



Announcement | Lisbon | 16 June 2020

Notice to the Market disclosed by Oi - 1Q20 Results

PHAROL, SGPS S.A. hereby informs on the 2020 first 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

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EARNINGS RELEASE OI 1Q20

The logo for OI (Ouro Branco) is displayed in a green and yellow circular gradient. The letters 'oi' are written in a white, lowercase, sans-serif font.

oi





Earnings Release

June 15, 2020

Conference Call in English

June 16, 2020
10:00 a.m. [Brasília] /
9:00 a.m. [NY] / 1:00 p.m. [UK]
Webcast: [click here](#)
Telephone: US: +1 [646] 843 6054 | +55 [11] 2188-0155
Code: Oi
Replay available until 6/4/2020:
+55 [11] 2188-0400
Replay code: Oi

Conference Call in Portuguese

SIMULTANEOUS
TRANSLATION

June 16, 2020
10:00 a.m. [Brasília] /
9:00 a.m. [NY] / 1:00 p.m. [UK]
Webcast: [click here](#)
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+55 [11] 2188-0400
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Consolidated Information and Results (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 first quarter of 2020.



HIGHLIGHTS OF BRAZILIAN OPERATIONS

OPERATIONALS

1 MILLION FTTH CUSTOMERS IN APRIL

97 THOUSAND NEW FTTH HOMES CONNECTED ONLY IN APRIL

701 % OF ANNUAL FIBER REVENUE GROWTH

12 % ANNUAL GROWTH IN POSTPAID REVENUE

38 % ANNUAL GROWTH IN IT CORPORATE REVENUE

FUNDING

1 BILLION DOLLARS FOR UNITEL IN JANUARY

2.5 BILLION REAIS IN A BRIDGE LOAN

EFFICIENCY AND SIMPLIFICATION

INITIATIVES PRODUCING SAVINGS IN LINE WITH THE TARGET FOR THE YEAR

STRATEGIC OPTIONS

GENERAL CREDITORS MEETING (GCM) FOR PLAN AMENDMENTS AND COMPANY FLEXIBILITY EXPECTED FOR AUGUST 2020

MARKET PROCESS FOR MOBILE SALE IN PROGRESS

STRUCTURAL SEPARATION FOR VALUE MAXIMIZATION: INFRA CO AND CLIENT CO

FULL REGULATORY CAMPAIGN IN PLACE FOR FUTURE PLC IMPACT

Summary

Table 1 – Highlights

in R\$ million or otherwise stated	1Q20	1Q19	4Q19	YoY	QoQ
Oi S.A. Consolidated					
Total Net Revenues	4,749	5,130	4,914	-7.4%	-3.4%
Routine EBITDA	1,533	1,627	1,414	-5.8%	8.4%
Routine EBITDA Margin [%]	32.3%	31.7%	28.8%	0.6 p.p.	3.5 p.p.
Net Income [Loss] attributable to owners of the Company	-6,280	568	-2,263	-1204.9%	n.m.
Net Debt	18,131	10,107	15,927	79.4%	13.8%
Available Cash	6,310	6,267	2,300	0.7%	174.4%
CAPEX	1,794	1,725	1,991	4.0%	-9.9%

in R\$ million or otherwise stated	1Q20	1Q19	4Q19	YoY	QoQ
BRAZIL					
Revenue Generating Units - ['000]	52,654	56,623	53,428	-7.0%	-1.4%
Residential	12,068	14,336	12,659	-15.8%	-4.7%
Personal Mobility	33,946	34,894	34,006	-2.7%	-0.2%
B2B	6,481	6,774	6,591	-4.3%	-1.7%
Public Telephones	159	619	172	-74.3%	-7.7%
Total Net Revenues	4,700	5,086	4,862	-7.6%	-3.3%
Net Service Revenues^[1]	4,678	5,038	4,828	-7.1%	-3.1%
Residential	1,664	1,880	1,724	-12.0%	-4.0%
Personal Mobility	1,681	1,699	1,743	-1.0%	-3.6%
Customer ^[3]	1,623	1,624	1,678	0.0%	-3.2%
B2B	1,317	1,417	1,333	-7.0%	-1.2%
Net Customer Revenues^[2]	4,582	4,919	4,719	-6.9%	-2.9%
Routine EBITDA	1,481	1,616	1,452	-8.3%	2.0%
Routine EBITDA Margin [%]	31.5%	31.8%	29.9%	-0.2 p.p.	1.6 p.p.
CAPEX	1,781	1,718	1,979	3.7%	-10.0%
Routine EBITDA - CAPEX	-299	-102	-526	193.6%	-43.1%

(1) Excludes handset revenues.

(2) Excludes handset and network usage revenues.

IFRS 16 - Leases

As of January 1, 2019, the Company began adopting the IFRS 16 standards that came into effect then. The standard sets forth the principles for the recognition, measurement, presentation and disclosure of leases and requires tenants to account for all leases under a single model in the balance sheet.

Therefore, the sections of this document are presented considering the impacts of the adoption of IFRS 16.

OPERATING RESULTS

Net Revenue

Table 2 – Breakdown of Net Revenues

R\$ million	Quarter				
	1Q20	1Q19	4Q19	YoY	QoQ
Consolidated Total Net Revenues	4,749	5,130	4,914	-7.4%	-3.4%
Brazil	4,700	5,086	4,862	-7.6%	-3.3%
Residential	1,654	1,880	1,724	-12.0%	-4.0%
Personal Mobility	1,702	1,745	1,777	-2.5%	-4.2%
B2B	1,317	1,418	1,333	-7.1%	-1.2%
Other services	26	42	28	-37.9%	-7.3%
International Operations	49	44	51	11.1%	-4.5%
Brazil					
Net Service Revenues	4,678	5,038	4,828	-7.1%	-3.1%
Net Customer Revenues	4,582	4,919	4,719	-6.9%	-2.9%

Consolidated net revenues totaled R\$ 4,749 million in 1Q20, down 7.4% from 1Q19 and 3.4% lower than in the previous quarter. Net revenues from Brazilian operations (“Brazil”) came to R\$ 4,700 million in 1Q20 [-7.6% y.o.y. and -3.3% q.o.q.], while net revenues from international operations (Africa and East Timor) totaled R\$ 49 million [+11.1% y.o.y. and -4.5% q.o.q.].

