



Company Presentation

April 2012

Amos Genish
Chief Executive Officer

Amos Genish

CEO

- ✓ Founder and CEO since 1999
- ✓ Over 22 years of experience as a Senior Executive in the technology and telecommunications sectors

GVT develops a unique model rolling out the most modern network in Brazil with the best Triple Play offer (Fixed Voice, Broadband and Pay TV), innovation, and highest quality maintaining its competitive advantage

Sustainable competitive advantages in a favorable macroeconomic and competitive environment

Most modern network and IT platform in Brazil	<ul style="list-style-type: none"> Advanced, latest generation, network and last mile architecture, own local loop network with FTTC (fiber to the curb) One of the largest backbones in the country
Powerful geo-marketing strategy and Favorable license terms	<ul style="list-style-type: none"> Selective and variable capital expenditures due to favorable licenses terms <ul style="list-style-type: none"> → <i>Build network only targeting high-usage/high margin customer in most profitable areas throughout Brazil</i>
Superior Customer Care	<ul style="list-style-type: none"> GVT is recognized as having the highest quality of service, with the highest customer engagement
Scalable & standardized processes for growth and new areas efficient roll-out	<ul style="list-style-type: none"> Fully scalable sales & technical processes for roll-out in new cities <ul style="list-style-type: none"> → <i>Cost-efficient geographic growth</i> → <i>GVT will launch around 65 new cities in the next five years (currently present in 119 cities)</i>
Attractive and innovative offers with best cost / benefit ratio	<ul style="list-style-type: none"> Offers with innovative bundles at very competitive prices <ul style="list-style-type: none"> → <i>GVT recognized by customers as most innovative operator with the best cost/benefit offer</i> → <i>Broadband speeds up to 100Mbps, highest in the market</i> → <i>Only operator offering TV based on IPTV technology (allowing interactive services)</i>

Growth Drivers

Three initiatives will drive the company for the future	<ul style="list-style-type: none"> Territorial and network expansion - enter ~65 new cities in the next 5 years Broadband leadership – continue to deliver higher speeds than the market with the best cost/benefit ratio Expand into new segments: PayTV and Data Centers
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Proven track record and continuously accelerated quality growth

Fastest growing telecommunication service provider in Brazil in terms of Revenue and EBITDA	<ul style="list-style-type: none"> Revenue CAGR of 41% and EBITDA CAGR of 46% over 2009-2011, highest EBITDA Margin in Brazil among Telco operators 2012 Guidance: Revenue growth in the mid 30's, EBITDA Margin around 40%, Total CapEx R\$ 2.3billion or EUR ~1 billion (of which R\$500 million to Pay TV), Telecom FCF to Breakeven 2014 outlook: Revenue ~ R\$ 7 billion or EUR ~3.0 Billion* (CAGR of ~31% 2011-2014) 2016 outlook: Revenue ~ R\$ 10 billion or EUR 4.2 Billion* (CAGR of ~18% 2014-2016)
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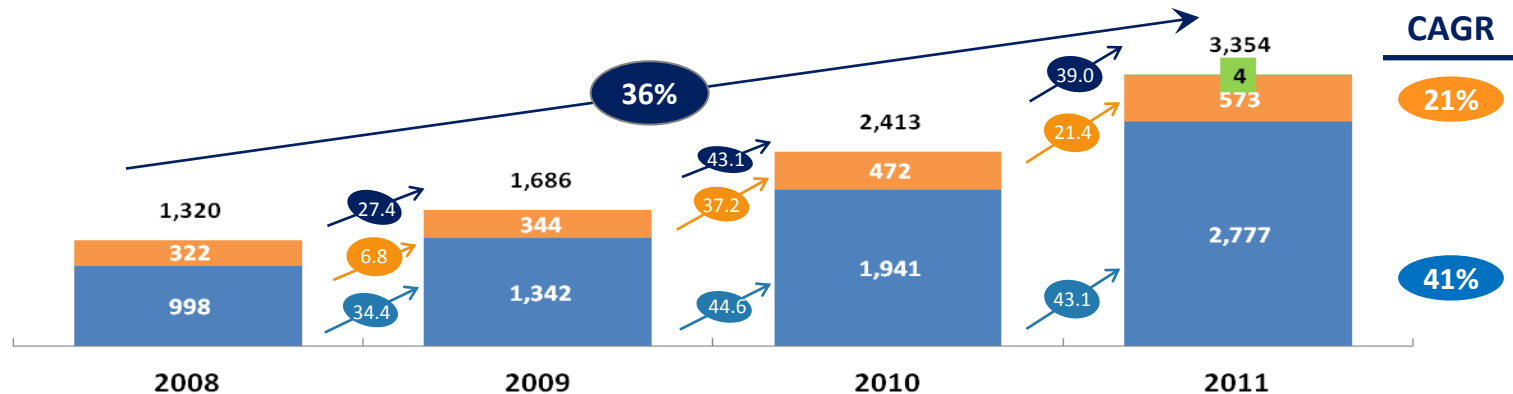


* Based on exchange rate of EUR 1 = BRL 2.38

Financial results

R\$ millions NET REVENUES

- PayTV
- Corporate
- Retail¹



EBITDA	503	656	1,009	1,393	40%
EBITDA Margin	38.1%	38.6%	41.8%	41.5%	
CapEx R\$ million	762	698	1,317	1,843	

EURO millions

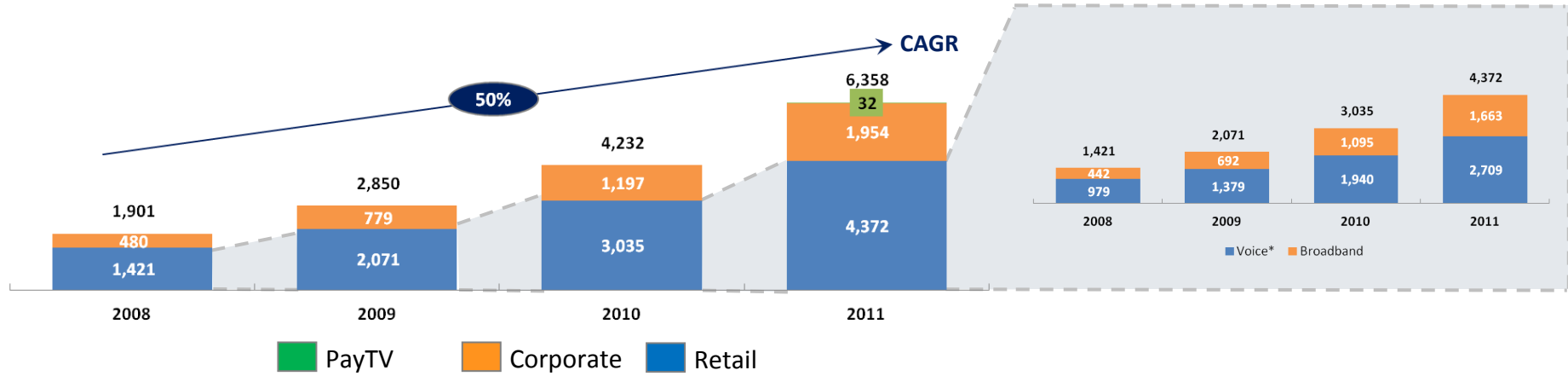
NET REVENUE	498	601	1,029	1,446	43%
EBITDA	190	240	431	601	47%
CAPEX	287	255	562	795	



