



Você, sem fronteiras.

Results Presentation

TIM Participações S.A.

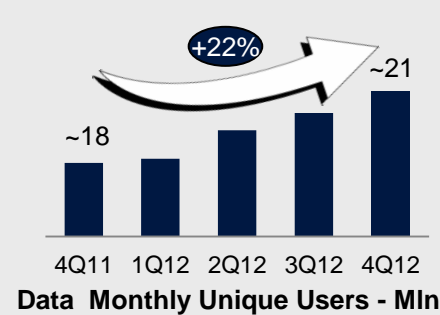
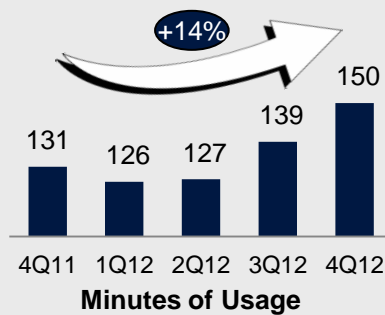
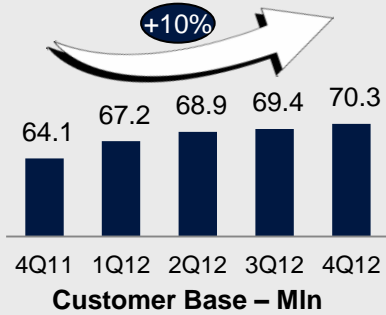


Business Resilience Against a Strong Headwind



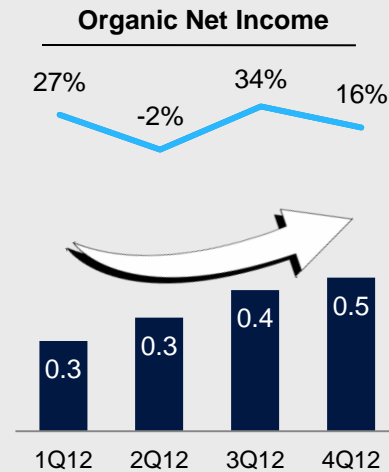
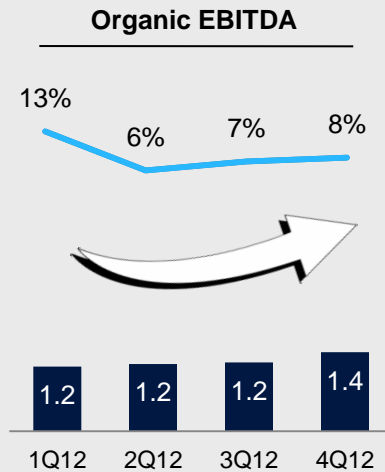
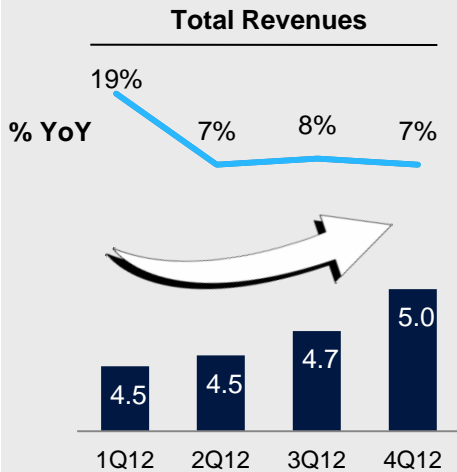
Operational Improvement

Users, Minutes, Unique Users, %YoY



Financials

R\$ Bln, %YoY



% Margin: 26.2, 26.7, 26.3, 28.4

% Margin: 6.1, 7.5, 9.0, 9.2

- ✓ Leader in customer base growth for the 10th consecutive quarter
- ✓ Leader in pre-paid
- ✓ #2 in post-paid voice (ex - M2M and Dongles)
- ✓ Record of MoU at 150 min
- ✓ Smartphone penetration reached 43% of total base
- ✓ Increasing investment to R\$3.4 Bln (+12% YoY) ex-licenses
- ✓ Organic Net Income FY12 = R\$1.5 Bln (+17.4% YoY)
- ✓ EBITDA – Capex = R\$1.6 Bln (ex-licenses)
- ✓ Proposed dividends of ~R\$743 mln (+39% YoY)



| <i>R\$ billion</i> | 2011 | 2012 | Guidance | % Achievement |
|---------------------------|------|------|----------------|---------------|
| Total Net Revenues | 17.1 | 18.8 | 18.8 (+10%) | 100% |
| Organic EBITDA | 4.7 | 5.1 | 5.1 (+10%) | 100% |
| Organic Capex | 3.0 | 3.4 | 3.0 | 113% |

Tough Year Underscored by Solid Business Foundation

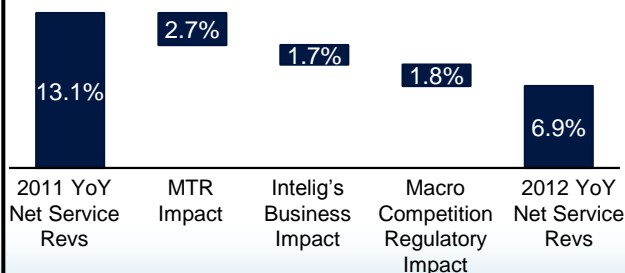


- **Resilience** of customer base growth and usage (especially data)
- **ARPU** sequentially improving
- Good **cost control** (ITX / network costs up 9% while traffic +34%)
- **More investments** in infrastructure



- **Macroeconomic** slowdown
- **Regulatory** scrutiny
- **Image** damage
- Increased **competition**
- **Intelig's business** performance below expectations

Net Service Revenue Evolution

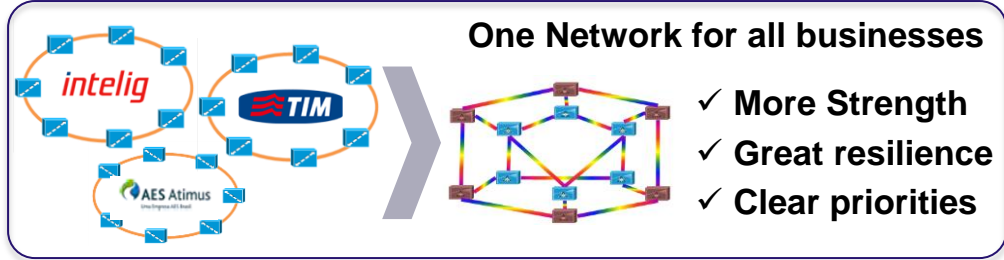


Lessons Learned: Focus on Quality



1 Management Change

- ✓ Restructuring of the network
- ✓ Intelig, TIM Fiber and TIM Celular network to become one single entity



2 Structuring Quality

- ✓ Direct report to the CEO, a new division responsible to assure quality measures, as well as customer relation satisfaction

- ✓ The least claimed Telecom carrier at consumer protection agency (Procon)
- ✓ Delivery Anatel's network plan
- ✓ Improved IDA (Index of caring performance) from 88 pts in August to near 93 pts in December (2nd best)

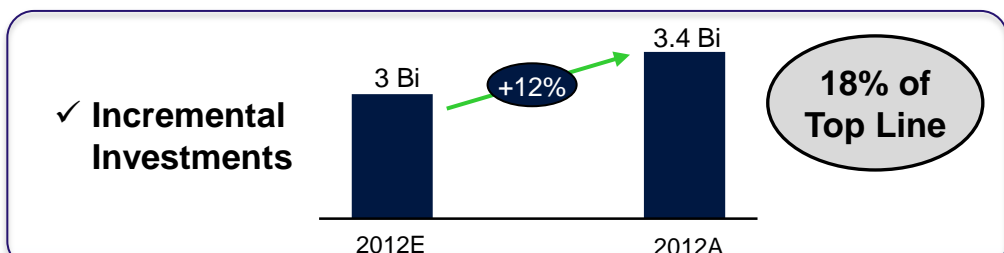
3 Image Repair

- ✓ Launch of a comprehensive website, focused on network quality
- ✓ Market campaign focused on transparency

- ✓ Advertisement with the chairman and employees
- ✓ Anatel Plan disclosure
- ✓ Real coverage footprint
- ✓ Quality KPI's and network improvement/incidents disclosure

