

OI S.A.
Form 6-K
November 13, 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 of the Securities Exchange Act of 1934

For the month of November 2013

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)

(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:**

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(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:

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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):

3Q13

In 3Q13 Oi's net revenue increased 0.8% year-over-year (3Q13 over 3Q12), totaling R\$7.1 billion, mainly as a result of higher Personal Mobility service revenue underpinned by pre-paid recharges and data growth, together with expansion of pay TV and broadband in the Residential segment.

EBITDA totaled R\$2.1 billion in the quarter, increasing 19% sequentially, as a result of the first impacts from the Company's focus on financial discipline and operational efficiency.

Operational cash flow (EBITDA minus Capex) amounted to R\$599 million in the quarter, presenting a significant year-over-year and sequential improvement.

Net debt stood at R\$29,3 billion, declining 0.7% when compared to the previous quarter.

Revenue Generating Units (RGUs) grew 2.2% over 3Q12 and remained stable in the quarter, totaling 74.9 million at the end of September 2013.

Consolidated Results

	3Q13	3Q12	2Q13	YoY	QoQ	9M13	9M12	YoY
Oi S. A.								
Pro-Forma								
Revenue Generating Unit ('000)	74,873	73,265	74,757	2.2%	0.2%	74,873	73,265	2.2%
Residential	18,336	18,189	18,438	0.8%	-0.6%	18,336	18,189	0.8%
Personal Mobility	47,337	45,568	46,896	3.9%	0.9%	47,337	45,568	3.9%
Business / Corporate	8,542	8,782	8,755	-2.7%	-2.4%	8,542	8,782	-2.7%
Public Telephones	657	726	667	-9.5%	-1.5%	657	726	-9.5%
Net Revenue (R\$ million)	7,099	7,041	7,073	0.8%	0.4%	21,213	20,752	2.2%
Residential	2,564	2,490	2,578	3.0%	-0.5%	7,697	7,385	4.2%
Personal Mobility	2,330	2,305	2,255	1.1%	3.3%	6,901	6,640	3.9%
Business / Corporate	2,106	2,134	2,154	-1.3%	-2.2%	6,339	6,315	0.4%
VAS and Others	99	112	86	-11.6%	15.1%	276	412	-33.0%
EBITDA (R\$ million)	2,139	2,190	1,797	-2.3%	19.0%	6,087	6,357	-4.3%

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EBITDA Margin (%)	30.1%	31.1%	25.4%	-1.0 p.p.	4.7 p.p.	28.7%	30.6%	-1.9 p.p.
Net Earnings (R\$ million)	172	587	-124	-70.7%	n.m.	310	1,378	-77.5%
Net Debt (R\$ million)	29,295	24,483	29,489	19.7%	-0.7%	29,295	24,483	19.7%
Available Cash (R\$ million)	4,758	6,905	4,092	-31.1%	16.3%	4,758	6,905	-31.1%
CAPEX (R\$ million)	1,540	2,007	1,506	-23.3%	2.3%	4,736	4,458	6.2%

Note: (1) Net income in 9M12 refer to two months of results from the former BrT and seven months from Oi S.A.
(2) SMEs: small and medium enterprises.

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Net Revenue:

Year-over-year net revenue growth driven by the Residential and Personal Mobility segments

Table 1 Breakdown of Net Revenue

R\$ million	Quarter			9 Months			%			
	3Q13	3Q12	2Q13	YoY	QoQ	9M13	9M12	3Q13	3Q12	
Residential	2,564	2,490	2,578	3.0%	-0.5%	7,697	7,385	4.2%	36.1%	35.4%
Personal Mobility	2,330	2,305	2,255	1.1%	3.3%	6,901	6,640	3.9%	32.8%	32.7%
Services	1,679	1,562	1,595	7.5%	5.3%	4,871	4,596	6.0%	23.6%	22.2%
Network Usage	554	608	532	-8.9%	4.1%	1,656	1,750	-5.4%	7.8%	8.6%
Sales of handsets, sim cards and others	97	135	128	-28.1%	-24.2%	374	294	27.2%	1.4%	1.9%
Corporate / SMEs	2,106	2,134	2,154	-1.3%	-2.2%	6,338	6,315	0.4%	29.7%	30.3%
Other Services	99	112	86	-11.6%	15.1%	277	412	-32.8%	1.4%	1.6%
Public Phone	10	7	7	42.9%	42.9%	19	52	-63.5%	0.1%	0.1%
VAS and Others	90	105	80	-14.3%	12.5%	258	361	-28.5%	1.3%	1.5%
Total Net Revenue	7,099	7,041	7,073	0.8%	0.4%	21,213	20,752	2.2%	100.0%	100.0%

Note: Results for 9M12 are pro forma.

