

RESULTS

4Q19



Investor Relations | March 25, 2020



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

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DURING 4Q 2019, OI'S HIGHLIGHTS INTENSIFIED THE EXECUTION OF ITS STRATEGIC PLAN, GOING INTO 2020 WITH A SOLID BASE



FUNDING

- ✓ R\$ 4.3 billion for Unitel deal.
- ✓ R\$ 3.1 billion in PIS/COFINS tax credits.
- ✓ R\$ 669 million in pension fund surplus distribution.
- ✓ R\$ 2.5 billion in bridge loan.
- ✓ R\$ 120 million in real estate sales
-  2Q/20 Mobile Towers sale.
-  2Q/20 R\$ 280 million in real estate [Property in Santa Catarina waiting for Anatel release – R\$ 80 mm].
-  2Q/20 Data centers sale.

OPERATIONS

FTTH

4.6 million homes passed by the end of 2019.
675 thousand homes connected in December.

MOBILITY

31% share of net adds in postpaid in FY 2019.
15% YoY growth in postpaid customer revenues.

B2B

70% of IT revenue YoY growth.





WHOLESALE

62% unregulated revenues in total revenues mix.

COPPER

0.5-1.0 billion addressable for focused cost reduction

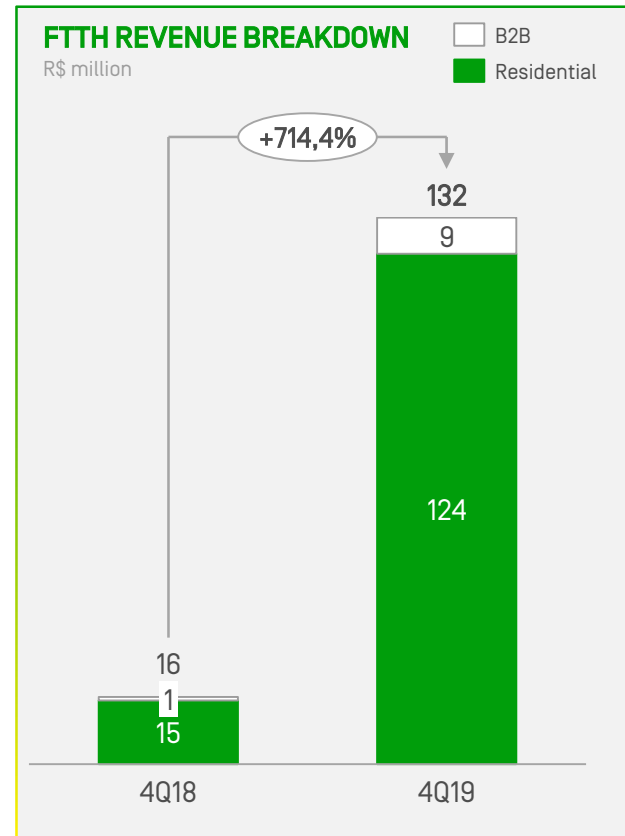
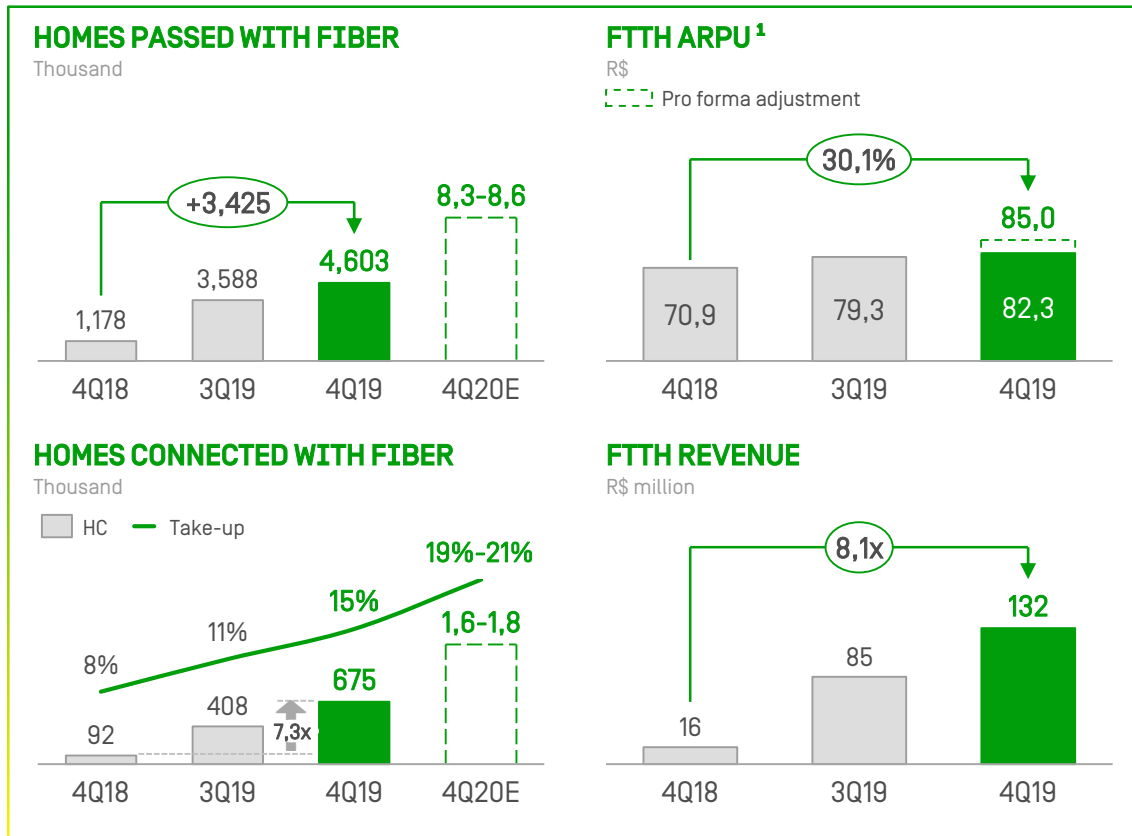
EFFICIENCY AND

- + Sales, Mktg & Customer Service
→ Portfolio Simplification; Digital sales channel acceleration. [R\$ 150 – 200 MM] 
- + Process and Organization
→ Ongoing Simplification effort and new org implemented [R\$ 100 – 150 MM] 
- + Business Support
→ Back-office reduction; Supply Chain / Energy efficiency initiatives. [R\$ 150–300MM] 
- + IT, Network and Operations
→ Reduction of IT legacy projects; [R\$ 100 – 200 MM] 
- Decommissioning of Legacy Networks; [R\$ 150 – 200 MM]

STRATEGIC OPTIONS

- General Creditors Meeting (GCM) for Plan amendments and Company flexibility expected for 2H 2020
- Judicial recovery extension granted to allow for GCM
- Market sounding process for mobile in progress
- Strategic options for value maximization in progress
- Full regulatory campaign in place for future PLC impact

FIBER PROJECT IMPLEMENTATION REACHED CRUISE SPEED OF AROUND 400 THOUSAND HOMES PASSED AND 100 THOUSAND HOMES CONNECTED PER MONTH...



