



# TOTVS

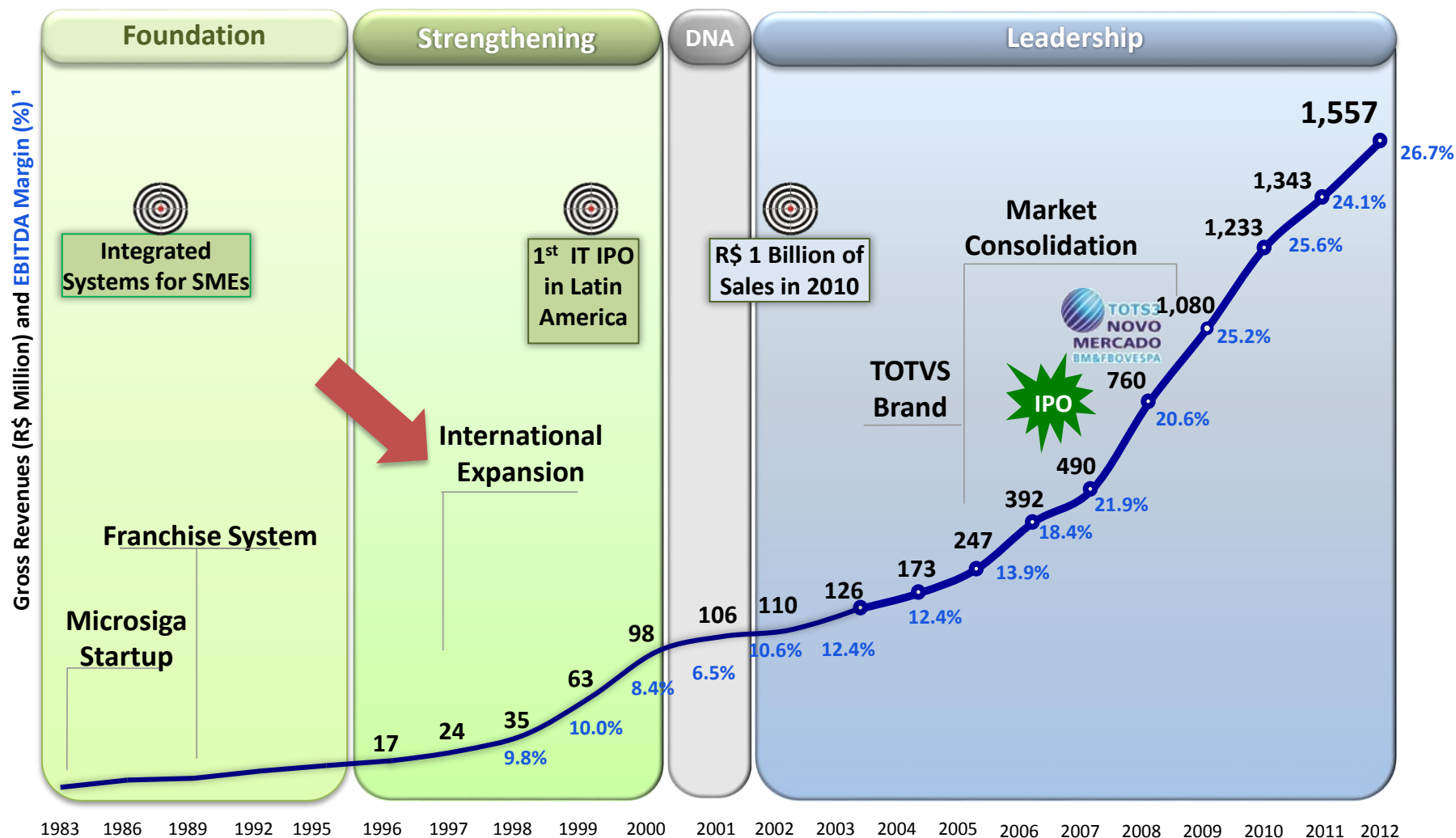
Progress Exchange

October - 2013

# Company Overview - Trajectory



## Solid Track Record of Accretive Growth



(1) EBITDA Margin does not include extraordinary expenses

# Company Overview – Who we are



## TOTVS is the South-Hemisphere's largest ERP player

### Market & Branding

6<sup>th</sup> largest ERP player worldwide, leader in LatAm and Brazil  
Absolute leader in Brazilian SME (Small and Medium Enterprise) Market  
Among 23 Most Valuable Brazilian Brands\*

