



Telefónica Brazil / VIVO

deep-dive

May 20th, 2024 – London



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Telefónica Brazil / Vivo Deep-Dive Session

09:30 to 09:55

Christian Gebara (CEO) Presentation

09:55 to 10:15

David Melcon (CFO) Presentation

10:15 to 11:00

Q&A Session



Vivo Day

Christian Gebara
Chief Executive Officer

VIVT
B3 LISTED



ISEB3 ICO2B3

Over time, we have built a
unique set of assets...



Largest access base
in Latin America

Top 10 retailer
in Brazil

3rd largest Data Lake
in Latin America

Top 10 Great Place to Work
in Brazil

Most sustainable company
in Brazil

3rd most valuable brand
in Brazil

...that have placed us in a privileged position in the Brazilian market...

#1 Market Share¹

42%

Postpaid

35%

Prepaid

18%

Fiber

#1 Revenue Share²

43%

Revenue

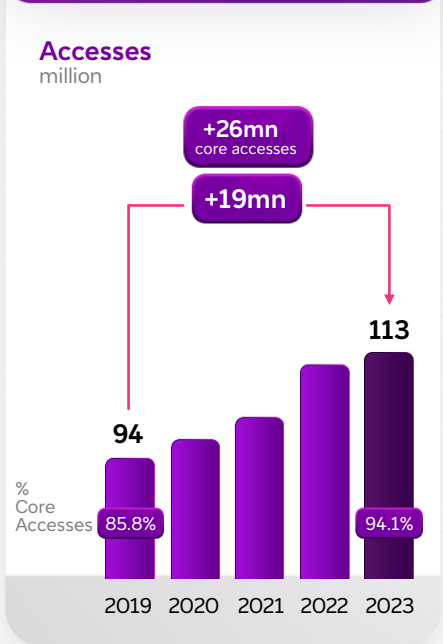
NPS

#1

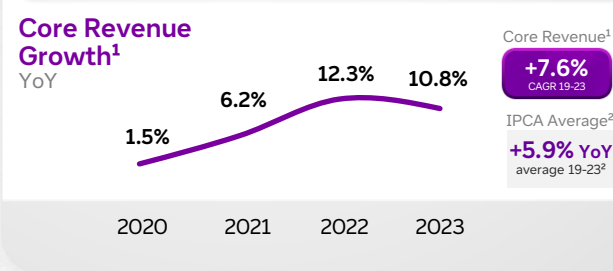
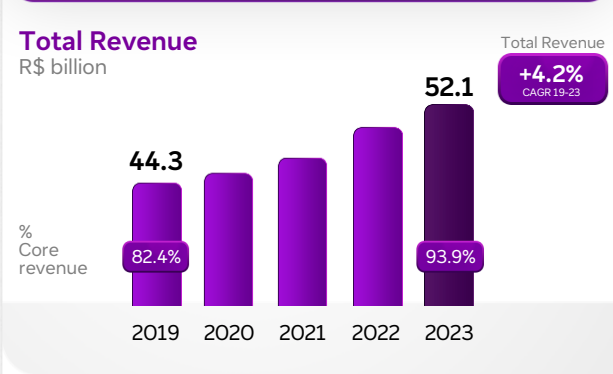
Sector leader

...allowing us to deliver consistent, solid results even in challenging times

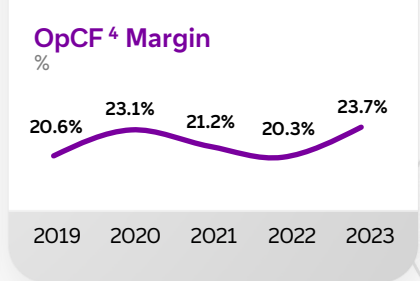
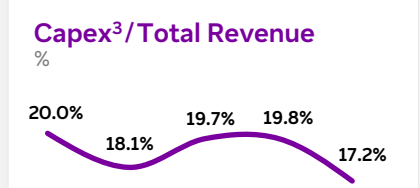
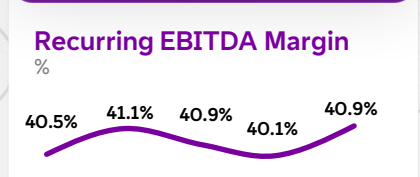
Strong operating performance



Accelerated Revenue growth



Improvement in Profitability



1 - Vivo's total revenue excluding fixed voice, xDSL and DTH.

3 - Capex ex-licenses and leases (IFRS-16).

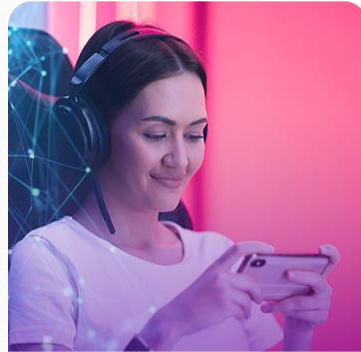
2 - Source: IBGE.

4 - Considers recurring EBITDA and Capex ex-licenses and leases (IFRS-16).

Our leadership is supported by irreplicable differences that set Vivo apart



Robust infrastructure



Largest access base in Latin America



Broad and complete portfolio



Powerful channels

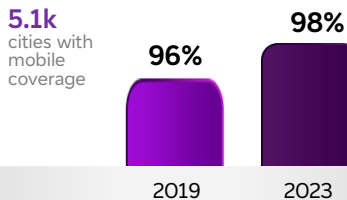


Contemporary and Inspiring Brand

In mobile, we have the best coverage-quality balance

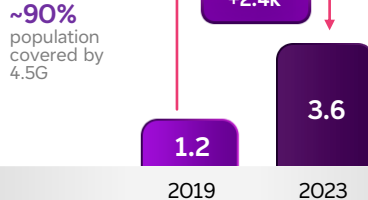
Total Coverage

% population



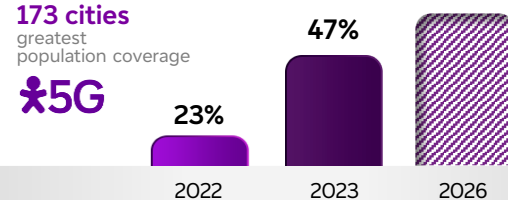
4.5G Coverage

cities (thousand)



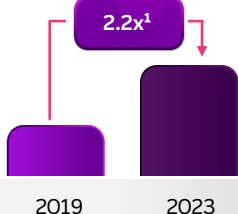
5G Coverage

% population



Spectrum leadership

Largest buyer of spectrum in the 5G Auction

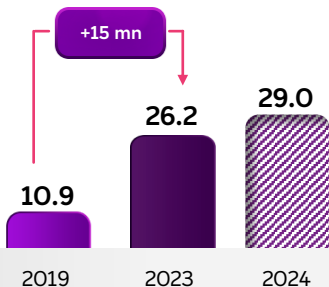


In the Umlaut (Best in Test) measurements, **Vivo was recognized as the best mobile network in Brazil** in terms of speed, latency and coverage

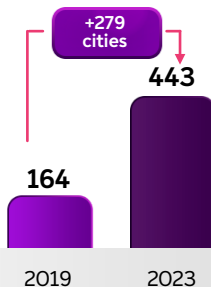
1 - Does not include millimeter bands.

