



Living without borders

TIM PARTICIPAÇÕES S.A. | Investor Relations

TIM Participações S.A.

3Q07's Results



November 7th, 2007



Living without borders

TIM PARTICIPAÇÕES S.A. | Investor Relations

- ▶ Highlights
- ▶ Market Overview
- ▶ Commercial Strategy
- ▶ Financial Performances



Innovative Market Positioning

Customer

Continuous Value Segment Growth

- ▶ Improving client mix: postpaid lines reach 22.6% (+ 2.1 pp YoY)
- ▶ 29.8% of market share in postpaid
- ▶ 41.4% YoY growth in business segment

Innovation

Accelerating on convergence

- ▶ TIM WEB
- ▶ TIM Mais Completo
- ▶ TIM Casa Flex (prepaid and postpaid)
- ...and **Innovation**
- ▶ launch of TIM's low-ARPU brand Plano 1



Recognized TIM Brand

- ▶ Top of Mind** for third consecutive year as the most remembered mobile operator company *
- ▶ The first mobile operator choice according to all recent key independent surveys
- ▶ Recognized three consecutive time as the "Most Admirable Company"

Quality

Strong organic operating & financial results

- ▶ Continuous net service revenue growth
- ▶ Steady VAS revenue increase
- ▶ ARPU above market average
- ▶ Low premium price for acquiring SMP frequencies

Sustainable Growth

* According to Datafolha Institute Survey

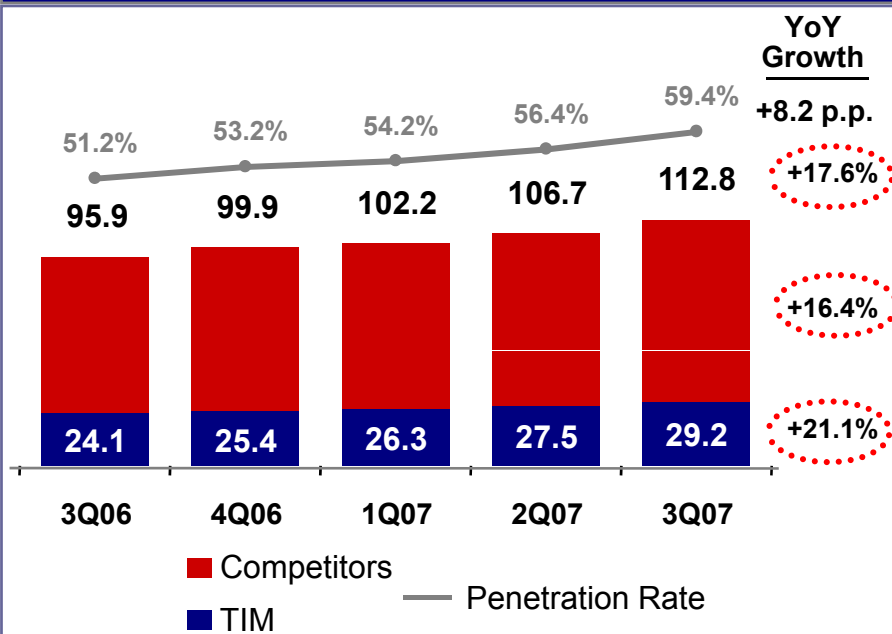
** According to CartaCapital/TNS InterScience Survey



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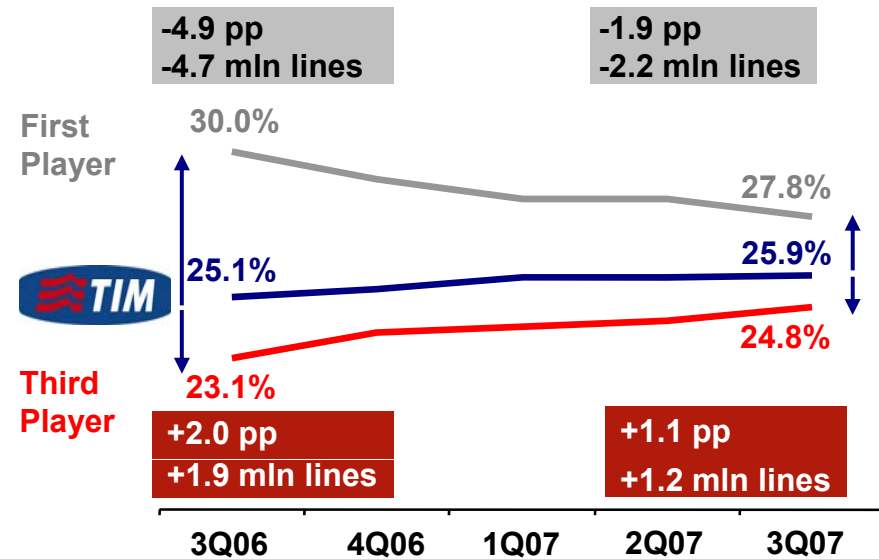
Solid Market Growth

Total Lines (Mln) and Penetration Rate



- ▶ Increased market competition
- ▶ Increased penetration in lower income classes

