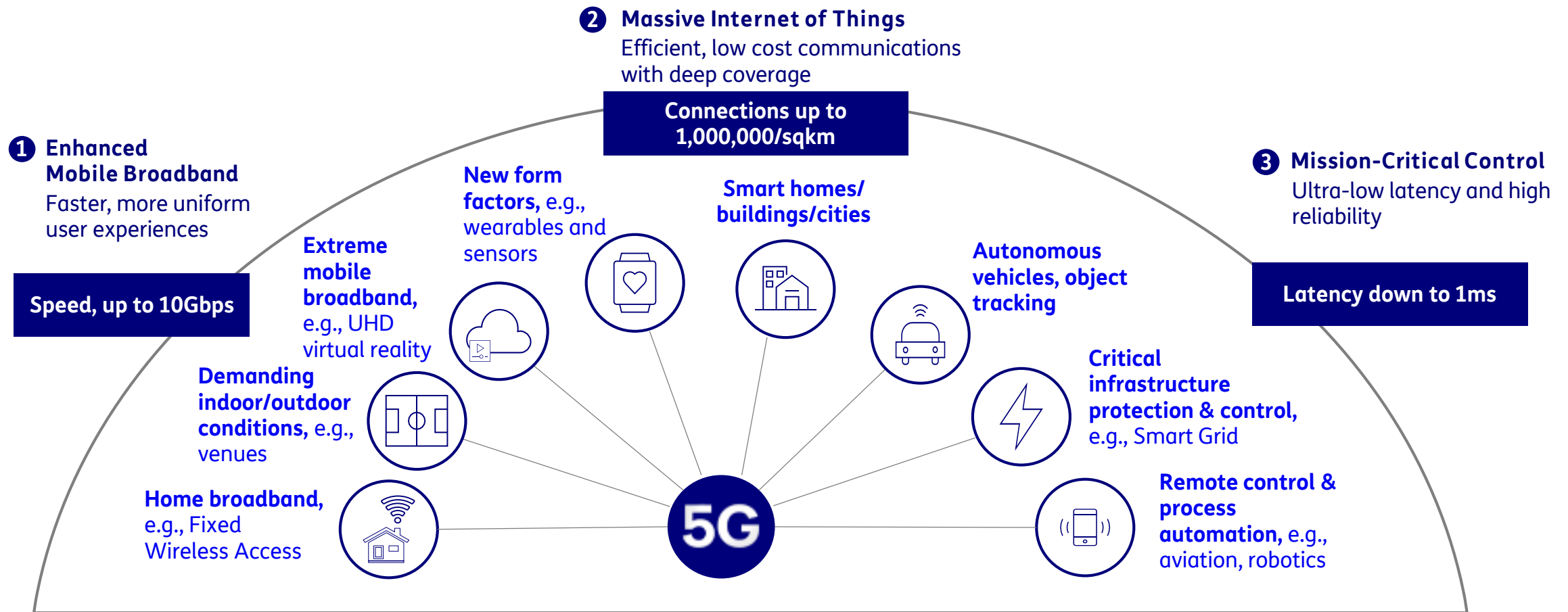


## Our key achievements so far

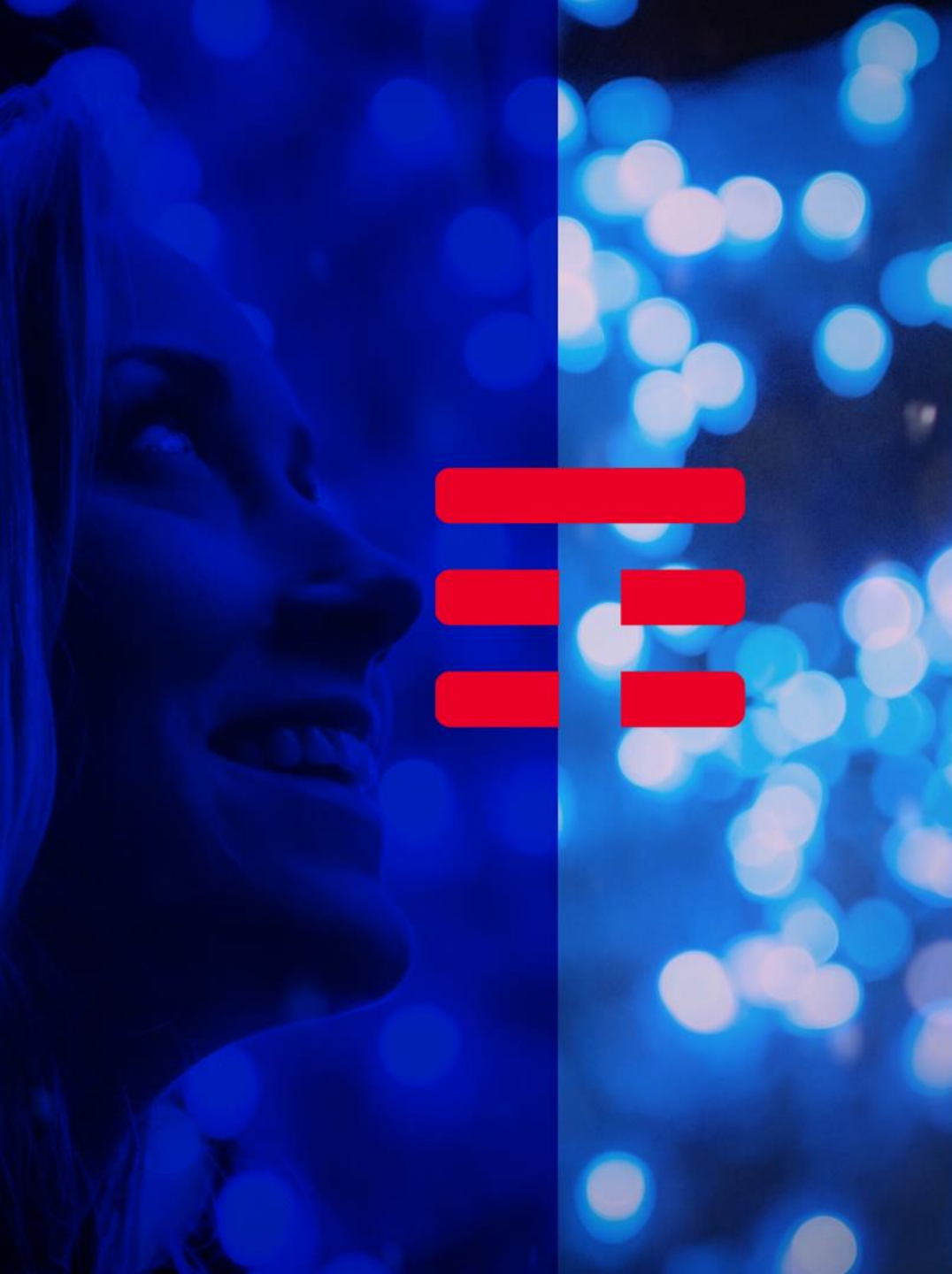


- Present in more than **3.4 K cities** with **NB-IoT network**
- Sole operator in ConectarAGRO with **5.1 mln hectares with 4G**
- **4** out of 6 Agri clients in the **Top 500 companies in revenues** in Brazil
- **Agreements with FCA** in car connectivity

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







*Courage to innovate and to  
always think differently.*

**IMAGINE AS  
POSSIBILIDADES**



# Beyond the Core with New Businesses and Partnerships

Renato Ciuchini, Head of Strategy & Transformation

TIM Brasil Day  
March 01, 2021



# Adapting the approach but reinforcing the strategic pillars



## Strategic Paths



### Strengthen the core

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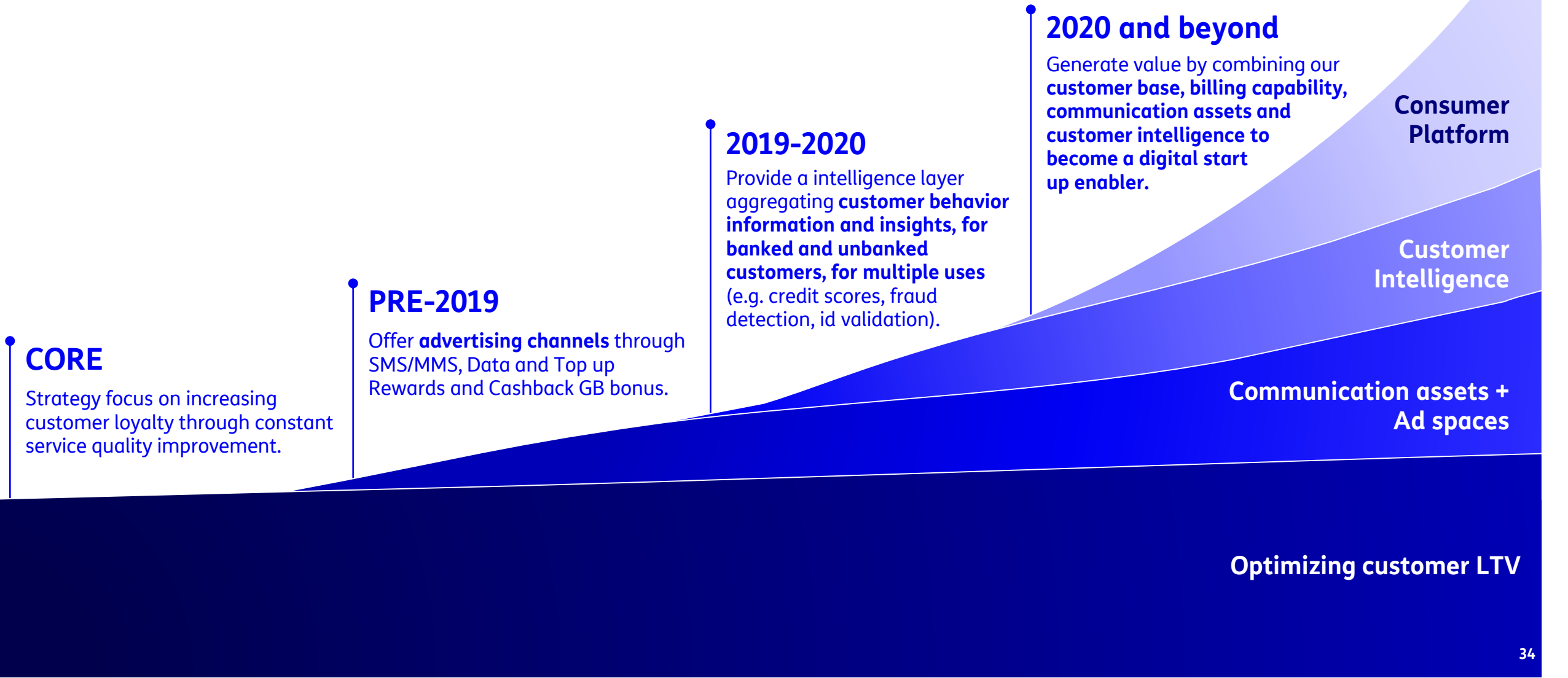
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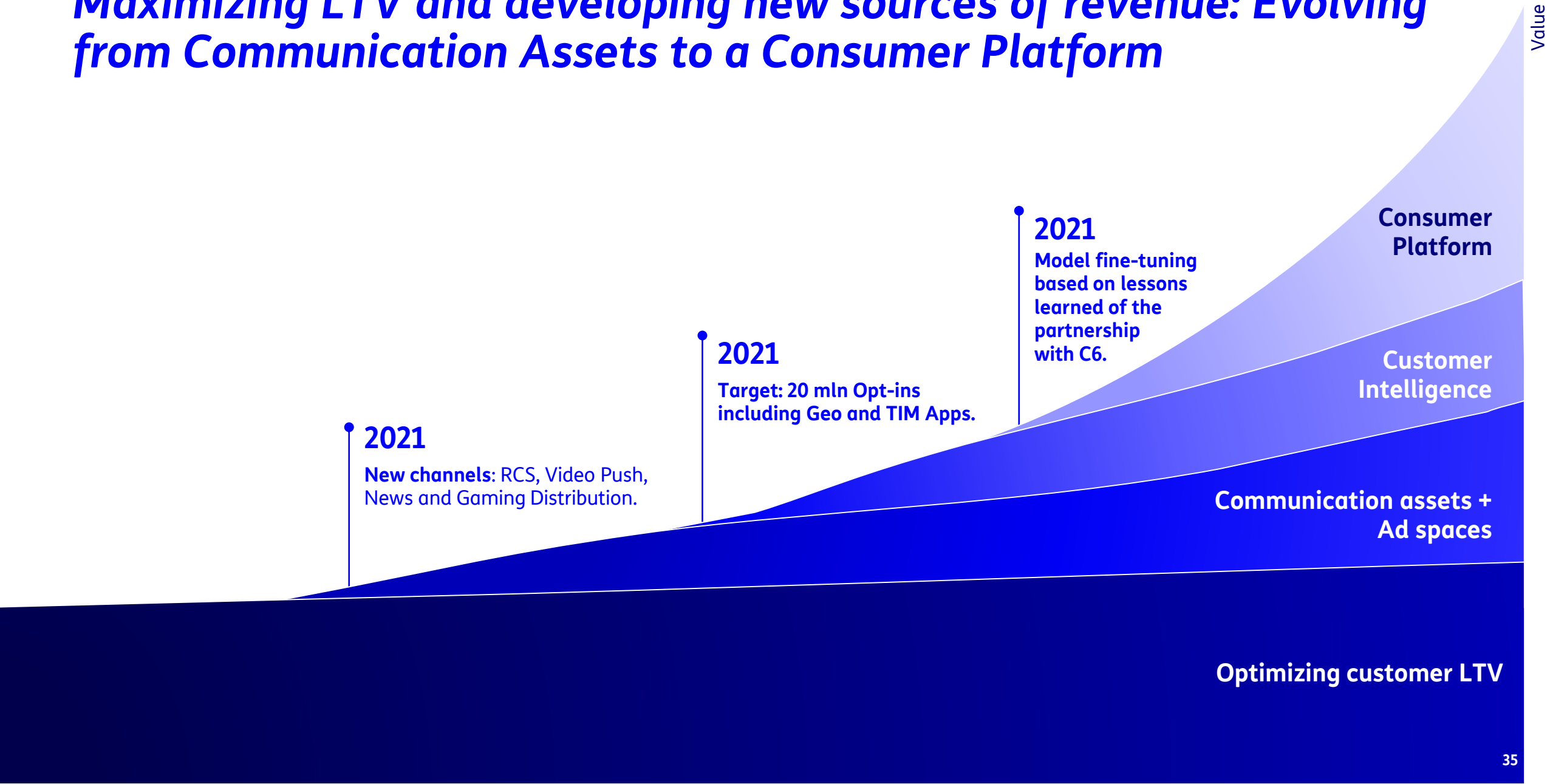


