

# M&A - INFRA CO

## BTG BINDING PROPOSAL OVERVIEW

Investor Relations | April 13, 2021



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# OI'S TRANSFORMATION INCLUDES THE STRUCTURAL SEPARATION MODEL, UNLOCKING INVESTMENTS AND GENERATING VALUE

## OI'S STRATEGY

### INFRA CO

FTTH  
Network  
(10Mn+  
HPs)

Over  
400,000  
km of  
fiber

43,000 +  
km of  
ducts

Fiber to  
more than  
2,300 cities

#### Wholesale business:

- White label FTTH + Naked HC
- Connectivity and transport for operators and ISP
- 5G Enablement



Robust and granular **neutral and independent** network structure



Better Access to funding sources, **due to the independence, revenue predictability and greater exposure to other operators**



Acceleration of **investment increasing fiber network coverage**

### OI CLIENT CO

#### Customers:

- Oi (residential and business)
- Oi Solutions (Corporate and Government)
- Copper wholesale

#### Activities:

- Sales
- Marketing
- Customer care
- Innovation/OiTo
- Oi Futuro

#### Infrastructure:

- IPTV and OTT Platform
- Copper
- Network transport capacity for legacy services



Service culture **centered on customer experience and digital as the first option**



Focus on excellence in consumer experience and **offer differentiation**



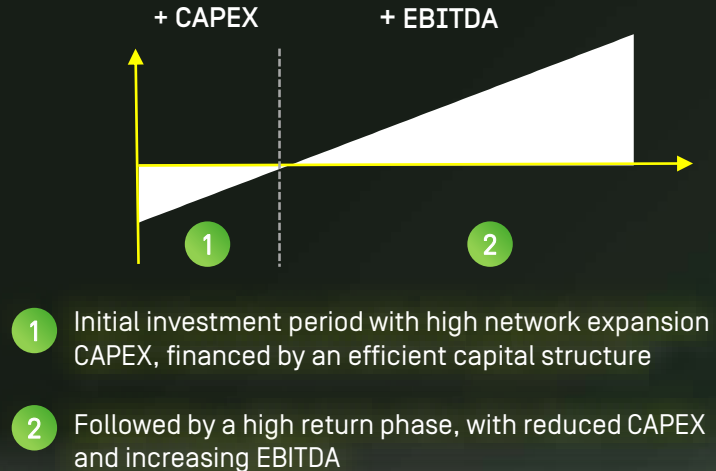
Less need for own investment, **leveraging on an even more comprehensive network**

# STRUCTURAL SEPARATION WILL ALLOW FOR THE CREATION OF THE LARGEST TELECOM INFRA CO IN LATIN AMERICA

## INFRA CO

- ✓ Neutral network operator with more than 400,000 km of fiber, with a plan to **reach 32M HPs by 2025**.
- ✓ **Massifying optical fiber**, enabling broadband, 5G and business services
- ✓ Investments of approximately R\$ 20 Bn in the next 4 years. InfraCo will have a new controlling shareholder and **Oi will remain with a very relevant stake (51% at closing)**.
- ✓ A **complete and modular portfolio of services**, to serve different types of operators with neutral commercial treatment under competitive conditions.
  - Wholesale contracts in place poised for significant increases with mobile and 5G growth in Brazil
  - First end to end neutral network solution for FTTH services

## CASH FLOW PROFILE



Reliability and  
availability



High level of  
security



Low  
latency



Operational  
efficiency



Broad range of  
solutions



ONE INFRA, MULTIPLE NETWORKS...  
... AND ALL FUTURES.



# DEAL PERIMETER – STRUCTURAL SEPARATION OF ASSETS

## INFRA CO

### FTTH FIBER ASSETS / DATA

- FTTH Networks, Fiber Access
- Metropolitan Networks
- Data Access Networks
- Data Backbone
- Fiber Backhaul
- BTCM Investments / Oi Move!

