

Results
4Q20

**Telefônica Brasil S.A.
Investor Relations**

February 24th, 2021

Telefonica

vivo





DISCLAIMER



This presentation may contain forward-looking statements concerning future prospects and objectives regarding growth of the subscriber base, a breakdown of the various services to be offered and their respective results



Our actual results may differ materially from those contained in such forward-looking statements, due to a variety of factors, including Brazilian political and economic factors, the development of competitive technologies, access to the capital required to achieve those results, and the emergence of strong competition in the markets in which we operate



The exclusive purpose of such statements is to indicate how we intend to expand our business and they should therefore not be regarded as guarantees of future performance

Leadership reaffirmed during this challenging year, accelerating digitalization combined with strong financial performance and shareholder remuneration

95mn

Total Accesses

+4 mn in Mobile
Accesses YoY

33.6%

Mobile Market Share

at historic highs
in Q4



**Leadership
reaffirmed**



**Fiber
expansion**

15.7mn

FTTH¹ Homes Passed

+4.7mn
YoY

+52.9%

FTTH¹ Revenues YoY

+8.2%
QoQ

17.8bn

EBITDA
FY2020

41.3% EBITDA
Margin

9.6bn

Free Cash Flow
FY2020

+12.6%
YoY



Profitability



**Shareholder
remuneration**

5.4bn

Shareholders
Remuneration²
FY2020

113.6%
Payout

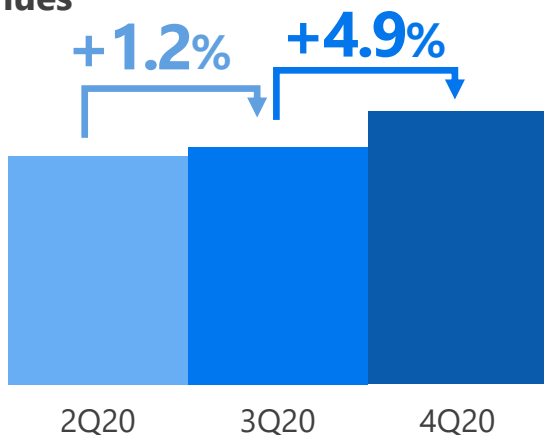
7.0%

Dividend Yield^{2,3}
FY2020

R\$ 3.25
per share³

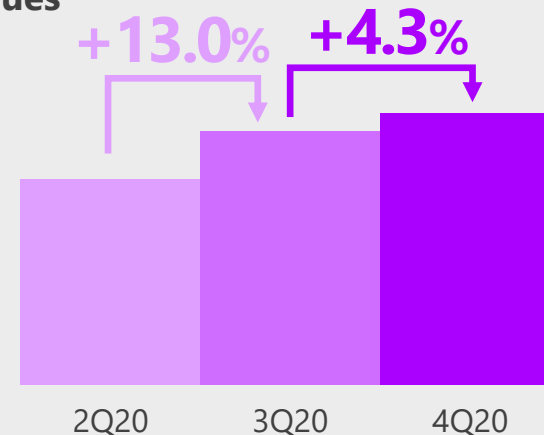
Revenues in key segments continue to improve in 4Q20, with consistent customer base growth and improved monetization

Postpaid Revenues



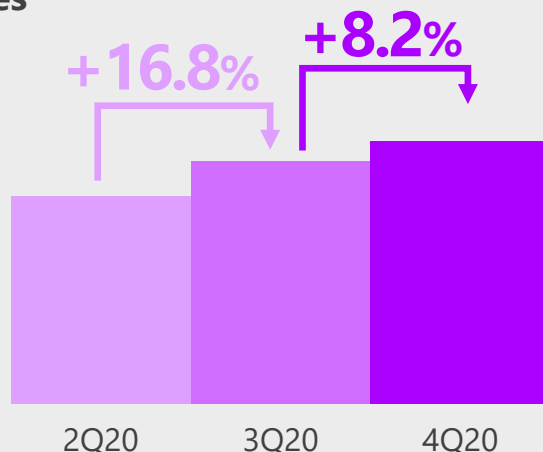
Postpaid evolution driven by **strong net additions** and continued execution of “**more-for-more**” strategy

Prepaid Revenues



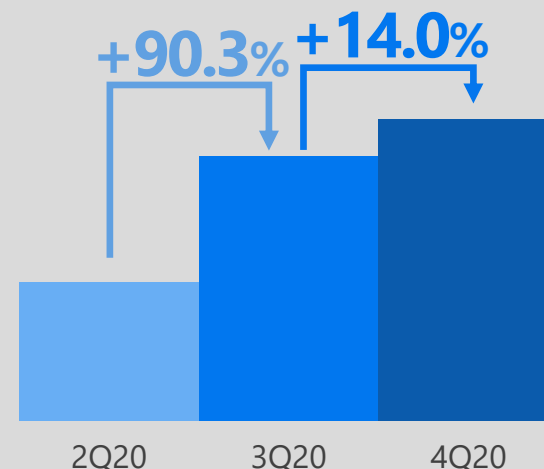
Prepaid revenues continue to grow due to **accelerated net additions** and **active customer base management**

FTTH Revenues



Solid FTTH customer base growth and migrations to higher speeds result in thriving FTTH revenues

Handset Sales



Continued recovery of handset sales benefited by strong activity of year-end campaigns, like Black Friday

