

Q1 2022 Earnings Call

Company Participants

- Alberto Mario Griselli, Chief Executive Officer
- Camille Loyo Faria, Chief Financial Officer and Investor Relations Officer
- Jaques Horn, Chief Legal Officer
- Leonardo Capdeville, Chief Technology Information Officer
- Paulo Humberto, Corporate Solutions Director
- Renato Ciuchini, VP of New Business and Innovation
- Unidentified Speaker
- Vicente Ferreira, Head of Investor Relations

Other Participants

- Analyst
- Andres Sales
- Bernardo Guttman
- Daniel Ferdele
- Diego Aragon
- Marcelo Santos

Presentation

Unidentified Speaker

(Call Starts Abruptly) pandemic and despite having an online broadcasting, I would like to welcome people who are watching us online and for those who are on sites. Like to thank you for your participation.

I would like to start our day by talking about lots of interesting stuffs, some strategies, some results. It will be really cool to have your presence here. But as you know, our events need to have that little bureaucracy, which is our disclaimer, so let's go through it. We would like to explain that such forward-looking statements which speak only as the date of the presentation. Future guarantees 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 financial figures are presented, considering impacts that differ materially from those projected as a result.

First, I would like first to start by saying that there are quite a few changes in our market and analysts and investors who did not follow telecom, started following us and we had some management changes and I would like to discuss them. Alberto, he was our Chief

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Revenue Officer. Today, he is our CEO. So, this is someone who brings quite an interesting history and knowledge to keep on the continuity of what the company has been doing. Camille has joined our team in our second half of the year to be our CFO and IRO. Leonardo, you know him very well. He is our Chief Technology Information Officer. Mario also works on Regulatory and ESG Institutional Affairs. And Leonardo that you know pretty well is working on new business and client Customer Platform.

Fabricio Bozzetto is a new addition to our team. He is -- he has just arrived, he is taking care of our strategy in customer experience areas. So, I think it will be really interesting to have him in our management. Maria Antonietta, I think you remember her from our TIM Day last year, our VP for Human Resources. Jaques Horn, our Legal officer and Bruno Gentil, who has been with us for quite a while as a Business Support Officer.

To go through our agenda not to extend our time, we open this event with our first quarter results. They were published last night. So, some of you should already know our numbers. I think after our assessment, we have had solid numbers and very interesting growth of our business and then we are going to have Alberto talking about our long-term vision, our aspirations and ambitions for a six-year plan.

Then, we will see how we will reach our aspiration, not just what we want, but how we want to get there and then we are going to have joining Alberto. We're going to have Leonardo Capdeville and Renato Ciuchini. And then, we move to Mario Girasole and Camille to say why TIM can be the best value proposition for the investor community. And then, we have our closing remarks by Alberto and then we move into the Q&A.

So, I would like to invite Alberto to the stage please.

Alberto Mario Griselli {BIO 21170674 <GO>}

Good morning, everyone. The production said I shouldn't do this, but I'm going to do it. I want a real good morning and afterwards, I'll go at the line that where is my queue. I'm really happy to be here and I'm back to my place. So, this event with the results we're going to present today in this TIM Day, doing this in a hybrid way and we have on-site people here.

The first lines is concerning our results. We've had a first quarter of 2022, that was really solid. Afterwards, we're going to elaborate in a long-term vision. We've had a growth of service revenue of 8.4%, that's a record high. We've got an EBITDA growth of 5.1%. But here we need to clarify something. In the first quarter of this year, we've had a business model that was different from last year's. Those who follow us know that at the end of last year, we've had (inaudible) with a cost -- more cost on the EBITDA.

If we see this 5.1% comparing to last year, without the outsourcing of the (inaudible), 5.1% would be 8.8%. We have another growth quarter in pre and postpaid. We've had several brands and operational issues that are very important. We've had the full implementation of the 5G and we've had our C6, which is our bank partner, we've launched a unique partnership with Apple this quarter that will be extended in the next month with more

novelties. We've chose Apple, Apple chose TIM Brasil for this partnership. And for the first time, we've had the Sustainability Yearbook from the S&P Global and we've had the Oi deal closing in April.

Now, more details. We've had this income revenue growth. We've had growth of 8.2% in the mobile board, in broadband and in the new revenues that doubled from one quarter to the other. And more details in terms of dynamics and values, volume-to-value segments. When we see the image on the right, you see that our revenue is growing 8.2% -- 8.9%, sorry. We said in postpaid, we're talking about 3%, but we've had a consistent growth. Those who the saw results from last year, at that moment, we've had record long of churn rate. Now, we've had a new record in churn rate.

We've had the lowest churns TIM Brasil had. We're going to have worst numbers next quarter, because in March and in May, we've with implemented the new strategies of adjustment strategies and typically, these changes the churn as its implemented. What really makes me proud is the prepaid results. Those who follow TIM, we've had this prepaid revenue for a long time and we've had a positive incremental -- in the first quarter of last year, but we've had the shutdown from the pandemics in 2020. And in the postpaid segment, we've had -- we've got recharges up by 1.8% and spending by 1.1%, so that revenue comes from the recharges and spending.

In April, the trend is confirmed. May is too early to call and what determines this? We've had several factors. We've got to -- now, we don't have the restrictions of the pandemic. People have more mobility using mobile. Also, we've had the Auxilio Brasil, which is a subsidy for people or low-income people here in Brazil. We've had promotional, also marketing as well. Also, we've had this innovative initiative, which is TIM+ sales, which is the uberization[ph] of SIM card sales.

So, the first results of the campaigns are very positive. From the point of view of business, we've had live -- TIM Live results, our broadband. As I said, in the beginning, we've had a partnership with the systems from the end of last year. As every partnership, there is a moment of adaptation and now, we have the I-Systems with rollout acceleration. We've launched Joinville. We've launched the new classes, so, it's going to be a growth leverage now. And now, our base mix is more focused in FTTH. You know that FTTC is an older technology. We had some competitive dynamics because of FTTC in our mix. So, we have now a positive issues. And also, we've one of the best broadband service award, so, we have a commitment with quality.

Now, I'd like to call Camille to talk a little bit about the financial results.

Camille Loyo Faria {BIO 15380221 <GO>}

Thank you, Alberto. Good morning, everyone. Good morning for those who are watching us online. I will try to control my mic thing because you know that CFOs like numbers, they don't like presentations. But looking at our results, when we took at the lower left hand side, we see the reduction of our costs. We have to remind us that like Alberto mentioned

at the beginning that we had a little reduce in our margin and we started with the I-Systems that impacts our packs.

So, it leads our costs for the quarter to increase 12.1% in relation to the first quarter last year. But when we use the same parameter, when exclude[ph] the I-System cost, our cost growth is aligned with our revenue growth. And this leads our EBITDA margin to have dropped a little. We had a 5.1% growth of EBITDA with a little decrease in margin. But when we talk about parameter, we have an EBITDA margin aligned with the first quarter and the growth aligned with our revenue in about 8.8%. So it's quite an interesting growth in our EBITDA.

The counterpart of this extra cost line is where we look at the right-hand side of our slide. And when you look at the bottom, when we saw, when we see cash generation, EBITDA minus CapEx, we see a growth of our EBITDA margin of about 16% in the first quarter '21 to 60.8% for 1Q'22. Reminding you that this year, we started our first Q with ESG growth, even having the 5G deployment which is impacting our cash generation with the I-System movement.

Looking into our leverage, cash leverage, you know that our company was getting -- had been preparing itself there, a balance for two important events of '22, which was Oi acquiring and 5G, and that led us to a cash position of over BRL10 billion. In our first quarter, we had some important disbursement, so, we had regulatory fee payments. We also had the 5G licensing payments. We ended the quarter with BRL8 billion, which is quite a robust cash position.

Now, in April, as you know, we had the -- a Oi reversal for mobile assets with BRL6.3 billion disbursement. In our second quarter, we have another share of AIF of 8.5 for the 5G auction. And we had a payment over own capital use of BRL5.3 billion. We have almost BRL700 million of retained price by Oi for some adjustments that we may have to reimburse in 120 days. But despite all those numbers, we ended our leveraging 0.63 over our -- it's the year-on-year, and we have our position of minus 1.7 to the company, which is quite positive.

Unidentified Speaker

Thank you, Camille. And thank you the whole leadership team who are here. So we're going to have another quarter of solid delivery of deliveries. So first of, before showing the plan, I'd like to play a video. It's an institutional video that we've launched last year, last week and it's part of our positioning pillar. We have DNA Association that is very strong. It represents very strongly the positions of our brand, the values of our brand to connect our brand to people. Watching the video again after it was launched, I thought that the images of the video and the music describe very well the spirit of what we -- of the song, the next generation and our Director of Institutional Regulatory Directors, decided to call us our next generation team.

(Audio-Video Presentation)

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TIM is an official sponsor of Rock in Rio 2022. So, this film is the introduction to our second phase of presentation, which is a next-generation deal. In terms of commercial strategy and brand engagement, we have the Rock in Rio festival, which is the greatest, which is a one of the greatest festivals in the world. And next week, we're going to have one of the great free festivals that's going to happen next week in the Copacabana beach. And we're going to have the consequence of several stages that happened in previous years, and that in the next transformation stage of TIM Brasil, it will happen. I'm going to tell you a few of this stage, steps.

In the last years, we've consolidated our positioning in terms of leadership and innovation in what we called the volume-to-value strategy. We were pioneers in introducing this and working towards it. Second is the inorganic operations that happened in the market, I'm talking about Oi and the neutral network. Third highlight is the launch of the Customer Platform. This three huge components, we have also the 5G, but these, the three huge components allow us to have the ambition.

