

RESULTS PRESENTATION 4TH QTR 2020

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

TIMB
LISTED
NYSE

TIMS
B3 LISTED NM
ISE B3

4G WIDEST AND BEST COVERAGE

4.5G

5G DSS

TIM

Imagine as possibilidades

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.

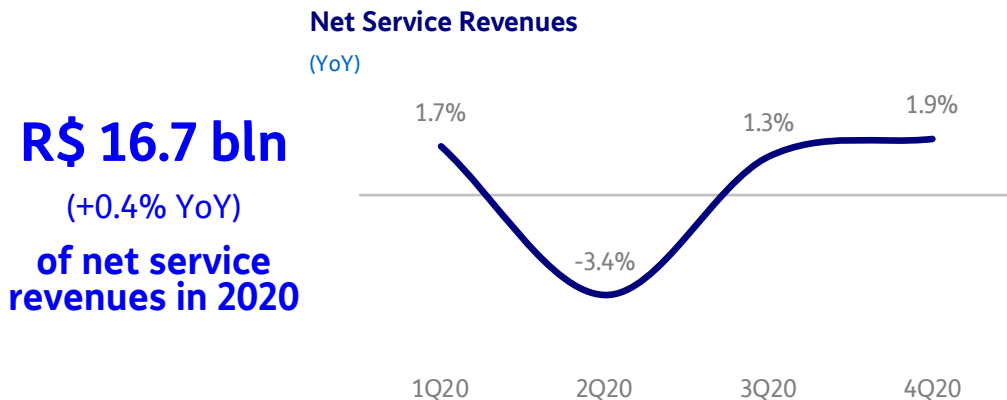
The normalized numbers reported in this presentation are adjusted by the effects listed below.



Highlights

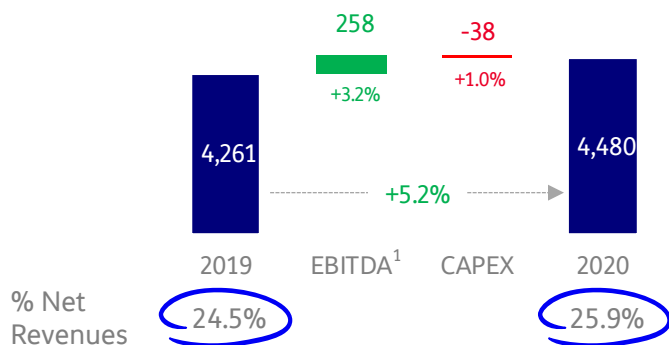
Consistent Evolution in a Challenging Year

Delivering growth in a tough macro scenario...

