

OI S.A.
Form 6-K/A
August 13, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K/A

AMENDMENT NO. 1

Report of Foreign Private Issuer Pursuant to Rule 13a-16 or
15d-16 of the Securities Exchange Act of 1934

For the month of August 2014

Commission File Number: 1-15256

OI S.A.

(Exact Name as Specified in its Charter)

N/A

(Translation of registrant's name into English)

Rua General Polidoro, No. 99, 5th floor/part Botafogo

22280-001 Rio de Janeiro, RJ

Federative Republic of Brazil

(Address of principal executive offices)

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(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:

(Indicate by check mark whether the registrant by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes: No:

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

EXPLANATORY NOTE

This Amendment to our report on Form 6-K, which was originally furnished to the U.S. Securities and Exchange Commission (the SEC) on August 6, 2014 (the Original Form 6-K), is being furnished solely for the purposes of amending the Original Form 6-K to correct numerical errors in the 2Q13 column in Table 10 of our second quarter earnings release. A corrected version of our second quarter earnings release has been attached as to this Form 6-K and supersedes the earlier version attached to the Original Form 6-K. No other portions of the Original Form 6-K were amended.

QUARTERLY REPORT

Consolidated Information and Earnings (Unaudited)

This report contains the operating and financial performance of Oi S.A. and its direct and indirect subsidiaries for the second quarter of 2014.

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Results Highlights

	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY
Oi S. A.								
Pro-forma								
Revenue								
Generating								
Unit (000)	102,149	100,254	101,689	1.9%	0.5%	102,149	100,254	1.9%
Brazil	74,895	74,757	74,600	0.2%	0.4%	74,895	74,757	0.2%
Portugal	12,940	12,807	13,038	1.0%	-0.8%	12,940	12,807	1.0%
Others ⁽¹⁾	14,314	12,690	14,051	12.8%	1.9%	14,314	12,690	12.8%
Net								
Revenues								
(R\$ million)	9,024	8,989	9,073	0.4%	-0.5%	18,097	17,898	1.1%
Brazil	6,935	7,073	6,877	-2.0%	0.8%	13,811	14,114	-2.1%
Portugal	1,853	1,693	1,954	9.5%	-5.2%	3,808	3,341	14.0%
Others ⁽¹⁾	236	223	243	5.6%	-2.9%	478	443	8.0%
EBITDA								
(R\$ million)	2,549	3,239	3,823	-21.3%	-33.3%	6,372	6,194	2.9%
EBITDA								
Margin (%)	28.3%	36.0%	42.1%	-7.8 p.p.	-13.9 p.p.	35.2%	34.6%	0.6 p.p.
Routine								
EBITDA								
(R\$ million)	2,471	2,312	2,577	6.9%	-4.1%	5,048	4,663	8.2%
Routine								
EBITDA								
Margin (%)	27.4%	25.7%	28.4%	1.7 p.p.	-1.0 p.p.	27.9%	26.1%	1.8 p.p.
Net								
Earnings ⁽²⁾ (R\$ million)								
	-221	-124	228	77.8%	n.m.	7	138	-95.2%
Net Debt								
(R\$ million)	46,239	30,262	30,291	52.8%	52.6%	46,239	30,262	52.8%
Available								
Cash (R\$ million)								
	5,988	3,320	4,166	80.4%	43.7%	5,988	3,320	80.4%
CAPEX (R\$ million)								
	1,676	1,934	1,540	-13.3%	8.8%	3,216	3,940	-18.4%

Note: (1) Other international assets

(2) 2Q14 net earnings consolidate PT Portugal SGPS, S.A. (PT Portugal) after the capital raise concluded on May 5.

Net Revenues:**Table 1 Breakdown of Net Revenues**

R\$ million	Quarter					Half Year			Weight %	
	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY	2Q14	2Q13
Total Net Revenues										
(Pro-forma)	9,024	8,989	9,073	0.4%	-0.5%	18,097	17,898	1.1%	100.0%	100.0%
Brazil	6,935	7,073	6,877	-2.0%	0.8%	13,811	14,114	-2.1%	76.9%	78.7%
Residential	2,519	2,578	2,552	-2.3%	-1.3%	5,072	5,133	-1.2%	27.9%	28.7%
Personal										
Mobility	2,231	2,255	2,166	-1.1%	3.0%	4,397	4,571	-3.8%	24.7%	25.1%
Corporate /										
SMEs	2,096	2,154	2,091	-2.7%	0.2%	4,187	4,232	-1.1%	23.2%	24.0%
Other services	89	86	66	3.4%	33.2%	155	178	-12.9%	1.0%	1.0%
Portugal	1,853	1,693	1,954	9.5%	-5.2%	3,808	3,341	14.0%	20.5%	18.8%
Residential	534	475	579	12.4%	-7.7%	1,113	947	17.5%	5.9%	5.3%
Personal										
Mobility	474	439	488	7.9%	-2.8%	962	856	12.4%	5.3%	4.9%
Corporate /										
SMEs	577	541	614	6.8%	-6.0%	1,191	1,075	10.8%	6.4%	6.0%
Other services	268	238	274	12.6%	-2.1%	541	463	17.0%	3.0%	2.6%
Others	236	223	243	5.6%	-2.9%	478	443	8.0%	2.6%	2.5%

