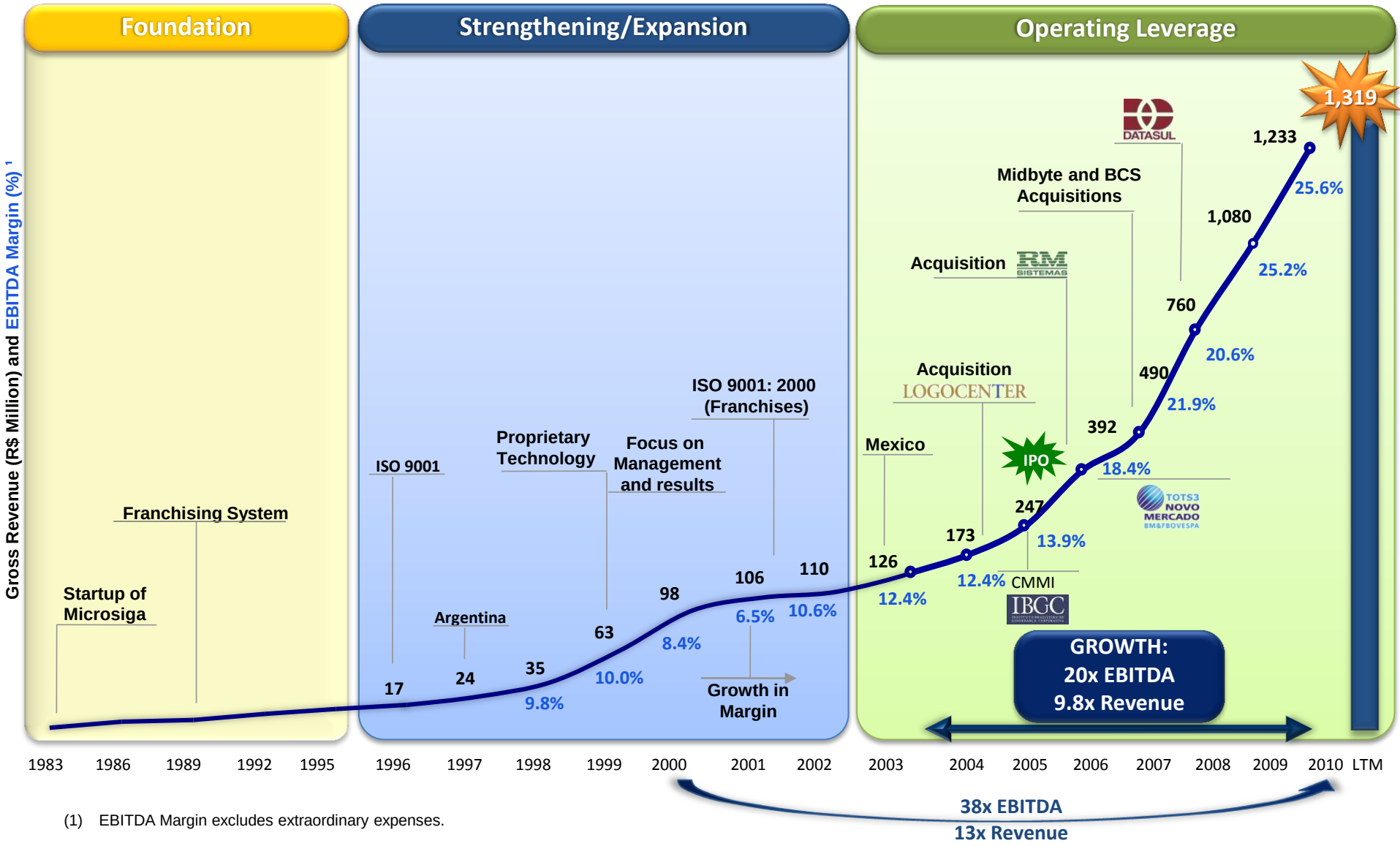


TOTVS

2Q11 Earnings Release

July 27, 2011

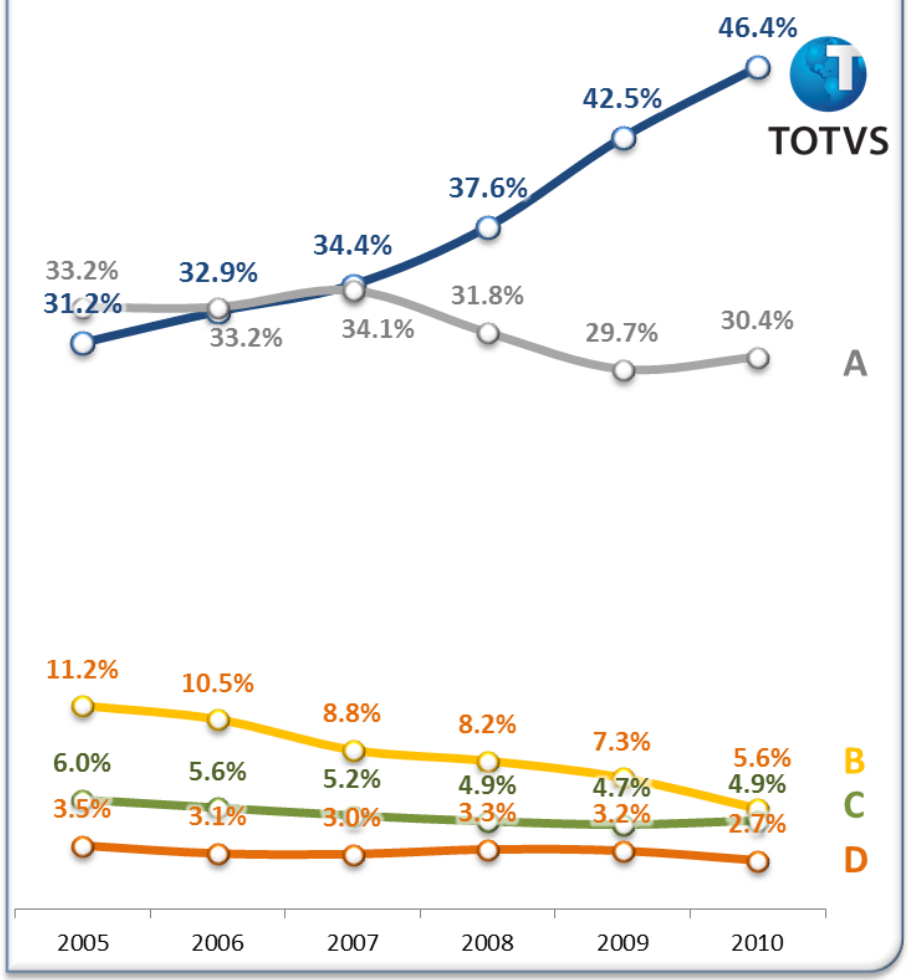
Sucess Track Record



(1) EBITDA Margin excludes extraordinary expenses.

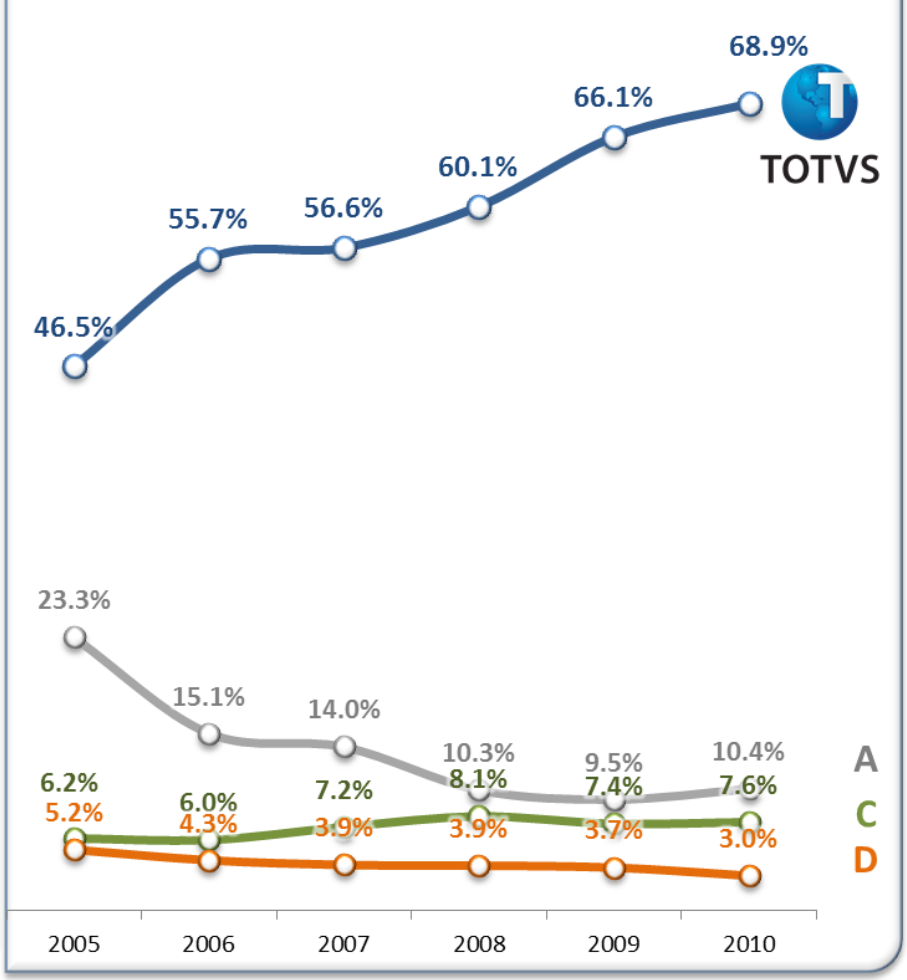
Market Share 2010

IDC - Brazil ERM (all company sizes)



Source: IDC "Latin America Semiannual ERM Applications Tracker 2010 Data"

IDC - Brazil ERM (Small & Medium Business)



Source: IDC "Latin America Semiannual ERM Applications Tracker 2010 Data"

22nd Consecutive quarter of double digit revenue growth

Financial Highlights

- **Net Revenue:** R$315.196 million in the quarter, **up 16.7% (2Q11 vs. 2Q10)**; and R$620.214 million in the first half, **up 16.9% (1H11 vs. 1H10).**
- **License fees: R$79.471 million** in 2Q11, **(+13.0% vs. 2Q10);** and R$ 166.010 million in 1H11 (+23.9% vs. 1H10).
- **Service Revenue: R$102.578 million, up 13.2%** on 2Q10, more than the double of the percentage growth between 1Q11 and 1Q10.
- **Maintenance Fee Revenue: R$159.844 million** in 2Q11, **up 16.3%** on 2Q10, a new quarterly record.
- **EBITDA:** R$73.130 million in 2Q11 **(+16.5% vs. 2Q10).**
- **Consolidated Net Income: R$36.132 million in 2Q11,** 2nd highest in the Company's history.