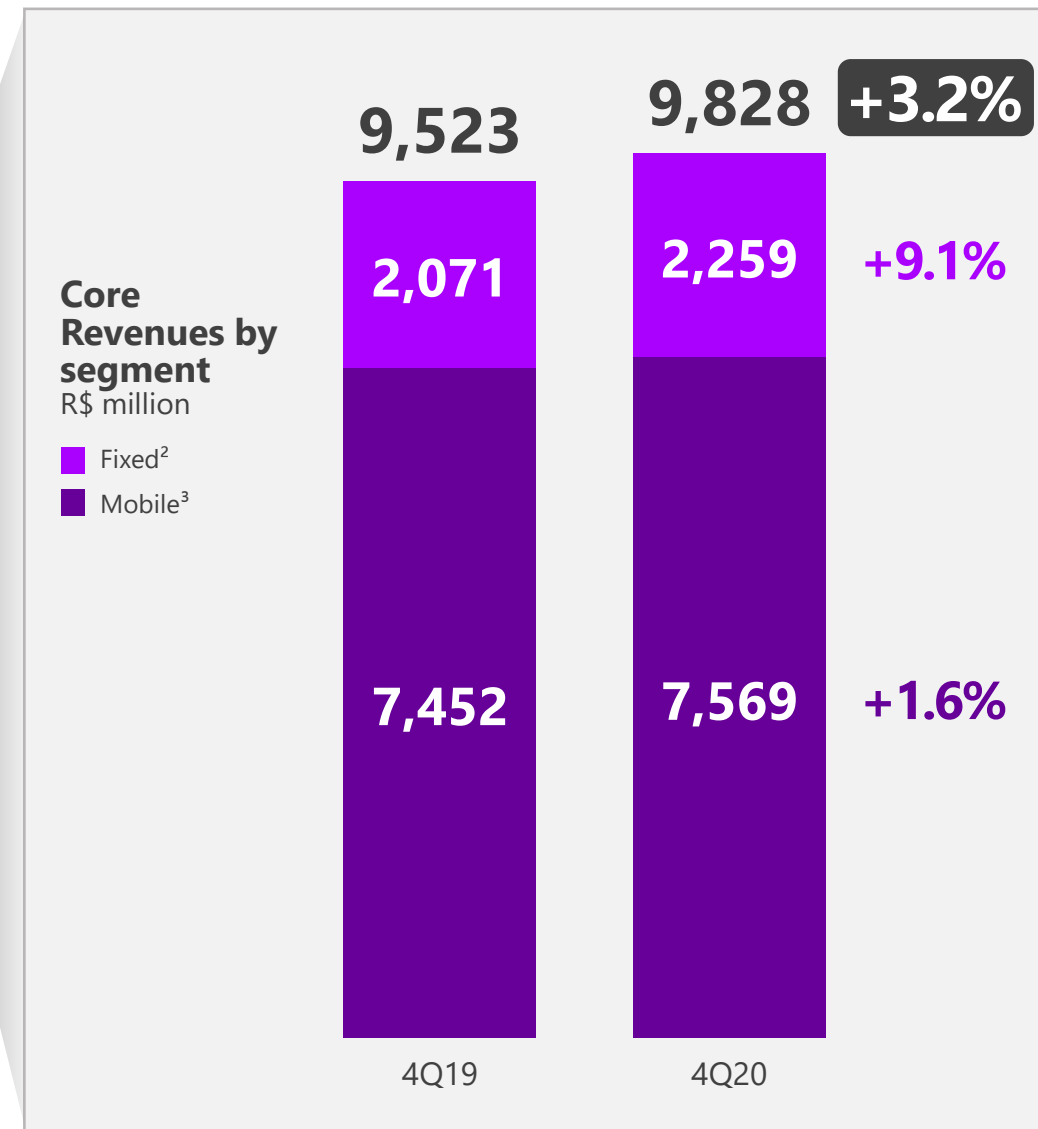
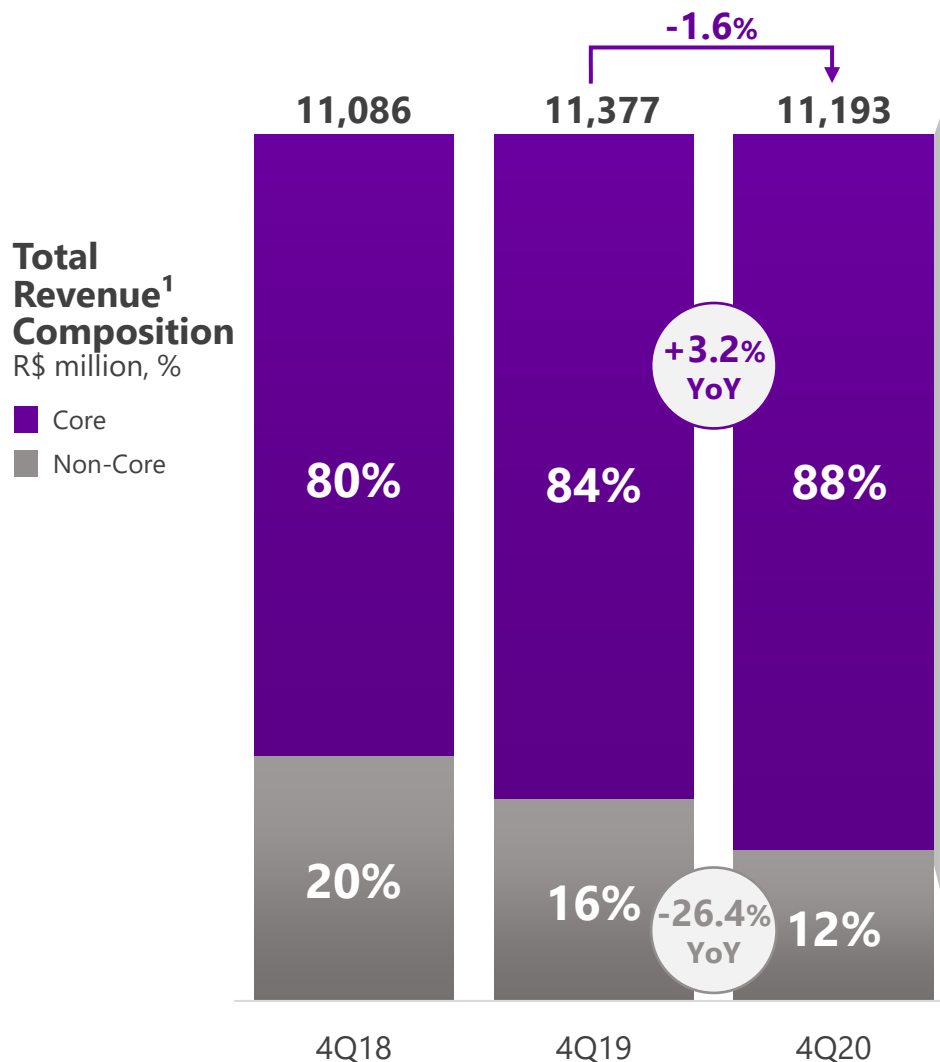
Vivo is transforming its revenue profile: **Core Businesses represent 88% of total Revenues, with a positive outlook for the future**