### NON-STFC FIBER TRANSMISSION ASSETS

- Long Distance Fiber Routes
- Fiber Backbone Equipment for SCM Capacity
- Network Management and Operation Centers

### IT INFRASTRUCTURE

- Operating Systems (OSS)
- Wholesale Business Support Systems (BSS)
- Corporate Systems and Support Networks

### OTHERS

- Infrastructure sharing provided by Oi
- Right to use Oi's real state for equipment collocation
- Dedicated real state

### WHOLESALE COMMERCIAL OPERATION

- Marketing / Sales / Wholesale Business Teams
- Wholesale Contracts with other Operators
- Network SWAPs

### FIBER TECHNOLOGY AND OPERATIONS TEAM

## NEW OI

### STFC ASSETS

- Copper Distribution Networks
- Copper Access Networks
- STFC Switching and Distribution Equipment
- Public Use Telephone Network
- STFC Network Management Systems

### STFC TRANSMISSION ASSETS

- Legacy Backbone and Backhaul
- Radio Transmission Networks
- Towers and Satellite Capacity

### LEGACY DATA NETWORK

- xDSL Assets and Legacy Data Networks
- Core, BRAS, and Associated Assets

### RIGHTS OF WAY AND STFC INFRASTRUCTURE

- Rights of way agreements
- STFC pass-through infrastructure

### PAY TV ASSETS

- DTH Assets
- IPTV Assets
- Content Management Systems / OTT

### IT INFRASTRUCTURE

- Business Support Systems for End Customers
- BSS Consumer Customers
- BSS Business Customers
- BSS Corporate Customers
- Legacy Network OSS
- Corporate and Support Systems
- Corporate Network
- IT Assets *Oi Soluções* (Corporate Customers)

### CUSTOMER OPERATIONS

- Marketing / Sales / Product Development
- Residential, Business and Corporate Customers
- *Oi Soluções*
- Customer Service

### SUPPORT AREAS

### SEREDE (FIELD INSTALLATION AND MAINTENANCE SERVICES)

### TAHTO (CUSTOMER SERVICES)

### OI FUTURO

# EV OF R\$ 20BN, REPRESENTING AN EV/EBITDA OF 18.1x

		As of Dec/21	Ebitda [2021E]*	EV/Ebitda	
EV CALCULATION	EV	R\$ 20,020 MN	R\$ 1,108 MN	18.1x	
	DEBT	R\$ 4,107 MN	<ul style="list-style-type: none"> <li>Expected at closing.</li> <li>Post petition debt as of clause 5.3.8.1 of amendment to the RJ Plan</li> </ul>		
	EqV Pre-money	R\$ 15,913 MN			
					<div>R\$ 2,538 MN</div> <div>R\$ 1,569 MN</div>
					<p>R\$ 2,426 MN debt with Telemar adjusted by 115% of CDI from Jun/20 to Dec/21. Must be paid in up to 90 days post closing</p> <p>Allowance for an additional R\$1,500 MN debt. Current outstanding balance is zero.</p>

		R\$ Million	EqV Post	Shares bought/ Issued as % Of Total	
STRUCTURE @ CLOSING	1 Primary	3,276	19,189	17.1%	<div>BTG % 51.0%</div> <div>Oi % 49.0%</div>
	2 Secondary	6,510	19,189	33.9%	
STRUCTURE 90 DAYS POST CLOSING	3 Additional Primary	1,618	20,807	7.8%	<div>54.8%</div> <div>45.2%</div>
	4 Globenet Contribution	1,519	22,326	6.8%	
					<div>57.9%</div> <div>42.1%</div>
					<p># of shares representing the 49% stake at closing to be maintained by Oi as a guarantee of the obligations under clause 5.3.9.4.5 of the plan and others</p>



# DETAILS OF THE STRUCTURE AT CLOSING

1

## Primary at closing

In case the additional R\$ 1.5 BN intercompany debt is not [entirely] outstanding at closing, an equivalent portion of the primary component can be moved to secondary, at Oi's sole discretion.

