



**TIM S.A.**  
Publicly-Held Company  
Corporate Taxpayer's ID (CNPJ/MF):  
02.421.421/0001-11  
Corporate Registry (NIRE):  
33.300.324.631

## MATERIAL FACT

### STRATEGIC PLAN 2021-2023 AND GUIDANCE RELEASE

TIM S.A. ("Company" or "TIM") (B3: TIMS3; NYSE: TIMB), in compliance with Article 157 of Law No 6,404 and the provisions of CVM Instruction N. 358, hereby informs its shareholders, the market in general and other interested parties that Telecom Italia Group released today its forecasts for 2021-2023 period. In this context, TIM updates the forecasts of its Strategic Plan 2020-2022, released to the market through a Material Fact dated March 10<sup>th</sup>, 2020.

Despite a challenging year, due to the pandemic of the COVID-19, with major impacts on public health and the economy, the Company proved to be antifragile, reinvented itself and presented solid results at the end of 2020, fulfilling part of the short-term goals outlined in its 2020-2022 Strategic Plan, which demonstrates the focus on execution, with agility in decision making, prioritization and digital courage were crucial in this context different from that projected by TIM and the market in general.

Projections 2020-222		
KPI <sup>i</sup>	2020 Projection (Short Term)	2020 Results
Service Revenues Growth (YoY)	<i>Mid-Single Digit</i>	0.4%
EBITDA Growth (YoY)	Mid-Single Digit Growth	3.2%
% CAPEX over Net Revenues	<i>Low 20's</i>	22.5%
% EBITDA – CAPEX over Net Revenues	>20% (w / IFRS 16)	25.9%

The Company also discloses long-term goals in its projections and, for the EBITDA Margin and EBITDA - CAPEX over Net Revenue, it exceeded the targets established for the year 2022 (respectively  $\geq 47\%$  and  $\geq 20\%$ ), reaching a EBITDA margin of 48.5% and EBITDA - CAPEX over Net Revenue of 25.9%, in 2020.

For this new triennium, despite a challenging 2020, TIM reaffirms its commitment with (i) the sustainable evolution of Service Revenue, resulting from the search for new service lines, maintaining its mid-single digit growth estimate for the current year (ii) the improvement of its profitability, with mid-single digit growth of EBITDA, even with the preparation costs related to the incorporation of Oi's mobile assets; (iii) an efficient capital allocation, characterized by the CAPEX destination to digitization, automation and new operational models, as well infrastructure (network and IT) extension and modernization projects, and (iv) the continuous expansion of the cash generation characterized by the growth of EBITDA – CAPEX over Revenues indicator to reach the level of 24%.



Additionally, TIM points out that it presents, for long-term objectives, a vision considering the continuity of its operation with the impacts of the incorporation of Oi SA's mobile assets, still pending approval by regulatory bodies, according to the Material Facts of January 29<sup>th</sup>, 2021 and December 14<sup>th</sup>, 2020, as well as a view disregarding the effects of this merger.

Projeções 2021-23			
KPI <sup>i</sup>	Projections 2021 '(Short Term)	Long Term (Standalone)	Long Term (Combining Oi's Assets)
Service Revenues Growth (YoY)	<i>Mid-Single Digit</i>	<i>Mid-Single Digit</i> (CAGR 20' -23')	<i>High-Single Digit</i> (CAGR 20' -23')
EBITDA Growth (YoY)	<i>Mid-Single Digit</i> (Including preparation costs)	<i>Mid-Single Digit</i> (CAGR 20' -23')	<i>Double Digit</i> (CAGR 20' -23')
CAPEX	~R\$ 4.4 bln (including preparation invest- ments)	~R\$ 13 bln	~R\$ 13.5 bln
% EBITDA – CAPEX over Net Revenue	~24% (including preparation costs and investments)	–	≥29% in 2023

Lastly, TIM presents, as an attachment to this Material Fact, additional details about the 2021-2023 Strategic Plan and its guidance.

Rio de Janeiro, February 23<sup>rd</sup>, 2021.

**TIM S.A.**

Adrian Calaza  
Chief Financial Officer and  
Investor Relations Officer

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

Imagine as possibilidades



# 2021-2023 Strategic Plan

TIM Brasil  
February, 2021

[tim.com.br/ir](http://tim.com.br/ir)

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# 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.

