

RESULTS 2021

Telefônica Brasil S.A.
Investor Relations

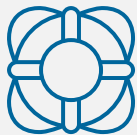
July 28th, 2021



DISCLAIMER



This presentation may contain forward-looking statements concerning 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



REVENUE ACCELERATION DRIVEN BY POSITIVE EVOLUTION OF MOBILE AND FIBER ACCESSES, COMBINED WITH NET PROFIT GROWING 20.9%

97 million total accesses

47mn

Mobile Postpaid Accesses

Largest total mobile customer base since 2015

4.0mn

Fiber Homes Connected

+41.3% YoY, with 300k net adds in Q2



Customer Base Growth



Revenue Generation

+3.2%

Total Revenue Growth

Core¹ revenues growing +8.2% YoY and fiber +49.7% YoY

+3.1%

Mobile Service Revenue Growth

+2.2% Postpaid YoY, +8.0% Prepaid YoY

Profitability



Shareholder Remuneration



R\$
4.2bn

Recurring EBITDA² 2Q21

+3.0% YoY

EBITDA Margin:
39.7%

R\$
1.3bn

Net Profit 2Q21

+20.9% YoY

R\$
1.3bn

of Interest on Capital declared in 1H21

dividend yield of 7.7%³

R\$
2.1bn

extraordinary Tax Gain⁴

that we estimate will translate into an incremental source of cash in the next 12 months

1 – Core Revenues include Total Revenues ex-Fixed Voice, xDSL and DTH.

2 – Positive net effect of R\$563 million, corresponding to extraordinary tax matters (R\$1,549 million referring to the decision of the Supreme Court on the right to exclude ICMS from the basis of PIS/COFINS contributions and an expense of R\$415 million of tax contingencies) and a regulatory contingencies expense of R\$571 million.



3 – Considers the remuneration of preferred shares before the unification of share classes on November 23rd, 2020.

4 – Positive effect due to the Supreme Court decision to deduct ICMS from the basis of calculation of PIS/COFINS contributions

