

# TIM Brasil

*Company's Presentation*

November, 2015



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Visit our website and download our IR app:

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

TIM IR app  
(English)

TIM RI app  
(Portuguese)



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

## 2<sup>nd</sup> in Market & Revenue Share

- ✓ 74.6 million customers (26% Share)
- ✓ More than 455,000 points of sales
- ✓ 179 own stores
- ✓ 15 Customer Care Centers (16k attendants)

## Urban Population Covered: 81% in 3G and 48% in 4G

- ✓ ~14,000 Antennas
- ✓ 3,449 cities covered
- ✓ ~61,200 km of optical fiber network

Growth Via  
Acquisition



intelig

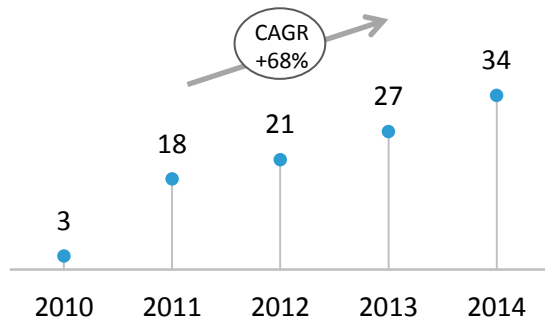
AES Atimus  
Uma Empresa AES Brasil

## ~13k employees

- ✓ 23,000 indirect jobs
- ✓ ~R\$3.9 billion invested in FY2014 (ex-licenses)

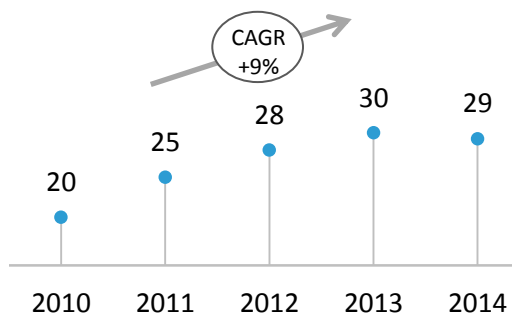
## Data Users

(mln customers)



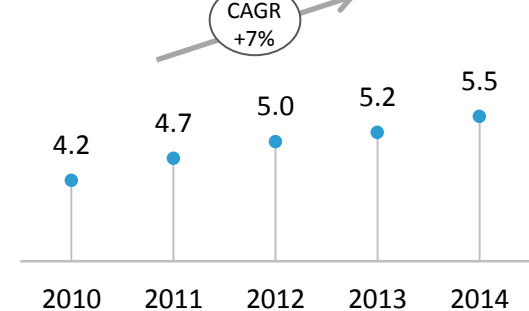
## Gross Revenues

(R\$ bln)



## EBITDA

(R\$ bln)



**Instituto** 

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

- ✓ 84,000 children and 2,700 professors



## In museums and science and technology centers

- ✓ More than 70,000 people



## 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  
7 consecutive years



Member of ICO2  
(Efficient Carbon Index)  
for 5 consecutive years

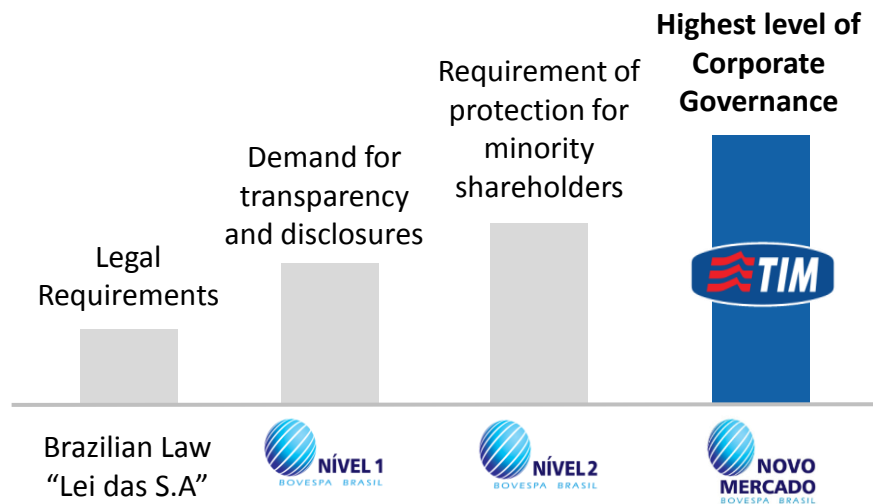
Member of CISO Federation



ISO 14001 certified  
since 2010, 1st  
Brazilian telco

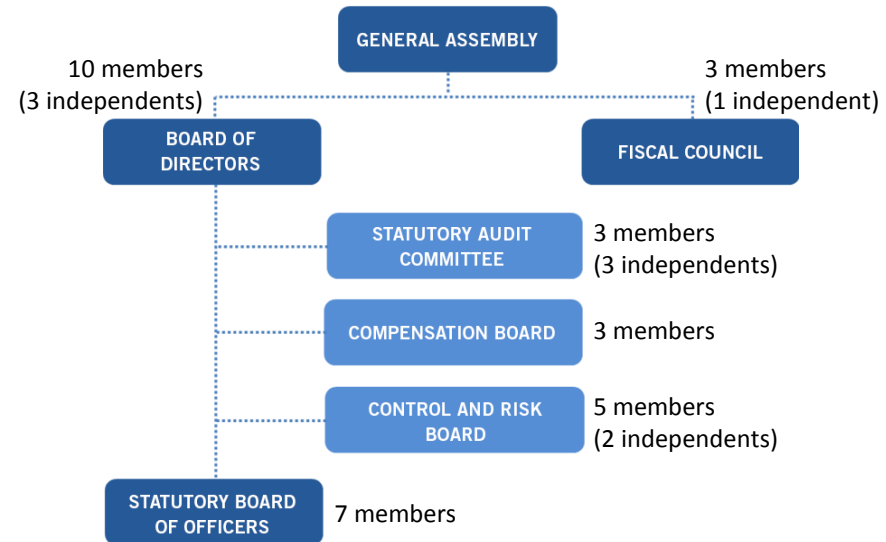
**Sustainability**

## 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:

[www.tim.com.br/canal-denuncia](http://www.tim.com.br/canal-denuncia)

# **Market Overview and TIM Positioning**

# Brazilian Telcos X-Ray

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	Mobile	Fixed	Fixed BB	Pay-TV	Group
Customers 3Q15 (000's)	72,573	540	220	n.a.	73,333
Market share 3Q15	26.3%	1.2%	0.9%	n.a.	---
Net Adds 12M (000's)	-2,304	38	75	n.a.	-2,191
Net Revs 3Q15 (R\$ Mln)	3,948		169		4,117
ARPU 3Q15	16.4	n.a.	n.a.	n.a.	---



	Mobile	Fixed	Fixed BB	Pay-TV	Group
Customers 3Q15 (000's)	70,353	11,638	8,025	10,133	100,149
Market share 3Q15	25.5%	26.3%	31.6%	52.0%	---
Net Adds 12M (000's)	717	235	728	-210	1,470
Net Revs 3Q15 (R\$ Mln)	2,930		6,134		9,064
ARPU 3Q15	13	n.a.	n.a.	n.a.	---

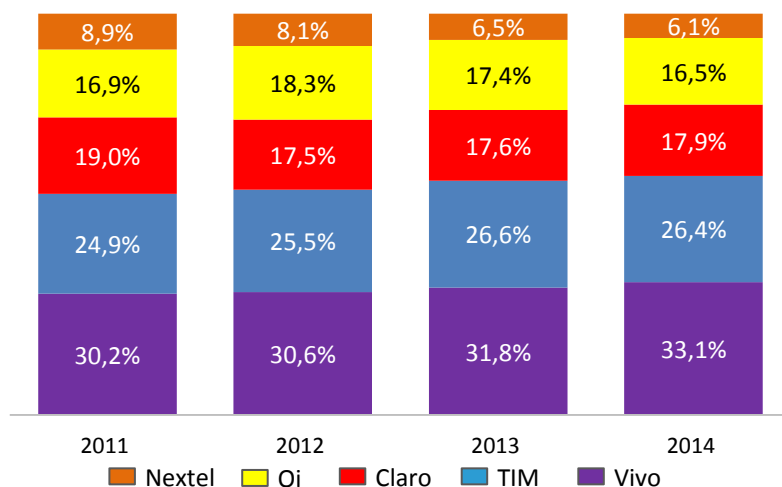


	Mobile	Fixed	Fixed BB	Pay-TV	Group
Customers 3Q15 (000's)	79,414	15,159	7,356	1,837	103,766
Market share 3Q15	28.8%	34.3%	28.9%	9.4%	---
Net Adds 12M (000's)	-409	-107	210	272	-34
Net Revs 3Q15 (R\$ Mln)	6,286		4,295		10,581
ARPU 3Q15	24.3	n.a.	n.a.	n.a.	---



	Mobile	Fixed	Fixed BB	Pay-TV	Group
Customers 3Q15 (000's)	49,462	15,453	6,426	1,171	72,512
Market share 3Q15	17.9%	35.0%	25.3%	6.0%	---
Net Adds 12M (000's)	-1,965	-1,250	-119	138	-3,196
Net Revs 3Q15 (R\$ Mln)	2,048		4,779		6,827
ARPU 3Q15	16.7	n.a.	n.a.	n.a.	---

## Mobile Revenues Share

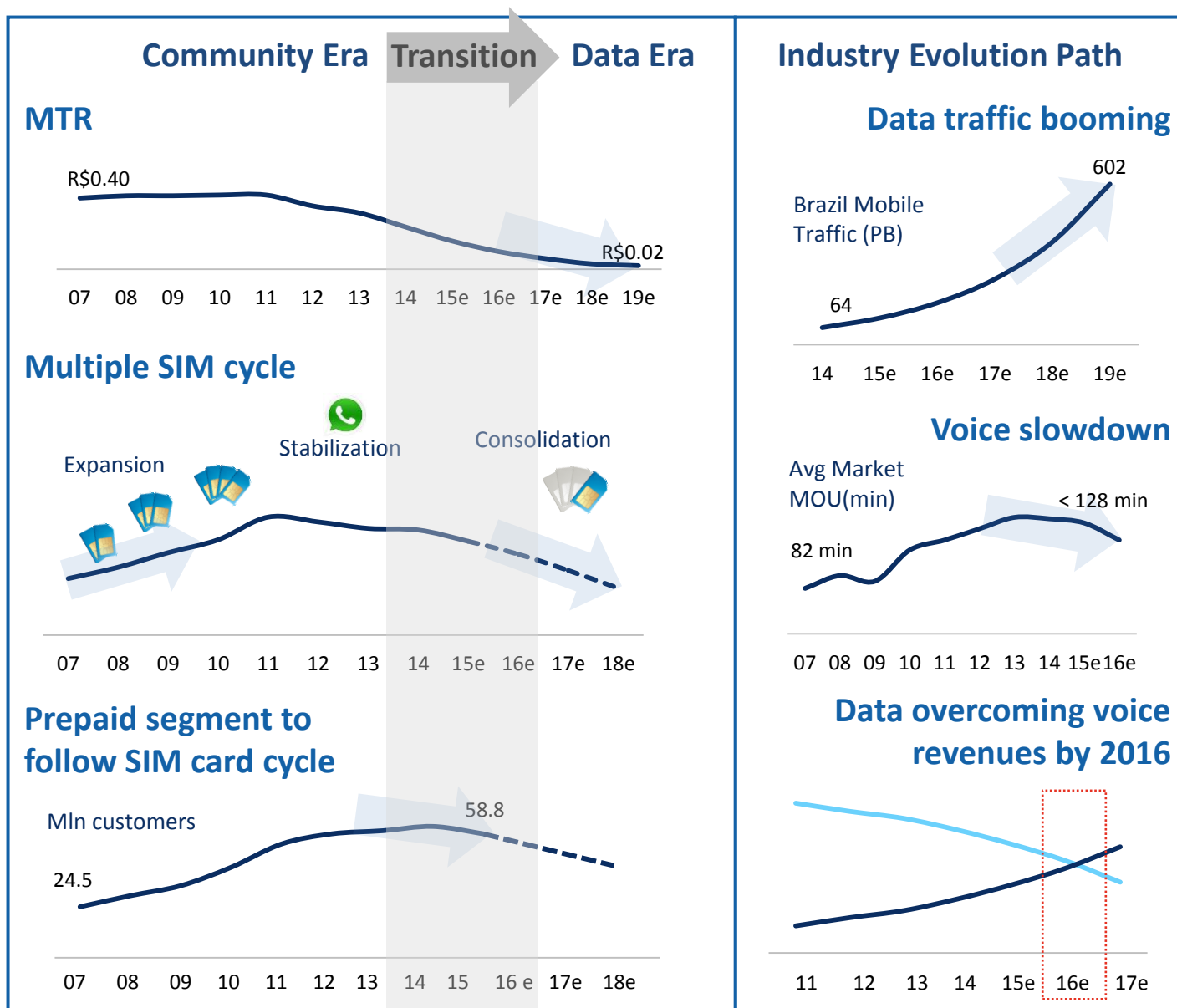


The industry mobile revenue represented 56% of the total industry revenues in 2014

TIM represents 26% of the industry mobile revenue<sup>1</sup>

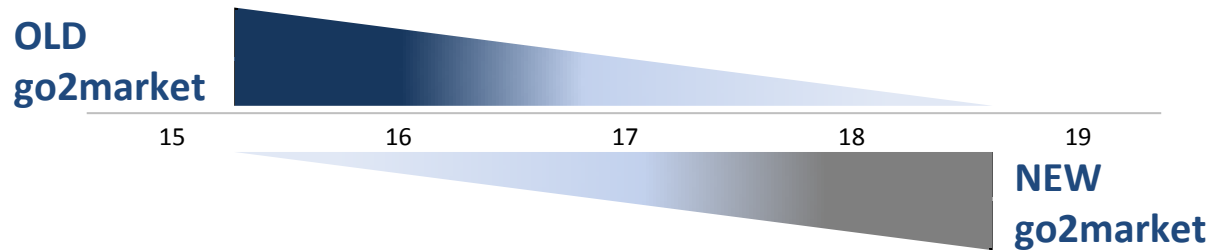
1 - Mobile revenue considers only the 5 major players. Oi numbers are adjusted to include corporate mobile

