



MORE THAN EVER WE NEED **TO BE** **CONNECTED**

RESULTS PRESENTATION - 1st QTR 2020



ISEB3



Disclaimer



This presentation **contains declarations that constitute forward looking statements** regarding the intent, belief or current expectations of the customer base, estimates regarding future financial results and other aspects of the activities.



Such **forward looking statements are not guarantees of future performance** and involve risks and uncertainties, and **actual results may differ materially from those projected** as a result of various factors.



Analysts and investors are cautioned not to place undue reliance on those forward looking statements, which speak only as of the date of this presentation. TIM Part undertakes no obligation to release publicly the results of any revisions to these forward looking statements.



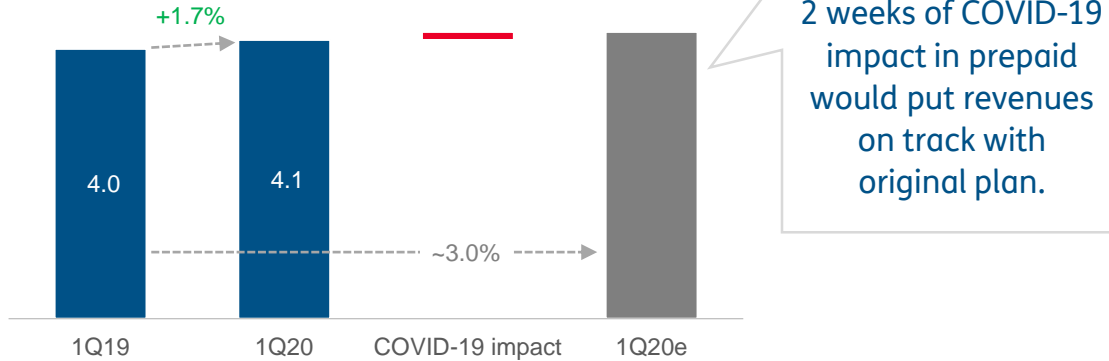
Financial results are presented considering impacts from IFRS 16 adoption.

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

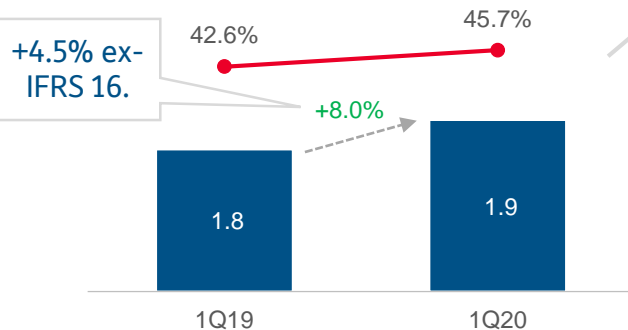


1Q20 Highlights: Solid Execution According to our Plan Until the Impact of COVID-19

Net Service Revenues
(R\$ bln)



Normalized EBITDA and Margin¹
(R\$ bln)



Cost discipline to ensure deliver

Reinforcing TIM's commitment, top line impacts will be offset by solid execution of costs control and the efficiency delivered on multiple fronts

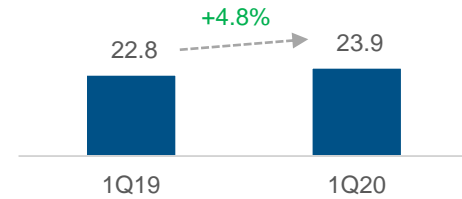
- Google Agreement for big data virtualization
- New partnership with C6 BANK
- ~500k TIM Black Família customer base
- +29% YoY TIM Live Revenues
- 100% 4G Coverage in PR and SC

(1) Normalized for the effects detailed in slide 2.

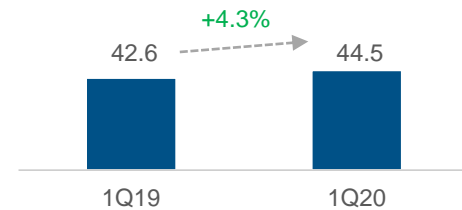
Ongoing Transition From Volume to Value, Although Short-Term Headwinds Bringing Additional Challenges

Mobile ARPU

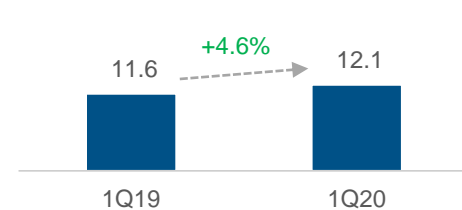
Total
(R\$ / mo)



Human Postpaid¹
(R\$ / mo)

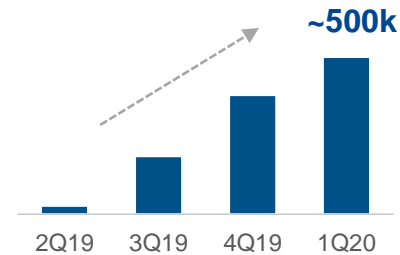


Prepaid
(R\$ / mo)

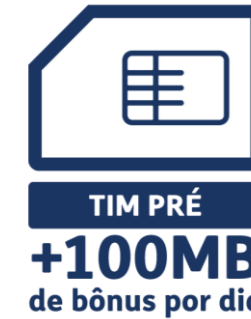


Better value proposition and improved commitment adding more resilience

TIM Black Família Base
(‘000)

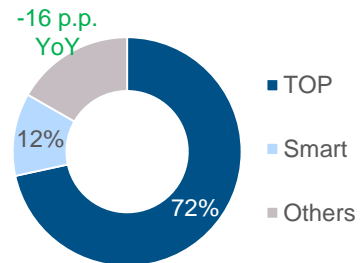


Additional incentives for relationship maintenance and to encourage digital shift

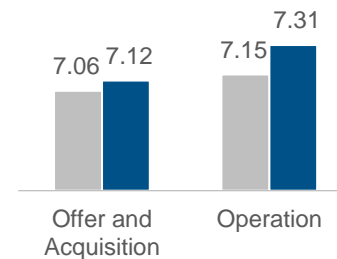


Actions in accordance with customers' historic commitment avoiding churn and future costs of acquisition.