	BTG BO CASE		BTG BO CASE
Primary	R\$ 3,276 MN	$\xrightarrow{[-]}$ R\$ 1,500	R\$ 1,776 MN
Secondary	R\$ 6,510 MN	$\xrightarrow{[+]}$ R\$ 1,500	R\$ 8,010 MN
Cash out BTG	R\$ 9,786 MN		R\$ 9,786 MN

BTG %	Oi %
51.0%	49.0%

2

## Secondary

1<sup>st</sup> Installment  
@ closing

R\$ 2,762 MN

2<sup>nd</sup> Installment  
paid until Dec/22

R\$ 1,323 MN

3<sup>rd</sup> Installment  
paid until Dec/23

R\$ 2,425 MN

Updated by SELIC  
until effective  
payment

2023 installment may be  
advanced to DEC/22 at Oi's  
discretion

# INFRACO AND GLOBENET

2

## Secondary Component

1<sup>st</sup> Installment  
@ closing

+

2<sup>nd</sup> Installment  
paid up until Dec/22

3<sup>rd</sup> Installment  
paid up until Dec/23

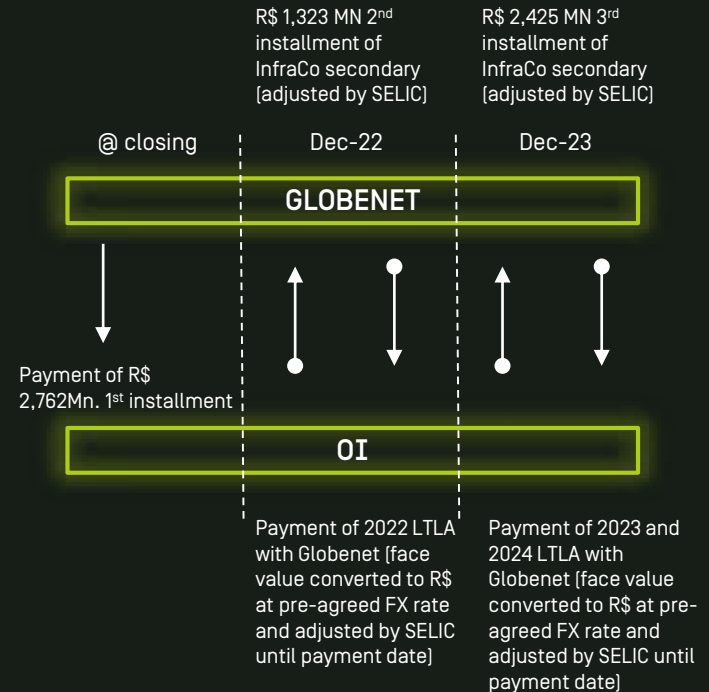
**R\$ 2,762 MN**

Updated by SELIC  
until effective  
payment

**R\$ 1,323 MN**

**R\$ 2,425 MN**

Cumulative future LTLA payment from Oi to Globenet from 22-24 to be renegotiated to allow for perfect cash flow match in the obligations between Oi and Globenet timing and currency





# DETAILS OF THE STRUCTURE 90 DAYS POST CLOSING

## 3 Additional Primary

R\$ 1,618 MN to be updated by IGPM from closing until effective contribution to the Company

## 4 Contribution of Globenet

- Estimated Fair Value of Globenet as of Dec/2021 on a cash free/debt free basis:

**R\$ 5,267 MN**

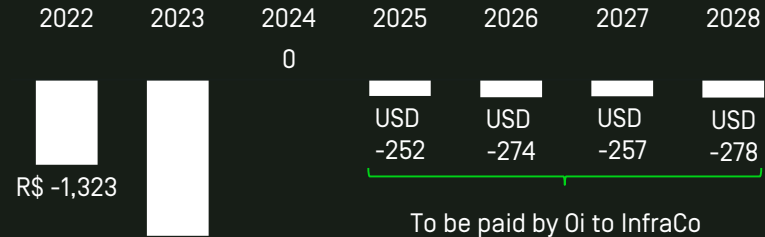
- [-] obligation to pay second + third installments of secondary components to Oi:

