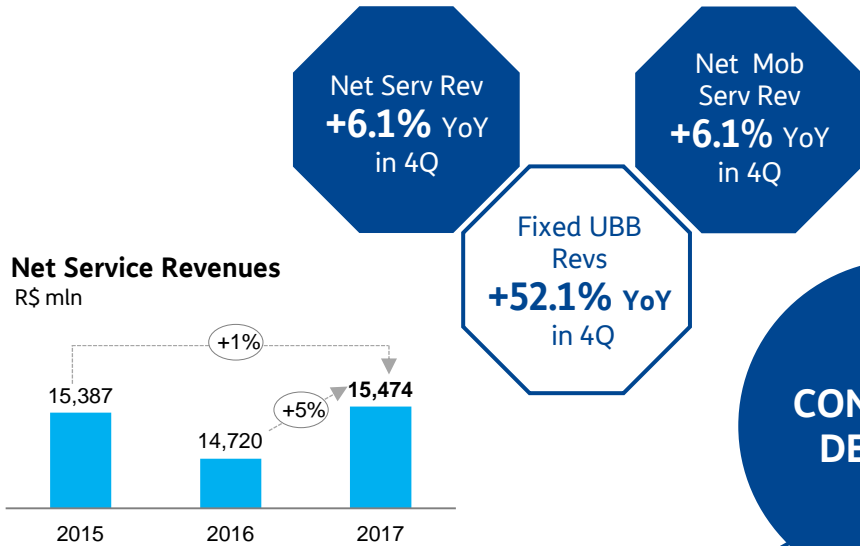


RESULTS PRESENTATION

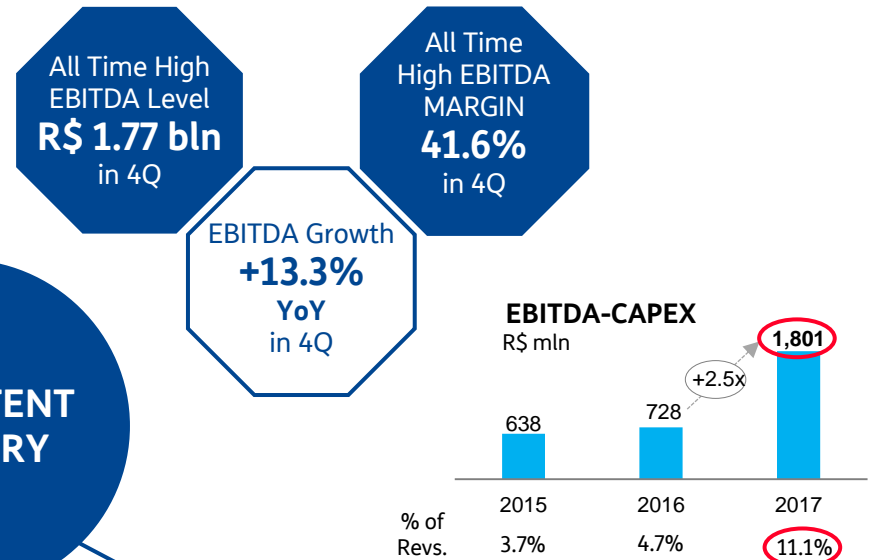
4TH QTR 2017

Highlights: Strong Quarter to Consolidate the Turnaround

Confirming Growth Trajectory

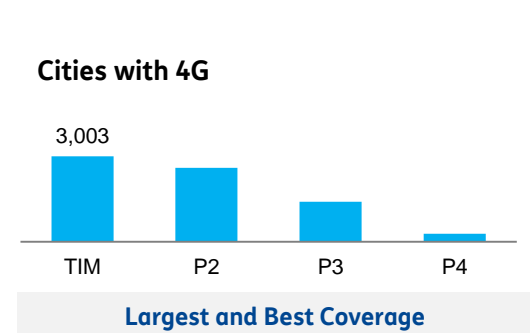
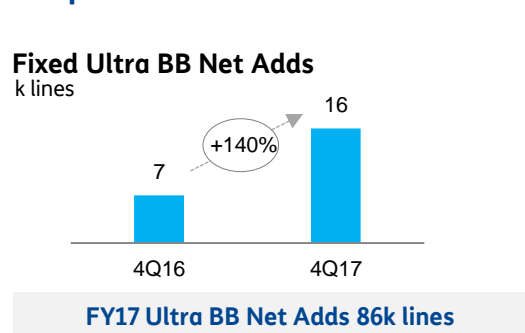
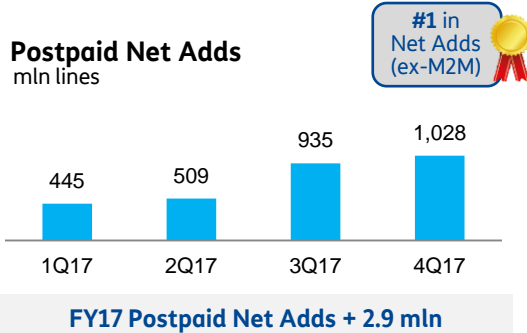


