RESULTS PRESENTATION

1st QTR 2017

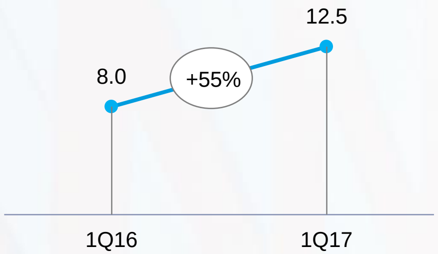
4G

TIMP3
NOVO MERCADO
BM&FBOVESPA

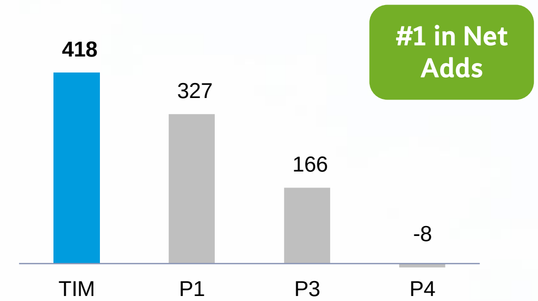
TIM
Evoluir é fazer diferente

Turnaround on Track: Virtuous Cycle on the Rise

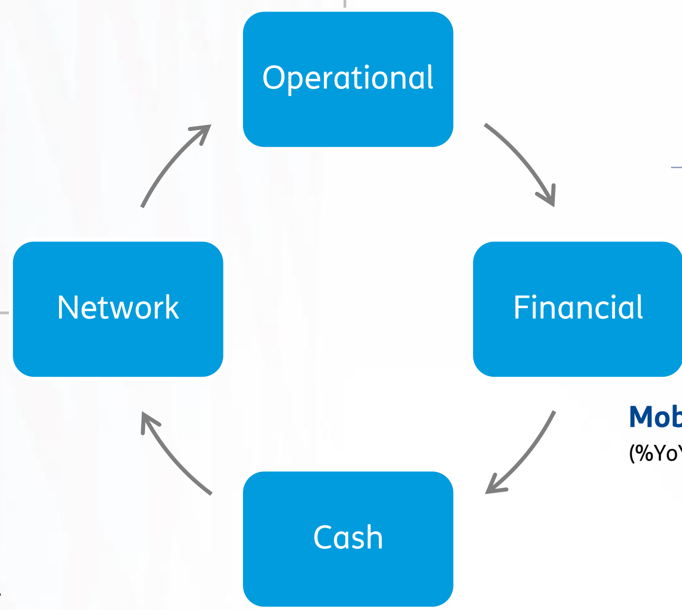
4G Network Expansion
(# 4G sites – e-NodeB)



“Human” Postpaid Net Additions (1Q17)
(Excluding M2M and modem; in thd lines)



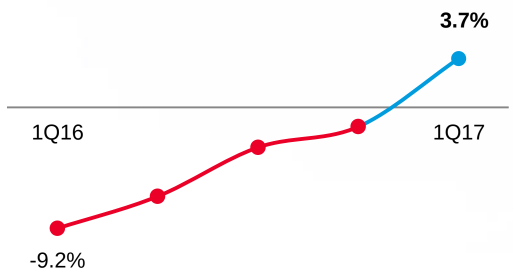
Source: Anatel



Normalized[1] EBITDA – CAPEX
(R$ million)

12% 15% % over Net Revenues

Mobile Service Net Revenues
(%YoY)



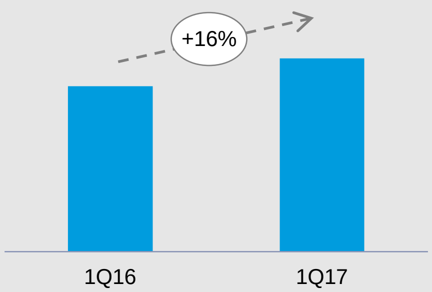
[1] Normalized for towers sale and other transformation impacts

