



Announcement | Lisbon | 22 December 2020

Notice to the Market disclosed by Oi

PHAROL, SGPS S.A. hereby informs on the Notice to the Market disclosed by Oi, S.A., according to the company's announcement attached hereto.

PHAROL, SGPS S.A.

Public Company
Share capital Euro 26,895,375
Registered in the Commercial
Registry Office of Lisbon and
Corporation no. 503 215 058

PHAROL is listed on the Euronext
(PHR).
Information may be accessed on
Bloomberg under the symbol PHR
PL.

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2020 APIMEC MEETING



Investor Relations | December 21, 2020

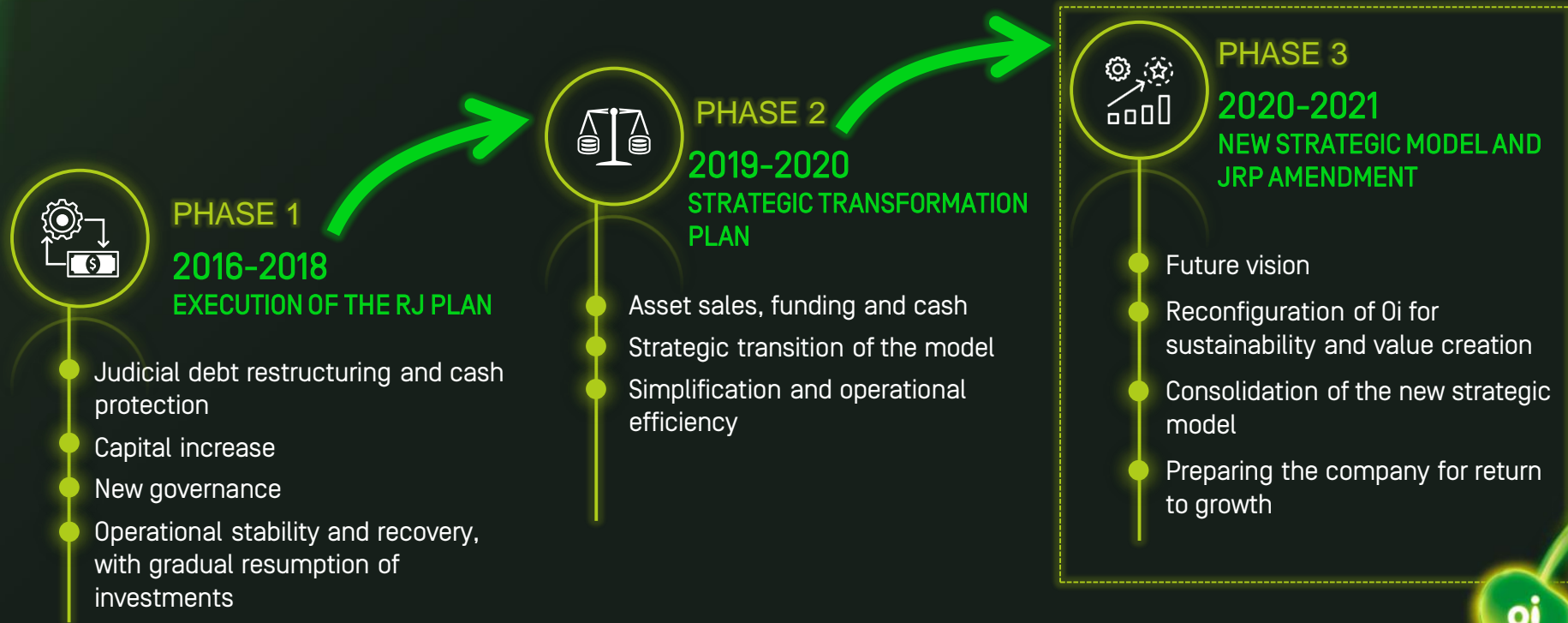
IMPORTANT NOTICE

This presentation contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and the applicable Brazilian regulations. Statements that are not historical facts, including statements regarding the beliefs and expectations of Oi S.A. – under Judicial Reorganization [“Oi” or “Company”], business strategies, future synergies, cost savings, future costs and future liquidity are forward-looking statements.



The words “anticipates”, “intends”, “believes”, “estimates”, “expects”, “forecasts”, “plans,” “aims” and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. There is no guarantee that the expected events, tendencies or expected results will actually occur. Such statements reflect the current views of the Company’s management and are subject to a number of risks and uncertainties. These statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, corporate approvals, operational factors and other factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations. All forward-looking statements attributable to the Company or its affiliates, or persons acting on their behalf, are expressly qualified in their entirety by the cautionary statements set forth in this notice. Undue reliance should not be placed on such statements. Forward-looking statements speak only as of the date they are made.

