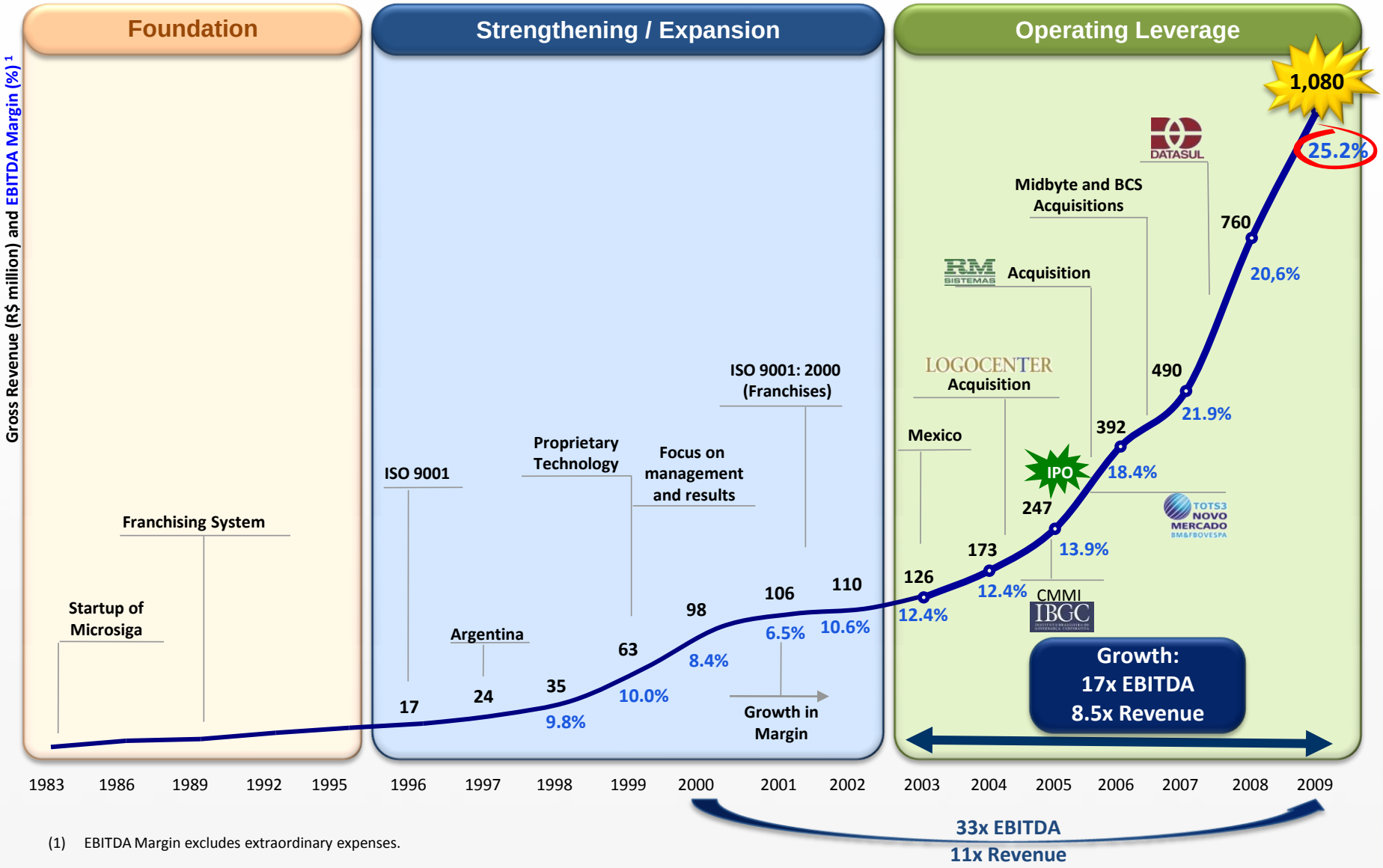


TOTVS

4Q09 Earnings Release

February 03, 2010

Success Track Record



(1) EBITDA Margin excludes extraordinary expenses.