Market Share Performance



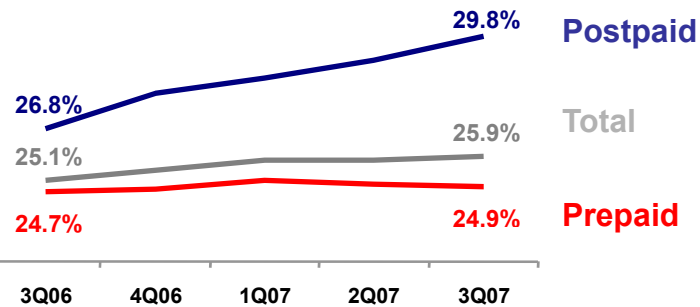
- ▶ Continuously increasing market share

Leadership in Postpaid Segment

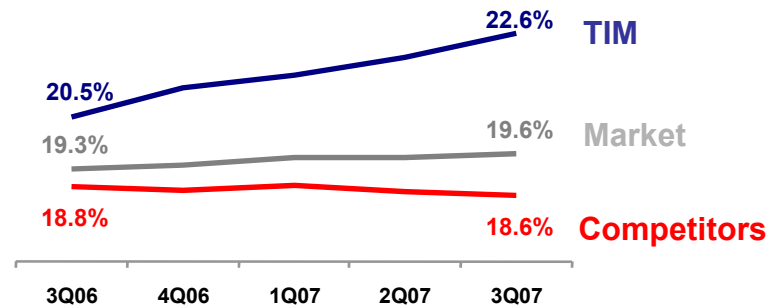
Growing with Value

Segmented Approach

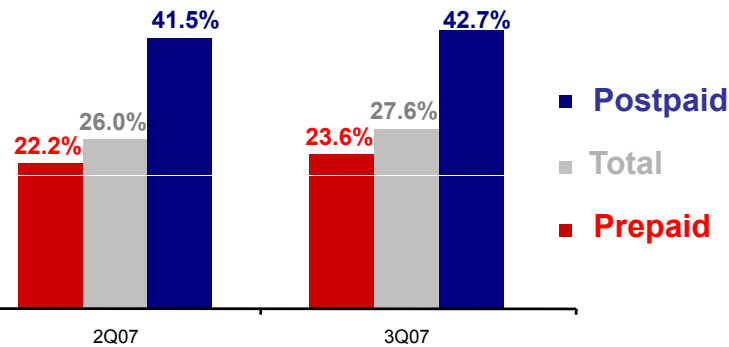
TIM Market Share



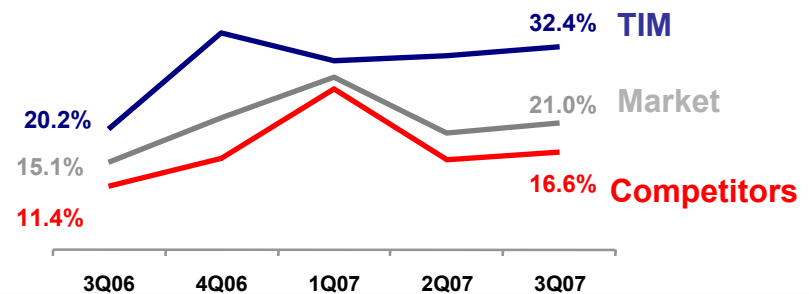
Postpaid Client Mix



TIM Market Share of Net Adds



Postpaid mix of Net Adds





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Convergence: Focusing on Customer's Total Communication Needs

Convergent Offers

TIM Casa Flex (Postpaid and Prepaid)

- The best of mobile telephony with the fixed telephony convenience
- 2 numbers (fixed + mobile) = 1 SIMCard in any GSM handset
- Competitive local fixed calls tariffs in its home-zone
- No additional mobile voice plan required
- Lower entry price barrier (R\$29,90 - post paid; R\$9,90 - pre paid)



TIM Mais Completo

- Full communication package combining:
 - Mobile Calls (200 min)
 - Home Fixed Calls (200 min+40 min LD)
 - Internet Access (250 MB+60 MMS+60 SMS+Modem USB)



TIM WEB (Internet Access Solution)

- Internet Data Packages
- PC or laptop internet access
- Dial-up access substitution
- USB interface - Plug and Play device



Mobile: Continuous Drive for Innovation

Stimulate Usage Trough Promotions

Stimulating intra-network traffic

“On-Net Community” focus

7 cents tariff: on net local calls for prepaid
Zero tariff: free on net calls for postpaid

- Facing competitors aggressiveness through continuous offer improvement



Prepaid Loyalty Program

Focusing on retaining customers

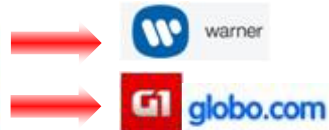
- **Quem tem TIM tem Mais:** Loyalty proactive initiative prepaid clients
- Bonus in minutes according to clients aging
- Retaining the subscriber base and preparing for number portability