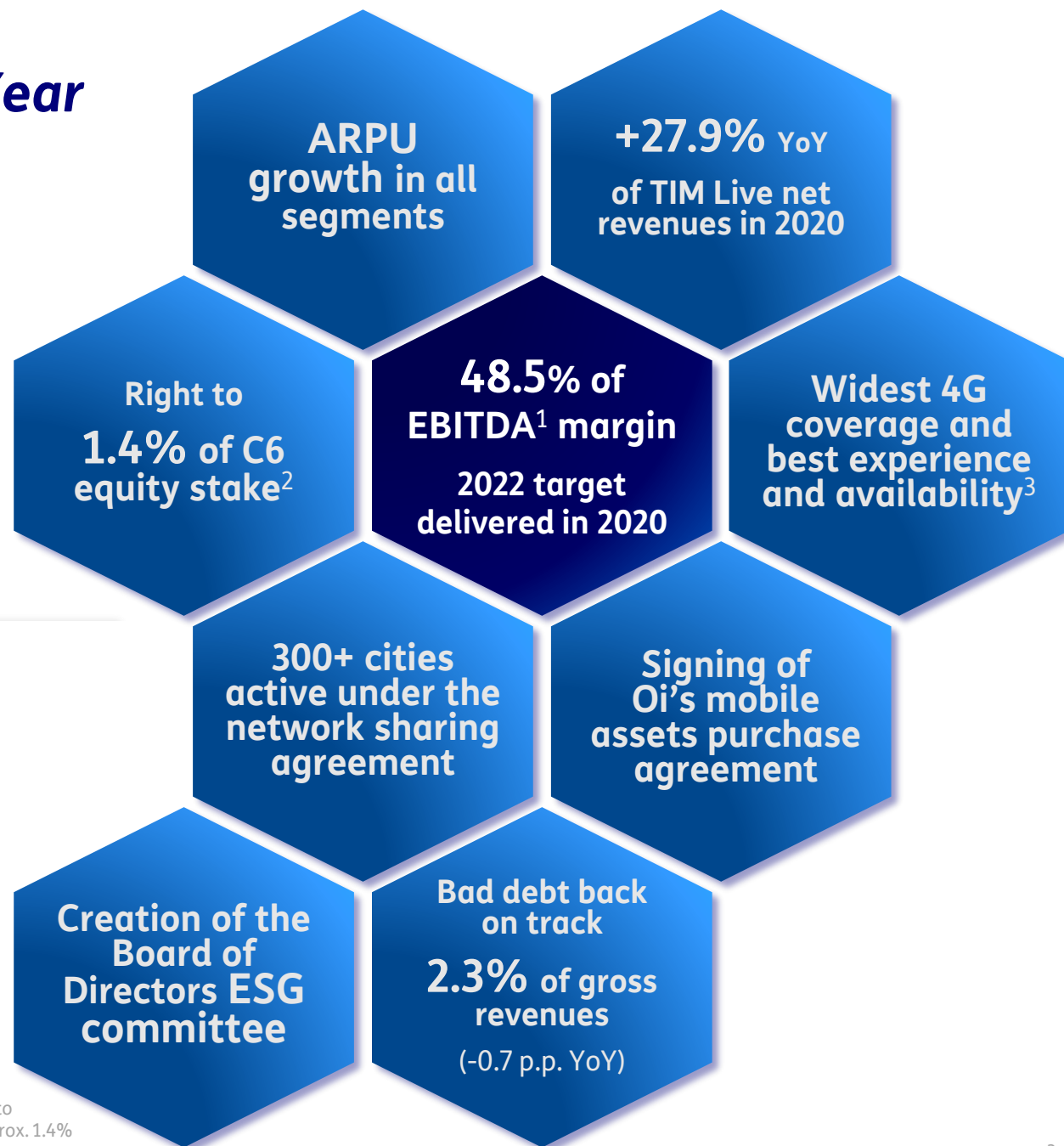


... and ensuring cash flow generation

EBITDA - Capex (R\$ mln)



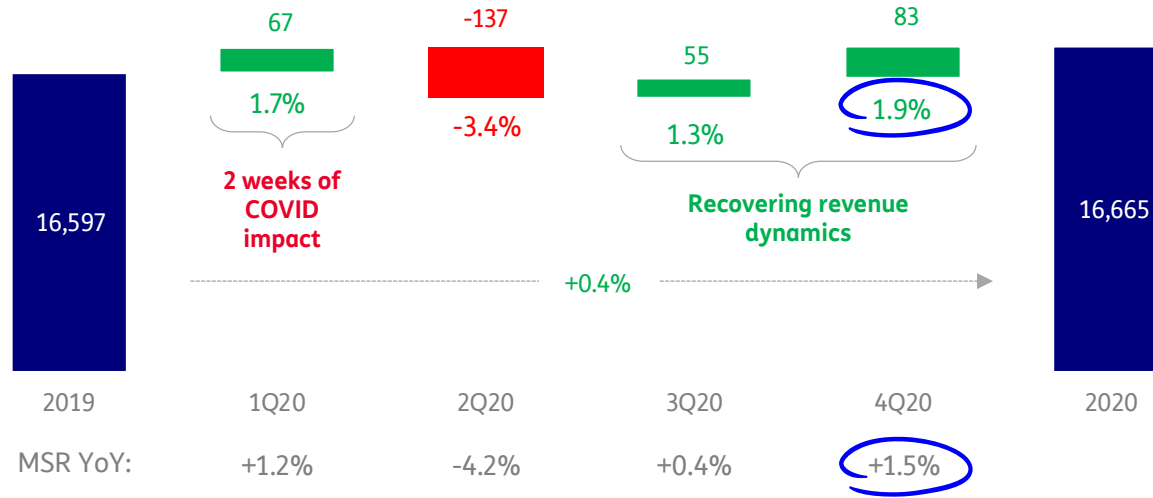
EBITDA – Capex on revenues overcame the 2022 guidance



Well Managed Execution Allowing a Consistent Revenue Recovery During 2H20

Net Service Revenues

(R\$ mln)

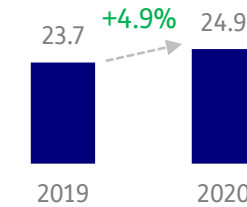


Flat MSR and TIM Live growth (+27.9% YoY) were the recovery drivers for net services revenues in 2020.

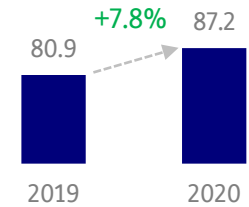
ARPU

(R\$/mo)

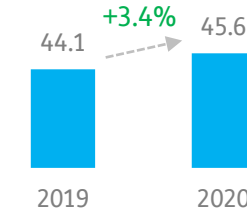
Total Mobile



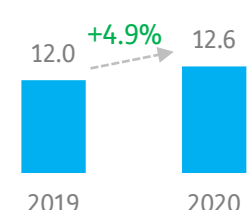
TIM Live



Human Postpaid¹



Prepaid



From Volume to Value

Focus on Value and CEX Continue Driving Revenue Recovery and Churn Rate Reduction

Transforming segments' value proposition with an innovative approach

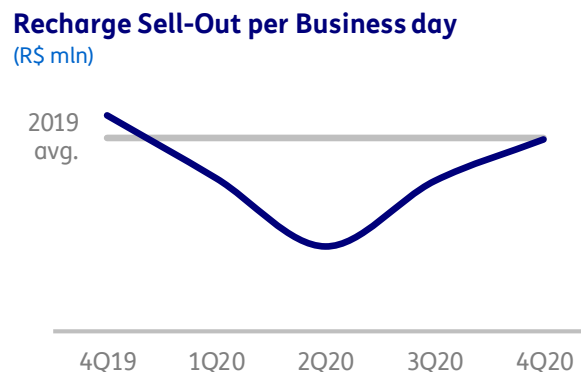
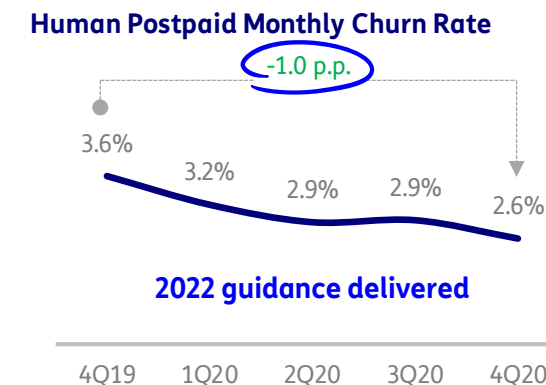
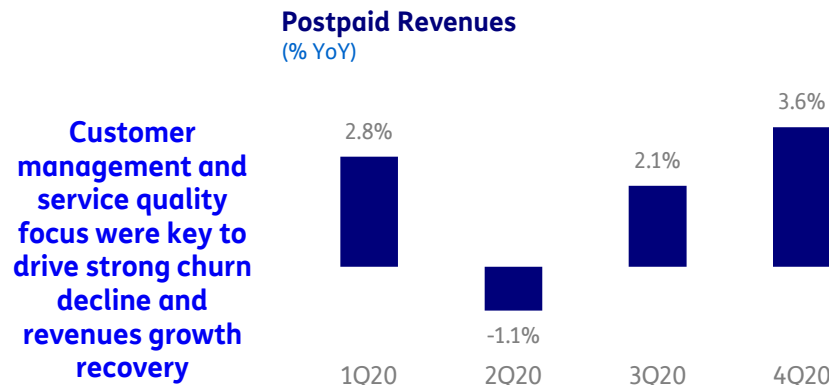