Breaking the Barriers of Profitability



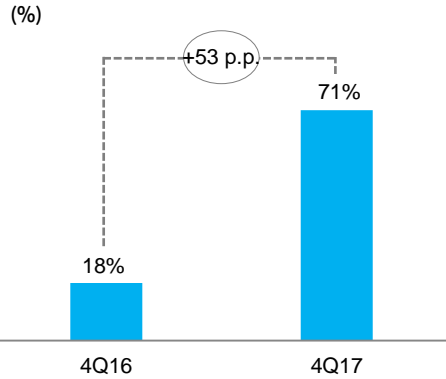
CONSISTENT DELIVERY

Solid Operational and Network Results

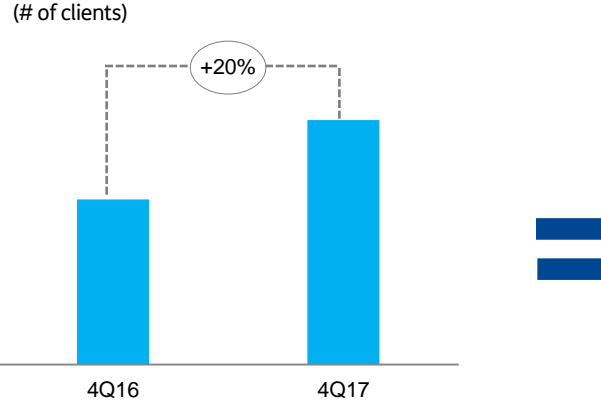


Capturing Value Through Customer Base Transformation

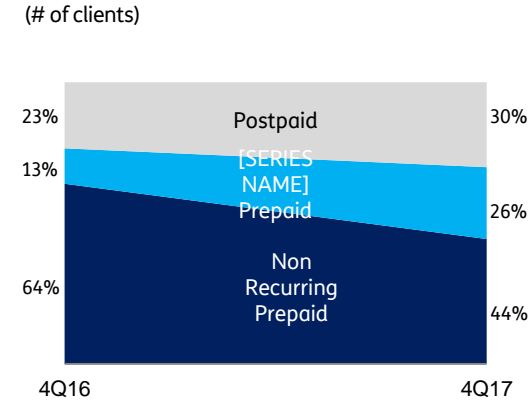
Prepaid Recurring Offers (bundle) Over Gross Adds



Postpaid Gross Adds + Migration

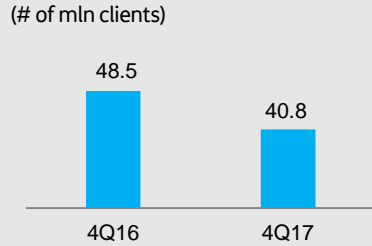


Customer Base Transformation



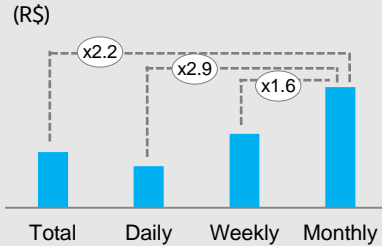
Prepaid

Client Base Evolution



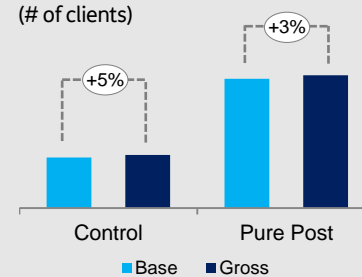
- Strict and consistent disconnection policy
- Fistel cost reduction
- Strong migration actions

ARPU By Offer



- Pricing up daily offers (opportunistic usage only) to increase attractiveness of weekly bundle
- Encourage weekly and monthly offers with data bonuses and multi segment approach (i.e. voice only)

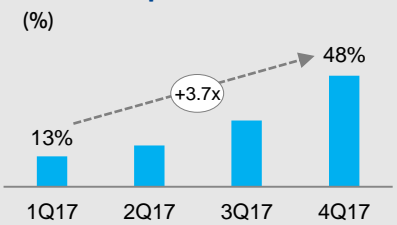
ARPU: Gross x Base



- New clients with higher ARPU
- More for more as key strategy
- Gross Adds ARPU increased approx. 20% in the last 12M