Mobile Leadership: Continuous Value Added Services Innovation

Pushing on media content and Mobile Solutions

Infotainment



- ▶ Expanding Portfolio with relevant content:
 - ✓ SMS Tones from Warner Music
 - ✓ New A2P channel: G1 e O Globo (Globo) Veja (Abril)
- ▶ Reverse Mobile Auction with TV Channels




Mobile Office Solutions



- ▶ Large Smartphones Portfolio: BlackBerry, Windows Mobile, Symbian and Palm
- ▶ Largest data network coverage
- ▶ BlackBerry innovative offers (Eg. Pay as you go)



Strategic Partnership with Microsoft

- ▶ Mutual commercial efforts
- ▶ Push on Windows Mobile solutions: convenience and data usage incentives
 - ✓ Mobile email 
 - ✓ Internet browsing 
 - ✓ Instant Messaging 

- ▶ Sales Force training
- ▶ Incentive Campaigns on Point of Sale
- ▶ Co-branded Corporate Solutions for
 - ▶ Large Accounts
 - ▶ SME



Preparing for the future: Expanding the Addressable Market

Launch of a new and innovative pre-paid offer

New business model characterized by reduced ownership cost

Reducing
the
cost of
Ownership

Plano 1

- ▶ Micro-recharges of R\$ 1, R\$ 3 and R\$ 5
- ▶ Special tariff to 3 pre-select TIM or fixed numbers: 5 min at only **R\$1**
- ▶ Exclusive promotion: free SMS for each call
- ▶ Special Credit: TIM loans R\$ 3 when the customer runs out of credit
- ▶ Chip only offer: reduce cost of ownership



Innovative
Cost
Structure

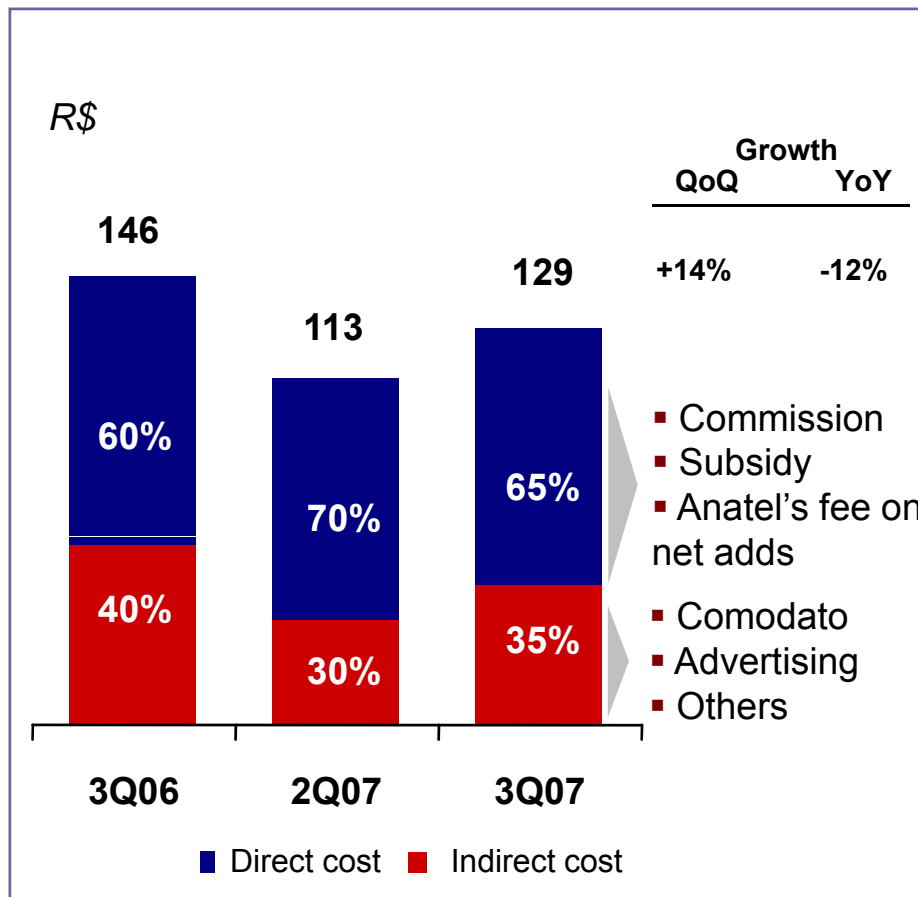
Recharge card “ 5 in 1 ”



Increased
utilization of
alternative sales
channels

Acquisition Cost Performance

Increasing new convergent offers



YoY SAC Trend

- ▶ Improving SAC Efficiency:
 - 12% YoY SAC reduction
 - 33.2% YoY growth in postpaid base vs 21.1% of total customer base

QoQ SAC Trend

- ▶ Commercial efforts in order to introduce new convergent offers:
 - Increasing efforts on promotions and advertising
 - Training of call center personnel, sales channels and promoters
 - Inventory growth

Acquisition of the SMP Frequencies

Constant drive to innovate and improve quality



Acquisition aimed at improvement of existing network performance, enabling offer of increasingly innovative plans and services

