locaweb

São Paulo, August 12, 2020: Locaweb Serviços de Internet S.A. (B3: LWSA3) announces to its shareholders and the market in general its results for 2Q20.

Highlights

Net Revenue of **R$117.3** million in 2Q20, **24.8**% higher than in 2Q19

Commerce reached **R$32.7** million in Net Revenue, **69.5%** higher than in 2Q19
When compared to 1Q20, Net Revenue for the Commerce segment increased by **43.1%**

GMV of the Commerce segment increased by **105.2%** in 2Q20, totaling **R$1.7** billion

TPV of the Commerce segment increased by **148.1%** in 2Q20 over 2Q19, reaching **R$377.8** million

The addition of new stores in the Commerce segment increased by **274%** in 2Q20 versus 4Q19
(In June 2020, the addition of new stores was **282%** higher than the monthly average in 4Q19)

Net Revenue for BeOnline / SaaS reached **R$84.6** million, **13.2%** higher than in 2Q19

Adjusted EBITDA totaled **R$32.0** million in 2Q20, increasing by **23.8%** over 2Q19

In 2Q20, EBITDA of the Commerce segment increased **85.1%** over 2Q19, totaling **R$14.5** million.
(EBITDA Margin increased **3.7 p.p.**, reaching **44.2%** in 2Q20)

Operating Cash Generation[1] reached **R$19.7** million in 2Q20 and **R$35.5** million in 6M20, corresponding to and increase of **128.9%** versus 6M19

Adjusted Net Income totaled **R$12.0** million in 2Q20, increasing by **147.8%** over 2Q19

Net Cash[2] position of **R$371.5** million. Excluding the effects of IFRS 16, Net Cash position totaled **R$444.1** million

Reduction of Locaweb's turnover by **45%** in 2Q20 vs 1Q20

Conference Call (simultaneous translation): Aug 14, 2020
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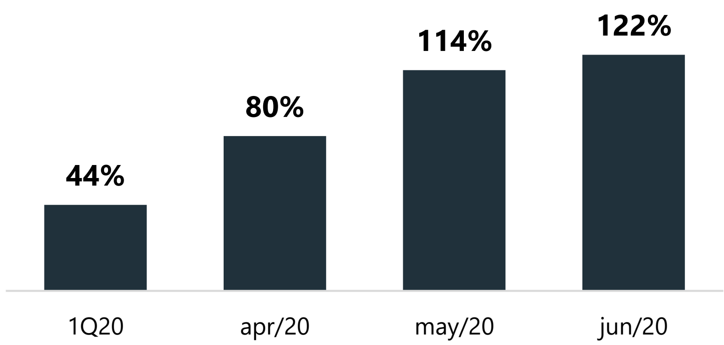
[1] Adjusted EBITDA minus Capex
[2] Corresponds to loans and financing less the balance of derivatives (foreign exchange swap), less cash and cash equivalents

CEO's Message

We are, once again, pleased to present Locaweb's results for the second quarter 2020. As highlighted in the first quarter of the year, the second quarter of 2020 was also marked by consistent results in all our business lines, of which we maintained our strategy to increase new store sales in the Commerce segment and deliver consistent and robust revenue growth in the Company's both segments.

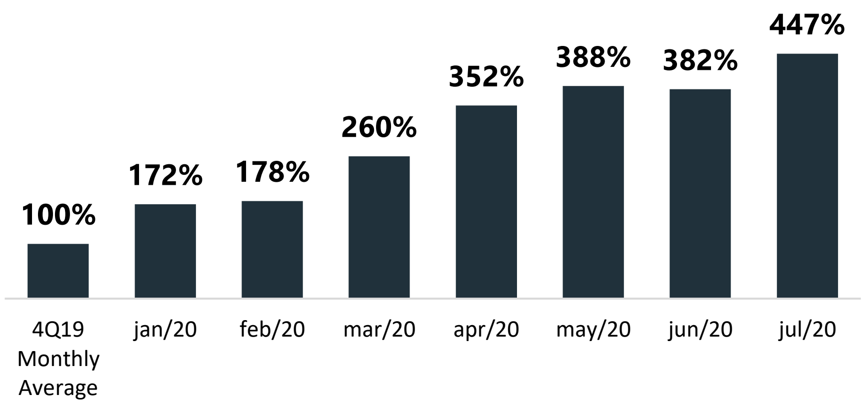
As previously explained, growth in the Commerce segment relies basically on two factors: (i) the increase in GMV within the existing customer base and (ii) the entrance of new customers, which will contribute to subscription revenues and expanding GMV according to the success of their stores.

In relation to GMV growth, the quality of our ecosystem, which continues to be expanded on a daily basis and already includes more than 170 integrations, contributed to the increase in our customers' sales volume and is reflected in the triple digit expansion of our GMV results in 2Q20 (+105% vs. 2Q19). Following the trend seen in March 2020, when GMV reported faster growth at the end of the month, GMV continued to report growths of 80% in April, 114% in May and 122% in June when compared to the same months in 2019, as illustrated in the chart below.



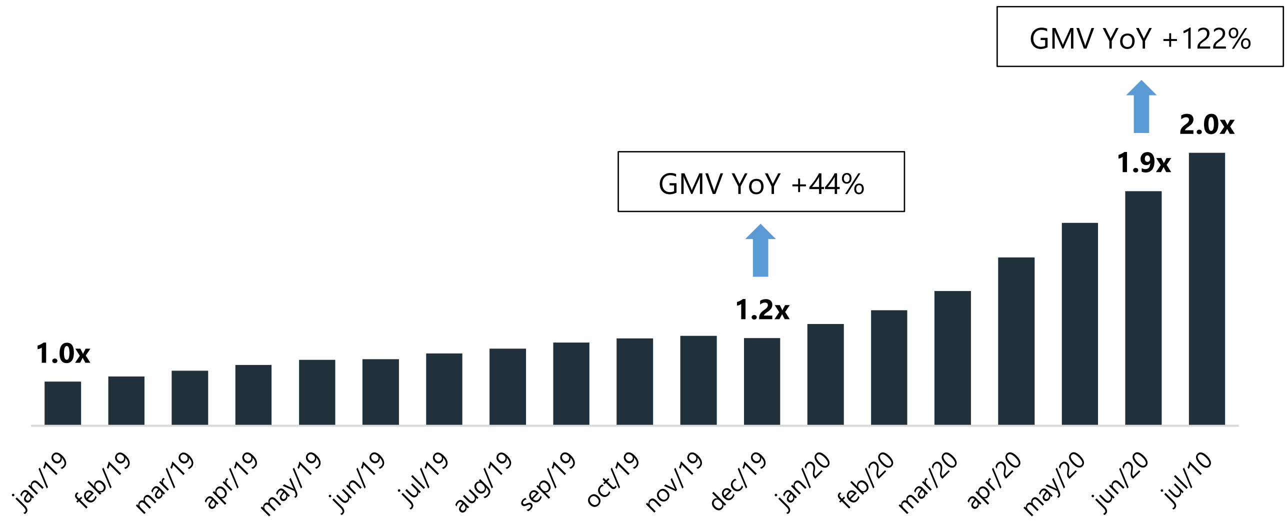
In terms of addition of new stores, we reported, for the second consecutive quarter, the best quarter in the history of our Commerce business. In 2Q20, the number of new stores increased by 274% over 4Q19. The month of June 2020 alone was 282% higher than the monthly average of the last quarter of 2019. With these volumes of new entrants, we strengthened our position as the largest, best and most efficient digitalization tool for Small and Medium Business (SMBs) in Brazil.