1- The pro forma ARPU of R\$ 85,0 excludes the impact of 1st month promotion, and adjusts the pro-rata ARPU of new customers who entered after the beginning of the month

... MAKING OI'S FTTH DEPLOYMENT ONE OF THE LARGEST FIBER DEPLOYMENTS GLOBALLY, BOTH IN SPEED OF HOMES PASSED AND NEW CUSTOMER CONNECTIONS



OI FIBRA

Internet com ultra velocidade e modem WiFi UP para conectar a casa inteira

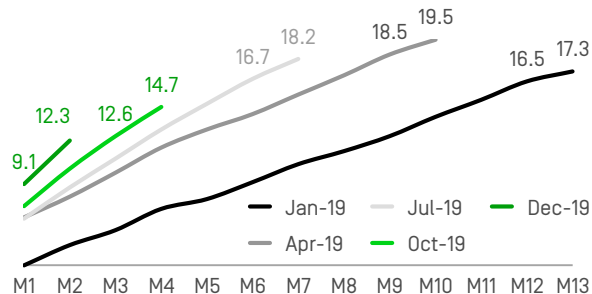
200 MEGA

Por **R\$ 99,90** /MÊS

Eu quero

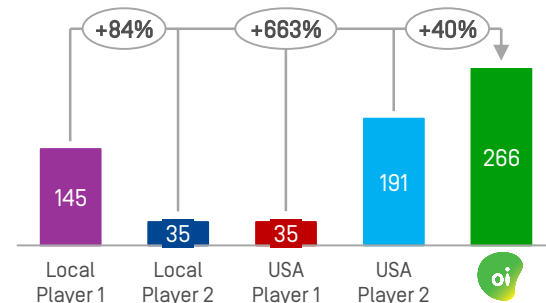
FTTH PENETRATION PER COHORT (%)

New homes passed recorded a take-up rate over 12% two months after construction.

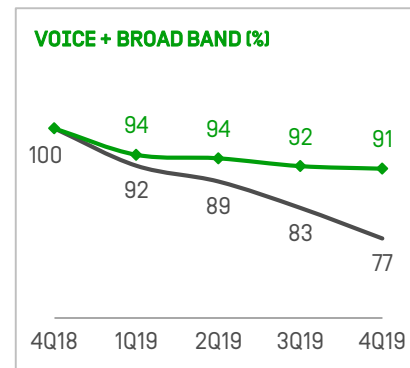
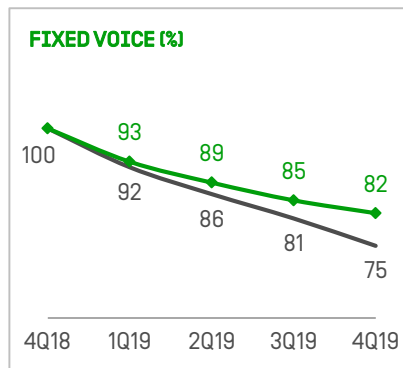
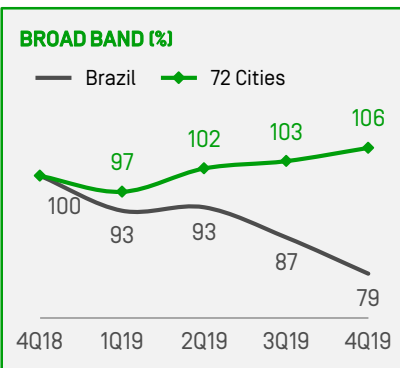


BENCHMARK: FTTH 4Q HOMES CONNECTED

Thousand



THE FIRST 72 CITIES WITH FTTH KEEP SHOWING CONSISTENT BROADBAND REVENUE GROWTH

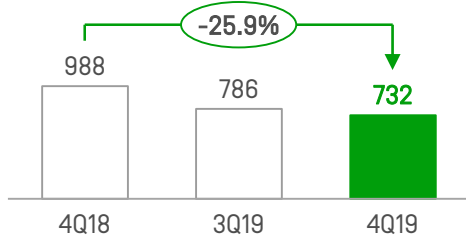


STRONG FTTH REVENUE GROWTH, LEADING TO A 7,2% SHARE OF TOTAL RESIDENTIAL NET REVENUES. DECLINE IN LEGACY REVENUES REFLECTS STRUCTURAL TRENDS BUT ALSO OI COMPANY'S REVISED APPROACH TO COPPER



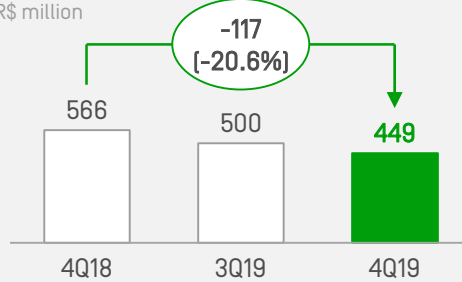
COPPER VOICE REVENUE

R\$ million



COPPER BROADBAND REVENUE

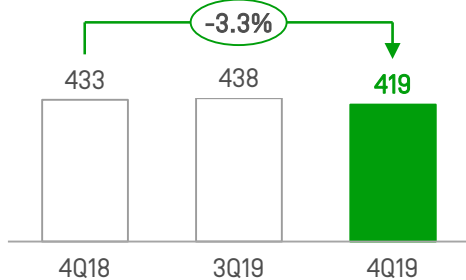
R\$ million



Although with a much smaller customer base, YoY growth in fiber revenues almost offsets decline in copper broadband revenues already.