# Maximizing LTV and developing new sources of revenue: Evolving from Communication Assets to a Consumer Platform





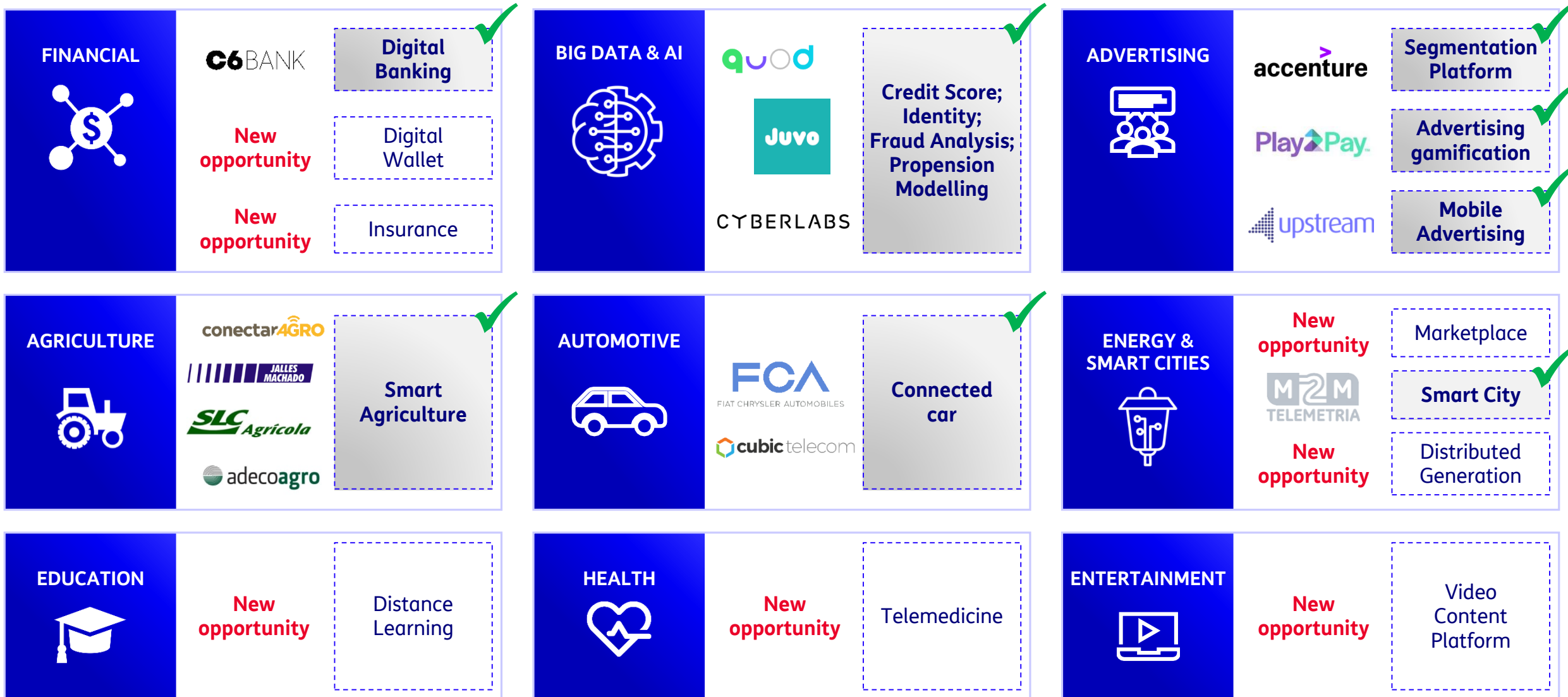
# Maximizing LTV and developing new sources of revenue: Evolving from Communication Assets to a Consumer Platform







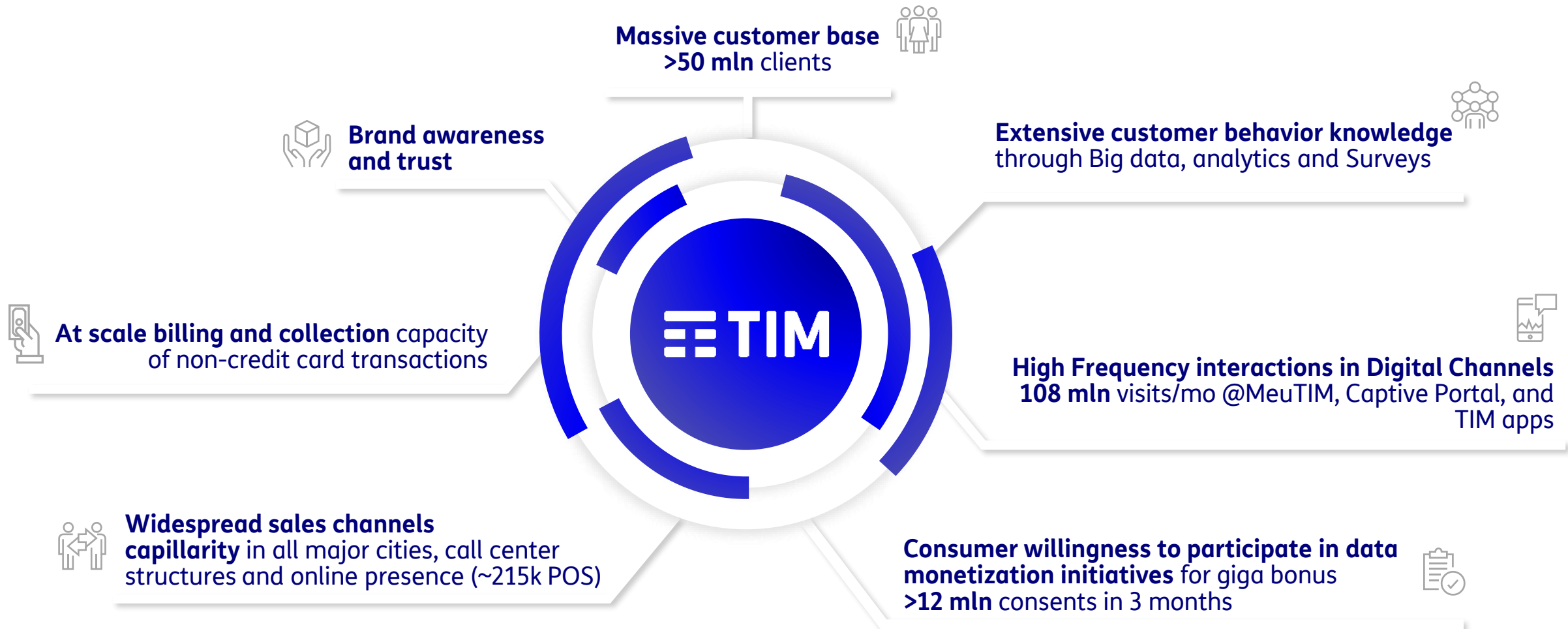
# Consumer Platform Ecosystem: Looking for the new unicorns







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





# 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

### Core Business

Add value to our customer base



Increase customer loyalty

Unique positioning



Cost reduction

### Beyond the Core



Generate new revenue streams

Improve customer profiling



### Equity diversification



Share of highly valuable ventures

# Consumer Platform's target markets



## FINANCE



**C6**BANK

**First Telco + Digital Bank integrated offer in LatAm**

**Additional revenue and equity share**

Leveraging customer base to **reduce cost**

**New digital payment gateway**

**stone**

**+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



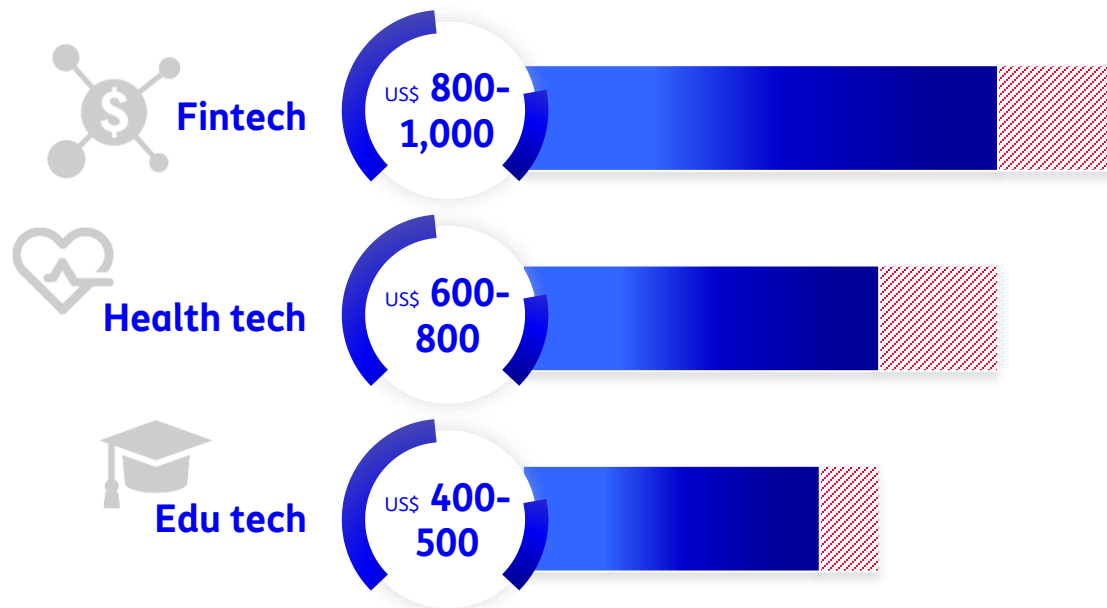
**Pay TV low penetration** ~21% and **decreasing**

**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

# *The Consumer Platform's target industries have significant market value per client*

## 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





A UNIQUE ASSETS  
PLATFORM





# Evolution and Transformation of our Infrastructure

Leonardo Capdeville, CTIO

TIM Brasil Day  
March 01, 2021





# Adapting the approach but reinforcing the strategic pillars



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# In the last years TIM has promoted a robust turnaround in their Network...

## Widest Coverage + Smart Spectrum Management + New Technologies = Best Mobile Experience

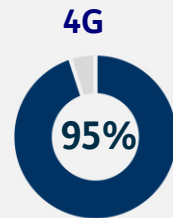


Widest 4G coverage

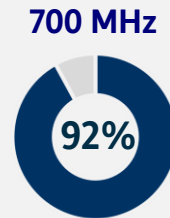


Best 4G coverage experience and availability in Brazil by Opensignal

Urban Population Coverage (%)

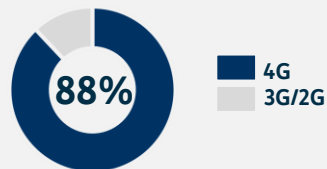


3.9k cities (+12% YoY)



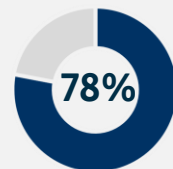
3.3k cities (+42% YoY)

2020 Mobile Data Traffic



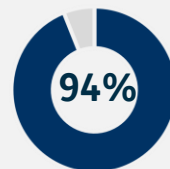
Exceeded 4G data traffic mix planned for 2020

Refarming



2.6k cities (+2% YoY)

VoLTE

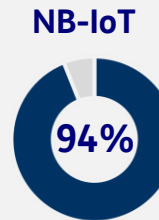


3.9k cities (+13% YoY)

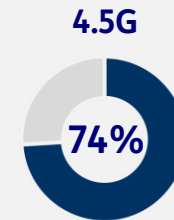


M-MIMO 200 cities

Urban Population Coverage (%)



3.5k cities (+5% YoY)



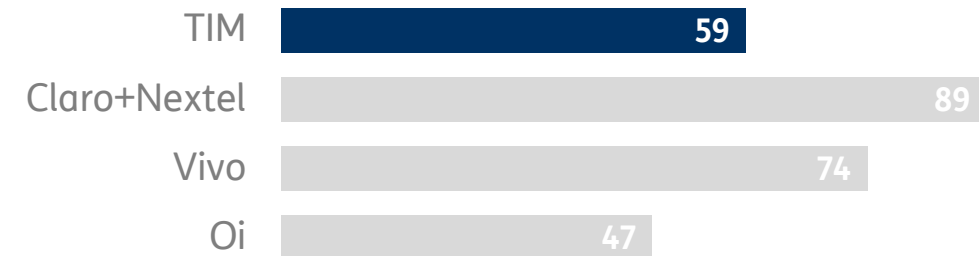
1.4k cities (+27% YoY)

