PUBLIC MEETING
2015

INVESTOR RELATIONS
OCTOBER 30, 2015

DISCLAIMER

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The information may include statements that present the expectations of the company's administration and/or predictions about future events. These predictions involve risks and uncertainties that may cause actual results to differ from those projected in such prospective statements.

Forward-looking statements may be made relating to TOTVS's business prospects, operational and financial estimates and goals, based on the beliefs and assumptions of TOTVS's management and on information currently available. Forward-looking statements do not guarantee performance. They involve risks, uncertainties, and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions, and other operational factors could also affect TOTVS' future results and could make these results differ materially from those expressed in such forward-looking statements.

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THE COMPANY

TOTVS

WHO WE ARE

*TOTVS is a **business solutions** company founded and based in Brazil, with **clients in 39 countries** and **11 Development Centers** located in Brazil, Mexico and the United States.*

*One of the largest ERP Suite providers in the world and the leading provider in Brazil, where it tops **more than 50% marketshare**.*

***22nd most valuable brand** in Brazil, and **1st in B2B**.*

First** technology company in Latin America **to go public.

***+R$1.0 billion invested in R&D** in the last 5 years.*

TOTVS

Our purpose:
To make our clients more competitive in their segments.

Our Way:
#equal, but always #different
#connected
#streamlined
We strive to remain #essential to our CLIENTS.
We develop what we #believe in and practice what we #develop
By thinking #together, we do #better

TOTVS
THINK TOGETHER

Our challenge:
To always be one step ahead of our CLIENTS' needs.

#GPS TOTVS:
+ simple | + agile | + connected | + cloud | + essential

TOTVS Manifest:

Context:
In the coming years, we will work in the following way: + simple, + different, + collaborative and 100% connected

TOTVS Commitment:
Enable new behaviors

TOTVS guideline for 2015/20:
Develop what we believe in and put into practice what we develop

TOTVS expansion:
Grow by helping strengthen the market

Conclusion:
By thinking together, we do better

BOARD OF DIRECTORS

STRONG CORPORATE GOVERNANCE

- More than 66% of free float: a corporation with no controlling group
- 7 out of 8 members of the Board are independent

Pedro Passos
Chairman (Independent)
Chairman of Natura

Germán Quiroga
Vice-Chairman (Independent)
CEO of Cnova (CBD e-commerce)

Laércio Cosentino
Member
Founder and CEO of TOTVS

Sérgio Foldes
Independent Member
Officer responsible for the international division of BNDES

Pedro Moreira Salles
Independent Member
Chairman of Itaú Unibanco

Maria Helena de Santana
Independent Member
Former President of CVM (Brazilian SEC)

Danilo Silva
Independent Member
CFO of Petros (Petrobras Pension Fund)

Romero Rodrigues
Independent Member
Global CEO of price comparison platforms of Naspers

SPECIALIZED SOFTWARE SOLUTIONS FOR **COMPANIES OF ALL SIZES** IN **10 MARKET INDUSTRIES**

- MANUFACTURING
- SERVICES
- RETAIL
- DISTRIBUTION AND LOGISTICS
- CONSTRUCTION AND PROJECTS
- EDUCATIONAL
- HEALTH
- AGRIBUSINESS
- LEGAL
- FINANCIAL SERVICES

TOTVS

OUR PRESENCE

BRAZIL

- Branches
- Franchises
- Development Centers

Distribution

5 Branches

- São Paulo
- Rio de Janeiro
- Belo Horizonte
- Recife
- Brasília

52 Franchises

- Throughout the Brazilian territory

Innovation

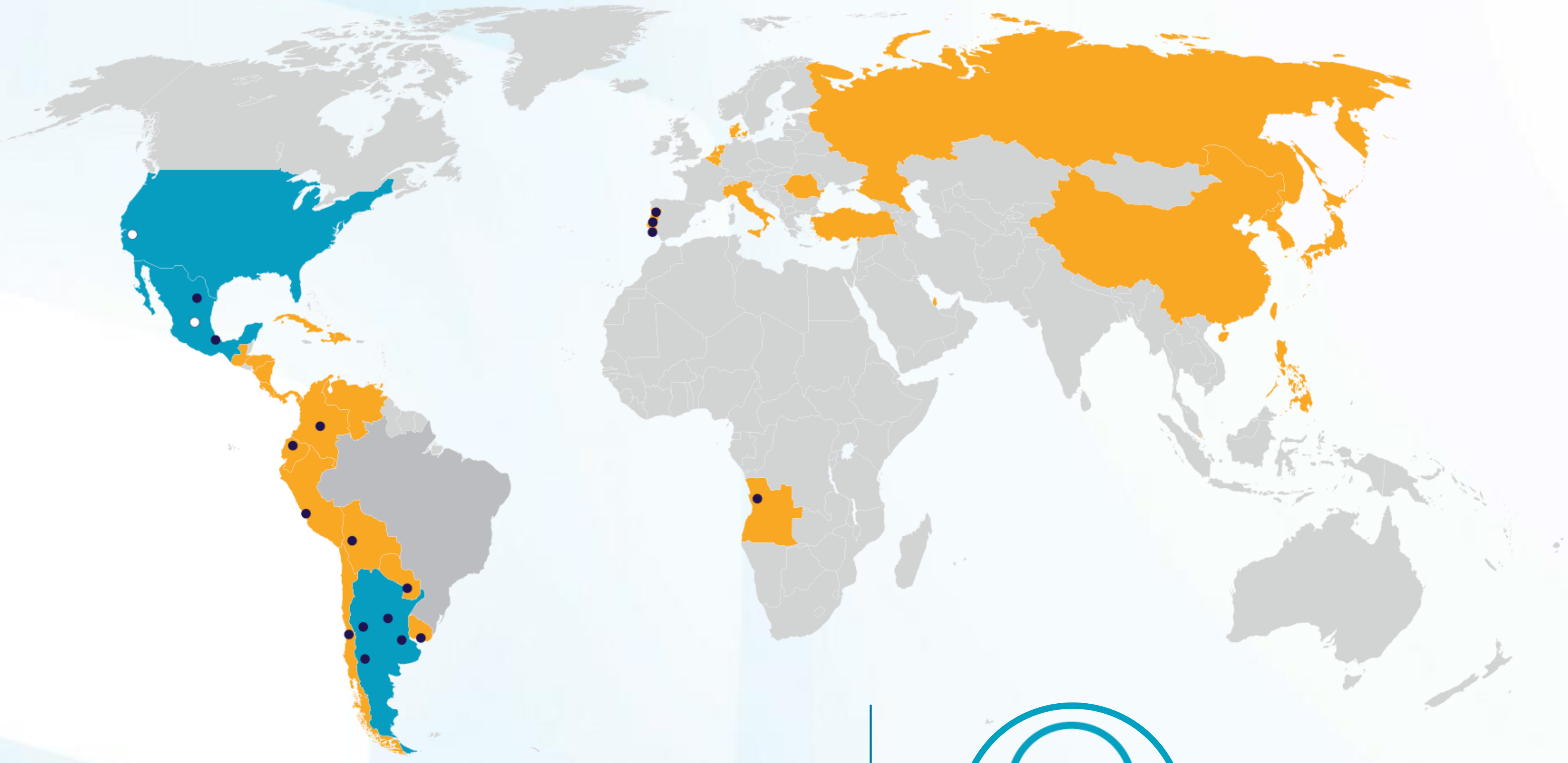
9 Development Centers

- Structured by sector
- + 3,000 people working in development and support

TOTVS

OUR PRESENCE

WORLD



Locations

- Active customers
- Branches (ARG and MEX)
- Channels
- Development Centers

Distribution

2 Branches (1 in Argentina and 1 in Mexico, D.F)

- Mexico – Northern region of Latin America
- Argentina – Southern region of Latin America

