

# Results 3Q11

Telefônica Brasil S.A.

São Paulo, November 10th 2011.



*Telefônica*

**vivo**

# Disclaimer

**For comparative purposes, the 3Q10, YTD 2011 and 2010 figures were prepared on a combined basis. Thus, the quarterly and annual variations presented may differ from those reported in the financial statement filed with CVM through the form Quarterly Information – ITR.**

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. 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.

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.

# Agenda

01 Operating Performance

02 Financial Performance

03 Strengths and Goals

01

Operating Performance

# Our innovative and unique products are our drivers for growth



Launch of the new recharge campaign **Vivo Sempre** in July 28.

**Enhancement of recharges** volume and maintenance of the market share



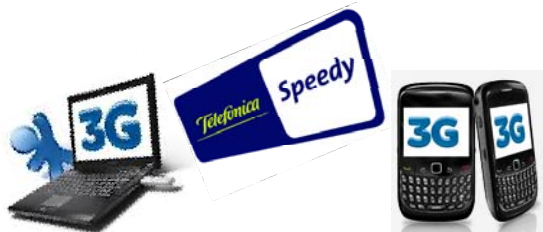
Currently available throughout the country **Vivo Direto** had the first launch in Curitiba in June 7.

Capture of half of the **net additions** in the segment



**Vivo Fixo and Vivo Box** were launched in Porto Alegre/RS and metropolitan region totaling 31 cities available from October 7.

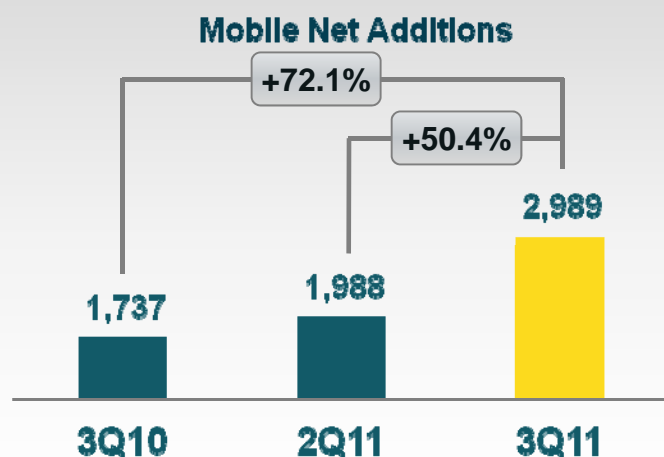
**Increased integration** of the **services** available to our customers



