



EARNINGS RESULTS 4Q19



/Investor Relations

February/2020



The information contained in this presentation and any forward-looking statements that may be made during the conference call, related to business outlook, operational and financial projections of TOTVS are based on beliefs and assumptions of the Company's management, as well as information currently available. Forward-looking statements are not guarantee of future performance. They involve risks, uncertainties and assumptions as they refer to future events and, hence, depend on circumstances that may or may not occur. Investors must understand that general economic conditions, industry conditions and other operational factors could affect future performance of TOTVS and could lead to results that differ materially from those mentioned in these forward-looking statements.



CONSINCO ACQUISITION

With the acquisition of 100% of Consinco's capital stock, for the amount of R \$ 197 million, we took an important step to reinforce our position in the Retail segment and our role as Techfin. Consinco is the leading provider of management software for supermarket vertical and self-service wholesalers (Atacarejo) in the Brazilian market, the tip of a long supply chain, which will enable the generation of synergies between operations and the offer of solutions for financial services, such as B2B credit.

TOTS3 BECOMES PART OF IBOVESPA

Our inclusion in the Ibovespa index made TOTVS the first technology company to figure in Brazil's most important stock market index. This achievement reflects the Company's leadership position in the competitive software market and the recognition of the moment we are going through.

TOTVS NEW CAMPAIGN

"TOTVS believes in a Brazil that MAKES IT HAPPEN", highlights TOTVS track record as one of the Brazilian Companies that believes and invests in the country, reinforcing our commitment to support our customers to innovate, grow and perpetuate their businesses, contributing to the development of the country.