2009 Overview

Success equation

Strong Fundamentals + Segment Approach = Consistent Results

Main challenges

	Brand	Datasul integration	Distribution channels
4Q08	• Investments in several brands	• Different processes and policies between Companies	• Distinct models and policies to each product
4Q09	• Strengthening of a unique brand • Greater recognition	• Unique Corporate ERP • Processes unification • Negotiation with Datasul development franchisees	• Alignment of 95% of the Brazilian channels • Standardization of all channels in Latin America



Evolution in TOTVS products distribution

2007

Channels divided by brand

77 direct channels



1H08

Multi-brand channels

39 TOTVS franchisees



2H08

New integration with Datasul

+47 new franchisees



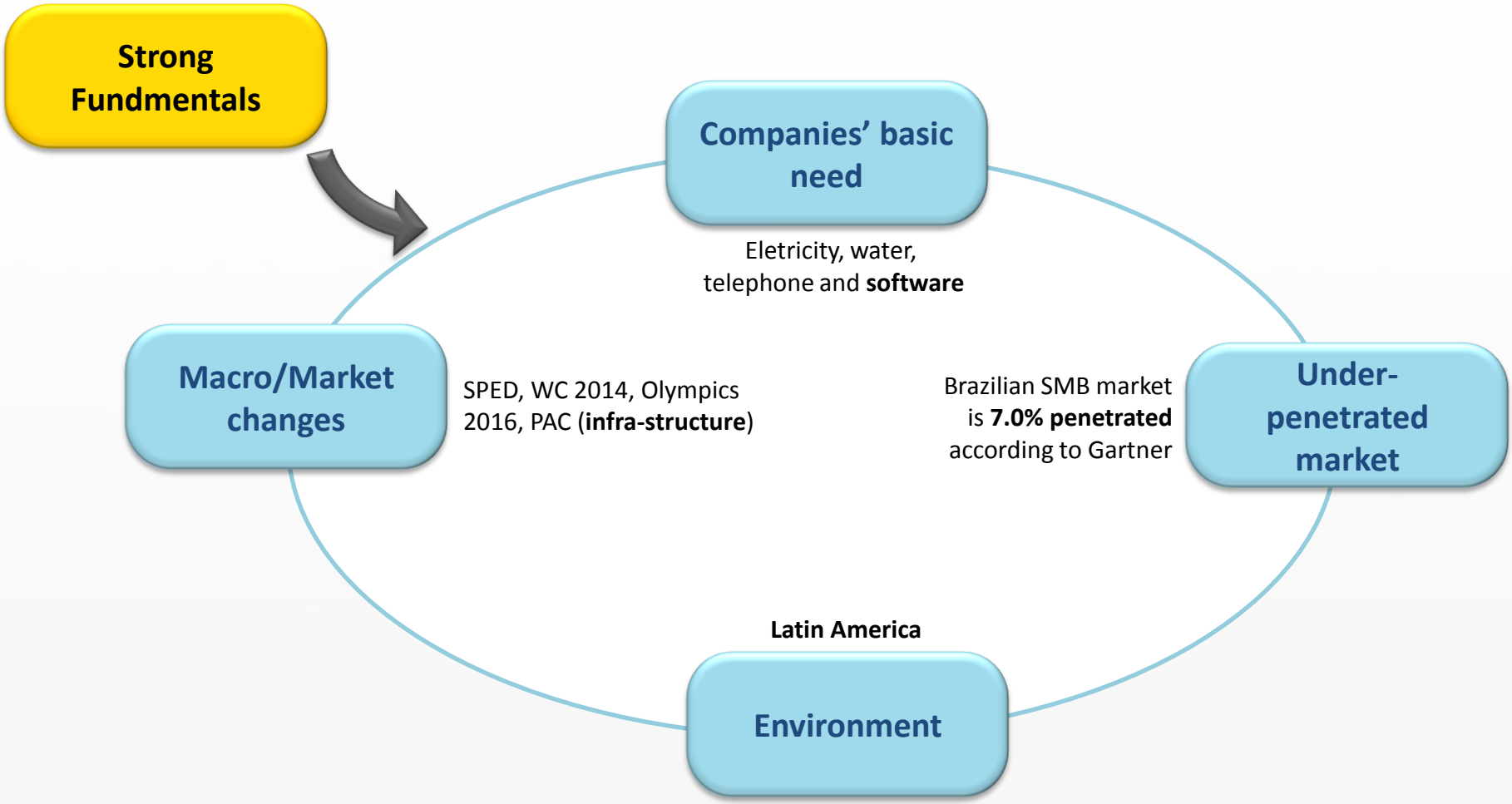
2009

Unification concluded and new channels in Latin America

62 Full TOTVS channels



TOTVS Success Equation in 2009…



… and in 2010!

