



TOTVS S.A.
Publicly-Held Company

Corporate Taxpayer's Identification (CNPJ) No. 53.113.791/0001-22
Company Registry (NIRE) No. 35.300.153.171

MATERIAL FACT

Financial Projections Disclosure

TOTVS S.A. (BM&FBOVESPA: TOTS3) ("Company" or "TOTVS") in compliance with the provisions of CVM Ruling No. 358 of January 3, 2002, as amended, and to paragraph 4 of Article 157 of the Law 6,404, of December 15, 1976, hereby announces to its shareholders and to the market in general that, on this date, established the following financial projections ("guidances") for the fiscal year of 2017:

- **NET REVENUE FROM SOFTWARE SUBSCRIPTION:** equal to or greater than R\$298.0 million, that is, a growth of 30% or more over the net revenues from software subscription for the fiscal year of 2016; and
- **ADJUSTED EBITDA:** between R\$359.0 million and R\$395.0 million, that is, a growth between 0% and 10%, respectively, over the Adjusted EBITDA for the fiscal year of 2016.

The projection of net revenues from software subscription was based on sales growth of: (i) TOTVS Intera, the subscription model launched by the Company in June 2015; (ii) Fly01 solutions for microenterprises; and (iii) Bemacash, solution that combines Fly01 management software and the automation and tax hardware solutions from Bematech.

The Adjusted EBITDA projection was based on assumptions of costs and expenses dilution as a result of the Company's net revenue growth, excluding possible non-recurring revenues, costs and expenses.

The subscription growth assumption, preserving EBITDA, is in line with the strategy to make TOTVS a "Single Subscription Company".

Information regarding business outlook, projections and financial targets are mere forecasts, based on management's current expectations regarding the Company's future. These expectations depend on the technology market conditions and the Brazilian economic scenario. Any change in the perception or factors described above can lead to results that differ from the projections presented. In case of a relevant change in these factors, the projections may be revised.

São Paulo, February 22, 2017

Gilsomar Maia Sebastião
Investor Relations Officer

Investor Relations

Tel.: +55 (11) 2099-7105/7773/7097/7089

ir@totvs.com

ir.totvs.com