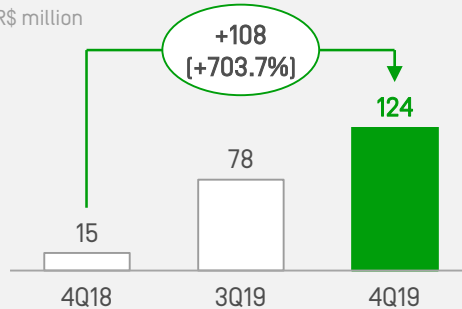
DTH TV REVENUE

R\$ million



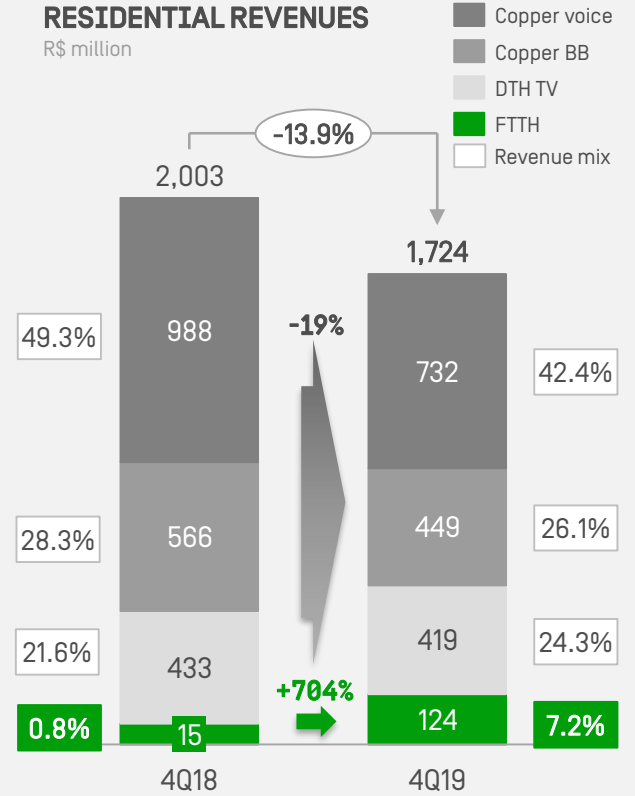
FTTH REVENUE

R\$ million



RESIDENTIAL REVENUES

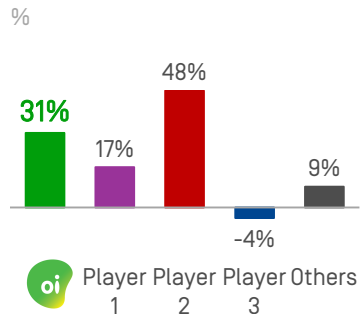
R\$ million



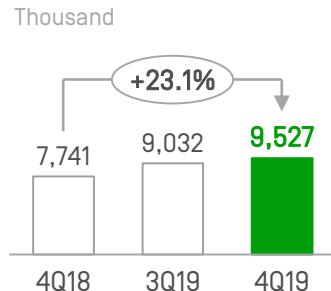
MOBILITY REVENUES REVERSES THE TREND, GROWING YEAR-ON-YEAR, DRIVEN BY ROBUST RESULTS IN POSTPAID



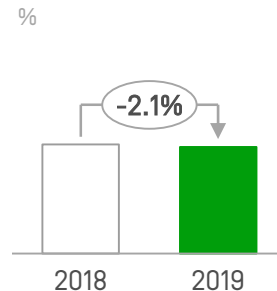
2019 POSTPAID SHARE OF NET ADDS²



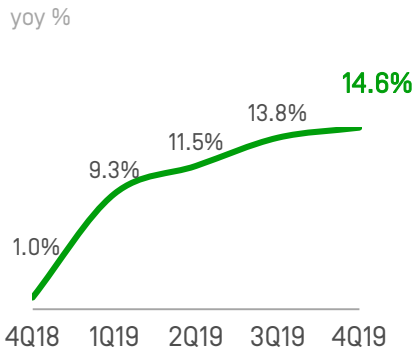
POSTPAID CUSTOMER BASE



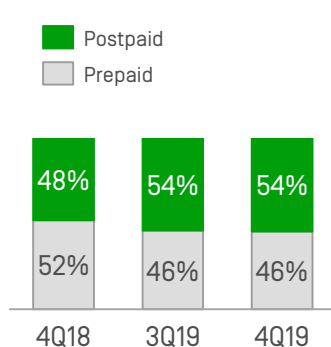
POSTPAID FPD³ TREND



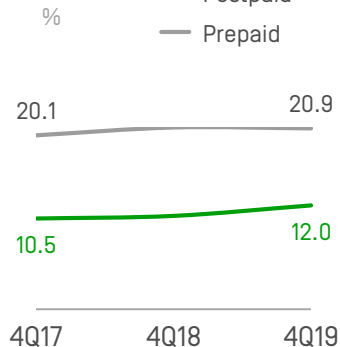
POSTPAID REVENUE TRENDS¹



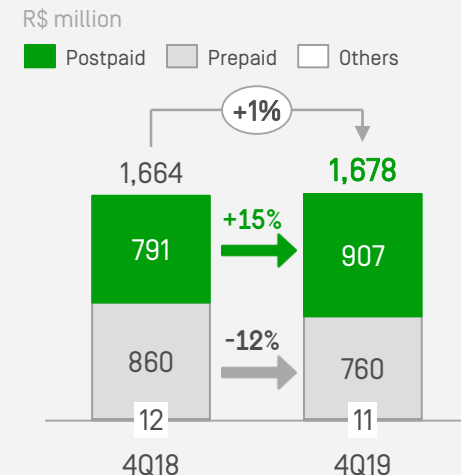
MOBILE REVENUE MIX¹



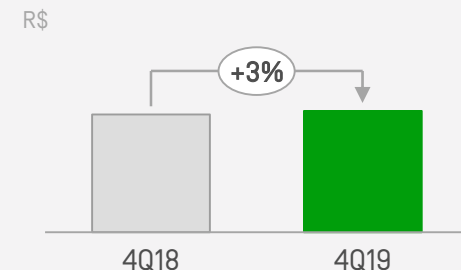
MOBILE MARKET SHARE



MOBILE CUSTOMER REVENUES¹



MOBILE ARPU¹



1- Excludes interconnection revenues and handset sales. | 2 - Ex-M2M. | 3 - First Payment Default

B2B REVENUES ALSO BACK TO GROWTH, WITH GOOD PERFORMANCE ON CORPORATE SALES OF DIGITAL & IT SOLUTIONS



DIGITAL / IT SOLUTION PROVIDER

Strategy to accelerate the positioning as a solutions integrator structured in 3 key priorities:

1 EXTENSIVE PORTFOLIO REVIEW ICT ROADMAP / NEW SOLUTIONS

2 FOCUSED ORGANIZATION

- Adherent to strategy, customers' needs and IT ecosystem.