Operation in 39 countries

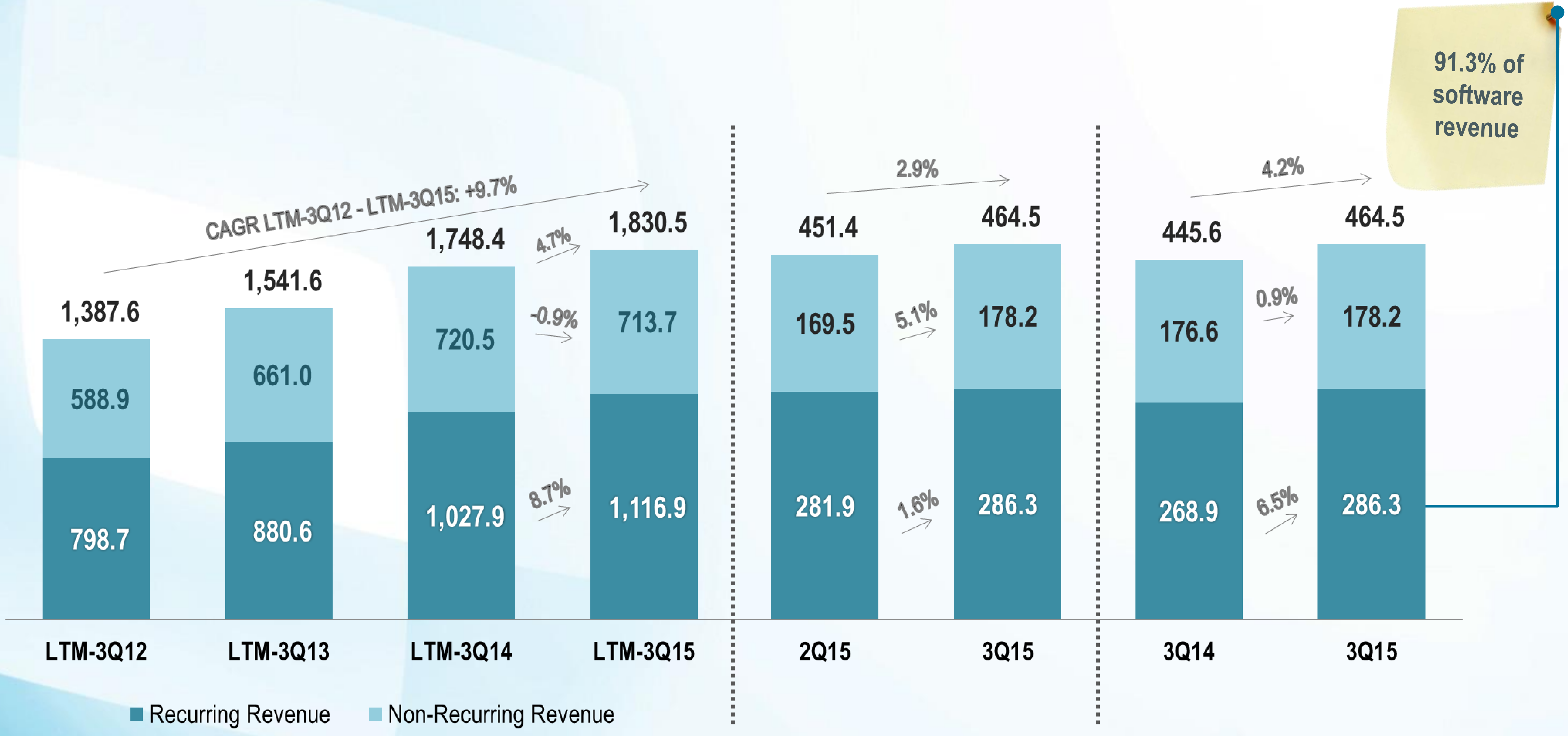
Innovation

2 Development Centers

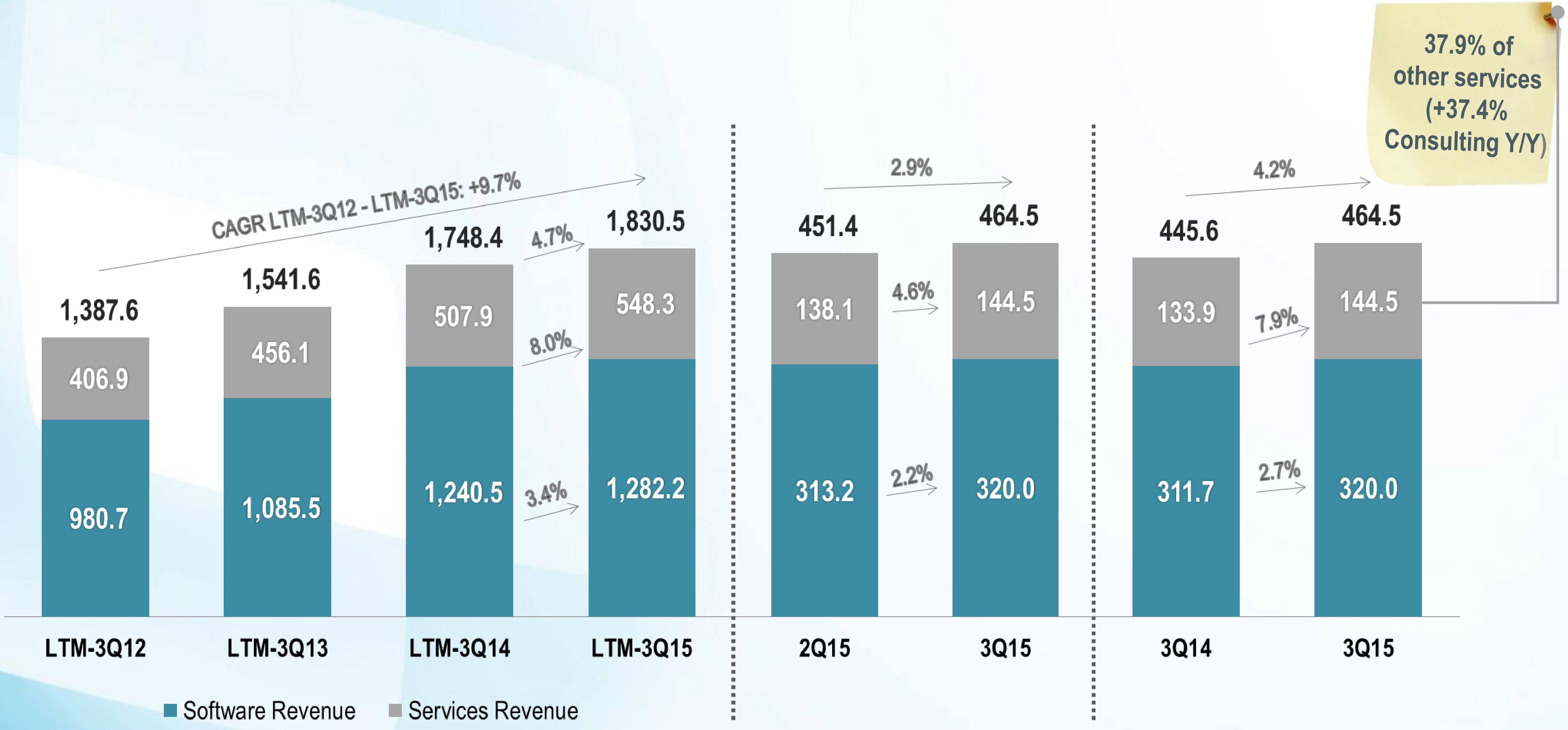
- TOTVS Labs in Silicon Valley, USA
- Querétaro, Mexico