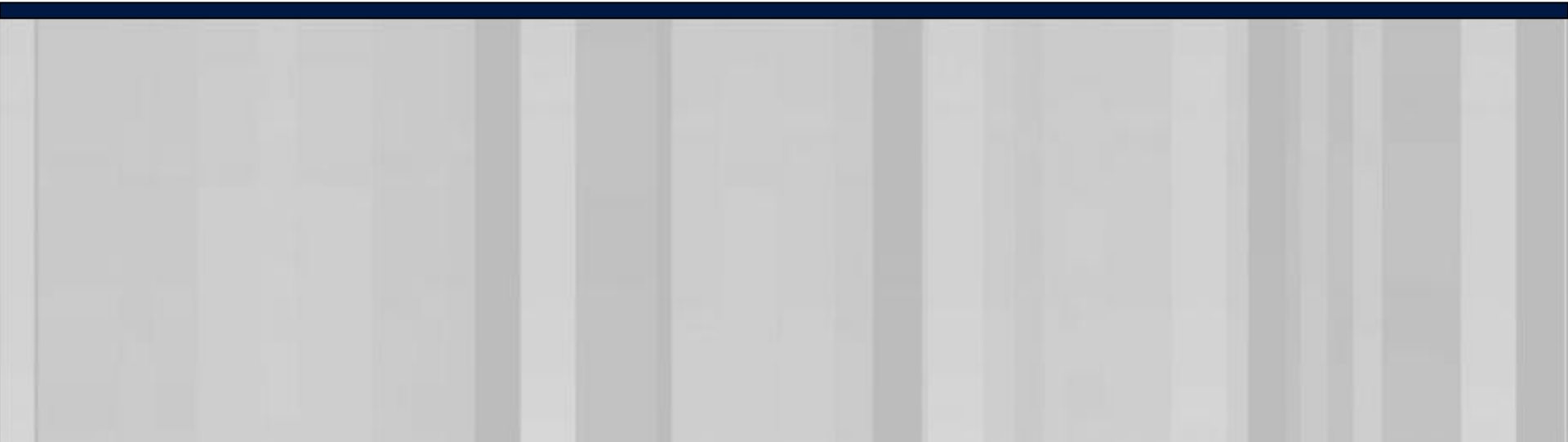
4 Incremental CapEx

- ✓ Focus on mobile infrastructure
- ✓ Enhanced 3G coverage





Operations

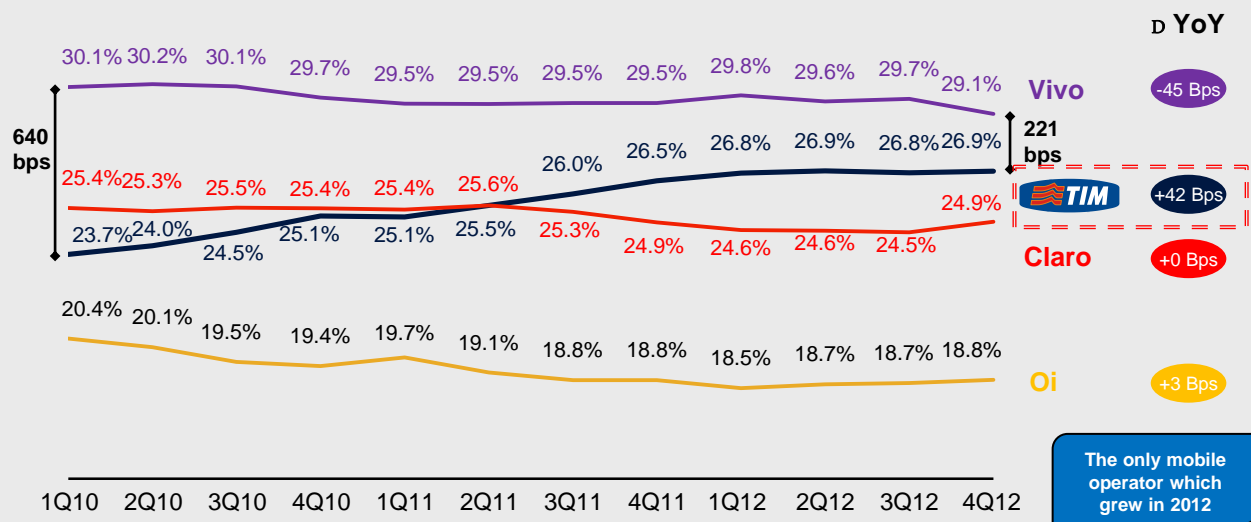


The only company to gain market share



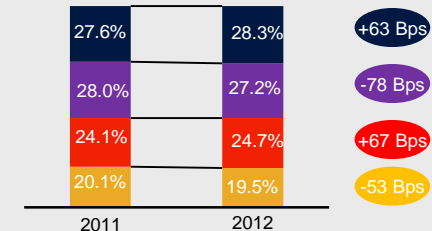
Total Market Share Growth

(% of total lines)

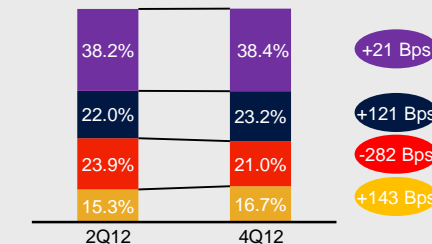


Source: Anatel

TIM #1 Pre-paid

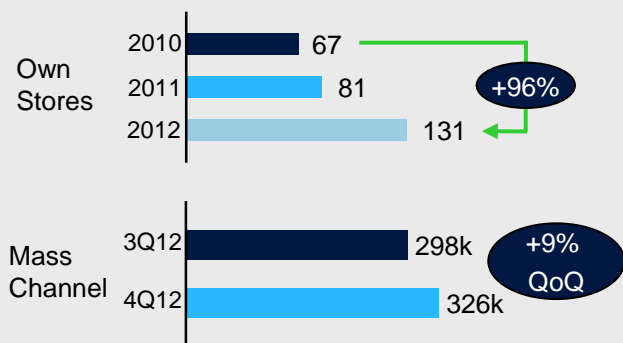


TIM #2 Voice Post-paid



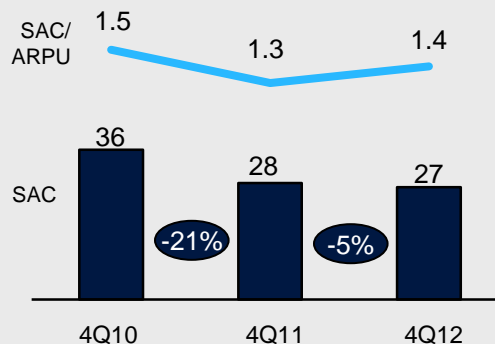
Sales Force

(Points of sale EoP)



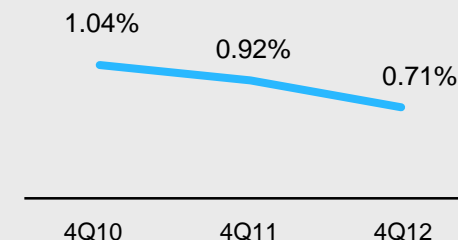
Focus on Efficiency

(R\$; months)



Bad Debt Trend

(as % of Gross Revenues)

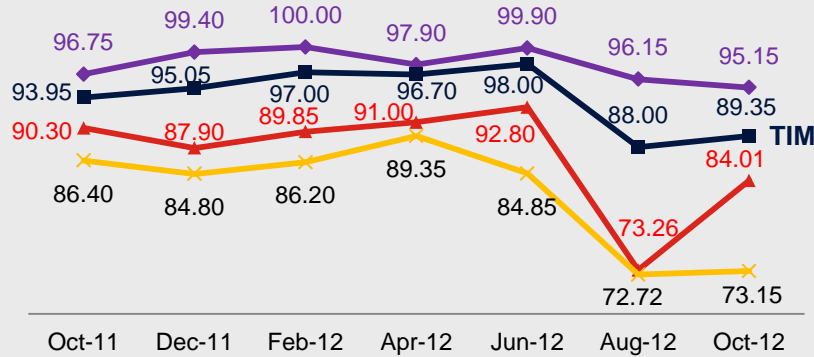


Consumers Complaits: Good position at Anatel and Procons



IDA – Index of Attendance (last reported by Anatel)

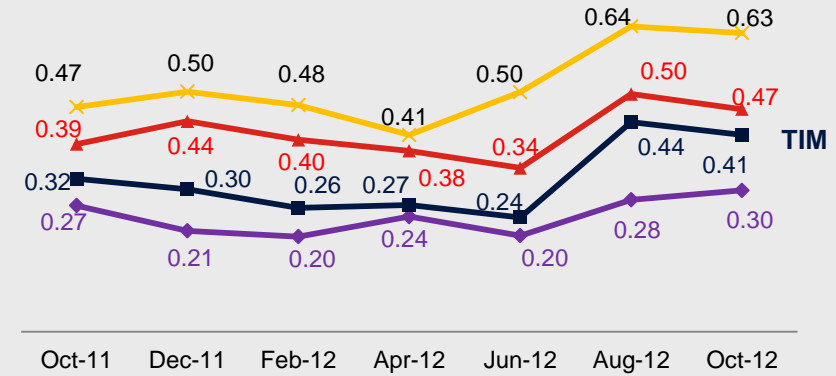
(Points)



Source: Anatel

Anatel Ranking of Complaits (last reported by Anatel)

