

3Q17
RESULTS



Rio de Janeiro, November 13, 2017



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

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QUARTER HIGHLIGHTS

- **Oi records net income from Brazilian operations and year-on-year improvement in EBITDA and EBITDA margin.**
 - ✓ Our Brazilian operations recorded net income for the first time since 3Q15, totaling R\$ 217.5 million in 3Q17.
 - ✓ Consolidated net income, which includes international operations, totaled R\$ 8 million in the quarter.
 - ✓ Routine EBITDA totaled R\$ 1,597 million in 3Q17, 4.1% up on 3Q16.
 - ✓ Routine EBITDA margin reached 27.0%, 2.2 p.p. more than in 3Q16.
- **Net service revenues resume sequential growth trajectory.**
 - ✓ Net service revenues moved up 2.3% over 2Q17, driven by increased penetration of convergent products, recharge volume growth in the prepaid segment and increased postpaid revenues due to higher sales of new unlimited plans.
- **The Company reduced costs by R\$ 337 million in 3Q17 and R\$ 1.5 billion in the first nine months of 2017.**
 - ✓ Operational efficiency promotes sustainable cost reduction, supported by continuous improvement in quality indicators.
- **Oi continues increasing infrastructure investments, reinforcing its commitment to business sustainability and the future of the Company.**
 - ✓ Oi increased investments by 36.3% over 3Q16, reaching R\$ 1.3 billion in 3Q17. CAPEX/Net Revenues totaled 22.6%, compared with 15.9% in 3Q16.
 - ✓ In 9M17, total investments reached R\$ 3.8 billion, 11.6% higher than in 9M16.
- **Since the beginning of the Judicial Reorganization, Oi's operations have generated R\$ 2.6 billion in cash.**
 - ✓ In 3Q17, our cash moved up by R\$ 287 million, supporting the increase in the Company's investments in these three months.
- **Initiatives designed to increase operational efficiency and improve customer experience result in consistently better operating indicators.**
 - ✓ Active management based on infrastructure modernization and expansion of network capacity, preventive actions to increase productivity, better customer service and digitalization lead to operational efficiency gains and better customer experience.
 - ✓ As a result, Oi has been recording substantial improvements in the customer experience, with continuous reductions in ANATEL [-13.9% y.o.y.] and Small Claims Court [JEC – Juizado Especial Cível] [-33.7% y.o.y.] complaint indicators.
- **Oi keeps evolving in the Judicial Reorganization process and continues to negotiate with creditors seeking the best proposal for a Judicial Reorganization Plan, to be submitted for approval at the General Meeting of Creditors on December 7.**



ACCELERATION OF INVESTMENTS AND FOCUS ON OPERATIONAL EFFICIENCY SUSTAIN EBITDA AND MARGIN GROWTH. REVENUES REVERTS TO QUARTERLY GROWTH.

Financial highlights

R\$ million

	3Q17	3Q16	y.o.y.	2Q17	q.o.q.
Brazil					
Net Service Revenues¹	5,863	6,149	-4.7%	5,733	2.3%
Residential	2,321	2,345	-1.0%	2,227	4.2%
Personal Mobility	1,884	1,897	-0.7%	1,814	3.9%
Customer ²	1,761	1,754	0.4%	1,713	2.8%
B2B	1,596	1,832	-12.9%	1,627	-1.9%
Net Customer Revenues²	5,676	5,934	-4.3%	5,573	1.9%
Routine OPEX	4,321	4,658	-7.2%	4,191	3.1%
Routine EBITDA	1,597	1,534	4.1%	1,601	-0.3%
Routine EBITDA Margin	27.0%	24.8%	+2.2 p.p	27.6%	-0.7 p.p
CAPEX	1,339	982	36.3%	1,229	8.9%
Routine EBITDA – Capex	258	552	-53.3%	372	-30.7%
Net Income from Brazilian Operations	218	-1,267	N/A	-2,977	N/A
Consolidated					
Consolidated EBITDA³	1,605	1,645	-2.4%	1,617	-0.7%



BROADBAND AND PAY TV CONTINUE TO GROW IN THE RESIDENTIAL SEGMENT REINFORCING THE CONVERGENCE STRATEGY. B2B REPORTS QUARTERLY GROWTH OF CUSTOMER BASE.