3Q15 RESULTS

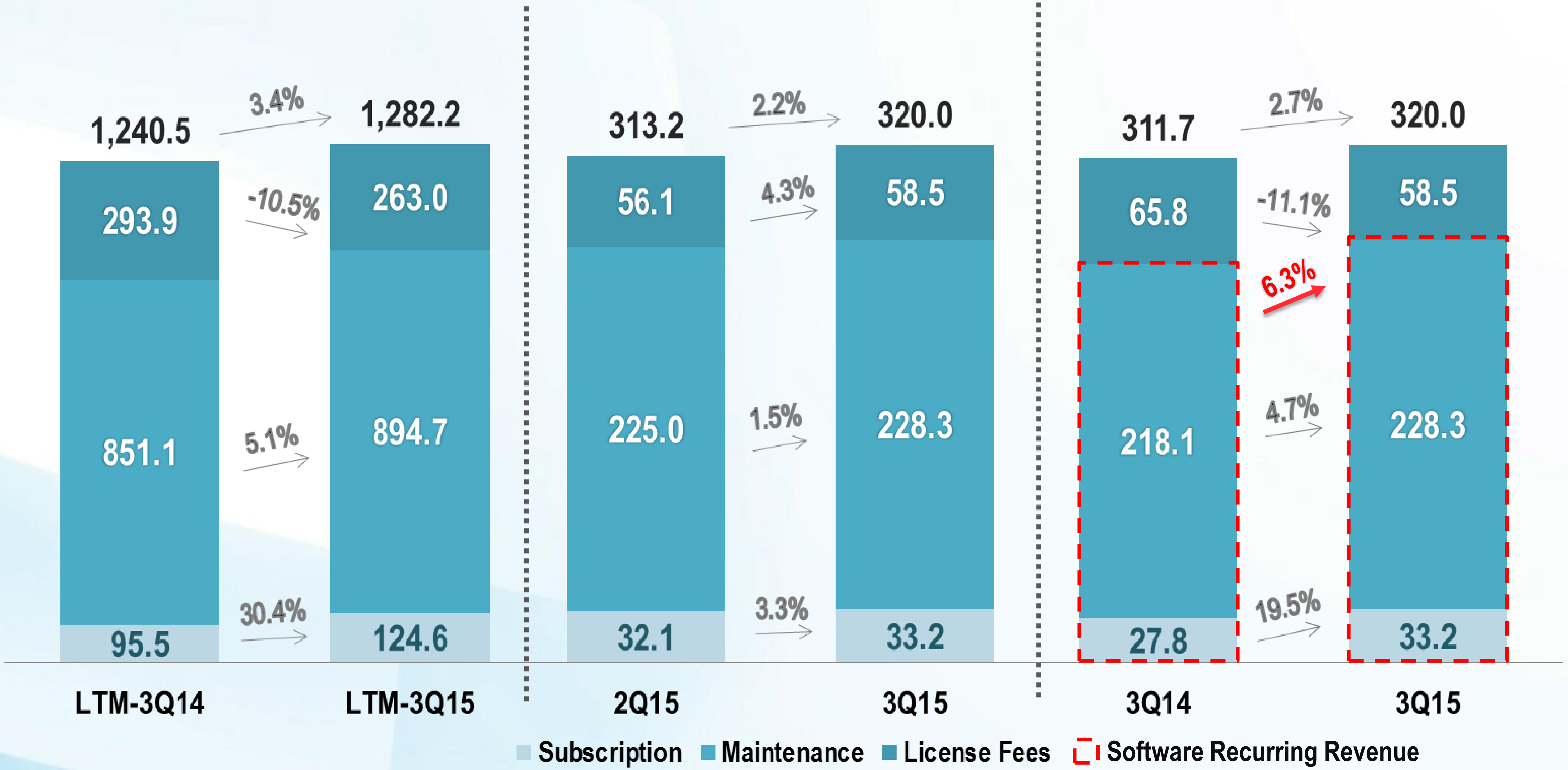
TOTAL REVENUE BY NATURE (R$ MM)



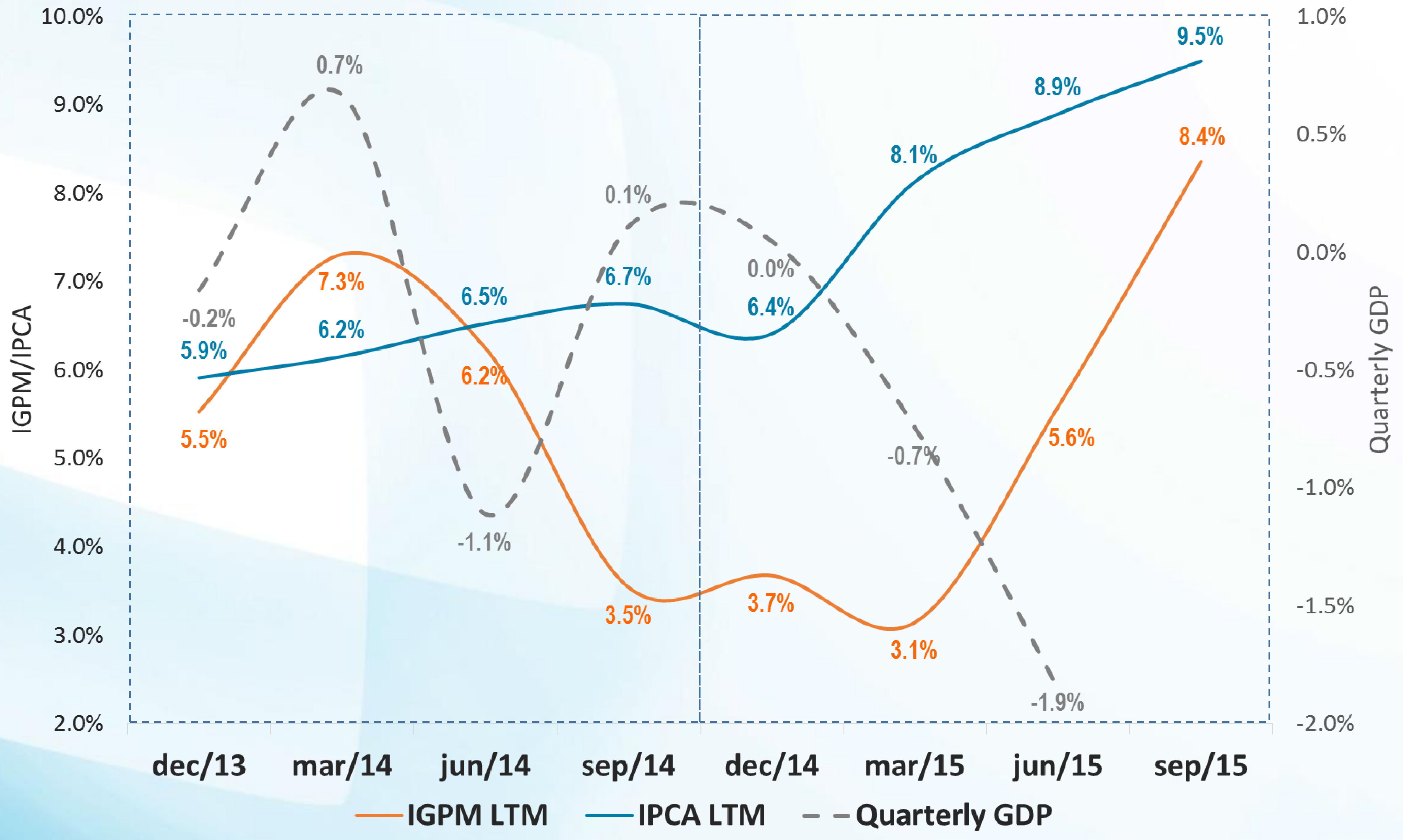
TOTAL REVENUE BY BUSINESS (R$ MM)