In the consumers' point of view, it allows us to provide the best combination of offer and service to Brazilian consumers. And when we talk about financial community, the mix of volume-to-value is something unique because we're going to grow above market, the marketplace and we'll see we have a leadership in revenue. We're going -- being leaders, we're going to expand our profitability, and this will allow us to have some policies. Also, we have the ESG is done, is executed as integral part of our plan.

We have some recap, a few recap of our work. So, we are the company with a greatest profitability in Latin America. In operation revenues, so we're one of the companies with the greatest EBITDA value of Latin America. We're going to expand even more of this numbers in the next years. This will allow us to grow the -- what our stakeholders receive. Second element, the Oi operation. This operation as we see, we have two great winners. The Oi clients and TIM Brasil. Why do I say this? Because on the structural point of view, we get a lot from this operation.

From the commercial point of view, clearly, we have a broader market, but we're getting clients in two different areas that are strategic for us, Sao Paulo and Rio. So this is a boost of a plan that we were already executing. And now, also we'll have our commercial footprint in different areas such as the Rio Grande do Sul state and also we've -- we also have a critical mass and with critical mass, we can invest to grow in a simpler way that we do today.

On the other hand, and you see on the right of the slide, we have the infrastructure, we are the greatest mobile coverage in Brazil right now from the point of view of covered cities and population. Before, it was only in 4G, now, it's in general and also we have the number one spectrum per client and we're going to integrate this and it allows us to have a CapEx more efficient and also scale up the service level. So there's the strategic advantage for TIM that is really high. This is reflected in the synergy numbers that we've launched last year, so, I'm not going to talk a lot about this. We're talking about BRL4 billion. It's about BRL9 billion to BRL12 billion, so we have this commercial synergy.

We have about this net value creation of BRL16 billion to BRL19 billion. So, it's -- this is the transformational issue for us. Having said that, okay, that's where comes our value proposition, that provides growth of the topline. I'm going to talk about topline growth and afterwards, I'm going to talk about value generation, but here we have two methods. One, we're going to grow above marketplace. Two, we have -- we're really anchored in our core business and we have a head start in our -- in new revenue generation, because we are pioneers, we've launched this in the last years.

Also, we're talking about the mobile world. We have the ambition to become the best mobile carrier in Brazil. And in a market, that is a mature market and what does that mean? It means the best offer, best quality or service for the client, and the best in terms of efficiency. So, we're going to grow 1.5x in the next years. When we see the broadband, it's different because it's -- the market is growing and we have 10 million clients more in the next six years. So, we're going to double our size in asset light modality. And this partnership with I-System will allow us. You'll see soon that I-System will be an accelerator and we're going to show this. On the right side, we can see the area that has an exponential growth play. We have B2B IoT, which is in 5G, is something real now. The key word is to, we need to get verticals, to get clients to develop a platform, new platform in the future. I'm going to -- we're going to talk about this in the future as well. Also, we have the consumer platform and Leonardo is going to talk about this. And we've got from the start positioning and customer lifetime value in core business world.

So here, we're going to grow above market. So we have a good future growth mix going ahead in terms of value growth. I've talked about growth. Now, we're talking about double-digit growth. In the long-term, we're talking about from -- we're going from mid-single-digit to high single-digit. Then we have profitability. I've showed that we are leaders in profitability in Latin America. We have a strong positioning. This is something that is in our DNA. We're facing a couple of challenging years because of inflation that impacts some of our cost categories.

Having said that, we have a solid plan in terms of digitalization, simplification, delaying to defend our EBITDA on one side, and we have two powerful leverages that is Oi and 5G and we're going to talk this -- about this more ahead, and we have an improvement on CapEx and services. Having said that, we have the -- what we're going to do, we're going to review our situation for our stakeholders, because it's going to improve for them and it's going to change this in 2022. And Camille is going to talk about this later on because we want to keep you hooked until the end.

When we talk about ESG agenda, this is embedded in our business strategy and we have a huge achievement in terms of energy. We've had an improvement in constant eco energy. We are very proud to, because we're number one in the world of internal engagement that is really high. So, from the point of view of governance, we are the first Brazilian carrier to get the (inaudible) stamp and also a commitment in the ESG agenda, fully integrate it to improve the quality of service for the clients. So, after this, the message -- the growth above market, head start, we're a step ahead in generating new revenues, growth of profitability, commitment with stakeholders, ESG, and with ESG.

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Since, I am still here in this position, I'm going to start with our verticals. We are going to talk about mobile, we're going to talk about broadband, B2B. So when we start mobile, our mission is to become the best Brazilian mobile operator. But what does it mean? As I mentioned the numbers, I'm going to skip through that, the best offer. Second, best service. Third, best network. Best offer, we already have been acknowledged as a leader in this field, so, it's to keep the gap. When we talk about the best service and quality, we know that all operators they work about the same, but here the opportunity we are going to see, something is about widening the gap. We want to distant ourselves and we want to lead this new competitive lever.

When we talk about network, Leo -- as Leo says, we have several achievements, we have an enhancement in our 4G in Brazil. We have the best video, in-video calling experience, we're still going to jump ahead of that and fact is that in our clients, consumers' perception, this is still not a reality. So we need -- we have the challenge of correcting the perception by our consumers. Here, the goal is to close the gap. We are now moving forward towards each of them and I'll start by offer and then service and then Leo is going to talk about the best network.

When we talk about best offers, so just to remind you, we were the first one to launch Netflix into '19. We were the first to offer choice bundle and we are still the first one. We launched -- we were the first to launch the first quality service for prepaid and the prepaid services. We have launched now in exclusive partnership with Apple that's going to be developed over the next quarters. We have a lot to offer still, the best 4G coverage now, we are going to also be the TIM in the sky, service, integrating and also planned to integrating picks. So, we want to have (inaudible), I had before of our competition. I want to show another video since we are in our Mother's Day campaign. Let's watch it, please.

(Audio-Video Presentation)

So we have new TIM Black offer. Now, this new Samsung version, we have a partnership with Apple. So now, we are talking about choice bundle on iMusic with us. The best iPhone by Apple right now, iPhone 12. So we are working our perception from our consumers perspective. We are talking about best service now. Best service is an area that we have been working for quite some time now in several lines and in all areas of the company. We have a digitalization area, digital interactions. We have more than 80% interaction with the company that work digitally. We are introducing and we are evolving our carrying models through iA. Alex will talk about it in the new carrying model. VIP concerts, fast-tracking for TIM Black customers and we are with visiting the journeys of the clients journeys to improve our NPS. We have had over twice better results in our NPS carrying in two years.

So let's see our satisfaction surveys. In the screen, we have been first for the past 13 months. The most coherent indicator that we have is the (inaudible) key evaluation. We have the ambition of entering the excellence club, RA 1000. And by the end, today, we are working on an 8 out of 10 grade. So, we are already in an excellence range, but we want to work until RA 1000 which is the top notch.

Analyst

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Thank you, Alberto. Good morning, everyone. Good to see you to see some faces after two years. First of all, I was a bit fearful because there was so much music. I thought we'd have to have a performance, but Vicente canceled this idea and I didn't have to come in dancing. Let's talk about next generation. I want to remind you. What was the first quarter of this year? We're a company that we've always had to deal with historical gaps, basically to spectrum and coverage. We were a carrier who had a spectral disadvantage and you know that spectrum in mobile is really mandatory for efficiency. We've had almost 50% less spectrum than our competitors and in terms of coverage, we are -- have been only in a few places in Brazil, (inaudible), Santa Catarina, (inaudible), the Northeast. Also we've had a gap in terms of comprehension, but how did we overcome these gaps to become not only competitive, but in the few moments, we've reached the best carrier in Brazil through innovation.

Innovation was always part of TIM's DNA. From the technological point of view, this is something that we also calculate and we try to do things differently. I'm going to remind you a few cases that helped us to overcome these gaps and it will work, these things will work as accelerators for the future. The first thing has to do with the technological view. We're a carrier that noticed that the 3G cycle was getting over and we were going for -- we were entering a 4G cycle. If you see this graph on the left from 2014-2015, TIM decided to invest in 4G. These gave us the coverage leadership in terms of 4G in Brazil. You saw that the few competitors reacted a year later, others two years later. Others were tired in the middle of the way, but our focus was on 4G and from now, until now, we have coverage as a leading point, reaching 98% of population.

Part of this perception and the 4G coverage acceleration had to do with the spectrum reforming. What we did was to get the spectrum that was on 2G and 3G and change it to 4G trying to use part of the equipments. Also, when we think ahead, we talk about innovation criteria that we used and we talked about the 700 megahertz. We've had the 700 megahertz auction in Brazil four years ago. We were the first carrier to use it and we've had a coverage, that is totally different from the rest of the market. We're talking about that Urban Population covered, but also we have the accessibility which shows what's the percentage in time, in which a client stays in this line, and we not only have the most extensive network in terms of cities, but we also in terms of presence, so that the client stays longer in our 4G network.

Also, it allowed us to launch the VoLTE. We were the first carrier to launch the VoLTE and we're the only one to have VoLTE in scale. We're talking about 4,700 cities. When we adopt VoLTE, we have a better quality in terms of voice. In terms of video and avoiding, some calls dropping. With VoLTE, we have a reduction of 50% of calls dropping. This is already -- this is also part of our customer experience. It's very important. With the 5G standard, it doesn't foresee the continuity of the call for the 3G. The only way to keep a voice call in 5G, when you have no 5G is going -- is using the VoLTE. So the carrier that has VoLTE especially in the beginning, where the 5G carrier is growing is something very important to be able to launch voice in 5G.

