

TELEFONICA BRASIL S.A.
Form 6-K
July 24, 2013

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE
SECURITIES EXCHANGE ACT OF 1934**

For the month of July, 2013

Commission File Number: 001-14475

TELEFÔNICA BRASIL S.A.

(Exact name of registrant as specified in its charter)

TELEFONICA BRAZIL S.A.

(Translation of registrant's name into English)

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Av. Eng° Luís Carlos Berrini, 1376 - 28° andar

São Paulo, S.P.

Federative Republic of Brazil

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes

No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes

No

Highlights

- **Total accesses** reached 91.1 million in the quarter (+0.3% y-o-y), 76.2 million of which was in the mobile business and 14.9 million in the fixed-line business;
- **Fixed voice accesses** recorded growth (+13 thousand accesses in 2Q13 over 1Q13), for the first time since 3Q10;
- Growth in **fixed broadband services net adds**, recording 84 thousand in 2Q13, which represents 4 times the amount recorded in 1Q13. Growth in additions at higher speeds, with the FTTH customer base having reached 145 thousand in the quarter, 16% higher in relation to 1Q13;
- Positive quarterly growth in **TV accesses** (+4.1% q-o-q), excluding, in both periods, mandatory disconnections in MMDS technology, reversing the quarterly drop since 4Q11;
- Consistent leadership in the mobile higher revenue segments, recording growth in **postpaid accesses**, (+20.4% y-o-y in 2Q13 over +17.4% y-o-y in 1Q13). Strong improvement in the customer mix, being 27.1% of the accesses base in the postpaid segment, +1.5 p.p. above 1Q13;
- **Mobile ARPU** registered growth of 4.1% y-o-y, stimulated by the 23.4% growth in Data ARPU in the period;

- **Total Net Revenue** recorded growth of 3.0% y-o-y in the quarter. It must be pointed out that, in April/13, a reduction of the MTR by -11.8% and of the VC by -8.8% became effective. Excluding the regulatory effect the annual growth would be 4.6% in the quarter;

- **Fixed Service Revenue** recorded substantial improvement in the annual variation recording -5.2% y-o-y in 2Q13 (-4.1% excluding the effect of the reduction in the VC) over -8.9% in 1Q13;

- **Mobile Services Revenue** recorded variation of 5.2% compared to 2Q12. Excluding the effect of the MTR reduction in April/13, such variation would be 7.1% y-o-y;

- Year-to-date **Recurrent EBITDA** recorded R\$ 5.3 billion with **EBITDA Margin** of 31.3% (-2.0 p.p. y-o-y) in the semester;

- **Net Income** in 2Q13 recorded growth of 13% when compared to 1Q13;

- **Investments** of R\$ 1.3 billion in the quarter, equivalent to 15% of the Net Revenue, focusing on quality, 3G Plus and 4G coverage and fiber expansion;

- **Corporate reorganization** process concluded after ANATEL's consent and approval by the Special Shareholders' Meeting, simplifying the corporate structure and accelerating the operating integration process.

Note: (1) y-o-y: annual variation and (2) q-o-q: quarterly variation.