CORE REVENUES CONTINUE AT FULL SPEED, GROWING 8.2% YOY IN 2Q21, AND REPRESENT 89% OF VIVO'S TOTAL BUSINESS




Core Businesses

 Mobile
  Handsets

 FTTx
  IPTV

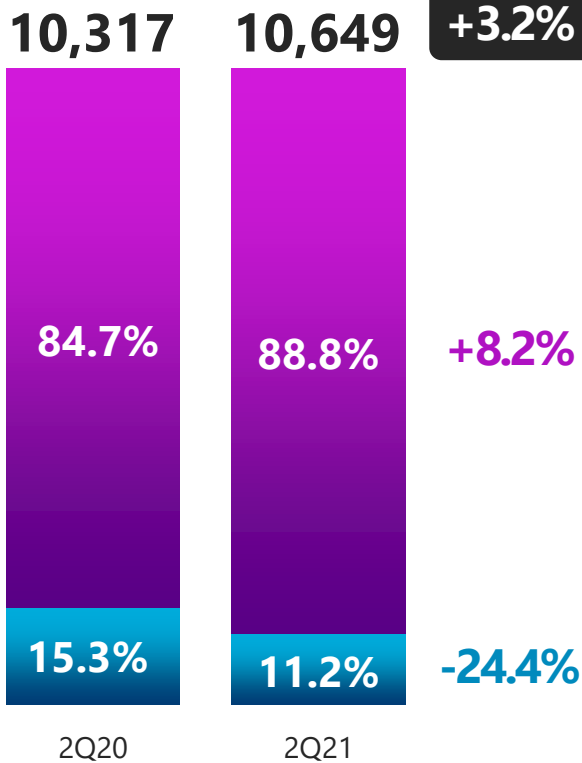
 Digital Services
  Data and ICT

Non-Core Businesses

 Fixed Voice
  ADSL
  DTH

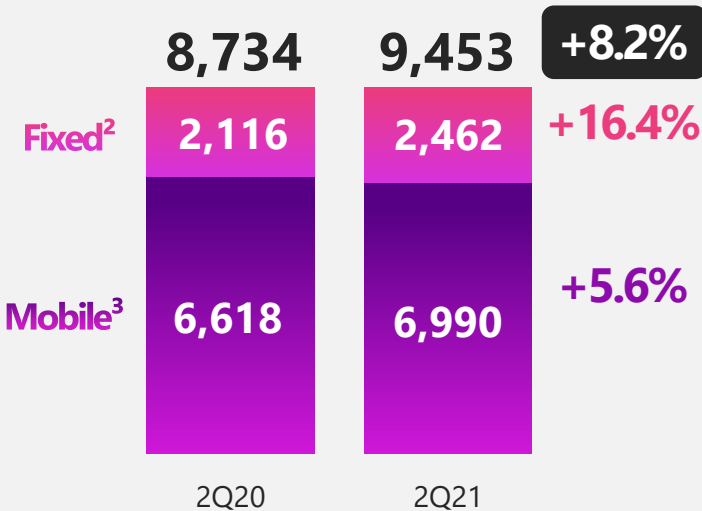
Total Revenues¹

R\$ million, %

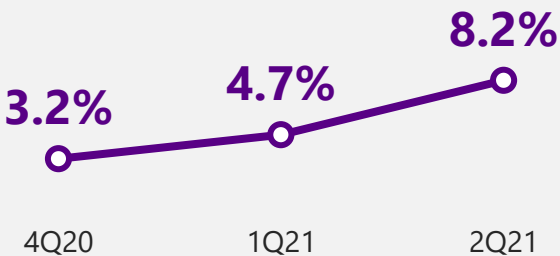


Revenues from Core Businesses

R\$ million

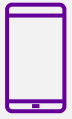


Core Business Revenue Growth YoY



■ Core Businesses
 ■ Non-Core Businesses

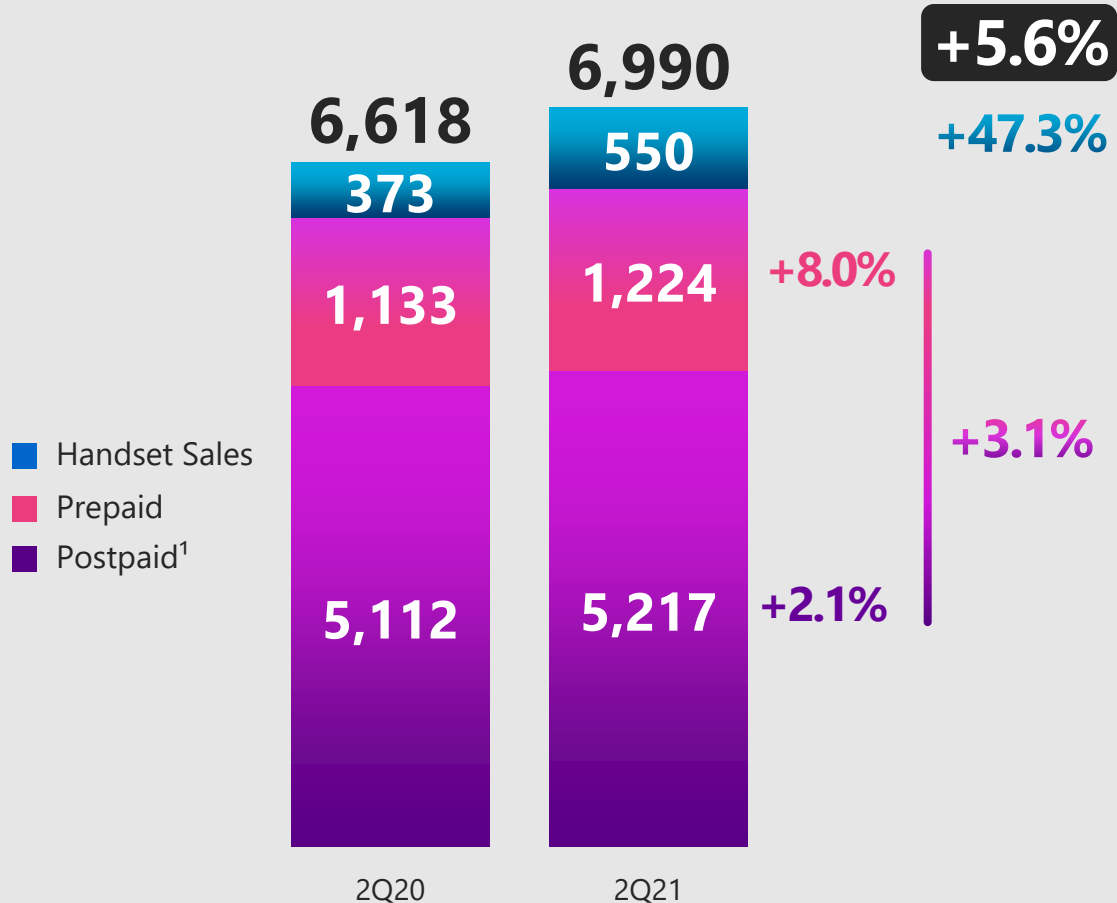
1 – Mobile Revenues: +5.6% YoY, Fixed Revenues: -1.1% .
 2 – Includes FTTH, FTTC, IPTV, Data & ICT, Wholesale Revenues and others.
 3 – Mobile Revenues includes Handset Sales.



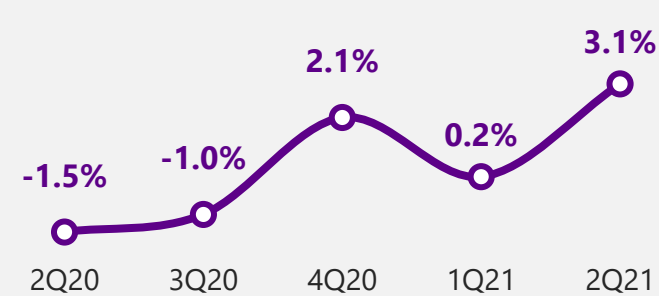
DEMAND FOR PREMIUM CONNECTIVITY AND INCREASED CUSTOMER ACTIVATION IMPROVING MOBILE SERVICE REVENUES, WITH OPTIMISTIC TRENDS FOR THE NEXT QUARTERS

Mobile Revenues

R\$ million



Mobile service revenues growth YoY



Continued trend of mobile service revenues acceleration with positive expectations for economic growth and customer activity in 2H21

The acquisition of Oi's Mobile Assets



Relevant regulatory and anti-trust approvals are advancing according to plan



Expansion in regions with lower market-share, leading to efficiency gains through better network usage



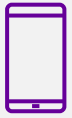
Improvement of mobile network quality nationwide and overall customer experience



OpEx and CapEx synergies

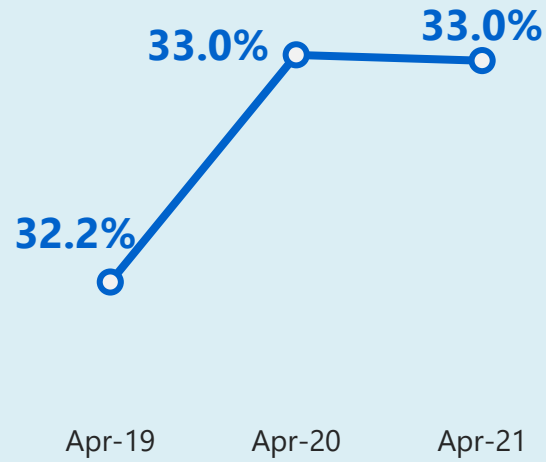


More sustainable environment for investments in infrastructure and innovation



SOLID MOBILE LEADERSHIP REAFFIRMED IN 2Q21, WITH OPERATING FIGURES CONFIRMING A FLIGHT-TO-QUALITY AND IMPROVED CUSTOMER LOYALTY