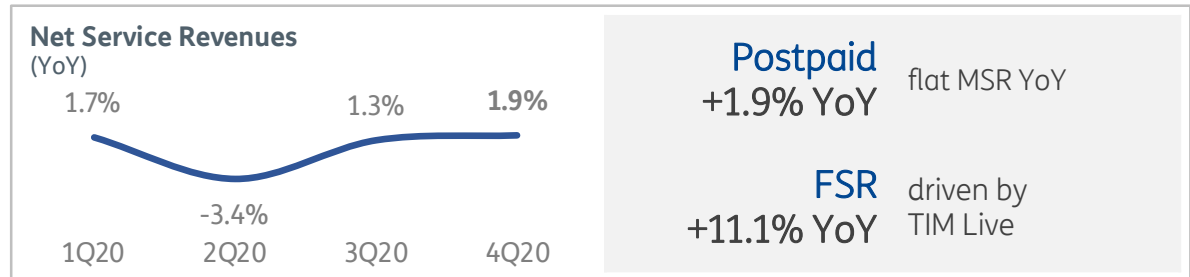




# TIM Brasil: Delivering growth in a more challenging macro scenario

(reported data)

**Service Revenues** improved (+0.4% YoY in FY 2020) with positive contributions from both mobile postpaid and fixed



**Mobile**

**ARPU** +4.9% YoY to 24.9 R\$/month

Human Postpaid ARPU +3.4% YoY  
 Prepaid ARPU +4.9% YoY

**TIM Live**

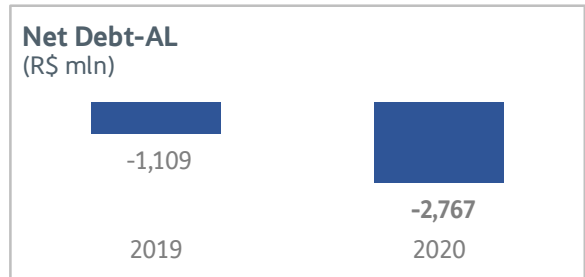
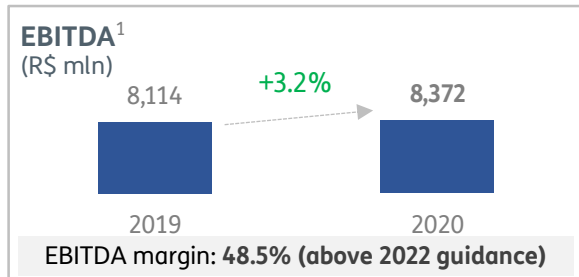
**Revenues** +27.9% YoY

CB +14.0% YoY to 645k  
 ARPU +7.8% YoY to R\$ 87.2

**Opex below inflation** (+1.0% YoY vs IPCA<sup>2</sup> 4.5%)  
**Bad debt back on track** (2.3% of gross revenues)

**Focus on value and service quality driving churn rate reduction**

**EBITDA<sup>1</sup>** expansion with the highest LatAm margin, leading to cash flow and net debt improvement: **Net Cash on balance sheet more than doubled YoY**



**Infrastructure Development**

FTTH coverage **+43% YoY** (3.2 mln HHs covered)  
**Best 4G coverage experience and availability** (95% urban pop. coverage in 3.9k cities)  
**Massive MIMO rollout** (200 cities implemented)  
**Network Sharing Agreement** (3G/4G expansion: 730 cities in 1H21e)

**Special Projects**

**TIM + C6 BANK**  
 Signing with Oi Fiber Co: Network last mile carve-out

**ESG**

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



# Better macro and telecoms outlook



## Mobile market consolidation

Moving from 5 to 4 after Nextel acquisition and from 4 to 3, after Oi's mobile assets sale is completed

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



## Acceleration in digital consumption

Data demand growth for mobile and fixed, further accelerated by Covid-19

**Revenue growth** on data monetization  
Increase **pressure** over network **cash costs**  
Geographical expansion of fiber



## Wave of asset separation

Increasing **initiatives of network separation** (InfraCo vs ServCo)

Partnership negotiation to finance **network expansion and modernization**



## Monetization of Consumer Platform

Increasing numbers of **digital business leveraging Telco's Consumer Platform** (e.g. digital wallet, data monetization)

