

TOTVS

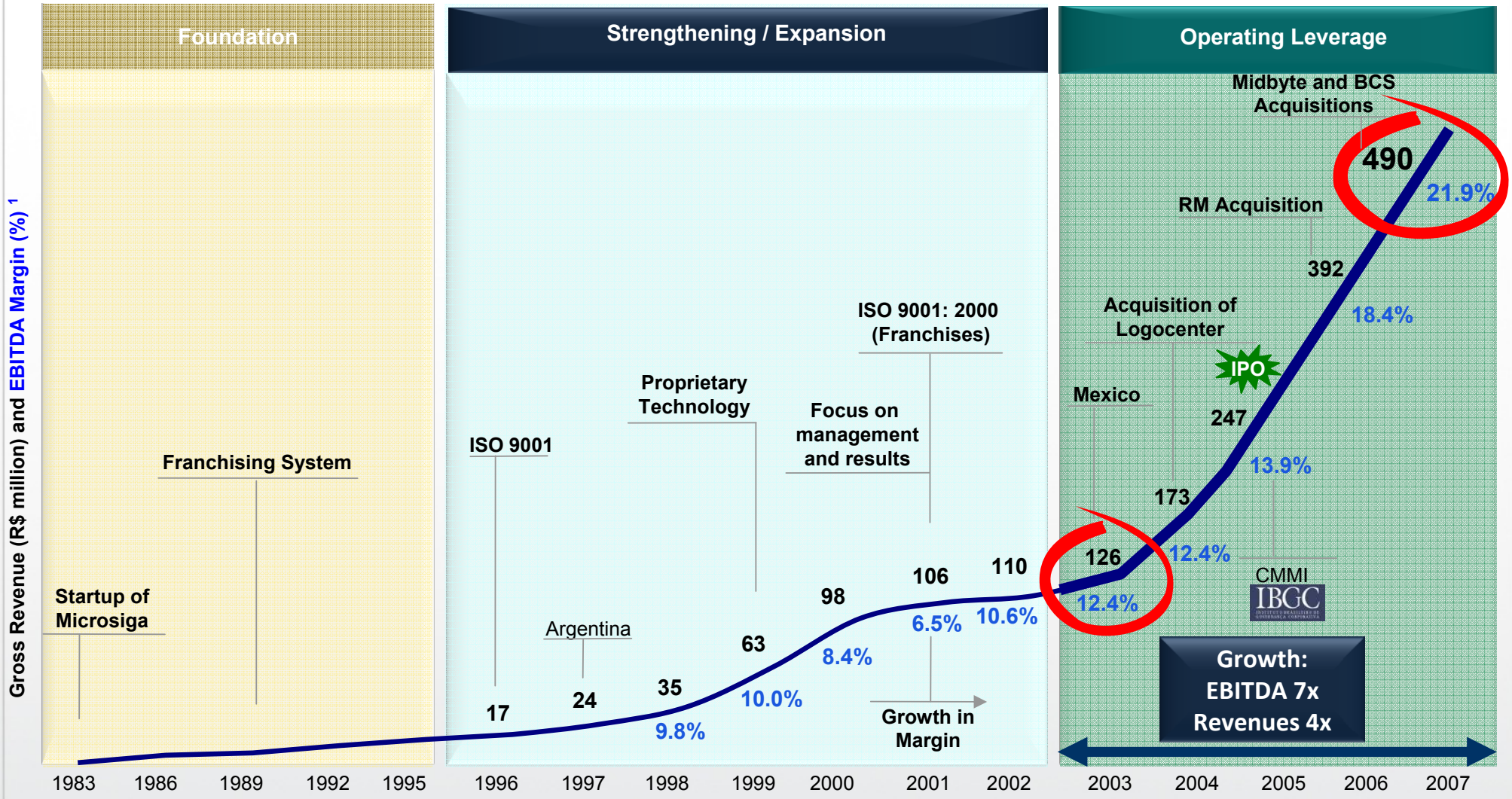
1Q08 Earnings Release

May 08, 2008

Safe Harbor

The following presentation contains summarized information about the activities of TOTVS 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.

Track Record of Success



Consistent growth through various economic cycles, entering a new phase in the company's growth

(1) EBITDA Margin does not include extraordinary expenses

Actions and Results

Action	Objective	Results
1Q07 Hunters x Relationship Sales team	Growth	?
2Q07 New product and releases Family 10 and FIRST	Growth	
4Q07 Acquisitions Midbyte & BCS	Speeding Growth	
4Q07 TOTVS Brand Consolidation	Synergies	
4Q07 TOTVS Distribution Channel Consolidation	Speed / Growth / Margin	
1Q/2Q08 Web Sales & Implement. TOTVS up	Speed / Growth	

Growth

Financial highlights

- **Net Revenue:** reached **R$121.051 million** in the **1Q08**, growth of **19.7%** in relation to the 1Q07.
- **License fees:** increase of **24.6%** in comparison to the 1Q07, reaching **R$34.522 million** in the **1Q08**.
- **Maintenance revenue** grew **20.8%** over 1Q07, reaching **R$57.099** million in the **1Q08**, historical record.
- **Revenue from services**: **R$45.938** million in the **1Q08**, growth of **21.7%** compared to 1Q07.
- **EBITDA:** reached **R$26.259 million** in the **1Q08**, growth of **25.6%** over 1Q07.
- **EBITDA Margin:** soared **100 b.p** compared to the 1Q07, reaching **21.7%** in the **1Q08**.

Operational highlights

- **Corporate model recurring revenue** generated **R$9.0 million, 66,4%** above 1Q07.
- **Sales to 1,481 base customers**, growth of **19.8%** in relation to the 1Q07.
- **74 new customers** in the **corporate model** in the **1Q08**, growth of **19.4%** over **1Q07**.

TOTVS' Honors

EUROMONEY

- The Euromoney "Best-Managed LATAM companies" study elected TOTVS, among 341 companies, as the:
  - Best Technology company with 31.1% voting;
  - Best IT/Software company with 30.4% voting.