Postpaid

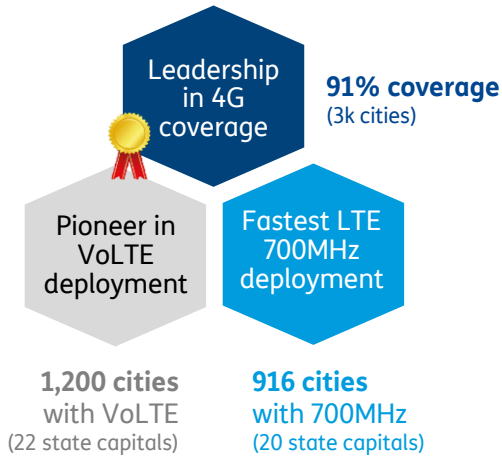
Lock-in Over Gross Adds Pure Postpaid



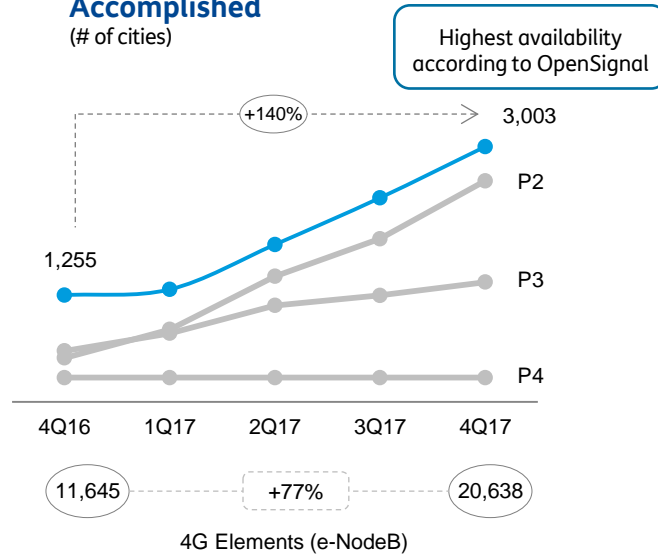
- Reduction of 10pp in early churn after 6 months
- More focus on loyalty (service or handset)
- MNP still positive: +77%, 2017 x 2016.

Network & Quality: Strong Delivery in 2017 Supporting Competitive Advantage

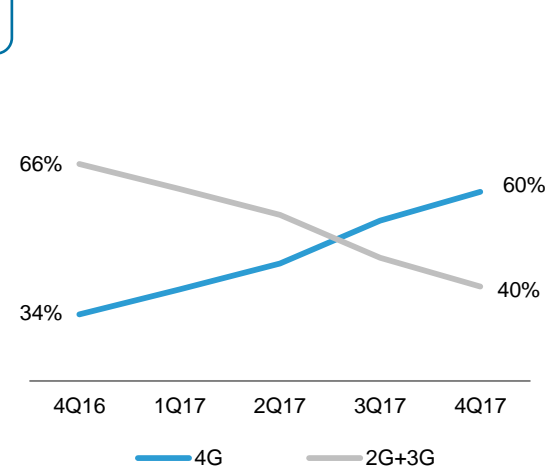
Network Achievements



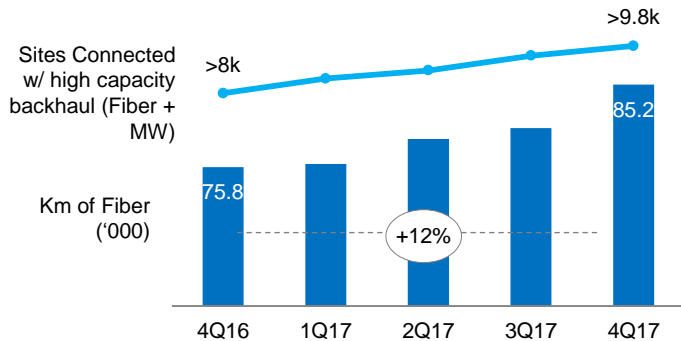
4G Coverage²: 3,003 Cities Milestone Accomplished (# of cities)



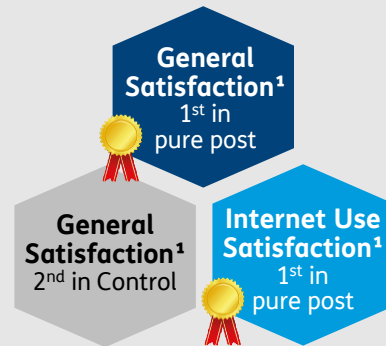
Network Data Usage (% of data traffic by technology)



Backbone & Backhaul Evolution



Quality Achievements



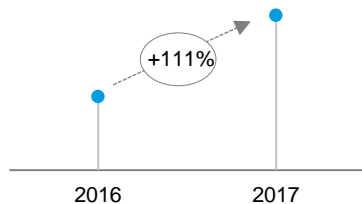
- ➔ Least demanded Company in Consumer Protection Agency
- ➔ Increasing NPS YoY in pure postpaid in recent survey¹
- ➔ Above target in all ANATEL network metrics

Digital Transformation Drives Efficiency and Customer Experience

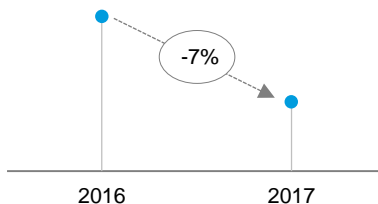


Customer Management 6% of Total Opex

Digital Interactions
(My TIM App + My TIM Web)



