



Results Presentation

4Q19 | 2019

Locaweb's portfolio

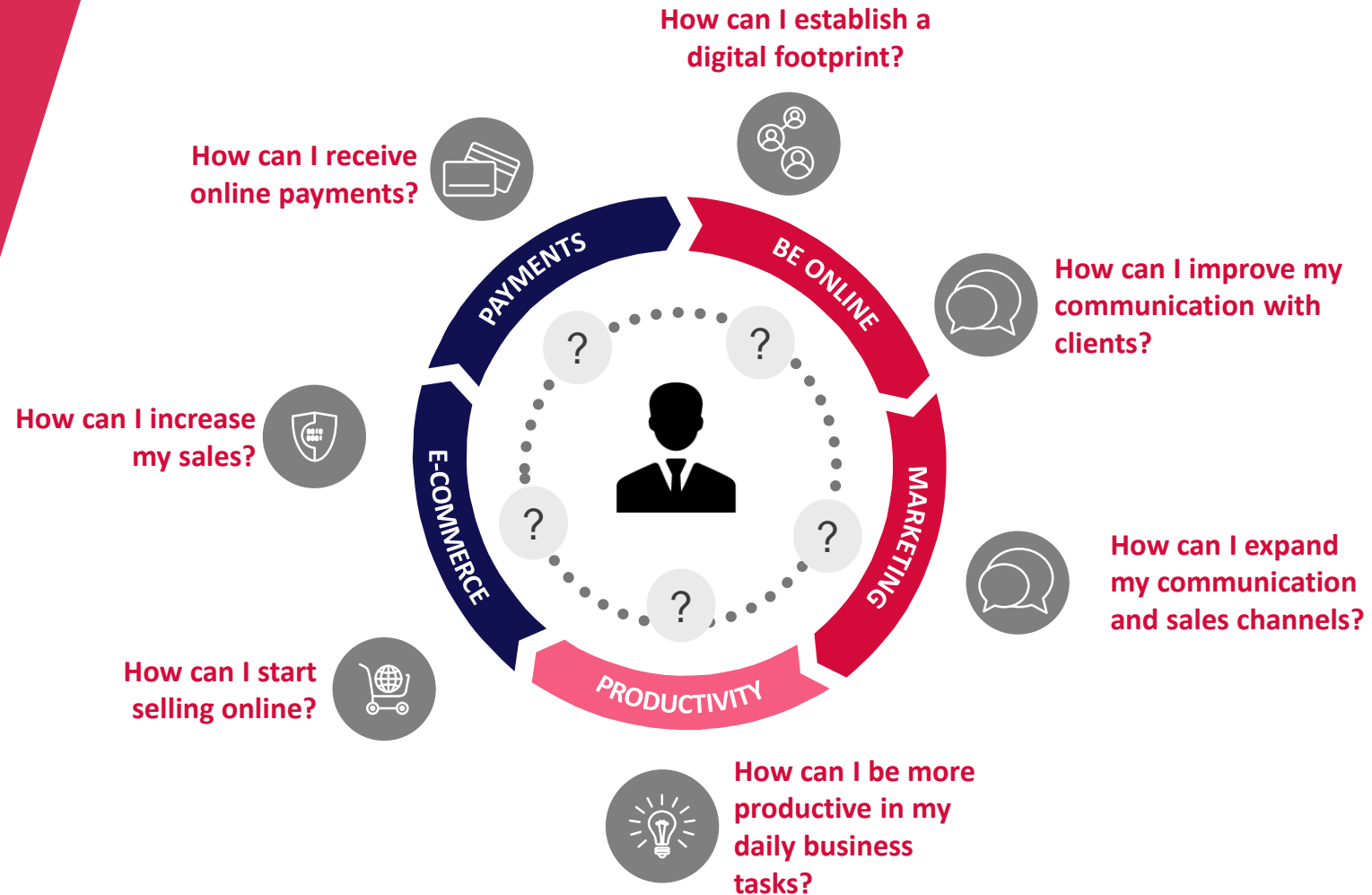
solve the challenges

faced by SMBs¹ to enter

and succeed

in the digital

environment



In 2019, we reinforced our portfolio of solutions: developing new products, strengthening our ecosystem and acquiring 2 companies that are already fully integrated