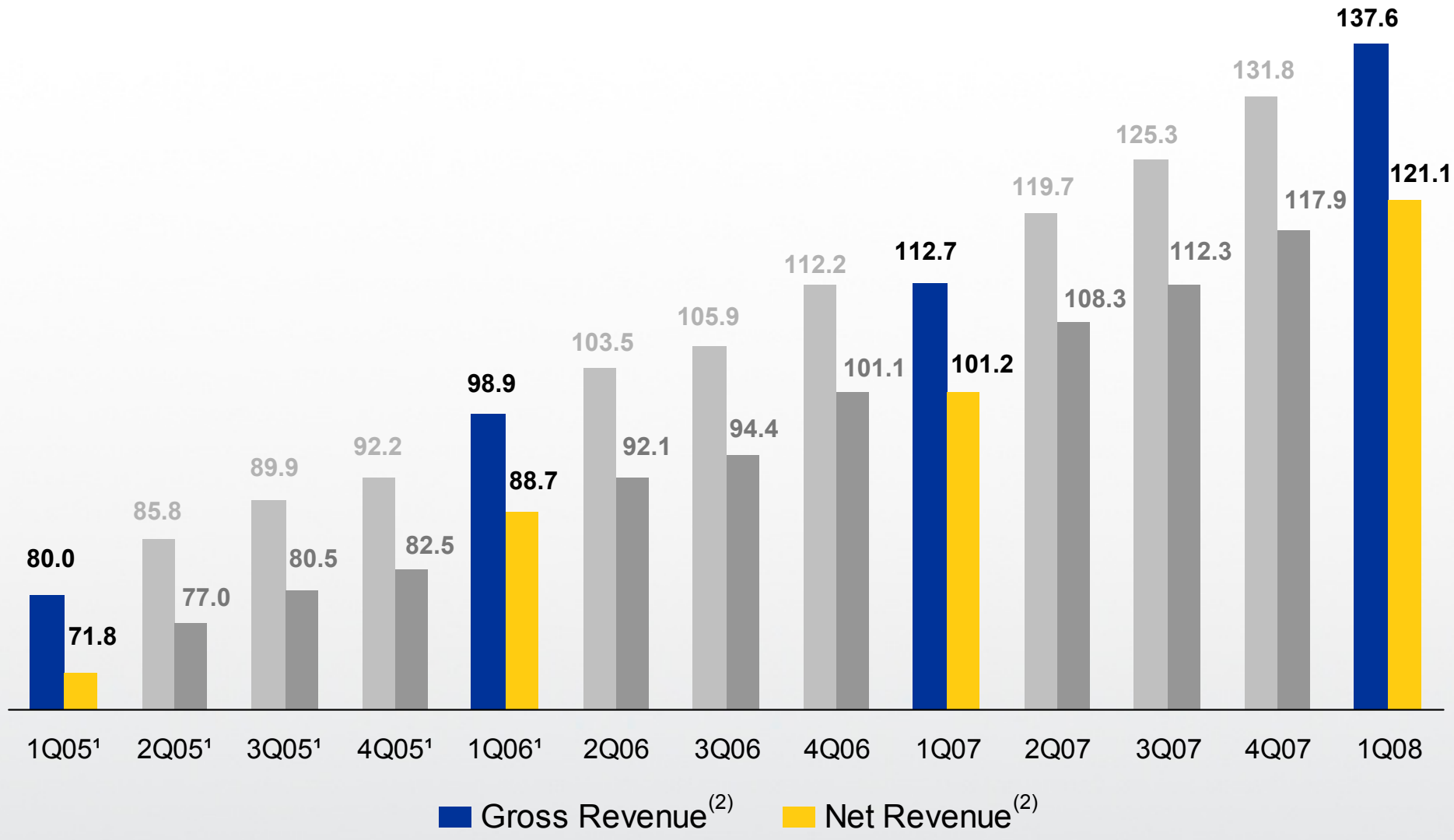
- TOTVS highlighted as a 'local dynamo' in a BCG report: rapidly conquered its domestic markets through the application of aggressive strategies and innovative business model.



- LatAm: Best Corporate Governance IR Global Rankings 2008.



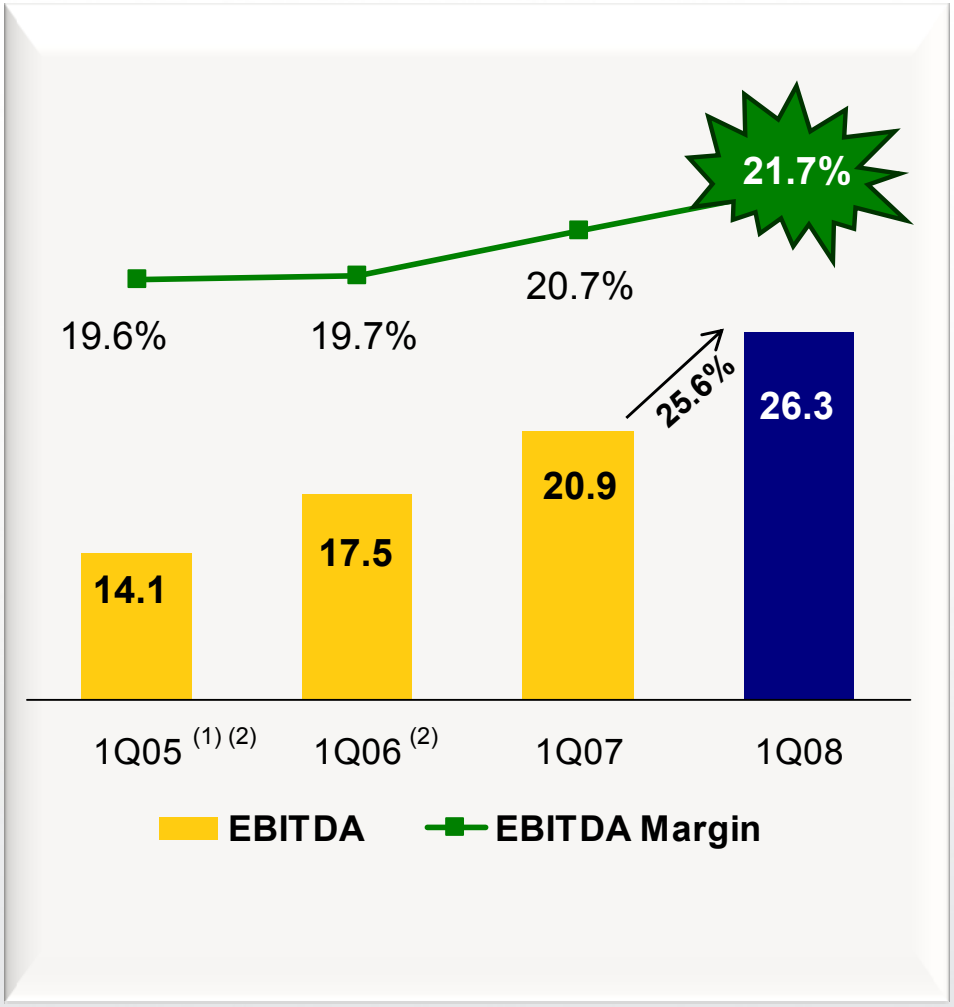
- LatAm: Best IR Website – Small Caps IR Global Rankings 2008.