In fiber, we built the largest network in Latin America

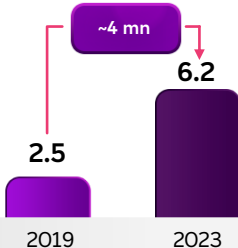
Homes and Companies Passed
million



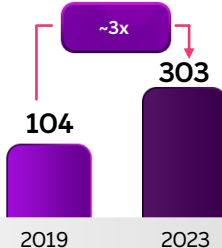
Cities with Fiber



Fiber Customers
million



Average Speed
Mbps



Our customer base is massive and predominantly recurrent...



Customer Base

 **57 million**
individuals

 **1.6 million**
companies


Ownership

 **1.4 products**
per individual¹

 **1.7 products**
per company

Engagement

 **36 million**
invoices issued/month

 **3.4 million**
commercial
transactions/month

 **136 million**
accesses on digital
channels/month

 **4 million**
customers engaged in
Vivo Valoriza²

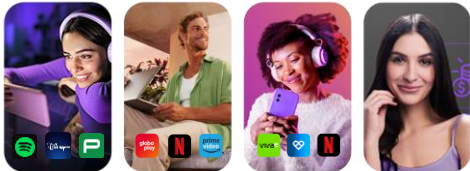
 **154k**
B2B visits/month

1 - Does not include prepaid customers and additional bundled services. 2 - "Vivo Valoriza" is our loyalty program.

... and is served by a complete portfolio, that enables us to continue growing and lead across different segments

B2C Portfolio

*Pós *Fibra *Controle *Money



*Easy *Pré valesaúde *Total



B2B Portfolio

*Educação *Indústria *Saúde *Financeiro



*Meu Negócio *Agro *Escritório Digital Services



% of Total Revenue by Segment



76% B2C
+8.6% CAGR
2021-23

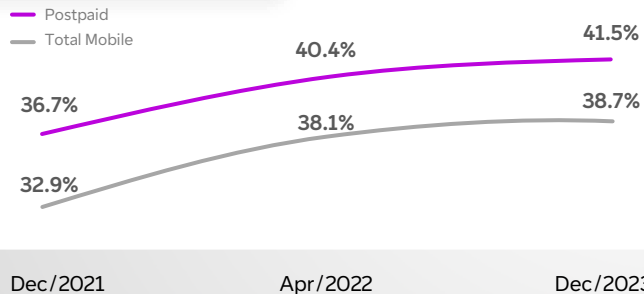


24% B2B¹
+9.5% CAGR
2021-23

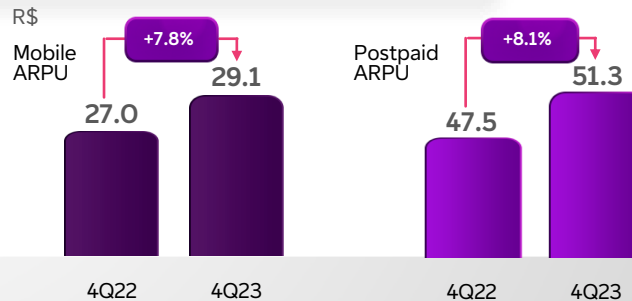
1 - Considers B2B and wholesale revenues. B2B ex-wholesale represents 21% of Vivo's total revenues.

Mobile is at the heart of our revenue generation, and we are improving both monetization and churn

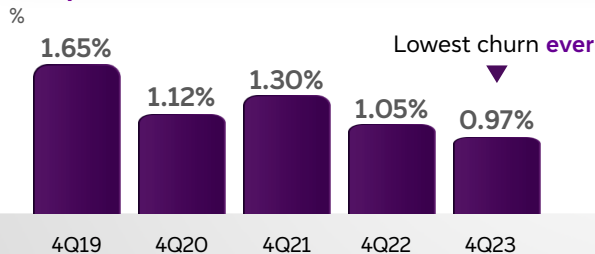
Mobile Leadership



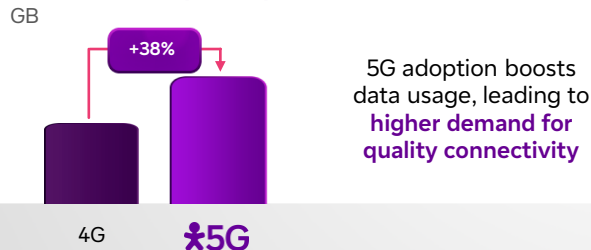
ARPU Expansion



Postpaid ex-M2M Churn



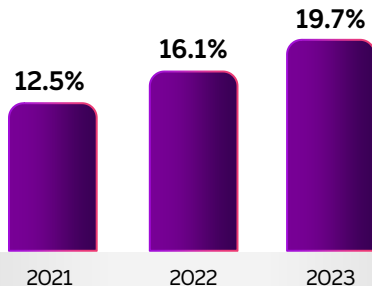
Data consumption per customer: 4G vs 5G



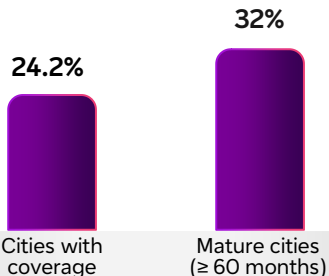
5G adoption boosts data usage, leading to higher demand for quality connectivity

Fiber is a key component of our strategy, and our share of net adds is increasing, leading to improved take-up rates

Share of FTTH net adds



FTTH Take-up



FTTH Market Share



Vivo Fibra with digital services has an **ARPU 30% higher**



≥500 Mbps

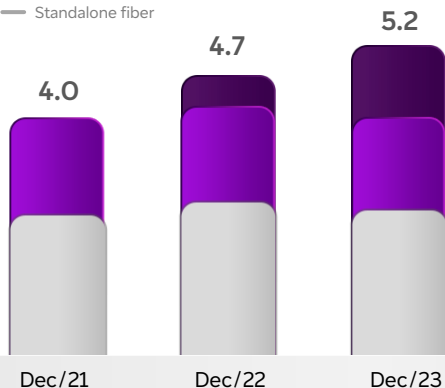
Vivo Fibra **≥500 Mbps** has a **churn 40% lower**

Our convergent plans, with the best of Mobile and Fiber, represent a distinct value proposition that enhances lifetime value