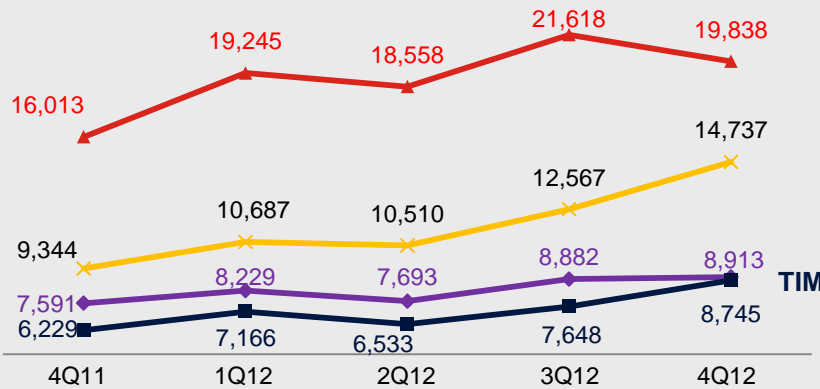
(Index of Complaits under 1,000 access)



Source: Anatel

Volume of claims at Consumer's Protection Agency (Procon)

(# Quarterly claims)

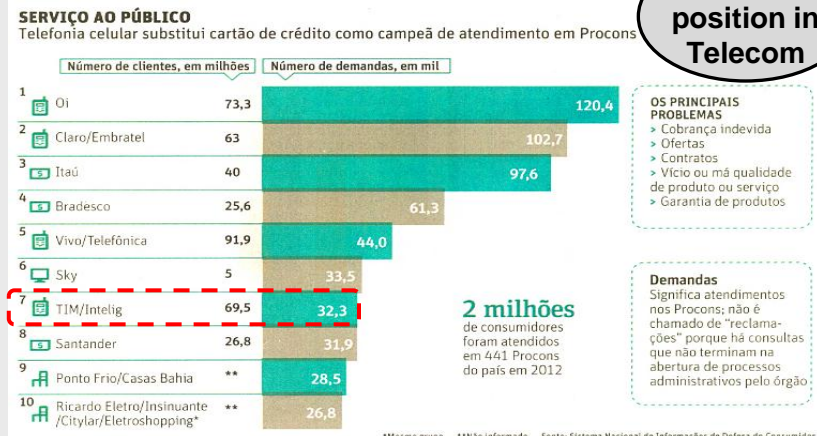


Source: SINDEC data base. Represents 45% of total Procons (12/31/12)

■ P1 ■ TIM ■ P3 ■ P4

Procon Demands throughout 2012

(Mln of clients; Thousands of Demands)



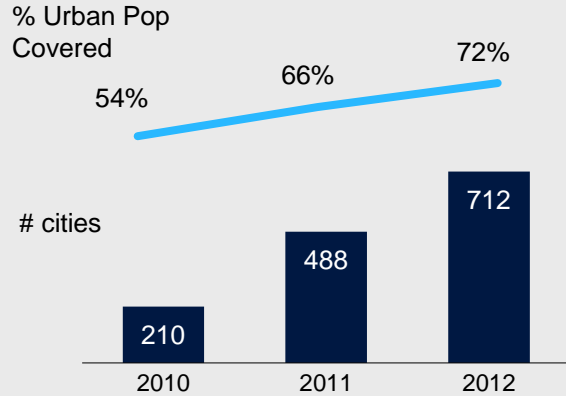
Source: SINDEC published in Folha de São Paulo newspaper

Network and Quality



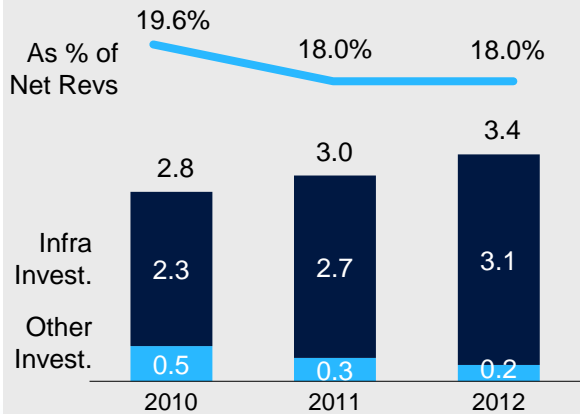
3G Coverage

(# Cities, % Urban Population Covered)



Organic Capex (ex- 4G license)

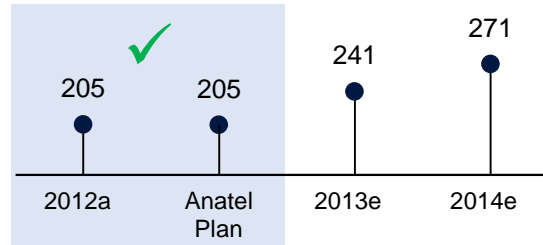
(Capex/Sales, Mix of Investments)



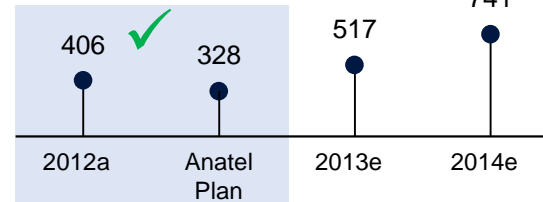
Anatel Plan: Network Development

(Units TRX, Km Fiber)

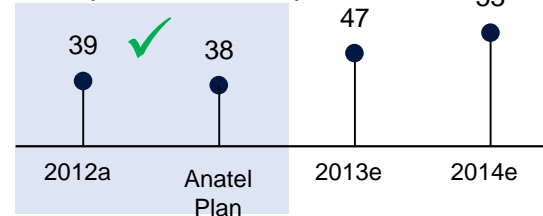
TRX (000)



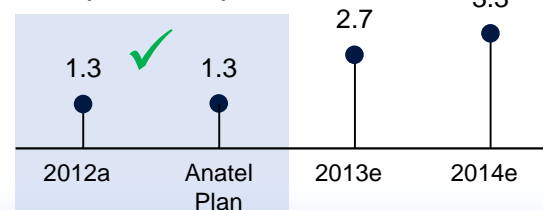
Data Channel Elements (000)



FTTS (Km of Fiber 000)



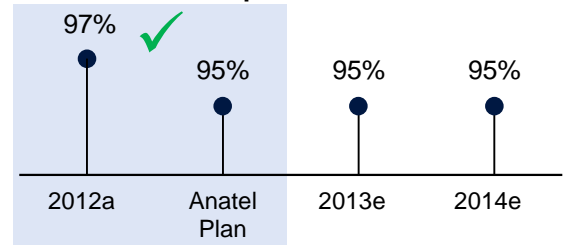
FTTS (#Sites 000)



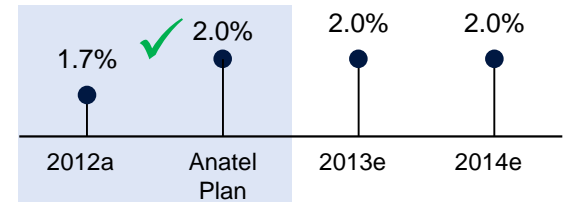
Anatel Plan: Quality Targets

(Preliminary Results)