Prepaid Base Mix



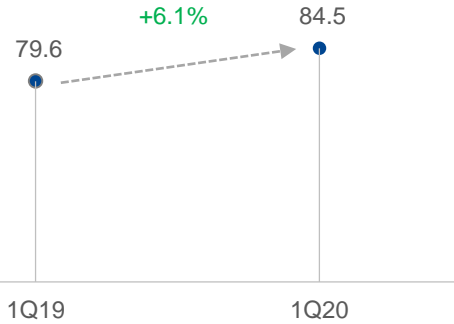
Anatel's Satisfaction Survey (0-10)



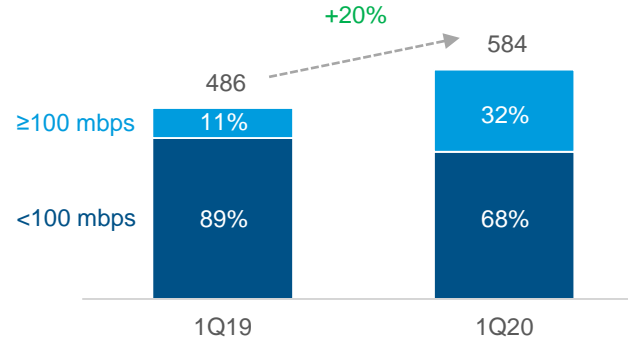
TIM Live Consistency: Another Quarter of Strong Delivery

KPIs evolution on track

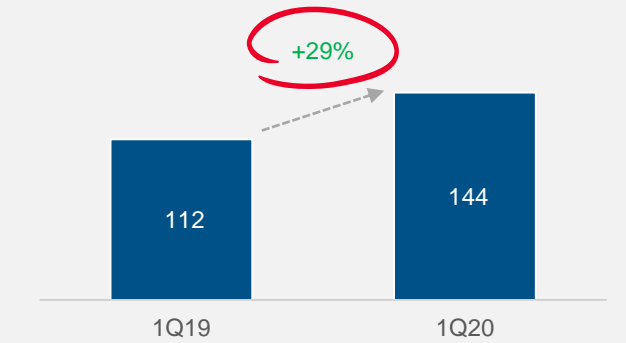
ARPU
(R\$/mo)



Customer base
(‘000)

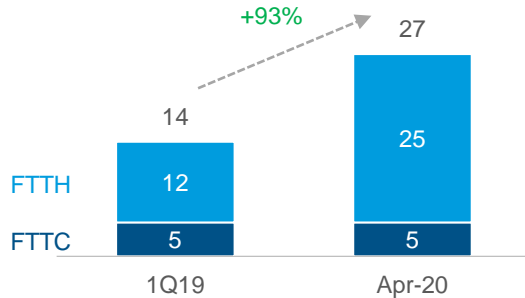


TIM Live Net Revenues
(R\$ mln)

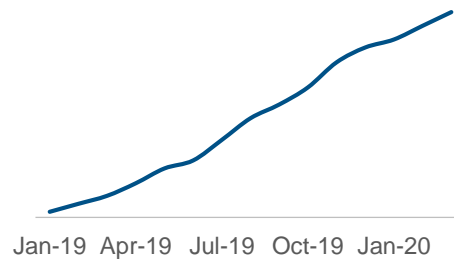


Network rollout increasing potential market

TIM Live Coverage¹
(# cities)



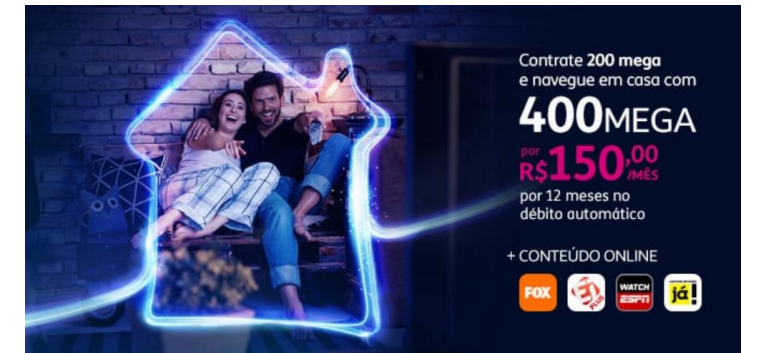
Accumulated New OLTs
(# of units)



New cluster launched:
Betim and Contagem (MG)