The chart below illustrates the growth of new store additions during the first seven months of 2020, versus the monthly average of the last quarter of 2019 (base 100):



The data for July reinforces that, even with the reopening of businesses in many cities, we did not see any signs of slowdown in new store additions or GMV.

As a result of the strong entrance of new stores on the Tray platform, our customer base has increased significantly this year, as illustrated in the graph below:



According to the chart above, in just 3 months in 2020 we already surpassed the growth in customer base reported in 2019.

In the first seven months of 2020, we continued to observe three key factors that contributed to this acceleration: (i) the favorable competitive environment resulting from the departure of two competitors in 1Q20; (ii) the increase in our investment in customer acquisition costs (CAC), which remains very healthy and allows for future expansions; and (iii) the acceleration of the digitalization trends of the economy imposed by the advance of the Coronavirus.

We also intensified our Brand Marketing efforts for Tray during the last month of 2Q20. These efforts are aimed at consolidating the Tray brand as a leading platform for SMBs in Brazil. The Brand Marketing efforts will continue to be intensified over the course of 3Q20 and, depending on the outcome of brand surveys, to be carried out during the quarter, we will continue these efforts in the coming periods.

Through the increase in the number of new clients and churn trends similar to what was reported in the second half of 2019, we are paving the way for a great revenue growth in the coming years since ARPU of new clients can be multiplied by 7x over the next three years as the average spending level of new clients reach the same levels of our mature customer base, in addition to our very operationally efficient management and operation model, all of which will allow us to continue to expand our margins in the Commerce segment.

To sustain the strong increase in the number of new clients, Tray organized its structure into three large sub-departments focused on intelligence, scale and technology to map our clients' main needs without overloading our support team.

We created a Support area to answer clients' requests and a Customer Experience department to focus on teaching customers how to use the Tray platform through online training modules, therefore reducing the need to contact the Support team. Additionally, we also launched a Customer Success Program which, among other things, produces contents for the E-commerce School ("Escola de E-commerce") that teaches customers on how to achieve successful online businesses. We understand that if our customers have larger amounts of prior education, they will need less support which allow us to achieve greater operational scale.

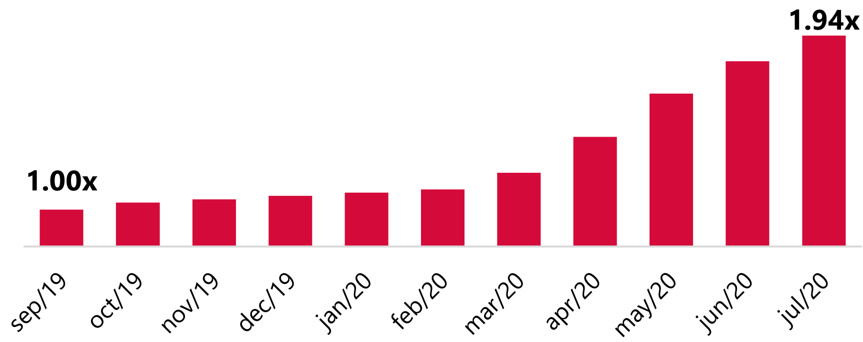
In 2Q20, Net Revenue of the Commerce segment accounted for 27.9% of the Group's total Net Revenue, increasing by 7.4 p.p. over the segment's 20.5% share in 2Q19. Commerce's EBITDA corresponded to 45.1% of the Group's total EBITDA (compared to 30.2% in 2Q19).

The EBITDA Margin of the Commerce segment also experienced a strong expansion in the quarter, from 40.5% in 2Q19 to 44.2% in 2Q20 (+3.7 p.p.), reflecting the operational efficiency of the Commerce segment. This will allow us to further intensify our efforts in attracting new customers due to our low CAC, as well as support our Brand Marketing efforts.

Our sales in the BeOnline / SaaS segment also accelerated in relation to the previous quarter (1Q20). Since January 2020, our sales have increased 24% versus the same period in 2019, while sales growth in 2Q20 was 29% higher than in 2Q19. We highlight the following products: Our Hosting, Cloud VPS, Website Creator and All In Cloud Marketing portfolio.

Delivery Direto, which develops restaurant apps, continues to report increase in sales (entry of new clients) of more than 4 times. The platform also received large customers, such as large restaurant chains and food stores, who chose to have their own delivery app along with their existing e-commerce platforms. We also used this quarter to reinforce, within the Delivery Direto platform, our marketing structure and increase our focus on Key Accounts to accelerate the customer acquisition process.

The chart below illustrates the evolution of Delivery Direto's customer base, since September 2019, when we acquired the Company.



Complementing our analysis on the impacts caused by the Coronavirus and, as anticipated in our 4Q19 and 1Q20 earnings releases, we created a crisis committee, comprising of Locaweb's main executives, which has been responsible for monitoring and making daily assessments on the Coronavirus scenario. Our focus will continue to be on the safety of our employees, who remain on a home-office basis, and the continuity of our operations, both in terms of service and support to our customers, as well as in the development of new products and features.

It is important to emphasize once again, that, as we were structured for home-office work, this did not affect the productivity and development of our platforms, which continued at an accelerated pace during this period, preparing the Company to support SMBs in the strong digitization process that the post-Coronavirus environment will bring to the economy.

We continue to witness the temporary impacts of the Coronavirus on margins for the BeOnline / SaaS segment, mainly related to exchange rate variations and discounts granted to customers, however, this does not compromise the Company's margin expansion trend due to the growth of its more profitable businesses (SaaS and Commerce), as well as the gains in scale as a result of this growth.

In terms of currency devaluation, it is important to remember that these expenses are passed on to our customers through contractual clauses, but there is a mismatch between the actual date in which we pay for the licenses and the date in which these costs are transferred to the customer, thus affecting the segment's margins in the quarter.

However, currency depreciation benefits other business lines as some of our foreign competitors have products priced in dollar, thus making our products, in reais, more competitive. As an example, we can mention the entire Cloud and Digital Marketing portfolio (All In).

We remain capitalized with the funds obtained from the IPO, which, as already presented in the 4Q19 and 1Q20 earnings release, will be mainly used for new acquisitions. We maintain our search pace for new acquisitions, using the same principles that guided us in the past and, in the short term, the Company will likely make new announcements to the market.

We continue to work to retain our base of more than 19,000 partner developers and, in August 2020, we will host our 22nd Locaweb Digital Conference, an event that brings together Locaweb customers and partners.

Finally, it is worth mentioning that both the Company's directors and its Board of Directors, which includes 4 members of Locaweb's founding family, are fully committed to developing the solutions ecosystem in its product portfolio, either internally or through M&As, with active participations in the meetings held by the respective committees and focused on Locaweb's long-term growth.

Operating Highlights in the quarter

Commerce

"Tray has the most complete ecosystem in its category and continues to work to increase the number of integrations available so that our clients can sell more, making us the best prepared player to accelerate the digitalization process of Brazilian SMBs, with the best platform and cost benefit option through operational efficiency that reflects in the constant growth of our margins. "

Fernando Cirne, CEO of Locaweb

- Reinforcing our strategy to offer the most complete e-commerce ecosystem in Brazil, we launched 54 new integrations on the platform, reaching 170 integrations for the sales, market-places, payments, ERP and logistics categories.

- We also launched another new integration for market-places: Leroy Merlin, a company that has been in Brazil since 1998 and has 21 different departments, including building materials, furniture, lighting and security. Now, our platform has native integration with 22 market-places.