Second thing, as we've had less spectrum than the competition, we need it to be more efficient in terms of capacity and quality delivery. And we were the first in Brazil to launch Massive MIMO. It's a technology that the -- MIMO in 5G. We decided to use Massive MIMO

in Brazil, and we've increased four times the -- our capacity. When we compared to the previous version, we are one of the operators that use Massive MIMO in a larger scale in Brazil and we're going to see our next generation concept. And you will see that this is a future improve investment. Also, we're ensuring quality but we've had coverage gap. And we've worked a lot in terms of infrastructure.

Let's remember Biosite. TIM was a company that created the Biosite design where we had a poll, it looks like a light bulb and within that we put the equipments. The use of Biosite was really paramount to grow in several cities without bringing any kind of visual impact, because this bulb is mingled with the urbanistic outlook of the cities.

But we reached coverage in places that we couldn't imagine. So we created the concept of Sky Coverage, which is autonomous side. We can install this, where we don't have access to backhaul and not even electric power. And we used a lithium battery and we can use the satellite information. And it doesn't demand a lot of capacity, it demands a lot of coverage. So, the satellite backhaul in terms of statistic use to start being really efficient because we reduced 80% of the cost that we've had before in this kind of solution. Now TIM has more than thousand Sky Coverage sites and we will intend to reach more than 3,000 in the next years. This is one of the pillars that we had. We have to have leadership in agribusiness to reach in regions where it was impossible to reach before.

What I've told you, it was TIM until the first quarter of this year. What's going to be TIM in the next years. All the time, we were like in the better front fighting an enemy with the double of munition that we had. Now, it's different with our new assets. First, in terms of spectrum, if we see what we are receiving from Oi and we've got in the 5G auction, now we are the best positioned carrier in terms of spectrum megahertz per client, from the carrier that had the greatest gap now we have the best positioning in terms of growth and quality delivery.

The second asset that is important from Oi is the towers, first time efficiency dimensions. We're going to decommission about 60% of Oi towers. We're going to bring Oi clients to our network with Oi's spectrum and then we'll have a more efficient network in terms of cost, but 40% of these towers will keep on being active and these active towers will help us to consolidate the coverage in the few cities and peripheral regions or even indoor, and also adding to our city portfolios, new 264 cities where we were not present and Oi was. The second asset that brings us to this moment is the 5G. We also remember that remind you that the 5G auction.

(Audio-Video Presentation)

Alberto Mario Griselli {BIO 21170674 <GO>}

So, Fabricio, I think that increasing footprint. It's something that we can do. Can you talk a little bit more about this migration that we are doing from FTTH?

Unidentified Speaker

Of course, Alberta. We have a good opportunity on focusing on fiber as you can see, market is going to 1 giga and we want to be simpler and simpler. And for that, this is fundamental, we have more than half of our AHPs and the market that we can address to fiber not to FTTC, we have two-thirds of our clients in fiber and we're getting 1% per month and more and more we have clients being so then my migrating it them to fiber. And we have a several advantages in the short-term and we have a long-term.

Alberto Mario Griselli {BIO 21170674 <GO>}

What is the client churn reduction of a client once it has been migrated?

Unidentified Speaker

Well, we get 30% in churn, this gives us a client value that is higher in the future. We don't need to work with the arch we have this 30% change in churn, that's interesting and when we go to a brownfield region, we have a client capture and we have a double of clients being captured especially in a different region.

Alberto Mario Griselli {BIO 21170674 <GO>}

So here we have the a benefit of a churn reduction and new client capture in FTTH in and growth in areas that previously we couldn't, because fiber was not competitive. So, Fabricio, can you can also talk a little bit about the synergy and this TIM Live event livelier?

Unidentified Speaker

First, the TIM Live is, we have to see an important thing. We need to work with TIM Live, it was a separate company and it joined, and we're going to have real joining work in terms of all issues. We want to be more TIM, we want to be more present in different elements. And when we talk about more live, we need to bring the complexities that are not small. Broadband is different from mobile for the we have to bring this for the company process and we need to simplify and integrate them in our value proposition and work problem dynamics.

In terms of results, we have the synergy and we have a lot of opportunity to bring this. We are able to be successful in Brazil, Guyana, and joint venture with this energy and we have a lot of space in terms of channels, we have no -- we don't even have 3% of the sales in open channels which are stores and digital process, we can even grow 20% to 30% in these channels. And we can do that without adding value to the company, cost to the company. And we have a huge brand and we can use the top of mind of several places.

We can use TIM's brand to get more market and to strength and the TIM Live and fiber in all of Brazil. Our clients see market as a boutique, we don't need to be this boutique, we can serve everyone because as you said in the beginning we are already the best broadband company in Brazil, also we got the () award that is specialized in several regions, so the clients see us as the best carrier so in terms of broadband. So using this growth in terms of footprints we're reaching with the I-Systems and we are specialists in working with notable network.

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So this medal can be also broaden to other partners and we can triple this we have a growth avenue that is huge. At this asset lighter issue that you've talked about, we can have a business model not on in a lighter way, which is different from what our competitors can do in terms of channel and commercial aggressiveness. What happens in the marketplace today? Companies spends billions to create a network and then billions in discounts channels and commissions to occupy this network. So, it's money after money, what we want to do. We want to be to exponentiate this lightness and strategy.

We want to leverage a neutral brands and networks. Also, we don't need to spend millions in terms of condition to spend with channels and offers because we have this huge growth avenue, which is the footprint. And we have this opportunity in this avenue growth, which is the synergy capture with this two things, we can be lighter, simpler without losing profitability and being more profitable and also faster.

Alberto Mario Griselli {BIO 21170674 <GO>}

This is key to grow keeping the trade-off between volume and value that led our great evaluation to today. What Fabricio said is a market that the past few years has grown and this approach which is very singular to us, allows us to keep on growing and not losing this trade-off, we are managing by now. So thank you, Fabricio.

Now here on broadband, I'm going to bring two new themes that are typical from our agenda, which are opportunities of M&A. And then I'm going to talk about the FW. When we look at the right graph, we're going to see the market share on the main fiber players in Brazil. We're going to talk about fiber because fiber is the future. This is what I'm talking about.

Now, when we look at this graph and we understand that actually the broadband world is capital intensive. And of course, this market structure will be consolidated. On the left hand side, we represent the EV per customer over time, since DVT acquisition until the semester. So you can see that we have a reassessment on customer value that is decreasing. This is clearly a movement that makes our market consolidation easier and gets closer to what we have internally calculated as a customer acquisition cost.

Here, I would like to send you a clear message that, we have just concluded the Oi acquisition, we are talking about billionaire synergies. Our focus on the short-term is to lend those synergies. So, we have a team that is being led and whose objective is to make synergies often happen optionality is our focus and we want to focus on capturing synergies.

Another theme that I would like to talk about is FWA. FWA is very exposed in certain markets, especially USA as a team we have a small FW base that we call going to FTTX, we were the first to experiment in 5G ISS here in Brazil so we were the first ones to understand how this technology works, we understand the market the mark here is represented by 2 million, 3 million accesses to give you another point of view according to the studies we are running we can have 80, 100, 150 clients per site and we have 20,000 sites.

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So, we have a potential for the market that we can think of launching the FWA, which will be part of our portfolio. We are hoping that some conditions will allow us to deploy this technology in a meaningful and commercially interesting. We are talking about the CPE cost, it's about \$60. We are talking about an average of 250 to 400, so the costs ranges are dropping. And as our bottleneck is dissipated and this market will be selective and complementary to our portfolio. The conditions that are present today in the USA are not immediately applicable to the Brazilian market.

Ladies and gentlemen, let's move to our next presentation and we are going to join our exponential growth category. We will talking about businesses and broadband and we are going to talk about our potential exponential growth. The first one is the B2B. In B2B, we are building and working on building this growth platform. We are in a leadership position, when we talk about agribusiness, we'll get into more details later on and how we're going to move forward.

I'm going to, we have selected a verticals we want to operate, we -- once the vertical is selected, we are commercially working on gaining clients and leaders in those verticals, as we can build an ecosystem, according to vertical and clients to supplier solutions, so it's a simple strategy. We need 5G for that? No, we are doing it in 4G with quite successfully. Here, the verticals we have chosen, agriculture logistics, mining, then we have utilities and healthcare. When we talk about utilities, we are talking about the smart cities that Leo mentioned.

Why have we chosen those verticals? They have some conditions that are special. One of them they're large verticals, involving volumes of money. We have intelligence, technology is especially useful to improve profitability on vertical. Third, on main of them the process happens in Brazil. So, here we are debating with decision makers on solution -- on technological solutions. Let's say, we have Stellantis, who is a global operator. We are partners with this operator. So, we can be connected talking to car manufacturers, and not necessarily decisions were made here in Brazil.

What is the development? We are the leaders in agro-world, we are building and consolidating our position in logistics and mining. While we are experimenting pilots and cases in utilities and healthcare. I would like to invite Paulo Humberto. Paulo Humberto is our B2B vertical for CRR[ph] member. And before we talk a little deeper about it, let's watch a little video.

(Audio-Video Presentation)

We are back. So I would like to ask you something, which is, it's usually relevant for our analysts. How do we make money out of it? What is a business model?

Paulo Humberto {BIO 21459149 <GO>}

In terms of business model when we defined a verticals, our TIM works in the demand analysis and then in proper financial model for each vertical for instance. In terms of agribusiness, we use number of users density for by square kilometer, the financial model

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won't work. So we created a new business model for the agribusiness, with setup fee initial service, plus the service revenue in a medium long-term agreement. With this our service revenue tripled in 2021, compared to 2020. For each segment, there's a new segment model, and CapEx when we see the utilities services that's what we're doing for each segment analyzing the best financial model for that vertical.

Alberto Mario Griselli {BIO 21170674 <GO>}

Now, we're talking about 4G, but we have we have launched the first 5G phone a few weeks ago. Can you tell us a little bit more about our plans on technical evolution?