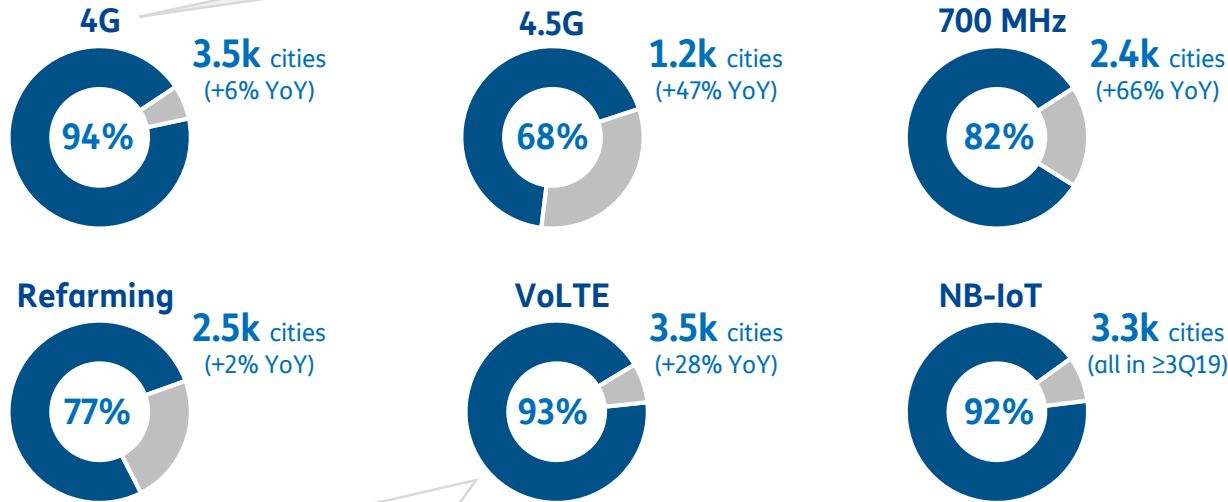
New portfolio: **200 mbps** with **twice the speed** and **entertainment content**



Leveraging on our Robust Infrastructure To Deliver High Quality Experience

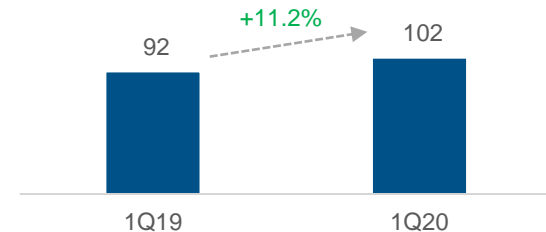
Urban Population Coverage (%)

100% of 4G coverage in PR, SC and ES, join SP and RJ.

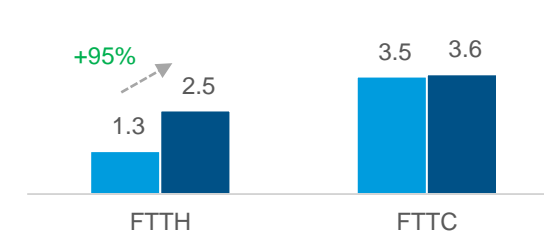


Better voice quality and network efficiency during increased demand.

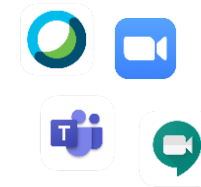
Backbone + Backhaul ('000 Km)



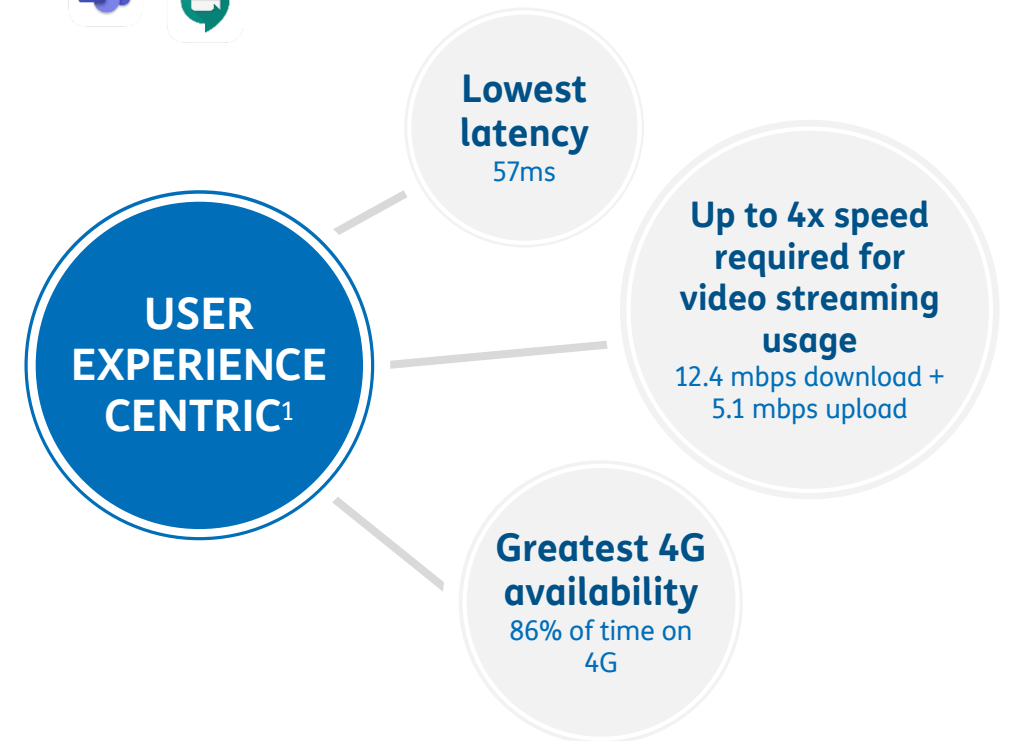
Households Covered (mln)



Network designed for all types of use, prioritizing quality and connection stability