26% mix of TIM Black Família on consumer pure postpaid base

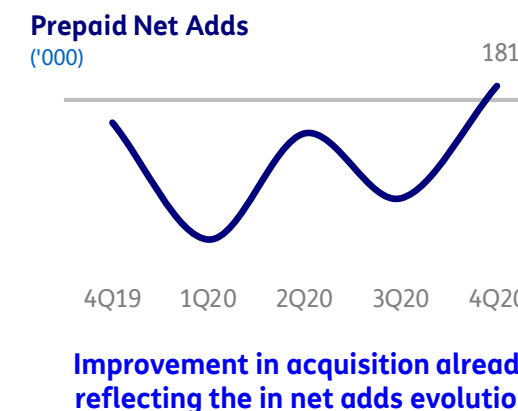
First entertainment marketplace in the market

Leveraging B2B's (Top clients) momentum to provide data mobility solutions for important segments (e.g. distance learning)

Gamification to engage recurrence on recharge and digital channels usage



Although slightly below 2019 levels, V-shape recovery of recharge sell-out was a combination of better rechargers and spending

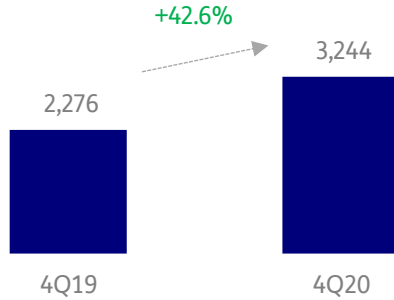


Solid Levers for Growth, Asserting Continuous High-Level Performance

COVERAGE EXPANSION

FTTH Home Passed

(mln of households)



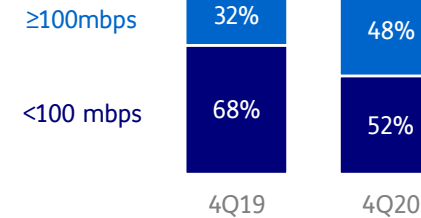
2020 target met, despite pandemic outbreak

27 FTTH cities +
7 administrative regions in DF



BETTER VALUE PROPOSITION

Customer Base Mix

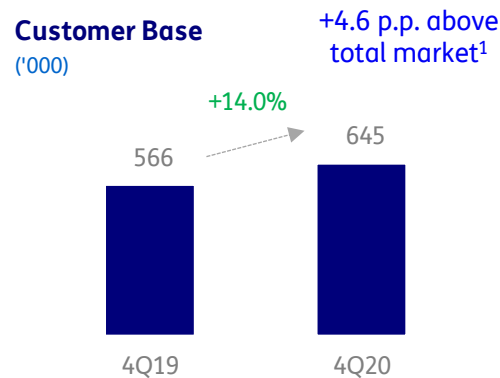


Portfolio strategy showing its value:
Naked UBB + OTT friendly approach



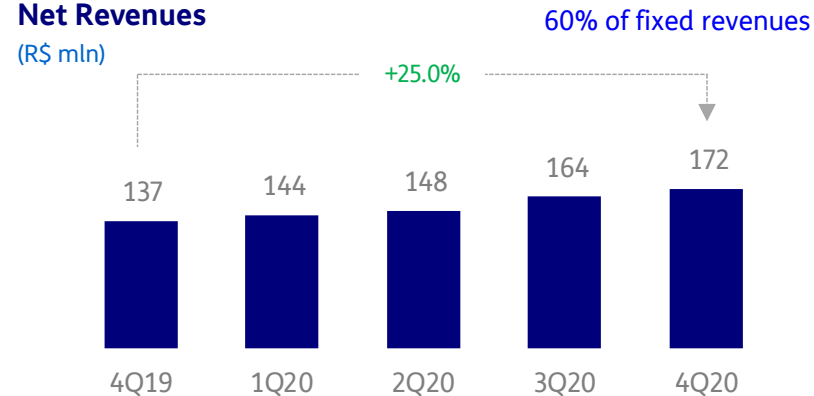
5x award-winning:
Estadão Best Services

Customer Base ('000)



+4.6 p.p. above total market¹

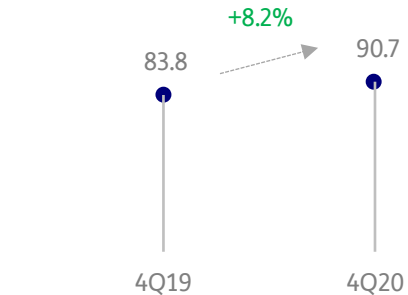
Net Revenues (R\$ mln)