Except as required under the Brazilian and U.S. federal securities laws and the rules and regulations of the CVM, the SEC or other regulatory authorities in other applicable jurisdictions, the Company and its affiliates do not have any intention or obligation to update, revise or disclose any changes to any of the forward-looking statements herein in order to reflect current or future events or their developments, changes in assumptions or changes in other factors affecting the forward-looking statements herein. You are advised, however, to consult any further disclosures the Company makes on related subjects in reports and communications that the Company files with the CVM and the SEC.


AFTER THE APPROVAL OF THE RJ PLAN IN 2017, OI BUILT A VISION OF THE FUTURE THAT NOW REACHES THE THIRD PHASE OF ITS TRANSFORMATION






OI MAINTAINS PACE OF DELIVERY ON THE OPERATIONAL AND TRANSFORMATIONAL FRONTS


 In early december we reached **2.0M** FTTH customers & **9.1M** Homes Passed with fiber  Monthly average of **149k** new customers and **383k** new HP's from July to September




 Postpaid mobile revenues grew **+2.1%** in the sequential comparison and Prepaid **+8.2%**


 Annual Opex savings of **-9.6%** with Ebitda growth of **+2.4%** YoY


R\$ 5.7Bn by the end of september and at least **R\$ 26.9Bn** of new resources with judicial competitive processes 

Towers: R\$ 1,067 Mn [Judicial competitive process concluded Nov 26]
 Data Centers: R\$ 325 Mn [Judicial competitive process concluded Nov 26]
 Mobile: R\$ 16.5 Bn [Judicial competitive process concluded Dec 14]
 InfraCo: R\$ 6.5 Bi minimum cash + R\$ 2.4 Bn debt with Oi

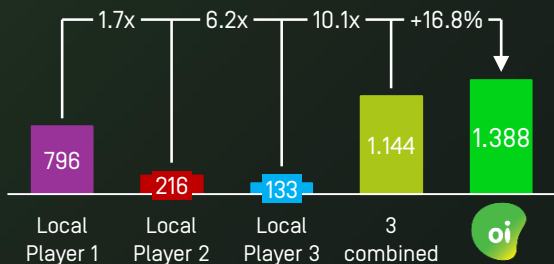


OI RETURNS TO THE DISPUTE FOR THE GENERAL LEADERSHIP OF BROADBAND, WITH A VERY STRONG COMPETITIVE POSITION

Oi is at the forefront of the Fiber market. Adding 17% more customers than all other carriers combined...

FTTH NET ADDS - LAST 12 MONTHS

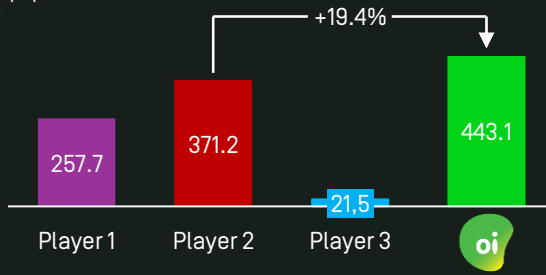
yoy, thousand



... paving the way for leadership in overall ultra-broadband market...

3Q20 UBB* NET ADDS - ALL TECHNOLOGIES

qoq, thousand



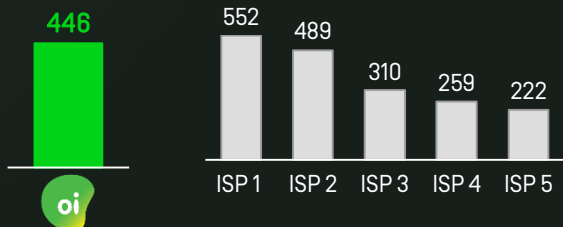
...putting into perspective, Oi is adding per quarter the equivalent to a customer base of a top 3 ISP...

OI FIBER NET ADDS

[3Q20, thousand]

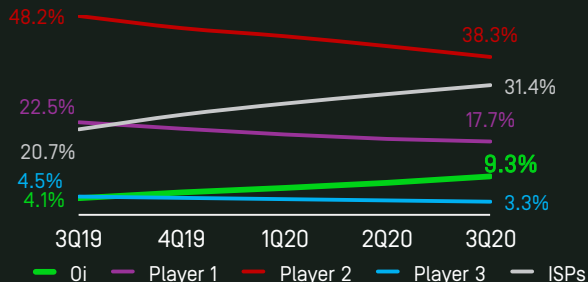
TOP 5 ISP_s FIBER CUSTOMER BASE

[3Q20, thousand]



...as a result, Oi was the only major operator to grow UBB* market share in 2020.