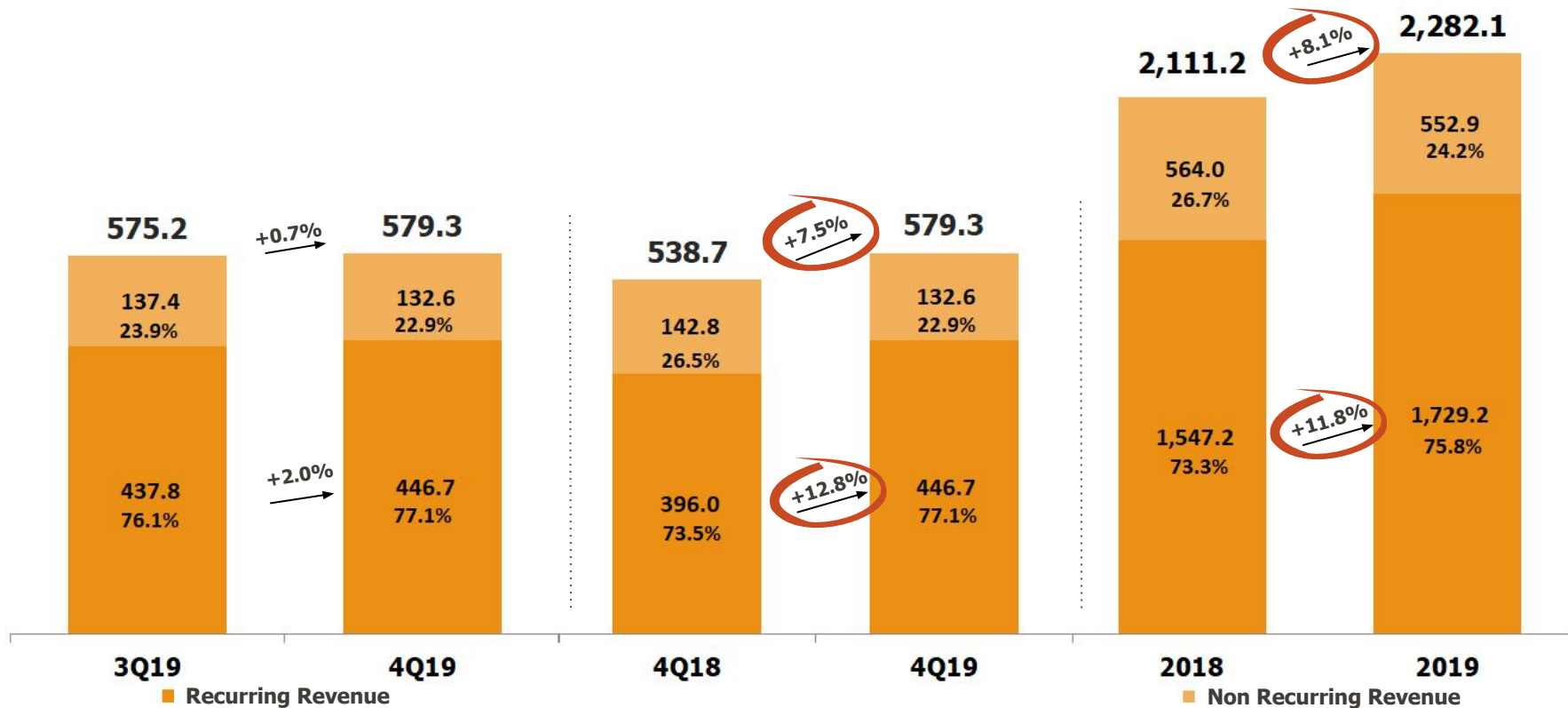


TOTAL REVENUE (R\$ MN)

4



2 DIGITS GROWTH OF RECURRING REVENUE IN ALL QUARTERS OF 2019
REPRESENTING MORE THAN 75% OF TOTAL REVENUE





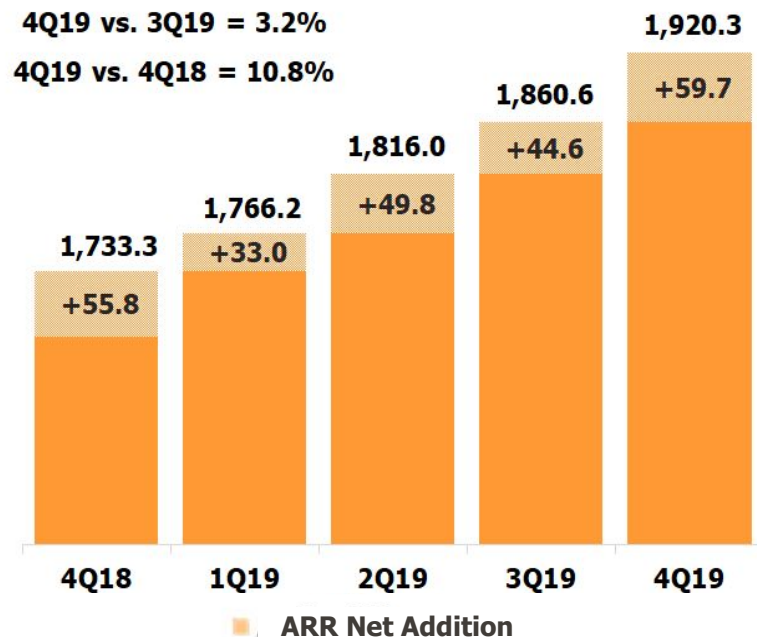
RECURRING REVENUE (R\$ MN)