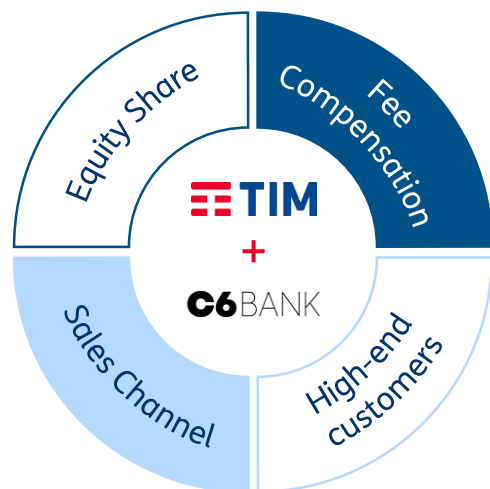


Emerging apps are enjoying a consistent 5-year network evolution.



Seeking the Future With Beyond Core and Smart Capex Initiatives

Financial Services

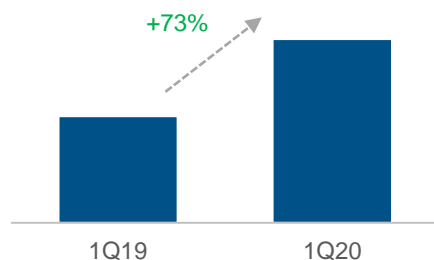


C6 Partnership

- First telco-bank partnership to develop joint solutions
- More for more: **increase attractiveness on client acquisition** within a differentiated onboarding experience
- Offer to be launched later this year
- **Hybrid partnership** model combining fees and equity

Mobile Advertising

Mobile Ad Revenues (R\$ mln)



TIM Ads trial campaign for prepaid customers: data package reward for video view.

O conteúdo do anúncio acima é de completa responsabilidade do anunciante.

Smart Capex

01

Google Cloud Agreement

Big data virtualization bringing disruptive efficiency (Analytics, Machine Learning) and opening future commercial opportunities.

02

Network Sharing Agreement with Vivo

Anatel's and CADE's approval in April. 2G network in 50 cities will be shared as initial effort.

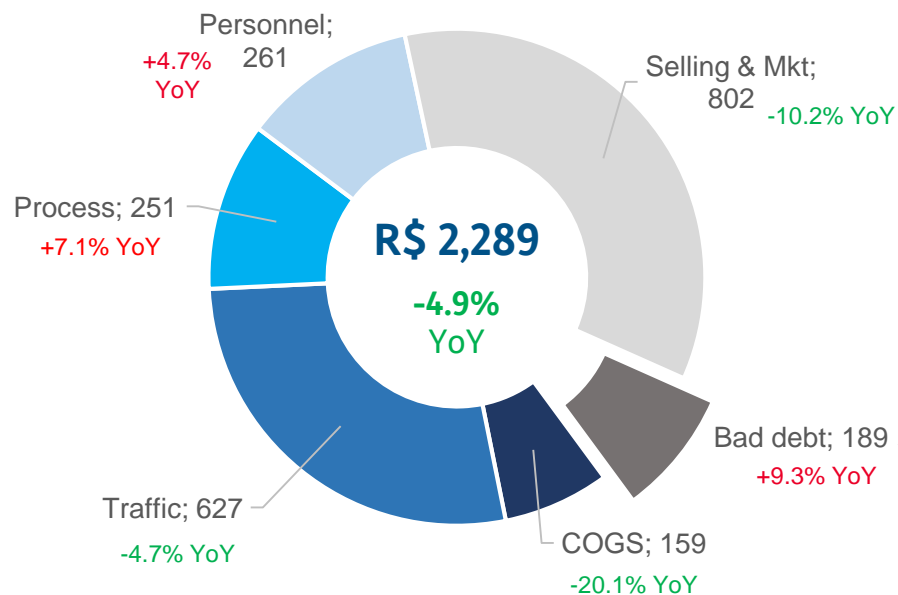
03

TIM Live Project

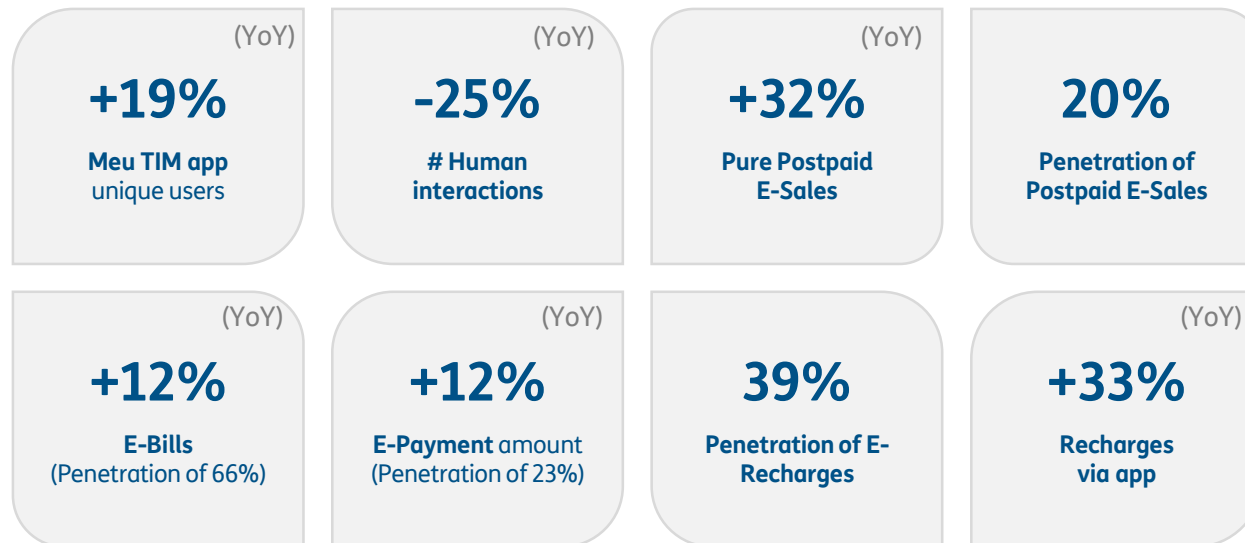
Starting first steps to approach and select partners at the market: NDAs being signed.