- Aimed at maintaining our focus to have the best integration with Mercado Livre, we launched the integration with Mercado Envios Flex. This option allows stores that have their own delivery system to deliver orders received through the Mercado Livre platform.

- We launched the "B2W Entregas" system that allows our customers to print their own delivery labels directly through the virtual store's Administrative Panel. This was another one of our integration advances with B2W's market-places.

- We also launched, in partnership with the national postal office, a new delivery option called "Clique e Retire", in which postal branches and accredited establishments can store orders to be pick-up by clients, offering an additional facility for online shopping.

- A new payment option is also available for all customers: "Auxílio Emergencial Caixa", allows thousands of people to purchase essential goods at the stores on our platform by using their government Emergency Aid card through the Yapay processing system.

- We launched a new feature for sales directed to specific audiences, which are defined according to our customers' rules. Therefore, the stores on our platform have more flexibility and access to powerful one-to-one personalization tools.

- The new Administrative Panel for Tray customers continues to be enhanced and is now available to all stores on our platform. The new panel is now on desktop and mobile devices and offers relevant information to help our customers made decisions through easy-to-read data that has been adapted according to the screen size of each device.

- As we are also focused on boosting our customers' sales, we have a network of certified partners that offer them services such as custom layouts and campaign and performance management. During this quarter, we certified 7 new partners, increasing our network to 184 partners, including agencies, consulting firms, photographers, content and sales professionals.

- We launched 7 new themes in our Theme Shop, reaching a total of 112 themes available for our customers to choose from.

- We also launched the Yapay Showcase, a new resource focused on small store owners and local businesses that need to quickly set up a complete online store with a checkout option. Through the Yapay application (IOS or Android), in just a few minutes a free-of-charge showcase can be created. Once the showcase is created, it can be used to sell products on all social media networks and the Internet in general, with formats mainly for mobile devices. After a sale is made, the store will receive payments with full security through its Yapay account.

- Due to the exponential growth of online transactions in the last quarter, Yapay developed a new integration tool to further improve the ability to write-off registered bank slips. Though this feature, we guarantee that our customers can safely increase their scale and growth.

- We also improved our platform's transaction processing for real-time responses. With this update, Yapay reduced its partner processing return times by 50%. This improvement mainly affects the food delivery market, which has been growing rapidly during the pandemic.

- We also signed up as an Indirect PIX Participant, an instant payment method announced by the Central Bank of Brazil that allows money transfers to be executed in only a few seconds. PIX replaces the TED and DOC money transfers, which have limited operating hours, with a new money transfer option available 24/7, in addition to being a new alternative for substituting bank slips, which are commonly used in e-commerce transactions.

BeOnline / SaaS

"We intensified the development of new products and features in our existing solutions, consolidating Locaweb as the largest digital platform for SMB customers in Brazil, and we worked hard to maintain the quality of service to our customers, even with our employees working from home during the entire quarter."

Fernando Cirne, CEO of Locaweb

- For the products in the BeOnline portfolio, such as Hosting, VPS Hosting and VPS, our development performance in the quarter was focused on operational efficiency through the review of our technological architecture so they provide greater automation, resilience and scalability for products being used by an active and growing customer base.

- In order to deliver even more value to small businesses, we enhanced the integration of our Hosting with the "Let's Encrypt" feature, a free-of-charge cyber security solution. With this feature, in addition to users accessing a certified website, the indexing with search engines, such as Google, was improved.

- Also aimed at supporting small businesses, the E-mail Marketing solution delivered contact and mailing optimization features, in addition to contact classification filters. With this, businesses have higher quality mailings and can consequently improve the assertiveness of their campaigns.

- In order to expand the communication capabilities of our customers who use the Desk360 suite for management and client relationships, we also advanced in the integration between PABX Locaweb and Desk360, aligned with our strategy to increase our SaaS product integrations. We continue with this integration agenda among products, not only for Locaweb's portfolio, but also with other units within the Group.

- Additionally, aimed at reinforcing synergy and cross-selling opportunities among the Group's units, we developed the integration between Delivery Direto and Yapay, our payment solution product, in order to capture the GMV transaction volumes in restaurant applications. We began this roll-out for our customers and, in less than a month, we managed to activate more than 700 stores.

- At Delivery Direto, we launched an exclusive module for pizzerias that allows clients to create specific orders for this type of meal.

- Finally, we launched the new Nextios brand for customers in the corporate segment, which were previously served by Locaweb Corp and Cluster2Go.

People

"The new reality brought by Covid-19, our talent attraction and retention programs and our home-office plan, that will become a reality even after the end of the pandemic, will positively reduce the Company's turnover, in addition to having the possibility of attracting candidates from other locations in Brazil and abroad."
Fernando Cirne, CEO of Locaweb

- Our turnover rate decreased by 45% in 2Q20 compared to 1Q20. This was due not only to the talent retention programs promoted by us, but also because of Covid-19 since employees, mainly in the technology field, are looking for more solid companies to work for at times like these.

- According to the Material Fact disclosed on August 11, 2020, the Company approved, at the Extraordinary Shareholders' Meeting, two new Stock Option plans with the objective of retaining its key talents at several hierarchical levels.

- Even during the pandemic, we hired approximately 190 new professionals, with no planned salary reductions or lay-offs, without impacting the Group's margins given the operational efficiency achieved by the Company over the years. We also continue to develop our employees aimed at providing ongoing support to our customers' digitalization process.

- We launched a Career Guide with tips and guidelines for employees gain awareness on the principles that guide the Company's approach on this topic, our practices and tips on how to prepare a structured development plan. We also began session of the 2020 Leadership Training Program.

- Our Covid-19 Crisis Committee, comprising of the CEO and senior executives, maintained ongoing works to monitor the number of confirmed cases and the situation of each region in order to define the Group's strategies, communication and how to prepare for returning to the office. We maintained hygiene and cleaning measures reinforced in the office environment and structured a gradual and cautious return plan.

- We readjusted our employee benefit package according to the new home working reality and included additional expense reimbursements, supermarket vouchers, psychologists and online support from a nutritionist, in addition to hosting live streaming events and other activities to help balance physical, emotional and financial health, all of which are part of "Conexão Saúde", the Company's life quality program. We conducted a survey to measure our employees' perception of the program and received very positive feedback.

- We also launched the 2020 Inclusion and Diversity Census and the information collected will help us make decisions and foster an increasingly inclusive work environment. In addition, we held talks about the LGBTQI+ pride month and anti-racism.

- Even remotely, we continue to celebrate important the Company's important achievements, such as the launch of the new Nextios brand at an online event.

