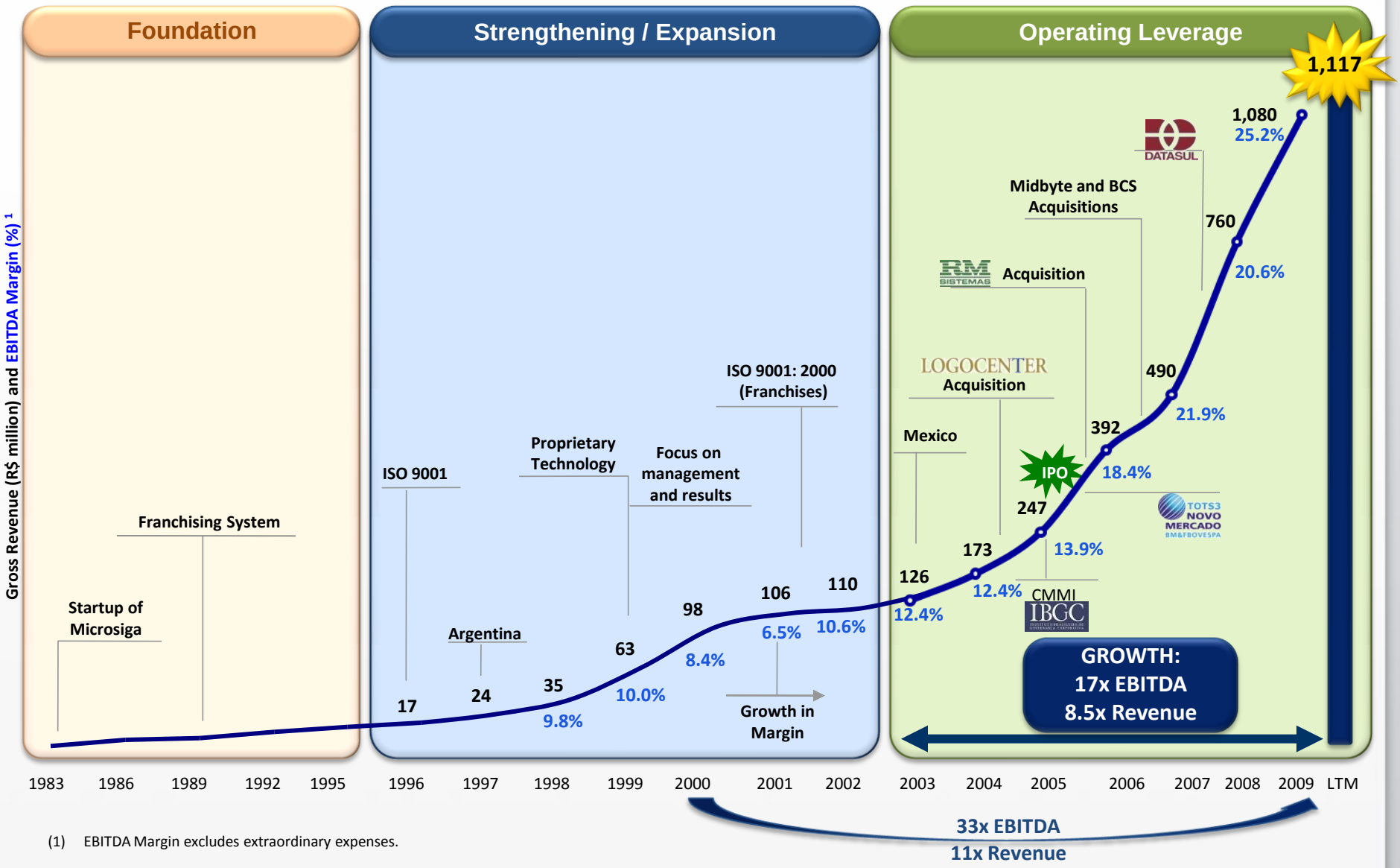


TOTVS

1Q10 Earnings Release

April 28, 2010

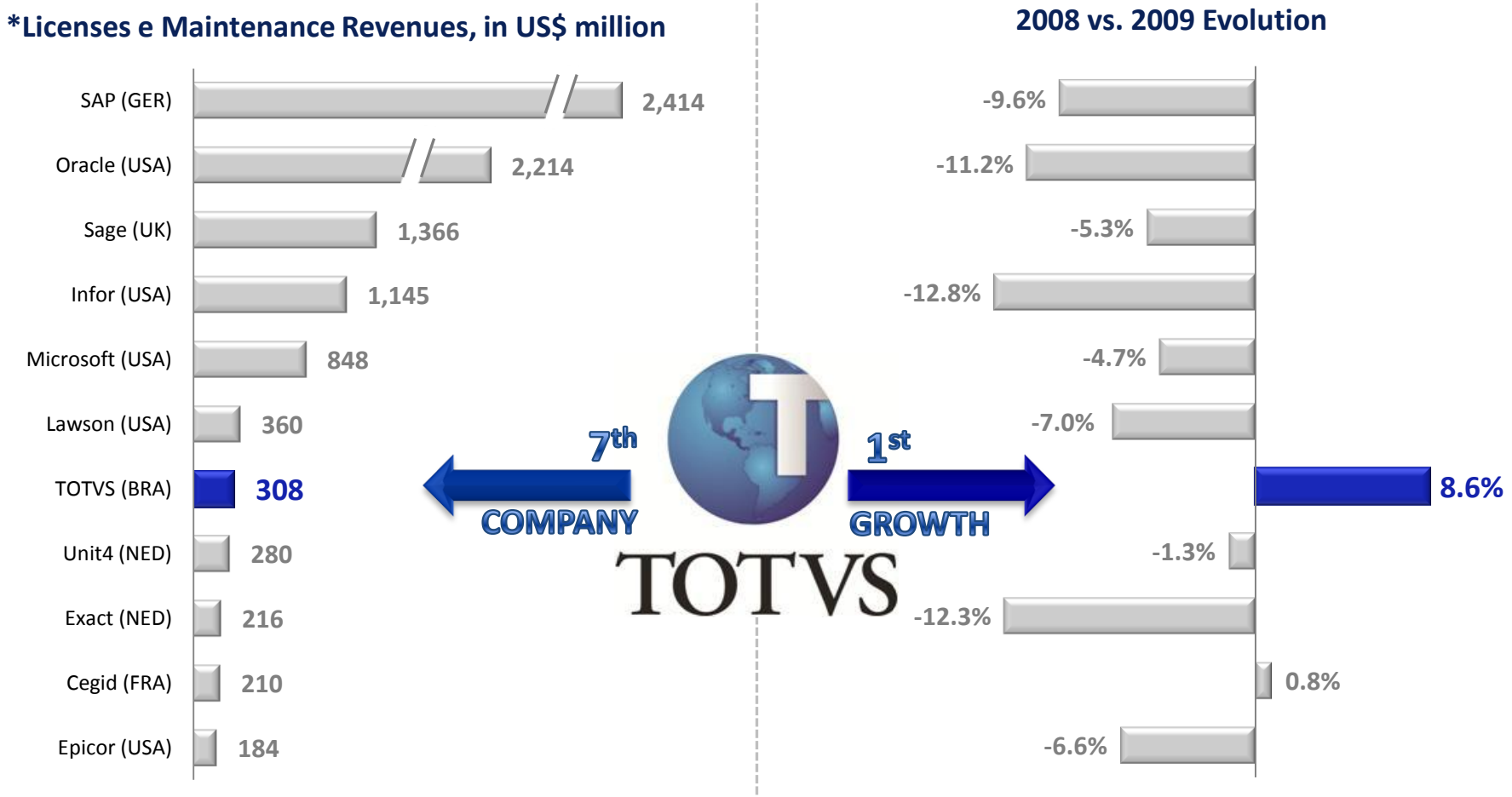
Success Track Record



(1) EBITDA Margin excludes extraordinary expenses.

7th worlwide in ERP* and 1st in growth