Operational Highlights

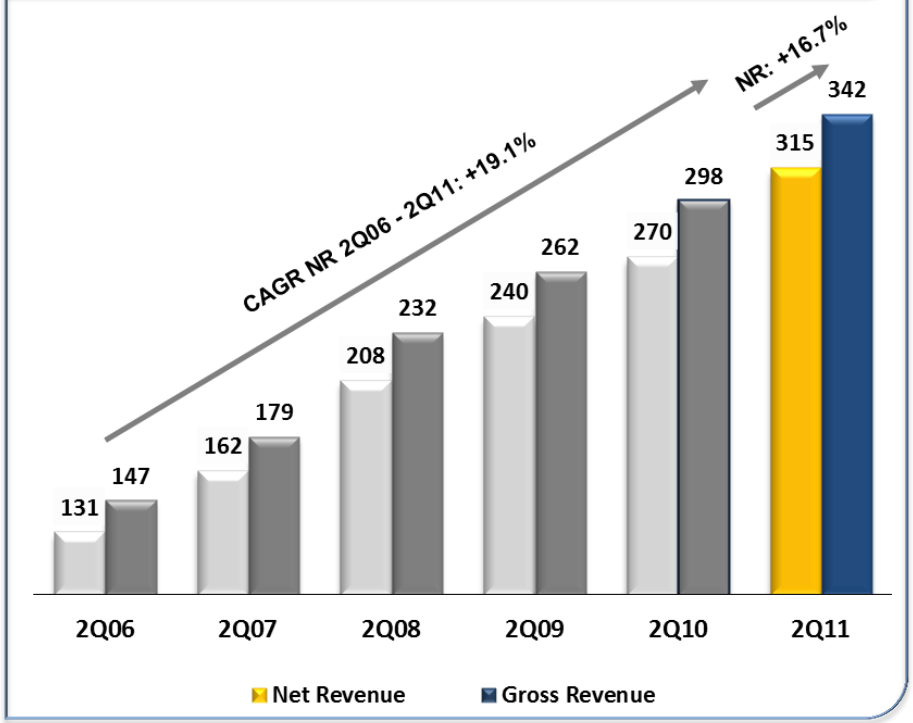
- 651 sales to new clients and 3,381 sales to base clients.
- The average ticket reached **R$31.980 thousand** for new clients **(+18.7% vs. 2Q10)** and **R$15.597 thousand** for base clients **(+26.7% vs. 2Q10).**

Other Highlights of 2Q11

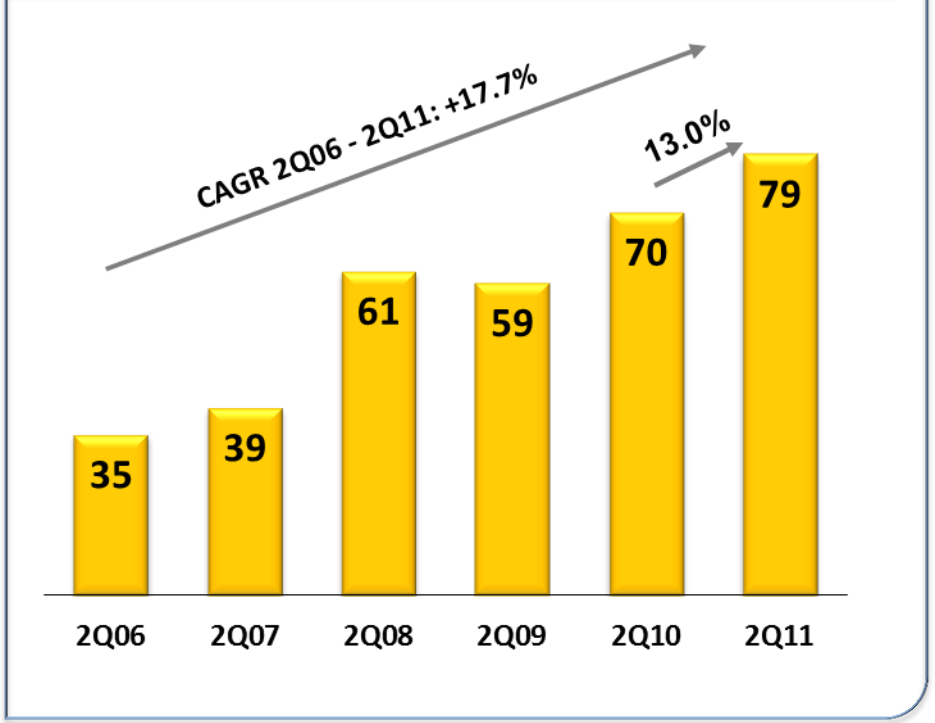
- TOTS3 on IBrX.
- TOTVS Day 2011.
- Management Changes.
- Creation of Strategy Committee.
- TOTVS gains market share in Brazil (**68.9% in SMB market** and **46.4% of the total market).**

Consistent revenue growth...

