



EARNINGS RESULTS

2Q19



● August
2019

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FOLLOW-ON

In May, TOTVS held a follow-on offering, with restricted placement efforts, of 27 million new shares at R\$39.50 per share, raising R\$1.067 billion. These funds will be 100% used for M&A.

PARTNERSHIPS WITH VTEX AND MODDO

In order to offer its customers more and more complete solutions and starting its strategy of increasingly becoming a business partner, supporting the client to improve its sales performance, TOTVS celebrated during the 2Q19, partnerships with VTEX and Moddo.

UNIVERSO TOTVS 2019

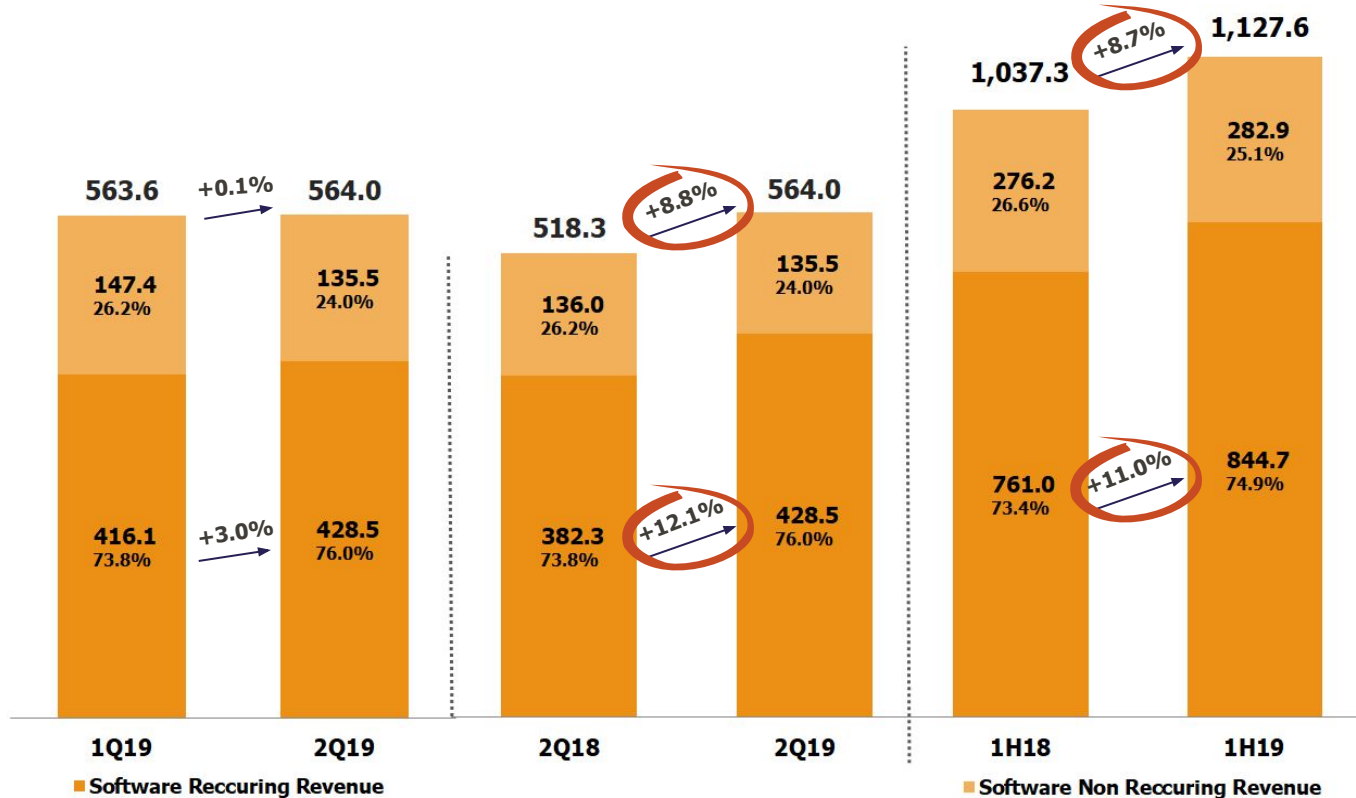
On June 25 and 26, we organized Universo TOTVS, an event for clients, partners and developers, with more than 4,500 participants per day, as well as 60 exhibitors, 200 hours of events and 250 activities, including lectures, segmented tracks, labs, case sessions and masterclasses.

SALE OF HARDWARE OPERATIONS IN THE UNITED STATES

Sale to Reason Capital Group LLC. of the totality of the interest held in Bematech International Corporation (“BIC”), for the amount of USD5.0 million. The sale is in alignment with TOTVS strategic plan to focus the attention of its teams and resources in the software operations.