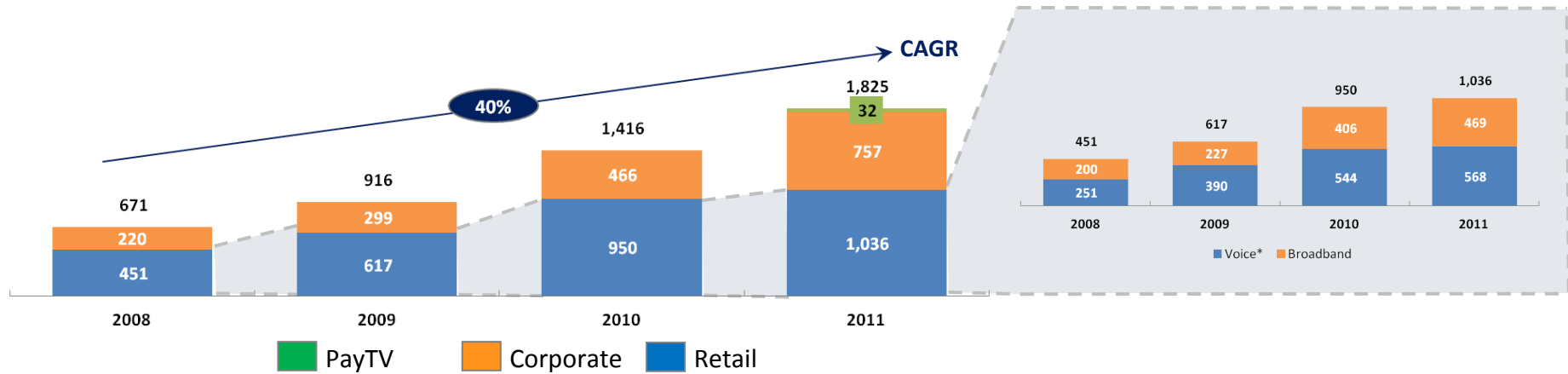
1- Internet Segment revenue (VoIP based services + Internet Dial-up service) is included in the Retail revenue
* Includes ISP and VONO

Operational results

Lines in service



Net New Adds

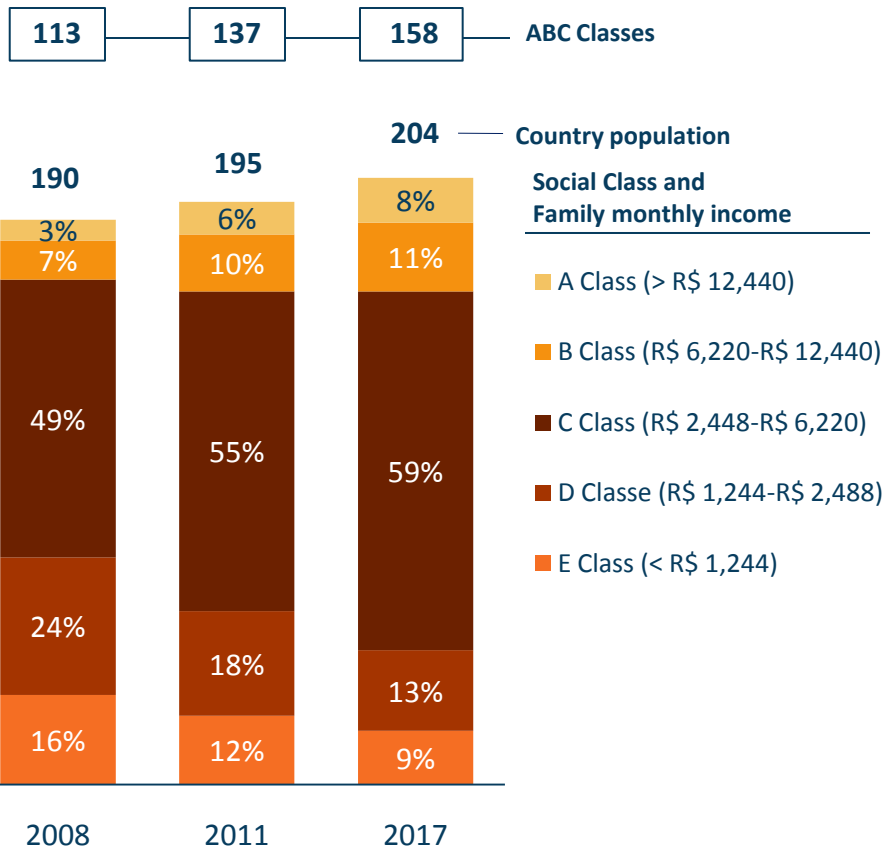


* Includes ISP and VONO

Brazilian economy is expected to continue to grow due to internal and external factors, resulting in an improvement of income distribution and spurring growth of Corporate segment

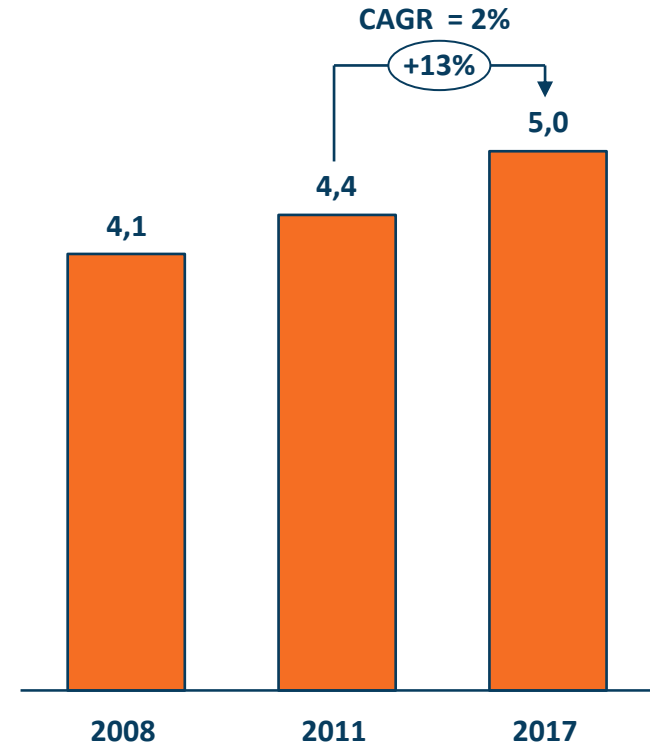
ABC classes expected to gain 13 million people over 2011 – 2017