Convergent offer of **Fixed and Mobile Broadband** from October 18

# This quarter's performance reflects our commitment to this growth

## A quarter of strong commercial activity

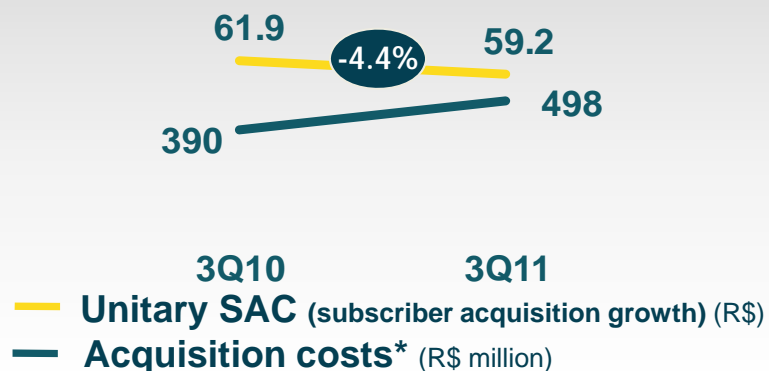


## and launching of new products

National launching of **Vivo Direto** and **Vivo Sempre** campaigns

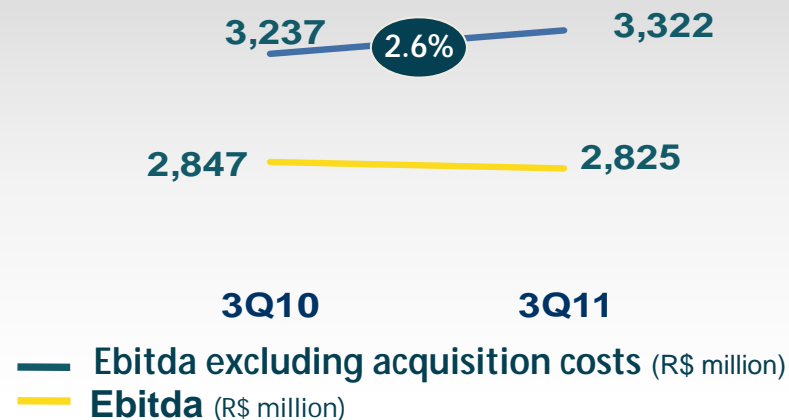


## with efficient management of costs associated to growth

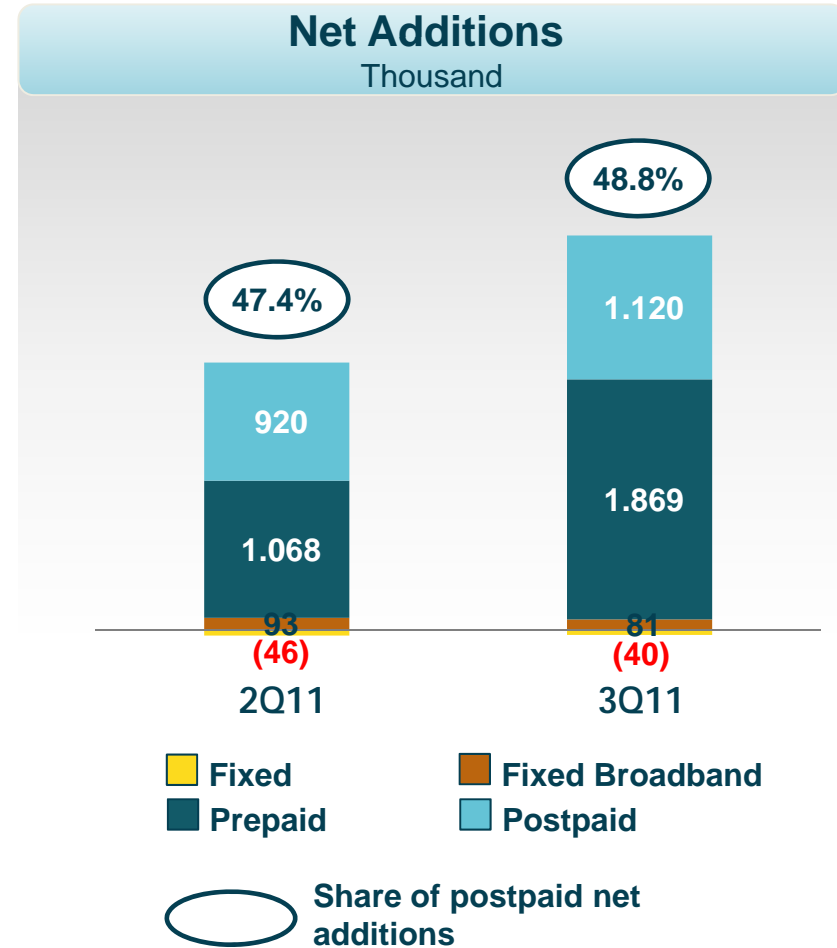
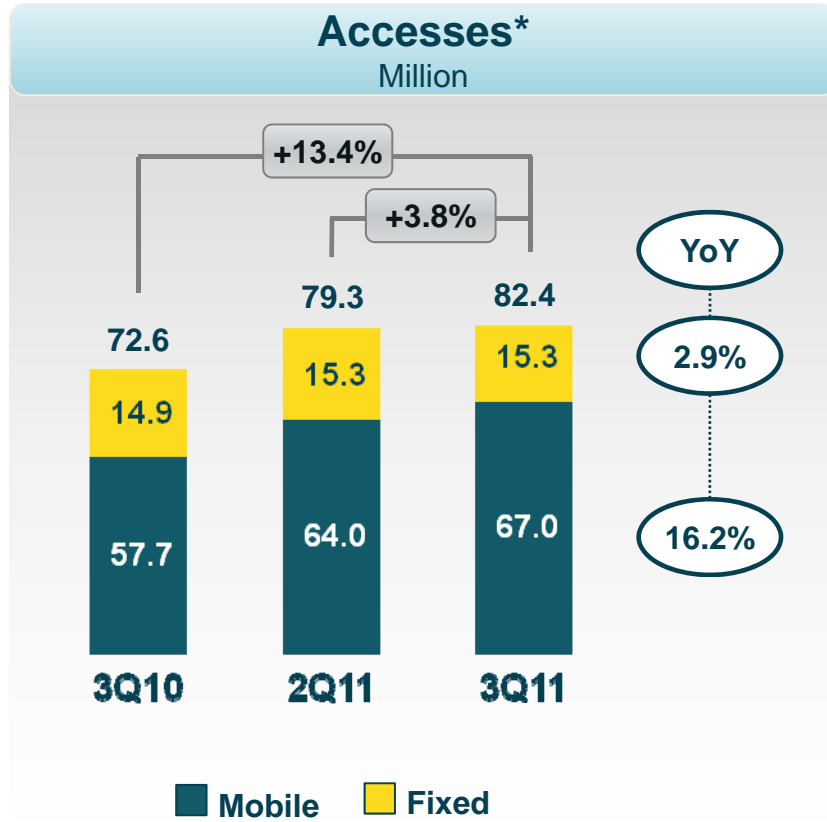


\*includes subsidy, commission, publicity and Fistel tax.

## and non-commercial cost control



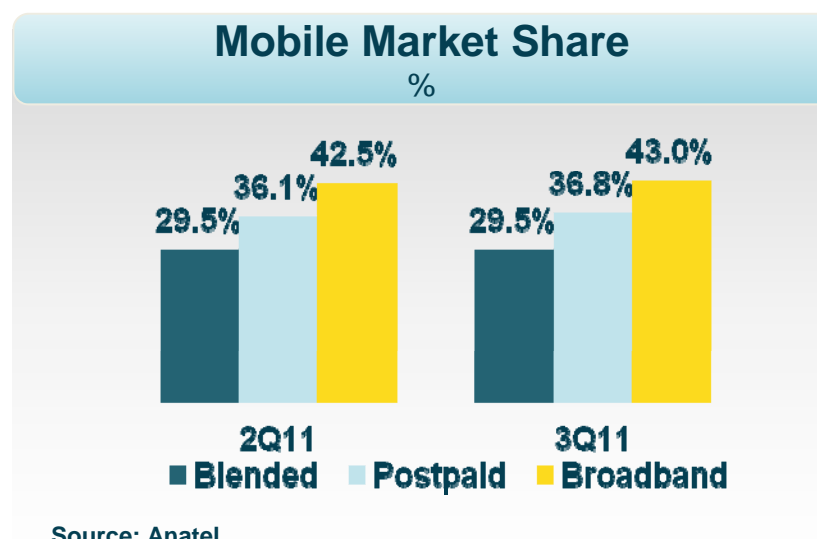
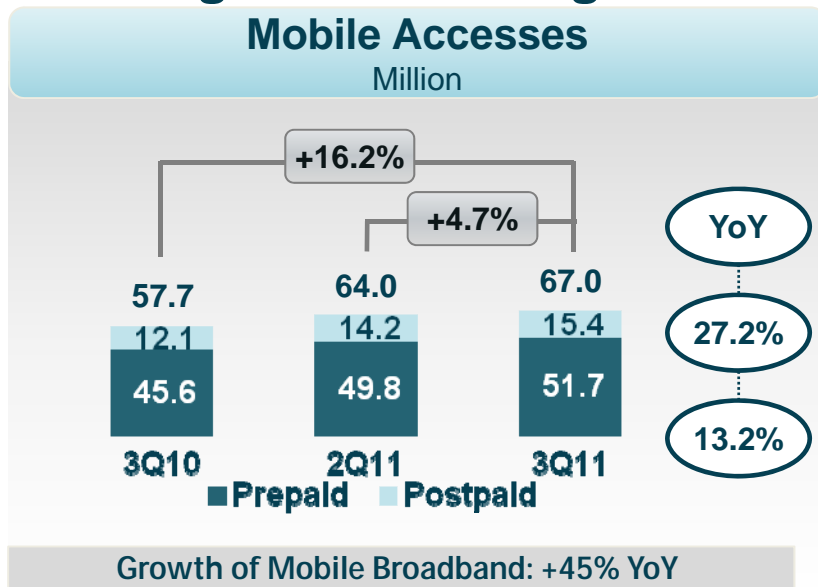
# In the third quarter we continued to increase our customer base in a fast pace, especially on the mobile market