Core

- Mobile
- Handsets
- FTTx
- IPTV
- Digital Services
- Data & ICT

Non-Core

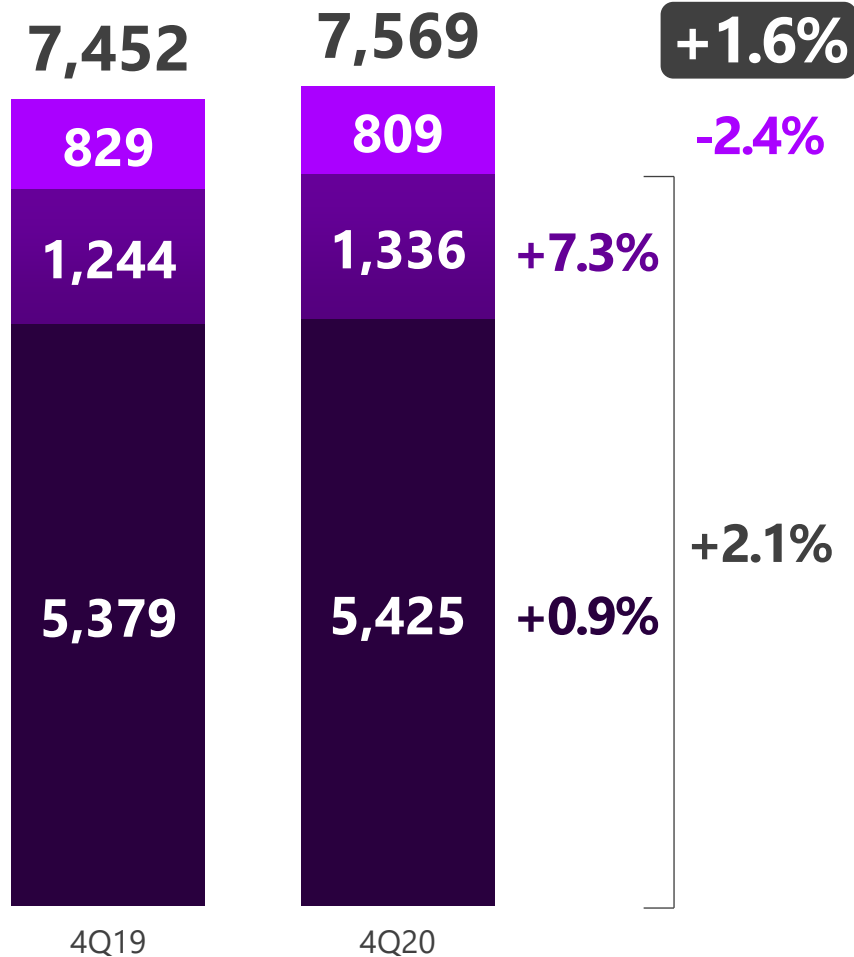
- Fixed Voice
- ADSL
- DTH



Solid recovery of Mobile Service Revenues, driven by growth in both postpaid and prepaid

Mobile Revenues R\$ million

- Handsets
- Prepaid
- Postpaid¹



Postpaid²

ARPU R\$

57% of Total Mobile Accesses
80% of Mobile Services Revenues



Prepaid

ARPU R\$

43% of Total Mobile Accesses
20% of Mobile Services Revenues



Digital Content Partnerships enhancing value proposition



Postpaid ARPU recovering to pre-Covid levels with our "more-for-more" strategy

Stable prepaid ARPU evolution even with impressive volume of net additions

Improvement of ARPU by combining data with a complete portfolio of co-branded plans

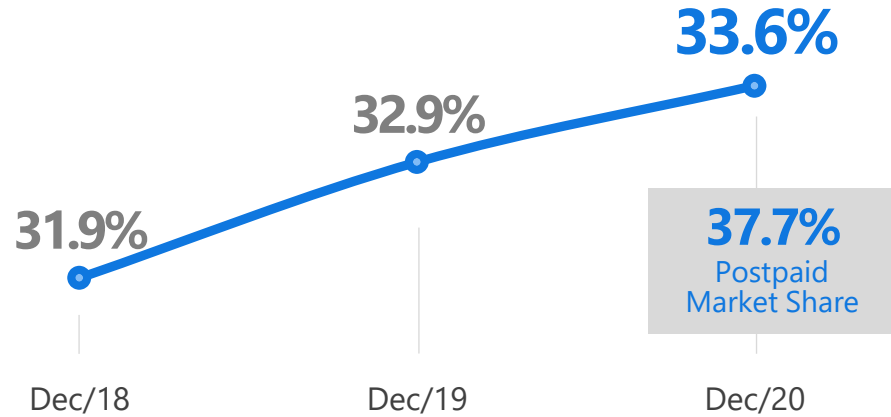
1 – Postpaid revenue including M2M, dongles, wholesale and others.
2 – Postpaid ARPU excluding M2M and dongles

Second to none quality of service and user experience driving another quarter of strong mobile net additions, combined with churn at historically low levels