Population by socio-economic class (M)



Corporate will grow 13% by 2017

Businesses (M)



1 Regulation

- **Reduction of MTR**
 - Upside to GVT Margin but not strong enough reduction to trigger material migration of traffic from fix-to-mobile, at least until 2015 (MTR 2012: EUR 0.159, MTR 2014: EUR 0.131)
- **Bill and Keep**
 - Planned to be introduced in 2012 and will enable GVT to introduce unlimited local packages, which will maintain voice ARPU
- **SeAC Law (TV Law)**
 - A new law passed in 2012 that will enable Telcos to operate TV via cables and not only via satellite. Due to this law, GVT can utilize IPTV technology also for broadcasting services

2 Competition

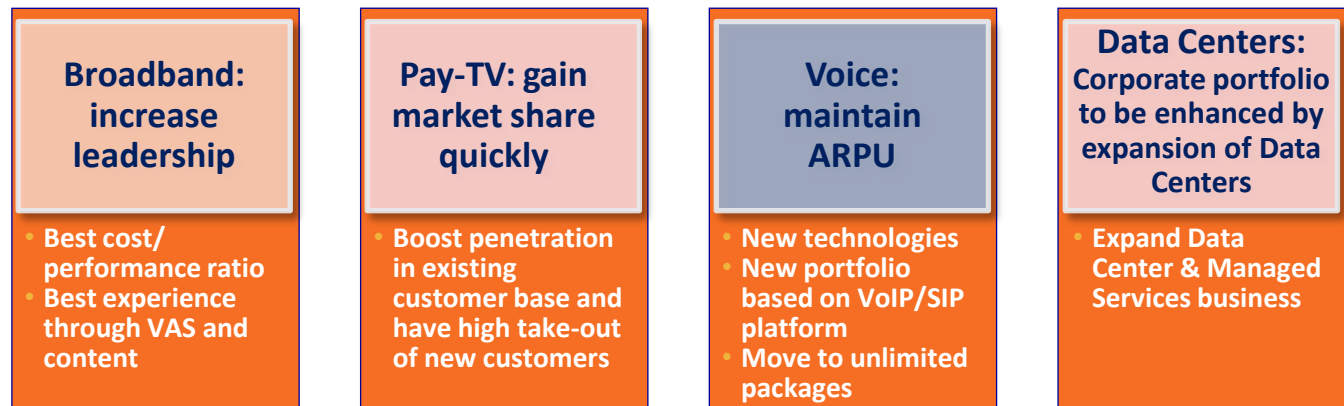
- No Major movements yet by the incumbents to upgrade their networks to fiber connectivity, allowing GVT to maintain its competitive advantage on Broadband and IPTV at least in the short and mid-run
- Some price pressure in all segments as competitive environment is more intense
- TIM fiber plans to launch residential broadband service in the cities of Sao Paulo and Rio de Janeiro, which should introduce a new player in those markets

Market and Competitive environment – Intense and growing competitive environment

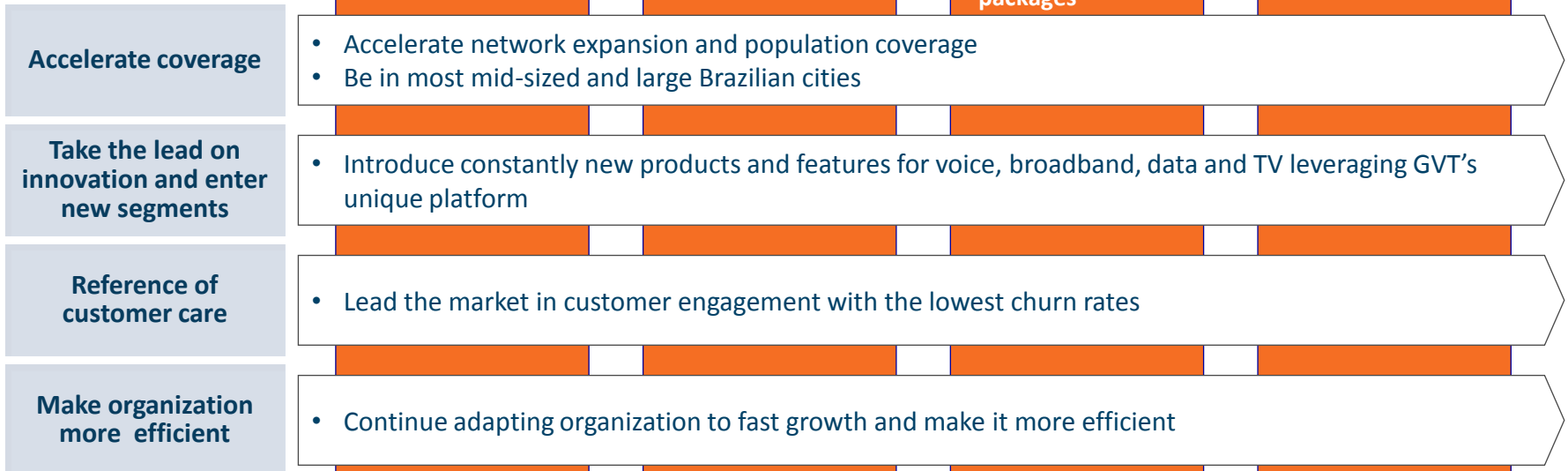
(2011 data)	Competitors					Market data		
	America Movil (Slim) Group	Telefonica Group	Portugal Telecom	TIM	Sky	Number of lines 2011 (M)	Number of lines 2017 (M)	2011-2017 CAGR
Group EBITDA margin (%)	26.2%	36.3%	31.4%	27.1%	28.0%			
Fixed	 Revenues: R\$ 7.75B (CAGR 10-11: 3.2%)	 Revenues: R\$ 8.1B (CAGR 10-11: -9%)	 Revenues: R\$ 25B (CAGR 10-11: -11.8%)			42.9	47.7	1.8%
	Revenues: R\$ 3.3B ⁽¹⁾ (CAGR 10-11: 2.6%)	Revenues: R\$ 3.4B (CAGR 10-11: 10.8%)	Revenues: R\$ 9.3B ⁽²⁾ (CAGR 09-10: 0.6%)			16.5	28.0	9.2%
Mobile	 Revenues: R\$ 12.4B (CAGR 10-11: 5.4%)	 Revenues: R\$ 18.6B (CAGR 10-11: 12.6%)	 Revenues: R\$ 10.4B (CAGR 10-11: 15%)	 Revenues: R\$ 17B (CAGR 10-11: 18%)		242	329	5,3%
	Revenues: R\$ 7.9B ⁽¹⁾ (CAGR 10-11: 17.5%)	Revenues: R\$ 0.65B (CAGR 10-11: 57.4%)	Revenues: R\$ 0.38B (CAGR 10-11: 57.9%)	 Revenues: R\$ 5.7B (CAGR 10-11: 46.7%)		7.8	20.4	17.4%
Pay TV						12.7	22.3	9.8%