Convergent B2C Base

Million B2C Accesses

- Convergent WITH Vivo Total
- Convergent WITHOUT Vivo Total
- Standalone fiber



Ticket

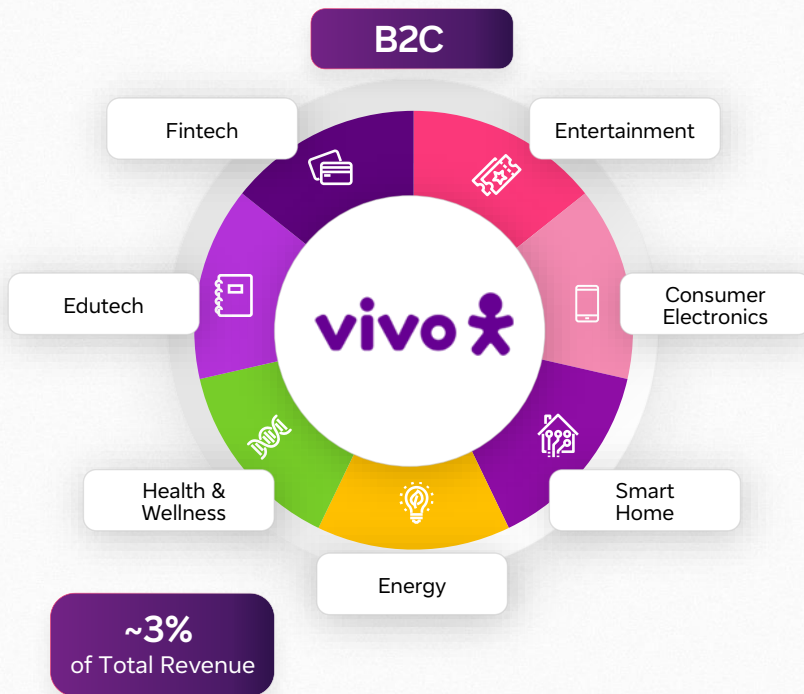
+4%
↑
+85%
↑
100

Churn

-39%
↑
-14%
↑
100

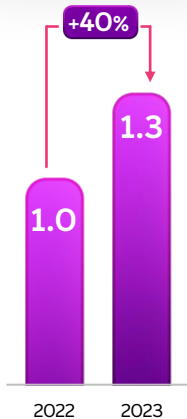
 Total

We are going beyond connectivity with new digital businesses, that have become an important growth lever for Vivo



Combined, the new B2C businesses already represent R\$ 1.3 billion in revenues, with annual growth above 40%

Revenue¹ (R\$ bn)



Highlights 2023

~R\$ 380 mn additional revenue in 2023

> 4 mn subscriptions² by the end of 2023

~3% of Vivo's total revenue

1 - Considers Fintech, Entertainment, Electronics (except devices) and Other. 2 - Considers personal loan and insurance contracts, credit card, Vivo Pay active accounts, Vivo Guru, OTT, Vale Saúde and Vivae subscriptions.

In B2B, growth has been driven by a broad technology portfolio, that grew 25.4% y/y in digital revenues in 2023



Cyber Security



IoT & Big Data



TI & Cloud



Networking



Ecosystem with more than 40 top-notch partners



SAMSUNG

HUAWEI



motorola

POSITIVO
TECNOLOGIA

Intelbras



Microsoft

crisco
Partner

IBM

FERRITINET

Lenovo

NOKIA

intel.

aws

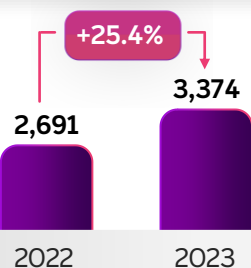
DELL

netskope

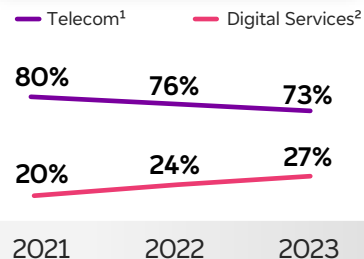
CHECK POINT

ORACLE

Digital Revenue B2B (R\$ million)



Total B2B Revenue Mix



Digital Services have **10% penetration** among active customers



Customers' churn with digital products is **20% lower** than telecom-only customers

1 - Considers Vivo's entire B2B revenue, excluding digital services.
2 - Digital considers revenues from cloud, cybersecurity, IoT/Messaging and IT.

Our clients are served by a powerful combination of channels, that offer the best in-person and digital experience



In March we launched our new Vivo App, further developing our digital experience

Simpler, easier and **more effective**

Financial **services**

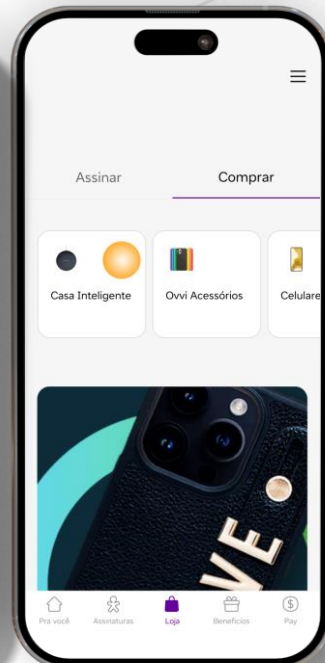
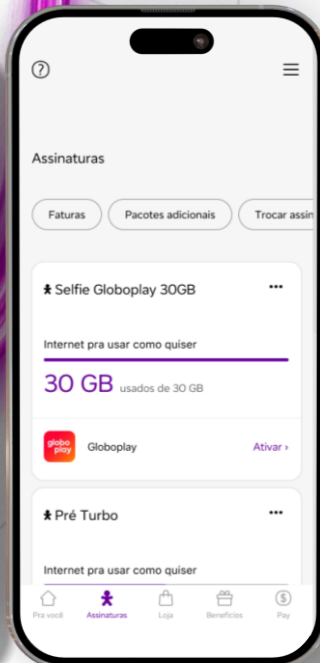
Subscription management for **all Vivo services**

Smart **home**

Offering all products, services and benefits



A **customer relationship** app that goes beyond self-service



All of this is supported by the strength of a contemporary and inspirational brand



Viva no Seu tempo

ISTO É Dinheiro

3rd most valuable brand in Brazil among all sectors, with a market value of US\$3 billion according to "The Most Valuable Brands in Brazil 2023"



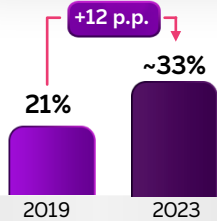
Vivo is Brazil's most remembered brand in mobile, 5G and fiber, according to Top of Mind Research

Employee diversity has become a pillar of Vivo's culture



Gender

Women in top management



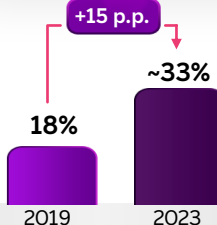
45%
of women in
the company

410
women field
technicians



Race

Black people in leadership



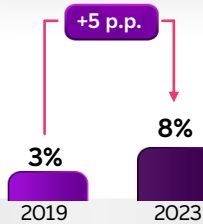
42%
of black people in
the company

50%
Trainee/ Intern
openings are for
black people



LGBTI+

Self-declared LGBTI+

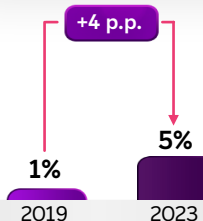


108
Trans
employees



Pw/D

People with disabilities



108
Trans
employees

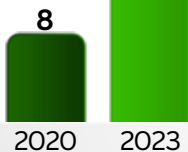


Vivo is the most sustainable company in Brazil according to the ISE B3 ranking, among all sectors

Protagonism in building a more sustainable society

Equipment and accessories collected (tons)

 Recycle



Distributed Generation (power plants)



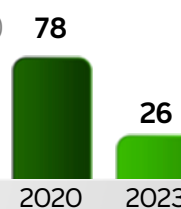
Distributed Generation



Reduction of Emissions (thousand CO₂ tons)



Carbon Neutral



Recognition from the main sustainability rankings

ISEB3

Most sustainable company among all sectors

S&P Global

In the top 10 most sustainable companies of the sector in the world



COP28 UAE

Winner of the 1st edition of the Net Zero Ambition Award

Now, our ambition is to consolidate our leadership even further

We reached 26mn HPs with fiber

... and we still have more than 10mn HPs with legacy technology

We connected 6.2mn homes with fiber

... with ~24% network occupancy and 50% of convergent customers

We bring 5G coverage to 47% of the population

... and 31% of pure postpaid customers have 5G-ready smartphones

The digital B2C ecosystem is maturing

... entertainment reaches 2.7mn customers, loans benefit 50 thousand customers and 20% of handset sales come with Mobile Insurance

