



TIM PARTICIPAÇÕES S.A.
Publicly-Held Company
Corporate Taxpayer's ID (CNPJ/MF):
02.558.115/0001-21
Corporate Registry (NIRE): 33 300 276 963

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

MATERIAL FACT

STRATEGIC PLAN 2020-2022 AND GUIDANCE RELEASE

TIM PARTICIPAÇÕES S.A. (“Company” or “TPAR”) (B3: TIMP3; NYSE: TSU) and its wholly owned subsidiary TIM S.A. (“Subsidiary” or “TSA”), 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 2020-2022 period. In this context, TIM updates the forecasts of its Strategic Plan 2019-2021, released to the market through a Material Fact dated February 21st, 2019.

The Company releases this update after a year of consistent improvements, with the achievement of a significant part of the short-term objectives outlined in its Strategic Plan 2019-2021, which demonstrates the correctness of the strategy implemented throughout the year. These objectives were achieved despite macroeconomic expectations that were not confirmed due to a slower and more unstable recovery of the economy, compared to projections made by the market in general and by TPAR and its subsidiary.

Projections 2019-21 with IFRS 9+15		
KPI ⁱ	2019 Projection (Short Term)	2019 Results
Service Revenues Growth (YoY)	3-5%	2.4%
EBITDA Growth (YoY)	Mid to High-Single Digit Growth	6.7%
EBITDA Margin	≥39% in 2020	39.1%
% CAPEX over Net Revenues	Low 20's	22.2%
% EBITDA – CAPEX over Net Revenues	>15%	16.9%
IoE distribution	~R\$ 1 bln	R\$ 995 mln

TIM, however, in this new triennium, reaffirms its commitment with (i) the preservation of an austere approach in cost controls, aiming to raise the profitability of its operation, and so it adjusts the goal **to exceed the level of 40% EBITDA Margin in 2022**, as well as (ii) an efficient capital allocation, characterized by the CAPEX destination to infrastructure (network and IT) extension and modernization projects, and (iii) the continuous expansion of the cash generation characterized by the growth of **EBITDA – CAPEX over Revenues indicator to surpass the level of 20%**.

KPI ⁱ	Projections 2019-21 with IFRS 9+15		Projections 2020-22 with IFRS 9+15 and IFRS16	
	2019 (Short Term)	Long Term	2020 (Short Term)	Long Term
Service Revenues Growth (YoY)	3-5%	CAGR '18-'21 Mid-Single Digit	Mid-Single Digit	CAGR '19-'22 Mid-Single Digit
EBITDA Growth (YoY) / % EBITDA Margin	Mid to High-Single Digit Growth	≥39% in 2020	Mid-Single Digit	≥40% in 2022 (≥47% w/ IFRS 16)
% CAPEX over Net Revs. / ∑ CAPEX	Low 20's	~R\$ 12.0 bln (∑'19-'21)	Low 20's	R\$ 12.0 - 12.5 bln (∑'20-'22)
% EBITDA – CAPEX over Net Revenues	>15%	≥20% in 2021	>16% (>20% w/ IFRS 16)	≥20% in 2022 (≥25% w/ IFRS 16)

Lastly, TIM presents, as an attachment to this Material Fact, additional details about the 2020-2022 Strategic Plan and its guidance.

Rio de Janeiro, March 10th, 2020.

TIM Participações S.A.

Adrian Calaza
Chief Financial Officer and
Investor Relations Officer

TIM S.A.

Adrian Calaza
Chief Financial Officer and
Investor Relations Officer

INNOVATION NEVER STOPS.