Source: Anatel and players' financial statements



**Market conditions require a new STRATEGY**

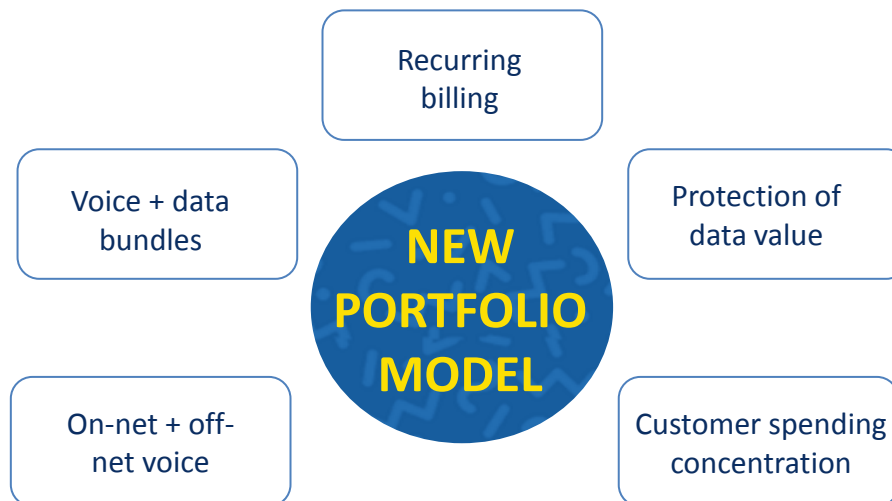




- Volume Driven (market share)
- Base of Pyramid
- Offer Based on Community
- Handset leadership (focus on volume)
- Mass Channels
- Mobile + B2C



- Value Driven (value share)
- Big Middle of Pyramid + Value Clients
- Bundle of Voice + Data + Off-net
- Handset Support (focus on value)
- Value Channels
- Mobile + B2C + B2B + selective convergence



# New Offer Details on Pre and Control: Throw 2<sup>nd</sup> SIM Away

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Investor Relations

## New Prepaid Plan



**R\$7.00**  
7 days

- ✓ 100 min to all operators - Local & LD
- ✓ 150 MB of data
- ✓ SMS to all operators

Higher value alternative at R\$10 (300 MB)

## New Control Plan



**R\$50.00**  
month

- ✓ 500 min to all operators - Local & LD
  - ✓ 1GB of data
  - ✓ SMS to all operators
- Additional price points at R\$35 (500 MB) and R\$70 (1.5 GB)

## Only ONE SIM Card

- + SIM card consolidation leveraging on off-net offering
- + “Fair value” on data offer
- + Coherent with customers current total spending



## New Postpaid Plan

**NOVO  
TIM PÓS** **R\$99.00**  
month

- ✓ 1,000 min to all operators - Local & LD
- ✓ No roaming charges
- ✓ 2GB of data
- ✓ SMS to all operators

Higher value alternatives at R\$139 (4GB) and R\$169 (6GB)



- + Best value for money postpaid offer in Brazil
- + Freedom to use On & Off net calls
- + Preserving data value and monetization (rightsizing data price points)

## Situation Recap

- Mobile market reaching maturity
- Community effect slowdown
- SIM Card consolidation (massive prepaid disconnection)
- MOU sharp reduction
- Voice revenues decline overcoming data growth
- Getting near the final stage of MTR relevant impact

## Adjusting to Challenges

### Actions to Date

- Repositioning in Network Quality
- Liberty Top
- 50MB/day allowance

### Actions Moving Forward **NOW!**

- New Portfolio



R\$7.00/week



R\$50.00/month



R\$99.00/month

## Strategic Goals

- Infrastructure as key enabler to resume growth
- Recover innovation and disruptive positioning (first mover advantage)
- Defend voice & maintain data acceleration to rebound revenues
- Better data monetization
- Leverage on Opex efficiency to sustain EBITDA and expand margin

## 3Q15 Results

## A Tough Year

Consumer confidence **75.7 pts**  
(**-25% YoY**)

Inflation **9.8%**


FX Rate **R\$3.86/US\$**

Unemployment **8.7%**

## Industry Reshaping

### TIM's Results

**+30%** YoY  
Bytes of Use



3Q14 to 3Q15

**-13%** YoY  
Minutes of Use



## Short term Revenue challenges, but focus on Infrastructure, Data and Efficiency continues

+

Data Revenues  
**+41% YoY**

Efficiency / Opex  
**-20% YoY**

EBITDA Margin  
**31.5%**

Building Infrastructure  
**+22% YoY** CAPEX

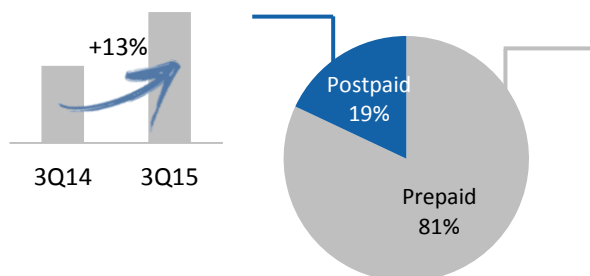
-

Service Revenues  
**-6.5% YoY**

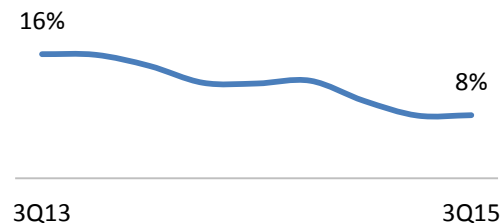
EBITDA  
**-2.7% YoY**

## TIM Current Position

### Customer Mix Improving



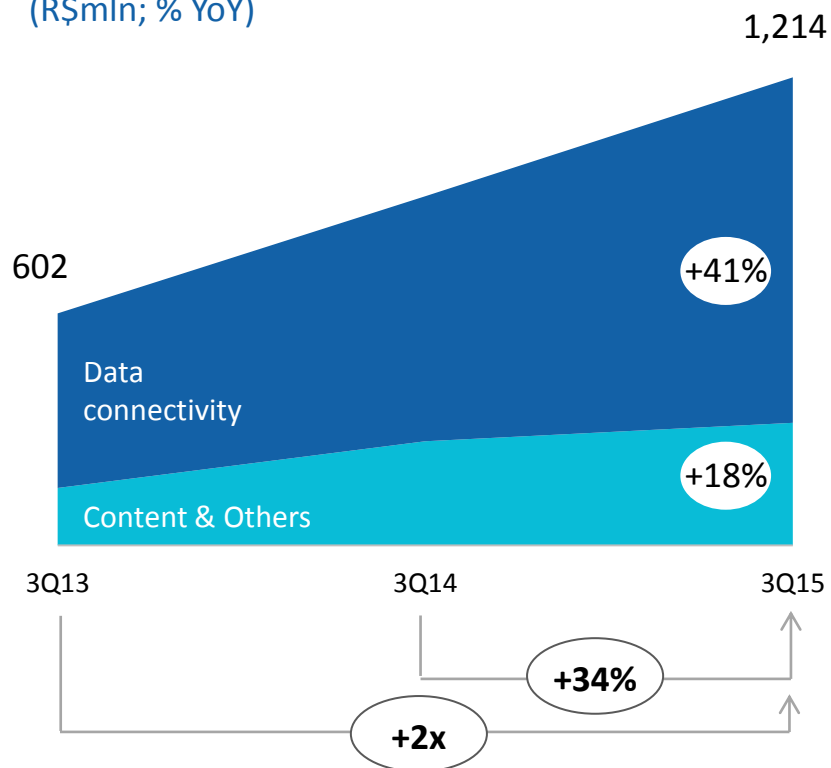
### Reducing but Still Significant Exposure to MTR



Offer based on community

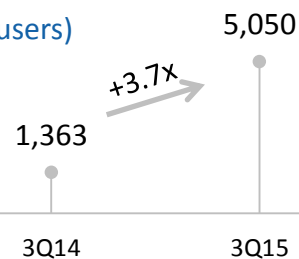
## Innovative Data Net Revenues

(R\$mIn; % YoY)



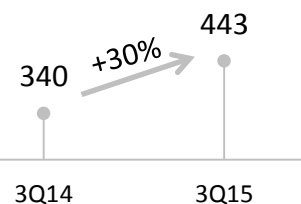
## 4G Users

(mln users)



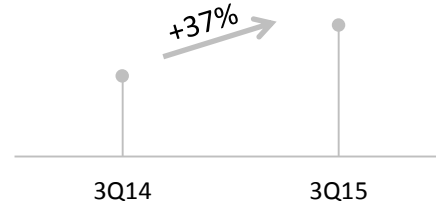
## Bytes of Use

(MB; % YoY)



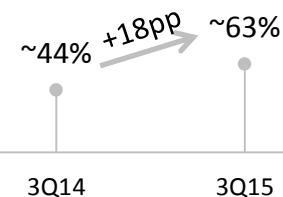
## Data ARPU\*

(R\$; %YoY)



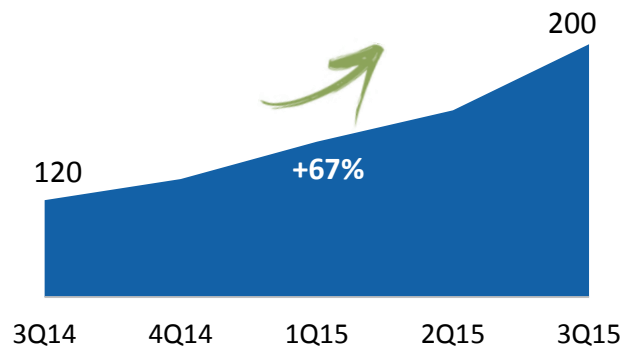
\*Innovative Services

## Smartphone Penetration



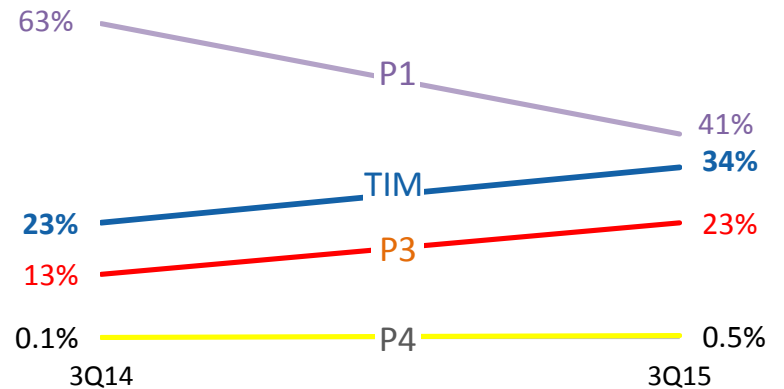
## Customer Base

(thousand customers; % YoY)



## Share of Net Adds

(SP and RJ >34 Mbps)



