



# EARNINGS RESULTS

## 1Q19



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May  
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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.



## **TECHFIN POSITIONING**

Expand our current scope based on business management solutions and aggregate financial services as a Fintech, through innovative solutions to simplify, broaden and cheapen the access of our clients to credit and other financial services.

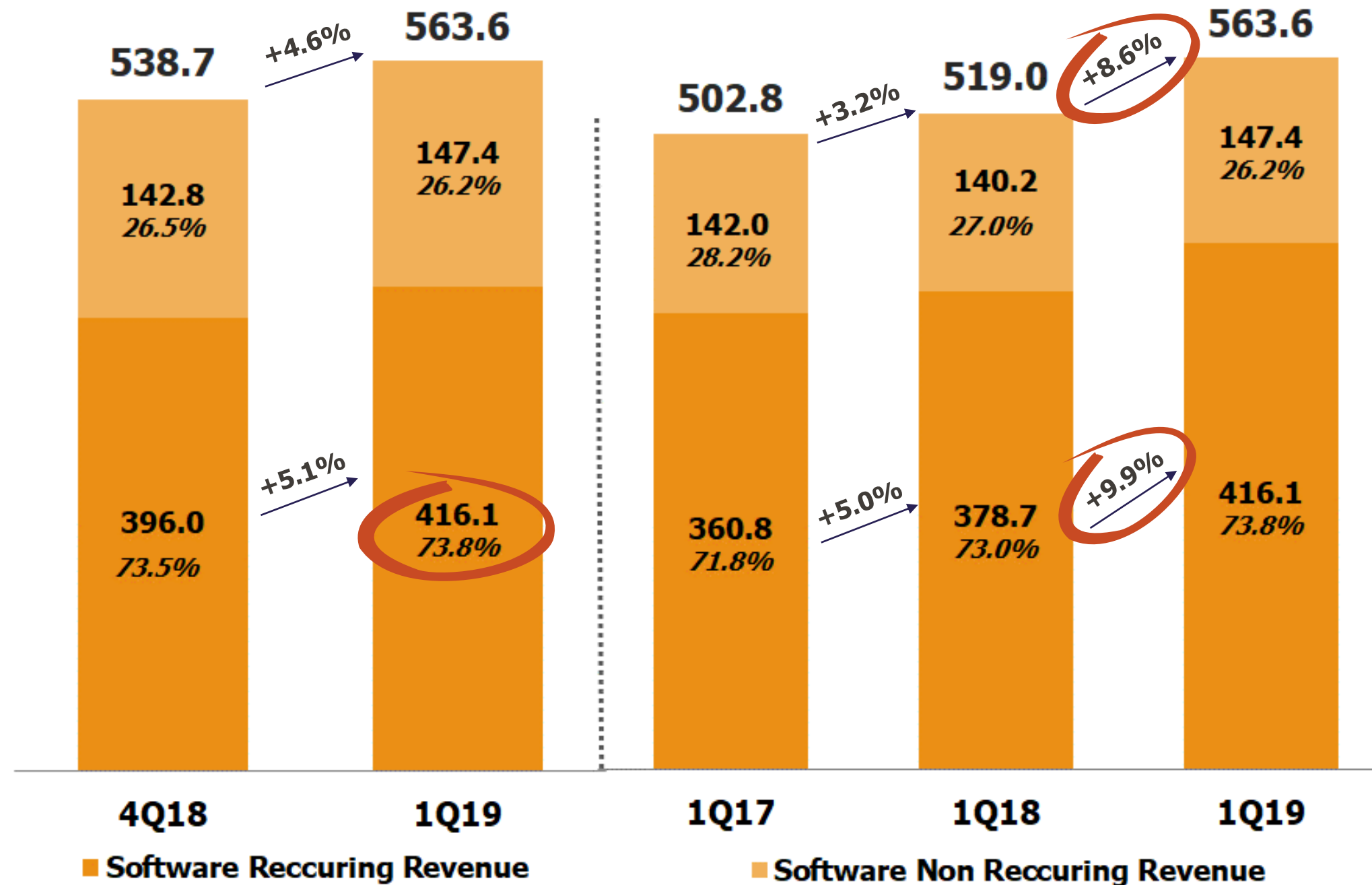
## **HARDWARE OPERATIONS SALE**

Binding Memorandum of Understanding signed with ELGIN S.A., to sell hardware operations in Brazil for the price of R\$25.0 million.