2020-2022 Strategic Plan

March, 2020

tim.com.br

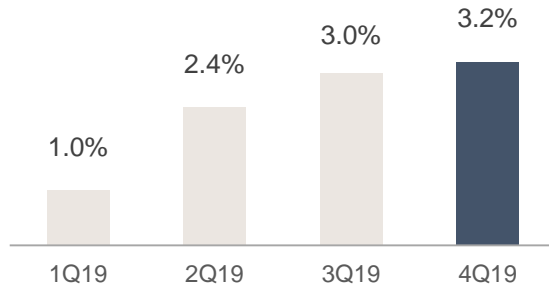


2019 Financial and Operational Highlights

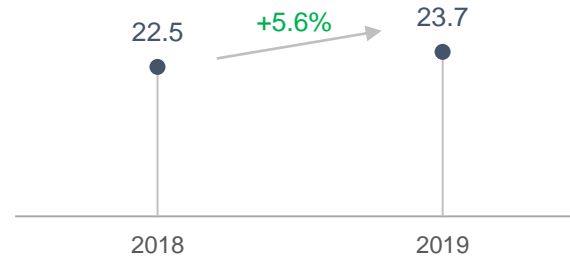
Net Service Revenues^{1,2}
R\$ 16.6 bln
(+2.4% YoY)

TIM Live^{1,2}
R\$ 491 mln
(+30.6% YoY)

Net Service Revenues Growth² (%YoY)



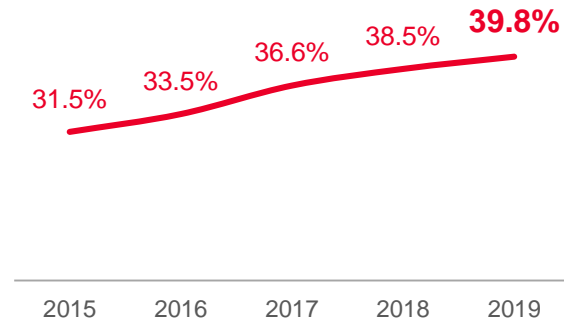
Mobile ARPU² (R\$)



EBITDA^{1,2}
R\$ 6.8 bln
(+6.7% YoY)

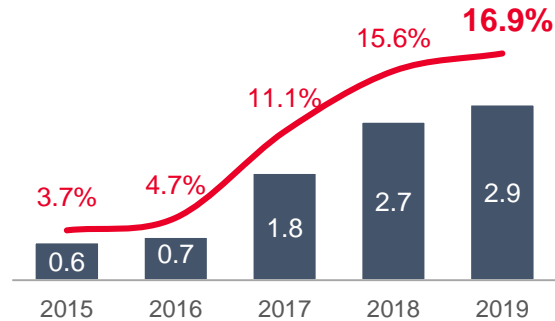
6 consecutive years of EBITDA growth
(CAGR 15-19: 6.5%)

EBITDA Margin³



EBITDA – CAPEX³

(% on Net Revenues ; R\$ bln)



The year 2019 confirms the company's transformation in the last 5 years



Network evolution supported by innovation: 5G trials, massive MIMO, refarming, MOU with Vivo



Improved network quality recognized by independent measures



Assertive adjustment in offers' portfolio, back to the right dynamic in go-to-market



Image recovery in all segments



Record high organization climate results

(1) In 2019; (2) KPIs ex-IFRS 16 impacts; (3) Pro-forma basis (excluding IFRS 9, 15 and 16 impacts)

Strategic Pillars for 2020-22



Evolution



Transformation

1

INFRASTRUCTURE

Preparing for the future



Evolution

- IT: solve operational issues through architecture and platforms review leveraging digital and automation
- Network: focus to improve spectrum efficiency through new sites deployments and use of innovative technology (M-MIMO) and refarming



Transformation

- 5G and data monetization
- Artificial Intelligence
- 2G / 3G consolidation
- Content distribution

2

MOBILE

From Volume to Value



Evolution

- Sustaining residual growth opportunity in a mature market
- Portfolio review to unlock upselling opportunities
- Selective “more for more” approach to increase ARPU
- Leveraging customer experience and mitigate attrition to reduce churn

3

UBB

Growth Opportunity



Evolution

- Rollout plan with cherry picking approach based on geomarketing analyses
- Naked broadband with OTT friendly approach to differentiate our offers



Transformation

- Creation of an infrastructure vehicle through partnership to further accelerate the coverage