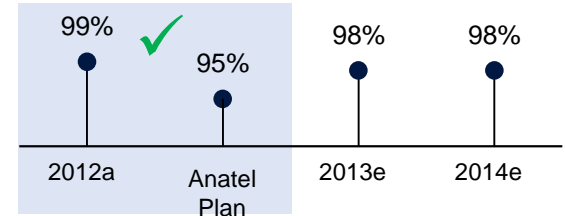
SMP5 – Call Completion



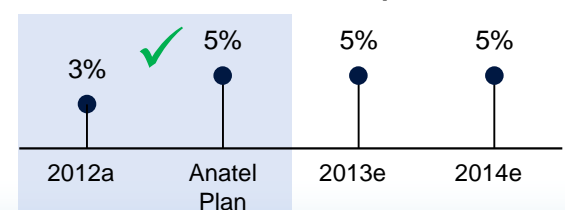
SMP7 – Drop Call



SMP8 – Data Connection Rate

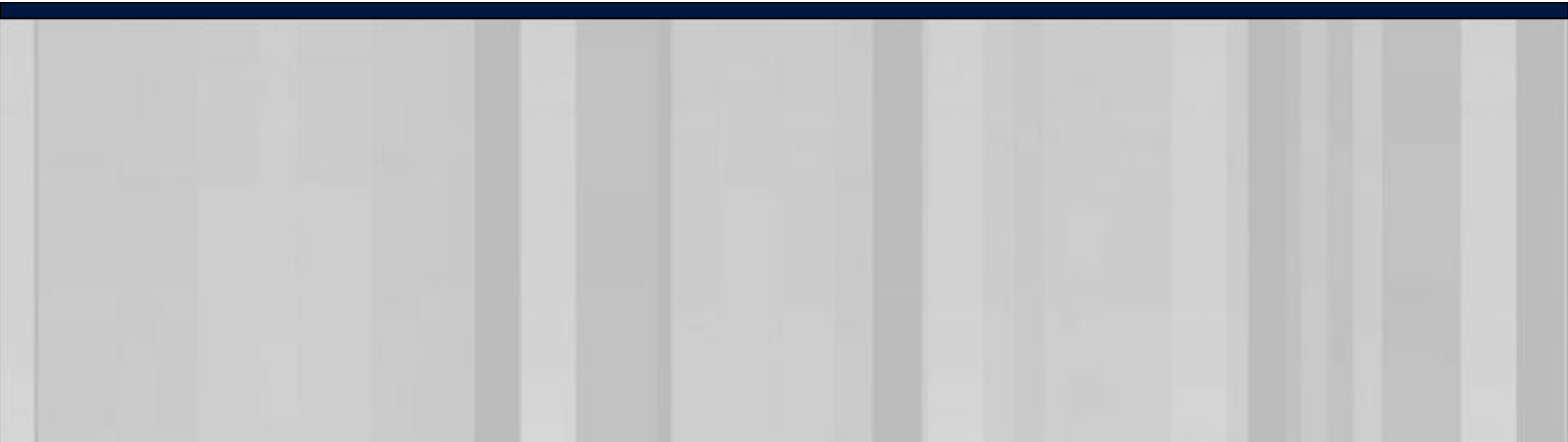


SMP9 – Data Connection Drop Rate





Marketing

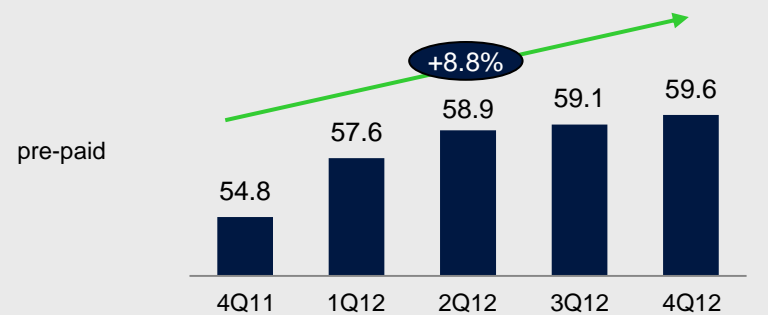
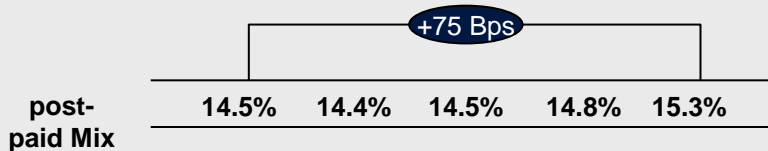
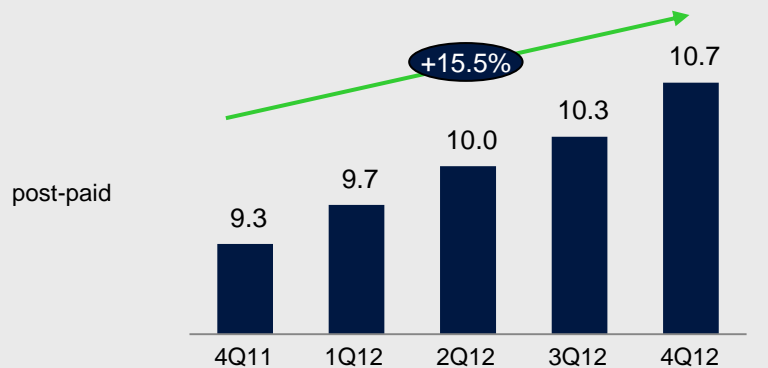


Customer Base Evolution



Customer Base Growth

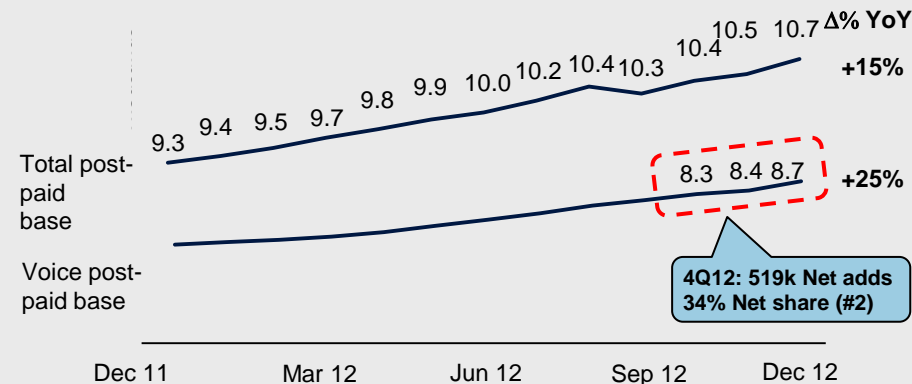
(% YoY)



Source: Anatel

Voice post-paid Base Analysis (ex-M2M and broadband)

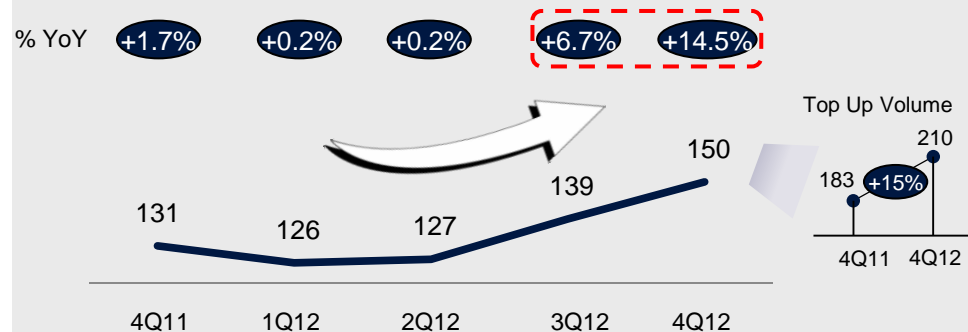
(Million lines)



Source: Anatel

Voice Growth (MOU)

(Minutes; % YoY; Top Up)

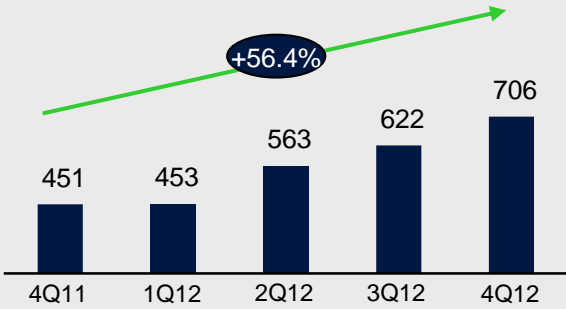


Data as Key Driver for Growth



Products Net Revenues

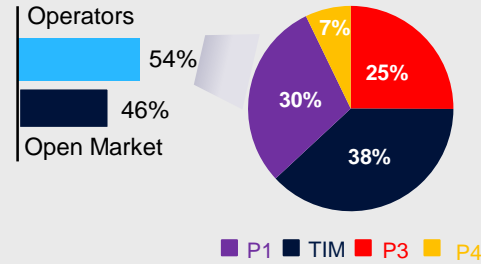
(R\$ Million)



Sales of web/smartphones represented 65%

Handset Sales Market Share

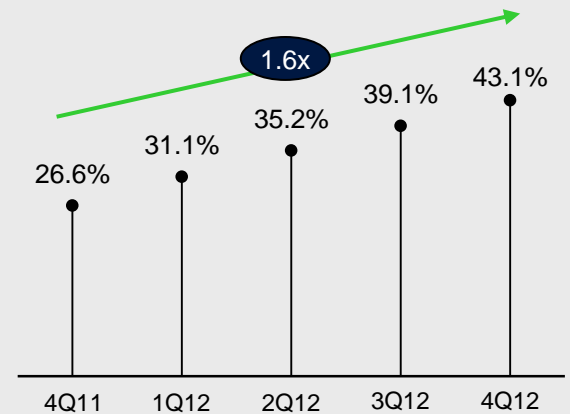
(% of handset revenues from Jan/12 to Nov/12)



Source: Company estimates

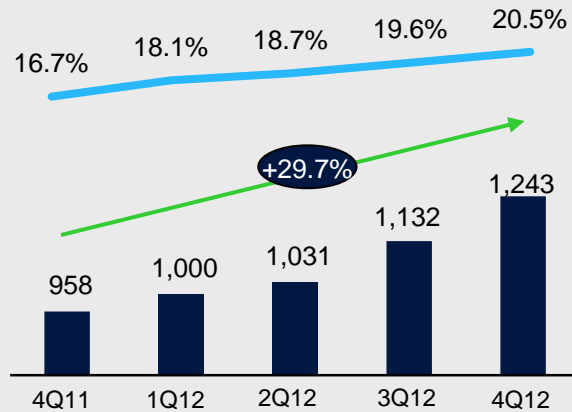
Smart/Web phone Penetration

(% over total base of lines)