Paulo Humberto {BIO 21459149 <GO>}

We can see this agribusiness model, where consolidated we're part of the agribusiness ecosystem in Brazil, we see the numbers that we've seen, we have more than 7 million hectares with mobile coverage. And we see, we can grow this to 13 million hectares with the NBI OTIC.

But also we have a social and digital inclusion of more than 900,000 people. It's a 15% of the Brazilian population, 25 kilometers of roads more than 50,000 small producers benefited by the investments in the agribusiness coverage.

Alberto Mario Griselli {BIO 21170674 <GO>}

In about the other verticals Paulo, what do we have here energy mining and so on?

Paulo Humberto {BIO 21459149 <GO>}

Let's talk about the other verticals with the leadership and scaling up in agribusiness, we extended this model and this vertical view for other segments, this is a reality when we see the excess basis of IoT connected in 4G, this base is doubled last year and some examples the partnership with any NL Energy implementing solutions of smart cities for instance not here only in Sao Paulo, but in projects in agri with the program light for all we do a Sky Coverage project in the border with Bolivia, for instance. So, these partnerships are quite visible and we're increasing in the market.

In terms of mining, we are working in this roadmap process in cases with agri-American, Alcoa, landing mining and then in terms of industry with Stellantis, we've been working for a year in this project connected cars, we started in February of last year and we've connected more than 100,000 vehicles. And also we have the first 4.0 industry case using the LT5-GSA with edge computing and artificial intelligence, this was done in the partnership with Accenture. And what we're using today is to build our new positioning in the value chain growth with Accenture, with engineering, Microsoft and Talent.

We want to join connectivity integrate this new platforms and services of IoT, to have a new solution for the Brazilian industries. So a few details in terms of Talent and Microsoft, partnership we're going to publicize that in a press release in the next days.

Alberto Mario Griselli {BIO 21170674 <GO>}

Thank you, Paulo. So here indeed verticals gain clients and setup ecosystems. We are leading actors in that as Paulo mentioned. Last week, we had Agrishow in Ribeirio Preto, the state of Sao Paulo, the greatest agro business fair in Brazil. There we had the Agrishow highlights and TIM was there with their Agri Palma partnership. This is an agro event and we are there and we are highlight among the highlights of the event.

Leaders and leaders, so there is I would like to give the floor to Leonardo[ph] to talk about Customer Platform.

Leonardo Capdeville {BIO 18844450 <GO>}

Thank you, Alberto. Good morning everyone. Everyone is connected online. I have -- we have a few slides, but, we have more time. I'm going to talk about five things here.

The first thing we're going to have a recap on our strategy, we presented last year, but I think we can have a recap on what is our strategic intension. We're going to talk about our secret, our magic sauce. What are we doing that is working within the strategy, and the third thing is the results that we've had. The fourth where are we going towards and then will talk about the new partnership that we have in terms of security. So it's about 6, 7 slides, five topics, and we're going to talk very briefly about this. But we're going to have a complete view of things.

First thing that we want to state is that we're going to generate value outside of our core business through partnerships and not only internal development. We're looking for partnerships. We have few partnerships and partnerships with the hypertension. We it's what we call going after unicorns. We don't want to do what the outcomes did last year, a huge number of partnerships, but a relevant partnerships, we want few partnership, but very good partnerships that can bring a high value, which are these partners this ideal partners is companies that we consider that our idea for this process.

They're not startups, they don't not have a proven product they are companies that have proven their product and they are looking for an exponential growth of their client bases. That's important, because when we talked about this several startups big started calling us, we're not looking for that we want companies that have their product proven they have a market fit and they need to grow their clients exponentially. We cannot do a pilot for a city or first date.

Our coverage is national, we want all our client base. What's our working model? It's a model that we call channel-as-a-service, we are channel that work as a service and we exchanged customer base for equity. And we want these company to have a disruptive offer, they need to be very well positioned in their sector and we will receive an equity that has a high value in this companies.

So we look for companies that are about to have an exponential growth in client base. They have their product proven and we will work as a channel-as-a-service and we're

going to exchange customer base for equity. What are we getting as well? We're going to bring a unique and disruptive offer for our clients.

Use your credit cards, cheaper courses, security offers. So, it will add value to our base, client base. And we have several studies that prove that the client that is more engaged that has more services with us. They have lower cancellation rate and one of the intentions is to reduce churn in the next years. So, it will generate values in the core business and have a lower churn.

So, we'll have a distinctive value proposition it brings several information and data that no one has. So, we begin to have telco data with financial service, with educational service and health service data. It will allow us to have a new revenues, it will allow us to have a solution portfolio in advertising that is a lot more powerful because we'll have more channels and more data and it will generate an equity for high value companies, this is a strategic framework and what we think that we are relevant in this ecosystem. Why this team relevant for a companies such as this?

And we have a few assets that are unique with the Oi acquisition we have 60 million clients that's one-third of the country. Very few companies have a client base such as big as this, we have 550 data points per client in our big data, it's what we call TIM's insights. We have -- we do this integrations with partners and we can create unique offers in the market.

Because, we can use our data and the data that they have on their side. We create a service offer integrated with their partner offer, which is very differentiated. And when we began working with this many months ago, we had a doubt, where are they -- our clients interested to change their consonant with the all this information and our clients were interested in taking part of this partnership and receive this giga bonus. We have a real benefit to provide to our basis in exchange of this partnership. We have a unique capillarity from where Brazil is a huge country, continental country, if we want to have a national presence. We have a point-of-sale everywhere, we have more than 100,000 sales persons.

Very few companies have this capillarity, we have this ability of getting 465 million clients. Then we have a top of mine brand, which is solid and very few digital companies have. We have several research and two years ago, when we began our research, we saw that several digital banks were coming because of the pandemic we need a digital bank and TIM choose this bank. And this must be a serious a good bank. So this is very important. That's why we chose C6. And we believe that we have a package to offer. And we see that this is very important for this partnerships and what are we looking for? We are looking for the segments in which the value of per client is much more than we have in terms of telco.

So first, we look for financial services and there was between \$600, \$500 per client and a few thousand dollars per client, which is different from telco service that goes from around \$100 per client. Healthcare for instance, or other services around \$500 to \$600, so all these companies add value to the client -- have a value in for -- with the clients and

that is higher than we have we're taking plans for that company and as an exchange, we have a part of that equity -- part of that value that was added on the other side.

And our goal was to have a set of participations that in 2027 it will have a market value around BRL3 billion to BRL5 billion. And the novelty that we're going to tell the series, which is a bit of our magic sauce is how can we implement this within a carrier. First, we did a partnership with Accenture that allowed us to bring dedicated teams to the project with specific expertise of that industry. We don't have experts, in-house experts in Health services, education service, financial services.

And we did a partnership with this Accenture that brings TIMs that are specific of that in the industry, this is very important. Second, we created a whole communication of the partners offer within the whole journey within TIM. And we have now 14 communication channels, we began with 1, 2 channels. Then we started building up and afterwards, I'm going to tell you how it works in practice we have 14 channels.

Second pillar of this execution is a new segment issue and we have 550 data points and we can do a new segmentation and we can do an offer that is contextualized and keeps the relevance for the client. This is really important to operate within an environment with simultaneous partnerships.

Third, everything is done based on tests and results, every day we do thousands of tests. We test the segments, the channels, the medias, we test the day of the week, the week of the month, time of the day, for example, it's a bit out of this context we did a partnership with a betting company, in terms of advertising. When we sent the advertising at the time of the Champions League game, there was a 40x higher conversion rate. So this contextualization of the segment, the time and the channel is very important and we don't have pre-created answers, we need to test. We do thousands of tests every month, and which we validate channel, segment, day, time. And when we see the highest conversion rates, we amplify and massify that.

And last but not least, we have a team that is really talked in terms of process and technology we're using the most what top of the really modern team we have a conversion capacity that is very high and we can only do this with technology. So we have processing technologies, and specialized teams. And another example, it's good to exemplify why do we believe that TIM is the only one? Not only in Brazil, but in the world, in the point of view of our solution and what we have in terms of channels and processes.

Can you play the video? So we begin in the store. So, the communication of our partner in the store, when they do the onboarding, we begin to have the communication messages that gives the offer of our partner. Then we innovated and we've had an innovation with pictures and multimedia, which brings a higher engagement. This client is going to do a recharge process and there's a communication and they receive an incentive to download our app and loyalty.

There's a mission then they use this mission to incentivize to download the C6 app and when it's intercepted when their data package finishes and they receive a message, when

they go into the app, there are specific message. When they receive our e-mail marketing within that there's, there are partners offers when they access our website and do a digital migration for prepaid to control, there's a specific journey, when they receive the bill and at home, there's also partners message. When they call in our call center, they receive the message -- a message. Also, they receive a push communication and last but not least, we have in our Metaverse TIM store, in there they have the opportunity of signing up with a partnership.

We have 14 channels, it was a bit detailed but to exemplify that throughout the whole clients journey. We've managed to insert communication of our partner. Why is this important? Because we've noticed that we need to have coverage and frequency. We need to need to talk to the whole base, we need to talk in a relevant way, contextualized and throughout all the time and if we don't do this, we won't be able to reach the exponential base growth that we intend to do.

Next slide. Let's talk about the results, we've reached 4.8 equity states, so we've had this top performance for seven quarters, so we've reached a growth in the first two quarters and we've managed to keep this performance throughout all this time. This is amazing and we thought this would fall and it's not happening. We are managing to keep a top performance throughout the seven quarters.

We've managed to engage 2 million customers from our base with Ampli 70,000 customers have registered the Ampli platform in terms of free courses, graduation and post-graduations. All our communications we've reached more than 100 million people and more than 6 million customers were converted to our partners offers. And we'll also with -- they get more than 14 million internet bonus awarded.