UBB MARKET SHARE - ALL TECHNOLOGIES



OI FIBER PROJECT INTERNATIONAL RECOGNIZED

Broadband AWARDS Part of Broadband World Forum

OPERATOR WINNER 2020

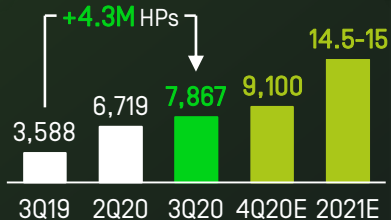
Best Fixed Access Solution

#BBWF tmtknect365.com/bbwf

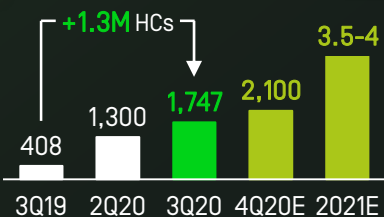
Oi won the most prestigious award in the international broadband industry: the international Broadband World Forum 2020 award for the best operator of broadband access solutions, with the "Oi Fibra" case

FIBER REVENUES INCREASED ALMOST 5 TIMES IN 1 YEAR

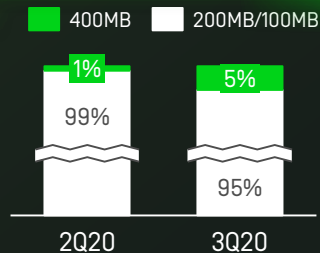
HOMES PASSED [HP], # MN



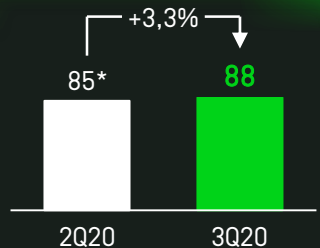
CUSTOMERS [HC], # MN



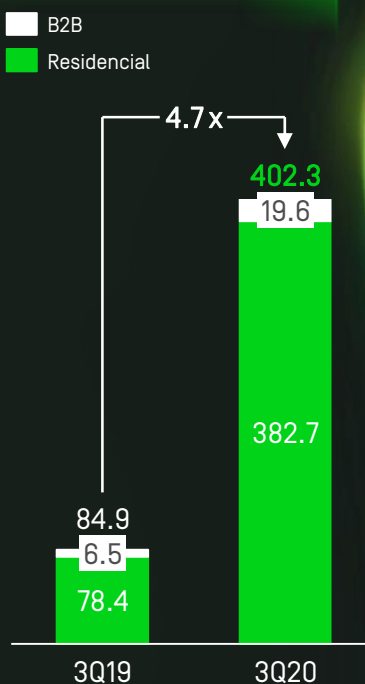
400MB PLAN CUSTOMER BASE SHARE, %



FIBER ARPU, R\$



FTTH REVENUE BREAKDOWN, %



OI FIBRA
INVADIU SUA
BLACK FRIDAY

500 MEGA POR R\$ 149,90 /MÊS
NO DÉBITO EM CONTA E CONTA DIGITAL

SUA BLACK FRIDAY MERECE

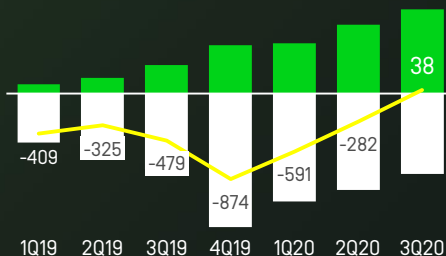


RESIDENTIAL RETURNS TO SEQUENTIAL GROWTH FOR THE FIRST TIME IN 11 QUARTERS

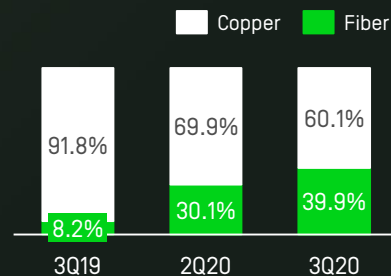
Residential total net adds have become positive and Fiber already represents 40% of total broadband customer base