Source: Anatel

\*July and August

## Quality Recognitions



Keeping 1<sup>st</sup> place in the Netflix ISP Speed Index



Best Broadband quality in the Perceived Quality Survey done by Anatel

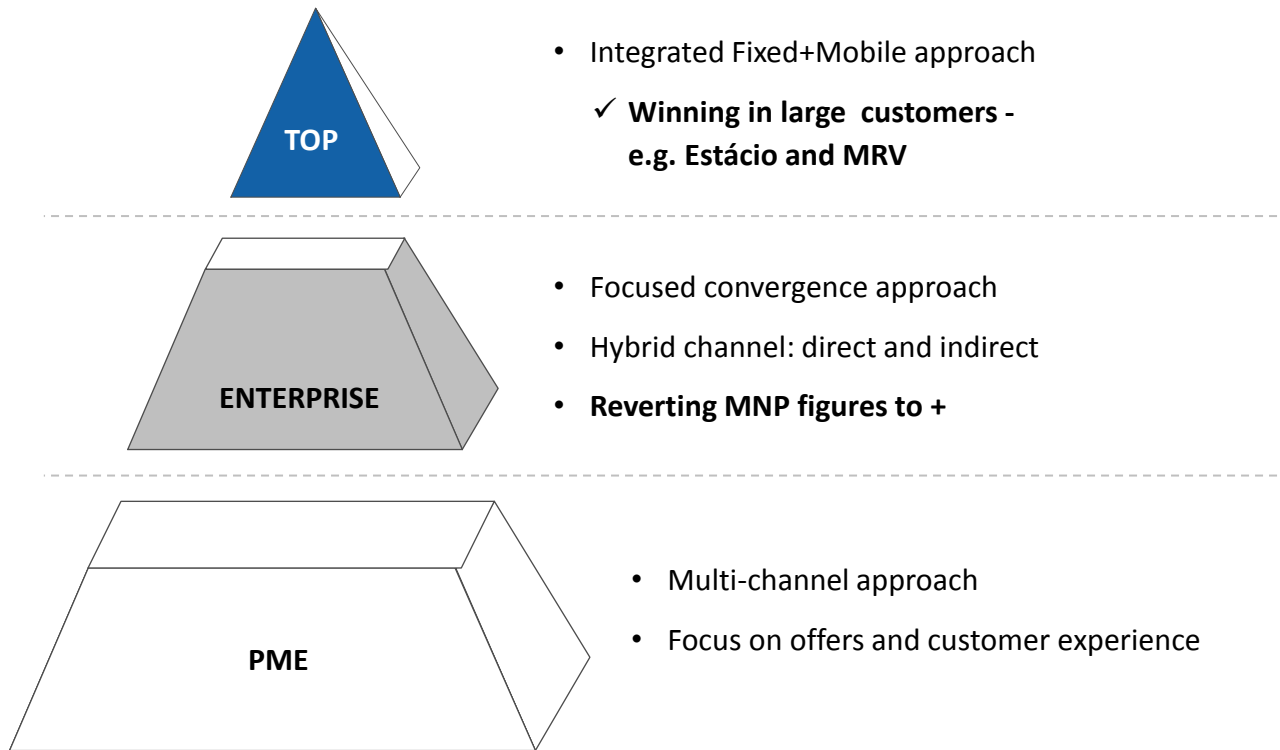


Best broadband in the country by “Estadão” newspaper ranking

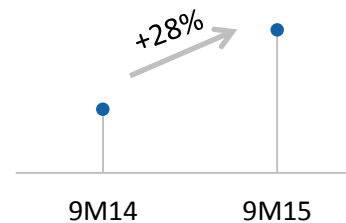


Most recommended brand by CVA Solutions Institute

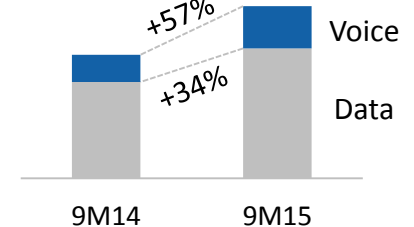




## Fixed Sales (R\$)



## Mobile Sales (Gross adds)

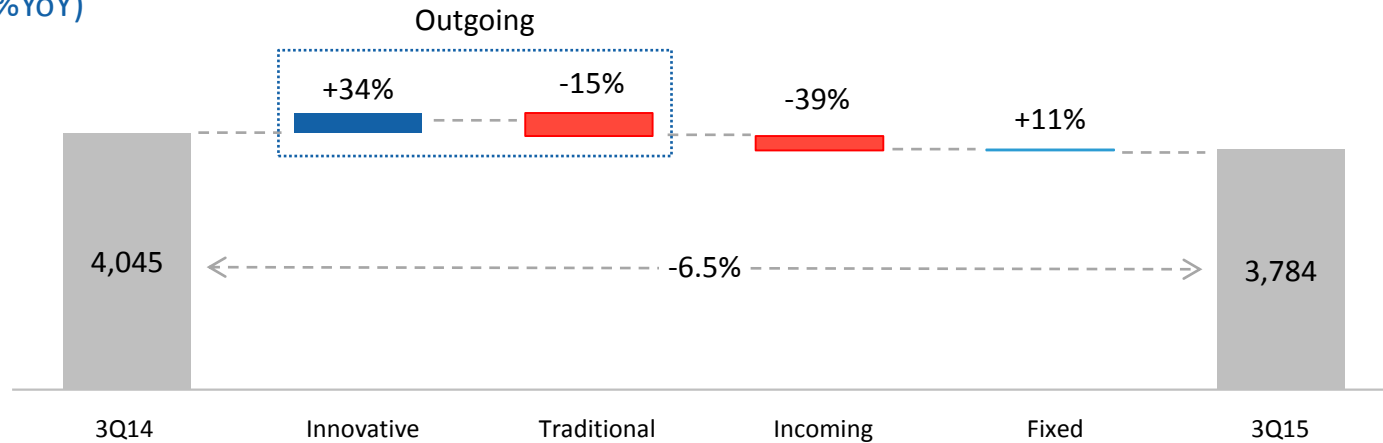


# Revenue Dynamics: Data Progress Continues

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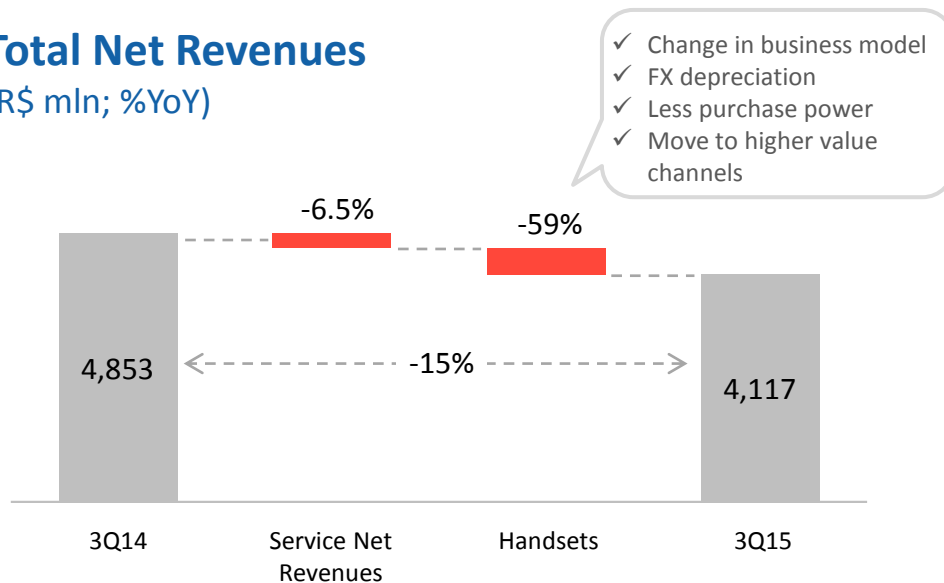
## Service Net Revenues

(R\$ mln; %YoY)



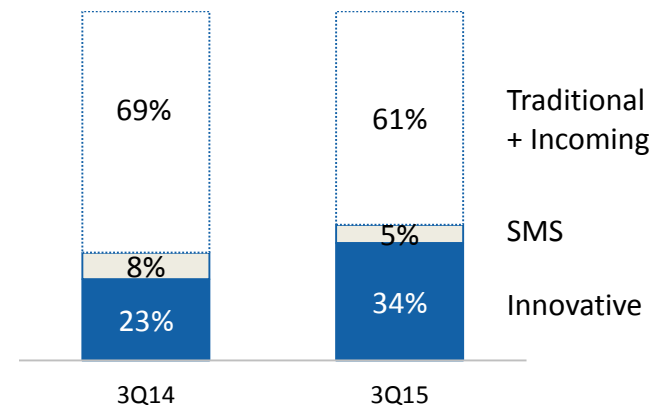
## Total Net Revenues

(R\$ mln; %YoY)



## Innovative Revenues Growing Relevance

(Mobile Service Net Revenues mix)

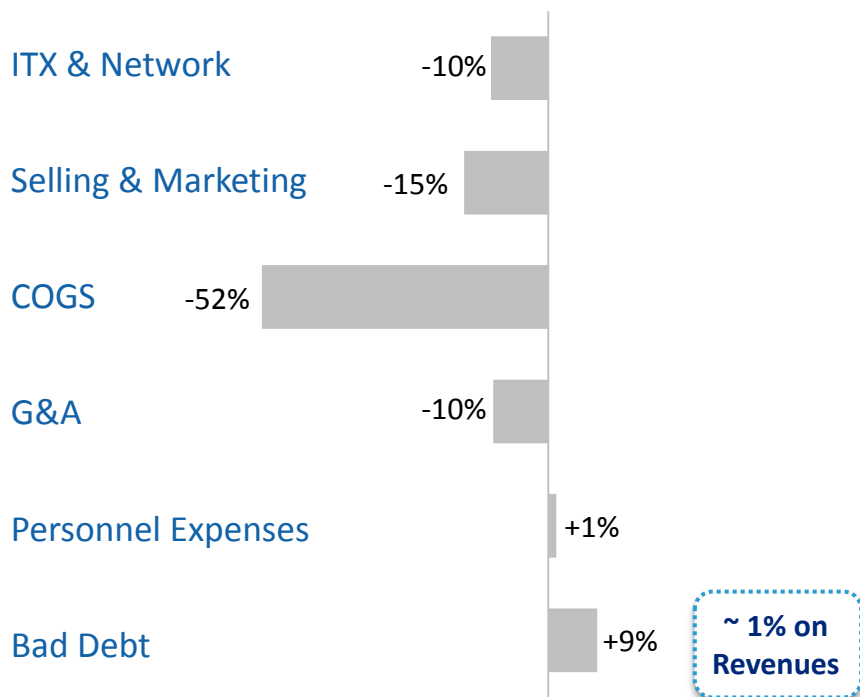


# Accelerating Short Term Savings, While Working on Structural Efficiency

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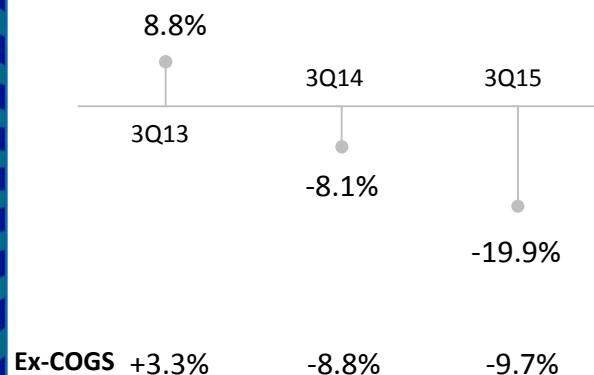
## Efficiency Initiatives in All Fronts in Q3

(% YoY; Δ R\$mIn YoY)



## Opex Performance (ex towers sale)

(% YoY)



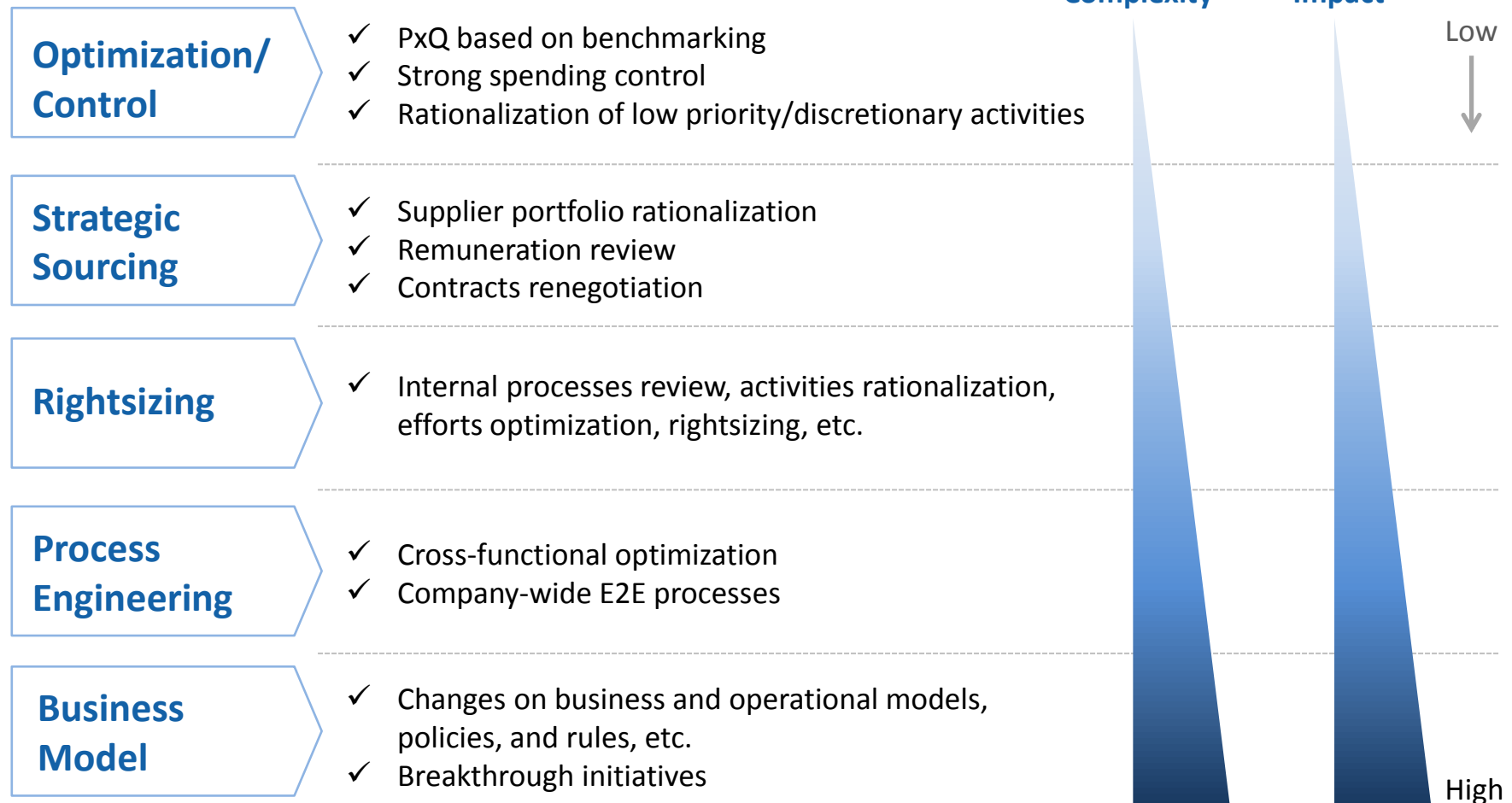
## Efficiency Plan Update



**More than R\$1 bln in 3 years** (sum of savings in 2015, 2016 and 2017)

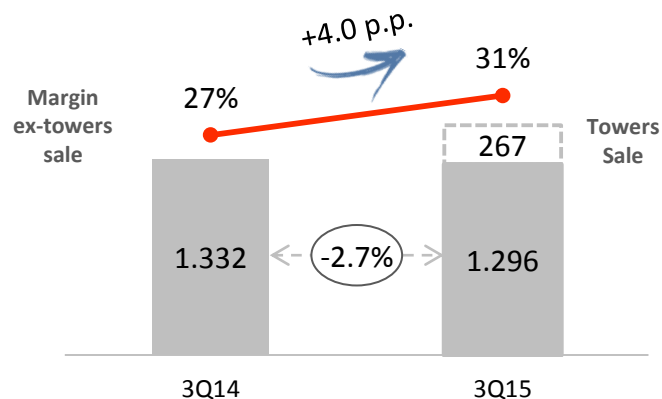
- ✓ Further evolution of current cost control initiatives
- ✓ Focus on systems, platform and business model

**Focus on  
Margin  
Improvement**



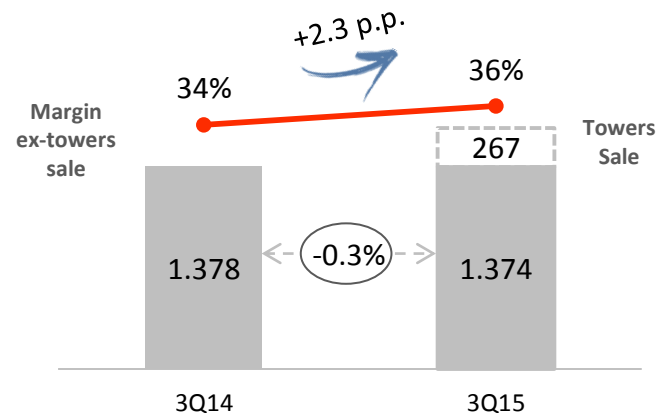
## EBITDA & Margin

(R\$ mln; %YoY)



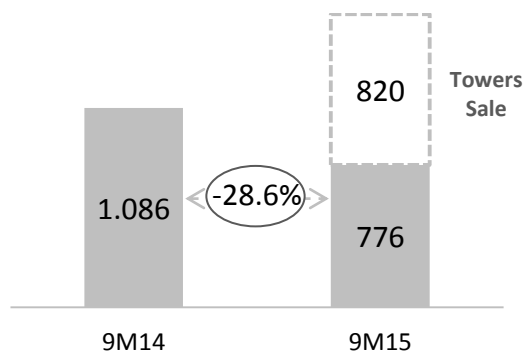
## Service EBITDA & Margin

(R\$ mln; %YoY)