👉 GVT aims to become the 1st alternative player in Telecom and Pay-TV through continuous network expansion, product innovation and excellence in customer relationship

Strategy by Segments

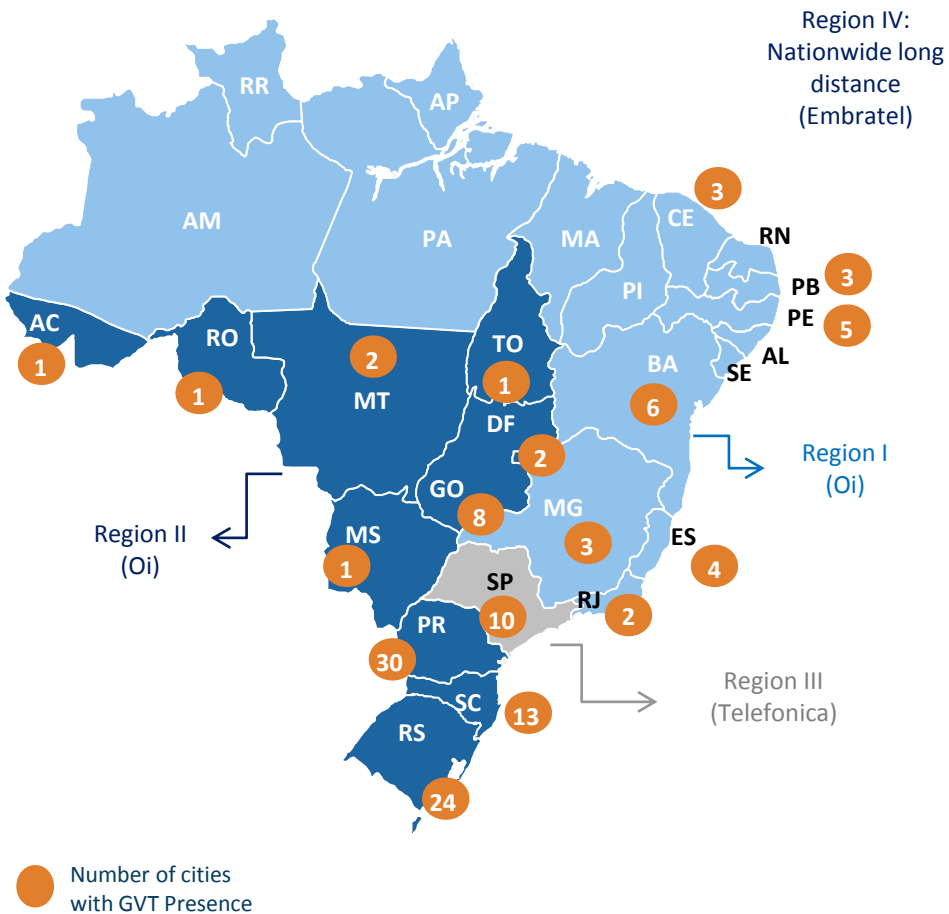


Drivers of Growth and Margin

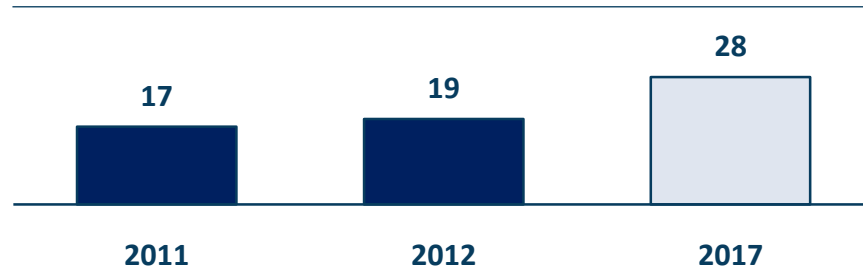


Accelerate Coverage - Accelerate network expansion and population coverage, be in most mid-sized and large Brazilian cities

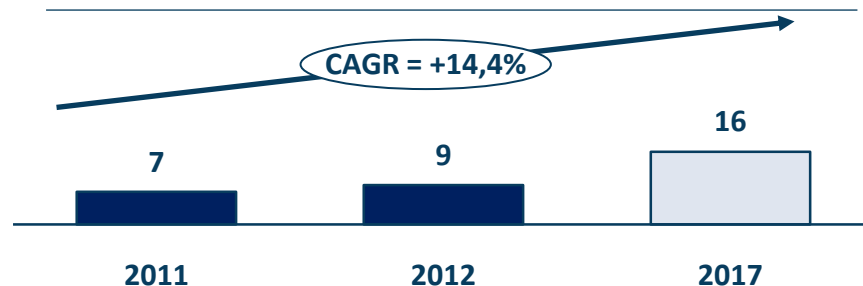
GVT is currently present in 119 cities
~185 cities in 2017



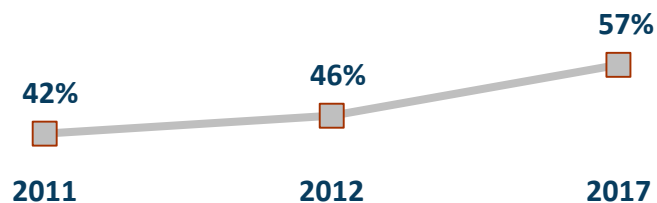
Market in covered cities (M)
(households + businesses)



Homes passed (M)



Market covered by GVT's network where GVT has presence



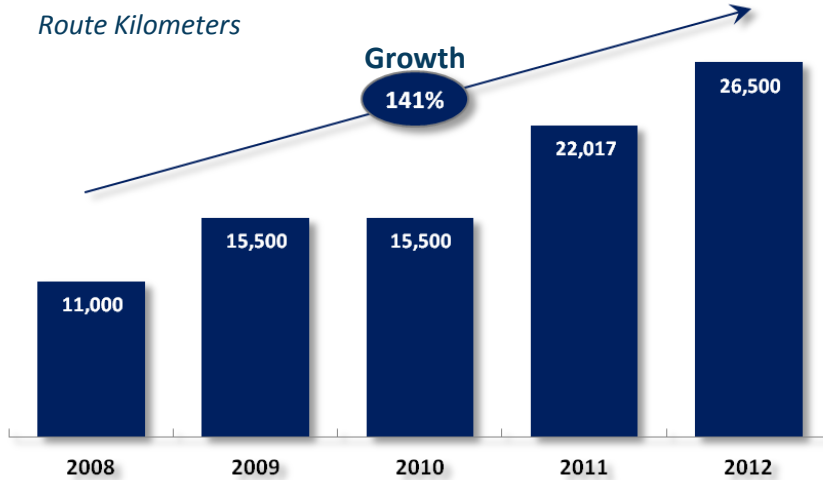
Accelerate Coverage – GVT is increasing its market share nationally