5

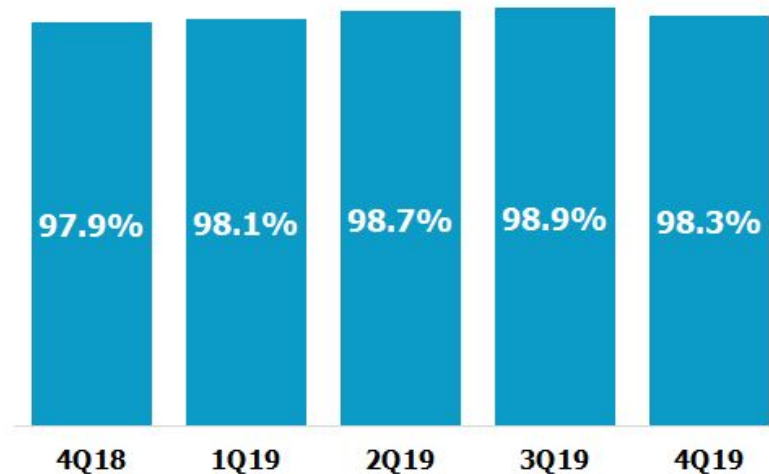


THE CLIENT RENEWAL RATE MAINTENANCE AND THE STRONG SALES VOLUME
RESULTED IN THE R\$1.9 BILLION ARR IN 2019

ANNUALIZED RECURRING REVENUE (ARR)



CLIENT RENEWAL RATE



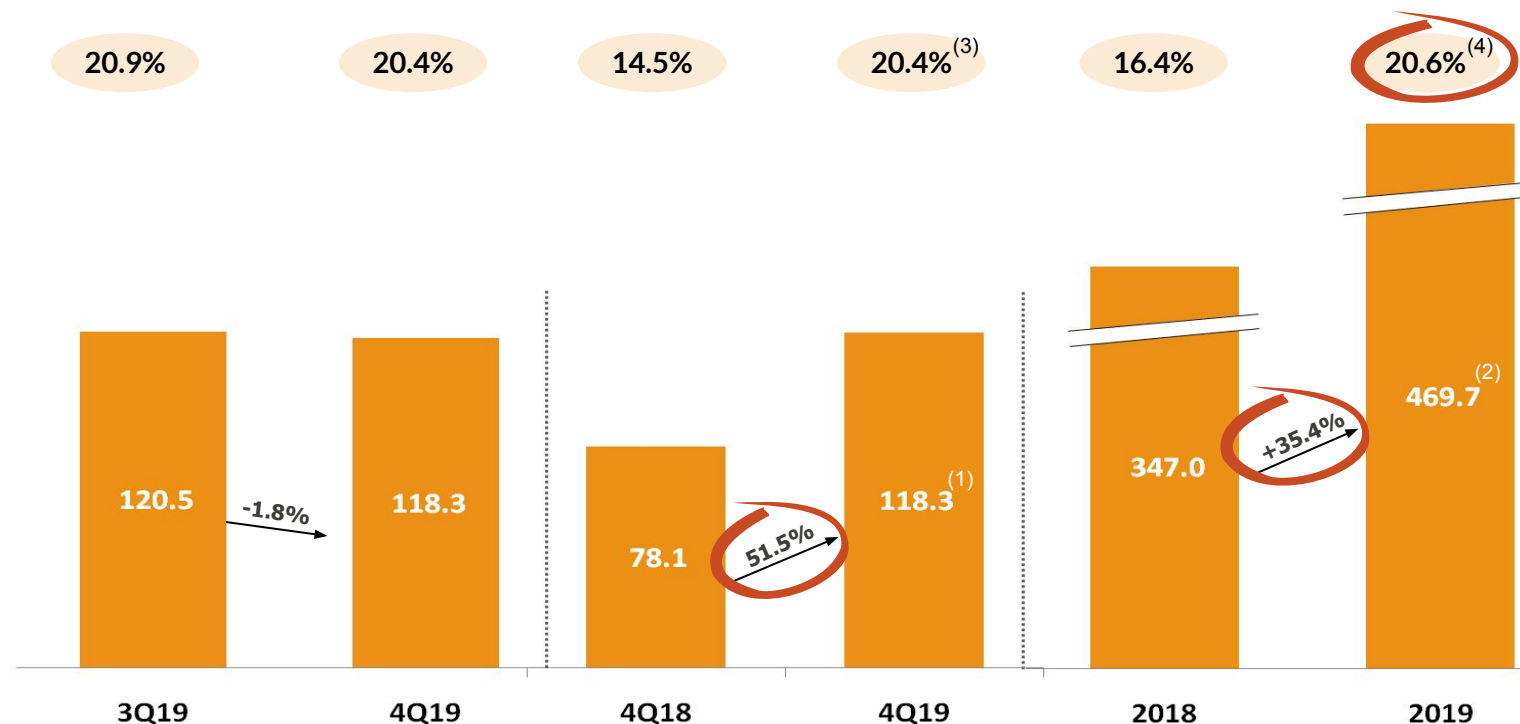


ADJUSTED EBITDA (R\$ MN)