► Frequencies acquired:

- 900 Mhz: SP countryside, RJ, ES, RS, Center-West and North Regions
- 1.8 Ghz: São Paulo and Rio de Janeiro

► Price paid: ~ R\$ 50Mln (already included in 2007 CAPEX guidance)

► Low premium paid for high potential service upside :

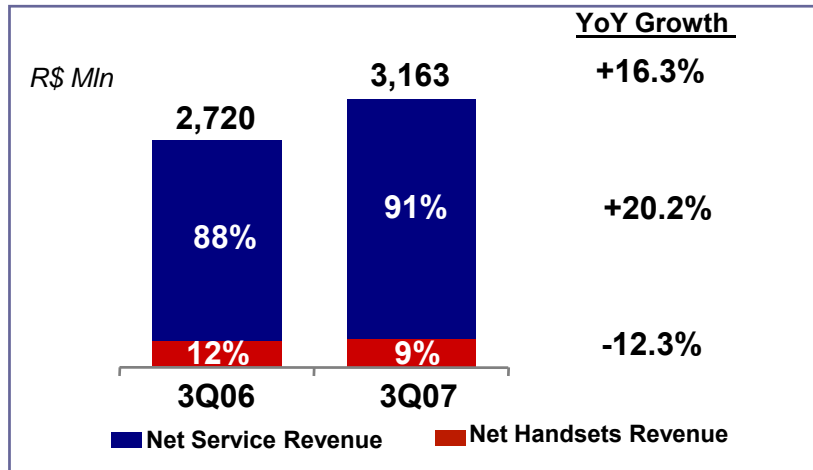
- TIM +9.9% offer vs. minimum bid
- Market Average +21.4% vs. minimum



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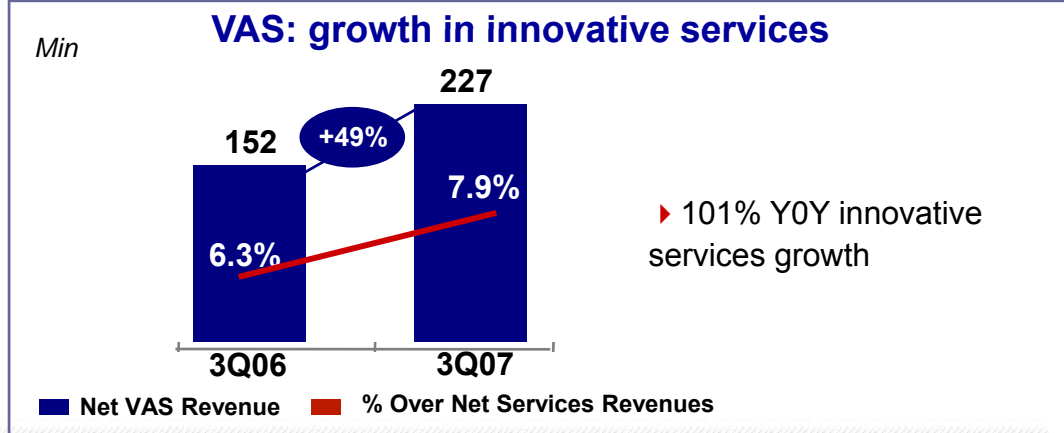
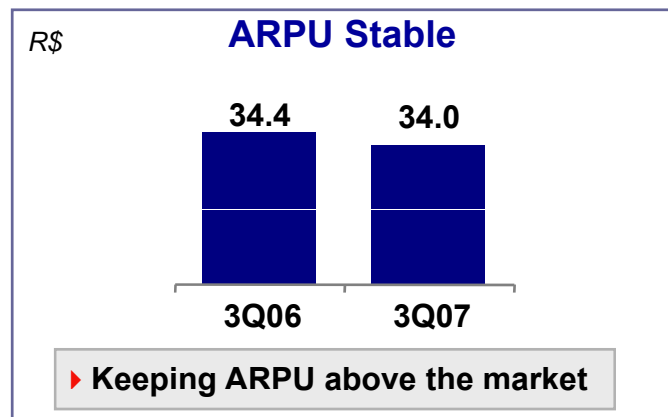
Solid Net Service Revenues Growth

