



Announcement | Lisbon | 27 March 2019

Notice to the Market disclosed by Oi - 4Q18 Results

PHAROL, SGPS S.A. hereby informs on the 2018 fourth quarter results disclosed by Oi, S.A., as detailed in the company's document 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
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4Q18 AND 2018
EARNINGS
RELEASE





Earnings Release

March 26, 2019

Conference Call in English

March 27, 2019

10:00 a.m. (Brasília) / 9:00 a.m. (NY) / 1:00 p.m. (UK)

Webcast: [click here](#)

Telephone: +1 (646) 8436054 (USA) / Code: Oi

+55 (11) 2188-0155 (Other countries) / Code: Oi

Replay available until 4/3/2019:

+55 (11) 2188-0400

Replay code: Oi

Conference Call in Portuguese

SIMULTANEOUS
TRANSLATION

March 27, 2019

10:00 a.m. (Brasília)

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Telephone: +55 (11) 2188-0155 | +1 646 843 6054 / Code:

Oi

Replay available until 4/3/2019:

+55 (11) 2188-0400

Replay code: Oi

Consolidated Information and Earnings Release [Unaudited]

This report contains the operating and financial performance of Oi S.A. – under Judicial Reorganization (“Oi S.A.” or “Oi” or “Company”) – and its subsidiaries for the fourth quarter and full year of 2018.





4Q18 AND 2018 HIGHLIGHTS OF BRAZILIAN OPERATIONS

- **We had 1 million Net Adds in postpaid in the year**
 - Investment in 4.5G increases network capacity, allowing the launch of more attractive offers, resulting in trend reversal of a negative trend, with the addition of over 1 million postpaid customers in 2018.
- **We reached 1.2 million homes passed by the end of 2018.**
 - The network reuse approach has accelerated the fiber roll out, with 600 thousand homes passed in five months. The Plan is to close 2019 with 3,600 homes passed.
- **Our total Capex in 2018 was 6.1 billion**
 - Accelerated implementation of the Capex plan, focused on access fiber, refarming of 1.8GHz and 2.1 Ghz and a better customer experience. Capex is expected to reach R\$ 7 billion in 2019.
- **We reduced costs by 1.4 billion in 2018.**
 - Nominal reduction of 7.9% in 2018 (11.2% in real terms), affecting virtually all the lines. The Company continues to work on digitalization, productivity and quality initiatives in the pursuit of greater efficiency.
- **We ranked 1st in the Netflix ISP index for February.**
 - A first-timer, Oi Fibra already ranked first in the internet speed index created by Netflix in February of 2019.



Summary

Table 1 – Highlights

in R\$ million or otherwise stated	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
Oi S.A. Consolidated								
Total Net Revenues	5.365	5.828	5.481	-7.9%	-2.1%	22.060	23.790	-7.3%
Routine EBITDA	1.257	1.299	1.459	-3.2%	-13.9%	5.851	6.244	-6.3%
Routine EBITDA Margin [%]	23,4%	22,3%	26,6%	1,1 p.p.	-3,2 p.p.	26,5%	26,2%	0,3 p.p.
Net Income (Loss) attributable to owners of the Company	-3.359	-2.027	-1.338	85,7%	n.m.	24.591	-6.365	n.m.
Net Debt	11.826	47.621	10.976	-75,2%	7,7%	11.826	47.621	-75,2%
Available Cash	4.624	6.999	5.161	-33,9%	-10,4%	4.624	6.999	-33,9%
CAPEX	2.091	1.840	1.528	13,6%	37,0%	6.112	5.887	7,5%

in R\$ million or otherwise stated	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
BRAZIL								
Revenue Generating Units - ('000)	57.147	59.685	58.832	-4.3%	-2.9%	57.147	59.685	-4.3%
Residential	14.746	15.885	15.173	-7,2%	-2,8%	14.746	15.885	-7,2%
Personal Mobility	35.033	36.648	36.454	-4,4%	-3,9%	35.033	36.648	-4,4%
B2B	6.727	6.512	6.565	3,3%	2,5%	6.727	6.512	3,3%
Public Telephones	640	640	640	0,0%	0,0%	640	640	0,0%
Total Net Revenues	5.317	5.782	5.431	-8.0%	-2.1%	21.860	23.557	-7.2%
Net Service Revenues⁽¹⁾	5.253	5.722	5.382	-8.2%	-2.4%	21.663	23.328	-7.1%
Residential	2.003	2.269	2.084	-11,7%	-3,9%	8.402	9.171	-8,4%
Personal Mobility	1.766	1.827	1.765	-3,3%	0,1%	7.056	7.415	-4,8%
Customer ⁽³⁾	1.664	1.693	1.670	-1,7%	-0,4%	6.608	6.815	-4,4%
B2B	1.432	1.560	1.474	-8,2%	-2,8%	5.978	6.486	-7,8%
Net Customer Revenues⁽²⁾	5.083	5.517	5.230	-7.9%	-2.8%	20.967	22.559	-7.1%
Routine EBITDA	1.287	1.300	1.454	-1.0%	-11.5%	5.863	6.190	-5.3%
Routine EBITDA Margin [%]	24,2%	22,5%	26,8%	1,7 p.p.	-2,6 p.p.	26,8%	26,3%	0,5 p.p.
CAPEX	2.085	1.835	1.502	13,6%	38,8%	6.078	5.629	8,0%
Routine EBITDA - CAPEX	-798	-535	-49	49,2%	1539,0%	-215	561	-138,3%

(1) Excludes handset revenues.

(2) Excludes handset and network usage revenues.



4Q18 AND 2018 HIGHLIGHTS

In the period ended December 31, 2018, as with the period ended September 30, 2018, June 30, 2018 and March 31, 2018, the Company reported its results in accordance with International Financial Reporting Standards - IFRS 15 and 9, which came into effect on January 1, 2018. Adjustments were not made retroactively to 2017 results. The impacts of these changes on the Company's results were immaterial.

The table below presents the 4Q18 results considering and excluding the impacts of IFRS 15 and 9.