**R\$ 3,748 MN**

- Contribution Value:

**R\$ 1,519 MN**

### New profile of renegotiated LTTL\* Oi/Globenet



R\$ -1,323

R\$ -2,425

(Adjusted by Selic until payment)

To be paid by Oi to InfraCo

# INFRA CO & GLOBENET – SYNERGIES AND OPPORTUNITIES

## INFRA CO

- Significant strategic and operating synergies
- Potential to become the reference platform for digital business connections in Brazil and abroad
  - ✓ One-stop shop solutions
  - ✓ International connectivity
  - ✓ Global content
  - ✓ Local and international end-to-end solutions
  - ✓ ...
- Significant cross selling opportunities and complementary solutions in wholesale:
  - ✓ Data transmission
  - ✓ Colocation
  - ✓ Data center and cloud solutions for large carriers, OTTs and ISPs
- Cost savings
  - ✓ Shared services
  - ✓ Real estate
  - ✓ Last mile

## STRATEGIC AND OPERATIONAL SYNERGIES



- Wholesale telecom service provider
- Owns over 23.000km of submarine cable systems that connect North and South America
- Is developing a submarine connection project between Rio de Janeiro, São Paulo and Fortaleza
- Also owns and operates data centers in Colombia and Brazil

# MAIN RELATIONSHIPS BETWEEN INFRACO AND GROUP COMPANIES



## Contracts

INFRACO  
REVENUE

- FTTH Access and capacity
- B2B Access and capacity
- Transmission capacity
- Legacy network management

INFRACO  
EXPENSES

- Infra Sharing (collocation)
- Management, construction, maintenance and installation of FTTH (SEREDE)