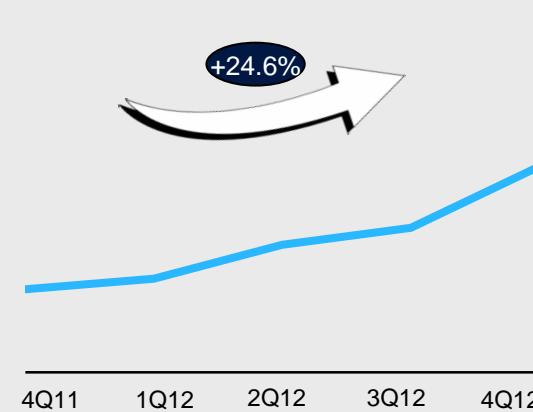
VAS Gross Revenues

(R\$ Million; % of Gross Mobile Services Revenues)



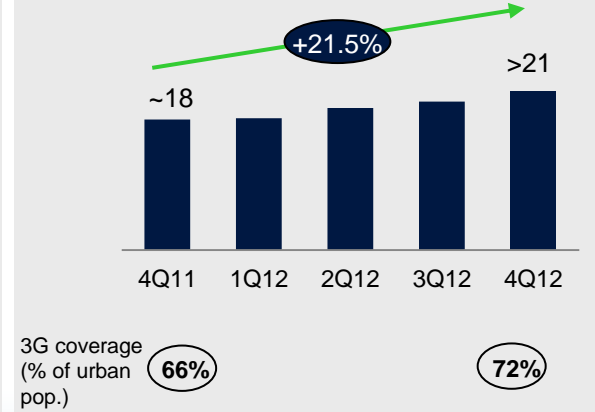
SMS unique users growth

(Million Monthly unique users)

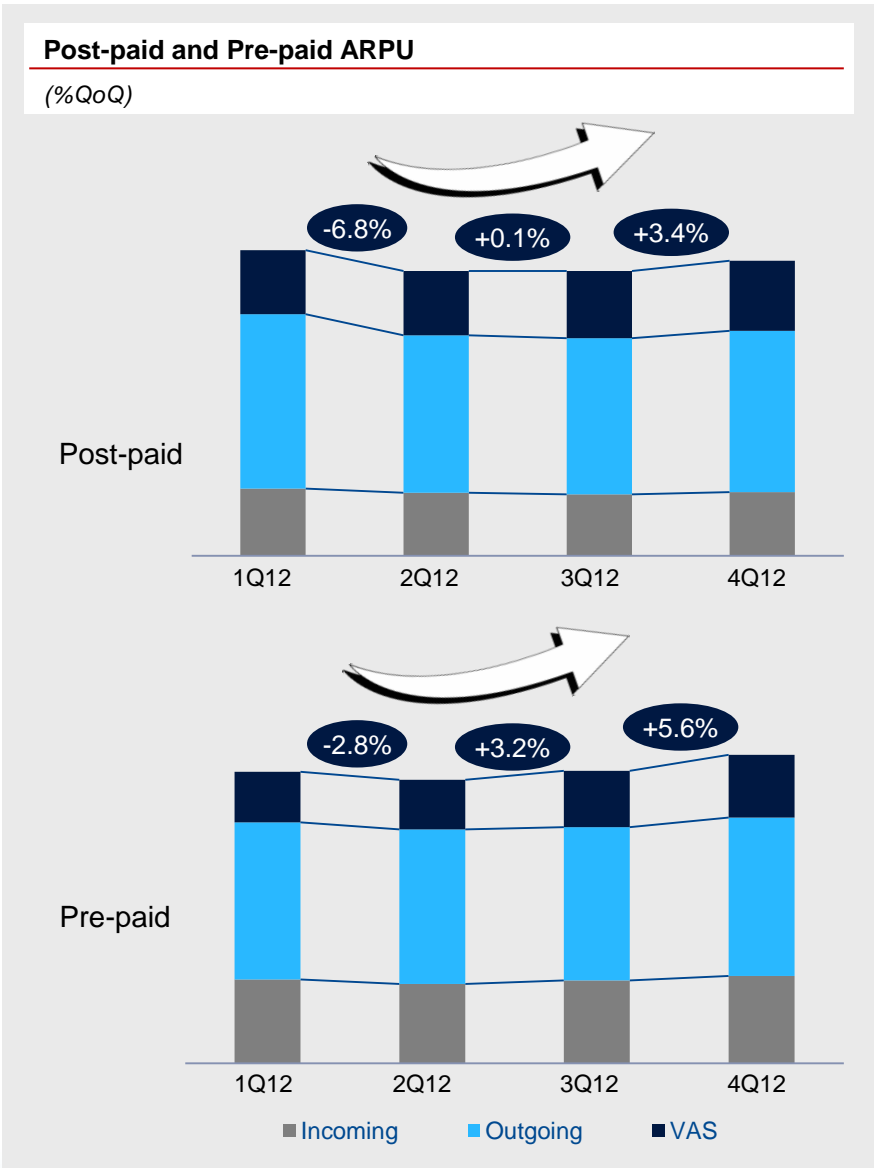
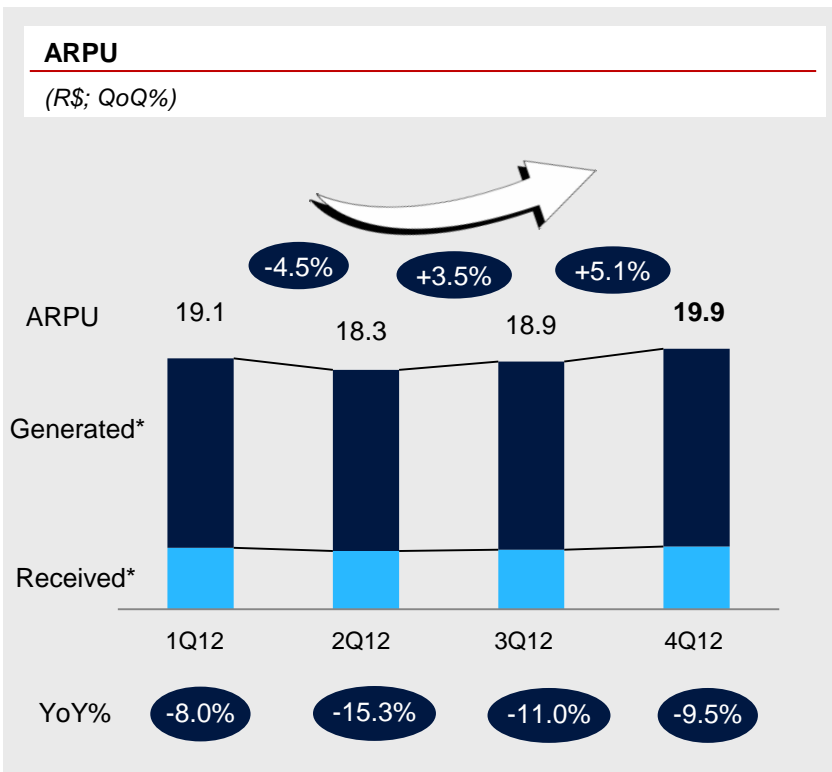


Data users

(Million monthly unique users)



Stabilized ARPU QoQ



- ✓ Amid a 13.8% MTR cut, ARPU remains stable since Q2
- ✓ ARPU stabilized on a Quarter over Quarter basis
- ✓ FMS take-uo on voice and data helped ARPU dilution trend
- ✓ Strict churn policy increasing efficiency and ARPU

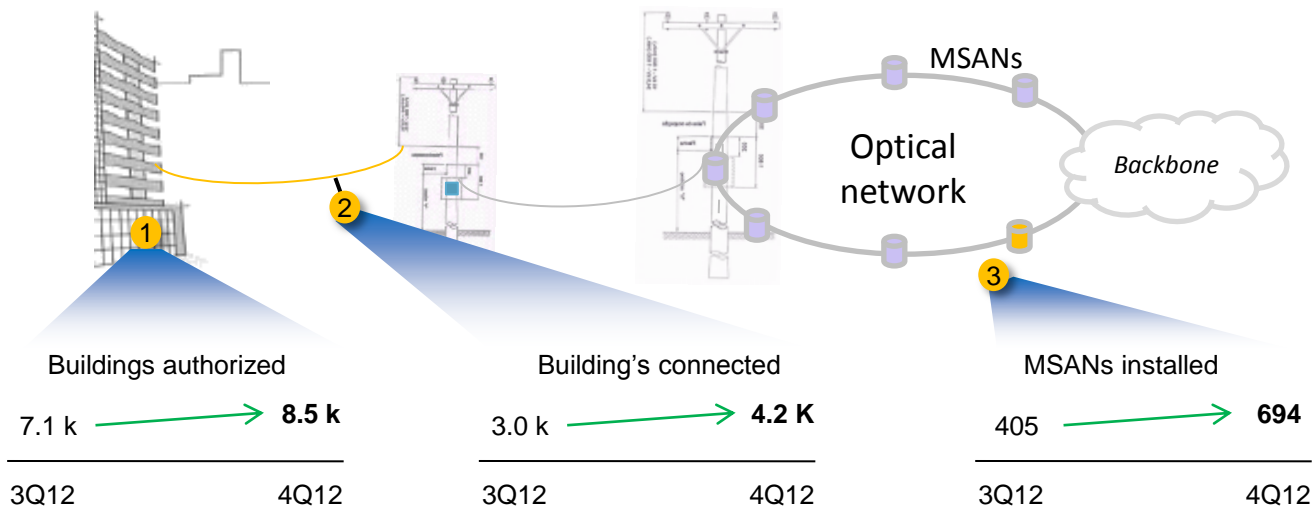
*Generated: Outgoing Voice Services & VAS; Received: Incoming Services