Table 2 – Reconciliation of Net Revenues and Routine Operating Costs in 4Q18 considering the impact of the adoption of IFRS 15 and 9

R\$ million	4Q18	IFRS 15 Impact	IFRS 9 Impact	4Q18 ex adjustments
Consolidated Total Net Revenues	5.365	4,0	0,0	5.369
Brazil	5.317	4,0	0,0	5.321
Residential	2.003	2,4	0,0	2.005
Personal Mobility	1.829	0,0	0,0	1.829
Service	1.766	0,0	0,0	1.766
Customer	1.664	0,0	0,0	1.664
Network Usage	103	0,0	0,0	103
Sales of handsets, SIM cards and others	62	0,0	0,0	62
B2B	1.434	1,5	0,0	1.435
Other services	52	0,0	0,0	52
International Operations	48	0,0	0,0	48
Consolidated Routine Operating Costs and Expenses	-4.108	-40,0	-28,7	-4.177
Brazil	-4.030	-40,0	-28,7	-4.099
Personnel	-710	-0,5	0,0	-711
Interconnection	-161	0,0	0,0	-161
Third-Party Services	-1.494	-39,5	0,0	-1.534
Network Maintenance Service	-266	0,0	0,0	-266
Handset Costs/Other (COGS)	-72	0,0	0,0	-72
Marketing	-143	0,0	0,0	-143
Rent and Insurance	-1.009	0,0	0,0	-1.009
Provision for Contingencies	-35	0,0	0,0	-35
Provision for Bad Debt	-131	0,0	-28,7	-160
Taxes and Other Expenses (Revenues)	-8	0,0	0,0	-8
International Operations	-78	0,0	0,0	-78
Consolidated Routine EBITDA	1.257	-36,0	-28,7	1.192
Brazil Routine EBITDA	1.287	-36,0	-28,7	1.222
International Operations Routine EBITDA	-30	0,0	0,0	-30



Net Revenues

Table 3 – Breakdown of Net Revenues

R\$ million	Quarter			YoY			12 months			Weight %	
	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY	4Q18	4Q17	
Consolidated Total Net Revenues	5.365	5.828	5.481	-7,9%	-2,1%	22.080	23.780	-7,3%	100%	100%	
Brazil	5.317	5.782	5.431	-8,0%	-2,1%	21.880	23.557	-7,2%	99,1%	99,2%	
Residential	2.003	2.289	2.084	-11,7%	-3,9%	8.402	9.171	-8,4%	37,3%	38,9%	
Personal Mobility	1.829	1.887	1.813	-3,1%	0,9%	7.250	7.645	-5,2%	34,1%	32,4%	
Service	1.766	1.827	1.765	-3,3%	0,1%	7.056	7.415	-4,8%	32,9%	31,4%	
Customer	1.664	1.693	1.670	-1,7%	-0,4%	6.608	6.915	-4,4%	31,0%	29,0%	
Network Usage	103	135	95	-23,8%	8,0%	448	500	-10,4%	1,9%	2,3%	
Sales of handsets, SIM cards and others	62	60	48	4,3%	30,2%	195	230	-15,1%	1,2%	1,0%	
B2B	1.434	1.559	1.475	-8,0%	-2,8%	5.981	6.486	-7,8%	26,7%	26,8%	
Other services	52	66	59	-21,9%	-12,3%	227	256	-11,2%	1,0%	1,1%	
International Operations	48	46	51	4,2%	-5,1%	200	233	-14,0%	0,8%	0,8%	
Brazil											
Net Service Revenues	5.253	5.722	5.382	-8,2%	-2,4%	21.663	23.328	-7,1%	97,9%	98,2%	
Net Customer Revenues	5.083	5.517	5.230	-7,9%	-2,8%	20.967	22.559	-7,1%	94,7%	94,7%	

In 4Q18, consolidated net revenues totaled R\$ 5,365 million, down 7.9% from 4Q17 and 2.1% lower than in the previous quarter. Net revenues from Brazilian operations (“Brazil”) came to R\$ 5,317 million [-8.0% y.o.y. and -2.1% q.o.q.], while net revenues from international operations (Africa and East Timor) totaled R\$ 48 million.

In 2018, consolidated net revenues totaled R\$ 22,060 million, down 7.3% from 2017. Net revenues from Brazilian operations totaled R\$ 21,860 million in 2018, 7.2% less than in 2017, while net revenue from international operations came to R\$ 200 million, 14.0% down from 2017.

BRAZIL

Net revenues from Brazilian operations stood at R\$ 5,317 million in 4Q18, 8.0% lower than in 4Q17 and down 2.1% from 3Q18. The annual comparison is still partially impacted by the tariff increase in 3Q17, which affected the Residential, Personal Mobility and Small Enterprises segments. The decline in the sequential comparison was due to the deterioration in the Residential performance, being partially offset by the strong Personal Mobility performance.

The three segments (Residential, Personal Mobility and B2B) continued to be impacted by a decline in voice traffic. On the other hand, data revenues in the Personal Mobility segment and pay-TV revenues in the Residential segment continued to rise, partially offsetting this reduction.

Total net service revenues, which exclude handset revenues, stood at R\$ 5,253 million in 4Q18 [-8.2% y.o.y. and -2.4% q.o.q.], while total net customer revenues, which exclude handset and network usage revenues, came to R\$ 5,083 million [-7.9% y.o.y. and -2.8% q.o.q.].



OPERATING RESULTS

Residential

Table 4 – Net Revenues, RGUs and ARPU of the Residential segment

	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
Residential								
Net Revenues (R\$ million)	2.003	2.269	2.084	-11.7%	-3.9%	8.402	9.171	-8.4%
Revenue Generating Units [RGU] - ['000]	14.746	15.885	15.173	-7.2%	-2.8%	14.746	15.885	-7.2%
Fixed Line in Service	8.276	9.233	8.578	-10,4%	-3,5%	8.276	9.233	-10,4%
Fixed Broadband	4.883	5.156	5.016	-5,3%	-2,6%	4.883	5.156	-5,3%
Pay TV	1.587	1.496	1.579	6,1%	0,5%	1.587	1.496	6,1%
ARPU Residential (R\$)	79.6	81.3	80.2	-2.1%	-0.8%	80.0	79.6	0.5%

Net revenues from the Residential segment totaled R\$ 2,003 million in 4Q18, down 11.7% from 4Q17 and 3.9% lower than in 3Q18. This drop in fixed-line and broadband revenues was partially offset by a 2.2% increase in pay-TV revenues over 4Q17.

In 4Q18, the Company accelerated investments in fiber in order to deliver high-speed broadband to our customers' homes and provide a better experience, advancing the structural strategy in order to increase profitability in the segment. This project uses an innovative approach, called "Network Reuse," which strengthens the robustness of the transportation network and the capillarity of the metropolitan fiber network in order to expand the availability of Fiber-to-the-home (FTTH) with more agility, at an average cost 30% lower than the traditional approach and more commercially efficient, meeting the market demand.

Oi ended 4Q18 with 14,746 thousand RGUs in the Residential segment, down 7.2% from 4Q17 and 2.8% from 3Q18, mainly due to the reduction in both the broadband and the fixed line customer bases, the latter as a result of the natural market trend of reducing voice usage.

Residential ARPU

Residential ARPU totaled R\$ 79.6 in 4Q18 [-2.1% y.o.y. and -0.8% q.o.q.].

Fixed line

The Company closed 4Q18 with 8,276 thousand fixed line customers in the Residential segment [-10.4% y.o.y. and -3.5% q.o.q.], reflecting the market trend of declining demand for voice services, which are being replaced by mobile services, especially, data services. As a result, fixed line ARPU, including interconnection, fell 9.3% in relation to the previous year.

The Company's strategy has been to increasingly focus on more profitable, bundled offers in order to build customer loyalty, thereby reducing churn rates in this segment. In 4Q18, the number of households with more than one Oi product grew 1.6 p.p. over 4Q17 and 0.2 p.p. over 3Q18.