TIM

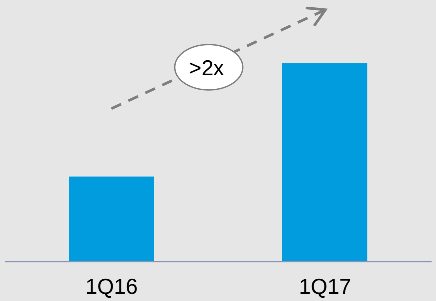
Customer Base Transformation: Postpaid

Better quality improves acquisition and loyalty…

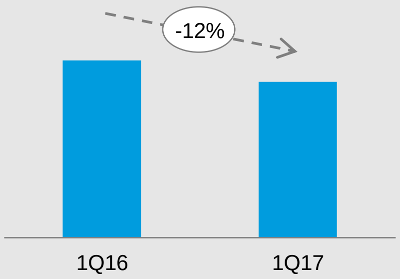
Gross Adds and Migration
(Postpaid; %YoY)



Net Mobile Number Portability
(Postpaid)

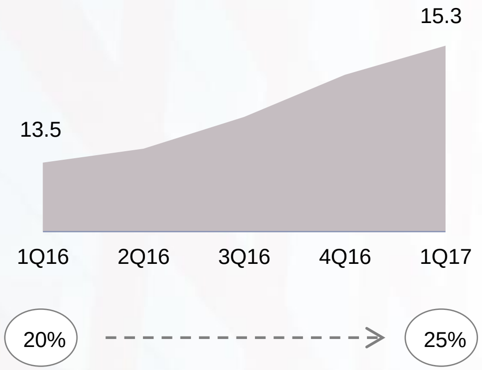


Churn & Downgrade
(Postpaid)

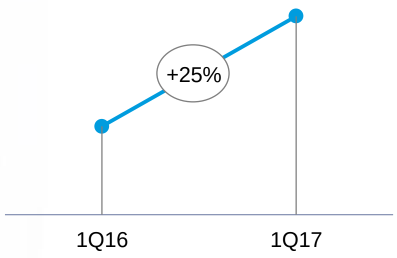


… while "more for more" strategy and price-ups improves ARPU

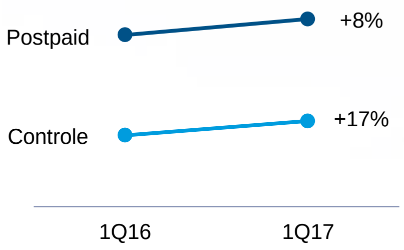
Postpaid Base Evolution
(mln users; % of Postpaid over CB)



Acquisition ARPU
(Postpaid gross adds; R$/month)



Customer Base ARPU
(Postpaid customers; R$/month)



Customer Base Transformation: Prepaid

Focusing on recurring offers

Daily packages

R$0.99
50MB +WhatsApp

\+

R$0.99
Unlimited voice on-net

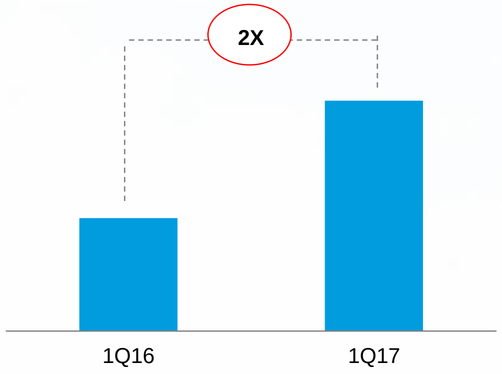
Weekly packages

R$10 — 1GB + 100 min + Deezer +WhatsApp

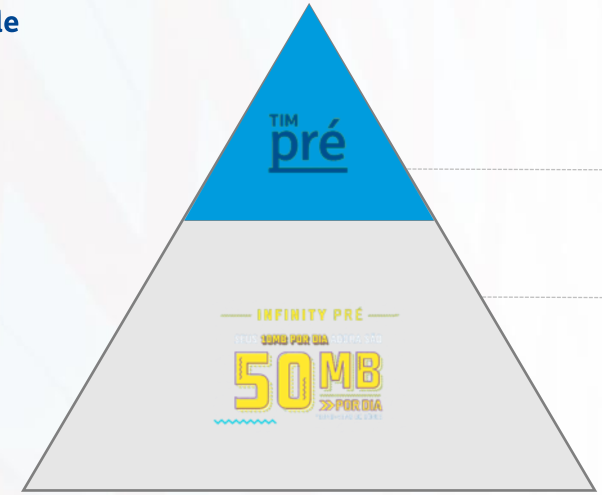
R$9 — 1GB + unlimited on-net + Deezer +WhatsApp

Recurring Prepaid Base

(Quarterly average)



Prepaid Customer Profile



ARPU	% Data utilization
2x	>70%
x	<50%

Recurring offers successfully attracting higher value prepaid subs.