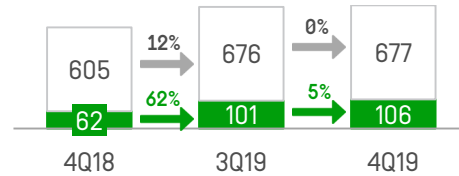
3 NEW OI SOLUTIONS POSITIONING

- Brand review and communication strategy

CORPORATE REVENUE TRENDS

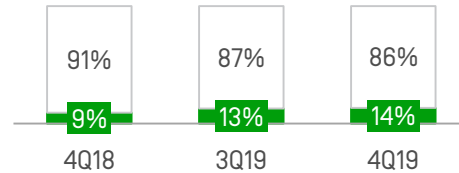
R\$ million

Other IT



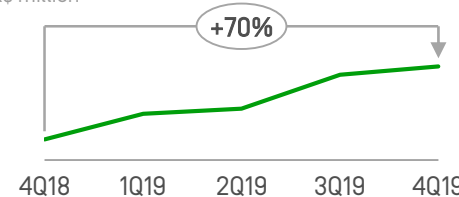
CORPORATE REVENUE MIX

Other IT



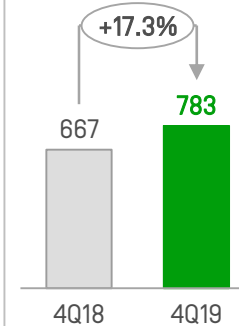
IT NET REVENUE TRENDS

R\$ million



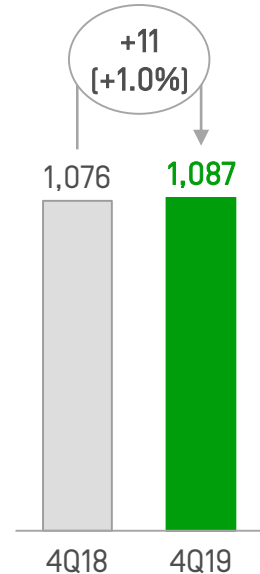
CORPORATE REVENUES

R\$ million



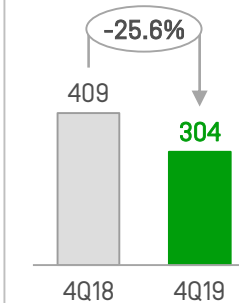
TOTAL B2B REVENUES

R\$ million

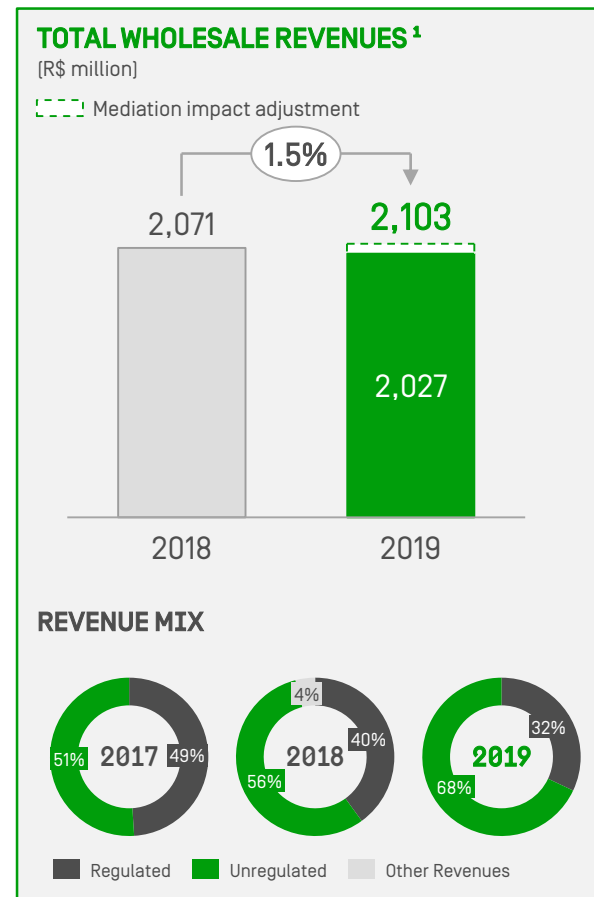
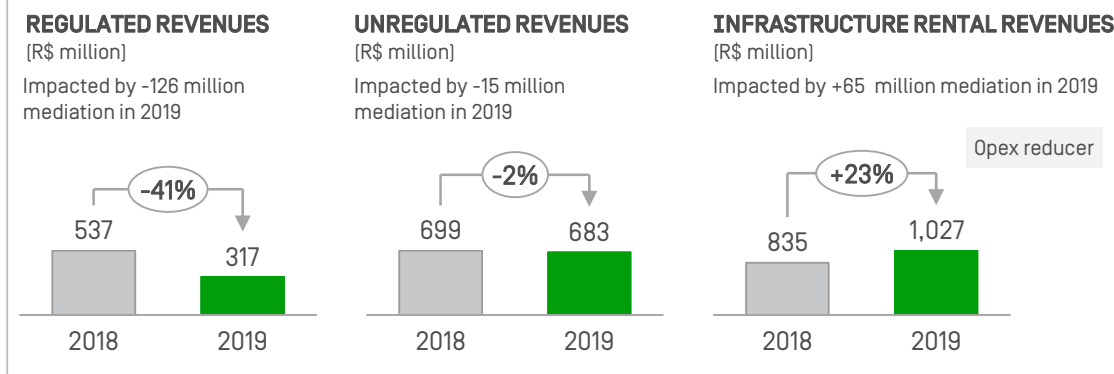


SME REVENUES

R\$ million



ON WHOLESALE, STRATEGY FOCUSED ON UNREGULATED MARKET LEVERAGING INFRASTRUCTURE LEADERSHIP AND OFFERINGS FOR HIGH GROWTH DEMANDS AREAS



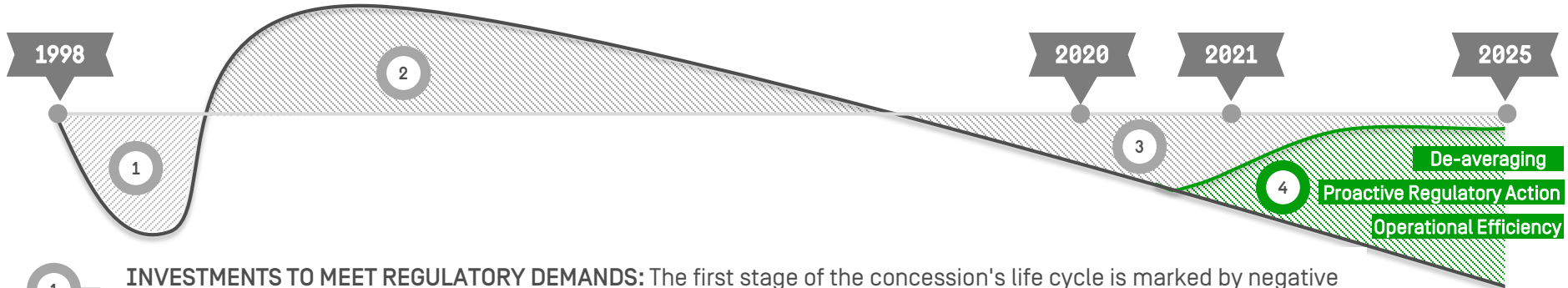
- Fiber to the ISP**
 Focus on ISPs with better latency, IP infrastructure and network resilience differentials
- Fiber to the Tower**
 The capillarity and availability of Oi's fiber optic network are important pillars to support the exponential growth of data and video traffic in 4.5G and 5G
- Fiber to the City**
 Based on its robust and non-replicable backbone / backhaul transport network, monetizing current infrastructure in a high growth area
- Franchise Project**
 As a part of the company's new wholesale strategy, Oi and MOB Telecom signed a memorandum of understanding [MoU] for joint operation and expansion of FTTH [fiber to the home] projects, in anticipation of a larger Franchise rollout in H2 2020

1- Excluding mediation impacts.