Total Net Revenue Performance

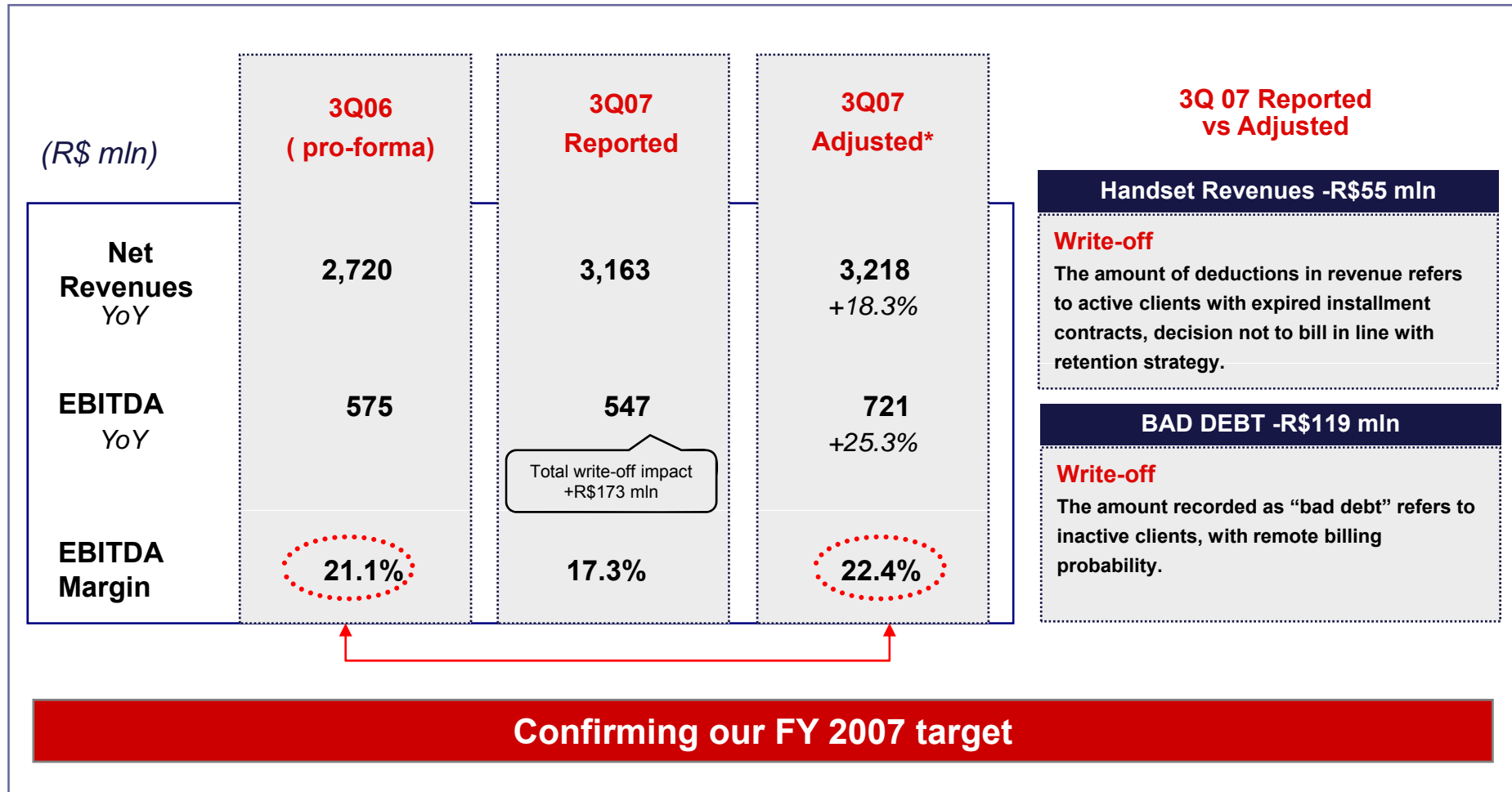


- ▶ Continuous service revenue:
 - ✓ MOU stable driven by on-net traffic promotions
 - ✓ ARPU stable despite the strong client growth
- ▶ Handset revenues trend:
 - ✓ Increased sale of more sophisticated handsets
 - ✓ Continuous focus on TIMChip Only sales

ARPU Performance



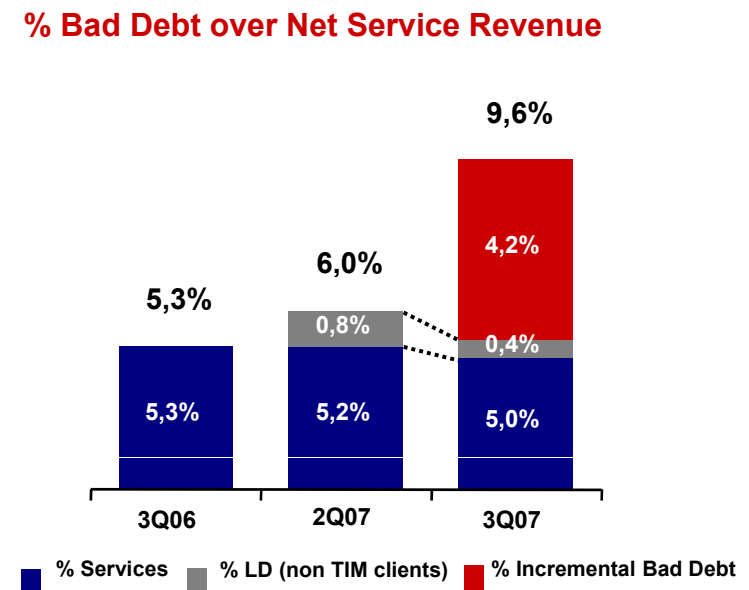
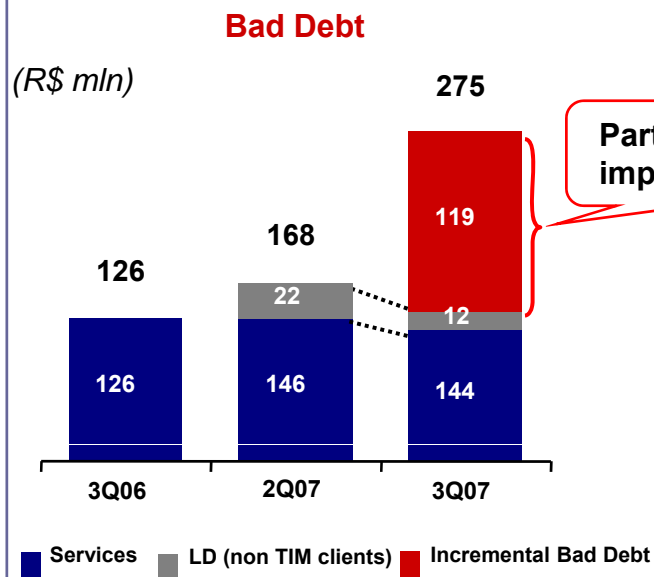
Continuous organic EBITDA margin expansion