Summary Indicators

Consolidated

(R$ million)

locaweb	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Net Revenue	117.3	94.0	24.8%	221.8	178.6	24.2%
Gross Profit	47.8	37.1	28.8%	89.9	73.0	23.1%
EBITDA	28.7	24.9	15.2%	43.7	47.8	-8.5%
EBITDA Margin (%)	24.5%	26.5%	-2.0 p.p.	19.7%	26.7%	-7.0 p.p.
Adjusted EBITDA [1]	32.0	25.9	23.8%	57.3	50.4	13.7%
Adjusted EBITDA Margin (%)	27.3%	27.5%	-0.2 p.p.	25.8%	28.2%	-2.4 p.p.
Net Income	5.2	3.7	40.6%	3.0	5.2	-42.3%
Adjusted Net Income [2]	12.0	4.8	147.8%	16.3	8.2	99.1%
Adjusted Net Income Margin (%)	10.2%	5.1%	5.1 p.p.	7.4%	4.6%	2.8 p.p.
Cash Generation [3]	19.7	18.8	5.0%	35.5	15.5	128.9%
Cash Conversion (%) [3]	61%	72%	-11.0 p.p.	62%	31%	31.2 p.p.
Net debt (cash) [4]	(444.1)	81.1	n/a	(444.1)	81.1	n/a

[1] Adjusted EBITDA refers to the net profit (loss) adjusted by the financial result, income tax and social contribution on profit, depreciation and amortization costs and expenses, expenses with stock option plans; expenses related to mergers and acquisitions; non-recurring bonus expenses considered by the Company's management, financial income related to derivatives used as a hedge instrument against exchange variation on operating liabilities, and write-off resulting from the sale of investments of subsidiary company Eventials and extraordinary expenses related to the IPO.
[2] Adjusted Net Income is calculated from net profit (loss), excluding: (i) stock option plan expenses; (ii) amortization expenses of intangibles resulting from the acquisitions of companies; (iii) adjustments related to CPC 06 (refers to the sum of financial expenses with interest due to updating of lease liabilities and the depreciation expense of right-of-use assets minus lease liability payments already made); (iv) mark-to-market of derivative financial instruments; and (v) extraordinary expenses related to the IPO.
[3] Cash Generation consists of "Adjusted EBITDA – Capex" and Cash Conversion consists of the dividing the "Adjusted EBITDA – Capex" by "Adjusted EBITDA".
[4] Corresponds to loans and financing less the balance of derivatives (foreign exchange swap), less cash and cash equivalents (does not consider lease liabilities related to IFRS 16)

Commerce
(R$ million)

Commerce	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Total GMV [1]	1,656.4	807.3	105.2%	2,860.1	1,640.9	74.3%
TPV (Yapay)	377.8	152.3	148.1%	623.6	305.2	104.3%
Gross revenue, net of rebate	36.9	21.8	69.2%	62.7	41.4	51.6%
Commerce Take rate [2]	2.2%	2.7%	-0.5 p.p.	2.2%	2.5%	-0.3 p.p.
Net Revenue	32.7	19.3	69.5%	55.6	36.6	51.7%
Gross Profit	23.1	12.8	81.1%	38.7	24.3	59.5%
Gross Margin (%)	70.7%	66.2%	4.5 p.p.	69.7%	66.2%	3.4 p.p.
EBITDA	14.5	7.8	85.1%	23.9	14.4	66.3%
EBITDA Margin (%)	44.2%	40.5%	3.7 p.p.	43.0%	39.2%	3.8 p.p.

[1] Total GMV includes GMV of stores plus GMV of other channels that we offer for integration to our customers.
[2] Take-rate: Gross revenue, net of rebate, divided by the Total GMV.

BeOnline / SaaS
(R$ million)

BeOnline / SaaS	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Clients EoP - BeOnline / Saas	369.3	361.2	2.2%	369.3	361.2	2.2%
Gross revenue, net of rebate	91.0	83.8	8.6%	182.3	159.3	14.4%
Net Revenue	84.6	74.7	13.2%	166.3	142.0	17.1%
Gross Profit	24.7	24.4	1.4%	51.2	48.8	5.0%
Gross Margin (%)	29.2%	32.6%	-3.4 p.p.	30.8%	34.3%	-3.6 p.p.
EBITDA	14.3	17.1	-16.6%	19.8	33.4	-40.7%
EBITDA Margin (%)	16.9%	22.9%	-6.0 p.p.	11.9%	23.5%	-11.6 p.p.
Adjusted EBITDA [1]	17.6	18.1	-2.7%	33.4	36.0	-7.2%
Adjusted EBITDA Margin (%)	20.8%	24.2%	-3.4 p.p.	20.1%	25.3%	-5.3 p.p.

[1] Adjusted EBITDA refers to the net profit (loss) adjusted by the financial result, income tax and social contribution on profit, depreciation and amortization costs and expenses, expenses with stock option plans; expenses related to mergers and acquisitions; non-recurring bonus expenses considered by the Company's management, financial income related to derivatives used as a hedge instrument against exchange variation on operating liabilities, and write-off resulting from the sale of investments of subsidiary company Eventials and extraordinary expenses related to the IPO.

Performance

Net Operating Revenue

(R$ million)

locaweb	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Commerce	32.7	19.3	69.5%	55.6	36.6	51.7%
Segment share in the consolidated	*27.9%*	*20.5%*	*7.4 p.p.*	*25.0%*	*20.5%*	*4.5 p.p.*
BeOnline / SaaS	84.6	74.7	13.2%	166.3	142.0	17.1%
Segment share in the consolidated	*72.1%*	*79.5%*	*-7.4 p.p.*	*75.0%*	*79.5%*	*-4.5 p.p.*
Net Revenue - Consolidated	**117.3**	**94.0**	**24.8%**	**221.8**	**178.6**	**24.2%**

Locaweb's Net Operating Revenue was R$117.3 million in 2Q20, 24.8% higher than in 2Q19.

In the first half of 2020, Net Operating Revenue increased 24.2% over the same period in 2019.

Commerce	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Total GMV [1]	1,656.4	807.3	105.2%	2,860.1	1,640.9	74.3%
TPV (Yapay)	377.8	152.3	148.1%	623.6	305.2	104.3%
Gross revenue, net of rebate	36.9	21.8	69.2%	62.7	41.4	51.6%
Commerce Take rate [2]	2.2%	2.7%	-0.5 p.p.	2.2%	2.5%	-0.3 p.p.
Net Revenue	32.7	19.3	69.5%	55.6	36.6	51.7%

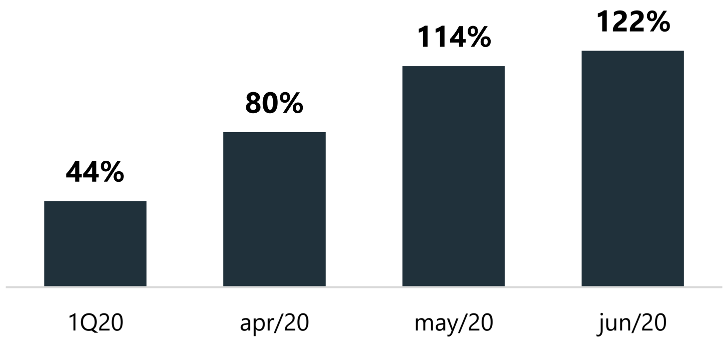
[1] Total GMV includes GMV of stores plus GMV of other channels that we offer for integration to our customers.
[2] Take-rate: Gross revenue, net of rebate, divided by the Total GMV.

In the Commerce segment, Net Operating Revenue in 2Q20 grew by 69.5%, from R$19.3 million in 2Q19 to R$32.7 million in 2Q20, accounting for 27.9% of the Group's total revenue. The segment's excellent performance in the quarter reflected the accelerated 43.1% growth over 1Q20.

In the first six months of 2020, Net Operating Revenue was 51.7% higher than in 6M19.

This strong growth was due to the 105.2% increase of our GMV in 2Q20, and a 74.3% growth in 6M20, when compared to the same periods in 2019, reflecting the expansion of our customer base and their respective sales volumes against the same period in the previous year. This was not only driven by the entry of new customers, but also by the strong sales growth of stores that already existed in our customer base in 2019 ("Same Store Sales").