RESIDENTIAL RGUs NET ADDS, # Thousand

Legacy* Fiber Total Net Adds

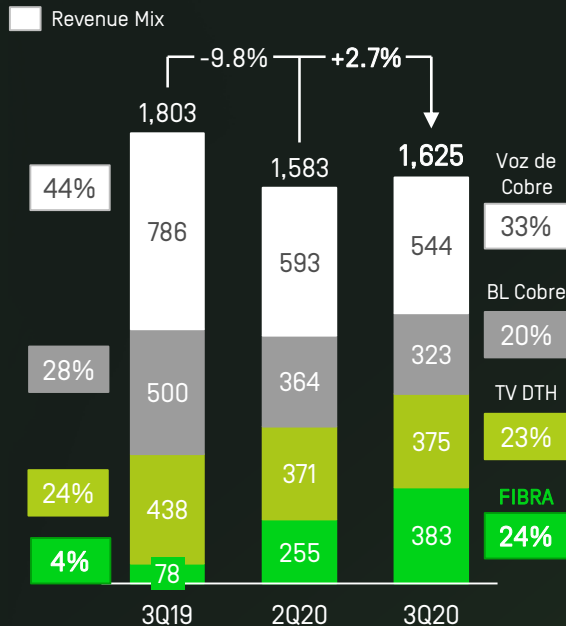


BROADBAND CUSTOMER BASE MIX, %



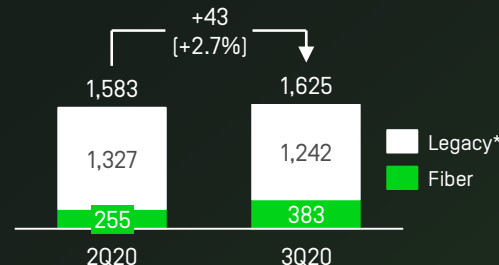
In one year, Fiber revenues increased from 4% to 24% share of Residential revenues, and is poised to become the largest component of residential revenues soon

RESIDENTIAL REVENUES, R\$ Million



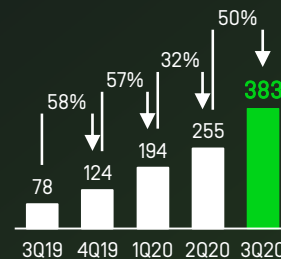
For the 1st time in 3 years, Residential revenues increased QoQ. Annualized Fiber revenues at end of Q3 had already reached close to R\$ 1.7 billion

RESIDENTIAL, R\$ Million



FIBER REVENUE ACCELERATION

QUARTERLY REVENUE R\$ Million



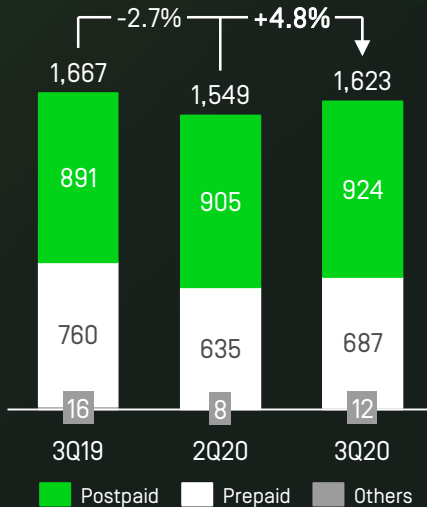
SEP/20 REVENUE ANNUALIZED, R\$ Million



* Legacy = Copper Voice, Copper Broadband and DTH TV

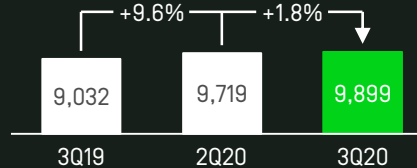
MOBILITY REVENUES RESUMED SEQUENTIAL GROWTH, WITH POSTPAID RESILIENCE AND FAST RECOVERY IN PREPAID

CUSTOMER REVENUES¹ MOBILE, R\$ Million



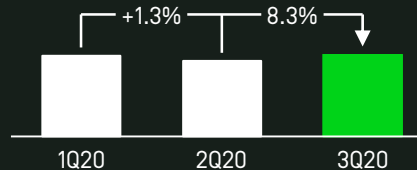
POSTPAID CUSTOMER BASE, # Thousand

Even impacted by the closing of stores, postpaid managed to grow the customer base, with increased sales through digital channels.



PREPAID TOPUPS, # Thousand

Prepaid shows signs of full recovery, with topups exceeding the volumes of 1Q20, when confinement had not yet started.