60% of fixed revenues

+27.9% YoY accumulated in 2020

ARPU (R\$/mo)



Beyond the Core Ecosystem: Pioneer Initiatives to Contribute to Growth in the Next 2-3 Years



FINANCIAL SERVICES

C6 Open Accounts
(accumulated)

>1.1 mln

1.4%
First equity
stake¹

Jul-20 Sep-20 Nov-20

- **Customer acquisition revenue booked from 4Q20:** acceleration with greater base maturity
- Partnership signed: Telcos + Central bank to **integrate PIX and prepaid recharge wallet and invoice payments**
 - **TIM is #1 in invoice payments by PIX**



MOBILE ADVERTISING & BASE MONETIZATION

TIM Ads²

12+ mln opt-ins to third parties' content and ads in 3 months

450 mln visits

125 mln video ad views

Partnerships

Accenture: Rollout state of the art customer segmentation platform for targeted ads

Q1e rollout

Play2Pay: Signing with a global reference for mobile gaming reward platform – “the more you play, the more gigas you get”

Q2e rollout

Informa TIM³

1.8 mln addressable users

~50% of active users engaged with 15+ min videos

Juvo: Signing with a US-based company working on financial identity as a service – FiDaaS: credit scoring and identity check for adults with no formal credit history

Q1e rollout

Quod: Already bearings fruits – **first contract signed with a large financial institution**



IoT VERTICALS

4.0 industry New!

5G-ready new projects with leading international mining and industrial players to provide coverage and productivity improvement solutions

Smart Cities New!

Launch of the **first smart lighting solution to Brazilian market** in partnership with M2M Telemetria

Connected car

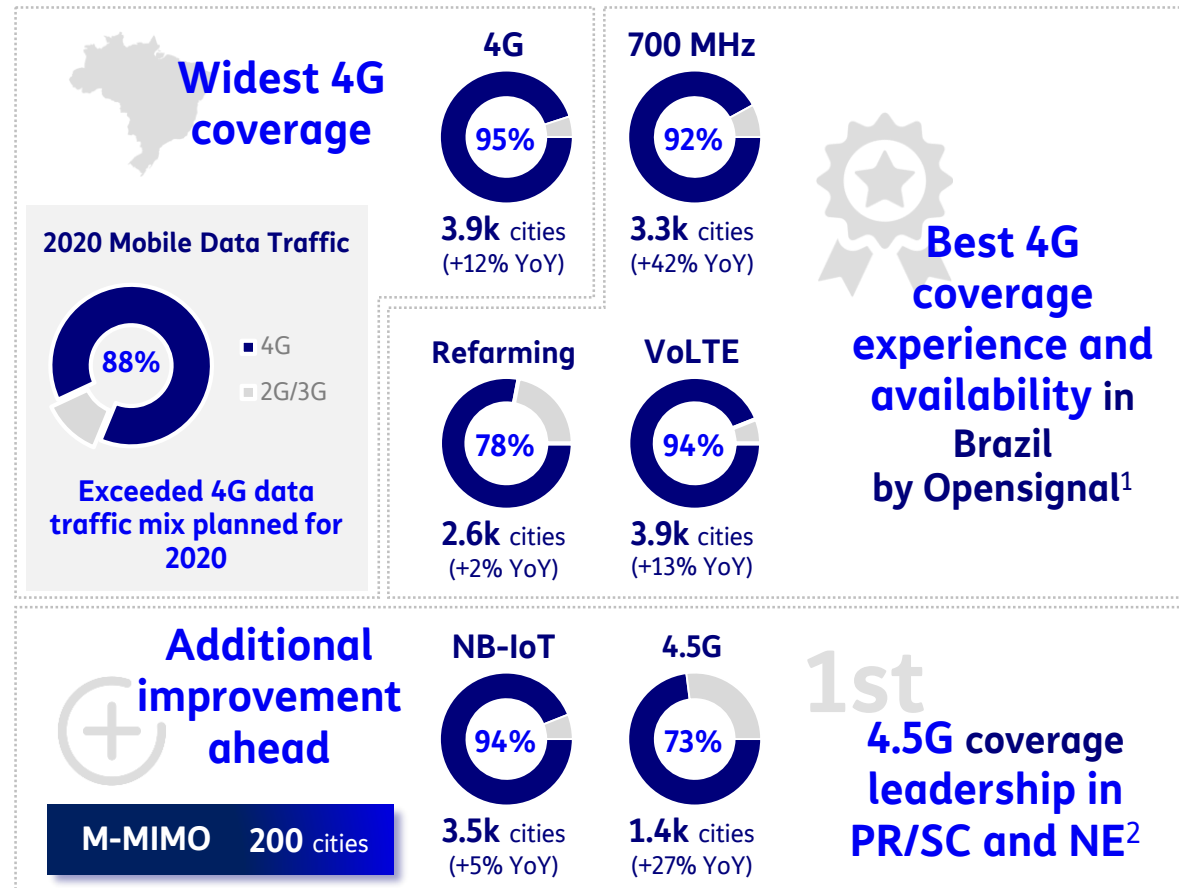
New MVNO (Cubic Telecom) with proved telemetry solution to European automakers: **cross-selling opportunity for B2C services**