👉 GVT is gaining Market Share in all segments and all cities. However, GVT still has opportunities to further expand geographically and gain higher market share nationwide

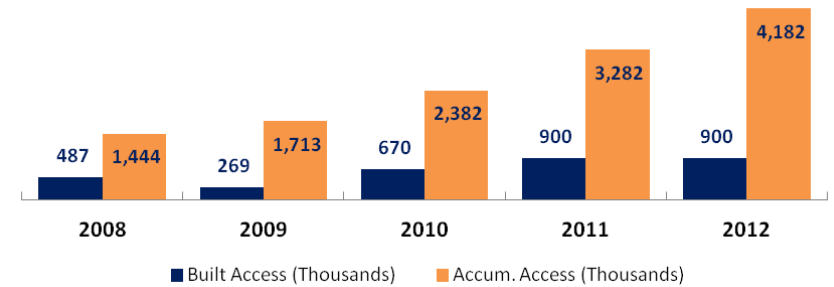
	2008	2009	2010	2011	2017	
# of cities in operation	75	81	95	119	~185	↑
Voice Market Share (Nationwide)	3%	4%	5%	7%	12%	↑
Broadband Market Share (Nationwide)	5%	6%	8%	10%	17%	↑
Pay TV Market Share (Nationwide)	NA	NA	NA	0,3%	8%	↑
Voice market share in homes passed area	23.7%	23.3%	22.2%	23.1%	25.9%	↑

Accelerate Coverage – Continue to expand backbone and access network

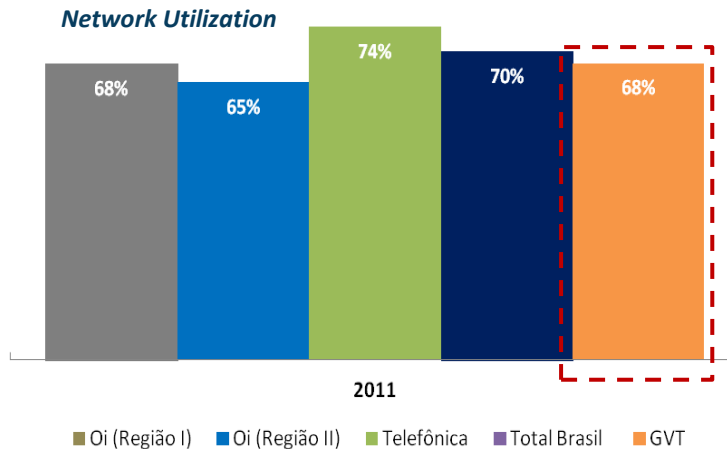
Backbone extension evolution



Accesses of last mile built-out per year



CapEx Efficiency*



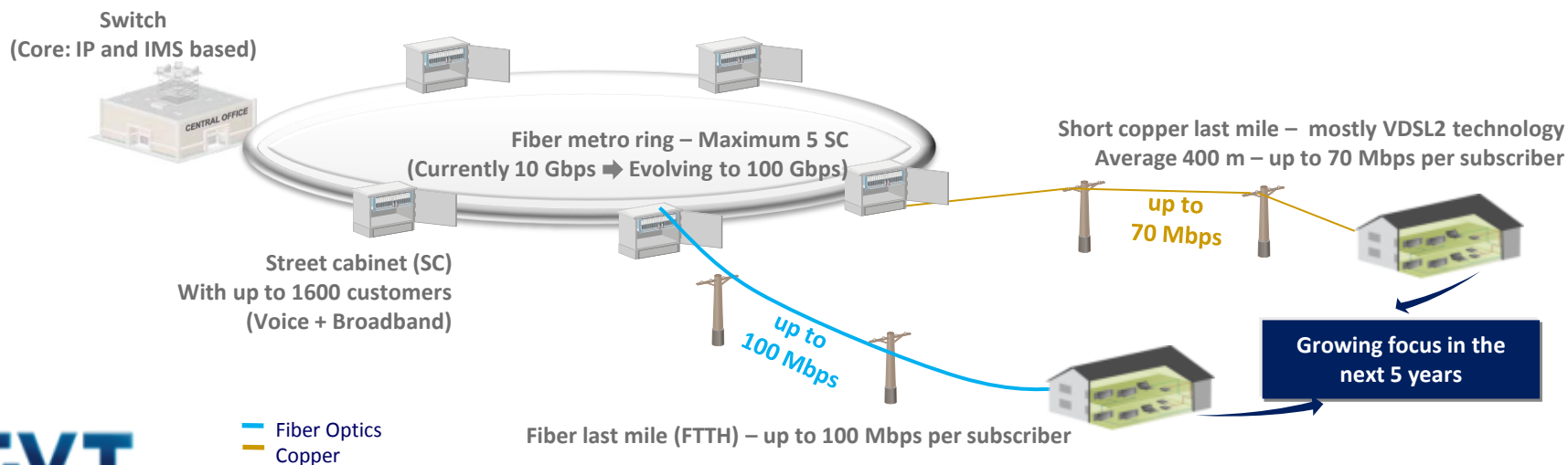
Despite GVT's network being young, GVT has reached network utilization at the same level of incumbents

Take the lead on innovation – Most advanced network in Brazil

GVT's most up-to-date core network architecture enabling the Company to lead on product innovation and performance

- Core with full IP convergence based on IMS (IP Multimedia Subsystem) and SIP Protocol, supporting Multimedia Services and voice over IP with highest quality services
 - Incumbents have mostly core based on circuit switched technology where voice and data network are separated
- Last Mile architecture: GVT last mile architecture is based on FTTC (Fiber to the cabinet) delivering up to 100 Mbps per client, while incumbents last mile is mostly based on long copper, with limited broadband capacity

GVT's Fiber-oriented Last Mile Architecture enables ultra high broadband speeds



Take the lead on innovation - From a dumb pipe to a smart pipe



Take the lead on innovation - GVT unique full IP Convergence (IMS, SIP) will allow to launch new innovative voice products