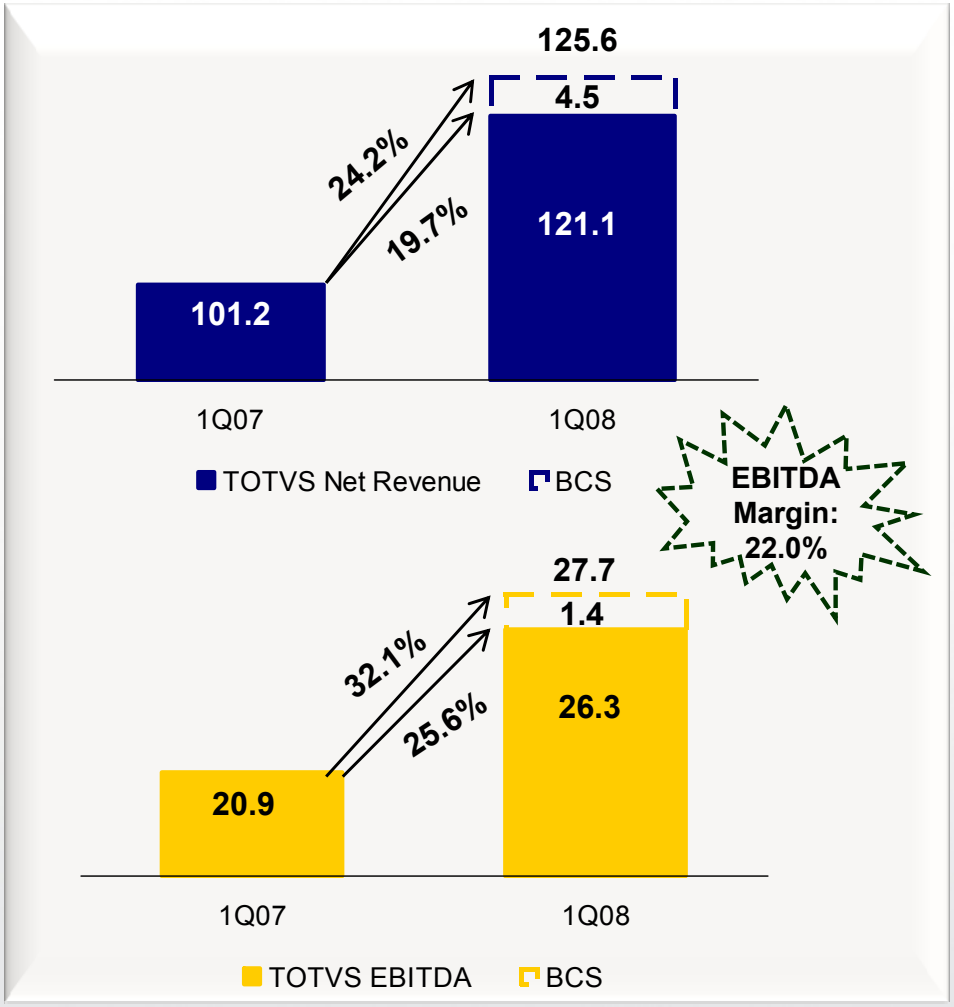
(1) Values are pro forma as they include numbers of RM Sistemas, acquired in April 2006, in the period analyzed (since January 2005).
(2) Values in R$ million

Continuous performance improvement

EBITDA (R$ million)



Scenario with BCS results(3) (R$ million)



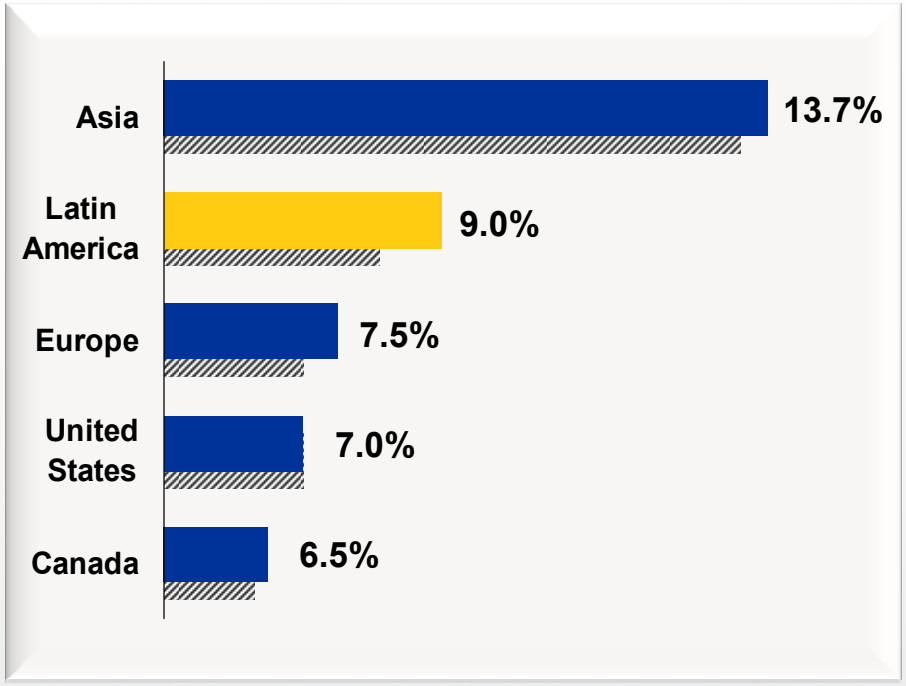
(1) Values are pro forma as they include the numbers of Logocenter, acquired in February 2005, in the period analyzed.
(2) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006.
(3) Estimated values if BCS figures were consolidated.

Recent Events

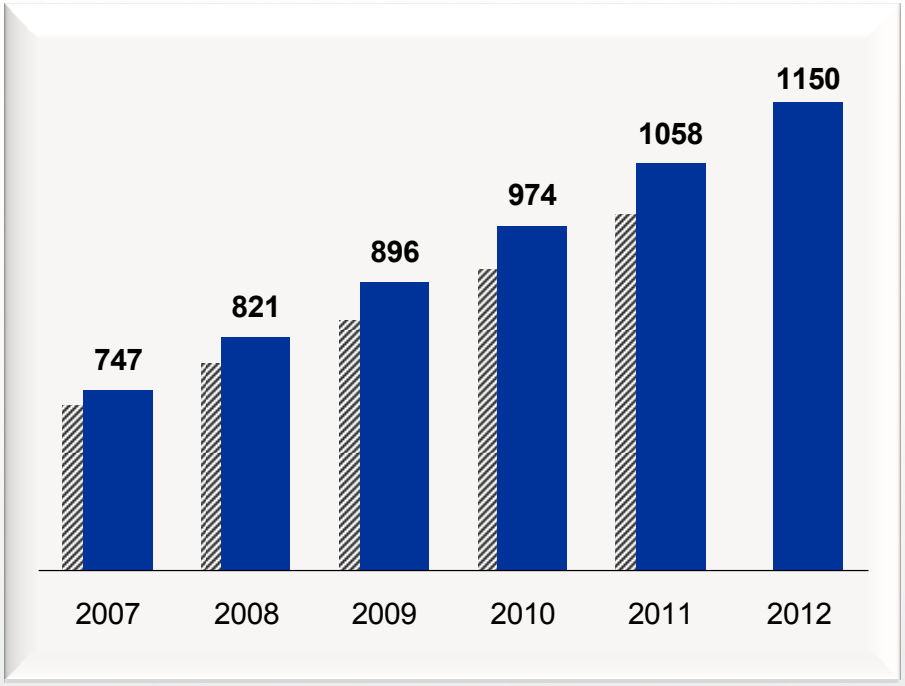
Acquisitions	▸ BCS acquisition closing: R$30.0 million payment in April – its figures will be consolidated from 2Q08 on. ▸ Integration of BCS and Midbyte (Vitrine) operations.
Channel	▸ Up to date, 9 unified TOTVS distribution channels that covers ~50% of Brazilian GDP.
TOTVS up	▸ Pioneer model of selling and implementing ERP remotely. TOTVS up enables greater interaction between the sales force and customers and allows reduction the total implementation cost .
Market	▸ IDC and Gartner on Latin America: ERP market growing faster than all mature markets in the world – 12,9% (2x world's expected growth). ▸ Optimistics view for SMB's expenses with IT: it's expected to growth more than the expected global growth.