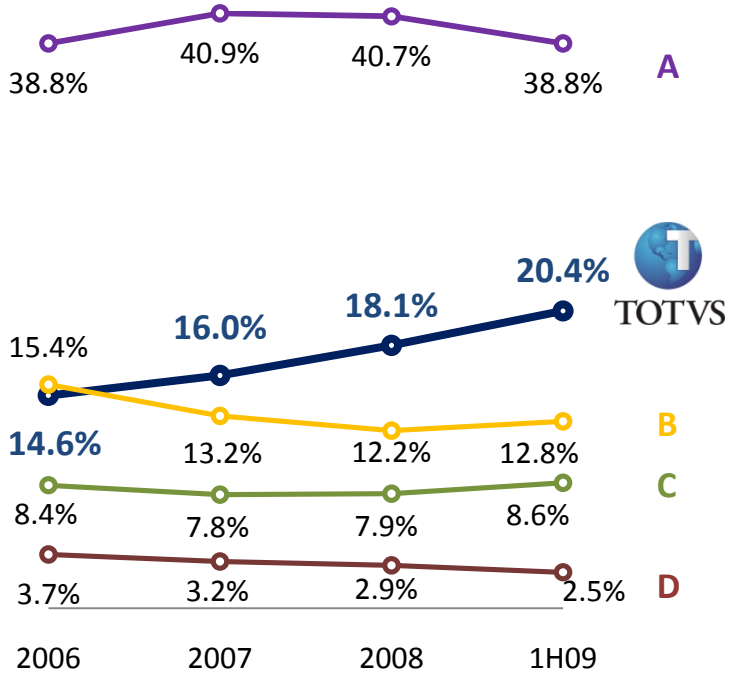
ERP Wordwide Ranking - Suite 2009



Source: Gartner - ERP Software, Worldwide, 2009

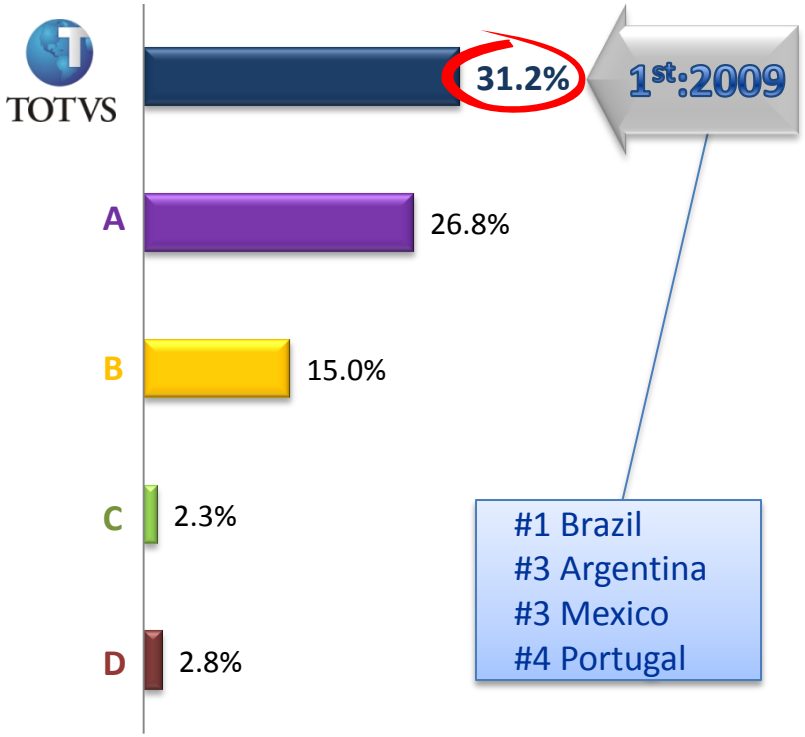
Market Share – Leadership in Latin America