New services

- ✓ One number ¹
- ✓ HD Voice
- ✓ Portable phone everywhere

- ✓ RCS (Rich Communication Suite) ²

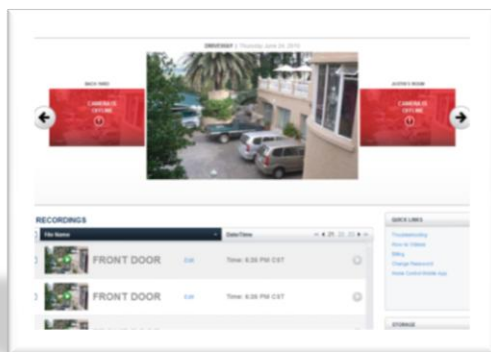
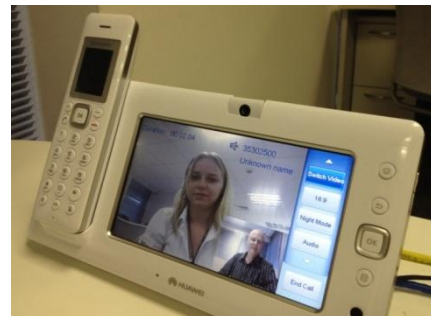


¹ One unique number shared in the Fixed, Mobile and IP Phones

² Innovative technology platform integrating services (Voice, Media, Entertainment)

Mediaphone

- ✓ Video call / conference
- ✓ Internet access
- ✓ HD Voice



Home automation:

- ✓ Remote Cameras
- ✓ Remote power on/off



- ✓ Call log on the TV screen
- ✓ Future: calls on TV screen

Take the lead on innovation – Broadband leadership

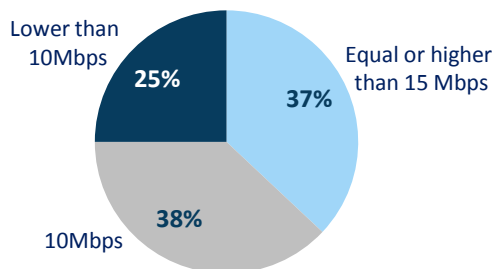
Superior quality broadband with attractive prices
35Mbps at R\$ 89.90 (€ 38)

- GVT's network topology and technology, combining optical fiber rings with a short copper last mile, enable GVT to **provide ultra high speeds up to 100Mbps with premium quality and affordable prices**
- The expansion of GVT's own backbone **allows GVT to offer ultra high speeds at attractive prices and in a profitable way**
- Broadband penetration – **92% of retail customers (4Q11)**
- Explosive demand for high speed internet – demand on video over the internet working in GVT's favor

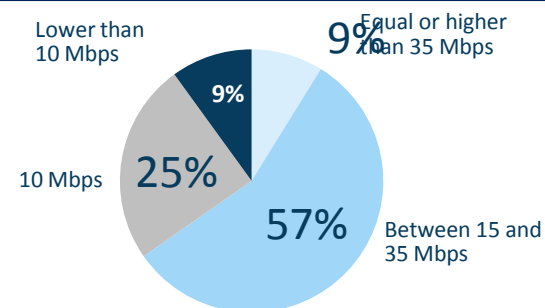
1 Low broadband speeds in Brazil are the market standard¹

Average National Broadband Speed 1.9 Mbps

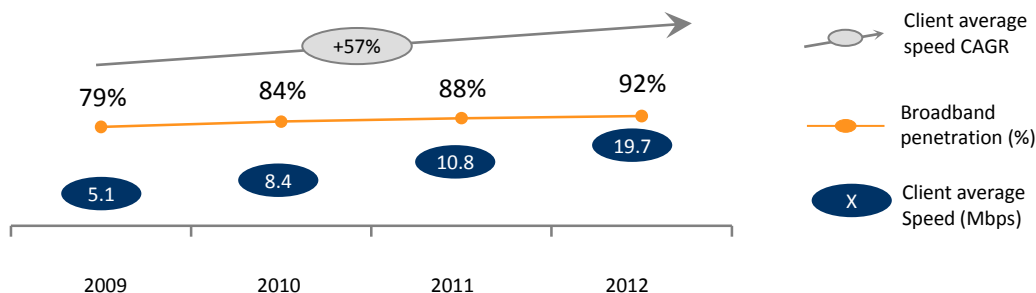
2 ...while GVT is significantly ahead of the market (4Q11 base)...



3 ...and continues to increase its advantage vs. the overall market (4Q12 expected sales)



4 GVT's average broadband speed of customer base²



5 Broadband prices in R\$ (3P)

	2009	2010	2011	2012
15Mbps	99.90	79.90	79.90	79.90
35Mbps	199.90	199.90	99.90	89.90
Price per Mega (R\$)	6.99	6.99	5.33	2.54

...increasing customer base average speed over time with higher ARPU and lower costs

1. Source: Akamai
 2. Does not include SME

Take the lead on innovation – GVT's Pay TV is the 1st in the market based on IPTV technology

- GVT launched commercially its TV offer in January 2012
- Pay TV completes GVT's triple-play offer, bringing to the market an **innovative** and **differentiated** product with competitive pricing, following GVT's strong positioning in Telecom
- First company in Brazil to use an HD Hybrid Model (Satellite + IPTV)

UNIQUE VALUE PROPOSITION

- Available to 100% of clients, from the first package

HIGH DEFINITION



CONNECTIVITY



- Video on Demand / Catch-up TV
- Interactive Applications (Personalized Music, Twitter, Weather etc.)
- To be launched in 2012: S-VoD, Multiroom PVR, Facebook, Youtube and PIP, among others ...

- Image rich and HD graphical interface

MODERN AND USER-FRIENDLY



BEST CONTENT OFFER

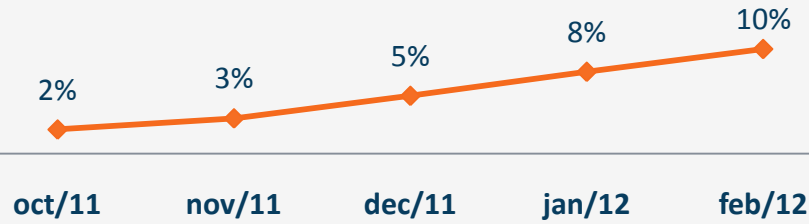


- More than 140 channels, 30 in HD
- 3,000 hours of On Demand
- Interactive Music

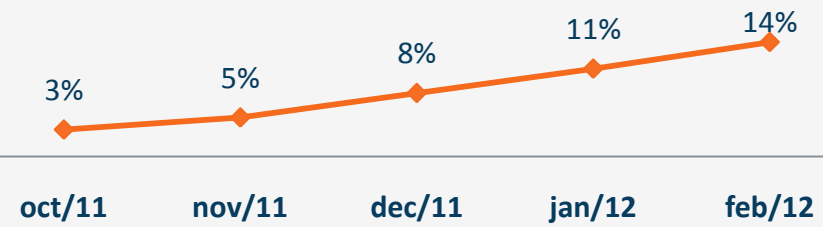
- ~400k clients are expected to subscribe to GVT TV before December 2012 with R\$ 90 (€ 38) TV ARPU (~110K customers in March 2012)
- By Dec 2012 GVT TV penetration on GVT's Broadband base is expected to be 20%
- 40% of GVT TV sales are made to new customers (bundles with Pay TV, broadband and voice)