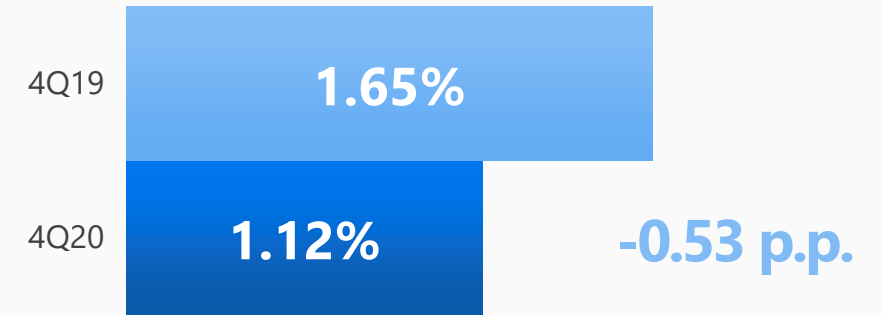
Mobile Market Share

Leadership reaffirmed as market share remains at historic highs in Q4



Postpaid Churn ex-M2M

Lowest churn in 5 years, for the second quarter in a row

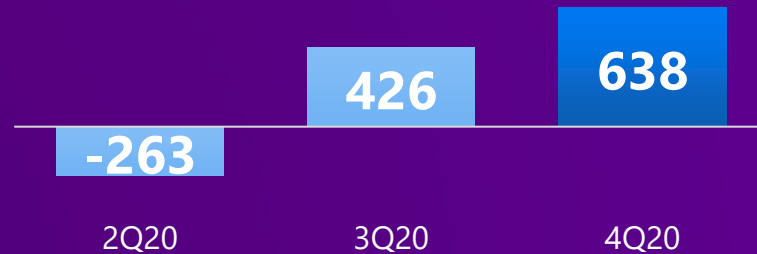


Mobile Postpaid¹

45 million accesses²

Acceleration of Postpaid net additions

Net Adds Thousand



Mobile Prepaid

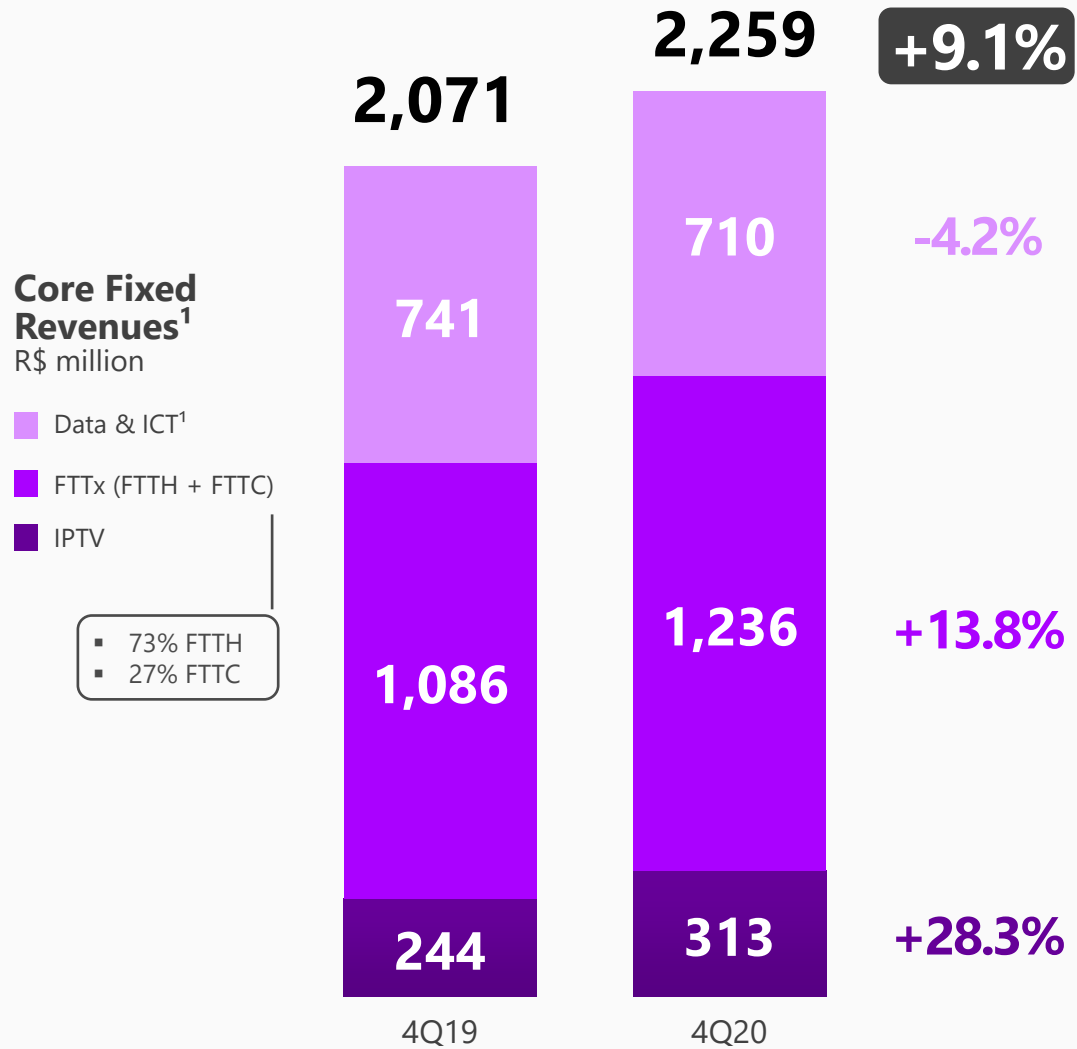
34 million accesses²

Sustained Prepaid growth driven by superior quality

Net Adds Thousand



Core fixed revenues continue to thrive as fiber and digital services increase their relevance

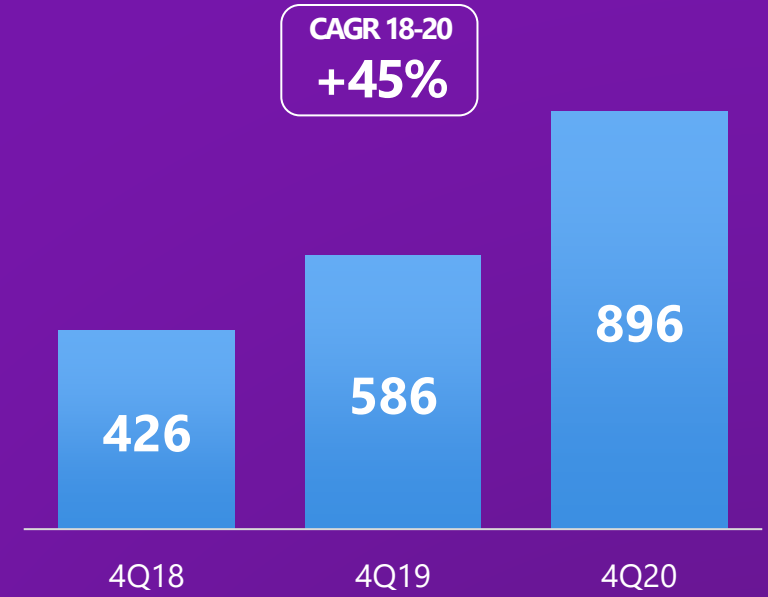


FTTH is the **main growth catalyst** of our core fixed business, delivering **+45% CAGR** in the last 2 years

Rapid acceleration of IPTV revenues, reinforcing our value proposition and increasing customer loyalty

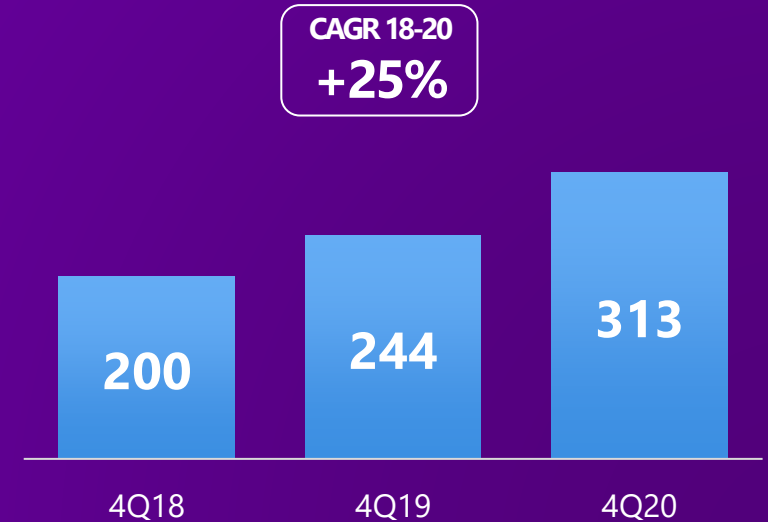
FTTH Revenue

R\$ million



IPTV Revenue

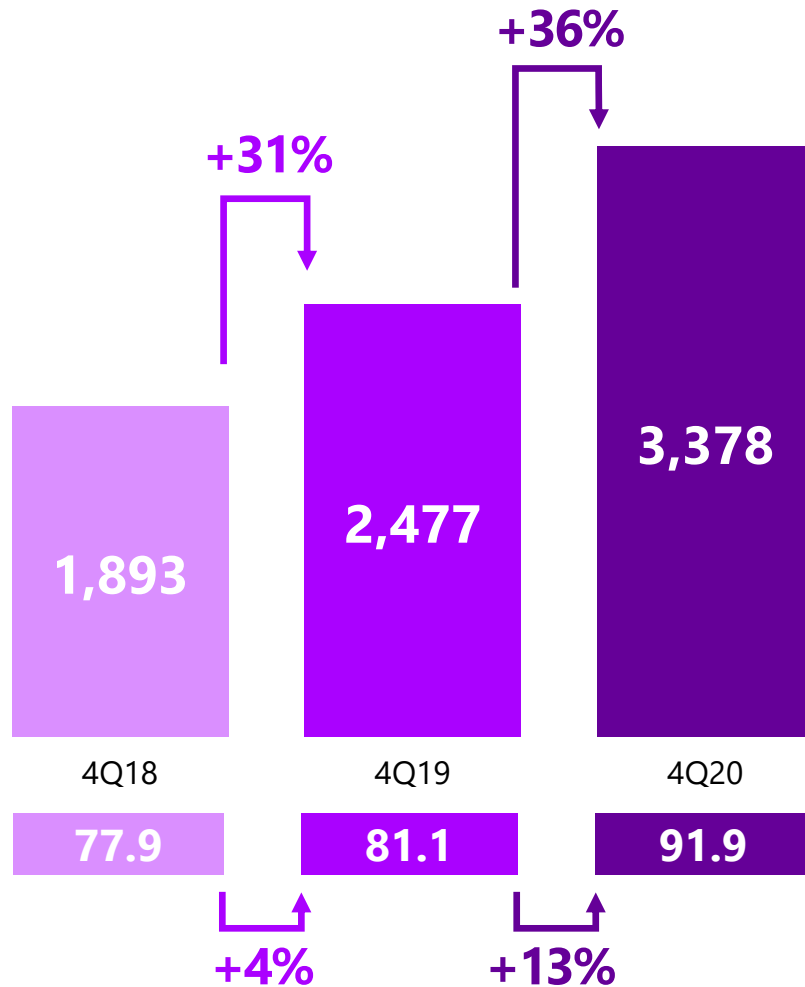
R\$ million



The ramp up of fiber accesses continues as strong as ever, supporting a superior customer mix and increased ARPU