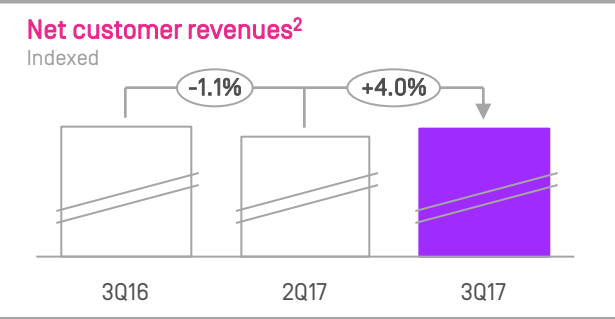
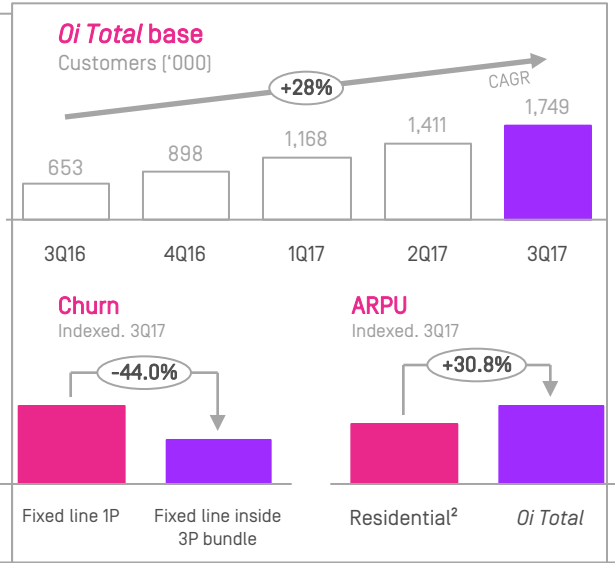
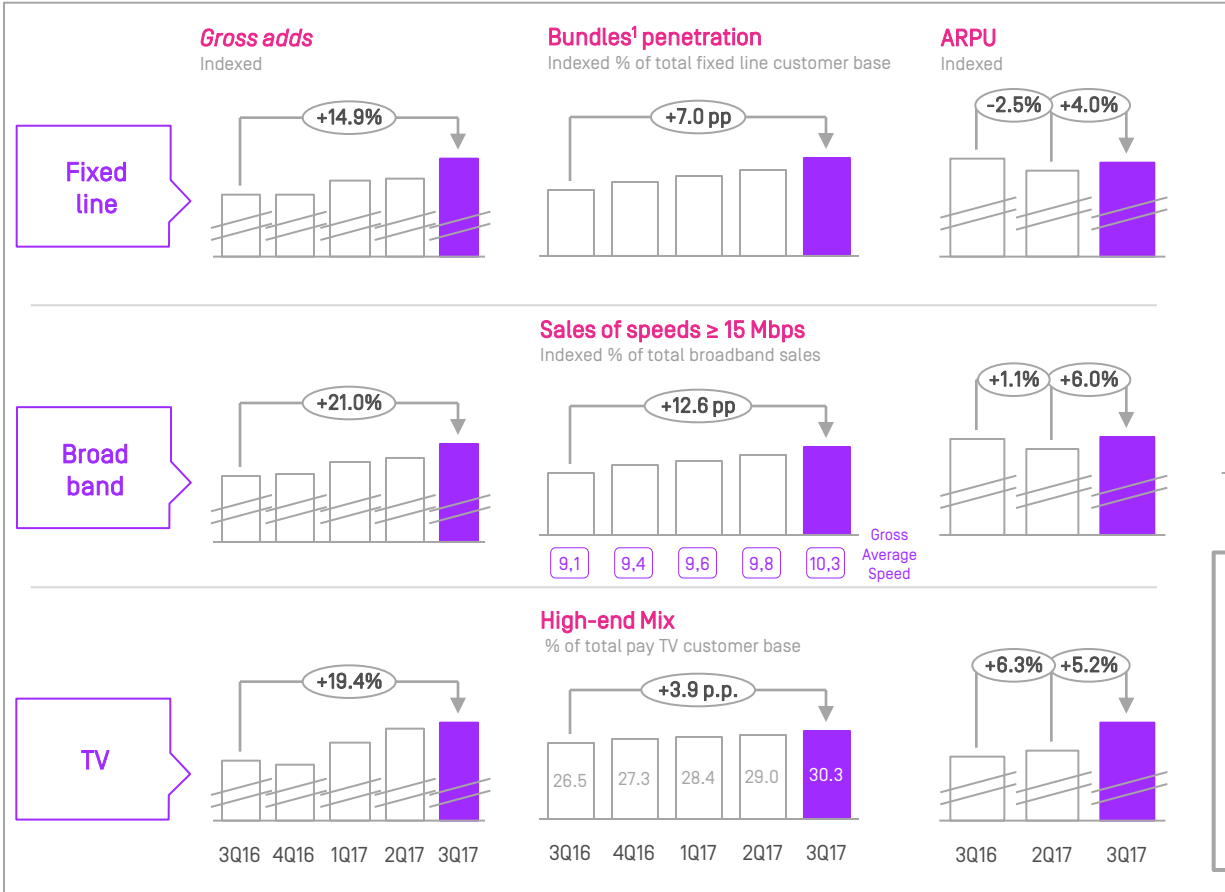
Operational highlights

