



# RELATORIO DE SUSTENTABILIDADE 2020

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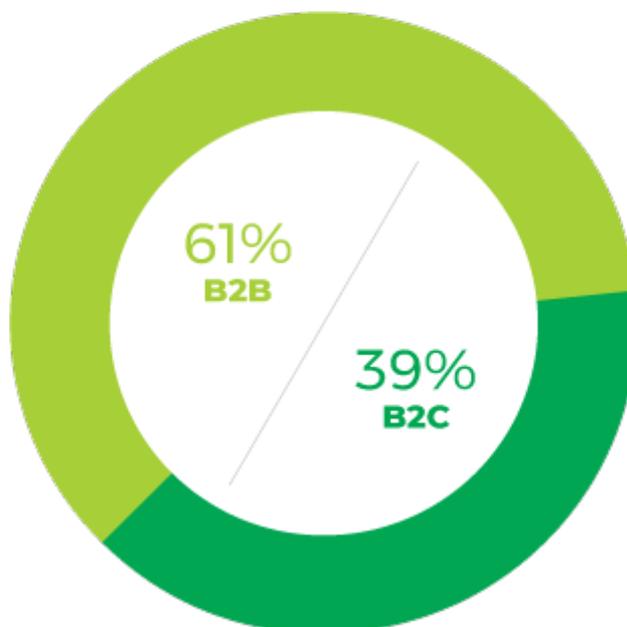
**GENTE E INOVAÇÃO**  
CONFIANÇA NO FUTURO E NO  
CRESCIMENTO SUSTENTÁVEL

**Algar** ▶  
Telecom

## Operating segments

We offer safe, modern, robust and integrated solutions to end consumers, micro, small and medium companies, major corporations and the telecommunications industry. The combination of an extensive infrastructure using modern optical fiber technology, with high quality products and services recognized by our customers, as well as our close relations with them and consultative services, were essential to meet high demand from both business customers (B2B) and final consumers (B2C) in this latter cycle. Connectivity was more than ever a key asset in 2020. In addition to having their needs met, our customers were satisfied with the services provided, according to our Net Promoter Score (NPS), which measures customer experience and loyalty. In retail, we maintained our high rates on *ReclameAQUI* (consumer complaint website), due to the high level of service provided by our Internet, landline and mobile telephony businesses. As a result of this recognition, we were awarded the monthly RA1000 seal

### % OF NET REVENUE



### MAP OF OPERATION



### CORPORATE CUSTOMERS (B2B)

Our structure is based on a network of approximately 82,300 km of optical fiber, 71,300 km of which with capillarity in and access to Brazil's Southeast, South, Midwest and Northeast regions, including 36,700 km in metro-regions that connect more than 15,200 buildings (*on-net buildings*); and 11,000 km of submarine cable connecting the cities of Praia Grande (SP)

and Fortaleza (CE) to Boca Raton (Florida, United States). At the end of 2020, **Algar Telecom** was operating in the *B2B* market in 367 cities, 16 states and the Federal District to offer integrated Telecoms and IT solutions.

*B2B* customers are **Algar Telecom**'s main growth focus and they accounted for 61% of our net revenue at the end of 2020. *B2B* customers are divided into two business segments: corporate (medium and large companies) and SMEs (micro and small companies). We are taking steps to expand our networks in Brazilian regions where data services penetration rates are lower, which we are identified by georeferencing numbers of potential customers. In addition, we invested to consolidate previously installed networks to tap scale and efficiency gains from the services provided. Our local teams, consisting of some 280 technical and commercial consultants, enabled closer relations with customers and drove our growth in this market while delivering more added value.

Adding new services to connectivity solutions has also been a strategy used to diversify revenue and build customer loyalty. IT services, ranging from network security applications to cloud storage, now account for 10% of the segment's revenues and are constantly growing. As part of this same trend, sales of IoT (Internet of Things or Machine to Machine) SIM cards are reflecting the innovative environment that we encourage.

In the context of the pandemic, we had to develop new ways of relating to our customers. Therefore, in 2020, we focused on supporting them in this new scenario, which required rapid digital transformation and connectivity as key factors for success.

We held live meetings and online events to support digital transformation for companies; we partnered with *Sebrae* to help our entrepreneurial partners by providing free courses; and at the most critical moment, we freed up more data traffic capacity for our customers while prioritizing hospitals and the education sector, thus restating our commitment of being at their services at all times.

## RETAIL CUSTOMERS (B2C)

We are leaders in the provision of telecommunications services in the area in which we run retailing operations, in the states of Minas Gerais, São Paulo, Goiás and Mato Grosso do Sul. In these regions, we have a 67.8% market share in fixed broadband and 34.3% in mobile telephony, according to December 2020 data released by Anatel. We continue to invest in the expansion of our optical fiber network and broadband over fiber plans.

In 2020, we saw strong demand for greater connectivity from end consumers, which we served through our extensive network and connectivity capacity. Investments that were made in optical fiber in recent years resulted in 755,000 homes passed and 415,000 connected at the end of December 2020. In the largest cities where **Algar Telecom** operates in *B2C*, total homes passed is over 90%.

In retailing, we are also operating through our franchise program and we are pioneers in this sector, with end-to-end operation that shows capacity for sustainable growth in profitable and less explored regions. Our franchise program took off in 2020, so we were able to move forward to offer optical fiber broadband in several smaller cities. Due to this growth model, which benefits end customers too, together with our franchised entrepreneurs, we achieved 36% our customer base growth in the period and reached 79 new localities, the largest of which has a population of 20,000 inhabitants.