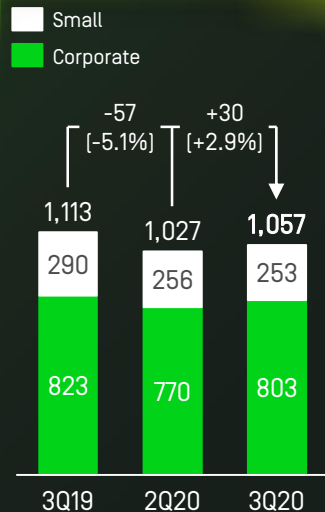


**PILOTO 5G
EM BRASÍLIA**

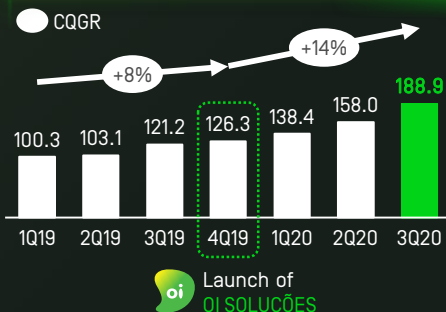
* Information based on managerial allocation | 1 - Excludes interconnection revenues and handset sales.

B2B WITH SEQUENTIAL REVENUE GROWTH FOCUSED ON IT SERVICES. WHOLESALE STABILIZING REVENUE, WITH RECOVERY OF UNREGULATED.

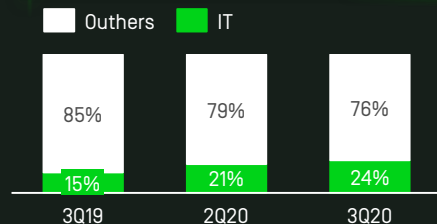
B2B REVENUE, R\$MN



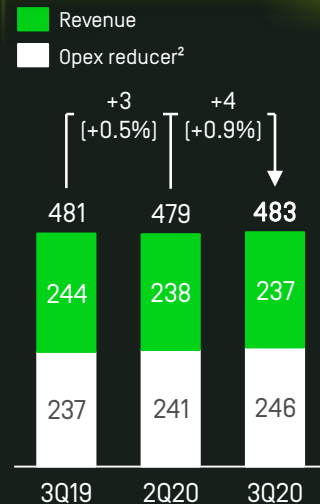
IT¹ REVENUE EVOLUTION, R\$MN



CORPORATE REVENUE SHARE, %



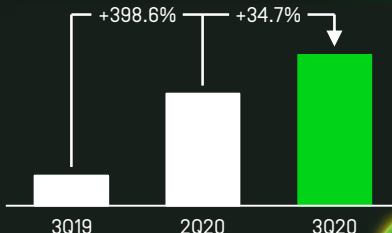
WHOLESALE REVENUES, R\$MN



WHOLESALE REVENUE BREAKDOWN, R\$MN

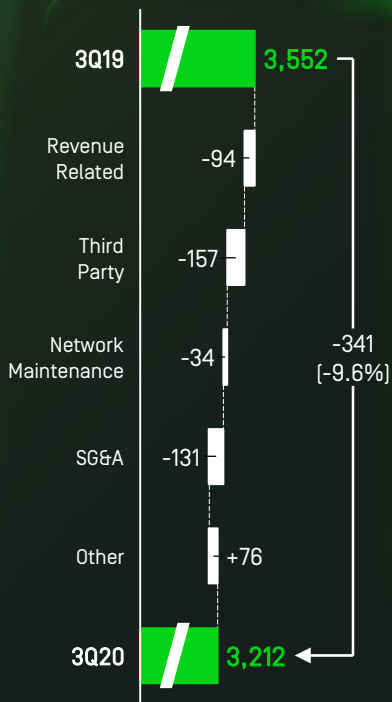


NET SALES TO ISPs, #MN



FOCUS ON SIMPLIFICATION, EFFICIENCY AND DIGITAL TRANSFORMATION, GENERATING GREATER REDUCTIONS IN OPEX AND RETURN TO ANNUAL EBITDA GROWTH

OPEX, R\$ MN



DIGITAL FIRST

85% of the interactions with clients through digital channels.

12% share of digital channels in the recovery of debts over 90 days after 2 months of operation.

R\$ 136M in savings in 9M20 with Front Office and Back Office optimization due to robotization and automation of processes and customer care expansion through digital channels.



STRUCTURE AND PROCESSES

A detailed revision of the structure and processes and the implementation of centralized automations initiatives.

Readjustment of the organizational structure with an approximately 15% reduction of the workforce and estimated savings in 12 months of **R\$ 260M**.

INNOVATIVE SOLUTIONS

634k accesses to our digital assistant in JOICE September

45% yoy increase in the usage of Minha Oi App



A LIGHT, AGILE and DIGITAL Company, focused on the future

FOCUS ON EFFICIENCY

Legacy deceleration with Opex reduction due to:

- ✓ Virtual shutdown in legacy portfolio sales
- ✓ Reduced number of legacy stations (De-averaging).
- ✓ Migration from old copper networks to fiber.
- ✓ Productivity improvement in field activities (installation, repair and maintenance).