In 2Q14 pro-forma consolidated net revenues reached R\$ 9,024 million, up by 0.4% y.o.y benefitting from the appreciation of the Euro against the Brazilian Real.

Revenues of the Brazilian businesses (Brazil) declined by 2.0% y.o.y to R\$ 6,935 million, reflecting primarily:

(i) reduction of network usage revenues,

mainly as a result of lower interconnection tariffs in mobile voice services (MTR); (ii) lower fixed voice revenues mainly due to lower customer gross additions and decline in fixed-to-mobile tariffs (VCs), and (iii) lower voice and data traffic volumes impacted by fewer working days in June. This was partially offset by: (i) higher handset sales; (ii) growth of mobility customer revenues, on the back of resilient performance in recharges and data usage, and (iii) pick up in pay TV and broadband revenues in the Residential segment.

Revenues of the Portuguese telecommunication businesses (Portugal) increased by 9.5% y.o.y to R\$ 1,853 million in 2Q14. In local currency, total net revenues amounted to Euro 606 million, decreasing by 3.4% y.o.y, maintaining a similar trend to the previous quarter, underpinned by continued strong performance of MEO s convergent offer MO in terms of net adds both in the Residential and Personal Mobility segments. In 2Q14, customer revenues from Portuguese telecommunications businesses decreased by 4.5% y.o.y, an improvement compared to a decline of 6.1% in the previous quarter, and the best performance over the last six quarters.

Other businesses, which include primarily the fully consolidated African assets, increased by 5.6% y.o.y to R\$ 236 million in 2Q14 also benefiting from favorable currency effects.

BRAZIL

In 2Q14, on a pro-forma basis, net revenues totaled R\$ 6,935 million (-2.0% y.o.y).

On a sequential basis, net revenues grew 0.8% supported by the increase of mobile customer base, growth in data usage, resilient performance of prepaid recharges and handset sales, which more than compensated the decrease in voice fixed-line revenues.

Residential

	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY
Residential								
Net Revenues (R\$ million)	2,519	2,578	2,552	-2.3%	-1.3%	5,072	5,133	-1.2%
Revenue Generating Units (RGU) - (000)	17,514	18,438	17,661	-5.0%	-0.8%	17,514	18,438	-5.0%
Fixed Line in Service	11,360	12,242	11,556	-7.2%	-1.7%	11,360	12,242	-7.2%
Fixed Broadband	5,268	5,296	5,277	-0.5%	-0.2%	5,268	5,296	-0.5%
Pay TV	887	900	828	-1.5%	7.0%	887	900	-1.5%
ARPU Residential (R\$)	73.9	70.2	73.6	5.3%	0.4%	73.8	69.5	6.2%

Net revenues from Residential segment totaled R\$ 2,519 million in 2Q14 (-2.3% y.o.y), and were primarily impacted by: (i) the decline in the fixed-to-mobile

tariffs (VCs), and (ii) lower gross additions, especially in fixed line and broadband, as a result of the ongoing restructuring of the sales channels, business process reengineering, implementation of a new field force management system and lower number of working days in June.

In 2Q14, Oi continued to focus on preparing the organization to offer multiple-play services, which is expected to have a favorable impact in ARPU and in customer loyalty. Notwithstanding the restructuring being implemented, broadband and pay TV revenues grew by 4.0% y.o.y and 3.3% y.o.y, respectively, partially offsetting the decline in fixed voice revenues (-4.0% y.o.y in 2Q14).

ARPU reached R\$ 73.9 in 2Q14, an improvement of 5.3% y.o.y underpinned by the focus on upselling and cross selling services and managing churn more efficiently. In effect, ARPU growth benefitted from: (i) pick up in gross additions of the pay TV service, with the re-launch of the commercial offer including more complete content packages and Globo channels and additional premium channels, and (ii) focus in improving broadband services, underpinned by network improvements and attractive offerings designed to offer higher speeds at attractive prices.