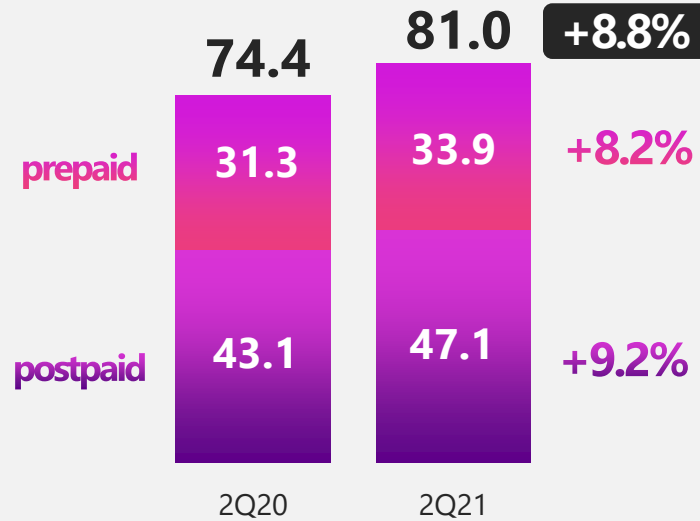
Mobile Market-share¹



Vivo continues to consolidate its leadership in mobile, based on an unmatched customer experience

Mobile Customer Base

million

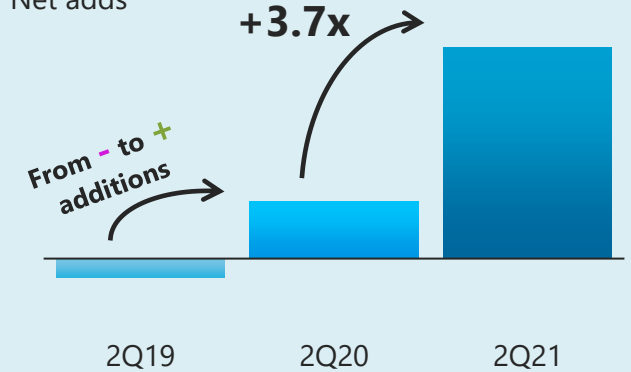


Consistent and strong net additions both in **pre and postpaid**

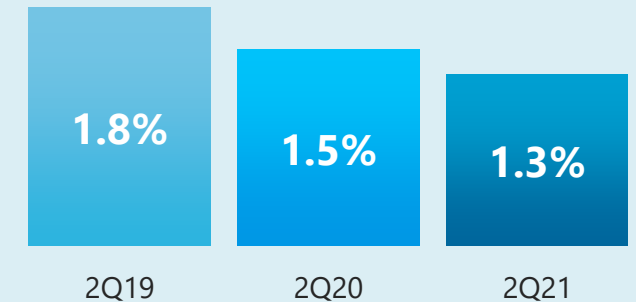
Postpaid KPIs

Customer acquisition enhanced as migrations and portability improve...

Net adds



...while churn² continues at historic low levels

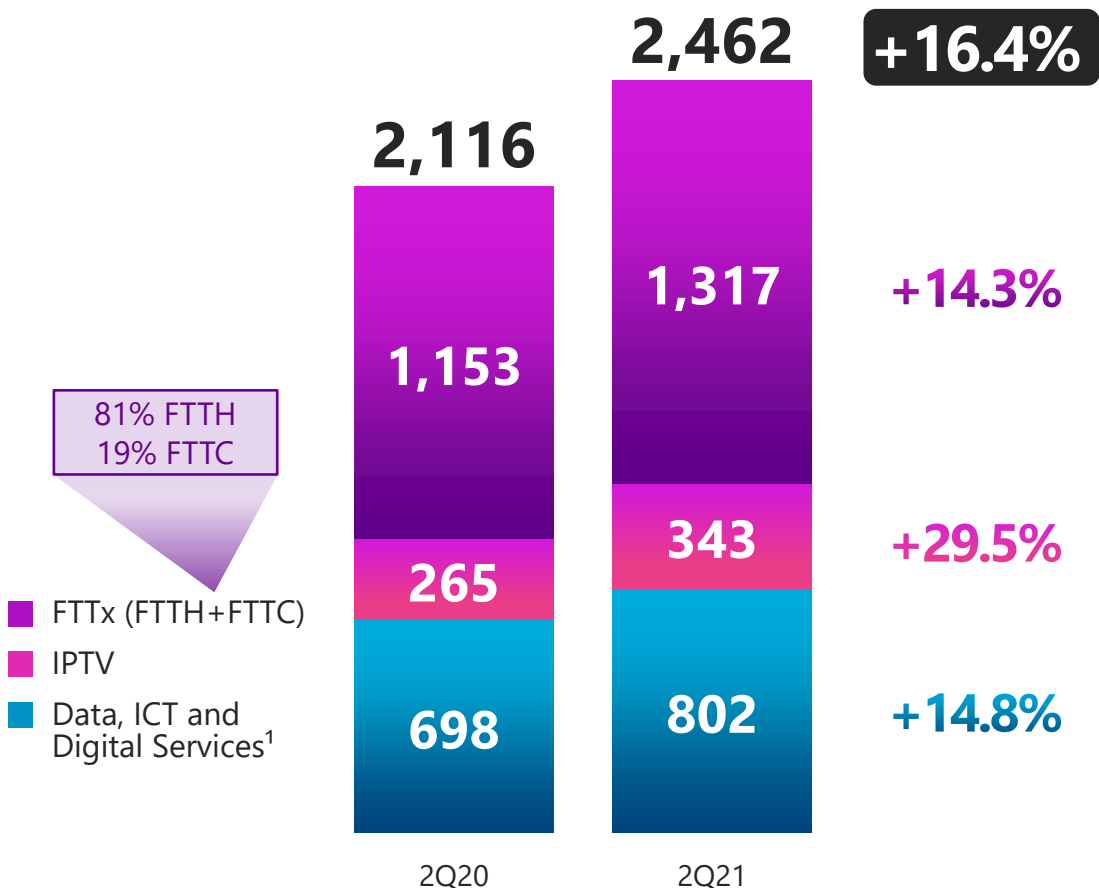




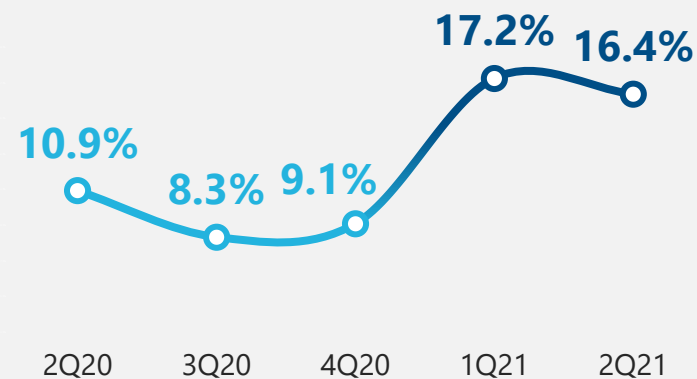
CORE FIXED REVENUE EXPANSION DRIVEN BY INCREASING DEMAND FOR HIGH-QUALITY CONNECTIVITY AND DIGITAL SERVICES