The decision for the sale of the hardware operations is in alignment with TOTVS strategic plan to focus the attention of its teams and resources in the software operation.



**SOFTWARE REVENUE GROWTH KEEPS ACCELERATING,**  
WITH RECCURING REVENUES HAVING SURPASSED R\$ 400 MILLION IN A QUARTER FOR THE FIRST TIME





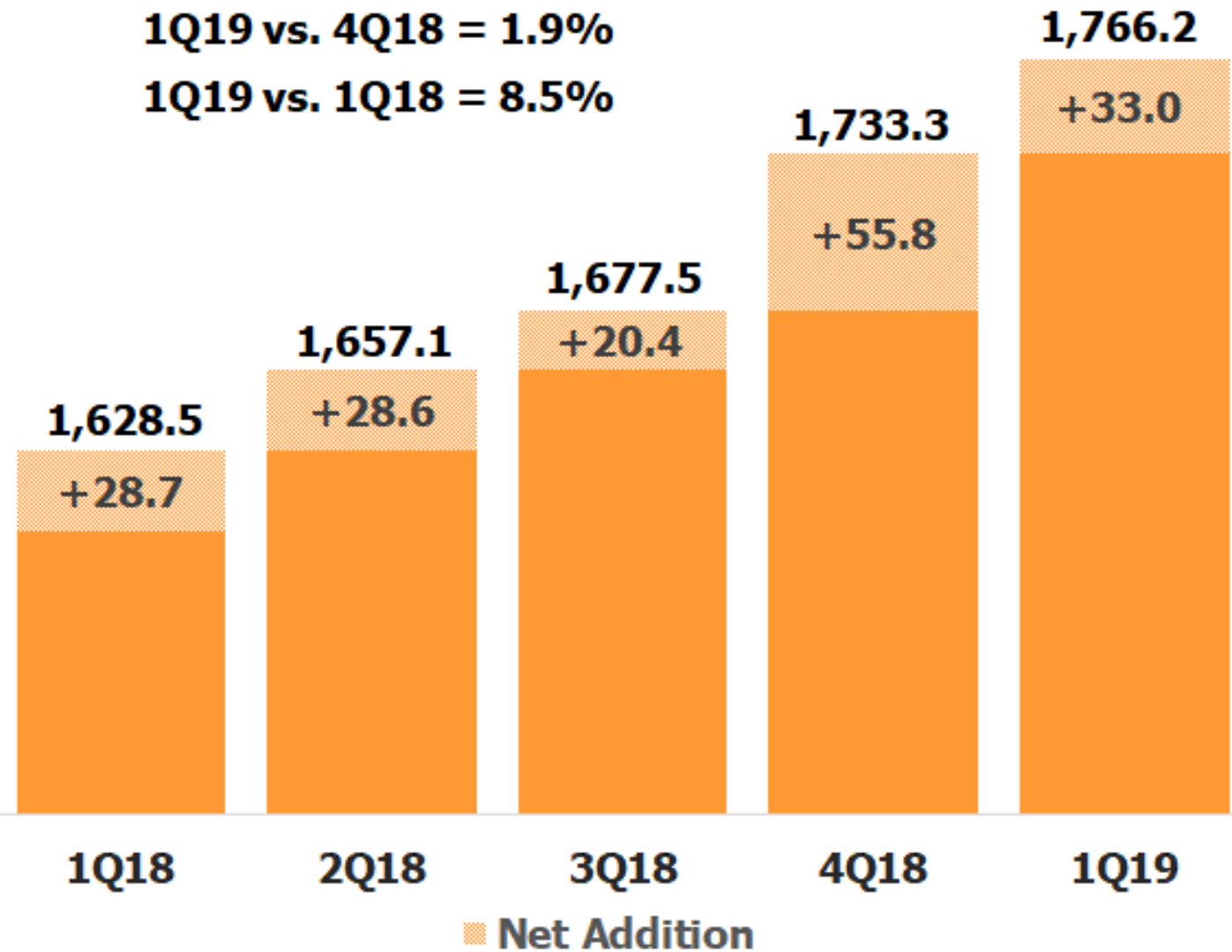
# RECURRING REVENUE (R\$ MN)