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	Be Online		SaaS & Solutions			Commerce	
	Web Hosting and Domain	Cloud	Productivity	Marketing Intelligence	Do It Yourself	E-Commerce	Payment
Main Product Offering	// Hosting	// Complete Cloud Portfolio (4 product solutions)	// Email Locaweb	// Journey to Public Cloud		// E-commerce Platform	// Gateway
	// Hosting Resale		// Hosted Exchange	// All In Digital Marketing Platform		// Integration to Marketplace	// Sub Acquirer
	// Domain		// Gsuite	// Secured Site Certificate		// Improve Logistics Integration	
Main Brands			// IP Communication	// Locaweb Email Marketing			
			// Transactional Email Sender	// Site Builder			
			// Customer Service	// Delivery Direto			
	<div> <div>locaweb</div> <div>locawebCORP</div> <div>KINGHOST</div> <div>Cluster2GO</div> <div>DELIVERY DIRETO</div> <div>AIiIN marketing cloud</div> </div>					<div> <div>tray</div> <div>trayCORP</div> <div>yapay</div> </div>	

State-of-the-art platform

Easy setup for the final costumer

Agnostic platform that solves all the merchants' operational needs

Proprietary payment solution – YAPAY

Ecosystem that contributes for merchant's high sales growth

M&A possibilities

Commerce Ecosystem

112 integration systems



Commerce Represents >6% of the Brazilian E-Commerce GMV⁽¹⁾

// New sales channels integration (Market-places)

Increase in the number of integrated Market-places. Tray now makes available the publication of offers in 6 more channels: Dafiti, Kanui, Cissa Magazine, Olist, Carrefour and Webcontinental

// Integration with new logistics operators

Integration with Jadlog and Gollog as new certified logistics operators through APIs

// Yapay's partnership with other Ecommerce platforms

Partnership with Bis2Bis, BizCommerce, FastCommerce, MageShop, Yampi, Irroba, broadening the Ecosystem of integrated partners, in addition to offering modules for the main opensource solutions in the market

// New Customer Center

The new customer center brings major changes in the experience of buyers to track their orders. Fully responsive, allows access from desktops and mobile devices with the same ease of use

// New certified partners

We certified 70 new partners, reaching a total of 448 partners approved in our programs. We launched 25 more themes for our Theme Shop. Our Theme Shop has a total of 104 themes

Accelerated development of new features and products

To be the best BeOnline in the market
(New products in 4Q)



Acceleration of the current SaaS portfolio
i.e. Site Builder and Voip communication platform



Second Generation of SaaS



Acquisitions



Consolidation of the leading position in the hosting market and high synergy through the sale of SaaS products at KingHost client's base



SaaS digitalization model for restaurants without dependence on market-place platforms
Entry into the mobile solutions market – expanding the solution to other segments

// Site Builder and virtual store of the Site Builder received great features

Launch of new features, such as a new image bank (with more than 550 thousand images), integration with Facebook (for transferring content between the website and Facebook) and with Google Analytics. The “Criador de Site” store now has inventory management, catalog management for image and price management, module for calculating freight and also an image bank with more than 740 thousand images

// Productivity for entrepreneurs with high growth and reinforcements in digital Workplace

Launch of new SaaS IP communication product with features such as softphone for mobile extensions, voice mail, call history, real-time expenses and call center support