COST REDUCTION IN LEGACY BUSINESSES MUST BE ADDRESSED BY FACING FULL ON THE CURRENT CONCESSION SHORTCOMINGS



Oi's Concession Timeline



- 1 INVESTMENTS TO MEET REGULATORY DEMANDS:** The first stage of the concession's life cycle is marked by negative cash generation, due to investments necessary to meet regulatory obligations and expand copper infrastructure
- 2 RETURN ON INVESTED CAPITAL:** The second stage marked by growth, maturity and decline of concession results, due to increased competition, arrival of new technologies, change in customer's consumption profile, and lack of adequate regulatory evolution [obligations, fines, SLAs, pay phones] , which put the Concession at a marked disadvantage and an unsustainable return going forward
- 3 CONCESSION IMBALANCE:** Since some point around 2016, concession was no longer sustainable, with deep imbalances between revenues, costs, capex, obligations and cash needs.
- 4 DE-AVERAGING:** With the Concession term ending in 2025, and while Law 13,879 [PLC 79] is not yet regulated, Company is adopting a **"De-averaging strategy"**, with **Proactive regulatory action and Operational efficiency** plans to mitigate the negative NPV impact generated by the current unsustainable concession operation.

“DE-AVERAGING” APPROACH ALLOWS FOR A VERY GRANULAR ANALYSIS OF COPPER’S PROFITABILITY AND THE DESIGN OF ACTION PLAN AT THE INDIVIDUAL CENTRAL OFFICE (CO) / STATION LEVEL, LEADING TO A SIGNIFICANT COST REDUCTION POSSIBILITY



ANALYSIS

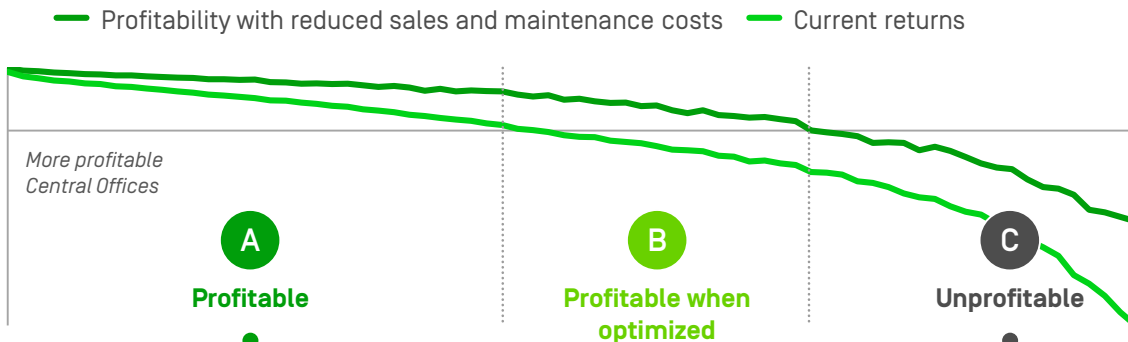
- 18 thousand Central Offices (CO) / Stations analyzed

Individual returns calculated on a detailed / actual cost basis

[Analyzed for each CO: revenue, customers served, competition context, maintenance cost, etc.]

COs / Stations characterized by 3 profitability groups

COPPER CENTRAL OFFICES / STATIONS GROUPED ACCORDING TO PROFITABILITY



ACTION

Adopt actions according to the individual archetype result of the Central Office

Selectively invest and protect customer base, to preserve cash generation as best as possible

Interrupt all proactive sales and optimize, to the extent possible, maintenance costs

Adopt "Carrier of last resort" mechanism in sync with regulatory evolution

ADDRESSABLE COSTS

POTENTIAL CASH COST SAVINGS OF R\$ 500M IN THE SHORT/MEDIUM TERM AND R\$ 1B IN THE MEDIUM/LONG TERM

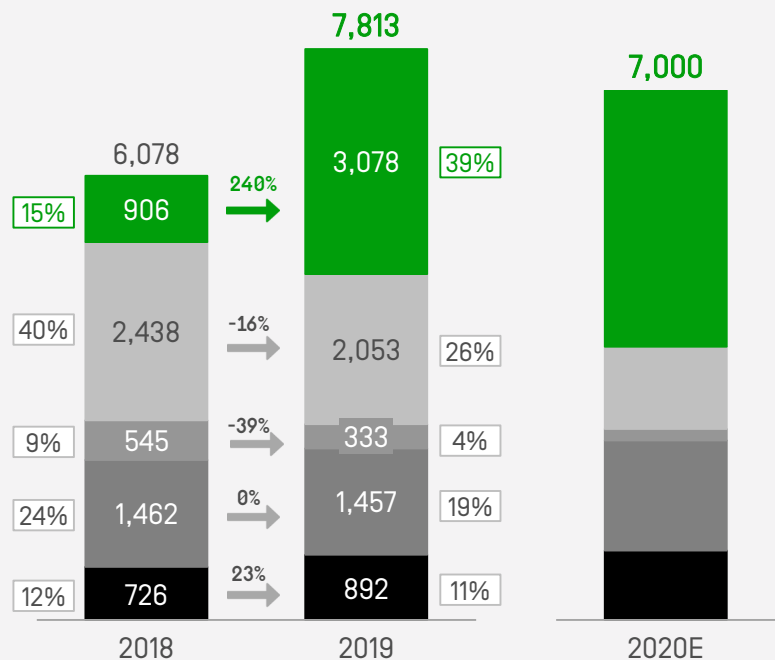
RADICAL SHIFT IN CAPEX ALLOCATION DURING 2019, IN LINE WITH STRATEGIC PLAN, WITH A FOCUS ON DEPLOYING FIBER (HP'S AND HC'S), REFORMING 1.8GHZ SITES TO 4G AND 4.5G AND REDUCING LEGACY INVESTMENTS



CAPEX

R\$ million | Brazilian operations

Fiber Copper DTH Mobile B2B Mix



Oi's capillarity allows leveraging fiber strategy in all regions of the country

With "Reuse" model, it is possible to accelerate "Time-to-Market" for new cities.

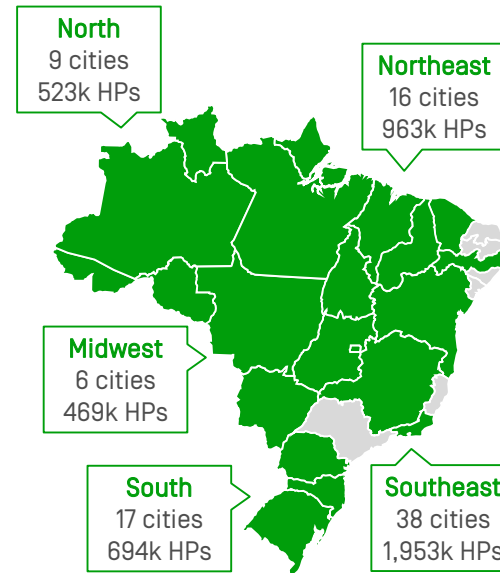
Presence in 86 cities by the end of 2019, with plans to enter in more than 44 cities and all states (except SP) in 2020.