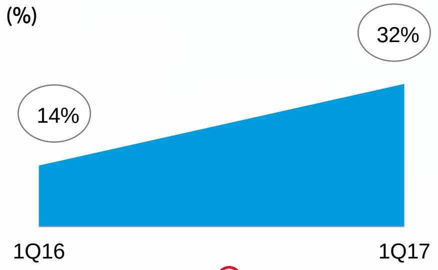
Data Services Revenues Over 50% of MSR

All plans with digital services embedded.

Improving loyalty and acquisition

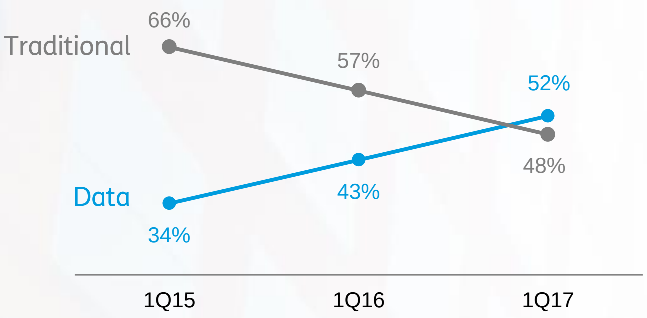
Changing Customer Base profile

4G users over CB
(%)

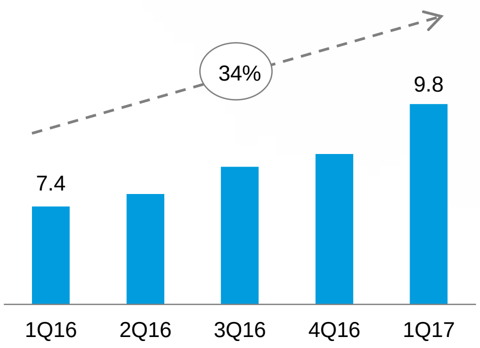


Yielding data revenues

Mobile Service Net Revs Mix
(%)



VAS ARPU
(R$; %YoY)

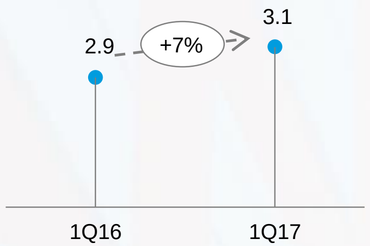


Residential Solutions: TIM Live Consistency and New Opportunities

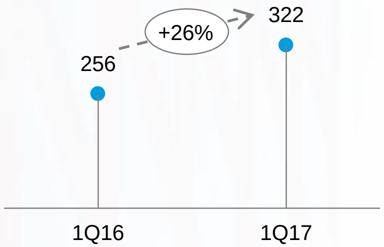
Efficient Customer base increase

#1 on Netflix ISP Speed Index

Homes Passed (mln)

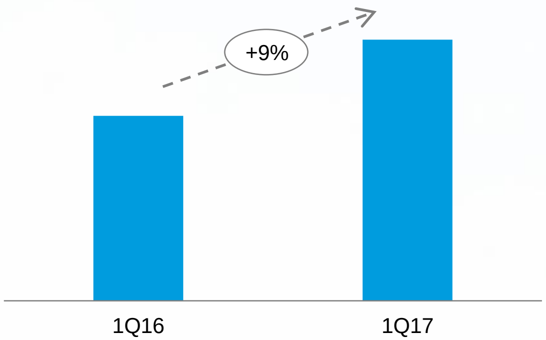


Customer base (thd)