Third-quarter net revenue totaled R\$7.1 billion, up 0.8% over the same period last year, mainly driven by: (i) the residential segment, as result of the increased customer base of pay TV and fixed broadband in the period and (ii) the personal mobility segment, which presented a 7.5% growth y-o-y in services revenues, driven by the improving volume of recharges and the increasing data usage.

Residential

	3Q13	3Q12	2Q13	YoY	QoQ
Residential					
Net Revenue (R\$ million)	2,564	2,490	2,578	3.0%	-0.5%
Revenue Generating Units (RGU) - (000)	18,336	18,189	18,438	0.8%	-0.6%
Fixed Line in Service	12,091	12,610	12,242	-4.1%	-1.2%
Fixed Broadband	5,336	4,975	5,296	7.3%	0.8%
Pay TV	909	604	900	50.5%	1.0%
ARPU Residential (R\$)	70.7	65.8	70.2	7.4%	0.7%

Focus on quality of the customer base with sustainable revenue growth

Net revenue from the Residential segment totaled R\$2.6 billion in 3Q13, up 3.0% compared to 3Q12, reflecting the continued increase in sales of bundled services (specially with broadband and pay TV), increasing the base of residences with more than one Oi's product, contributing to greater customer loyalty and profitability. In addition, upselling activities also contributed to the increase in revenue, both in terms of broadband, supported by improvements to the network in order to offer higher speeds, as well as pay TV, with the offer of pay-per-view, movies and premier channels, among others. As a result, residential ARPU reached R\$70.7 in 3Q13, up 7.4% from the R\$65.8 recorded in 3Q12 and up 0.7% on the previous quarter.

Given the current macroeconomic scenario (the weakened pace of the economy, declining consumer confidence and rising bad debt rates) and the Company's focus on financial discipline, since 2Q13 Oi has adopted a more conservative business strategy, adjusting its credit policies and revising its sales processes. This change is aimed at improving the quality of the customer base and, consequently, the bad debt and disconnection rates, in order to increase profitability. As a result, there was a reduction in gross additions, which was offset by a decline in churn in this segment.

Oi closed the quarter with 18,336 thousand RGUs in the Residential segment, equivalent to year-over-year growth of 0.8%, resulting from the expansion of pay TV (+50.5%), mainly as a result of Oi's unique introductory offer in this market, as well as, the growth in fixed broadband (+7.3%) and the maintenance of low fixed line disconnections levels. In addition, the partnership with Portugal Telecom has brought various process improvements to the allocation of resources, given the similarity between PT's and Oi's operational infrastructure.

Volume of net disconnections in the wireline base remained under control

At the end of 3Q13, Oi had 12,091 thousand wireline clients in the Residential segment. The Company maintained the low level of churn in historical terms, with net disconnections of 520 thousand fixed lines in the last 12 months.

The Company continues to implement initiatives focused on cross selling and retention in order to maintain the wireline disconnection levels under control. Those initiatives basically involve offering products that are most suitable to the customer's current profile. With this in mind, the options offered by Oi's sales teams include redesigning customers' wireline plans, selling new broadband subscriptions and pay TV to customers' bundled services, as well as, offering plans in the personal mobility segment that promote fixed to mobile convergence.

In addition, the increasingly adhesion to under-contract-plans have been other important way to control churn rates. Those plans essentially offer discounts on monthly bill to costumers who remain in the base for the entire term of their 12-month contract.

Broadband client base grew 7.3% y-o-y, reaching a household penetration of 44% (+5.1 p.p. in 12 months)

Oi ended the third quarter with 5,336 thousand fixed broadband RGUs in the Residential segment, up 7.3% over 3Q12. In the last 12 months, this product's net additions came to 361,000, which, together with pay TV, drove the increase in Residential RGUs (146,000 RGUs in 12 months). On a quarterly basis, there was a 0.8% increase in broadband RGUs, in line with the previous quarter, even with the Company's focus on the quality of its sales.