Large and Growing Market Opportunity

ERP Market growth potential (CAGR 2007-2012E)



Annual Latin America Taken Market for ERP in USD$ million (2007-2012E)

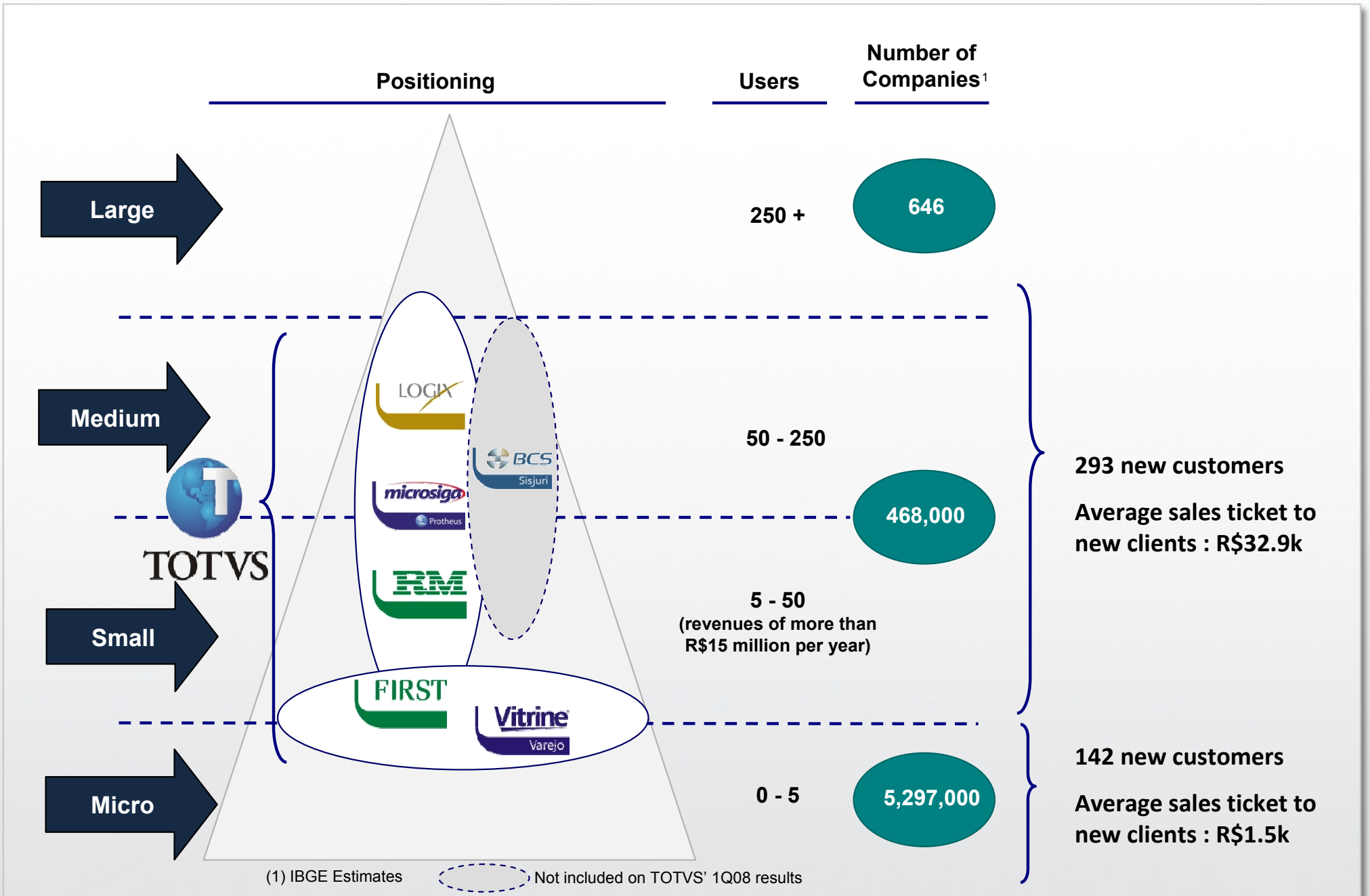


Mar'08 Estimates Sep'07 Estimates

Source: Gartner Dataquest ERP Markets – March 2008 and Septemper 2007

Latin America: a well-developed IT sector and an ERP market growing faster than all mature markets in the world

TOTVS's Positioning

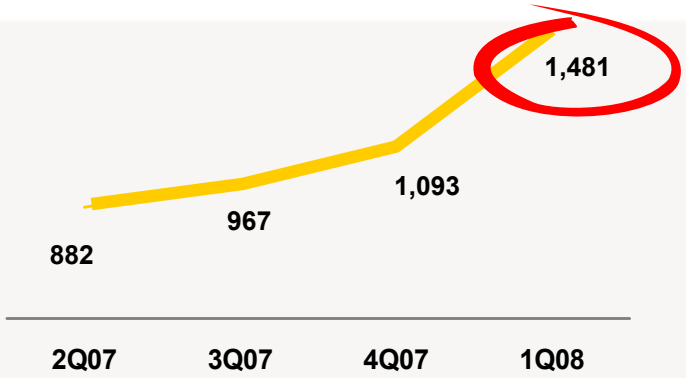


Sales to base customer reached a new record

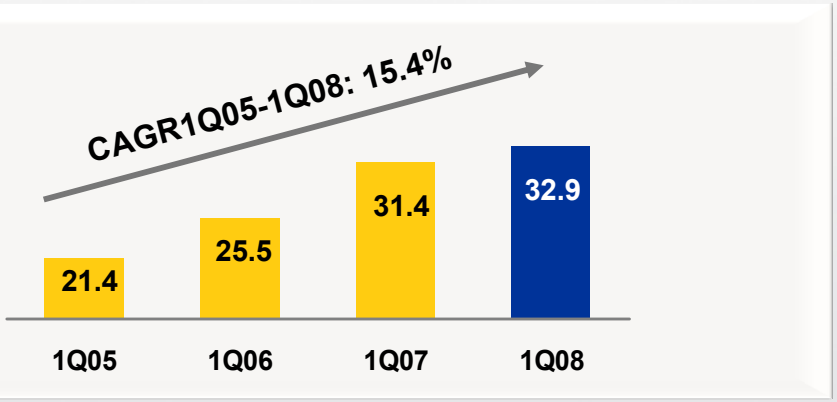
Highlights

- 1,481 base customers served
- 74 new corporate clients
- R$9.0 million of corporate model recurring revenue
- Totaled R$34.5 million, new historical record
- 24.6% growth over 1Q07