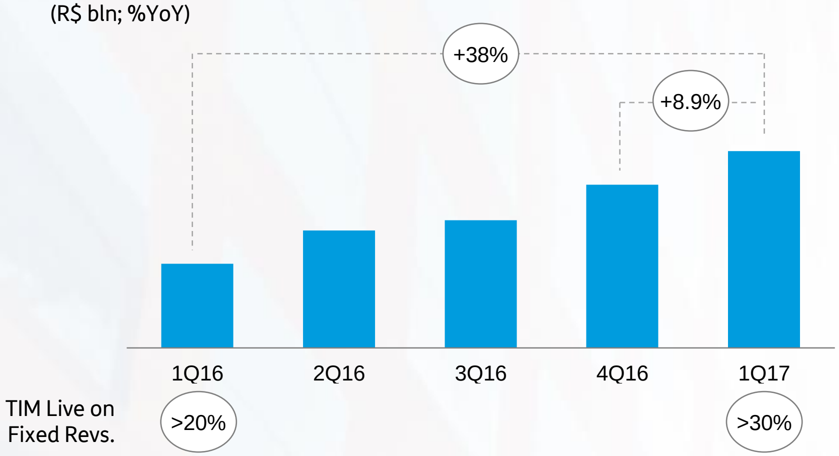
TIM Live ARPU Expansion

(%YoY)

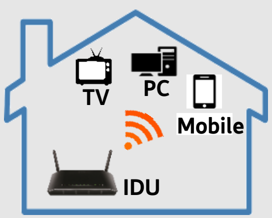


TIM Live Net Revenues

(R$ bln; %YoY)



WTTx Solution Trials: TIM Casa Internet



- Runs over LTE (700MHz, 1.8GHz and 2.6GHz);
- Available offers: 2Mbps (50GB) and 4Mbps (80GB);
- Target markets: Residential;
- Self-installed CPE (*comodato* with lock-in contract)

First Results:

- City: Rio Verde (GO)
- High satisfaction levels (>9.6/10)
- Average data consumption: ~70GB/month
- >80% clients did not have broadband

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4G Fast Rollout Supporting Data Strategy

4G fastest deployment

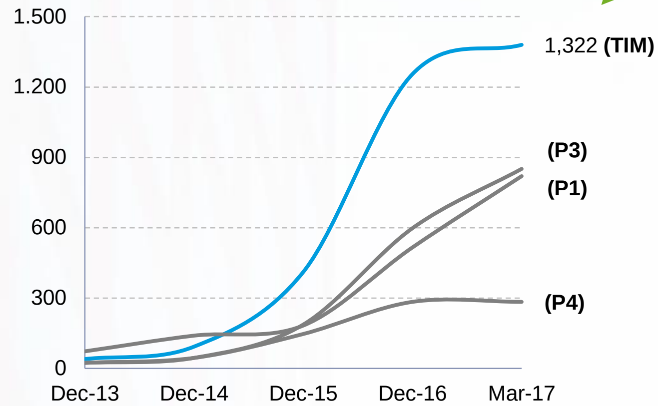
66% of data traffic through 4G devices

>90% of sites with proprietary backhaul

4G Cities Coverage Evolution

(# of cities)

700MHz rollout started in Goiás and Brasília



Source: Teleco website (other players)

Doubling 4G Capacity in Key Areas Trough 1.8GHz Refarming

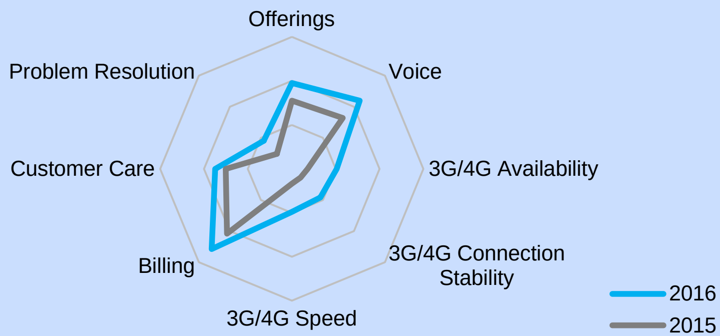
from (1Q15) **10MHz** - - - - - - - -> to (1Q17) **20MHz**

- ✓ Rio de Janeiro
- ✓ São Paulo
- ✓ Porto Alegre
- ✓ Curitiba
- ✓ Distrito Federal