2.2k cities
Total cities with existing Oi Fiber transmission

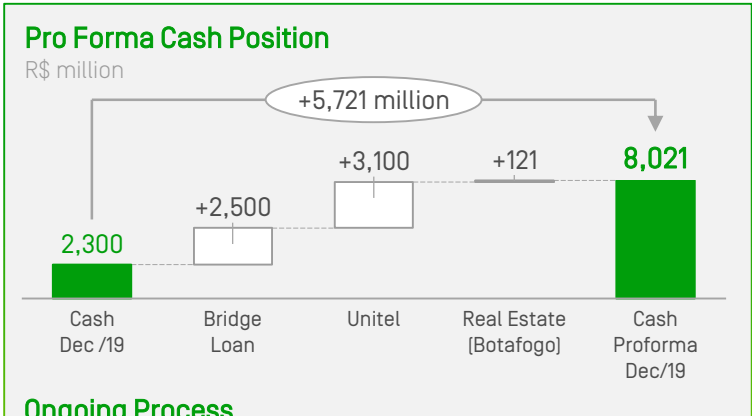
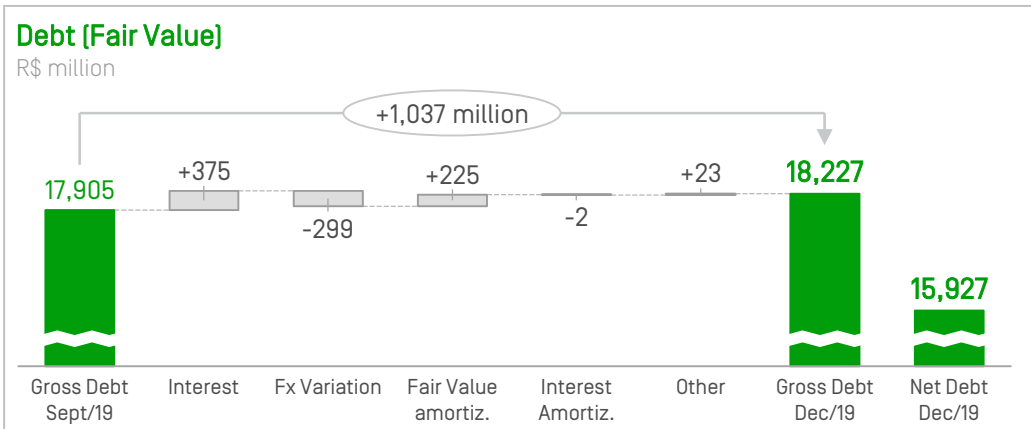
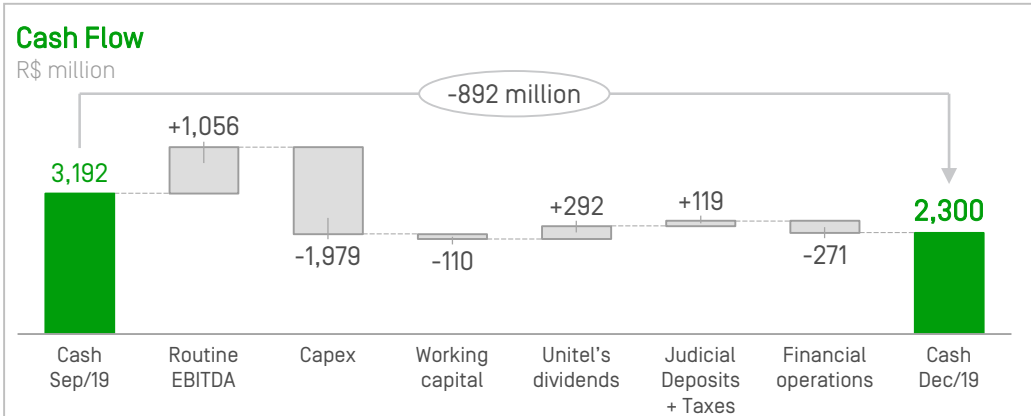
54.9MM homes
Total homes in these cities

376k KM of Fiber
Oi Fiber Network Extension in Brazil

20 days time-to-mkt
20 days to start FTTH commercial activities in a non planned city - Divinopolis



SUCCESSFUL EXECUTION OF SHORT-TERM FUNDING STRATEGY ALLOWS FOR FOCUSED EXECUTION OF STRATEGIC PLAN DURING 2020



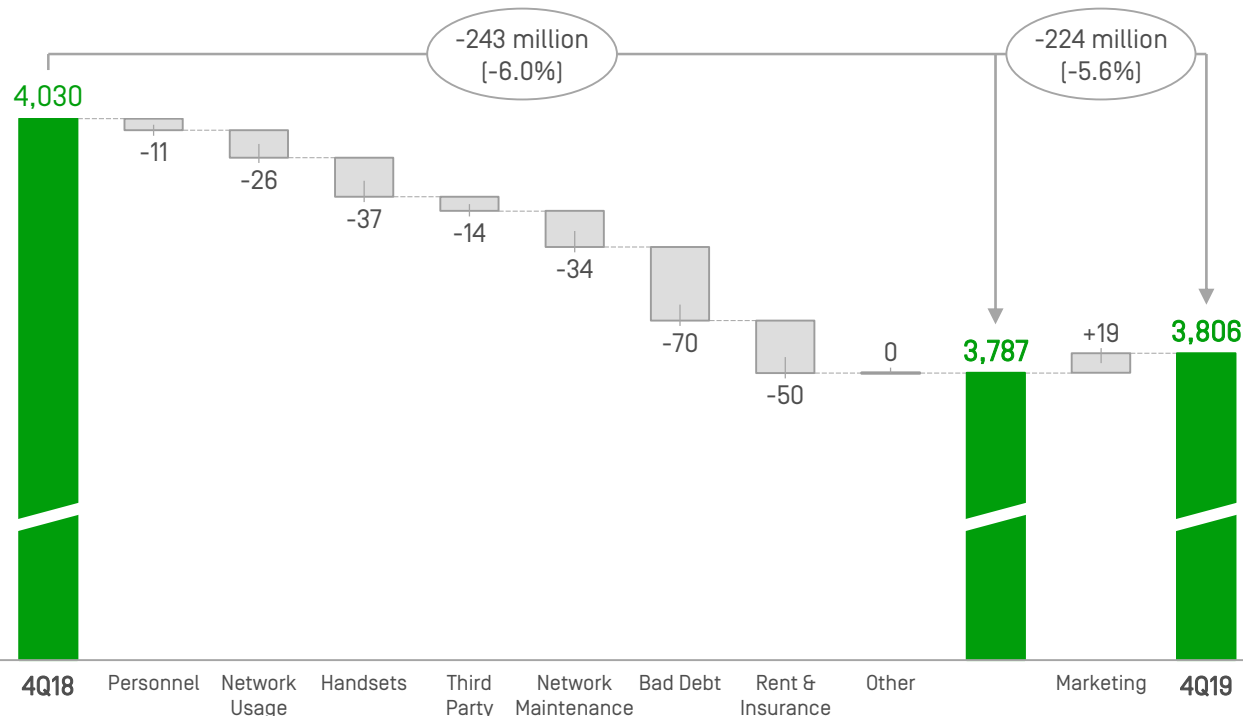
- ### Ongoing Process
- Non-Core assets :**
 - + **Unitel** – Deal closed. US\$ 840 million already received, 4 remaining installments of US\$ 40 million each.
 - + **Mobile Towers** – Signing expected for early 2Q20
 - + **Data Centers** – Expected for end of 2Q20
 - Real State:** Estimated amount close to R\$ 300 million, over the next few months.
 - PIS/COFINS:** Total of R\$ 3.1 billion, with fruition of around R\$ 100 million per month, already in progress.
 - Sistel:** R\$ 669 million in surplus distribution in 36 installments of R\$ 19 million. In place since December 19.