// New launches that expand our performance in Digital Presence

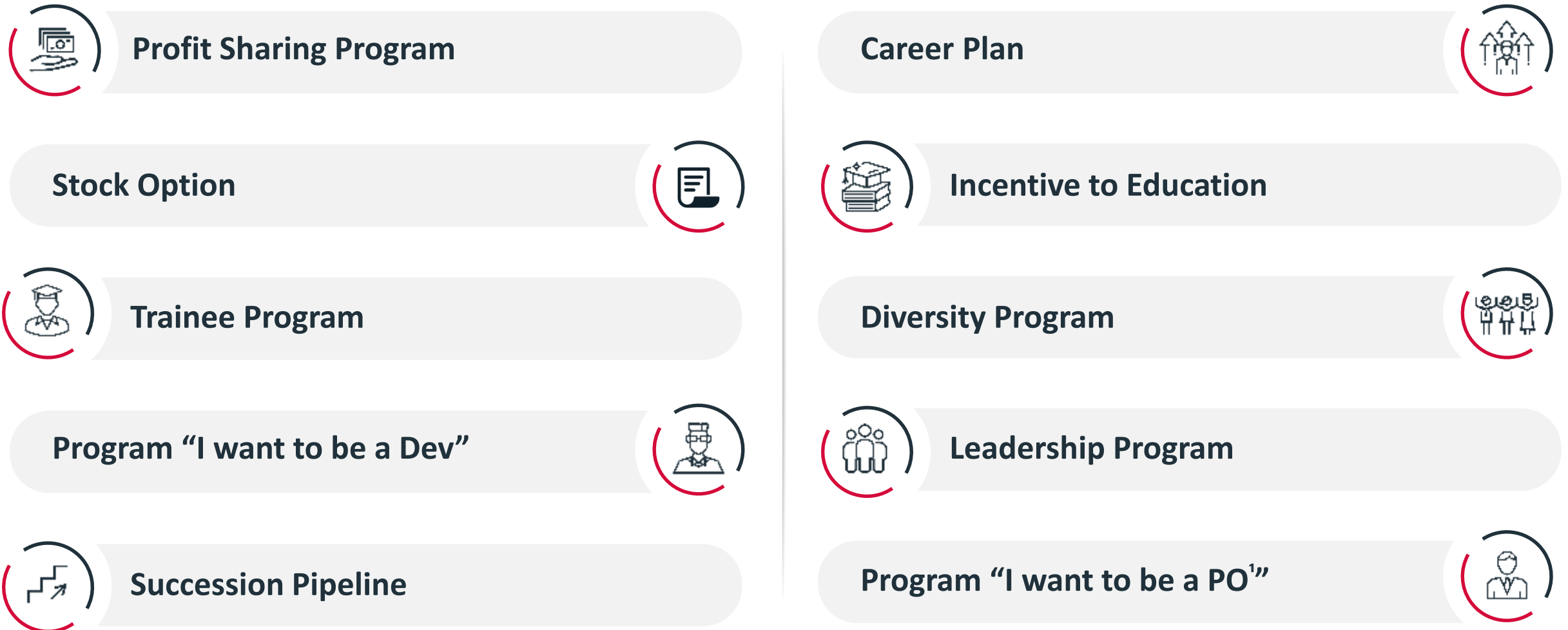
Launch of a new Wordpress Hosting product, with greater facilities for customers related to the creation of templates and plug-ins, and an increase in cost-benefit and security

// We have readjusted and grown in products for Developers

We redesigned the entire VPS line, which is now available for Windows operating systems with high performance servers

Launch of Database as a Service (DBaaS), a database as a service product for developers who demand persistent data storage, high scalability and performance

“Locaweb is a **PEOPLE COMPANY**. We have more than 500 professionals involved in technology and as they are highly demanded professionals in the market, we constantly need to create programs to hire the best professionals and develop them internally”



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Results

+22.5%

Net Revenue in 2019 vs 2018
(R\$ 385.7 million)

+40.3%

Adjusted EBITDA growth in 2019 vs 2018
(R\$ 110,9 million)

+25.8%

Net Revenue in the 4T19 vs 4T18

**R\$ 114.7
million**

Adjusted EBITDA in 2019
considering KingHost FY

+46.5%

Commerce Net Revenue in 2019 vs
2018

+48.4%

Adjusted Net Income growth in
2019 vs 2018 (R\$ 28.2 million)