Digital B2B revenues grew +25% in 2023

... we currently provide digital solutions to ~10% of our B2B customers

~1.5mn smartphones sold in 2023

... still far from the big retailers and when compared to our customer base





Vivo Day

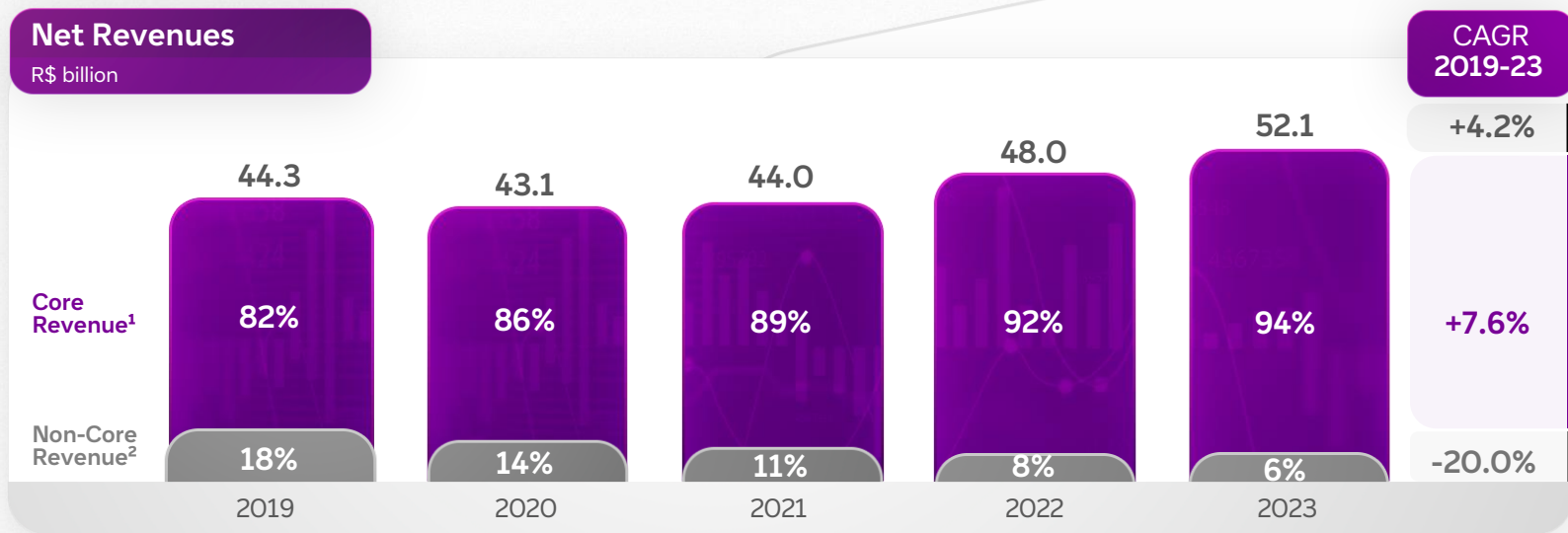
David Melcon
Chief Financial Officer

VIVT
B3 LISTED



ISEB3 ICO2B3

Transformation of the business mix leading to strong revenue growth...



High exposure to services with recurrent billing (approx. 80%) helps us pass on inflation and accelerate product convergence



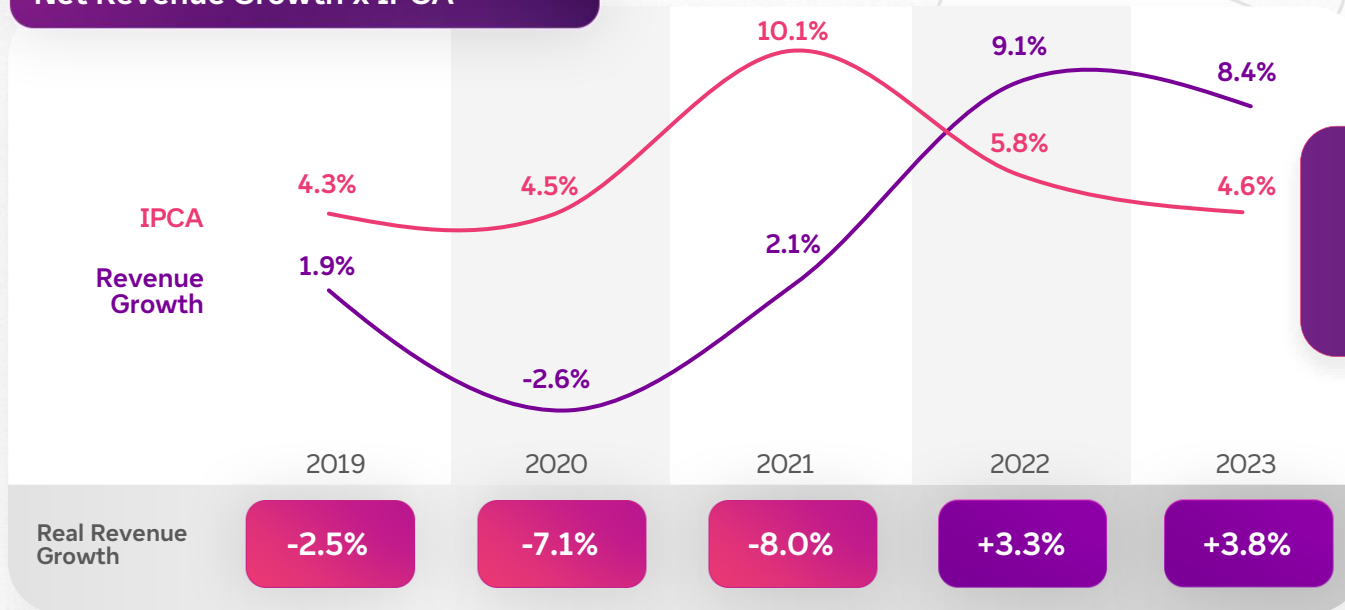
Revenues from mobile, FTTH, B2B and new businesses are the main growth drivers

1 - Total revenues excluding fixed voice, xDSL and DTH.

2 - Non-Core revenues includes fixed voice, xDSL and DTH. Since Jan/2023 we do not offer DTH services.