IDC (2009 1st semester)



Source: IDC Latin America Semiannual ERM Applications Tracker 1H09

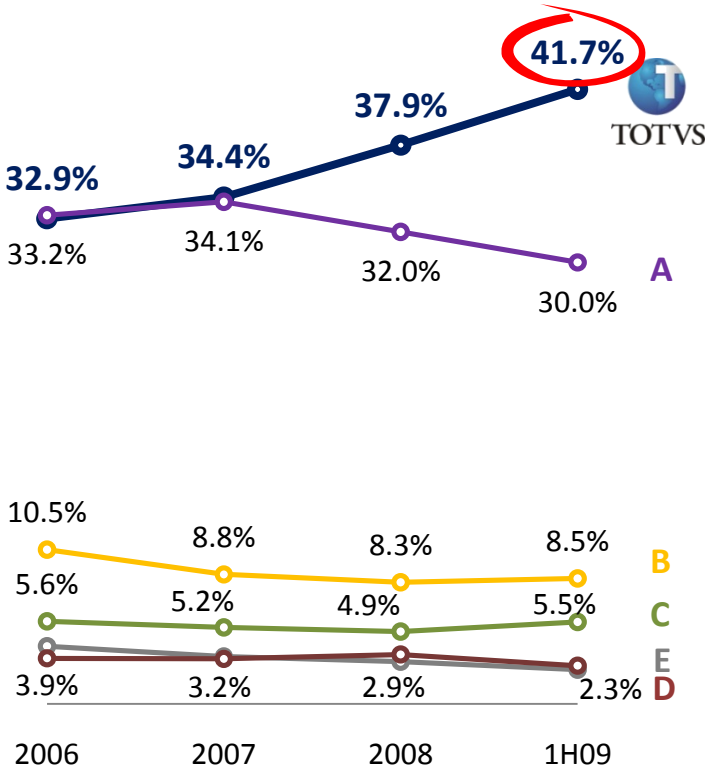
GARTNER (2009 – full year)



Source: Gartner – Market Share ERP Software, Worldwide, 2009

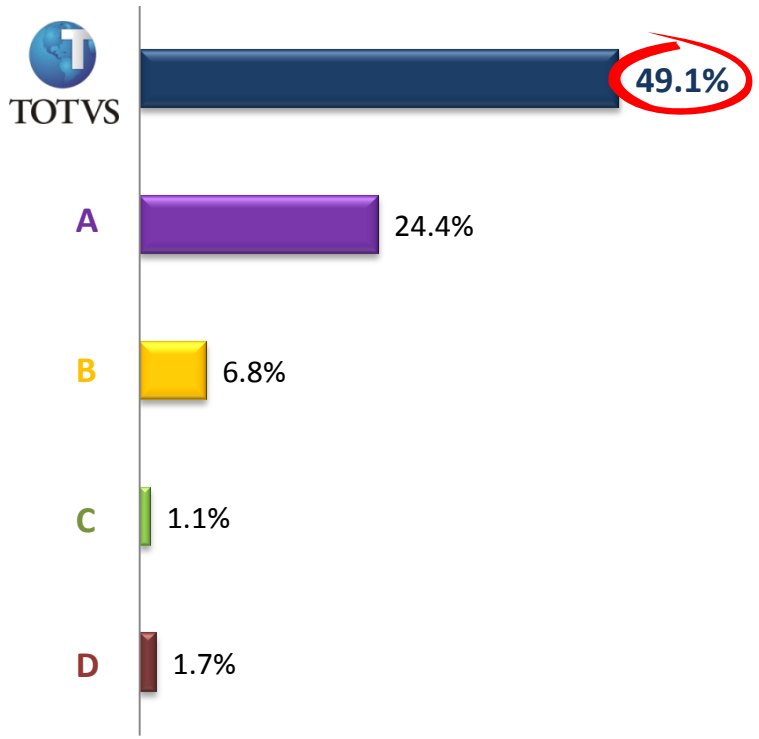
Market Share – Absolute leader in Brazil

IDC (2009 1st semester)



Source: IDC Latin America Semiannual ERM Applications Tracker 1H09

GARTNER (2009 – full year)



Source: Gartner – Market Share ERP Software, Worldwide, 2009

TOTVS is awarded 4 times

Awards

EUROMONEY	▸ "Best Managed Companies in Latin America" (3rd in the last 4 years)
WORLD FINANCE CORPORATE GOVERNANCE AWARDS 2010	▸ "Best Corporate Governance in Brazil 2010"
IR GLOBAL RANKINGS	▸ "TOP 5 Latin America Corporate Governance" ▸ "Best Financial Discosure - IT Sector"

1Q10 vs. 1Q09: Growth in all revenue lines

Financial Highlights

- **Net Revenue:** growth of **14.0%** in relation to 1Q09, reaching **R$260.422 million** in 1Q10.
- **Licenses Revenue: R$63.672** million in 1Q10, **8.8%** higher than 1Q09.
- **Services Revenue:** growth of **15.5%** (1Q10 vs. 1Q09), reaching **R$85.096 million**.
- **Maintenance Revenue: R$137.388 million**. Growth of **16.9%** in relation to 1Q09 and growth of 1.4% if compared to 4Q09.
- **Costs and Expenses: decrease of 1.1%** from **4Q09 to 1Q10** and growth slightly higher over 1Q10 vs. 1Q09.
- **EBITDA: R$60.839 million** in 1Q10, growth of **1.5%** over 1Q09.