### Client Base & Distribution

+26,000 clients or +80,000 enterprises (under client's contracts)  
57 exclusive distribution channels in Brazil  
+6,000 direct employees (+11,500 considering franchises' workforce)

### Financial Overview

R\$1.5 billion of revenues in the LTM-2Q13 (CAGR LTM 09 -13 of 11.8%)  
R\$389.7 million of EBITDA in LTM-2Q13 (CAGR LTM 09 -13 of 11.6%)  
R\$125.3 million of cash generation in 2012 (+129,7% vs. 2011)

### Ownership Structure

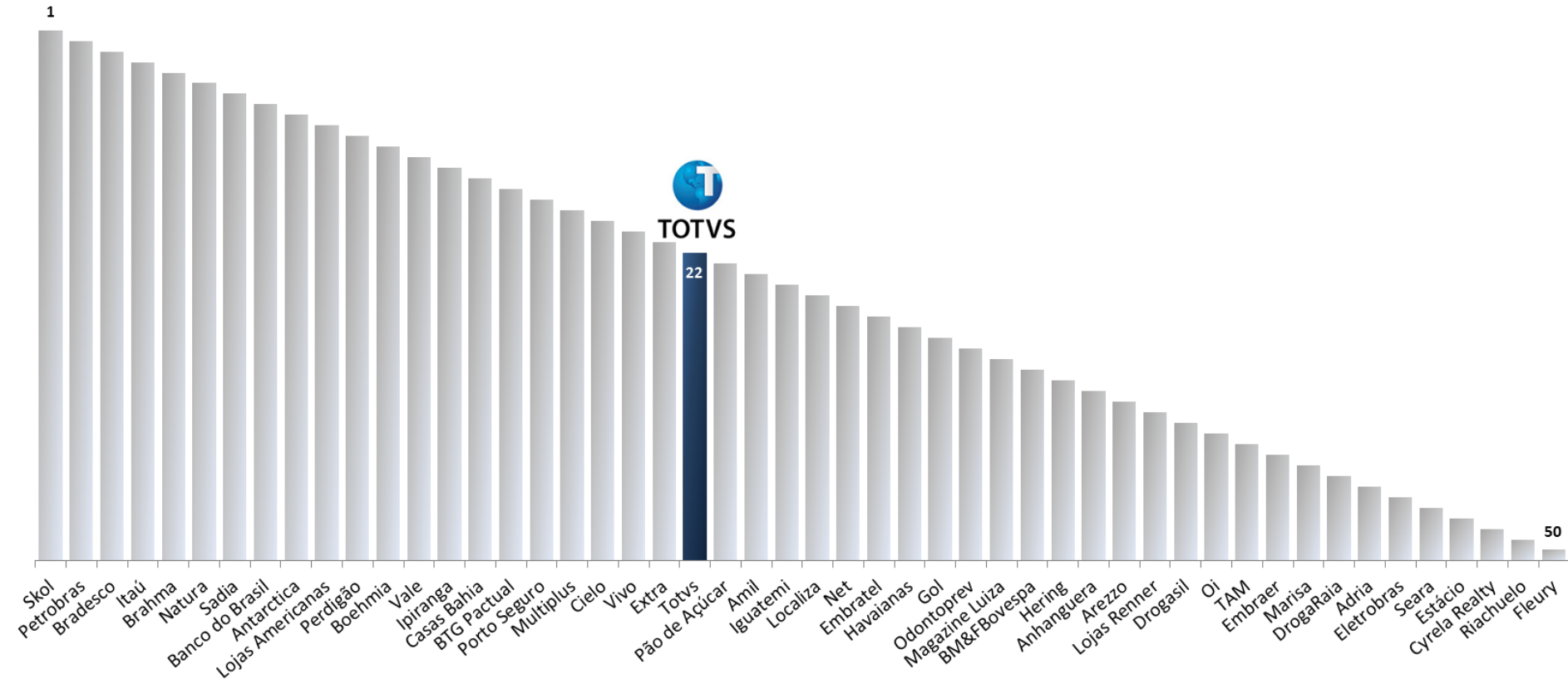
Highest level of Corporate Governance (New Market)  
Corporation – 68% in free float with 82% of international investors  
CEO & Co-Founders hold ~18% of Company's shares