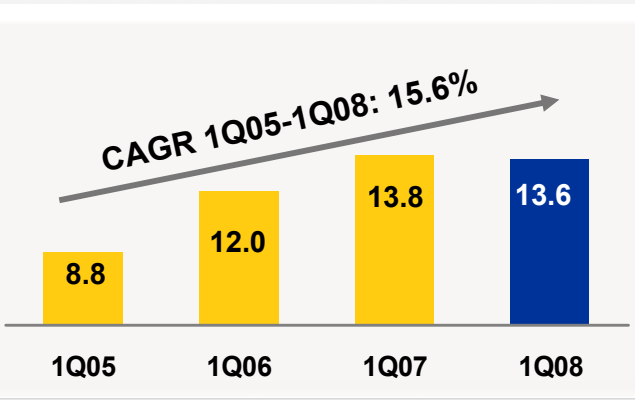
Base Customers



Average Ticket of New Customers - Software (R$ thousand)

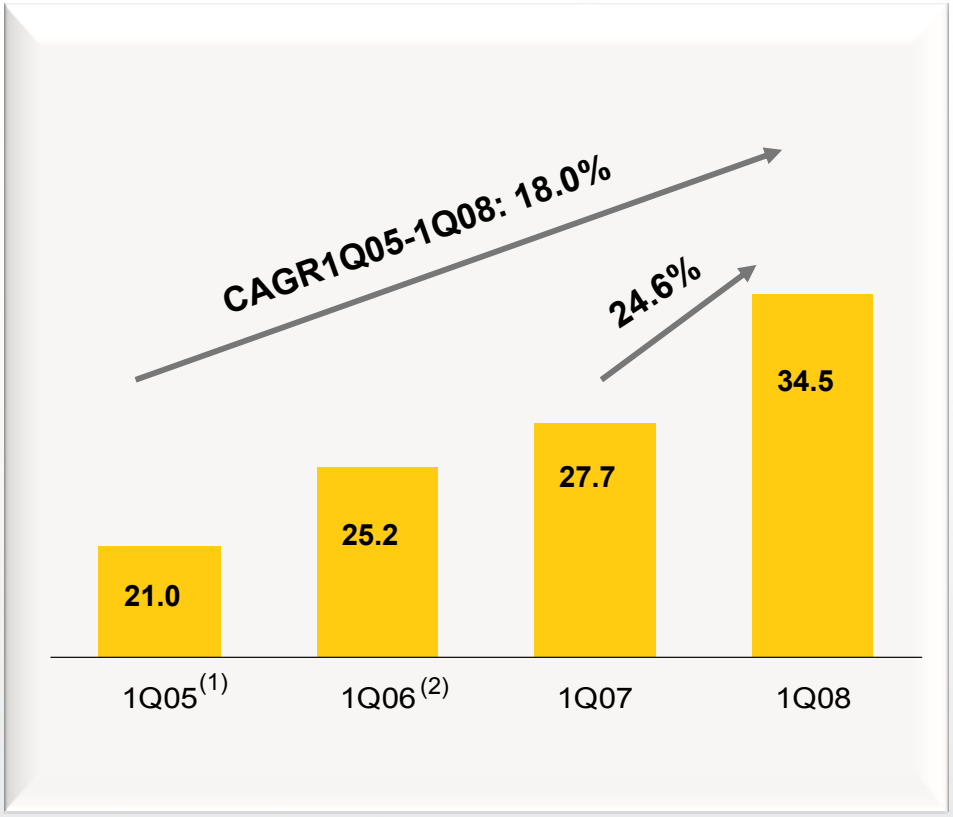


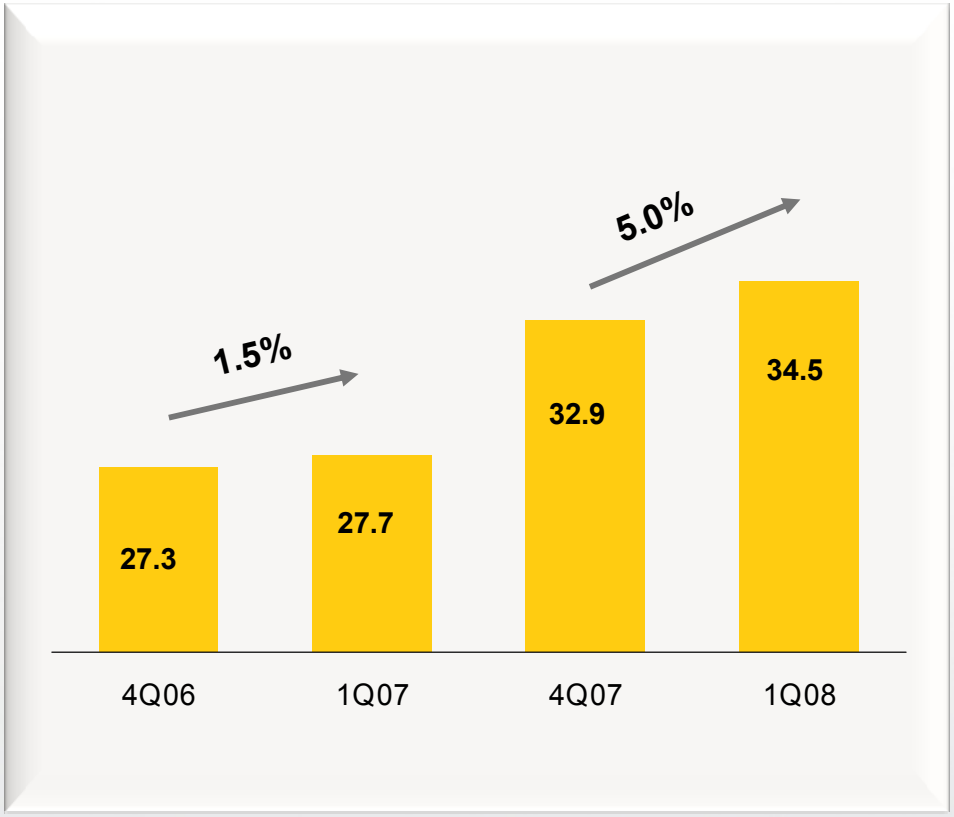
Average Ticket of Base Customers - Software (R$ thous.)



Speeding up license fee growth...