Operating Highlights

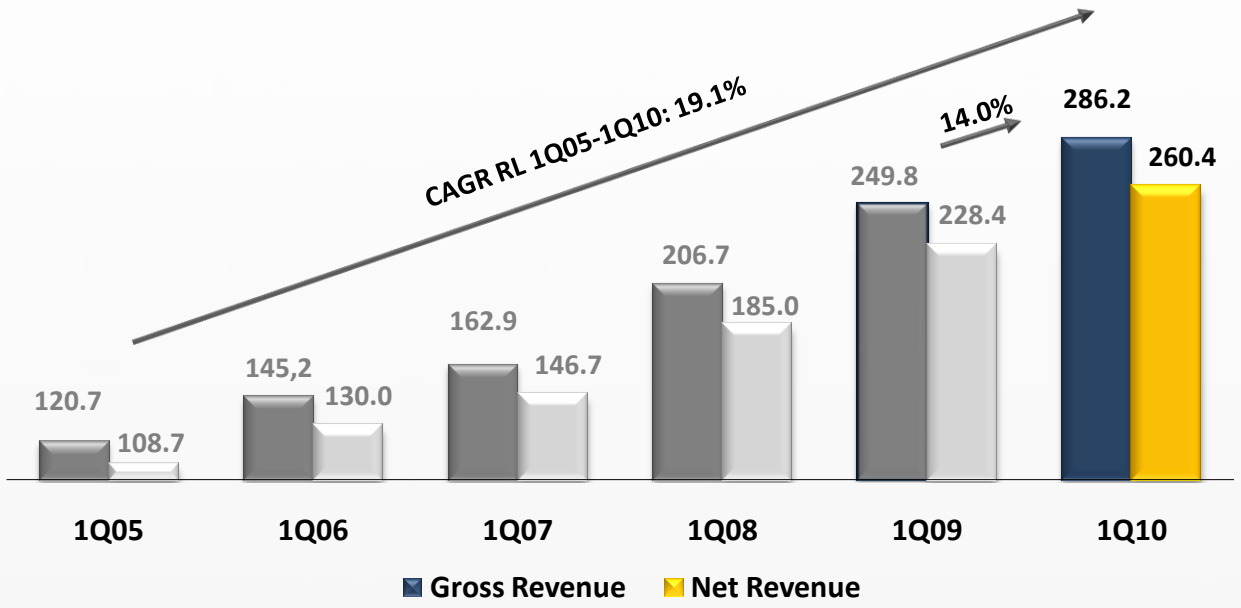
- Licenses sales to **4,585** clients (new + existing ones) in the quarter,**7.2% higher than 1Q09.**
- **622** new clients in 1Q10, growth of **36.1%** over 1Q09.
- **Clients base** sums approximately **25.2 thousand active clients.**

Recent Events

- **Memorandum of Understanding** related to the buying intention signed with our main Datasul FDES.
- **Vice-presidencies change**

Consistent revenue growth...

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

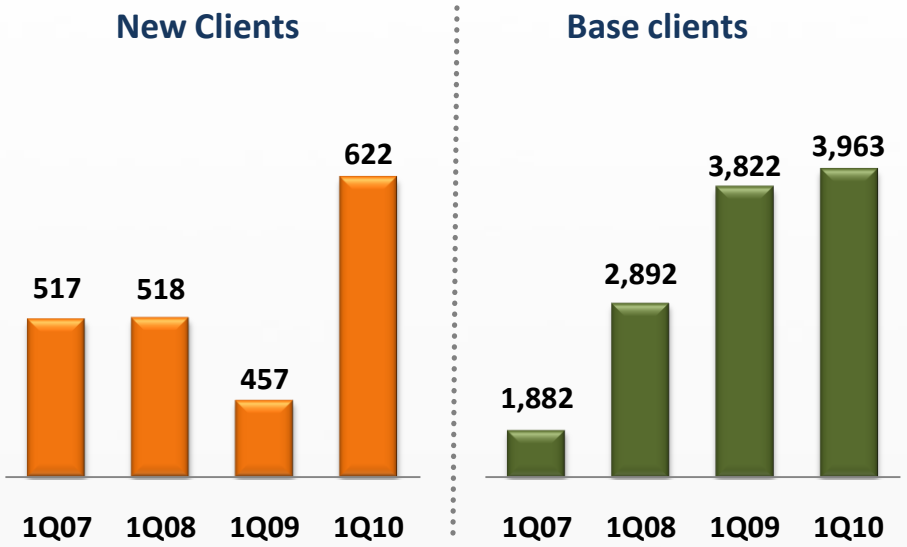


...of two digits percentage per quarter.