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



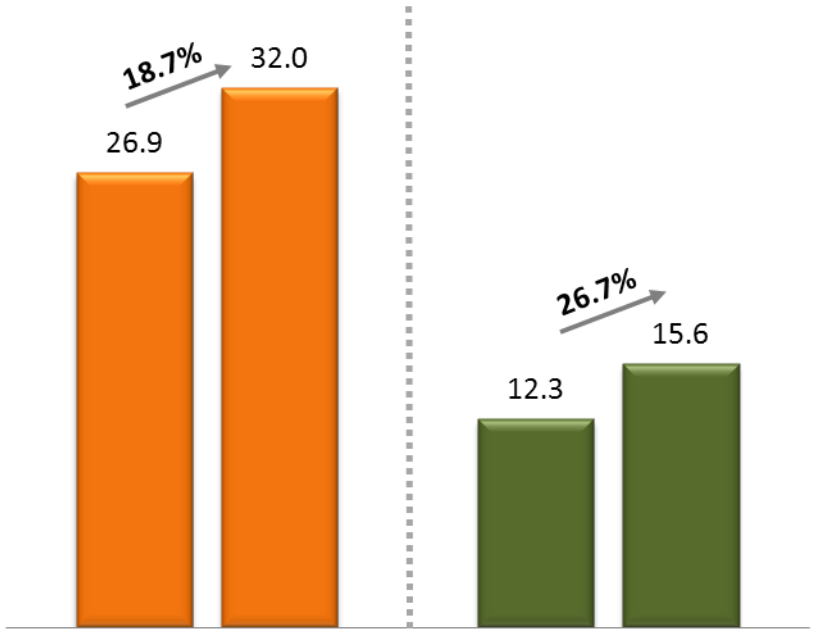
Licenses Fee Revenue (R$ million) [1]



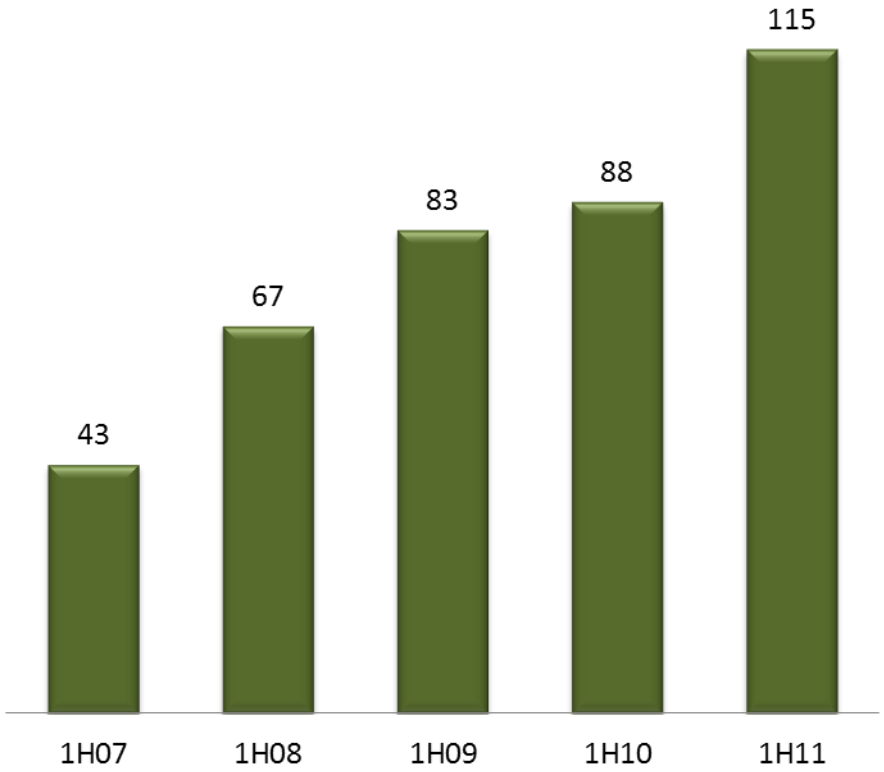
(1) Values are pro forma as they include the numbers of RM Sistemas,acquired in April 2006, and Datasul, consolidated in September 2008 in the period analyzed.

...with growth in average ticket...