BRAZIL

Net revenues from Brazilian operations stood at R\$ 4,700 million in 1Q20, 7.6% lower than in 1Q19. Exposure to legacy services (cooper and DTH) in the Residential and B2B segments and the continued decline in voice traffic were the main factors that contributed to this result. On the other hand, this decline was partially offset by the rapid increase in FTTH revenues in the Residential segment, IT revenues in the Corporate segment and data revenues in the Personal Mobility segment, driven by substantial growth in the postpaid business.

Compared with 4Q19, net revenues fell 3.3%, affected by the same factors that impacted the annual comparison. Exposure to declining revenues in the fixed voice, copper broadband and prepaid businesses was partially offset by growth in services with rising revenues – fiber, IT and postpaid.

Total net service revenues, which exclude revenues from handset sales, stood at R\$ 4,678 million in 1Q20 [-7.1% y.o.y. and -3.1% q.o.q.]. Total net customer revenues, which exclude network usage and handset revenues, came to R\$ 4,582 million in the period [-6.9% y.o.y. and -2.9% q.o.q.].

OPERATING RESULTS

Residential

Table 3 – Net Revenues and RGUs of the Residential segment

	1Q20	1Q19	4Q19	YoY	QoQ
Residential					
Net Revenues [R\$ million]	1,654	1,880	1,724	-12.0%	-4.0%
Copper	1,058	1,427	1,181	-25.8%	-10.4%
Copper Voice	651	899	732	-27.6%	-11.1%
Copper Broadband	408	529	449	-22.9%	-9.3%
DTH TV	402	429	419	-6.4%	-4.1%
Fiber	194	24	124	711.8%	56.8%
Revenue Generating Units [RGU] - ['000]	12,068	14,336	12,659	-15.8%	-4.7%
Copper	9,058	12,549	10,078	-27.8%	-10.1%
Fixed Line in Service	5,887	7,915	6,482	-25.6%	-9.2%
Fixed Broadband	3,171	4,634	3,596	-31.6%	-11.8%
DTH TV	1,306	1,557	1,393	-16.1%	-6.2%
Fiber	1,704	230	1,188	639.9%	43.5%
Fixed Line in Service	792	89	523	787.7%	51.3%
Fixed Broadband	845	125	606	577.8%	39.4%
IPTV	67	16	59	309.6%	15.1%
FTTH - Homes Connected [HC's]	889	134	632	565.0%	40.6%

Residential net revenues totaled R\$ 1,654 million in 1Q20 [-12.0% y.o.y. and -4.0% q.o.q.]. The Company has proactively reduced incentives for copper services, contributing to this decline. In addition, there is a natural downward trend in demand for copper voice and broadband services. The Company's strategy is to focus efforts and investments on the implementation of the Fiber Expansion Plan, which continues to be the main driver of the structural reversal of the segment's revenue trajectory.

The Company continued to accelerate investments in fiber in order to deliver high-speed broadband to our customers' homes and provide a better experience, pursuing the strategy designed to increase profitability in the segment. The fiber [FTTH] expansion project continues to present consistent results. At the end of 1Q20, the Company reached 5.6 million homes passed [HP] and 944 thousand homes connected [HC], of which 889 thousand were in the Residential segment, exceeding the mark of 1 million connected homes in April 2020.

Oi closed 1Q20 with 12,068 thousand RGUs in the Residential segment [-15.8% y.o.y. and -4.7% q.o.q.]. The change in the profile of involuntary disconnections, with a reduction in the disconnection threshold from 120 to 90 days overdue as of 4Q19, which mainly affected copper services, continued to accelerate this decline in 1Q20. Regarding Fiber RGUs, despite the smaller base, we observed an upward curve of connections, ending 1Q20 with significant growth of 43.5% in just one quarter.

Residential ARPU

Residential ARPU was R\$ 81.0 in 1Q20 [+4.5% y.o.y. and +1.8% q.o.q.]. The annual and sequential growth was driven by an increase in Broadband and Pay-TV ARPU in the period, benefiting from the change in the profile of involuntary disconnections, in addition to growth in Oi Fibra's ARPU.

OPERATING RESULTS

Copper Fixed Voice

Oi closed 1Q20 with 5,887 thousand fixed line customers in the Residential segment [-25.6% y.o.y. and -9.2% q.o.q.]. In the fixed line business, we see a continued decline in demand for fixed line services, which are increasingly being replaced by mobile services, especially data services. As a result, copper fixed line ARPU, considering interconnection revenues, fell 5.1% year on year and remained in line with 4Q19.

The Company has been reducing its focus on copper, both in voice and broadband, and prioritizing investments in the fiber project, which has a greater potential of value creation. With this strategy, revenues from legacy products are under even greater pressure.

Copper Broadband

Oi ended 1Q20 with 3,171 thousand fixed copper broadband RGUs in the Residential segment [-31.6% y.o.y. and -11.8% q.o.q.].

Intense competition from regional players who offer broadband services in small towns, outside major urban centers, added to reduction in the disconnection threshold from 120 to 90 days overdue were the main factors responsible for the decline in the customer base of copper services.

Most of the Company's current broadband base is composed of copper accesses [VDSL and ADSL]. As mentioned earlier, Oi has been reducing proactive sales of the copper portfolio and intensifying the expansion and sales efforts focused on FTTH, accelerating expansion and migration of customers to fiber, the main driver of the resumption of growth, based on Oi's infrastructure competitive advantage.

DTH TV

The Residential DTH TV base ended the quarter with 1,306 thousand RGUs [-16.1% y.o.y. and -6.2% q.o.q.].

Oi recorded pay-TV net disconnections of 251 thousand RGUs compared with 1Q19 and 87 thousand RGUs compared with 4Q19. Oi TV's penetration in households with an Oi fixed line reached 22.2% in 1Q20 [+2.5 p.p. y.o.y. and +0.7 p.p. q.o.q.]. Pay-TV ARPU rose 9.3% over 1Q19 and 2.7% over 4Q19.

Pay-TV net revenues fell 6.4% from 1Q19 and 4.1% from 4Q19. This result reflected the Company's strategy of allocating more resources to accelerate investments in fiber, including the offering of IPTV services.

FIBER

In 1Q20, the Company continued to invest in the expansion of fiber, closing the quarter with 5.6 million homes passed with fiber [HP]. The Company added another 1 million HP to its base in 1Q20, a monthly average of over 340 thousand HP. Oi continues to pursue the goals in its 2019 strategic plan and intends to reach 16 million homes passed by the end of 2021.