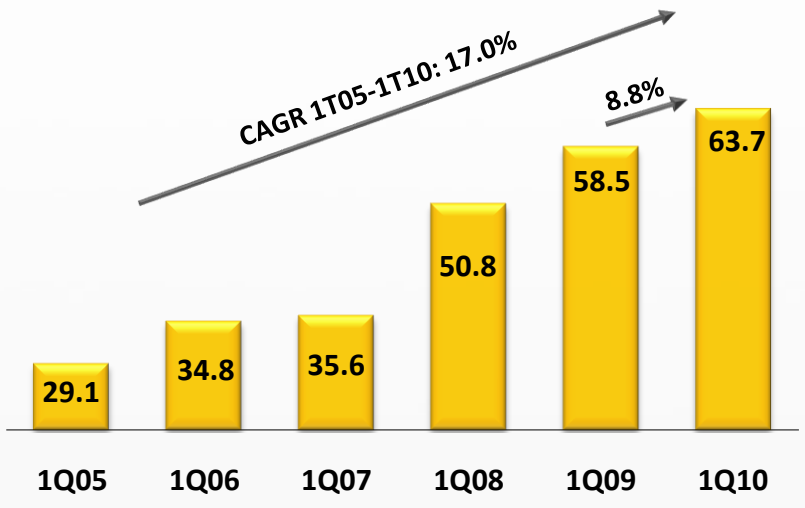
(1) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006, and Datasul, consolidated in September 2008 in the period analyzed.

Operating indicators improvement...

Clients Served



Licences Revenue (R$ million) [1]

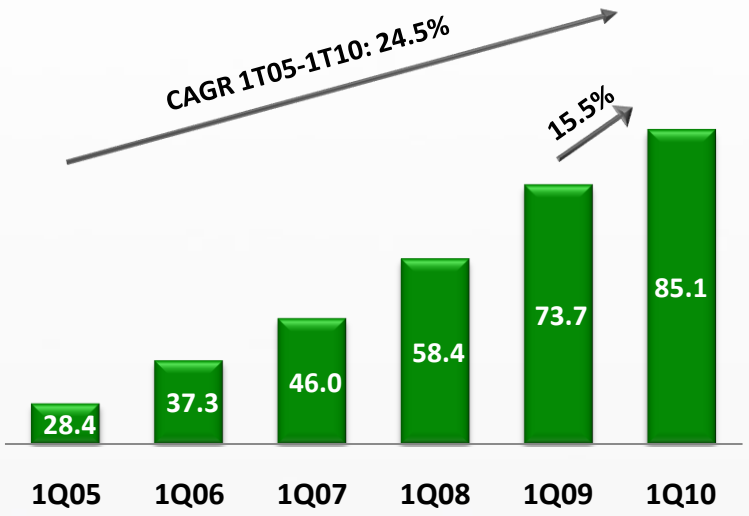


... and record on new clients in 1Q...

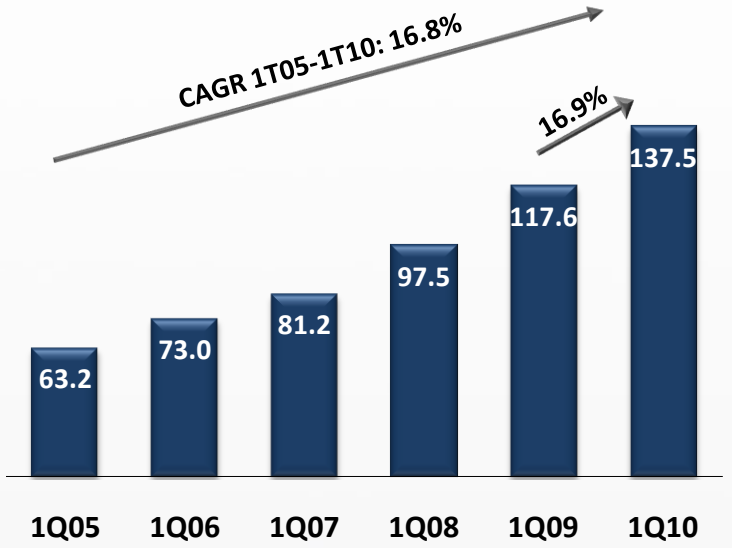
(1) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006, and Datasul, consolidated in September 2008 in the period analyzed.

…Robust growth of services and maintenance

Services Revenue (R$ million) [1]