Broadband

Oi ended 4Q18 with 4,883 thousand fixed broadband RGUs in the Residential segment [-5.3% y.o.y. and -2.6% q.o.q.]. Fierce competition, especially from local players who offer broadband services in small towns outside major urban centers, continued to be the main obstacle to broadband growth.



OPERATING RESULTS

As part of its strategy, the Company has been intensifying its commercial activity based on different regional approaches, as well as taking one-off measures to tailor offers to different customer profiles. In addition, in 4Q18, even before receiving the proceeds of the capital increase approved in the Judicial Reorganization Plan, Oi increased its investments in fiber, with the “Network Reuse” strategy, being able to quickly and efficiently deliver high-speed broadband.

Fiber

In 4Q18, Oi increased its investments in fiber, with the “Network Reuse” strategy, in order to be able to quickly and efficiently deliver high-speed broadband. We closed 2018 with 1.2 million homes passed, half of which [around 600 thousand] were passed in the last five months of 2018. The company is already operating with capacity to build more than 200 thousand Homes Passed per month and plans to close the year with more than 3,600 HP.

We also closed the year with 92 thousand customers connected to our fiber network and reached the mark of 100 thousand customers in the first days of January 2019. In December 2018, our fiber reached 27 municipalities, including 10 state capitals and the Company's plan is to reach 62 cities throughout 2019.

Also, with the strategy of accelerating FTTH sales, Oi began selling IPTV via fiber.

Pay TV

In 4Q18, the Residential pay-TV base maintained the growth trend observed in the last few quarters [+6.1% y.o.y. and +0.5% q.o.q.], reaching 1,587 thousand pay-TV RGUs.

In 4Q18, pay-TV net adds totaled 91 thousand RGUs compared to 4Q17 and 8 thousand RGUs compared to 3Q18. Oi TV's penetration in households with an Oi fixed line reached 19.2% in 4Q18 [+3.0 p.p. y.o.y. and +0.8 p.p. q.o.q.]. Pay-TV ARPU was in line with 3Q18.

Oi TV plays an essential role in the convergence strategy for the Residential segment, as it has been helping boost *Oi Total* sales. Oi TV is a differentiated product that offers a wide range of content, with high definition channels (including open channels) in all its plans, with the most complete offer providing up to 186 channels, 64 of which in HD. It also offers services like PenVR (content recording and live/pause service via pen drive available in any plan) and iPPV (purchase of pay-per-view events by remote control), Oi also offers *TV Everywhere*, which includes the *Oi Play* virtual platform, reinforcing Oi's positioning in providing more user autonomy and a better customer experience through the digitalization of services.



Personal Mobility

Table 5 – Net Revenues and RGUs of the Personal Mobility segment

	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
Personal Mobility								
Net Revenues (R\$ million)	1.829	1.887	1.813	-3.1%	0.9%	7.250	7.645	-5.2%
Service	1.766	1.827	1.765	-3,3%	0,1%	7.056	7.415	-4,8%
Customer ⁽¹⁾	1.664	1.693	1.670	-1,7%	-0,4%	6.808	6.915	-4,4%
Network Usage	103	135	95	-23,8%	8,0%	448	500	-10,4%
Sales of handsets, SIM cards and others	62	60	48	4,3%	30,2%	195	230	-15,1%
Revenue Generating Units (RGU) - ('000)	35.033	36.648	36.454	-4,4%	-3,9%	35.033	36.648	-4,4%
Prepaid Plans	27.293	29.917	29.099	-8,8%	-6,2%	27.293	29.917	-8,8%
Postpaid Plans ⁽²⁾	7.741	6.731	7.355	15,0%	5,2%	7.741	6.731	15,0%

(1) Excludes handset and network usage revenues.

(2) Includes postpaid plans, *Oi Controle*, bundled mobile services and 3G (mini-modem).

Personal Mobility net revenues totaled R\$ 1,829 million in 4Q18 [-3.1% y.o.y. and +0.9% q.o.q.]. The annual comparison is still partially impacted by the tariff increase in 3Q17 and voice revenues, whose market is shrinking. Meanwhile, sequential growth was based on higher postpaid revenues (1.1%).

The prepaid segment, which accounts for a relevant share of total Personal Mobility revenues, followed the downward trend observed in the market, impacted both by high unemployment rates and by lower interconnection tariffs and the process of migrating from voice to data, which are promoting SIM card consolidation by eliminating the need for customers to have one SIM card for each operator. This movement observed in the prepaid segment benefits the postpaid segment, as prepaid customers migrate to more attractive offers, especially in control plans. In 2018, the postpaid user base increased by 1 million customers.

The positive performance of the Personal Mobility was due not only to the strategy of converting prepaid customers into control customers, but also to Oi's new offering portfolio, which is significantly simpler and more aligned with the market trend of migration from voice to data services. The launch of the new portfolio was made possible by increased investments in 4G and 4.5G, which provide increased traffic capacity in the network, with improved usage performance and, consequently, substantial improvement of the customer experience. The Company is also accelerating the refarming of the 1.8Ghz frequency range for 4G and 4.5G, reaching 23 cities this year and expects to reach 41 cities in the first half of 2019.

In the postpaid segment, Oi has been marketing offers featuring data allowances of up to 50GB, unlimited voice service, sharing of the allowance with the other users in the plan and the possibility of purchasing additional packages, based on the users' needs. In the prepaid and control segments, the offers allow customers to choose between using voice or data, with no exchange limits or additional costs, directly on the *Minha Oi* app. On October 16, the Company released *Novo Oi Livre*, which offers voice and data allowances for a full month for any recharge value, with a major advantage: Whatsapp and Messenger do not use up the allowance. In the Control segment, in addition to free Whatsapp and Messenger, customers who have the intermediate plan can use Facebook without using up their allowance, while customers who have the premium plan can also access Instagram, YouTube and Netflix without using up their allowance.

Customer revenues, which exclude interconnection and handset revenues, totaled R\$ 1,664 million in 4Q18, down 1.7% from 4Q17 and in line with 3Q18 [-0.4%], due to the reasons mentioned above. In the same period, data revenues came to R\$ 1,338 million, an increase of 28.9% over 4Q17 and 6.3% over 3Q18, accounting for



OPERATING RESULTS

80.4% of total customer revenues in the quarter (versus 61.3% in 4Q17). Customer revenues fell 4.4% between 2017 and 2018, closing the year at R\$ 6,608 million.

Meanwhile, network usage revenues totaled R\$ 103 million in 4Q18, down 23.8% from 4Q17 and up 8.0% over 3Q18; the annual decline was mainly due to the regulated MTR tariff cuts. In February 2018, the same tariffs fell to R\$ 0.02606, R\$ 0.02815 and R\$ 0.04141 in Regions I, II and III, respectively. ANATEL approved the following future cuts for 2019: R\$ 0.01379, R\$ 0.01471 and R\$ 0.02517 in Regions I, II and III, respectively. Handset revenues totaled R\$ 62 million in 4Q18, versus R\$ 60 million in 4Q17 and R\$ 48 million in 3Q18.