Take the lead on innovation – Fast growing market share of new net adds in TV segment

Share of GVT TV Net New Adds - Total segment nationwide

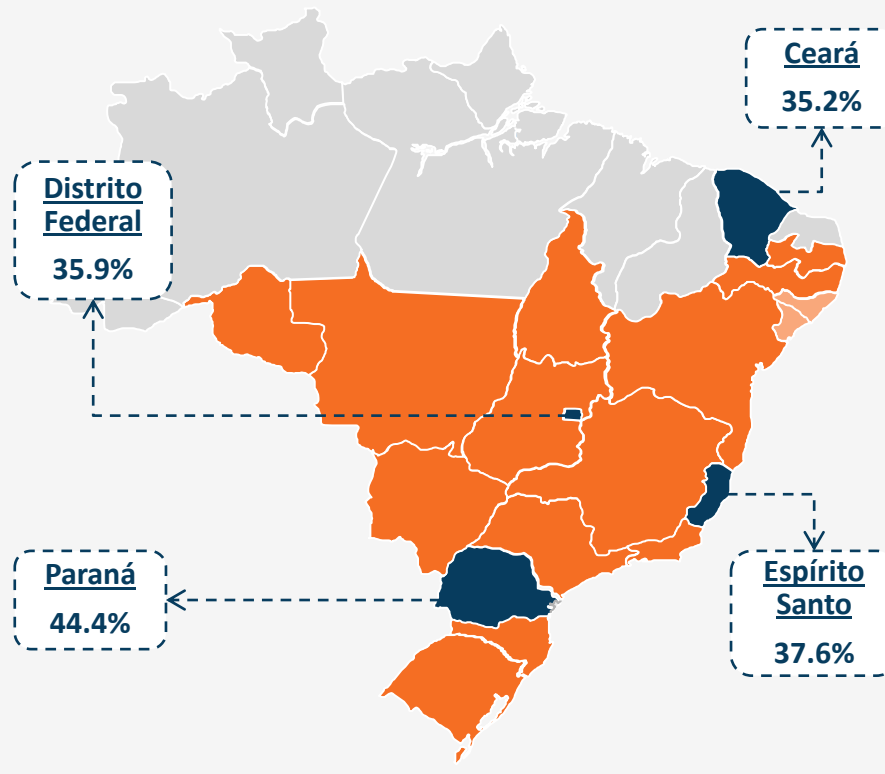


Share of GVT TV Net New Adds – only in states where GVT operates *



* Except in the State of São Paulo

GVT is already the leader of TV net adds in some States



Take the lead on innovation – GVT will develop its Datacenter Business by opening new additional sites and moving towards high-value managed services

- Brazilian Datacenter market⁽¹⁾ will grow at 9.5% CAGR from 2012 to 2016, reaching around R\$ 4 Billion⁽²⁾
- GVT launched 3 Datacenters in 2011 and plans to launch 2 additional sites in 2012

GVT's Datacenter Offer Evolution

2011

Infrastructure as a Service
(IaaS)



Collocation

Infrastructure (IaaS)

- Rental of square meters + Electricity + connectivity
- Little value added services (monitoring)

2012

Software as a Service
(SaaS)



Storage

Hosting

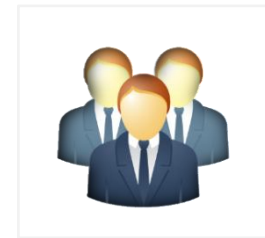
Cloud

Services (SaaS):

- Servers
- Data storage, security copies (Backup)

2013 ~ 2017

Outsourcing – Managed Services
(EaaS)



Managed Services

Everything as a service (EaaS)

- Application virtualization (virtual desktop)
- IT outsourcing

(1) Annual revenues including services such as hosting, storage, co-location and disaster recovery

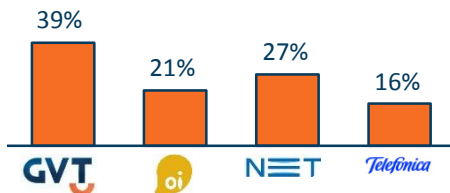
(2) Revenue. Source: Frost & Sullivan - Latin American IT Infrastructure Outsourcing Services Markets – Argentina, Brazil and Chile – April 2011

Reference of customer care – GVT will actively reduce its churn rate by increasing the gap vis-à-vis competition and the engagement of its customer base

GVT focuses on increasing quality

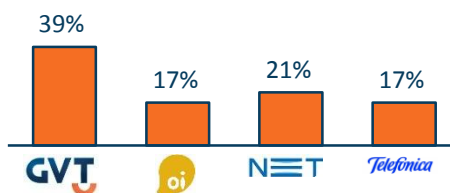
Product gap (%)

Does it always bring innovation vs. the market?



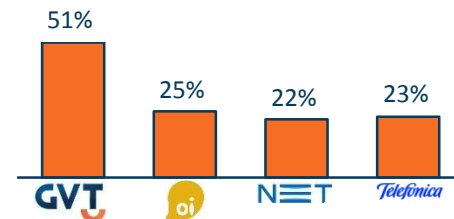
Cost benefit gap (%)

Is broadband cost lower than similar speeds from other operators?

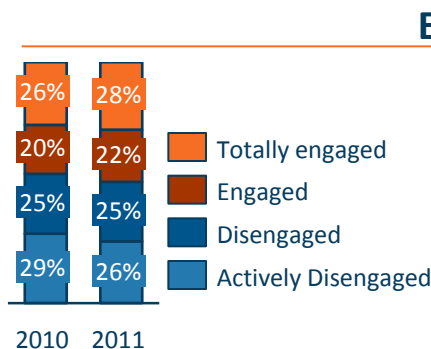


Quality gap (%)

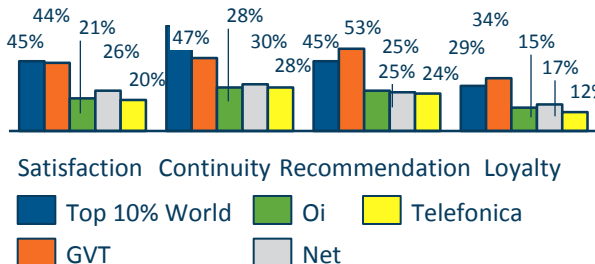
Does it present low level of technical problems?