+57.1%

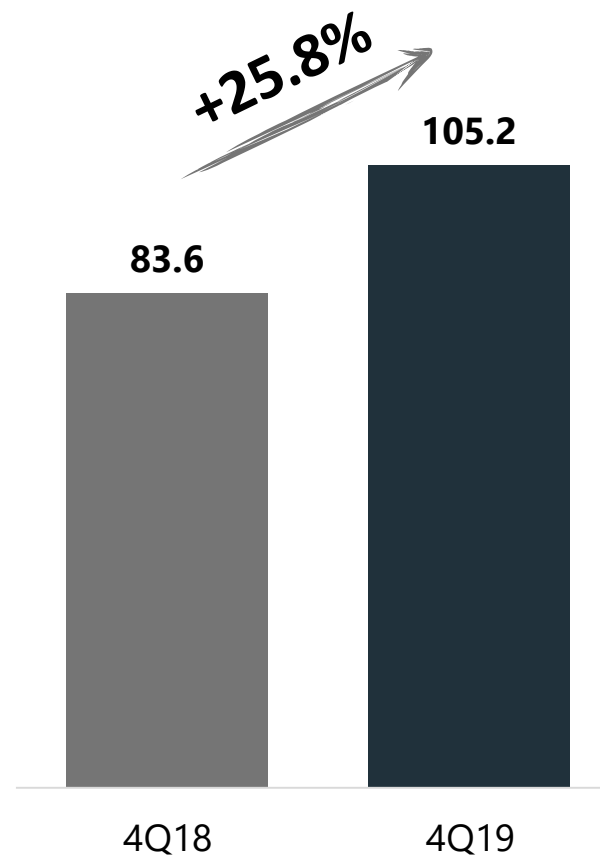
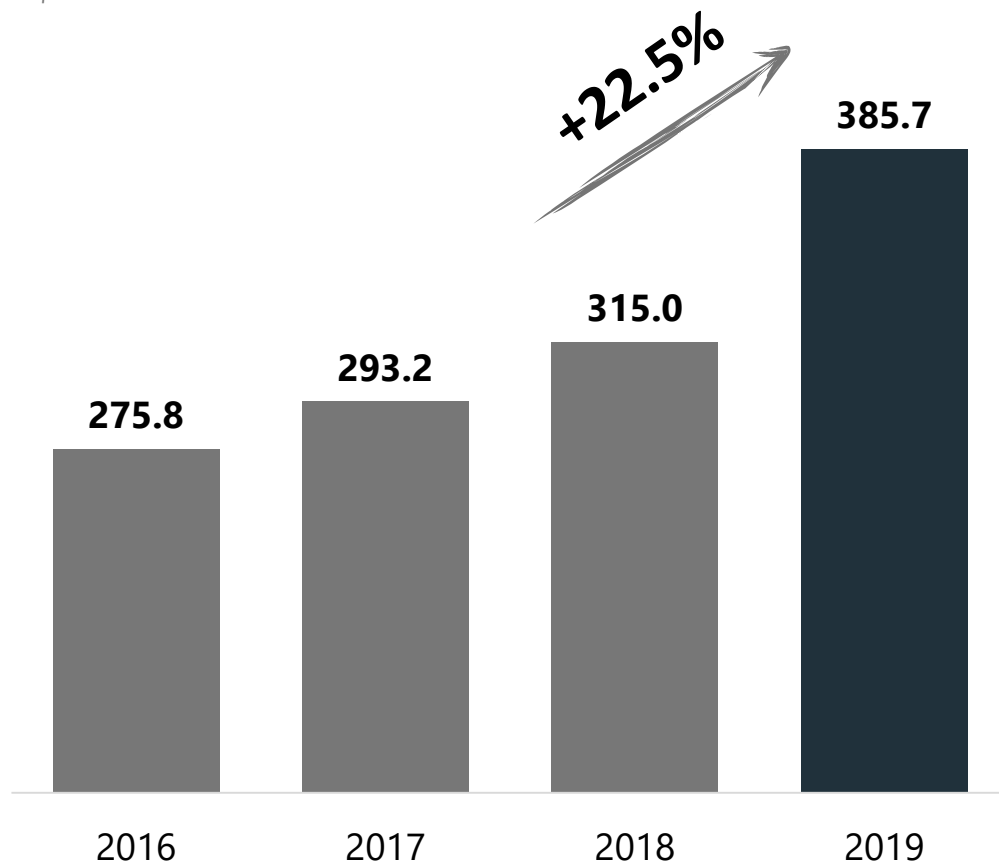
GMV growth in 2019 vs 2018

+69.0%

Cash Generation¹ growth in 2019
(R\$ 63.2 million)

Net Revenue

R\$ mi

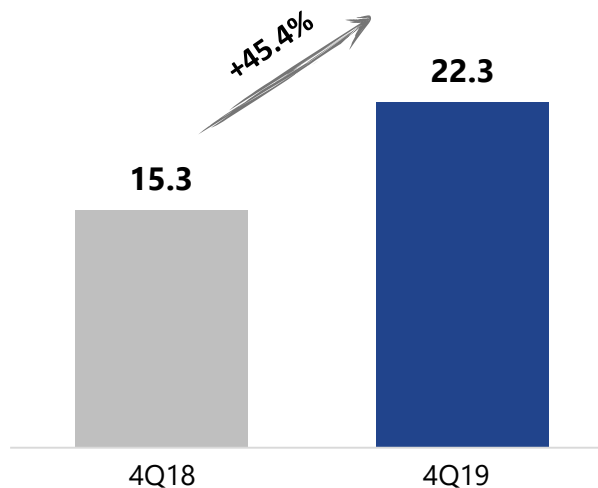
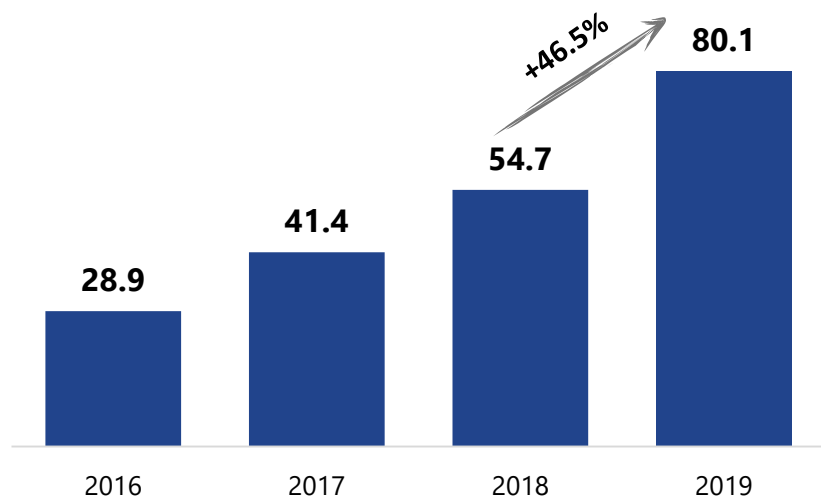