Much more partnerships and new opportunities for growth to come in 2021

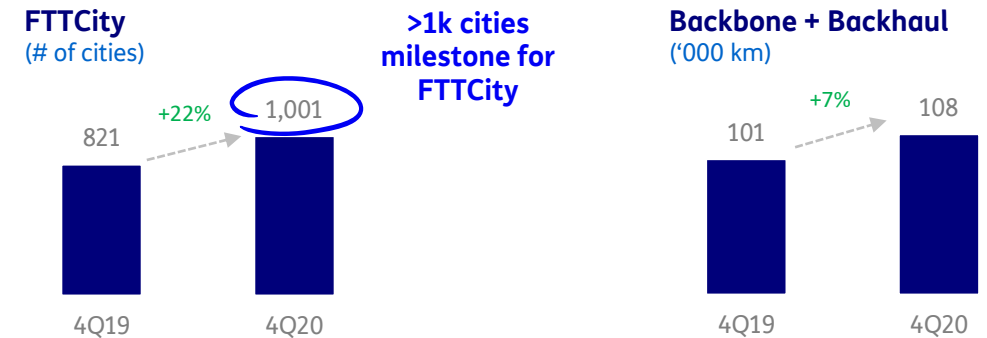
Network Smart Strategy: The Widest 4G Coverage and the Best Experience, Despite the Current Spectrum Gap

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

Urban Population Coverage (%)



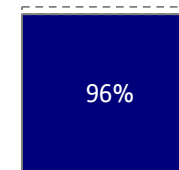
Fiber Transport Network Supporting Mobile Evolution



TAC¹ at Strong Pace

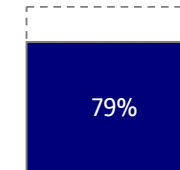
2021 commitment delivered

496 cities by Jun-22



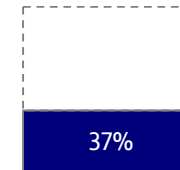
700MHz

47 cities by Jun-21



FTTCity

75 cities by Jun-21



4G

Technological Transformation to Build New Capabilities and Address Present Challenges

5G DSS (DYNAMIC SPECTRUM SHARING)

- ✓ Expanding **5G DSS** coverage for **+12 cities** by **Mar/2021**



NETWORK SHARING AGREEMENT WITH VIVO



- ✓ 2G network switch-off: technical solution defined, **pilot tests started, rollout expected in 3Q**
- ✓ 3G/4G expansion: reaching **730 cities**, expected to 1H
- ✓ Full single grid: **pilot tests in 50 cities starting in April**, full potential of 1.6k cities

OPEN RAN AND THE OPEN FIELD PROGRAM

- ✓ Partnership with INATEL and TIP to conduct **field tests on a live network in planning / implementation phase**
- ✓ Development and validation of open and unbundled technologies (Open RAN, DCSG, and others)



UNPLUGGED SITES



- ✓ **4G coverage to remote areas with a solar-based solution** for energy supply
- ✓ **Up to 3,000 sites to be installed by 2025**

Pandemic accelerated caring projects



TAIS: AI ASSISTANT

- ✓ **18% reduction of human interactions on the contact center** since implementation

NEW COGNITIVE IVR:

- ✓ **>22 mln calls in 2020**
- ✓ **~34 mln calls expected for 2021**



TIM.X TOOL

- ✓ **Simplified dashboard** for caring systems **supported by Google Cloud** with **reduction of time of customer interaction**
- ✓ Ongoing implementation and **expected to attend full operation in Mar/21**

Journey to cloud and new architecture



- ✓ **First Brazilian operator to migrate Siebel to cloud:** better performance and agility in the customer care processes (productivity improvement from 20% to 35%)
- ✓ Offer catalogue creation: **~80% time reduction to launch new products** (Oi's customers will be onboard under this new infra)

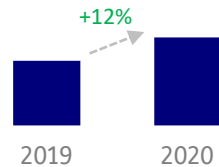
Digital Transformation: Unlocking Efficiency With Customer Empowerment

CUSTOMER CARE

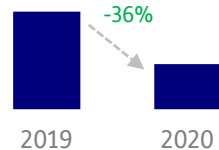
4% of total Opex¹

Digitalization as an important factor to sustain CEX

Meu TIM App
(# of unique users)



Human Interactions
(# of incoming calls)



BILLING AND COLLECTION

3% of total Opex¹

Expanding our multi-channels

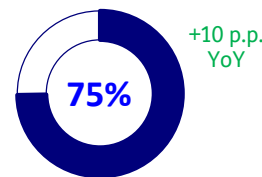


First telco to launch payments by PIX

>120k payments in the first month
>0,5 mln payments by February

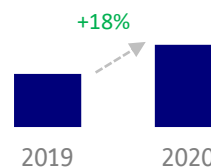
At least **70%** reduction in collection costs after PIX adoption

E-Payment Adoption
(% of total billed; 2020)

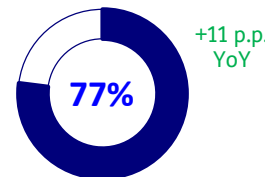


New features and systems' adjustments generating results

E-Billing
(# of postpaid subscribers)



E-Billing Adoption
(% of postpaid subscribers; 2020)

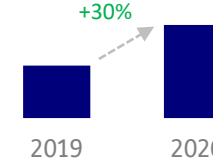


PREPAID RECHARGES

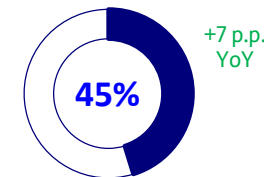
4% of total Opex¹

Improving recharges through Meu TIM app

Recharges via App
(# of recharges)



E-Recharges Adoption
(% of sell-out; Dec-20)



CUSTOMER ACQUISITION

7% of total Opex¹

Digital sales channels gained relevance when stores were closed due COVID-19

(2020 YoY)

+32% Postpaid e-Sales
Penetration: +2 p.p.