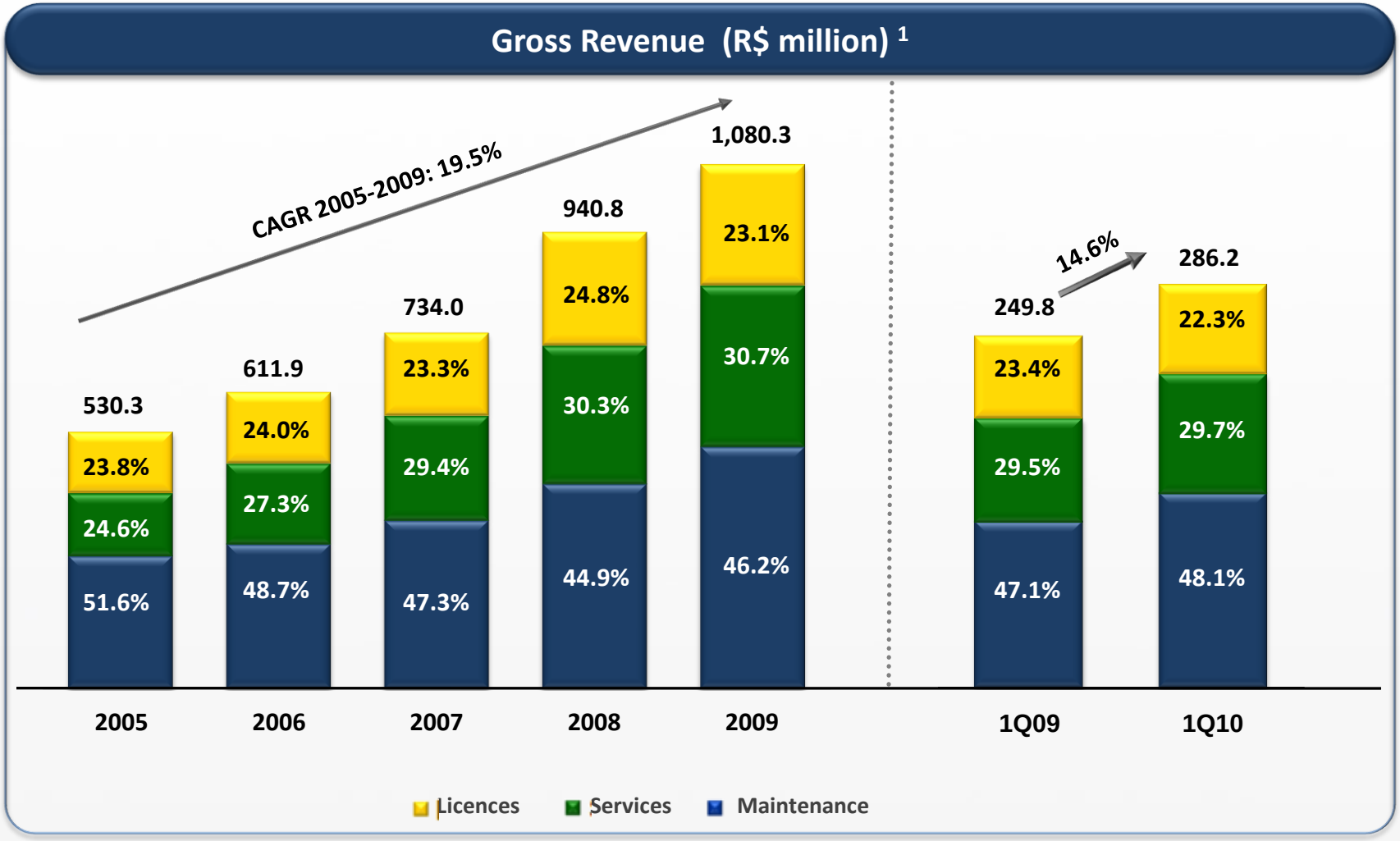


Maintenance Revenue (R$ million) [1]



(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.

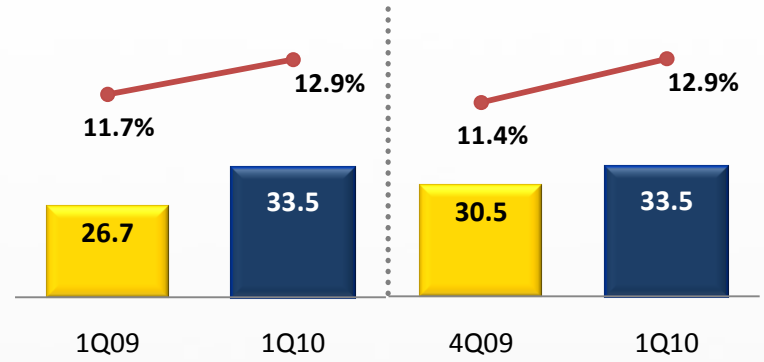
Revenue breakdown



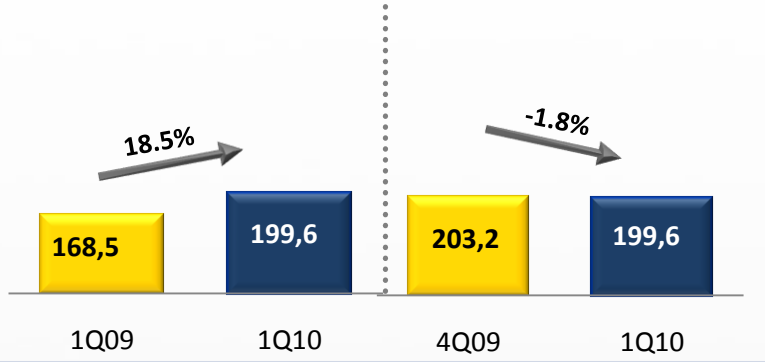
(1) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006, and Datasul, consolidated in September 2008 in the period analyzed.

Costs and Expenses Dashboard[1]

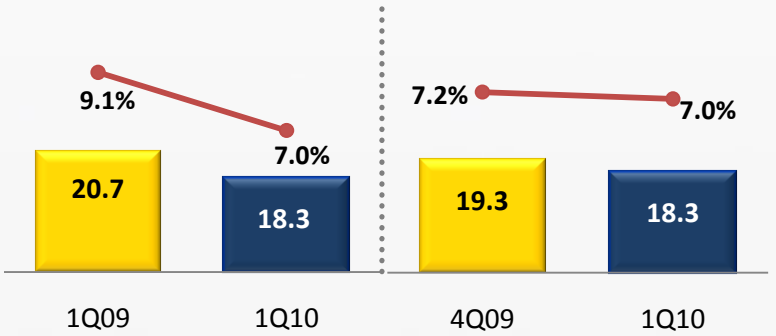
R&D (R$ million) x R&D / NR



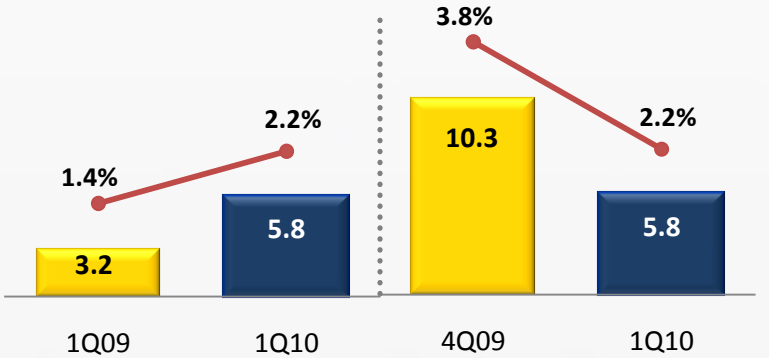
Costs and Expenses[2] (R$ million)