So we do the ATL communication, the BTL communication throughout the whole customer journey. And we see an adoption of the clients, which is quite high and this motivates us and because of that several companies are looking for us and this leads us to this slide. Where are we in this process? What are the partners that we are looking at and what we intend to do?

All the partners that we have on top, several companies have looked for us. We've received several proposition, but it's very important to highlight that we're not going to do any kind of agreement, we build an agreement that has a high value possibility.

So that our partner can grow become an unicorn and it's a joint decision with this companies. And that's who we are, we've been discussing with this partners for six months. We're refining the proposition so that we are -- we can build something that can generate value to our client base, it can be disruptive for the clients and it can add value to TIM. These were the conditions that were needed to make sense. And to close, I'd like to talk about the partnership that we're talking today in terms of security partners that we've done with the FS company.

Companies more and more digital, more and more connected, the payment process is really grew in the last two years, this is a success more than 117 million Brazilians has at

least one big team, more than 9 million companies have a big ski and there are several million things operations, transactions per day. And but there are also several issues in terms of associated to that.

So, today we are launching the first product at that we're launching in the next month, that is going to use technology and data science to allow a solution for two important aspects. The first one is, this is not a problem of a social classes, this is for all the social classes. So, with technology and data science, we will be able to be accessible to all our clients whether the prepaid control or postpaid. Second thing, there's not only one person with only one bank account and only one institution it's a product that works to our reality for multiple bank accounts, whether it's a financial institution or a payment institution, this is the reality of the market.

No one has just one bank account. So the product that we have with the digital protection, so it will work in terms of price accessibility to our client base and it will work for the present market with multiple financial institutions and payment institutions. How is this deal and how we've build this with them? It has a few innovative factors in terms of what we've done in the past and what -- based on what we've done in the last two years.

So, we'll have a new crew will be formed between this TIM and FS and TIM will receive a commission per customer per customer capture for this newco. And also we will earn an equity in the newco up to 35% based on revenue generation. It will vary and customer base for equity as I said in the beginning of my presentation. So, we'll have up to 35%. What's the difference from -- of this deal compared to the others? Within this negotiation, we have a provision that will allow other the entry of other partners in the same modality and in the same conditions. And also other telcos. Why?

We believe that the bigger this company is, bigger is its chance of success and higher its value will be so we want to consolidate this market for this company. It will have a higher value and we will have a higher value as well the other having other telcos also is really positive because there's less conflict. TIM clients are not Claro's or DeVos clients. So the channel with the less overlapping is the telco market. So this is why we did an agreement that allows other partners in the same modality and in the same conditions. That is all our all our other business. We allow this company to do an IPO in the timeframe of three to five years. This is what I had to present. Back to you.

Alberto Mario Griselli {BIO 21170674 <GO>}

This is great, (inaudible). Well, we are going to have a break take -- a 10 minute break, so that everybody can rest a little, absorb and digest all this information. People from home can also refresh, get a refresh. So we going to have a brief 10-minute break, we will be back soon. Thank you.

(Break)

Unidentified Speaker

Hello guys, we are back. Let's resume our event. Let's move to the last set of content. This communication moment we have now, we are working with our intention to generate a better value proposal for investors with our ESG agenda when we are going to have (inaudible) and then we have the three pillars that are going to be proposed presented by Camille Mario, the floor is yours, please.

Alberto Mario Griselli {BIO 21170674 <GO>}

Thank you. Good morning everyone. It's very important to begin this last synthesis session because it's synthesized as a value creation. What is the best value for the community? The ESG agenda at TIM is not a letter of agenda. It's an integrated, structurally integrated agenda.

Some pillars -- in some pillars the ESG has been dealt with and here we can synthesize this in the center, we have our business strategy. We have our pillars environmental, social and governance. And TIM, they are forms of integrating key elements in the business and that means people, in terms of social for the environmental, the resource natural resources and for governance, the value system. These three elements created business and we create a different agenda, but it is actually a philosophy for value creation.

And then, this is what we're trying to synthesis today and soon Camille will summarize this. And then we have this whole agenda that is structured and goals and initiatives metrics that involves the whole company. We have an ESG plan, certain goals, medium long term goals and also we have some ambitions, here we have the environmental pillar we can see the main on their left side here we can see the main targets.

And what we've achieved in 2021, as we can see in our environmental terms we could have a strategy mix in terms of energy generation and compensation strategy or with a 100% renewable energy, also because of the eco-efficiency which is data volume for based on the consumed energy. Here, there's an environmental significance, but also a business significance and as Leo has said this morning, we have the Biosite coverage. It has an industrial agenda that will become also sustainability agenda. And because of this picture in 2021, we had one of the greatest sustainability (Technical Difficulty)

Camille Loyo Faria {BIO 15380221 <GO>}

Thank you, Mario. Moving back to numbers, what we try to do in the slide was try to summarize and translate into numbers the efforts that my colleagues here have been informing you since the beginning of our presentation. So basically what we see is this additional effort and all those initiatives that have been presented here are the ones who are going to leaders to a growth in our revenue that in the absence of those initiatives, we would have a single-digit growth probably, which is public probably the expected medium-term inflation in term inflation rate in these initiatives that are going to allow us to double this growth and have a growth of our revenue up to 2027 of abide high single digit. So, double the speed of our revenue growth, due to everything we have presented so far.

When we look a little closer to this graph. I think that what catches our eye and it's not surprising that great share of this additional growth comes from our mobile initiatives, which is our greatest revenue generator.

Here we have Oi and 5G followed by broadband and then B2B IoT and lastly the Customer Platform. But I believe there are three points here I like to highlight, which is first necessary capital to make them happen. So, truly the mobile initiatives, they are parts. They have a greater percentage participation, but they also demand a greater capital, especially in 2022, as we mentioned that as we migrate towards the right side of the graph. These are in effort initiatives that we can leverage our revenue with lower capital from our company. Another point, I would like to highlight in this graph is that it does not reflect the creation of value by the company.

It only reflects the revenue increase. And as we tend to move towards the right hand side of the graph, the multiples tend to be larger. So as our expectation is, as we move to the right and those little squares that are representing a greater share of our total revenue and total business did will also represent a larger multiple by the company. We add great value to the stock exchange. And lastly, specifically in our Customer Platform, this graph doesn't also capture the value creation by equity.

One of the pillars of our Customer Platform strategy is clients in exchange for equity and we believe that this can be a great constant value at strategy. So, when we have the increase in revenue due to the expansion of dismountable, we have the value creation via equity and the equity we get through the Customer Platform. And the last message here and what we are going to explore in the next slides is that we have thought of those initiatives in a way that the necessary capital for their deployment grants us a great balance in growth perspective, and shareholders earnings.

So, this is something that we have in mind for our journey towards 2027. We also must remember profitability. This company has worked, very hard to be in the level of profitability that we have today as being recognized as one of the sector's leaders. And we are going to keep this journey. We are not going to grow despite anything. We're going to grow increasing our profitability.

In here, we show the expected evolution of our EBITDA mins CapEx over net revenue, besides having the traditional initiatives of cost reduction that we are constantly implementing and also digital transformation that we are going to use to lab to leverage profitability, we have some one-offs and extraordinary facts that throughout time help us leverage profitability. We have first the transition and integration of Oi that weighs on our P&L as you can see, that will happen between 2022 and 2023 and from then on we're going to be able to use 23% of this margin contribution that Oi brings.

We also will eliminate by 2024 this initial 5G additional costs that we're going to have with deployment and then we start having a reduction of CapEx and OpEx apart from revenue and moving after 2024. We're going to have the full benefit from the infrastructure we acquired from Oi. We sold the present value of this acquisition and we're going to start have the initial 5G payback.

With that, we expect that our margin that in 2021 was about 24% that it should grow to 94% as presented in our guidance and it keeps increasing up until 2027. We are not giving a guidance for 2027, but I think that's what the graph we can say that we're not establish with do not set in 2027. We want to keep remain the most profitable carrier in the sector. I think that everything that we have talked about here is pretty well portrayed in our picture on the left hand side.

It's a virtual circle of cash flow, we increase our revenue. We have goals of growth. We focus on profitability and efficiency. We have sustainable growth. We generate more cash. And I believe that everyone here knows that the company had been adopting this position of preserving liquidity, especially with 5G and Oi in 2022. It's important to remember that. The final conditions of Oi and 5G were only known, and the second semester last year.

And after these events, we still have some reimbursements, but they are known and predictable. I believe the company now is ready to enter a new area for shareholders earnings. We had been getting questions from the market and we had been answering that because we believe that 2022 those large and important events will be in our past.

So now we would like to announce we have already released the relevant fact, which is the intention of the company already referring to the year of 2022 to start distributing double the cash as previously as in the four years in the form of profit over on capital and dividends and we should go -- so moving forward. Of course, we have all the caveats as we confirm all the cash generators for this year. We believe that they will be confirmed except for some chaotic external factor, but this is our expectation and the recommendation we have taken to our board.

Why do we believe that this is key to us? We had our Achilles heel, and we believe that everything we had been pretty well positioned in the market, but we believe that in the our yield, we were still behind. So, when we look at the graph on the slide, we understand that this new level will grant us that position on the right hand side that is among the telcos is the best compensate their shareholders to the right.

So, this is the level that we intend to prepare to wait for the next few years and I think this is the cherry on our cake in our history. To summarize, what do we see today as a value proposition for our shareholders? We are probably the company that have most short-term benefits for market consolidation. We have a strong balance in several areas. We have fewer consolidation problems, and antitrust and so on. That allows us to be the one to benefit the most to do a convergent offer even more and more convergent.