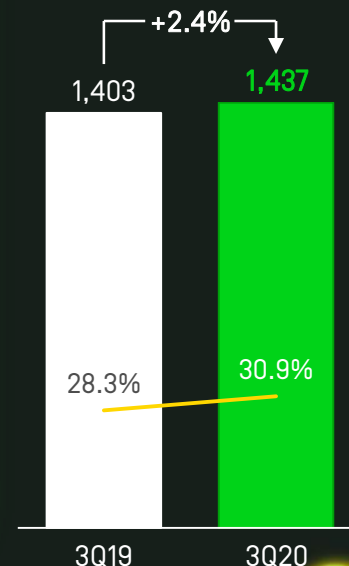


OPERATIONAL EXCELLENCE

Operational excellence and logistic optimization, always approaching the technology evolution.



ROUTINE EBITDA R\$ MN

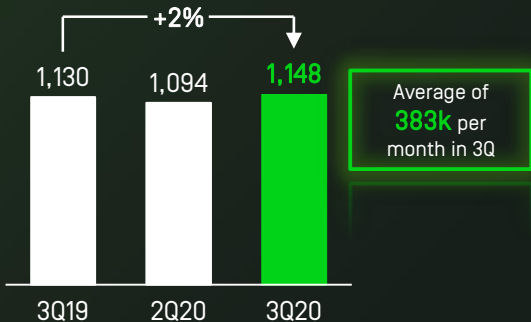


Routine Ebitda
 Margin

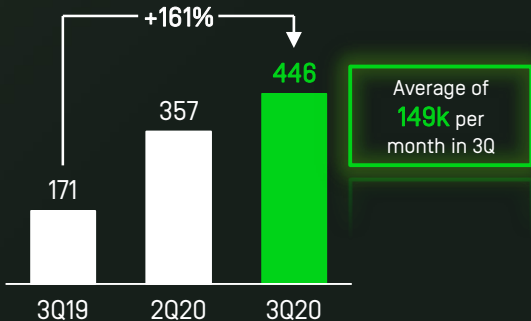


CAPEX ALLOCATION PROFILE CONTINUES TO EVOLVE IN COMPLETE ALIGNMENT WITH THE FIBER STRATEGY

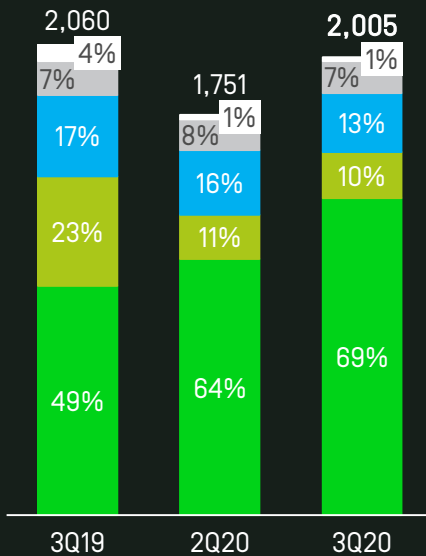
HOMES PASSED PER QUARTER, #Thousand



HOMES CONNECTED PER QUARTER, #Thousand



CAPEX, R\$ MN

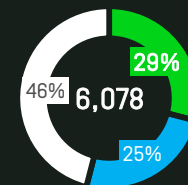


DTH TV
 Mobile
 Fiber ¹
 B2B
 Copper

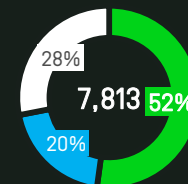
CAPEX MIX, %

Expansion ²
 Mobile
 Legacy ³

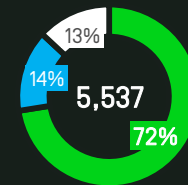
2018 Full Year



2019 Full Year



2020 9M20

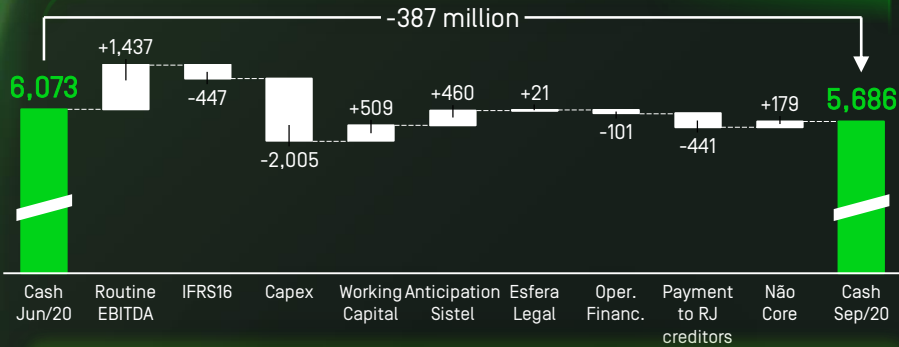


* Information based on managerial allocation | 1 - Fiber + Wholesale | 2 - Fiber + B2B + Wholesale | 3 - Copper Voice + Copper Broadband + DTH TV

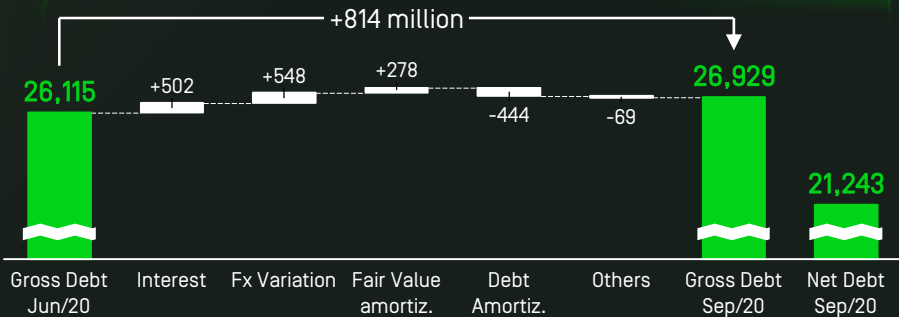


CONTROL OF CASH CONSUMPTION AND FINANCING OPTIONS FOR THE EXECUTION OF THE TRANSFORMATION PLAN

CASH FLOW, R\$ MN



DEBT (FAIR VALUE), R\$ MN



SUMMARY OF JR AMENDMENT APPROVED

SALE OF UPI'S: MINIMUM OF R\$27 BILLION IN ADDITIONAL RESOURCES

- ✓ **Towers:** R\$ 1,067 Mn [Judicial competitive process concluded Nov 26]
- ✓ **Data Centers:** R\$ 325 Mn [Judicial competitive process concluded Nov 26]
- ✓ **Mobile:** R\$ 16.5 Bn [Judicial competitive process concluded Dez 14]
- ✓ **InfraCo:** R\$ 6.5 Bn minimum cash + R\$ 2.4 Bn debt with Oi