OPERATIONAL EFFICIENCY AND DIGITIZATION INITIATIVES STARTED PRODUCING COST SAVINGS ACROSS VIRTUALLY ALL COST LINES, HELPING TO BRIDGE PART OF THE GAP DURING THE REVENUE TRANSITION PERIOD WHICH IS STILL IN PROGRESS



OPEX

R\$ million – Brazilian operations

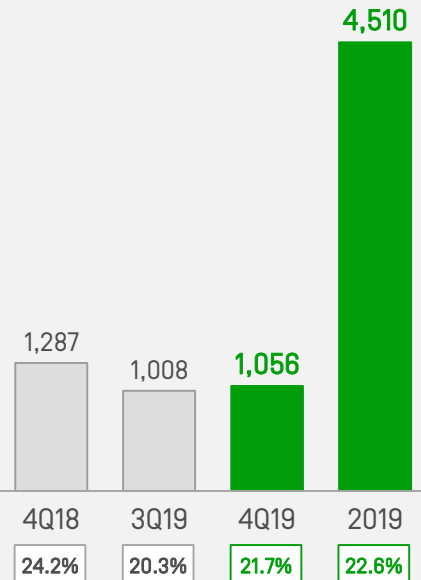


Routine EBITDA

R\$ million – Brazilian operations

■ EBITDA
□ Margin

Guidance
2019: R\$ 4,5
– 5,0 bn



OPERATIONAL SIMPLIFICATION AND COST REDUCTION ACTIONS INITIATED IN 2019 WILL BE CONSISTENTLY ACCELERATED IN 2020



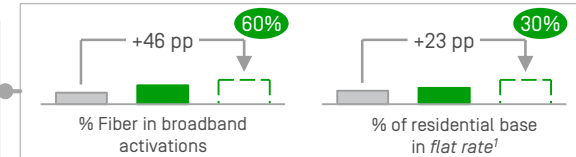
Sales, Mktg & Customer Service

- Portfolio Simplification - Migration to Flat Rate Plans;
- Reduction of legacy portfolio proactive selling actions;
- Digital sales channel acceleration

ESTIMATED
IMPACT 2020

R\$ 150 –
200 M

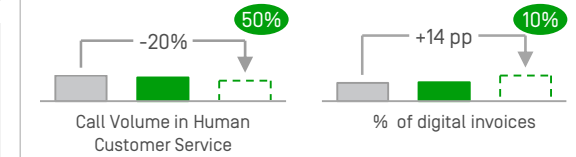
TARGETS PER SELECTED METRICS



Process and Organization

- Ongoing simplification efforts and org changes being implemented;
- Dedicated focus on Transformation and Digital; Wholesale and Franchises
- Thorough review of company's processes and implementation of centralized Automation initiative

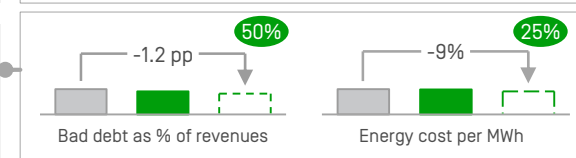
R\$ 100 –
150 M



Business Support

- Implementation of CSC for common support functions across all companies
- Supply chain efficiency project initiated in early 2020;
- Back-office reduction through automation and BPO extension;
- Energy Efficiency Initiatives with own generation.

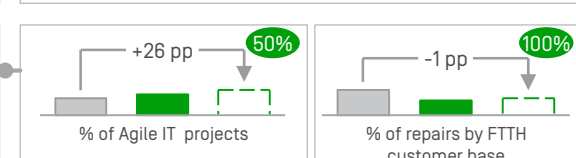
R\$ 150 –
300 M



IT

- Reduction / Interruption of IT legacy projects;
- Development of New IT Stack for Fiber Operations;
- Elevating Digital Initiative to company wide effort.