Live TIM



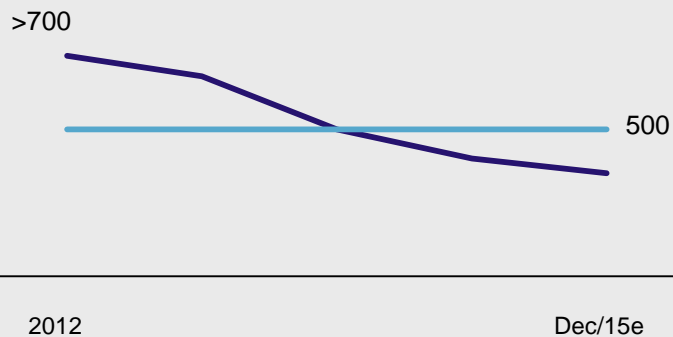
Network Construction



Quality of Service with Low Cost

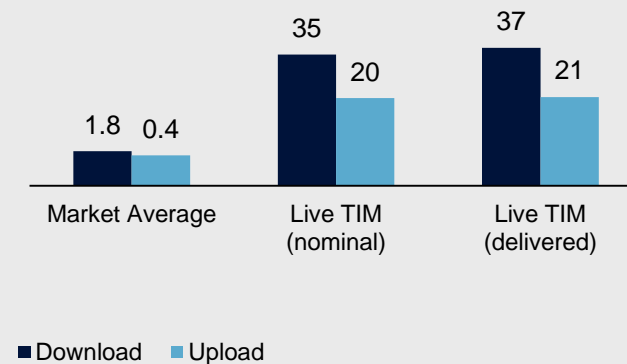
Capex per Client

(R\$)



Quality of Service

(Average Speed in Mbps)



Live TIM: Speeding-Up with the New Offer



Market Demand

(Units)



Website
Registration

160k

Offers

(Units)

Launch Promo

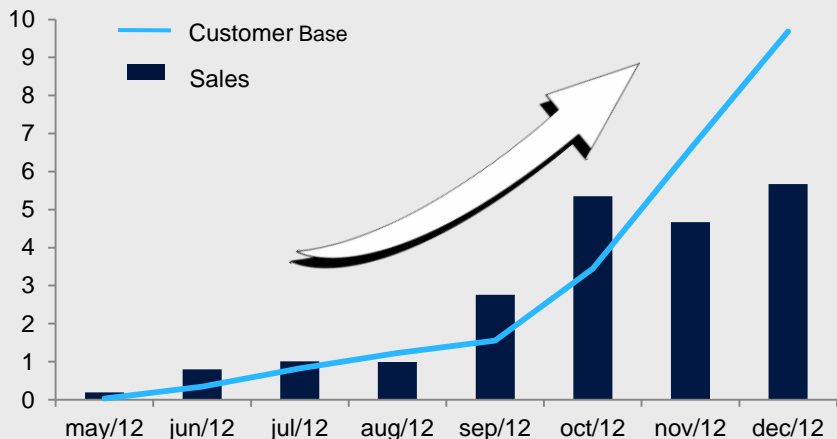
| Plano | Velocidade | Oferta de Lançamento |
|----------------|--|----------------------|
| LIVE TIM | 35 Mega <small>Download Upload: 20 Mega</small> | R\$ 35/mês |
| LIVE TIM Multi | 50 Mega <small>Download Upload: 30 Mega</small> | R\$ 50/mês |

Para aderir até 31 de outubro de 2012.
SEM MULTA, SEM PEGADINHA, Sem taxa de instalação e modem WIFI Grátis.

Actual (jan13)

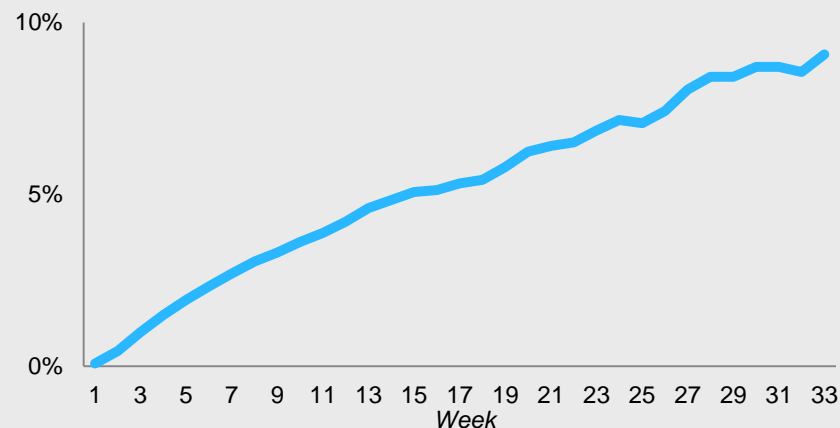
Customer Base / Sales

('000 Clients)



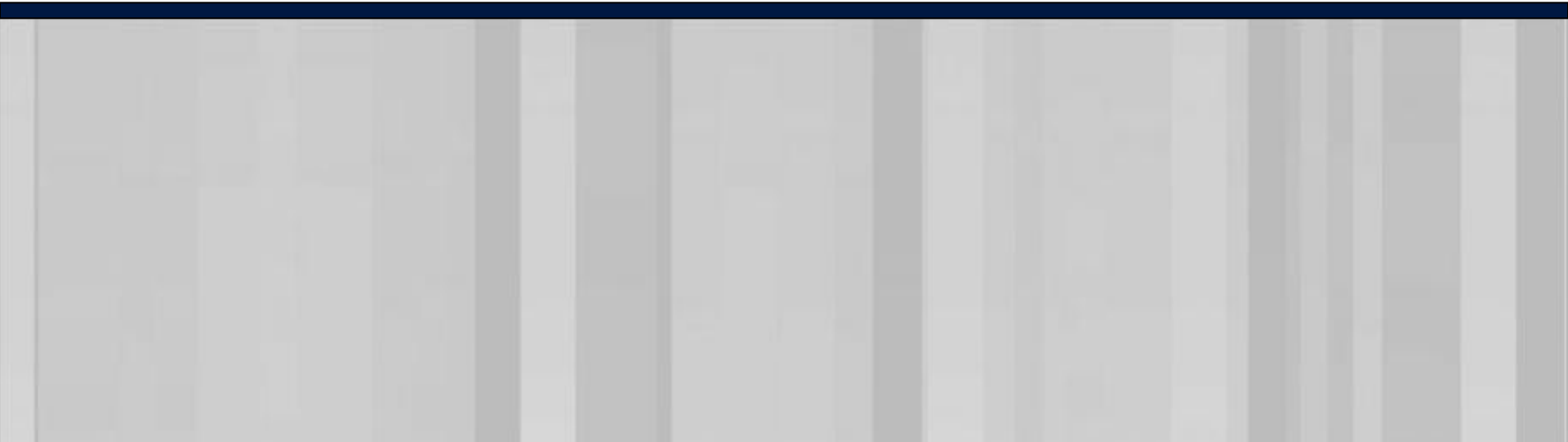
Msan Installation Takeup (average)

MKT share per Week per Coverage





Financials

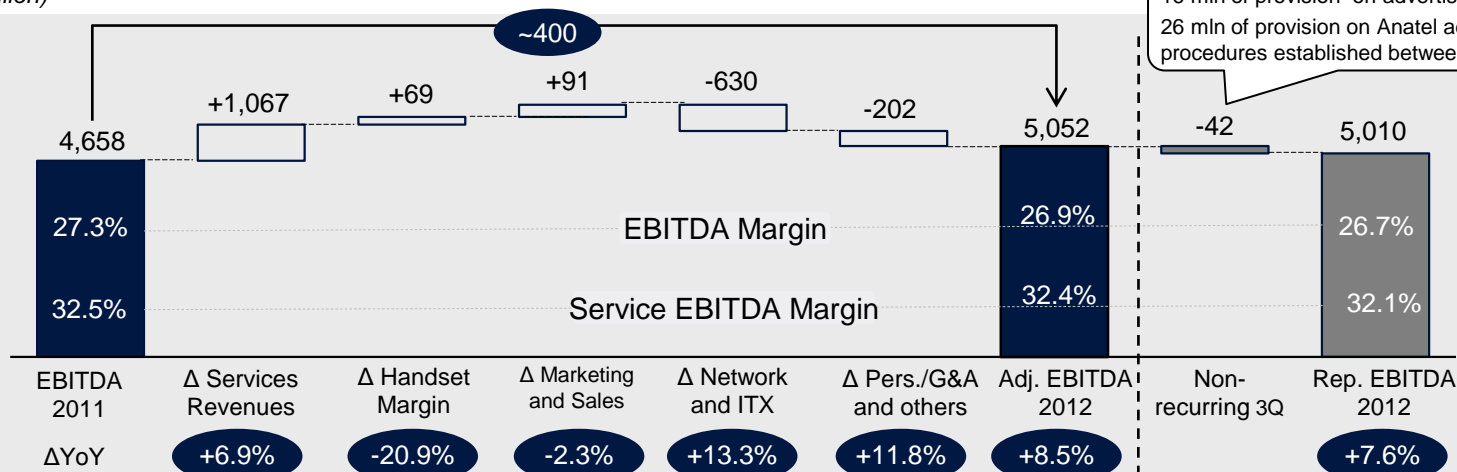


EBITDA & Efficiency



EBITDA Evolution

(R\$ Million)