Core Fixed Revenues¹

R\$ million



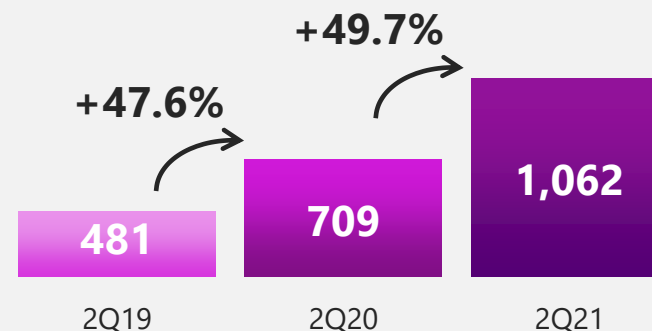
Growth of Core Fixed Revenues YoY



Core Fixed Revenues **ramping up in the last two quarters** as B2B revenues recover and fiber net adds continue to expand

FTTH² Revenues

Revenues, R\$ million



ARPU increase, OTT³ bundles and higher net additions driving FTTH revenue evolution

1 – Include Wholesale and Other Fixed Revenues.
2 – Fiber-to-the-Home
3 – Over-the-Top services, such as Disney+ and Netflix



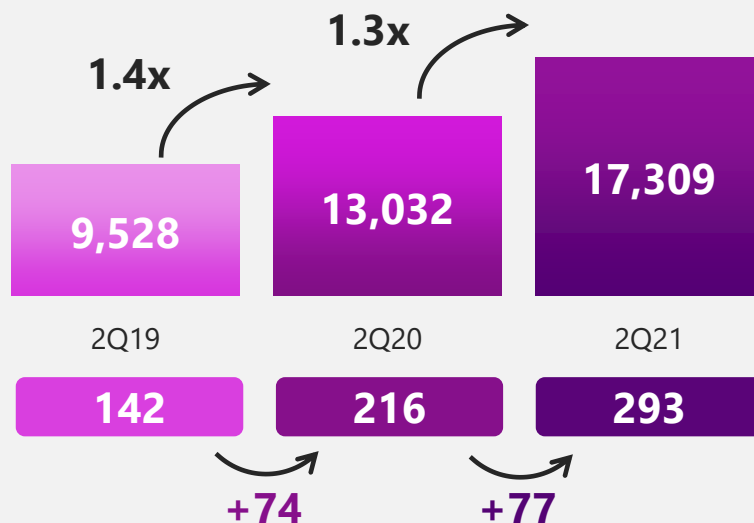
VIVO REACHES 4 MILLION FIBER CUSTOMERS BY ACCELERATING NET ADDITIONS AND FOOTPRINT EXPANSION, DELIVERING QUALITY HIGH-SPEED CONNECTIVITY



Fiber Homes Passed

thousand

Number of cities



Consistent expansion to fresh markets, with the addition of **17 new cities** in 2Q21

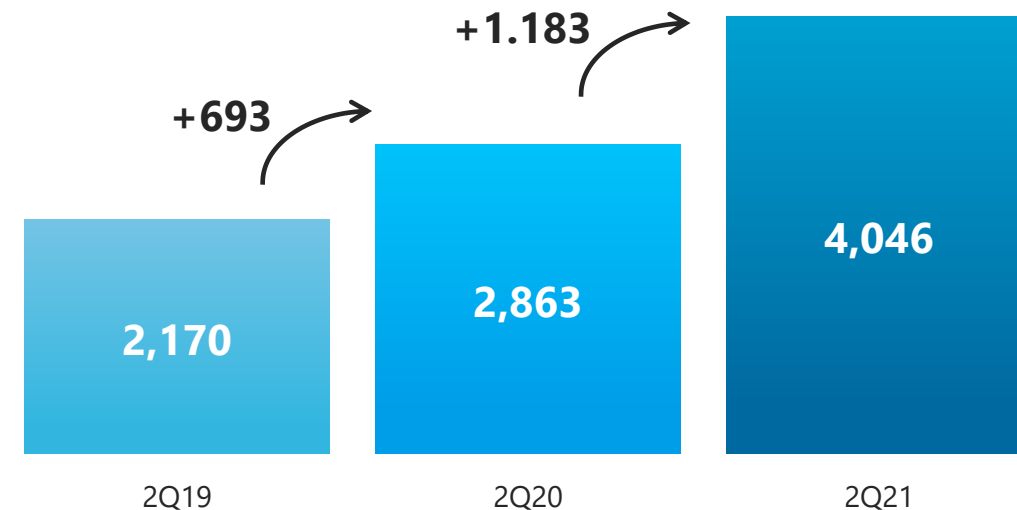


Overlay of xDSL and FTTC with FTTH in strategic regions, delivering positive results and protecting our customer base

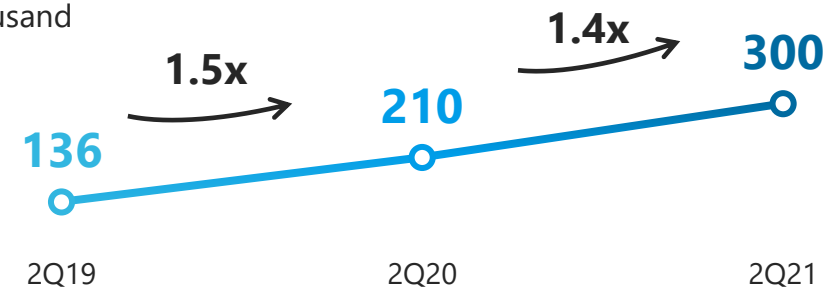


Fiber Homes Connected

thousand



Net additions
thousand





FIBRASIL, NEUTRAL FIBER NETWORK CREATED IN PARTNERSHIP WITH TELEFÓNICA INFRA AND CDPQ, IS UP AND RUNNING AND WILL DEPLOY 500K FTTH HPs IN 2H21