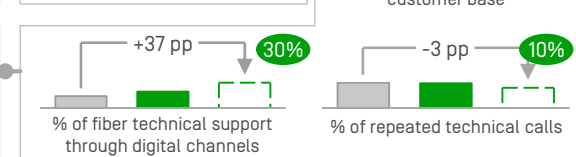
R\$ 100 –
200 M



Network and Operations

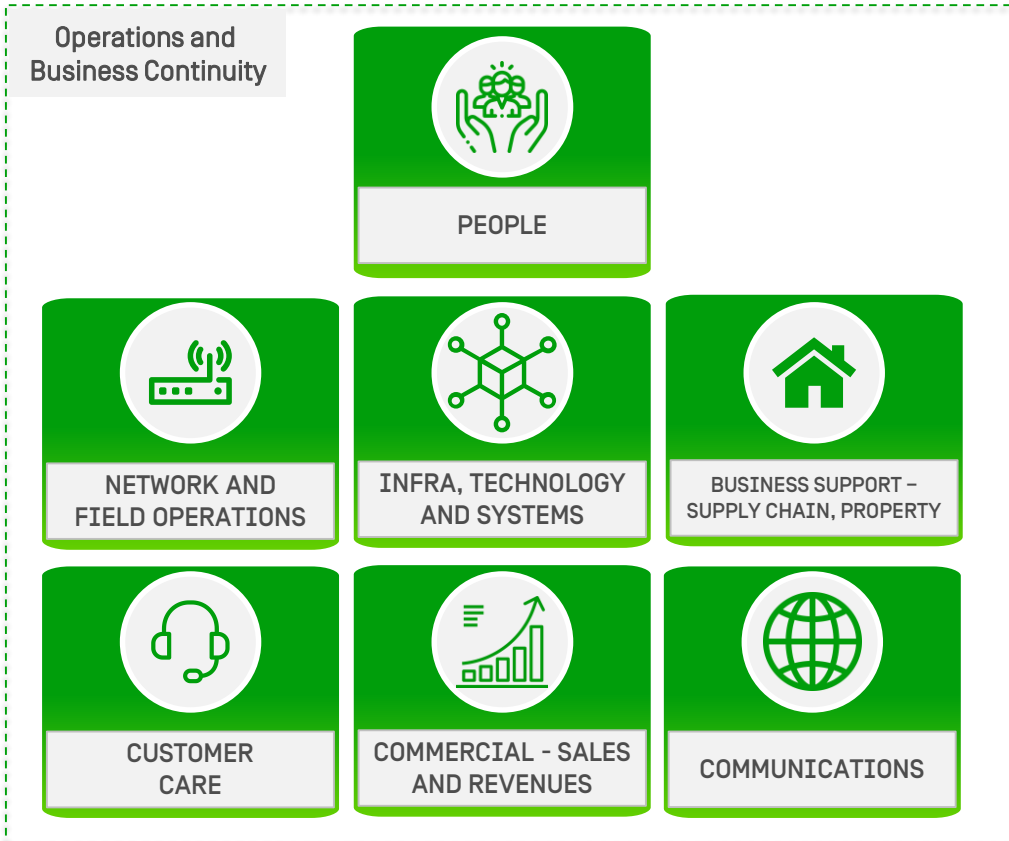
- Optimization and decommissioning of Legacy Networks (copper, DTH);
- Accelerated customer migration to fiber;
- Capex and Opex readjustment as a consequence of reduction of legacy sales efforts.

R\$ 150 –
200 M



3Q19 4Q19 4Q20 % Progress

IN FACE OF THE GLOBAL COVID-19 PANDEMICS, COMPANY QUICKLY ESTABLISHED A CRISIS RESPONSE TEAM, FOCUSING BOTH ON ENSURING FULL BUSINESS CONTINUITY FOR ITS OPERATIONS, AS WELL AS A FORMAL PROCESS TO MONITOR, ANALYZE AND RESPOND TO POTENTIAL IMPACTS WITH APPROPRIATE CONTINGENCY PLANS IN ALL FRONTS



IN SUMMARY, OI CONTINUES TO EXECUTE DILIGENTLY ON ITS STRATEGIC PLAN, AND IS WORKING ON MULTIPLE FRONTS OF THE COMPANY'S TRANSFORMATION, WITH CLOSE MONITORING OF ALL ITS KEY OPERATIONAL, FINANCIAL AND STRATEGIC GOALS



SHAREHOLDER / DEBT HOLDER VALUE CREATION

FUNDING

DELIVERED

- Bridge Loan
- Unitel
- Polidoro Property Sale
- PIS/COFINS Tax Credit
- Pension Fund Surplus

TO COME

- Mobile Towers
- Data Centers
- Additional Real Estate Portfolio Sales

OPERATIONS

One of the biggest Fiber projects in the world

2nd with the highest growth in postpaid customers in 2019

B2B and Wholesale revenue growth yoy as a result of strategic plan actions.

De-averaging to reduce copper burden.

EFFICIENCY AND SIMPLIFICATION

Several initiatives being implemented, impacting all areas of the company.

- Simplification
- Organization and processes
- Business support
- Network, Operations and IT

Estimated annualized impact in 2020 between R\$ 650 million and R\$ 1 billion.

STRATEGIC OPTIONS

New General Creditors Meeting (GCM): Court approval to hold GCM in no more than 180 + 60 days (call notice + legal period). Proposed plan amendments to bring company flexibility in order to accelerate the execution of its strategic plan and maximize value creation.

Market Sounding for Mobile Business: First non-binding manifestations of interest received and analysis in progress.

Strategic Options for Value Maximization: Capital structure alternatives to accelerate Fiber project .

ADDITIONAL INFORMATION

SUMMARY CHART OF THE MAIN FINANCIAL
AND OPERATIONAL INDICATORS

MAIN FINANCIAL INDICATORS



R\$ million

	4Q19	4Q18	y.o.y.	3Q19	q.o.q.
Brazil					
Total Net Revenue	4.862	5.317	-8,6%	4.955	-1,9%
Residential	1.724	2.003	-13,9%	1.803	-4,4%
Personal Mobility	1.777	1.829	-2,8%	1.763	0,8%
<i>Customers¹</i>	<i>1.678</i>	<i>1.664</i>	<i>0,8%</i>	<i>1.667</i>	<i>0,6%</i>
B2B	1.333	1.434	-7,0%	1.357	-1,8%
Other Services	28	52	-45,1%	32	-10,2%
Routine OPEX	3.806	4.030	-5,6%	3.947	-3,6%
Routine EBITDA	1.056	1.287	-17,9%	1.008	4,8%
Routine EBITDA Margin	21,7%	24,2%	-2,5 p.p.	20,3%	1,4 p.p.
Capex	1.979	2.085	-5,1%	2.060	-4,0%
Capex / Net Revenue	40,7%	39,2%	1,5 p.p.	41,6%	-0,9 p.p.
Routine EBITDA – Capex	-922	-798	NA	-1.053	NA
Net Income [Loss]	-1.971	-3.306	-40,4%	-5.521	NA

1 - Excludes handset and interconnection revenues;

MAIN FINANCIAL INDICATORS



In thousands of RGUs

	4Q19	4Q18	y.o.y.	3Q19	q.o.q.
Total - Brazil	53.428	57.147	-6,5%	55.191	-3,2%
Residential	12.659	14.746	-14,2%	13.532	-6,5%
Fixed line	7.005	8.276	-15,4%	7.480	-6,3%
Broadband	4.202	4.883	-13,9%	4.531	-7,3%
Pay TV	1.451	1.587	-8,5%	1.522	-4,6%
Residential ARPU	R\$ 79,9	R\$ 79,6	0,4%	R\$ 79,2	0,8%
Personal Mobility	34.006	35.033	-2,9%	34.703	-2,0%
Prepaid	24.479	27.293	-10,3%	25.670	-4,6%
Postpaid	9.527	7.741	23,1%	9.032	5,5%
B2B	6.591	6.727	-2,0%	6.702	-1,7%
Fixed line	3.307	3.514	-5,9%	3.359	-1,5%
Broadband	487	530	-8,1%	502	-3,1%
Mobile	2.780	2.670	4,1%	2.825	-1,6%
Pay TV	17	14	23,3%	16	7,1%
Public phones	172	640	-73,1%	254	-32,3%



INVESTOR RELATIONS



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