4Q09 and 2009: Revenue record in all lines

Financial Highlights

- **Historical record in all revenue lines:**
  - **Net Revenue:** organic growth of **14.6%** compared to 4Q08, reaching **R$267.427 million** in 4Q09. For the year totaled **R$ 988.7 million**, **17%** higher than 2008.
  - **Licenses Revenue: R$65.954 million** in 4Q09, **5.4%** over 4Q08. Considering 2009, growth of **6,7%** over last year, equivalent to **R$249.4 million**.
  - **Services Revenue:** growth of **8.7%** (4Q09 vs. 4Q08), amounting to **R$90.475 million.** The progress of **16.6%** between 2009 e 2008 corresponds to **R$332.1 million** in 2009.
  - **Maintenance Revenue: R$135.526 million**. Growth of **18.7%** in comparison to 4Q08. The year amounted **R$498.8 million** or 18.1% superior to 2008.
- **Costs and Expenses: lower than revenue's growth** between **4Q09 vs. 4Q08** and **2009 vs. 2008**.
- **EBITDA: R$64.199** million in 4Q09, **24.5%** over 4Q08. 2009 Margin is 25.2%, 400 basis-point higher than 2008.

Operating Highlights

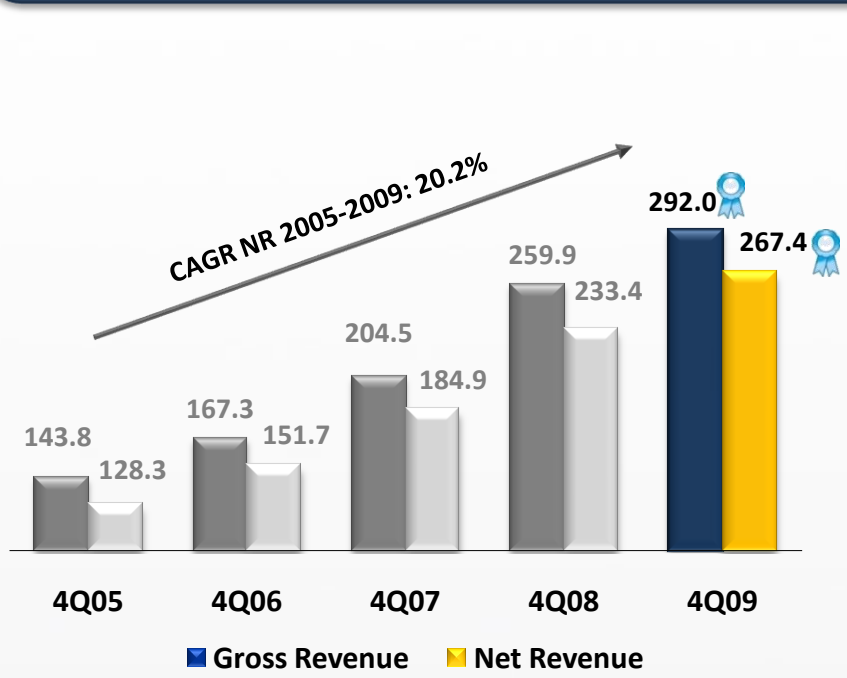
- License sales to **4,823** clients (new + existing clients) in the quarter, up **22.9% over 4Q08.** In the year, **17,754** clients bought new licenses, growth of **22.1%** over 2008.
- **740** new clients in 4Q09, growth of **22.7%** over 4Q08.
- **Client base** amounts approximately **24,800 active clients.**