We are innovation and partnership leaders. So, we extract additional value from our consumer base and this improves the experience to our consumer too. We talk about profitability. We are leaders in profitability and with concrete plans to become a more and more profitable and remain in this leadership position.

We do not have any exposure in phase out businesses, which I believe it's a plus, we do not have a copper legacy. We do not have paid TV. So, we do not have to be concerned

about how to substitute this consumed revenue, our revenue tends to grow in our aspect. As Mario well said, profit is integral parts. Everything we have is an integral part of our strategy. And finally, we can say that from 2022, we are comparable to the best dividend payers among our peers in Latin America. Which complements the left side of the graph and positions us as a vehicle of choice for our telecom shareholders.

Now, I will turn the word back to Alberto.

Alberto Mario Griselli {BIO 21170674 <GO>}

Thank you Camille. So, we spend a couple of hours sharing with you the fundamental elements of our strategies that are summarized here in this last slide. I think we've covered very well our commercial strategy in terms of core business. And it has its distinctiveness in terms of market growth. We have solid plans. Camille just said about our profitability expansion. This is already foreseen in our three-year plan. We've seen a few upsides in our presentation numbers. Also, we have a very strong track record to run this profitability.

So, we're totally committed. So, this happens and we've seen how it translates in our policy review in shareholders policies. Also, we have a big transformation of process, that is a possibility of generating millions of reals to us and also, this will be the focus in the next year's, in months because this is paramount so that this growth platform really happens in the next years. I'd like to thank Vicente for organizing this event.

Carol, who's not here. She's working with Vicente to build up the structure this next generation structure for all of us. I'd like to thank the whole team, the whole leadership TIM for another solid delivery in this quarter. And also we have people behind me, a few of them in front of me. Also I'd like to thank the whole TIM for this amazing results and the amazing results we are still to be seen.

We have still a few moments before we conclude our event. I would like to thank you for your acknowledgement and since this is a hybrid event, we are going to have events from our onsite audience should you be interested, please raise your hands, identify yourself and do a renewal question.

Our executives will be ready to answer all your questions. People who are watching us through the platform you will have a button to press where you can write your question. Please feel free to send your questions in English once. We will translate the questions, the questions will be answered in Portuguese and will going to have simultaneous translation into English for the answers. Please feel free to ask all your questions with your we are fully available for the next 30 to 40 minutes. So, we can answer all the questions that may still be with you.

With that, we can start our Q&A. We are just concluding some last-minute arrangements, but I would like to thank you for your presence here. This event has made us very happy both with the onsite participation but also with our online participation, we have over 1,300 people that are connected. It's quite a number and it makes us very proud knowing

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that an Investor Day like that, speaking of so many interesting themes can attract so much demand from the market, the desire to learn more about TIM and its results.

Now that our organization has been done. I would like to -- oh round of applause to Vicente please and to all of us. Let's go into the very last mile off this journey. First question, we have Bernardo and then we have Diego. Please, can you open the mikes? Let's exchange microphones. I'm sorry Bern.

Questions And Answers

A - Unidentified Speaker

(Question And Answer)

Q - Bernardo Guttman {BIO 22426541 <GO>}

Thank you, and congratulations for the event. Thank you for the space. I have two questions for Renato. First is about the new partnership announced. If you could explain a bit more about the product in terms of security vertical. And the second is about our arbitrage process with the C6 Bank. If you have -- when are we concluding this?

A - Alberto Mario Griselli {BIO 21170674 <GO>}

Thank you for the opportunity to explain our partnership on security that we have announced today. How is such a partnership bond? There are several partners that offers several services, and we are just a pass-through channel. And the PIX is highly innovative in a market that has also represented a great problem. So, I carried out several studies, and we are launching a product that is based on PIX payment, and we will associate this offer. It's not fully ready to be announced.

But the idea here is that PIX becomes a key central in our payment process. And PIX has this issue of all primes associated due to its penetration. So, we are going to say, are we going to once again be a pastor of a project with little margin or is there an opportunity that we can work with FS. That is a company specialized in security working with carriers for over 10 years. It's been doing it for over 10 years, that we have partners, and we drive this as we drove C6 and [ph]Emblem. And the valuation of the company per client, per consumer, per companies way larger than tel. So, it is born as a proctor. There is a digital protection. There is a software and application that is installed in the person's cellphone, and within you have a PIX Insurance.

And then we can use the entire technology and data science to reduce fraud. By reducing fraud, we manage to have a more accessible price and more possible price for all kinds of customers, including the prepaid that increases our mass hugely, because otherwise, we won't have the penetration that we need for high value product. FS is an expert in this business. They have a technical capability or technological capability to create this product using data science for that. And they use the power of our sales channel.

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If we try to do it separately, it's going to take too long. So they develop. We are not just a pass-through channel, we are partners in this business. And then, it is justified that we drive throughout the journey design that I have presented. And this company, we expect to have a valuation as a tech company, and not as a telco company, and then we can generate value. So PIX Protection is the first product.

Next, we are going to have our marketing teams and their marketing team to create a series of digital product. One of the challenge -- one of the goals that we see is that our digital assets increase our advertising audience. We start having more audience, advertising apps. And it increases our data like. We get more data, we get more consumer insights and create more products. So, there is an immediate benefit that we become partners with a company with security expertise, with a technology company valuation, and we collect several other benefits when we talk about advertising data monetization, and we're going to get our teams to work together and create new products.

The digital world fortunately or unfortunately gets reinvented every 3, 6, 12 months. So it's not a product that we launch now, and we're going to remain with the product for five years. We need to have a product line to machine. And that's what we're going to do with them. In a traditional partnership, it wouldn't be possible. That's why this model that we created here, we believe to be disruptive. And once again an innovative factor that we -- and we have already foreseen the entry of a new partner, because as we scale up, we're going to get a better return.

A - Renato Ciuchini

So, this was relatively prudent in the launching the new product. You know that we have this prepaid control and postpaid products. So the payment process, billing slip and credit card. And in our commercial way, several clients do not access this client, because they have credit problems, availability issues and so on. So the idea of launching a PIX control combines all these elements.

First the market innovation. It's a newer control. The PIX process is growing a lot. So the value propositions to launch a new product process, adding value with the PIX insurance, and also having a feature process for the client, for those clients who have the possibility of associating both, also an advantage of this partnership.

A - Alberto Mario Griselli {BIO 21170674 <GO>}

On the C6 arbitrage, I am looking at Jaques, and he's already. Jacques, would like to answer?

A - Jaques Horn {BIO 17972133 <GO>}

No. We can't say much. This is a confidential process. I believe that what we can say is that the partnership is steady. We have reached 4.8% equity on the bank.

A - Vicente Ferreira {BIO 18854359 <GO>}

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Let's go for the next question. I think it's Diego Aragon.

Q - Diego Aragon {BIO 21843833 <GO>}

Thank you. Diego Aragon from Goldman Sachs. My first question on ARPU. We saw this great trend in the last quarter, and it has been going on for few years. But when we think of this consolidation of market moving from five to three carriers over two years, I start thinking of 5G as something that can improve the consumer value proposition. How can we imagine ARPU that was historical deflationary in Brazil? Do you see a next step for us to see in ARPU almost like a same-store sales just growing with inflation or even above inflation? This is my first question.

And my second question is maybe to Camille. When we look to at the cash flow obviously with Oi integration, you start having a totally different level of profitability as in the past. But at the same time, the company is doing some movements to become more asset-light and less asset-heavy selling towers and data centers. So we are going to have some part of the costs. There are going to be like a lease under EBITDA. If we were to do a calculation to adjust, are you expecting a simple cash flow margin of 30% for 2025, if I'm not mistaken? So, what should be this cash flow margin considering the leases? These are my questions.

A - Alberto Mario Griselli {BIO 21170674 <GO>}

Okay. First, the ARPU questions, then Camille will talk about the insurance. If you get the ARPU, and we have this growth proposition for a while. And I think that we could divide this question in two answers. We have the prepaid and postpaid world. They are quite different (inaudible) between them. The postpaid, yes, we're going to grow this year. And in the next years, the inflation now is particularly high. But we have several tools, and we're using them to do this to make it happen. What are these tools? We have the more-for-more adjustments, and the 5G is coming in the end.

We have all this activity in terms of profitabilization that is working very well. And afterwards, it's more-for-more. If we analyze the clients profiles, we can migrate giving more benefits, extracting more value. And as we have also the custom -- the Oi customer base, there we can work in the same way. So we have a very positive answer, because we can grow the ARPU in the postpaid in the next years.

In the prepaid world, the situation is a bit more -- technically it's more -- it's harder to act in terms of offers. First, I'd say that the ARPU is we can -- in there, we need to see the spending. We can increase spending in this last quarter. This is being diluted. How are we doing this? We're adjusting -- fill things in our offer that has to do it with face value and some benefits that we are providing to our clients. Relocation of our clients, and there's an BTL activity below the market analytics that is working. So, it's harder to grow in the postpaid speed, but certainly it's in our priority to increase our postpaid spending. Camille?

A - Camille Loyo Faria {BIO 15380221 <GO>}

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As for margin, I believe that it's important that we should separate mobile from broadband, because these are completely different worlds. In mobile, we do not have additional disinvestment forecasts, when we talking about the IFRS and EBITDA or we are deinvesting from towers and other assets, that will have costs lower than EBITDA and that they will increase or reduce our EBITDA, EBITDA without IFRS. Quite the opposite, since we have -- as we mentioned in the Oi event, as we bring this Oi Move! to us, we are bringing BRL600 million eight months on, costs below EBITDA with towers, which will sum up to a little less than BRL100 million. But with our decommissioning plan and our accelerated plan that we mentioned today, the idea is that we manage to reduce those costs quite drastically.