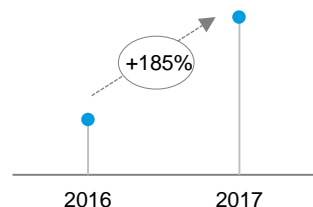
Human Interactions
(Call Center)



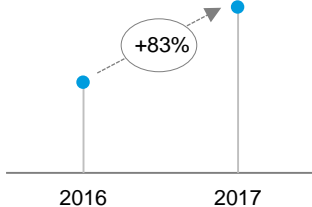
Digital caring reached >50% of total interactions in 2017

Customer Acquisition 7% of Total Opex

Sales in Digital Channels
(Postpaid + Control)



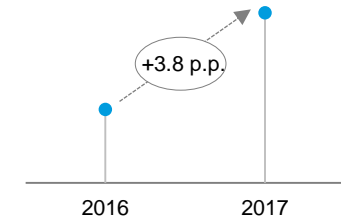
Sales in Digital Channels
(Recurring Prepaid)



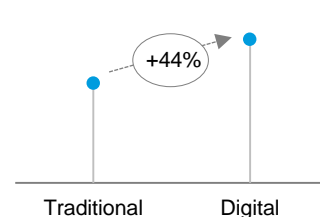
Digital sales doubled its participation over Gross Adds in 2017

Prepaid Recharges 5% of Total Opex

Digital Prepaid Recharge Mix
(% Digital over Total)



Average Recharge Ticket
(R\$ by transaction)



Improving recharge channel mix with multi-channel approach and new partnerships

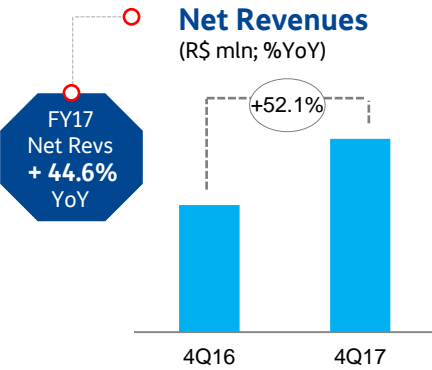
Improving Customer Experience with customized and flexible caring, while opening opportunities for OPEX reduction



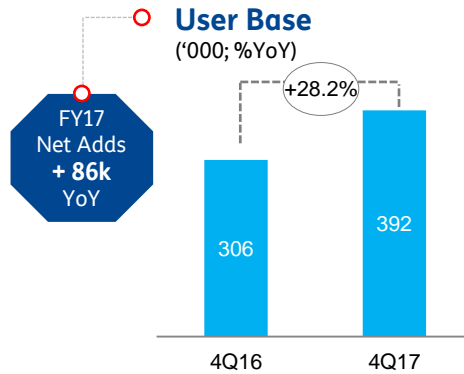
TIM Live: Solid Performance in All Fronts

Growth supported by the best UBB Experience in Brazil

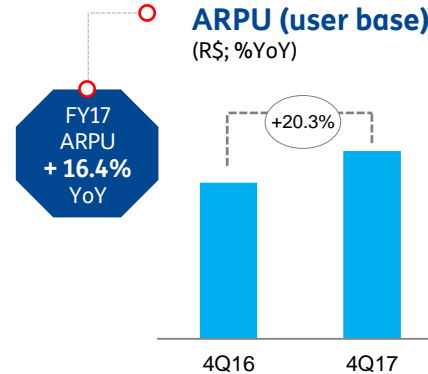
Net Revenues
(R\$ mln; %YoY)



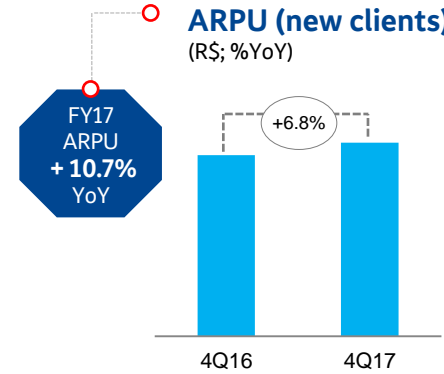
User Base
(*000; %YoY)



ARPU (user base)
(R\$; %YoY)

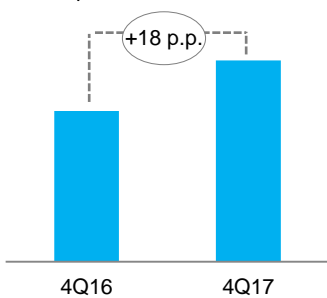


ARPU (new clients)
(R\$; %YoY)