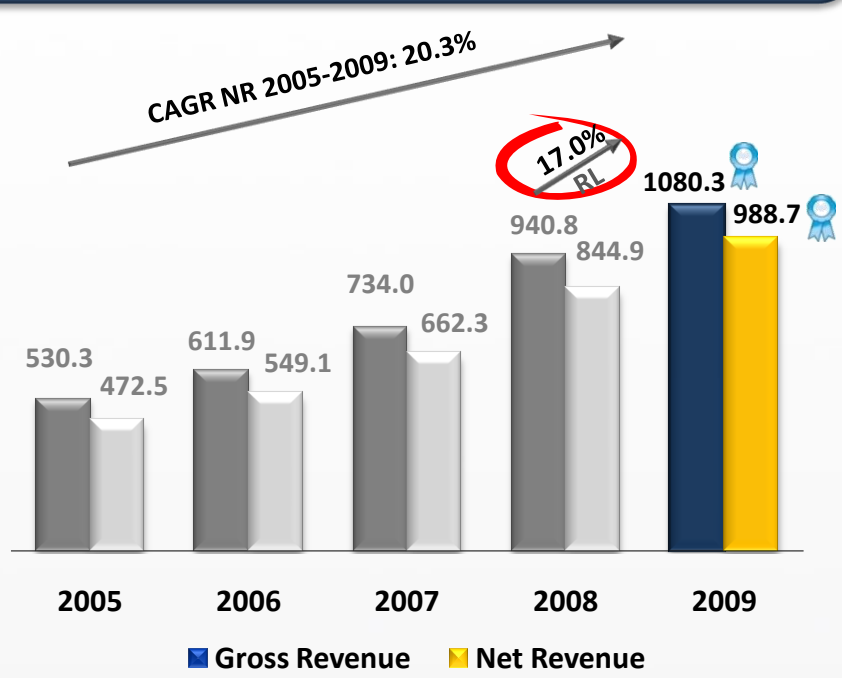
Recent Events

- According to Gartner, **TOTVS** is already the **7th largest ERP Company in the world**.
- **Interest on Capital** amounting to **R$22.5 million.**
- **Acquisition** of **distribution channels**, **M2I and M2S** in Salvador/BA.

In 4Q09, new revenue record is reached...

Gross and Net Revenue (R$ million) [1]





The gross and net revenues reached historical record both in 4Q09 and 2009.

(1) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006 and Datasul, consolidated in September 2008 in the period analyzed.

Financial Performance

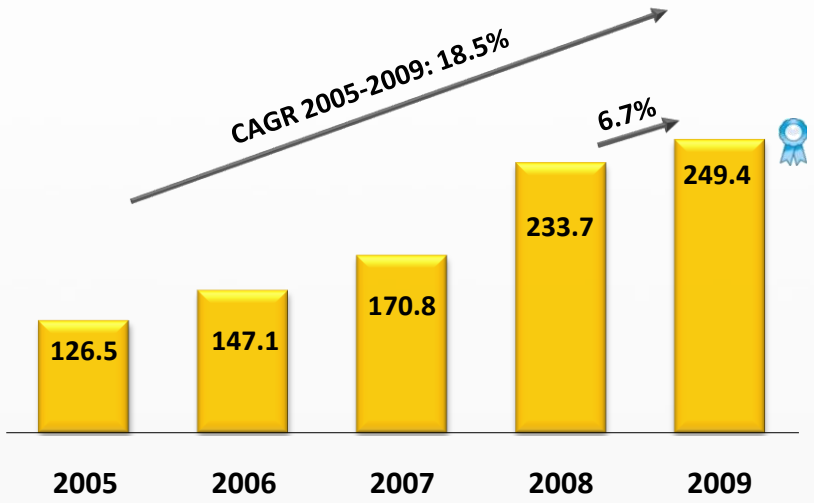
... with operational indicators improvement...

Clients Served



The number of served clients reached historical record both in 4Q09 and 2009.

License Revenue (R$ million) [1]



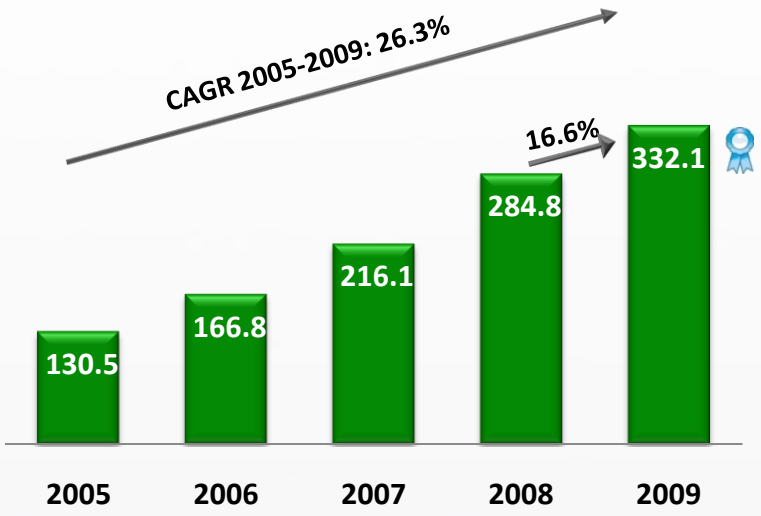
The licenses revenue reached historical record both in 4Q09 and 2009.

... such as the mark of 2,591 new clients in the year...

(1) Values are pro forma, as they include the numbers of RM Sistemas, acquired in April 2006 and Datasul, consolidated in September 2008 in the period analyzed.