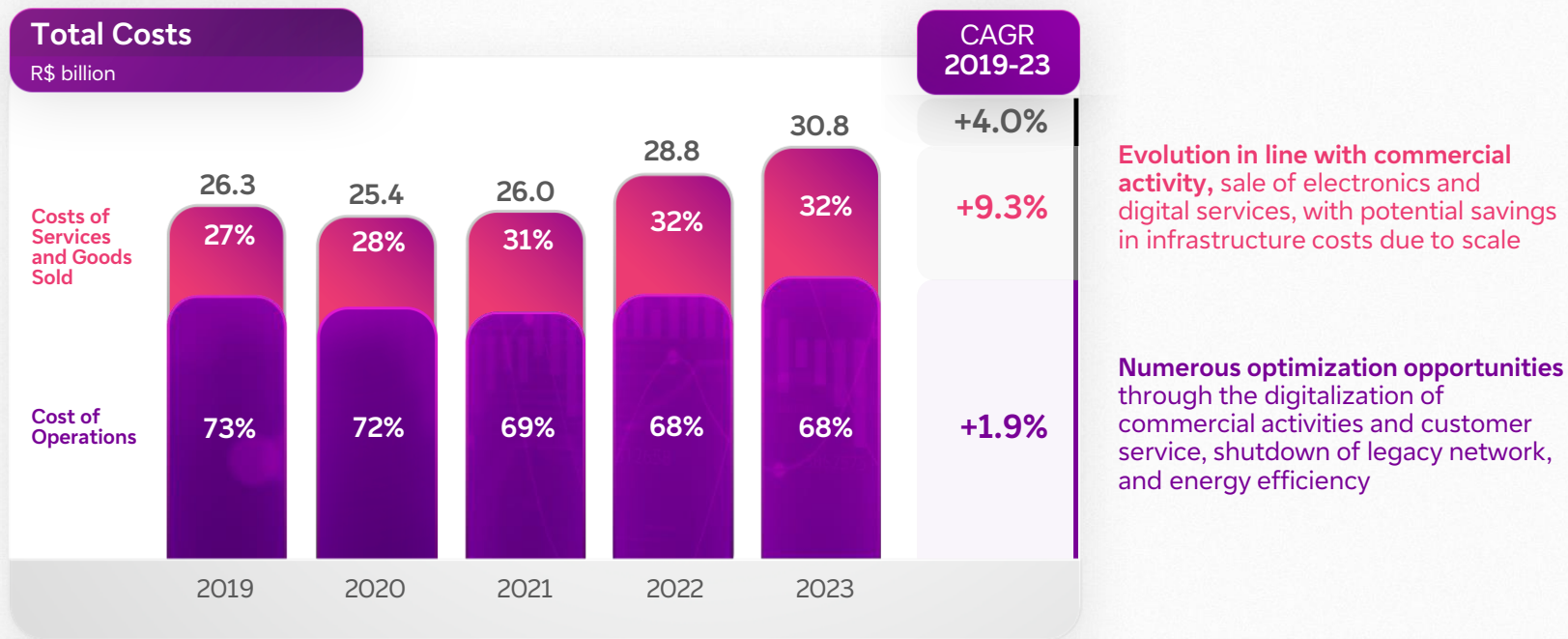
...above inflation in the past two years

Net Revenue Growth x IPCA



Continuity of positive revenue growth trend, leveraged by business mix

Changes in cost base reflect the new business mix and the continuous digitization of the Company



Additional efficiencies are expected to be captured, contributing to opex control

4Q23 Postpaid ex-M2M

Churn: **0.97%**
(-14% vs 2020)

Customer Acquisition Cost:

-17% vs 2020

Unitary Retention Cost:

-22% vs 2020

4Q23 FTTH Churn:

1.63%
(-3% vs 2020)

Vivo App Unique Users:

22 mn
(+19% vs 2020)

% Digital Channel Sales:

approx. **30%**
(+15 p.p. vs 2020)

Energy savings

with self-production and use of renewable energy power plants

Back Office Cost:

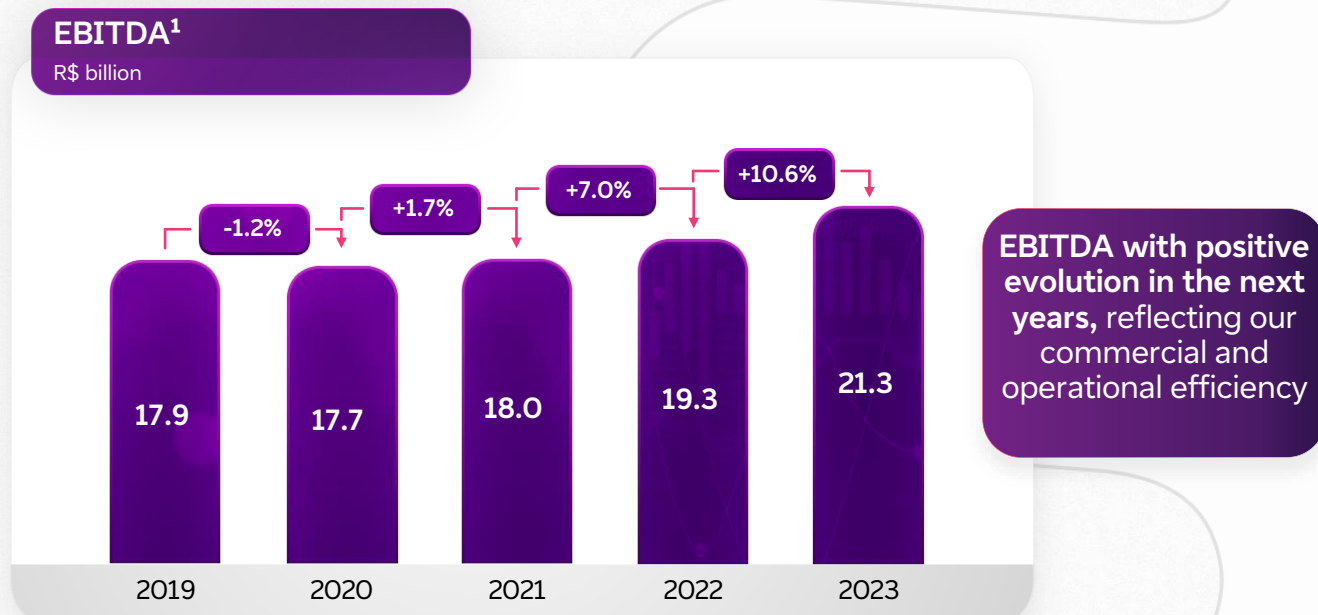
-29% vs 2020

% of PIX in received payments:

31% (+15 p.p. YoY)

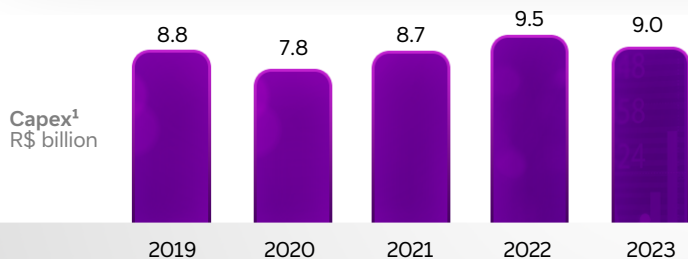
Network cost efficiencies through a robust portfolio of spectrum and shutdown of legacy technologies

By combining revenue growth above inflation with controlled cost evolution, we establish the foundation for sustained EBITDA expansion

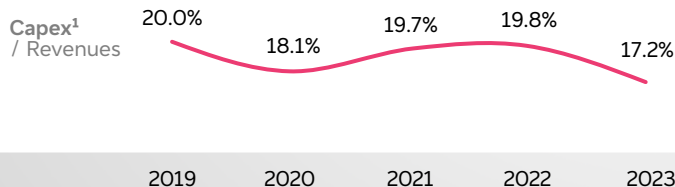


The investments made to date enable us to reduce capital intensity

Investments optimization benefiting from efficiencies and expansion of new services that do not consume Capex



Trend of lower Capex/Revenues intensity should continue



Improvement in the mobile mix, as traffic migrates from 4G to 5G, coupled with ongoing efficiency initiatives, **may create additional savings**