Average Ticket- 2Q10 x 2Q11 (R$ thousand) [1]



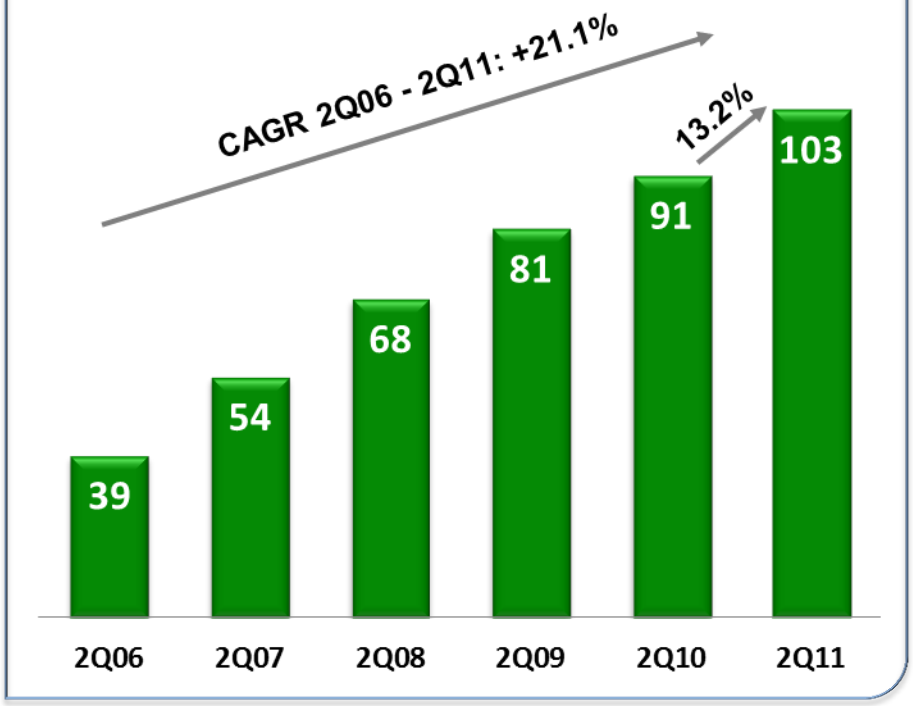
Licenses to Base Clients (R$ million) [1]



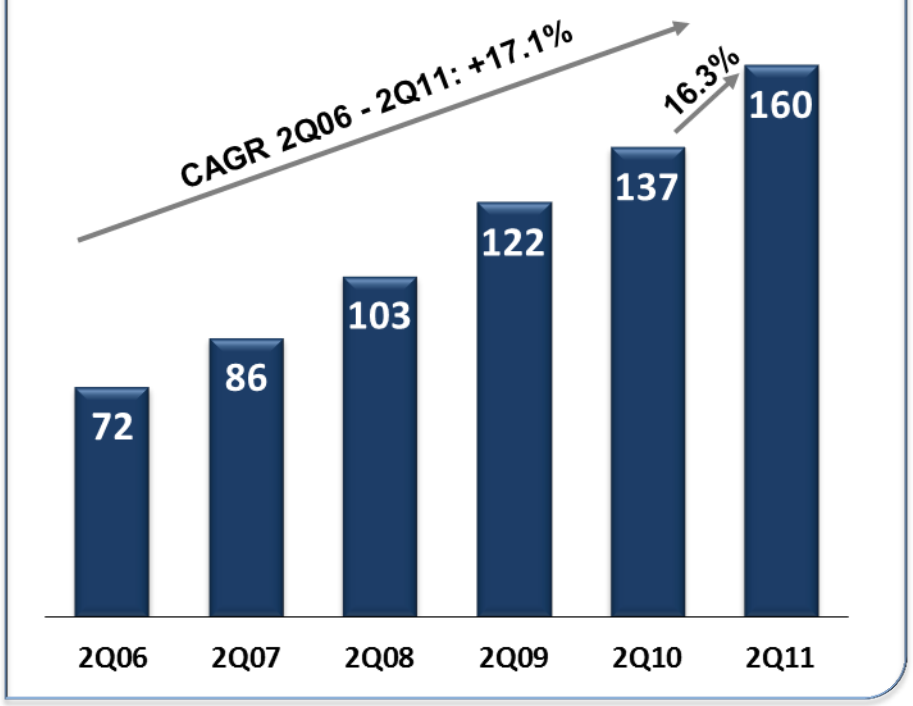
(1) Values are pro forma as they include the numbers of RM Sistemas,acquired in April 2006, and Datasul, consolidated in September 2008 in the period analyzed.

… and improvements in 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.

