

TIM Brasil

Company's Presentation
September, 2016



Agenda

About us.....	4
Market Overview and TIM Positioning.....	8
2Q16 Results.....	13
Regulatory Update.....	24
Industrial Plan 2016-18.....	27
Appendix.....	33

Visit our website and download our IR
app: www.tim.com.br/ir



TIM IR app
(English)



TIM RI app
(Portuguese)



About Us

TIM: A solid path

- ✓ Presence in Brazil since 1998
- ✓ 18th largest Private Company in Brazil*
- ✓ Approximately R\$20 billion of Market Capitalization

Leader in 4G Coverage

- ✓ ~580 cities covered with 4G
- ✓ 64% of urban population in 4G
- ✓ Total of 3,460 cities covered with 2G/3G/4G

High focus on infrastructure development

- ✓ ~22,000 Antennas
- ✓ ~4,900 sites connected with fiber
- ✓ ~71,000 km of optical fiber network

Growth
via M&A

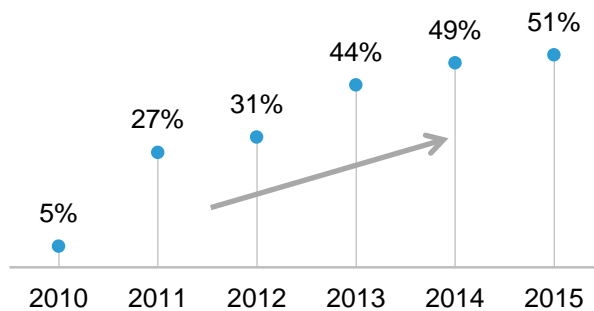


2nd in Revenue Share

- ✓ 64.0 million customers (~25% Share)
- ✓ ~R\$4.7 billion invested in FY2015 (ex-licenses)
- ✓ 23,000 indirect jobs
- ✓ More than 458,000 points of sales

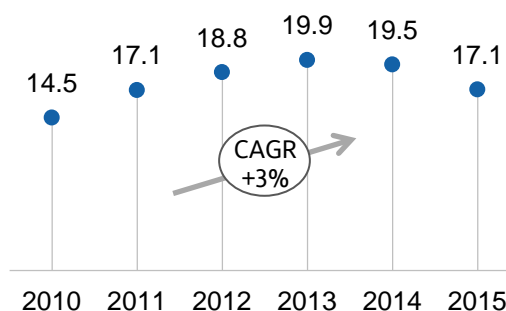
Data Penetration

(over customer base)



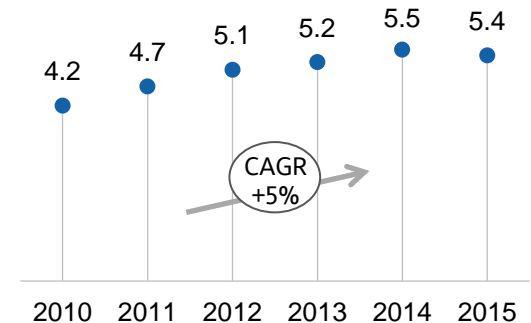
Gross Revenues

(R\$ bln)



EBITDA

(R\$ bln)



Corporate Social Responsibility



Founded in July, 2013

MISSION: We are committed to creating and strengthening resources and strategies for the democratization of science and innovation that promote human development in Brazil, with mobile technology as one of the main facilitators.

In public schools

- ✓ 185,000 children and 6,300 professors



In museums and science and technology centers

- ✓ More than 70,000 people
- ✓ R\$2.5 million in funding



In public administration

- ✓ Participatory Urban Caretaker
 - 4 municipalities
- ✓ Cultural maps
 - 7 municipalities and RS & CE government

In the federal institutions of professional and technological education

- ✓ TIM Tec
 - MOOC platform
- ✓ Partnership with 5 federal institutes



Commitment with the 2014-16 Social Investment Plan: R\$45 million

TIM Stands out in Sustainability



Joined UN Global Compact in 2008



Member of ISE (Sustainability Index) for 8 consecutive years



Member of ICO2 (Efficient Carbon Index) for 6 consecutive years

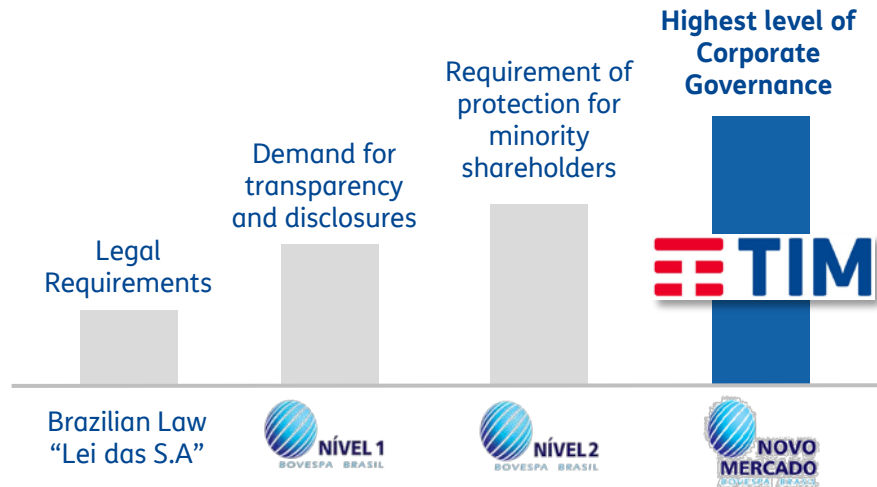


ISO 14001 certified since 2010, 1st Brazilian telco

Sustainability

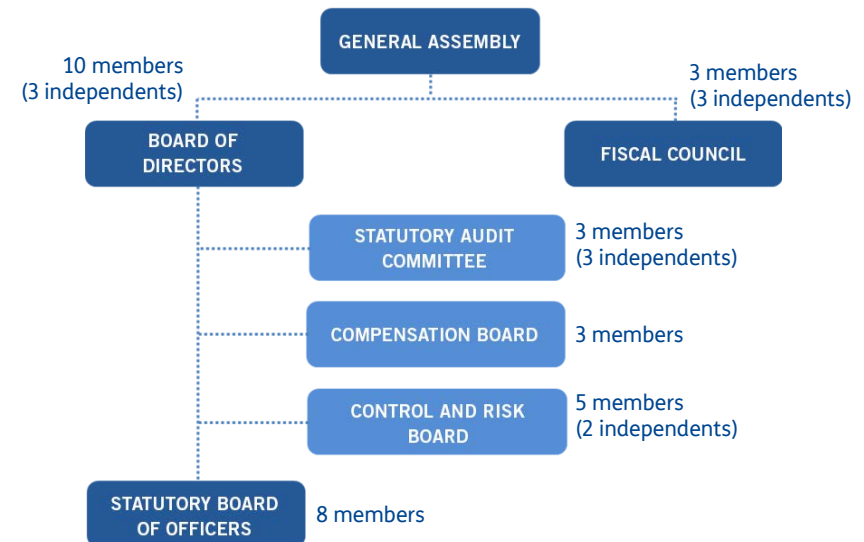
Corporate Governance

Unique Telco company listed on the Novo Mercado



- ✓ Equal rights: vote, dividends and tag along
- ✓ Higher liquidity
 - Single class of share (ordinary shares)
- ✓ Greater independence of Board of Directors (at least 30%)
- ✓ Strict disclosure policy

Committees to Reinforce and Guarantee Solid Corporate Governance



- ✓ Statutory Audit Committee:
 - Report to Board of Directors
 - Oversight Financial reporting
 - Analyze anonymous complaints
- ✓ Compensation Board and Internal Control and Risk Board operate indefinitely and act independently
- ✓ [Whistleblower channel website](#)

Market Overview and TIM Positioning

Brazilian Telcos X-Ray



	Mobile	Fixed	Fixed BB	Pay-TV	Group
Customers 2Q16 (000's)	65,372	609	298	n.a.	66,279
Market share 2Q16	25.6%	1.4%	1.1%	n.a.	---
Net Adds 12M (000's)	-9,902	54	112	n.a.	-9,736
Net Revs 2Q16 (R\$ Mln)	3,637		183		3,820
ARPU 2Q16 (R\$)	17.2	n.a.	n.a.	n.a.	---



	Mobile	Fixed	Fixed BB	Pay-TV	Group
Customers 2Q16 (000's)	64,586	11,429	8,253	9,817	94,085
Market share 2Q16	25.3%	26.5%	31.7%	51.9%	---
Net Adds 12M (000's)	-7,013	-304	415	-382	-7,284
Net Revs 2Q16 (R\$ Mln)	2,946		6,137		9,084
ARPU 2Q16 (R\$)	13.0	n.a.	n.a.	n.a.	---

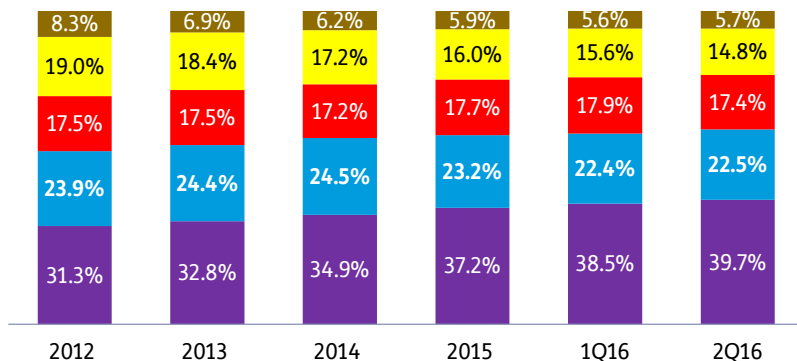


	Mobile	Fixed	Fixed BB	Pay-TV	Group
Customers 2Q16 (000's)	73,257	14,857	7,417	1,768	97,299
Market share 2Q16	28.7%	34.4%	28.5%	9.4%	---
Net Adds 12M (000's)	-8,623	-351	192	-19	-8,801
Net Revs 2Q16 (R\$ Mln)	6,294		4,216		10,510
ARPU 2Q16 (R\$)	27.2	43.2	44.6	90.6	---



	Mobile	Fixed	Fixed BB	Pay-TV	Group
Customers 2Q16 (000's)	47,737	14,856	6,371	1,196	70,161
Market share 2Q16	18.7%	34.4%	24.5%	6.3%	---
Net Adds 12M (000's)	-2,802	-1,257	-96	+5	-4,150
Net Revs 2Q16 (R\$ Mln)	1,944		4,024		6,323
ARPU 2Q16 (R\$)	15.6	n.a.	n.a.	n.a.	---

Mobile Revenues Share



The industry mobile revenue represented 52% of the total industry revenues in 2Q16

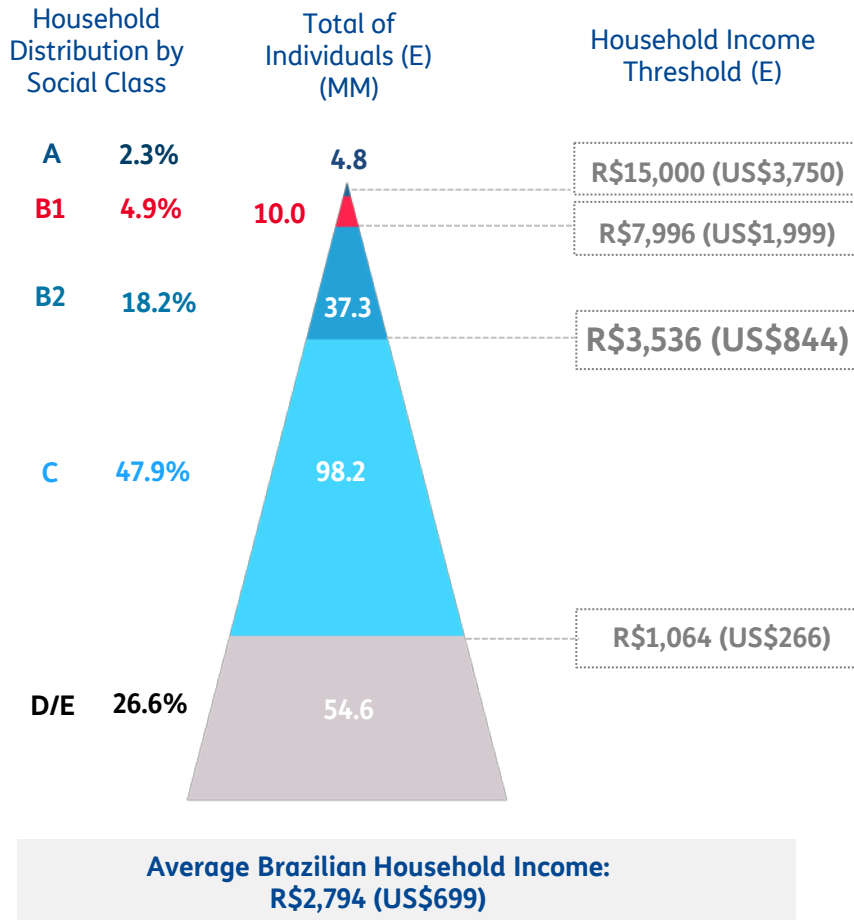
Nextel Oi Claro TIM Vivo

1 - Mobile revenue considers only the 5 major players. Oi numbers are adjusted to include corporate mobile

Source: Anatel and players' financial statements

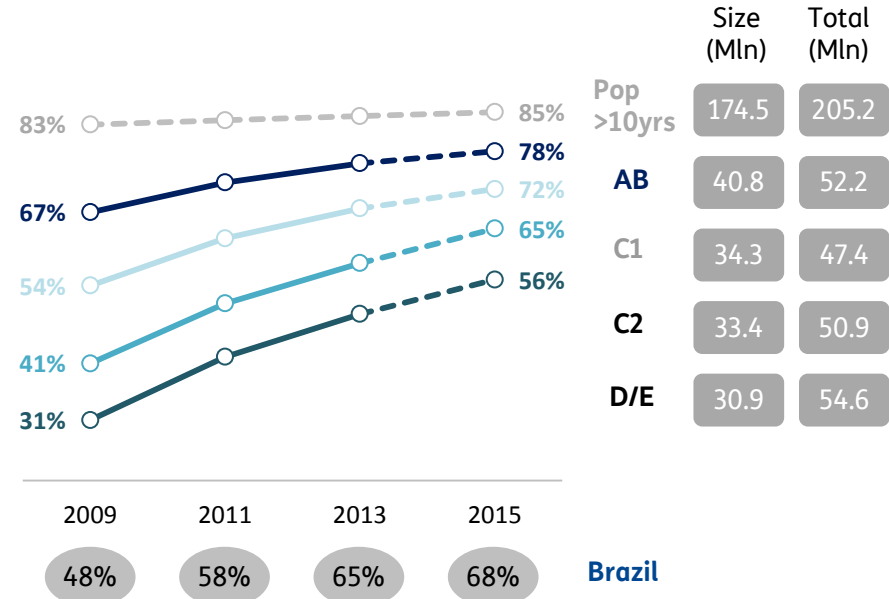
Brazilian Mobile Market is Reaching Maturity