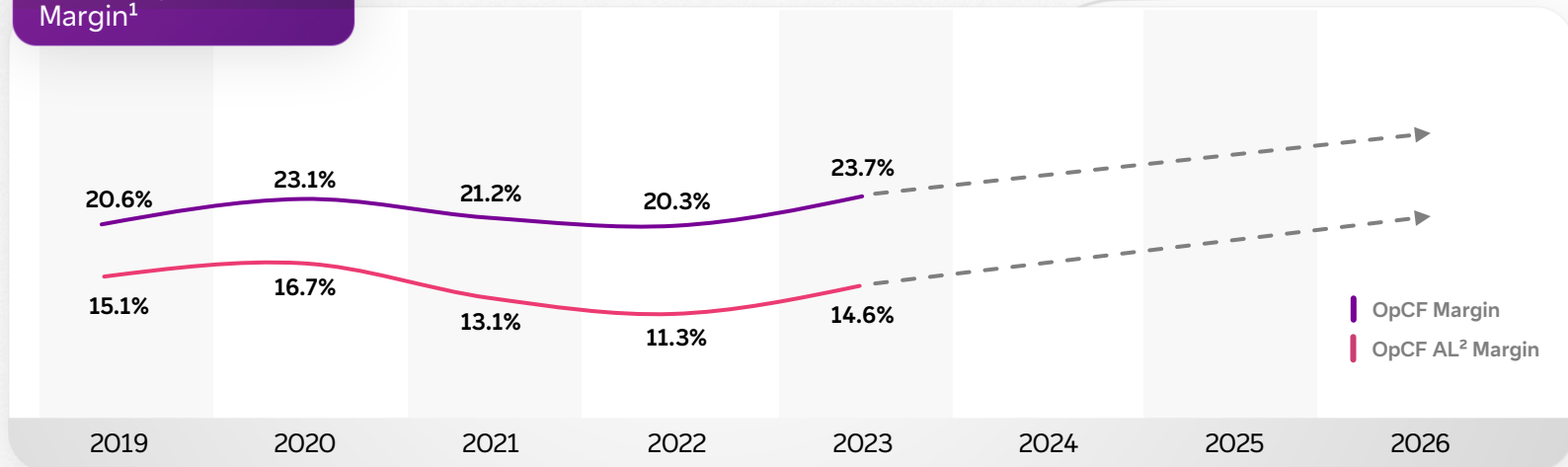
Expansion of the fiber network to 29 million HPs by 2024 done primarily through overlay, but also in partnership with FiBrasil



Reduction of the Capex dedicated to IT transformation

Operating cash flow margin with positive trend as business performance improves

Operating Cash Flow Margin¹



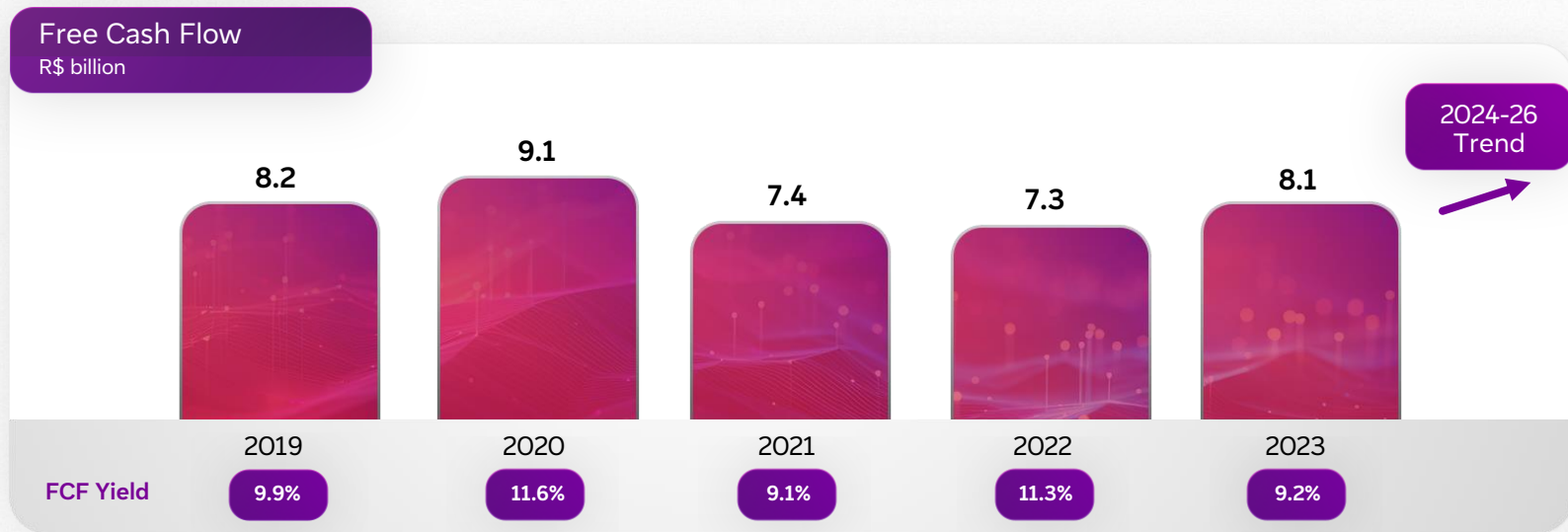
Improvement in operational results, combined with controlled levels of Capex, **will lead to an expansion of Operating Cash Flow...**



...with **positive evolution** both before and after leases


1 - Operating Cash Flow (OpCF) considers recurring EBITDA - CAPEX. 2 - "AL" means after IFRS-16 leases.

Free cash flow generation will continue to be one of our main attributes, allowing for different value creation opportunities



 Free Cash Flow expansion, **boosted mainly by EBITDA growth and lower capital intensity...**

 ...continuing with **improvements in ROCE¹ levels**

 This should maintain **Vivo as one of the leading companies in terms of FCF yield in the sector**

Our low leverage serves as a shield and creates optionality for the future

Low leverage allows us to maintain **the best ratings of all agencies on a local basis**, highlighting how solid our balance sheet is...

FitchRatings

Rating AAA(bra)

MOODY'S

Rating AAABr

S&P Global Ratings

Rating brAAA

...allowing for alternatives to reshape our capital structure

Net Debt¹

R\$ billion



Net Debt/
EBITDA

2021

0.5x

2022

0.8x

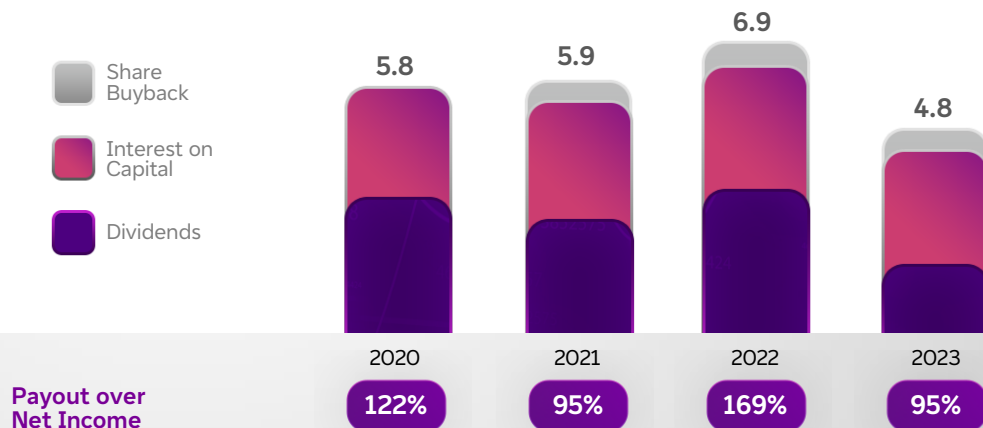
2023

0.7x

1 - Net Debt including IFRS-16. Debt does not include fee related to FISTEL for the years 2020 to 2023, totaling R\$3.5 billion.