License Fee Revenue (R$ million)

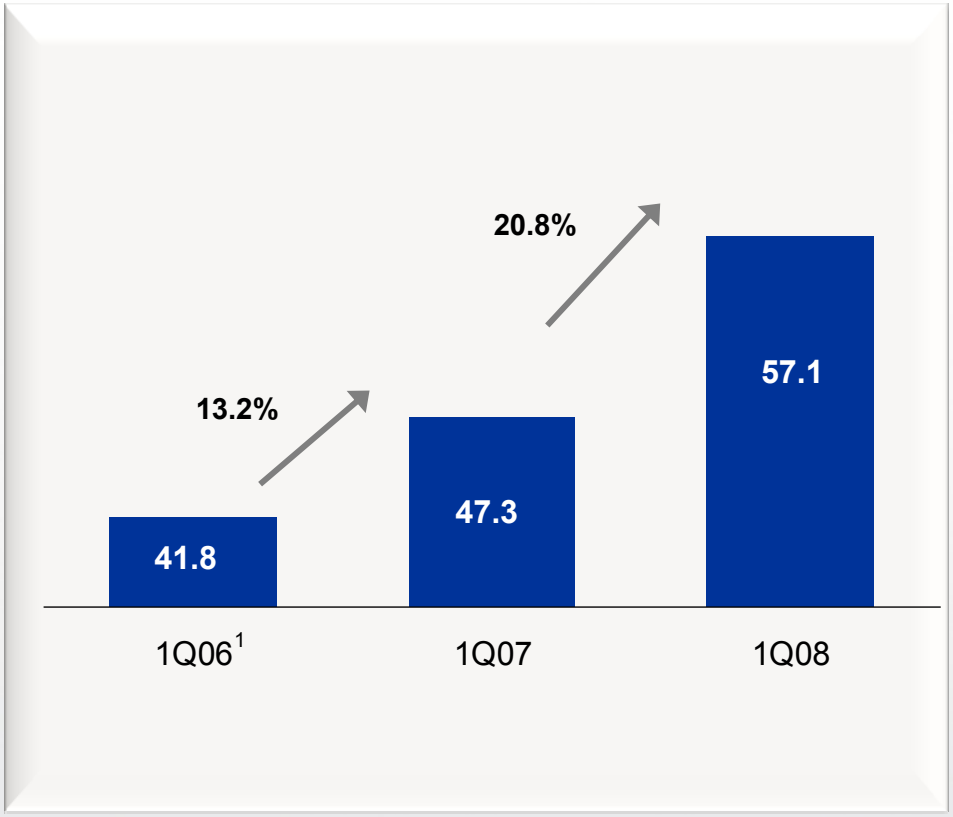




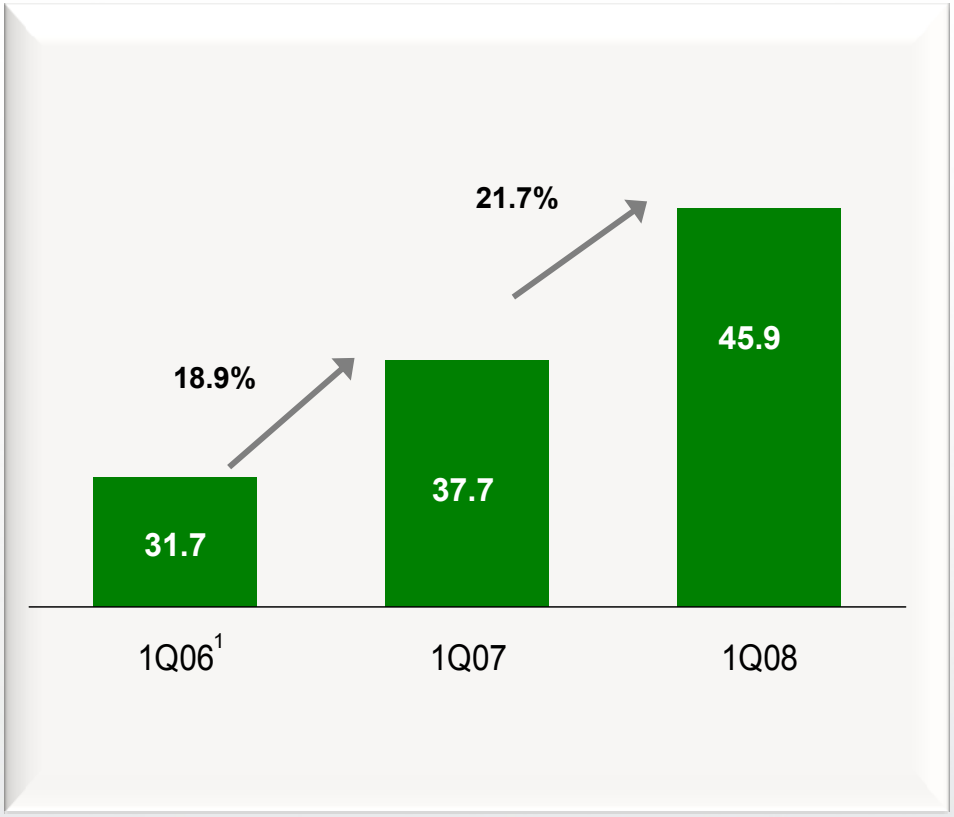
(1) Values are pro forma as they include the numbers of Logocenter, acquired in February 2005, in the period analyzed.
(2) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006.

…and consistency in maintenance & service revenues

Maintenance Revenue (R$ million)