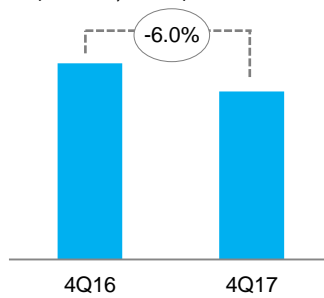


Operating Efficiently

Occupation Rate
(% of ports used)

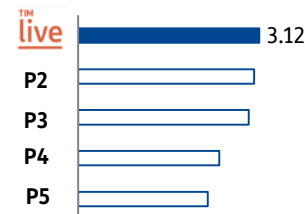


SAC/ARPU
(months; %YoY)



Delivering The Best Experience

Netflix ISP Speed Ranking
(Mbps, Dec 17)



Ranking Estadão



2015 / 2016 / 2017

Residential Solutions: Soft Launch of FTTH and WTTx

FTTH: Expansion and Differentiation

Customers Profile:

- High Value Customers
- High Streaming Consumption
- Multi Connected Devices

“More for More” Offers: unlimited local calls (fixed)

TIM Live 100 Mega 100 Mbps Down
40 Mbps Up

TIM Live 150 Mega 150 Mbps Down
40 Mbps Up

Soft Launch on October:

- ~50k Households covered
- 90% is very satisfied and 8% satisfied

WTTx: Opportunity Leveraged on 700 MHz

Customers Profile:

- 95% lower-middle class customers
- Focus on regions with limited broad band offer
- Usage:
 - 90% uses doesn't surpass the allowance
- Before acquiring WTTX service:
 - 83% did not have broadband
 - 21% did not have paid TV

Portfolio: “Internet Fácil para sua casa”



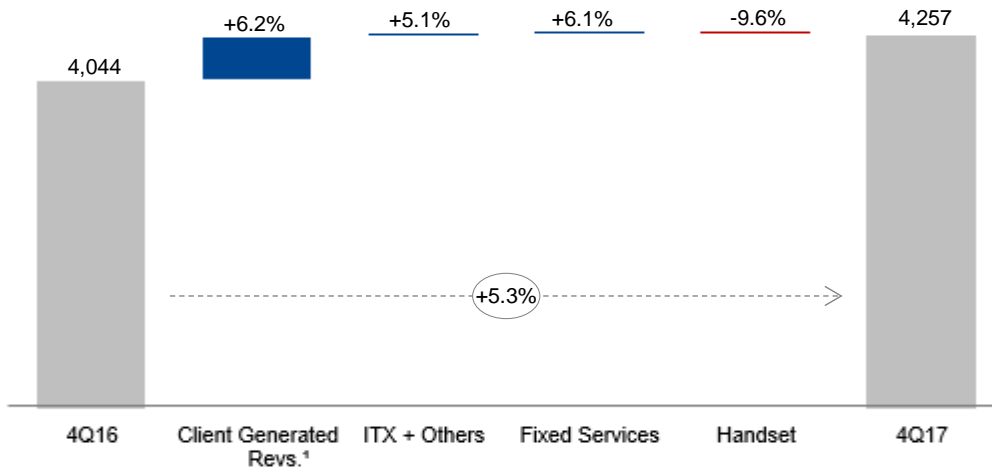
Soft Launch:

- 16 new cities in 4Q
- Customers with high satisfaction index: 76% (vs 57% of overall broadband market)

Solid Revenue Recovery with Great Contribution from Mobile Bundle Offers

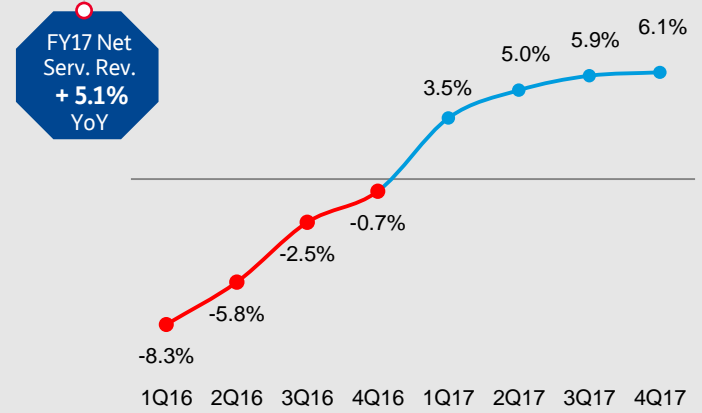
Total Net Revenues Breakdown

(R\$ mln.; %YoY)



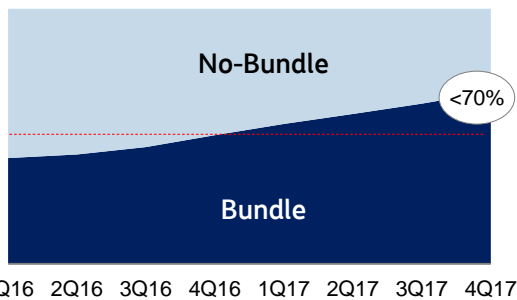
Total Net Service Revenues

(%YoY)