Population by Social Class & Income Profile

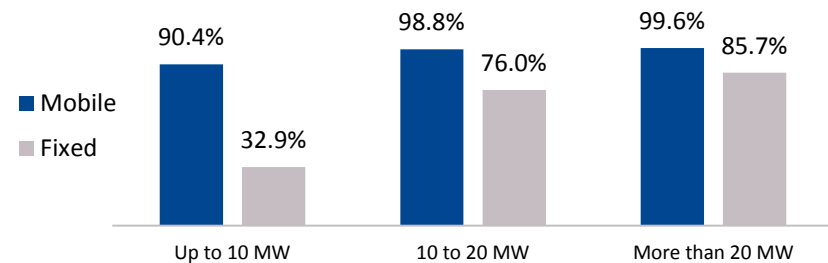


Note: New criteria from Abep adopted after 2014
Source: IPC Maps 2015; Exchange Rate: 4.00 BRL/USD

Unique Users Penetration by Social Class



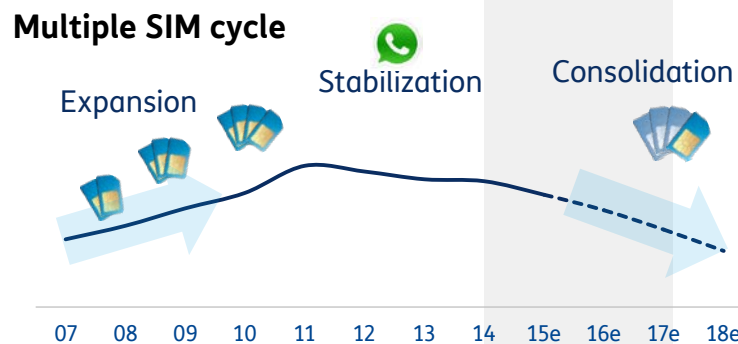
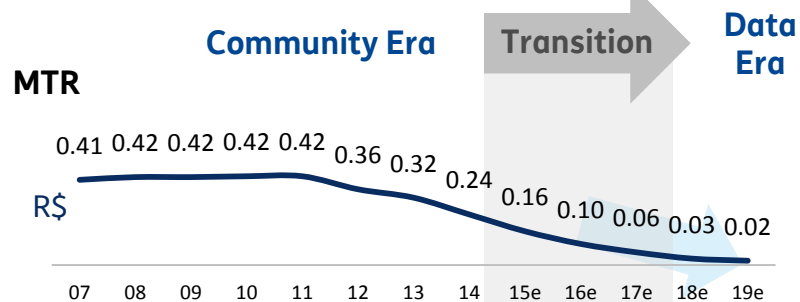
Household Penetration per Income



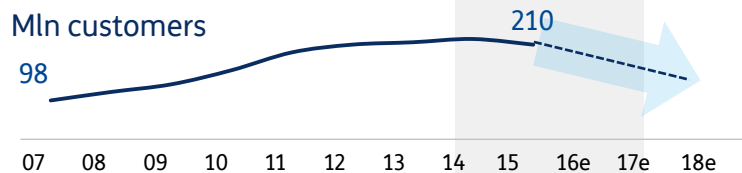
Note: MW = minimum wage
Source: Teleco (PNAD 2014 - IBGE)

Meeting with Investors
Investor Relations

Reality Check: Transition Phase

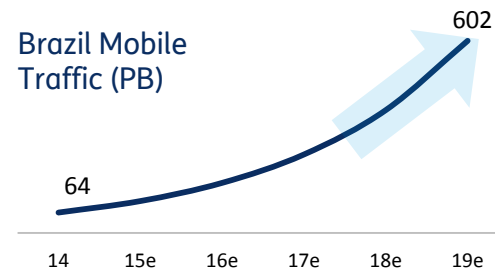


Prepaid segment to follow SIM card cycle

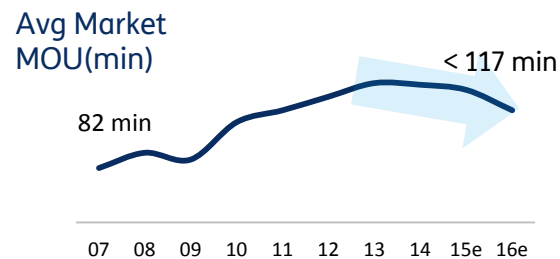


Industry Evolution Path

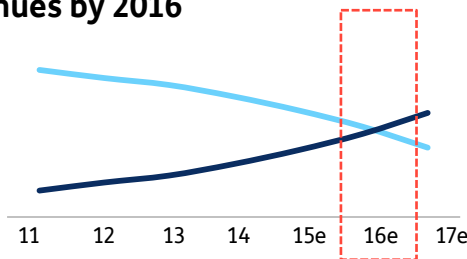
Data traffic booming



Voice slowdown

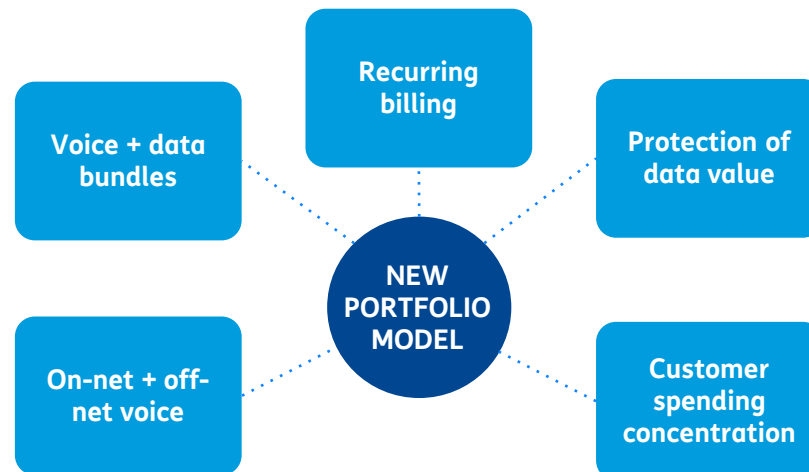
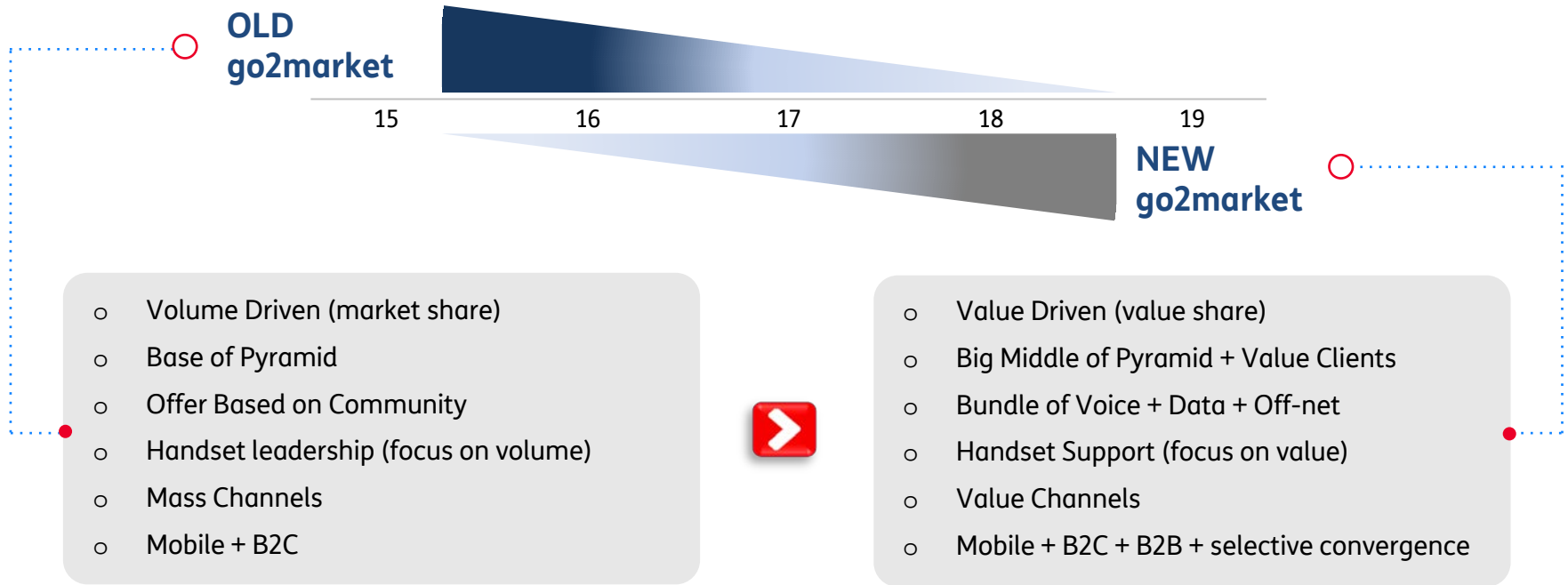


Data overcoming voice revenues by 2016



Market conditions require a new STRATEGY

Commercial Strategy Evolution



2Q16 Results

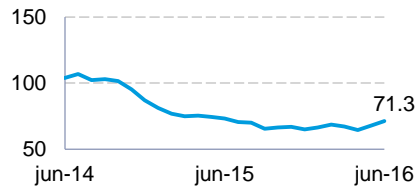
Moving ahead: improving performance

Early signs of macro improvements

- ✓ Political stability
- ✓ Inflation back to single digits
- ✓ Better perspectives for GDP (positive in 2017)
- ✓ Improving consumer confidence
- ✓ Better exchange rate

Consumer Confidence Index

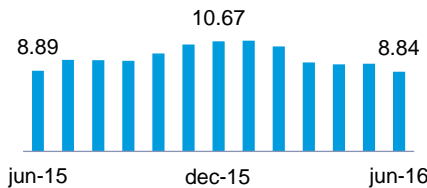
(Base 100: September, 2005)



Source: FGV

12M Inflation

(IPCA, %)

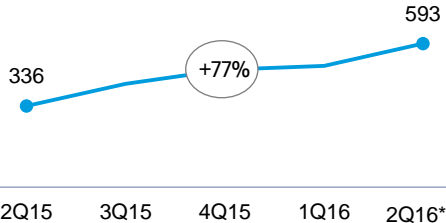


Source: IBGE

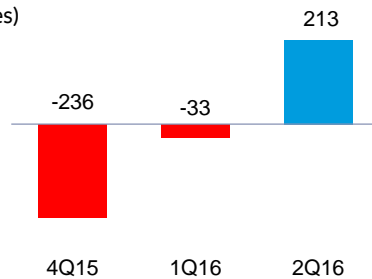
Operational KPIs advances

Bytes of Use (BOU)
(bytes of use per data customers)

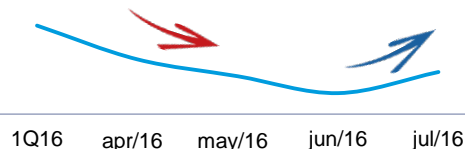
4G
x2



Postpaid Net Additions
(thd lines)

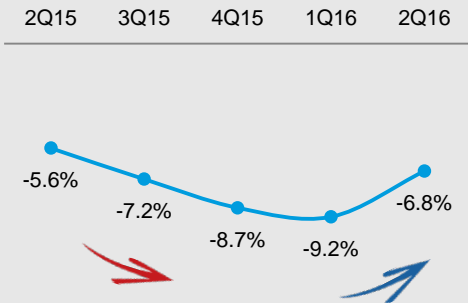


Prepaid Customer Base (Top-up)

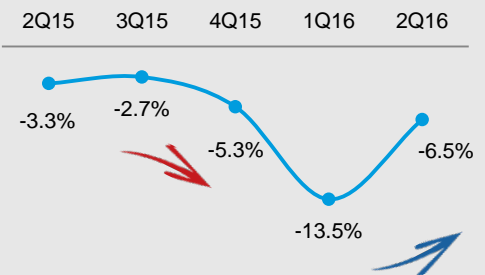


Leading to better results

Mobile Serv. Net Revenues (YoY%) shows first signs of recovery after hitting bottom in 1Q16.



Normalized EBITDA* (YoY%) continues to be supported by efficiency program while benefited by revenues recovery path.



*Normalized for towers sale & other effects

Portfolio evolution: from one size fits all to mass customization

Prepaid Developments

➤ Pricing Movements:

- **Price-up of Infinity base**
- **New PRE offer focus shift:** more for more

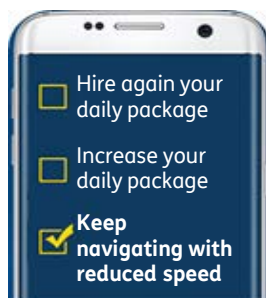


➤ Customization according to customers' needs

- **Micro segmentation** with real time decision (CRM 1 on 1)

➤ Data Monetization

- **Bundle offers** (data + voice) with recurrence
- New approach to data caps: **user conscious decision (Safety Mode)**



Postpaid Developments

➤ Controle Plans:

- **Gradual reacceleration of migration machine**
- **Higher price, smaller volume**

➤ Consumer Postpaid:

- **Price-up for Liberty base (voice+data)**
- **Segmentation by data usage:** Giga allowance

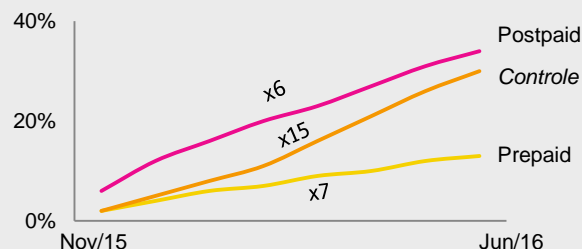
➤ Corporate turnaround showing results:

- **Positive net adds:** 3 consecutive months
- **Positive MNP** figures
- **Improving customer satisfaction**
- Moving up on clients pyramid



New Portfolio Penetration

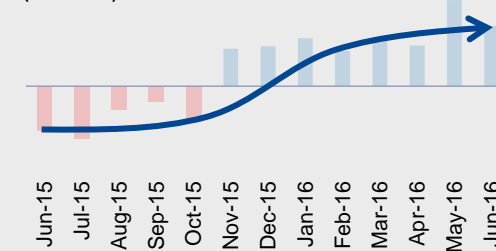
% of new offers over customer base; growth



New portfolio represents
15%
of overall base

Postpaid Mobile Number Portability

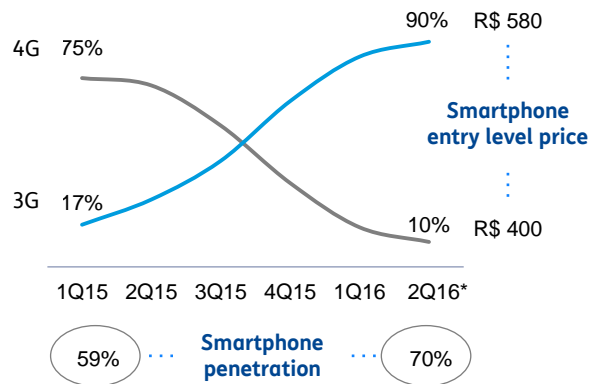
(thd lines)