\* Ranked 22nd by Brand Analytics and 23rd by Interbrand studies.

# Company Overview – Who we are



## Ranked 22<sup>nd</sup> among the Most Valuable Brands in Brazil



- High value despite the brand's young age
- Ranked ahead of major consumer brands
- Has become a synonym for Brazilian business software

# 6th

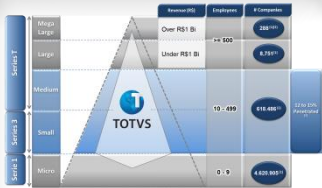
Largest  
software  
provider  
worldwide



R&D facilities around Americas  
São Paulo, BR / Porto Alegre, BR  
Belo Horizonte, BR / Joinville, BR  
Rio de Janeiro, BR / Assis, BR  
Queretaro, MX / Mountain View, US



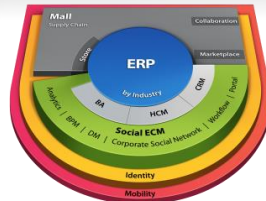
## Strong Fundamentals and Business Model



**Target Market**

### Leadership on SMB

- Low Penetration
- Private Division
- Formalization of the Economy
- Fragmented Competition



**Portfolio**

### Comprehensiveness

- by Industry
- by Company Size
- Agnostic
- Process-Oriented Platform
- Hybrid (Cloud/On-premises)
- Mobility



**Distribution**

### Capillarity

- Franchise Model
- Regional Entrepreneurship
- Channel Exclusivity
- Final Contact with Clients
- Alignment of Interests



**Revenue model**

### Flexibility

- SMB Growth Capturing
- Installed base with No Concentration
- Strong Recurrence
- High Retention Rate
- Inflation Hedge

# Portfolio Overview



## TOTVS Arena

### Identity Management

- Authenticated and Certified Individuals and Companies

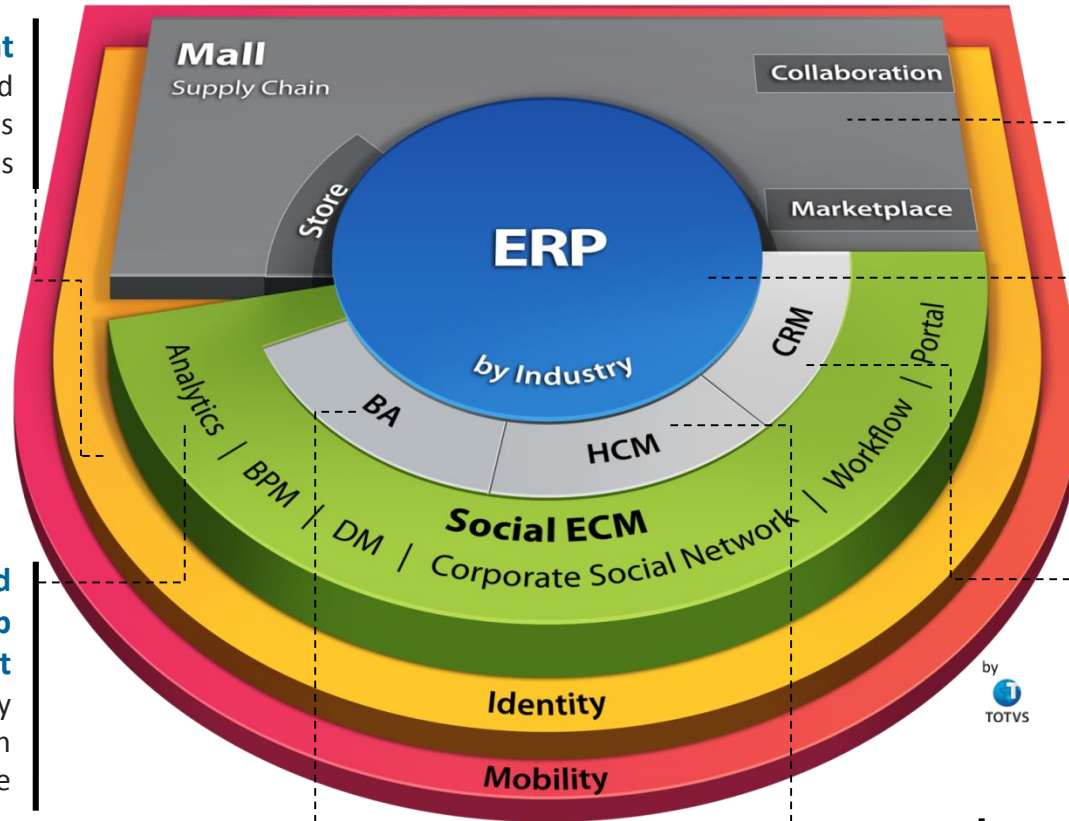
### Process, Content and Relationship Management