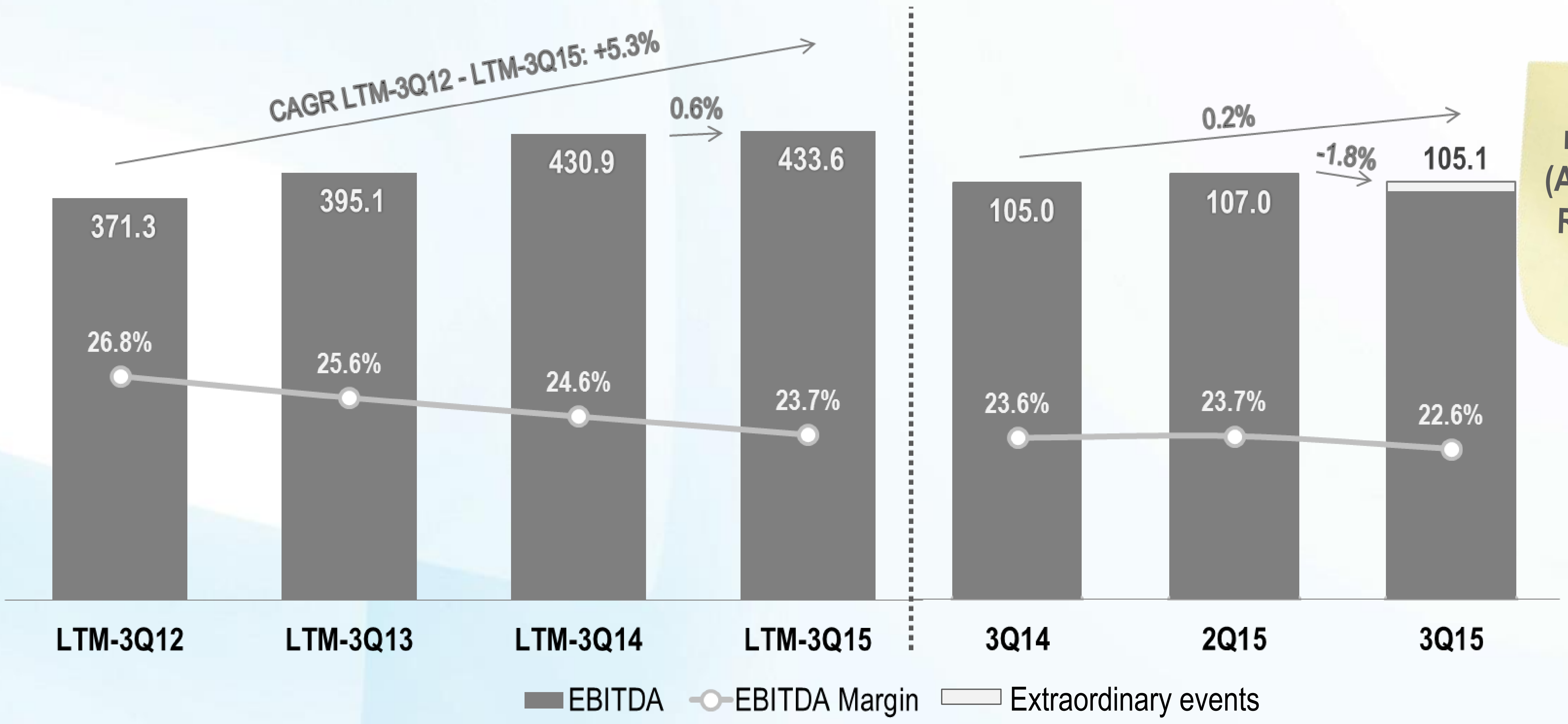
SOFTWARE REVENUE (R$ MM)



INFLATION INDEXES AND GDP

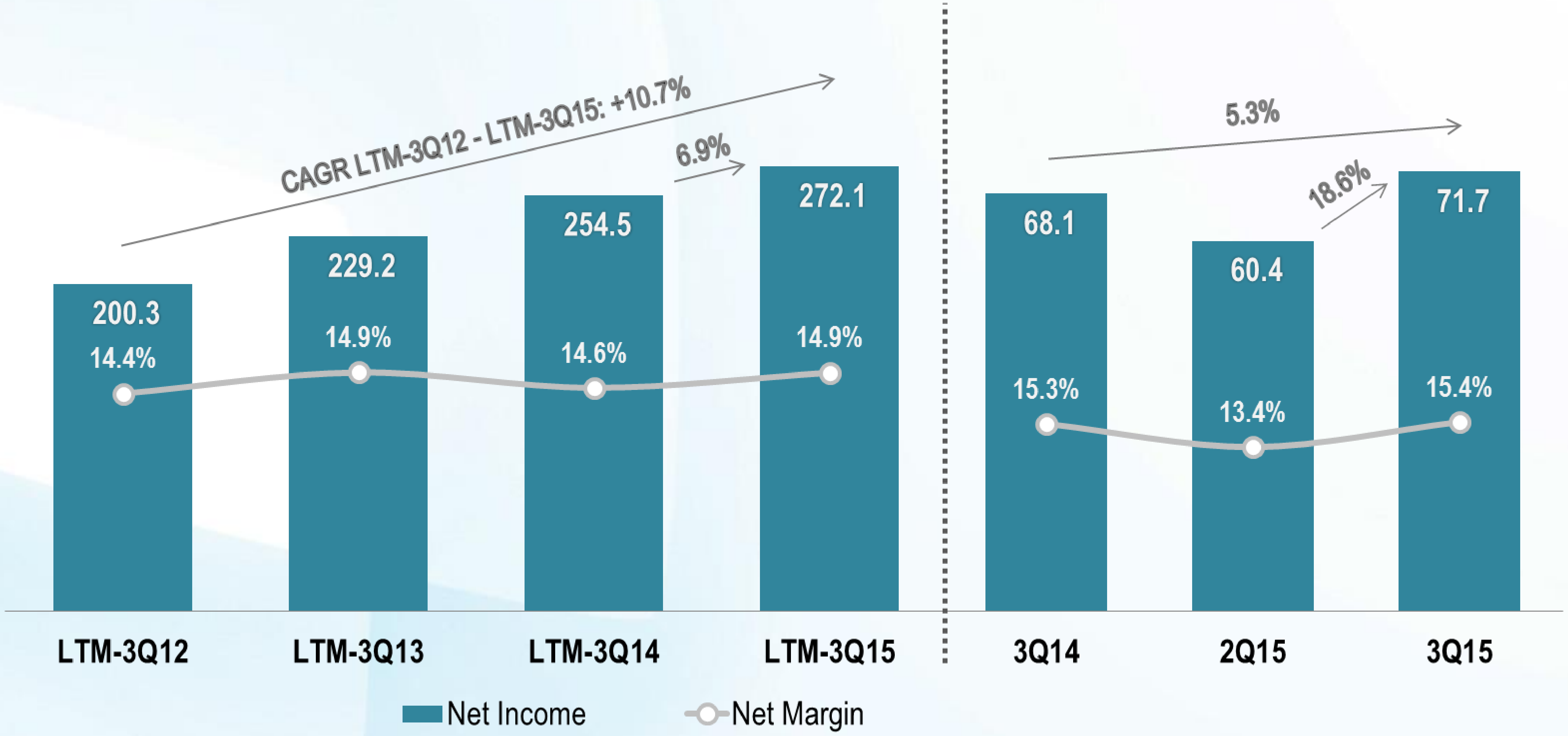


EBITDA (R$ MM)