Oi closed 4Q18 with 35,033 thousand RGUs in the Personal Mobility segment, down 4.4% from 4Q17. In the sequential comparison, this figure fell 3.9%, mainly due to the decline in the prepaid base, which accounts for most of our mobile customer base. We recorded 1,615 thousand net disconnections between 4Q17 and 4Q18, as a result of 2,624 thousand net disconnections in the prepaid segment and 1,009 thousand net adds in the postpaid segment. Compared to the previous quarter, Oi recorded a 6.2% reduction in net adds in the prepaid segment and a 5.2% increase in the postpaid segment.

Oi's mobile customer base (Personal Mobility + B2B) totaled 37,703 thousand RGUs in 4Q18, 35,033 thousand of which in the Personal Mobility segment and 2,670 thousand in the B2B segment. Gross adds in the mobile segment totaled 4.6 million, while net disconnections came to 1,203 thousand compared to the previous quarter.

Prepaid

The prepaid customer base closed 4Q18 with 27,293 thousand RGUs, down 8.8% from 4Q17, mainly due to the policy of disconnection of inactive customers and the migration of customers from prepaid to postpaid and control plans. Total recharge volume (prepaid + control) moved up 1.8% over 3Q18, but remained in line with 4Q17 [-0.1%]. The number of customers making recharges fell 7.1% from 4Q17, driven by (i) a decline in the prepaid market as a whole and (ii) high unemployment rates, which have a direct impact on prepaid revenues. As a result, revenues, including long distance revenues, fell 3.4% year on year. Despite the upturn in the number of recharges, thanks to the offer that encourages customers to increase the number of recharges, this growth has not yet been felt in revenues as a result of the lower number of customers making recharges.

The main prepaid offer, *Oi Livre*, accounted for 72.3% of the base and has been successfully increasing customer profitability, given that its average ticket is higher than that of other prepaid offers. As a result, prepaid ARPU continued to grow, moving up 9% over 4Q17 and 4.1% over 3Q18. *Oi Livre* customers can choose whether they will use voice minutes or data directly on the *Minha Oi* app, with no exchange limits or additional costs.

Postpaid

Oi closed the quarter with 7,741 thousand RGUs in the postpaid + control segment [+15% y.o.y. and +5.2% q.o.q.], due to the strategy of building customer loyalty through the migration of prepaid customers to postpaid and control plans. Gross adds grew 40.1% in 2018 and 12.6% in 4Q18, resulting in net adds of 1,009 thousand RGUs in 2018 and 386 thousand RGUs in 4Q18. In 4Q18, the postpaid base accounted for 22.1% of the Personal Mobility base, versus 20.2% in 3Q18 and 18.4% in 4Q17.



OPERATING RESULTS

The positive physical results were reflected in revenues, including long-distance revenues, which climbed 1.0% over 4Q17 and 1.1% over 3Q18. Offer simplification and innovation, more aggressive sales, a strategy focused on regional offers and the beginning of the refarming of the 1.8Ghz frequency range for 4G and 4.5G reversed the downward trend in the postpaid and control business.

2G, 3G and 4G LTE Coverage

Oi's 2G coverage reached 3,446 municipalities in 4Q18 (94% of the country's urban population), while 3G coverage reached 1,644 municipalities (+2.6% y.o.y.), or 81.6% of the Brazilian urban population.

At the end of 4Q18, 4G LTE coverage reached 902 municipalities (+11% y.o.y. and +8% q.o.q.), or 74% of Brazil's urban population (+0.7 p.p. y.o.y.). The Company is accelerating its strategy of refarming the 1.8Ghz frequency range and, in the future, the 2.1Ghz frequency range, for 4G and 4.5G.

Mobile ARPU

Mobile ARPU stood at R\$ 16.50 in 4Q18, an increase of 1.6% over 4Q17 and 2.0% over 3Q18. In 2018, mobile ARPU was R\$ 16.24, 1.7% more than in 2017. Excluding MTR revenues, mobile ARPU increased 3.3% in 4Q18 over 4Q17 and 1.5% over 3Q18.

B2B

Table 6 – Net Revenues and RGUs of the B2B segment

	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
B2B								
Net Revenues (R\$ million)	1.434	1.559	1.475	-8.0%	-2.8%	5.981	6.486	-7.8%
Revenue Generating Units [RGU] - ('000)	6.727	6.512	6.565	3.3%	2.5%	6.727	6.512	3.3%
Fixed	3.514	3.641	3.561	-3,5%	-1,3%	3.514	3.641	-3,5%
Broadband	530	543	538	-2,5%	-1,6%	530	543	-2,5%
Mobile ⁽²⁾	2.670	2.316	2.452	15,3%	8,9%	2.670	2.316	15,3%
Pay TV	14	12	13	14,1%	2,6%	14	12	14,1%

(1) Includes postpaid plans, *Oi Controle*, bundled mobile services and 3G (mini-modem).

Net revenues in the B2B segment amounted to R\$ 1,434 million in 4Q18, 8.0% less than in 4Q17, mainly due to the decline in voice traffic, following the market trend, and the cut in the regulated fixed-to-mobile (VC) and interconnection (MTR) tariffs. Compared to 3Q18, net revenues fell 2.8%.

Oi continued to record growth over recent quarters, closing 4Q18 with 6,727 thousand RGUs in the B2B segment, an increase of 3.3% over 4Q17 and 2.5% over 3Q18, driven by growth in the mobile customer base (+15.3% y.o.y. and +8.9% q.o.q.) and in the pay-TV customer base (+14.1% y.o.y. and +2.6% q.o.q.). In 4Q18, net adds totaled 215 thousand RGUs compared to 4Q17 and 162 thousand RGUs compared to 3Q18.

The number of Corporate RGUs increased both over 4Q17 and 3Q18. The Company's strategy to reverse the downward trend of revenues is to expand the offer of digital and IT solutions, meeting the growing demand for



corporate projects, and mitigating or offsetting the impacts of low demand for traditional services, which is a market trend.

In the SME segment, the Company is adopting the Corporate strategy for medium enterprises and the B2C strategy for small enterprises, given their similarities. Oi is marketing regional offers and intensifying its commercial actions together with the “Network Reuse” approach for the FTTH offering.

In the Wholesale segment, the strategy has been to increase the share of unregulated revenues in total revenues, aiming to optimize value creation with the existing infrastructure. In 2018, 56% of Wholesale revenues were not regulated, 5 p.p. more than in 2017. In 2019, the segment is seeking to take advantage of opportunities to expand fiber and prepare the network for 5G.