- Corporate Productivity
  - Communication
- Natural User Interface

### Decision Making Support

- BI / DW / SGI / BSC / BA

- Single Sign-on
- Information Ownership
- SaaS (Software as a Service)



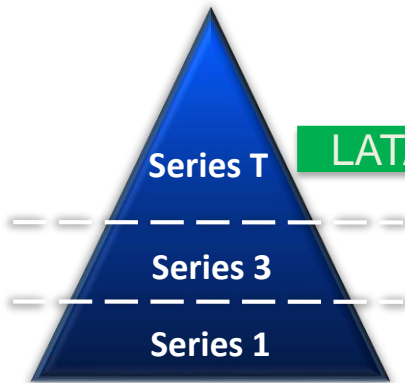


# Portfolio – ERP by Industry



## Company Management

- ERP by Industry Sector & by Company Size



## Functional adherence to the core business of each industry



**Agribusiness:** Agricultural and Agribusiness Management | Cultivation, Cultural Procedures, Harvest | Origination of Grains | Subcontracting | Fleet Maintenance | Automation in the Field



**Manufacturing:** MPS | MRP | CRP | APS | Shop Floor Control | Industrial Automation | Asset Maintenance | Environmental Management



**Distribution & Logistics:** Supply Chain | TMS | WMS | OMS | Fleet Maintenance | Shipper | Harbor Customs Facilities



**Retail:** Store and POS | Magazine | Drugstore | OMS | Credit Management | Supply



**Construction and Projects:** Work and Project Management | Property Development Management | Viability Analysis



**Education:** Academic Management | Library | Distance Learning | Academic Portal | Selection Process



**Health:** Health Plan and Affiliated Provider Management | Hospital Management | CCIH



**Services:** Service Agreement Management and SLA | Asset Maintenance



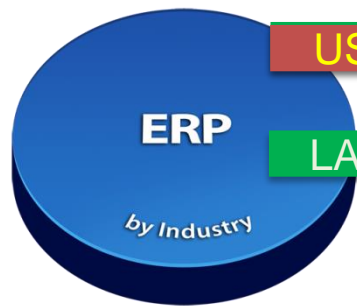
**Legal:** Process Follow-up and Control | Schedule | Timesheet | Agreement, Customer and Team Performance Management



**Financial Services:** Investment Management | Core Banking | Credit Management



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# Portfolio – Facts by Industry