FTTH accesses

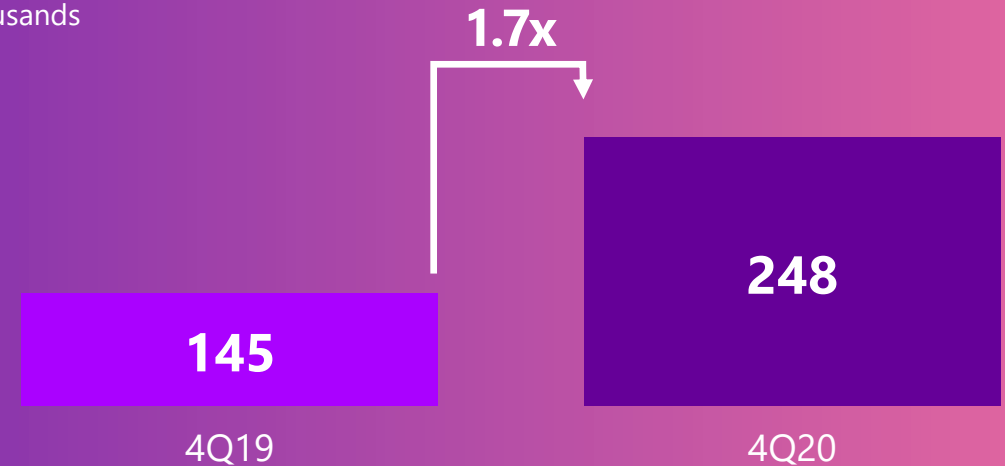
Thousand



ARPU
R\$

FTTH Net Additions

Thousands



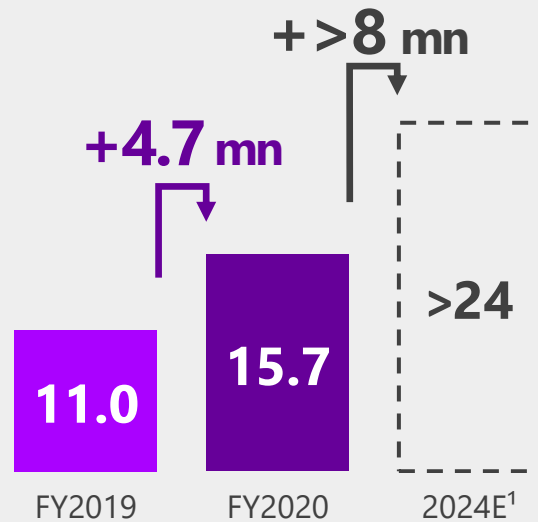
Accelerated adds of high-quality customers in 4Q20

- **>35%** of FTTH gross additions are **convergent¹ customers** (FTTH + mobile postpaid)
- **≈30%** of FTTH gross additions on **speeds of 300MB**
- **≈20%** of FTTH gross additions **sold with IPTV**
- **>25% bundled with Video OTT²** tariffs like Netflix and Disney+

Vivo accelerated fiber deployment reaching 15.7 million HPs in 2020 and plans to reach >24 million by the end of 2024



FTTH HPs (million)



Homes Connected



of Cities



- New cities launched >2 years ago have already reached the **expected penetration**, confirming the business case



LatAm's Largest FTTH footprint

Equivalent to the sum of FTTH HPs in **UK, Germany, Netherlands and Australia**



Almost **30% of Brazilian Addressable Homes²** already passed

Absolute leadership in homes connected in the FTTH market with 20.3% market share, +6 p.p. vs the 2nd player



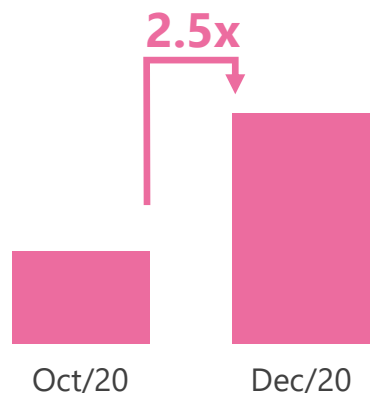
Independent and Neutral Fiber Network

- **Advanced negotiations** with a major international financial Investor
- Vivo to **carve out 1.6 mn brownfield HPs** and will hold a stake in the new company, together with T. Infra (Telefónica Group's Infrastructure Unit) and the Investor
- The **target is to expand to >5.5 mn HPs** in selected areas, over the next 4 years, with **Vivo as the anchor tenant**
- It will **accelerate fiber deployment** and reduce time-to-market of our convergent offer

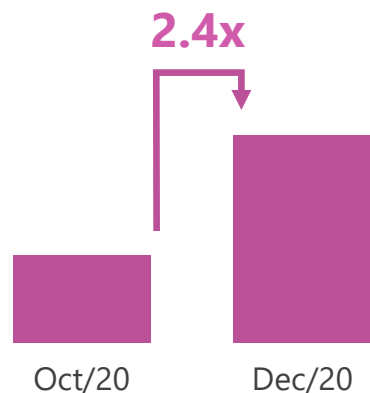
Vivo is accelerating growth in services beyond connectivity, with **initiatives across the digital space that are increasingly gaining traction**

VIVO MONEY*

New contracts/month



Monthly credit origination R\$

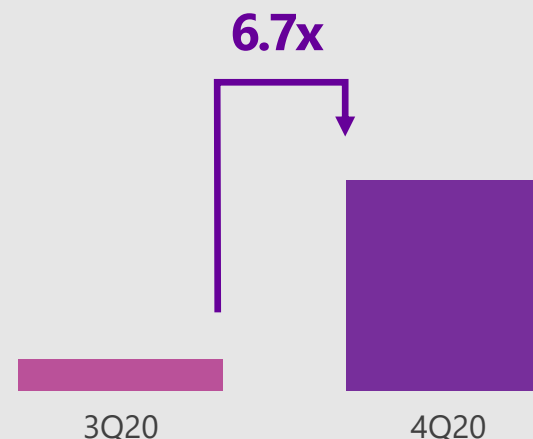


Initial results confirm strong potential

High quality mobile customers with digital profile (superior adoption of Meu Vivo)