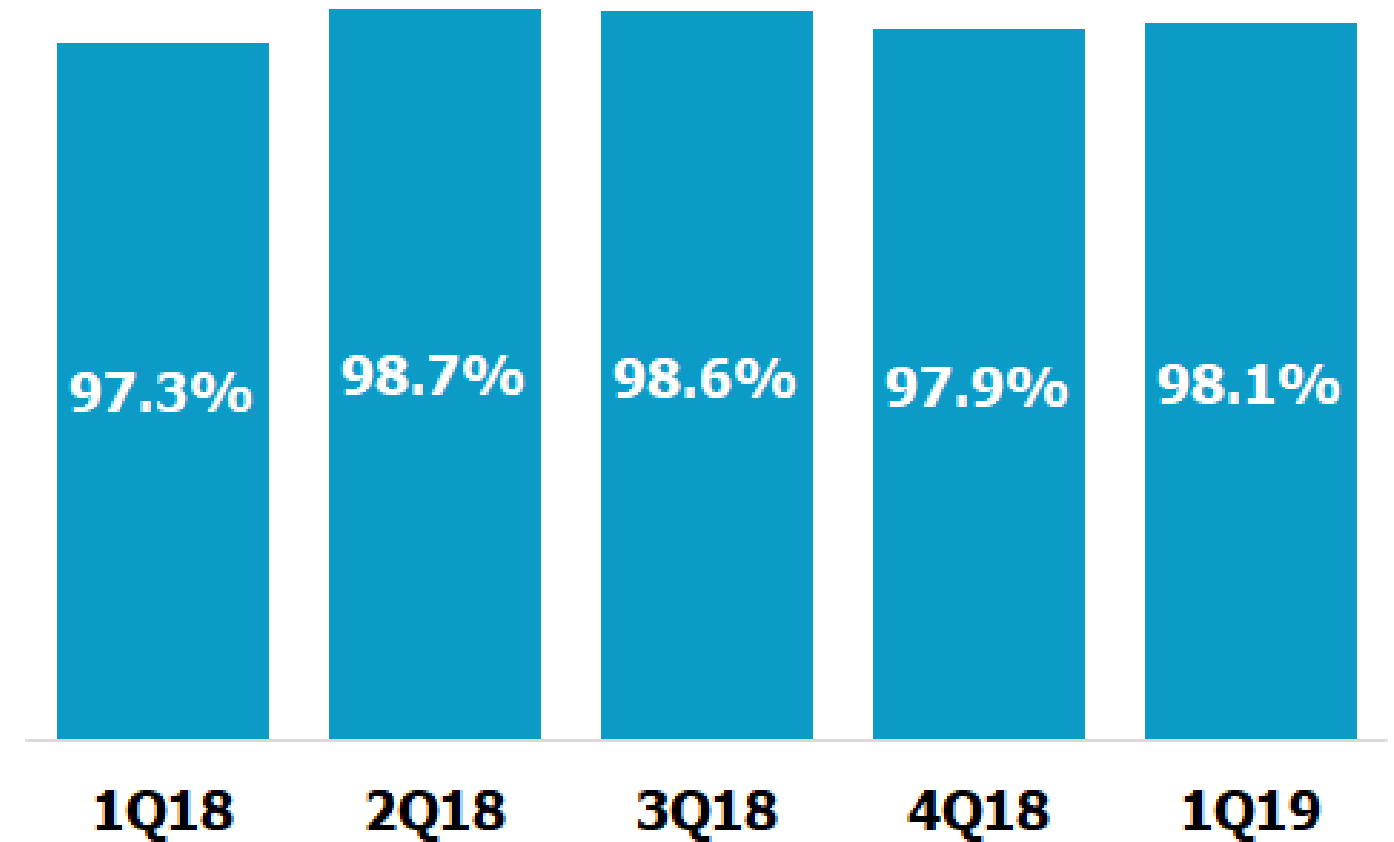
THE ARR EVOLUTION SHOWS **TOTVS SOLUTIONS COMPETITIVENESS**, IN ADDITION TO THE **LOYALTY OF ITS CLIENT BASE**, DEMONSTRATED BY THE CLIENT RENEWAL RATE