Solid shareholder remuneration will continue to be one of our defining characteristics...

Shareholder Remuneration¹ R\$ billion



According to the **guidance** published on November 11th, 2023, the **payout over net income** for the years 2024, 2025 and 2026 will be **≥100%**

1 – Considers events deliberated and paid in each period.

...strengthened by a robust share buyback program and capital reduction

Share Buyback



From 2020 to 2023, we invested **R\$1.6 billion in share buybacks** (38.4 million shares), equivalent to 2.3% of our total shares, cancelling all of them



We announced a new **Share Buyback Program**, from **March 2024 to March 2025**, planning buybacks of up to **R\$1 billion** in the period

Capital Reduction



In September 2023, ANATEL approved our request for a capital stock reduction **of up to R\$5 billion**



The first tranche, of R\$1.5 billion, was approved by our shareholders on January 24th, 2024, **and will be paid on July 10th, 2024**



1Q24 Results

VIVT
B3 LISTED



ISEB3 ICO2B3

Strong operating performance leading to above-inflation growth in revenues, EBITDA and net income

Growth

Profitability

Sustainability

1Q24

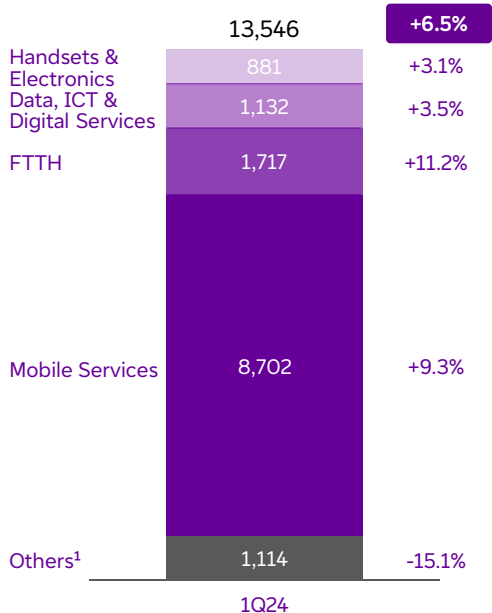
Mobile Postpaid Accesses	Total Revenue	EBITDA	Net Income ²
62.6 mn +6.6% YoY 99.7mn Total Mobile Accesses (+1.6% YoY)	+6.5% YoY	+6.8% YoY	R\$0.9 bn +7.3% YoY
Fiber Homes Connected	Mobile Serv. Revenue	Operating Cash Flow ¹	Free Cash Flow
6.3 mn +12.3% YoY 26.8mn Homes Passed (+10.0% YoY)	+9.3% YoY	R\$3.4 bn 25.1% of Total Revenues	R\$2.4 bn 17.6% of Total Revenues

1 – Capex ex-licenses. 2 – Net income attributed to Telefónica Brasil.

Positive revenue momentum remains intact, supported by mobile and fiber revenues

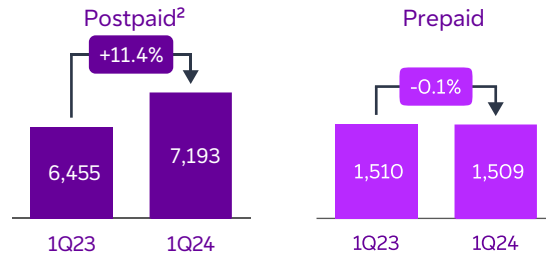
Total Revenues

R\$ million



Mobile Service Revenues

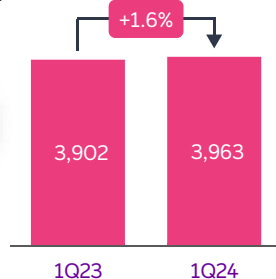
R\$ million



Double-digit growth in postpaid revenues driven by **positive commercial momentum**, and prepaid to postpaid upsells

Fixed Revenues

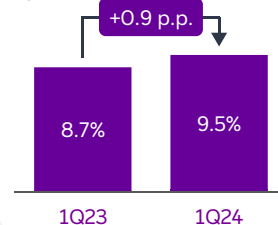
R\$ million



Deceleration of fixed revenues due to seasonality, impacting the YoY evolution of Data, ICT & Digital Services, compensated by **consistent mid-teen expansion of FTTH revenues**

B2B Digital + B2C New Businesses over Total Revenues

%

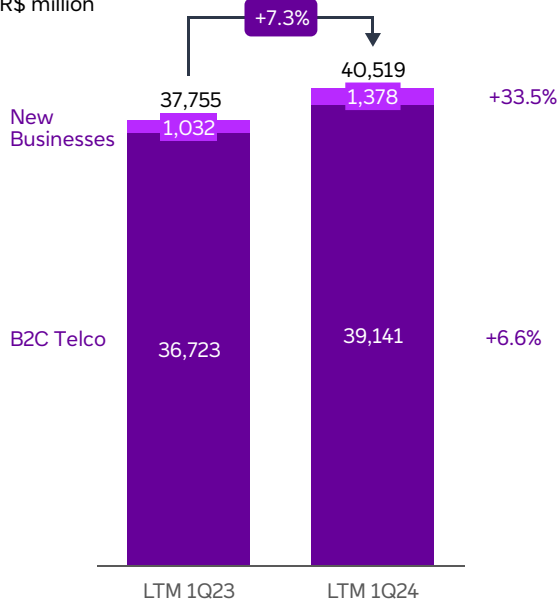


1 – "Others" includes FTTC (Fiber-to-the-Cabinet), xDSL, IPTV and Voice. 2 – Postpaid Revenues include M2M, Dongles, Wholesale, Roaming, etc.

B2C revenues grew well above inflation, highlighting the new businesses, that increased over 30% YoY

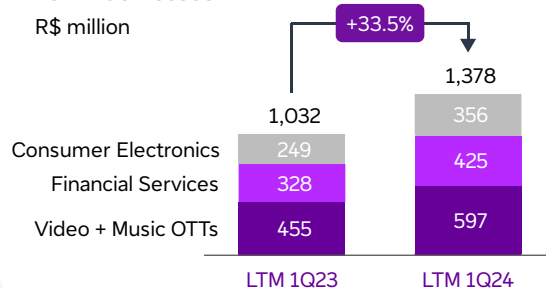
Total B2C Revenues¹

R\$ million



New Businesses

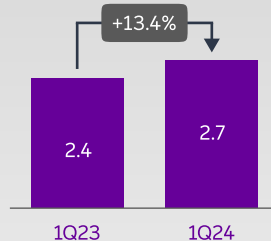
R\$ million



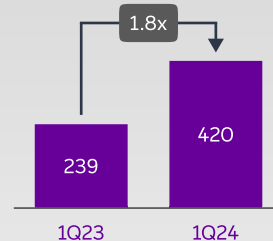
B2C new businesses continue its rapid growth, and already represents **2.6% of total revenues (+0.6 p.p. YoY)**