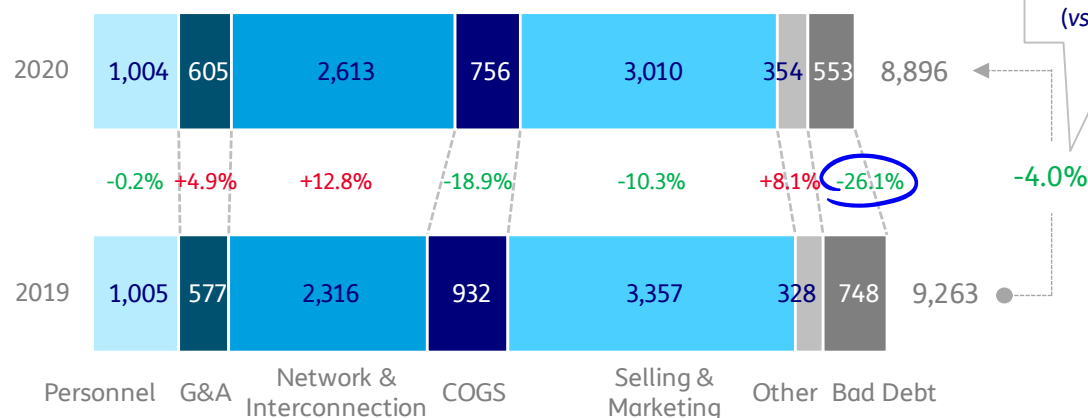
+2% Control e-Sales
Penetration: +13 p.p.

+11% TIM Live e-Sales
Penetration: +1 p.p.

10.5% of average annual opex reduction over the past 2 years
(versus -7.8% of total opex)

High-Delivery on Efficiency Continues to Be a Key Driver to Maintain a Solid EBITDA with Margin Expansion

Opex
(R\$ mln)

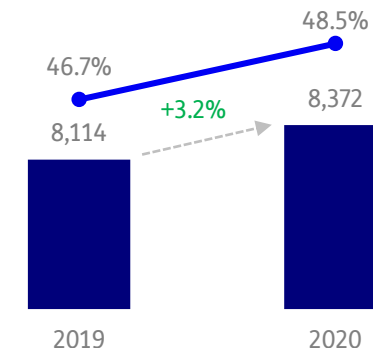


+1.0% YoY in 4Q20 – below inflation, even with the economy reopening (vs IPCA³ 4.5%)

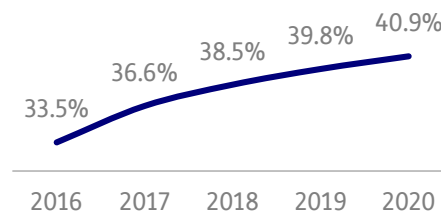
EBITDA¹ and Margin¹ Performance
(R\$ mln)



EBITDA margin closed the year above our guidance for 2022.

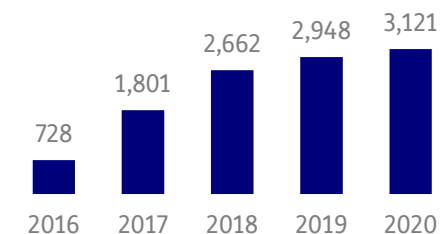


EBITDA Margin¹ (Pro-forma²)
(%)



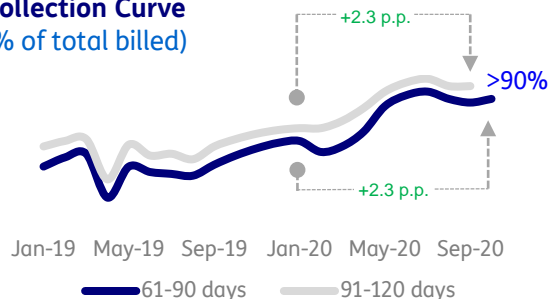
750 bps of expansion in the last 5 years

EBITDA¹ – Capex (Pro-forma²)
(R\$ mln)



43.9% CAGR

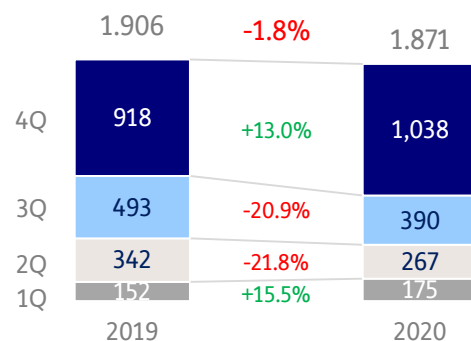
Collection Curve
(% of total billed)