Oi closed 1Q20 with around 944 thousand homes connected [HC] to fiber and a take-up rate of 16.8%. Oi Fibra was present in 112 municipalities at the end of 1Q20 and 116 municipalities at the end of April. In April 2020, we reached 5.99 million HP and surpassed the mark of 1 million HC, increasing the take-up rate to 17.4%. This process of exploring FTTH opportunities has proven to be effective. The Company once again recorded a positive result in 1Q20. FTTH *net adds* totaled 269 thousand customers, more than the other Brazilian players



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and U.S. players who offered FTTH in the same period. In April, Oi acquired 97 thousand new FTTH customers, the highest number since the beginning of the Fiber project.

The company follows the evolution of fiber deployment and has been improving its marketing and sales actions since the beginning of the project and the results can be seen based on the take up of installed cohorts. The first cohorts are from October 2018 and January 2019 and reached a take-up of 15% and 18%, respectively, in March 2020. The cohorts from April 2019 and July 2019 reached a take-up of 21.5% and 20.5 % at the end of the same period. The most current cohorts [October, November and December 2019] had an even better take-up and already reached 15% after 4 months of installation and 17% after 6 months. The 2020 vintages have an average take-up of more than 8% at the end of the first month and almost 13% after 3 months of installation. The monitoring of these indicators is crucial when evaluating investments in FTTH.

Thanks to the strategy of accelerating FTTH sales, Oi continued to sell IPTV and Voice services via fiber. Approximately 86% of our residential customers had two or more FTTH products [Broadband, TV and Voice] at the end of 1Q20, up from 68% at the end of 1Q19. In April 2020, this percentage reached 87%. Fiber ARPU was R\$ 84.5 in 1Q20, up 16.8% from R\$ 72.3 in 1Q19 and 2.7% from R\$ 82.3 in 4Q19. The strategy of selling bundles is still in progress and has shown satisfactory results.

Fiber revenues reached R\$ 205 million in 1Q20, of which R\$ 194 million from residential customers and R\$ 11 million from small enterprises [B2B]. Oi recorded impressive annual growth of 700.8%, of which 711.8% referred to residential customers. Compared to 4Q19, Fiber revenues increased R\$ 73 million, or 55%, of which R\$ 70 million, or 57%, referred to residential customers. Fiber revenues have helped to partially offset the decline in copper revenues. During the first quarter 2020, fiber revenues accounted for 11.7% of total residential revenues, up from 1.3% in 1Q19.

In the 81 first cities in which the FTTH strategy was implemented and already show consistent results for comparison purposes, total broadband revenues [Fiber and copper] grew 12% year on year, while in the other cities, these revenues fell 14% in the annual comparison.

Despite the still substantially smaller base, the annual growth in fiber revenues in 1Q20 already offsets the decline in copper broadband and DTH TV revenues in the same period. Copper broadband revenues fell R\$ 121 million in the annual comparison and DTH TV revenues fell R\$ 27 million in the same period, while Fiber revenues increased R\$ 170 million in the same period.

It is worth mentioning that, since the beginning of the pandemic, with social isolation and the need for home-office, we have experienced a significant increase in demand for our broadband services, specifically, the services provided by our FTTH network, both from residential customers and B2B, by establishing remote work operations based on COVID-19.

The Company's strategic focus continues to be on leveraging its leadership in fiber and infrastructure, maximizing value across all business segments. Oi currently has over 388 thousand kilometers of fiber in the country.

Personal Mobility

Table 4 – Net Revenues and RGUs of the Personal Mobility segment

	1Q20	1Q19	4Q19	YoY	QoQ
Personal Mobility					
Net Revenues [R\$ million]	1,702	1,745	1,777	-2.5%	-4.2%
Service	1,681	1,699	1,743	-1.0%	-3.6%
Customer ^[1]	1,623	1,624	1,678	0.0%	-3.2%
Prepaid	681	781	760	-12.8%	-10.3%
Postpaid	930	829	907	12.2%	2.6%
Other	12	14	11	-14.6%	7.2%
Network Usage	57	75	65	-23.3%	-12.4%
Sales of handsets, SIM cards and others	21	46	34	-54.1%	-37.5%
Revenue Generating Units [RGU] - ['000]	33,946	34,894	34,006	-2.7%	-0.2%
Prepaid Plans	24,163	26,780	24,479	-9.8%	-1.3%
Postpaid Plans ^[2]	9,784	8,114	9,527	20.6%	2.7%

[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\$ 1,702 million in 1Q20, 2.5% lower than in 1Q19. This reduction was driven by a more challenging scenario in the prepaid segment after the beginning of the quarantine, with the closure of stores and a decrease in recharge outlets, partially offset by growth in the postpaid customer base, driven by simpler and more assertive regional offers and migration of the prepaid customer base. Compared to 4Q19, Personal Mobility net revenues dropped 4.2%, reflecting lower interconnection tariffs, in addition to the reasons mentioned earlier.

As seen in previous quarters, following the downward market trend, our prepaid revenues declined, due to the slow economic recovery, high unemployment rates, lower interconnection tariffs and migration from voice to data. In 1Q20, we also noticed deterioration at the end of March caused by the COVID-19 pandemic and the beginning of social isolation, which culminated in the closure of stores and recharge outlets, as well as restricted people's movement. In addition, the Company has continued the migration of prepaid customers to more attractive postpaid offers, with higher ARPU, thus simultaneously increasing the postpaid customer base and reducing the number of prepaid users. As a result, the postpaid customer base grew 20.6% over 1Q19 and 2.7% over 4Q19.

The positive performance of postpaid products was due to the strategy of converting prepaid customers, combined with 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 supported by continued investments in 4G and 4.5G, which increased the network's traffic capacity, leading to improved usage performance and, consequently, a substantial improvement in the customer experience.

Customer revenues, which exclude interconnection and handset revenues, totaled R\$ 1,623 million in 1Q20, in line with 1Q19 and 3.2% lower than in 4Q19.

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Network usage revenues totaled R\$ 57 million in 1Q20 [-23.3% y.o.y. and -12.4% q.o.q.]. The annual comparison was impacted by a decline in MTR tariffs. Handset revenues totaled R\$ 21 million, a decline of R\$ 25 million from 1Q19 and R\$ 13 million from 4Q19, impacted by store closures due to COVID-19.