1<sup>st</sup>

4.5G coverage leadership in PR/SC and NE

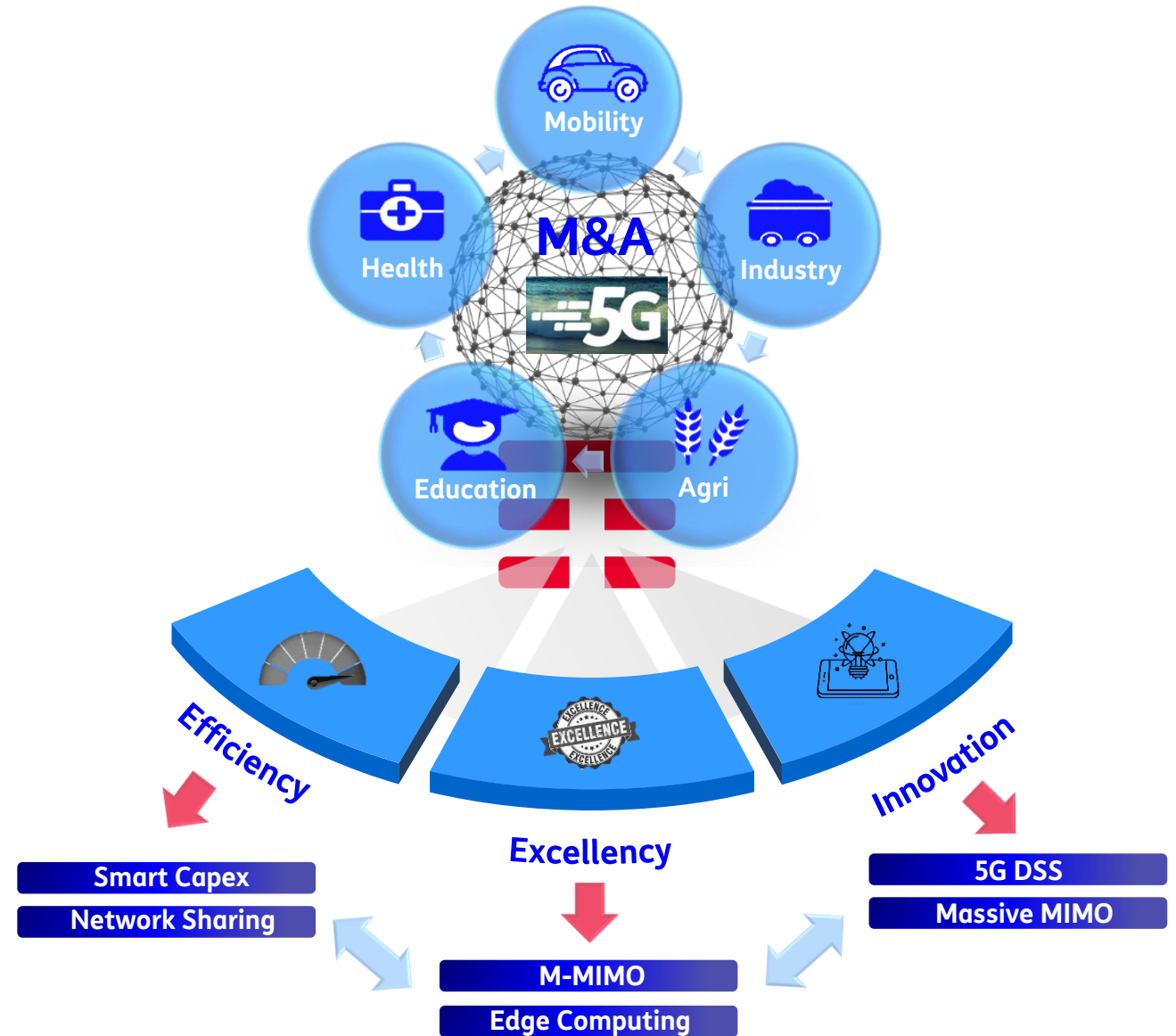
## ...Overcoming historical gaps

**Spectrum (MHz): TIM is 79% of Vivo and 66% of Claro**



# Efficiency, Excellency and Innovation: Strengthening the Core and Building the Future

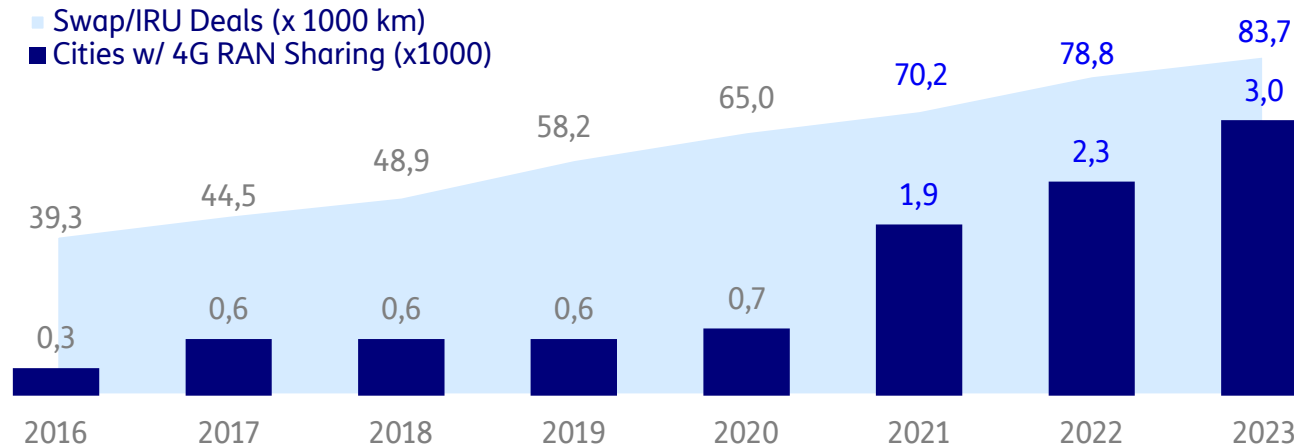
The continuous pursuit for **Efficiency, Excellency and Innovation** lead us to a sustainable operation, **Strengthen the Core** and preparing to **Build the Future** through transformational opportunities (Oi + 5G)



# Sharing Assets Strategy: Towards *Efficiency*



Innovation through sharing agreements since 2013 to optimize TCO<sup>1</sup> and improve CEX



ASSETS:



**2013**

**2015**

**2019**

**2021-'23**

SHARING  
ACCESS

4G RAN Sharing 2.6 GHz  
TIM & OI  
1<sup>st</sup> Deal in Latin America

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

Single Grid & Coverage Expansion  
2G Switch-off  
TIM & VIVO  
1<sup>st</sup> Consolid. Deal for cities < 30k hab.

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 ducts swap deals, expanding optical connectivity

Conduct Adjustment Term  
(TAC)



Exchanging fines for investments:

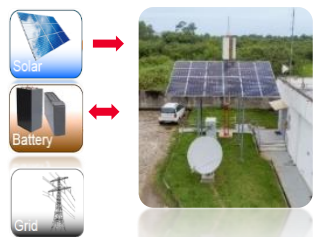
- 4G coverage in ~+ 1.5k cities (~+ 4% urb. pop.)
- 700 MHz coverage in ~+ 1.8k cities (~+11% urb. pop.)
- Fiber backhaul to remote cities: ~+200 cities

**Solid contribution to cover 100%  
of Brazilian cities by 2023**

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

## Sky Coverage – Efficient and Unplugged

- **New business model for leveraging coverage:**
  - Coverage expansion to previously non economic 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



**Off Grid solution:  
Sustainable Model**



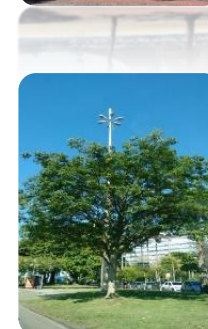
**ELC Technical  
Configuration**



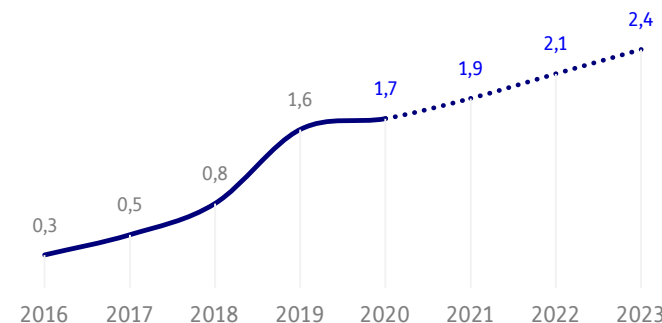
**Social Benefits:  
Covering the Uncovered**

## 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**



Number of Biosites deployed and planned

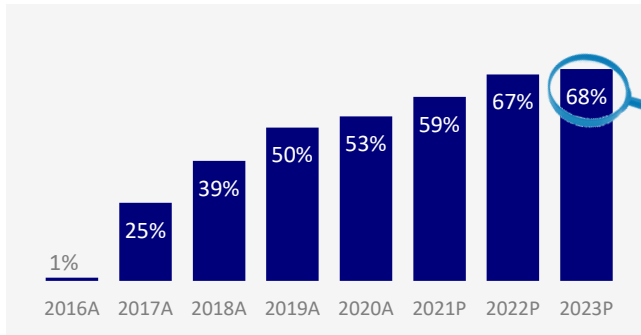




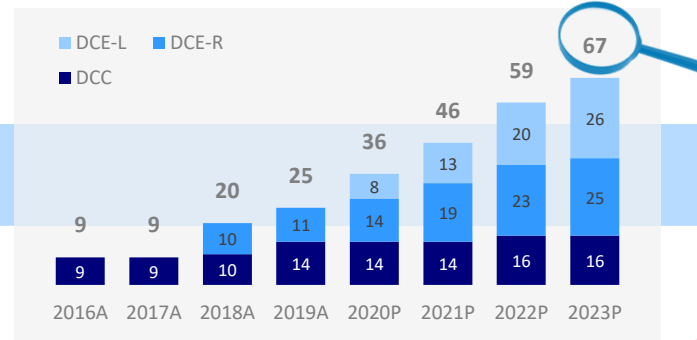
# Excellency – Combining Network Virtualization and Edge Computing to bring the best experience to our customers



Network Functions Virtualization %



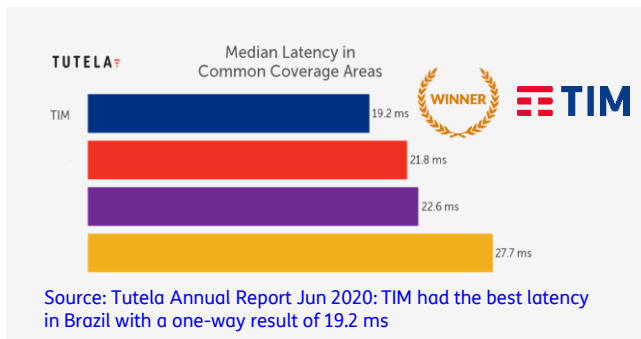
Distributed Data Centers #



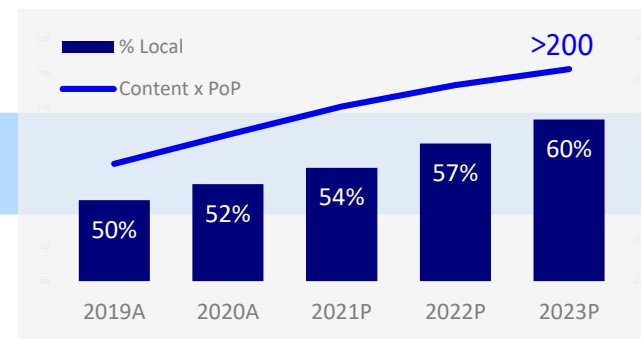
Caching agreements are helping TIM to latency reduce for a customer's content request

Localidade	Facebook	Google	Netflix	Akamai	Open Caching
Rio de Janeiro					
São Paulo					
Salvador					
Fortaleza					
Belo Horizonte					
Brasília					
Recife					
Florianópolis					
R Natal					
Maringá					
Campinas					
Guarulhos					
Porto Alegre					
Blumenau					
Londrina					
Ponta Grossa					
São Luís					
João Pessoa					
Petrópolis					
Manaus					
Varzea Grande					
Foz de Iguaçu					

The Best Latency in Brazil



Local Traffic %



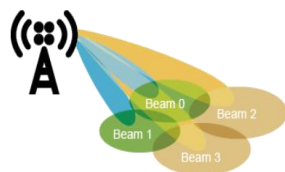
Open Cache



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



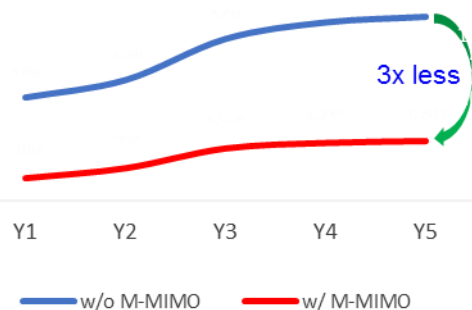
## M-MIMO as the cornerstone of the 4G Capacity strategy



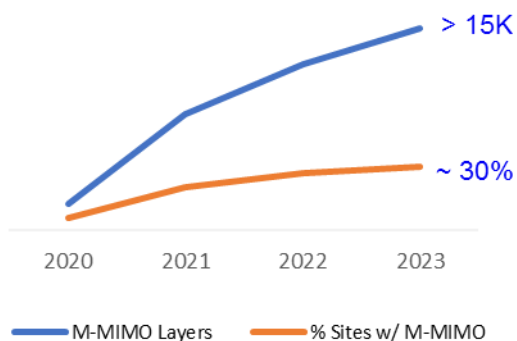
- Expected gain on massive deployment: up to **3x capacity**
- New sites avoidance: **2k less capacity sites needed per year, reducing TCO<sup>1</sup>**
- Remaining sites needed for densification to be addressed with innovative **Biosite solution**



### 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**

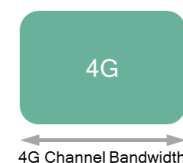
- 7 active clusters:**
  - São Paulo (2)
  - Rio de Janeiro (2)
  - Curitiba (1)
  - Belo Horizonte (1)
  - Brasília (1)



Cluster Rio de Janeiro “Southern Zone”