**+260** clients = **60%** Brazilian sugarcane harvest, **+120** grain producers, **1,5 million** hectares



Agribusiness



Health

**12 million** lives, **+9,700** beds, medical registers to **35** specialties

**+1,289** clients are international market, **+67** projects, **+533** engineering and design customers



Construction and Projects



Legal

**7 out of 10** top law firms, **10,000** lawyers

**+1,700** clients in retail and distribution, **+600** freight companies



Distribution and Logistics



Manufacturing

**+1,000** extractive and processing customers, **+1,058** metal and plastic, **+1,500** capital goods

**+700** Brazilian institutions, **+1.5** million students



Educational



Retail

**+1,300** department stores, **+350** supermarkets, **+500** building materials distributors

**30k** portfolios, **6k** funds, **1.7trillion/day** assets processed, LatAm Financial Market Top provider



Financial Services



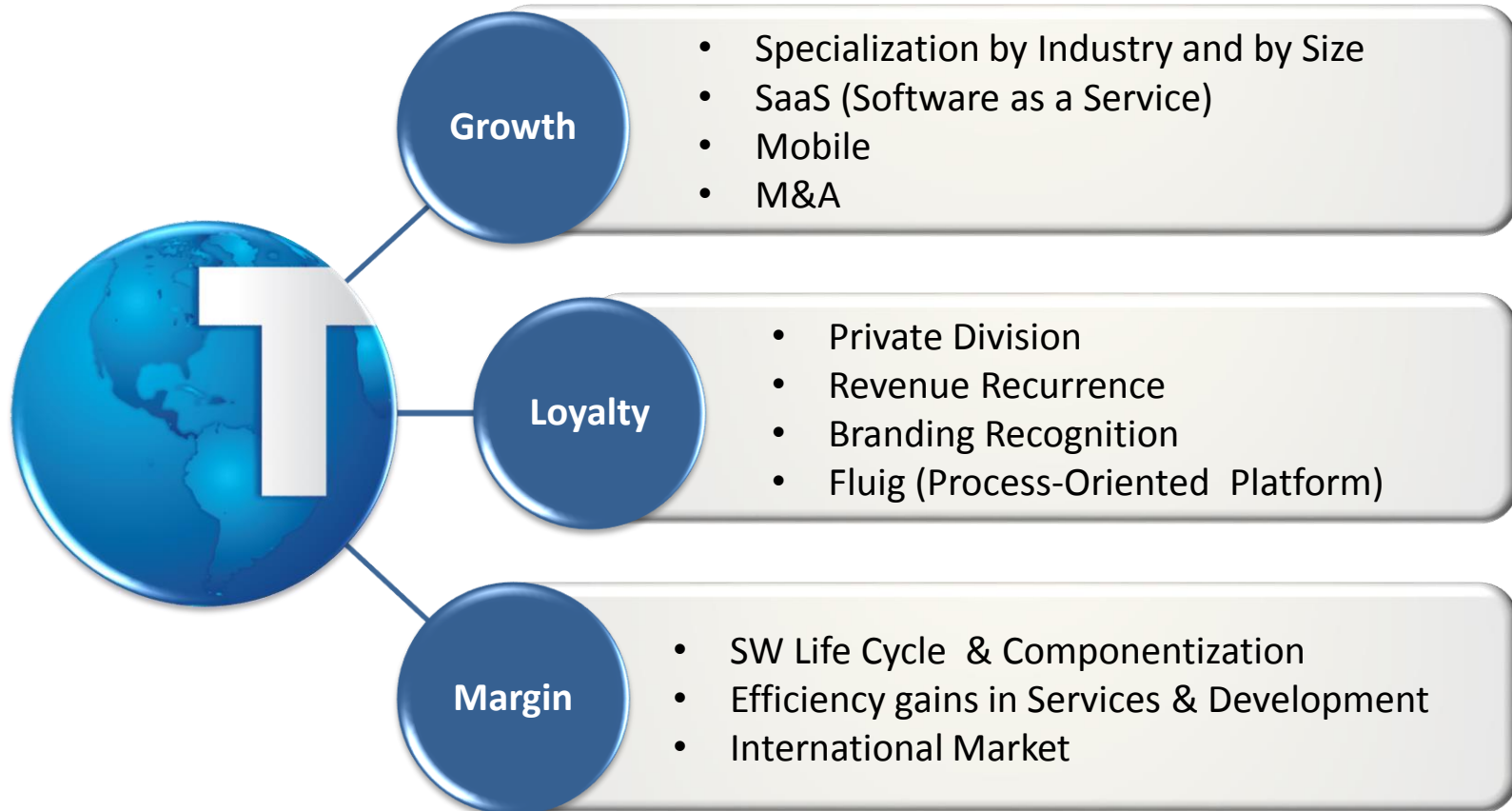
Services

**+2,650** services providers, **+400** Utilities providers, **+470** travel and passengers transportation

## 5<sup>th</sup> Phase

### Company transformation into a global standard

- Capturing the Brazilian economy internationalization