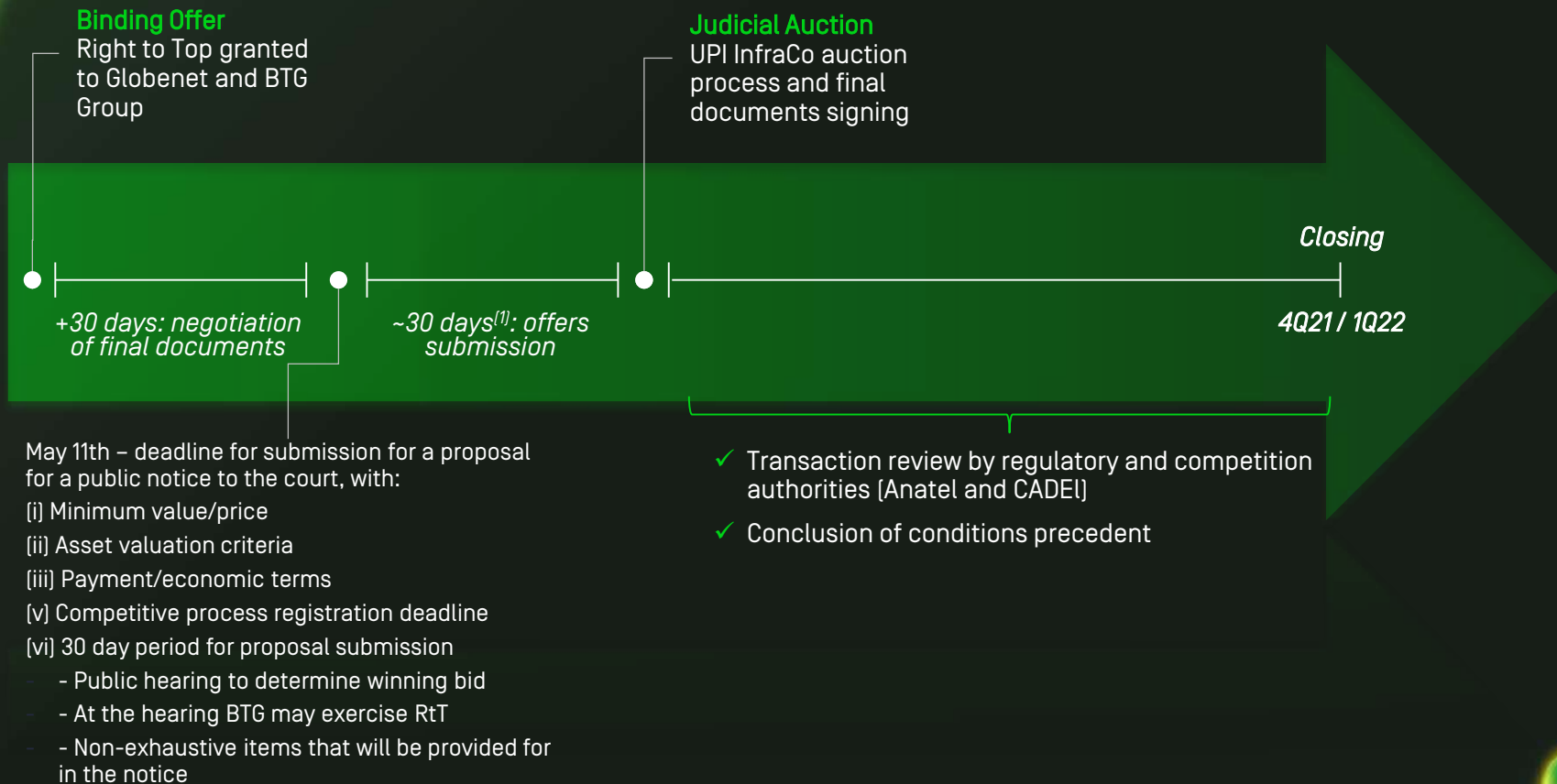
## Non-Exhaustive description of the Object

- Capacity Supply in the White Label Full model (capacity, access network, installation, equipment and maintenance) to provide FTTH services to the final subscriber
- Capacity supply, installation and maintenance of corporate data circuits, managed services and platform in fiber technology.
- Provision of additional Transmission Capacity for Oi's services
- Network Management and monitoring for fixed broadband and legacy services
- Equipment collocation on Oi's premises and sharing of passive infrastructure
- Project, Survey, Implementation of optical networks for FTTH; (ii) Operation and maintenance of the plant (ii) for FO and FTTH; (iii) FO projects for B2B and Backbone

# REGULATORY ASPECTS

- InfraCo's model is innovative and efficient, **promotes investments**, maximizes the usage and **coverage of infrastructure nation wide**, and acts as an enabler for structural separation
- InfraCo's design took into account **all aspects of current regulatory model** and the solution implemented meets all **regulatory requirements**, including aspects applicable to both **SCM neutral network** operation and **STFC operation**, with all of its service continuity requirements
- Infra Co is the first true neutral network on a national scale, **increasing the competitiveness** of the Brazilian telecommunications sector, paving the way for fiber and 5G expansion and making it an international benchmark
- Oi / Infra Co separation model already substantially implemented, with segregation of assets / teams / operations and commercial activities, enabling the **growth of business with ISPs and other carriers across the country**
- Structure put in place preserves Oi's central strategy for migrating its **STFC operation from the Concession to the Authorization model**, and does not interfere with any of the requirements for such migration
- **STFC Service Continuity obligations** and all associated operational and regulatory requirements remain under the sole **responsibility of Oi**
- Upon conclusion of the operation, **Oi will remain a relevant shareholder of Infra Co** [its affiliate], which will, nonetheless, have its commercial neutrality preserved **by the presence of a new controlling shareholder**

# TRANSACTION TIMELINE



1. Deadline for offers submission can be extended by the Judicial Recovery process judge.