With additional 10MHz from 700MHz still to come

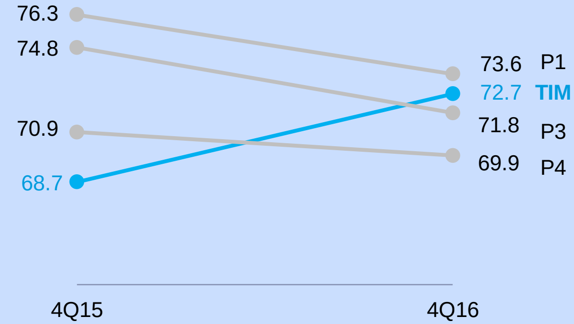
Quality Perception Surveys

TIM's Annual Evolution
(2016 ANATEL's Perception Survey)



Customer Satisfaction Index[1]
(Postpaid general satisfaction)

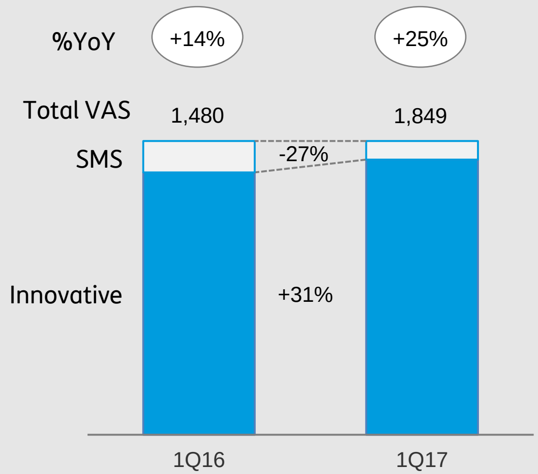
Already #1 in *Controle*



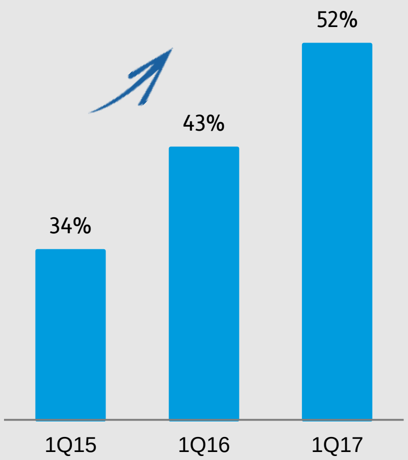
Source: CSI Model by CFI Group. From October to December, 2016.

Turnaround Milestone: Revenues Back to Positive

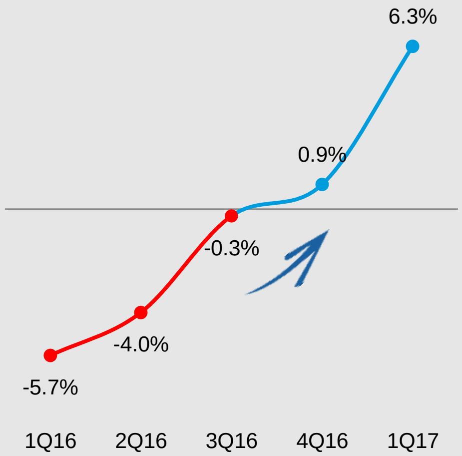
Data Growth Acceleration
(R$ mln; %YoY)



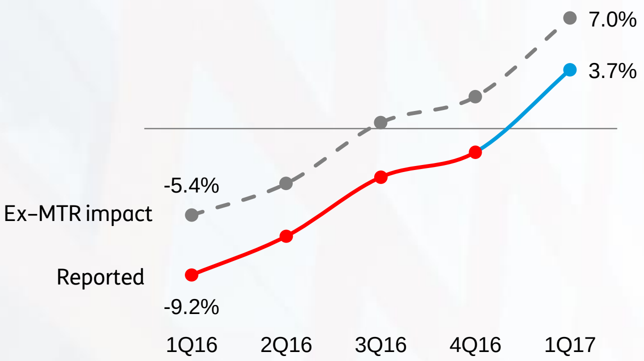
Reshaping Revenues
(VAS over MSR %)