Oi closed 1Q20 with 33,946 thousand RGUs in Personal Mobility, falling 2.7% from 1Q19, with 948 thousand net disconnections, resulting from 2,617 thousand disconnections in the prepaid segment, which were partially offset by 1,670 thousand additions in the postpaid segment. The number of additions was in line with 4Q19, with a decline of 1.3% in the prepaid segment and an increase of 2.7% in the postpaid segment.

Oi's total mobile customer base [Personal Mobility + B2B] stood at 36,665 thousand RGUs in 1Q20, of which 2,719 thousand in the B2B segment.

Prepaid

The prepaid customer base closed 1Q20 with 24,163 thousand RGUs, down 9.8% from 1Q19, mainly due to [i] the policy of disconnection of inactive customers; [ii] the migration of customers from the prepaid to the postpaid segment; [iii] the trend of consolidation of SIM cards in the market.

Recharge volume decreased 5.3% from 1Q19 and 7.7% from 4Q19. The number of customers making recharges fell 13.1% from 1Q19 and 9.3% from 4Q19, mainly due to [i] a decline in the prepaid market; [ii] high unemployment rates, which have a direct impact on prepaid revenues; and [iii] the closure of stores and other recharge outlets due to COVID-19.

This had a negative impact on revenues [including long distance revenues] of 12.8% compared to 1Q19 and 10.3% compared to the previous quarter. Prepaid ARPU dropped 2.9% from 1Q19 and 6.5% from 4Q19.

Postpaid

Oi closed the quarter with 9,784 thousand RGUs in the postpaid segment [+20.6% y.o.y. and +2.7% q.o.q.], due to more competitive offerings and the strategy of encouraging prepaid customers to migrate to postpaid plans. Gross adds grew 11.5% over 1Q19, but fell 12.7% from 4Q19, resulting in net adds of 1,670 thousand RGUs in 1Q20 compared to 1Q19. The segment accounted for 28.8% of the total Personal Mobility base.

The positive physical results were reflected in revenues [including long-distance revenues], which climbed 12.2% over 1Q19 and 2.6% over 4Q19. Regional offerings, simplification, innovation, more aggressive sales and the refarming of the 1.8 GHz frequency range for 4G and 4.5G were the main drivers enabling the positive results of the postpaid segment, in addition to the strategy of accelerating the migration of customers from the prepaid to the postpaid segment.

2G, 3G, 4G and 4.5G Coverage

Oi's 2G coverage reached 3,498 municipalities [93% of the country's urban population] in 1Q20, while 3G coverage reached 1,650 municipalities, or 82% of the Brazilian urban population.

4G access reached 1,023 municipalities, or 75% of the Brazilian urban population. In addition, 4.5G coverage reached 54 municipalities, serving around 20% of the urban population.

Oi has been working in partnership with other operators to share the network in order to maximize investments and reduce costs, while working to consistently improve the quality of services and customer experience.

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Mobile ARPU

Mobile ARPU stood at R\$ 16.2 in 1Q20 [+0.5% y.o.y. and -2.5% q.o.q.].

B2B

Table 5 – Net Revenues and RGUs of the B2B segment

	1Q20	1Q19	4Q19	YoY	QoQ
B2B					
Net Revenues [R\$ million]	1,317	1,418	1,333	-7.1%	-1.2%
Corporate	777	862	812	-9.9%	-4.4%
IT	138	100	126	+38.0%	+9.6%
Data	349	410	366	-14.8%	-4.5%
Other	289	352	320	-17.8%	-9.7%
Wholesale	274	256	246	6.9%	11.1%
Small Enterprises	267	300	275	-11.2%	-2.8%
Fiber	11	1	8	+648.1%	+30.8%
Other	256	299	266	-14.4%	-3.9%
Revenue Generating Units [RGU] - ['000]	6,481	6,774	6,591	-4.3%	-1.7%
Corporate	4,439	4,523	4,506	-1.8%	-1.5%
Wholesale	284	291	291	-2.3%	-2.4%
Small Enterprises	1,768	1,960	1,794	-10.3%	-2.0%
Fiber	92	15	69	+511.0%	+33.1%
Other	1,666	1,945	1,725	-14.4%	-3.4%

Net revenues from the B2B segment totaled R\$ 1,317 million in 1Q20 [-7.1% y.o.y. and -1.2% q.o.q.]. The segment was affected by a decline in Corporate legacy services mainly due to a reduction in voice traffic, intensified with the containment and Home Office policy, implemented by companies to contain COVID-19, and the cuts in the regulated fixed-to-mobile [VC] and interconnection [MTR] tariffs. In addition, revenues from the Small Enterprises segment also decreased in the quarter mainly due to the high exposure to copper service revenues. . There was, however, an increase in Wholesale net revenues [+6.9% y.o.y. and +11.1% q.o.q.] and growth in IT revenues [+38.0% y.o.y. and +9.6% q.o.q.], partially offsetting the drop in revenues in the quarter, but highlighting the focus of the sustainable growth strategy of the B2B segment.

The Company closed 1Q20 with 6,481 thousand RGUs in the segment [-4.3% y.o.y. and -1.7% q.o.q.].

Corporate

With the launch of the new brand “*Oi Soluções*” for the Corporate segment in December 2019, Oi intends to integrate and provide digital solutions for Telecommunications and IT (Information Technology) with a customized and consulting positioning. The Company offers a comprehensive portfolio of ICT (Information and Communication Technology) solutions, impacting customers throughout the value chain in the areas of Cloud

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& Data Center, IoT [Internet of Things], Big Data & Analytics, Cybersecurity, Data and Voice Connectivity, and Management, in order to help generate new revenues and reduce expenses. The Company currently has 57 thousand customers in the public and private sectors, served by more than 1.5 thousand executives.

In the portfolio that already had the services of Oi WIFI 3.0+, Oi GIS [Integrated Services Management], Telepresenças Oi and Marketing Analytics Oi, Oi Gestão 360º was added in this first quarter [allows the operator to manage connectivity, IT, security and business for the client], Smart Cloud 4.0 [Infrastructure as a Service [IaaS], in hybrid cloud format, enabling the development of an edge architecture, focusing on IoT and video solutions], and Oi Smart Office 4.0 [solution for companies working in the home office system, composed of collaboration, connectivity and cloud computing platforms].

Net revenues from the Corporate segment totaled R\$ 777 million in 1Q20 [-9.9% y.o.y. and -4.4% q.o.q.], with a decline in the Data and Other lines, which represent the legacy services offered by the Company. Thanks to its focus on IT services, the Company recorded an increase in IT revenues of 38% over 1Q19 and 9.6% over 4Q19. The segment recorded a decline in RGUs, with a customer base reduction of 1.8% compared to 1Q19 and 1.5% compared to 4Q19.