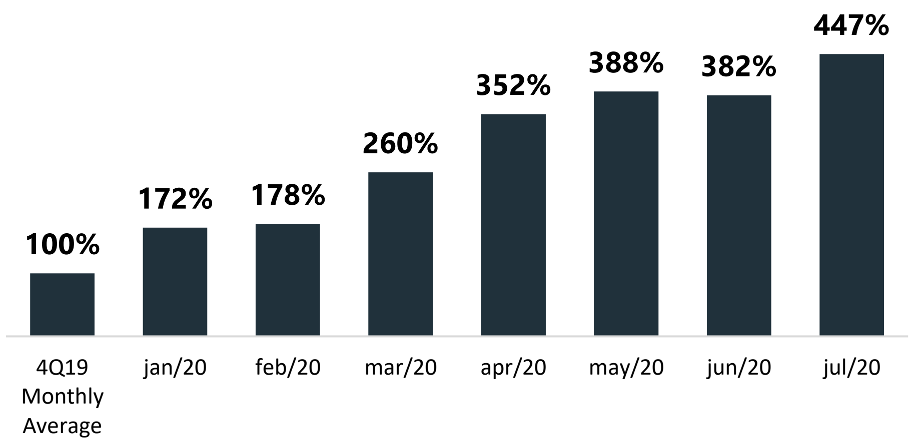
Following the trend in March 2020, when GMV showed signs of faster growth at the end of the month, we witnessed GMV growths of 80% in April, 114% in May and 122% in June when compared to the same months in 2019, as illustrated in the chart below.



The Commerce segment, which prior to the Coronavirus was already delivering strong growth due to a more favorable competitive environment after the exit of two competitors and higher investments in customer acquisition costs, recorded consistent increases in new stores across the months within the quarter given the economy's accelerated digitalization market trend.

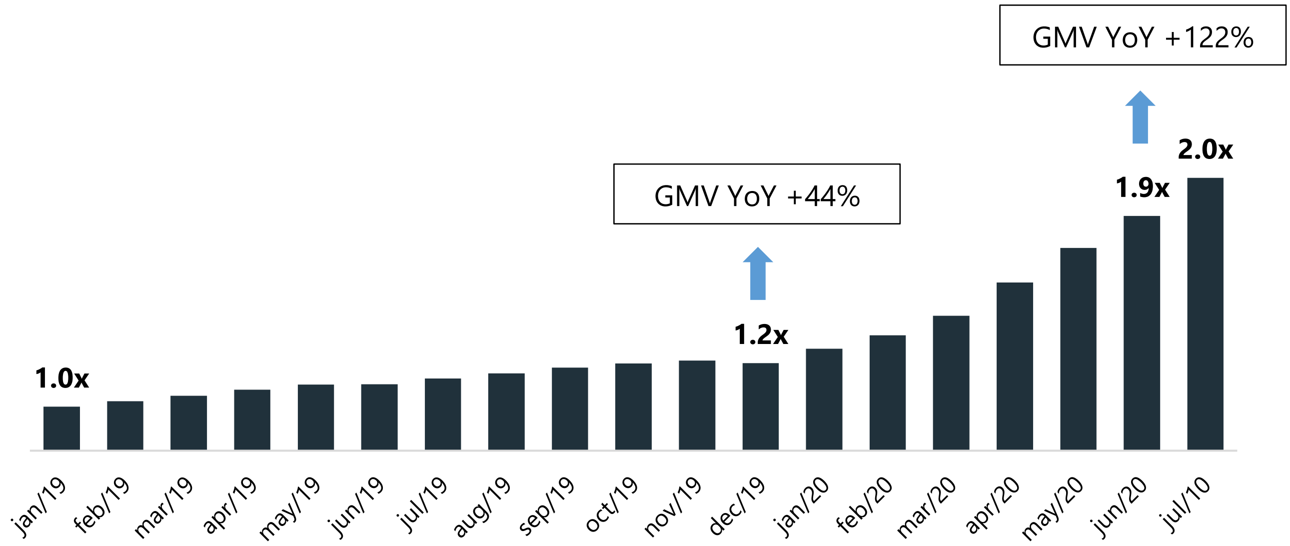
We reported, for the second consecutive quarter, the best quarter in the history of our Commerce business in terms of additions of new stores. In 2Q20, the number of new stores increased by 274% against 4Q19. The month of June 2020 alone was more than 282% higher than the monthly average of the last quarter of 2019. With these volumes of new entrants, we strengthened our position as the largest, best and most efficient digitalization tool for Small and Medium Business (SMBs) in Brazil.

The chart below illustrates the growth, in the first seven months of 2020, of new store additions versus the monthly average of the last quarter of 2019 (base 100):



The data for July reinforces that, even with the reopening of commercial establishments in some cities, we do not see any signs of slowing down in addition of new stores of GMV.

As a result of the strong entrance of new stores at the Tray platform, our customer base increase drastically in 2020, as illustrated in the graph below:



As illustrated in the graph above, in just 3 months of 2020 we already surpassed the growth in customer base reported in 2019.

In terms of take-rates, the -0.5 p.p. variation in 2Q20 was related to two factors:

(i) The strong increase in new customers, rejuvenating our store base. It is worth remembering that the ARPU of new clients can be multiplied by 7x over the next three years as the average spending level of new clients reach the same levels of our mature customer base; and
(ii) In 2020, the Company stopped charging setup fees for Tray Corp customers.

When compared to 1Q20, the take-rates in 2Q20 increased by 0.1 p.p.

Given its faster growth, the Commerce segment's share as a percentage of the Company's total revenue base increased from 20.5% in 2Q19, to 27.9% in 2Q20.

BeOnline / SaaS	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Clients EoP - BeOnline / Saas	369.3	361.2	2.2%	369.3	361.2	2.2%
Gross revenue, net of rebate	91.0	83.8	8.6%	182.3	159.3	14.4%
Net Revenue	84.6	74.7	13.2%	166.3	142.0	17.1%

Our sales in the BeOnline / SaaS segment also accelerated in relation to the previous quarter (1Q20). Since January 2020, sales increased by 24% compared to the same period in 2019, while sales growth in 2Q20 was 29% higher than in 2Q19. We highlight the following products: Our Hosting, Cloud VPS, Website Creator and All In Cloud Marketing portfolio.

The number of clients in the BeOnline / SaaS segment (end of period), showed organic growth of 2.2% from 2Q19 to 2Q20 since the number of KingHost customers was already included at the end 2Q19.

The Net Operating Revenue of the BeOnline / SaaS segment in 2Q20 increased by 13.2%, from R$74.7 million in 2Q19 to R$84.6 million in 2Q20. In 6M20, Net Operating Revenue increased by 17.1% over 6M19, reaching R$166.3 million.

In this segment, we highlight our hosting portfolio mix, which reported accelerated sales in the quarter, achieving a consistent double-digit organic growth. The two recently launched hosting products, WordPress Hosting and VPS Hosting, alone have brought consistent triple digit growth in the monthly comparisons since the beginning of 2020.

We also highlight our entire suite of corporate email solutions, from the Criador de Sites (Site Builder), All In portfolio and Delivery Direto products, all of which had high growth rates compared to 2019.

Operating Costs and Expenses

(R$ million)

locaweb	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Cost of Services	69.5	56.9	22.1%	131.9	105.6	24.9%
Selling Expenses	18.6	18.3	1.7%	37.6	35.2	6.8%
General and Administrative Expenses	14.9	9.3	59.4%	37.0	18.2	103.2%
Other Operating (Revenues) Expenses	(0.2)	(1.8)	-91.2%	(0.4)	(2.0)	-80.8%
Total Operating Cost and Expenses	**102.8**	**82.8**	**24.3%**	**206.1**	**157.0**	**31.3%**
% Net Revenue	*87.7%*	*88.0%*	*-0.3 p.p.*	*92.9%*	*87.9%*	*5.0 p.p.*

Locaweb's total operating costs and expenses increased by 24.3% in 2Q20 versus the same period in the previous year.