Bad debt one-off: exceptional Write-off of Receivables

Introduction of New Credit & Collection System in 3Q 07

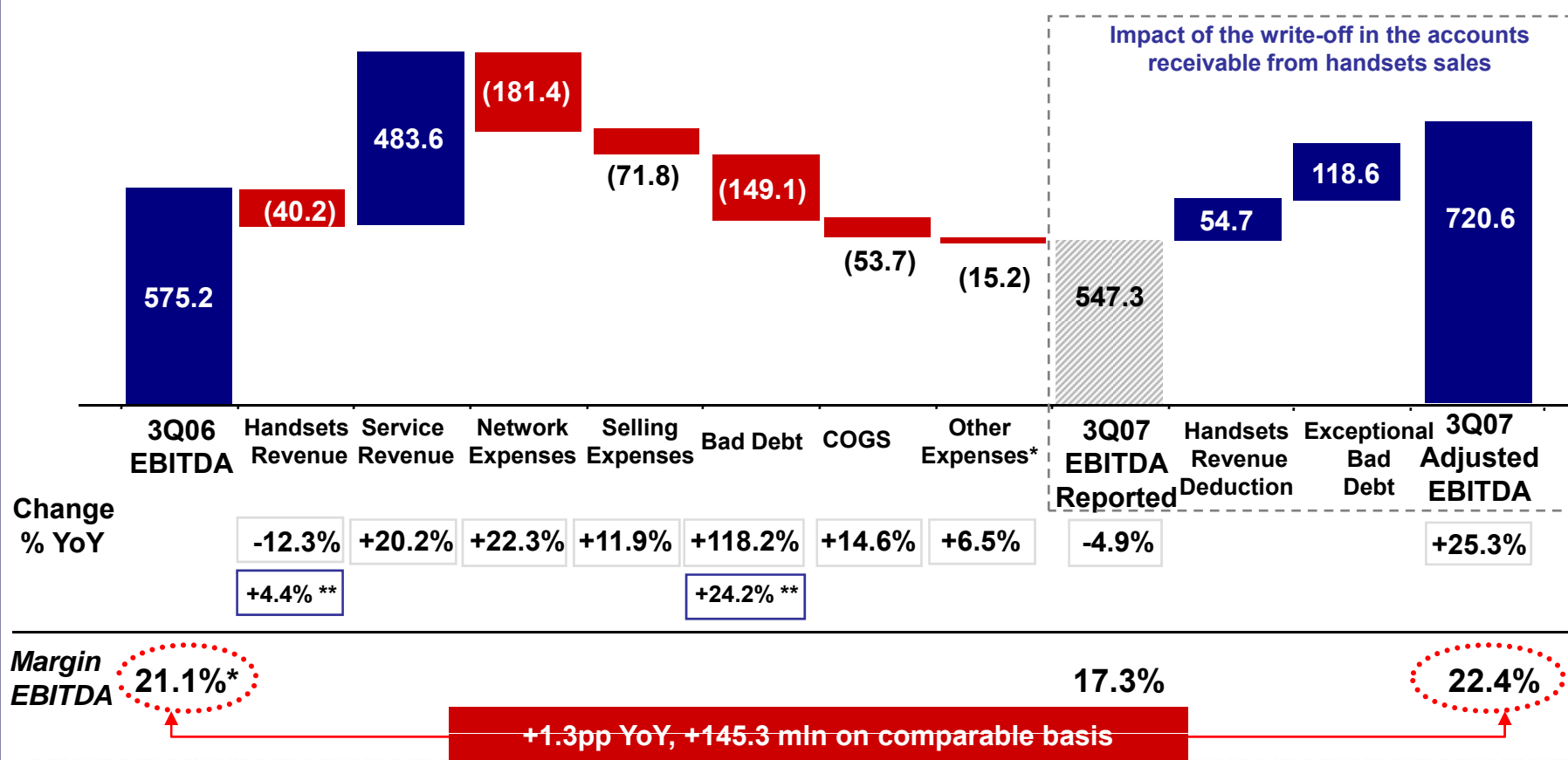
- Unification of system and control procedures has highlighted mismatch in billing of handset sale installments and booking of receivables
- New system improves accounts receivable management and flexibility of collection procedures, avoiding further situations of such kind.