VIVO MARKETPLACE

Gross Merchandise Value R\$

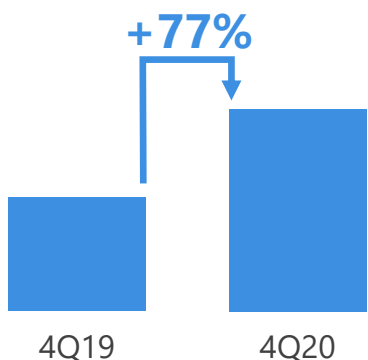


Promising initial results at loja.vivo.com.br

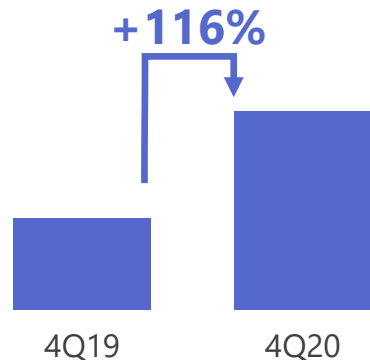
Expanding portfolio of products as Vivo becomes a one-stop shop for tech and connectivity-related solutions

VIVO EMPRESAS

Cloud Revenues R\$



Cybersecurity R\$

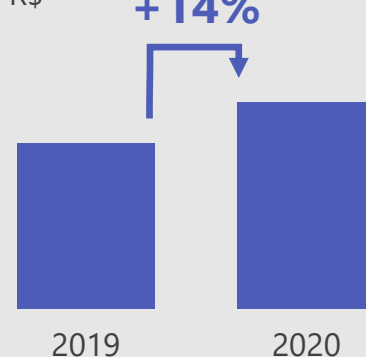


Unique and complete portfolio of B2B solutions

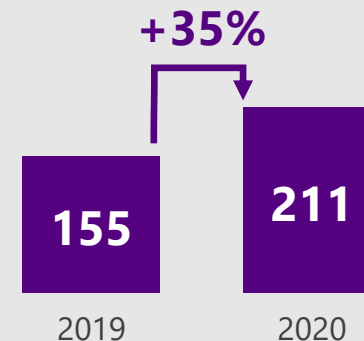
Capturing opportunities in the digital space by offering an array of B2B services

VIVO ADS

Vivo Ads Revenues R\$



Terra Portal visits¹ avg. per month; million



Double digit expansion in Vivo Ads and number of visits to terra.com.br

Growth in Vivo Ads driven by superior advertising products and visits to the Terra Portal, given improved media coverage

The acquisition of Oi's Mobile Assets enhances Vivo's position in quality of service and generates value to shareholders through the capture of synergies

Joint Bid

vivo

Amount to be paid

R\$16.5bn

R\$5.5bn

Spectrum

92MHz

43MHz

Client Base

36.2mn

≈10.5mn

Sites

14.7k

2.7k

Milestones



Dec 14, 20

Public Auction of Oi's Mobile Assets



Dec 31, 20

Filing with ANATEL



Jan 28, 21

Purchase and Sale Agreement Signed



Feb 08, 21

Filing with CADE



2H2021: Expected closing of the deal

Upsides for Vivo



Tactical expansion of market share in regions less explored by the Company, with efficiency gains through better network usage



OpEx and CapEx synergies boosted by solid track record of previous integrations



Upgraded overall customer experience given the improvement of mobile network quality nationwide



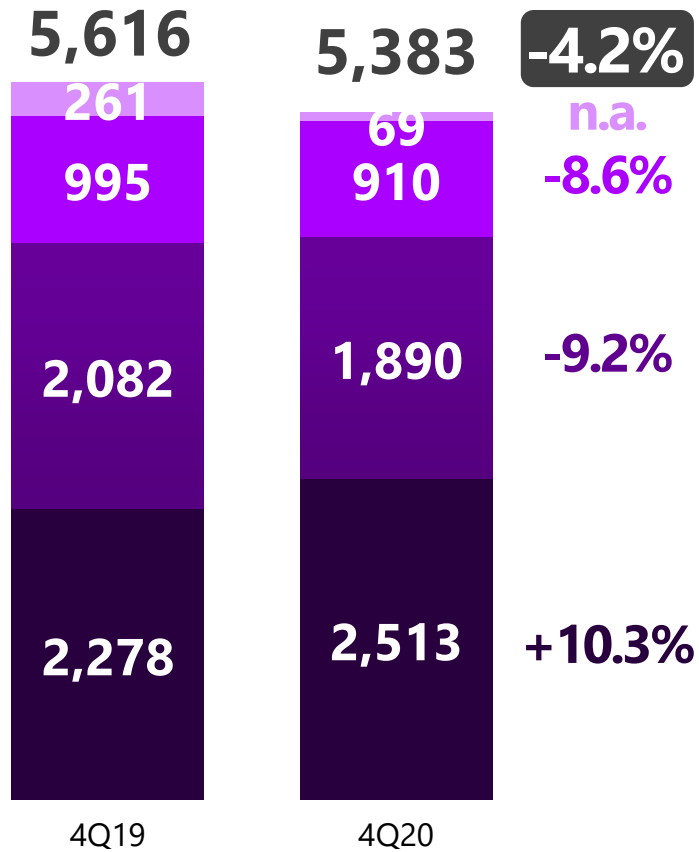
Accelerate the country's digitalization process through **sustainable investments in infrastructure and innovation**

Vivo continues to deliver **sustainable cost efficiencies**

Recurring Costs ex-COGS¹

R\$ million and % over Total Costs

- G&A + Other Expenses
- Personnel Cost
- Commercial Expenses
- Cost of Services Rendered



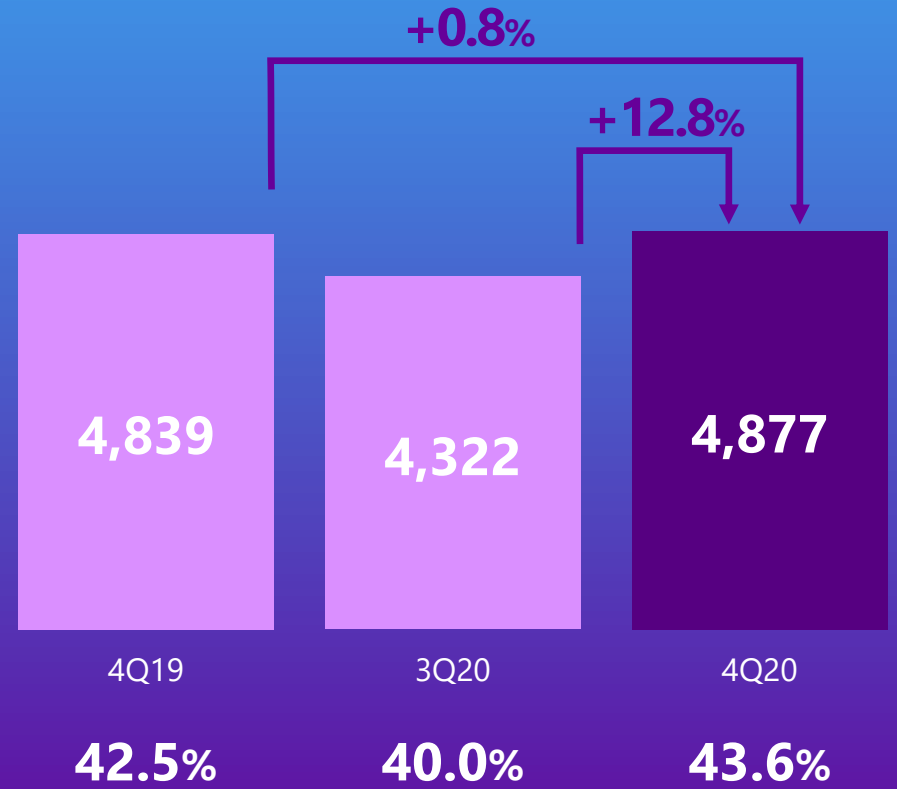
Recurring Costs **6,538** **6,316** **-3.4%**