FIBRASIL

1H21


Regulatory approvals 

Dropdown of assets 

Definition of governance 

Corporate management systems 

Jul 2nd, 21

Closing of the transaction 

Planned coverage expansion



Initiating with **1.6 million HPs** in **34 cities** outside the state of São Paulo



Plan to reach **2.1 million HPs by FY2021** and **≈5.5 million by 2024**

Proceeds from the transaction



Positive impact on Vivo's cash flow¹ of R\$ 225 million, and **R\$1.5 billion in the following years** conditioned to pre-established targets



CDPQ to contribute an additional R\$750 million to FiBrasil, of which R\$205 million at the closing of the transaction

Initial cities



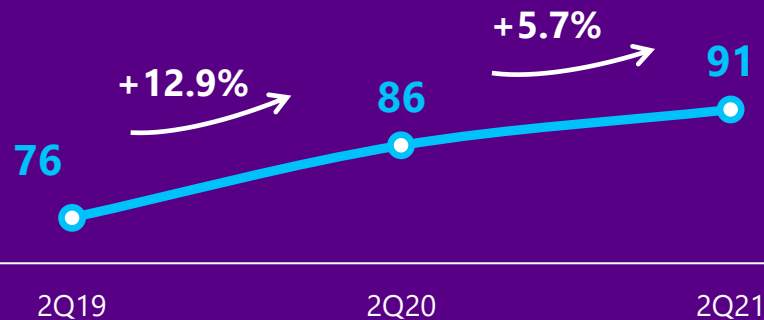


POSITIVE EVOLUTION OF FIBER ARPU, WITH CUSTOMERS DEMANDING HIGHER SPEEDS, COMBINED WITH A COMPLETE PORTFOLIO OF SERVICES THAT REDUCES CHURN

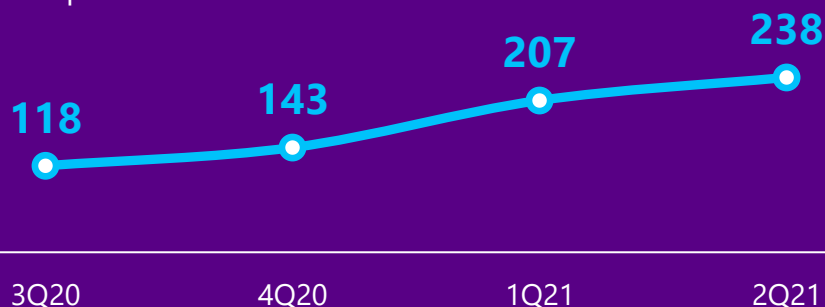
Fiber ARPU and speed evolution



FTTH ARPU Evolution



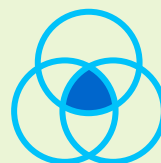
Average speed of gross additions Mbps



Focus on high-value customers, improving ARPU and churn

Customer acquisition

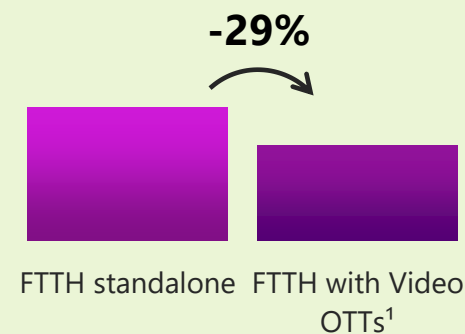
Higher speeds and bundled content continue to gain traction: $\approx 40\%$ of fiber gross adds are ≥ 300 Mbps (+15p.p. QoQ)...



$\approx 40\%$ of fiber customers are convergent with mobile...

Customer engagement

...with strong improvement in churn rates



...driving a -67% reduction in postpaid² churn



VIVO CONTINUES TO ROLL OUT THE BUILDING BLOCKS OF ITS **DIGITAL ECOSYSTEM**, **DEEPENING THE REACH OF ITS RELATIONSHIP WITH CUSTOMERS**

Key Enablers



97 million
accesses



+1,600 stores
and online channels



Top 9¹
brand in Brazil



19 million
users Meu Vivo



**Big Data &
4th Platform**



>200 mn
monthly visits
in Terra

Financial services

vivo MONEY
vivo PAY

A portfolio of financial services, in a digital format, **with the potential to strengthen other initiatives**

Health and wellness

VIDA V

Powered By TELADOC.

vivo
MEDITAÇÃO

Initiating with telemedicine and wellness services and **expanding along the healthcare value chain**

Marketplace

SHOPPING vivo

Microsoft 365

Become the **benchmark marketplace for tech-related needs** and **home office solutions** while increasing customer preference

Connected home



vivo GURU
CDF.



POSITIVO



Leveraging on fiber connectivity to offer **connected home services and automation solutions**