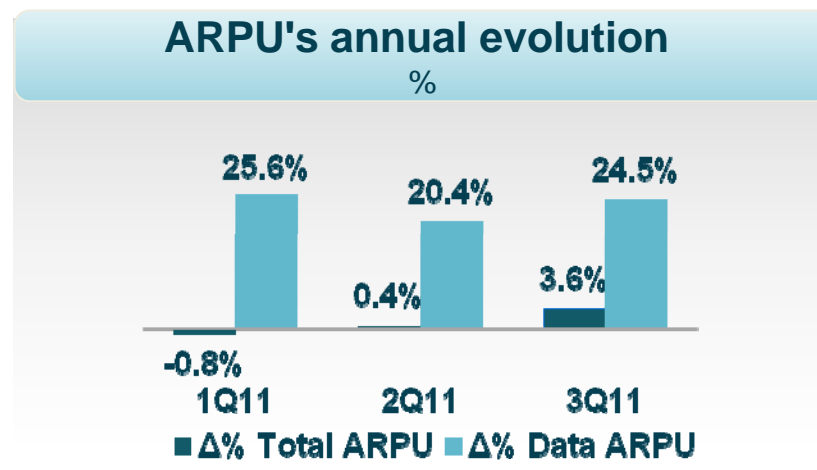
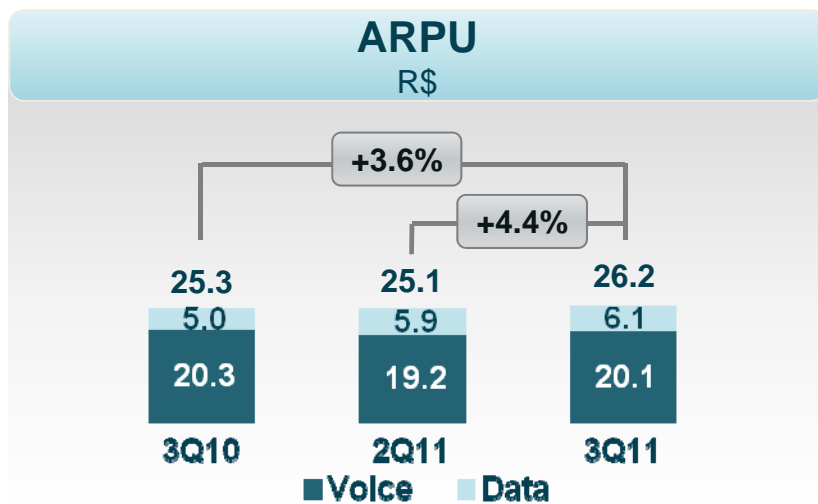
Source: Anatel.

\* Considers 150 thousand customers of TVA, consolidated in June 2011.

# We have increased our leadership in both postpaid and data segments, resulting in an annual growth acceleration of the mobile ARPU

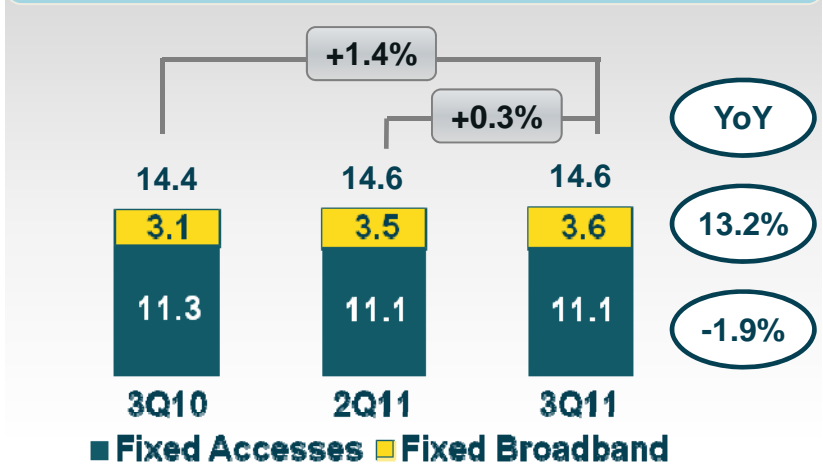


**3G coverage already reaches 1,557 municipalities**

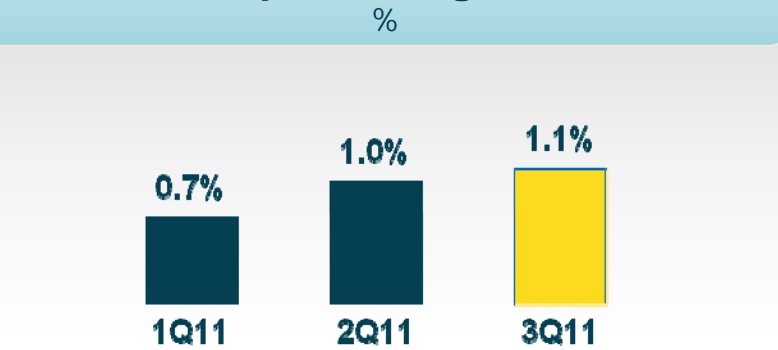


# Fixed voice customer base remains stable through growth in the corporate segment and higher adoption of duos and trios

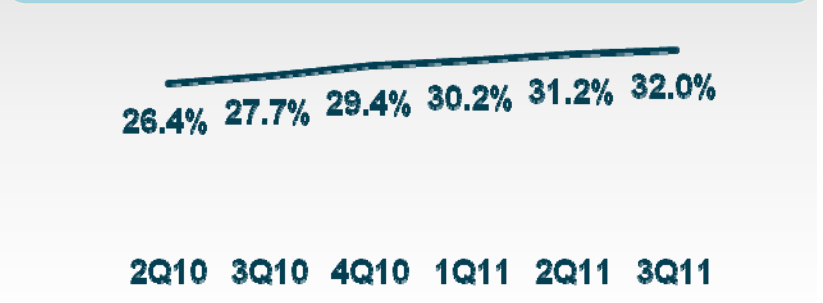
## Accesses of Fixed Voice and Broadband



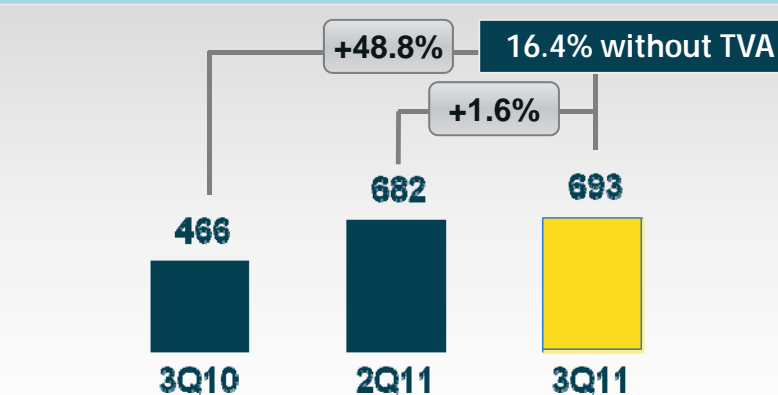
## Growth of fixed voice accesses in the corporate segment



## % of fixed broadband accesses over fixed voice accesses



## Pay TV accesses



\* Considers 150 thousand customers of TVA, consolidated in June 2011.