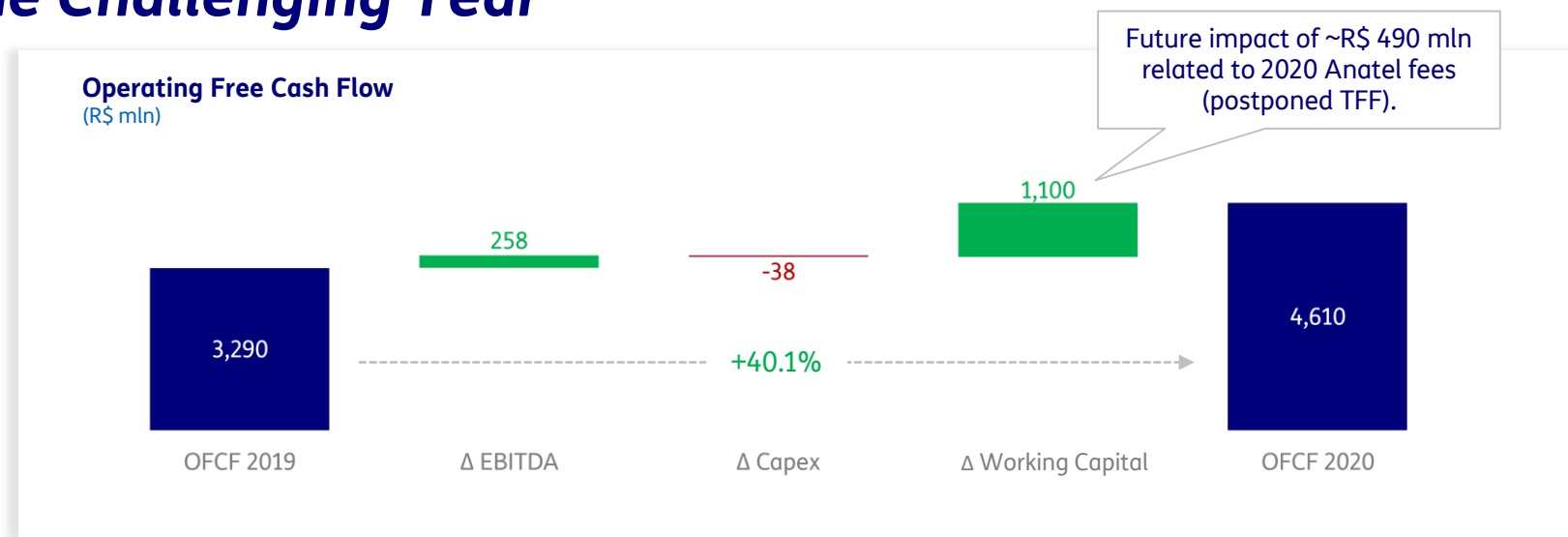
- 2.3% bad debt over Total Gross Revenues in 2020
- Sustainable performance in Collection enabled a continuous improvement of Bad Debt through a tough year
- Collection curve reaching a stability trend after a recovering cycle

Consistently Strengthening the Financial Performance and Shareholder Remuneration, Despite the Challenging Year

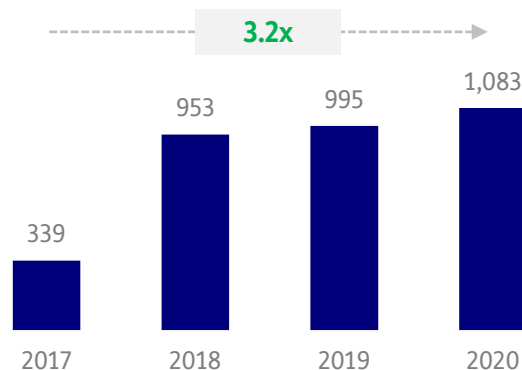
Net Income¹
(R\$ mln)



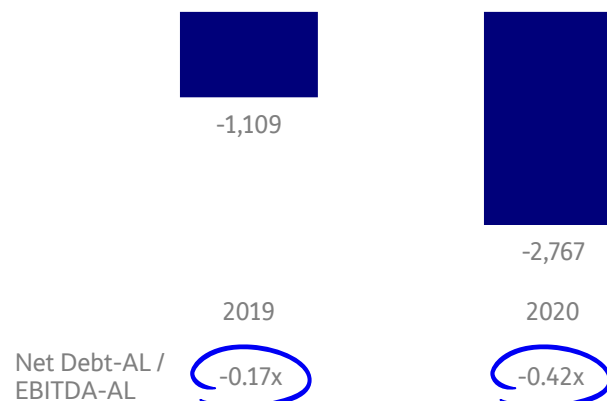
Operating Free Cash Flow
(R\$ mln)



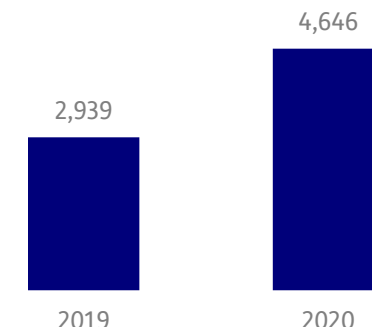
Interest on Capital and Dividends Declared
(R\$ mln)



Net Debt-AL²
(R\$ mln)