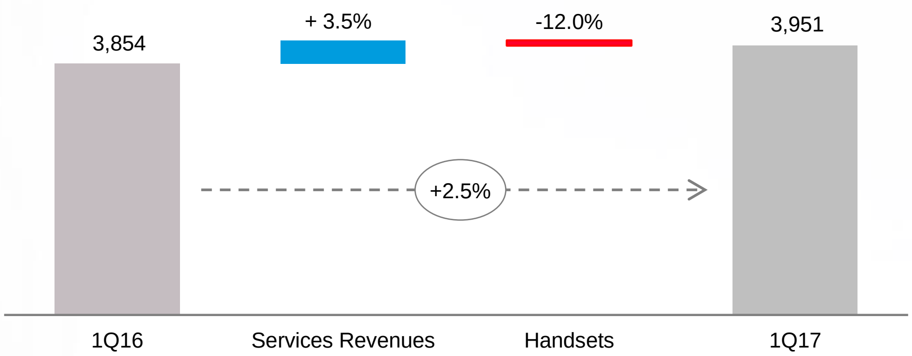
Business Generated
(Mobile Services Net Revenues ex-incoming ; %YoY)



Mobile Service Net Revenues
(%YoY)

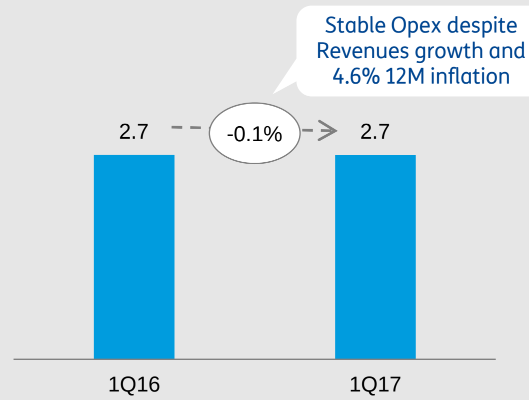


Total Net Revenues Breakdown
(R$ mln; %YoY)

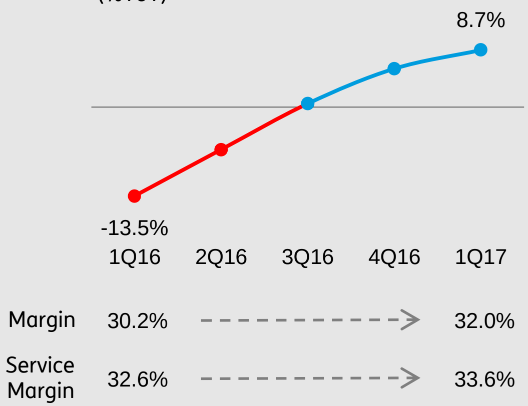


Solid EBITDA Growth With Opex Control and Margin Expansion

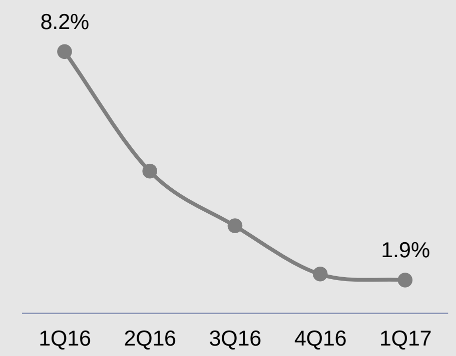
Normalized[1] OPEX
(R$ bln; %YoY)



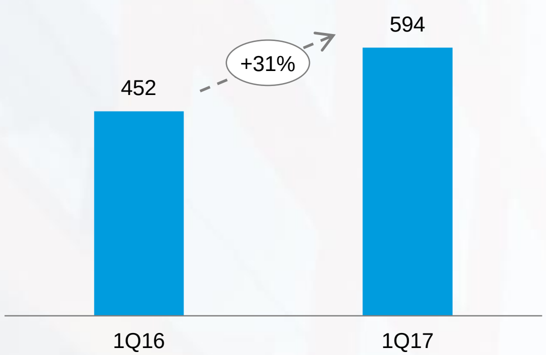
Normalized[1] EBITDA Growth
(%YoY)