- Geographical selectivity
- Brazil remains the cornerstone of our strategy



## Agribusiness business unit



**Leader in**  
Systems Management Agroindustrial  
**Sugarcane in Brazil**



International Experience

**8 countries**

Colombia, Mexico,  
Peru, Guatemala,  
Nicaragua, Honduras and Angola

**SaaS and on premises Software**  
for Grains' farm management

**More than 3,7 millions of acres**  
managed by TOTVS Solution

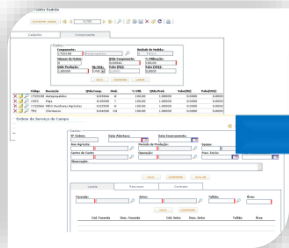
**22 years**

experience in the  
agribusiness sector

# TOTVS Agribusiness Solution



## Productive Chain



Plan



Plant



Nurture



Harvest



Deliver



Improvement

**Sizing of Resources Consumption**

**Follow-up and Control of Operations**

**Monitoring of Levels of Resources Use**

**Guarantee Levels of Conformity of Processes and Products**

**Managing Production Costs**

### **PIMS®**

System of Management Information of Agricultural Processes (Management Tool)

### **PIMS® - Wide Platform**

Support all stages of the agricultural process, from the preparation of the soil to the harvest of raw material