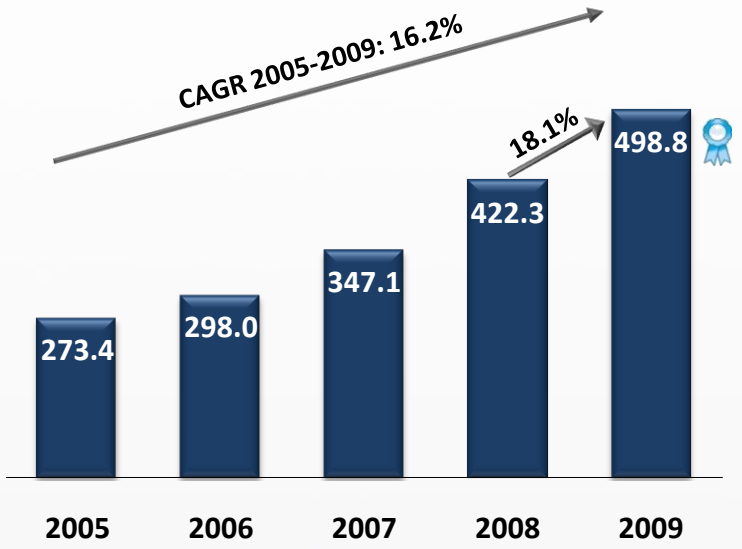
… and robust growth of services and maintenance.

Services Revenue (R$ million) [1]



The services revenue reached historical record both in 4Q09 and 2009.

Maintenance Revenue (R$ million) [1]

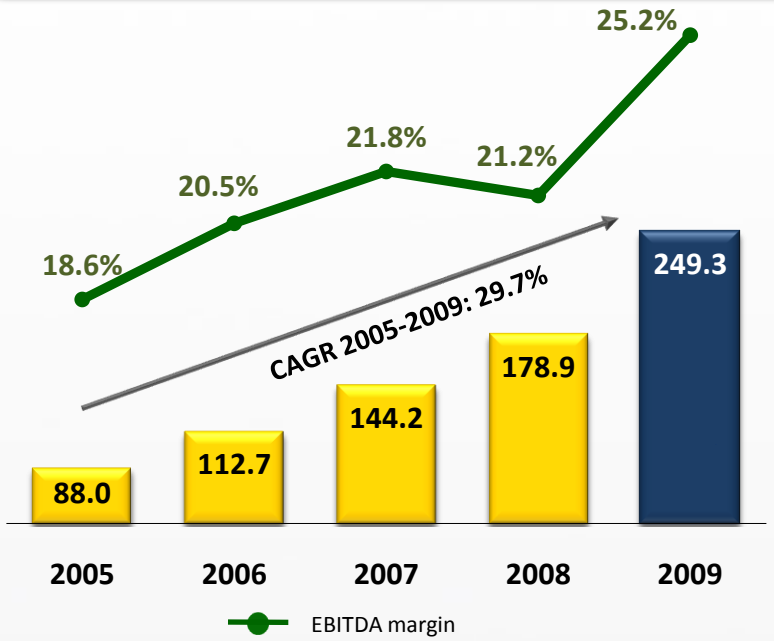


The maintenance revenue reached historical record both in 4Q09 and 2009.

(1) Values are pro forma, as they include the numbers of RM Sistemas, acquired in April 2006 and Datasul, consolidated in September 2008 in the period analyzed.

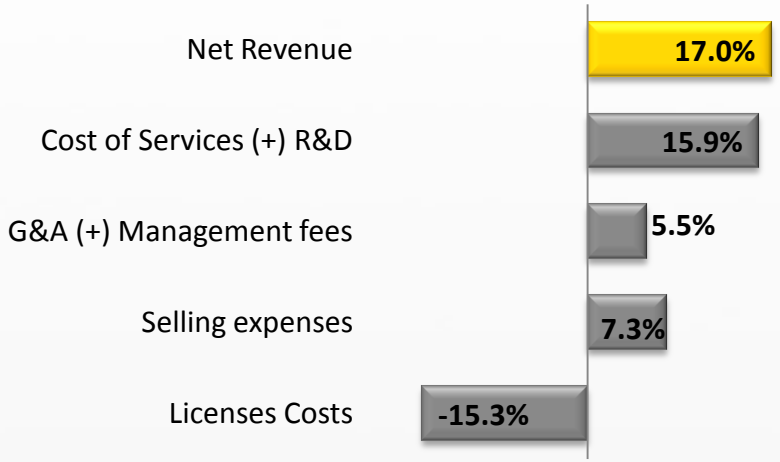
EBITDA and margin grow leading to revision of guidance