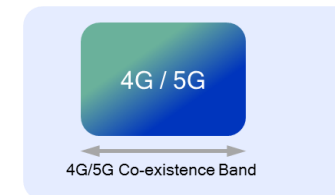
- 3 trial cities:** Itajubá-MG, B. Gonçalves-RS and Três Lagoas-MS
- DSS Feature use allowing **fast activation** on sites 5G ready
- Full synergy with **4G capacity reinforcement**, improving CEX through Massive MIMO solution

### LTE-only Low Band



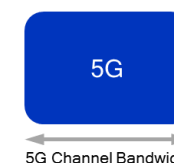
Step 1

### DSS between LTE & NR



Step 2

### Refarming to NR

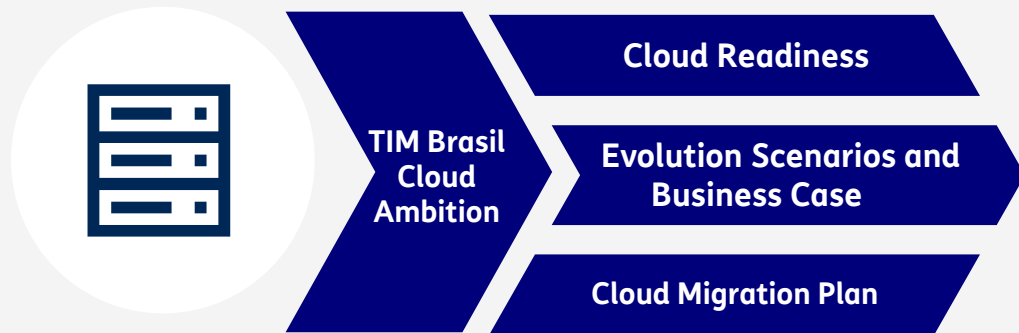




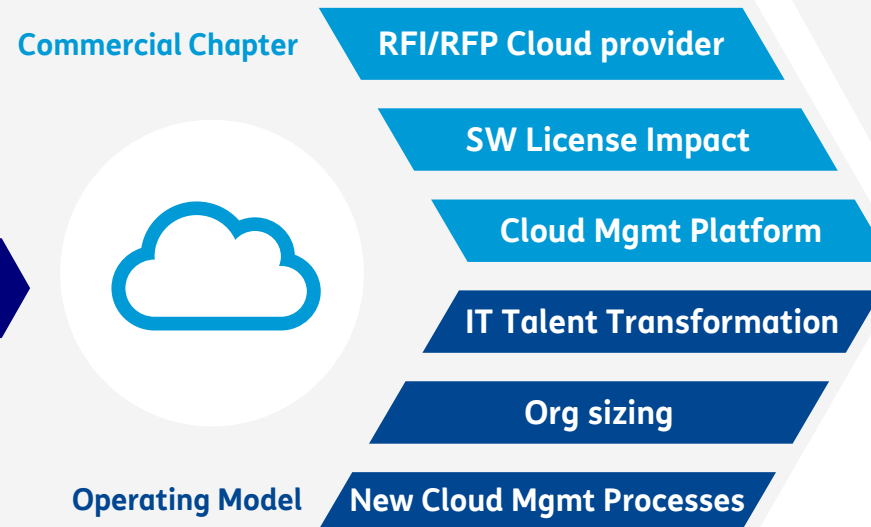
# TIM Brasil J2C: our journey so far

Ready with the core capabilities and moving forward with our ambition to have 100% of our workloads in a multi-vendor cloud environment. Our IT datacenters will be demobilized by 2023

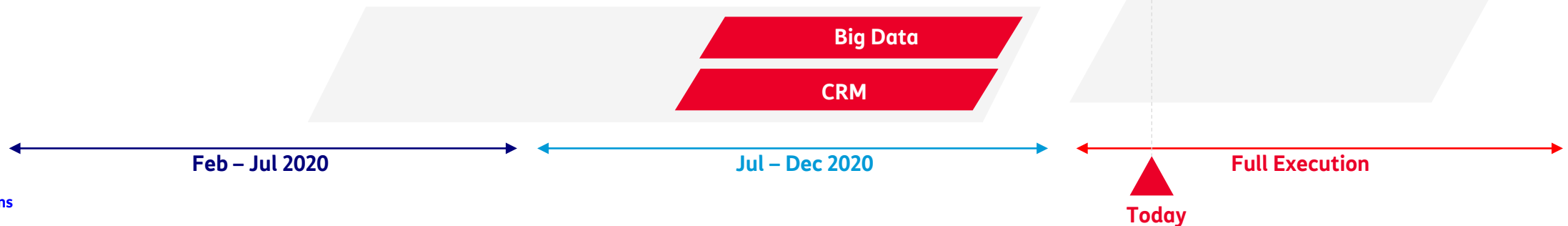
## J2C Strategy



## J2C Setup and Execution

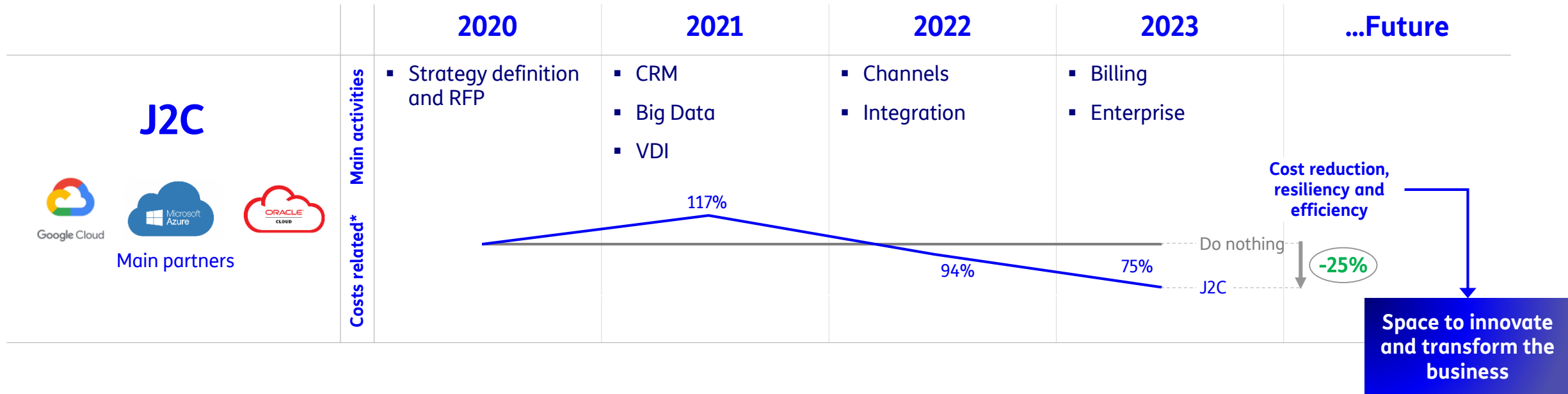


## J2C Migration





# 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

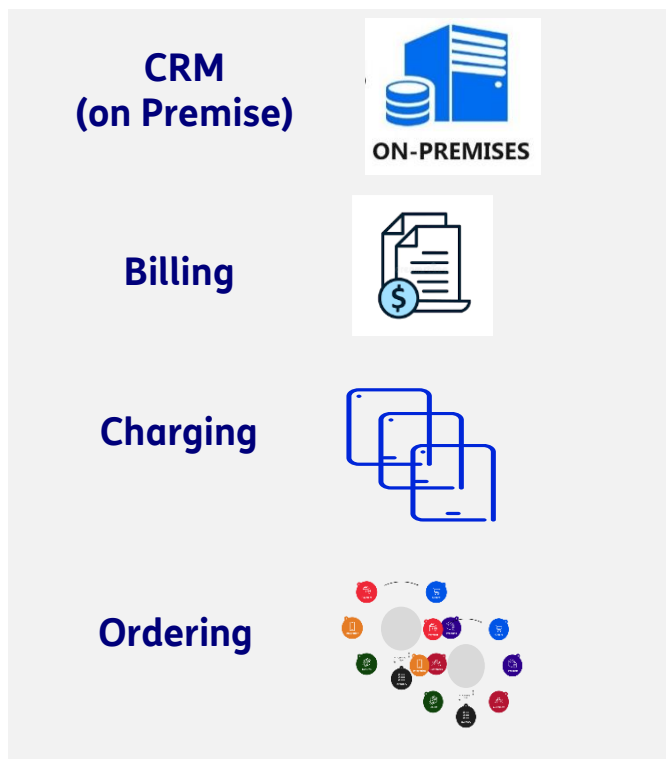


## Technology Benefits

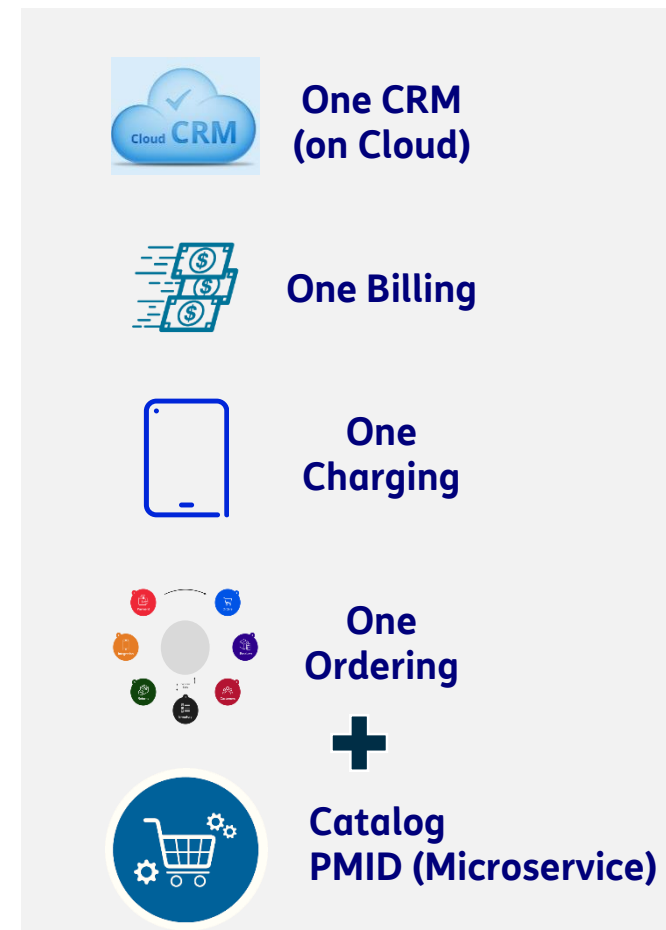
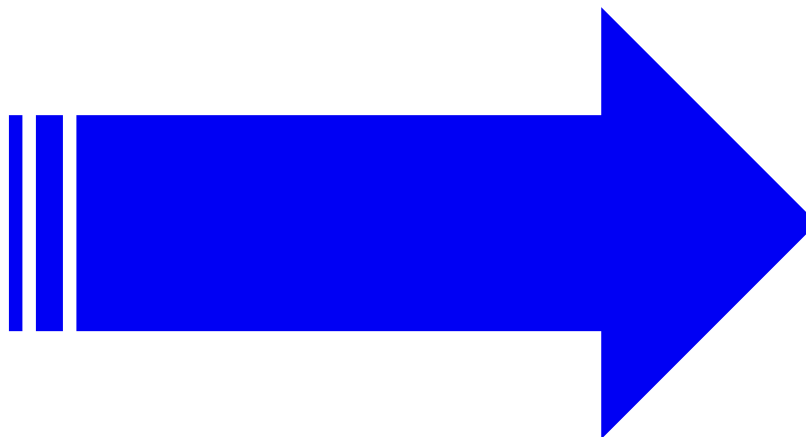
- **Harmonize the evolution strategy** across technology department
- Greater **alignment to group technology** strategy
- Process, Tools and Technologies **standardization**
- Guarantee **infrastructure agility, availability and security**
- Re-focus on **differentiating DCs capabilities and related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



# DigiOne – Journey to Digital

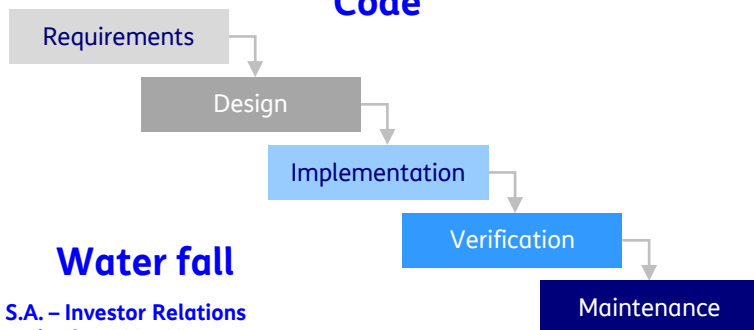


**Simplify**  
(lean architecture)

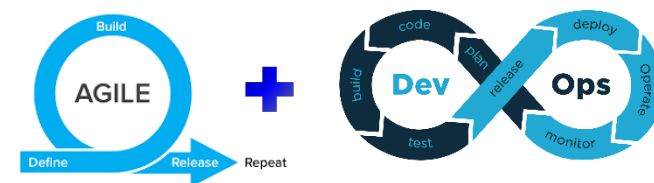


Offers built over  
“Code”

New Offers build over  
“configuration”