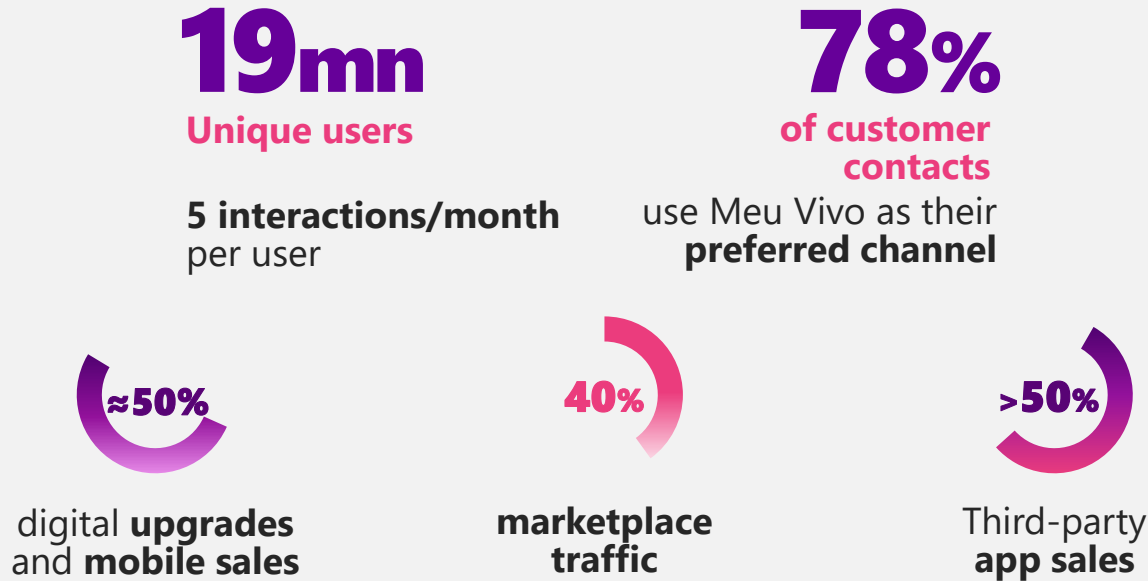


VIVO'S DIGITAL CHANNELS ARE GAINING TRACTION, ENHANCING THE OVERALL CUSTOMER JOURNEY AND INCENTIVIZING FURTHER ENGAGEMENT

Increased relevance of digital channels...



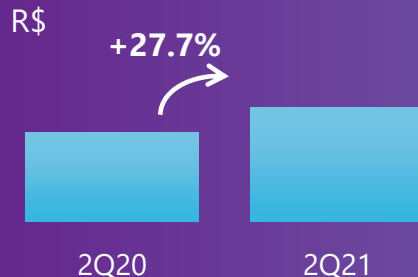
Meu Vivo as
key pillar to
drive sales



...improving customer experience, activations and engagement (above Industry benchmark)

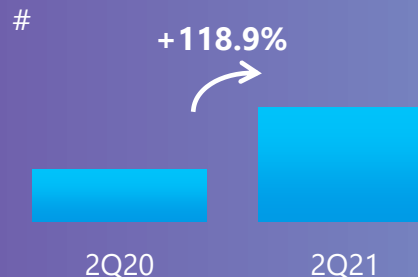
	NPS ¹
Stores	57
Technicians	62
Whatsapp Support	90

Digital Top-up Revenues

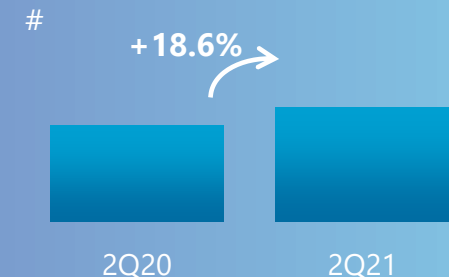


The accelerated
use of digital
channels is
supporting
revenue
evolution and
net additions

Vivo Easy customer base



Digital FTTH net additions





ESG INITIATIVES CONTINUE TO EXPAND, REINFORCING VIVO'S COMMITMENT TO GENERATE A POSITIVE IMPACT FOR ALL ITS STAKEHOLDERS

+ 1.5 million equipment refurbished by FY2021

with a **new stage of 'Recycle with Vivo'**, that aims to accelerate the circular economy of used equipments with the help from customers and **use of Aura, Vivo's artificial intelligence**



Distributed generation project will deliver a total capacity of 81 aMW by 1H22

Responsible for **more than 90% of Vivo's low voltage demand, powering 30,000 consumption units** around Brazil



ISO 27001 Certification

for the **Vulnerability Management Process of the digital security program**, Vivo Segura, which ensures alignment with the best international practices



Governance, Responsibility and Diversity

11th position in Merco's ranking of the most responsible companies during the pandemic, **16th in terms of Responsibility and Governance** and also recognized in the 5th edition of the **Best Companies for Women to Work GPTW 2021**

More information about our ESG initiatives is available in our 2020 Sustainability Report, available at our [Investor Relations website](#)