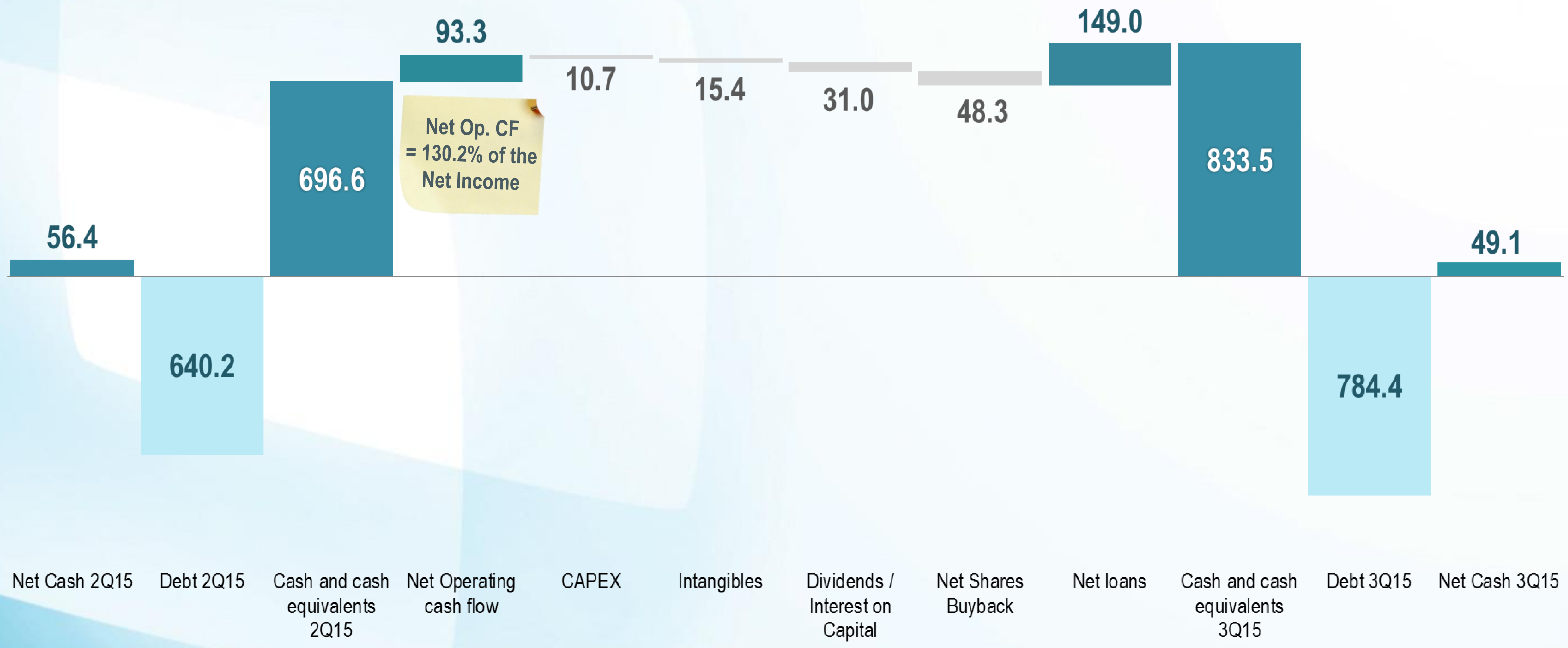


R$2.6M non recurring on 3Q15 (Adjusted EBITDA of R$102.7 / Adjusted EBITDA Mg. of 22.1%)

NET INCOME (R$ MM)



CASH FLOW AND DEBT (R$ MM)



OUR VISION

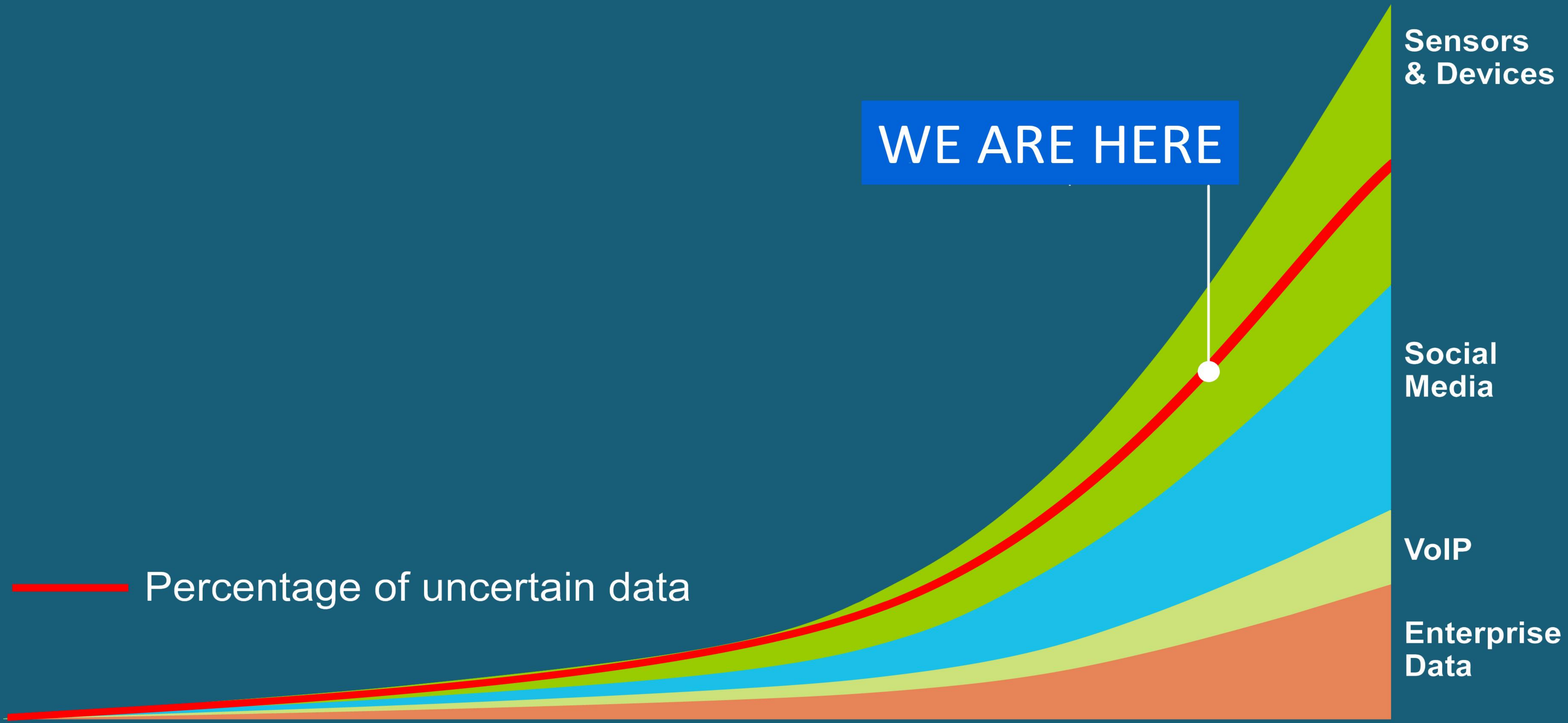

TOTVS
2005


2013


TOTVS
FREE




A WORLD OF UNSTRUCTURED DATA...