OTT subscriptions million



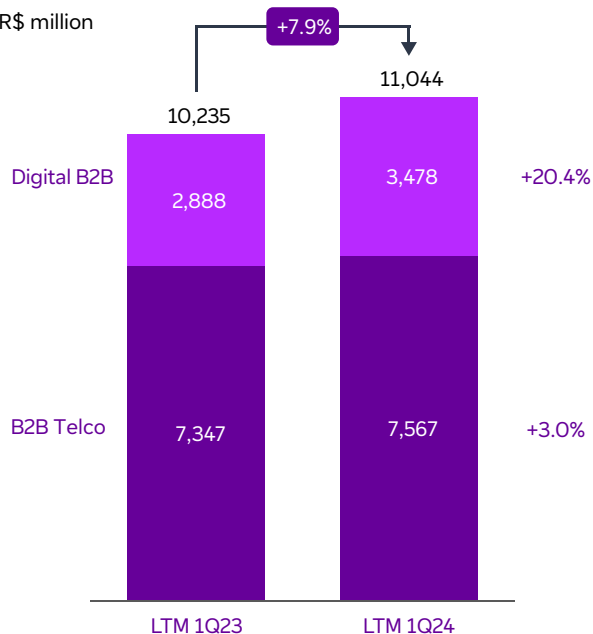
Vivo Money's credit portfolio R\$ million



B2B continues to accelerate driven by digital solutions, and already represents 21% of Vivo's total revenues

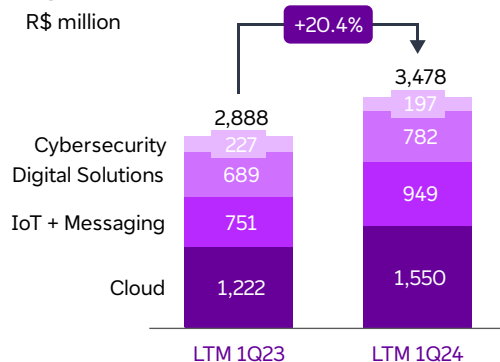
Total B2B Revenues¹

R\$ million



Digital B2B

R\$ million



Digital B2B continues to grow, and already represents **31.5% of total B2B revenues** (+3.3 p.p. YoY), and **6.6% of total revenues** (+0.7 p.p. YoY)



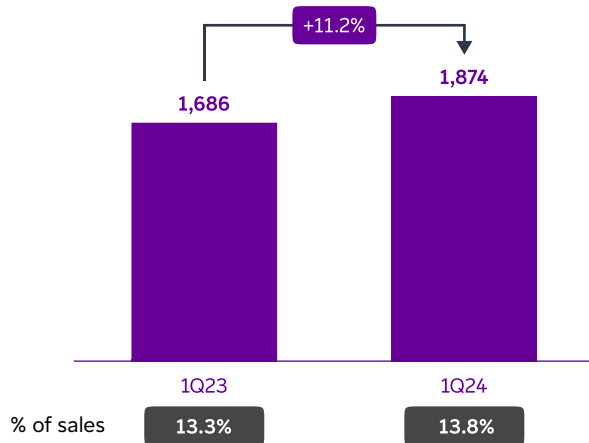
1Q24 saw meaningful opportunities in **private network**, with the development of customized solutions for **key B2B customers**

1 – Excludes Wholesale revenues that amounted R\$1,362 million in 1Q24 LTM.

Robust commercial performance drove operating cash flow expansion with margin improvement

Capex¹

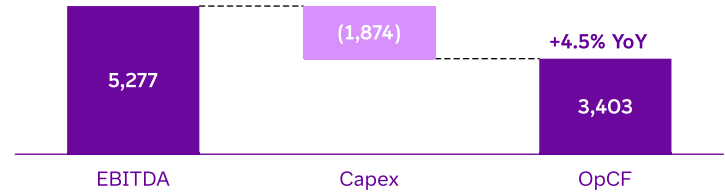
R\$ million



Capex efficiency remains a priority, as we are the only 5G operator in all cities with >200k inhabitants, covering 47% of Brazil's population

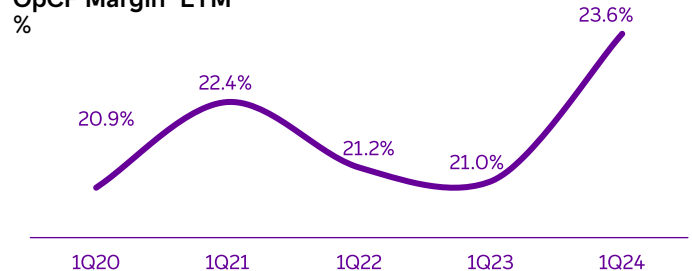
Operating Cash Flow¹

R\$ million, 1Q24



OpCF Margin¹ LTM

%

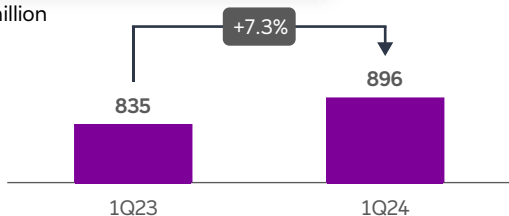


1 – Ex-spectrum licenses and IFRS-16.

Despite challenging comps, free cash flow generation remains solid and net income continues to expand

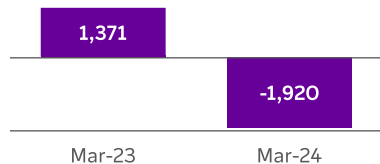
Net Income¹

R\$ million



Net Debt²

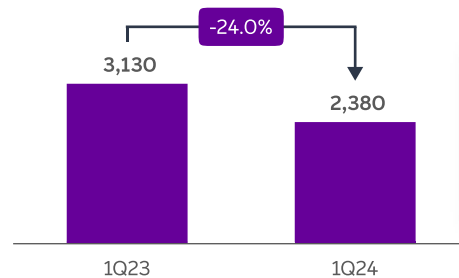
R\$ million



Mar-24 Net Debt including IFRS-16
R\$11.5bn
 0.5x LTM EBITDA

Free Cash Flow³

R\$ million



YoY Free Cash Flow reduction due to seasonality and positive effects recognized in 1Q23⁴

Free Cash Flow Yield⁵ (LTM)

8.8%

Free Cash Flow/Sales (LTM)

14.0%

1 – Considers the net income attributed to Telefónica Brasil. 2 – Excluding IFRS-16. Debt position does not include the outstanding amount related to the FISTEL TFF fee for the period 2020-2024, amounting to R\$4.4 billion. 3 – After leases. 4 – We were benefited by a compensation of tax credits in the amount of R\$492mn in 1Q23. 5 – Market cap based on 03/31/2024.



Vivo Day

Christian Gebara
Chief Executive Officer

VIVT
B3 LISTED



ISEB3 ICO2B3

In summary



Vivo is the leader in the Brazilian market, both in customers and financial results



Significant growth potential through convergence, combining the best of Fiber and 5G



Relevant acceleration opportunity, individually and through partnerships, for new businesses



Continued focus on improvement of customer experience, increasing engagement and decreasing churn



Proven track record of growth in revenues, EBITDA and cash flow indicates positive trend for the business



Solid culture focused on diversity, employee motivation and talent development and retention



Leadership in all ESG aspects, being an international reference inside and outside the Telecom sector



Relevant shareholder remuneration, maximizing value creation



Telefónica Brazil / VIVO

deep-dive

May 20th, 2024 – London