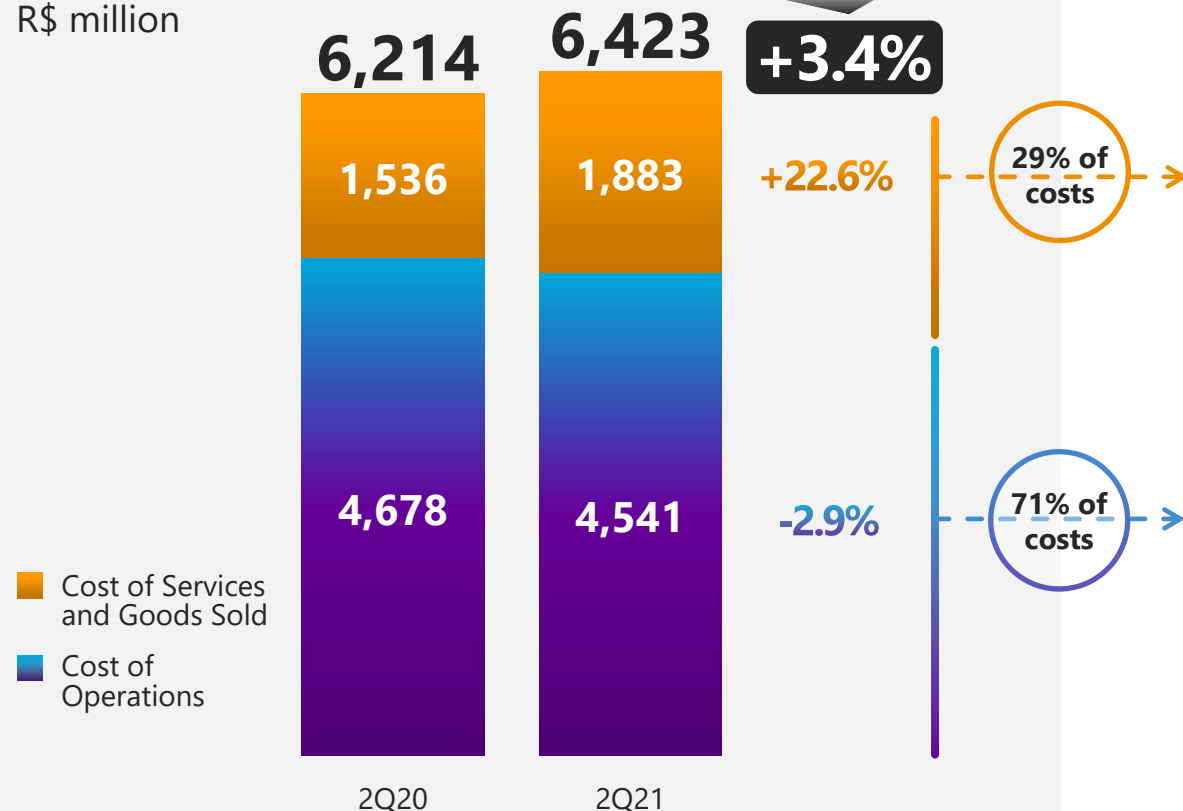




VIVO IS TRANSFORMING ITS BUSINESS AND THE COST BASE IS EVOLVING AS THE SALE OF HANDSETS AND DIGITAL SERVICES ESCALATES

Total Costs¹

R\$ million



Cost of Services and Goods Sold

Cost of Operations

2Q20

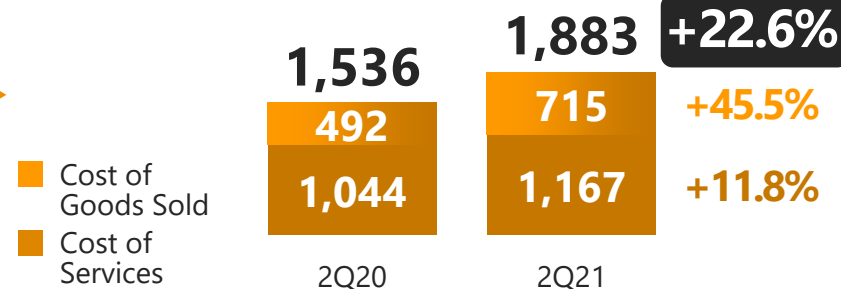
2Q21

Rec. EBITDA 4,103 4,226 +3.0%

Rec. EBITDA Mg 39.8% 39.7% -0.1p.p.

Cost of Services and Goods Sold

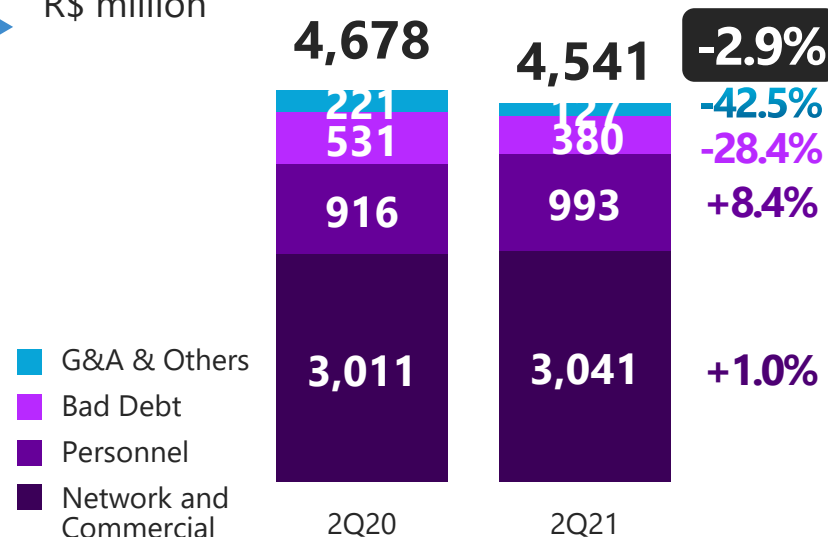
R\$ million



- Positive evolution of handset sales and B2B equipment
- Acceleration of digital services driving revenue growth

Cost of Operations¹

R\$ million



- Bad debt reduction due to economic recovery and essentiality of service
- Higher costs related to maintenance and energy tariff hike partially offset by digitalization and efficiency initiatives

1 – Positive net effect of R\$563 million, corresponding to extraordinary tax matters (R\$1,549 million referring to the decision of the Supreme Court on the right to exclude ICMS from the basis of PIS/COFINS contributions and an expense of R\$415 million of tax contingencies) and a regulatory contingencies expense of R\$571 million.

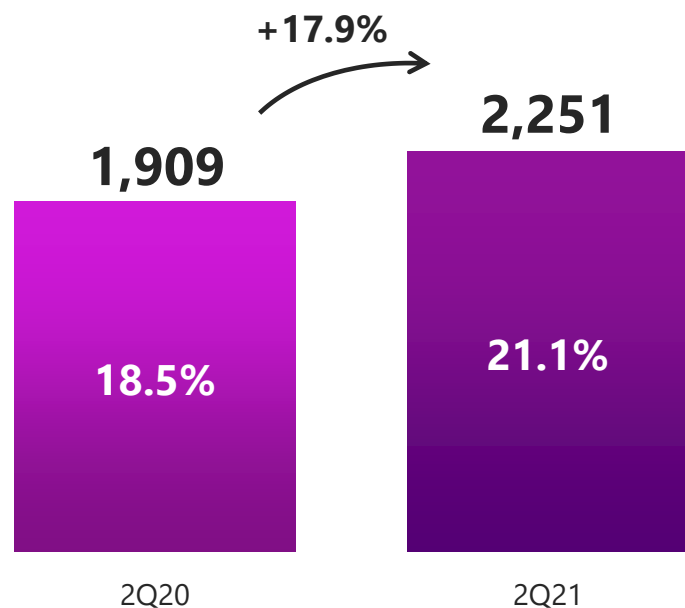


IMPROVED CAPEX ALLOCATION AIMED AT TRANSFORMING THE COMPANY AND SUPPORTING GROWTH IN CUTTING-EDGE TECHNOLOGIES

CAPEX

■ Capex, R\$ Million

■ Capex/Sales, %



83% of CapEx dedicated to **Growth and Transformation**

Capex light fiber expansion

- **FiBrasil and partnerships** with American Tower and Phoenix **reducing time to market with less CapEx intensity**
- **Expansion of Terra Fibra Franchise, already reaching 17 cities**, capturing the fiber opportunity in untapped regions