In 6M20, operating cost and expenses increased by 31.3% over 6M19.

Cost of Services

Cost of Services totaled R$69.5 million in 2Q20 and R$56.9 million in 2Q19, corresponding to an increase of 22.1% in the comparison between both periods and representing 59.2% and 60.5% of net revenue in 2Q20 and 2Q19, respectively.

The increase in 2Q20 was mainly due to the factors listed below:

(i) the costs of services provided by KingHost, acquired in May 2019, which has a proportionately larger structure than the rest of the BeOnline / SaaS segment, since its product base currently does not have SaaS penetration. It is also important to mention that in April 2019 there was an extraordinary bonus payment to KingHost management in the total amount of R$0.8 million;

(ii) the proactive reinforcement of the Cyber Security structure made in 3Q19, as disclosed in the 4Q19 earnings results, which represented a cost of approximately R$0.4 million in 2Q20. It is worth remembering that, from the 3Q20 onwards, there will be little variation in the year-over-year comparison since the contract for services provided is annual; and

(iii) the R$3.4 million impact from currency depreciation on payments for software licenses priced in dollars. Although part of the expenses in 1Q20 is already being passed on to customers, a strong depreciation of the real also occurred in 2Q20. It is important to highlight, once again, that these expenses are passed on to our customers through contractual clauses. However, there is a mismatch between the actual date in which we pay for the licenses and the date in which these costs are transferred to the customer.

Selling Expenses

Selling expenses, which includes marketing and sales teams, as well as third-party services of the same nature and provisions for doubtful accounts, totaled R$18.6 million in 2Q20, increasing by 1.7% over 2Q19. As a percentage of net revenue, selling expenses reduced by 3.6 p.p. in the comparison between 2Q20 and 2Q19.

Part of this growth is related to the granting of discounts on invoices/charges in order to retain retail customers, as already mentioned in the 1Q20 earnings release, whose impact was R$0.7 million and are directly related the Coronavirus impact.

Regarding default levels of some post-paid customers (corporate customers, which represent about 15% of BeOnline / SaaS customers), the Company continues to monitor their payment capacity on a daily basis and we currently do not expect to increase provisions for doubtful accounts in this quarter and the coming quarters.

General and Administrative Expenses

General and Administrative Expenses, which comprises of teams in administrative areas, such as finance, HR, accounting and tax, as well as third-party services and expenses of the same nature, IFRS 16 asset depreciation and amortization and PPA, totaled R$14.9 million in 2Q20 and R$9.3 million in 2Q19, increasing by 59.4%.

The increase was mainly due to the factors listed below:

(i) increase in the non-cash fair value provisions for the Company's granted stock options, which were increased prior to the IPO in order to retain key executives for the next four years, resulting in provisioned amounts that were R$2.6 million higher than in 2Q19;

(ii) R$0.6 million increase in depreciation and amortization expenses, with emphasis on the PPA of the acquired companies (KingHost and Delivery Direto), which increased by R$0.8 million in the quarter;

(iii) new corporate divisions created after the IPO (such as the Investor Relations, Internal Controls and Internal Audit departments and the control and governance bodies), in the amount of R$1.0 million; and

(iv) general and administrative expenses of KingHost, acquired in May 2019.

Gross Profit
(R$ million)

locaweb	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Commerce	23.1	12.8	81.1%	38.7	24.3	59.5%
Margin (%)	*70.7%*	*66.2%*	*4.5 p.p.*	*69.7%*	*66.2%*	*3.4 p.p.*
BeOnline / SaaS	24.7	24.4	1.4%	51.2	48.8	5.0%
Margin (%)	*29.2%*	*32.6%*	*-3.4 p.p.*	*30.8%*	*34.3%*	*-3.6 p.p.*
Gross Profit	**47.8**	**37.1**	**28.8%**	**89.9**	**73.0**	**23.1%**
Gross Margin (%)	*40.8%*	*39.5%*	*1.3 p.p.*	*40.5%*	*40.9%*	*-0.4 p.p.*

Gross Profit increased by 28.8% in 2Q20 versus 2Q19, reaching R$47.8 million. In the first six months of 2020, Gross Profit increased by 23.1%, reaching R$89.9 million.

In 2Q20, Gross Margin expanded by 1.3 p.p. over 2Q19, reaching 40.8%.

EBITDA and Adjusted EBITDA
(R$ million)

locaweb	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Net Income (Loss)	**5.2**	**3.7**	**40.6%**	**3.0**	**5.2**	**-42.3%**
(+) Net Financial Income	3.9	5.6	-30.6%	5.7	12.7	-54.6%
(+) Current Income Tax and Social Contribution	5.3	1.9	175.1%	7.0	3.8	83.4%
(+) Depreciation and Amortization	14.3	13.7	4.4%	28.0	26.1	7.1%
EBITDA	**28.7**	**24.9**	**15.2%**	**43.7**	**47.8**	**-8.5%**
(+) Stock Options Plan	3.2	0.6	471.0%	6.9	1.1	515.3%
(+) M&A Expenses	0.1	0.1	1.9%	0.2	0.9	-72.8%
(+) Non-recurring Bonus Expenses	0.0	0.2	-100.0%	0.0	0.5	-100.0%
(+) IPO Expenses	0.0	0.0	n/a	6.4	0.0	n/a
Adjusted EBITDA	**32.0**	**25.9**	**23.8%**	**57.3**	**50.4**	**13.7%**
Adjusted EBITDA Margin (%)	*27.3%*	*27.5%*	*-0.2 p.p.*	*25.8%*	*28.2%*	*-2.4 p.p.*

As a result of the numbers presented, Locaweb's Adjusted EBITDA totaled R$32.0 million in 2Q20, increasing by 23.8% over 2Q19, with EBITDA Margin reducing by 0.2 p.p.

In 6M20, Adjusted EBITDA grew by 13.7% versus the first half of 2019.

The slight drop in our EBITDA Margin in 2Q20, approximately 3.5 p.p. is directly related to the current economic situation (Coronavirus) and will not cause permanent impacts.

It is worth to mention that in 1Q20, the Company recognized IPO-related expenses as non-recurring expenses.

EBITDA and Adjusted EBITDA by segment

(R$ million)

locaweb	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Commerce						
EBITDA	14.5	7.8	85.1%	23.9	14.4	66.3%
EBITDA Margin (%)	*44.2%*	*40.5%*	*3.7 p.p.*	*43.0%*	*39.2%*	*3.8 p.p.*
BeOnline / SaaS						
Adjusted EBITDA	17.6	18.1	-2.7%	33.4	36.0	-7.2%
Adjusted EBITDA Margin (%)	*20.8%*	*24.2%*	*-3.4 p.p.*	*20.1%*	*25.3%*	*-5.3 p.p.*
Consolidated						
Adjusted EBITDA	**32.0**	**25.9**	**23.8%**	**57.3**	**50.4**	**13.7%**
Adjusted EBITDA Margin (%)	*27.3%*	*27.5%*	*-0.2 p.p.*	*25.8%*	*28.2%*	*-2.4 p.p.*

The EBITDA of the Commerce segment increased by 85.1% in 2Q20, reaching R$14.5 million, and EBITDA Margin increased by 3.7 p.p., reaching 44.2% in 2Q20. The Commerce segment's share in the Company's consolidated Adjusted EBITDA went from 30.2% in 2Q19 to 45.1% in 2Q20.