Thousand RGUs

	3Q17	3Q16	y.o.y.	2Q17	q.o.q.
Total - Brazil	62,931	67,893	-7.3%	63,216	-0.5%
Residential	16,121	16,498	-2.3%	16,272	-0.9%
Fixed line	9,465	10,087	-6.2%	9,657	-2.0%
Broadband	5,207	5,164	+0.8%	5,219	-0.2%
Pay TV	1,449	1,247	+16.2%	1,396	+3.8%
Residential ARPU	81.1	77.1	+5.3%	76.5	+6.0%
Personal Mobility	39,626	44,118	-10.2%	39,802	-0.4%
Prepaid	32,807	37,318	-12.1%	32,963	-0.5%
Postpaid	6,820	6,800	+0.3%	6,839	-0.3%
B2B	6,543	6,634	-1.4%	6,501	+0.6%
Fixed line	3,685	3,794	-2.9%	3,696	-0.3%
Broadband	539	558	-3.4%	542	-0.5%
Mobile	2,307	2,270	+1.6%	2,251	+2.5%
Pay TV	12	12	-2.5%	13	-7.3%
Public phones	641	644	-0.4%	641	+0.0%



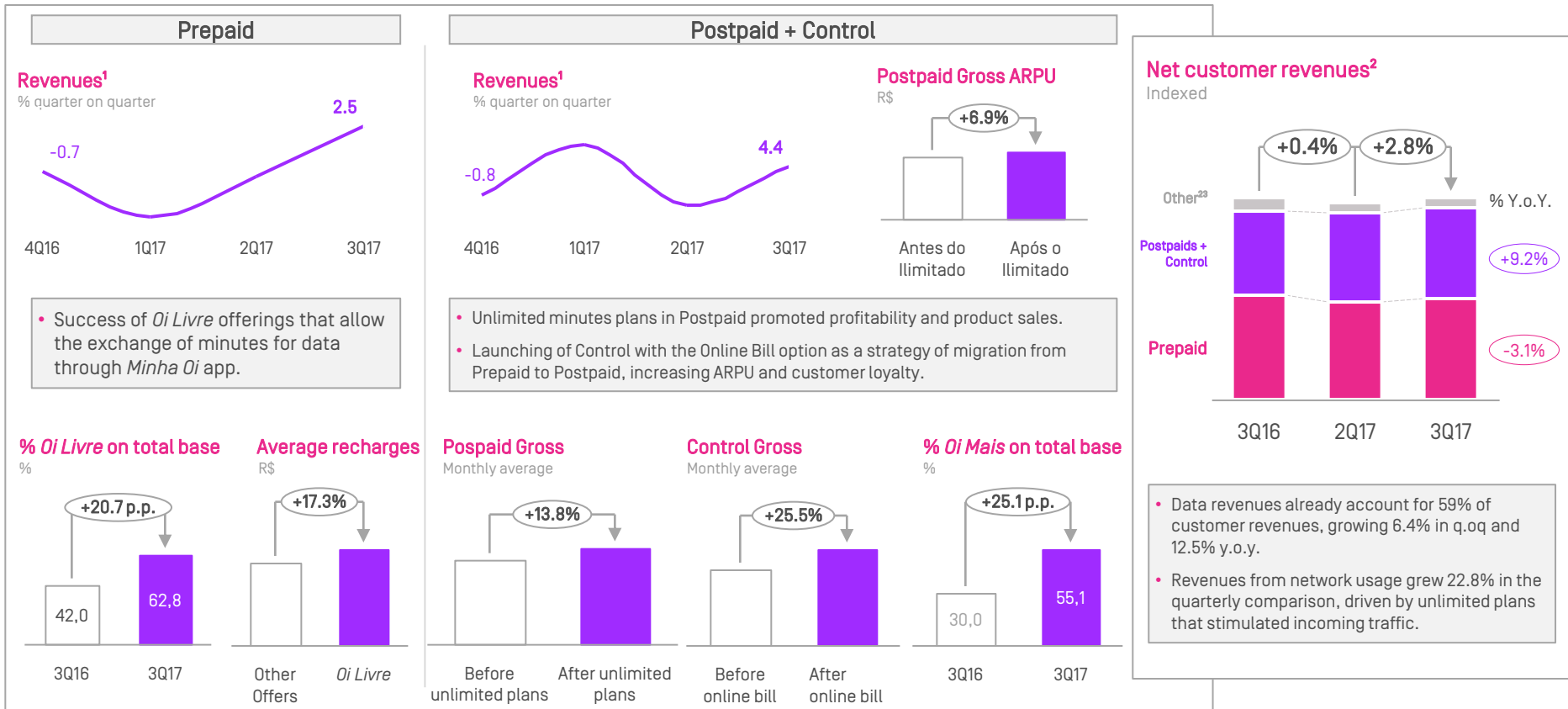
RESIDENTIAL SEGMENT CONTINUES TO EVOLVE IN OPERATIONAL AND FINANCIAL TERMS, SUPPORTED BY CONVERGENCE. CUSTOMER REVENUES REVERTS TO GROWTH IN THE QUARTER.



1 - Includes the discontinued offer OCT (Oi Conta Total); 2 - Excludes revenues from network usage.



MOBILITY REVENUES GROW, DRIVEN BY THE NEW PORTFOLIO OF OFFERINGS, WHICH PROVIDE GREATER FLEXIBILITY AND IMPROVE CUSTOMER EXPERIENCE.



1 - Excludes long distance revenues; 2 - Excludes revenues from handset and network usage; 3 - Includes long distance revenues.