New Portfolio Evolution

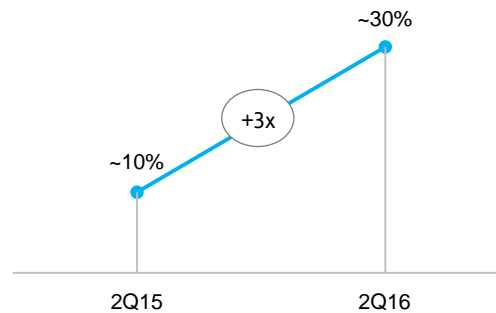
Data services highlights

Devices Sale Mix



Fast growing on 4G utilization

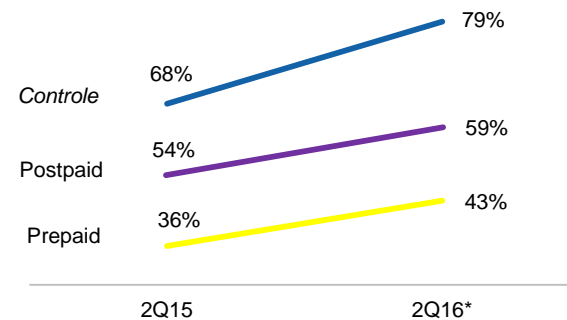
(within data customers using 4G; YoY)



Source: TIM

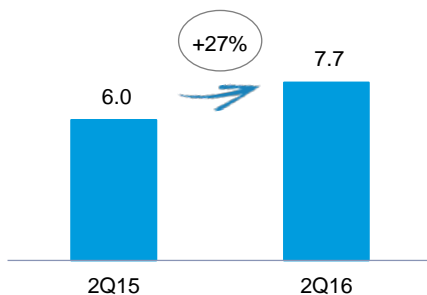
Data penetration increases in all segments

(data users over customer base)



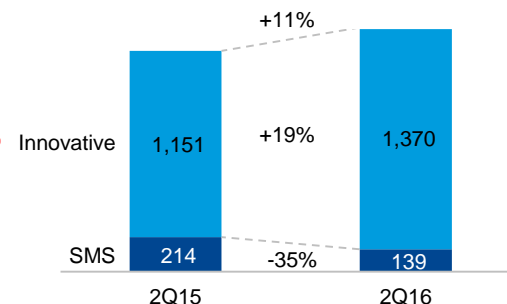
VAS ARPU

(R\$; YoY growth)



VAS Net Revenues

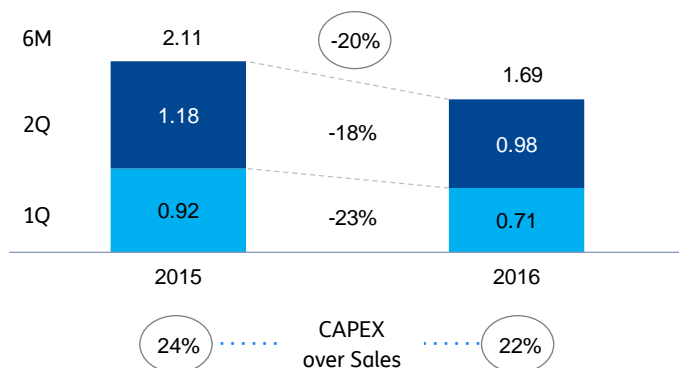
(R\$ mln; YoY growth)



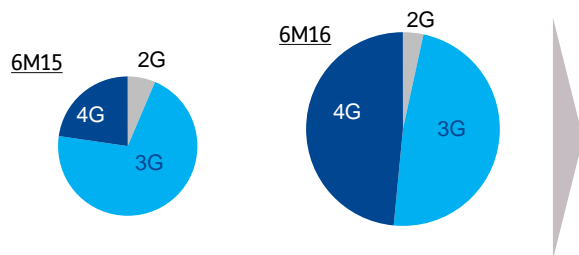
Higher investments on innovative services

CAPEX Evolution: doing more with less

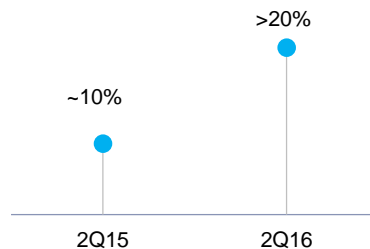
Organic CAPEX (ex-license)
(R\$ bln)



Mobile CAPEX per Technology
(%)



4G Traffic Evolution
(%)

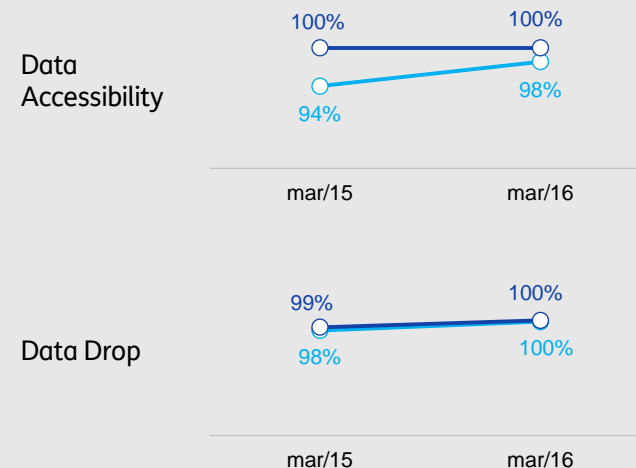


**CAPEX trend
reviewed downward**

2016-18
Plan Update

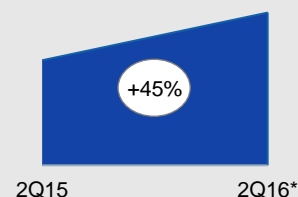
Improving Quality along CAPEX cycle

Cities within Anatel's Target
(last data available in %)

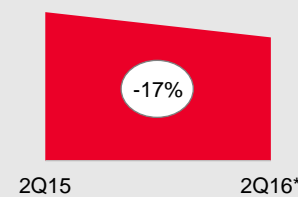


Data Speed indicators
(by Ookla¹)

Throughput
Downlink



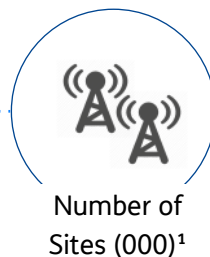
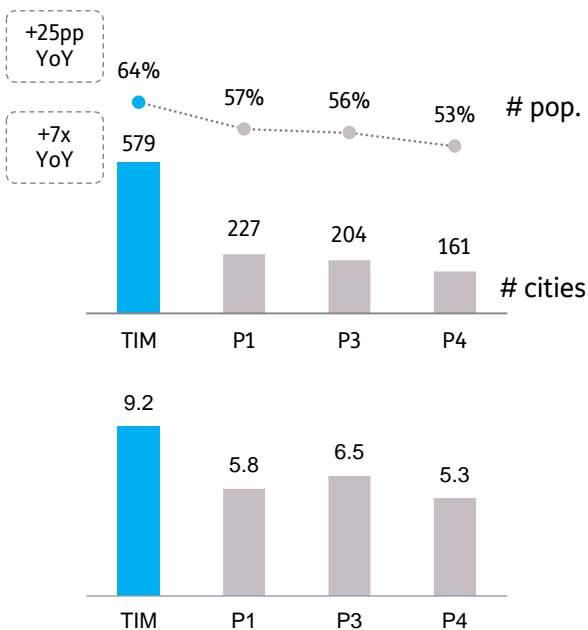
Latency



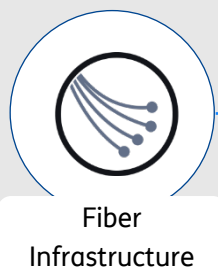
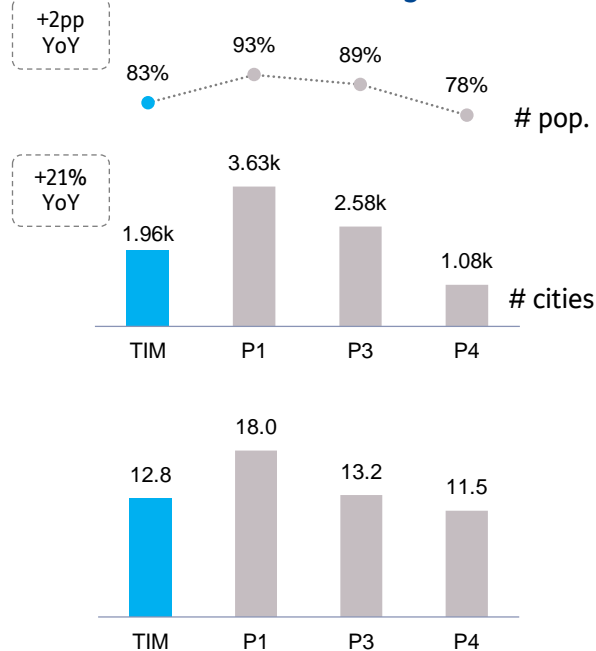
(1) Quarterly average; generated from TIM's analysis over Ookla Speedtest data for 2G/3G networks. Throughput downlink and uplink in kbps, latency in ms. * 2Q16 until May, last data available

Network developments: accelerating 4G while advancing on 3G

4G – Widening the gap

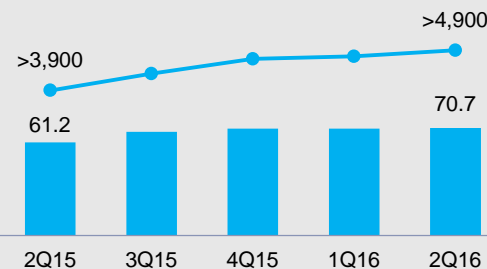


3G – Advancing



Sites connected with fiber (FTTS)

Km of Fiber ('000)



-13% YoY

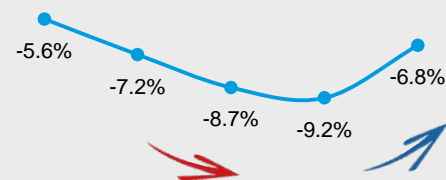
on Leased Lines costs in 2Q16

Revenues: changing trajectory

Mobile Service Net Revenues

(YoY%)

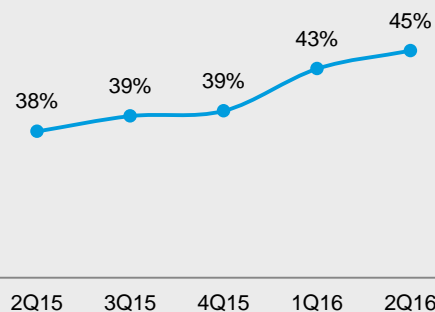
2Q15 3Q15 4Q15 1Q16 2Q16



VAS over Mobile Service Net Revs.

(%)

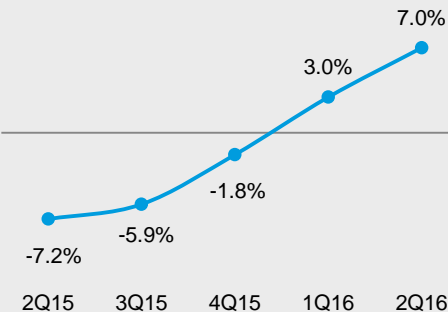
2Q15 3Q15 4Q15 1Q16 2Q16



Total ARPU stead growth

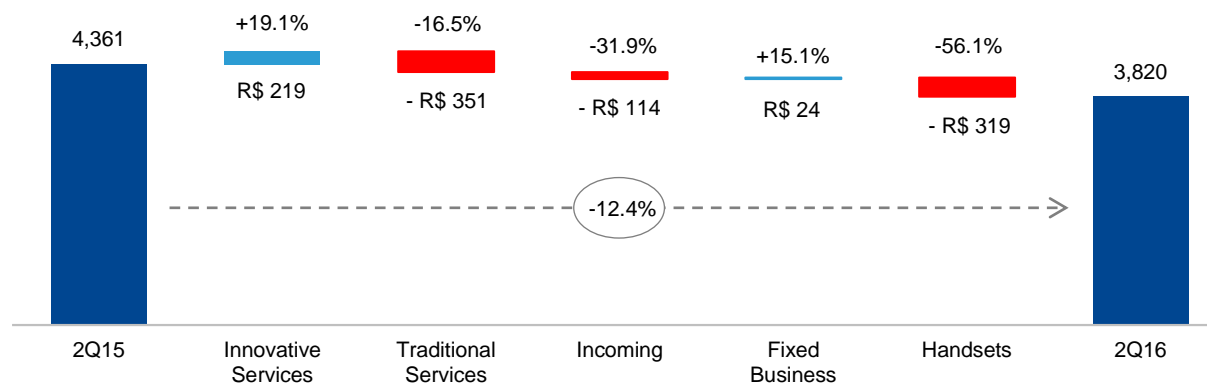
(YoY%)

2Q15 3Q15 4Q15 1Q16 2Q16



Total Net Revenues

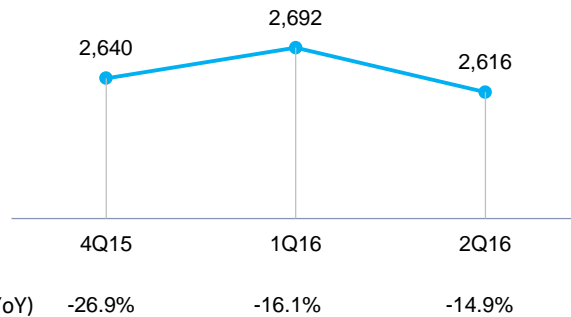
(R\$ mln; % YoY)



OPEX: promoting overall business efficiency, despite recent macro challenges

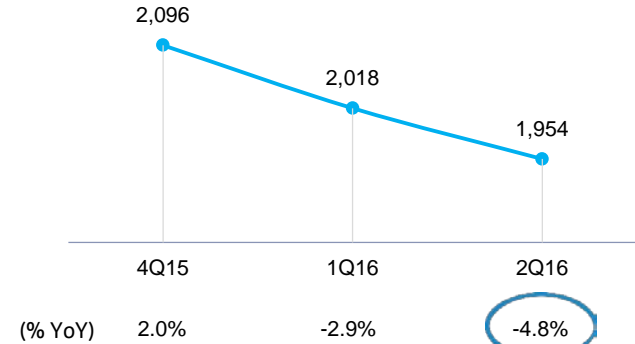
Total Opex Evolution

(R\$ mln)



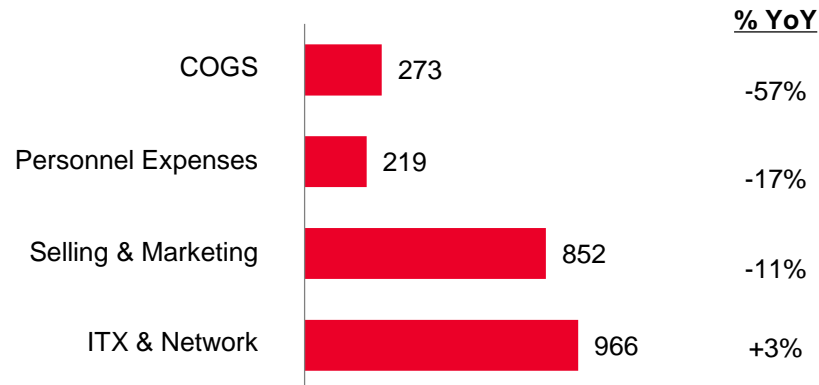
Opex ex-COGS & ITX

(R\$ mln)