Regarding the network, it is important to underline that the share of broadband gross additions with speeds at or above 5 Mbps has increased and consequently impacted the base mix. In 2Q14, the average broadband speed was 4.1 Mbps (+14.9% y.o.y).

As a result of the continued efforts to promote multiple-play services, as at 30 June 2014, 60% of the households connected to the network had more than one Oi product, an annual increase of 3.0pp.

Wireline

At the end of 2Q14, Oi had 11,360 thousand wireline customers in the Residential segment (-7.2% y.o.y) with net disconnections of 196 thousand fixed lines in 2Q14. This performance reflected primarily lower gross additions due to: (i) reduction in sales volume in the context of the restructuring of the sales channels and processes as referred to above; (ii) implementation of a conservative credit policy, and (iii) the impact of stoppages in field force due to strikes in Bahia and southern region of Brazil which impacted installation and repair procedures of fixed voice and broadband services.

Oi continues to focus on offering customized wireline offers and bundled packages combining broadband, pay TV and mobile services. Oi is also offering plans in the Personal Mobility segment that promote fixed-to-mobile convergence through cross selling efforts and other retention initiatives, aimed at offering products well targeted at the customer needs. In this context, the bundled offerings Oi Conta Total (OCT) and Oi Voz Total (OVT) have contributed to improve ARPU and lower churn. All these bundled offerings have a significant lower churn rates when compared to single products.

OCT is a commercial offer that combines wireline, broadband and postpaid mobile. It can also be combined with pay TV and with mobile data packages.

OVT is a commercial offer combining wireline and prepaid mobile, which was designed to promote fixed-to-mobile convergence and increase customer loyalty. This offering already corresponds to approximately 13% of the Residential wireline base in 2Q14 and posted a 54.1% annual increase in the number of fixed lines bundled with prepaid. OVT customers have a much lower churn rate than the standard wireline customers. Additionally, it is worth pointing out that the average penetration of SIM cards per OVT customer has increased 22% from 1.2 in 2Q13 to 1.5 in 2Q14.

Broadband

In 2Q14, Oi totaled 5,268 thousand fixed broadband RGUs in the Residential segment (-0.5% y.o.y), with net disconnections of nine thousand in 2Q14. This performance is explained by ongoing restructuring of processes, lower commercial activity and field force stoppages as explained above.

The penetration of Oi's fixed broadband in residences with Oi services reached 45.9% (+3.0pp y.o.y). Notwithstanding lower gross additions, in 2Q14 there were continued improvements in customer profitability and retention, a direct result of the Company's efforts to invest in the expansion and capacity of its broadband network and in customer speeds upgrade. In 2Q14, the average speed for Residential broadband customers increased by 14.9% y.o.y to 4.1 Mbps. Also, the share of RGUs with speeds equal to or greater than 5 Mbps and 10 Mbps improved 8.2pp y.o.y to 43.7% and 3.8pp to 20.2%, respectively.

In terms of gross additions, the contracted average speed was 4.6 Mbps (+35.5% y.o.y). Currently, around 55.5% of Oi's gross additions have speeds equal to or greater than 5 Mbps and 22.2% have speeds equal to or greater than 10 Mbps.

Together with pay TV, broadband plays an important role in increasing share of wallet and profitability through cross selling and upselling of bundled offerings. As a result, broadband churn rate continued to decline, reflecting the strategy to focus on improving the quality of the customer base.

Pay TV

As at the end of 2Q14, Oi had 887 thousand pay TV customers (-1.5% y.o.y). This decline reflects primarily the base cleanup occurred in 4Q13 and the focus on improving the quality of sales in anticipation of the new Oi TV offer that was marketed in late March 2014. On a sequential basis, pay TV customers grew by 7.0% q.o.q.

The new Oi TV offer is anchored on a differentiated value proposition that includes more channels, including a broad range of Globo channels and new pay-per-view and interactive services. The re-launch of Oi TV followed the implementation of a new TV platform using the SES-6 satellite contracted in 2013

thus allowing Oi to achieve an important competitive edge. SES-6 provides the greatest satellite capacity in the Brazilian market, whilst improving signal quality and coverage, thus allowing Oi TV offer to include open channels in HD via DTH, even in entry-level packages. In March 2014, Oi entered into an agreement to increase the number of Rede Globo affiliate stations from 13 to 43, thereby becoming the satellite pay TV operator with the highest number of Globo channels. These 43 stations cover around three thousand municipalities and Oi is the only pay TV operator to receive Globo's signal in 2 thousand of these municipalities thus further contributing to the differentiation of Oi TV offer.