In 3Q13, the average speed for Residential broadband customers increased 23% y-o-y, from 3.0 Mbps, in 3Q12, to 3.7 Mbps. There was also an increase in the share of RGUs with speeds equal to or greater than 5 Mbps, up 8 p.p. year-over-year, ending September 2013 at 37%. Approximately 17% of broadband RGUs have speeds equal to or greater than 10 Mbps. These advances are the result of Oi's efforts to increase its ability to retain and profit from its customers, supported by investments to expand the capillarity and capacity of its broadband network and upgrade customer speeds.

Pay TV registered 50.5% y-o-y growth, reaching a household penetration of 7.5%

Oi ended 3Q13 with a pay TV base of 909,000 RGUs, up 50.5% from the same period last year. The quarterly growth rate was 1.0%, reflecting a more conservative business strategy, aligned with the Company's commitment to quality sales in all segments. The initiatives adopted for the segment included a more restrictive credit policy, changes to the pricing of entry-level packages and changes to the franchise commission policy, conditioning the payment of commissions on timely payments by the customers added.

In relation to the penetration of Oi TV in households with the Company's products, the percentage at the end of 3Q13 was 7.5%, up 2.8 p.p. from 4.7% in 3Q12. This increase is very important for the retention and loyalty of

residential customers. In addition, the pay TV segment has strong upselling potential within the Oi portfolio, due to the offer of pay-per-view channels and premier films, among others, which are critical to maintaining sustained residential ARPU growth. Note that Oi TV is a product that has a strong appeal to customers, because it offers an entry-level package with channels in HD at competitive prices.

In June 2013, the satellite leased by Oi (SES-6) to increase its DTH capacity went into orbit. The SES-6 satellite will not only improve signal quality and coverage, but also increase Oi TV's capacity, allowing it to offer more channels in its programming schedule and include new pay-per-view and interactive services. The additional capacity provided by the SES-6 satellite supports Oi's pay TV via DTH growth over the medium and long term.

Oi continues to develop the IPTV pilot project through fiber-to-the-home (FTTH) technology, which is available currently in certain neighborhoods in Rio de Janeiro. The offering comprises ultra-broadband connections of up to 200 Mbps and IPTV plans.

Residential ARPU continues to grow on the back of the progressive increase in the number of residences with more than one Oi product

Residential ARPU is calculated by dividing the Residential segment's total revenue by the average number of households served by Oi. Residential revenue is derived from wireline services, fixed broadband and pay TV.

The Company ended the third quarter with 12,138 thousand homes connected to the network, of which 57%, or 6,950 thousand homes, had more than one Oi product. Residential ARPU increased 7.4% in relation to 3Q12, closing the quarter at R\$70.7, resulting from the 5 p.p. y-o-y increase in the share of households with more than one product. This performance resulted from the growth in fixed broadband and pay TV (both in number of RGUs and average revenue per user through upselling), as well as the success of loyalty and retention initiatives in reducing losses in the wireline customer base.

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Personal Mobility

	3Q13	3Q12	2Q13	YoY	QoQ
Personal Mobility					
Net Revenue (R\$ million)	2,330	2,305	2,255	1.1%	3.3%
Services	1,679	1,562	1,595	7.5%	5.3%
Network Usage	554	608	532	-8.9%	4.1%
Sales of handsets, sim cards and others	97	135	128	-28.1%	-24.2%
Revenue Generating Units (RGU) - (000)	47,337	45,568	46,896	3.9%	0.9%
Pre-Paid Plans	40,676	39,483	40,235	3.0%	1.1%
Post-Paid Plans	6,662	6,085	6,661	9.5%	0.0%

Note: Postpaid plans include: High-end postpaid plans; Oi Controle; convergent mobile terminals (Oi Conta Total and Oi Internet Total), and 3G (mini-modem).

Growth in data usage and volume of recharges contributed to the y-o-y revenue increase despite the reduction in interconnection fees and sales of handsets

Net revenue from the Personal Mobility segment totaled R\$2.3 billion in 3Q13, up 1.1% on 3Q12.

Service revenue totaled R\$1.7 billion at the close of 3Q13, representing an increase of 7.5% over 3Q12. The highlight was data revenue (mobile internet, broadband plans, SMS and value added services), which posted a 58% year-over-year increase, mainly due to the increased penetration of data packages in 2013.

Net revenue from handset sales totaled R\$97 million, a year-over-year decrease of R\$38 million, resulting from the revision of the subsidy policy, aligned with focus on quality and cash flow protection, which makes more rational the use of this benefit, with a consequent reduction in the sale of handsets.