< Time to Market  
< Cost to develop  
> Flexibility



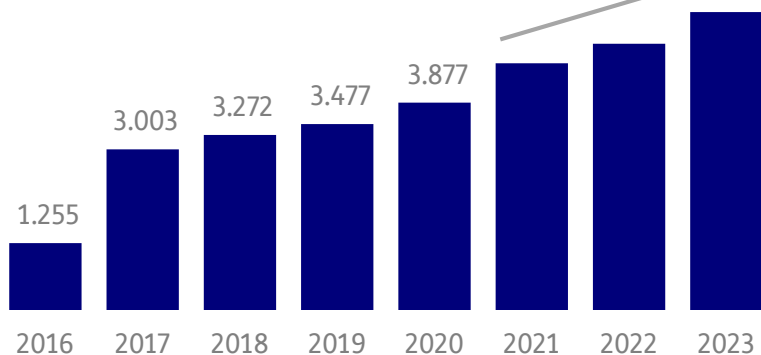


# Our KPI's 21/23

## 4G Evolution (# Cities)

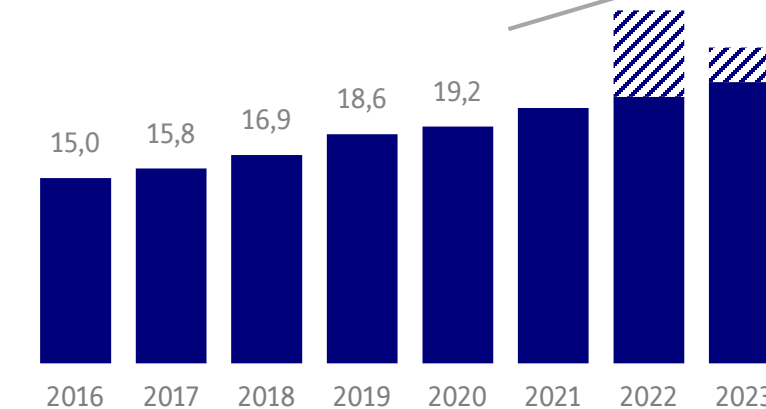
Reach 100% of Brazilian municipalities

+ 44%



## Access Site (# Sites x1,000)

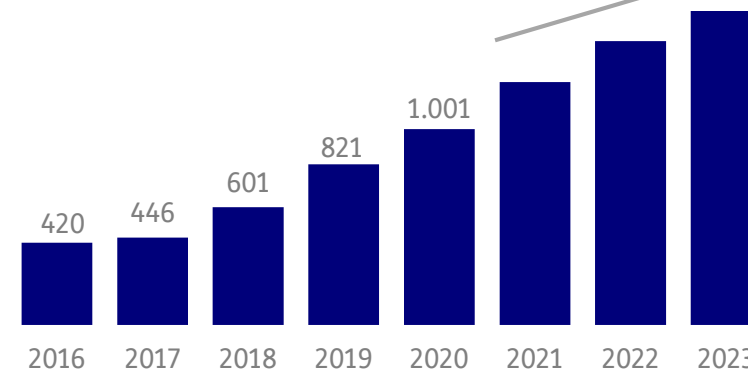
+ 33%



/// Inclusion of Oi's sites in 2022 supporting customer base growth

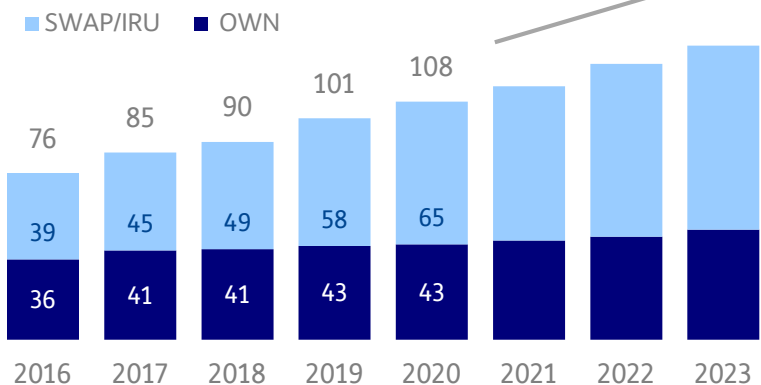
## FTTCity Evolution (# Cities)

+ 61%



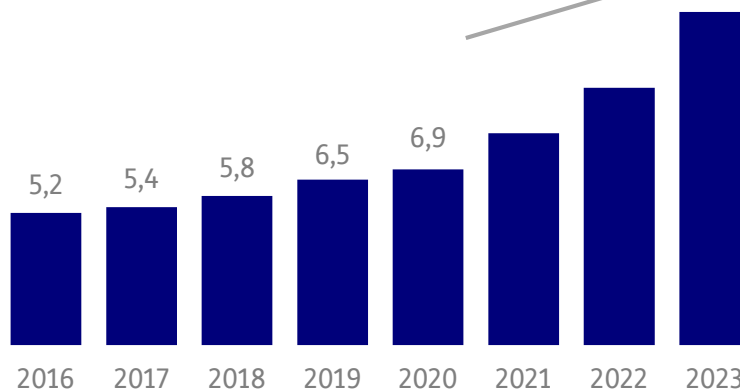
## Optical Backbone (# Km FO x1,000 )

+ 24%



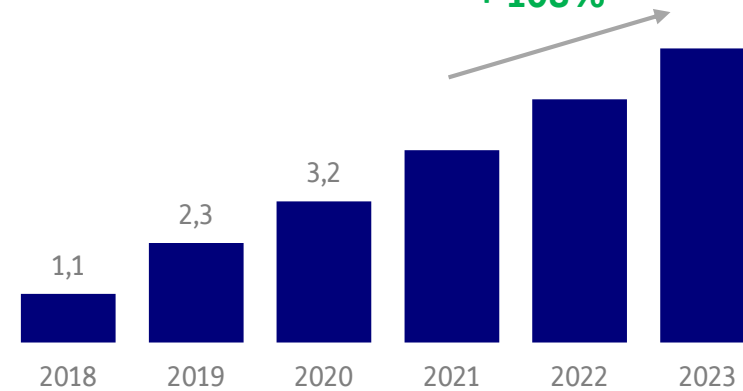
## FTTS Evolution (# Sites x1,000)

+ 90%



## FTTH Coverage (# Household x1MM)

+ 108%



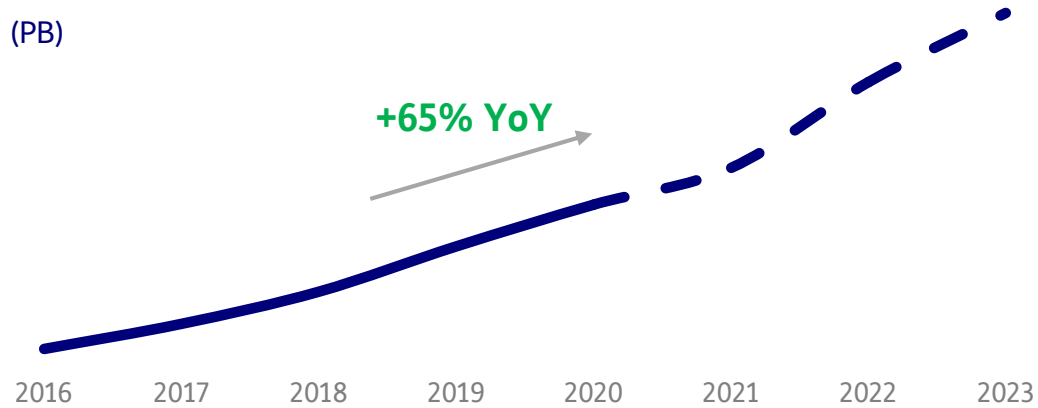




# Our KPI's 21/23

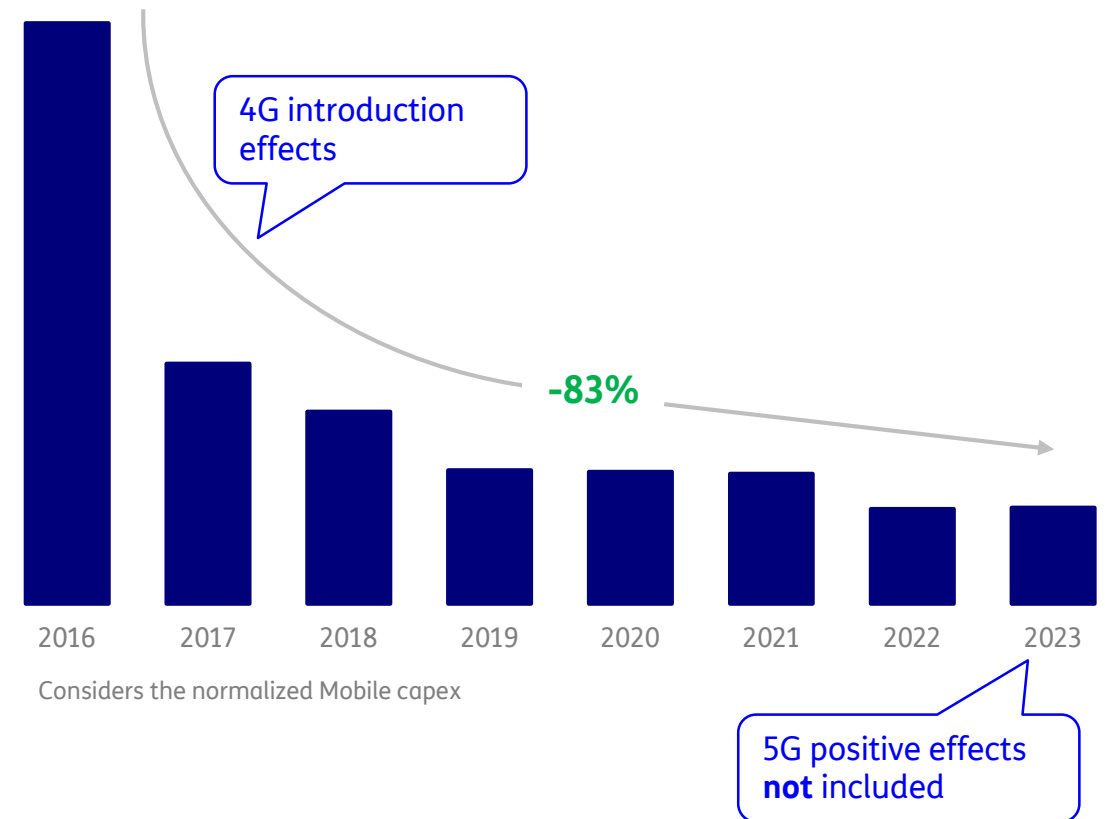
## Network Traffic 4G

(PB)



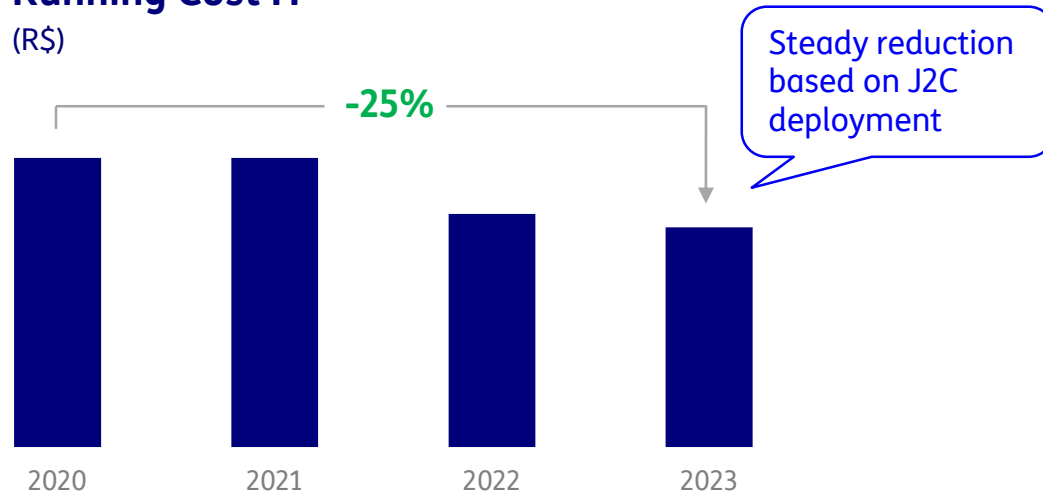
## Capex Cost to Serve

(R\$/Incremental PB)



## Running Cost IT

(R\$)

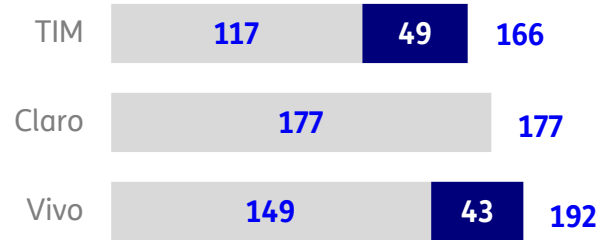




# Oi Assets Acquisition + 5G -> Unique opportunity

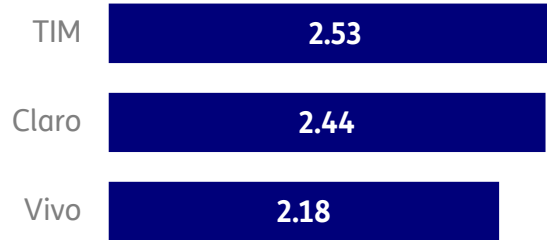
## Closing the historical spectrum gap

### Spectrum – National Average (MHz)



■ Before Merge ■ After Merge

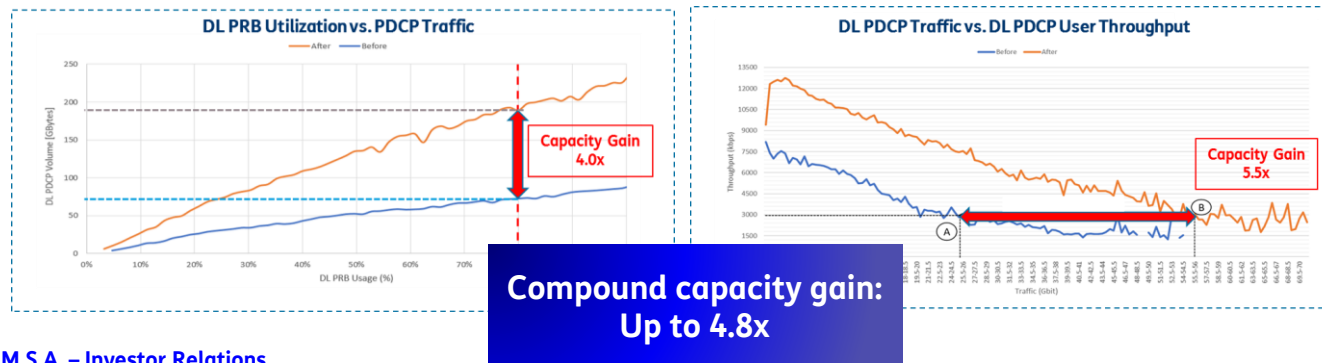
### Spectrum per Access (MHz / Access)