Wholesale

The Company aims to be the main national provider of transmission and transportation network and facilitator of the 5G infrastructure in this segment in Brazil. This will enable a revenue mix focused on non-regulated revenues, in areas such as IP connections, Fiber To The City (FTTC), Fiber To The ISP (FTTISP) and Fiber To The Tower (FTTT), that rely on Oi's extensive and non-replicable infrastructure, enabling the provision of superior quality services to telecommunications providers, internet providers and infrastructure companies involved in the supply chain of these services.

In 1Q20, Oi signed a memorandum of understanding for the joint operation of Mob Telecom's fiber broadband projects. This pilot project was launched under the franchise model, which can be expanded, with the goal of increasing non-regulated revenues and reducing opex and capex.

Wholesale net revenues totaled R\$ 274 million in 1Q20 [+6.9% y.o.y. and +11.1% q.o.q.]. Non-regulated revenues dropped 3.1%, or R\$ 5 million, from 4Q19, offset by an increase of 40.8%, or R\$ 63 million, in regulated revenues over 4Q19. Part of this variation [R\$ 43 million] was due to the recognition of credits from a RAN Sharing agreement entered into with TIM in 2018.

Small Enterprises

For the Small Enterprises segment, the Company has been adopting the same strategy used in the B2C segment, given their market similarities. Oi continues to market regional offerings and intensify its commercial actions together with the "Network Reuse" approach for FTTH. The decline in net revenues [-11.2% y.o.y. and -2.8% q.o.q.], together with the 10.3% reduction in RGUs in the Group's annual comparison are related to high exposure to copper revenues in this segment.

OPERATING RESULTS

Operating Costs and Expenses

Table 6 – Breakdown of Routine Operating Costs and Expenses

R\$ million	1Q20	1Q19	4Q19	YoY	QoQ
Routine Operating Costs and Expenses					
Brazil	3,218	3,470	3,410	-7.3%	-5.6%
Personnel	597	594	699	0.5%	-14.6%
Interconnection	111	136	135	-18.3%	-18.1%
Third-Party Services	1,414	1,487	1,480	-4.9%	-4.5%
Network Maintenance Service	234	275	232	-14.7%	1.2%
Handset Costs/Other [COGS]	21	48	34	-56.7%	-40.2%
Marketing	70	71	162	-1.3%	-56.6%
Rent and Insurance	581	661	562	-12.1%	3.3%
Provision for Contingencies	25	59	30	-58.3%	-18.4%
Provision for Bad Debt	139	137	61	1.1%	126.9%
Taxes and Other Expenses [Revenues]	27	3	13	882.6%	110.9%
International Operations	-3	32	89	-107.9%	-102.9%
Routine OPEX	3,216	3,503	3,499	-8.2%	-8.1%

Consolidated routine opex, including international operations, totaled R\$ 3,216 million in 1Q20 [-8.2% y.o.y. and -8.1% q.o.q.].

Routine opex from Brazilian operations amounted to R\$ 3,218 million in 1Q20 [-7.3% y.o.y. and -5.6% q.o.q.]. Considering inflation (IPCA) of 3.30% in the last 12 months, this result corresponded to a year-on-year decrease of 10.22% in real terms.

As part of its strategic plan, the Company has been working on five macro fronts to reduce costs and simplify operations: [i] Sales, Marketing and Service; [ii] Processes and Organization; [iii] Business Support; [iv] IT; and [v] Network and Field Operations. The actions resulting from the work on these fronts started to be implemented in 2019, and the financial impacts should be more relevant throughout 2020.

Personnel

Personnel expenses totaled R\$ 597 million in 1Q20, in line with 1Q19 [+0.5%] and 14.6% lower than in 4Q19. The sequential decline was mainly due to the recognition of provisions for variable compensation in 4Q19.

Interconnection

Interconnection costs in Brazilian operations amounted to R\$ 111 million in 1Q20 [-18.3% y.o.y. and -18.1% q.o.q.], mainly due to a reduction in regulated tariffs.

Third-party Services

OPERATING RESULTS

Costs and expenses related to third-party services in Brazilian operations totaled R\$ 1,414 million in 1Q20 [-4.9% y.o.y. and -4.5% q.o.q.]. Content Acquisition, Customer Relations, Billing, Sales, Electricity and General Expenses are recorded in this line. This result reflects company actions as acceleration of digital sales channels, automation and optimization of Customer Service and Call Center operations and expenses reduction from IT projects focused on legacy products.

Network Maintenance Services

Network maintenance service costs and expenses in Brazilian operations totaled R\$ 234 million in 1Q20, in line with 4Q19 and 14.7% lower than in 1Q19. This reduction occurred, mainly as a result of the expansion of the Fiber project and the migration of customers from Cooper to FTTH, reducing the cost of maintaining legacy networks, and lower expenses with TUP, as a result of the approval of the PGMU.

Handset Costs/Other (COGS)

Handset costs in Brazilian operations amounted to R\$ 21 million in 1Q20 [-56.7% y.o.y. and -40.2% q.o.q.], mainly due to a reduction in the number of handsets sold.

Marketing

Marketing expenses reached R\$ 70 million in 1Q20, virtually in line with 1Q19 and 56.6% lower than in 4Q19. The quarter-on-quarter decline reflected seasonal effects, mainly due to the Black Friday and Christmas campaigns in the previous quarter.

Rent and Insurance

Rent and insurance expenses in Brazilian operations totaled R\$ 581 million in 1Q20, down 12.1% from 1Q19, mainly due to lower costs as a result of renegotiations with concessionaires and suppliers throughout 2019. In the sequential comparison, rent and insurance expenses increased 3.3%, due to higher tower, equipment and pole rental costs, partially offset by lower property and satellite rental costs.

Provision for Contingencies

The provision for contingencies in Brazilian operations totaled R\$ 25 million in 1Q20, a reduction of 58.3%, or R\$ 35 million, compared to 1Q19 and 18.4%, or R\$ 6 million, compared to 4Q19, mainly due to a decline in the number of new legal proceedings, especially in the labor, civil consumer and civil strategic spheres.

Provision for Bad Debt

The provision for bad debt totaled R\$ 139 million in 1Q20, in line with 1Q19 and 126.9% higher than in 4Q19, mainly due to the credits recovery of governments in the corporate segment in 4Q19.