Operating Costs and Expenses

Table 7 – Breakdown of Routine Operating Costs and Expenses

R\$ million	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
Routine Operating Costs and Expenses								
Brazil	4.030	4.482	3.977	-10,1%	1,3%	15.997	17.367	-7,9%
Personnel	710	828	654	-14,3%	8,6%	2.554	2.749	-7,1%
Interconnection	161	192	146	-16,0%	10,5%	654	771	-15,2%
Third-Party Services	1.494	1.480	1.492	1,0%	0,2%	5.834	6.139	-5,0%
Network Maintenance Service	266	301	288	-11,6%	-7,6%	1.103	1.245	-11,5%
Handset Costs/Other (COGS)	72	62	44	14,9%	63,9%	185	214	-13,4%
Marketing	143	128	73	12,2%	95,8%	380	410	-7,5%
Rent and Insurance	1.009	953	1.104	5,8%	-8,7%	4.194	4.153	1,0%
Provision for Contingencies	35	145	7	-76,1%	366,1%	202	469	-56,9%
Provision for Bad Debt	131	169	158	-22,2%	-16,6%	690	687	0,4%
Taxes and Other Expenses (Revenues)	8	222	12	-96,2%	-26,5%	201	529	-61,9%
International Operations	78	47	45	64,8%	74,0%	212	178	18,9%
Routine OPEX	4.108	4.529	4.022	-9,3%	2,1%	16.209	17.546	-7,6%

In 4Q18, consolidated routine opex, including international operations, totaled R\$ 4,108 million, down 9.3% from 4Q17 and up 2.1% over 3Q18.

Routine opex in Brazilian operations amounted to R\$ 4,030 million in 4Q18 [-10.1% y.o.y. and +1.3% q.o.q.]. Considering inflation (IPCA) of 3.7% in the last 12 months, this result corresponded to a decrease of 13.3% in real terms compared to 4Q17. In 2018, routine opex in Brazilian operations came to R\$ 15,997 million, falling 7.9% in nominal terms and 11.2% in real terms compared to 2017.

Personnel

Personnel costs and expenses totaled R\$ 710 million in 4Q18, falling 14.3% from 4Q17, due to a decline in the payment of variable compensation, salaries and charges combined with productivity and operational efficiency gains. Compared to 3Q18, personnel costs and expenses increased 8.6%, mainly due to the beginning of provisions for the payment of salaries, charges and benefits, as well as variable compensation related to the achievement of operational, financial and quality targets in 2018.

In 2018, personnel costs and expenses in Brazilian operations totaled R\$ 2,554 million, 7.1% less than in 2017, due to the above-mentioned reasons.

Interconnection

Interconnection costs in Brazil ended 4Q18 at R\$ 161 million, down 16.0% from 4Q17, chiefly as a result of international roaming and the cuts in the interconnection tariffs. In the sequential comparison, interconnection costs climbed 10.5%, mainly due to seasonal off-net traffic in 4Q18.

Third-party Services

In 4Q18, costs and expenses related to third-party services in Brazilian operations totaled R\$ 1,494 million, up 1.0% over 4Q17 and in line with 3Q18 [+0.2%].



It is important to mention that the reduction in sales commission expenses in 2018 was partially due to IFRS 15 [see table 2 of this document], which came into effect on January 1, 2018 and determined the deferral of incremental customer acquisition costs.

Network Maintenance Services

Network maintenance service costs and expenses in Brazilian operations totaled R\$ 266 million in 4Q18, 11.6% lower than in 4Q17, due to a lower number of events, thanks to initiatives focused on preventive actions and productivity gains, with increased efficiency in field operations and productivity gains resulting from customer service and process digitalization [Digital CO].

Compared to 3Q18, network maintenance service costs and expenses fell 7.6%.

Handset Costs/Other (COGS)

Handset costs in Brazilian operations amounted to R\$ 72 million in 4Q18, an increase of 14.9% over 4Q17 and 63.9% [R\$ 27.9 million] over 3Q18, mainly due to an upturn in handset sales volume this quarter.

Marketing

Marketing expenses totaled R\$ 143 million in 4Q18 [+12.2% y.o.y. and +95.8% q.o.q.], driven by increased marketing efforts, with the *Oi Livre Natal*, *Pré Natal*, *Pós Black Friday* and for broadband campaigns.

Rent and Insurance

Rent and insurance expenses in Brazilian operations totaled R\$ 1,009 million in 4Q18, 5.8% more than in 4Q17, mainly due to higher right-of-way costs and pole, tower and equipment rental fees, offset by lower EILD [industrial exploration of dedicated line] costs. In the sequential comparison, these expenses fell 8.7%, as a result of EILD costs.

Provision for Contingencies

In 4Q18, the provision for contingencies in Brazilian operations totaled R\$ 35 million, versus R\$ 145 million in 4Q17 and R\$ 7 million in 3Q18. The annual decline was caused by a lower number of new complaints to Anatel and tax, labor, civil, consumer and JEC [Small Claims Court] claims, as well as strategic civil efforts. This reduction was the result of consistent operational and service quality improvements in recent quarters. The increase over 3Q18 was mainly due to strategic civil efforts and JEC.

Provision for Bad Debt

The provision for bad debt came to R\$ 131 million in 4Q18, 22.2% less than in 4Q17, chiefly due to an improvement in Retail and B2B default rates and the effect of IFRS 9 [SEDUC], according to table 2 of this document, which came into effect on January 1, 2018 and changed the criterion for the provision for bad debt. In the sequential comparison, the provision for bad debt fell 16.6%, driven by better Retail and B2B default rates and the effect of IFRS 9.



EBITDA

Table 8 – EBITDA and EBITDA margin

	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
Oi S.A.								
Routine EBITDA [R\$ million]	1.257	1.299	1.459	-3,2%	-13,9%	5.851	6.244	-6,3%
Brazil	1.287	1.300	1.454	-1,0%	-11,5%	5.863	6.190	-5,3%
International Operations	-30	-1	6	2193,7%	-632,3%	-12	54	-121,8%
Routine EBITDA Margin (%)	23,4%	22,3%	26,6%	1,1 p.p.	-3,2 p.p.	26,5%	26,2%	0,3 p.p.
Brazil	24,2%	22,5%	26,8%	1,7 p.p.	-2,6 p.p.	26,8%	26,3%	0,5 p.p.
International Operations	-62,8%	-2,9%	11,2%	-59,9 p.p.	-74,0 p.p.	-5,9%	23,4%	-29,3 p.p.
Non-routine Items [R\$ million]	-5.464	-3.163	0	n.m.	n.m.	-5.308	-3.496	n.m.
EBITDA [R\$ million]⁽ⁱ⁾	-4.207	-1.865	1.459	125,6%	-388,3%	543	2.748	-80,2%
Brazil	-4.177	-1.817	1.454	129,9%	-387,3%	555	2.740	-79,8%
International Operations	-30	-48	6	-37,0%	-632,3%	-12	8	-249,1%
EBITDA Margin (%)	-78,4%	-32,0%	26,6%	-46,4 p.p.	-105,0 p.p.	2,5%	11,6%	-9,1 p.p.

Consolidated routine EBITDA totaled R\$ 1,257 million in 4Q18 [-3.2% y.o.y. and -13.9% q.o.q.]. In 2018, consolidated routine EBITDA stood at R\$ 5,851 million, down 6.3% from 2017.