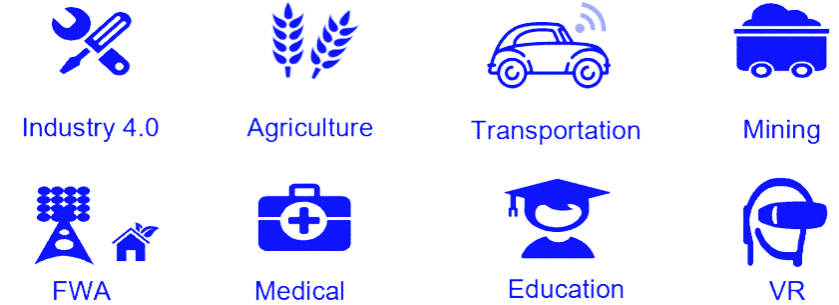
■ After Merge



## Massive MIMO Capacity Boost

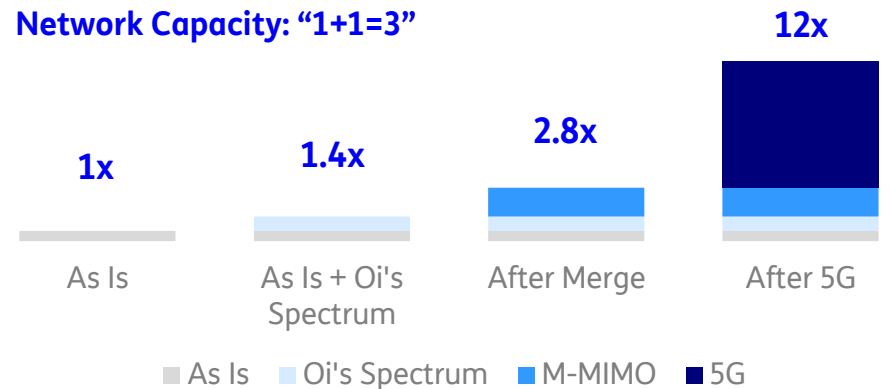


## Future Investments



- Lower Cost to Serve
- Better CEX
- New Revenues opportunity

## Network Capacity: "1+1=3"



BE PART OF A WORLD  
OF **POSSIBILIDADES.**  
**TIM NETWORK.**  
**YOU CAN COUNT ON US.**

 **4G** MAIOR COBERTURA

 **4.5G**

 **5G DSS**

 **TIM**

Imagine as possibilidades





# Evolution of TIM's Financial Indicators and Impacts of the Industry's Transformations

Adrian Calaza, CFO

TIM Brasil Day  
March 01, 2021



# Adapting the approach but reinforcing the strategic pillars



## Strategic Paths



### Strengthen the core

Enhance and accelerate the transition from **volume to value**, to sustain mobile business growth, focusing on customer experience

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)



## Transformational Enablers

### Boost disruptive efficiencies

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

### Strengthen sustainability

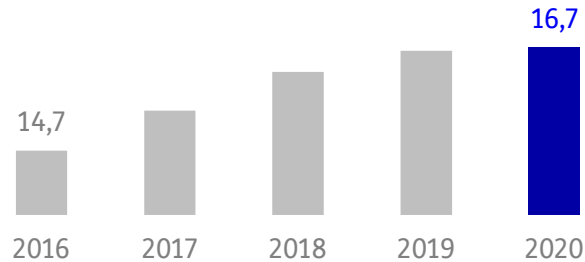
Strengthen and consolidate **ESG proposition** making a positive transformation

# TIM's financial evolution (pro-forma<sup>2</sup>): 'Volume to Value' and efficiencies to increase cash flow generation



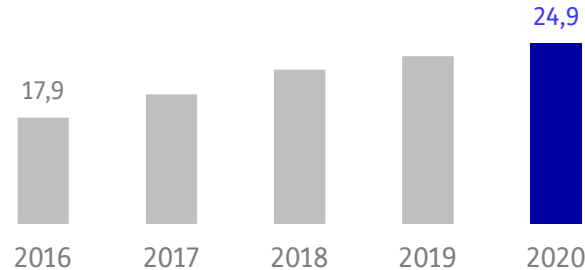
**Net Service Revenues**  
(R\$ bln)

+3.2%  
CAGR



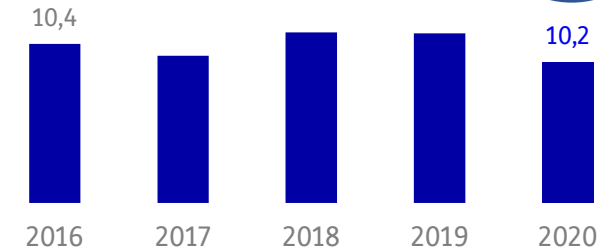
**Mobile ARPU**  
(R\$/mo)

+8.6%  
CAGR



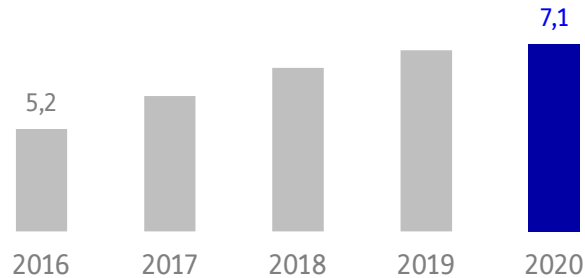
**Normalized OPEX<sup>1</sup>**  
(R\$ bln)

-0.4%  
CAGR

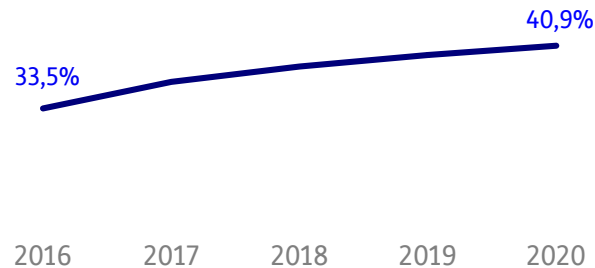


**Normalized EBITDA<sup>1</sup>**  
(R\$ bln)

+7.9%  
CAGR

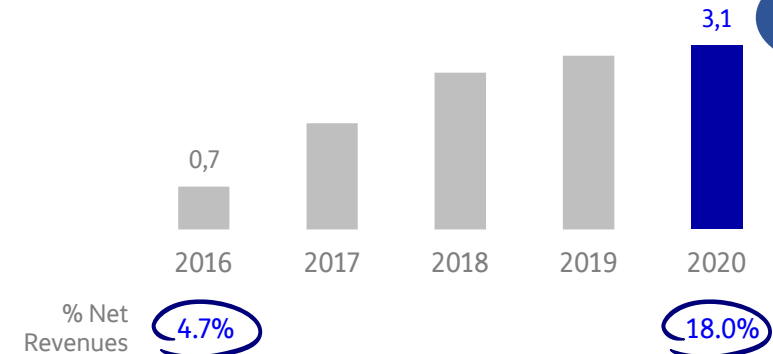


**EBITDA Margin**  
(%)



**Normalized EBITDA - Capex<sup>1</sup>**  
(R\$ bln)

+43.9%  
CAGR

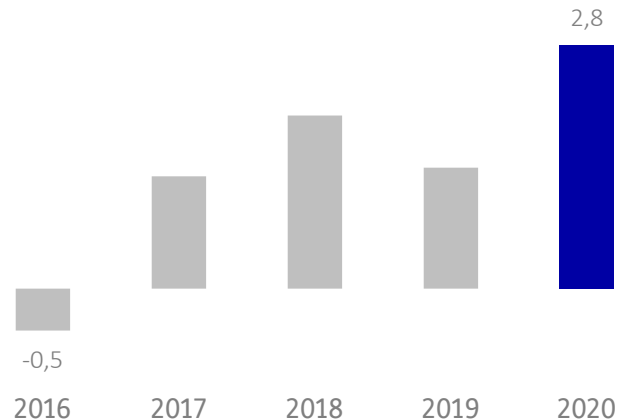




# Preparing for telecom sector's major transformations while returning more to shareholders



**Net Cash Flow Before Dividends-AL<sup>1</sup>**  
(R\$ bln)



Significant improvement  
in cash flow generation

## Organizational restructuring

- ✓ **1<sup>st</sup> Phase (2018):** incorporation of TIM Celular by TIM S.A., consolidating operations under one single company (accounting for R\$ 950 mln of NOL).
- ✓ **2<sup>nd</sup> Phase (2020):** reverse incorporation of TIM Participações by TIM S.A., generating operational and tax efficiencies.



Corporate simplification:  
efficiencies and  
structure ready to  
plugging new assets

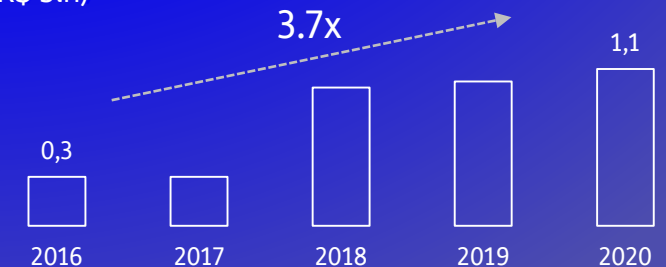
**Solid balance sheet to be a protagonist in the mobile sector consolidation process**



**Net  
Cash-AL<sup>1</sup>  
R\$2.8 bln**

## Shareholders Distributions<sup>2</sup>

(R\$ bln)



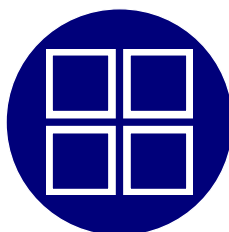
# *Surfing Industry Transformations*



Disruptive  
Efficiency



Mobile Market  
Consolidation

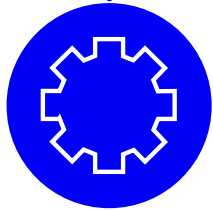


Asset  
Separation





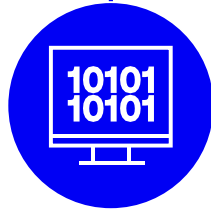
# *We are taking cash cost efficiency to the next level with a holistic approach using 4 levers*



## 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

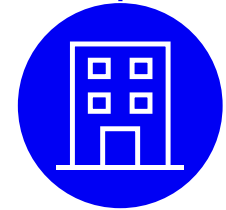


## Traditional efficiency initiatives

**Administrative processes**

**Pay-roll management**

**IT Planning & Development**



## Real Estate/Energy efficiency plan

**Office space optimization** due to smart working and cloudification

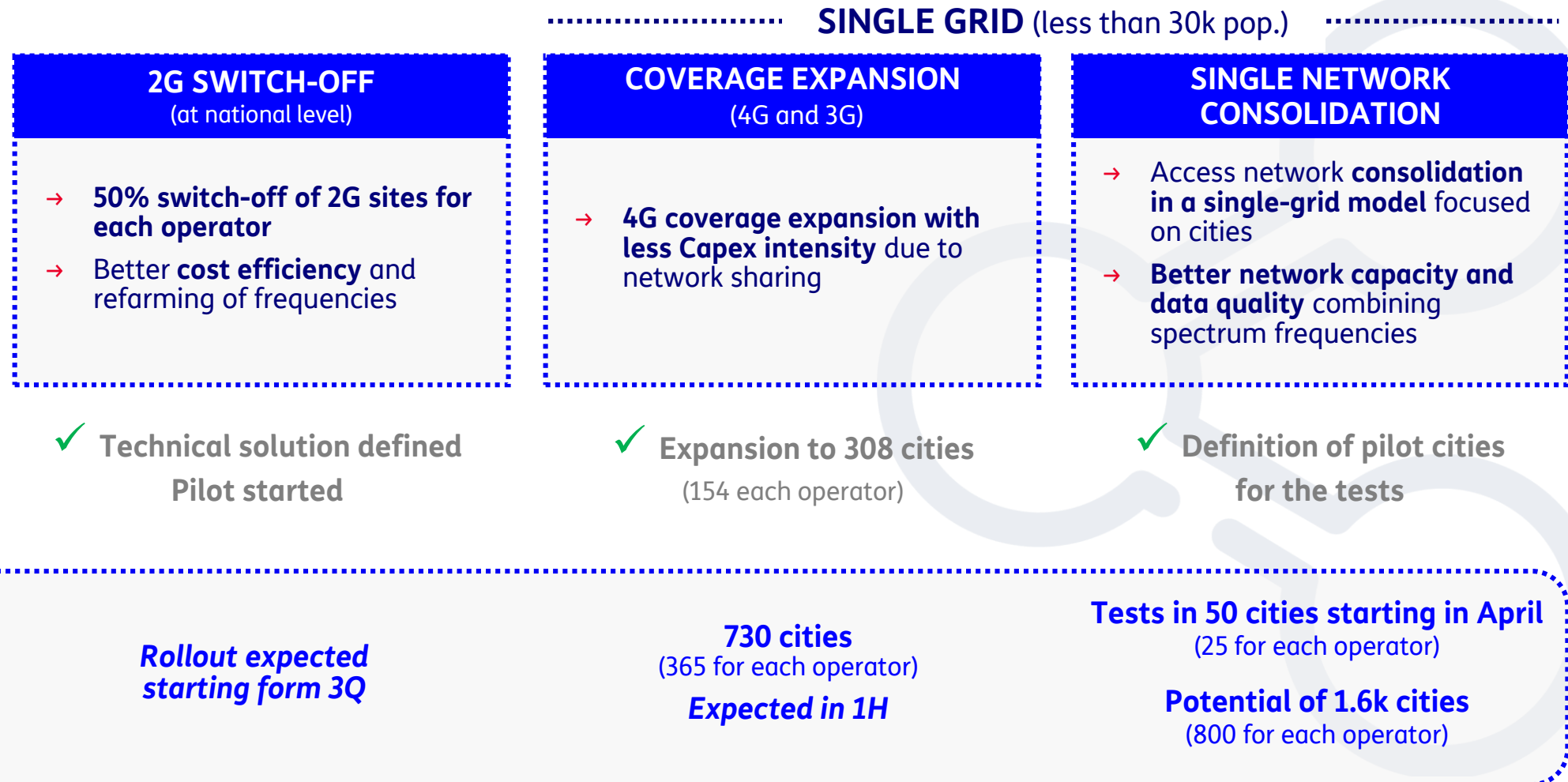
Increased use of **renewable energy sources**