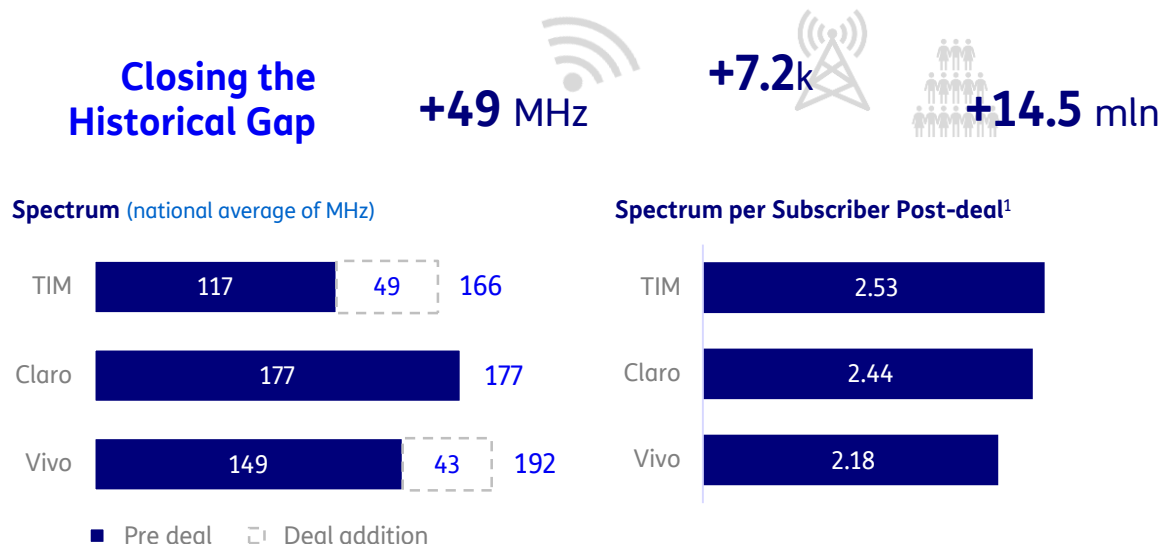
Cash Position³
(R\$ mln)



Strong cash position preparing to fund the acquisition of Oi's mobile assets

M&A Transactions Evolving According to Plan, Ready to Make 2021 a Transformational Year

Oi mobile assets UPI auction results recap



Additional Info:

- The offerors **pre-notified CADE** in November
- Filed petition for **prior approval with Anatel** on December 31
- Signing on January 28th
- **Formal CADE notification** on February 8th
- Deal to be **funded with local debt and cash generation**

Synergies framework: 3 sources

Infrastructure

Opex, Capex and Leasing avoidance and reduction

Customer Base

SG&A / overall opex reduction / dilution

Market

Structural churn reduction with washing machine effect declining

FiberCo coming up next...

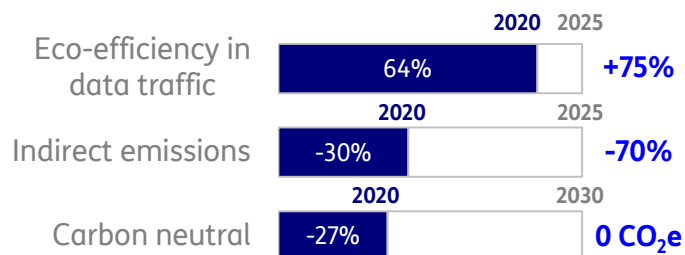
- **SPE already created**
- Final phase of project, **formal proposals being analyzed**
- The **signing** is expected for **1Q21**

More information on special projects at the 3-year plan release.

Committed to Keep Leading an ESG Transformation

Environmental

Initiatives to improve energy efficiency and to become carbon neutral.



34 renewable energy power plants

64% of energy from renewable sources

ICO2B3

B3 index of companies committed to the climate change agenda

CDPR Index
Climate Resilience

New Climate Resilience Index ICDPR-70

Social

Develop new capabilities and engagement to maintain leadership.



KPIs 2020 (employees)	Target	Result
Engagement	> MQ3	P90¹
Trained on ESG culture	> 95%	99%
Trained on digital capabilities	> 1.000	1,486



New internship program promoting diversity and inclusion



Annual training series for employees, now shared with society

Instituto **TIM**

Governance

Fairly balance all stakeholders' interests.



ESG



New ESG Committee

Top 10 B3's companies in % of women on the Board
Teva Indices ESG Mulheres no Conselho®

TIMS
B3 LISTED NM

Since 2011



1st and unique Telco



Launch of the DPO channel, designated to respond complaints about data privacy

1st in the survey on internet providers' policies for data protection²

ISE B3

13 years in a row, reaching our highest score in 2020

One of the best ranked stocks in the new B3 and S&P ESG index

Long-term targets to be updated at the 3-year plan release.

Continuous Value Creation Process, Responding to Short-Term Challenges While Building the Future

FROM VOLUME TO VALUE

- ✓ **Portfolio innovation:** gamification, content marketplace, and new partnerships
- ✓ Active **base management** to balance customer usage and payment capacity
- ✓ Enjoying **new momentum in B2B (Top Clients)**

COST DISCIPLINE AND EFFICIENCY

- ✓ Acceleration of digitalization: **new capabilities for CEX processes**
- ✓ **Smart approach to infra projects with ambitious goals: 4G in all cities by 2023**
- ✓ Rational and agile approach to **address immediate needs: bad debt**

NEW SOURCES OF REVENUES

- ✓ Paving the way to a **relevant contribution to growth in 2-3 years**

OPPORTUNITIES TO UNLOCK VALUE

- ✓ **Corporate structure simplification**
- ✓ **Network sharing agreement with Vivo**
- ✓ **Fixed broadband spin-off to accelerate expansion**
- ✓ **Rational approach to engage the mobile consolidation process**

3-year plan update on Feb 23rd.

GUIDANCE METRICS	SHORT-TERM TARGETS	2020 RESULTS
Expand Cash Generation	EBITDA-Capex: Mid single digit YoY % on Net Revenues: >20%	+5.2% YoY 25.9% 2022 target delivered
Infrastructure Development	Capex on Net Revenues: Low 20's	22.5%
Improve Profitability	EBITDA Growth: Mid single digit YoY	+3.2 YoY 2022 margin delivered
Revenue Growth Sustainability	Service Revenues Growth: Mid single digit YoY	+0.4% YoY

Reassessed due to the pandemic outbreak