The new Oi TV offer is enabling also a greater upselling potential in Oi's portfolio, driving ARPU growth and playing a strategic role in retaining and increasing the loyalty of residential customers.

The re-launch of Oi TV in late March contributed to underpin pay TV sales, which posted an increase in gross adds of 66% q.o.q in 2Q14. Oi TV has reached the mark of around three thousand daily sales. Penetration of Oi TV reached 7.7% of homes with Oi products in 2Q14 equivalent to +0.4pp y.o.y and +0.5pp q.o.q. Installation of Oi TV customers was not impacted by the stoppages in installation in Bahia and in the southern region of Brazil as Oi uses different service providers.

Residential ARPU

As at the end of 2Q14, Oi had 11,483 thousand homes connected to the network. Approximately 60% of the homes, or 6,901 thousand homes, had more than one Oi product, which is a 3.0pp improvement y.o.y. As a result of the focus on bundled offering sales, combined with the upselling initiatives, residential ARPU continued to post positive results, closing 2Q14 at R\$ 73.9 (+5.3% y.o.y). In 1H14 ARPU stood at R\$ 73.8 (+6.2% y.o.y).

Personal Mobility

	2Q14	2Q13	1Q14	YoY	QoQ	1H14	1H13	YoY
Personal Mobility								
Net Revenues (R\$ million)	2,231	2,255	2,166	-1.1%	3.0%	4,397	4,571	-3.8%
Service	2,023	2,127	2,053	-4.9%	-1.5%	4,075	4,295	-5.1%
Customer ⁽¹⁾	1,698	1,595	1,654	6.5%	2.7%	3,352	3,193	5.0%
Network Usage	324	532	399	-39.0%	-18.8%	723	1,103	-34.4%
Sales of handsets, sim cards and others	208	128	114	62.5%	83.3%	322	276	16.5%
Revenue Generating Units (RGU) - ('000)	48,618	46,896	48,145	3.7%	1.0%	48,618	46,896	3.7%
Prepaid Plans	41,801	40,235	41,417	3.9%	0.9%	41,801	40,235	3.9%
Postpaid Plans ⁽²⁾	6,817	6,661	6,729	2.3%	1.3%	6,817	6,661	2.3%

Note: (1) Includes: subscriptions, outgoing calls, mobile long distance, roaming, data and value added services.

(2) Includes: high-end postpaid plans, Oi Controle, bundled mobile services (Oi Conta Total and Oi Internet Total) and 3G (mini-modem).

Net revenues from Personal Mobility segment totaled R\$ 2,231 million in 2Q14 (-1.1% y.o.y), mainly impacted by MTR cuts, lower long-distance revenues and fewer working days in June. This was partially offset by the increase in data revenues and handset sales.

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Customer revenues reached R\$ 1,698 million this quarter, an increase of 6.5% y.o.y. The trends showed marked improvement compared to +3.6% y.o.y in 1Q14 and +3.4% y.o.y in 4Q13.

This performance is explained by: (i) customer base expansion of 3.7% y.o.y; (ii) solid growth in data revenues (mobile internet, mobile broadband and value added services), which reached R\$ 471 million (+36.1% y.o.y) or 28% of the total customer revenue (+6.0pp y.o.y); (iii) continued and consistent growth in average recharge volume in the prepaid segment, supported by the usage of Active Campaign Management (ACM) tool to target more efficiently prepaid offerings, and (iv) the growth in Oi Controle offer, in the postpaid segment.

Revenues from network usage decreased 39.0% y.o.y and 18.8% q.o.q to R\$ 324 million, due to the regulated cut in MTRs implemented in February 2014. In effect, MTRs charged per minute by Oi stood at R\$ 0.34945, R\$ 0.36185 and R\$ 0.35107 in Region I, II and III, respectively, between 24 February 2012 and 5 April 2013. Between 6 April 2013 and 23 February 2014, MTRs stood at R\$ 0.31034, R\$ 0.31949 and R\$ 0.30970 in Region I, II and III, respectively, with an intermediate step in Region I at R\$ 0.31511 on 9 June 2013. As from 24 February 2014, MTRs declined further to R\$ 0.23275, R\$ 0.23961 and R\$ 0.23227 in Region I, II and III, respectively. This represented a 25% cut versus the previous level. Additionally, MTRs are expected to decline an additional 33.3% as from 24 February 2015 to R\$ 0.15517, R\$ 0.15974 and R\$ 0.15485, respectively in Region I, II and III.