EBITDA (R$ million) [1]



Synergies

Growth 2009 x 2008

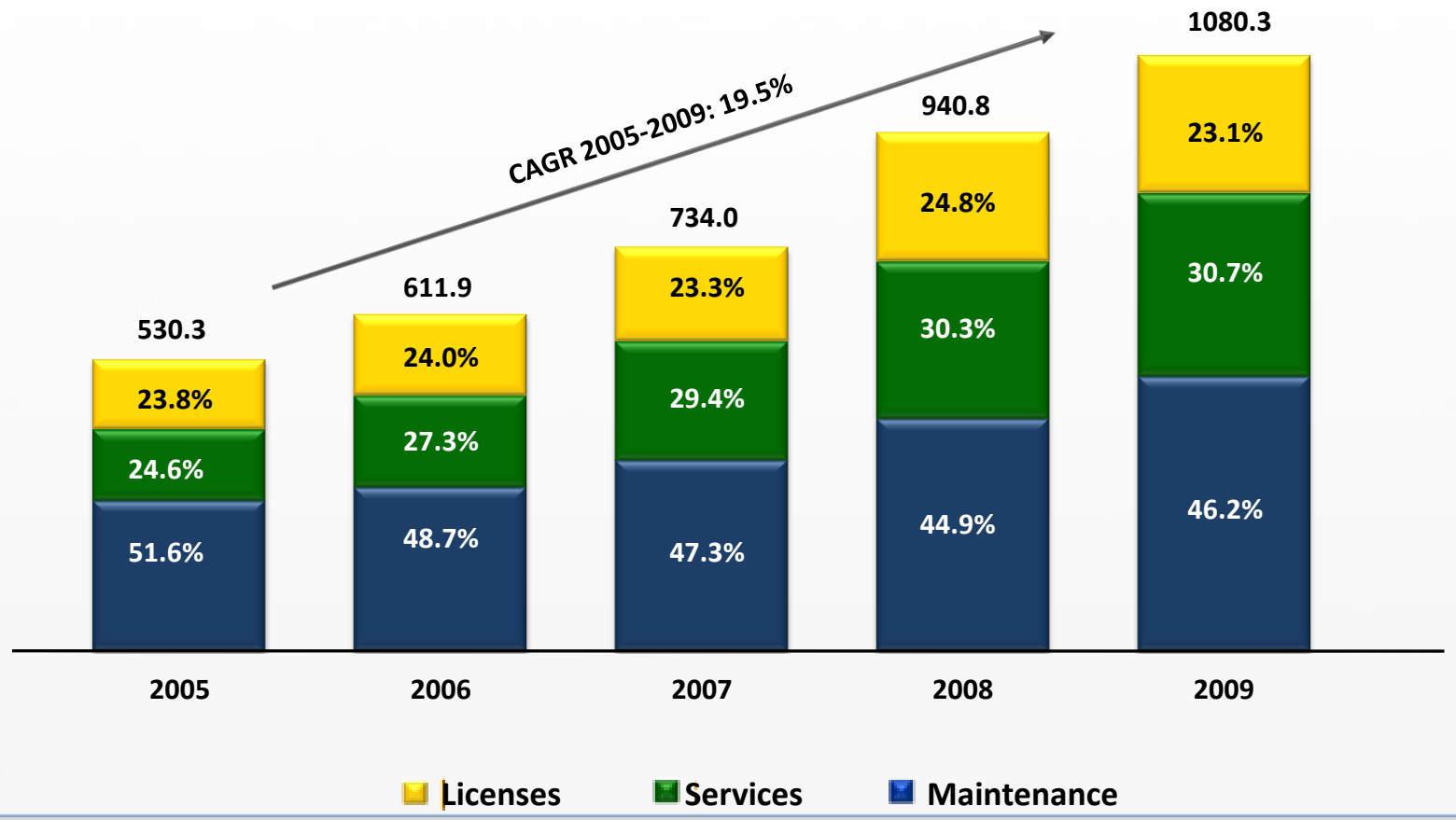


New guidance[2]: EBITDA margin from 27% to 30% between 2013 and 2016

(1) Values are pro forma, as they include the numbers of RM Sistemas, acquired in April 2006 and Datasul, consolidated in September 2008 in the period analyzed.
(2) To complete information about the margin EBITDA guidance update, consult the 4Q09 Earnings Release.