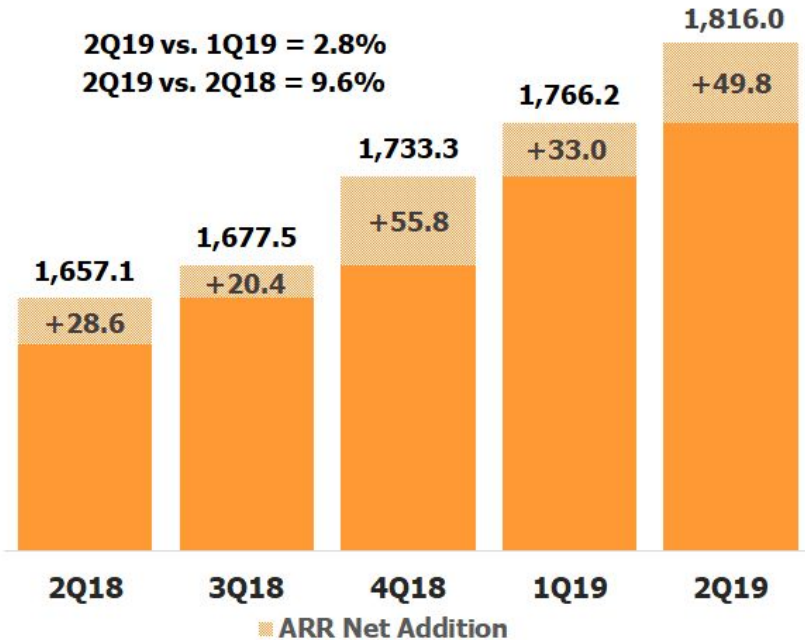
RECURRING REVENUE KEEPS BEING THE MAIN CATALYST FOR THE COMPANY TOTAL REVENUE GROWTH



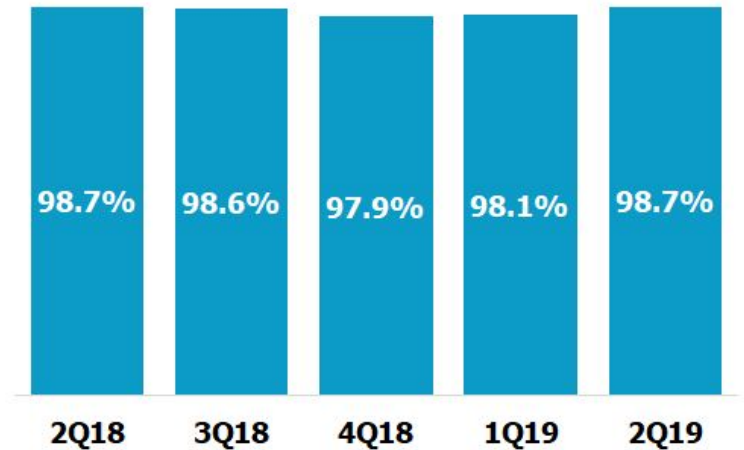


QUARTERLY ARR ACCELERATION AND CLIENT RENEWAL RATE BACK TO HISTORICAL LEVELS, SHOWS TOTVS GROWTH CAPACITY

ANNUALIZED RECURRING REVENUE



CLIENT RENEWAL RATE





THE CONTINUOUS REVENUE GROWTH ACCELERATION AND THE HIGHER OPERATIONAL EFFICIENCY LED EBITDA MARGIN INCREASE IN THE PERIOD