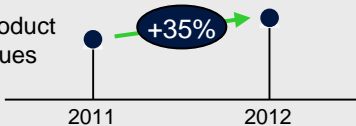


Handset Business and Commercial Efficiency

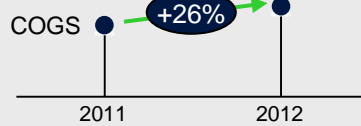
(%YoY)

Handset Business

Net Product Revenues

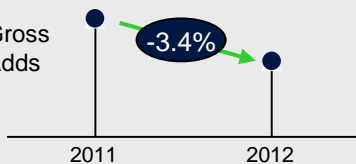


COGS

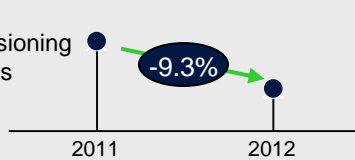


Commercial Efficiency

Gross Adds



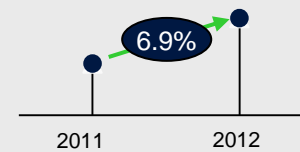
Commissioning Expenses



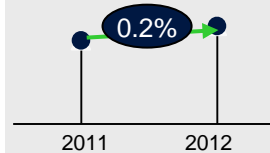
Leased Lines, Traffic and ITX Costs

(Compound Growth Rate - Quarterly)

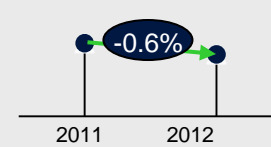
Traffic



Leased Lines costs



ITX costs (ex-SMS)

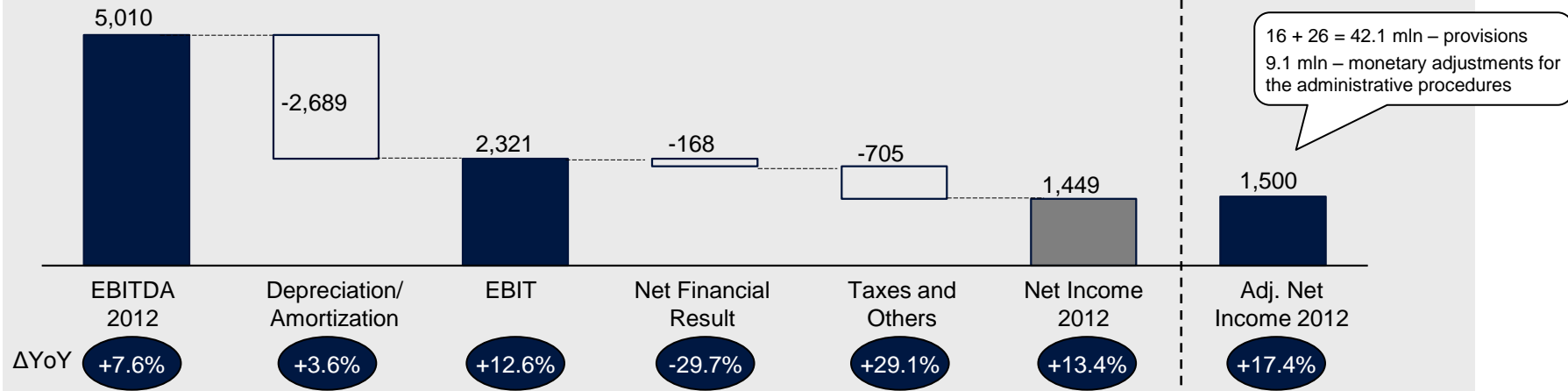


Net Income & Dividend



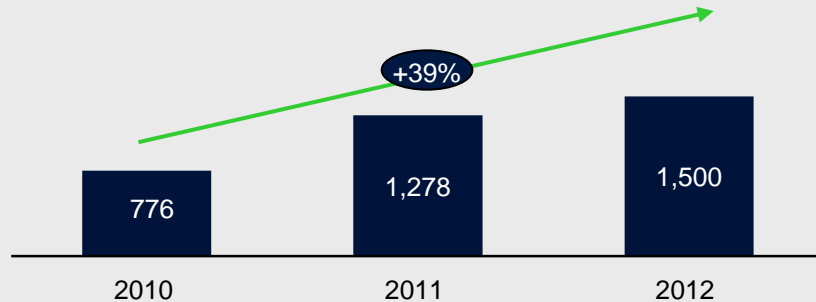
From EBITDA to Net Income

(R\$ Million)



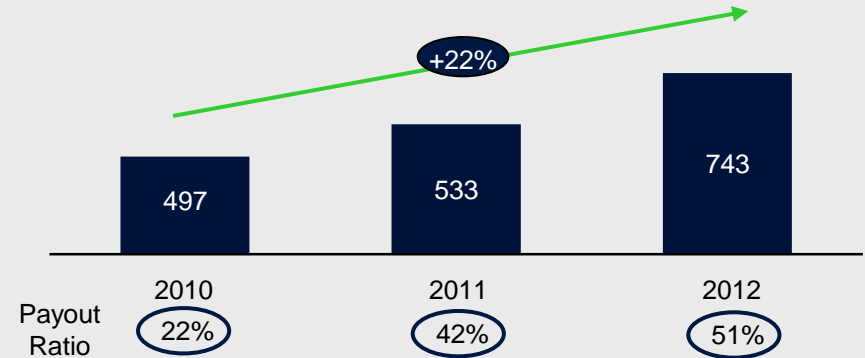
Organic Net Income

(R\$ Million, CAGR)



Dividend Evolution

(R\$ Million, CAGR, Reported Payout)

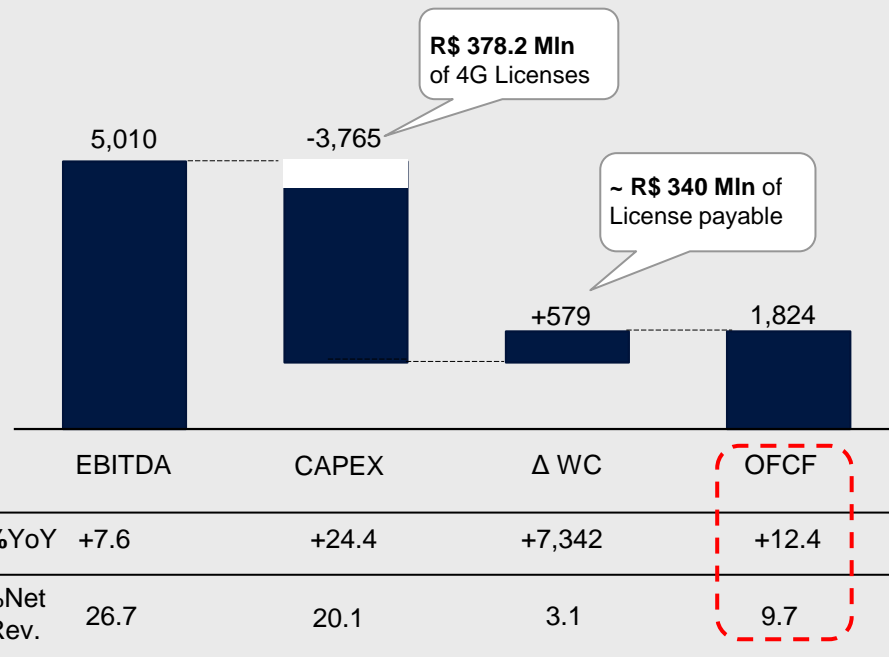


Cash Generation



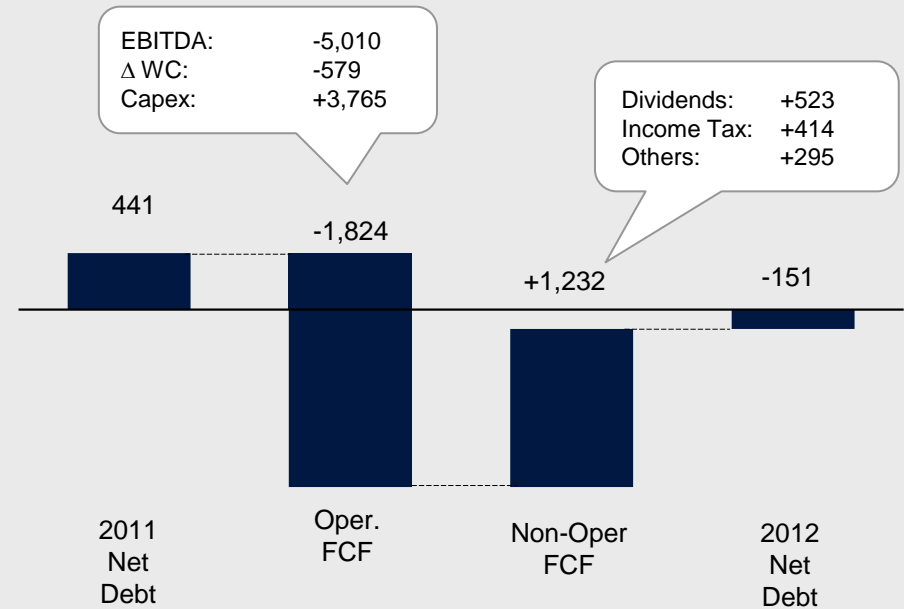
2012 Operational Free Cash Flow

(R\$ Mln)