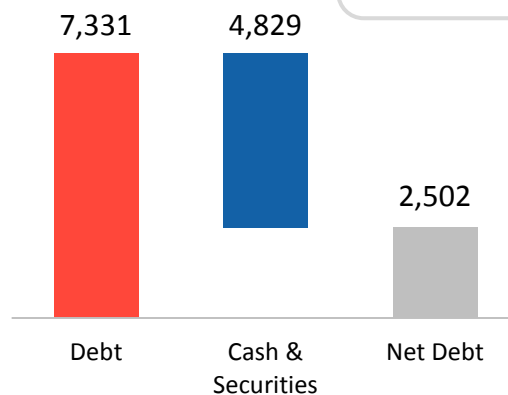
## Net Income

(R\$ mln; %YoY)



## Net Debt

(R\$ mln)



Recent cash outs (R\$):  
4G in 4Q14: 1.68bln  
4G in 2Q15: 0.37bln  
Capex > 0.66 bln YoY

Net Debt/LTM EBITDA

0.46x

## Towers Sale Impact

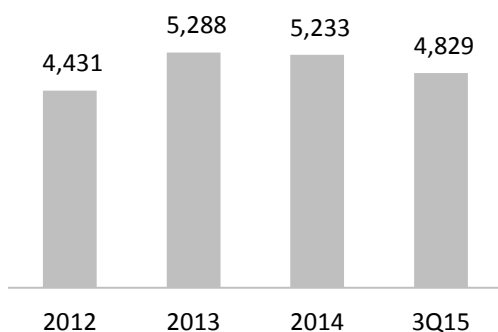
R\$ mln	1st closing	2nd closing
#Towers sold	4,176	1,125
EBITDA	+918	+267
Net Income	+636	+184
Cash	+1,897	+517
Debt	-977	-230
NFP	+921	+286

# Net financial position details - Cash & Debt Evolution

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## Cash Position

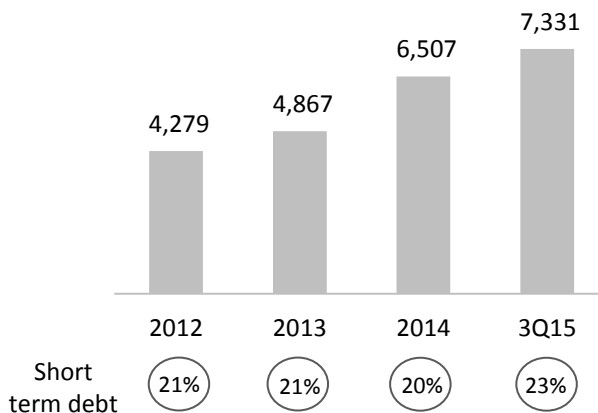
(R\$ mln)



✓ Comfortable liquidity margin

## Debt Position

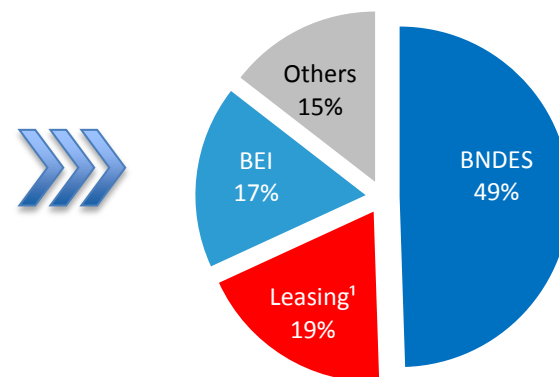
(R\$ mln; % of total debt in short term)



✓ Better Profile: Less Short Term Debt

## Debt by Lender in 3Q15

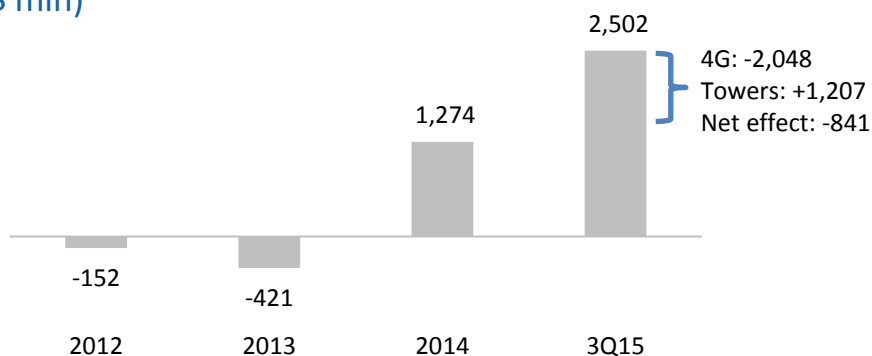
(% of gross debt; post hedge)



¹ Leasing from Tower Sale + LT Amazonas

## Net Financial Position

(R\$ mln)

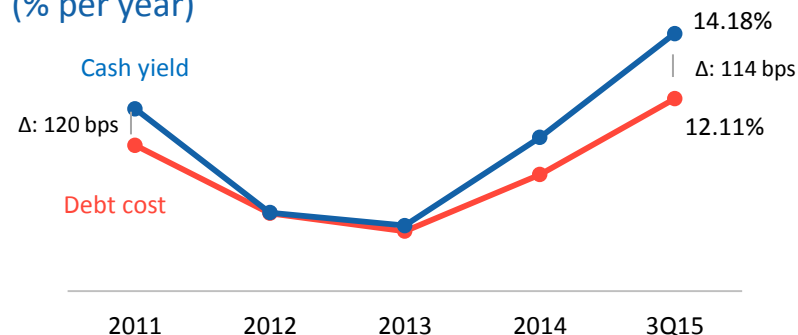


Net debt/  
EBITDA 12M

Year	Net debt/EBITDA 12M
2012	-0.03x
2013	-0.08x
2014	0.23x
3Q15	0.46x

## Cash Yield vs. Debt Cost

(% per year)

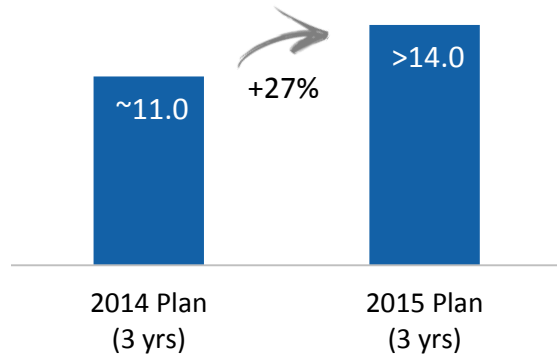


- ✓ Higher cash yield and debt cost due to CDI increase in the period
- ✓ Bigger gap between cash yield and debt cost due to smaller cost of new loans

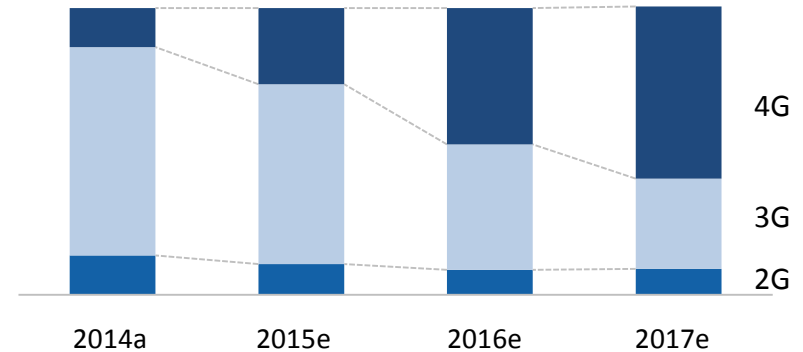
# Quality and Network Evolution

## New Investment Plan 2015-17

(R\$ billion; % YoY)

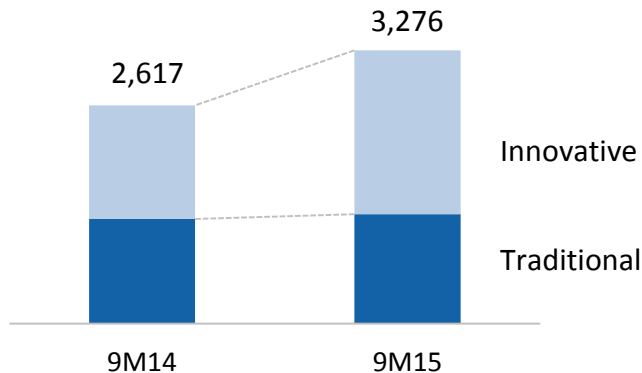


## Technology Capex Allocation



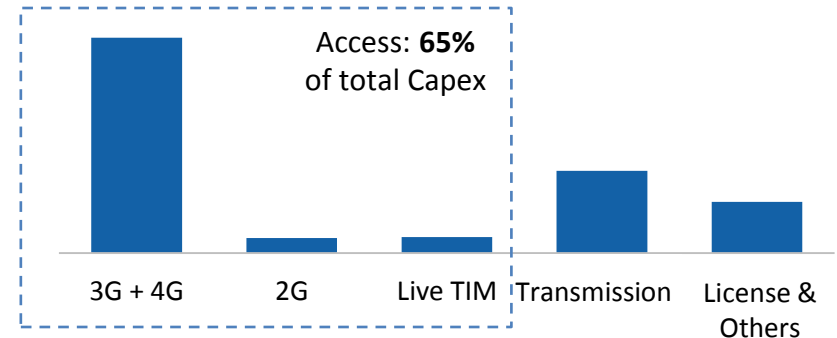
## Investments in the Growing Business

(R\$ million)



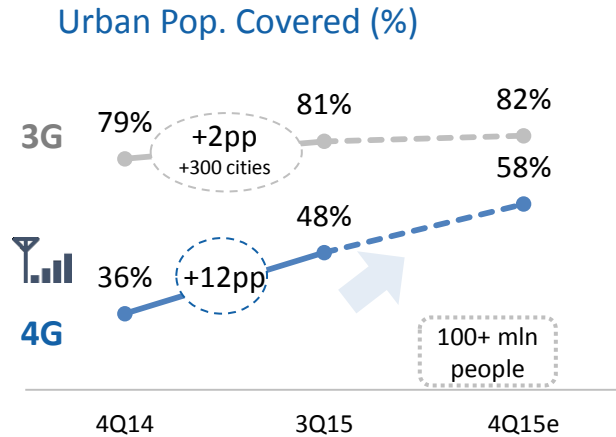
## Capex Distribution - 9M15

(R\$ million)

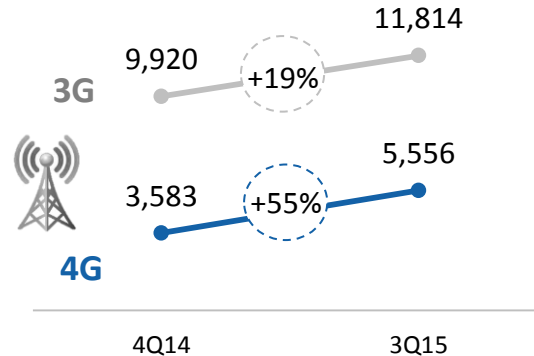




## Coverage: Fast Expanding 3G/4G



## # of Sites



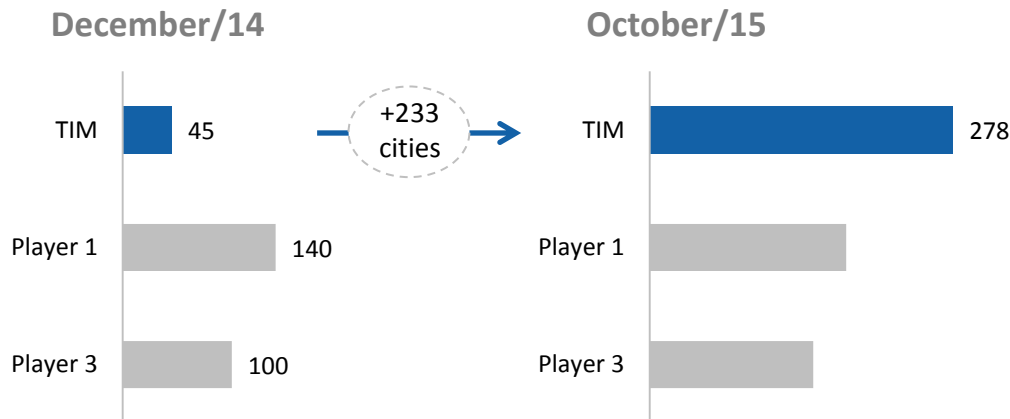
## Innovative Coverage



- ✓ Rio de Janeiro
- ✓ Curitiba
- ✓ Brasília
- ✓ Manaus
- ✓ Natal
- ✓ São Luiz

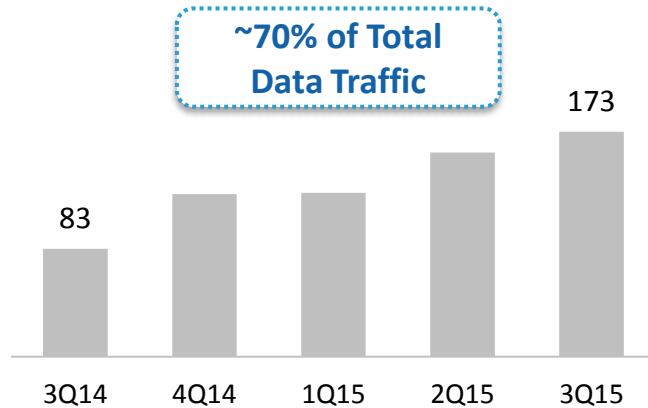


## # of Cities with 4G Coverage:



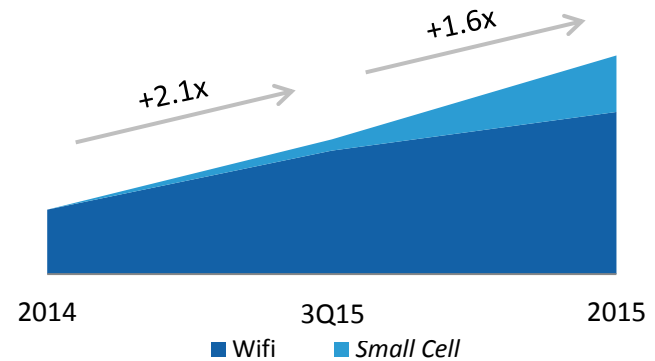
## Mobile Broadband Project Evolution

(# of Cities with MBB)