Digital Transformation is Helping to Deliver Efficiencies Today And To Open New Opportunities for Tomorrow

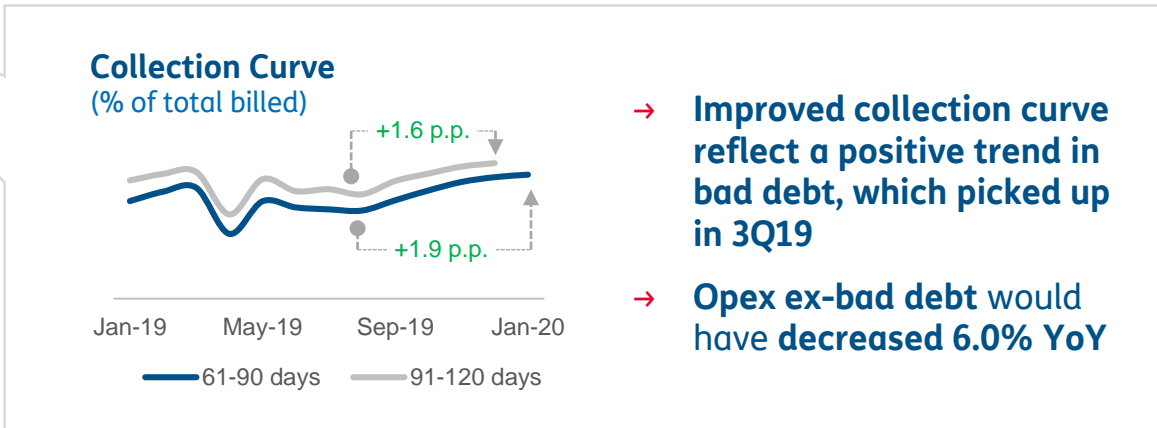
Normalized Opex Breakdown (R\$ mln)



Digital channels are boosting savings:

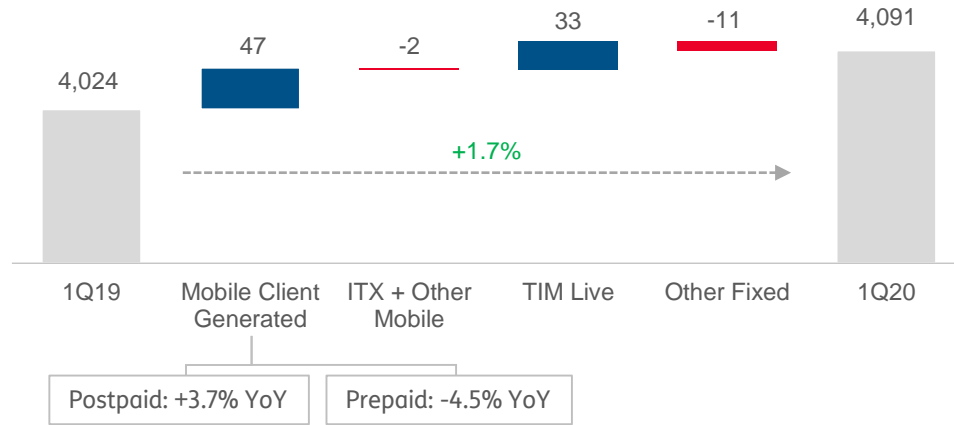


- **Volume driven costs positively impacted** by social distance measures
- **Limited exposure to FX volatility:** low single digit of our Opex (ex-COGS)