4

EFFICIENCY

To the next level, enhancing CEX



Evolution

- Accelerate digital & automation
- Revise make vs. buy approach



Transformation

- E2E transformation to improve cash cost efficiency
- Network sharing
- Cloudification

5

BEYOND CORE

Monetizing customer base



Transformation

- IoT Services
- Growing market in mobile digital advertising
- Unique opportunity in mobile financial services

Infrastructure: Preparing TIM Brasil for the future

IT to the next level in 18-24 months



Big data evolution



NBA roll-out



Cognitive systems



Application and architecture review



Catalogue creation

Network 5 key pillars



Data Growth



5G ready



IoT



New initiatives



Fixed Broadband

Benefits:



Customers' Integrated view



Time-to-market



New capabilities



Automation of processes and efficiency increase



Fixed Wireless Access



Decommissioning Savings



Densification and innovative solutions



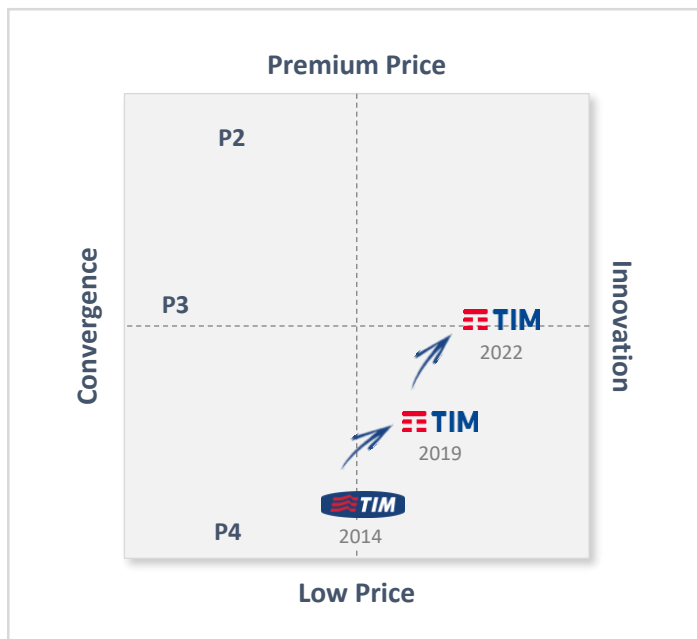
New IoT businesses opportunities



Convergent architecture



Mobile: Move from volume to value to sustain mobile business growth, leveraging customer experience

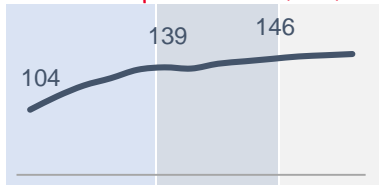


Innovation positioning: ensuring **execution** and **customer satisfaction** to succeed.

(1) Total market; (2) Population > 10 years.

Residual growth: churn management becomes more important

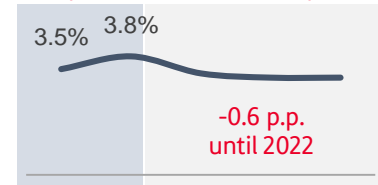
Mobile Unique Users^{1,2} (MM)



» Reduce churn



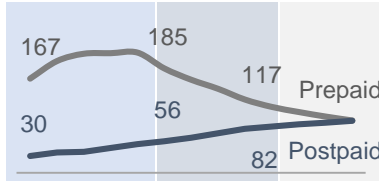
Postpaid Churn Rate (% p.m.)