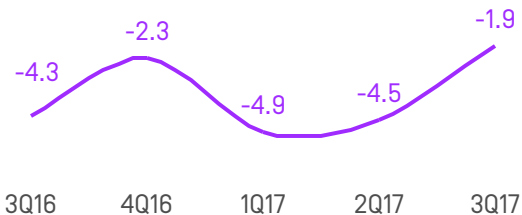
B2B STRATEGY OF PRIORITIZING QUALITY AND CUSTOMER EXPERIENCE AND THE OFFER OF UNIQUE DATA AND IT SOLUTIONS BEGIN TO PRODUCE POSITIVE EFFECTS.

The macro scenario continues to impact B2B...

- Large Companies seeking cost reductions;
- Closing of agencies and points of sales;
- Exposure to government customers, who have relevant stakes in Corporate revenues;
- Rise of credit risk for SMEs;
- Pressure for reducing prices of products within the regulated market.

B2B Net service revenues

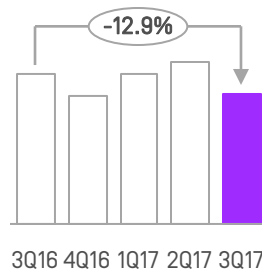
% quarter on quarter



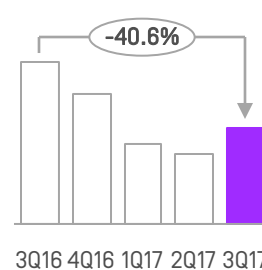
...which has been working on quality improvement and innovative solutions as alternatives for the generation of value-added to customers...

Large Companies¹

Average installation time²
% y.o.y.



Billing complaints
% y.o.y.

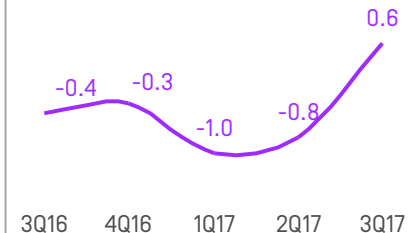


- Quarter with best historical quality indexes;
- Migration strategy and offers for products that are not in the regulated market.

...this strategy begins to produce first results.

Evolution of Base

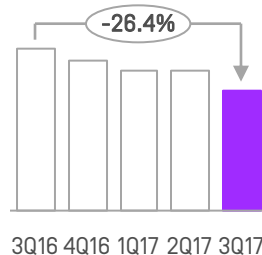
% quarter on quarter



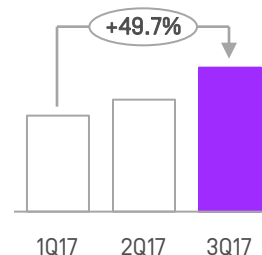
B2B presents quarterly growth of RGUs for the first time since the second quarter of 2014.

SMEs

Average installation time³
% y.o.y.



Productive sellers
DtD⁴ with over 10 RGUs/month



- Focus on offer realignments;
- Attractive conditions in portability;
- Construction of new sales channels seeking quality gross adds.

1 - Corporate and Wholesale; 2 - Advanced voice and data; 3 - Fixed line and broadband; 4 - Door-to-Door sellers



DIGITIZATION CONTRIBUTES TO SIMPLIFY PROCESSES AND SERVICES, REFLECTING IN EFFICIENCY GAINS, COST REDUCTION AND IMPROVEMENT OF CUSTOMER EXPERIENCE.

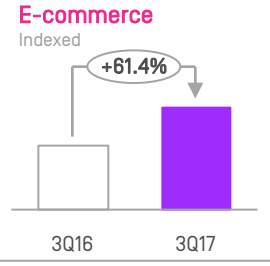
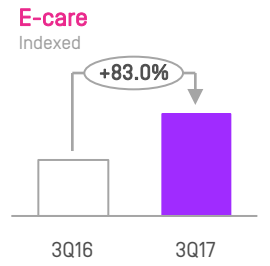
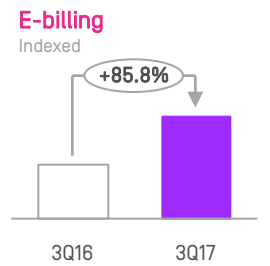
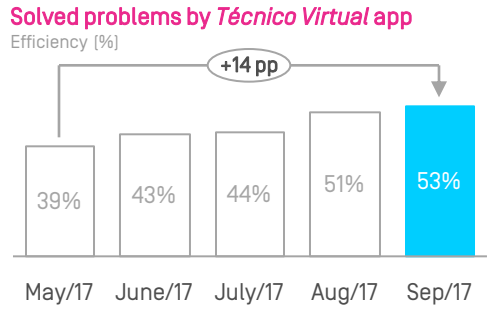
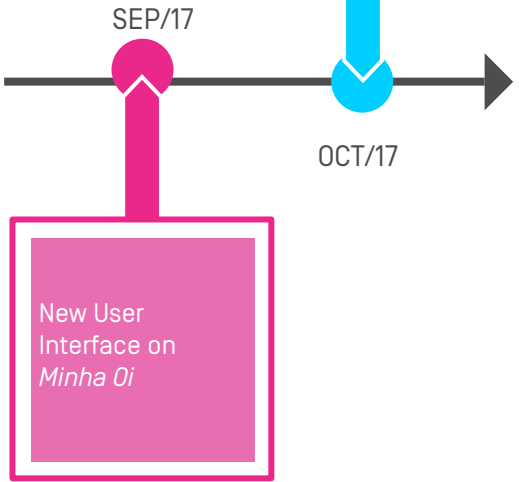
Oi continues to develop and launch innovative digital solutions that improve customer experience and enable operational efficiency gains to the Company.