## ANNUAL RECCURRING REVENUE

1Q19 vs. 4Q18 = 1.9%  
1Q19 vs. 1Q18 = 8.5%



## CLIENT RENEWAL RATE

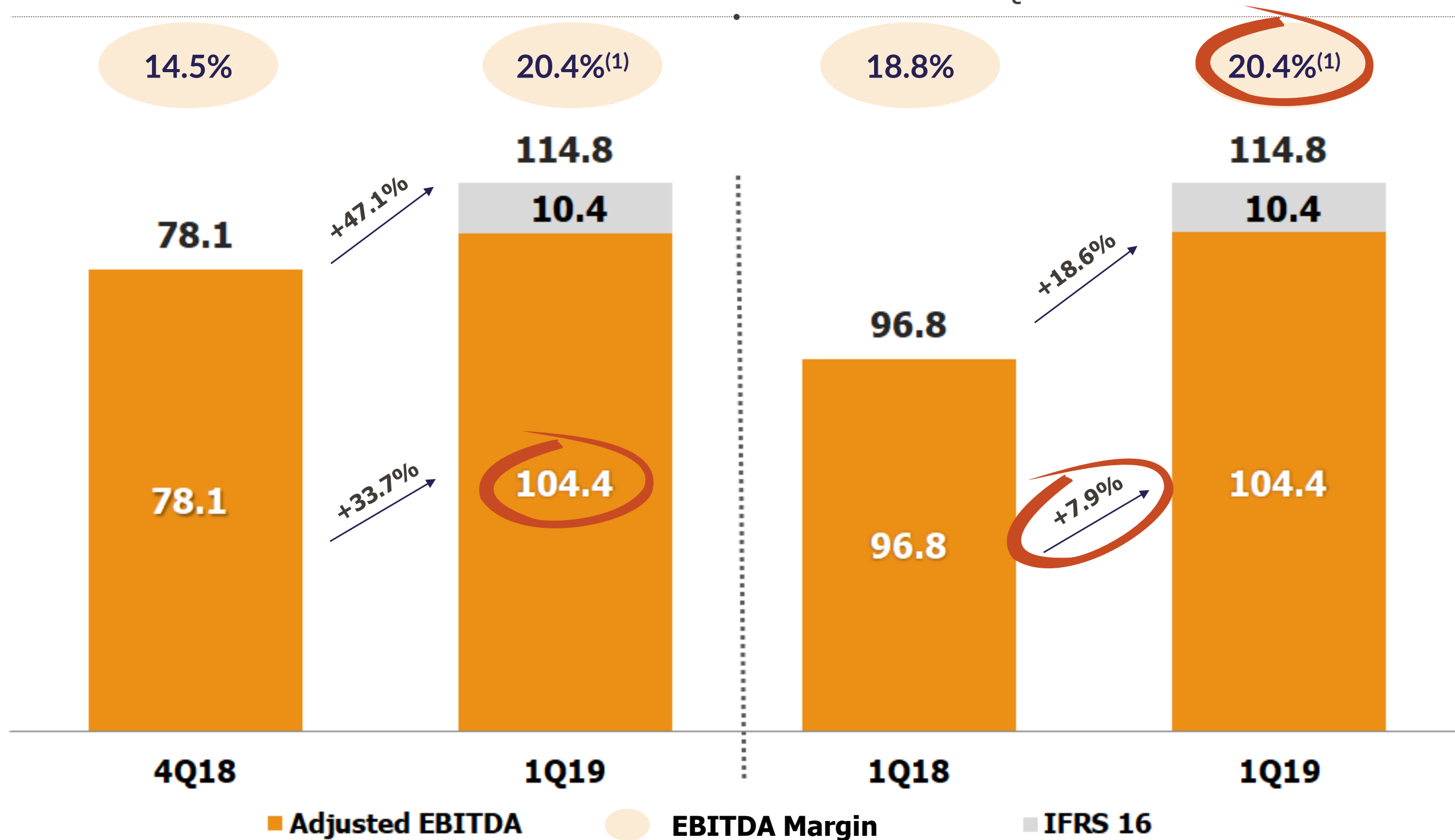




# AJUSTED EBITDA (R\$ MN)