Inflation 12M **4.3%** **4.5%**

- **Decrease in G&A and Personnel Costs** due to cost control initiatives and government measures related to COVID-19;
- Reduction in Commercial Expenses driven by **lower spend with commissioning, call centers, billing and advertising**, benefited by digitalization initiatives and lower bad debt (-8.9% YoY);
- **Increase in Cost of Services Rendered due to higher variable costs** related to digital revenues, interconnection and mobile customer base growth.

Recurring EBITDA

R\$ million



Rec. EBITDA Margin

42.5%

40.0%

43.6%

Digitalization and simplification initiatives continue to advance while maximizing savings and improving customer experience

Billing

84%



e-billing penetration
(+12 p.p. YoY)

Collection

64%



Payments using digital platforms

Customer care

25%



Digital tech support

Call Center

-24%



Call center calls

Digital Top-Ups

37%



of recharges made digitally

Digital Sales

+61%

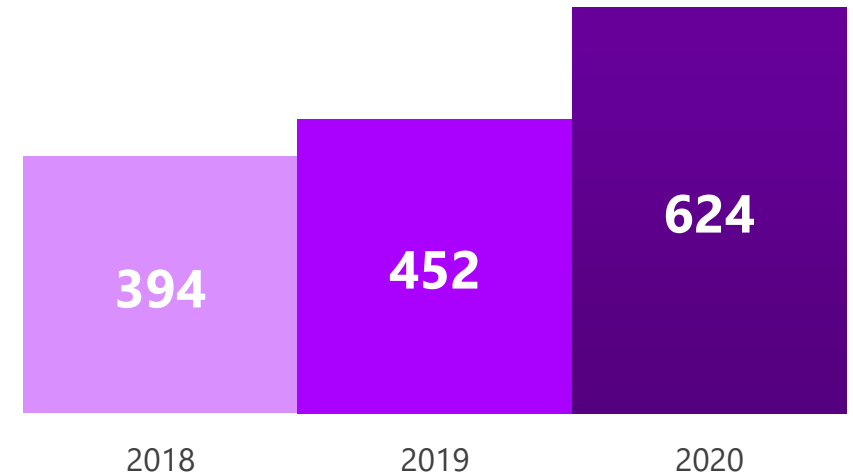


Growth in digital sales YoY

R\$ 1.5 bn
in opex saved
vs. 2017

94%
of the R\$ 1.6
bn target for
18-21 period

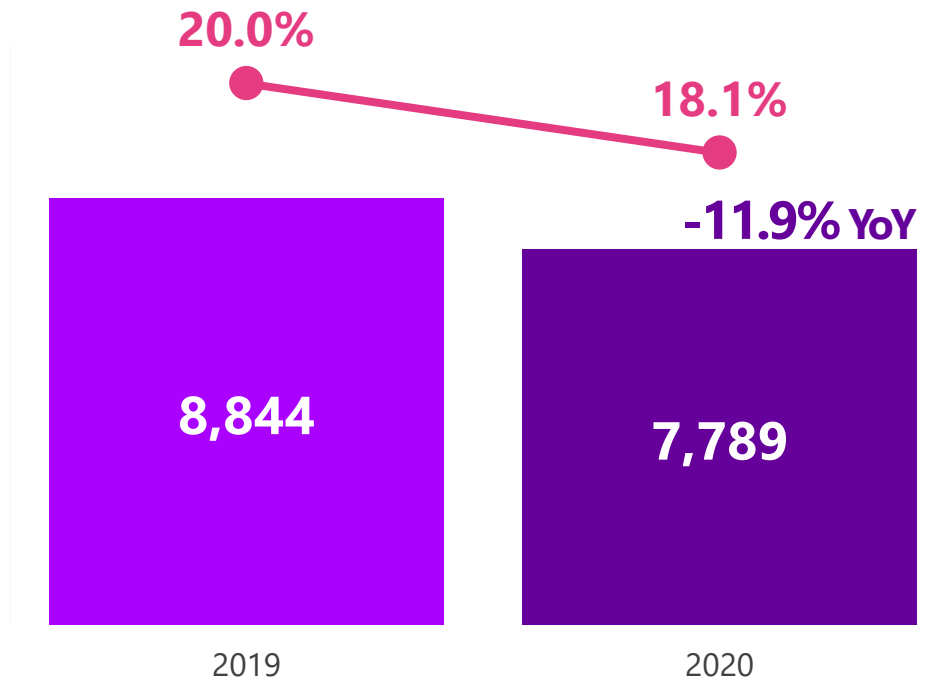
Digitalization Opex Savings vs previous year
R\$ million



Smart capex allocation to be benefitted by sharing initiative with TIM

Capex

- Capex¹ (R\$ million)
- Capex¹/Sales



- **70.7%** of Capex invested in growth
- **31.0%** invested in FTTH and IPTV

Network Sharing with TIM

Initiatives

Deliverables

Coverage Expansion

4G coverage expansion with less Capex intensity

- **348 cities by Feb 21** (≈174 for each operator)
- **730 cities in 1H21** (≈365 each)

Network Consolidation

Single-Grid model in cities below 30k inhabitants, with improved quality

- **Pilot in 50 cities started**, with conclusion and decision on agreement expansion in 2021
- **Full potential of 1.6k cities** (≈ 800 for each operator)

2G Network shutdown

Switch-off of 2G sites, with cost efficiency and refarming of frequencies

- **Pilot started** (final tests in 1H21)
- **Start of roll out expected for 3Q21**

- **All initiatives to be up and running in 2021 with important evolution in coverage expansion**
- **Reaffirming the relevance and value of the opportunity**

Conclusion of the **Unification of Share Classes** and strong **dividend payout**, reinforcing our **solid governance** and **shareholder remuneration practices**