Adjusted EBITDA for BeOnline / SaaS decreased by 2.7% in 2Q20 due to the impacts mentioned above, and the segment's EBITDA margin decreased by 3.4 p.p. in the period.

Financial Result

(R$ million)

locaweb	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Financial expenses	(12.3)	(4.8)	155.2%	(43.3)	(13.9)	211.6%
Financial revenues	8.4	(0.8)	1192.0%	37.5	1.2	2946.4%
Net financial income (expenses)	**(3.9)**	**(5.6)**	**30.6%**	**(5.7)**	**(12.7)**	**54.6%**

The net financial result in 2Q20 came in as a net expense of R$3.9 million, corresponding to a 30.6% improvement versus 2Q19. The net financial result in 6M20 came in as a net expense of R$5.7 million, corresponding to a 54.6% improvement over the first six months of 2019.

Since the instruments used to raise debt (Bacen Circulars 3844 and 4131) are issued in dollars, with a 100% swap of the amount in reais, the strong exchange rate depreciation of the real against the dollar in 2Q20 resulted in a negative impact on financial expenses (interest), which was offset by the financial income from the foreign exchange swap (R$6.7 million).

The entry of the IPO proceeds into the Company's cash account also contributed to the improvement in the net financial result, which had substantial increases in financial investments.

// Net Income and Adjusted Net Income
(R$ million)

locaweb	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Net income	**5.2**	**3.7**	**40.6%**	**3.0**	**5.2**	**-42.3%**
(+) Stock option plan	3.2	0.6	471.0%	6.9	1.1	515.1%
(+) Intangible amortization	1.0	0.3	278.4%	2.2	0.6	307.7%
(+) Deferred income tax and social contribution	1.0	0.6	63.7%	(0.4)	0.2	-329.9%
(+) CPC 06 adjustment	0.4	0.6	-39.3%	1.0	1.3	-21.7%
(+) MtM	1.1	(0.9)	-218.0%	(0.6)	(0.1)	846.1%
(+) IPO Expenses	0.0	0.0	n/a	4.3	0.0	n/a
Adjusted net income	**12.0**	**4.8**	**147.8%**	**16.3**	**8.2**	**99.1%**
Adjusted net income margin (%)	*10.2%*	*5.1%*	*5.1 p.p.*	*7.4%*	*4.6%*	*2.8 p.p.*

Based on the numbers presented, Locaweb's Adjusted Net Income reached R$12.0 million in 2Q20, increasing by 147.8% over 2Q19, with Net Margin totaling 10.2% in 2Q20.

In the first six months of 2020, Adjusted Net Income increased by 99.1% over 6M19.

// Indebtedness / Cash Balance
(R$ million)

locaweb	2Q20	1Q20	4Q19	2Q19
(+) Loan and financing	123.7	126.4	116.5	108.3
(-) Derivatives Result (FX swap) [1]	(32.1)	(29.1)	(4.9)	(5.4)
Bank Gross Debt	**91.6**	**97.3**	**111.6**	**102.9**
(-) Cash and cash equivalents [2]	(535.7)	(530.7)	(35.3)	(21.8)
Net debt (cash) (ex lease liability)	**(444.1)**	**(433.4)**	**76.3**	**81.1**
(+) Lease liability [3]	72.6	69.0	70.2	72.7
Net debt (cash)	**(371.5)**	**(364.4)**	**146.5**	**153.8**

[1] Balance of Derivative Financial Instruments in the Balance Sheet.
[2] Considers restricted short- and long-term cash used as guarantee in financial funding.
[3] Interest on lease liabilities refers to the adoption of CPC 06(R2)/IFRS 16 as of January 1, 2019.

With the proceeds from the IPO (R$544.7 million, net of transaction costs), the Company had a net cash balance of R$371.5 million in 2Q20. Excluding the effects from the adoption of IFRS 16, the net cash balance was R$444.1 million.

It is worth noting that the Company has no foreign exchange exposure on its debt since the instruments used for funding (Bacen Circulars 3844 and 4131) are issued in dollars, with a 100% swap of the amount in reais. All of the Company's financial derivatives are aimed at providing currency protection for the Company's debts.

Cash Flow
(R$ million)

locaweb	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Income (loss) before income taxes	**10.6**	**5.7**	**86.7%**	**9.9**	**9.0**	**11.0%**
Items that do not affect cash	22.9	16.2	41.7%	44.4	34.1	30.1%
Variations in working capital	5.2	(14.6)	135.9%	(38.0)	(6.1)	521.9%
Net cash provided by operating activities	**38.7**	**7.3**	**432.5%**	**16.3**	**37.0**	**-55.8%**
Capex for permanent assets	(7.4)	(3.6)	106.8%	(13.5)	(28.1)	-51.8%
Capex for development	(5.0)	(3.6)	39.9%	(8.2)	(6.8)	21.4%
Free Cash Flow - After Capex	**26.4**	**0.1**	**17849.8%**	**(5.5)**	**2.1**	**-359.8%**
Acquisition	(11.6)	(16.5)	-29.4%	(11.6)	(16.5)	-29.4%
Net cash provided by investment activities	**(24.0)**	**(23.6)**	**1.6%**	**(33.4)**	**(51.3)**	**-34.9%**
Subscription of capital stock	1.7	0.1	1489.8%	546.4	0.1	n/a
Loan and financing	(6.1)	(2.7)	127.9%	(21.0)	23.9	-187.9%
Commercial lease	(2.8)	(2.6)	7.4%	(5.3)	(4.9)	8.4%
Dividends and interest on equity	0.0	(1.7)	-100.0%	0.0	(3.4)	-100.0%
Others	(0.0)	(0.3)	-82.7%	(0.1)	(0.5)	-79.3%
Net cash provided by financing activities	**(7.2)**	**(7.1)**	**1.2%**	**520.0**	**15.2**	**n/a**
Net increase (decrease) in cash and cash equivalents	**7.6**	**(23.4)**	**-132.4%**	**502.9**	**0.8**	**n/a**

Net cash from operating activities totaled R$38.7 million in 2Q20 versus R$7.3 million in 2Q19. This R$31.5 million increase in operating cash in 2Q20 is related to the increase in receivables to be transferred, as a result of the Company's significant operational growth.

The positive variation in working capital is related to the postponement of tax payments, in accordance with the rules in force during the pandemic and the increase in suppliers, reflecting a one-off effect in 2Q19 when the Company tactically anticipated purchases.

Cash Generation (Adjusted EBITDA – Capex)
(R$ million)

locaweb	2Q20	2Q19	vs 2Q19	6M20	6M19	vs 6M19
Adjusted EBITDA	32.0	25.9	23.8%	57.3	50.4	13.7%
Capex	12.4	7.1	73.3%	21.8	34.9	-37.5%
Cash Generation (R$ M)	**19.7**	**18.8**	**5.0%**	**35.5**	**15.5**	**128.9%**
Cash conversion (%)	61%	72%	-11 p.p.	62%	31%	31 p.p.

The Company's operating cash generation, measured by Adjusted EBITDA minus Capex, increased by 5.0% in 2Q20 in comparison with 2Q19.

It is worth noting that Capex for Fixed Assets in 2019, was concentrated in the first quarter, representing approximately 70% of the amount spent during that year, and therefore Capex in 2Q20 increased by more than 73% when compared to 2Q19.

In 6M20, cash generation grew by 128.9% versus the first 6 months of 2019.