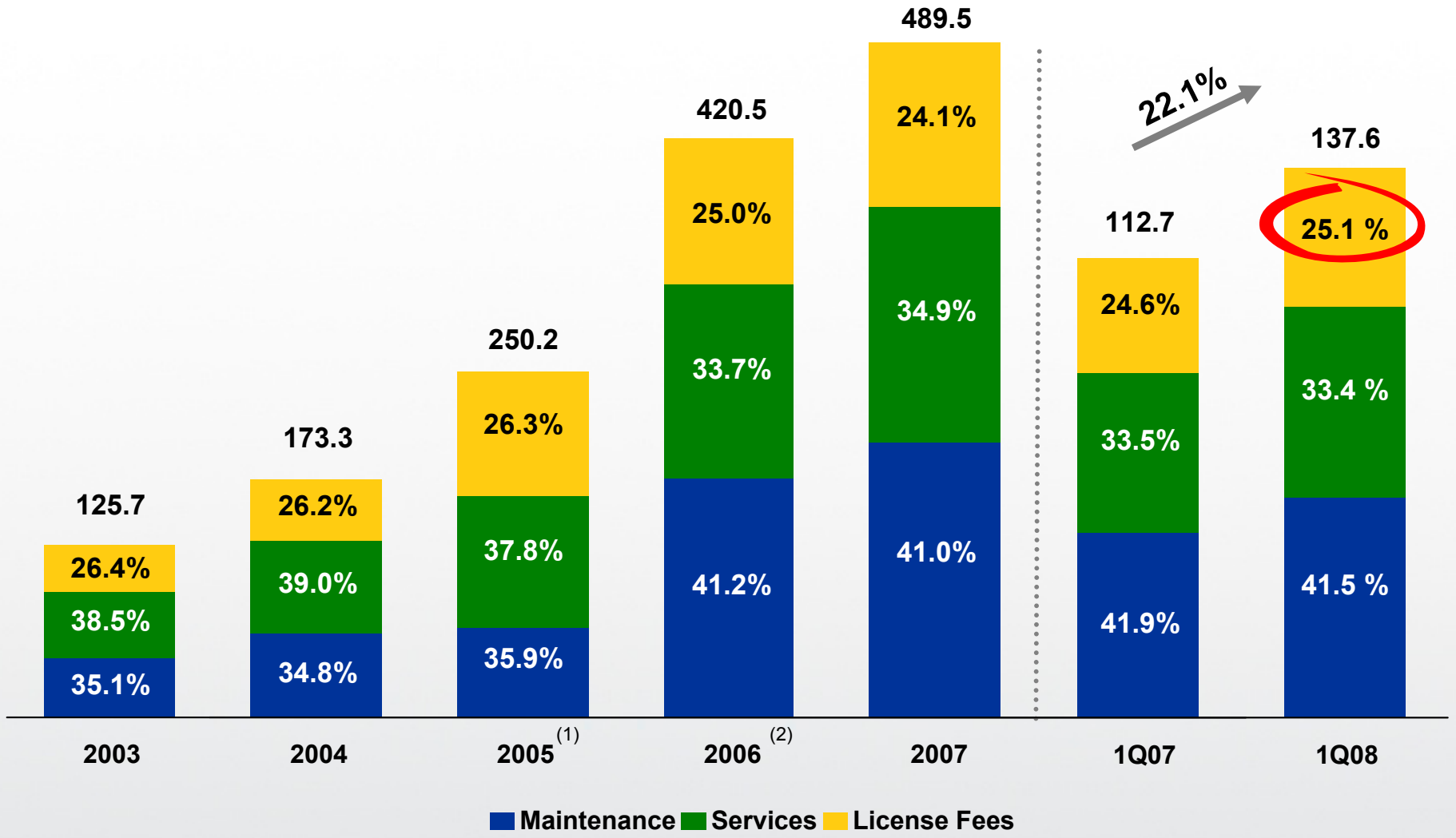


Services Revenue (R$ million)



(1) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006.

Revenue Growth (R$ million)

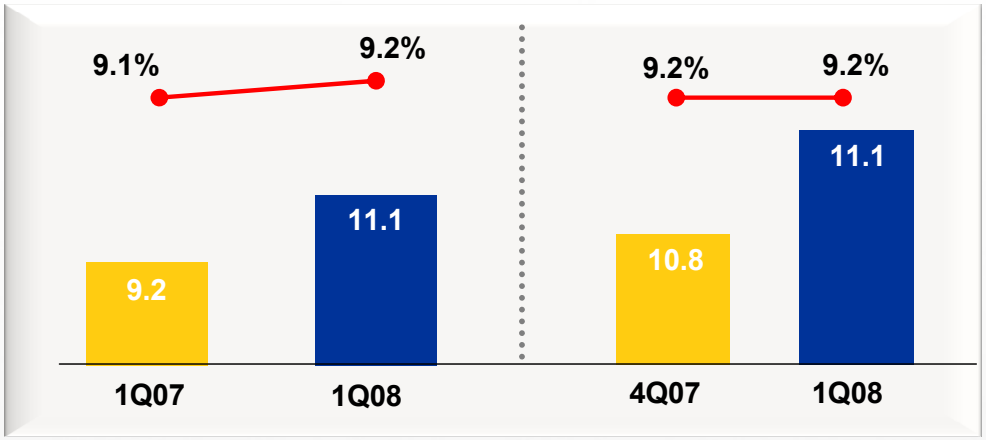


(1) Values are pro forma for Logocenter in January 2005, as it was acquired in February 2005.

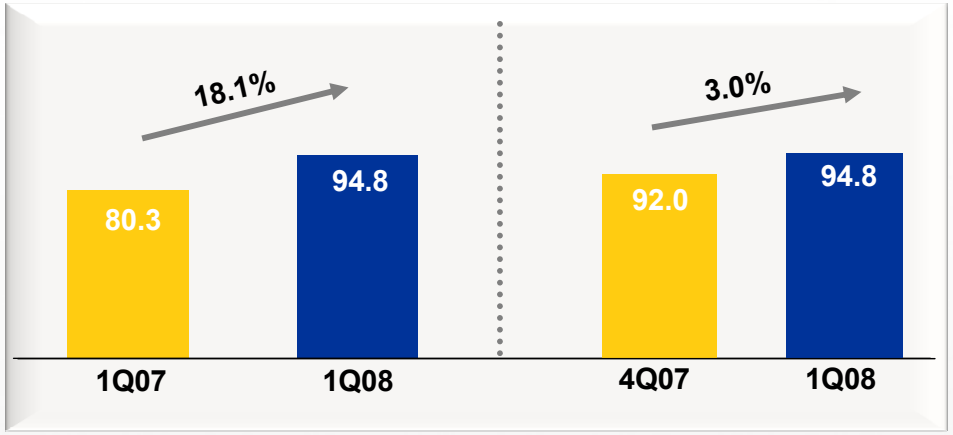
(2) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006, in the period analyzed.

Costs and Expenses Dashboard

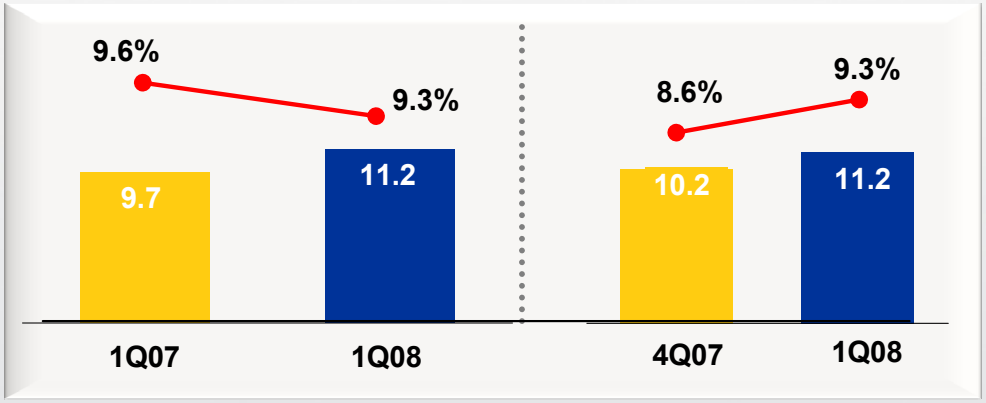
R&D (R$ million) x R&D / Net Revenue



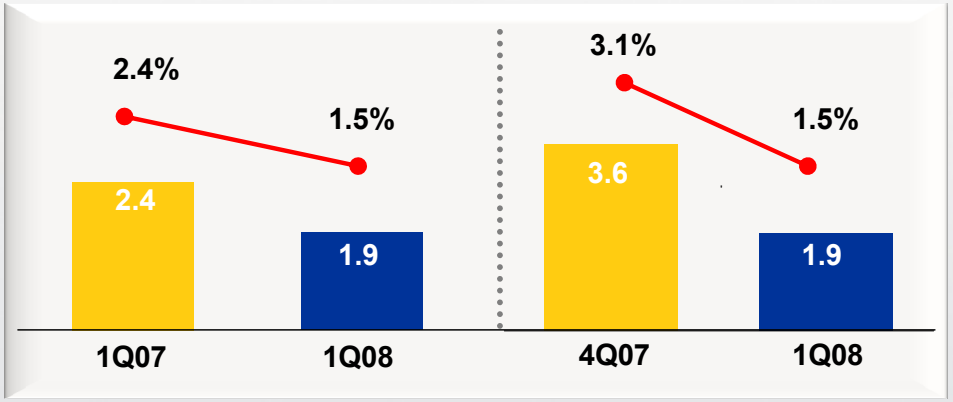
Costs ands Expenses[1] (R$ million)



G&A (R$ million) x G&A / Net Revenue



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



(1) Excluding depreciation and amortization expenses.