Dynamics to update maintenance contracts



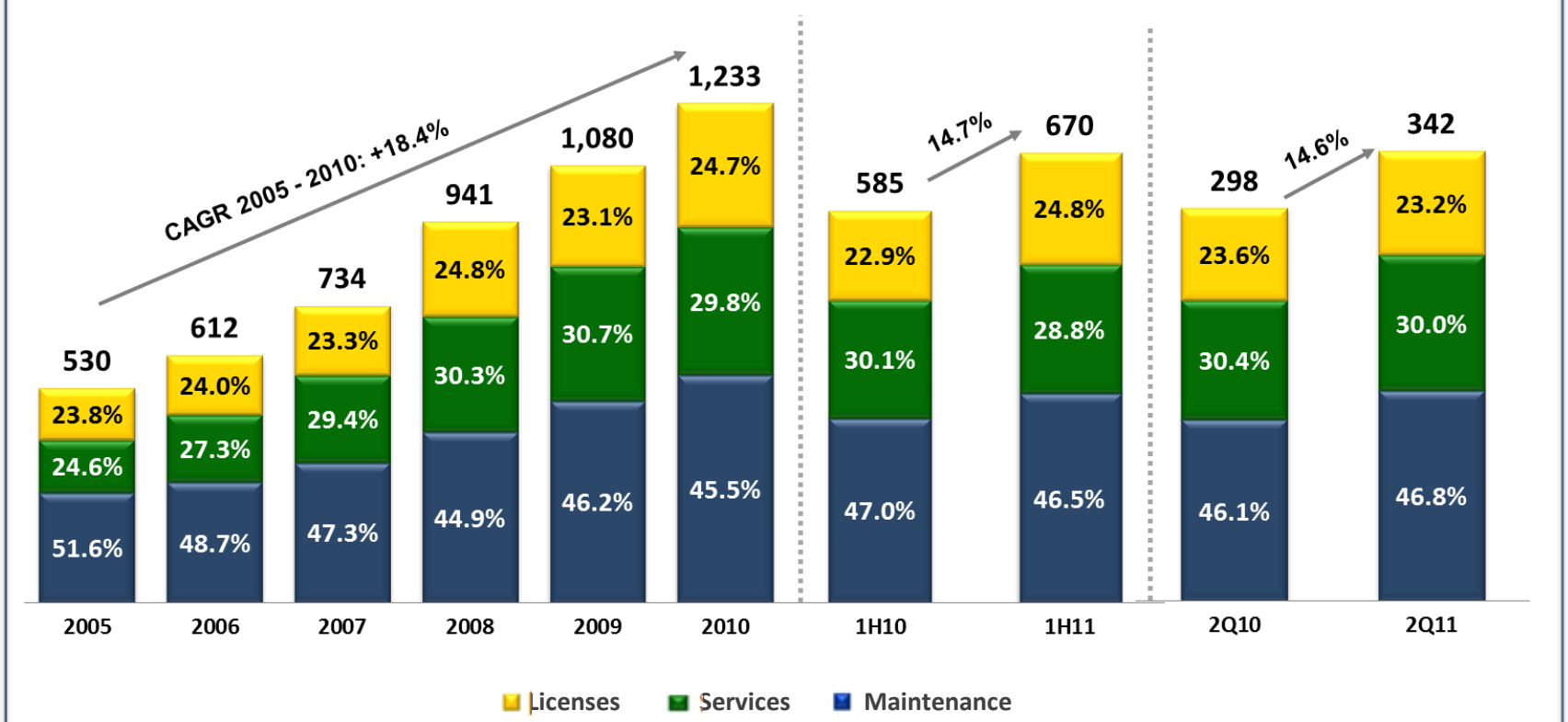
Contracts updated based on the previous year index (2010)[1]

Contracts updated based on the current year index (2011)[1]

[1]considering a linear distribution of contracts anniversary.

Revenue Breakdown

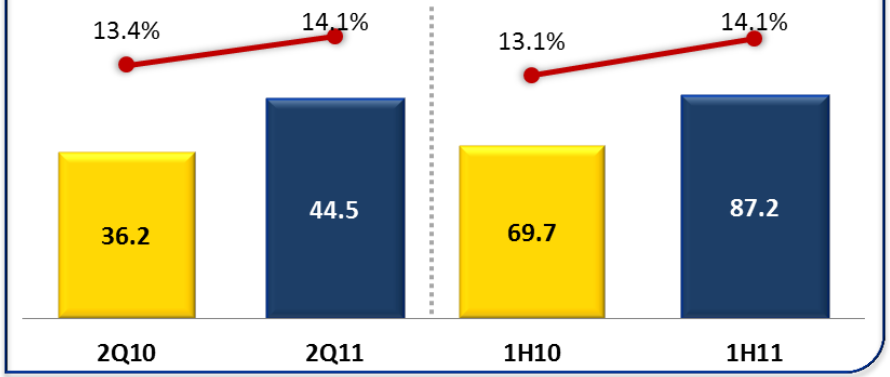
Gross Revenue (R$ million) [1]



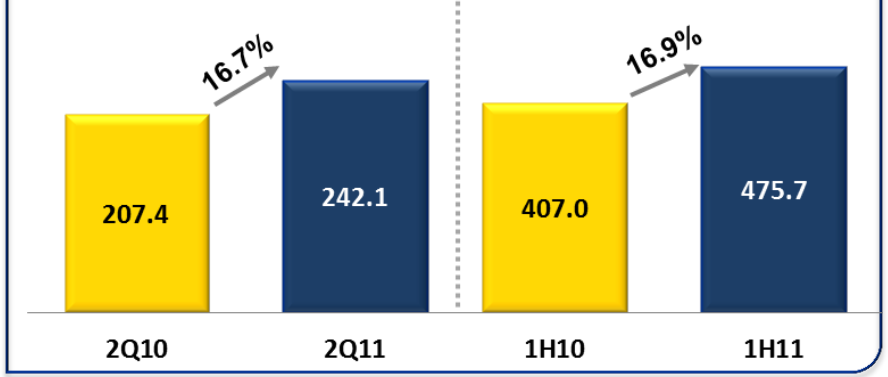
(1) Values are pro forma as they include the numbers of RM Sistemas,acquired in April 2006, and Datasul, consolidated in September 2008 in the period analyzed.