It is important to highlight that the growth in segments that do not demand high investments in Capex (SaaS and Commerce) will contribute to the Company's operational leverage.

ATTACHMENT I – CONSOLIDATED INCOME STATEMENT

Income Statement (in R$ million)	2Q19	2Q20	6M19	6M20
NET REVENUE	**94.0**	**117.3**	**178.6**	**221.8**
Cost of Services	(56.9)	(69.5)	(105.6)	(131.9)
GROSS PROFIT	**37.1**	**47.8**	**73.0**	**89.9**
Operating income (expenses)	**(25.9)**	**(33.4)**	**(51.4)**	**(74.2)**
Selling expenses	(18.3)	(18.6)	(35.2)	(37.6)
General and administrative expenses	(9.3)	(14.9)	(18.2)	(37.0)
Other operating income (expenses), net	1.8	0.2	2.0	0.4
Income before financial results and income taxes	**11.3**	**14.5**	**21.6**	**15.7**
FINANCIAL RESULT	**(5.6)**	**(3.9)**	**(12.7)**	**(5.7)**
Financial income	(0.8)	8.4	1.2	37.5
Financial expenses	(4.8)	(12.3)	(13.9)	(43.3)
Income (loss) before income taxes	**5.7**	**10.6**	**9.0**	**9.9**
Income Taxes	**(1.9)**	**(5.3)**	**(3.8)**	**(7.0)**
Current income taxes	(1.3)	(4.3)	(3.6)	(7.4)
Deferred income taxes	(0.6)	(1.0)	(0.2)	0.4
Net income (loss)	**3.7**	**5.2**	**5.2**	**3.0**

ATTACHMENT II – Income Statement for BeOnline / SaaS

Income Statement (in R$ million)	**2Q19**	**2Q20**	**6M19**	**6M20**
GROSS REVEVENUE, net of rebate	**83.8**	**91.0**	**159.3**	**182.3**
Taxes and rebates	(9.0)	(6.4)	(17.3)	(16.0)
NET REVENUE	**74.7**	**84.6**	**142.0**	**166.3**
Cost of Services	(50.4)	(59.9)	(93.2)	(115.1)
GROSS PROFIT	**24.4**	**24.7**	**48.8**	**51.2**
Operating income (expenses)	**(19.9)**	**(23.8)**	**(39.5)**	**(57.6)**
Selling expenses	(13.5)	(14.4)	(26.9)	(29.7)
General and administrative expenses	(6.7)	(9.5)	(13.1)	(28.3)
Other operating income (expenses), net	0.3	0.2	0.5	0.4
Income before financial results and income taxes	**4.5**	**1.0**	**9.2**	**(6.4)**
Depreciation and amortization	12.7	13.3	24.1	26.2
EBITDA	**17.1**	**14.3**	**33.4**	**19.8**

ATTACHMENT III – Income Statement for Commerce

Income Statement (in R$ million)	2Q19	2Q20	6M19	6M20
GROSS REVEVENUE, net of rebate	**21.8**	**36.9**	**41.4**	**62.7**
Taxes and rebates	(2.5)	(4.2)	(4.7)	(7.1)
NET REVENUE	**19.3**	**32.7**	**36.6**	**55.6**
Cost of Services	(6.5)	(9.6)	(12.4)	(16.9)
GROSS PROFIT	**12.8**	**23.1**	**24.3**	**38.7**
Operating income (expenses)	**(6.0)**	**(9.6)**	**(11.9)**	**(16.6)**
Selling expenses	(4.8)	(4.2)	(8.4)	(7.9)
General and administrative expenses	(2.6)	(5.4)	(5.1)	(8.7)
Other operating income (expenses), net	1.5	-	1.5	-
Income before financial results and income taxes	**6.8**	**13.5**	**12.4**	**22.1**
Depreciation and amortization	**1.0**	**0.9**	**2.0**	**1.8**
EBITDA	**7.8**	**14.5**	**14.4**	**23.9**

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ATTACHMENT IV – Balance Sheet

Assets (R$ million)	Jun, 2020	Dec, 2019
Current Assets		
Cash and cash equivalents	528.2	25.3
Restricted cash	2.7	2.7
Accounts receivable	265.9	125.3
Taxes recoverable	9.6	8.1
Derivatives	32.1	4.9
Other assets	9.9	10.0
Total current assets	**848.4**	**176.2**
Non-current assets		
Restricted cash	4.8	7.4
Judicial deposits	0.5	0.8
Other assets	1.2	1.3
Deferred income taxes	4.1	3.7
Investments	72.6	74.6
Porperty and equipment	69.1	67.8
Intangible assets	184.1	182.3
Total non-current assets	**336.4**	**337.8**
Total assets	**1,184.8**	**514.0**

Liabilities and Equity (R$ mln)	Jun, 2020	Dec, 2019
Current liabilities		
Suppliers	18.1	12.8
Loans and financing	71.3	48.7
Lease liability	10.4	5.4
Salaries and related charges	39.2	28.8
Other taxes payable	11.4	4.0
Deferred revenue	39.4	37.1
Payables to clients	174.1	82.2
Interest on shareholders' equity and dividends payable	0.0	0.0
Taxes in installments	2.9	2.8
Accounts payable to former shareholders	2.9	14.7
Other liabilities	0.9	1.4
Total current liabilities	**370.6**	**237.9**
Non-current liabilities		
Loans and financing	52.4	67.8
Provision for legal proceedings	0.5	1.0
Accounts payable to former shareholders	31.7	30.1
Lease liability	62.2	64.8
Provision for losses on investments	-	-
Taxes in installments	21.0	21.9
Other liabilities	1.8	2.1
Total non-current liabilities	**169.6**	**187.7**
EQUITY		
Capital Stock	630.6	53.6
Capital reserves	(5.3)	18.3
Earning reserves	16.4	16.4
Earnings of the semester	3.0	-
Total EQUITY	**644.6**	**88.3**
Total liabilities and equity	**1,184.8**	**514.0**

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ATTACHMENT V – Cash Flow Statement

Cash Flow (R$ mln)	Consolidated		Consolidated	
	2Q20	2Q19	6M20	6M19
Net Cash provided by operating activities				
Income (loss) before income taxes	**10.6**	**5.7**	**9.9**	**9.0**
Items that do not affect cash	**22.9**	**16.2**	**44.4**	**34.1**
Variations in working capital	**5.2**	**(14.6)**	**(38.0)**	**(6.1)**
Net cash provided by operating activities	**38.7**	**7.3**	**16.3**	**37.0**
Net cash provided by investment activities				
Purchase of property and equipment	(7.4)	(3.6)	(13.5)	(28.1)
Accounts payable for acquisition of equity interest	(11.6)	(4.1)	(11.6)	(4.1)
Acquisition of subsidiaries, net of cash acquired	-	(12.4)	-	(12.4)
Acquisition and development of intangible assets	(5.0)	(3.6)	(8.2)	(6.8)
Net cash provided by investment activities	**(24.0)**	**(23.6)**	**(33.4)**	**(51.3)**
Net cash provided by financing activities	**(7.2)**	**(7.1)**	**520.0**	**15.2**
Net increase (decrease) in cash and cash equivalents	**7.6**	**(23.4)**	**502.9**	**0.8**
Cash and cash equivalents at beginning of the year	520.6	42.0	25.3	17.8
Cash and cash equivalents at end of the year	528.2	18.6	528.2	18.6
Net increase (decrease) in cash and cash equivalents	**7.6**	**(23.4)**	**502.9**	**0.8**

INVESTOR RELATIONS

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