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



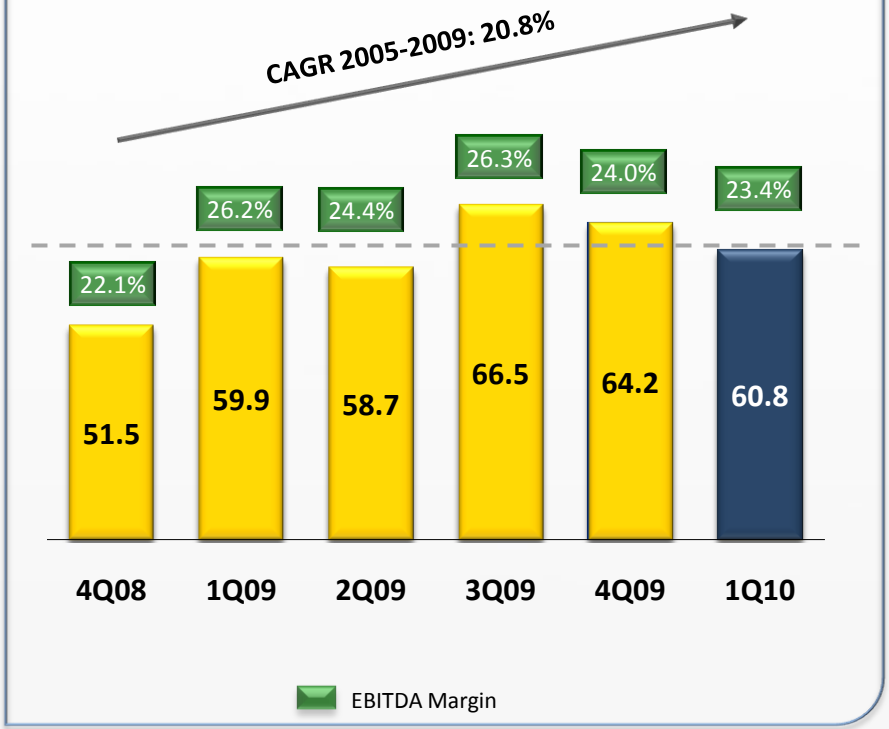
Marketing Expenses (R$ million) x Mkt. Exp. / NR



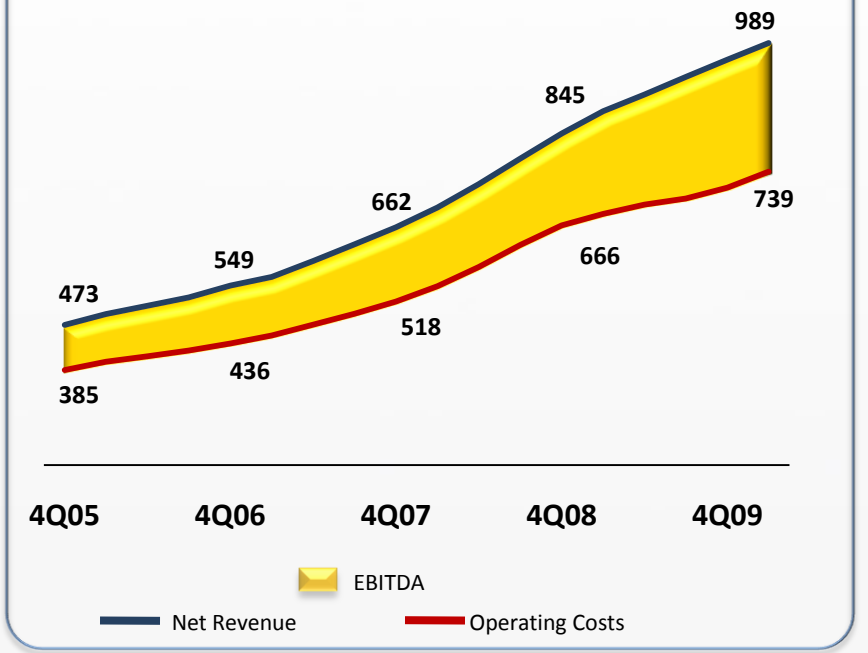
(1) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006, and Datasul, consolidated in September 2008 in the period analyzed.
(2) Excluding depreciation, amortization expenses and non-recurring expenses.

EBITDA & Magin

EBITDA (R$ million) [1]

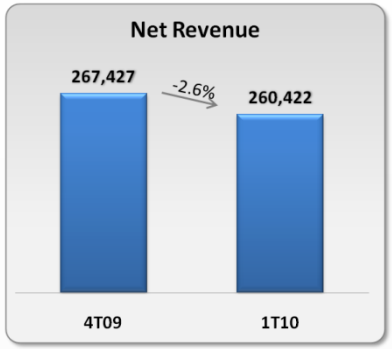
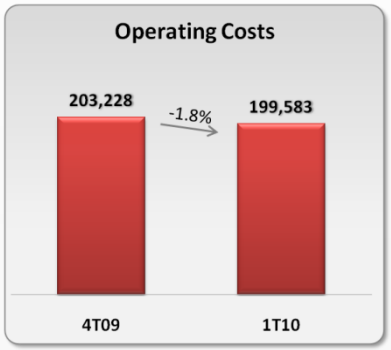
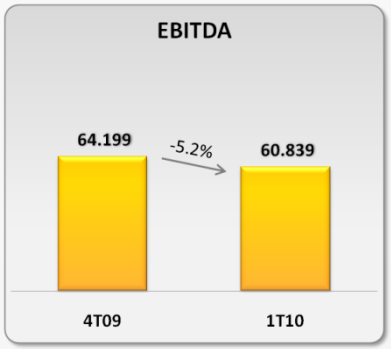


EBITDA - LTM (R$ milion)[2]



(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) Last twelve months at the date.