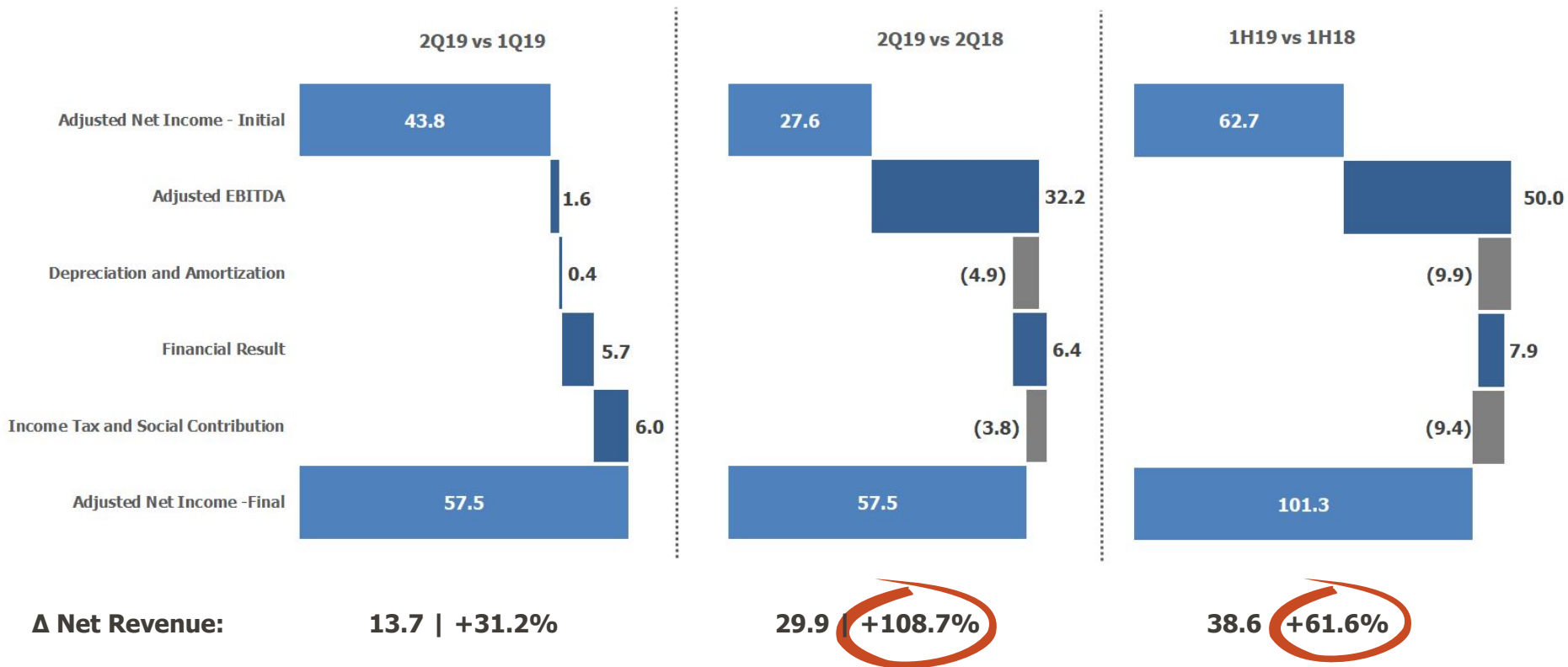


(1) Disregarding the IFRS 16 effect, EBITDA would be R\$ 105.0 million and EBITDA Margin would be 18.6%

(2) Disregarding the IFRS 16 effect, EBITDA would be R\$ 209.4 million and EBITDA Margin would be 18.6%



THE EBITDA GROWTH AND THE IMPROVEMENT IN THE CAPITAL STRUCTURE LED NET INCOME GROWTH





CASH FLOW AND DEBT (R\$ MN)



	2Q19	2Q18	Δ 2Q/2Q	1Q19	Δ 2Q/1Q	1H19	1H18	Δ 1H/1H
EBT	75.2	44.4	69.3%	67.6	11.3%	142.9	98.2	45.6%
Non Cash Items	71.4	62.6	14.1%	76.7	-6.9%	148.1	135.9	9.0%
Change in Working Capital	(6.2)	(3.1)	96.9%	(78.7)	-92.2%	(84.9)	(48.7)	74.4%
Interest Paid	(5.8)	(6.9)	-15.7%	(13.5)	-56.8%	(19.4)	(21.7)	-10.5%
Income Tax Paid	(9.3)	(10.6)	-12.7%	(17.2)	-46.0%	(26.5)	(17.2)	54.2%
Assets and Liabilities Change from Discontinued Operation	(5.1)	11.8	-143.6%	6.6	-177.5%	1.5	14.2	-89.5%
Net Cash from Operational Activities	120.2	98.1	22.5%	41.5	189.7%	161.7	160.7	0.6%
Net Cash Used in Investing Activities	(18.5)	(11.9)	55.5%	(10.7)	73.2%	(29.1)	(29.4)	-1.1%
Net Cash From Financing Activities	969.2	(72.5)	-	(60.0)	-	909.2	(123.9)	-
Increase (Decrease) in Cash	1,070.9	13.8	-	(29.1)	-	1,041.8	7.3	-
Gross Cash in the Beginning of the Period	423.7	380.7	11.3%	452.8	-6.4%	452.8	387.2	17.0%
Gross Cash in the End of the Period	1,494.6	394.5	278.9%	423.7	252.8%	1,494.6	394.5	278.9%
Gross Debt	628.6	606.2	3.7%	685.6	-8.3%	628.6	606.2	3.7%
Net Debt (Cash)	(866.0)	211.7	-509.0%	262.0	-430.6%	(866.0)	211.7	-509.0%
Net Debt (Cash) / LTM Adjusted EBITDA	-2.2x	0.7x	-2.9x	0.7x	-2.9x	-2.2x	0.7x	-2.9x
FREE CASH FLOW	105.6	90.8	16.3%	39.8	165.5%	145.4	145.5	-0.1%



- **Maintaining of double digit of organic growth in Recurring Revenue**
- **Operational Efficiency Improvement**
 - Costs and Expenses growing below revenue level
 - EBITDA Margin expansion of 470 basis points, reaching 20.6%
- **Software Business Evolution**
 - Partnerships to help clients to improve their sales performance
 - Initiatives focused on customer satisfaction
- **Follow-on**
 - Funding for a new M&A cycle



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

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