THE WORLD TODAY IS COMPLETELY #CONNECTED

THE RELATIONSHIP BETWEEN COMPANIES AND CONSUMERS, CITIZENS AND GOVERNMENT HAS CHANGED ....

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SOCIAL

34,722 Likes
Every minute

Domo "Data never Sleeps"

100% of b2b customers use social media for business

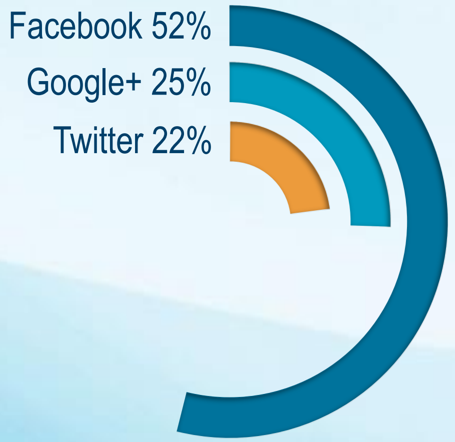
Source: Forrester Technographics® (7/2013)

Shared **Content up 9x in 5 years**

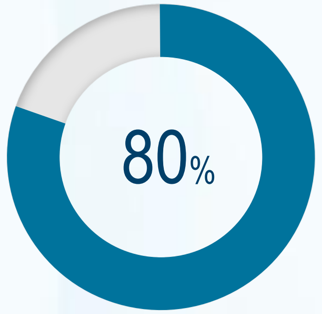
Global Digital information Created & Shared, 2005 – 2015E

Amount of global digital information created + shared (pictures, tweets, documents, etc.) expected to reach 9 zettabytes by 2015

Source: IDC report "Extracting Value from Chaos" 6/11



Social platform active **usage** **(Percentage of global internet users)** **Source: Global Web Index (1Q:13)**



By 2014, 4 out of 5 companies plan to invest in social technology to foster internal collaboration & listen to customers.

Source: ibm.com

$ 6.4 billion

The social-technology industry, worth $600 million in 2010, will **grow 10x** by 2016 to $6.4 billion.

Source: ibm.com

218 M

Registered LinkedIn users (1Q:13) +35% Y/Y
Source: LinkedIn

1.1B+

Global active Facebook users. 68% on mobiles. 60% log in daily.

Source: Facebook 5/13

663 M

Registered Skype users spend **2 billion** minutes per day on Skype, with **55 million** concurrent users online.
Source: Skype 7/2013

343 M

Active Google+ users – more than any other social network besides Facebook.
Source: Global Web Index

500 M

Photos uploaded & shared per day. Growth accelerating, 2X Y/Y
Source: KPCB

100 hours/minute

YouTube hours of video uploaded per minute (1Q:13)
Source: YouTube

#CONNECTED DUE TO THE MASSIVE INTRODUCTION OF MOBILE DEVICES...

DID YOU UNDERSTAND WHY EVERYTHING HAS TO BE 'MOBILE FIRST'?

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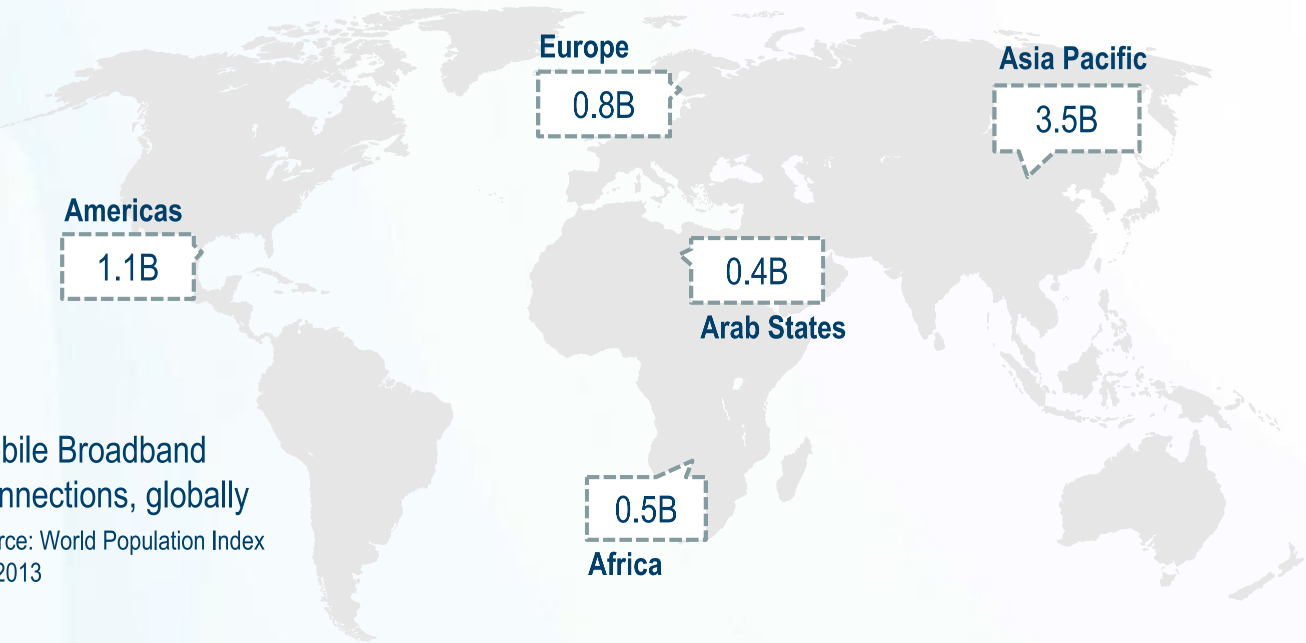
MOBILE

Mobile phones overtook PCs as the most common way to access the internet.

By 2015, 80 % of phones sold in major markets will be smartphones

Source: Gartner



Mobile Broadband Connections, globally

Source: World Population Index Q1 2013

Smartphone as % of total subscriptions

Americas	57%
Europe	42%
Arab States	20%
Africa	20%
Asia Pacific	21%

Source: Forrester 2/13

48%

of workers use a smartphone for business.

Forrester (8/2013)

77

77 % of employees **haven't received any education on the risks of BYOD. +50% of companies don't have any security policies in place for personal devices.**

50

Half of employers **will require employees to use their own devices at work by 2017.**

Source: Gartner

6.3B mobile subscriptions

Percentage of world's population with mobile

96% WW mobile penetration

310 billion downloads of mobile apps by 2016

70 billion apps downloaded in 2013

Tablet shipments surpassed desktops & laptops in 2Q 2012

Source: Gartner (April 2013)

FLOOD OF DATA – THE CENTURY 21's NATURAL RESOURCE

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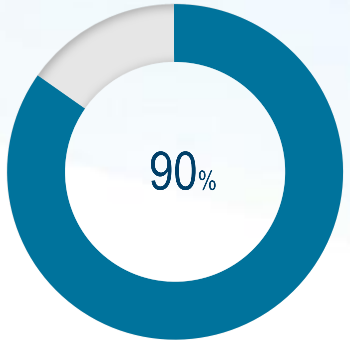
SaaS



of the world's data was created in the last 2 years

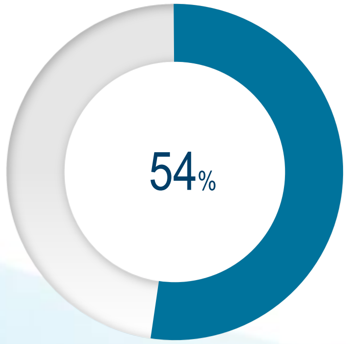
1 in 2 Business leaders don't have access to data they need