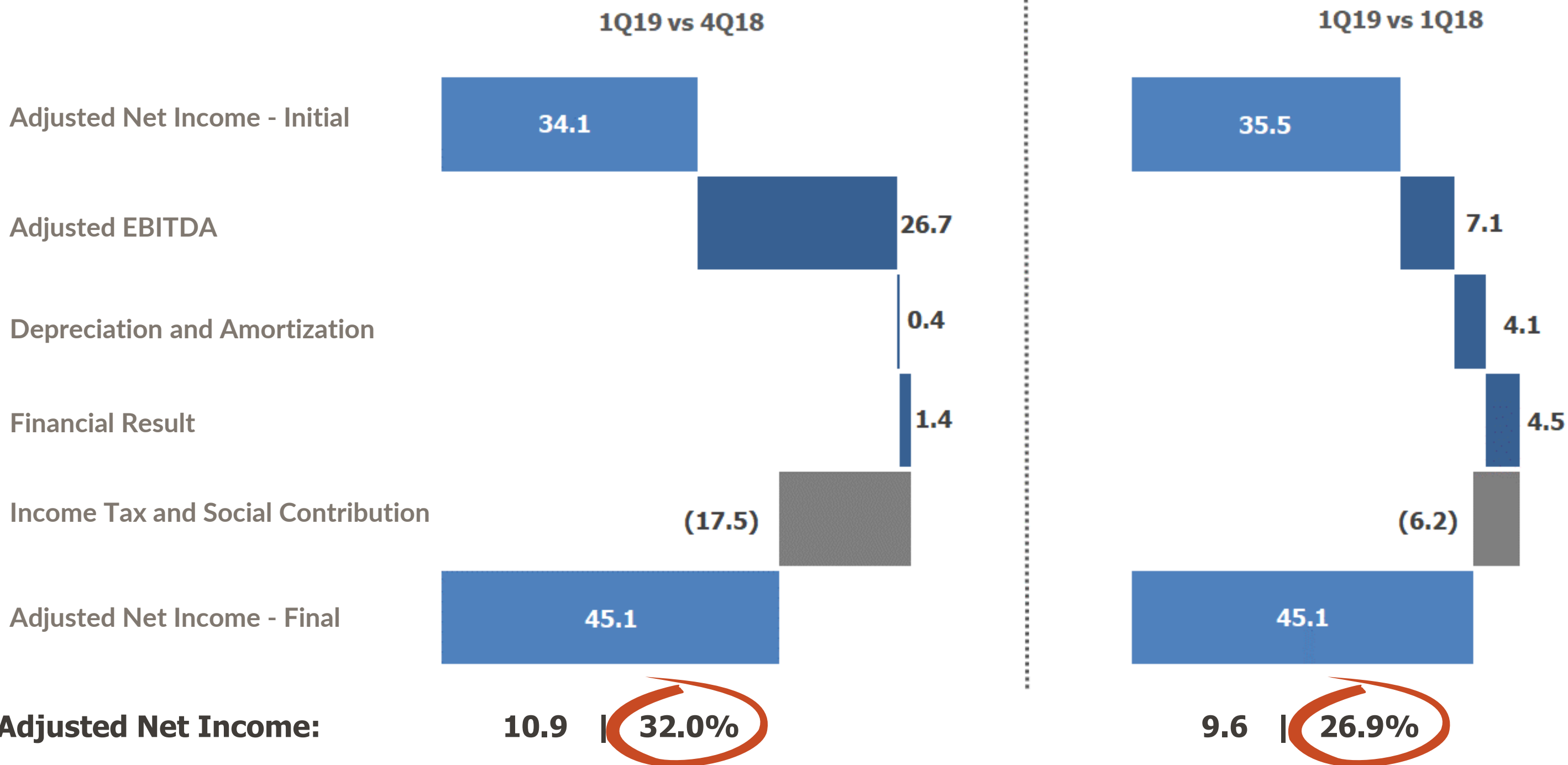
SOFTWARE REVENUE GROWTH ACCELERATION AND THE DISCIPLINE IN COSTS MANAGEMENT, LED TO THE ADJUSTED EBITDA INCREASE IN THE QUARTER