Net Revenue: Strong growth in both segments

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Commerce

R\$ mi



GMV

R\$ 3.8 bi

+57.1% vs. 2018

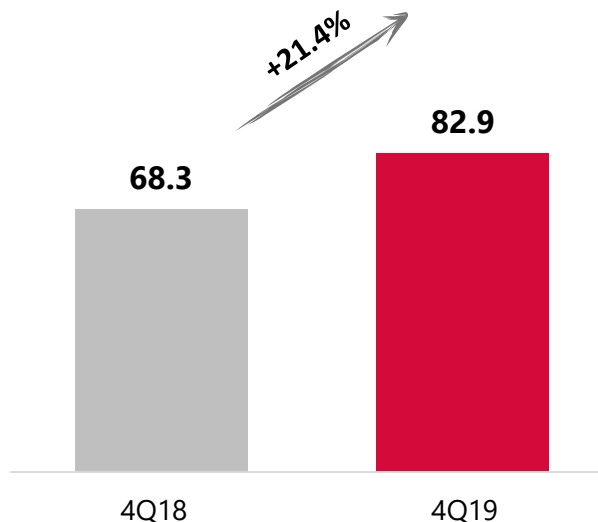
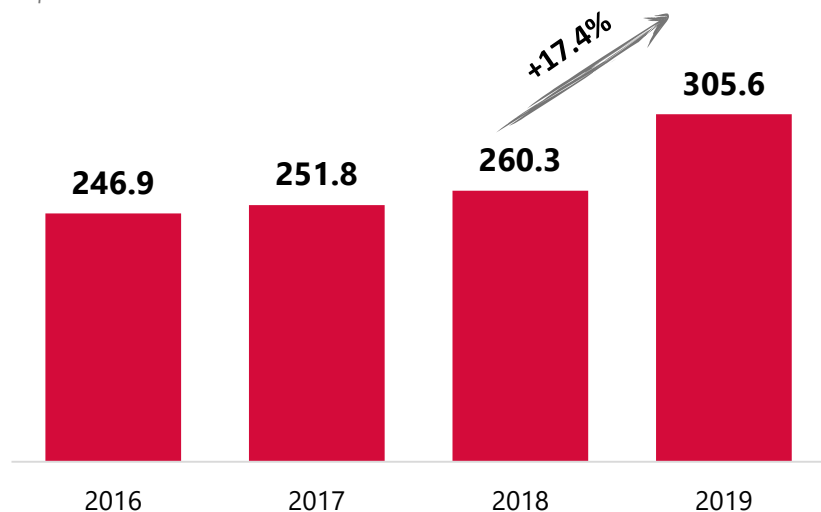
TPV