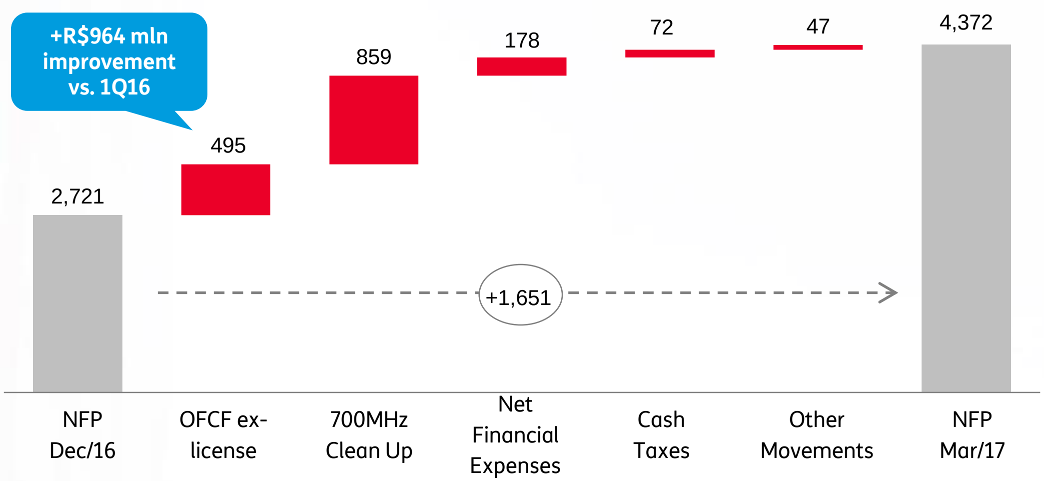
EBITDA Exposure to MTR
(%)



Normalized[1] EBITDA-Capex
(R$ mln; %YoY)



Net Financial Position Evolution
(R$ mln, %)



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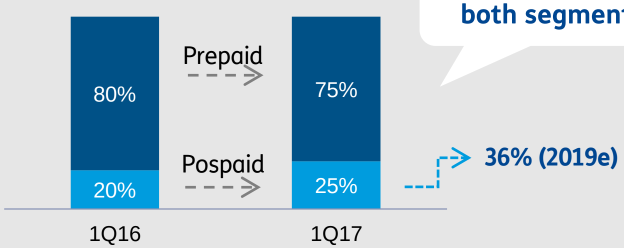
[1] Normalized for towers sale and other transformation impacts

1Q17 Key Messages & Outlook

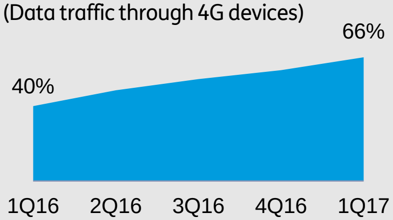
Operational and financial turnaround already bearing results

Customer Base Mix



Value approach in both segments

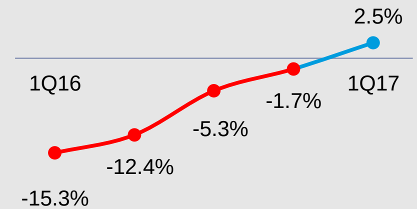
Network Traffic Mix
(Data traffic through 4G devices)



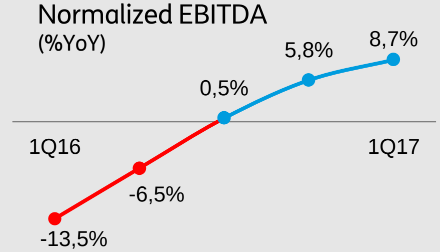
4G leadership reshaping traffic

Revenues at a different pace

Net Revenues
(%YoY)



Normalized EBITDA
(%YoY)

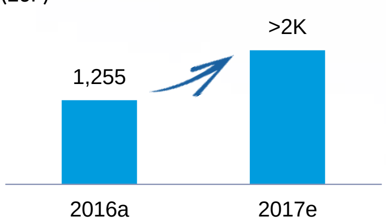


Normalized EBITDA acceleration

Recovery trend should continue going forward

- **Network & Quality:** Network quality to be perceived as a differentiation factor and VoLTE to be launched in 2Q17 helping voice quality
- **Offers:** New offers continue to reshape customer base and usage profile
- **Financials:** Revenues and EBITDA positive growth in every quarter
  FCF growth to be continued

Cities Covered with 4G
(EoP)



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