Routine EBITDA from Brazilian operations amounted to R\$ 1,287 million in 4Q18, a decline of 1.0% from 4Q17 and 11.5% from 3Q18. The routine EBITDA margin from Brazilian operations was 24.2% [+1.7 p.p. y.o.y. and -2.6 p.p. q.o.q.]. In 2018, routine EBITDA from Brazilian operations totaled R\$ 5,863 million, a decline of 5.3% from 2017, accompanied by a margin of 26.8%, 0.5 p.p. higher than in 2017.

Routine EBITDA from international operations (Africa and East Timor) was a negative R\$ 30 million in the quarter, versus a negative R\$ 48 million in 4Q17 and a positive R\$ 6 million in 3Q18. In 2018, routine EBITDA from international operations was a negative R\$ 12 million, versus a positive R\$ 8 million in 2017.

Non-routine Items, in the amount of R\$ 5,464 million, refer to: (i) recognition of an onerous contract for the provision of telecommunications transmission capacity, in the amount of R\$ 4,884 million (*); (ii) impairment of assets, in the amount of R\$ 292 million; (iii) recognition of the agreement for the termination of disputes with Pharol, in the amount of R\$ 159 million; (iv) contractual fines of prior years in the amount of R\$ 88 million and (v) adjustment of PDD of previous years in the amount of R\$ 41 million.

(*) The Company and its subsidiaries have an agreement to provide telecommunications transmission capacity through submarine cables that connect North America to South America. Given that (i) the contract obligations exceed the economic benefits expected to be received (ii) the costs are unavoidable, the Company and its subsidiaries, according to CPC 25 / IAS 37, recognized an onerous obligation measured at the lower net cost of withdrawal from the contract brought to present value.



OPERATING RESULTS

Capex

Table 9 – Capex

R\$ million	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
Capex								
Brazil	2.085	1.835	1.502	13,6%	38,8%	6.078	5.629	8,0%
International Operations	5	6	24	-2,8%	-77,0%	34	58	-40,5%
Total	2.091	1.840	1.526	13,6%	37,0%	6.112	5.687	7,5%

The Company's consolidated Capex, including international operations, totaled R\$ 2,091 million in 4Q18 [+13.6% y.o.y. and +37.0% q.o.q.]. In the same period, Capex in Brazilian operations came to R\$ 2,085 million in 4Q18 [+13.6% y.o.y. and +38.8% q.o.q.]. The Company increased its consolidated annual investments by 7.5% in 2018, to R\$ 6,112 million, fueled by 8.0% growth in investments in Brazilian operations, which totaled R\$ 6,078 million in the period.

The increase in Capex in 4Q18, in particular, reflected the continued acceleration of investments foreseen in the Company's Judicial Reorganization Plan, focusing on expansion of FTTH, high-speed broadband and 4G and 4.5G mobile coverage.

Operational Cash Flow [Routine EBITDA – Capex]

Table 10 – Operational Cash Flow

R\$ million	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
Oi S.A.								
Routine EBITDA	1.257	1.299	1.459	-3,2%	-13,9%	5.851	6.244	-6,3%
Capex	2.091	1.840	1.526	13,6%	37,0%	6.112	5.687	7,5%
Routine Operational Cash Flow [EBITDA – Capex]	-834	-542	-67	53,9%	1145,6%	-261	557	-146,9%

Table 11 – Operational Cash Flow from Brazilian Operations

R\$ million	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
Oi S.A.								
Routine EBITDA	1.287	1.300	1.454	-1,0%	-11,5%	5.863	6.190	-5,3%
Capex	2.085	1.835	1.502	13,6%	38,8%	6.078	5.629	8,0%
Routine Operational Cash Flow [EBITDA – Capex]	-798	-535	-49	49,2%	1539,0%	-215	561	-138,3%

Consolidated routine operational cash flow [routine EBITDA minus Capex] was negative by R\$ 834 million in 4Q18. In Brazilian operations, routine operational cash flow was a negative R\$ 798 million, mainly due to higher investments, as mentioned in the Capex section.



Depreciation/Amortization

Table 12 – Depreciation and Amortization

R\$ million	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
Depreciation and Amortization								
Total	1.486	1.316	1.465	12.9%	1.5%	5.811	5.109	13.7%

Depreciation and amortization expenses totaled R\$ 1,486 million in 4Q18 (+12.9% y.o.y. and +1.5% q.o.q.). In 2018, depreciation and amortization expenses moved up 13.7% over 2017.



Financial Results

Table 13 – Financial Result (Oi S.A. Consolidated)

R\$ million	4Q18	4Q17	3Q18	2018	2017
Oi S.A. Consolidated					
Net Interest (on fin. investments and loans and financing)	-286	-869	-358	2.110	-2.892
Amortization of fair value adjustment	-202	0	-232	-760	0
Net FX Result (on fin. investments and loans and financing)	235	-1.835	-279	-1.094	-2.916
Other Financial Income / Expenses	-663	4.631	-587	26.353	2.612
Net Financial Income (Expenses)	-916	1.927	-1.455	26.609	-3.197

In 4Q18, Oi S.A. recorded a net financial expense of R\$ 916 million, versus an expense of R\$ 1,455 million in 3Q18 and income of R\$ 1,927 million in 4Q17. In 2018, the Company recorded net financial income of R\$ 26,609 million, versus a net financial expense of R\$ 3,197 million in 2017, as a result of the positive impacts of the completion of the Company's Judicial Reorganization process, ratified on February 5, 2018, namely the reversal of interest and income tax on debt, bond haircuts and gains from fair value adjustment.

The sequential decline was mostly due to the recognition of income totaling R\$ 235 million under "Net FX Result", as a result of the 3.2% appreciation of the real against the dollar in the period (versus depreciation in 3Q18). Oi also recorded lower "Net Interest" expenses, mainly related to interest on foreign currency debt, also benefited by the appreciation of the real against the dollar. "Other Financial Income/Expenses" of R\$ 663 million made a negative contribution to the sequential comparison, driven by higher tax and contingency expenses, as well as financial expenses arising from interest on judicial deposits.

The decline in "Net Interest" and "Net FX Result" expenses between 4Q17 and 4Q18 was due to the beginning of recognition of the restructured debt in the first quarter. It is worth noting that, in 4Q17, "Other Financial Income/Expenses" included income of R\$ 4,631 million, reflecting the positive impact generated by the revision of the criteria for calculating the provision for contingencies with ANATEL.

In 2018, Oi recorded financial income of R\$ 26,609 million, mainly driven by the positive impact on "Other Financial Income/Expenses" of income from the fair value adjustment of the restructured debt (R\$ 13.3 billion), the bonds haircut (R\$ 11.6 billion) and the reversal of interest and income tax accrued during the Judicial Reorganization period (R\$ 5.8 billion).