2Q16 OPEX Main Achievements

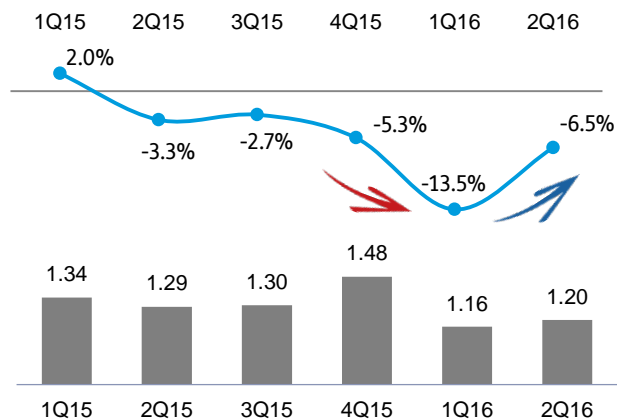
(R\$ mln)



EBITDA and margin showing improvements

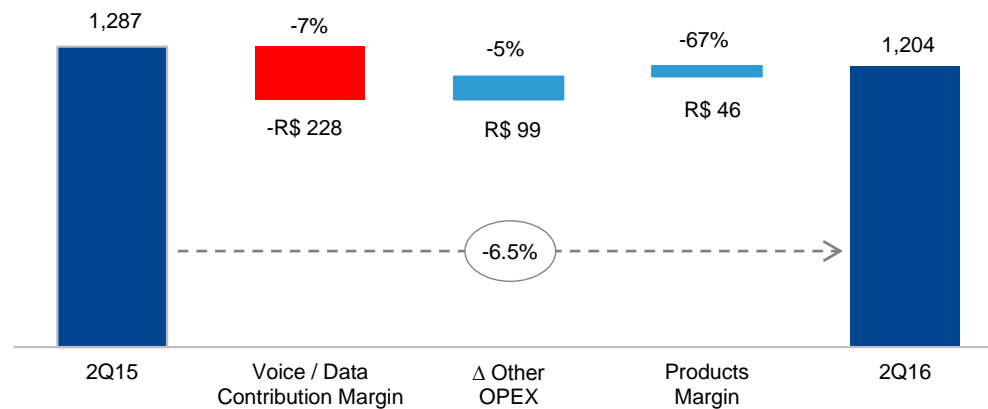
Normalized EBITDA Evolution*

(%YoY; R\$ bln)



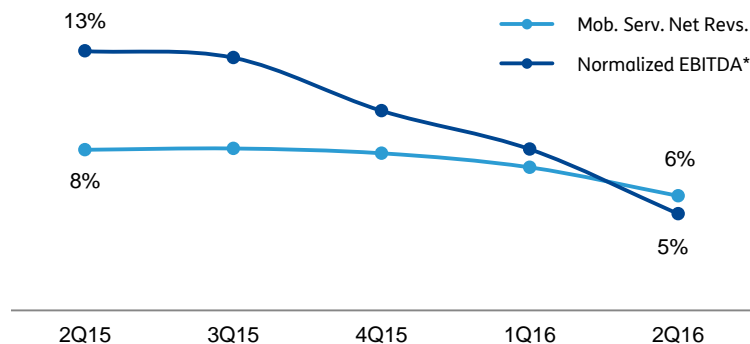
Normalized EBITDA Analysis*

(R\$ mln; %YoY)



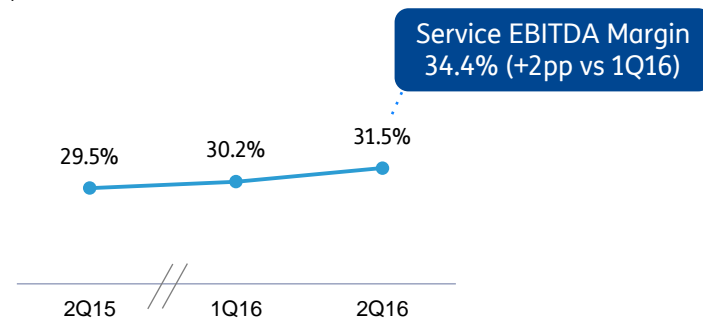
MTR Exposure Reducing Further

(%)



Normalized EBITDA Margin Expansion*

(%)

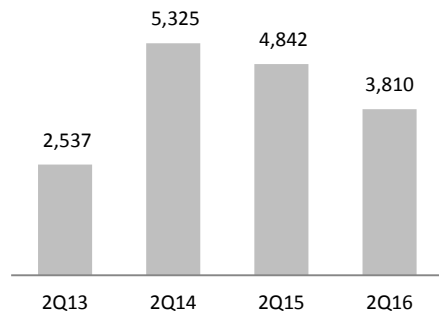


*Normalized for towers sale & other effects

Net financial position details - Cash & Debt Evolution

Cash Position

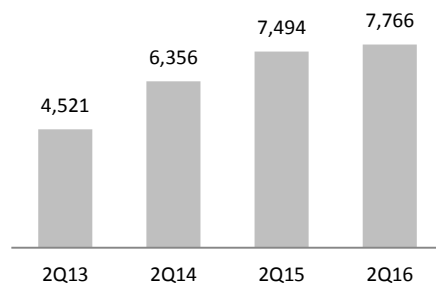
(R\$ mln)



✓ Comfortable liquidity margin

Debt Position

(R\$ mln; % of total debt in short term)



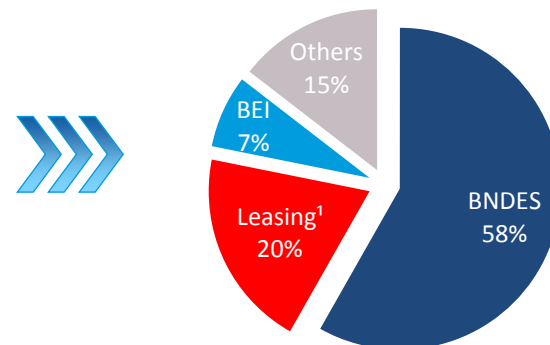
Short term debt



✓ Better Profile: Less Short Term Debt

Debt by Lender in 2Q16

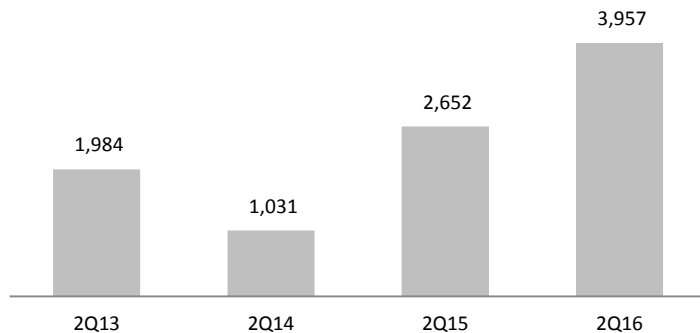
(% of gross debt; post hedge)



¹ Leasing from Towers Sale + LT Amazonas

Net Financial Position

(R\$ mln)



Net debt/
EBITDA 12M

0.39x

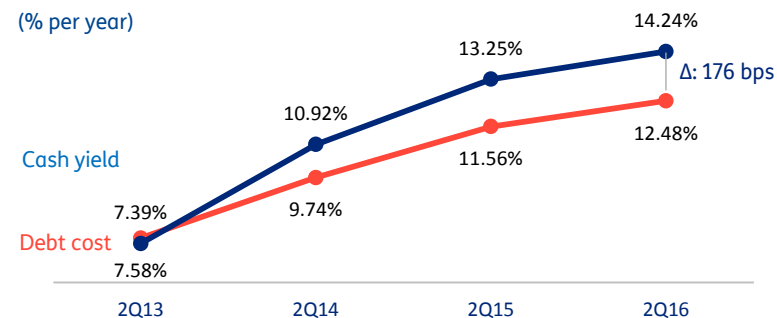
0.19x

0.41x

0.73x

Cash Yield vs. Debt Cost

(% per year)

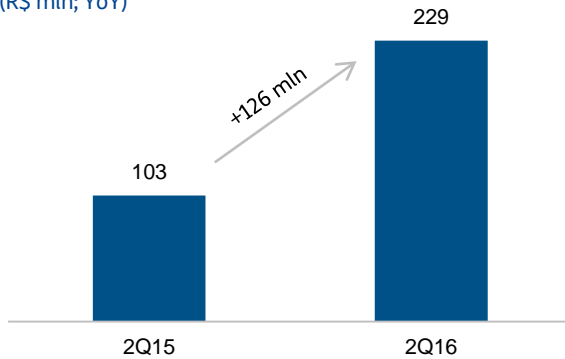


- ✓ Higher cash yield and debt cost due to CDI increase in the period
- ✓ Bigger gap between cash yield and debt cost due to smaller cost of new loans

Cash flow improvements

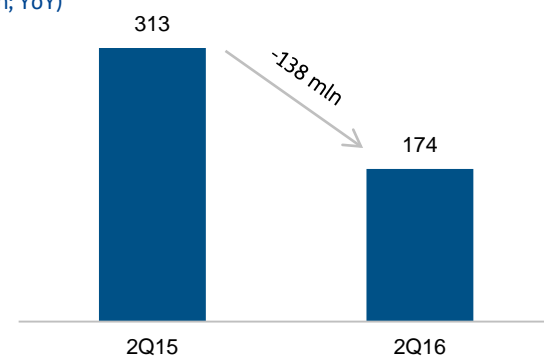
Normalized EBITDA* - Capex

(R\$ mln; YoY)



Normalized OFCF* evolution

(R\$ mln; YoY)

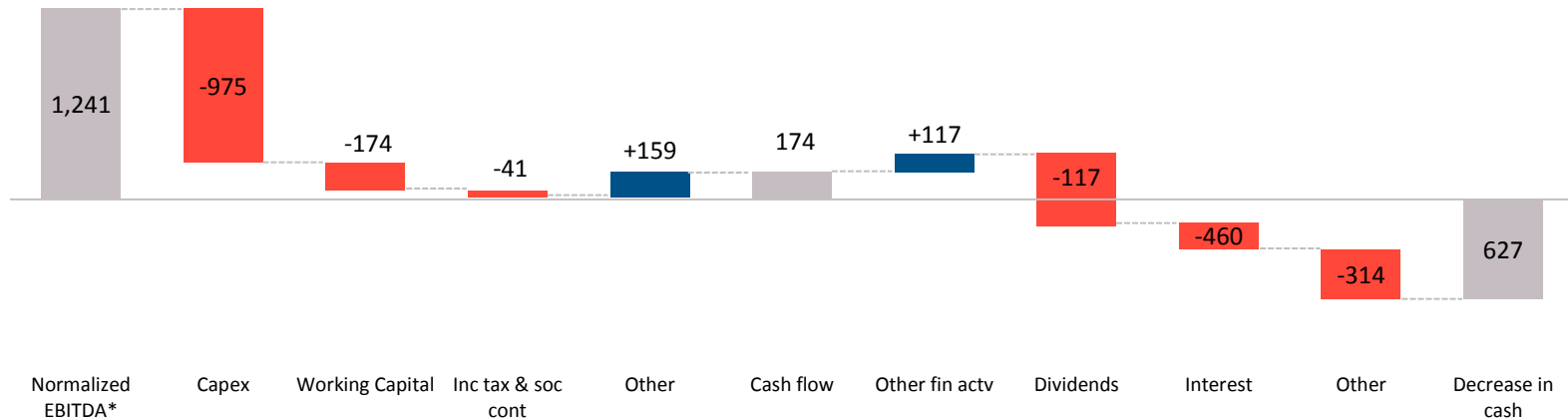


Normalized OFCF in 2Q16 was affected by:

- ✓ lower revenues
- ✓ a negative impact of the decrease in working capital
 - due to lower deferred revenues explained by a reduction in the exposure of prepaid credits with dealers in the period

Normalized OFCF* in 2Q16

(R\$ mln; YoY)



Regulatory Update

Spectrum - caps and distribution



Brazil

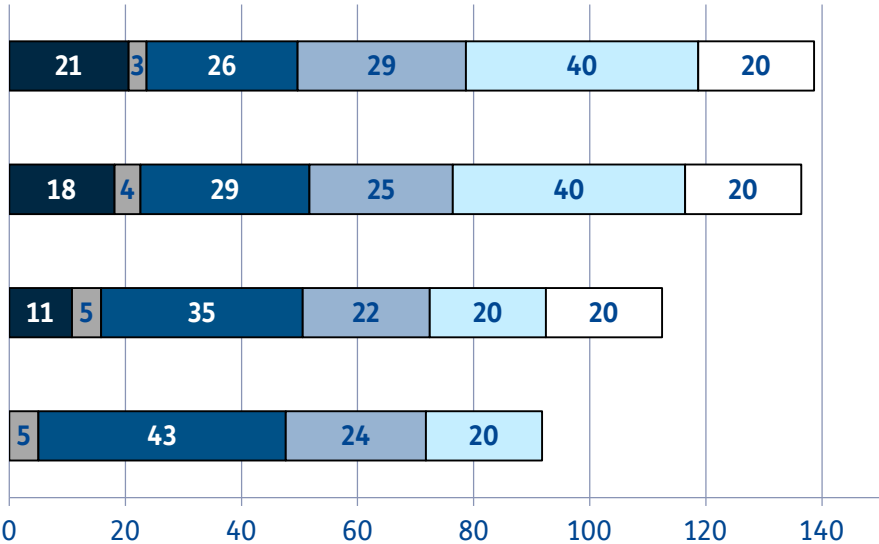
vivo



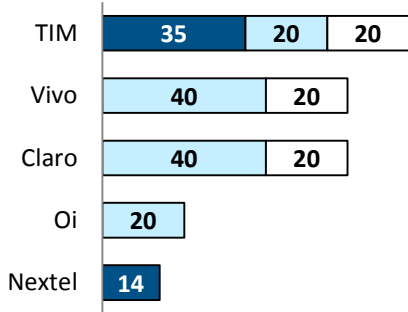
TIM



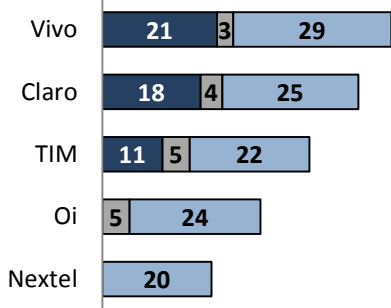
850 MHz 900 MHz 1,800 MHz 2,100 MHz 2,500 MHz ¹ 700 MHz



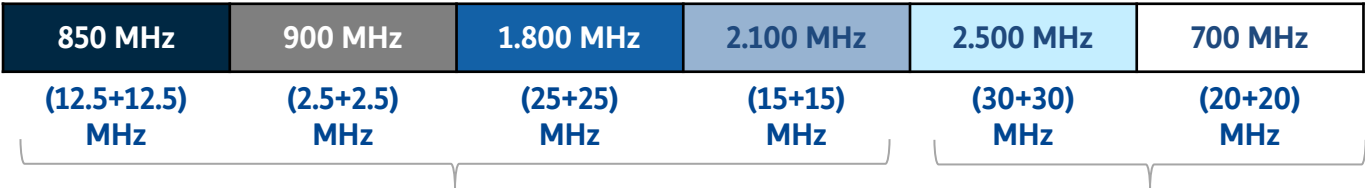
4G Spectrum



3G Spectrum



Band
Regulated Spectrum Cap
(FDD Applications)



Global Cap of 80 MHz < Σ of Sub-Caps

Specific Caps



¹ Disregarding P Band (2.550 to 2.510 MHz / 2.620 to 2.630 MHz).