Costs and Expenses Dashboard [1]

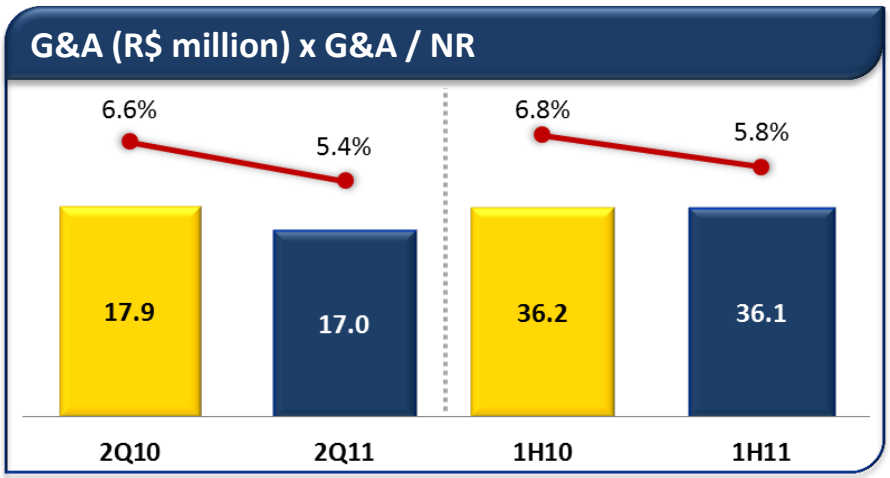
R&D (R$ million) x R&D / NR



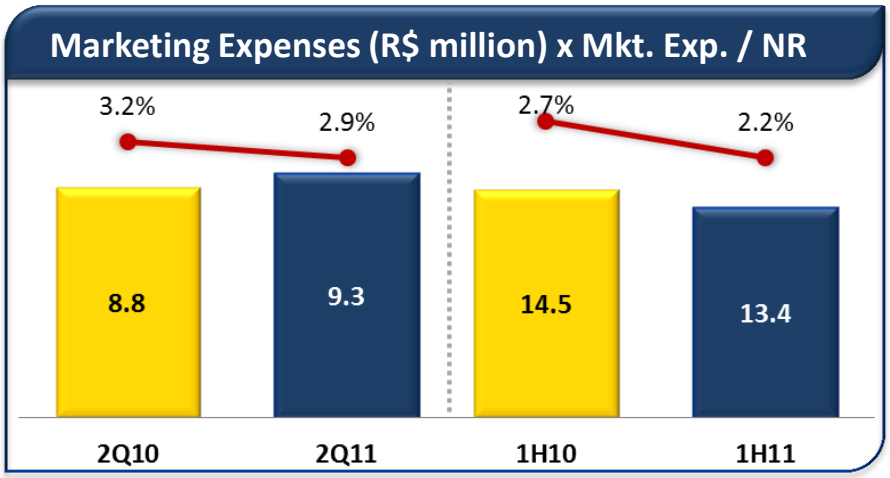
Costs and Expenses [1] (R$ million)



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



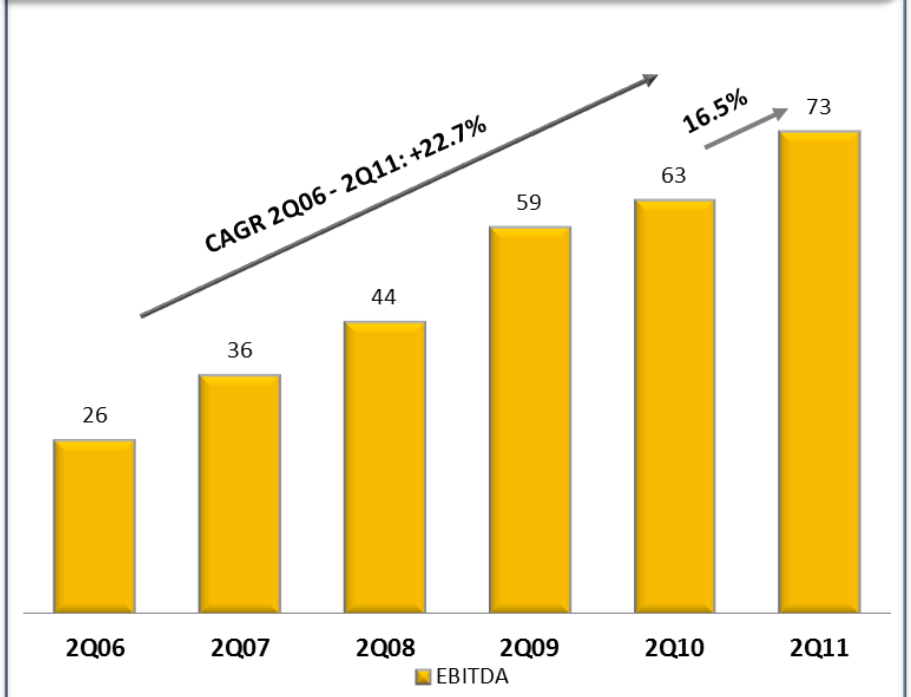
Marketing Expenses (R$ million) x Mkt. Exp. / NR