The operational performance combined with the integration process has led to higher net profitability in the quarter

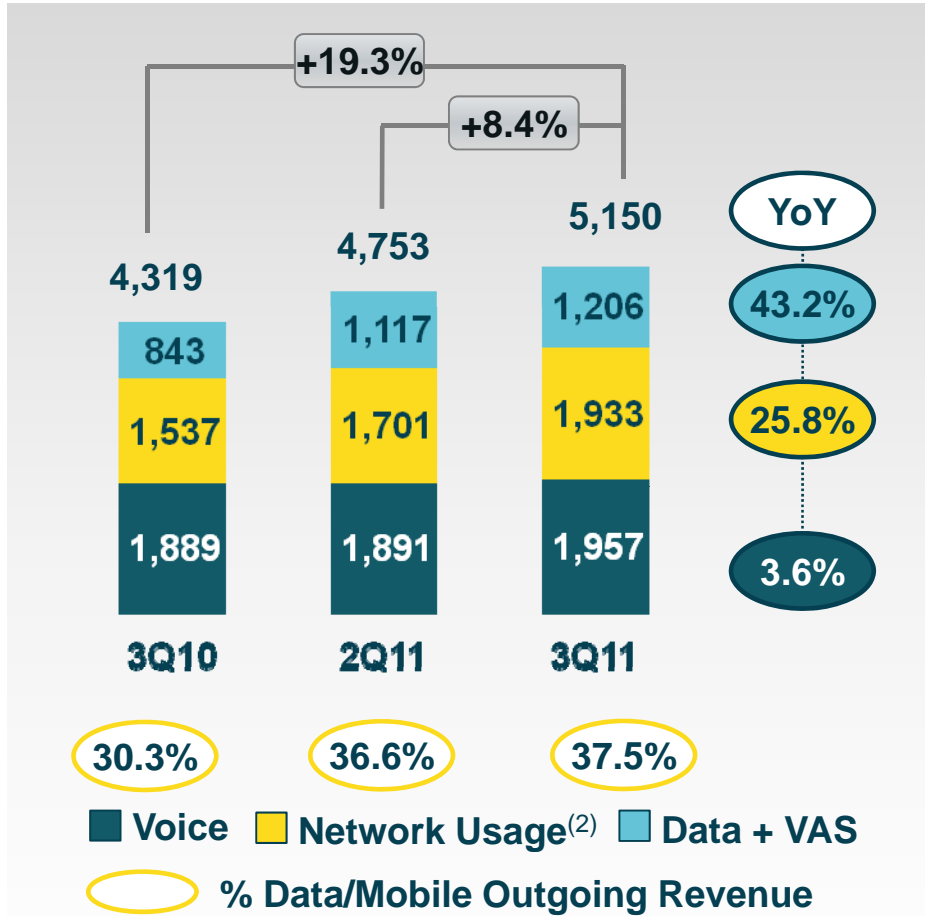
R\$ million	3Q11	Δ% YoY	YTD 2011	Δ% YoY
Net Operating Revenues	8,261.8	4.5%	24,468.9	5.9%
<b>Total Net Operating Service Revenue</b>	<b>8,036.4</b>	<b>5.6%</b>	<b>23,677.7</b>	<b>6.5%</b>
Wireless Service Revenue	5,150.5	19.3%	14,411.8	16.4%
Wireline Service Revenue	4,203.8	6.0%	12,381.7	5.3%
Eliminations (Revenues Intercompany)	(1,317.8)	94.9%	(3,115.8)	64.3%
Net Handset Revenue	225.4	-25.0%	791.3	-9.7%
EBITDA	2,824.5	-0.8%	8,727.1	6.4%
EBITDA Margin	34.2%	-1.8 p.p.	35.7%	0.2 p.p.
Net Result	1,332.2	6.6%	3,610.1	28.5%

02

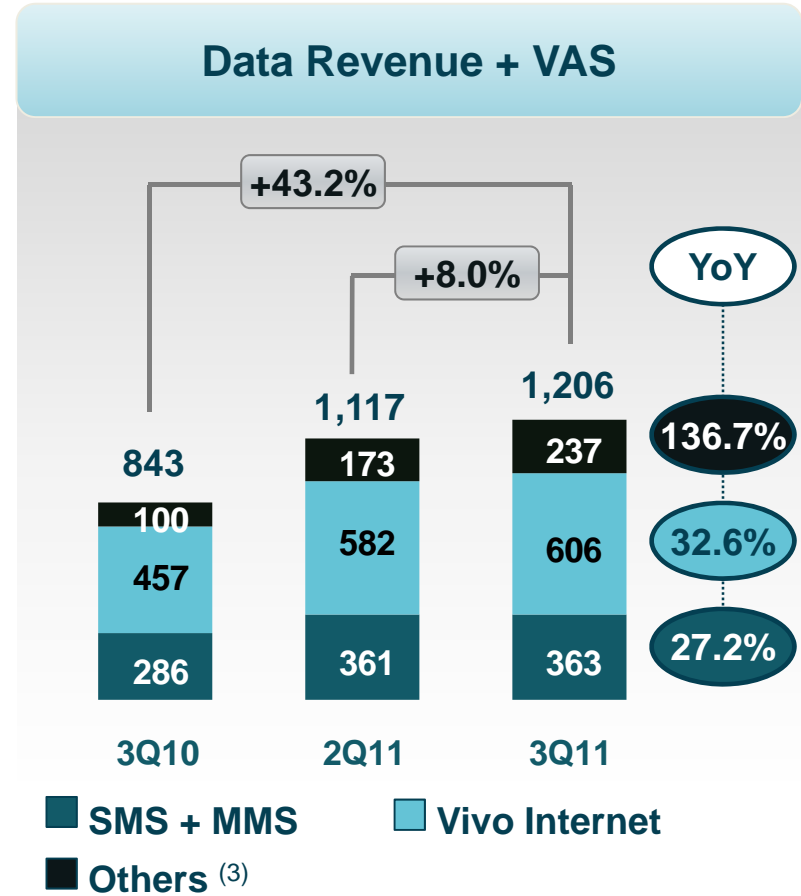
Financial Performance

# Mobile Net Revenue<sup>(1)</sup>

R\$ million



In order to simplify the analysis the chart does not include 'Other Revenues'.