**New revenue sources** for telco operators leveraging new digital disruptors (e.g. fintech, data provider, OTT content)



## Paving the way for 5G

**Preparation to launch 5G**, with 5G DSS as marketing positioning, auction and vendor analysis

**Focus on 5G network rollout** with proposed auction framework, **Release 16 as catch up** for the country



## IoT and M2M technology

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

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

### Dynamic

### Implications and Opportunities



# Solid results in 2020 confirm the consistency of our strategic plan



## Strategic Paths



### Strengthen the core

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

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

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

### 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

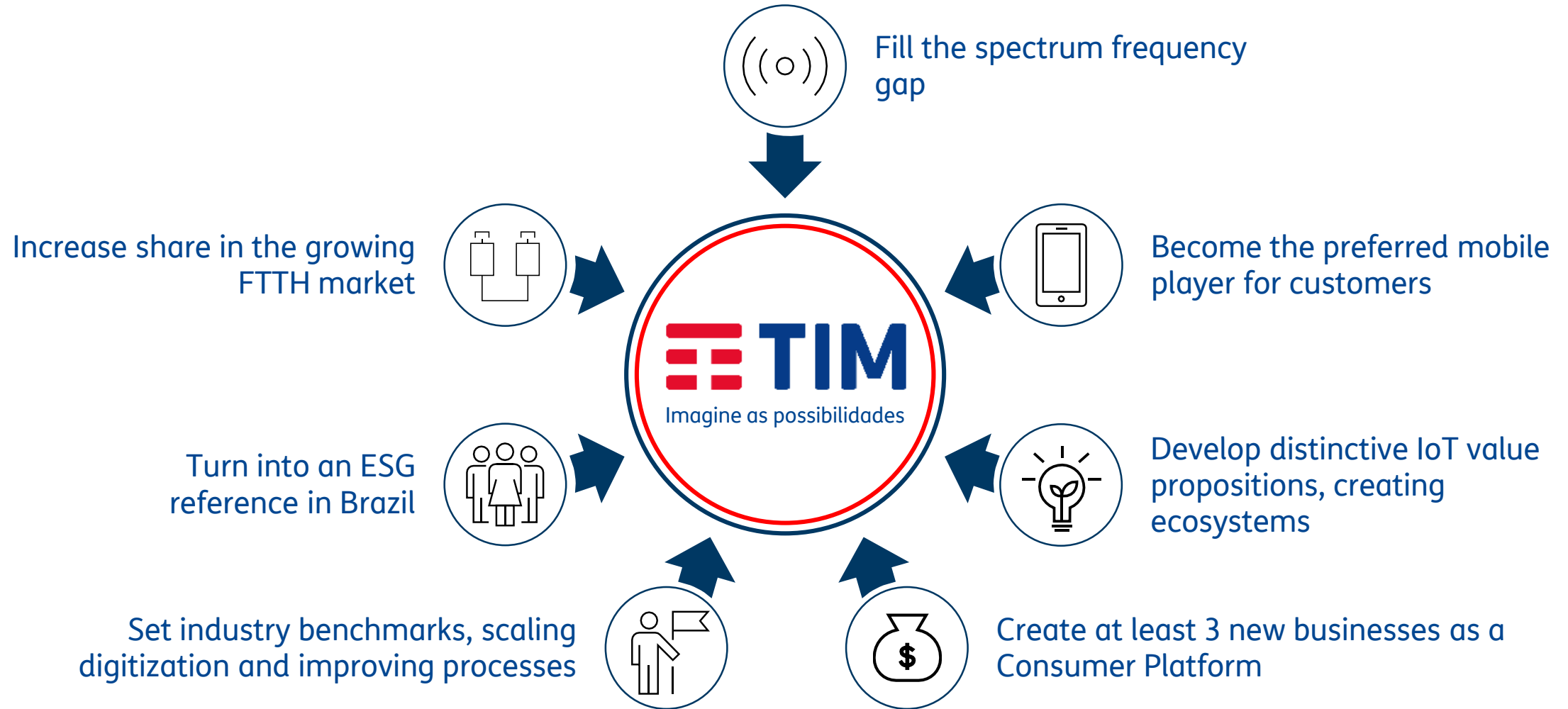
Boost **disruptive efficiencies** through digitalization, automation and new operating models, leveraging skills and capabilities enhancement