Main regulatory topics for 2016

2Q16

3Q16

April

May

June

July

Aug

Sep

Broadband

- Fixed data-capped plans temporarily banned, until ANATEL's decision

700 MHz

- LTE deployment approval in Rio Verde (expected May).

Res. 664/2016

- ANATEL postponed (Dec/16) the review of concession contracts and universalization goals.

New regulatory framework

- MiniCom final report with competition diagnosis and guideline for ANATEL's actions

Net Neutrality

- Presidential Decree published on May 11th including topics as Traffic discrimination, Transparency, Personal Data and Business Models (Zero Rating).

Brasil Inteligente

- Launched targets to promote universal internet access (2019)

700 MHz

- LTE-700MHz launched in Rio Verde/GO.

Auction

- Auction of remaining 1.800, 1.900 and 2.500 MHz spectrum. Authorization signed.

Human Exposure to EMF

- Public Consultation on the revision of human exposure to Electromagnetic Fields.

Interconnection regulation

- Public Consultation on the revision of the interconnection regulation (Launch expected)

General Plan on Competition Targets

- Public Consultation for the quadrennial evaluation of relevant markets and asymmetric regulatory measures (Launch expected)

RAN Sharing in rural areas (TIM and Vivo)

- ANATEL approval on RAN Sharing between TIM and Vivo to comply rural commitments (Decision expected)

Quality of Service Regulation

- Public consultation on the revision of KPI targets of all services (Launch expected)

New regulatory model (3/3)

- ANATEL decision on fixed concession conditions to 2016-2020 review. (New contracts to be signed until Dec/16)

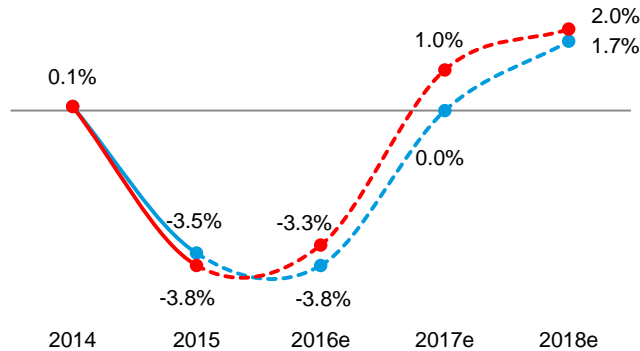
Industrial Plan 2016-18

A better macroeconomic scenario (vs. previous plan): Brazil facing a tough scenario but improving trend for 2017-18

— Previous Plan — Plan Update

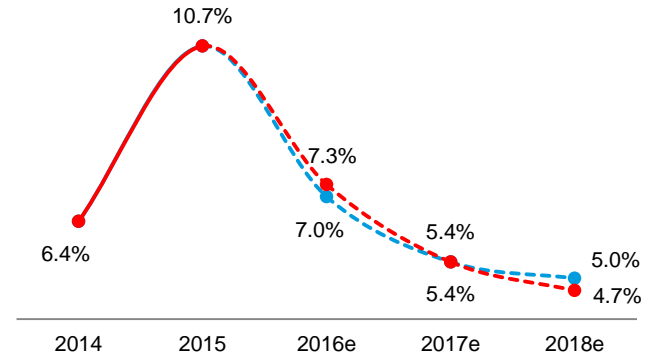
Real GDP Growth

(%)



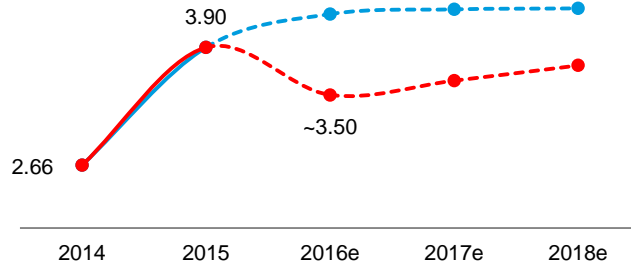
Inflation

(%)



Exchange Rate

(R\$/USD EoP)



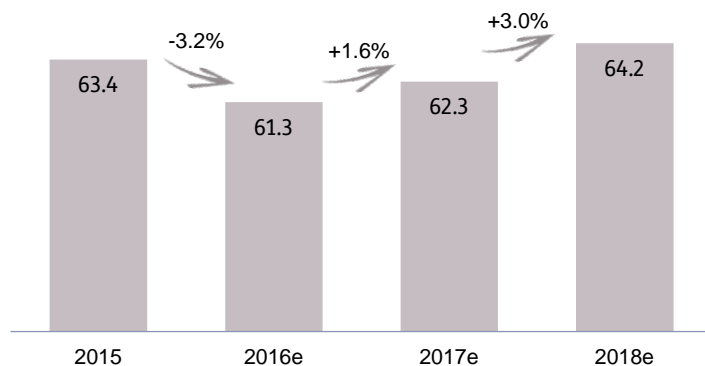
Current Situation:

- ✓ A more stable political ambient (new lower house president, acting president to be confirmed as effective)
- ✓ Market sees improvement in the economy in 2017
- ✓ Early signs of macro improvements already impacting consumer's confidence

Preliminary mobile market scenario & TIM revenue share evolution

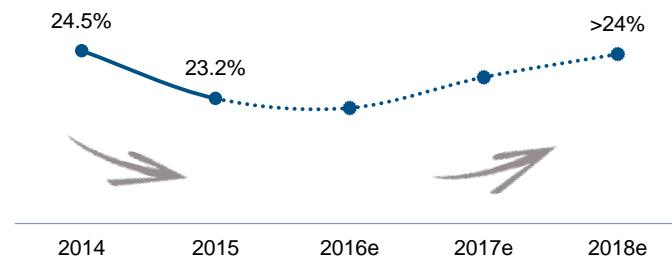
Mobile Market Plan Update

(Mobile Service Net Revenues; R\$ bln)



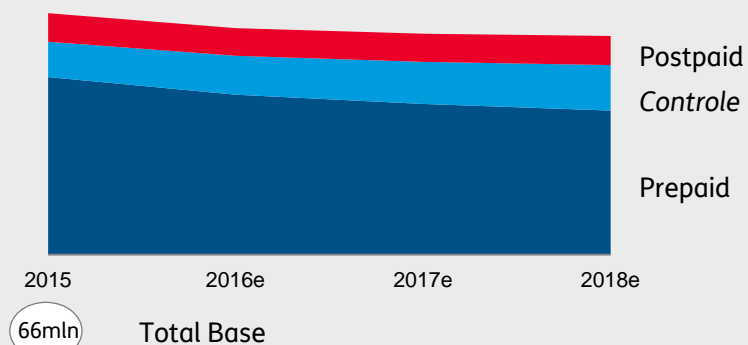
TIM's Revenue Share Evolution

(Mobile Service Net Revenues; %)



Customer Base

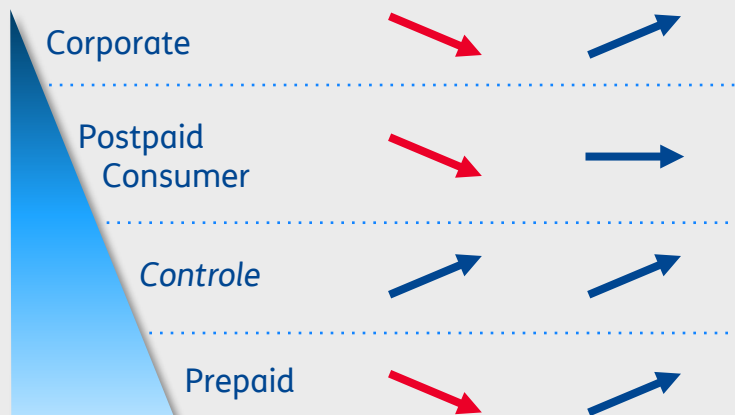
(# lines)



Revenues Trend

2014-15

2016-18

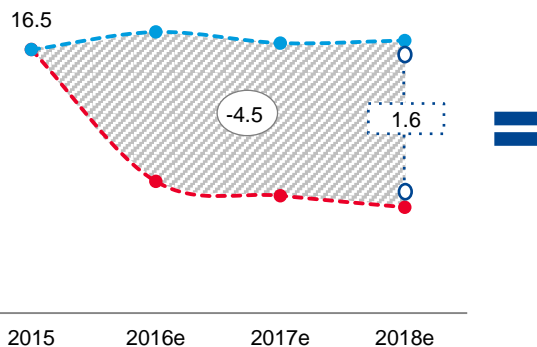


Cost transformation plan

--- Previous Plan --- Plan Update

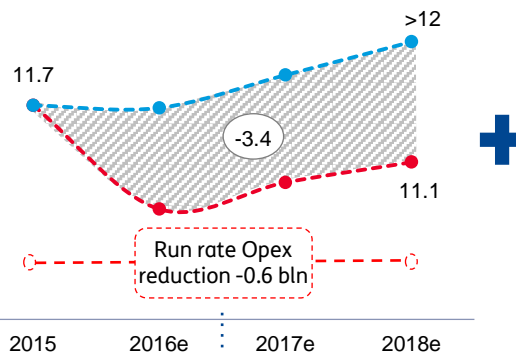
Cash Costs

(R\$ bln)



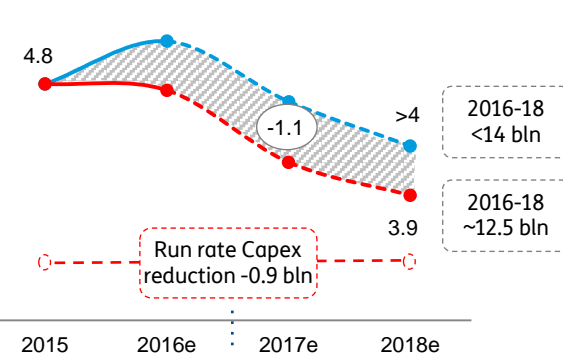
OPEX Evolution

(R\$ bln)



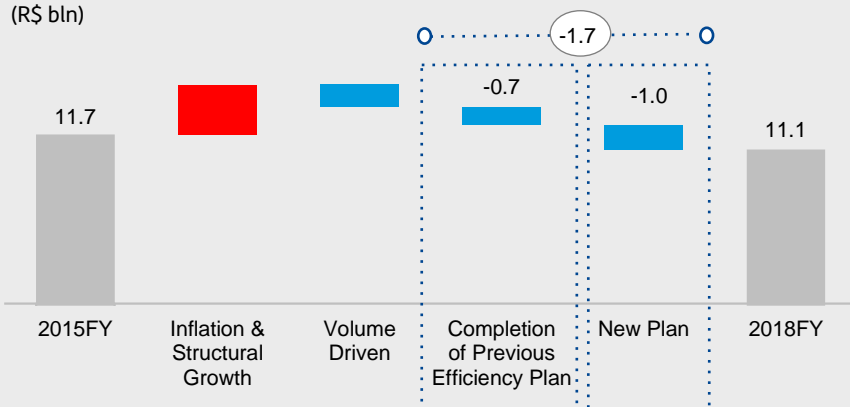
Capex Plan

(R\$ bln)



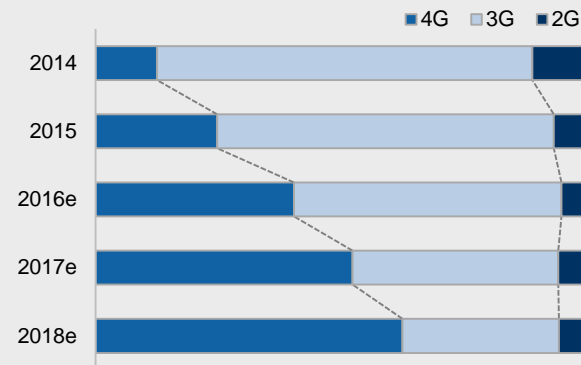
OPEX Breakdown Evolution

(R\$ bln)



Mobile Capex per Technology

(R\$ mln)



Detailing the plan

OPEX Program

R\$ bln

New Plan

1.0



Business Process Optimization: BPOuts, internal customer care re-sizing, zero-base approach on G&A

0.3



Customer Process Re-engineering: Digital/not-human sales & care; best CEX E2E approach; re-negotiation vs third parties

0.3



Sales Channels Redesign: Recharge cost reduction, revised go2market and compensation scheme (quality vs quantity)

0.2



Network & IT Opex Optimization: Vendor consolidation, energy MGM optimization, make vs buy

0.2



Previous Plan

0.7



Business Process Optimization: Headcount right-sizing (-800 HC in headquarter)

0.1



Support and Discretionary Cost Rationalization

0.1



Zero Leased Lines Project: Fiber and LL swap, fiber and MW roll-out; >20,000 km optical fiber construction 2015-17

0.3



Other Network Savings: On maintenance and site rental (ran sharing)

0.2

--- Previous Plan

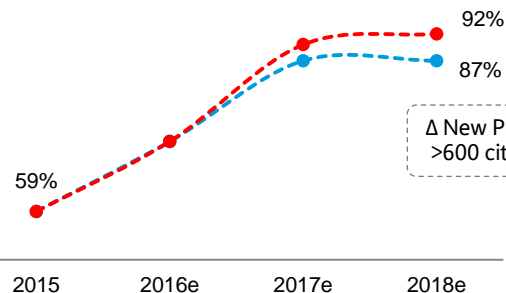
--- Plan Update

Capex Program



4G Urban Population Covered

(%)



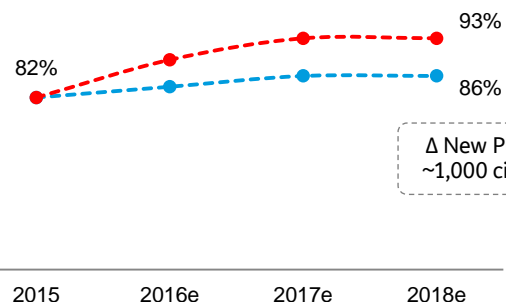
411

Cities covered



3G Urban Population Covered

(%)



1,839

Cities covered

Guidance summary update

KPIs

Targets

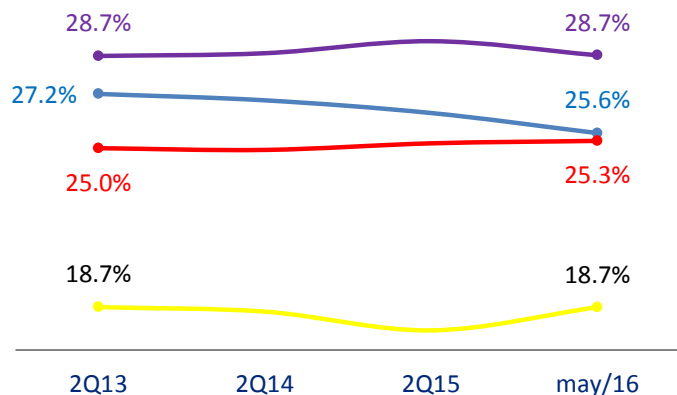
Plan Update

Service Revenues (Mobile)	Revenue share above 24% at 2018
Opex	Opex run rate reduction -R\$0.6 bln from FY15 to FY18
EBITDA Margin	Margin expansion for every year between 2016-18
Capex	~ R\$12.5 bln 2016-18 period 3G/4G Coverage >90% -R\$0.9 bln run rate reduction vs 2015