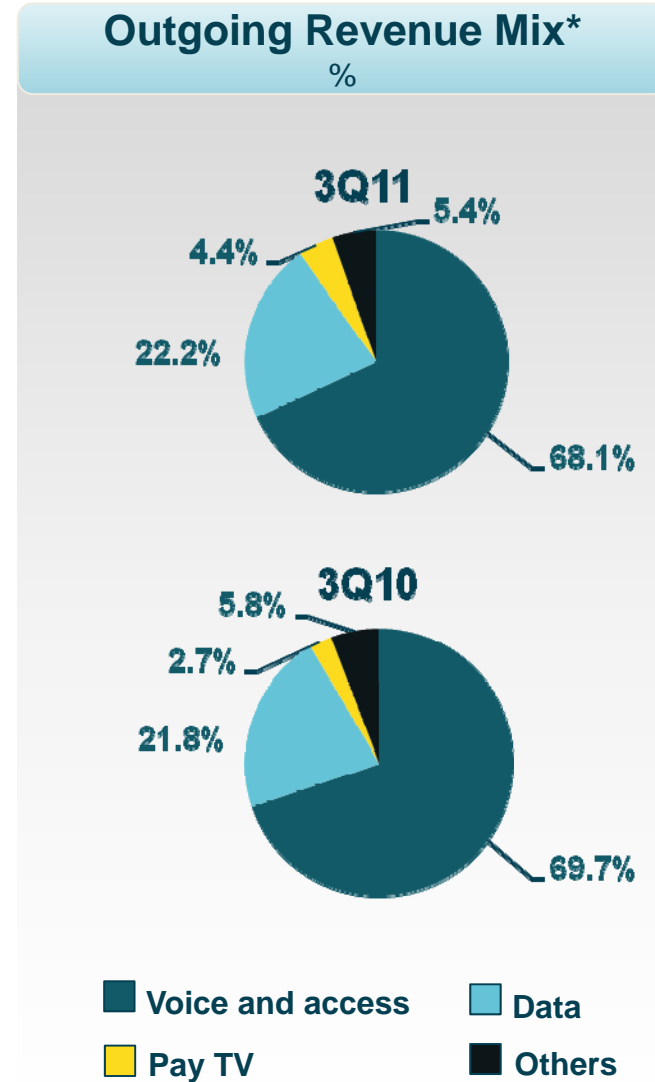
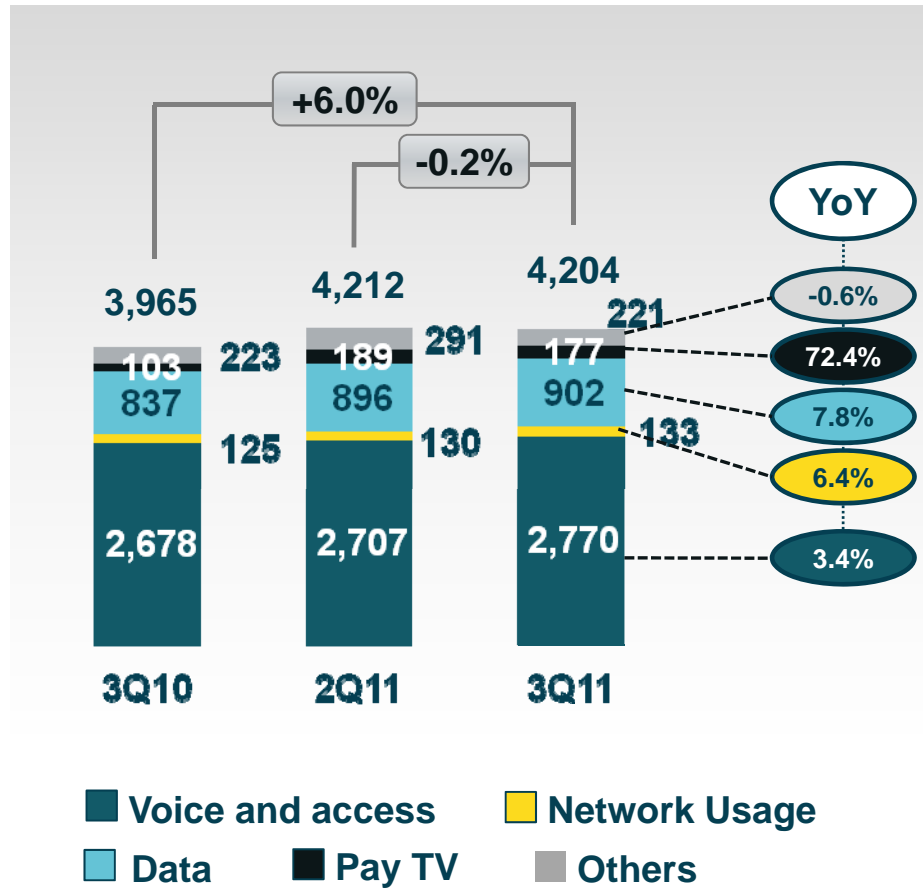
(1) Without intercompanies eliminations

(2) Including eliminations reaches R\$ 968.2 million in 3Q11 (+1.0% yoy)