### **Multi-companies**

Management of the relationship between several plants with full transparency

### **Integration with ERP**

PIMS® provides integration with the main ERP systems

# Full Suite - Modules



Central Configuration and Production Sites

Planning of Activities

Activities and Resources Control

Plantation Controls

Harvest Controls

Reception and Analysis of Raw Material

Payment of Services - Third Parties

Agricultural Technical Control

Fleet Maintenance

Budget Planning

Improvement of Raw Material

Management of Production Costs





## Our References

### SILVICULTURE



- ❖ AIMARA
- ❖ CORUS
- ❖ ECOBRASIL
- ❖ GRUPO MAGGI
- ❖ MISTRAL
- ❖ PANTALEON

### SUGAR CANE



- ❖ BIOSEV
- ❖ BUNGE
- ❖ ETH
- ❖ NOBLE
- ❖ RAIZEN
- ❖ SÃO MARTINHO
- ❖ GRANBIO
- ❖ CTC

### CITRUS/ FLORAL SHOP



- ❖ AGROTERENAS
- ❖ FINOBRASA/  
VICUNHA
- ❖ JF CITRUS

### CEREALS/ GRAINS



- ❖ BOM FUTURO
- ❖ CALYX AGRO
- ❖ GRUPO MAGGI
- ❖ KOBRA
- ❖ LUCIO MIRANDA
- ❖ SEMENTES  
ADRIANA

### PASTURE



- ❖ AGROSB
- ❖ CAMPANÁRIO
- ❖ GRENDENE

### TUBERS/ PALMA [type of edible cactus]



- ❖ MANUELLITA



# WHERE WE ARE



**SOUTH AMERICA**



# NORTH AND CENTRAL AMERICA

# WHERE WE ARE

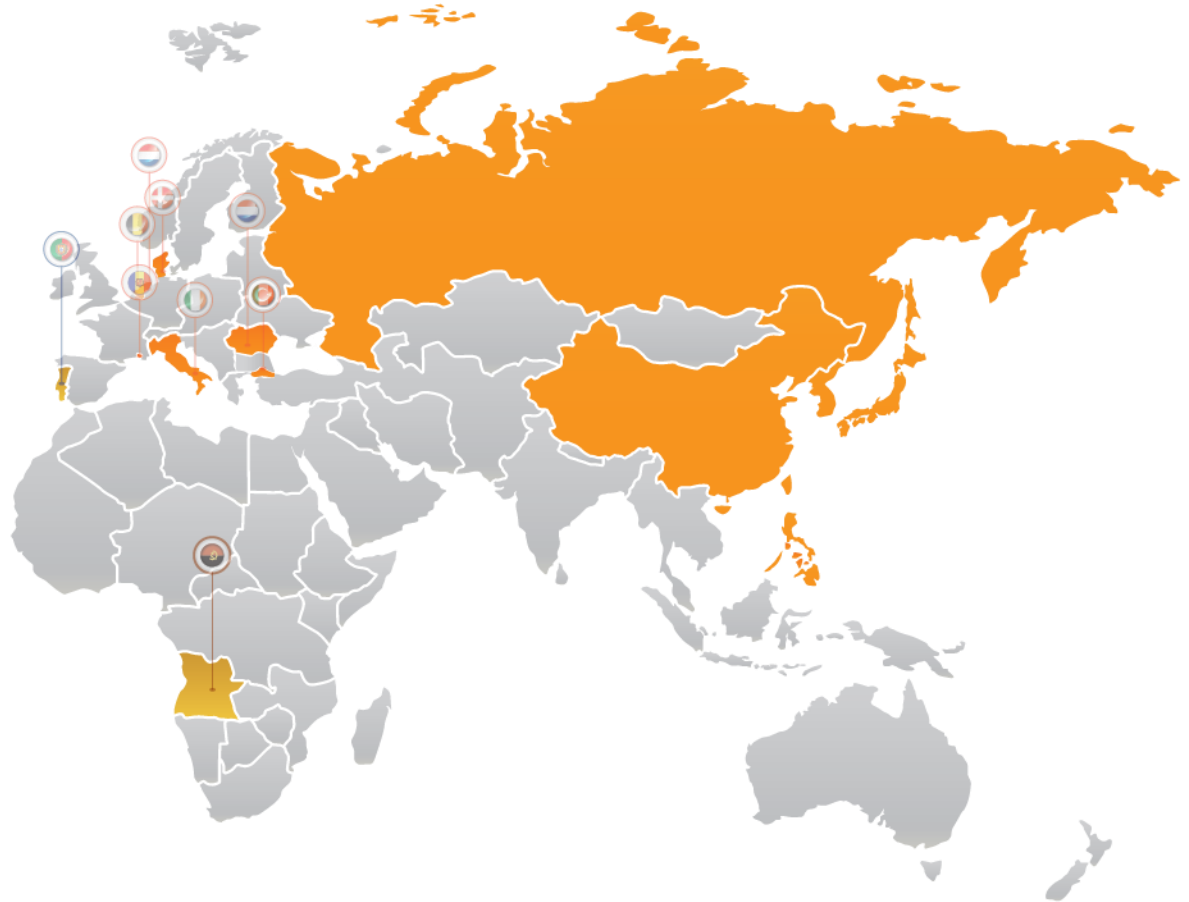