HIGHLIGHTS

Net Operating Revenues	8,491.5	8,555.5	(0.7)	8,240.4	3.0	17,047.0	16,551.7	
Net Operating Services Revenues	8,170.3	8,189.7	(0.2)	8,071.9	1.2	16,360.0	16,201.9	
Net operating mobile services revenues	5,219.2	5,270.5	(1.0)	4,959.8	5.2	10,489.7	9,884.2	
Net operating fixed revenues	2,951.1	2,919.2	1.1	3,112.1	(5.2)	5,870.4	6,317.7	(7)
Net handset revenues	321.2	365.8	(12.2)	168.5	90.6	687.0	349.9	9
Operating costs	(5,916.0)	(5,807.9)	1.9	(5,149.0)	14.9	(11,723.9)	(10,614.4)	1
<i>Recurrent Operating costs</i>	<i>(5,995.6)</i>	<i>(5,718.1)</i>	<i>4.9</i>	<i>(5,510.6)</i>	<i>8.8</i>	<i>(11,713.7)</i>	<i>(11,040.8)</i>	
EBITDA	2,575.5	2,747.6	(6.3)	3,091.4	(16.7)	5,323.1	5,937.3	(10)
<i>EBITDA Margin %</i>	<i>30.3%</i>	<i>32.1%</i>	<i>(1.8) p.p.</i>	<i>37.5%</i>	<i>(7.2) p.p.</i>	<i>31.2%</i>	<i>35.9%</i>	<i>(4.6) p.p.</i>
<i>Recurrent EBITDA</i>	<i>2,495.9</i>	<i>2,837.4</i>	<i>(12.0)</i>	<i>2,729.8</i>	<i>(8.6)</i>	<i>5,333.3</i>	<i>5,510.9</i>	<i>(3)</i>
<i>Recurrent EBITDA Margin %</i>	<i>29.4%</i>	<i>33.2%</i>	<i>(3.8) p.p.</i>	<i>33.1%</i>	<i>(3.7) p.p.</i>	<i>31.3%</i>	<i>33.3%</i>	<i>(2.0) p.p.</i>
Net income	914.2	810.2	12.8	1,085.6	(15.8)	1,724.4	2,042.1	(15)
Capex	1,252.4	708.0	76.9	1,143.5	9.5	1,960.4	2,308.1	(15)
Total accesses (thousand)	91,141	90,859	0.3	90,858	0.3	91,141	90,858	
Total Mobile accesses	76,200	75,988	0.3	75,720	0.6	76,200	75,720	
Total Fixed accesses	14,941	14,871	0.5	15,138	(1.3)	14,941	15,138	(1)

Telefônica Brasil S.A. (BM&FBOVESPA: VIVT3 and VIVT4, NYSE: VIV), discloses today its consolidated results for the second quarter of 2013, presented in accordance with the International Financial Reporting Standards (IFRS) and with the pronouncements, interpretations and guidelines of the Accounting Pronouncements Committee. Totals are subject to differences due to rounding up or down. The results of the following direct and indirect subsidiaries are consolidated in the Company's statements: Vivo S.A., Telefônica Data S.A., A. Telecom S.A., Telefônica Sistema de Televisão S.A., Ajato Telecomunicações Ltda., GTR Participações e Empreendimentos S.A., TVA Sul Paraná S.A., Lemontree S.A., Comercial Cabo TV São Paulo S.A., Aliança Atlântica Holding B.V., Companhia AIX de Participações and Companhia ACT de Participações.

Mobile Business

OPERATING PERFORMANCE

Mobile total accesses	76,200	75,988	0.3	75,720	0.6	76,200	75,720	0.6
Postpaid	20,685	19,518	6.0	17,177	20.4	20,685	17,177	20.4
Prepaid	55,515	56,470	(1.7)	58,542	(5.2)	55,515	58,542	(5.2)
Market Share (*)	28.7%	28.8%	(0.1) p.p.	29.6%	(0.9) p.p.	28.7%	29.6%	(0.9) p.p.
Postpaid	37.8%	37.1%	0.8 p.p.	36.6%	1.2 p.p.	37.8%	36.6%	1.22 p.p.
Mobile broadband (modem only)	48.1%	47.4%	0.7 p.p.	49.1%	(1.0) p.p.	48.1%	49.1%	(1.0) p.p.
Net additions	212	(150)	n.a.	936	(77.3)	62	4,166	(98.5)
Postpaid	1,167	716	63.0	557	109.6	1,882	1,062	77.3
Market Share of net additions (*)	47.6%	14.8%	32.8 p.p.	15.3%	32.3 p.p.	47.6%	15.3%	32.3 p.p.
Postpaid	73.5%	46.3%	27.3 p.p.	37.9%	35.6 p.p.	73.5%	37.9%	35.6 p.p.
Market penetration	134.3%	133.6%						