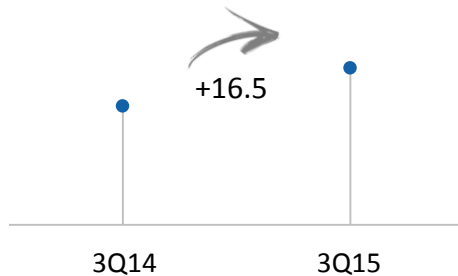
## HetNet Sites

(# of wifi hotspots and small cells - 3G/4G)



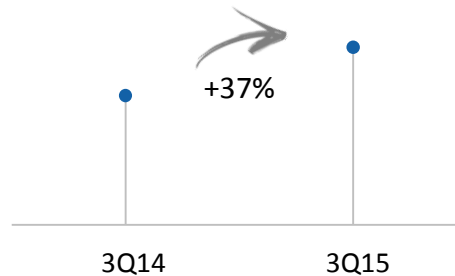
## BackBone

(000 Km; YoY)



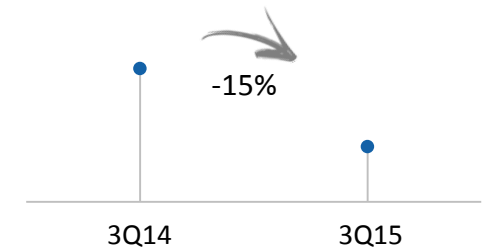
## Sites Connected with Fiber

(%YoY)



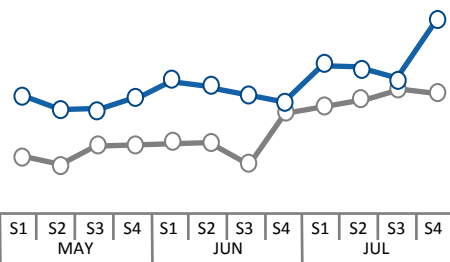
## Leased Lines Cost

(R\$ million; %YoY)

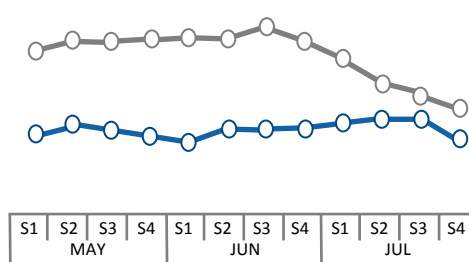


# A Better Customer Experience Use

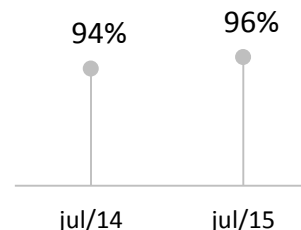
**Throughput DL**  
(KBPS)



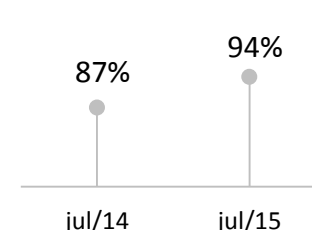
**Latency**  
(MS)



**Instant Speed**  
(SMP10)<sup>1</sup>



**Average Speed**  
(SMP11)<sup>2</sup>



—○— TIM —○— MARKET without TIM

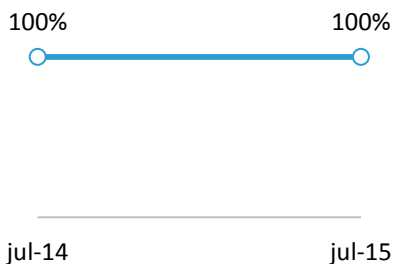
2G+3G data: charts made by TIM through report analysis  
NetMetrics provided by SpeedTest.net

<sup>1</sup> Measures connection speed at any given time above Anatel's target.

<sup>2</sup> Average connection speed registered within the month.

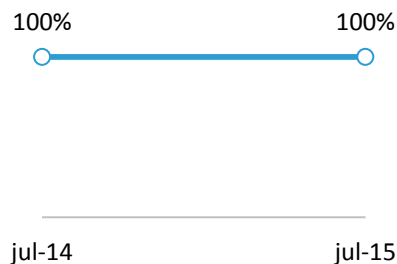
Both indicators refers to country average weighted by customer base.

**Voice Accessibility**

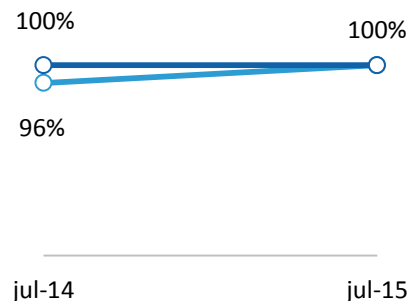


Number of states within target; Source: Anatel

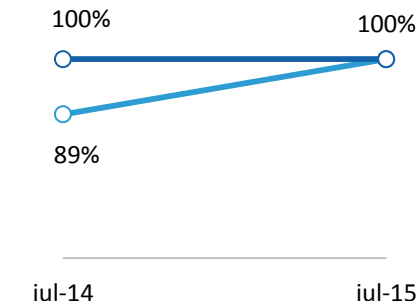
**Voice Drop**



**Data Accessibility**  
(3G/4G)



**Data Drop**  
(3G/4G)

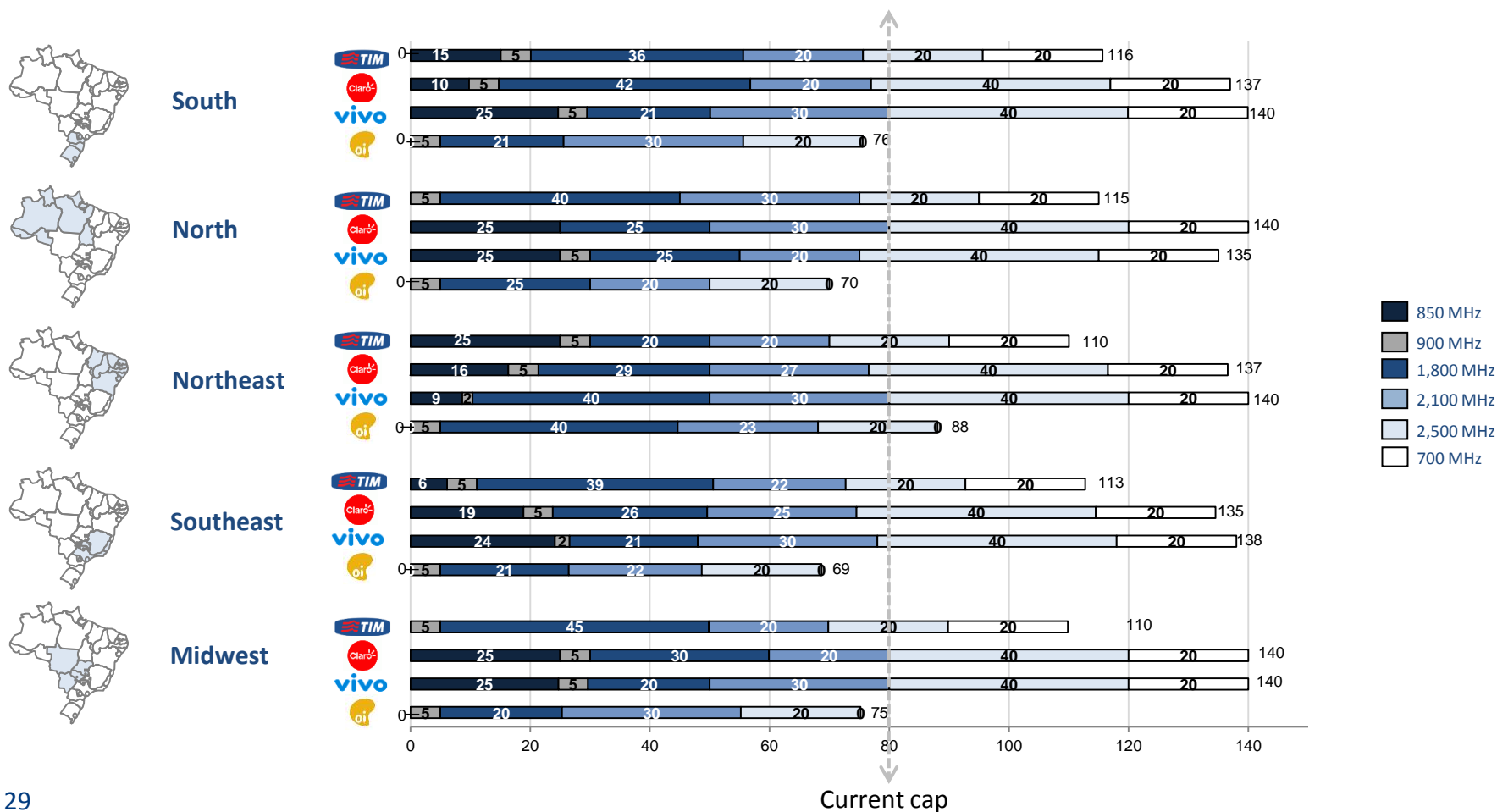


—○— 3G —○— 4G

# Regulatory Update

# Spectrum – Caps and Distribution

Band	850 MHz	900 MHz	1.800 MHz	2.100 MHz	2.500 MHz	700 MHz
Regulated Spectrum Cap (FDD Applications)	(12.5+12.5) MHz	(2.5+2.5) MHz	(25+25) MHz	(15+15) MHz	(30+30) MHz	(20+20) MHz
	Global Cap of 80 MHz < Σ of Sub-Caps				Specific Caps	



# Main regulatory topics for 2015

TIM Brasil  
Investor Relations

2Q15

3Q15

April

May

June / July

August

September

## Network Neutrality (MJ)

- Public Consultations (PC) from the Ministry of Justice about network neutrality regulation in the “Marco Civil da Internet” (Brazilian Civil Rights Framework for the Internet).

## Antennas Law

- Law n. 13,116/15 published, that unifies antenna installation requirements nationwide.

## Regulatory Agenda

- Publication of the PC about Anatel’s Regulatory Agenda for 2015-2016 biennium.

## Personal Data

- Contributions to the PC of the Ministry of Justice about the Preliminary project of the Personal Data Project Law.

## Network Neutrality (ANATEL)

- End of Anatel’s PC about the network neutrality regulation (MCI 9<sup>th</sup> art.).

## Groups with SMP

- ANATEL conducts PC to review Groups with Significant Market Power in PGMC markets.

## 655/2015 Res.

- Published Reg. for acquisition of National Products (obligations fulfillment).

## Antennas Law

- Discussion on the Bill of Law minutes for urban and licensing rules.

## Digital TV Ads

- Beginning of campaign about the Analog TV switch off (Rio Verde/GO).

## Public notice of Leftovers

- PC for 1,800, 2,500 and 3,500 MHz bands authorization auction.

## Radio Frequency

- Res. 454/2006 revision.
- PC to allow 900 and 1,800 MHz bands auction.

## 700MHz

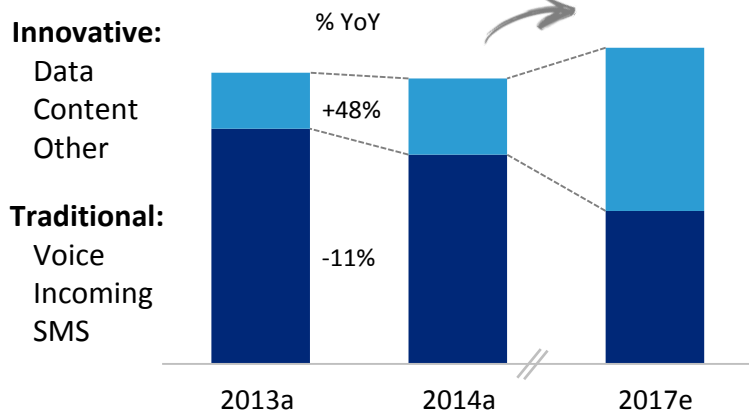
- Beginning of Digital TV converters distribution in Rio Verde /GO for “Bolsa Família” beneficiaries.

- Small Cells (Law n. 13,097/2015):** full exemption of TFI/TFF (FISTEL) to Small Cells with <5W power and reduction of 90% to 5-10W power.
- Fistel Adjustments:** Proposal of the Ministry of Finance to increase by 189% TFI / TFF (Fistel) stations / access. Sectorial actions with the Ministries.
- Speed reduction vs. Service Interruption after full data package usage:** Public Commitment published on 4/23/15, including educational campaign and code of conduct.
- Terms of Conduct Adjustment (TAC):** to be signed before Nov/15.
- “Banda Larga para Todos” (Broadband for All):** Government program under construction. Goals by 2018: 300 mln of broadband internet accesses, speed of 25Mbps, 40 thousand schools and 23 thousand Public Health Centers (basic care) covered with high capacity broadband.
- STFC concession:** Possible revision of the current model (to culminate in anticipation of its closure, scheduled for 2025), with regulatory review of universal and reversible assets.
- Auction of leftover spectrum:** expected to occur in Dec/15. The auction includes remnants of the 2.5 GHz band not sold in the 4G auction in 2012 and the sale of the 1.8 GHz band in the metropolitan region of Sao Paulo, which was occupied by the now defunct Unicef.