Scheduling of in-store customer service through *Minha Oi*
Oi Pontos – new page

An example of an innovative solution is the *Técnico Virtual* (“Virtual Technical”) App, which has over 1 million downloads, whereby customers can solve problems, such as broadband connection, through their mobile phone.

Highlights up to August/17:

- TV e-billing
- Minha Oi – bar code
- Reconnection of service – online request
- Online Bill for Control offer



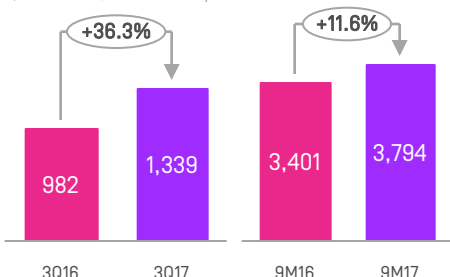


ACCELERATION OF INVESTMENTS IN INFRASTRUCTURE SUSTAINS CONTINUOUS IMPROVEMENT IN THE QUALITY OF NETWORK.

The Company continues to increase its investments in infrastructure and network committed to the sustainability of the business...

CAPEX

R\$ million | Brazilian operations



Capex / Net Revenues



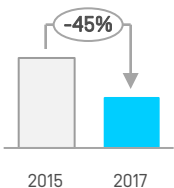
INVESTMENT FOCUS

- Expansion and modernization of the transport network
- 2G, 3G and 4G network sharing
- Migration of 2G customers to 3G/4G and of 3G to 4G
- Fiber and capacity swap, in order to improve network resilience
- Consolidation of IT architecture

...while at the same time increasing the efficiency of invested capital...

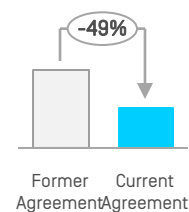
Traffic cost

R\$/MoU



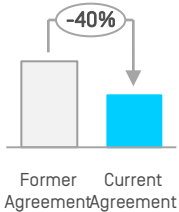
Data license cost

R\$/Data access



National Backbone

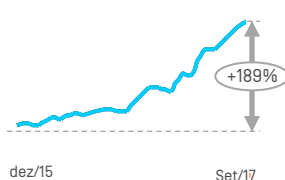
R\$/ Mbps (TX)



... improving quality of services and user experience.

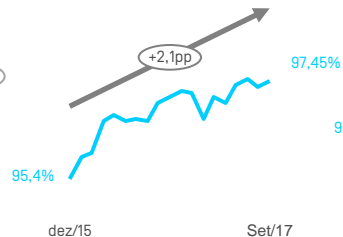
Data traffic

2G/3G/4G, Tbps



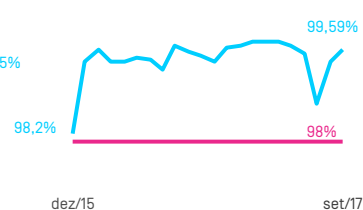
Data access

2G/3G/4G



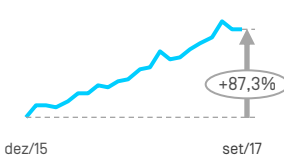
SMP8 – Data connection rate

2G/3G



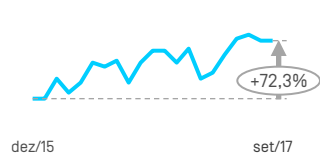
IP traffic - ADSL

Tbps



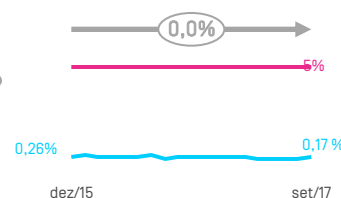
Average ADSL bandwidth

Mbps / User



SMP9 – Data drop rate

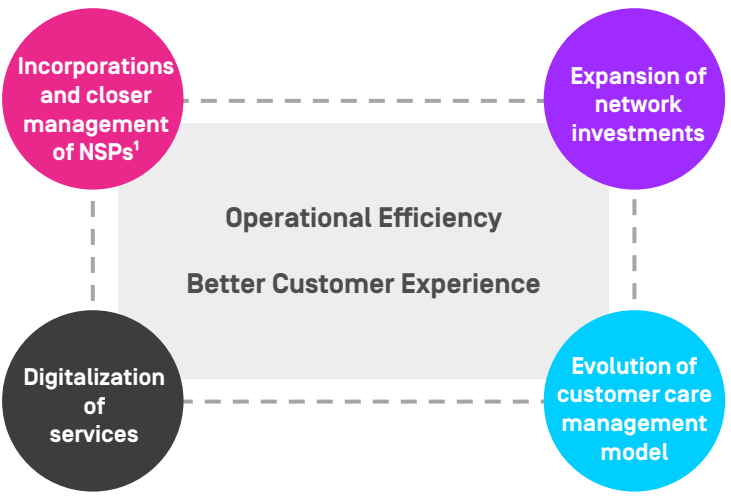
2G/3G





INITIATIVES TO INCREASE OPERATIONAL EFFICIENCY AND IMPROVE CUSTOMER EXPERIENCE REFLECT ON CONSISTENT PROGRESS IN QUALITY INDICATORS.