Oi closed the third quarter with 47,337 thousand RGUs in the Personal Mobility segment, up 3.9% over 3Q12. On a year-over-year basis, this increase was equivalent to 1,769 thousand net additions, of which 577,000 were postpaid RGUs and 1,193 thousand were prepaid.

Postpaid

Oi closed September 2013 with 6,662 thousand postpaid RGUs in the Personal Mobility segment, a 9.5% increase over the same period last year. The postpaid segment represented 14.1% of the Personal Mobility base at the end of 3Q13, which represented an increase over 3Q12 (+13.4%).

The postpaid customer base remained stable in comparison to 2Q13. The company adjusted its credit filters for the acquisition of new postpaid customers, becoming more restrictive in its sales and the provision of subsidies in order to reflect the country's current macroeconomic scenario and focus on financial discipline. These initiatives are focused on the quality of the sales and a reduced level of churn, seeking to monetize the segment through sustainable growth of the postpaid base.

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The offer of customer loyalty programs have supported the ongoing decline of voluntary churn, both in terms of postpaid customers and customers with mobile access through Oi Conta Total, Oi's convergent fixed-mobile offer.

Prepaid

The prepaid base ended the third quarter of 2013 with 40,676 thousand RGUs, representing an increase of 3.0%, or 1,193 thousand RGUs, in relation to 3Q12.

Given the Company's focus on financial discipline and cash generation, the prepaid segment is strategically important due to its intrinsic characteristics, such as: (i) very low relative customer acquisition costs, (ii) no invoice issuance or collection costs, (iii) the absence of bad debt and (iv) the positive impact on working capital. For these reasons, Oi has been focusing on this segment, seeking to increase the use of voice and data by these customers.

The prepaid base is currently concentrated in more active customers who frequently recharge their accounts, demonstrating the Company's focus on profitable growth.

One of the highlights of 3Q13 was the 8.8% year-over-year increase in the gross recharge volume, the highest level ever, outperforming the 3% increase in the prepaid customer base during the same period. As a result, the average recharge in 3Q13 registered its highest level since 2010, up 6.9% over 3Q12. To support this growth, the company improved the infrastructure for recharging accounts, increasing the capacity from 5,000 to 7,000 transactions per minute.

Mobile data consumption on prepaid lines continues to grow consistently in terms of SMS and mobile internet, as a result of add-on packages that complement customer offerings.

The Company has successfully implemented a platform to manage recharge campaigns, which began as a pilot project in 2Q13. This tool creates, executes and manages customized campaigns for prepaid and Oi Controle customers (one-on-one marketing concept). This new tool enables real time messages being sent to encourage customers to recharge their accounts and purchase add-on packages based on their profile and context, making the offerings more relevant.

Other important growth drivers in the prepaid segment were Oi's increased presence in national retail sales points (large retailers) and the expanded network of SIM card and recharge sales points, strengthening customer relations and providing additional convenience. The prepaid segment also presented lower levels of churn in 3Q13, even with the maintenance of the Company's strict disconnection policy.

Total Mobile Base

At the end of September 2013, Oi's mobile customer base (Personal Mobility + Corporate / SMEs) totaled 50,035 thousand RGUs, of which 47,337 thousand in Personal Mobility and 2,698 thousand in Corporate / SMEs. Oi's gross and net additions totaled 6.1 million and 215 thousand, respectively, in 3Q13.

In the third quarter, the Company took steps to increase its focus on profitable growth with initiatives for the prepaid and Controle segments, such as the continuation of a strict base clean-up policy and targeted direct marketing initiatives, and for the postpaid segment, with a commitment to higher quality sales.

Continued 3G coverage growth and 4G LTE offering

Oi closed the quarter with 3G coverage in 879 municipalities (76% of the urban population), an increase of 99%, or 437 municipalities, over September 2012. This improvement is key to increasing data penetration in the customer base and sustaining consistent revenue growth in the mobile data segment.

Oi already offers the 4G LTE data package in the six cities that hosted FIFA's Confederations Cup (Rio de Janeiro, Belo Horizonte, Brasília, Salvador, Recife and Fortaleza).