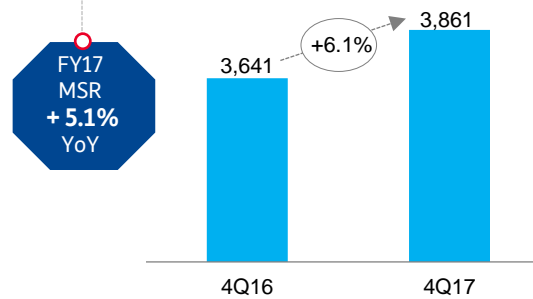
Revenues Mix from Bundle² Offers

(% of TIM Client Generated Revenues)



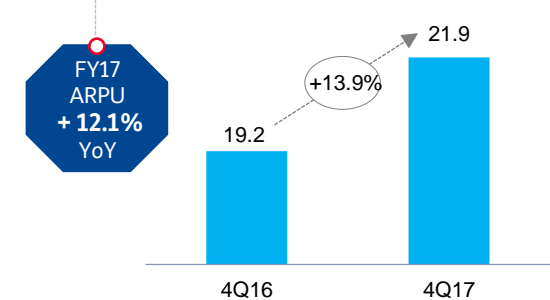
Mobile Net Serv. Revenues

(R\$ mln)



ARPU

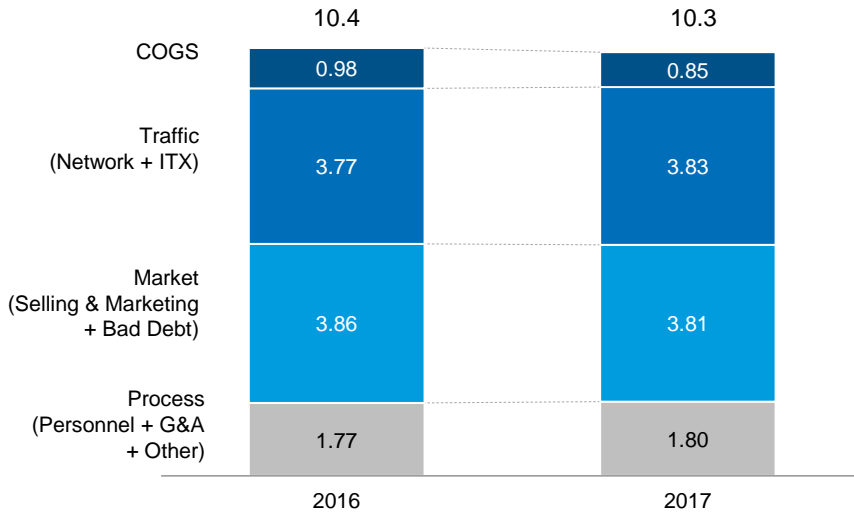
(R\$)



Opex Dynamics: Efficiency Continues to be a Driver

Normalized Opex Breakdown Analysis

(R\$ bln; %YoY)



-1.0% Δ YoY

-13.2% COGS

- Lower acquisition price from vendors;
- Lower volume of handset sales (-12.6% YoY).

+1.4% Traffic

- Network: Higher costs associated with network expansion offset by savings from leased lines tariff reduction and Zero Leased Lines Project;
- Increase of VAS opex driven by digital content penetration in bundle offer;
- ITX: lower cost after MTR (VU-M) cut partially offset by off-net traffic growth.

-1.4% Market

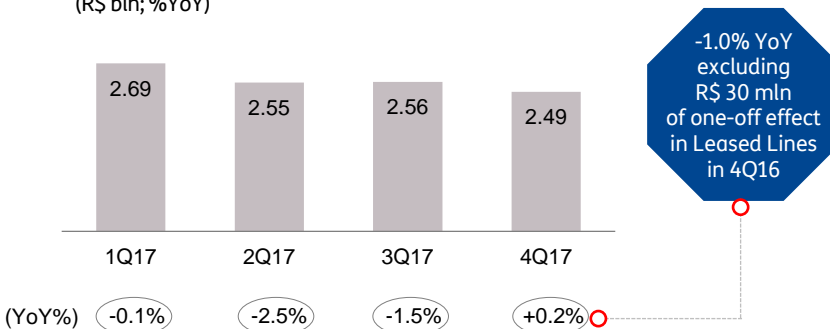
- Positive impact of Fistel (-12.3% YoY), recharge fees and higher efficiency on advertising mix;
- Higher postpaid Customer Base (+19.6% YoY) and sales (+26.9% YoY) generating increase in customer acquisition and management opex (SAC, customer care, billing and collection, bad-debt) partially offset by digital efficiencies.