6



THE SCALABILITY OF SOFTWARE BUSINESS AND THE DISCIPLINE IN COSTS AND EXPENSES MANAGEMENT LED TO EBITDA EXPANSION IN 2019



(1) Excluding the IFRS16 effect, Adjusted EBITDA should be R\$107.2 million (+37.3% vs. 4Q18)

(2) Excluding the IFRS16 effect, Adjusted EBITDA should be R\$425.7 million (+22.7% vs. 2018)

(3) Excluding the IFRS16 effect, Adjusted EBITDA Margin should be 18.5% (+400 bp vs. 4Q18)

(4) Excluding the IFRS16 effect, Adjusted EBITDA Margin should be 18.7% (+230 bp vs. 2018)

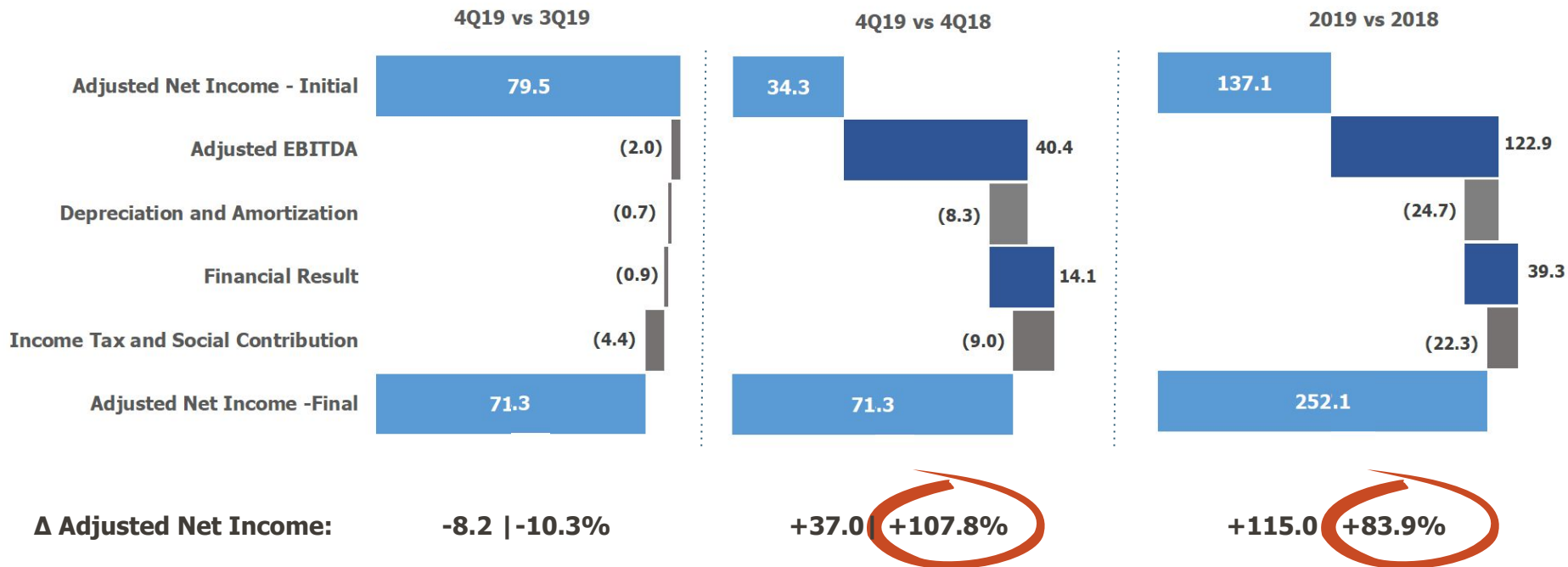


ADJUSTED NET INCOME (R\$ MN)