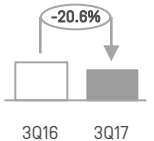
Active management based on **infrastructure robustness initiatives and network resilience**; focus on preventive actions that increase productivity; improvements in service quality and digitalization of services all generate **operational efficiency gains and improve customer experience**.



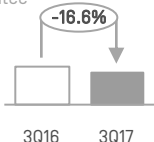
Progress of operational and quality indicators demonstrate these improvements...



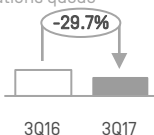
Average waiting time to resolution
Repairs queue (Fx,+Vx+TV)



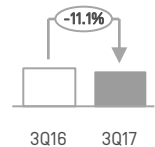
Rework in 30 days
Repeated repairs or installation guarantee



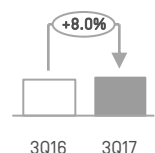
Average time to service installation¹
Installations queue



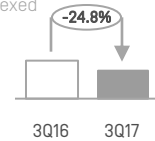
Customer care costs
Indexed



Customer satisfaction²
Indexed

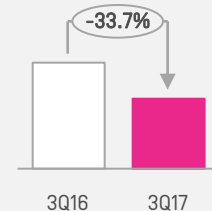


Repeated calls volume
Indexed

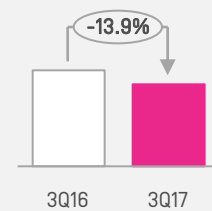


... continually reflecting in improvements of complaint indicators.

ANATEL complaints
Monthly average. Indexed



JEC claims
Monthly average. Indexed



1 – Results of the operations of the absorbed network services providers [NSPs]; 2- Customers who called Customer Care are contacted within 24 hours after the call and are questioned about how satisfied they are regarding the service provided by the operator. This research is used for the attendant remuneration and the suppliers' bonus.

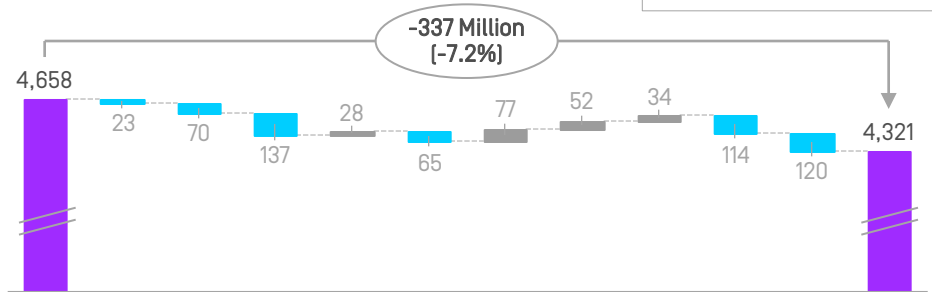


OPERATIONAL EFFICIENCY AND RIGID COST CONTROL CONTINUE ENABLING SUSTAINABLE OPEX REDUCTION AND INCREASE OF INVESTMENTS.

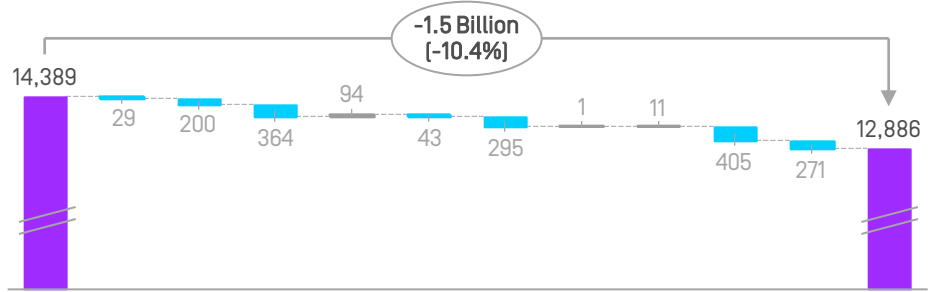
Operational efficiency and cost control have sustained maintenance of margin...