83 %

Of CIOs cites BI and Analytics as part of their visionary plan

2.5 exabytes

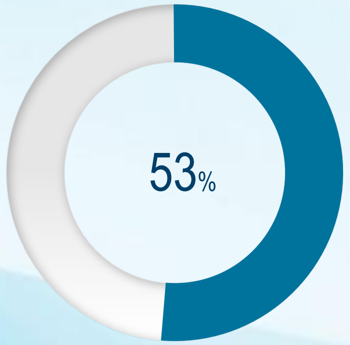
of data are created every day



of companies see the need for a high-performance analytics strategy

80%

of the world's data **is unstructued today**



of companies know there's a gap between the availability of data, & their ability to get insights from it

A typical large brick-and-morter retailer handles

1,000,000

Customer Transactions

per hour, which equals 2.5 petabytes of data

54 percent

Of companies use analytics for competitive advantage

12 terabytes of Tweets

are created every 24 horus

13x Mobile traffic data will grow 13x over the next 5 years

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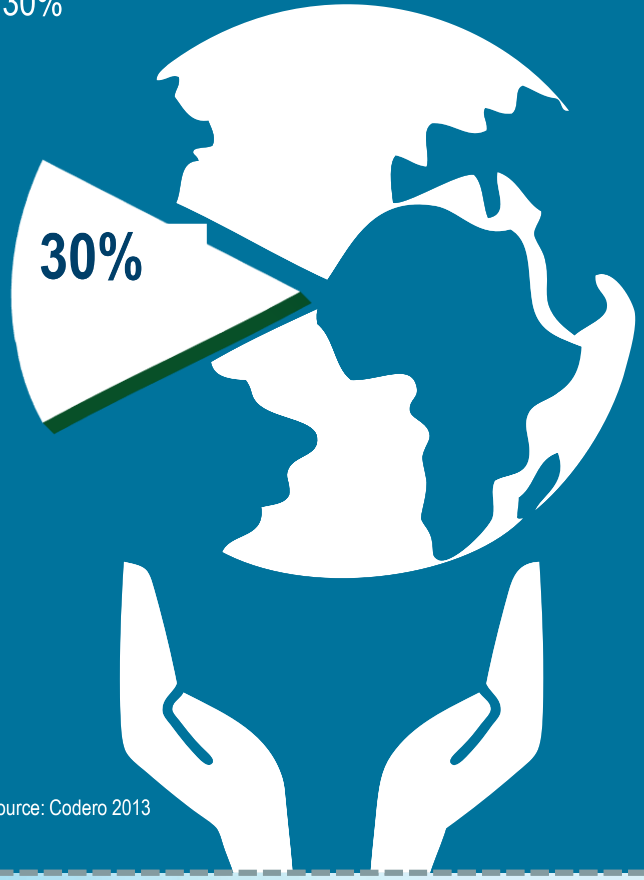
CLOUD

Cloud Computing Market
Expected size by 2020

Source: Forrester

Large companies running applications in the cloud can reduce energy consumption by 30%



Source: Codero 2013

Cloud delivers computing resources in a pay-as-you-go, utility model

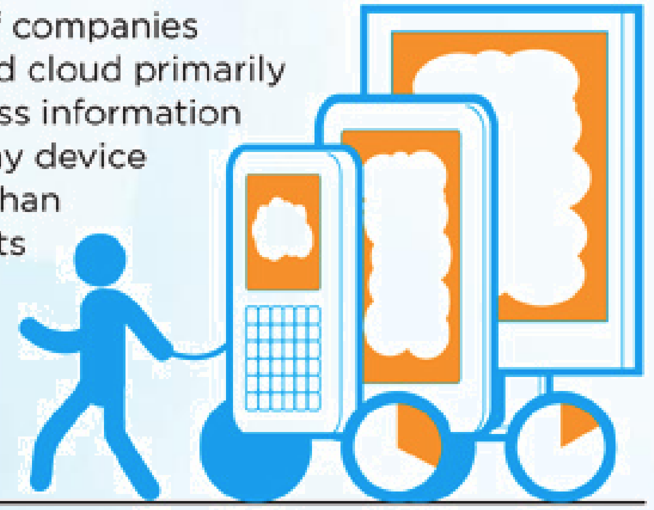
What are the different types of cloud?

- **PRIVATE** resource dedicated to one customer
- **PUBLIC** resources shared by multiple customers
- **HYBRID** customized combination of shared and dedicated resource
- **COMMUNITY** dedicated resource for a group of customers

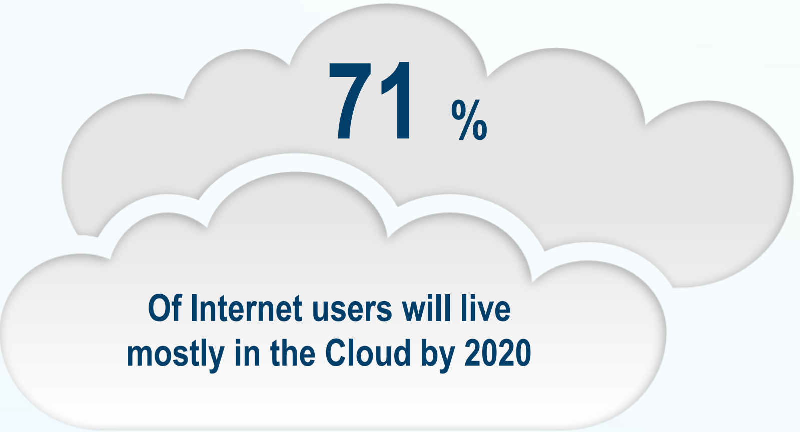
76% Of mobile workers feel that the ability to work outside the office, yet remain in contact has been a positive development, even though a third are now working longer hours.

Still identifying IT operations that are candidates for Cloud

33% of companies adopted cloud primarily to access information from any device rather than cut costs



Top reasons for adopting cloud computing **33%** Mobility **17%** Cost



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TRANSFORMATION SOMETIMES HAPPENS WITHOUT PEOPLE NOTICING...

EVEN THE SILICON VALLEY HAS CHANGED ITS IDENTIDY

Until 90's'

from 90's until 2005

After 2006

Key:

element name atomic number symbol atomic weight (mean relative mass)