# **Industrial Plan 2015-17**

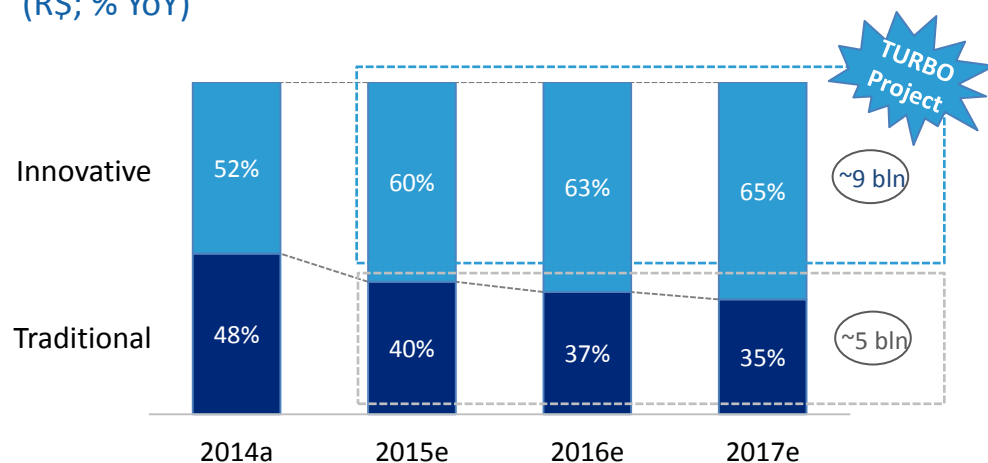
## Mobile Net Revenues Analysis

(R\$; % YoY)



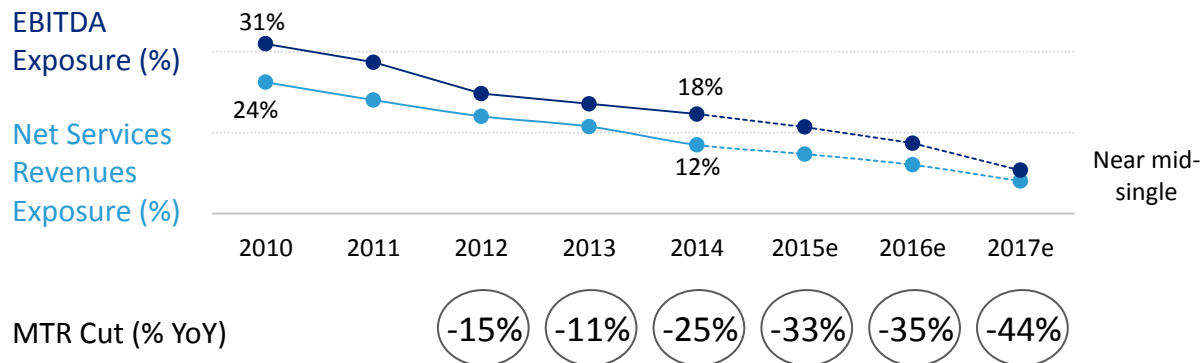
## Innovative and Traditional Investments

(R\$; % YoY)



**Capex Plan: >14 bln of Reais in 3 years**

## MTR Incidence Estimates



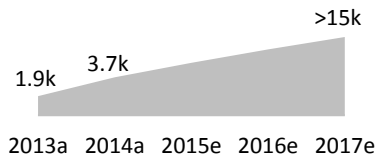


## Network Rollout

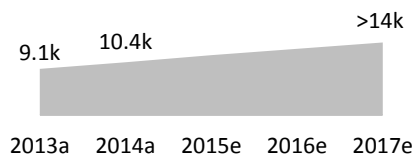
### MBB Project Geographic Area

- ✓ 1,137 cities prioritized due to business relevance, based on IRR and Payback
- ✓ MBB program is addressing >70% of TIM's business, and is the key investment program in 2015-2017
- ✓ High business concentration in few cities allows for a focused infrastructure enhancement program

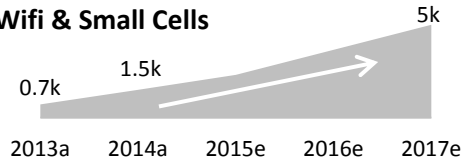
#### Number of 4G Sites



#### Number of 3G Sites



#### Number of Wifi & Small Cells



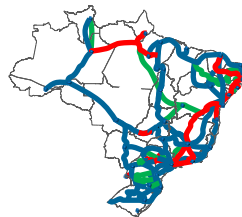
## TIM LD Backbone

2009



~15,000 Km

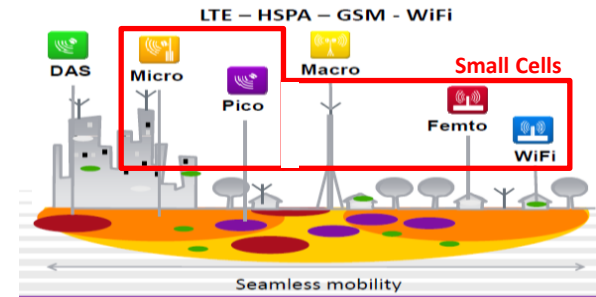
2017



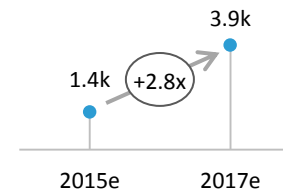
~60,000 km

## New Coverage Strategy

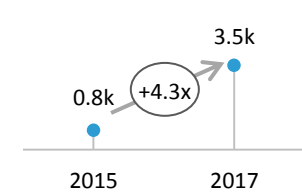
### HetNet



### New Macro Sites



### New Small Cells

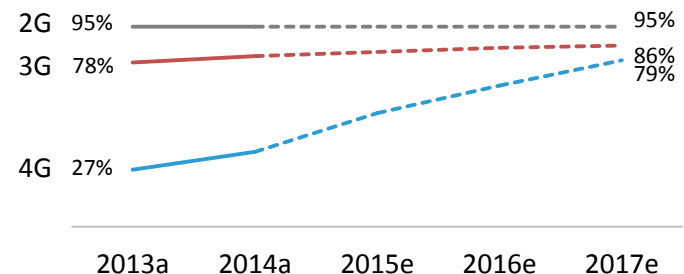


### WiFi / Femto / DAS

3,000 WiFi in 2015

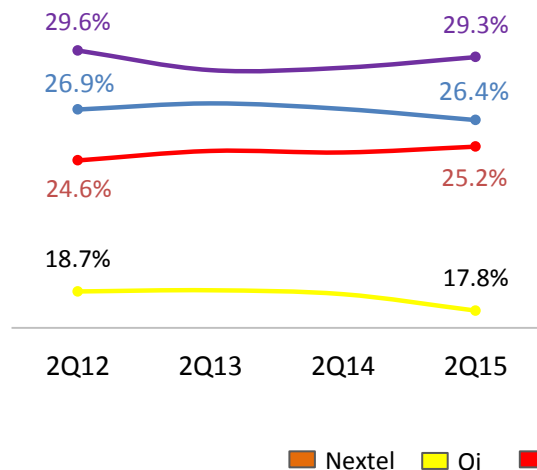
>150 DAS in 2015

### % of Urban Covered Population

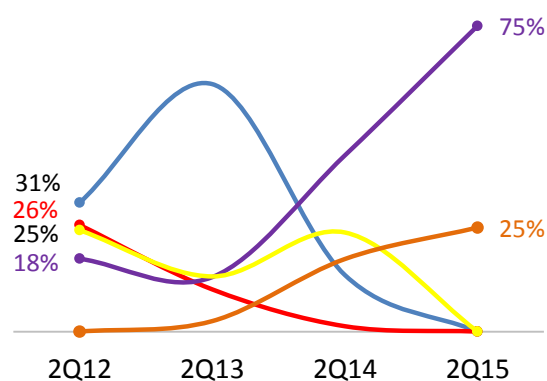


# Appendix

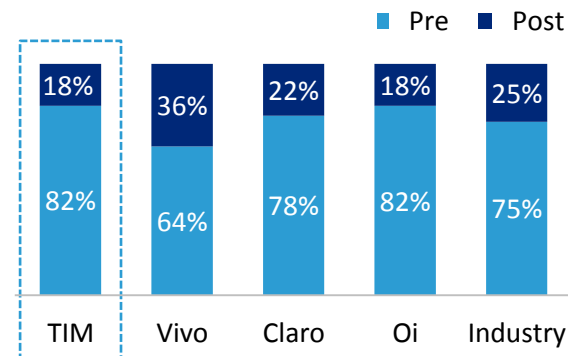
## Market Share



## Net Adds Share

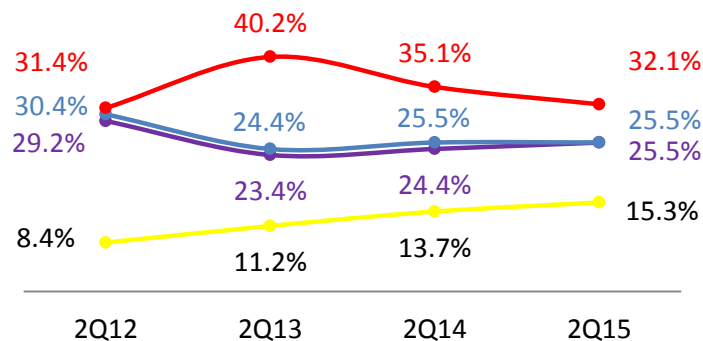


## Mobile Customer Base (in 2014)

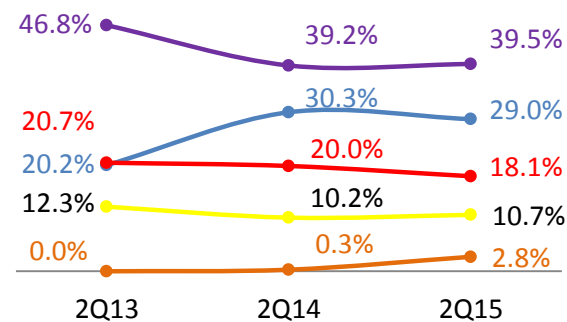


## Market Share per Technology

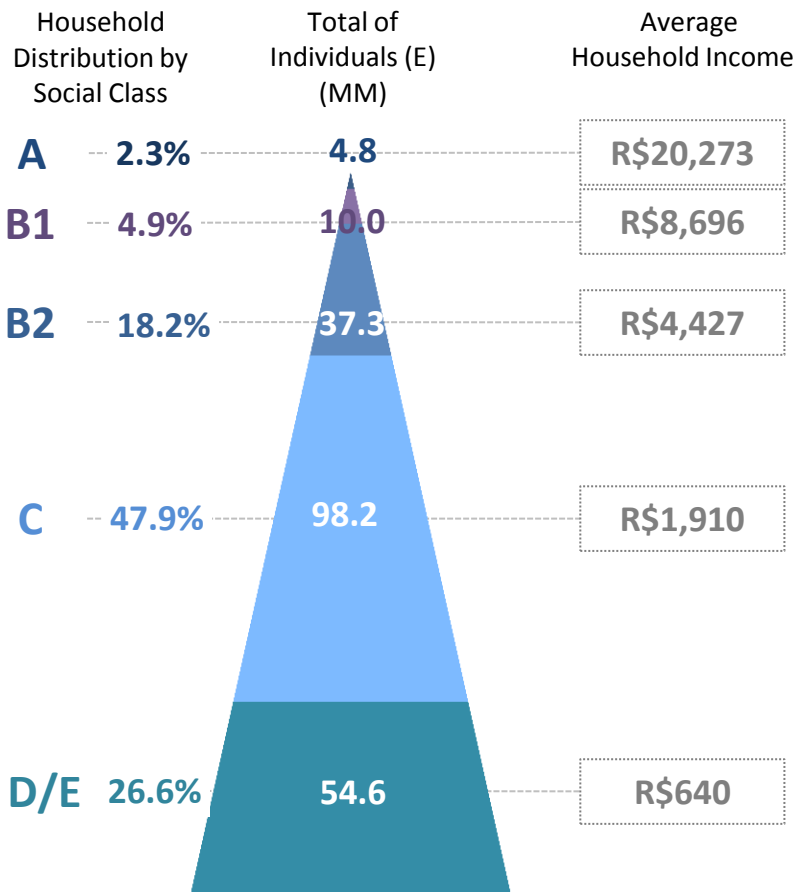
### 3G



### 4G



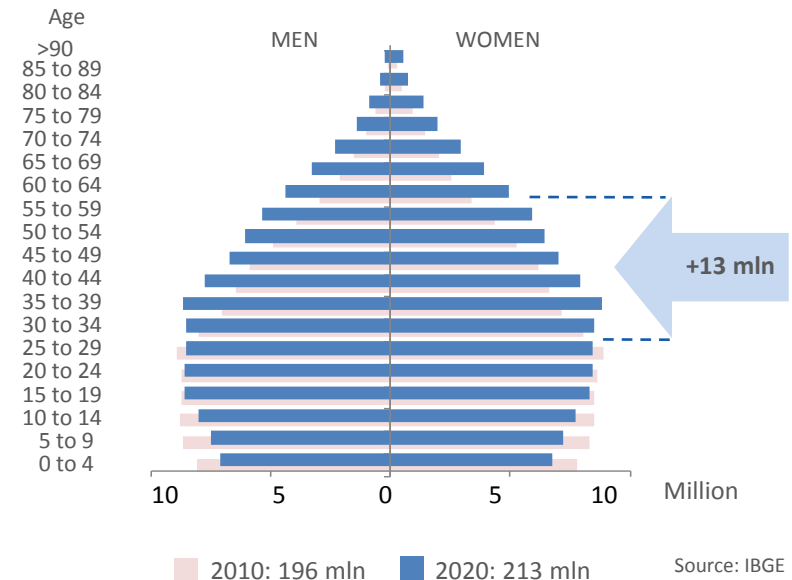
## Population by Social Class & Income Profile



Average Brazilian Household Income: R\$2,794

Note: New criteria from Abep adopted after 2014  
Source: IPC Maps 2015

## Age Pyramid (million people)

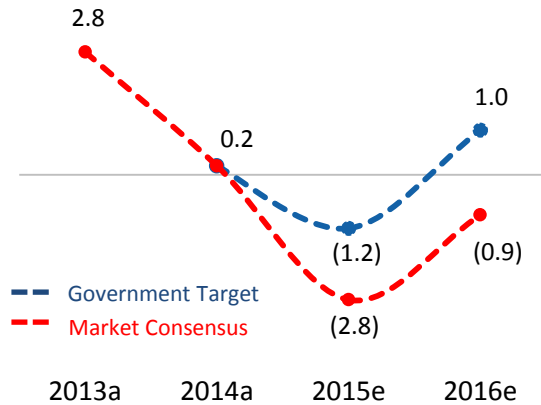


### Brazil Facts

- ✓ 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

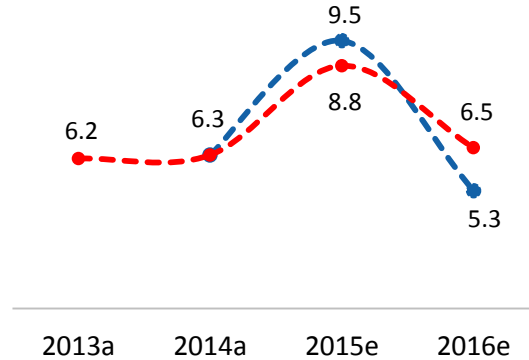
## GDP Forecast

(% YoY growth)