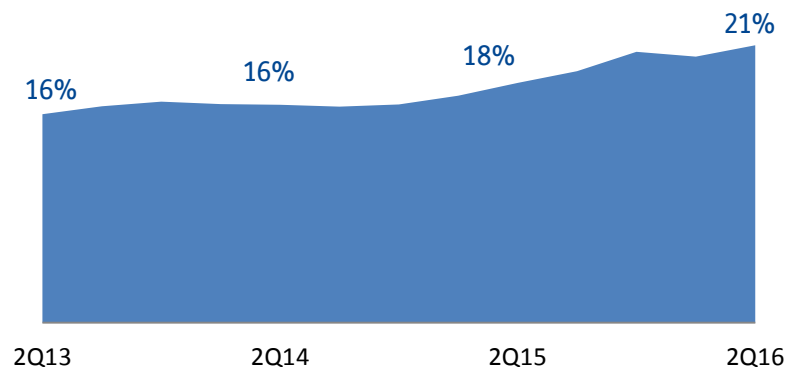
Appendix

Mobile base analysis

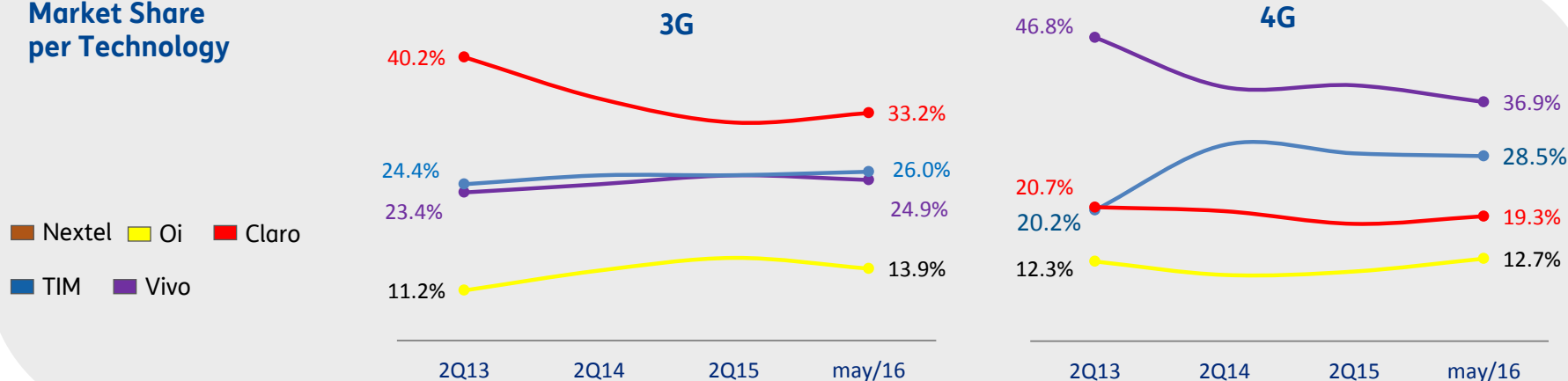
Mobile Market Share








TIM Postpaid Base Evolution (% over customer base)



Market Share per Technology








Total mobile base overview

TOTAL BASE							
July-16	 TIM	 vivo	 Claro	 oi	 nextel	OTHERS	TOTAL
Base (thousand)	63,584	73,381	64,019	47,272	2,468	1,849	252,574
Δ MoM	-0.6%	0.1%	-0.4%	-0.6%	0.2%	0.8%	-0.3%
Δ YoY	-14.1%	-10.7%	-10.3%	-5.6%	16.1%	8.9%	-10.3%
Market Share	25.17%	29.05%	25.35%	18.72%	0.98%	0.73%	
Δ MoM (p.p.)	-0.08	0.13	-0.01	-0.05	0.00	0.01	
Δ YoY (p.p.)	-1.1	-0.1	0.0	0.9	0.2	0.1	
Net Adds (thousand)	-404	78	-245	-281	4	14	-834
Δ MoM	-70.8%	65.7%	-23.8%	52.9%	-10.2%	6.2%	-54.3%
Δ YoY	-29.8%	-117.0%	-245.5%	56.6%	-89.2%	-700.6%	-17.0%
Net Share	-48.4%	9.3%	-29.4%	-33.7%	0.5%	1.7%	
Δ MoM (p.p.)	27.4	6.7	-11.8	-23.6	0.3	1.0	
Δ YoY (p.p.)	8.9	54.8	-46.2	-15.8	-3.6	1.9	
Net YTD (thousand)	-2,650	113	-1,959	-789	-40	84	-5,240
Δ YoY	56.3%	-95.0%	-842.7%	-8.9%	-106.5%	-49.0%	-807.2%
Net Share YTD	-50.6%	2.2%	-37.4%	-15.1%	-0.8%	1.6%	
Δ YoY (p.p.)	178.2	-302.9	-73.0	101.9	-83.5	-20.7	






Source: Anatel.

Total postpaid base overview

POSTPAID BASE							
July-16						OTHERS	TOTAL
Base (thousand)	13,915	31,869	16,987	9,071	2,467	847	75,156
Δ MoM	1.1%	0.8%	0.2%	0.7%	0.2%	1.4%	0.7%
Δ YoY	1.7%	6.8%	6.4%	-0.8%	16.1%	19.2%	5.1%
Market Share	18.52%	42.40%	22.60%	12.07%	3.28%	1.13%	
Δ MoM (p.p.)	0.08	0.03	-0.11	0.00	-0.02	0.01	
Δ YoY (p.p.)	-0.6	0.7	0.3	-0.7	0.3	0.1	
Net Adds (thousand)	156	239	34	61	4	12	506
Δ MoM	337.5%	52.0%	-25.8%	28.3%	-10.6%	16.3%	68.2%
Δ YoY	8.7%	-8.1%	146.8%	-681.7%	-89.4%	-259.1%	14.9%
Net Share	30.8%	47.3%	6.6%	12.1%	0.9%	2.3%	
Δ MoM (p.p.)	19.0	-5.0	-8.4	-3.8	-0.8	-1.0	
Δ YoY (p.p.)	-1.7	-11.8	3.5	14.5	-8.5	4.0	
Net YTD (thousand)	335	795	335	372	-40	85	1,883
Δ YoY	-71.5%	-46.7%	5.5%	-15009.6%	-106.5%	-6.6%	-48.9%
Net Share YTD	17.8%	42.2%	17.8%	19.8%	-2.1%	4.5%	
Δ YoY (p.p.)	-14.1	1.7	9.2	19.9	-18.8	2.1	
Net Adds (ex-M2M) (thd)	108	192	122	32	4	3	463
Δ MoM	215.4%	134.4%	35.1%	-4.4%	-10.6%	-76.6%	78.0%
Net Share (ex-M2M)	23.4%	41.4%	26.5%	7.0%	0.9%	0.7%	
Δ MoM (p.p.)	10.2	10.0	-8.4	-6.0	-0.9	-4.8	






Source: Anatel.

Total prepaid base overview

PREPAID BASE							
July-16						OTHERS	TOTAL
Base (thousand)	49,669	41,513	47,032	38,201	0.66	1,003	177,418
Δ MoM	-1.1%	-0.4%	-0.6%	-0.9%	12.9%	0.2%	-0.7%
Δ YoY	-17.7%	-20.7%	-15.1%	-6.6%	151.1%	1.5%	-15.5%
Market Share	28.00%	23.40%	26.51%	21.53%	0.00%	0.57%	
Δ MoM (p.p.)	-0.10	0.08	0.04	-0.03	0.00	0.01	
Δ YoY (p.p.)	-0.7	-1.5	0.1	2.1	0.0	0.1	
Net Adds (thousand)	-560	-162	-279	-343	0.08	2	-1,340
Δ MoM	-60.6%	46.2%	-24.0%	47.8%	27.1%	-25.4%	-36.9%
Δ YoY	-22.1%	-77.4%	-280.0%	102.5%	150.0%	-52.5%	-7.3%
Net Share	-41.8%	-12.1%	-20.8%	-25.6%	0.0%	0.2%	
Δ MoM (p.p.)	25.0	-6.9	-3.5	-14.7	0.0	0.0	
Δ YoY (p.p.)	8.0	37.6	-31.5	-13.9	0.0	-0.2	
Net YTD (thousand)	-2,984	-682	-2,295	-1,162	0.33	-1	-7,123
Δ YoY	4.0%	-188.6%	4148.3%	34.4%	138.1%	-101.7%	141.8%
Net Share YTD	-41.9%	-9.6%	-32.2%	-16.3%	0.0%	0.0%	
Δ YoY (p.p.)	55.6	-35.7	-30.4	13.0	0.0	-2.5	

Source: Anatel.

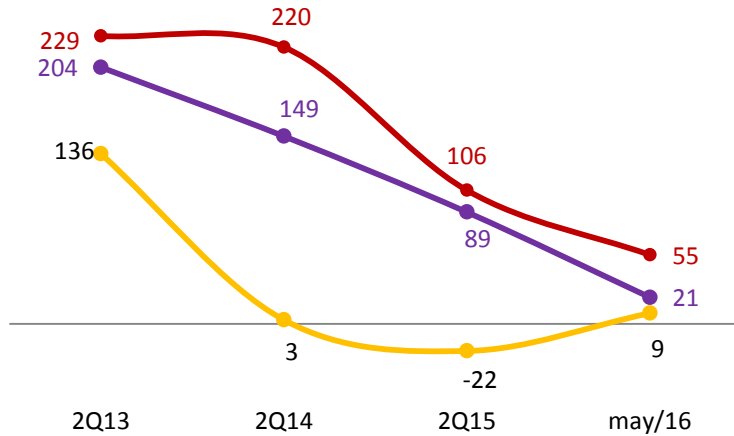
Total voice & data (modem+M2M) postpaid base overview

VOICE AND DATA (MODEM+M2M) POSTPAID BASE														
July-16											OTHERS		TOTAL	
	Voice	Data	Voice	Data	Voice	Data	Voice	Data	Voice	Data	Voice	Data	Voice	Data
Base (thousand)	12,071	1,844	24,725	7,144	11,111	5,877	7,598	1,473	2,374	93	466	380	58,345	16,811
Δ MoM	1.0%	2.2%	1.0%	-0.2%	1.5%	-2.1%	0.5%	1.5%	0.5%	-6.4%	0.8%	2.1%	1.0%	-0.5%
Δ YoY	2.1%	-0.8%	8.9%	-0.1%	13.1%	-4.5%	0.0%	-5.0%	23.5%	-54.0%	29.2%	8.9%	7.6%	-2.6%
Market Share	20.69%	10.97%	42.38%	42.50%	19.04%	34.96%	13.02%	8.76%	4.07%	0.55%	0.80%	2.26%		
Δ MoM (p.p.)	-0.01	0.29	0.01	0.12	0.09	-0.60	-0.06	0.17	-0.02	-0.03	0.00	0.06		
Δ YoY (p.p.)	-1.1	0.20	0.5	1.08	0.9	-0.68	-1.0	-0.22	0.5	-0.62	0.1	0.24		
Net Adds (thousand)	116	40	253	-13	162	-128	40	21	11	-6	4	8	585	-79
Δ MoM	206.7%	-2092.9%	53.6%	87.4%	20.7%	44.3%	-2.0%	212.8%	-6.1%	-2.7%	-74.4%	-266.9%	44.9%	-23.4%
Δ YoY	-6.8%	107.6%	2.5%	-197.8%	970.1%	8343.4%	-704.3%	-643.0%	-78.7%	-30.4%	-47.1%	-154.5%	34.0%	-1981.5%
Net Share	19.8%	51.4%	43.2%	-17.1%	27.7%	-163.1%	6.9%	26.8%	1.8%	-8.0%	0.7%	10.1%		
Δ MoM (p.p.)	10.4	53.4	2.4	-10.1	-5.6	-76.5	-3.3	20.2	-1.0	-1.7	-3.0	14.7		
Δ YoY (p.p.)	-8.6	-414.4	-13.3	-346.6	24.2	-126.7	8.4	119.6	-9.7	209.6	-1.0	358.7		
Net YTD (thousand)	210	125	873	-78	862	-527	286	86	21	-61	73	12	2,325	-442
Δ YoY	-80.4%	19.0%	-22.8%	-121.6%	-25310.2%	-264.0%	-630.5%	68.2%	-96.8%	58.2%	109.9%	-78.4%	-17.8%	-151.6%
Net Share YTD	9.0%	28.2%	37.5%	-17.7%	37.1%	-119.1%	12.3%	19.5%	0.9%	-13.8%	3.2%	2.8%		
Δ YoY (p.p.)	-28.8	16.0	-2.4	-59.9	37.2	-156.5	14.2	13.5	-22.1	-9.3	1.9	-3.8		

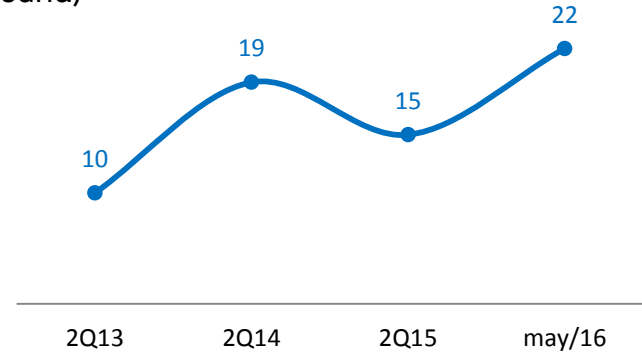
Source: Anatel.