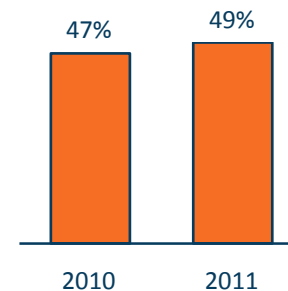
Better quality generates higher engagement and recommendation rate



Engagement

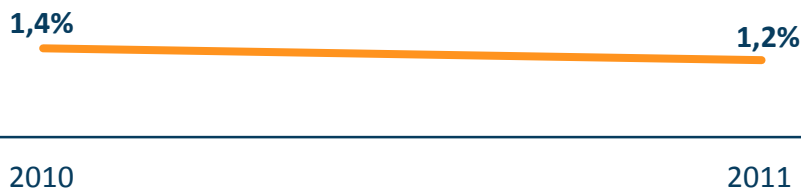


GVT's Recommendation rate



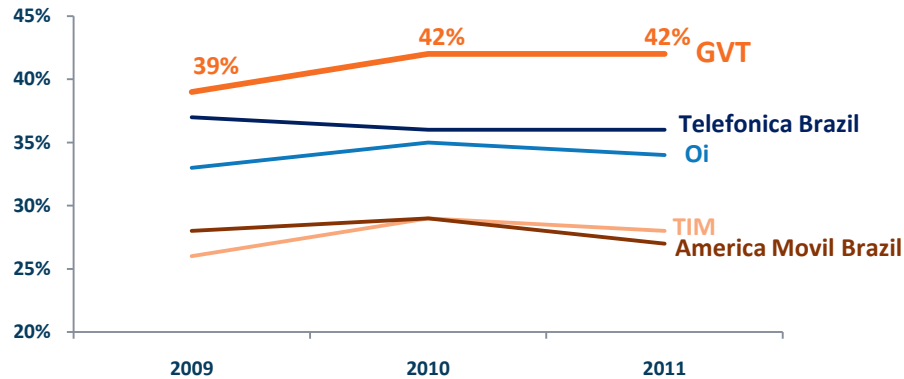
High engagement and recommendation rate help reduce churn levels

Reduction of churn rate (residential and SME)



Make the organization more efficient – GVT will continue to invest in innovation to further enhance its value proposition, while undertaking efficiency improvement programs

GVT has the highest EBITDA margin among Brazilian Telcos



GVT's EBITDA margin of Telecom continues to improve

- **GVT 2011 Telecom EBITDA margin of 43% (42% in 2010)**
- GVT Telecom Business shows improved EBITDA margin due to gains of scale
- Pay TV business negative impact in 2011 due to pre-operational OpEx

Key initiatives to improve EBITDA Margin

Innovations to increase ARPU

- **IPTV** - bringing to the market innovative and differentiated triple play bundles (higher margin per user than dual play)
- **Ultra-fast broadband speeds** – delivering ultra speeds at affordable prices, helping GVT maintain the gap vis-à-vis competition, increasing ARPU via migration to higher speeds
- Multimedia and IP revolution in the **voice portfolio** – revenue from value added services and differentiated products
- **Data Center Business** – enhancing GVT's value proposition in the Corporate Segment, enabling higher share of wallet per customer

Operational Efficiency aiming to reduce OpEx and CapEx

- **End-to-end improvement of order-to-invoice process** – will enable GVT to improve its operations while delivering a more OpEx-efficient organization, including for the 1st time field workforce management
- **Strategic Sourcing** – allowing GVT to better plan its CapEx acquisitions achieving better cost/benefit ratio on CapEx
- **Call Center self-caring evolution** – will enable GVT to increase the penetration of customer self-service, which will decrease the need of personnel, while maintaining the best customer service in the market

Financial 2012 guidance (Telecom + PayTV)

- **Revenue** growth in the mid 30's
- **EBITDA Margin** around 40%
- **Total CapEx** R\$ 2.3billion (of which R\$500 million to Pay TV)
- **FCF* Telecom: Breakeven**

Financial 2014 & 2016 outlook (Telecom + PayTV)

- **Revenue:** ~ R\$ 7 billion in 2014 (CAGR 2011-2014: 31%), ~ R\$ 10 billion in 2016 (CAGR 2014-2016: 18%)
- **EBITDA Margin:** slightly above 40% (2014 and 2016)
- **Average CapEx per Year:** ~ R\$ 2 – 2.5 billion** (mostly growth related for Telecom and TV)
- **PayTV EBITDA to become positive** in 2013

GVT develops a unique model rolling out the most modern network in Brazil with the best Triple Play offer (Fixed Voice, Broadband and Pay TV), innovation, and highest quality maintaining its competitive advantage

Sustainable competitive advantages in a favorable macroeconomic and competitive environment

Most modern network and IT platform in Brazil	<ul style="list-style-type: none"> Advanced, latest generation, network and last mile architecture, own local loop network with FTTC (fiber to the curb) One of the largest backbones in the country
Powerful geo-marketing strategy and Favorable license terms	<ul style="list-style-type: none"> Selective and variable capital expenditures due to favorable licenses terms <ul style="list-style-type: none"> → <i>Build network only targeting high-usage/high margin customer in most profitable areas throughout Brazil</i>
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Appendix

Vivendi's support encourages GVT to accelerates growth

Revenues: €1,446m, +41% (+39% at constant currency)

- Growth fueled by coverage expansion and excellent value proposition
- Broadband service revenues up 58% and Voice revenues up 34% (+56% and +33% at constant currency, respectively)
- 2,094k* net adds in lines in services (LIS), +48% yoy
- GVT ultra-fast broadband edge maintained: average broadband speed of 10.8Mbps** above average Brazilian speed of 1.9Mbps***, 64% of Q4 sales with 15Mbps or higher
- Nationwide broadband market share of 9%** , 568K broadband net additions

EBITDA: €601m, +39%

Telecom EBITDA margin of 42.7%, up 0.8pt

- Better product mix, including the widespread penetration of bundle with data and higher speeds
- Continued cost optimization
- Initial OpEx for pay TV

EBITA: €396m, +43%

- Growth of depreciation due to network rollout

<i>In euro millions - IFRS</i>	2011	2010	Change	Constant Currency
Revenues	1,446	1,029	+ 40.5%	+ 39.0%
Telecoms	1,444	1,029	+ 40.3%	+ 38.8%
Pay-TV	2	-		
EBITDA	601	431	+ 39.4%	+ 37.9%
<i>EBITDA Margin</i>	41.6%	41.9%	- 0.3 pt	
Telecoms	616	431	+ 42.9%	+ 41.5%
Pay-TV	(15)	-		
EBITA	396	277	+ 43.0%	+ 41.4%

HIGHLIGHTS

- Expansion in 22 new cities in 2011, now 119 cities are covered by GVT**
- GVT recognized as the best broadband service in Brazil and the best fixed telephony customer service***
- Successful “soft” launch of pay TV offer in Q4 2011, “media” launch in January 2012 (32k subscribers as of end 2011, ~80k already as of end February 2012)
- Successful partnership with Universal Music, and launch of partnership with Activision Blizzard



* Without Pay-TV

** As of December 31, 2011

*** Sources: Akamai Institute, Info Exame, IBRC

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