**EUROPE AND  
AFRICA**

# WHERE WE ARE



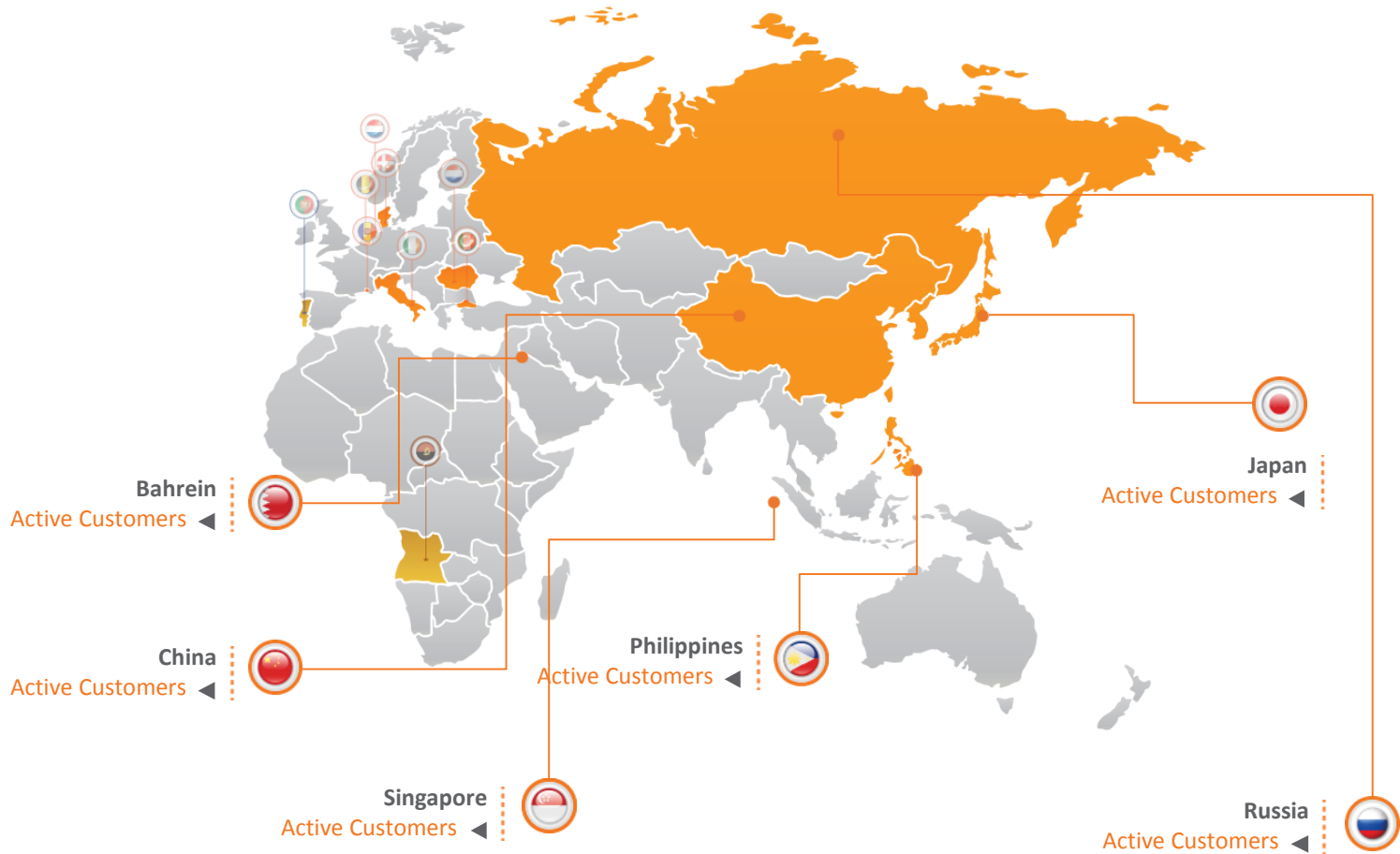
**ASIA, EURASIA  
AND MIDDLE EAST**



# WHERE WE ARE



## ASIA, EURASIA AND MIDDLE EAST



# WHERE WE ARE



## TOTVS AROUND THE WORLD



## TOTVS Labs

For what?

Innovation Center located at Mountain View, CA  
Pure Labs concept

## OBJECTIVES

Take advantage of the innovation environment of Silicon Valley through technology development or product strategic partnerships.

Create a better solution to TOTVS Customers





## Strategic Investments



### **Big Data and Cloud Computing**

Business Analytics solutions in the cloud with Big Data technology offered in the SaaS mode

Investment of US\$16.0 million, with a Board seat and distribution exclusivity in Latin America

# Win Win Strategy



## TOTVS

## CHANNEL

Broad product coverage



High valued software  
by industry

Sales opportunities



Increase SW portfolio  
availability for clients

Strong training mechanism



Better professionals  
for services

Recognized channel  
program



Attractive sales incentives

**Want to improve your Progress sales?  
Became a TOTVS channel**



 **THANK YOU**

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