Net Debt

(R\$ Mln)



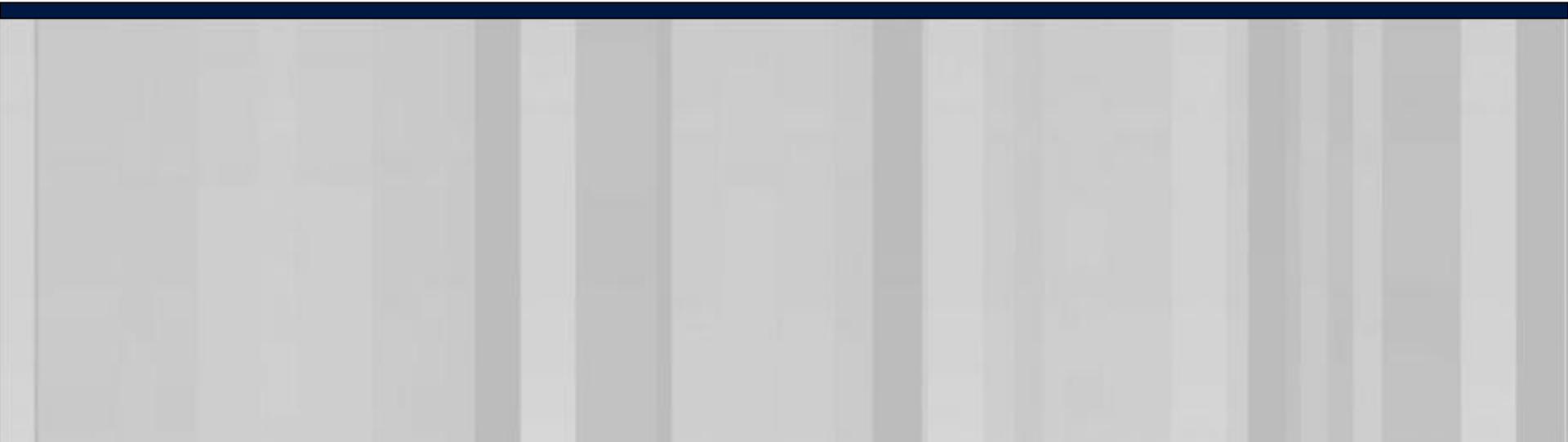
5.1 Bln for Organic EBITDA in 2012

1.8 Bln of Oper. Free Cash Flow in 2012

3.4 Bln on Organic CapEx in 2012



Conclusions & Outlook

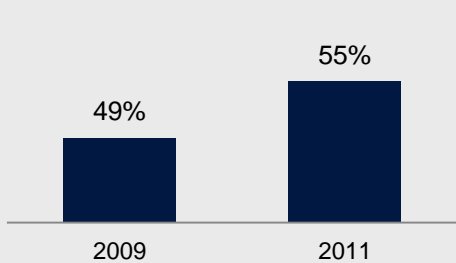


Conclusion

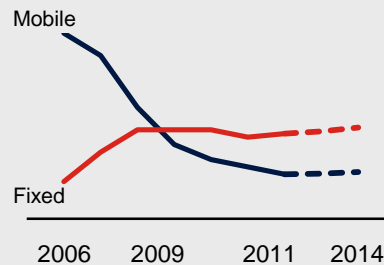


FMS on Play

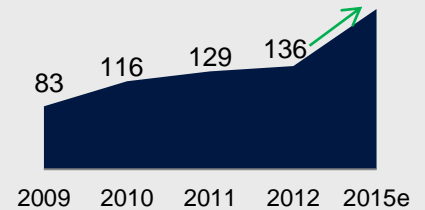
% Households with only mobile services



Fixed price premium over mobile

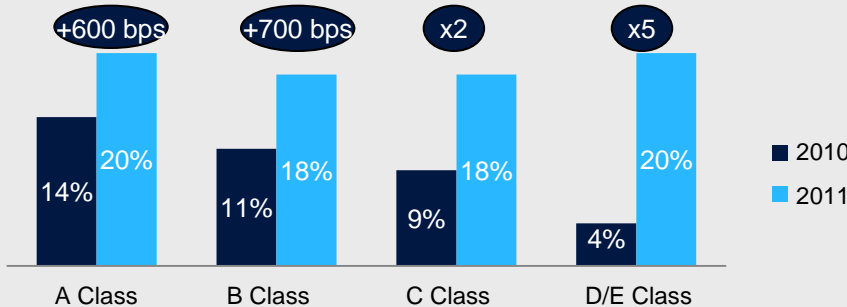


TIM MoU (minutes)



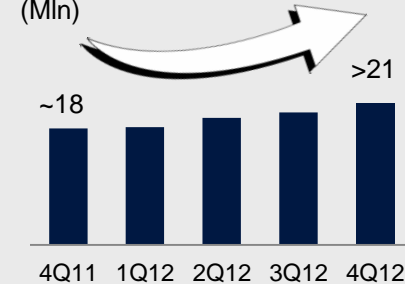
Mobile Data Accelerating

Mobile Broadband Access per Social Class



Source: PNAD (national institute of statistics)

Data Monthly Users (Mln)



MTR & EILD partially implemented

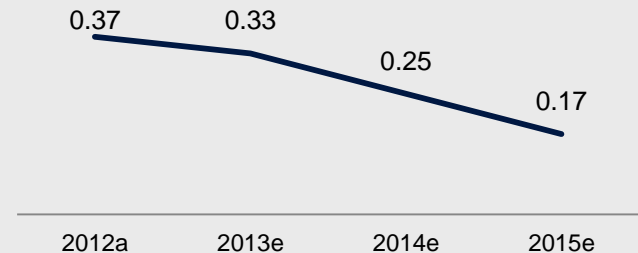
MTR (Mobile Termination Rate)

- Cut implemented
- Clear path towards 2016
- Great contribution from mobile sector (ARPM -16%YoY)

EILD (Leased lines)

- Resolution 590 released (cut up to 30%)
- Needed framework to be followed by incumbents
- Monopoly break

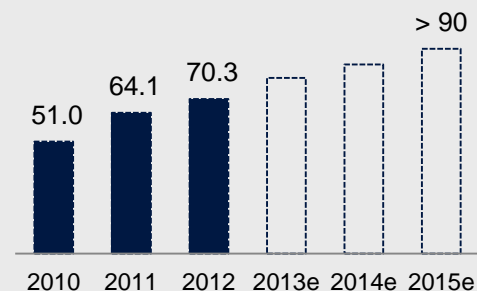
MTR Path (R\$/minute)





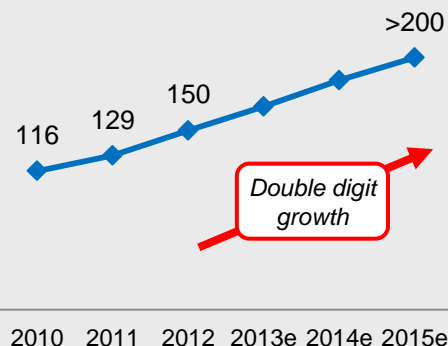
Mobile Customer Base

Million of lines



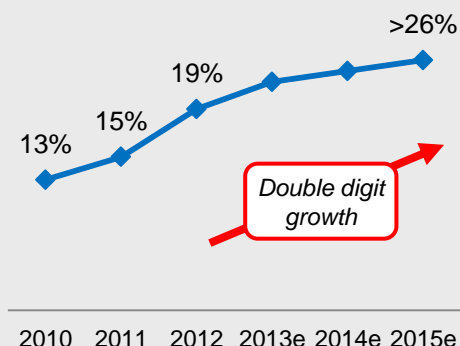
FMS – Voice (MOU)

Minutes of usage per line



Internet for All (Mobile Data)

Data as % of Gross Mobile Revenue



2013 – 2015 Industrial Plan will be released on Feb 8th

www.tim.com.br/ir

or

www.telecomitalia.com/FY2012preliminary-webcast/ita