Quarter Evolution

1Q10	JAN – FEB 2010	MAR 2010
	**# Business Days (seasonality)** **# New Clients (seasonality)** **Corporate Model Additional** Growth **"Full TOTVS"** Franchises	Licenses Revenue **(+34% YoY)** Net Revenue **(+21% no YoY)** **# New Clients (+296 = 47.6% of 1Q10)** **Average ticket** (2nd in history)
	**Labor agreement in São Paulo (+6%)** **R&D TQTVD (+R$2.3mm)**	**% R&D / Net Revenue**
	**EBITDA Margin**	**EBITDA Margin (> 26%)**

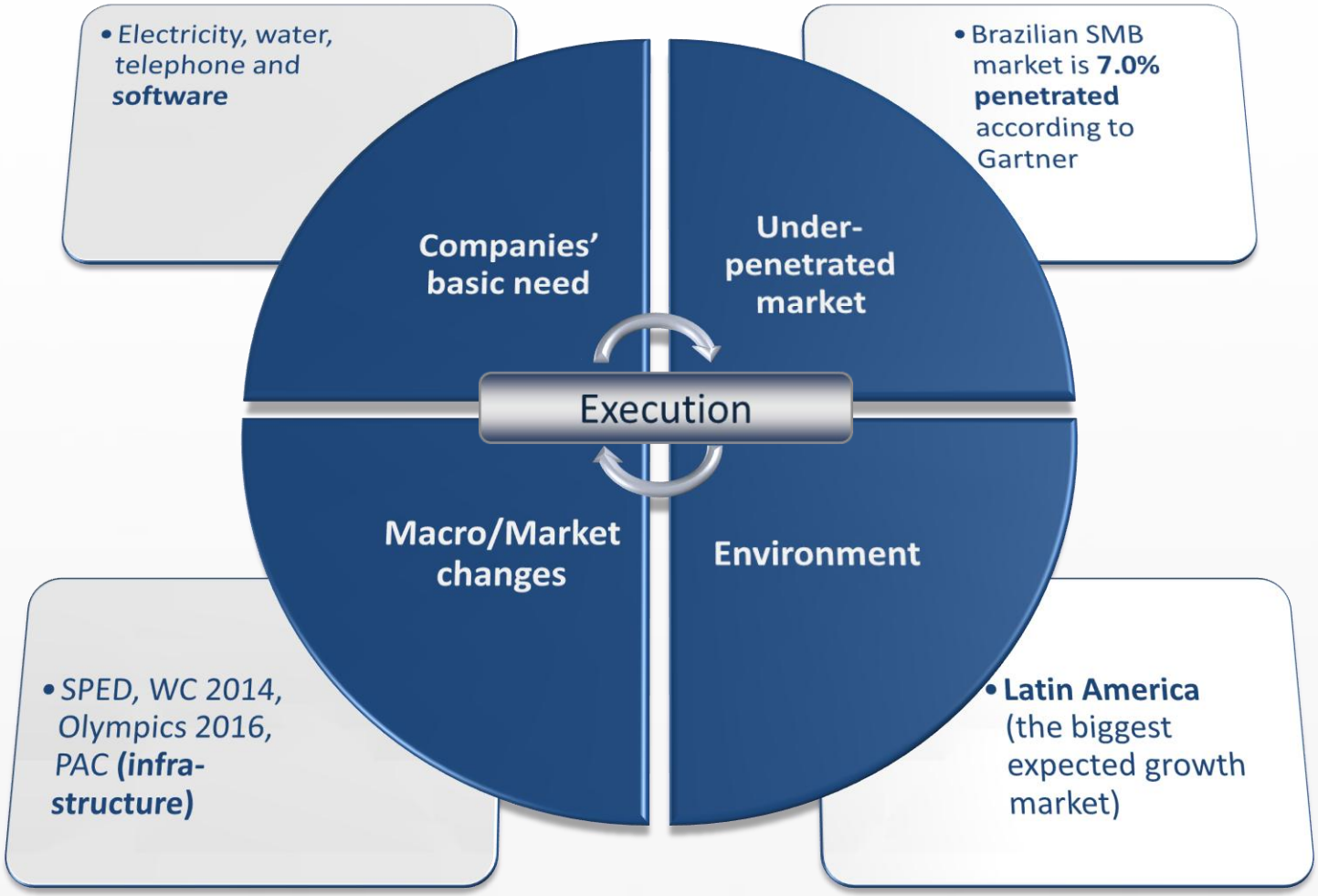
Financial Dashboard[1]

R$ million	1Q09	1Q10	Δ Q/Q	4Q09	1Q10	Δ Q/Q
Net Revenue	228.373	260.422	14.0%	267.427	260.422	-2.6%
Gross Profit	155.536	166.045	6.8%	176.757	166.045	-6.1%
EBITDA	59.919	60.839	1.5%	64.199	60.839	-5.2%
EBITDA Margin	*26.2%*	*23.4%*	*-280 p.b.*	*24.0%*	*23.4%*	*-60 p.b.*
Net Income Adjusted[2]	37.911	38.525	1.6%	45.495	38.525	-13.2%

(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) 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.

TOTVS Success Equation...



... Based on Strong Fundamentals.

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 Governança Corporativa Diferenciada IGC

Índice de Ações com Tag Along Diferenciado ITAG