OPERATING RESULTS

EBITDA

Table 7 – EBITDA and EBITDA margin

	1Q20	1Q19	4Q19	YoY	QoQ
0i S.A.					
Routine EBITDA [R\$ million]	1,533	1,627	1,414	-5.8%	8.4%
Brazil	1,481	1,616	1,452	-8.3%	2.0%
International Operations	52	12	-38	-336.1%	235.4%
Routine EBITDA Margin [%]	32.3%	31.7%	28.8%	0.6 p.p.	3.5 p.p.
Brazil	31.5%	31.8%	29.9%	-0.2 p.p.	1.6 p.p.
International Operations	105.2%	26.8%	-74.2%	78.4 p.p.	179.4 p.p.
Non-routine Items [R\$ million]	367	987	-117	n.m.	n.m.
EBITDA [R\$ million]	1,899	2,615	1,298	-27.4%	46.4%
Brazil	1,566	2,603	1,336	-39.8%	17.2%
International Operations	333	12	-38	2720.8%	-975.7%
EBITDA Margin [%]	40.0%	51.0%	26.4%	-11.0 p.p.	13.6 p.p.

Consolidated routine EBITDA totaled R\$ 1,533 million in 1Q20 [-5.8% y.o.y. and +8.4% q.o.q.].

Routine EBITDA from Brazilian operations totaled R\$ 1,481 million in 1Q20 [-8.3% y.o.y. and + 2.0% q.o.q.]. The routine EBITDA margin from Brazilian operations was 31.5%, in line with 1Q19 and 1.6 p.p. higher than in 4Q19.

Routine EBITDA from international operations (Africa and East Timor) came to R\$ 52 million in 1Q20, versus R\$ 12 million in 1Q19 and -R\$ 38 million in 4Q19.

Non-routine items totaled R\$ 367 million in 1Q20 and refer to [i] an R\$ 85 million gain from the sale of real estate properties and [ii] a R\$ 282 million gain from the sale of PT Ventures, in international operations.

It should be noted that routine EBITDA considers the effects of adopting IFRS 16. For comparison purposes, routine EBITDA from Brazilian operations, disregarding the impacts of IFRS 16 in 1Q20 would be R\$ 1,046 million.

OPERATING RESULTS



Investments

Table 8 – Capex

R\$ million	1Q20	1Q19	4Q19	YoY	QoQ
Capex					
Brazil	1,781	1,718	1,979	3.7%	-10.0%
Fiber ⁽¹⁾	1,073	575	883	86.7%	21.5%
Copper	276	513	441	-46.3%	-37.5%
DTH	18	92	60	-80.2%	-69.5%
Mobile	261	328	368	-20.3%	-29.0%
B2B	153	210	227	-27.2%	-32.7%
International Operations	13	7	12	77.2%	6.2%
Total	1,794	1,725	1,991	4.0%	-9.9%

(1) Includes Fiber + Wholesale.

The Company's consolidated capex, including international operations, totaled R\$ 1,794 million in 1Q20 [+4.0% y.o.y. and -9.9% q.o.q.]. Capex in Brazilian operations amounted to R\$ 1,781 million in 1Q20 [+3.7% y.o.y. and -10.0% q.o.q.].

The breakdown of investments by product shows that Oi has been allocating most of its funds to compliance with its Strategic Plan, focusing on the expansion of FTTH, bringing high-speed broadband to the customers' homes.

OPERATING RESULTS

Operational Cash Flow (Routine EBITDA – Capex)

Table 9 – Operational Cash Flow

R\$ million	1Q20	1Q19	4Q19	YoY	QoQ
0i S.A.					
Routine EBITDA	1,533	1,627	1,414	-5.8%	8.4%
Capex	1,794	1,725	1,991	4.0%	-9.9%
Routine Operational Cash Flow [EBITDA – Capex]	-261	-98	-577	167.4%	-54.7%

Table 10 – Operational Cash Flow from Brazilian Operations

R\$ million	1Q20	1Q19	4Q19	YoY	QoQ
0i S.A.					
Routine EBITDA	1,481	1,616	1,452	-8.3%	2.0%
Capex	1,781	1,718	1,979	3.7%	-10.0%
Routine Operational Cash Flow [EBITDA – Capex]	-299	-102	-526	193.6%	-43.1%

Consolidated routine operational cash flow (routine EBITDA minus capex) was negative by R\$ 261 million in 1Q20, while routine operational cash flow in Brazilian operations was negative by R\$ 299 million, mainly due to the continued acceleration of investments and lower revenues, which impacted EBITDA, as mentioned in the Revenues and Capex sections.

Depreciation/Amortization

Table 11 – Depreciation and Amortization

R\$ million	1Q20	1Q19	4Q19	YoY	QoQ
Depreciation and Amortization					
Total	1,711	1,690	1,703	1.3%	0.5%

Depreciation and amortization expenses totaled R\$ 1,711 million in 1Q20, 1.3% higher than in 1Q19 and in line with 4Q19.

Financial Results

Table 12 – Financial Result [Oi S.A. Consolidated]

R\$ million	1Q20	1Q19	4Q19
Oi S.A. Consolidated			
Net Interest [on fin. investments and loans and financing]	-492	-300	-363
Amortization of fair value adjustment	-578	-215	-197
Net FX Result [on fin. investments and loans and financing]	-2,657	-96	259
Other Financial Income / Expenses	-2,749	410	-1,857
Net Financial Income [Expenses]	-6,476	-202	-2,158

Oi S.A. recorded a consolidated net financial expense of R\$ 6,476 million in 1Q20, versus an expense of R\$ 2,158 million in 4Q19 and an expense of R\$ 202 million in 1Q19.

In 1Q20, the increase in financial expenses was mainly due to the negative impact of the sharp depreciation of the real in 1Q20, reflecting the effects of the advance of COVID-19, which achieved a global reach in the period. The “Net FX Result” line was a financial expense in the quarter, due to the sharp 29.0% depreciation of the real against the U.S. dollar in 1Q20, versus a 3.2% appreciation in the previous quarter.

The item “Other Financial Income/Expenses” also showed an increase in expenses, mainly due to the exchange rate variation on onerous liabilities [contracts for data transmission by submarine cables and satellites], in the total amount of R\$ 1.7 billion in 1Q20. These higher expenses, in this line, were partially offset by lower monetary restatements on contingencies, compared to the previous quarter.