- ✓ **TVC:** R\$ 20 Mn minimum cash

DEBT PREPAYMENT: DELEVARAGING THE COMPANY

- **Bridge loan and BNDES** Payment of the entire value in advance, using resources from the sale of Mobile Asset UPI
- **Local Banks And ECAs** Advance credits liquidation, with a prepayment discount of 55% of the face value, in up to 3 installments [2022-24], conditioned to the sales of the Mobile UPI an InfraCo UPI participation.

FUNDING OPTIONALITIES: FUNDING TRANSITION

- Partial anticipation of resources from UPI Mobile sale in an amount of up to R\$ 5Bn;
- Other Financing:
 - R\$ 2Bn [with flexibility for offering guarantees] and
 - R\$ 2Bn [without flexibility to offer additional guaranties];
- Flexibility for additional funds guaranteed by InfraCo UPI shares

EXECUTION OF 15 TRANSFORMATION PROGRAMS



PROGRAMS



OBJECTIVES

- 1 Data Center and Towers UPIs sale
- 2 TV UPI sale
- 3 Mobile Assets UPI sale
- 4 InfraCo sale
- 5 Legal entities structure simplification
- 6 InfraCo design and creation
- 7 Transformation of New Oi
- 8 Digital transformation
- 9 Organizational transformation
- 10 Regulatory agenda
- 11 Drastic Cost Out
- 12 Legacy De-average
- 13 Procurement review
- 14 Short-term financing
- 15 Business execution management

Perimeter Change

Model Separation

Funding

Business Execution

UPIs M&A

Corporate Restructuring

Scope simplification

Carve-Outs execution

Design of the new operational models of Infra Co and New Oi

Construction of new entities

Operational efficiency

Legacy phase out (services, processes, systems)