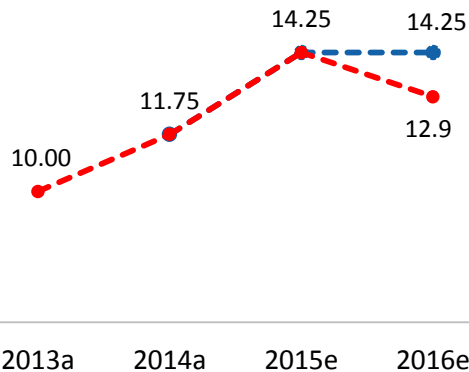
## Inflation Forecast

(IPCA: 12 months)



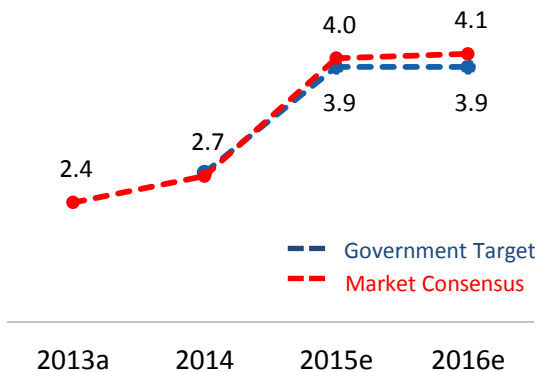
## Interest Rate Forecast

(% Selic Target p.y. – year end)



## FX Rate Forecast

(R\$/U\$ - end of period)



- Consensus expects a deterioration in overall macroeconomic scenario on the short term

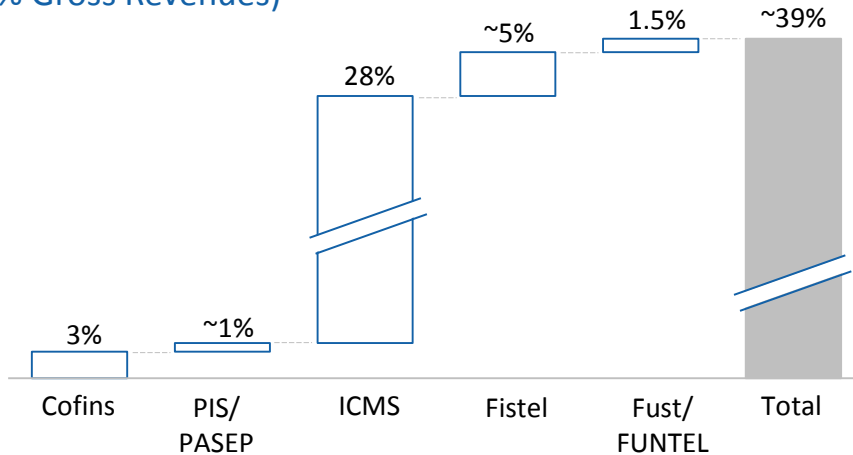
- Market consensus still project GDP contraction in 2016

- Market expects government to push inflation to the upper limit of the inflation band

- With inflation and FX Rate going up, SELIC is expected to keep at current levels and starts to drop only by 2016

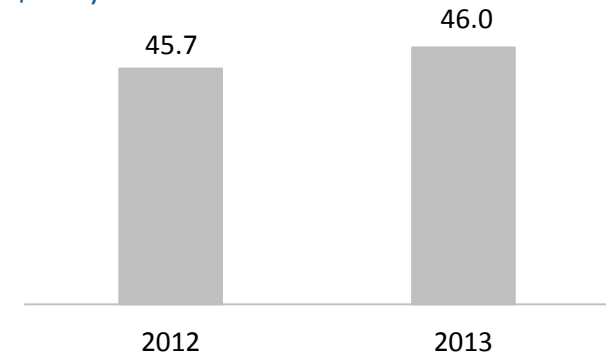
## Tax Burden Composition

(% Gross Revenues)



## Telecom Industry Tax Payments<sup>2</sup>

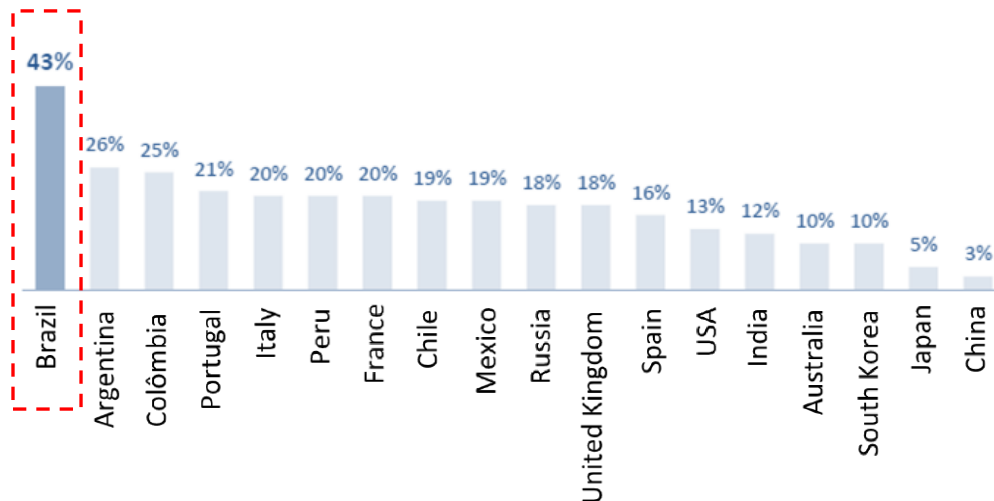
(R\$ bln)



**Taxation represents almost 40% of companies gross revenues**

## Tax Burden over Net Revenues

(over mobile phone services - voice)



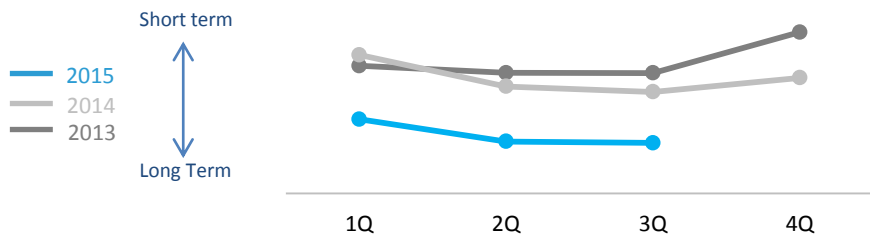
<sup>2</sup> Considers TIM, Telefonica, Oi and AMX  
Source: players Balance Sheet



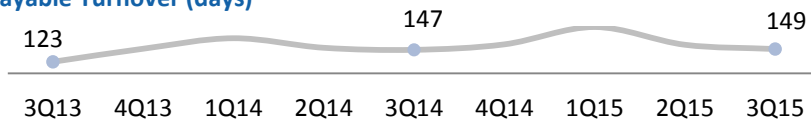
# Balance Sheet Analysis

TIM Brasil  
Investor Relations

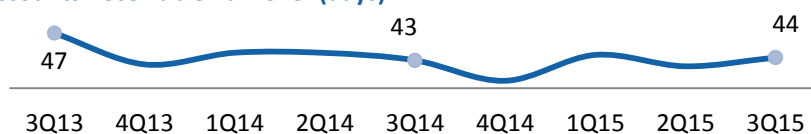
## TIM's Debt Composition



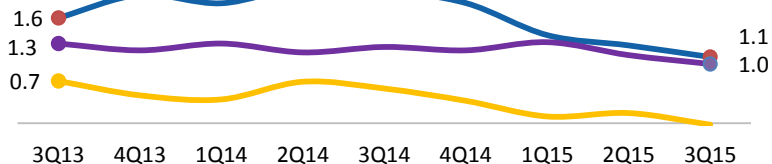
## Payable Turnover (days)



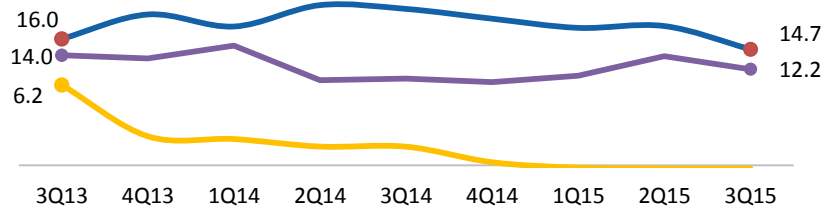
## Accounts Receivable Turnover (days)



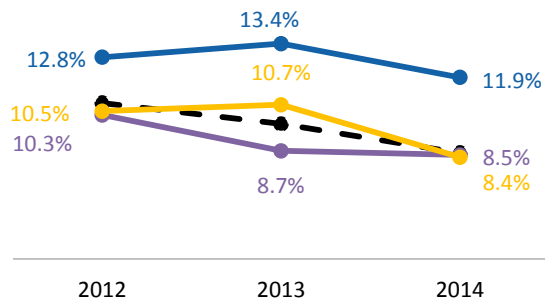
## Price/Book Value



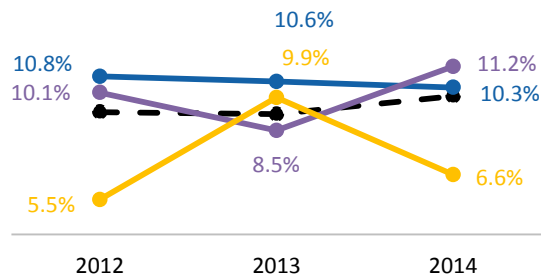
## Price/Earnings



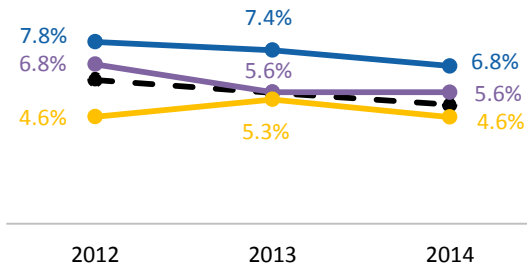
## ROIC (NOPAT/Invested Capital)



## ROE (Net Income/Shrd. Equity)



## ROA (NOPAT/Total Assets)



TIM  
VIVO  
OIBR  
Market Average

Source: Bloomberg  
\*Estimated

# Quarterly Historical Data

TIM Brasil  
Investor Relations

R\$ Thousand

Description	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	3Q15 vs. 3Q14 (YoY %)
<b>Gross Revenues</b>	<b>7,043,065</b>	<b>7,162,503</b>	<b>7,228,003</b>	<b>7,570,932</b>	<b>6,819,970</b>	<b>6,635,167</b>	<b>6,227,317</b>	<b>-13.8%</b>
Gross Revenues Telecommunications Services	6,180,443	6,014,599	6,081,110	6,257,031	5,942,111	5,740,123	5,724,033	-5.9%
Telecommunications Services - Mobile	5,958,845	5,793,628	5,848,679	6,030,871	5,705,976	5,497,016	5,467,363	-6.5%
Usage and Monthly fee	2,801,736	2,751,247	2,738,456	2,715,595	2,584,224	2,456,721	2,363,960	-13.7%
Value added services - VAS	1,499,538	1,577,565	1,676,798	1,862,119	1,825,718	1,912,886	1,987,443	18.5%
Long distance	814,990	771,408	760,797	746,945	722,486	683,682	671,044	-11.8%
Interconnection	775,304	627,616	605,718	622,023	475,267	372,412	369,601	-39.0%
Others	67,277	65,792	66,910	84,189	98,281	71,315	75,317	12.6%
Telecommunications Services - Fixed	221,599	220,971	232,430	226,160	236,135	243,107	256,670	10.4%
Gross Revenues Handset sales	862,622	1,147,904	1,146,893	1,313,901	877,859	895,043	503,284	-56.1%
Discounts and deductions on Gross Revenues	(2,340,841)	(2,387,771)	(2,375,239)	(2,402,488)	(2,273,258)	(2,282,130)	(2,110,289)	-11.2%
Taxes and discounts on services	(2,080,803)	(2,030,080)	(2,036,086)	(2,061,207)	(2,002,527)	(1,955,672)	(1,940,533)	-4.7%
Taxes and discounts on handset sales	(260,038)	(357,690)	(339,152)	(341,281)	(270,731)	(326,457)	(169,756)	-49.9%
<b>Net Revenues</b>	<b>4,702,224</b>	<b>4,774,732</b>	<b>4,852,764</b>	<b>5,168,444</b>	<b>4,546,712</b>	<b>4,353,037</b>	<b>4,117,027</b>	<b>-15.2%</b>
Organic Net Revenues	4,702,224	4,774,732	4,852,764	5,168,444	4,546,712	4,353,037	4,117,027	-15.2%
Net Revenues on Services	4,099,640	3,984,519	4,045,023	4,195,824	3,939,584	3,784,451	3,783,500	-6.5%
of which Mobile Innovative Revenues	716,766	798,588	905,734	1,048,845	1,044,033	1,150,283	1,214,183	34.1%
Organic Net Revenues on Services	4,099,640	3,984,519	4,045,023	4,195,824	3,939,584	3,784,451	3,783,500	-6.5%
Net Revenues on Products	602,584	790,214	807,741	972,620	607,128	568,586	333,527	-58.7%
<b>Operating Expenses</b>	<b>(3,384,936)</b>	<b>(3,443,836)</b>	<b>(3,520,861)</b>	<b>(3,610,263)</b>	<b>(3,207,211)</b>	<b>(2,163,578)</b>	<b>(2,554,218)</b>	<b>-27.5%</b>
Personnel expenses	(227,767)	(229,822)	(249,188)	(256,098)	(253,704)	(263,437)	(252,860)	1.5%
Selling & marketing expenses	(980,196)	(1,025,703)	(1,022,845)	(962,034)	(984,029)	(966,093)	(867,231)	-15.2%
Network & interconnection	(1,194,478)	(1,010,578)	(1,065,378)	(1,047,298)	(1,014,099)	(937,666)	(955,039)	-10.4%
General & administrative	(149,852)	(178,396)	(167,330)	(174,500)	(143,185)	(128,850)	(150,729)	-9.9%
Cost Of Goods Sold	(645,844)	(828,012)	(853,853)	(1,012,740)	(657,457)	(637,249)	(411,650)	-51.8%
Bad Debt	(76,103)	(77,152)	(58,071)	(37,249)	(56,541)	(59,524)	(63,223)	8.9%
Other operational revenues (expenses)	(110,695)	(94,173)	(104,197)	(120,343)	(98,197)	829,241	146,514	-240.6%
<b>EBITDA</b>	<b>1,317,288</b>	<b>1,330,896</b>	<b>1,331,903</b>	<b>1,558,181</b>	<b>1,339,501</b>	<b>2,189,459</b>	<b>1,562,809</b>	<b>17.3%</b>
EBITDA Margin	28.0%	27.9%	27.4%	30.1%	29.5%	50.3%	38.0%	10.5 p.p.
<b>Organic EBITDA</b>	<b>1,317,288</b>	<b>1,330,896</b>	<b>1,331,903</b>	<b>1,558,181</b>	<b>1,339,501</b>	<b>1,271,912</b>	<b>1,296,285</b>	<b>-2.7%</b>
Organic EBITDA Margin	28.0%	27.9%	27.4%	30.1%	29.5%	29.2%	31.5%	4.0 p.p.
<b>Depreciation &amp; amortization</b>	<b>(730,313)</b>	<b>(757,072)</b>	<b>(762,628)</b>	<b>(802,565)</b>	<b>(811,300)</b>	<b>(832,591)</b>	<b>(849,235)</b>	<b>11.4%</b>
Depreciation	(401,829)	(407,479)	(417,756)	(445,793)	(448,988)	(455,628)	(469,093)	12.3%
Amortization	(328,484)	(349,594)	(344,872)	(356,772)	(362,312)	(376,963)	(380,142)	10.2%
<b>EBIT</b>	<b>586,975</b>	<b>573,824</b>	<b>569,275</b>	<b>755,616</b>	<b>528,201</b>	<b>1,356,868</b>	<b>713,574</b>	<b>25.3%</b>
EBIT Margin	12.5%	12.0%	11.7%	14.6%	11.6%	31.2%	17.3%	5.6 p.p.
<b>Net Financial Results</b>	<b>(35,834)</b>	<b>(72,706)</b>	<b>(74,337)</b>	<b>(109,895)</b>	<b>(77,738)</b>	<b>(38,227)</b>	<b>(167,012)</b>	<b>124.7%</b>
Financial expenses	(177,911)	(256,616)	(267,175)	(295,592)	(247,055)	(257,035)	(391,515)	46.5%
Net exchange variance	(1,403)	(560)	933	3,133	1,833	(1,060)	1,081	15.8%
Financial income	143,479	184,469	191,905	182,564	167,485	219,868	223,421	16.4%
<b>Income before taxes</b>	<b>551,141</b>	<b>501,117</b>	<b>494,938</b>	<b>645,721</b>	<b>450,463</b>	<b>1,318,641</b>	<b>546,562</b>	<b>10.4%</b>
Income tax and social contribution	(179,008)	(135,504)	(146,608)	(185,379)	(137,763)	(392,246)	(190,095)	29.7%
<b>Net Income</b>	<b>372,132</b>	<b>365,614</b>	<b>348,330</b>	<b>460,342</b>	<b>312,701</b>	<b>926,395</b>	<b>356,467</b>	<b>2.3%</b>
Organic Net Income	372,132	365,614	348,330	460,342	312,701	290,752	172,365	-50.5%