The “Net Interest” line increased due to interest on the new debentures issued in January this year, partially offset by lower interest on debts indexed to the CDI rate and TJLP long-term interest rate in the period. Finally, the “Amortization of Fair Value Adjustment” line was also impacted by the depreciation of the real against the U.S. dollar in the quarter.

The annual comparison, in turn, shows a consolidated net financial expense of R\$ 202 million in 1Q19, explained by a very stable behavior of the Brazilian currency against the U.S. dollar. In 1Q19, the real depreciated only 0.6% against the U.S. dollar, with little impact on the portion of debt linked to foreign currency in the “Net FX Result” line. The 1Q19 favorable results benefitted from the “Other Financial Expenses/Income” line, which recorded income of R\$ 410 million in the period, mainly due to the monetary restatement of PIS/COFINS credits on ICMS in the amount of R\$ 1,025 million.

Net Earnings (Loss)

Table 13 – Net Earnings (Loss) [Oi S.A. Consolidated]

R\$ million	1Q20	1Q19	4Q19	YoY	QoQ
Net Earnings (Loss)					
Earnings before interest and taxes [EBIT]	188	925	-405	n.m.	n.m.
Financial Results	-6,476	-202	-2,158	n.m.	200.0%
Income Tax and Social Contribution	34	-44	282	n.m.	n.m.
Net Income (Loss) from Continuing Operations	-6,254	679	-2,281	-1021.4%	174.2%
Consolidated Net Income (Loss)	-6,254	679	-2,281	-1021.4%	174.2%
attributable to owners of the Company	-6,280	568	-2,263	-1204.9%	177.5%
attributable to non-controlling interests	26	110	-18	n.m.	-244.2%

The Company's operating earnings (loss) before the financial result and taxes [EBIT] came to earnings of R\$ 188 million, versus earnings of R\$ 925 million in 1Q19 and a loss of R\$ 405 million in 4Q19. Oi recorded a net financial loss of R\$ 6,476 million, strongly affected by the impacts of the FX variation, as mentioned in the Financial Results section. The Company also recorded a positive result of R\$ 34 million in the "Income Tax and Social Contribution" line, giving a consolidated net loss of R\$ 6,254 million.

Debt & Liquidity

Table 14 – Debt

R\$ Million	Mar/20	Mar/19	Dec/19	% Gross Debt
Debt				
Short Term	179	118	326	0.7%
Long Term	24,282	16,256	17,900	99.3%
Total Debt	24,441	16,373	18,227	100.0%
Local Currency Exposure	8,905	7,894	8,705	36.4%
Foreign Currency Exposure	15,536	8,491	9,521	63.6%
Swaps	0	-12	0	0.0%
(-) Cash	-6,310	-6,267	-2,300	-25.8%
[=] Net Debt	18,131	10,107	15,927	74.2%

Oi S.A. ended 1Q20 with consolidated gross debt of R\$ 24,441 million, R\$ 6,214 million, or 34.1%, more than in 4Q19 and R\$ 8,068 million, or 49.3%, more than in 1Q19. The increase in both the annual and sequential comparisons was mainly due to the sharp depreciation of the real against the U.S. dollar in both periods [-29.0% and -33.4%, respectively], as a result of the strong market deterioration caused by the new coronavirus pandemic, which achieved a global reach in the period. Added to this are the usual effects of interest accrual and the amortization of the present value adjustment, which contributed to increasing debt with every passing quarter. Finally, the issuance of private debentures totaling approximately R\$ 2,500 million contributed to increasing debt, as provided for in the Judicial Reorganization Plan.

At the end of 1Q20, the portion of debt exposed in foreign currency represented 63.6% of fair value debt. The consolidated average term of debt remained at around 10 years in 1Q20.

The Company closed 1Q20 with a consolidated cash position of R\$ 6,310 million, an increase of 174.4% over December 2019 and 0.7% over March 2019. As a result, net debt totaled R\$ 18,131 million in 1Q20, 13.8% higher than in 4Q19, mainly due to higher gross debt in the period. The increase in cash occurred mainly due to the receipt of the first installments of the sale of PT Ventures totaling US\$ 1 billion, of which US\$ 841 million had already been received by the end of the quarter, also in accordance with the Company's Strategic Plan. Such receipt, together with the proceeds of the debentures, contributed to strengthening the cash position, an essential step to enable the high level of investments set forth in the Strategic Plan.

DEBT & LIQUIDITY

Table 15 – Cash Position [Brazilian Operations]

R\$ Million

4Q19 Cash Position	2,300
Routine EBITDA	1,481
IFRS16	-435
Capex	-1,781
Working capital	-563
Judicial Deposits + Taxes	214
Financial operations	2,509
Payments to Creditors JR	-807
Non Core	3,393
1Q20 Cash Position	6,310

The Company closed 1Q20 with a cash position of R\$ 6,310 million, increasing R\$ 4,010 million in the quarter, mainly due to [i] an inflow of R\$ 3.3 billion equivalent to part of the proceeds from the sale of the interest in Unitel and [ii] net proceeds of R\$ 2.5 billion from a private debenture issue. In addition, the sale of the Botafogo property, totaling R\$ 121 million, was completed, continuing the project to sell non-core assets, in line with the Company's Judicial Reorganization Plan and the Strategic Plan.

In 1Q20, working capital was negatively impacted by capex payments, which have been increasing, due to the fiber expansion plan.

Under the "Payment to Creditors - JR" line, Oi paid R\$ 350 million in interest on the Bond and R\$ 457 million to partner suppliers, as set forth in the Judicial Reorganization Plan.