Net Earnings (Loss)

Table 14 – Net Earnings (Loss) (Oi S.A. Consolidated)

R\$ million	4Q18	4Q17	3Q18	YoY	QoQ	2018	2017	YoY
Net Earnings (Loss)								
Earnings before interest and taxes (EBIT)	-5.694	-3.181	-6	n.m.	n.m.	-5.268	-2.361	123,1%
Financial Results	-916	1.927	-1.455	n.m.	-37,1%	26.609	-3.197	n.m.
Income Tax and Social Contribution	3.267	-999	126	n.m.	n.m.	3.275	-1.099	n.m.
Net Income (Loss) from Continuing Operations	-3.343	-2.253	-1.335	48,4%	150,4%	24.616	-6.656	n.m.
Net Results from Discontinued Operations	0	0	0	n.m.	n.m.	0	0	n.m.
Consolidated Net Income (Loss)	-3.343	-2.253	-1.335	48,4%	150,4%	24.616	-6.656	n.m.
attributable to owners of the Company	-3.359	-2.027	-1.336	65,7%	151,3%	24.591	-6.365	n.m.
attributable to non-controlling interests	15	-226	1	n.m.	999,2%	24	-291	n.m.

In 4Q18, the Company's operating earnings (loss) before the financial result and taxes (EBIT) was a loss of R\$ 5,694 million, versus a loss of R\$ 3,181 million in 4Q17 and a loss of R\$ 6 million in 3Q18. In the quarter, the Company recorded a net financial expense of R\$ 916 million and a positive result of R\$ 3,267 million in the Income Tax and Social Contribution line, giving a consolidated net loss of R\$ 3,343 million.

Debt & Liquidity

Table 15 – Debt

R\$ Million	Dec/18	Dec/17	Sep/18	% Gross Debt
Debt				
Short Term	673	54.620	500	4,1%
Long Term	15.777	0	15.636	95,9%
Total Debt	16.450	54.620	16.136	100,0%
In Local Currency	7.633	14.835	7.390	46,4%
In Foreign Currency	8.817	39.681	8.747	53,6%
Swaps	0	105	0	0,0%
(-) Cash	-4.624	-6.999	-5.161	-28,1%
[=] Net Debt	11.826	47.621	10.976	71,9%

Oi S.A. ended 4Q18 with consolidated gross debt of R\$ 16,450 million, up 1.9%, or R\$ 313 million, over 3Q18. Compared to 4Q17, consolidated gross debt fell 69.9%, or R\$ 38,170 million. As mentioned earlier, the annual reduction was due to the conclusion of the Company's Judicial Reorganization process, given that the accounting effects of the contractual conditions of the new debts began to apply as of February 5, 2018, the date the Plan was ratified.

The sequential increase, in turn, was mainly due to interest accrued on debt and amortization of the fair value adjustment, partially offset by the positive impact of the 3.2% appreciation of the real against the dollar on dollar-denominated debt.

At the end of 4Q18, debt in foreign currency accounted for 53.7% of fair value debt, with a consolidated average duration of approximately 12 years.

The Company closed 4Q18 with a cash position of R\$ 4,624 million, a decline of 10.4% from September 2018 and 33.9% from December 2017, resulting in net debt of R\$ 11,826 million. The decline in the cash position was mainly due to higher Capex in the period, in addition to non-recurring liabilities related to the implementation of the Plan, including payments to creditors. It is worth noting that, in January 2019, the Company completed the capital increase set forth in the Judicial Reorganization Plan, adding R\$ 4.0 billion to our consolidated cash.



Table 16 – Cash Position (Brazilian Operations)

R\$ Million

3Q18 Cash Position	5.161
Routine EBITDA	1.287
Capex	-2.085
Working capital	649
Judicial Deposits + Taxes	65
Financial operations	-345
Payments to Creditors JR	-108
4Q18 Cash Position	4.624

Table 17 – Gross Debt Breakdown

R\$ Million

Gross Debt Breakdown - 4Q18	Face Value	Fair Value Adjustment	Fair Value
BNDIS	3.616	-	3.616
Local Banks	8.694	[4.690]	4.005
ECAs	6.353	[4.239]	2.114
Qualified Bonds	7.068	[854]	6.214
Facility "Non Qualified"	326	[137]	189
General Offering	4.332	[4.009]	323
Other	-12	-	-12
Total Gross Debt	30.379	[13.929]	16.450



Table 18 – Income Statement (Oi S.A. Consolidated)

R\$ million	4Q18	4Q17	3Q18	2018	2017
Net Operating Revenues	5.365	5.828	5.481	22.060	23.790
Operating Costs and Expenses	-9.572	-7.693	-4.022	-21.517	-21.042
Personnel	-721	-837	-665	-2.594	-2.791
Interconnection	-162	-193	-147	-658	-778
Third-Party Services	-1.514	-1.507	-1.517	-5.925	-6.221
Network Maintenance Service	-266	-301	-288	-1.104	-1.252
Handset Costs/Other (COGS)	-73	-64	-46	-196	-223
Marketing	-144	-128	-74	-382	-414
Rent and Insurance	-5.894	-955	-1.108	-9.084	-4.163
Provision for Contingencies	-82	-6.706	-7	-93	-7.363
Provision for Bad Debt	-286	-265	-158	-851	-784
Taxes and Other Revenues [Expenses]	-430	-1.436	-14	-630	-1.753
EBITDA	-4.207	-1.865	1.459	543	2.748
Margin %	-78,4%	-32,0%	26,6%	2,5%	11,6%
Depreciation and Amortization	-1.486	-1.316	-1.465	-5.811	-5.110
EBIT	-5.694	-3.181	-6	-5.268	-2.362
Financial Expenses	-671	-3.423	-2.187	-4.342	-10.332
Financial Income	-245	5.350	732	30.950	7.136
Net Earnings (Loss) Before Tax and Social Contribution	-6.610	-1.254	-1.461	21.341	-5.557
Income Tax and Social Contribution	3.267	-999	126	3.275	-1.099
Net Earnings (Loss) from Continuing Operations	-3.343	-2.253	-1.335	24.616	-6.656
Net Results from Discontinued Operations	0	0	0	0	0
Consolidated Net Earnings (Loss)	-3.343	-2.253	-1.335	24.616	-6.656
Margin %	-62,3%	-38,7%	-24,4%	111,6%	-28,0%
Profit (Loss) attributed to the controlling shareholders	-3.359	-2.027	-1.336	24.591	-6.365
Profit (Loss) attributed to the non-controlling shareholders	15	-226	1	24	-291
Outstanding Shares Thousand (ex-treasury)	2.344.855	675.667	2.340.061	1.500.601	675.667
Earnings per share (R\$)	-1,4323	-2,9996	-0,5711	16,3876	-9,4202

Table 19 – Financial Result (Oi S.A. Consolidated)