hydrogen 1 H 1.0079																		helium 2 He 4.0026
lithium 3 Li 6.941	beryllium 4 Be 9.0122												boron 5 B 10.811	carbon 6 C 12.011	nitrogen 7 N 14.007	oxygen 8 O 15.999	fluorine 9 F 18.998	neon 10 Ne 20.180
sodium 11 Na 22.990	magnesium 12 Mg 24.305												aluminium 13 Al 26.982	silicon 14 Si 28.086	phosphorus 15 P 30.974	sulfur 16 S 32.065	chlorine 17 Cl 35.453	argon 18 Ar 39.948
potassium 19 K 39.098	calcium 20 Ca 40.078		scandium 21 Sc 44.956	titanium 22 Ti 47.867	vanadium 23 V 50.942	chromium 24 Cr 51.996	manganese 25 Mn 54.938	iron 26 Fe 55.845	cobalt 27 Co 58.933	nickel 28 Ni 58.693	copper 29 Cu 63.546	zinc 30 Zn 65.39	gallium 31 Ga 69.723	germanium 32 Ge 72.61	arsenic 33 As 74.922	selenium 34 Se 78.96	bromine 35 Br 79.904	krypton 36 Kr 83.80
rubidium 37 Rb 85.468	strontium 38 Sr 87.62		yttrium 39 Y 88.906	zirconium 40 Zr 91.224	niobium 41 Nb 92.906	molybdenum 42 Mo 95.94	technetium 43 Tc [98]	ruthenium 44 Ru 101.07	rhodium 45 Rh 102.91	palladium 46 Pd 106.42	silver 47 Ag 107.87	cadmium 48 Cd 112.41	indium 49 In 114.82	tin 50 Sn 118.71	antimony 51 Sb 121.76	tellurium 52 Te 127.60	iodine 53 I 126.90	xenon 54 Xe 131.29
caesium 55 Cs 132.91	barium 56 Ba 137.33	57-70 *	lutetium 71 Lu 174.97	hafnium 72 Hf 178.49	tantalum 73 Ta 180.95	tungsten 74 W 183.84	rhenium 75 Re 186.21	osmium 76 Os 190.23	iridium 77 Ir 192.22	platinum 78 Pt 195.08	gold 79 Au 196.97	mercury 80 Hg 200.59	thallium 81 Tl 204.38	lead 82 Pb 207.2	bismuth 83 Bi 208.98	polonium 84 Po [209]	astatine 85 At [210]	radon 86 Rn [222]
francium 87 Fr [223]	radium 88 Ra [226]	89-102 **	lawrencium 103 Lr [262]	rutherfordium 104 Rf [261]	dubnium 105 Db [262]	seaborgium 106 Sg [266]	bohrium 107 Bh [264]	hassium 108 Hs [269]	meitnerium 109 Mt [268]	ununnilium 110 Uun [271]	unununium 111 Uuu [272]	ununbium 112 Uub [277]		ununquadium 114 Uuq [289]				

*lanthanoids	lanthanum 57 La 138.91	cerium 58 Ce 140.12	praseodymium 59 Pr 140.91	neodymium 60 Nd 144.24	promethium 61 Pm [145]	samarium 62 Sm 150.36	europium 63 Eu 151.96	gadolinium 64 Gd 157.25	terbium 65 Tb 158.93	dysprosium 66 Dy 162.50	holmium 67 Ho 164.93	erbium 68 Er 167.26	thulium 69 Tm 168.93	ytterbium 70 Yb 173.04
**actinoids	actinium 89 Ac [227]	thorium 90 Th 232.04	protactinium 91 Pa 231.04	uranium 92 U 238.03	neptunium 93 Np [237]	plutonium 94 Pu [244]	americium 95 Am [243]	curium 96 Cm [247]	berkelium 97 Bk [247]	californium 98 Cf [251]	einsteinium 99 Es [252]	fermium 100 Fm [257]	mendelevium 101 Md [258]	nobelium 102 No [259]

OUR POSITIONING

TOTVS

WHAT ARE THE IMPLICATIONS TO OUR FUTURE?

1) **Clients valuing business solutions**
   - ERP – huge opportunity to those who are agile, simple and flexible
   - Clients valuing solutions/outcomes vs. products and services
   - Solution = intersection of technology with knowledge of industry / sectors
   - Value means addressing the needs and improving the clients of our clients experience

2) **Mobile First, Cloud Must, Subscription Only**
   - There are already more smartphones and tablets than PCs in the internet - 80% of the population in Brazil will have a smartphone in 2017
   - PCs have changed the way of working in the 90' s, and now it is the smartphones' turn
   - All in the cloud and SaaS - cheaper, more flexible and elastic

3) **Big Data / Analytics and the connection with structured (ERPs…) and unstructured data**

4) **Digital World, Self Servicing – regardless the client's size**

5) **Ecosystems and partnerships as a critical factor in the process of viralisation / scaling / growth of any company, product or "thing" (yes, thing...)**

TOTVS

WHO TOTVS IS TODAY…

1. A **Business Solution** company
2. That makes its **clients more efficient and competitive in their core**, and not only in the back-office
3. Through the intensive usage of **modern and flexible technologies**
4. And that **knows** the business, the industry and the client ecosystem
5. Being capable to address the needs and to improve the **clients of our clients** experience

WHAT WE OFFER

HOW IS TOTVS CREATING VALUE TO ITS CLIENTS?

3 TOTVS CONCEPTS

- **Fluid Technology**
  Easy to use and implement, simple and mobile, promoting **productivity, sharing and collaboration,** impacting a greater number of individuals and companies.
- **Essentiality**
  Solutions focused on the "Core Business" of each segment with a **complete adherence.**
- **Agile ERP**
  Management Systems that "live in the gym", so they run lighter and naturally focused on their "**CORE**", in the "**CLOUD**" and "**MOBILE**", promoting a **natural** interface.

1 TOTVS PREMISE

- **TOTVS CLOUD**
  Management and Infrastructure Monitoring with freedom of choice among **CERTIFIED CLOUDS.**

3 MODALITIES OF SALES AND SUPPORT

- **TOTVS TRADITIONAL:** **Licensing** of Software with Service and Support.
- **TOTVS CORPORATE:** **Unlimited** TOTVS Software with Service and Support.
- **TOTVS INTERA:** **Subscription** of Software with Service and specialized Support.

BEMATECH

TOTVS

THE OPORTUNITY TO DIGITALIZE THE BRAZILIAN RETAIL THROUGH INTEGRATED SOLUTIONS

BRAZIL´S CURRENT CONTEXT

CHALLENGES:

+ Competitiveness

+ Eficiency

+ Productivity

In order to achieve sustainable growth, the country must increase its productivity and become more competitive

IT as % of GDP[2]
Brazil

1.9%

IT as % of GDP[2]
G7 countries

3.4%

Technology is a crucial pillar to the progress and development of the country in the future

% Retail[1]

0.6M companies — Large and SMB — 17% / 59%

4.0M companies — Micro companies — 54%

4.6M companies[1]

Large and medium companies have a good digitalization degree but small companies still need a digital leap

TOTVS VISION

Digitalize

Provide business solutions based on technology to digitalize the Retail and make it more modern, efficient and productive

Influence

Lead the digitalization process means to have the capacity to to determine its standards

Produce Loyalty

Solving business problems and making companies from this sector more efficient and productive will create credibility to a long term relationship

Monetize

Update the customer core business by generating competitiveness gives us a unique ability to monetize value

Sources: (1) IBGE, (2) Gartner – "Forecast: Enterprise IT Spending by Vertical Industry Market, Worldwide, 2013-2019, 2Q15 Update", World Bank (GDP 2014 US$ current)

THE ONLY END-TO-END PROVIDER OF INTEGRATED SOLUTIONS TO THE BRAZILIAN RETAIL

TOTVS + bematech = LEADING THE BRAZILIAN RETAIL DIGITALIZATION

BUSINESS SOLUTIONS	*MANAGEMENT SYSTEMS + POS + AUTOMATION + FISCAL SOLUTIONS + E-COMMERCE + MEANS OF PAYMENT + COLLABORATION PLATFORM*
COMPLETE PORTFOLIO OF SOLUTIONS	*FOOD-SERVICE, SUPERMARKETS, CASH-AND-CARRY, APPAREL, DEPARTMENT STORES, HOTELS, ELECTRONIC, PASSENGER TRANSPORTATION, ETC.*
NATIONWIDE PRESENCE	*PRESENCE IN MORE THAN 5,000 BRAZILIAN CITIES WITH BRANCHES, FRANCHISES, RESELLERS AND DISTRIBUTORS*
DATABASE	*DATA OF 500,000+ CLIENTS IN SEVERAL RETAIL SEGMENTS*

Q&A SESSION

INVESTOR RELATIONS

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Thank you

TOTVS