(3) Messaging P2A, applications and financial services

# Wireline Net Revenue\*

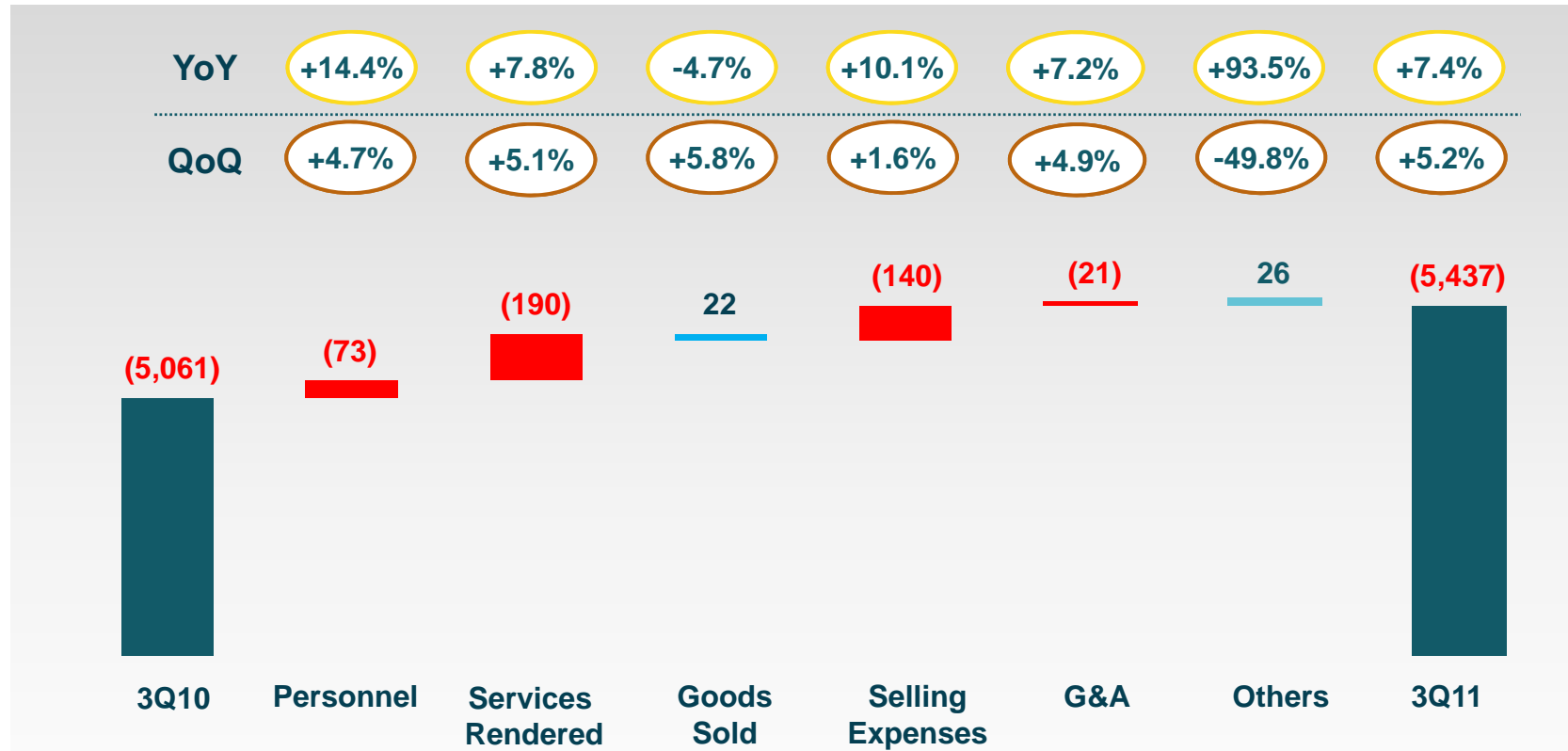
R\$ million



\*Without Intercompanies eliminations.

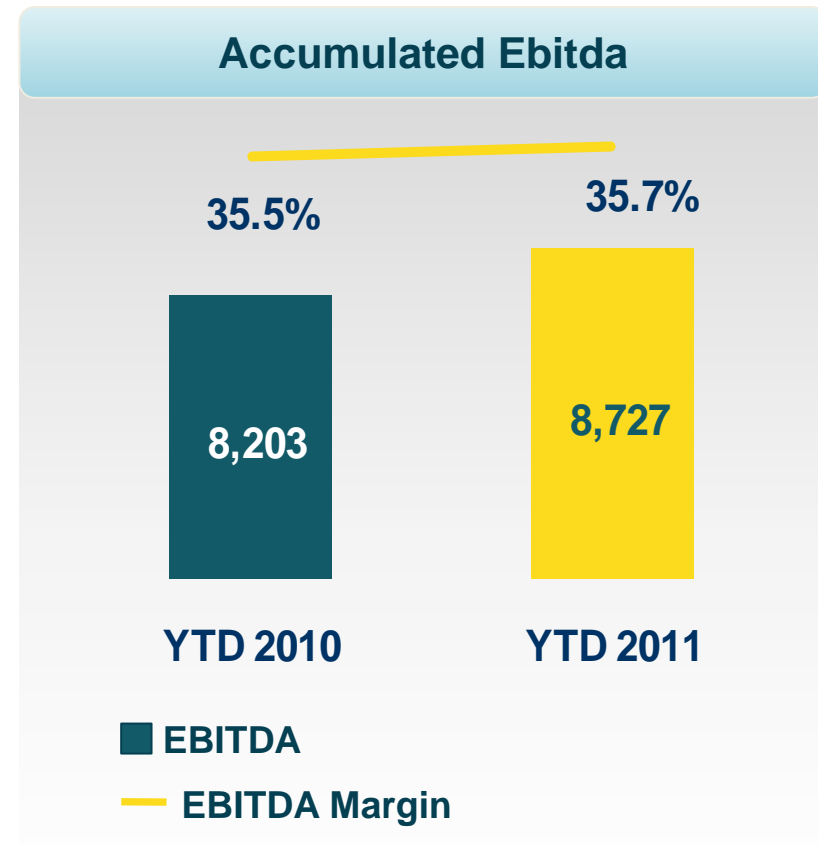
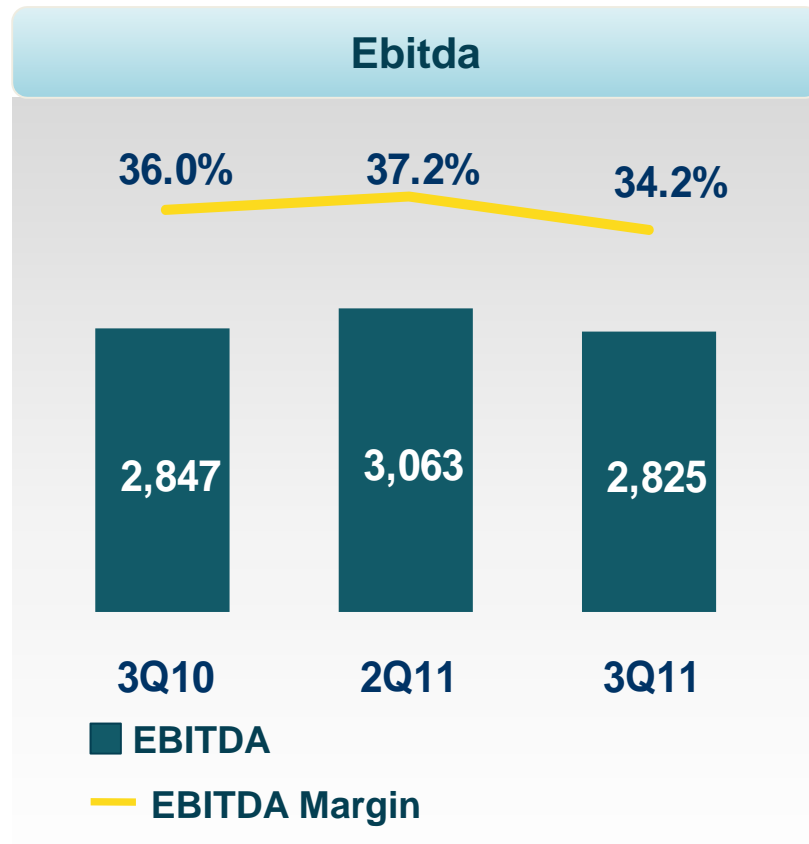
# Consolidated Operating Expenses