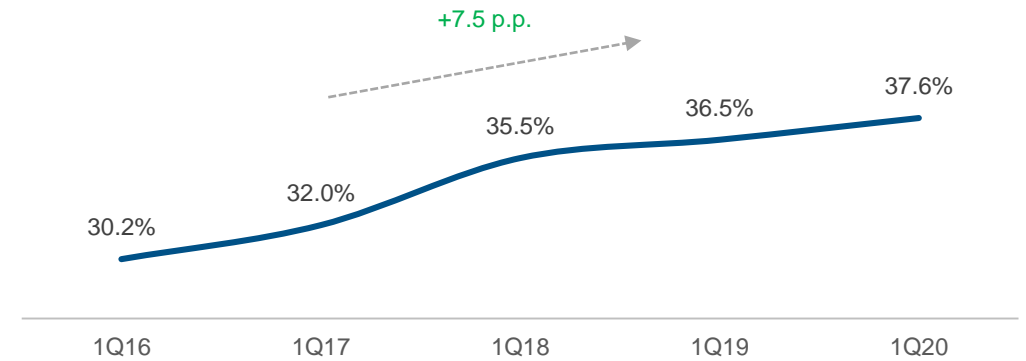


Resilient Revenue With Strong EBITDA and Consistent Margin Evolution

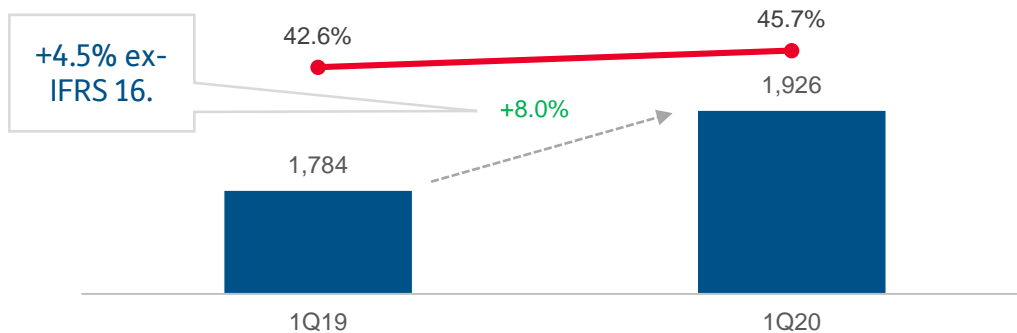
Net Services Revenues Breakdown
(R\$ mln)



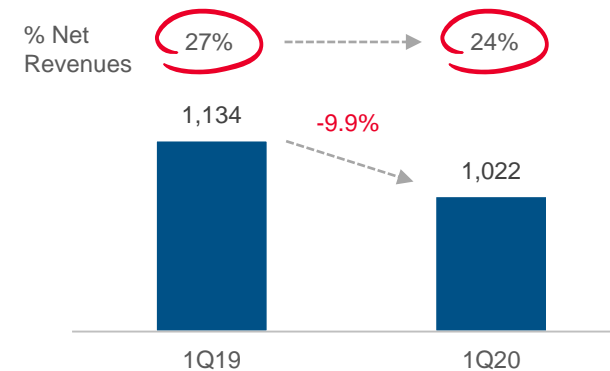
EBITDA Margin (Pro-forma¹)
(%)



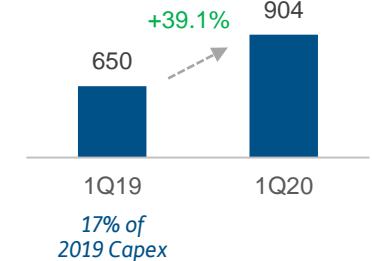
Normalized EBITDA & Margin²
(R\$ mln)



Normalized EBITDA² – CAPEX
(R\$ mln)



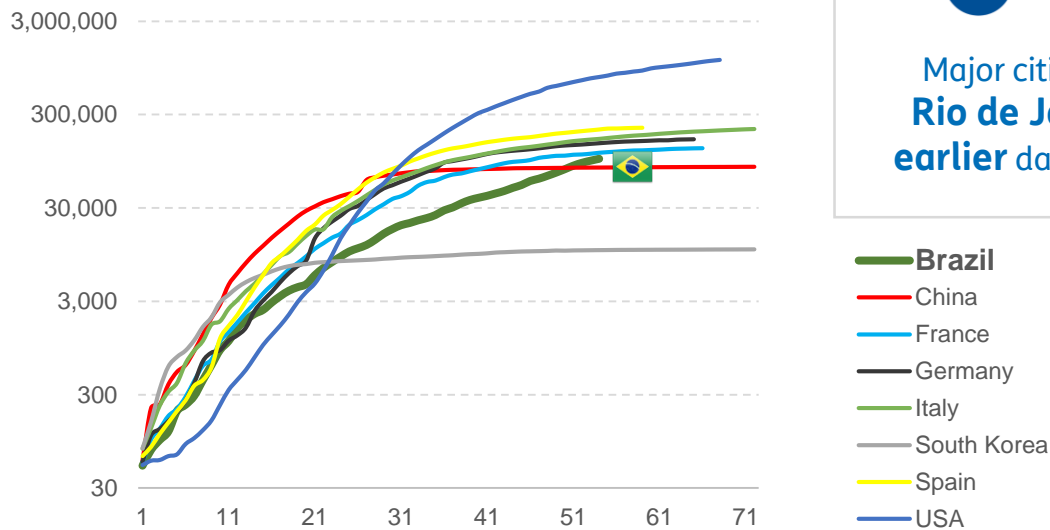
Reduction explained by **lower Capex level in 1Q19** due to seasonal fluctuation between quarters. 1Q20 Capex in accordance with our plan.



COVID-19 Containment Measures Were Implemented on a Regional Basis With a Nationwide Economic Impact

Brazil comparison with other countries

Coronavirus cases evolution¹
(Day 1 set when 50 cases were reached)



The estimated percentage of reported cases in Brazil is between 9-14%².



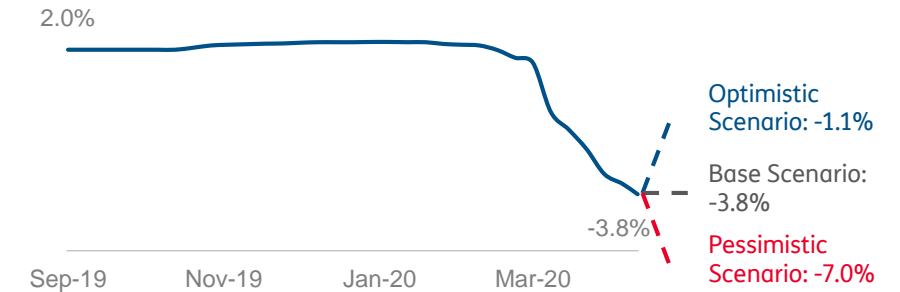
Social restriction started on **March 17th**

Major cities as **São Paulo** and **Rio de Janeiro** started in the **earlier** days with others following.