+1.5% Process

- Increase in third parties labor contingencies and inflation impacts (IPCA +2.95%);
- Savings from Efficiency Program

Quarterly Normalized Opex

(R\$ bln; %YoY)

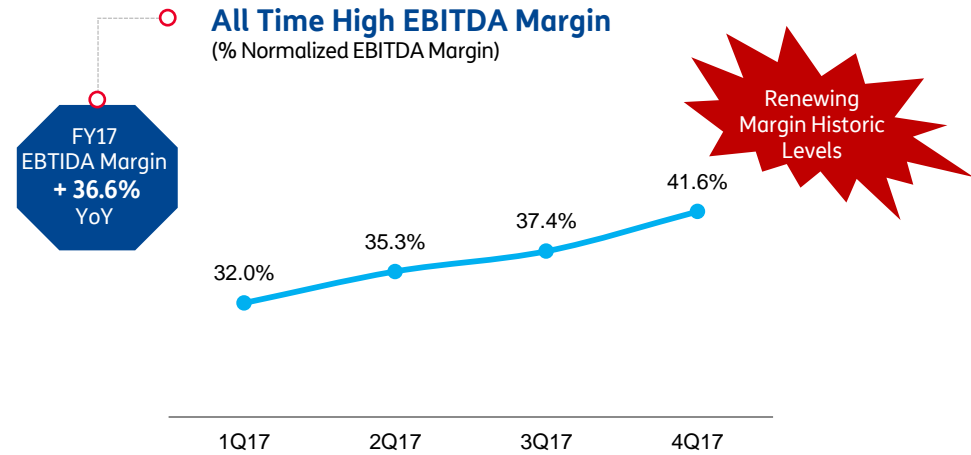
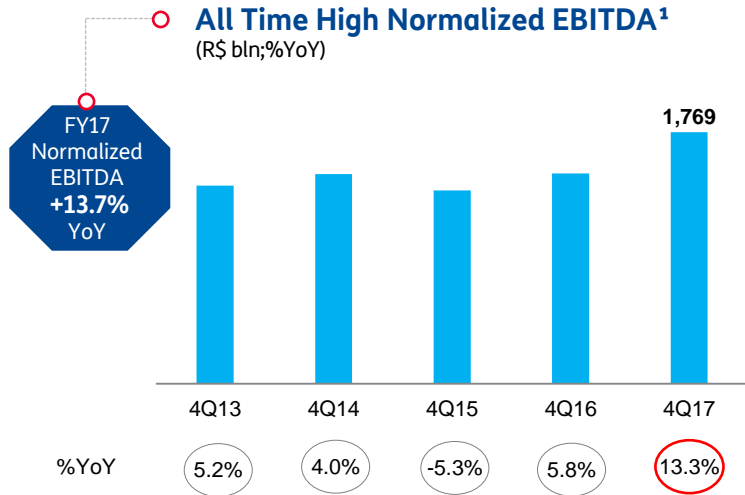


2017 Efficiency Plan Completion

(R\$ bln)

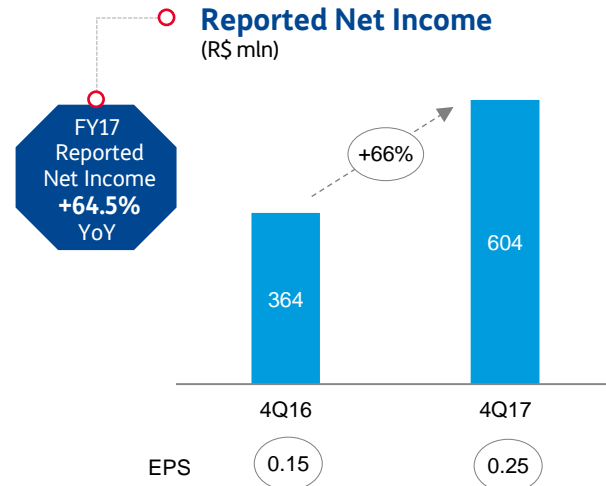
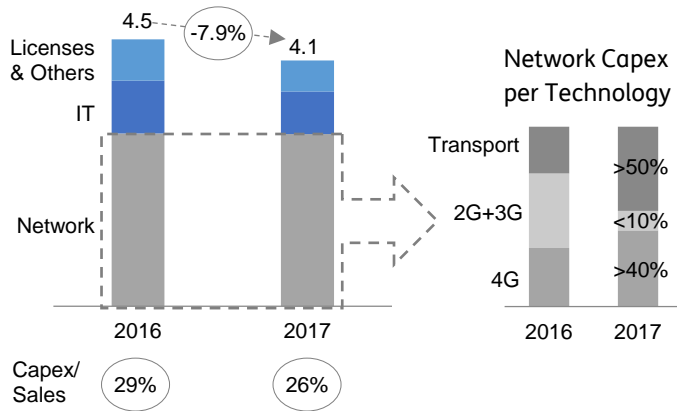


Boosting Profitability: EBITDA and EBITDA Margin at Historic Levels



CAPEX: More with Less

(R\$ bln)