Financials Dashboard

R$ million	1Q07	1Q08	Δ Q/Q	4Q07	1Q08	Δ Q/Q
Net Revenue	101.161	121.051	19.7%	117.940	121.051	2.6%
Gross Profit	71.163	80.950	13.8%	79.220	80.950	2.2%
EBITDA	20.911	26.259	25.6%	25.910	26.259	1.3%
EBITDA Margin	*20.7%*	*21.7%*	*100 b.p*	*22.0%*	*21.7%*	*-30 b.p*
Net Income Adjusted(1)	15.820	19.254	21.7%	17.282	19.254	11.4%
Net Income Margin adjusted	*15.6%*	*15.9%*	*-30 b.p*	*14.7%*	*15.9%*	*120 b.p*

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

Technology Road Map

2007

- TOTVS Single Sign On
- TOTVS Tec Mobile
- TOTVS Msg Queue SOA
- TOTVS Tec New IDE
- TOTVS Tec on TV
- Services & Security
- Innovation Group – i9
- TOII Microsoft
- TNI – IBM Lotus

On going

2008

Project
- TOTVS Tec z-Admin
- TOTVS Tec New Language

On going
- TOTVS Tec on TV - TQTVD
- TOTVS Msg Queue SOA
- TOTVS Tec New IDE
- TOTVS up
- TOTVS Developer Network
- TOTVS Card
- TOII – Open Source

2009

- Bio TOTVS
- Vox TOTVS
- TOTVS Tec on TV - TQTVD
- T. Tec New Language

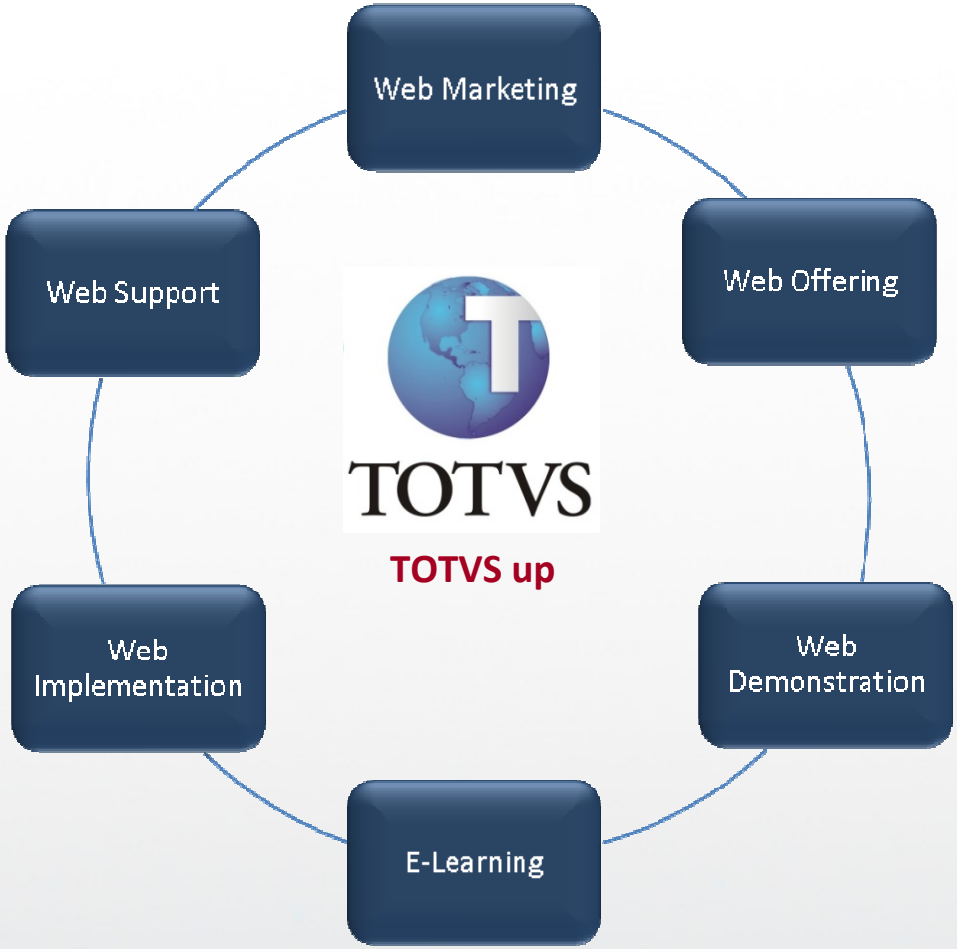
T TCO
I INNOVATION
P PRODUCTIVITY

BCS Sisjuri · FIRST · LOGIX · microsiga Protheus · RM · Vitrine Varejo · tqtvd

It's a new model of selling and implementing ERP remotely

By using Web Tools we provide support and relationship to customers that fells like a face to face meeting.

TOTVS up's "Web Implementation" component allows remote implementation of the solution with faster startup, with more quality. That way we can cut down all cost involved in a real face to face meeting (travel, communication and travel time).



Through "Web Offering", our Servicing and Relationship area will provide offers and guidance to help customers choose the best solution for their business.

With "Web Demonstration", customers will have full understanding of our solutions by watching a rich video demonstration that could by live or recorded . The same technology will be used on Digital TV .

TOTVS up' "E-Learning" allows the on-going recycling and qualifying end users, ensuring that our customers reach the intended results with the proper use of our products.

The new customer service and relationship process involves TOTVS, its customers and channels over the internet, through computers, mobile devices, Digital TV or mobile phones.

TOTVS up Plataform



Actions and Results

Action	Objective	Result
1Q07 Hunters x Relationship Sales team	**Growth**	•New trend in sales •Record in sales to base customers: 1,481 in 1Q08
2Q07 New product and releases Family 10 and FIRST	**Growth**	•Growth in license fees (in R$) •1Q07 -> 1Q08: +24.5% •4Q07 -> 1Q08: +4,9%
4Q07 Acquisitions Midbyte & BCS	**Speeding Growth**	•Expanded portfolio •Growth in Revenue and EBITDA Margin
4Q07 TOTVS Brand Consolidation	**Synergies**	•Euromoney, BCG innovation, IR Global ranking in 1Q08 •Synergies in market efforts
4Q07 TOTVS Distribution Channel Consolidation	**Speed / Growth / Margin**	•9 unified TOTVS Channels and aprox. 50% of BR GDP covered •Synergies and Mngt. control
1Q/2Q08 Web Sales & Implement. TOTVS up	**Speed / Growth**	•Boost Revenue and EBITDA Mg. •Reduced sales & delivery cycle

On going Archived

Contacts



TOTVS

QUESTIONS ?

ir@totvs.com.br

www.totvs.com.br/ir