Routine operating costs and expenses

R\$ million – Brazilian operations



3Q16 Handset costs Personnel MTR tariffs cuts Intercon. (ex-MTR cuts) Third-party services Network maint. Marketing Rent & Insurance Prov. Contingencies Other **3Q17**

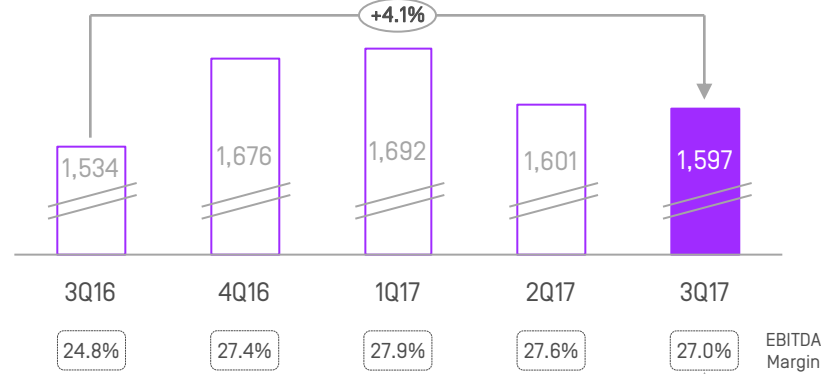


9M16 Handset costs Personnel MTR tariffs cuts Intercon. (ex-MTR cuts) Third-party services Network maint. Marketing Rent & Insurance Prov. Contingencies Others **9M17**

...and cash generation, sustaining the continuous growth of investments.

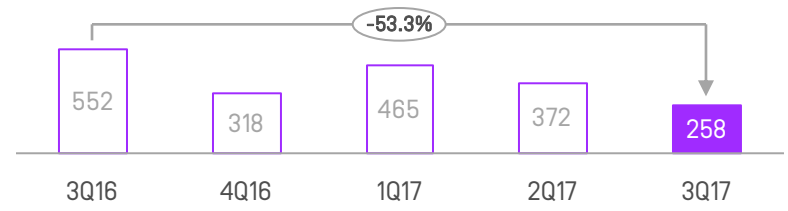
Routine EBITDA

R\$ million – Brazilian operations



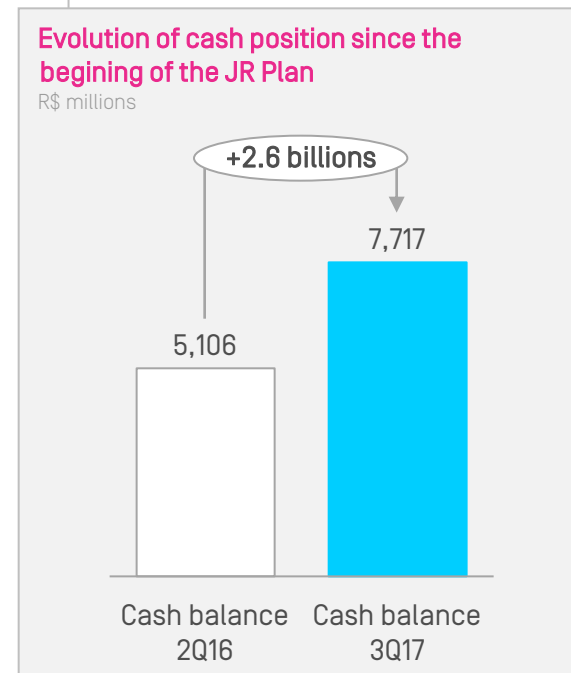
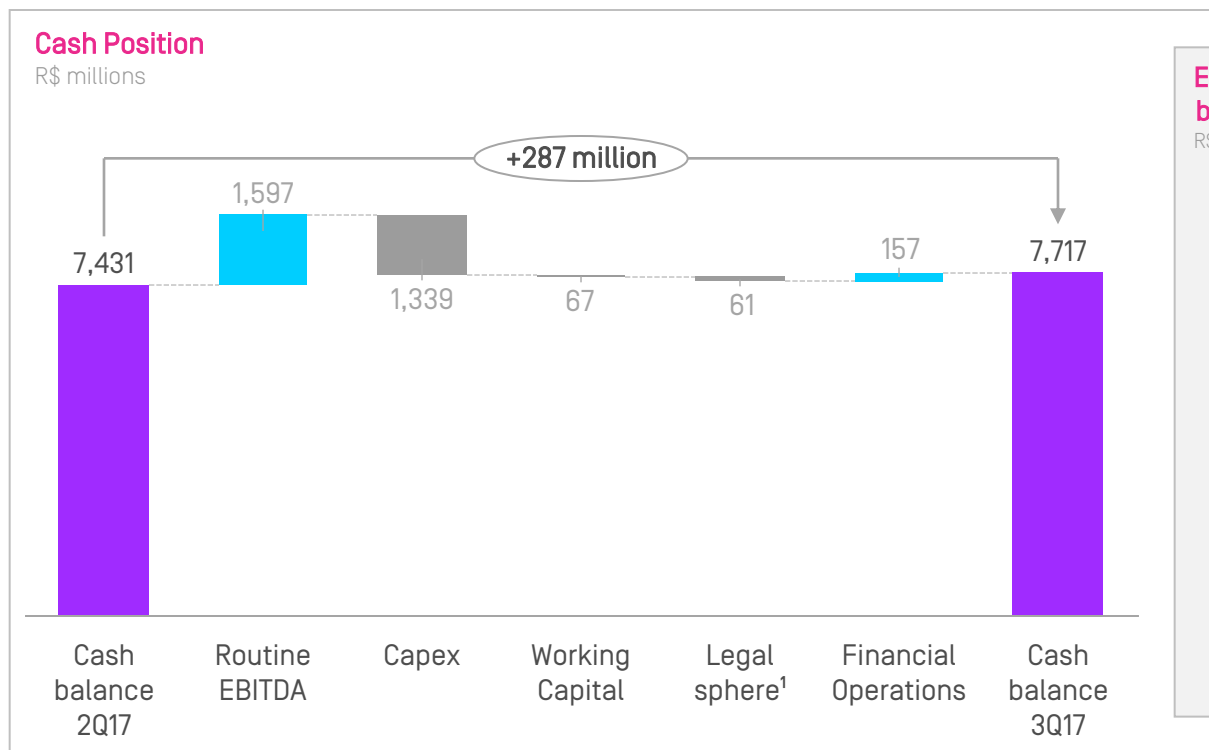
Operational cash flow (routine EBITDA – Capex)