Revenue Breakdown

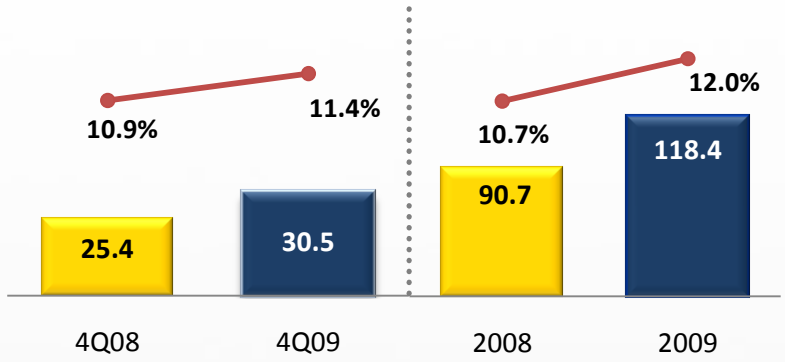
Gross Revenue (R$ million) [1]



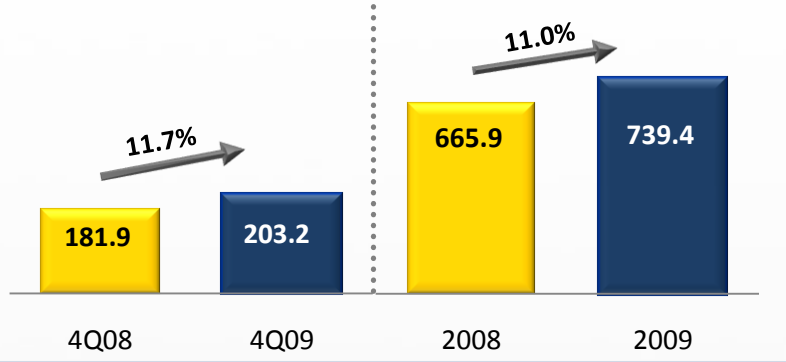
(1) Values are pro forma, as they include the numbers of RM Sistemas, acquired in April 2006 and Datasul, consolidated in September 2008 in the period analyzed.

Costs and Expenses Dashboard [1]

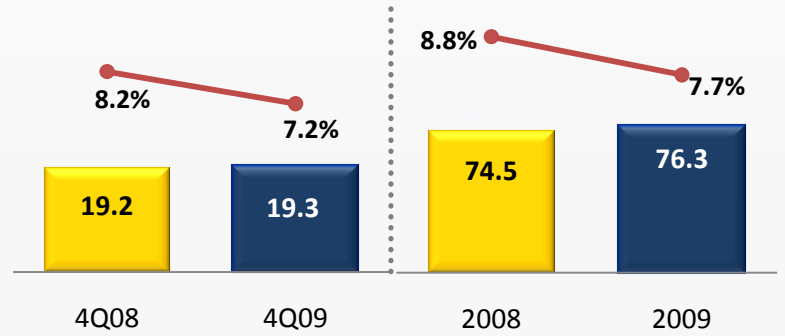
R&D (R$ million) x R&D / NR



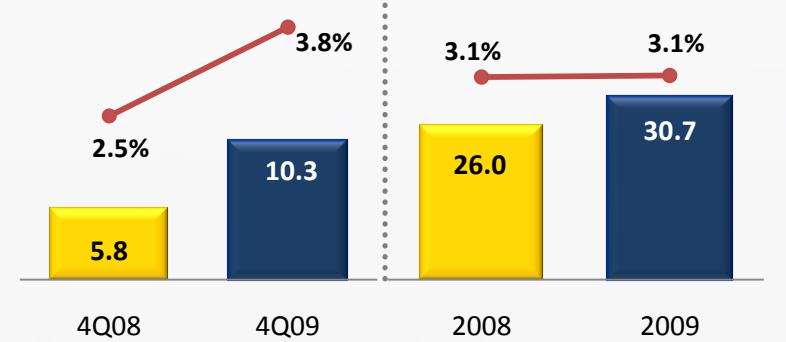
Costs and Expenses[2] (R$ million)



G&A (R$ million) x G&A / NR



Marketing Expenses (R$ million) x Mkt. Exp. / NR



(1) Values are pro forma, as they include the numbers of RM Sistemas, acquired in April 2006 and Datasul, consolidated in September 2008 in the period analyzed.