- Eliminate pain points: discount management
- Lock in high propensity customers
- Improve service level

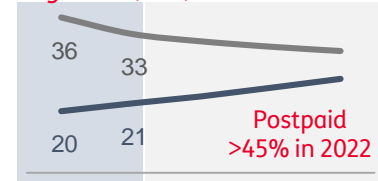
Playing by opportunity, meeting clients true needs

Customer Base Mix¹ (MM)



» Attack all segments

Mobile Customer Base by Segment (MM)



- Prepaid acceleration (regional + smart promo, channel mgmt.)
- Postpaid: brand positioning, handsets
- SMB: consumerization

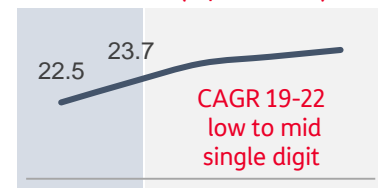
Increasing “share of wallet”

SIMs per Unique Users¹



» ARPU increase

Mobile ARPU (R\$ / month)



- Unlock upselling opportunities
- Price with “more for more” approach
- Boost big data, data analytics, NBA capabilities

Ultrabroadband: Industrialization to capture growth opportunity with financial discipline

From Evolution...

Footprint expansion and operational improvement

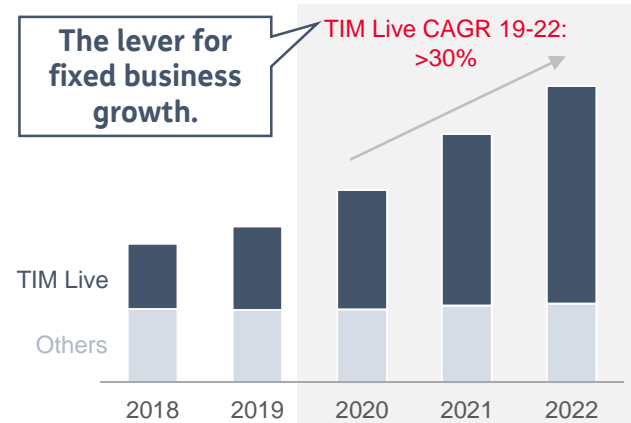
- Cherry peaking deployment
- Reduce early churn
- Improve care and self-care
- Reliable bill to cash processes

Differentiation: UBB + Content

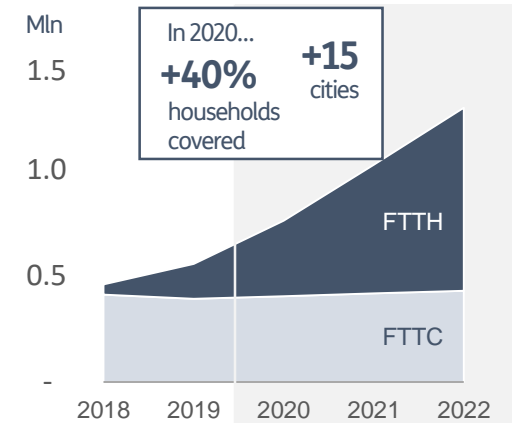
- OTT content friendly approach
- Wi-Fi experience



Fixed Net Revenues



FTTx Customer Base



... To Transformation

Strategic Partnership



Expanding TIM Live's services with the right balance between Sales and Capex, unlocking additional value of this asset



Create in partnership a neutral fiber infrastructure asset in Brazil



Market sound process with an advisor to find the right partner



Efficiency: Keep the lead in profitability taking efficiency to the next level, while enhancing customer experience

E2E transformation to improve cash cost efficiency, leveraging digital, automation, new make vs buy models.



Process efficiency

- **Bad Debt** (e.g. new credit models, collections systems improvement)
- **Legal processes** (e.g. predictive models to reduce JEC expenses - special court for small cases)



Digital & Automation

- **Self-Provisioning** (e.g., Naked SIM)
- **Self-caring:** Cognitive IVR and WhatsApp services (e.g., second invoice, balance check and etc.)
- **Self-healing** (e.g., technical resolution for broadband services)



Make vs buy

- **Administrative processes** (e.g., commissioning, ground leasing)
- **Pay-roll management**
- IT Planning & Development**



Smart CAPEX

- **Industrial agreements** (e.g. VIVO MoU)
- **Innovative Technologies** (Massive MIMO)
- **TIM Live's Transformation** with partnership
- **Cloudification** (storage as commodity)



Beyond the core: Leverage our assets with strategic partnerships through a unique window of opportunity

TIM IoT Mobile Advertising Mobile Financial Services

Develop at scale and monetize IoT verticals to explore B2B opportunities.