R\$ 789 mm

+79.9% vs. 2018

BeOnline / SaaS

R\$ mi



Clients

364.9 thousand

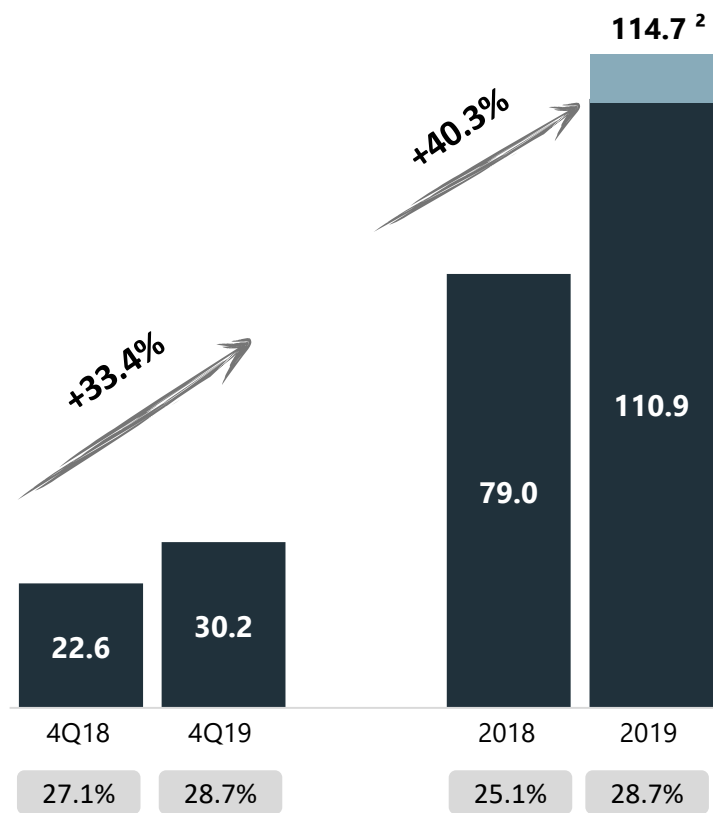
+25.2% vs. 2018

Adjusted EBITDA¹: Growth and margin expansion

Consolidated

R\$ mi

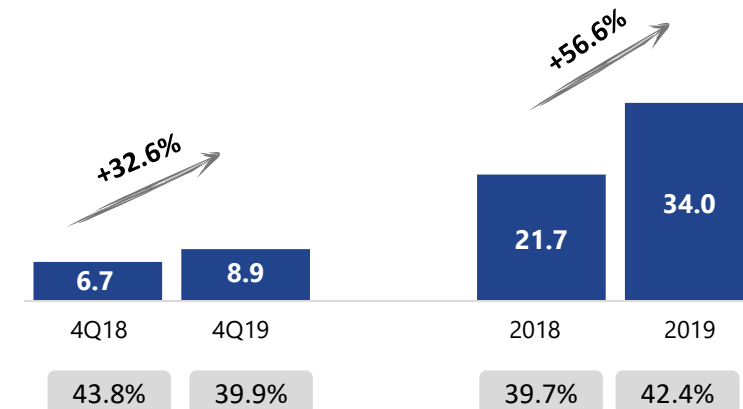
EBITDA Margin



Commerce

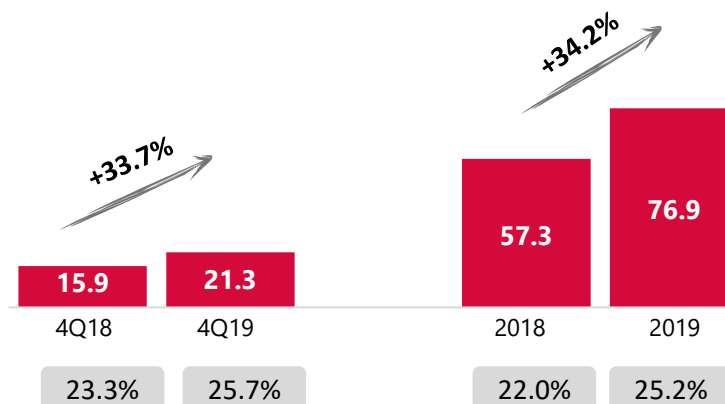
R\$ mi

EBITDA (ex back-office cost-sharing 2019)