Mobile ARPU

Mobile ARPU takes total mobile revenue (Personal Mobility + Corporate / SMEs) into account as if it were a separate mobile company, which means it includes revenue from the traffic between the mobile and wireline divisions (intercompany). Following the same logic, revenue from mobile long-distance calls in the STFC license (fixed voice concession) is not included in the calculation. The amount is then divided by the average base to calculate the mobile ARPU.

Mobile ARPU was R\$20.5 in 3Q13, 7.7% lower than in 3Q12, due to lower interconnection revenue (MTR cuts), partially offset by the growth in data revenue and the increase in the recharge levels of the prepaid base.

Corporate / SMEs

	3Q13	3Q12	2Q13	YoY	QoQ
Corporate / SMEs					
Net Revenue (R\$ million)	2,106	2,134	2,154	-1.3%	-2.2%
Revenue Generating Units (RGU) - (000)	8,542	8,782	8,755	-2.7%	-2.4%
Fixed	5,222	5,371	5,306	-2.8%	-1.6%
Broadband	623	581	615	7.2%	1.3%
Mobile	2,698	2,830	2,834	-4.7%	-4.8%

Oi closed 3Q13 with 8,542 thousand RGUs in the Corporate / SME segment, representing a 2.7% decline in relation to 3Q12, reflecting the reductions in wireline and mobile, specially in the SME segment, partially offset by the increase in broadband and data services, particularly in the Corporate segment. The shrinkage of the customer base was mainly consequence of the Company's strategy to focus on profitability, including the more rational use of handset subsidies, as well as, the reassessment of sales process in seeking a higher quality customer addition mix.

Net revenue totaled R\$2.1 billion, down 1.3% (or R\$28 million) from 3Q12, mainly due to the reduction in the customer base and regulated wholesale tariffs, partially offset by the increase in corporate contracts.

In 3Q13, Oi presented the corporate and SME market with the second launch phase of its cloud computing services, reinforcing its strategy of helping customers to increase revenue and reduce costs through the use of innovative technology. The new solutions will operate on Oi and Portugal Telecom's international data center network, including the recently inaugurated Covilhã facility, one of the biggest in the world. Oi's strategy is to capture synergies with Portugal Telecom and take advantage of its cloud computing expertise to provide more complete services, seeking solutions that are both scalable and available, as well as to reduce costs.

SMEs

The total number of RGUs in the SME segment recorded a decline in 3Q13, mainly due to the more restrictive customer acquisition policy in relation to the mobile base, partially offset by RGU growth in broadband and wireline voice (basic and advanced). As a consequence, SME's net revenues decreased 4.2% y-o-y.

The Company increased its focus on profitability following the changes in the entry-level offerings in 2Q13, in order to raise the share of high value customers in total sales. It also focused on the profitability of the overall customer base by offering franchise and broadband speed upgrades.

As a means of improving the quality of sales and, consequently, reducing the segment's bad debt and disconnection rates, the Company altered its franchise commissioning policy, conditioning the payment of commissions on timely payments by the customers added. This initiative also seeks to improve the quality of the franchises, which are now subject to much stricter oversight. This change resulted in the restructuring of the franchise network based on sales efficiency and quality, which reduced the total number of franchisees. As a result, early churn (non-payment of the first and second monthly bills) has already fallen substantially and there has been an improvement in the sales chain thanks to the avoidance of unnecessary billing, collection and logistics costs.

The increase in the wireline base (voice and broadband) resulted from sales force training programs and improved targeting in the sales and service channels, as well as higher value-added offerings designed to protect the customer base.

The number of RGUs in the wireline base (basic and advanced voice) increased by 2.9% over 3Q12, continuing to consolidate the reversal of the wireline base decline in this segment, despite the more restrictive customer addition policy. The broadband base expanded by 8.3%, underlining the ongoing expansion of the broadband customer base in the SME segment.

The mobile segment fell by 21% year-over-year, reflecting the adverse economic situation, which jeopardized the payment capacity of some SME customers, leading to higher bad debt and, consequently, more involuntary disconnections.

It is worth emphasizing that the Company has reinforced its focus on financial discipline and customer profitability, repositioning its offers and revising its credit policies.

Corporate

In terms of operating performance, the 3Q13 corporate segment highlights were postpaid voice (+13.1%), VPN networking (+23.0%), internet access (+39.0%) and fixed digital trunking (+14.7%), which continued to record substantial growth, underlining the segment's focus on growing data communication, advanced voice and postpaid services. However, the result was negatively impacted by the insourcin