In 2Q14, the handset sales amounted to R\$ 208 million (+62.5% y.o.y). Notwithstanding the very strict subsidy policy and focus on sales quality and cash flow protection, Oi boosted its handset sales volume through partnerships with large retailers as a strategic initiative to leverage its SIM card sales and increase the smartphone penetration in its customer base. This movement is focused on selling handsets for prepaid and Oi Controle customers and is also aimed at stimulating data usage.

Oi had 48,618 thousand RGUs in the Personal Mobility segment (+3.7% y.o.y) at the end of 2Q14.

Net additions totaled 1,722 thousand in the last twelve months (+1.4% y.o.y), of which 1,566 thousand were prepaid and 156 thousand were postpaid. In 2Q14, net adds reached 473 thousand up by 44.4% y.o.y. The monthly churn declined by 0.3pp y.o.y, staying at its lowest levels since 4Q11, a direct result of the new sales strategy focused on quality of sales.

At the end of 2Q14, Oi's mobile customer base (Personal Mobility + Corporate / SMEs) totaled 51,103 thousand RGUs, 48,618 thousand of which in Personal Mobility and 2,485 thousand in Corporate / SMEs. In 2Q14, gross and net additions came to 6.0 million and 502 thousand, respectively.

Prepaid

In 2Q14, prepaid customers reached 41,801 thousand (+3.9% y.o.y and +0.9% q.o.q) with net adds of 1,566 thousand RGUs in the last twelve months.

Prepaid remains the key offering in Personal Mobility given its intrinsic characteristics: (i) low customer acquisition cost; (ii) no billing and collection costs; (iii) no bad debt, and (v) favorable impact on working capital, in line with Oi's focus on cash generation and financial discipline.

Oi has concentrated its efforts on increasing the usage of voice and data of prepaid customers, especially those with an active consumption and recharge profile, fueling the continued strong recharge volume presented in the recent quarters.

Oi has also been encouraging the increase in recharge consumption by promoting offers such as Tudo por Dia and data and SMS packages. As a result, recharges continued to show a very solid profile, leading to an increase in gross recharge volume of 7.2% y.o.y. The average recharge ticket increased by 10.8% y.o.y, outpacing the 3.9% annual increase in the prepaid customer base.

In addition, the improved performance in recharge volume that Oi has presented in recent quarters also benefits from the utilization of the Active Campaign Management. This is a tool that manages recharge campaigns through a one-to-one marketing concept, creating, executing and managing customized campaigns for prepaid and Oi Controle customers, through real time marketing messages in order to encourage customers to recharge their accounts and purchase add-on packages based on their profile, thus improving the context and relevance of the promotions.

Mobile data in the prepaid segment continues to post consistent and substantial revenue growth. Data volumes increased more than a 100% y.o.y, doubling the share of data usage in the recharge consumption. Additionally, VAS revenues from prepaid segment increased by 17% y.o.y, a direct result of: (i) the add-on packages that complement customer offerings, and (ii) the use of active marketing tools.

Postpaid

In 2Q14, postpaid customers in the Personal Mobility segment stood at 6,817 thousand (+2.3% y.o.y and +1.3% q.o.q), despite the sales channel restructuring and the more restrictive sales approach adopted by this segment since last year.

Postpaid customers accounted for 14.0% of the Personal Mobility base and its current performance is being underpinned by sales of Oi Controle.

Oi Controle plan consists of a fixed-mobile affordable offer that includes unlimited on-net calls to fixed and mobile in Brazil for R\$ 29.90/month,

including also R\$ 10.90/month to be used for other services, including off-net calls, and R\$ 0.75/day for data, SMS and Wifi usage. The payment for this service is by credit card. Moreover, if the credits run out before time, the customer can recharge the credits at any time. As such, while still benefitting from the absence of bad debt and favorable impact on working capital in line with the advantages of prepaid offers, Oi Controle also benefits from a heavier consumption profile in line with postpaid offers, thus allowing this hybrid plan to have a more attractive ARPU (circa 2.2x) than that of prepaid plans. In 2Q14, the Oi Controle customer base posted an annual increase of 9.2%, and already accounts for circa 10% of customer revenues. Additionally, Oi Controle has a lower churn rate than prepaid offers.

3G and 4G LTE coverage

Oi's 3G coverage reaches 937 municipalities, equivalent to 77% of the country's urban population, an increase of 8%, or 67 municipalities, over 2Q13. Oi continues to invest in improving its 3G coverage and capacity to continue to respond to the demands of growing data usage and volumes and capture the opportunity of revenue growth in the mobile data segment.