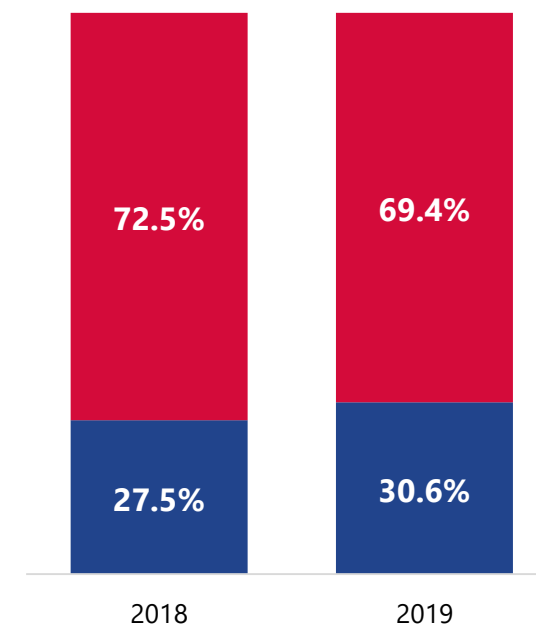
BeOnline / SaaS

R\$ mi



Mix

Commerce BeOnline / SaaS

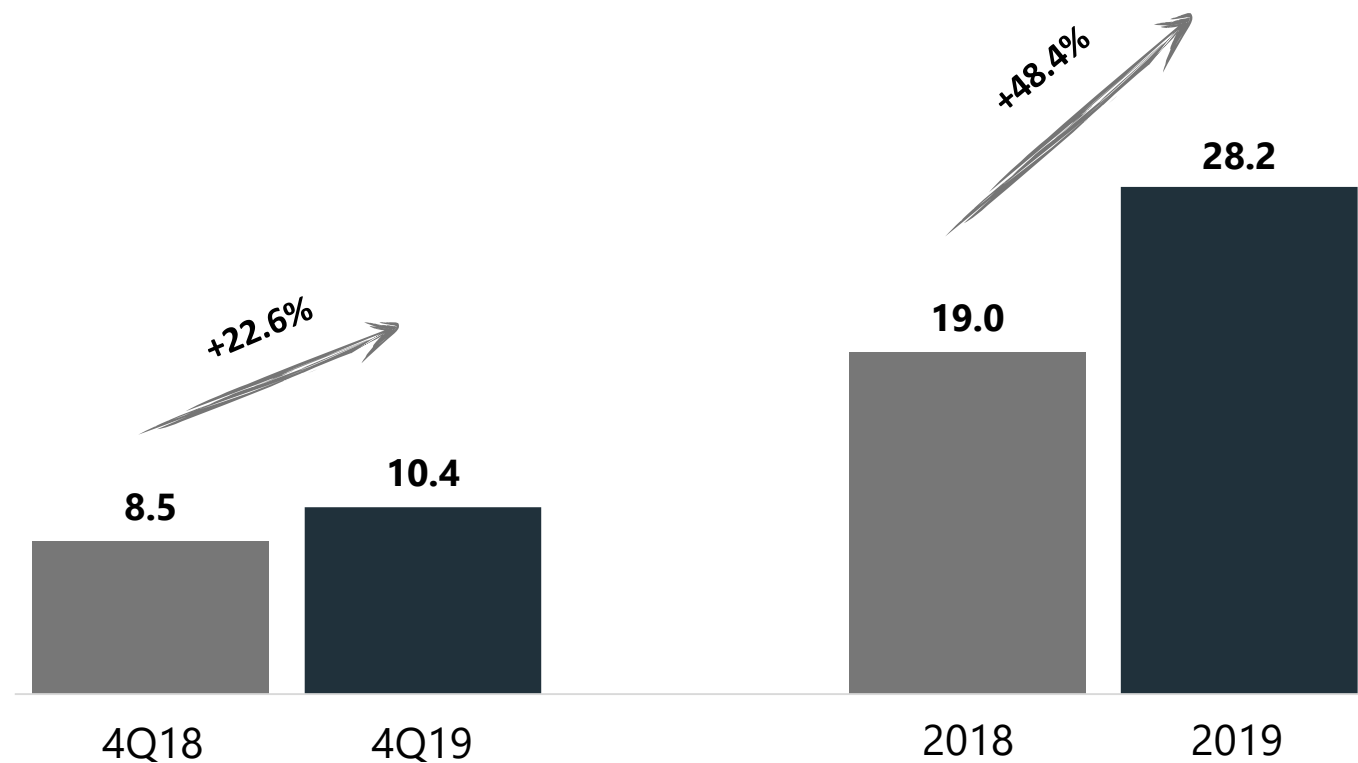


(1) Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial metrics. For more information on our use of non-GAAP metrics, please refer to item 3.2. of the Company's Reference Form