(2) Excluding depreciation, amortization expenses and non-recurring expenses.

Financial Dashboard [1]

R$ million	4Q08	4Q09	Δ Q/Q	2008	2009	Δ Y/Y
Net Revenue	233.427	267.427	14.6%	844.854	988.679	17.0%
Gross Profit	152.594	176.757	15.8%	550.185	669.092	21.6%
EBITDA	51.545	64.199	24.5%	178.936	249.265	39.3%
EBITDA Margin	*22.1%*	*24.0%*	*190 b.p.*	*21.2%*	*25.2%*	*400 b.p.*
Net Income Adjusted [2]	32.552	45.495	39.8%	129.292	159.924	23.7%

(1) Pro forma figures , as they include the numbers of RM Sistemas, acquired in April 2006 and Datasul, consolidated in September 2008 in the period analyzed.

(2) Net income adjusted refers to net income excluding the effects of goodwill, amortization, net of taxes. Hence, it can be understood as net income from the Company's regular operations.

Cash and Debt on 12/31/2009

Debt by the end of the period : R$427.2 million

PROSOFT: 3Q08, BNDES

- Amount: R$ 209.8 million
- Current estimated cost: 8.5 ~ 9% p.a.
- Period: 2 + 5 years

Debentures: 3Q08, Debentures holders (BNDES and others)

- Amount: R$ 217.4 million
- Current estimated cost: 10% p.a.
- Period: 8 + 3 years

(-) Cash: R$207.7 million

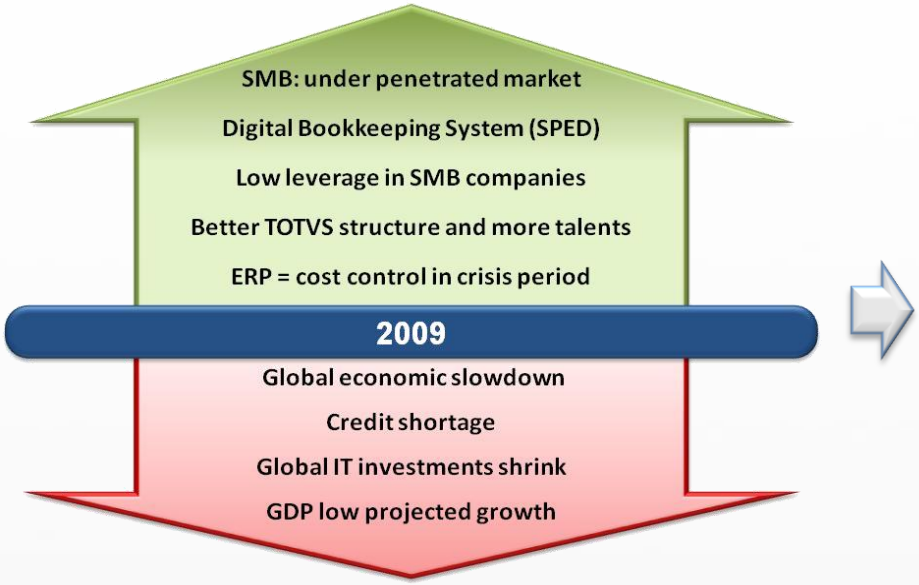
= Net debt by the end of the period: R$219.5 million (0.9 x EBITDA 2009)

(-) Short-term trade accounts receivable: R$231.0 million

= Net debt by the end of the period: R$(11.5) million

What it was like in 2009

In 4Q08



2009 Results

» **REVENUE RECORD**[1]
- Licenses: R$249.4 million, +7%
- Services: R$332.1 million, +17%
- Maintenance: R$498.8 million, +18%

» **OPERATIONAL RECORD**[1]
- New clients: 2,588, +5%
- Base clients: 15,163, +26%

» **EBITDA RECORD**[1]
- R$249.3 million, +39%
- Margin of 25.2% , +400 basis-point

(1) Growth over 2008

2010 Main *drivers*

Fundamentals + Execution

Contacts

Disclaimer

The following presentation contains summarized information about TOTVS activities till date. Such information does not constitute an offer. invitation or solicitation to acquire any securities. This presentation may contain statements that merely express management's expectations and/or forecasts about future events. Such expectations and/or forecasts involve risks and uncertainties and should not serve as the basis for acquiring the Company's shares.

QUESTIONS

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Índice de Ações com Tag Along Diferenciado ITAG