R\$ million – Brazilian operations





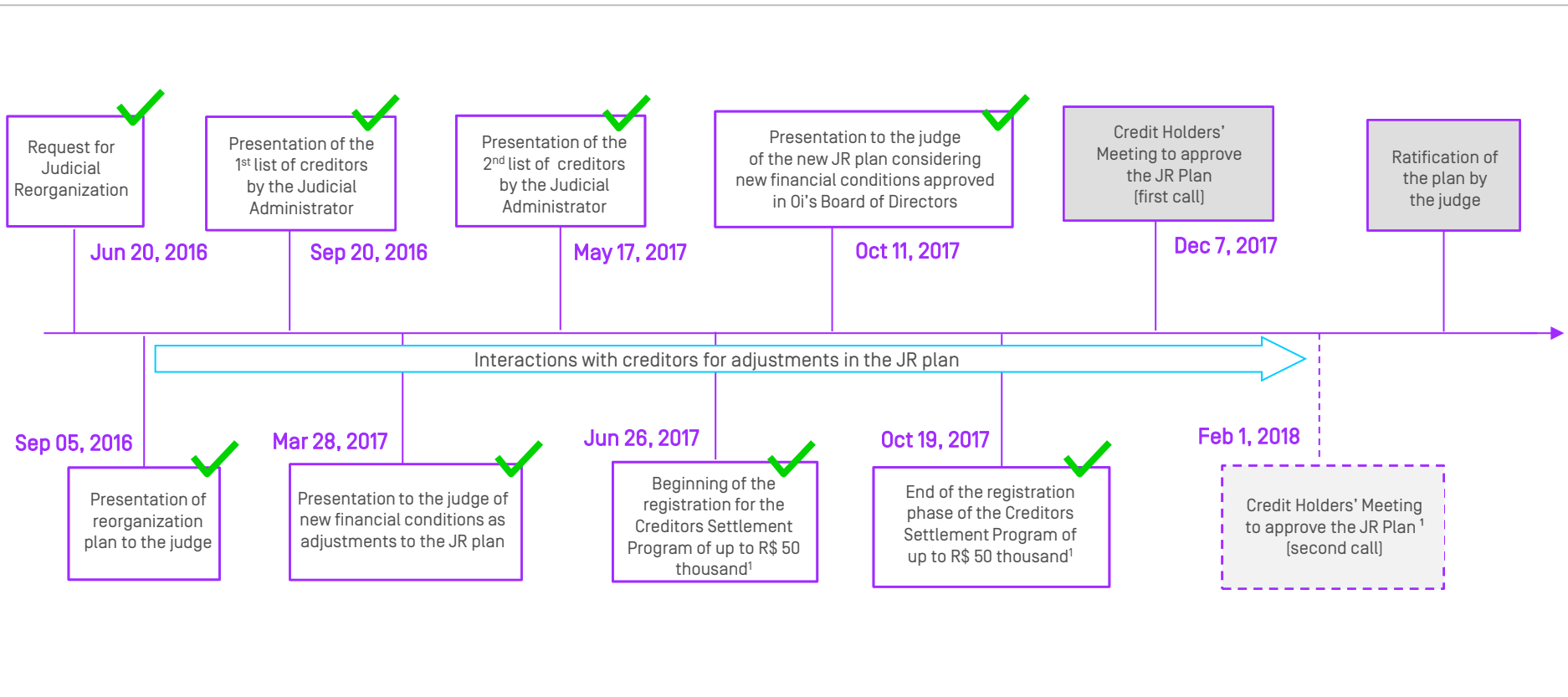
THE COMPANY'S OPERATION GENERATED A R\$287 MILLION CASH AMOUNT IN THE QUARTER. SINCE THE START OF THE JUDICIAL REORGANIZATION, CASH GENERATION WAS R\$2.6 BILLION.



1- Judicial deposits + taxes.



STATUS OF THE JUDICIAL REORGANIZATION PROCESS



¹ The second Credit Holders' Meeting is scheduled in the event of the Meeting not being convened on first call due to lack of quorum.