R\$ million



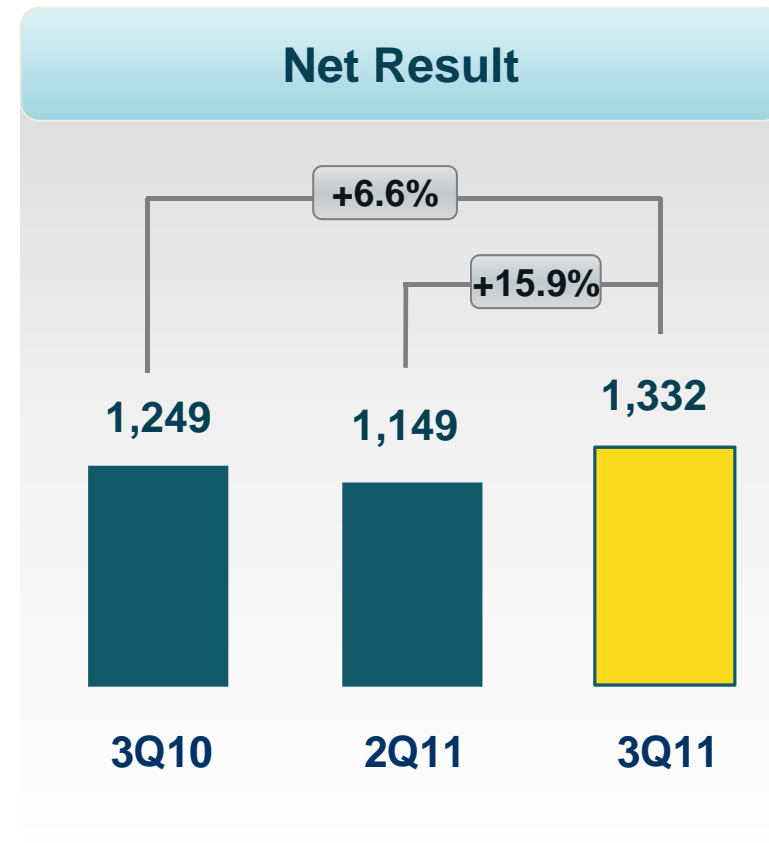
# Consolidated EBITDA and Margin

R\$ million



# Consolidated EBIT, Financial Result and Net Result

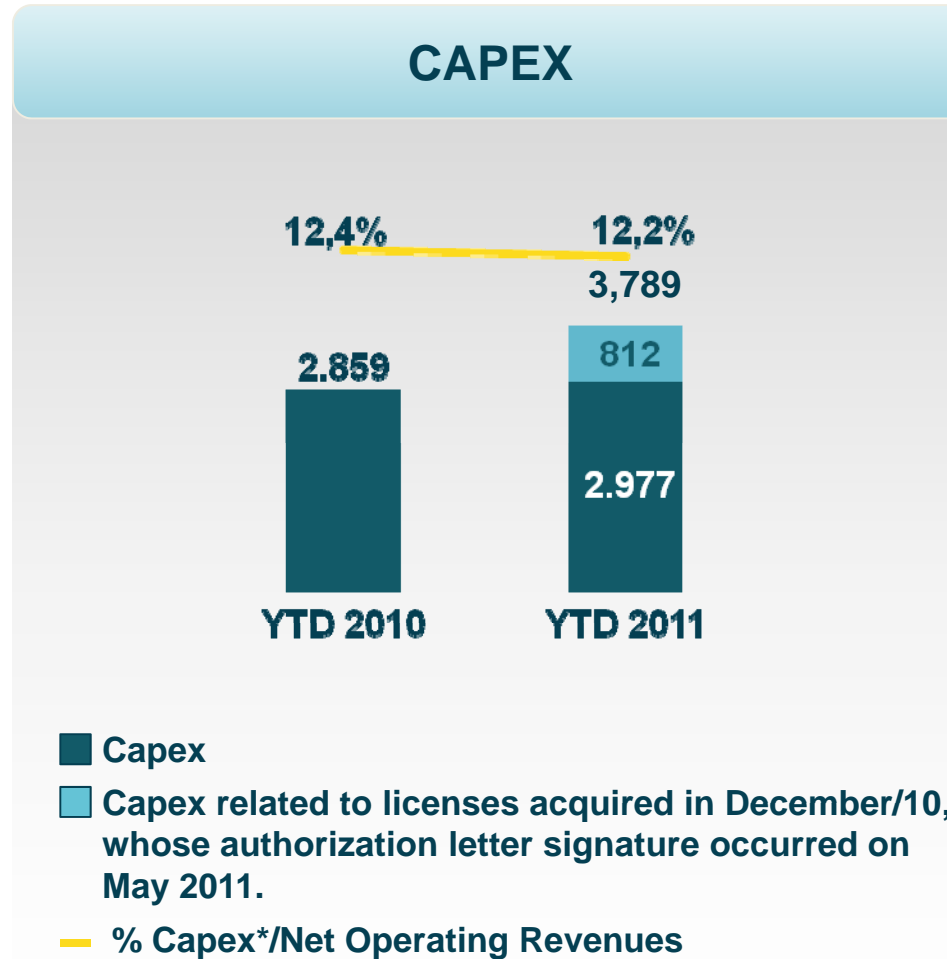
R\$ million



\*Interest on own capital.