Latin America IoT Market in 2022

2x connections

reaching 106.3 mln of IoT devices (19.6% CAGR).

US\$ **~750** mln
addressable market
in agriculture

US\$ **~400** mln
addressable market
in transport / logistics

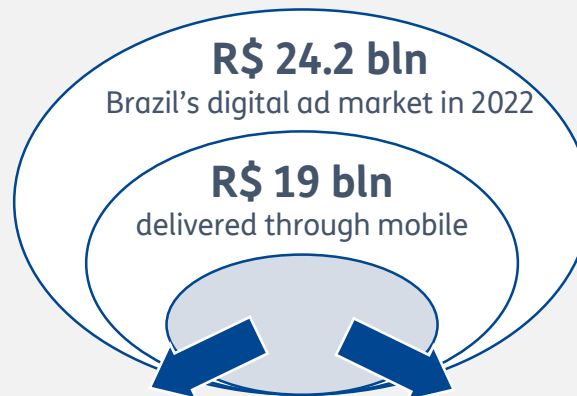
conectar4GRO

Connected Car

Sole operator in the initiative developing agribusiness solutions based on IoT.

First mover: agreement with car manufacturer to provide in-car connectivity and automation.

Mobile Advertising



1 **TIM as publisher**
Exploring available touch-points.

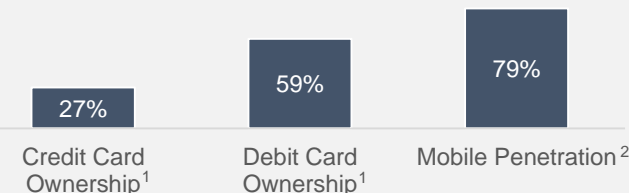
2 **TIM as ad tech player**
Leveraging on customer knowledge and ownership.

R\$ 190 mln already generated in mobile ads products with a ~35% upside in 2020.

New trial contracts signed in the past 2 months.

Mobile Financial Services

Penetration over Brazilian Population



1 **HIGH-END**
Convenience and simplicity.

- Full bank offer
- Commercial partnership
- Value generated by commissions in fees + equity

2 **LOW-END**
Access to banking services.

- Symbiotic partnership (JV like)
- Value generated by profit sharing

Telecom + digital banking services.

Agreement with a digital bank to be announced in the coming weeks.

Partners short list under analysis

Sources: GlobalData Market Opportunity Forecasts to 2023: Global IoT; Latin America Digital Ad Spending 2019 eMarketer; Global Findex Database 2017

(1) Population > 15 years; (2) Population > 10 years.

TIM Brasil 2020-'22 Targets

GOALS	DRIVERS	SHORT TERM TARGETS (2020)	LONG TERM TARGETS
Revenue Growth Sustainability	<ul style="list-style-type: none"> → Leverage mobile ARPU improve → Expand Residential UBB operations → Tap B2B opportunity 	Service Revenues Growth: Mid single digit (YoY)	Service Revenues Growth: Mid single digit (CAGR '19-'22)
Improve Profitability	<ul style="list-style-type: none"> → Accelerate digital transformation → Maintain zero-based budget approach → Reliable bill to cash process 	EBITDA Growth: Mid single digit (YoY)	EBITDA Margin: ≥40% in 2022 (≥47% w/ IFRS 16)
Infrastructure Development	<ul style="list-style-type: none"> → Smart and selective Capex approach 	Capex on Net Revenues: Low 20's	Capex: R\$ 12.0 - 12.5 bln (Σ'20-'22)
Expand Cash Generation	<ul style="list-style-type: none"> → Strict financial discipline → Continue debt and tax rate optimization 	EBITDA-Capex on Net Revenues: >16% (>20% w/ IFRS 16)	EBITDA-Capex on Net Revenues: ≥20% in 2022 (≥25% w/ IFRS 16)

(1) KPIs with IFRS 15/9, except when otherwise indicated.