### Strengthen sustainability

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



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



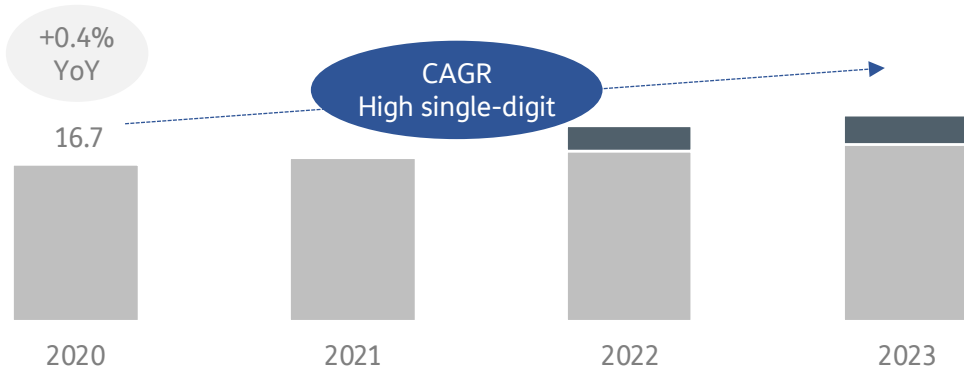




# Oi's assets integration could transform TIM Brasil by 2023

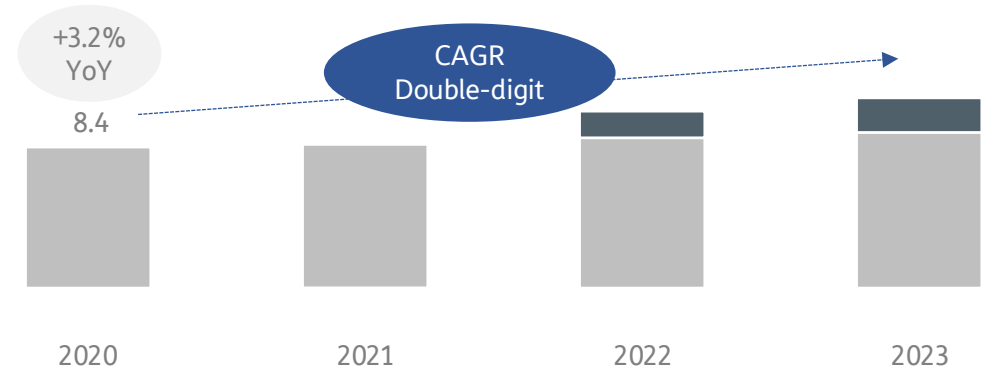
**Net Service Revenues**  
(R\$ bln)

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



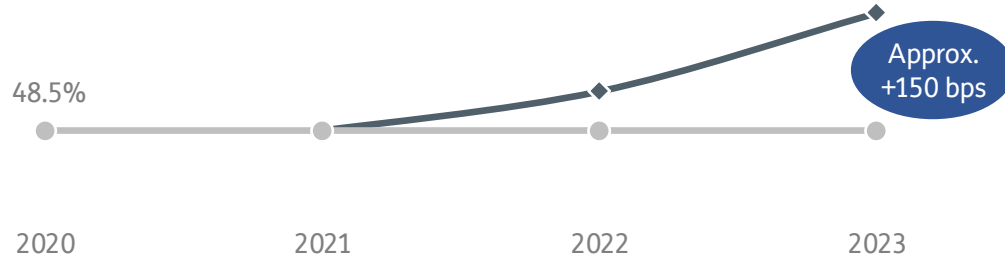
**EBITDA**  
(R\$ bln)

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



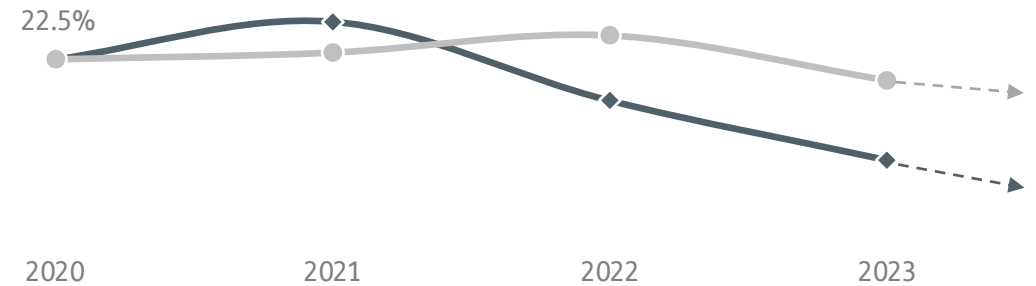
**EBITDA Margin**  
(%)

◆ TIM+Oi  
● TIM standalone



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

◆ TIM+Oi  
● TIM standalone



(1) Includes Oi assets integration, IFRS15/16, and does not include 5G related capex (e.g. spectrum license and cleaning, network capex rollout) and last mile carveout project (FiberCo)  
(2) Incremental due to both Oi's assets incorporation and new market dynamics



# 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> <b>High single digit combining Oi's assets</b>
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> <b>Double digit combining Oi's assets</b>
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> <b>~R\$ 13.5 bln combining Oi's assets</b> <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>

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