# Annual Historical Data

TIM Brasil  
Investor Relations

R\$ Thousand

Description	2012	2013	2014	2015 (YTD)
<b>Gross Revenues</b>	<b>27,755,813</b>	<b>29,661,753</b>	<b>29,004,503</b>	<b>19,682,454</b>
Gross Revenues Telecommunications Services	24,350,086	25,065,214	24,533,183	17,406,268
Telecommunications Services - Mobile	22,879,828	23,993,427	23,632,023	16,670,356
Usage and Monthly fee	11,086,671	11,309,804	11,007,035	7,404,905
Value added services - VAS	4,404,832	5,353,653	6,616,020	5,726,047
Long distance	3,217,921	3,332,965	3,094,139	2,077,212
Interconnection	3,969,138	3,760,751	2,630,661	1,217,279
Others	201,264	236,254	284,168	244,913
Telecommunications Services - Fixed	1,470,259	1,071,787	901,160	735,912
Gross Revenues Handset sales	3,405,726	4,596,539	4,471,320	2,276,186
<b>Discounts and deductions on Gross Revenues</b>	<b>(8,991,865)</b>	<b>(9,740,463)</b>	<b>(9,506,338)</b>	<b>(6,665,677)</b>
Taxes and discounts on services	(7,930,128)	(8,364,155)	(8,208,176)	(5,898,732)
Taxes and discounts on handset sales	(1,061,738)	(1,376,308)	(1,298,162)	(766,945)
<b>Net Revenues</b>	<b>18,763,947</b>	<b>19,921,291</b>	<b>19,498,165</b>	<b>13,016,777</b>
<b>Organic Net Revenues</b>	<b>18,763,947</b>	<b>19,965,200</b>	<b>19,498,165</b>	<b>13,016,777</b>
Net Revenues on Services	16,419,958	16,701,059	16,325,007	11,507,535
of which Mobile Innovative Revenues	1,843,097	2,349,203	3,469,933	3,408,499
Organic Net Revenues on Services	16,419,958	16,744,969	16,325,007	11,507,535
Net Revenues on Products	2,343,989	3,220,232	3,173,159	1,509,241
<b>Operating Expenses</b>	<b>(13,751,989)</b>	<b>(14,714,546)</b>	<b>(13,959,897)</b>	<b>(7,925,007)</b>
Personnel expenses	(729,032)	(831,876)	(962,875)	(770,001)
Selling & marketing expenses	(3,842,934)	(3,937,899)	(3,990,778)	(2,817,353)
Network & interconnection	(5,352,395)	(5,312,301)	(4,317,732)	(2,906,803)
General & administrative	(551,393)	(624,725)	(670,078)	(422,764)
Cost Of Goods Sold	(2,604,978)	(3,350,841)	(3,340,449)	(1,706,356)
Bad Debt	(250,972)	(240,051)	(248,576)	(179,288)
Other operational revenues (expenses)	(420,286)	(416,853)	(429,408)	877,558
<b>EBITDA</b>	<b>5,011,958</b>	<b>5,206,744</b>	<b>5,538,268</b>	<b>5,091,769</b>
EBITDA Margin	26.7%	26.1%	28.4%	39.1%
<b>Organic EBITDA</b>	<b>5,054,088</b>	<b>5,237,399</b>	<b>5,538,268</b>	<b>3,907,698</b>
Organic EBITDA Margin	26.9%	26.2%	28.4%	30.0%
<b>Depreciation &amp; amortization</b>	<b>(2,688,588)</b>	<b>(2,767,871)</b>	<b>(3,052,579)</b>	<b>(2,493,126)</b>
Depreciation	(1,458,563)	(1,502,498)	(1,672,857)	(1,373,708)
Amortization	(1,230,025)	(1,265,374)	(1,379,722)	(1,119,418)
<b>EBIT</b>	<b>2,323,370</b>	<b>2,438,873</b>	<b>2,485,689</b>	<b>2,598,643</b>
EBIT Margin	12.4%	12.2%	12.7%	20.0%
<b>Net Financial Results</b>	<b>(169,890)</b>	<b>(302,720)</b>	<b>(292,772)</b>	<b>(282,977)</b>
Financial expenses	(644,754)	(749,700)	(997,294)	(895,605)
Net exchange variance	(4,151)	(4,410)	2,104	1,853
Financial income	479,015	451,391	702,417	610,775
<b>Income before taxes</b>	<b>2,153,480</b>	<b>2,136,153</b>	<b>2,192,917</b>	<b>2,315,666</b>
Income tax and social contribution	(704,592)	(630,539)	(646,499)	(720,104)
<b>Net Income</b>	<b>1,448,888</b>	<b>1,505,614</b>	<b>1,546,418</b>	<b>1,595,562</b>
<b>Organic Net Income</b>	<b>1,500,143</b>	<b>1,525,845</b>	<b>1,546,418</b>	<b>775,818</b>

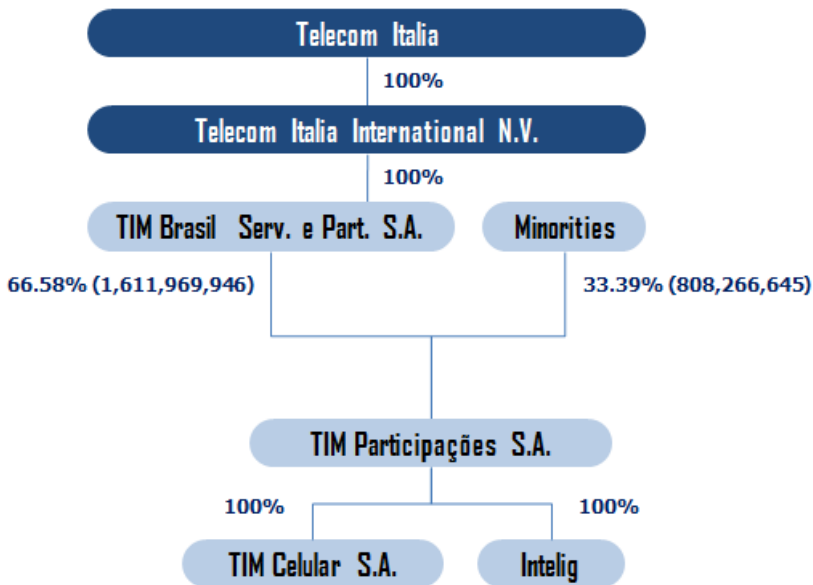
Description	2012	2013	2014	2015 (YTD)
Brazilian Wireless Subscriber Base (000's)	261,808	271,100	280,732	280.023 <sup>A</sup>
Estimated Total Penetration	132.8%	134.36%	138.0%	138.2% <sup>A</sup>
Municipalities Served (GSM)	3,383	3,404	3,433	3,449
Market Share	26.88%	27.09%	26.97%	26.2% <sup>A</sup>
Total Lines (000's)	70,376	73,431	75,721	72,573 <sup>B</sup>
Pre-paid Lines (000's)	59,658	61,146	63,212	58,757 <sup>B</sup>
Post-paid Lines (000's)	10,718	12,285	12,508	13,816 <sup>B</sup>
Gross Additions (000's)	38,408	39,627	39,097	25,956
Net Additions (000's)	6,293	3,055	2,289	-3,148 <sup>B</sup>
Churn	47.5%	50.9%	49.6%	38.7%
Total ARPU	19.1	18.6	17.7	16.4
Total MOU	136	148	136	119
SAC	29	28	27	32
Handsets Sold (000's)	10,227	12,511	11,951	4,037
CAPEX (R\$ Mln)	3,765	3,871	6,854	3,276
Organic Capex <sup>1</sup>	3,400	3,871	3,932	2,916
Employees	11,650	12,167	12,860	13,131

<sup>1</sup> Excludes license acquisition

<sup>A</sup> Considers numbers of Aug/15 (most recent data released by Anatel)

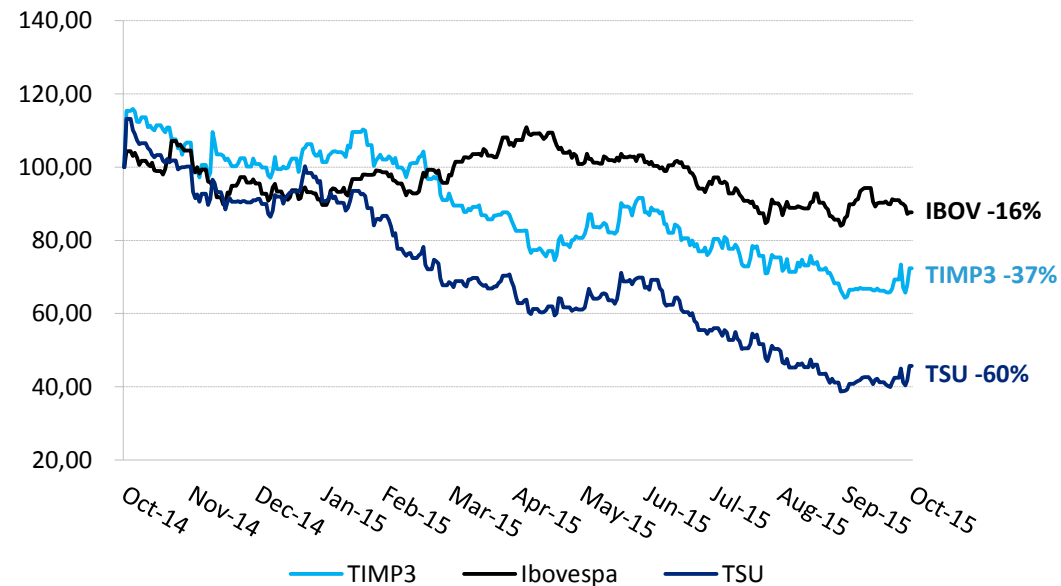
<sup>B</sup> Considers internal numbers of Sep/15

## Shareholders Structure



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

## Stock Performance (base 100)\*



\*Last price as of 10/31/2015  
Source: Bloomberg

## 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 das Américas, 3434 - Bloco 01  
6º andar – Barra da Tijuca  
22640-102 Rio de Janeiro, RJ  
E-mail: [ri@timbrasil.com.br](mailto:ri@timbrasil.com.br)

### **Rogério Tostes**

E-mail: [rtostes@timbrasil.com.br](mailto:rtostes@timbrasil.com.br)  
Phone: +55 21 4109-3742

### **Vicente Ferreira**

E-mail: [vdferreira@timbrasil.com.br](mailto:vdferreira@timbrasil.com.br)  
Phone: +55 21 4109-3360

### **Leonardo Wanderley**

E-mail: [lwanderley@timbrasil.com.br](mailto:lwanderley@timbrasil.com.br)  
Phone: +55 21 4109-4017

### **Rodrigo Godoy**

E-mail: [rcgodoy@timbrasil.com.br](mailto:rcgodoy@timbrasil.com.br)  
Phone: +55 21 4109-3446

### **Luiza Chaves**

E-mail: [luchaves@timbrasil.com.br](mailto:luchaves@timbrasil.com.br)  
Phone: +55 21 4109-3751

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