Short-term financing

Fiber acceleration

Mobile operation Management

Customer base Retention

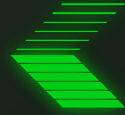
Drive revenue mix transformation



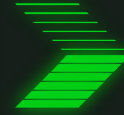
THE EXPECTED TIMELINE POINTS TO A COMPLETE TRANSITION BY THE END OF 2021

| SEP/OCT20 | NOV 20 | DEC 20 | 1Q 21 | 3Q 21 | 4Q 21 | OCT 21 |
|---|---|--|----------------------------------|-----------------------|--|--------------------|
| Holding of the General Creditors Meeting ✓ Confirmation of the GCM by Judicial Court ✓ | Competitive Bidding Process for UPI Towers and UPI Data Center ✓ | Competitive Bidding Process for UPI Mobile Assets ✓ Closing of UPI Towers and UPI Data Center ✓ | Infra Co and TV Co UPIs auctions | Alienação UPI InfraCo | Closing of UPI Mobile Assets Closing of UPI TV Co | Encerramento da RJ |

AT THE END OF THE TRANSFORMATION PROCESS, OI WILL HAVE TWO STRONG PILLARS WITH CLEAR AND DISTINCTIVE VALUE PROPOSITIONS



INDEPENDENT, COMPLEMENTARY COMPANIES THAT DO NOT COMPETE WITH NON-EXCLUSIVE AND NON DISCRIMINATORY BUSINESS RELATIONSHIPS



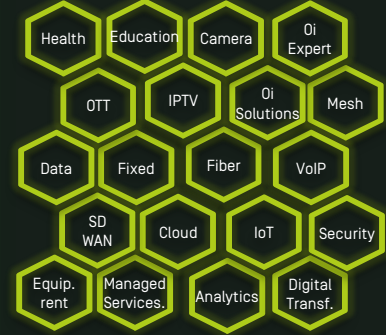
The largest Telecom infraCo in the country massifying optical fiber, enabling broadband, 5G and business services.

Integrated technology and digital services platform that helps people and companies transform their lives and businesses.



One infra, multiple networks...
...and all futures..

- Most comprehensive telecom infrastructure in the country
- High quality and performance
- Digital and automated processes enabling efficient and frictionless customer relationship
- Complete and modular portfolio of services to meet different sizes and types of carriers
- Neutral commercial treatment with competitive conditions



- Customer base as the main asset
- Modular portfolio of products and services marketed in plug-in logic (Market place)
- High level of digitization and use of AI
- Focus on customer experience and differentiation by solving Retail, SMEs and Corporate customer pains (high NPS)
- Differentiation and value creation through an ecosystem of partnerships



Reliability and availability



Low latency



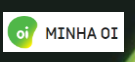
Broad range of solutions



High level of security



Operational efficiency



INFRA CO: NEUTRAL NETWORK PLAYER ENABLING ALL TYPES OF CONNECTIVITY SERVICES, BASED ON EXTENSIVE FIBER NETWORK

CLIENT CO: DIGITAL EXPERIENCES COMPANY LEVERAGING ON CORE TELECOM SERVICES STRATEGY



CONCLUSION

- ✓ OI CONTINUES TO SUCCESSFULLY **STABILIZE AND IMPROVE ITS OPERATIONS**, REDEFINE ITS **STRATEGIC MODEL** AND DELIVER A STRONG **ACCELERATION OF ITS FIBER OPTICS PLAN**
- ✓ THE APPROVAL OF THE JR PLAN AMENDMENT IN SEPTEMBER'S GCM WAS A FIRM VALIDATION OF OUR **AMBITIOUS MODEL** TO ACCELERATE GROWTH, ENABLE THE CREATION OF THE **LARGEST INFRASTRUCTURE COMPANY IN BRAZIL** AND **BRING BACK OI TO LONG TERM SUSTAINABILITY**.
- ✓ STRUCTURAL SEPARATION MODEL ALLOWS FOR CONCILIATING **STRONG GROWTH AND FINANCIAL SUSTAINABILITY** FOR OI AND INFRA CO
- ✓ PLAN AMENDMENT ALSO ALLOWS FOR A **SIGNIFICANT INJECTION OF RESOURCES INTO THE COMPANY**, THROUGH THE SALE OF THE DESIGNATED UPIS, HELPING SECURE BOTH INVESTMENT FOR THE LONG RUN AND A CRITICAL REDUCTION OF THE COMPANY'S LONG TERM DEBT
- ✓ TRANSFORMATION CONTINUES TO BE RELENTLESSLY PURSUED THROUGH **INTEGRADED EXECUTION PROGRAMS**
- ✓ THE MANAGEMENT TEAM AND THE BOARD OF DIRECTORS CONTINUE **FULLY COMMITTED TO EXECUTING THE NEW STRATEGIC MODEL** WITH RIGOR AND SPEED.