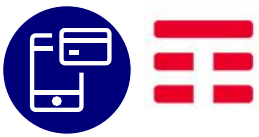
**Reassessment of buy/sell** due to IFRS 16






# 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...**

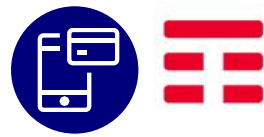




# Perimeter of the transaction with Oi

Subscriber base	 <b>+14.5</b> mln	40% of Oi's Mobile customer base	Acquired customer base mix	<div>~40%</div> <div>Postpaid<sup>1</sup></div>	<div>~60%</div> <div>Prepaid</div>
Sites and towers	<b>+7.2k</b> 		Acquired towers overlap	<div>~40%</div> <div>New location</div>	<div>~60%</div> <div>Same/near location</div>
Spectrum	<b>+49</b> MHz 	54% of Oi's spectrum holdings	Spectrum bands acquired	<div>900 MHz</div> <div>1,800 MHz</div> <div>2,100 MHz</div> <div>2,600 MHz</div>	
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>				

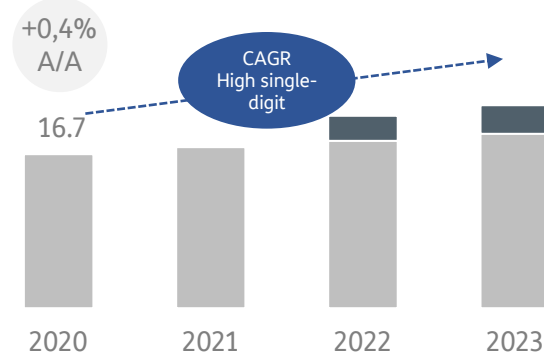




# Oi's assets integration could transform TIM Brasil by 2023

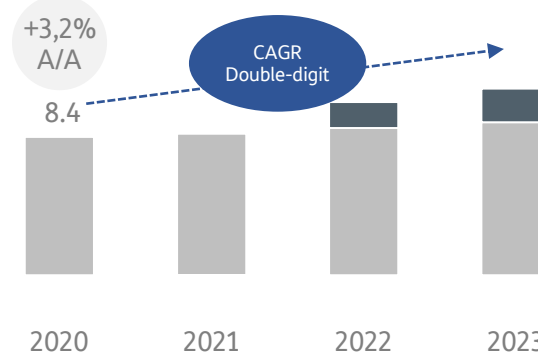
## Net Service Revenues (R\$ bln)

■ Incremental <sup>2</sup>  
■ TIM standalone



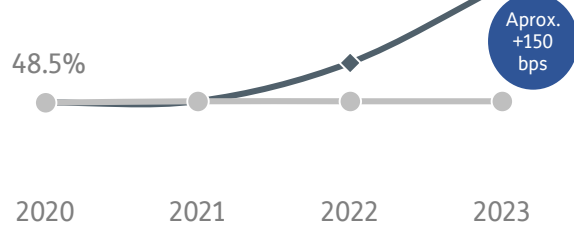
## EBITDA (R\$ bln)

■ Incremental <sup>2</sup>  
■ TIM standalone



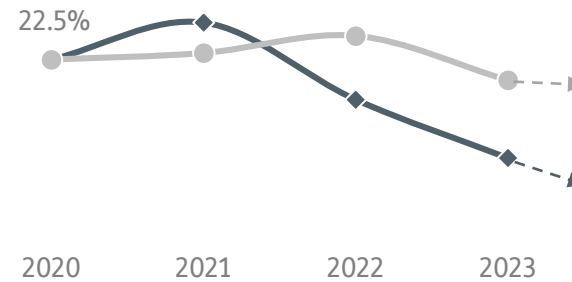
## EBITDA Margin (%)

—◆— TIM+Oi  
—●— TIM standalone



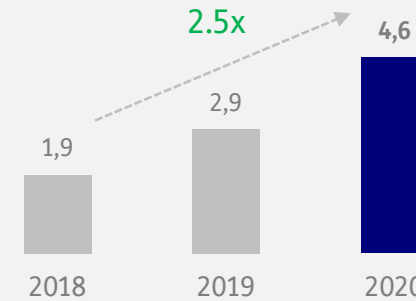
## Capex / <sup>1</sup>Revenues (%)

—◆— TIM+Oi  
—●— TIM standalone

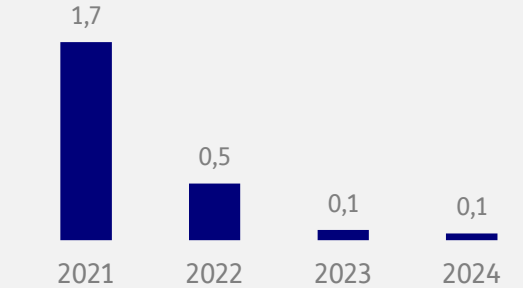


## TIM's cash balance and current loans schedule

### Cash Balance (R\$ bln)



### Loans pre-hedge (R\$ bln)



## Deal's Funding

### Sources of Financing

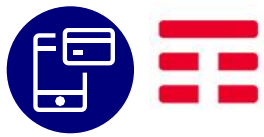
- ✓ Local debt
- ✓ Current cash balance
- ✓ Internally generated cash

### 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

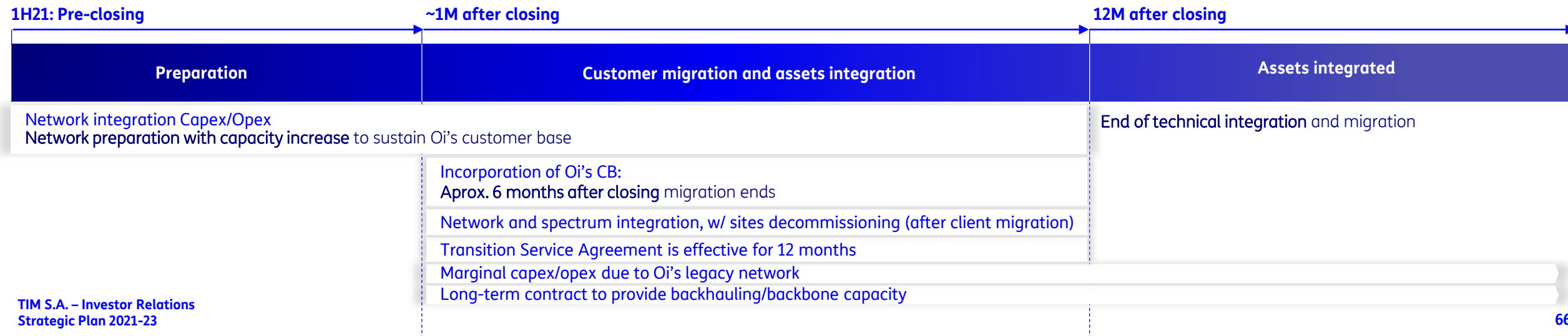


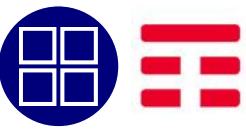
### Market

- ✓ **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





# 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.

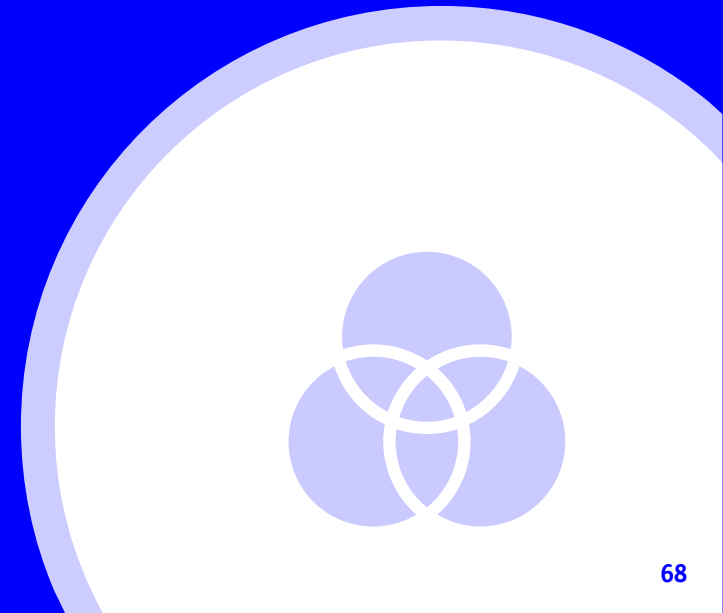
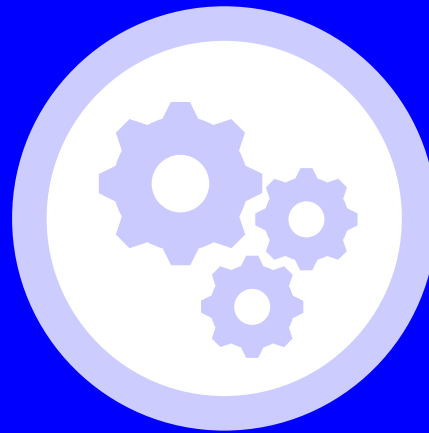
4 formal offers received

Double-digits EV/EBITDA multiples involved

# ***We continue our transformation path***

- ✓ Cost and operational efficiencies
- ✓ Organic and inorganic growth
- ✓ Synergies arising from M&A deals

**Tacking TIM to another level, generating even more value to our stakeholders**





# Beyond Sustainability

Mario Girasole – RIPR

Bruno Gentil – BSO

Maria Antonietta Russo – HRO

Jaques Horn - Legal

TIM Brasil Day

March 01, 2021





# Adapting the approach but reinforcing the strategic pillars



## Strategic Paths



### Strengthen the core

Enhance and accelerate the transition from **volume to value**, to sustain mobile business growth, focusing on customer experience

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)



## Transformational Enablers

### 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

# A long journey already taken

## MORE THAN A DECADE OF INITIATIVES AND RESULTS

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



Instituto **TIM**

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

**TIMS**  
B3 LISTED NM

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

## Indexes and acknowledgements

(indexes)

**ISE B3** **MSCI**

Teva Indices ESG Mulheres no Conselho®

**ICO2 B3**



**CDPR Index**  
Climate Resilience

Ambition

**REFINITIV**



**Índice S&P/B3 Brasil ESG**

(reports)



Communication  
on Progress (UN)



GHG Inventory



Sustainability  
Report



Disclosure of emissions and  
climate change-related information

(acknowledgements and best practices)



Global Compact  
Signatory since  
2008



1st Telco  
Pró-Ética Seal  
(CGU)

**TIMS**

B3 LISTED NM

Novo Mercado since  
2011, highest level of  
corporate governance

(certifications)

Quality Management



Environmental  
System Management

Ambition



Information  
Security  
Management



Anti-Bribery  
Management



# Materiality matrix review to fine-tuning principles and the new context

The ESG Plan 2021-2023 confirms and reinforces TIM's ESG ambitions, **introducing new objectives and increasing targets** selected on the basis of materiality matrix updated in December 2020.

The objectives are related to a portfolio of initiatives that are a structural part of the Industrial Plan, aiming to a coherent framework among ESG premises, operational dimension and organizational accountability.