(2) Considering KingHost FY

Adjusted Net Income: Expansion in 2019

R\$ mi



Adjusted Net Income growth of 48.4% in 2018, reaching R\$ 28.2 million

Cash-generating and capitalized Company

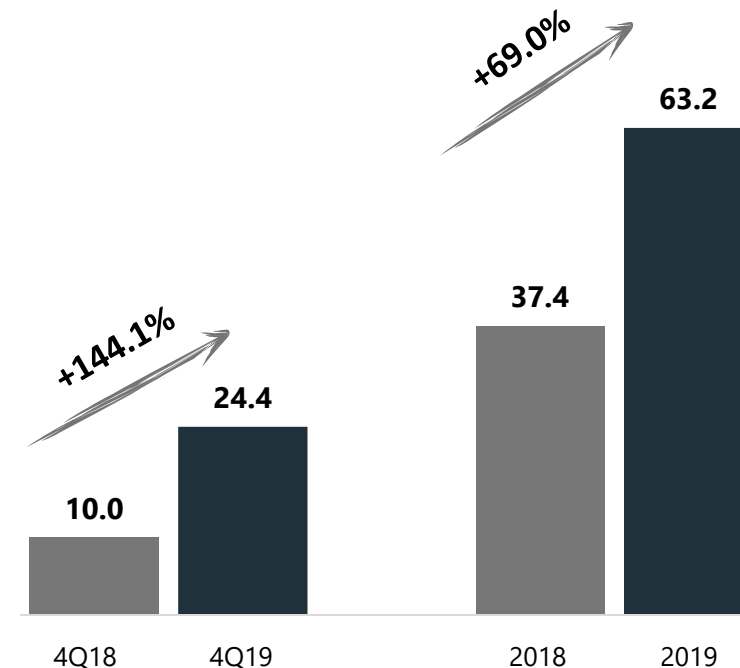
Cash Flow

R\$ mi

locaweb	4Q19	4Q18	vs 4Q18	2019	2018	vs 2018
Income (loss) before income taxes	7.0	6.8	2.2%	24.3	20.1	20.8%
Items that do not affect cash	22.4	17.5	28.3%	74.1	54.9	34.9%
Variations in working capital	(9.2)	(7.0)	31.7%	(15.6)	(16.4)	-5.3%
Net cash provided by operating activities	20.2	17.3	16.7%	82.8	58.6	41.4%
Capex for permanent assets	(2.6)	(8.0)	-66.8%	(34.6)	(29.6)	17.0%
Capex for development	(3.1)	(4.7)	-32.7%	(13.1)	(12.0)	8.6%
Free Cash Flow - After Capex	14.4	4.7	209.1%	35.2	17.0	106.9%
Acquisition	(1.0)	0.0	n/a	(27.1)	(27.3)	-1.0%
Net cash provided by investment activities	(6.8)	(12.6)	-46.3%	(74.7)	(69.0)	8.4%
Loan and financing	(7.5)	(2.6)	185.8%	15.8	(3.4)	-567.2%
Commercial lease	(2.6)	-	n/a	(10.1)	-	n/a
Dividends and interest on equity	(2.4)	(1.7)	44.9%	(8.5)	(7.9)	7.8%
Others	(0.5)	1.2	-139.6%	2.3	1.7	30.9%
Net cash provided by financing activities	(12.9)	(3.1)	314.1%	(0.6)	(9.6)	-93.6%
Net increase (decrease) in cash and cash equivalents	0.4	1.5	-70.8%	7.5	(19.9)	137.6%

Cash Generation (Adjusted EBITDA – Capex)

R\$ mi



106.9% growth in Free Cash Flow and 69.0% in Adjusted EBITDA (-) CAPEX

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Covid-19

We created a crisis committee, formed by the CEO and directors, which assesses the Covid-19 scenario daily. Our focus is on the **safety of our employees and the continuity of our operation**. The main decisions taken already implemented are:

- // Intensive **guidance and information** plan for employees, following WHO guidelines and other reliable sources
- // We reinforce all hygiene measures. The cleaning team is doing an intense job in the areas of greatest risk and placing alcohol gel in dozens of points of greatest circulation and risk (i.e. biometrics)
- // **We reassure** our customers about the normality of our operation by notice on the website and individual reports
- // We **anticipate the flu vaccination campaign** for March 20
- // We implemented a **Home Office plan that reached 99% of the entire Company** (as of March 24th). As we are already structured for remote work, this did not affect productivity or generate extra costs

Our Business is Resilient

- // We have **97% of recurring revenue** with **automatic renewal**;
- // Low revenue concentration: Our largest client is responsible for generating **less than 1%** of the Company's revenue
- // We are a **capitalized** and **cash-generating** Company
- // More than **80% of our sales (in R\$)** are made through **digital channels**
- // Our services will be **needed most** in a scenario of **increasing digitalization**

- // Products for small clients (which is Locaweb's focus) are suffering low impact (low ticket, essential service)
- // Some products showed an increase in sales: Tray // Voip communication platform // Delivery Direto
- // Dollar appreciation may be an opportunity for products with competitors priced in US\$
- // Circulation restriction might impact large client's operation: reduction in new sales, but it should freeze the migration to others platform
- // Deacceleration of the economy may reduce the growth of GMV. However, offline businesses search for online solutions can be an opportunity

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2020 drivers

- // Well-positioned and relevant Company in a high growth segment: **E-Commerce**
- // **Most complete portfolio** in Brazil for digitalizing **SMBs**
- // **Well-capitalized** Company with the resources obtained from the IPO and with strong and consistent **cash generation**
- // Clear strategy and robust **M&A** pipeline
- // Ability to launch products that complement the ecosystem and increase the possibilities of **cross-sell** and **up-sell**
- // We have programs to **Develop, Retain and Attract** the best **people**
- // We can use our low CAC to **accelerate customer acquisition**
- // We can contribute to the market digitization post-Covid