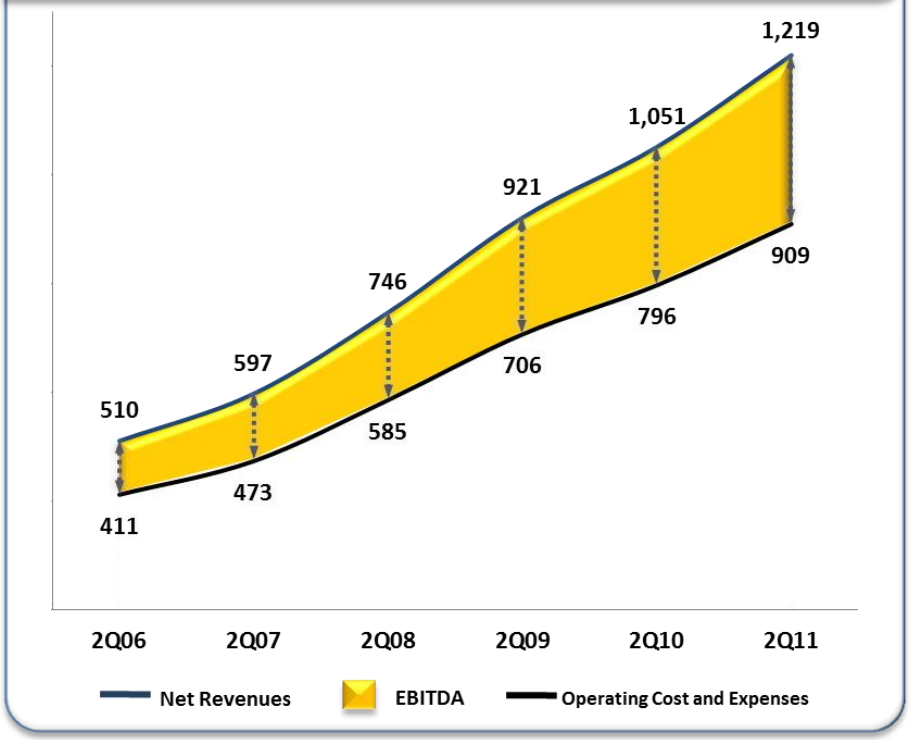
(1) Excluding depreciation, amortization expenses and non–recurring expenses.

EBITDA

EBITDA (R$ million) [1]



EBITDA - LTM (R$ million) [1] and [2]



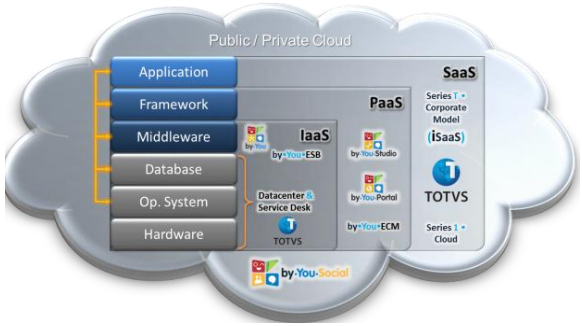
(1) Values are pro forma as they include the numbers of RM Sistemas,acquired in April 2006, and Datasul, consolidated in September 2008 in the period analyzed.
(2) Last 12 months.

Financial Dashboard

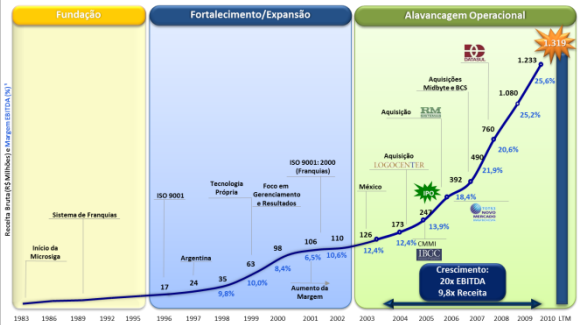
R$ million	2Q10	2Q11	Δ Q/Q	1H10	1H11	Δ H/H
Net Revenue	270.128	315.196	16.7%	530.550	620.214	16.9%
Gross Profit	176.167	214.248	21.6%	342.212	423.382	23.7%
EBITDA	62.747	73.130	16.5%	123.586	144.481	16.9%
EBITDA Margin	***23.2%***	***23.2%***	***0 b.p.***	***23.3%***	***23.3%***	***0 b.p.***
Net Income	34.681	36.132	4.2%	63.608	69.141	8.7%

Fundamentals & Differentials

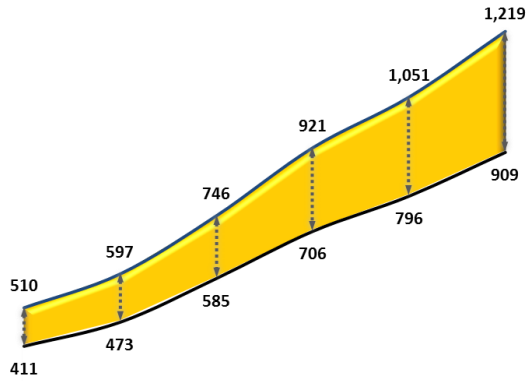
Vanguard



Growth



Profitability



Software = Basic Need

Potential Market

Environment

Macro / Market Changes

Contact

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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