FIBRASIL

of cities

34



AMERICAN TOWER®

29



PHOENIX

11



terra
conectado por VIVO FIBRA

17

RAN Sharing Agreement with TIM



Single Grid

- **4G Coverage Expansion concluded**, with ≈360 cities for each operator
- **Consolidation: pilot for technical feasibility started in 50 cities** (25 each), to be concluded by September (potential expansion to 1,600 cities)



2G switch-off

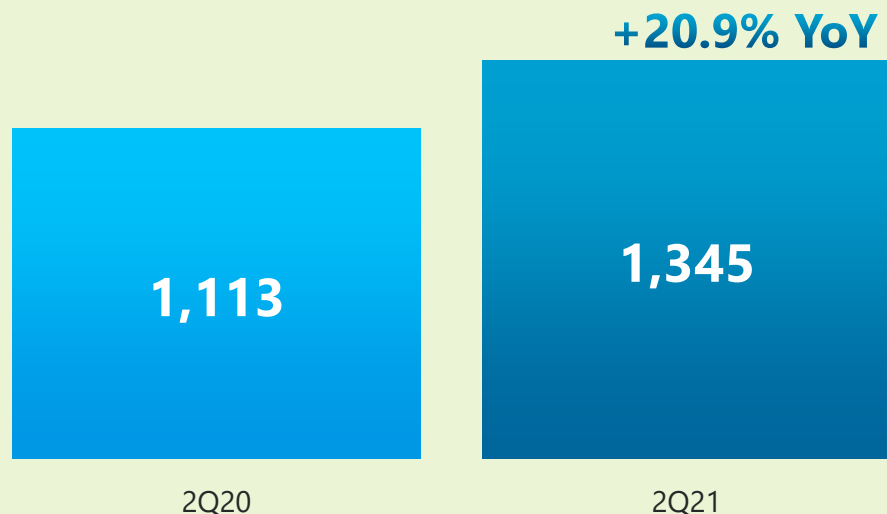
- **Systems developments advancing as planned** and rollout expected by the end of the year



NET PROFIT GROWING 20.9% IMPROVES THE BASIS FOR SHAREHOLDER REMUNERATION AND A NEW TAX GAIN OF R\$2.1 BILLION IS A SOURCE OF INCREMENTAL CASH

Net income

R\$ million



Extraordinary tax gain

Positive effect due to the Supreme Court decision to deduct ICMS from the basis of calculation of PIS/COFINS contributions

R\$2.1bn



Estimated to become an **incremental source of cash in the next 12 months**



Payment Schedule based on 2020 Net Income

First Tranche

R\$2.6 billion

Jul 13th, 2021 ✓

Second Tranche

R\$2.8 billion

Oct 05th, 2021



DPS¹:
R\$3.25²

Shareholder remuneration



R\$1.3 billion
declared as of
June 2021

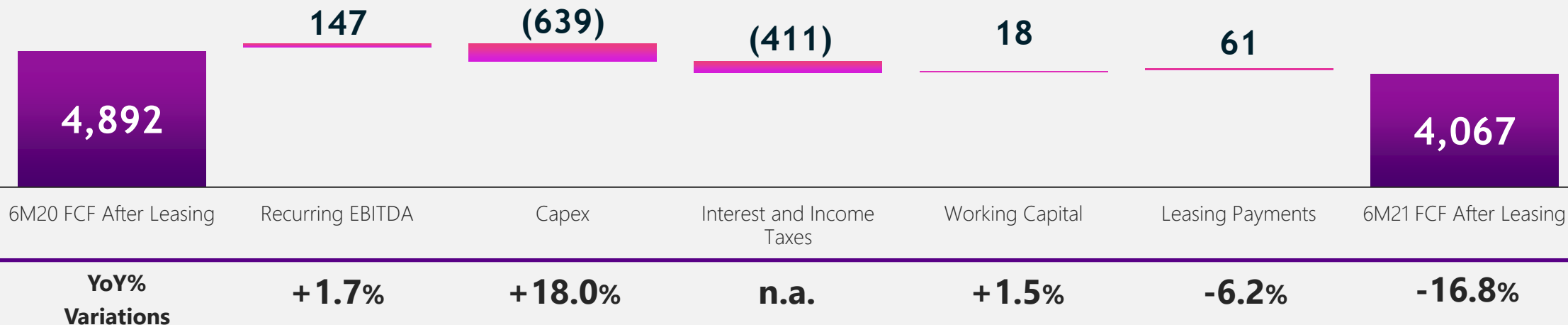
**Dividend
Yield LTM²
7.7%**



FREE CASH FLOW TOTALED R\$4.1 BILLION IN THE FIRST 6 MONTHS OF 2021, REPRESENTING A FREE CASH FLOW YIELD OF 12% (LTM)

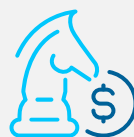
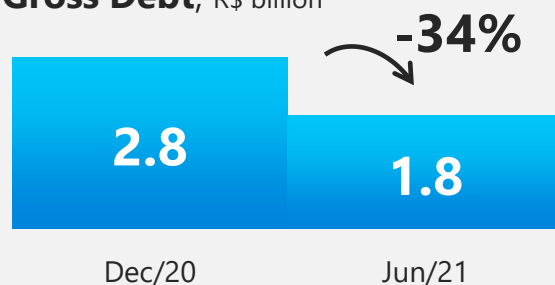
Free Cash Flow¹

R\$ million, Δ YoY



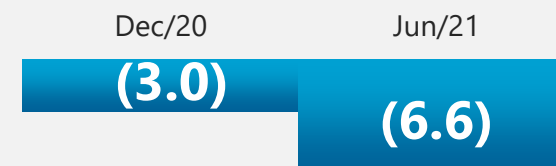
Leverage

Gross Debt, R\$ billion



Strong **net cash position** reinforcing **Vivo's sound financials** and **capacity to fund Oi Mobile assets'** and potential **5G spectrum acquisition**

Net Debt (Cash), R\$ billion





For further information:

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ISEB3

VIV
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[B]³
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BALCÃO