R\$ million	12/31/2018	09/30/2018	12/31/2017
TOTAL ASSETS	65.438	67.231	68.639
Current	21.314	22.835	23.748
Cash and cash equivalents	4.385	5.069	6.863
Financial investments	202	30	21
Accounts Receivable	6.517	7.282	7.367
Inventories	318	261	254
Recoverable Taxes	621	635	1.124
Other Taxes	803	836	1.082
Assets in Escrow	1.716	1.391	1.023
Held-for-sale Assets	4.923	5.360	4.675
Other Current Assets	1.829	1.971	1.339
Non-Current Assets	44.124	44.395	44.891
Long Term	8.632	9.238	9.415
.Other Taxes	716	695	628
.Financial investments	37	62	115
.Assets in Escrow	7.019	7.621	8.290
.Other	860	859	383
Investments	118	119	137
Property Plant and Equipment	28.426	27.538	26.989
Intangible Assets	6.948	7.501	8.351
TOTAL LIABILITIES	65.438	67.231	68.639
Current	10.688	9.665	67.892
Suppliers	5.226	4.375	7.627
Loans and Financing	673	500	54.515
Financial Instruments	0	0	105
Payroll and Related Accruals	907	848	925
Provisions	681	696	963
Pension Fund Provision	0	108	62
Payable Taxes	27	130	567
Other Taxes	1.034	814	1.444
Dividends Payable	6	6	6
Liabilities associated to held-for-sale assets	527	637	354
Authorizations and Concessions Payable	86	74	20
Other Accounts Payable	1.522	1.477	1.303
Non-Current Liabilities	31.854	31.302	14.260
Suppliers	3.593	3.592	0
Loans and Financing	15.777	15.636	0
Payable and Deferred Taxes	0	3.150	3.077
Other Taxes	629	618	868
Contingency Provisions	4.358	4.792	6.820
Pension Fund Provision	579	571	571
Outstanding authorizations	0	0	1
Other Accounts Payable	6.917	2.942	2.924
Shareholders' Equity	22.896	26.263	-13.513
Controlling Interest	22.653	25.987	-13.806
Minority Interest	243	276	293



Please note

The main tables in this Earnings Release will be available in Excel format in the “Financial Information / Quarterly Reports” section of the Company’s website(www.ri.oi.com.br/).

Definitions of the terms used in the Earnings Release are available in the Glossary section of the Company’s

website: http://ri.oi.com.br/oi2012/web/conteudo_pt.asp?idioma=0&conta=28&tipo=44320



Subsequent Events

- On January 8, 2019, the Company announced that the Boards of Directors of Oi and Pharol unanimously approved an agreement for the termination and extinction of any and all judicial and extrajudicial litigation in Brazil, Portugal and all the various countries where there were ongoing discussions involving companies of the two groups.
- On January 14, 2019, Oi announced to the market that it had selected the consultant firm Boston Consulting Group to advise Oi in its strategic review process. The Company also announced that it had selected Bank of America Merrill Lynch as financial advisor to procure and structure operations that involve monetization of non-core assets and M&A opportunities, in a further step to maximize value creation and broaden the funding sources to execute its investment plan, focusing in FTTH and 4.5G coverage.
- On January 28, 2019, Oi disclosed a Material Fact to announce the completion of the Company's Capital Increase through the private issue of new common shares, representing an inflow of funds totaling R\$ 4,000,000,000.00.
- On February 28, 2019, the Company disclosed a Material Fact to announce the final award issued by the Arbitral Tribunal in the arbitration proceeding commenced by PT Ventures, an Oi subsidiary that holds 25% of Unitel, before the International Chamber of Commerce. The Arbitral Tribunal held that the Other Unitel Shareholders breached various provisions of the Shareholders' Agreement, and therefore ordered them to pay PT Ventures an amount of US\$ 339.4 million, corresponding to the loss of value of PT Ventures's stake in Unitel, plus interest on this amount until the date of payment. The Arbitral Tribunal also found that the Other Unitel Shareholders failed, after November 2012, to ensure that PT Ventures received the same amount of dividends, and therefore ordered them to pay PT Ventures the amount of US\$ 314.8 million corresponding to the resulting damages, plus interest. Overall, the award amounts to a reaffirmation of PT Ventures's rights as a 25% shareholder in Unitel, encompassing all rights set forth in the Shareholders' Agreement, including the right to appoint a majority of Unitel's Board of Directors and the right to receive past and future dividends from Unitel.
- On March 19, 2019, Oi S.A. absorbed Copart 5 Participações S.A., a direct subsidiary of the Company. The merger corresponds to one of the stages of the corporate and equity restructuring process of the Oi Group and is designed to optimize operations.
- On March 19, 2019, the Company Oi announced to the market the result of the General Meeting of Unitel SA, in which a new Board of Directors was elected, composed of five members, two of them nominated by PT Ventures, an indirect subsidiary of Oi, one of them will be the Managing Director of Unitel.



CVM INSTRUCTION 358, ART. 12: Direct or indirect controlling shareholders and shareholders who elect members of the Board of Directors or the Fiscal Council, and any other individual or legal entity, or group of persons, acting as a group or representing the same interests, that attains a direct or indirect interest representing five percent (5%) or more of a type or class of shares of the capital of a publicly-held company, must notify the Securities Commission (CVM) and the Company of the fact, in accordance with the above article.

Oi recommends that its shareholders comply with the terms of article 12 of CVM Instruction 358, but it takes no responsibility for the disclosure or otherwise of acquisitions or disposals by third parties of interests corresponding to 5% or more of any type or class of its share, or of rights over those shares or other securities that it has issued.

Table 21 – Shares of the Company's Capital Stock

	Capital	Treasury	Free-Float ¹
Common	2.298.246.619	32.030.595	2.266.214.174
Preferred	157.727.241	1.811.755	155.915.462
Total	2.455.973.860	33.842.350	2.422.129.636

Shareholding position as of 12/31/2018

(1) The outstanding shares do not consider the shares held by the Board of Directors and by the Executive Board.



Rio de Janeiro, March 26, 2019. This report includes consolidated financial and operating data for Oi S.A. – Under Judicial Reorganization (“Oi S.A.” or “Oi” or “Company”) and its direct and indirect subsidiaries as of December 31, 2018. In compliance with CVM instructions, the data are presented in accordance with International Financial Reporting Standards (IFRS). Due to the seasonality of the telecom sector in its quarterly results, the Company will focus on comparing its financial results with the same period of the previous year.

This report contains projections and/or estimates of future events. The projections contained herein were compiled with due care, taking into account the current situation, based on work in progress and the corresponding estimates. The use of terms such as “projects”, “estimates”, “anticipates”, “expects”, “plans”, “hopes” and so on, is intended to indicate possible trends and forward-looking statements which, clearly, involve uncertainty and risk, so that future results may differ from current expectations. These statements are based on various assumptions and factors, including general economic, market, industry, and operational factors. Any changes to these assumptions or factors may lead to practical results that differ from current expectations. Excessive reliance should not be placed on these statements.

Forward-looking statements relate only to the date on which they are made, and the Company is not obliged to update them as new information or future developments arise. Oi takes no responsibility for transactions carried out or investment decisions taken on the basis of these projections or estimates. The financial information contained herein is unaudited and may therefore differ from the final results.

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