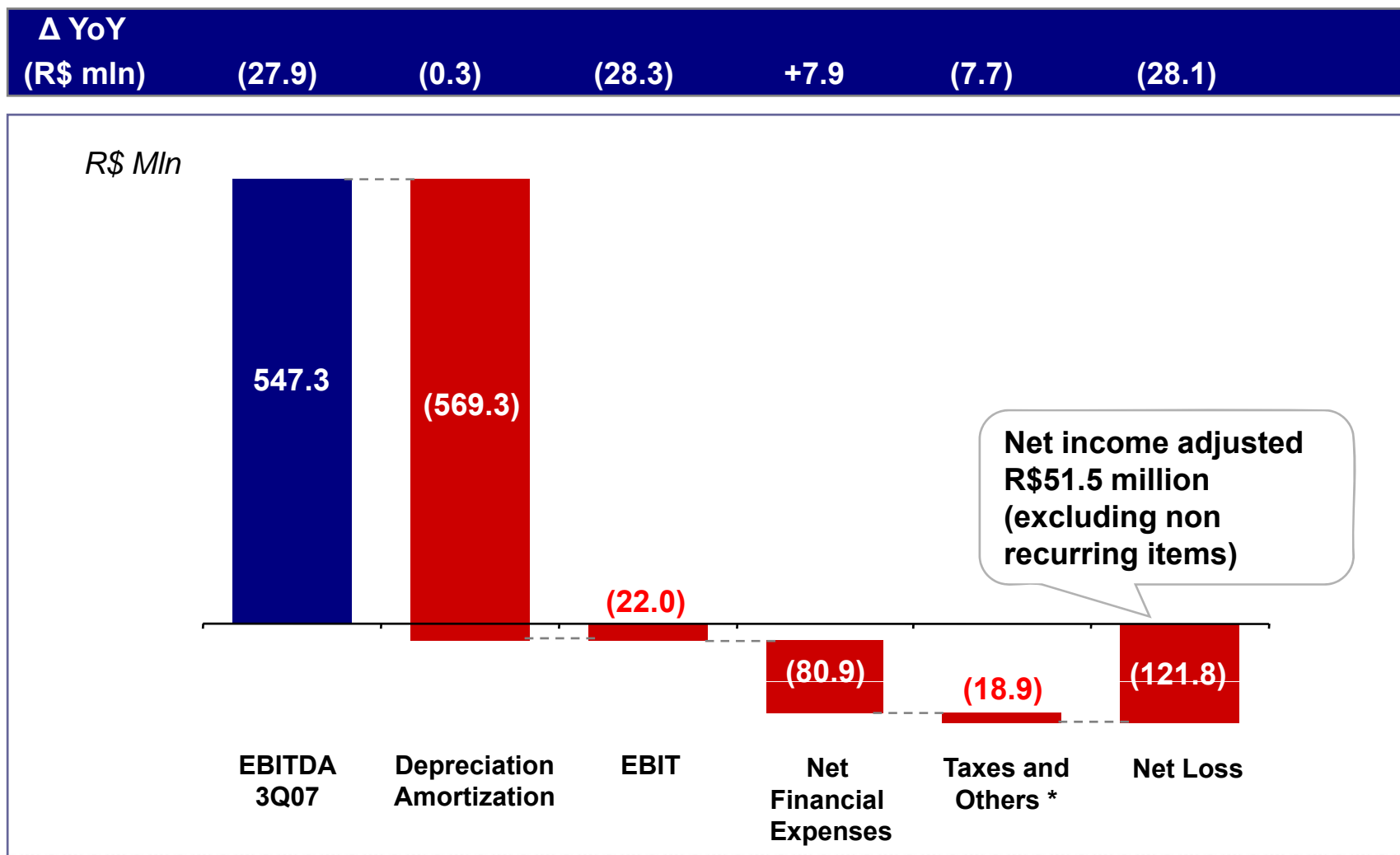
EBITDA and EBITDA Margin Performance

Annual target confirmed, regardless of one-off impact

R\$ Mln

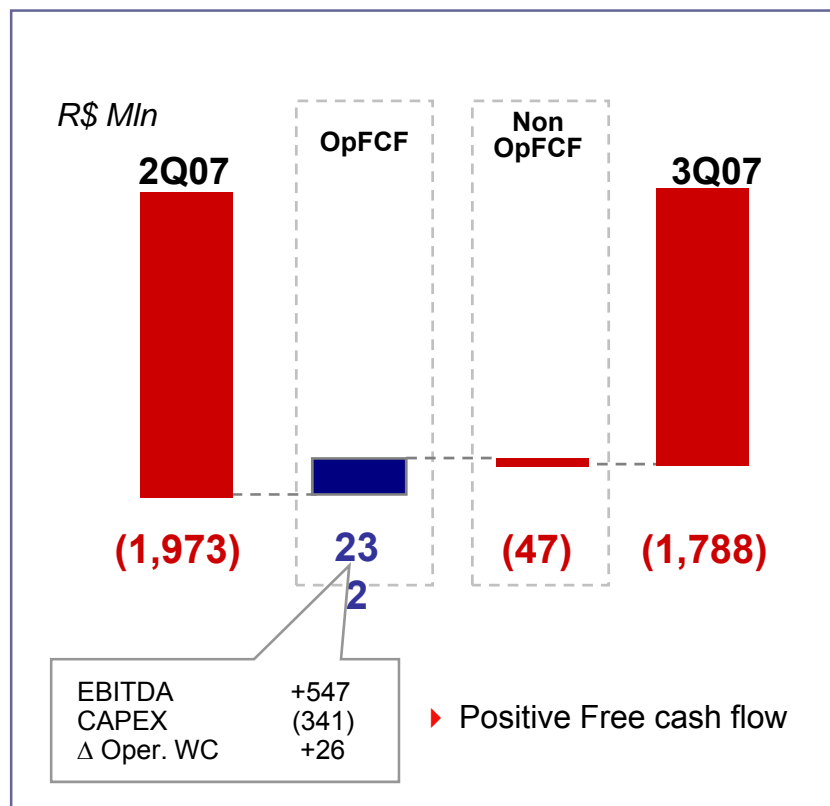


From EBITDA to Bottom Line

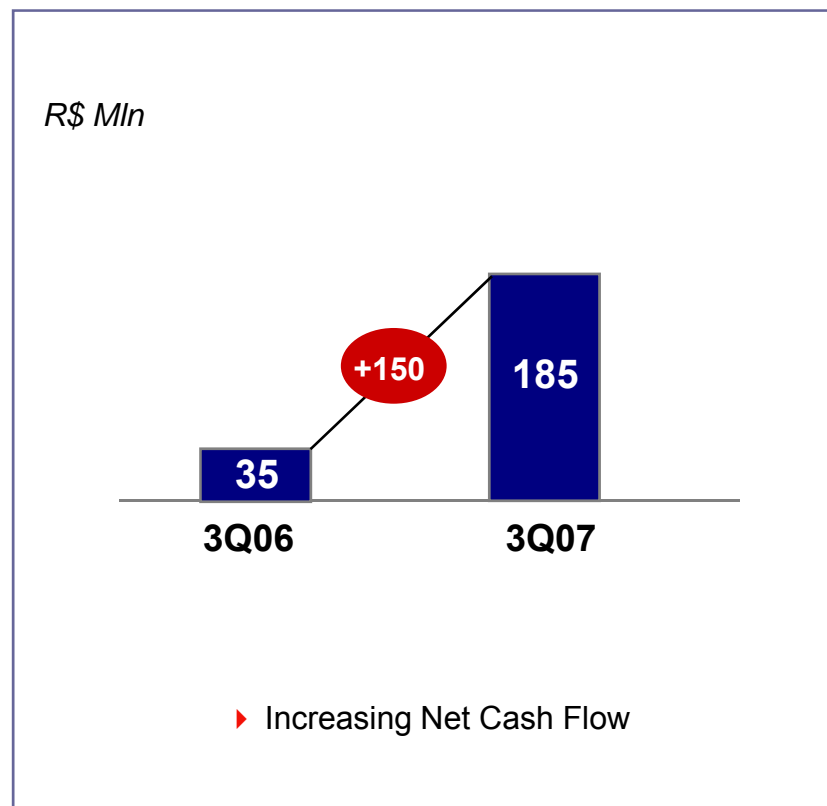


Net Financial Position

Net Debt QoQ Trend



Net Cash Flow



Gross Debt: R\$2.2 billion (of which 64% long term)
Average annual cost: 11.03% p.y. in the 3Q07 versus 13.9% p.y. in the 3Q06



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Backup



Accounting changes to 3Q06 figures: Recap

(R\$ mln)		3Q06 (reported in 3Q06)	3Q06 (pro-forma)	Reported vs Pro-forma	
Net Revenues		2.746	2.720	Revenue impact -R\$26 mln	
				Discount on handsets sales	
				handset discounts are fully booked as discounts on handset revenue, instead of being partially allocated to selling expenses as before.	
EBITDA		677	575	EBITDA impact -R\$102 mln	
		Deferral of subsidy Positive Impact +R\$136 mln 9M06	Deferral of subsidy Positive Impact +R\$34 mln 3Q06	Deferral of post paid handsets subsidy	
EBITDA Margin		24.6%	21.1%	started in 3Q06 and was retroactive to beginning of 2006. For comparison purposes, the 3Q06 information was adjusted.	

“Safe Harbor” Statements

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