## 2020

- **Covid-19:** update of the **materiality matrix (December 2020)**
- **Base documents for analysis:** internal and external (media research, studies and sectorial protocols on materiality in Covid-19 times)
- **Benchmarking:** national and international competitors and ICT companies
- **Interviews with stakeholders:** internal (RIPR VP, HRO VP, BSO, CFO and CEO) and external (government, investors, suppliers, customers and representatives of the press)

## MATERIALITY MATRIX

Energy management

Post-consumer and operational waste management

**Health, wellness** and employee management

**Diversity promotion and equal opportunities**

Digital inclusion **and access to connectivity**

Investment in infrastructure and **net reliability**

Ethics and governance in business

Innovation applied to products and services

Customer experience and service quality

Data protection, customer privacy and **cyber security**

Strategic and responsible supplier management



# Boosting initiatives that increase our ESG impact

## Environmental

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**

### Commitments

	2020-22 Plan	2020 Results
Carbon neutral (tCO <sub>2</sub> e, scopes 1 and 2)	-100%	-27%
Eco-efficiency in data traffic <sup>1</sup> (bit/Joule)	+75%	+64%
Renewable energy		
Indirect emissions <sup>1</sup> (tCO <sub>2</sub> e, scope 2)	-70%	-30%
Solid waste recycling		
Employee Engagement (per year)	>MQ3	>MQ3
Black employees		
Women in leadership		
Employees trained in ESG culture	>95%	99%
Employees trained in digital skills	1,000	1,486
4G presence		
Customer complaints <sup>1</sup> (Regulatory agency)		
ISE, Novo Mercado and Pró-Ética	Maintain	Maintained
ISO 14001 and ISO 9001		
ISO 27001 and ISO 37001	Obtain	Ongoing

# Boosting initiatives that increase our ESG impact

**Legend**

\*new\* New commitment  
 ↑ Target increase

## Environmental

We want to be green

### Enablers

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### Commitments

### Targets

Carbon neutral (tCO <sub>2</sub> e, scopes 1 and 2)	-100%		2030
Eco-efficiency in data traffic <sup>1</sup> (bit/Joule)	+80%	↑	
Renewable energy	≥90%	new	2025
Indirect emissions <sup>1</sup> (tCO <sub>2</sub> e, scope 2)	-70%		
Solid waste recycling	≥95%	new	
Employee Engagement (per year)	≥80%	↑	
Black employees	≥40%	new	
Women in leadership	≥35%	new	
Employees trained in ESG culture	≥99%	↑	
Employees trained in digital skills	+5,000	↑	2023
4G presence	100%	new	
Customer complaints <sup>1</sup> (Regulatory agency)	-50%	new	
ISE, Novo Mercado and Pró-Ética	Maintain	new	
ISO 14001 and ISO 9001	Maintain	new	
ISO 27001 and ISO 37001	Obtain		2022

# Towards the ambitious zero-carbon footprint target

## RENEWABLE ENERGY

### Commitments and targets

Renewable energy **≥90%** **2025**



**Unplugged sites**  
Autonomous site  
Solar energy + satellite transmission

**Free Energy Market**  
Contracts to increase the use of renewable energy

### Power plants portfolio



**60 power plants**  
Solar energy, hydropower and biogas by 2022



## ECO-EFFICIENCY

Eco-efficiency in data traffic<sup>1</sup> (bit/Joule) **+80%** **2025**

**Biosites**  
TIM Brasil's Innovation



**Journey to Cloud**  
Data centers virtualization (more efficiency)

**Decomissioning**  
Gradual 2G network shutdown

**Infrastructure sharing**  
Access network and transmission

## WASTE AND EMISSIONS

Solid waste recycling **≥95%** **2025**

Indirect emissions<sup>1</sup> (tCO<sub>2</sub>e, scope 2) **-70%**

Carbon neutral (tCO<sub>2</sub>e, scopes 1 and 2) **-100%** **2030**

**Environmental Management System**



**New Politics on Waste Management**  
Recycling and reverse logistics



**Climate Change**  
GHG Inventory (GHG Protocol); Climate Change Questionnaire (CDP); RE100<sup>2</sup>; SBTi<sup>2</sup>

Climate Change Questionnaire



GHG Inventory



# Promoting an inclusive and appreciative culture

## DIVERSITY & INCLUSION

### Commitments and targets

Black employees	≥40%	2023
Women in leadership	≥35%	

#### Internship Program

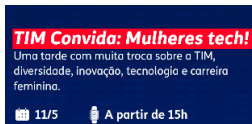
Focus on minorized social groups, with 50% of positions reserved to black students

#### Women in Leadership

To ensure gender equality in recruiting and succession processes, encouraging the access to technological careers

#### Inclusive Culture

Policies, programs and initiatives focused on diversity inclusion and appreciation



### Main initiatives

Instituto  **TIM**  
Since 2013

Projects to democratize science, technology and education (700k people benefited)

Launch of matchfunding platform



## ENGAGEMENT & TRAINING

Employee engagement (per year)	≥80%	2023
Employees trained in ESG culture	≥99%	
Employees trained in digital skills	+5.000	

#### Engagement Survey

Engagement, pulse surveys focused on continuous management of organizational climate and well-being

#### Digital Skills and Up\Reskilling Journey

Continuous improvement of technological and digital skills required to business evolution (Cloud, 5G, Data Science, Agile etc.)

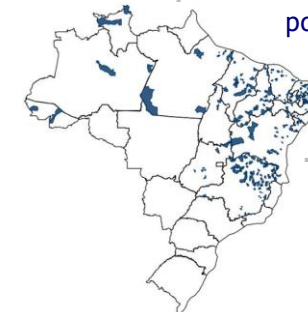


## DIGITAL INCLUSION

4G presence	100%	2023
-------------	------	------

100% of municipalities with 4G presence until 2023

350 municipalities with a low Human Development Index and low competitive potential (C & D categories) by 2021<sup>1</sup>



~ 3 mln people benefited

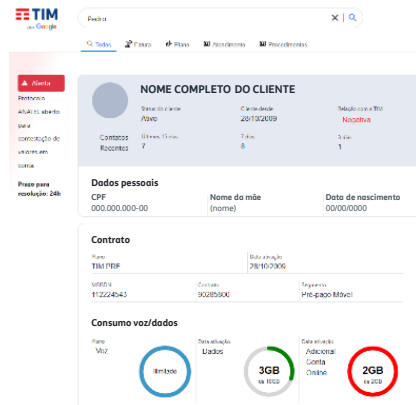
# Continued commitment to all stakeholders

## CUSTOMER SATISFACTION

### Commitments and targets

Customer complaints <sup>1</sup> (regulatory agency)	-50%	2023	
ISO 9001 (Network and Billing)	Maintain		

### Digital Relationship New Unified Portal TIM.X



### CSR Systems Projects

Cognitive IVR  
CX LAB  
Text & speech analytics

Improvement of analysis and metrics on **customer satisfaction** (i.e. Survey, NPS, etc.)

### Main initiatives

## ETHICS & TRANSPARENCY

ISE, Novo Mercado, Pró-Ética & ISO 14001	Maintain	2023	
ISO 37001 (Anti-Bribery)	Obtain	2022	

Proactive engagement with **minority shareholders** for participation in shareholders meetings

**Electronic proxy voting** since 2011

Fiscal council: **member indicated by minority shareholders**

Inclusion of **women in the Statutory Board of Executive Officers (2021)**

Improvement in the disclosure of **financial and nonfinancial indicators**

Reinforcing and disseminating **ESG principles among high risk suppliers**

ESG themes in the **highest level of governance**

Adherence to **IBGC's Code of Corporate Governance Best Practices**

**TIMS**  
B3 LISTED NM

**ISE B3**

1<sup>st</sup> & only Telco

**EMPRESA PRO ÉTICA**

## INFORMATION SECURITY AND DATA PRIVACY

ISO 27001 (Information Security)	Obtain	2022	
-------------------------------------	--------	------	--

### LGPD implementation

DPO, Data Privacy Committee, TIM Privacy Center

New courses on **LGPD, Data Protection and Cybersecurity** to employees



Implementation of **Privacy by Design** in products and services

Clause on **customer privacy protection** in contracts with suppliers (new ones and revision of current contracts)

# Beyond Sustainability



## Turn into an ESG reference in Brazil



### Environmental

- Renewable Energy
- Eco-efficiency
- Waste & Emissions

### Social

- Diversity & Inclusion
- Engagement and Training
- Digital Inclusion

### Governance

- Customer Satisfaction
- Ethics & Transparency
- Information Security and Data Privacy



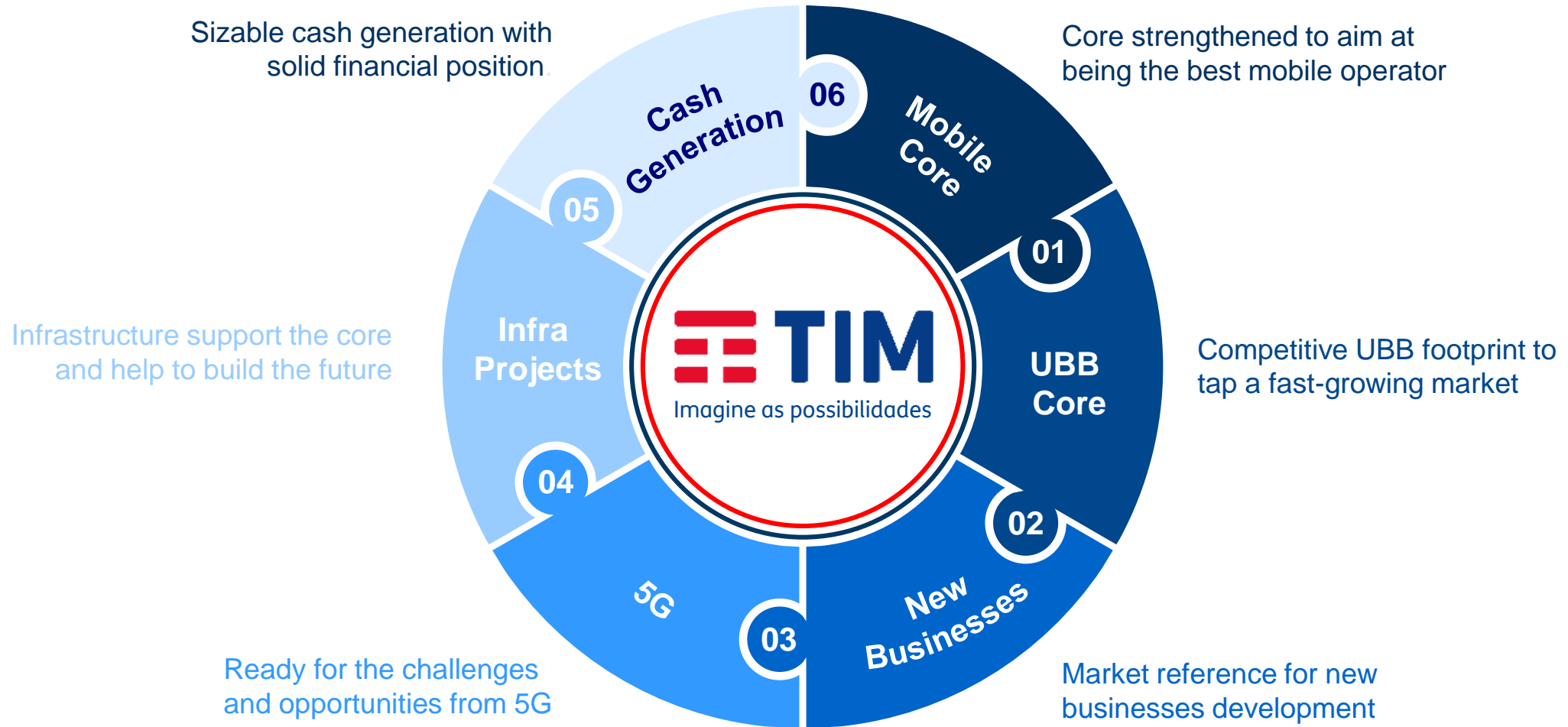
# Conclusion

Pietro Labriola, CEO

TIM Brasil Day  
March 01, 2021



# *An ambitious plan to turn the Company in a New TIM by 2023, bigger and better*



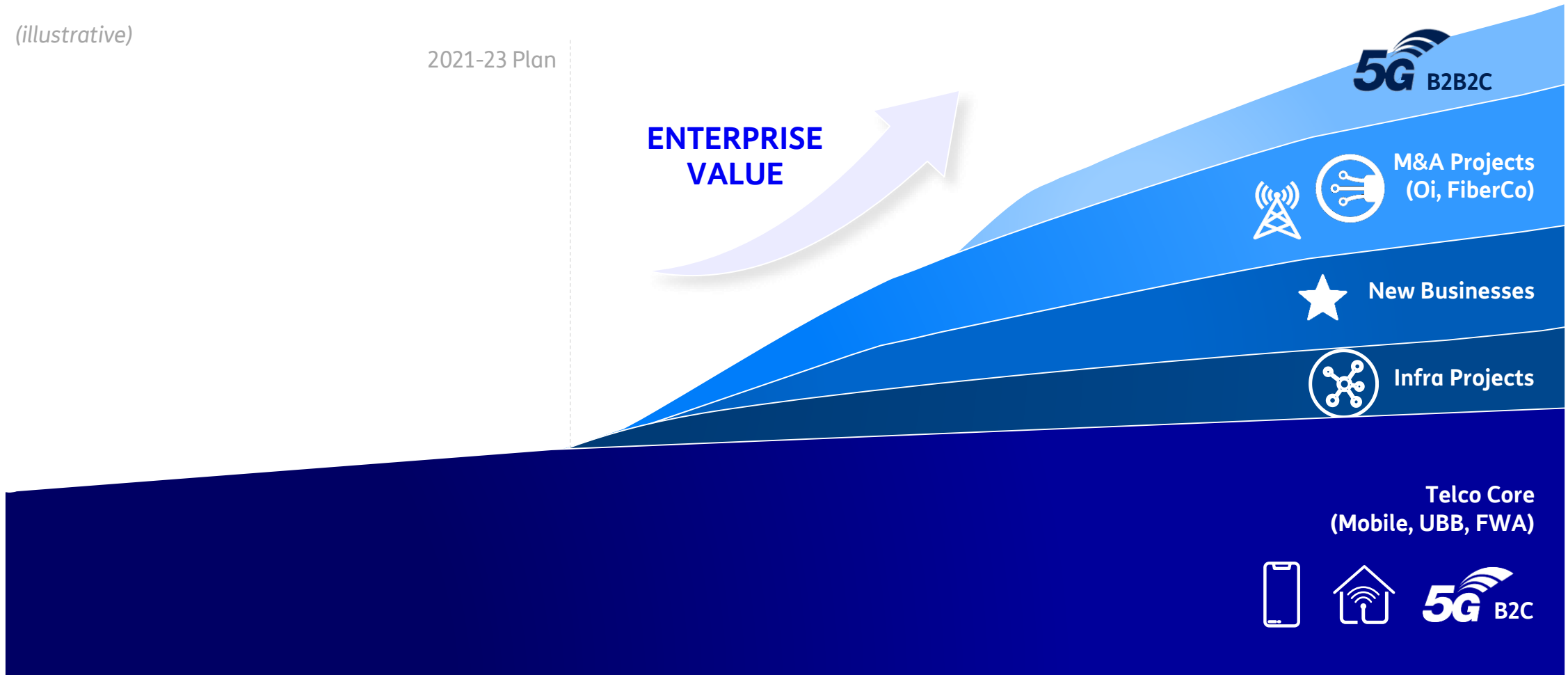


# Value Creation through time

(illustrative)

2021-23 Plan

**ENTERPRISE  
VALUE**



Time



***#JuntosSomosMais***