Almost as a proportion as the number not of towers, but at the commission sites. We do not expect that in mobile, we're going to have a EBITDA margin dilution after leasing, because there are no initiatives in this sense. I think that quite opposite, Oi is contributing to the decommissioning plan. When we look -- and then we have all the gains that we have mentioned. We have a CapEx over margin of a time reduction, and we have our current margin that will lead us to the growth of our EBITDA minus CapEx margin.

When we look at broadband, then we can see that we have opted for the asset-light model. But it's important to remember that the I-Systems costs, they are costs above EBITDA. And they have been fully reported.

As the broadband business starts having a participation share in our revenue -- greater share in our revenue, there is a trend of diluting our EBITDA IFRS, because it is an asset-light business. So on the other hand on EBITDA minus CapEx, this effect is null, because it tends to have a lower EBITDA margin, because it's a service agent. But on the other hand, the requirement for CapEx is much lower, especially when we think of a moment where the business growth is more stable.

When we are growing -- when we are still liking stability, the asset-light business still needs some backbone adjustment specially for additional traffic. But once we have stability, the requirements for CapEx is minimal. And we have basically all the EBITDA generated by the converted business in our cash. So EBITDA minus CapEx in the future, they will be both equivalent but with different components. Mobile with a higher EBITDA margin subtracting CapEx as we mentioned, and the broadband with a lower EBITDA margin, but almost fully converted into cash when we look at EBITDA minus CapEx margin.

A - Vicente Ferreira {BIO 18854359 <GO>}

So, for the next question, Marcelo Santos. Feel free to ask your question.

Q - Marcelo Santos {BIO 3999459 <GO>}

Good morning. I have two questions. First is to Camille. I would like to hear about your optical leverage vision. I think TIM has always had a low leverage. How do you see it move going forward? And on the fixed CapEx? In I- Systems model, CPE is next to I-Systems or next to TIM? Because even if you stop the growth, you have a natural churn and that would generate -- that would create a caps.

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A - Alberto Mario Griselli {BIO 21170674 <GO>}

I'll answer first. CPE is on side. What happens? It's true, what you're saying. If we stop growing, we're going to have a CPE exchange to churn reposition or for technological reposition. But anyway, looking at the I-Systems deal, it -- it's lesser than part of our CapEx, repairing for instance. And we're exchanging a CapEx for an OpEx. They're not exactly equivalent, EBITDA minus CapEx. Then we have the CPE spot is on our side, and we have this CapEx. And this CapEx -- when there's a growth in the next years, it will happen anyway, so.

A - Camille Loyo Faria {BIO 15380221 <GO>}

Moving to the second question, I don't believe we have an internal debate on setting. This is 2x or 3x or 1x is the optimal level of leverage. I think the normal process for strategic decision making, especially on 5G and so on, it is leading as to a leverage, a little lower than 2x EBITDA. We also need to consider that we're living more stressful moments. Even domestically or internationally, we have higher interest rates. So it's normal that we should be more conservative in this moment.

But moving forward -- looking forward, we should read how the market moves and see the conditions of investments that are in our favor, and what comes in our future. And the state right now that we are comfortable with 2x or 3x, we are now at 2x leverage. If you look at our recent standards, we feel comfortable with the 2%, but we raised the payment level, and we need to take one step at a time.

A - Vicente Ferreira {BIO 18854359 <GO>}

Well, next question. I'll read a question from the platform. This question is coming from Soomit Date. So I'm going to translate it here. So sorry if I take a while. The first quarter numbers suggest that you are able to keep EBITDA growth rear -- next to the inflation. Do you believe that excluding I-Systems and Oi, this will remain? Also linking with this theme, prices in the first quarter suffered some adjustments. What's the forcing in terms of prices looking forward?

A - Alberto Mario Griselli {BIO 21170674 <GO>}

Let me talk about pricing and then EBITDA. The price has suffered some adjustments at our customer base. The adjustment took place from March on for the control plan, and on May 4 postpaid. Just reminding you that we implemented this adjustment once a year in our customer base. The adjustment that we are forwarding to our customers is essentially connected to inflation. In a control, we have had the adjustment of BRL6 with an ARPU that is trending above 93. This is -- we're talking about an adjustment that align with inflation rate.

We also understand that we have the possibility as we did in the past to keep on adopting those policies in the next few years for both customer bases TIM and Oi's, and for the cost dynamic evolution. And when we talk about EBITDA, of course, we have several elements that play for and against. When we talk about I-System (inaudible) and 5G play a little against, and we have some organic, but we are at an even number. When we talk about our cost categories, we have some electricity issues when we moved from the red

flag into the green flag. So, this influences our costs. We have HR, we have real estate, we have from Leo here the passive network cost. Besides that, we have very anchored plans.

Actually, since last year, because inflation started last year again, but part of this inflation rate we can recover through our plans. And these plans are digitalization. We are still advancing in that field. We have BPOs that we are implementing. One of those are in network that is connected with the after-lease. Then each area already has a plan to recompose the inflationary increase that we have identified. So we are relative, we are quite confident that as for inflation, we will be able to absorb it.

A - Leonardo Capdeville {BIO 18844450 <GO>}

Alberto, if you allow me, in terms of the guidance that we've published to the market, the three-year plan. We didn't open the several layers that Alberto said at the 5G, the I-Systems and Oi effect. This is not open in the guidance, but we did this very well segregated in-house. And now our EBITDA profit margin is quite constant. So I think it reflects all these efforts that Alberto was saying. And the EBITDA margin maintenance with all the oscillations are coming from these new factors, and that have differentiated effects. For instance, the Oi and -- so it also diminishes the 5G owners, and there's a very constant baseline.

A - Vicente Ferreira {BIO 18854359 <GO>}

I'm going to have one more question from our platform. Our next question comes from Fred Mendes from Bank of America. He addressed it to Leo, but I think that Alberto should tip in with his CRO hats. Now that you have this competitive advantage in terms of spectrum and speed, given the legacy of other players. How does it work (inaudible) of TIM, so that this advantage can be profitable?

A - Alberto Mario Griselli {BIO 21170674 <GO>}

Leo and myself, we always have this positive constructive dialectics in terms of offer and network use. We have years of positive dialectics in the top-line point of view doing something that is rational and commercially valid to go beyond what was the network capacity. It's a dynamic that we have that works very well. And then we have this spectrum abundance, we're not losing that. So our goal is to monetize is to do data monetization.

We've managed to do this within a scarcity context versus competitively versus with something that we're not going to lose in the next years, because we have spectrum. And now we went from scarcity to abundance. So this is important for us for revenue. So, we want that this happens in the same way.

A - Camille Loyo Faria {BIO 15380221 <GO>}

Just adding to when Roberto was CRO, we have this regular committee on traffic where we analyze not just the general, but region by region. How is traffic growing? How is traffic monetization going? And we also set analyze what is free traffic and non-free traffic depending on supply. And it's not because we have abundance now that we are not going to try to monetize. I think this only reinforces the more-for-more logic, because it gives us a new row, the new pathway where we can differentiate services. There is

something that we do not comment on our presentation, but 5G bring a slicing opportunity. And when you have that, you start not just bringing opportunities to bring gigabyte packages, but soon you will start working with mapping resilience and mapping resilience.

So, we believe that we need to look at this abundance in a different way, monetizing our core business and more-for-more, and bringing opportunities to be -- to have differentiated services that we can bring to the market. An interesting concept that is not related to the scale is that we have this agreement with a TV broadcaster where we have this SIM card with a differentiated link to use footage transmission may be in a moment on the street where you're watching some piece of news. But then you have this monetization to use some network assets. With 5G, this is even more possible. Next step is to go beyond the more-for-more. Start the differentiation in services categories.

A - Vicente Ferreira {BIO 18854359 <GO>}

Thank you, Alberto, Leo. We're going back to the audience. We have a few journalists here. If they'd like to ask a question, feel free to do it raising your hand. We have someone there. Please identify yourself.

Q - Analyst

Good morning. This is Bruno Amaro. I would like to ask two questions just to understanding complementing Diego's questions on cash flow. The April payments to Oi, wouldn't it influence your cash flow? So the expectation is that we start having a positive cash flow for the second quarter. And the second question is, when we are indeed going to have the integration of Oi Systems, OE base? Because at this very beginning, we're going to have Oi servicing you, right?

A - Camille Loyo Faria {BIO 15380221 <GO>}

Yes. Our generation of operational cash flow is very positive, because we have EBITDA minus CapEx, which is really strong. In 2021, it was 24%. In 2022, we have a few specific plans, more specifically the Oi payment and the -- whatsoever, what are the contributions of the funds AF and of 5G, which is the around BRL5 billion to BRL8 billion for instance, in terms of payment in 2022. But the company was already prepared for that. So in 2021, we finished with about BRL9 billion to BRL10 billion of cash provision.

So when we see this negative cash flow, actually it's a result of a positive operational -- operations. And the company was already prepared that, and we already had the resources to -- for that. So after we pay this, we will have a total positive operational. So of course, it happened because of extraordinary events.

A - Alberto Mario Griselli {BIO 21170674 <GO>}

Well, thinking a little bit about Oi integration, let's remember that we have two great phases. The first one is the network integration that we come the home-like, and then we have the customer migration into TIM's systems on billing et cetera. So, we want to accelerate the network optimization. We expect to conclude it in three months, counting that the deal was signed at the end of April.

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In this phase, we first open our network so that Oi customer can use the roaming at TIM, remembering that Oi was sub-vesting in the coverage. So, right now, the TIM customers -- the Oi customers start having access to TIM coverage. The second phase we turn off Oi network, and we're bringing the Oi spectrum to TIM. So, in this month, the Oi customer start being completely embedded in the TIM base with an improved enhancement in quality, because they're going to be on a network with a biggest -- the highest spectrum.