(1) Without the IFRS 16 effect the 1Q19 EBITDA Margin was 18.5%



## NET INCOME GROWTH WAS MAINLY DRIVEN BY THE EBITDA GROWTH, AND NET DEBT REDUCTION







## CASH FLOW AND DEBT (R\$ MN)



	1Q19*	1Q18	Δ 1Q/1Q	4Q18	Δ 1Q/4Q
<b>EBT</b>	69.4	53.7	29.3	(41.0)	69.4%
Non Cash Items	64.3	73.3	-12.2%	61.2	5.1%
Change in Working Capital	(78.7)	(45.6)	72.8%	22.9	-444.4%
Interest Paid	(10.5)	(14.7)	-28.5%	(5.1)	108.2%
Income Tax Paid	(17.2)	(6.5)	163.0%	(6.7)	155.2%
Assets and Liabilities Change from Discontinued Operation	6.6	2.4	173.5%	1.0	536.0%
<b>Net Cash from Operational Activities</b>	33.9	62.6	-45.7%	114.3	-70.3%
Net Cash Used in Investing Activities	(10.7)	(17.6)	-39.4%	(28.8)	-63.0%
Net Cash Used in Financing Activities	(52.4)	(51.5)	1.9%	(82.3)	-36.3%
<b>Increase (Decrease) in Cash</b>	(29.1)	(6.5)	350.8%	3.2	-1,012.7%
Gross Cash in the Beginning of the Period	452.8	387.2	17.0%	449.6	0.7%
<b>Gross Cash in the End of the Period</b>	423.7	380.7	11.3%	452.8	-6.4%
Gross Debt	450.3	657.4	-31.5%	503.5	-10.6%
<b>Net Debt</b>	26.7	276.7	-90.4%	50.7	-47.3%
Net Debt / LTM Adjusted EBITDA	0.1	0.9	-0.8	0.1	-
<b>FREE CASH FLOW</b>	<b>30.2</b>	<b>54.7</b>	<b>-44.7%</b>	<b>88.8</b>	<b>-66.0%</b>

\*Without IFRS 16





## Ⓞ Revenue growth Acceleration

Recurring Revenue – Double digits growth year over year

Total Revenue – Organic growth of over 8.5% year over year

## Ⓞ Scalability of Software Business

Adjusted EBITDA – Over R\$ 100 million in the quarter

Adjusted EBITDA Margin – 18.5% even with bonuses provision of R\$ 13.5 million higher than 1Q18

## Ⓞ 100% Focus on Software

Sale of Hardware operations

## Ⓞ TECHFIN Positioning

Fintech Structure

Partnership agreement with Rede



## Investor Relations

+55 (11) 2099-7105

+55 (11) 2099-7773

+55 (11) 2099-7097

+55 (11) 2099-7089

ri@totvs.com

 totvs.com

 company/totvs

 @totvs

 fluig.com

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

**#WEARE TOTVERS**