- Brazil
- China
- France
- Germany
- Italy
- South Korea
- Spain
- USA

Economic impacts

GDP 2020 weekly forecasts (YoY)



Revised growth projections due to outbreak, with a wide spread between estimates.

Lowest consumer confidence ever³



-28% drop in retail sales⁴



Main Measures to Quickly Respond and Care for our People, Clients and Society

EMPLOYEES

Social isolation, people management, and maintenance of work conditions



99.9% of employees on remote work since Mar 20

100% of stores closed since Mar 31

1st to convert internal call center to remote work

CUSTOMERS

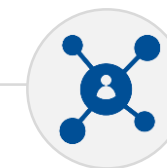
Service guarantee and maintenance of customer relationship, prioritizing digital



- 1 Network Adjustments**
Strengthening coverage in residential, hospitals and health institutions areas
- 2 Digital First**
Reinforcing e-Sales & e-Caring channels: *Meu TIM*, Cognitive IVR and digital service channels such as SMS, Chat TIM, WhatsApp, and digital recharges
- 3 Maintaining the Relationship**
 - More service in exchange for customer engagement continuity
 - Temporary adjustments to collection rules and payment terms

SOCIETY

Supporting the fight against COVID-19



Big Data and Analytics

- First mover with city of Rio de Janeiro partnership
- First joint effort between the 4 operators as data providers for the market

Sectorial agreement with OTTs to guarantee service availability

Service prioritization to support the fight – the “Caixa Econômica Federal” case

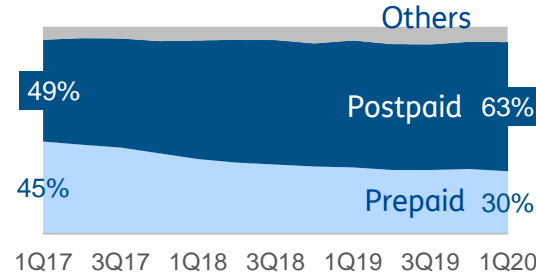
- 48h for a service implementation (111 code) vs 30 days usually
- Quick response to apply zero rating to “Auxílio Emergencial” app (government aid claims)

Mixed Impacts Coming From the Pandemic. So Far, Negative Effects Were Mostly Concentrated in Prepaid, While Postpaid and Live Are Controlled

PREPAID

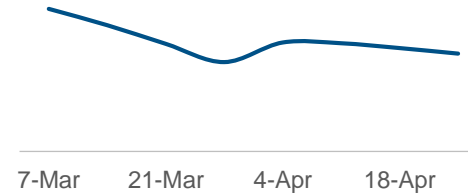
Revenue mix shift in the past years helped **reduce the size of the impact.**

Mobile Services Revenue Mix



Recharges are now at mid-teen drop, after closing March at -20%. This was already a deceleration versus -25% in the early days of the quarantine.

Weekly Prepaid Recharges (R\$ mln; EOP)



Digital recharge growing +35% YoY

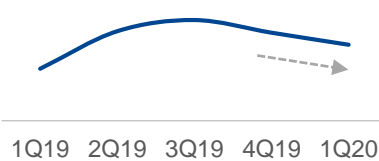
- Digital experience today building behavior of tomorrow
- Lower commissioning cost: digital channels 2-3 times less costly than traditional ones

POSTPAID AND LIVE



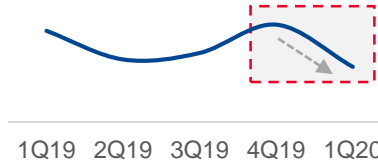
Lower mobile commercial activity means lower voluntary churn...

Human Postpaid Churn (voluntary; ex-M2M)



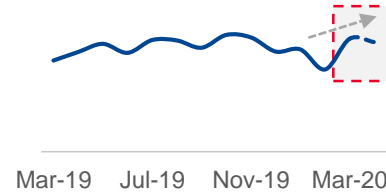
... and also fewer gross adds

B2C Postpaid Gross Adds



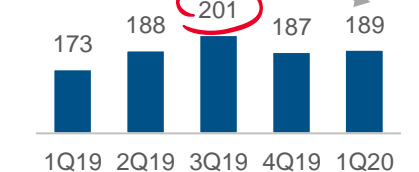
Normal commercial activity at Fixed segment

TIM Live Gross Adds



Bad debt remains a risk, but for 1Q no major impact

Bad debt (R\$ mln)



OTHER EFFECTS



Digital caring going up with lower costs

Meu TIM app unique users
+19%
YoY



Volume driven costs are positively impacted



B2B services for connectivity and authentication are seeing increased demand



Network resilience (traffic)¹

Mobile Data
+6%
MoM

Fixed Data
+25%
MoM

Mobile Voice
+15%
MoM

Solid Balance Sheet With Robust Liquidity Position

Strong Liquidity with Additional Credit Lines

February 2020

- (-) R\$ 621 mln (BNDES financing amortization) with a cost of debt of approx. 7% p.y.
- (+) R\$ 800 mln issued (total amount of two loans from different banks with a cost of debt of approx. 4% p.y. each)

April 2020

- (+) In face of the COVID-19 scenario, R\$ 574 mln was contracted due in April 2021 (cost of debt of approx. 6% p.y.)