And for TIM's client, also -- they also gain laterally with a coverage. We showed the graphs of where Oi was and we want. But TIM's client also will have a benefit on having a greater spectrum and a higher quality. This period of the network last for three months. We have already started with our a local code of 019, which was the pilot. We had extremely favorable results. And I can say that Oi clients started receiving a different use experience both in coverage and quality. And we are now extending local codes for local codes.

TIM -- on the local codes and towers that TIM has acquired, we have six months to implement the same way that we have to return some of the spectrum, because we did not buy 100% of the spectrum, we brought 55% of the spectrum. After this first phase, we enter the second phase, which is the system customer migration. We're going to get a customer from the billing system from Oi, and embedded into TIM's. And the second phase should last for 12 months counting, starting in April, where we'll start migrating the prepaid and control clients. And then we move towards migrating the postpaid and the B2B clients.

So, the entire time frame between network and customer base, it's about 12 months. And we expect to capture all synergies not only by improving quality, but also having the practice of more-for-more delivering more qualities and services to our clients.

A - Vicente Ferreira {BIO 18854359 <GO>}

So our next question is from the audience. Please those who ask if -- as well as identifying yourself, please stand up. Otherwise, we cannot show you in the streaming. So if we have any more questions from the audience.

Q - Andres Sales

Good morning. Andres Sales from UBS. I have two questions. The first is about market as a whole. How do you see the growth dynamics of customer base in the mobile market? Because we saw this great growth in 2021, that throughout the first quarter it slow down, it warmed up. But the second question is about how do you see your CapEx dynamics that you guided for this year? So that 1.3% CapEx this quarter, if we analyze, it's a little above of the 4.8% that you had foreseen for 2022.

A - Alberto Mario Griselli {BIO 21170674 <GO>}

Let me answer the first one. The second one is simpler. Okay, the first, the market dynamics, we're talking about a market that is mature. There's not a great growth in it. What happened in the pandemic period is that, on one hand, we had a significant growth of prepaid especially in 2020, related to the government grant to the lower classes. But it

was a [ph]momentonius growth, but it's because of someone who changed their SIM card.

And the second is concerned to -- related to the business world. In the public sector, there were several auctions and bids in Sao Paulo alone, and practically never straight to enable to SIM cards for distance, for e-learning. So there was a lot of SIM cards from our competitors to create this plans in the public sectors and also partly in the private sector. So it helped part of the growth in terms of mobile numbers.

Some of these agreements are being extended and others are being canceled, because there are COVID restrictions are eliminated. So we've had a few elements that are specific from that moment that allowed this market to grow. If you see the SIM card ratio per person increased, if you see the business indicators, you don't notice the increment of lines number. So this will be accommodating. It's already being accommodated by -- because part of these contracts are automatically canceled.

In terms of the CapEx question, when we see the quarter CapEx, this is clearly a specific view of the moment. So we're not going to see this CapEx for 2022 in this first quarter. We've two main drivers that are more intense now, on one side -- on one hand 5G that Leo -- that we're going to have in all capitals. And soon all the frequencies will be free. And the integration CapEx and preparation and integration, these are the two main cost drivers that we have now.

In terms of the whole year guidance, we're not going to spend more than we said we would.

A - Vicente Ferreira {BIO 18854359 <GO>}

Let's move back to one more question from the platform. It comes from Daniel Ferdele from Credit Suisse.

Q - Daniel Ferdele

Good morning. Congratulations on the event, was indeed very good. I have two questions. In a scenario of an early adoption of 5G compatible phones, you talked about BRL5 million. I'd like to see the metrics for that. Is it EBITDA CapEx?

A - Leonardo Capdeville {BIO 18844450 <GO>}

Well, Daniel, answering your question. In explaining a little bit again, what we expect is efficiency, because it depends on the increase of this penetration. We have a network that is growing in terms of coverage. If we increase the use of this network, removing the traffic pressure on the 4G, we can generate this efficiency. We can focus our investments on 5G, and it's part of the our plan. And we reduce the investments on 4G that practically will be a legacy network. When we talk about BRL600 million, we intend to capture that adoption curve. It will be increased in CapEx until 2024.

A - Alberto Mario Griselli {BIO 21170674 <GO>}

Just adding here to Leo's explanation that if we look, it happens and the commercial also assist help. So if we look today at the curves that Leo showed, the 5G penetration at the base is 3%. But we are at a very beginning of this curve. So, we need to wait a little bit. We are above what we had expected, which was 2% at the lower end of the curve.

Another positive piece of news is that when we look at the terminals that we sold in our stores, we are almost at 70% of terminals that are 5G. As we launch 5G and then we're going to have a heavier communication on the topic, I don't know if anyone know -- everybody knows. But we have the total mobile market, which is only 44% is in the hands of the carriers, the other is held by other market. So, we are talking about 5G. And as we communicate, it is probable that the consumers' interest is awakened. So, we're going to have the sale of terminals, and we're going to have a more aggressive penetration scenario, as it had -- as it just had worked in other markets, it may actually take place here.

A - Vicente Ferreira {BIO 18854359 <GO>}

Well, Daniel. I think, we lost your second question. Sorry, but I'll pass it on for another one for the platform. It comes from Bruno Hayes. I believe it's for Camille. Do you intend to modify formerly the dividend policies to have a higher return?

A - Camille Loyo Faria {BIO 15380221 <GO>}

No. This is not idea to touch policy. You said, we had the practice of paying dividends that company would pay like BRL0.5 billion in dividends up until 2017 or 2016 in a very consistent way. But then, when the company announced a new level of payment about BRL1 billion, it has been quite consistent for the past four years, keeping this level. So, what we are doing here is we're announcing an intention of changing the practice of dividend payment, and we believe we're going to have the same frequency and reliability as we have done in the past four years. But it is not a different formal policy change.

A - Vicente Ferreira {BIO 18854359 <GO>}

Thank you, Camille. To conclude our Q&A session, is there any other question from the audience? Please stand up.

Q - Analyst

Good morning. This is (inaudible). You mentioned the possibility of consolidation in ESPs. You also way said that this is on your priority that we have a priority on Oi mobile synergies capture. But I like to know if you can talk a little bit about more what you can see for regional providers, what you think about consolidation. What kind of assets would have an adequate profile to be in TIM's radar, and the timing of those operations?

A - Alberto Mario Griselli {BIO 21170674 <GO>}

Well, I'll begin, and then I let Camille compliment. If you see the market structure, where you see big national players, you have a group of regional players with -- we have gray zones with different actions in terms of footprints, then the big national players such as we work in big capitals and big cities, and also the speed they build a market in the smaller municipalities, and they managed to have a competitive potentials putting fibers

in natives where they didn't have fiber. So, we have the big ones in the richer areas, and the ISP. So, it's a big -- smaller municipalities.

Of course, there are several overlapping areas. And within the ISP, we have small ISP, we have more mature ISPs. And they entered where the competitions were the great carriers. These dynamics and entrance of these capitals from ISPs generated a certain -- a harder competitive scenery within a marketplace, where you need to invest a lot to build the network, and then you need to invest a lot to get clients. And the competitive scenario is more complicated for everyone from our point of view. And changing a little bit from your question, it's a more limited action in terms of footprint. And with this Movel operation, we tend to keep on in the next years to grow with a good trade-off of value.

When you see the consolidation, we see several movements, the small ones becoming mediums and the medium ones are aiming operations that might happen from now on. So this is a bit of the scenario that we'll see. There are several peculiarities -- regional peculiarities. These players are our regional players with their regional footprints. And also they have -- there's a dynamic between neutral networks and integrated carriers. So, there's a geography size, network and service. For us, we are -- the best footprints, we intend to have a consolidation in the future, but we need to have this commercial and strategic focus. So this happened -- this can happen.

A - Camille Loyo Faria {BIO 15380221 <GO>}

Just complimenting Alberto's words, it's in no way an extreme strategy shift, it's just another step. Our strategy remains being an organic growth mainly. What we have observed is first M&As take place when someone is willing to sell. So, we are not going to be the poachers and knock on ESPs doors asking to buy.

So, the message here is that in the past, we used -- we saw a situation that even though there was some seller selling an asset, we would not waste our time, because the valuation did not make sense vis-a-vis the value that would cost us to build a base. What we see today, our evaluations that are worth sitting down and run the manse. But as Alberto said, it's not us who are going to be knocking on ESPs doors, we are going to react to market opportunities. And we need to have this opportunity of generating value. Because in this region, we have an irrelevant base that allows us post sell and up sell. And that can help us take a step within rationalizing the market. And then, we can bring more profitability into this -- from this market.

So, there is a set of factors that specific operations at this opportunity approach can make sense to us. And that can be something that we did not use to look in the past, and we're going to start paying attention. But our focus on broadband is still organic growth.

A - Vicente Ferreira {BIO 18854359 <GO>}

Well, we've had a longer Q&A than expected, but we have to conclude. I know there are few questions, especially from the platform that haven't been answered, but all of them will be answered later on. Now we began communication process with also in Brazil, in USA, several conferences with the -- so we'll have all these road shows, and we will be

available to answer all your questions. And when possible, we will call our executive team to answer. So, I'll pass the floor to Alberto. Thank you all for your participation.

A - Alberto Mario Griselli {BIO 21170674 <GO>}

I like to reinforce my acknowledgement to our team here by my side, here sitting in front of me, we have the leadership team. I'd like to thank everyone who has been in our journey. We're going to have a road show. We're going to have several opportunities of answering more questions and deepen into the theme. We are going to have one-to-ones from now on and for the following weeks. And thank you, TIM Brazil.

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