7



THE GROWTH IN ADJUSTED EBITDA REFLECTS ESSENTIALLY THE
2019 EBITDA GROWTH





CASH FLOW AND DEBT (R\$ MN)

8

	4Q19	4Q18	Δ 4Q19/4Q18	3Q19	Δ 4Q19/3Q19	2019	2018	Δ 2019/2018
EBT	78.3	41.0	90.9%	102.9	-23.9%	324.0	184.7	75.5%
Non Cash Items	69.1	61.2	13.0%	65.0	6.4%	282.2	266.0	6.1%
Change in Working Capital	(18,7)	22.9	-	3.4	-	(100.2)	22.8	-
Interest Paid	(3.6)	(5.1)	-29.0%	(93.9)	-96.2%	(116.8)	(39.7)	194.4%
Income Tax Paid	(8.7)	(6.7)	28.3%	(8.7)	-0.7%	(43.9)	(28.7)	52.6%
Assets and Liabilities Change from Discontinued Operation	1.0	1.0	-0.2%	(2.5)	-141.1%	-	12.9	-100.0%
Net Cash from Operational Activities	117.5	114.3	2.8%	66.1	77.7%	345.3	417.8	-17.4%
Net Cash Used in Investing Activities	(1.6)	(28.8)	-94.6%	(6.2)	-75.0%	(36.9)	(94.0)	-60.8%
Net Cash From Financing Activities	(65.5)	(82.3)	-20.4%	(66.8)	-2.0%	776.9	(258.2)	-
Increase (Decrease) in Cash	50.5	3.2	-	(6.9)	-	1,085.4	65.6	-
Gross Cash in the Beginning of the Period	1,487.7	449.6	230.9%	1,494.6	-0.5%	452.8	387.2	17.0%
Gross Cash in the End of the Period	1,538.2	452.8	239.7%	1,487.7	3.4%	1,538.2	452.8	239.7%
Gross Debt	466.7	503.5	-7.3%	488.5	-4.5%	466.7	503.5	-7.3%
Net Debt (Cash)	(1,071.4)	50.7	-	(999.2)	7.2%	(1,071.4)	50.7	-
Net Debt (Cash) / LTM Adjusted EBITDA	-2.3	0.1	-2.4	-2.3	0.0	-2.3	0.1	-2.4
FREE CASH FLOW	118.3	88.8	33.2%	121.9	-2.9%	385.5	350.0	10.2%



- **Operational and financial performance evolution**

Revenues acceleration, associated with software business scalability and strong discipline in costs and expenses management, led to EBITDA Margin expansion.

- **Beginning of a new investment cycle**

With the acquisitions of Supplier and Consinco, we already committed 60% of the Follow-on resources.

- **New markets and advances in customers' value chain**

Development of a solutions ecosystem that aggregates 3 dimensions: Management, TECHFIN and Business Performance.

- **TOTVS Employer Brand**

Knowing that the attraction and retention are the main ingredients for building a solid company, we have continuously working on strengthening our employer brand.

- **TOTVS believes in a Brazil that makes it happen**

Launch of the new campaign, recovering our media space.



Investor Relations

+55 (11) 2099-7773

+55 (11) 2099-7097

+55 (11) 2099-7089

+55 (11) 2099-7105

ri@totvs.com

- Technology + Knowledge are our DNA
- The success of our client is our success
- We value competent people who are nice people



[totvs.com](https://www.totvs.com)



[totvs.store](https://www.totvs.store)



[@totvs](https://twitter.com/totvs)



[@totvs](https://www.instagram.com/totvs)



[/totvs](https://www.facebook.com/totvs)



[company/totvs](https://www.linkedin.com/company/totvs)

#WEARE TOTVERS