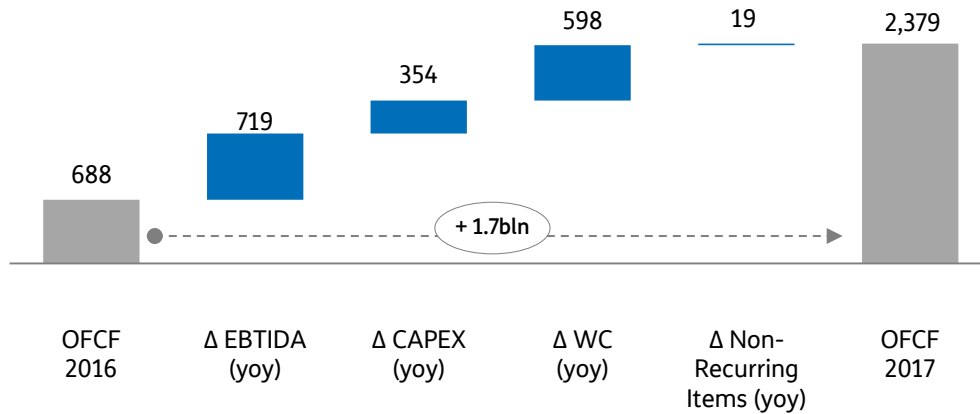


- ➔ Improving EBITDA each quarter
- ➔ EBITDA Margin from mid 20's to 40's in 5 years
- ➔ Service EBITDA Margin at 44.2% in 4Q17 and 39.0% FY17
- ➔ Focusing investments in 4G, fiber and IT

Operating Free Cash Flow & NFP Evolution

Operating Free Cash Flow Ex-License¹

(R\$ mln)



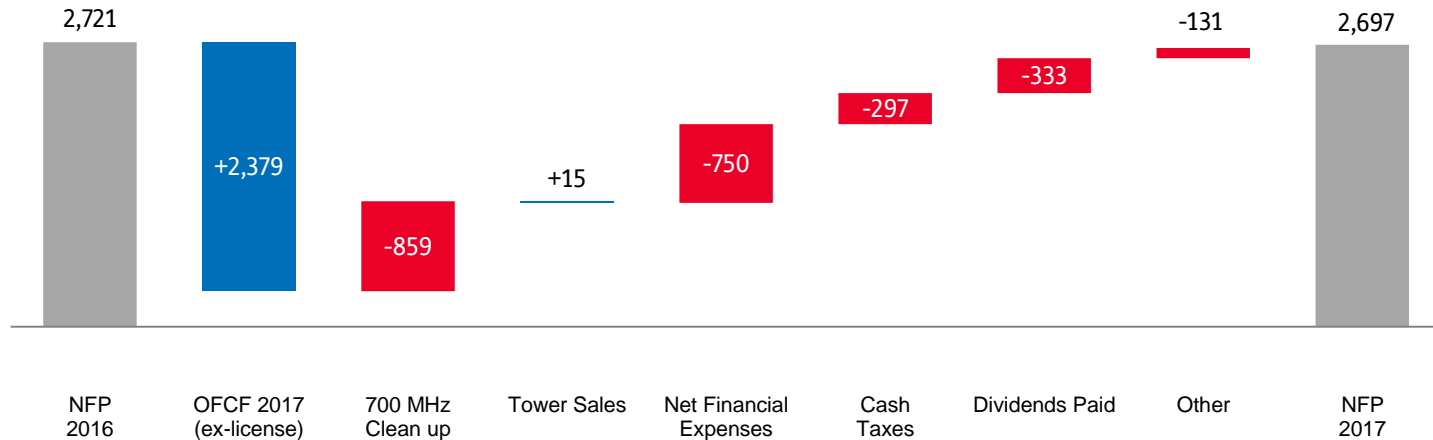
OFCF Yield
4%

OFCF 2017
15%

- ➔ **EBITDA-CAPEX soared 147% YoY**
- ➔ **R\$ 1,216 mln in Net Cash Flow** before Dividends/IOE and licenses, back to positive in 2017
- ➔ **Reducing Net Debt** despite increase in capital distribution and spectrum clean-up costs

NFP Evolution

(R\$ mln)



Over Delivering Despite a Still Challenging Environment



KPIs	Short Term Targets	2017 Results	Long Term Targets
Net Service Revenues (Mobile)	Positive in all quarters ✓	+5.1%	Revenue share ~25% in 2019
EBITDA	✓	+13.7%	EBITDA Margin >36% in 2019 Already Achieved in 2017 36.6%
Capex	~R\$4 bln ✓	4.1 bln	< R\$12 bln 2017-19 period 3G/4G Coverage >92%
EBITDA-Capex (% on revenues)	High single digit ✓	11.1%	> 15%

New Opportunities ahead:

- + Revenues: TIM Live, macro recovery (prepaid + migration)
- Costs: Digitalization
- x 360° Value Creation: Customer Experience