Fixed business net adds

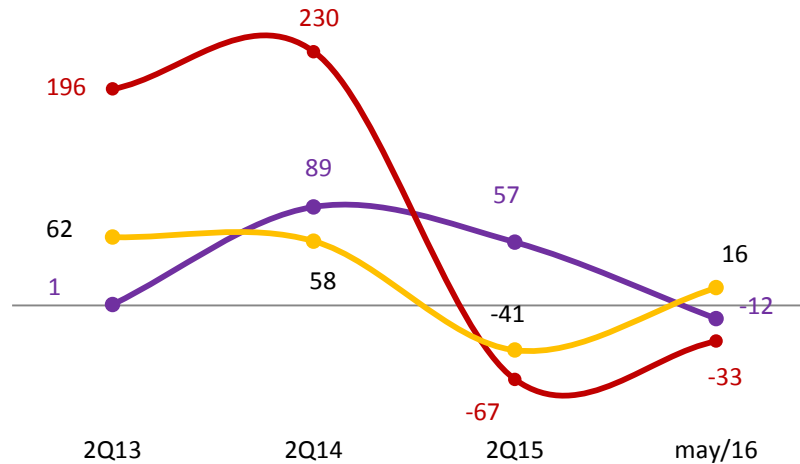
Broadband Net Adds (thousand)



Live TIM Net Adds (thousand)

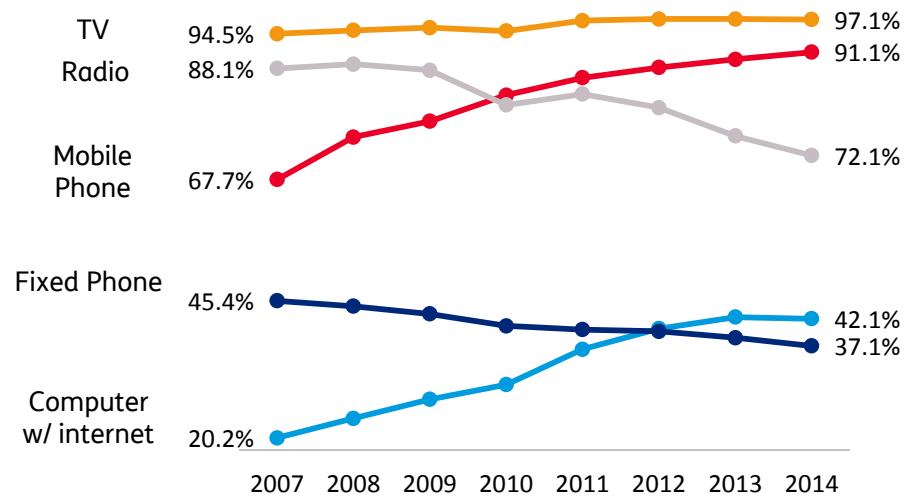


Pay TV Net Adds (thousand)



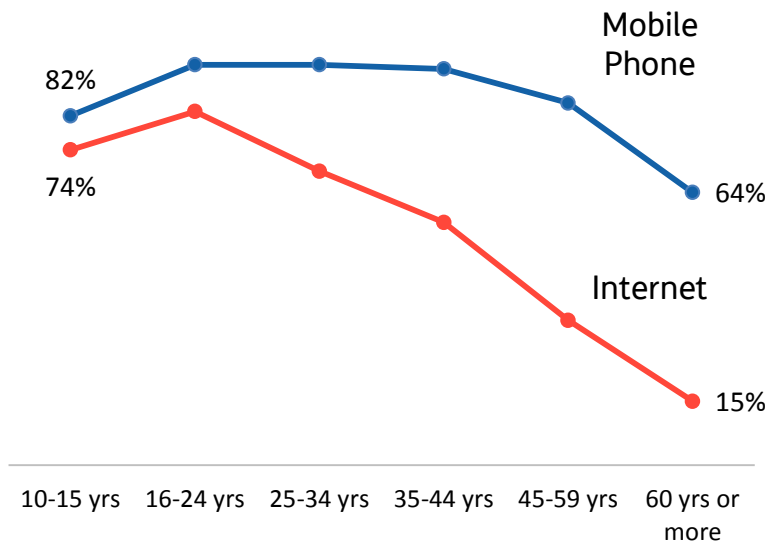
Brazil's specifics

Household Penetration



Source: PNAD – 2014 (IBGE)

Users per Age Group



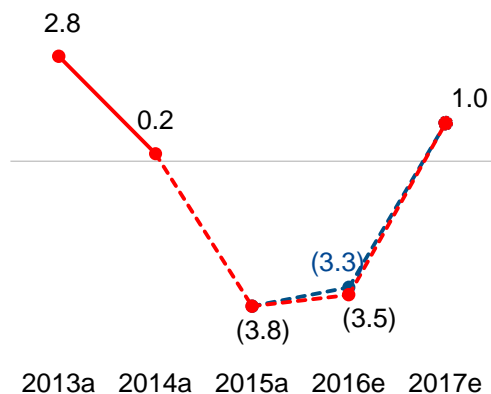
Source: Teleco (TIC Households, 2014)

Brazil Facts

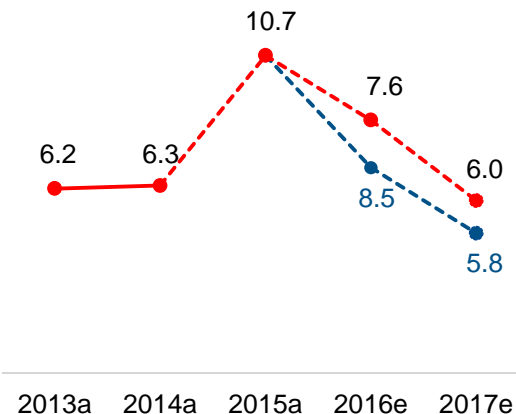
- ✓ 8.5% of Brazilian above 15 years are illiterate
- ✓ 5.8% of the cities accounts for 75% of GDP
- ✓ 30 mln people still live in the rural areas
- ✓ Brazil is in the 7th position in terms of GDP
- ✓ Average Brazilian age: 32 years
- ✓ 13 mln Brazilian between 30 and 60 years

Macro scenario outlook

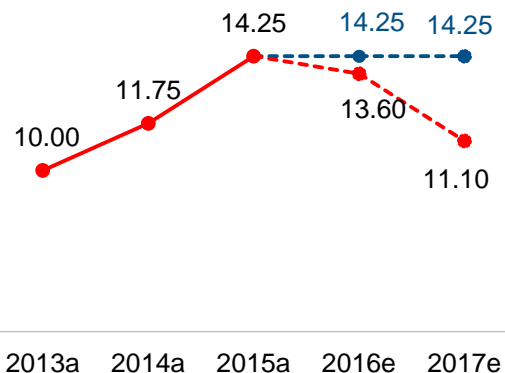
GDP Forecast (% YoY growth)



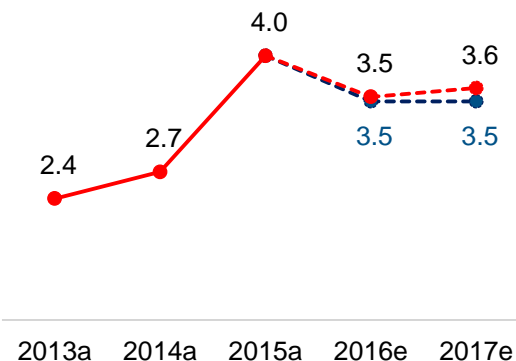
Inflation Forecast (IPCA: 12 months)



Interest Rate Forecast (% Selic Target p.y. - year end)



FX Rate Forecast (R\$/US\$ - end of period)



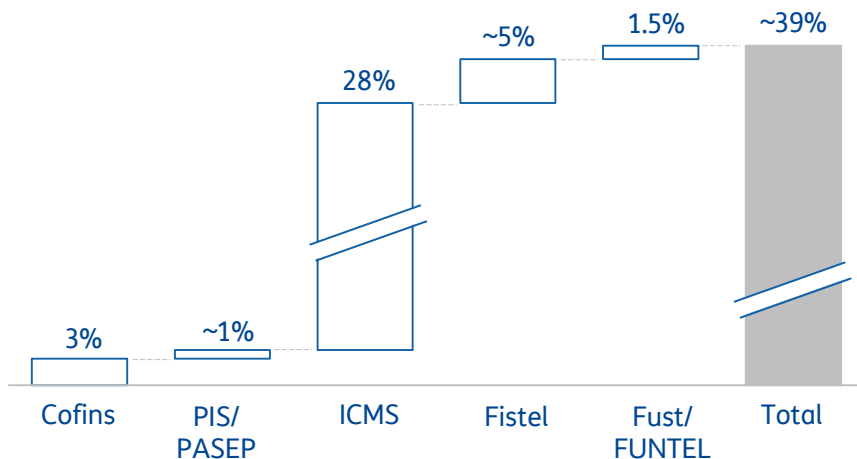
- A longer than expected process of fiscal adjustments and a greater level of uncertainties in politics continues to trim economic activity
- Government and market consensus have postponed a resume in GDP growth to 2017
- Following new government commitment to converge inflation to its target in 2017 market expects an important decrease in interest rates.
- In the Central Bank projection model interest rate remain stable at 14.25%

----- Government Estimates

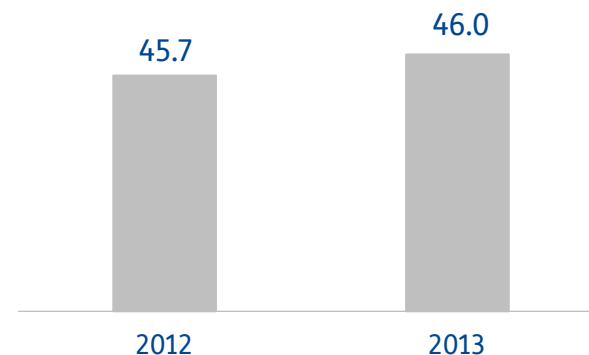
----- Market Consensus

Tax burden

Tax Burden Composition (% Gross Revenues)

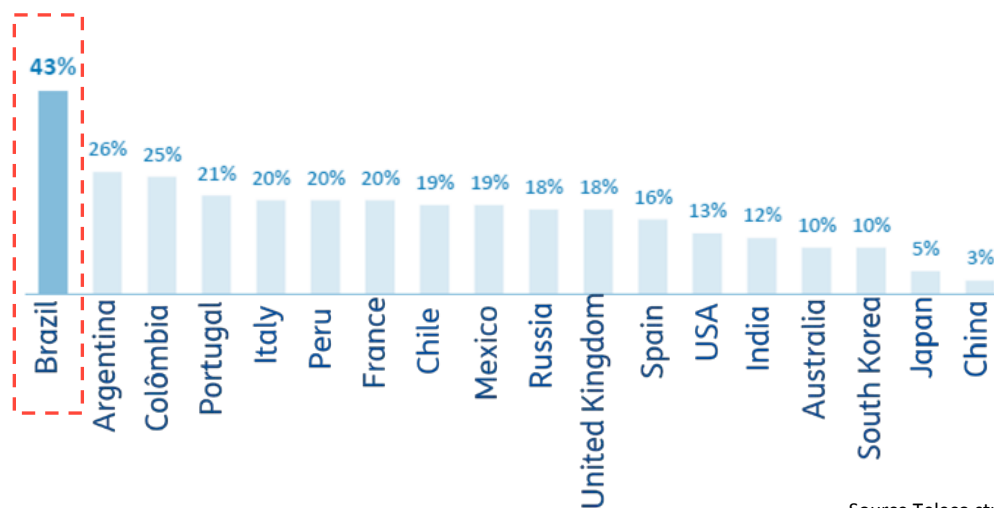


Telecom Industry Tax Payments² (R\$ bln)



Taxation represents almost 40% of companies gross revenues

Tax Burden over Net Revenues (over mobile phone services - voice)

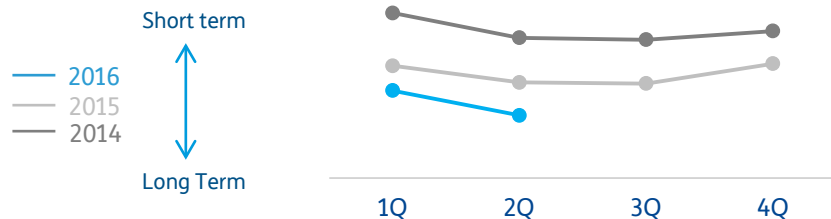


² Considers TIM, Telefonica, Oi and AMX

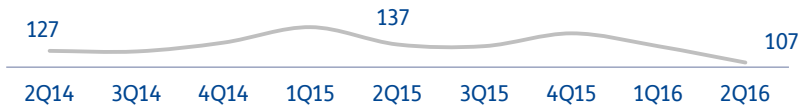
Source: players Balance Sheet

Balance sheet analysis

TIM's Debt Composition



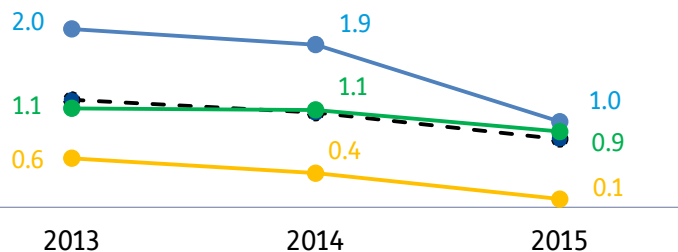
Payable Turnover (days)



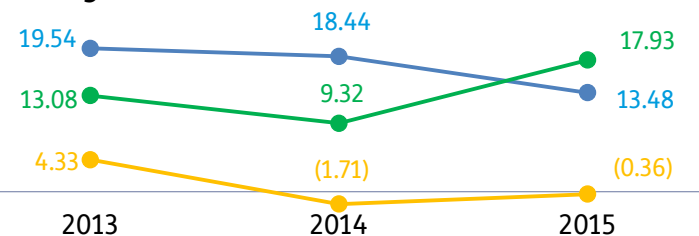
Accounts Receivable Turnover (days)



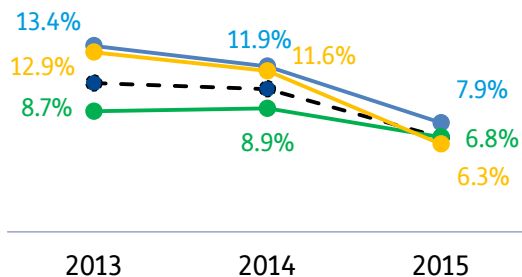
Price/Book Value



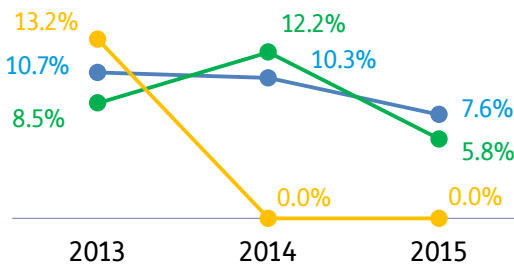
Price/Earnings



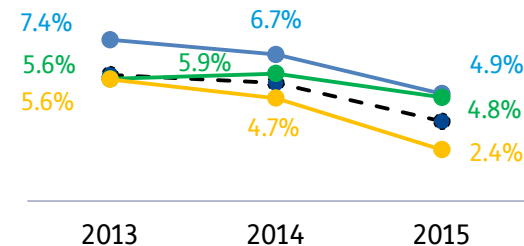
ROIC (NOPAT/Invested Capital)



ROE (Net Income/Shrd. Equity)



ROA (NOPAT/Total Assets)