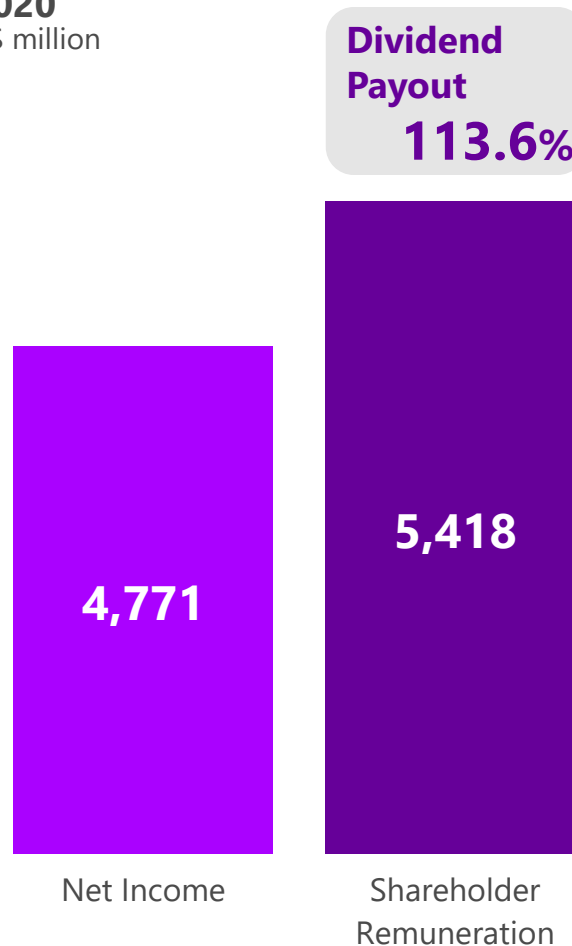
VIVT3

- Trading with **one ticker in B3** and **ADRs backed by voting shares in NYSE** as of November 23rd, 2020
- Granting all shareholders **tag-along** and **voting rights**, aligned with the best governance practices

Share Buyback

- Acquisition¹ of **R\$ 58.4 million** through the new program, representing 1.3 million shares

Net Income and Proposed Shareholder Remuneration² 2020
R\$ million



Proposed Remuneration² based on 2020 net income:

IOC³

R\$ 2.6 billion

Dividends

R\$ 2.8 billion

R\$ 5.4 billion

Gross/Share⁴

R\$ 3.25

Dividend Yield⁴

7.0%

Payment schedule:

First Tranche:

R\$ 2.6 bn **Jul 13th, 2021**

Second Tranche:

R\$ 2.8 bn **Oct 05th, 2021**

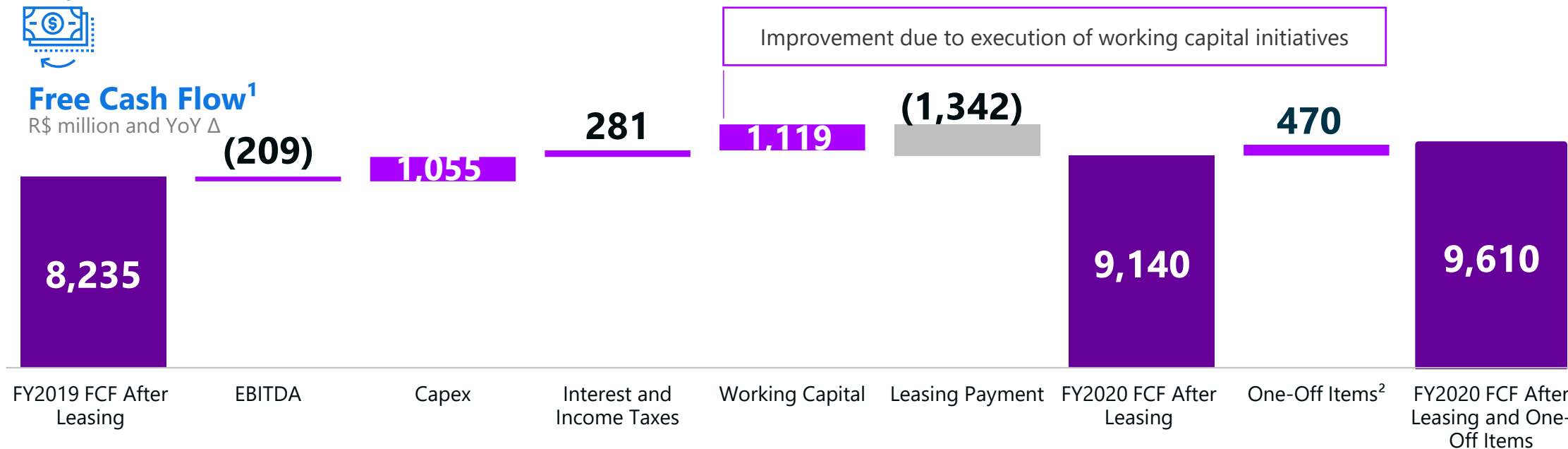
1 – Up to January 2021. 2 – Includes R\$ 1.6 billion proposed by the Board of Directors held on February 19th, 2021 and to be approved by the General Shareholders Meeting of April 15th, 2021. 3 – Interest on Capital. 4 – Considers the amounts deliberated to the preferred shares until the unification of share classes held on November 23rd, 2020.

Effective financial management and rational capex allocation resulting in **Free Cash Flow increase of 12.6% YoY** in 2020



Free Cash Flow¹

R\$ million and YoY Δ



YoY%
Variations

-1.2%

-11.9%

-25.1%

+63.6%

+89.3%

+11.0%

n.a.

+12.6%



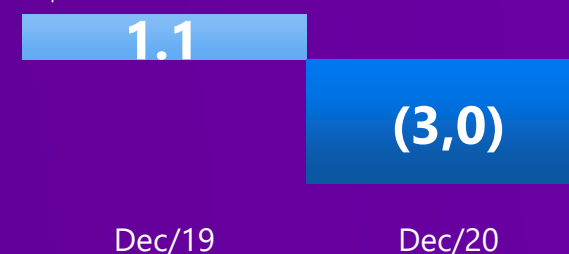
Solid cash generation resulting in net cash position

Gross Debt³ R\$ billion



Net (Cash) Debt³

R\$ billion



Important ESG results strengthen **Vivo's commitment to being a protagonist in building a more sustainable society**

Environment

Social

Governance

7.7 tons
of electronic waste collected
(+15% YoY)

with **Recycle with Vivo**, a program oriented to the recycling and correct disposal of electronic waste



R\$ 59.4 mn invested in education,
2.4 mn people benefitted

by **Fundação Telefônica**
Vivo's social projects in 2020,
and an additional R\$36.6 mn
to COVID relief efforts



Industry Mover 2021
in S&P's Sustainability Yearbook

also listed on **ISE/B3** for the
9th consecutive year and on
the **new Carbon Efficient**
Index (ICO2/B3) 2021

Sustainability Award
Industry Mover 2021

S&P Global

ISEB3

ICO2 B3

"A list" of the Carbon Disclosure
Project (CDP)

first local submission to
(CDP), guaranteeing the
best grade in Climate
Evaluation



Recognition of Vivo as **the winner in**
the Diversity category

by **CNN Notables Award** due to
its commitment to promote
diversity and inclusion



DSC 10000 Certification

Obtained for the **Vivo**
Compliance Program
(**#VivoDeAcordo**) covering the
certification standards based on
the Brazilian anticorruption laws
and regulations



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For further information:

Investor Relations

+55 11 3430.3687

ir.br@telefonica.com
www.telefonica.com.br/ir

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