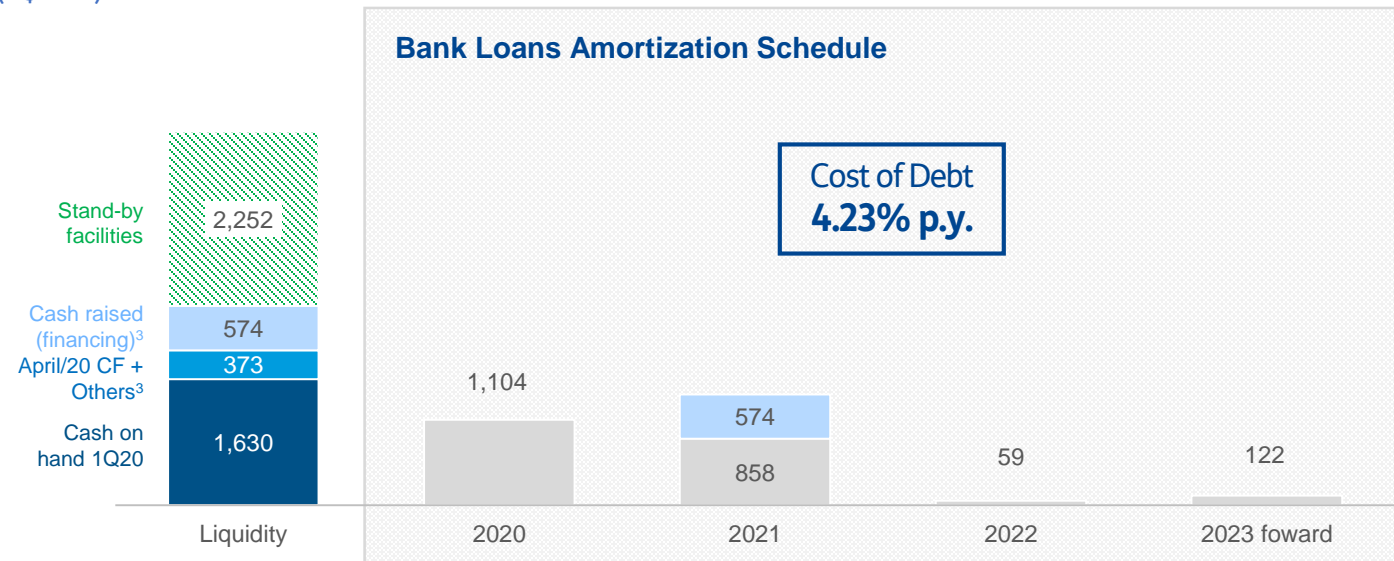
Credit lines available (“Stand-by facilities”)

- (+) R\$ 1.5 bln and R\$ 752 mln from BNDES and BNB, respectively, with no commitment fee

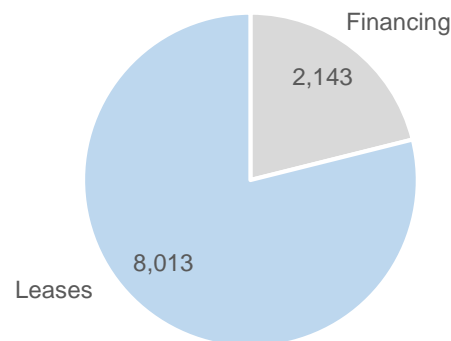
FISTEL + Condecine payments postponement

- Brazilian Entities authorized the postponement of the payment of those regulatory taxes providing an important relieve in the short term: R\$ 789 mln to be paid starting from Aug/2020

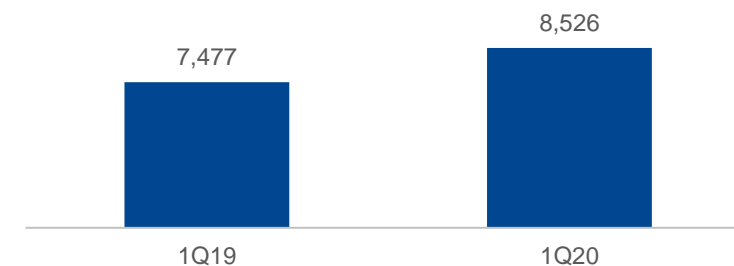
Cash Position & Amortization Schedule² (R\$ mln)



Gross Debt 1Q20² (R\$ mln)



Net Financial Position¹ (R\$ mln)



Adjusting our Short-Term Approach and Ready to Face a Challenging Scenario Ahead



FROM VOLUME TO VALUE

- Offer and customer management consistency
- Exploring opportunities of the new context



DISRUPTIVE EFFICIENCY AND COSTS DISCIPLINE

- Bad debt started to show improvements
- Digitalization accelerated by social transformation
- New smart capex initiatives
- Make or buy initiatives to be announced next quarter
- Strict Capex control in order to maintain profitability guidance



NEW SOURCES OF REVENUES

- New partnership with C6
- Possibility of Google Cloud usage for corporate portfolio expansion



INORGANIC OPPORTUNITIES

- Advancing with Oi mobile assets Due Diligence process
- TIM Live further expansion: ongoing process to find a strategic partner

Guidance: 2020-2022 Plan

- Plan assumptions (e.g. GDP growth of 2% in 2020) no longer represent current economy situation + The duration of the pandemic is not known => More clarity on impacts from COVID 19 are expected by the end of 2Q;
- Commitment to Free Cash Flow:
 - ⚠ **EBITDA – Capex on Revenues guidance confirmed: >20% in 2020** (Mid-single digit YoY for EBITDA-Capex)