Historical data: P&L

R\$ Thousand

Description	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	2Q16 vs. 2Q15 (%YoY)
Gross Revenues	29.008.947	6.824.794	6.642.746	6.225.835	6.078.125	25.771.500	5.738.493	5.623.766	-15,3%
Service Gross Revenues	24.537.626	5.946.935	5.747.703	5.722.551	5.707.446	23.124.634	5.387.853	5.243.026	-8,8%
Mobile Service Gross Revenues	23.636.466	5.710.800	5.504.596	5.465.881	5.440.173	22.121.450	5.106.852	4.952.140	-10,0%
Gross Revenue Fixed Services	810.265	236.135	243.107	256.670	267.273	1.003.185	281.001	290.886	19,7%
Product Gross Revenues	4.471.320	877.859	895.043	503.284	370.679	2.646.866	350.640	380.740	-57,5%
Taxes and Discounts	(9.506.830)	(2.273.486)	(2.282.204)	(2.110.244)	(1.963.300)	(8.629.235)	(1.884.147)	(1.803.615)	-21,0%
Taxes and discounts on services	(8.208.669)	(2.002.755)	(1.955.747)	(1.940.488)	(1.838.417)	(7.737.407)	(1.769.198)	(1.672.765)	-14,5%
Taxes and discounts on product sales	(1.298.162)	(270.731)	(326.457)	(169.756)	(124.883)	(891.828)	(114.950)	(130.849)	-59,9%
Net Revenues	19.502.116	4.551.308	4.360.542	4.115.590	4.114.825	17.142.265	3.854.346	3.820.151	-12,4%
Net Revenues (Normalized)	19.502.116	4.551.308	4.360.542	4.115.590	4.114.825	17.142.265	3.854.346	3.820.151	-12,4%
Net Revenues on Services	16.328.958	3.944.180	3.791.956	3.782.063	3.869.028	15.387.227	3.618.655	3.570.260	-5,8%
Net Revenues on Mobile Services	15.750.130	3.785.944	3.632.791	3.612.721	3.695.323	14.726.779	3.437.810	3.387.088	-6,8%
Usage and Monthly fee	6.149.613	1.463.249	1.391.227	1.338.242	1.402.722	5.595.440	1.197.219	1.189.458	-14,5%
Value added services - VAS	4.738.754	1.299.891	1.366.729	1.407.083	1.455.811	5.529.515	1.479.526	1.510.473	10,5%
<i>of which Mobile Innovative Revenues</i>	<i>3.469.933</i>	<i>1.044.033</i>	<i>1.150.283</i>	<i>1.214.183</i>	<i>1.274.404</i>	<i>4.682.903</i>	<i>1.318.371</i>	<i>1.369.734</i>	<i>19,1%</i>
Long Distance	2.098.284	482.381	458.105	448.621	424.958	1.814.065	387.400	361.906	-21,0%
Interconnection	2.530.487	457.205	358.304	355.594	350.815	1.521.917	298.014	243.896	-31,9%
Others Mobile Revenues	232.991	83.218	58.426	63.181	61.017	265.842	75.652	81.356	39,2%
Net Revenues on Fixed Services	578.828	158.236	159.165	169.342	173.706	660.449	180.845	183.172	15,1%
Net Revenues on Services (Normalized)	16.328.958	3.944.180	3.791.956	3.782.063	3.869.028	15.387.227	3.618.655	3.570.260	-5,8%
Net Revenues on Products	3.173.159	607.128	568.586	333.527	245.797	1.755.038	235.691	249.891	-56,1%
Operating Expenses	(13.966.997)	(3.207.282)	(2.155.685)	(2.553.110)	(2.612.777)	(10.528.854)	(2.733.363)	(2.579.034)	19,6%
Personnel expenses	(962.875)	(253.704)	(263.437)	(252.860)	(273.851)	(1.043.852)	(304.744)	(218.959)	-16,9%
Selling & marketing expenses	(3.997.676)	(984.006)	(958.170)	(866.141)	(934.404)	(3.742.720)	(895.254)	(852.395)	-11,0%
Network & interconnection	(4.317.732)	(1.014.099)	(937.666)	(955.039)	(916.678)	(3.823.481)	(985.650)	(965.956)	3,0%
General & administrative	(670.078)	(143.185)	(128.850)	(150.729)	(188.209)	(610.974)	(145.454)	(141.690)	10,0%
Cost Of Goods Sold	(3.340.449)	(657.457)	(637.249)	(411.650)	(150.311)	(1.856.668)	(254.360)	(272.576)	-57,2%
Bad Debt	(248.576)	(56.541)	(59.524)	(63.223)	(51.070)	(230.357)	(71.356)	(69.160)	16,2%
Other operational revenues (expenses)	(429.611)	(98.291)	829.210	146.533	(98.254)	779.198	(76.544)	(58.298)	-107,0%
Operating Expenses (Normalized)	(13.966.997)	(3.207.282)	(3.073.232)	(2.819.634)	(2.639.686)	(11.739.834)	(2.692.050)	(2.616.062)	-14,9%
EBITDA	5.535.120	1.344.025	2.204.857	1.562.481	1.502.048	6.613.411	1.120.983	1.241.117	-43,7%
EBITDA Margin	28,4%	29,5%	50,6%	38,0%	36,5%	38,6%	29,1%	32,5%	-18,1pp
EBITDA (Normalized)	5.535.120	1.344.025	1.287.311	1.295.956	1.475.139	5.402.431	1.162.295	1.204.089	-6,5%
EBITDA Margin (Normalized)	28,4%	29,5%	29,5%	31,5%	35,8%	31,5%	30,2%	31,5%	2,0pp
Depreciation & Amortization	(3.052.579)	(811.300)	(832.591)	(849.235)	(868.845)	(3.361.971)	(909.582)	(951.241)	14,3%
Depreciation	(1.672.857)	(448.988)	(455.628)	(469.093)	(477.552)	(1.851.261)	(500.220)	(528.431)	16,0%
Amortization	(1.379.722)	(362.312)	(376.963)	(380.142)	(391.293)	(1.510.710)	(409.362)	(422.809)	12,2%
EBIT	2.482.541	532.725	1.372.267	713.246	633.203	3.251.440	211.400	289.877	-78,9%
EBIT Margin	12,7%	11,7%	31,5%	17,3%	15,4%	19,0%	5,5%	7,6%	-23,9pp
Net Financial Results	(280.642)	(74.619)	(34.937)	(163.355)	22.505	(250.406)	(68.822)	(164.802)	371,7%
Financial expenses	(997.294)	(247.055)	(257.035)	(391.515)	(219.919)	(1.115.524)	(291.931)	(292.674)	13,9%
Net exchange variance	2.104	1.833	(1.060)	1.081	557	2.410	(3.485)	(1.961)	84,9%
Financial income	714.547	170.603	223.158	227.079	241.867	862.708	226.594	129.832	-41,8%
Income Before Taxes	2.201.899	458.106	1.337.330	549.891	655.708	3.001.034	142.578	125.074	-90,6%
Income Tax and Social Contribution	(652.796)	(140.675)	(393.839)	(191.069)	(190.008)	(915.591)	(14.671)	(50.625)	-87,1%
Net Income	1.549.102	317.431	943.490	358.822	465.700	2.085.443	127.907	74.449	-92,1%
Net Income (Normalized)	1.549.102	317.431	307.847	174.755	446.569	1.246.603	144.403	47.409	-84,6%

Historical data: operational

Description	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	2Q16 vs. 2Q15 (%YoY)
Brazilian Wireless Subscriber Base (000's)	280.729	283.420	282.474	275.909	257.814	257.814	257.811	255.232	-9,6%
Estimated Total Penetration	137,96%	138,98%	138,23%	134,75%	125,66%	125,66%	125,42%	124,00%	-14,2pp
Municipalities Served (GSM)	3.433	3.439	3.449	3.449	3.448	3.448	3.460	3.460	0,3%
Market Share - TIM	26,97%	26,73%	26,41%	26,30%	25,69%	25,69%	26,09%	25,61%	-0,8pp
Total Lines - TIM (000's)	75.721	75.749	74.600	72.573	66.234	66.234	67.269	63.960	-14,3%
Prepaid Lines (000's)	63.212	62.735	61.061	58.757	52.654	52.654	53.721	50.231	-17,7%
Postpaid Lines (000's)	12.508	13.015	13.540	13.816	13.581	13.581	13.548	13.729	1,4%
Gross Additions (000's)	39.097	9.350	8.794	7.812	8.245	34.201	7.552	7.099	-19,3%
Net Additions (000's)	2.289	29	-1.149	-2.027	-6.339	-9.486	1.035	-3.309	188,0%
Churn	49,6%	12,3%	13,2%	13,2%	20,3%	59,1%	9,5%	15,6%	2,5pp
Total ARPU (R\$)	17,7	16,7	16,1	16,4	17,6	16,7	17,2	17,2	7,0%
Total MOU	136	120	119	119	120	119	119	118	-0,4%
SAC	27	31	31	35	25	30	29	32	4,8%
Handsets Sold (000's)	11.951	1.808	1.532	869	450	4.659	363	358	-76,6%
CAPEX (R\$ Mln)	6.854	924	1.184	1.168	1.488	4.764	710	975	-17,7%
Organic CAPEX (R\$Mln) ¹	3.928	924	1.184	1.168	1.382	4.658	710	975	-17,7%
Employees	12.860	12.785	12.930	13.132	13.062	13.062	12.297	12.104	-6,4%

¹ Excludes license acquisition

Historical data: cash flow

R\$ Thousand

Description	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16	2Q16	2Q16 vs. 2Q15 (%YoY)
EBIT	2.482.540	532.725	1.372.267	713.245	633.203	3.251.440	211.400	289.877	-78,9%
Depreciation and amortization	3.052.579	811.300	832.591	849.235	868.845	3.361.971	909.582	951.241	14,3%
Capital expenditures	(6.850.897)	(923.748)	(1.184.410)	(1.168.132)	(1.487.949)	(4.764.239)	(710.234)	(975.007)	-17,7%
Changes in net operating working capital	75.034	(2.270.961)	(288.918)	(147.729)	551.663	(2.155.945)	(2.162.387)	(175.105)	-39,4%
Income tax and social contribution paid	(222.450)	(45.367)	(18.305)	(157.810)	(968)	(222.450)	(40.656)	(40.774)	122,7%
Other movements	534.268	125.148	(770.938)	(92.593)	133.943	(604.440)	136.324	122.062	-115,8%
Operating Cash Flow	(928.926)	(1.770.903)	(57.713)	(3.784)	698.737	(1.133.663)	(1.655.971)	172.294	-398,5%
Cash from assets sale	-	-	1.897.277	516.869	84.275	2.498.421	-	109.624	n.a.
Other investment activities	506.632	120.049	131.092	(167.126)	5.350	89.365	193.034	116.874	-10,8%
Net cash from (used in) investment activities	506.632	120.049	2.028.369	349.743	89.625	2.587.786	193.034	226.498	-88,8%
Dividends paid	(835.897)	(57)	(360.348)	(21)	(20)	(360.446)	(29)	(460.233)	27,7%
Interest paid	(456.076)	(103.061)	(92.182)	(146.926)	(113.907)	(456.076)	(146.739)	(144.130)	56,4%
Other movements in investment activities	1.659.617	71.168	(226.191)	(632.685)	1.017.518	229.810	(652.358)	(314.357)	39,0%
Net cash from (used in) financing activities	367.644	(31.950)	(678.721)	(779.632)	903.591	(586.712)	(799.126)	(918.720)	35,4%
Increase (decrease) in cash and cash equivalents	(54.650)	(1.682.804)	1.291.935	(433.673)	1.691.953	867.411	(2.262.063)	(519.928)	-140,2%
Normalized Operating Cash Flow	751.993	(1.770.903)	312.666	9.072	707.628	(741.537)	(1.625.936)	174.467	-44,2%
Normalized increase (decrease) in cash and cash equivalents	1.626.269	(1.682.804)	(234.963)	(937.686)	1.616.569	(1.238.884)	(2.232.028)	(627.378)	167,0%

Safe Harbor Statements

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

Investor Relations Team

Avenida João Cabral de Melo Neto, n 850, North Tower,
12th floor – Barra da Tijuca
22775-057 Rio de Janeiro, RJ
E-mail: ri@timbrasil.com.br

Rogério Tostes

E-mail: rtostes@timbrasil.com.br
Phone: +55 21 4109-3742

Vicente Ferreira

E-mail: vdferreira@timbrasil.com.br
Phone: +55 21 4109-3360

Leonardo Wanderley

E-mail: lwanderley@timbrasil.com.br
Phone: +55 21 4109-4017

Rodrigo Godoy

E-mail: rcgodoy@timbrasil.com.br
Phone: +55 21 4112-5517

Luiza Chaves

E-mail: luchaves@timbrasil.com.br
Phone: +55 21 4112-6088

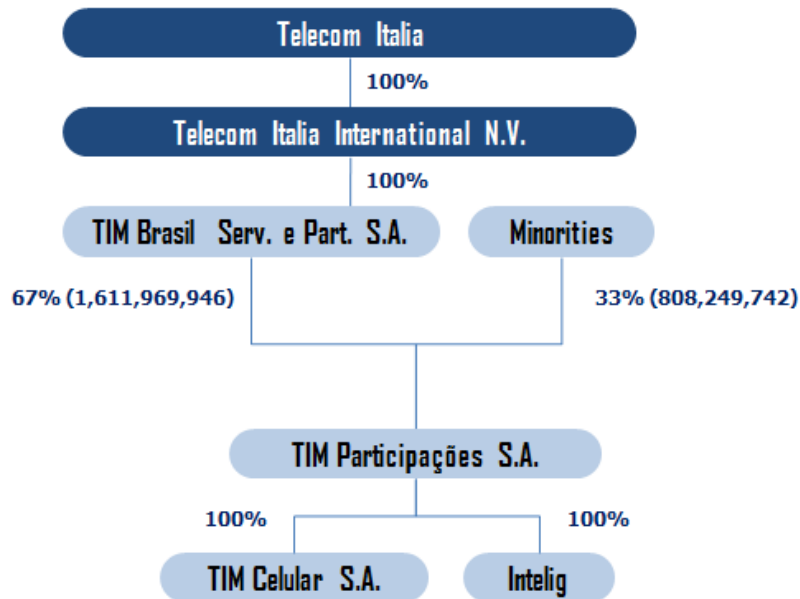
Visit our Website

www.tim.com.br/ir



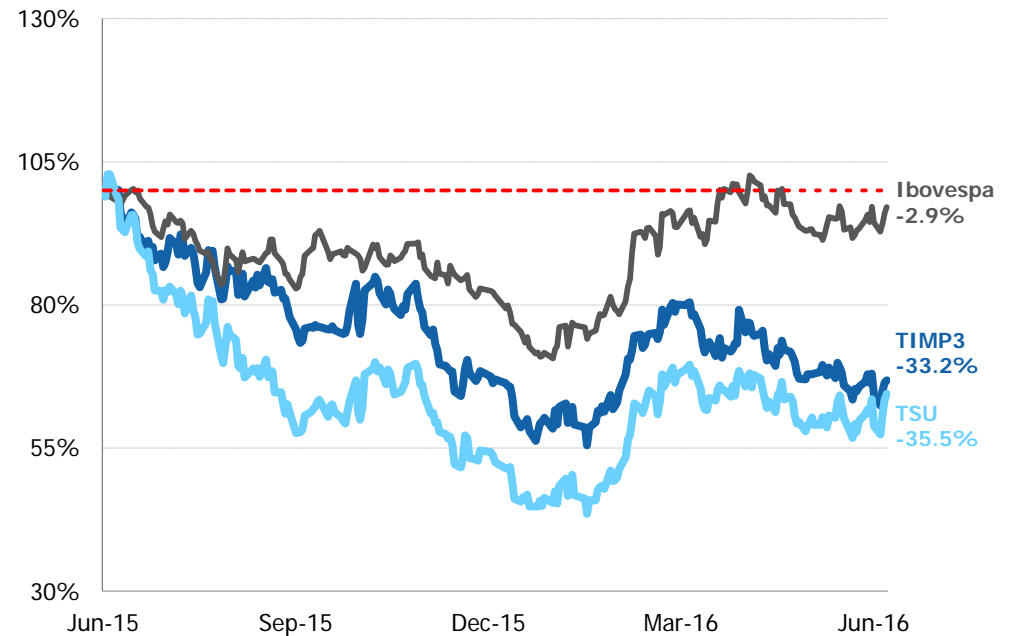
Structure and stock performance

Shareholders Structure



Treasury Shares: 795,888 (0.03%)
Total Shares: 2,421,032,479

Stock Performance (base 100)* Last 12 months



*Last price as of 06/30/2016
Source: Bloomberg



tim.com.br