# Consolidated CAPEX

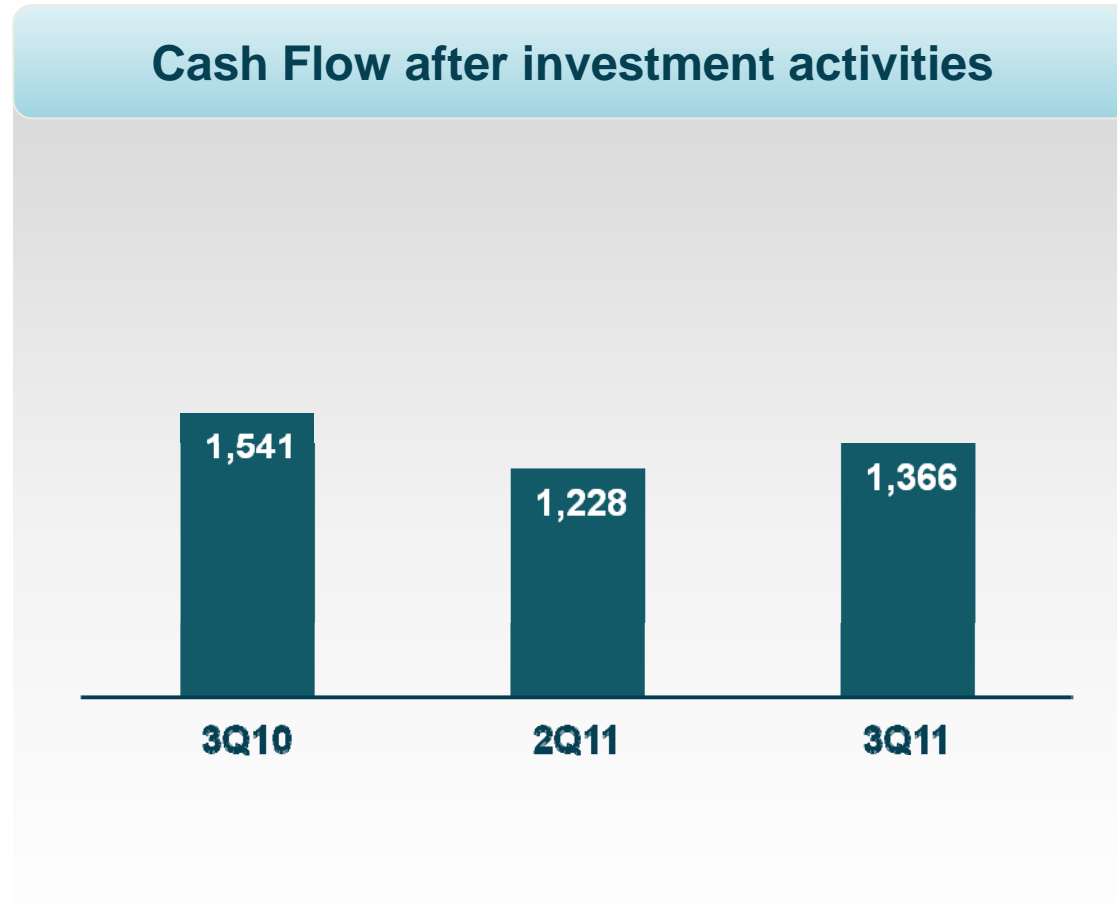
R\$ million



\*Excluding the amount related to the licenses acquisition of R\$811.8 million.

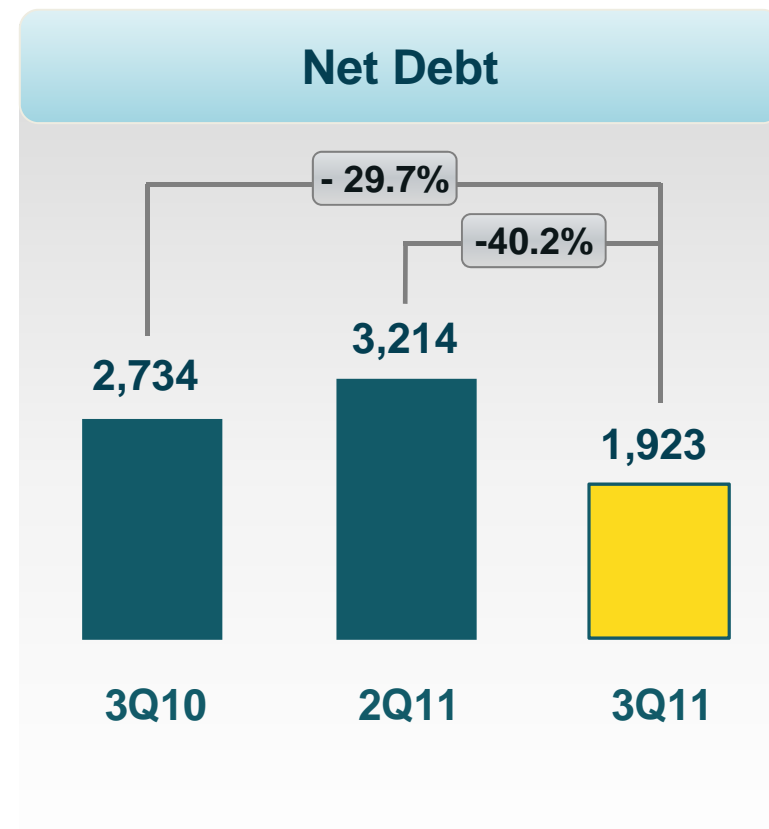
# Cash Flow

R\$ million



# Consolidated Debt

R\$ million



03

Strengths and Goals

## Our strengths are...

- 1. Increased mix of post-paid and data customers***
- 2. Quality in the network and customer care***
- 3. Most valuable brand in the sector***
- 4. Innovative and unique portfolio of products and services***
- 5. Absolute leadership in 3G coverage***
- 6. Solid infrastructure in backbone and backhaul of fiber***
- 7. Strong cash flow generation***

## Our goals are..

- 1. Consolidate an unique culture within the company***
- 2. Continue to grow voice and data business***
- 3. Constantly innovate and capture new business opportunities like expanding fixed services outside São Paulo***
- 4. Improve cost efficiency through operational synergies***