Table 16 – Gross Debt Breakdown

R\$ Million

Gross Debt Breakdown - 1Q20	Face Value	Fair Value Adjustment	Fair Value
BNDES	4,024	-	4,024
Local Banks	9,254	[4,373]	4,881
ECAs	8,714	[5,248]	3,466
Qualified Bonds	8,751	[928]	7,823
Facility "Non Qualified"	473	[163]	310
General Offering	5,605	[4,906]	698
Private Debenture (Bridge Loan)	3,276	-	3,276
Other	[37]	-	[37]
Total Gross Debt	40,059	[15,618]	24,441

ADDITIONAL INFORMATION



Table 17 – Statement of Operations [Oi S.A. Consolidated]

R\$ million	1Q20	1Q19	4Q19
Net Operating Revenues	4,749	5,130	4,914
Operating Costs and Expenses	-2,849	-2,515	-3,616
Personnel	-609	-604	-710
Interconnection	-112	-136	-136
Third-Party Services	-1,429	-1,499	-1,504
Network Maintenance Service	-235	-275	-232
Handset Costs/Other (COGS)	-23	-50	-39
Marketing	-71	-72	-163
Rent and Insurance	-584	-663	-562
Provision for Contingencies	-22	-59	-30
Provision for Bad Debt	-139	-137	-62
Taxes and Other Revenues (Expenses)	374	980	-177
EBITDA	1,899	2,615	1,298
Margin %	40.0%	51.0%	26.4%
Depreciation and Amortization	-1,711	-1,690	-1,703
EBIT	188	925	-405
Financial Expenses	-9,861	-1,553	-1,991
Financial Income	3,385	1,351	-167
Net Earnings (Loss) Before Tax and Social Contribution	-6,288	723	-2,563
Income Tax and Social Contribution	34	-44	282
Consolidated Net Earnings (Loss)	-6,254	679	-2,281
Margin %	-131.7%	13.2%	-46.4%

ADDITIONAL INFORMATION



Table 18 – Balance Sheet [Oi S.A. Consolidated]

R\$ million	03/31/2020	12/31/2019	03/31/2019
TOTAL ASSETS	73,947	71,892	77,790
Current	19,359	17,993	24,058
Cash and cash equivalents	6,090	2,082	6,030
Financial investments	186	184	198
Derivatives	0	0	23
Accounts Receivable	6,271	6,335	6,633
Inventories	340	327	300
Recoverable Taxes	530	543	611
Other Taxes	1,073	1,089	1,716
Assets in Escrow	1,463	1,514	1,535
Held-for-sale Assets	520	4,391	4,813
Other Current Assets	2,886	1,528	2,199
Non-Current Assets	54,587	53,899	53,732
Long Term	10,577	10,856	9,943
.Recoverable and Deferred Taxes	123	99	25
.Other Taxes	2,788	2,996	1,889
.Financial investments	34	34	37
.Assets in Escrow	6,596	6,651	7,131
.Other	1,160	1,175	886
Investments	124	134	118
Property Plant and Equipment	40,070	38,911	36,929
Intangible Assets	3,816	3,998	6,742
TOTAL LIABILITIES	73,947	71,892	77,790
Current	11,523	11,836	12,012
Suppliers	4,952	5,594	5,640
Leases	1,612	1,510	1,422
Loans and Financing	179	326	129
Financial Instruments	0	1	0
Payroll and Related Accruals	815	853	910
Provisions	529	548	534
Payable Taxes	65	67	51
Other Taxes	1,434	887	1,363
Dividends Payable	6	6	6
Liabilities associated to held-for-sale assets	162	494	472
Authorizations and Concessions Payable	80	59	120
Other Accounts Payable	1,689	1,492	1,365
Non-Current Liabilities	50,826	42,259	38,347
Suppliers	3,167	3,293	3,238
Leases	7,189	6,640	6,675
Loans and Financing	24,262	17,900	16,256
Other Taxes	1,221	1,224	634
Contingency Provisions	4,870	4,704	4,081
Pension Fund Provision	652	633	593
Other Accounts Payable	9,466	7,865	6,871
Shareholders' Equity	11,598	17,797	27,430

ADDITIONAL INFORMATION



Table 19 – EBITDA and EBITDA margin [without IFRS 16 impacts]

	1Q20	1Q19	4Q19	YoY	QoQ
0i S.A.					
Routine EBITDA [R\$ million]	1,533	1,627	1,414	-5.8%	8.4%
Brazil	1,481	1,616	1,452	-8.3%	2.0%
International Operations	52	12	-38	-336.1%	235.4%
IFRS16 Impact	-435	-377	-398	n.m.	n.m.
Routine EBITDA without IFRS16 [R\$ million]	1,097	1,251	1,016	-12.3%	7.9%
Brazil	1,046	1,239	1,056	-15.6%	-1.0%
International Operations	51	12	-40	-337.5%	229.3%
EBITDA Margin [%]	23.1%	24.4%	20.7%	-1.3 p.p.	2.4 p.p.



ADDITIONAL INFORMATION

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 [<http://www.oi.com.br/ri>].

Definitions of the terms used in this Earnings Release are available in the Glossary section of the Company's website: https://www.oi.com.br/ri/conteudo_en.asp?idioma=1&conta=44&tipo=44334

Subsequent Events

- On May 11, 2020, Oi informed its shareholders and the market in general that, on that date, the rating agency Standard & Poors ("S&P") announced the review of the credit rating attributed to the Company, downgrading the issuer credit rating from "B" to "B-" on a global scale and from "brA-" to "brBBB" on a national scale. The outlook is negative on both global and national scales.
- On May 27, 2020, the Company informed its shareholders and the market in general that in this date the rating agency Fitch Ratings ("Fitch") announced the review of the credit rating attributed to the Company. Fitch Ratings has downgraded Oi's ratings, including the Long-Term [LT] Foreign Currency [FC] Issuer Default Rating [IDR] to "CCC+" from "B-", the LT Local Currency [LC] IDR to "CCC+" from "B-", the National LT Rating to "B[bra] / Stable" from "BB- [bra] / Stable", and the 2025 notes to "CCC+" / "RR4" from "B-" / "RR4". The Rating Outlook on the international ratings has been removed.
- On June 15, 2020, in continuity with the Material Fact disclosed on February 28, 2020, the Company informed its shareholders and the market in general that, on this date, it filed with the "RJ Court" a proposed amendment to its Judicial Reorganization Plan, in the form provided for therein, primarily aiming at the sustainability of its business, through the reorganization and simplification of the Oi Group from a corporate and operational standpoint, so as to ensure greater financial flexibility and efficiency.

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 Brazilian Securities and Exchange 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 shares, or of rights over those shares or other securities that it has issued.

Table 20 – Shares of the Company's Capital Stock

	Capital	Treasury	Free-Float¹
Common	5,796,477,760	30,595	5,796,444,654
Preferred	157,727,241	1,811,755	155,915,481
Total	5,954,205.001	1,842,350	5,952,360.135

Shareholding position as of 3/31/2020

[1] Outstanding shares do not consider shares held in treasury or shares held by members of the Board of Directors and the Executive Board.

DISCLAIMER



Rio de Janeiro, June 15, 2020. 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 March 31, 2020. 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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