



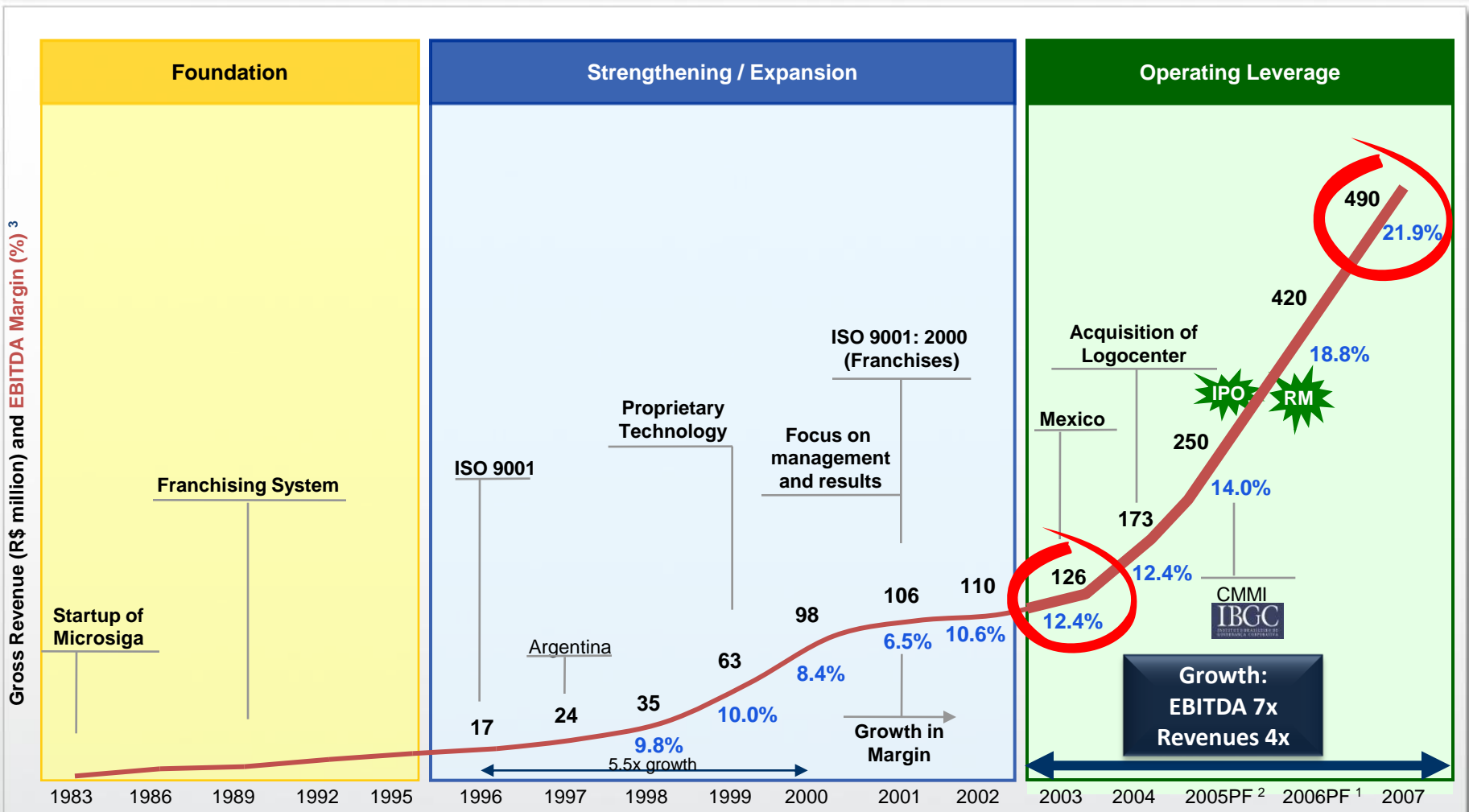
TOTVS

4Q07 Earnings Release

February 8, 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.



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

(1) Values are pro forma as they include the 1Q06 results of RM Sistemas (acquired in April 2006)
 (2) Values are pro forma as they include the January 2005 results of Logocenter (acquired in February 2005)
 (3) EBITDA Margin does not include extraordinary expenses

Records

Financial highlights

- ▶ **EBITDA:** reached **R\$25.910 million** in the **4Q07**, growth of **29.7%** in comparison with the **4Q06**; ended **2007** at **R\$96.402 million**, growth of **36.5%** over 2006;
- ▶ **EBITDA Margin:** grew **220 b.p**, reaching **22.0%** in the **4Q07**; ended **2007** at **21.9%**, **310 b.p** higher than in 2006;
- ▶ **Net Revenue:** reached **R\$117.940 million** in the **4Q07**, growth of **16.6%** in relation to the **4Q06**; totaled **R\$439.679 million** in **2007**, **16.8%** higher than in 2006;
- ▶ **License fees:** **20.6%** increase between the **4Q06** and **4Q07**, reaching **R\$32.880 million**; rose **12.1%** between 2006 and **2007**, totaling **R\$117.962**;
- ▶ **Revenue from Services:** **R\$46.315 million** in the **4Q07**, growth of **16.1%** in comparison with the **4Q06**; ended **2007** at **R\$170.740 million**, growth of **20.3%** over 2006;
- ▶ **Maintenance Revenue:** grew **16.8%** in the **4Q07** in comparison with the **4Q06**, reaching **R\$52.565 million**; ended **2007** at **R\$200.801 million**, **15.8%** more than in 2006;

Operational highlights

- ▶ **299 new customers** in the **corporate** model in **2007**, growth of **11.6%** over **2006**;
- ▶ **373 new software customers** in the **4Q07**;
- ▶ **1,093 software sales** to **base customers**, growth of **10.9%** in relation to the **4Q06**;
- ▶ In the **4Q07**, **average ticket** per **new traditional customer** grew **50.3%** in relation to the **4Q06**.

1Q07

- ▶ **New Sales Structure;**
- ▶ **Family 10: New Versions of Corpore RM, Logix and Protheus;**
- ▶ **EBITDA Margin Guidance revised from 22% to 25% between 2009 and 2011.**

2Q07

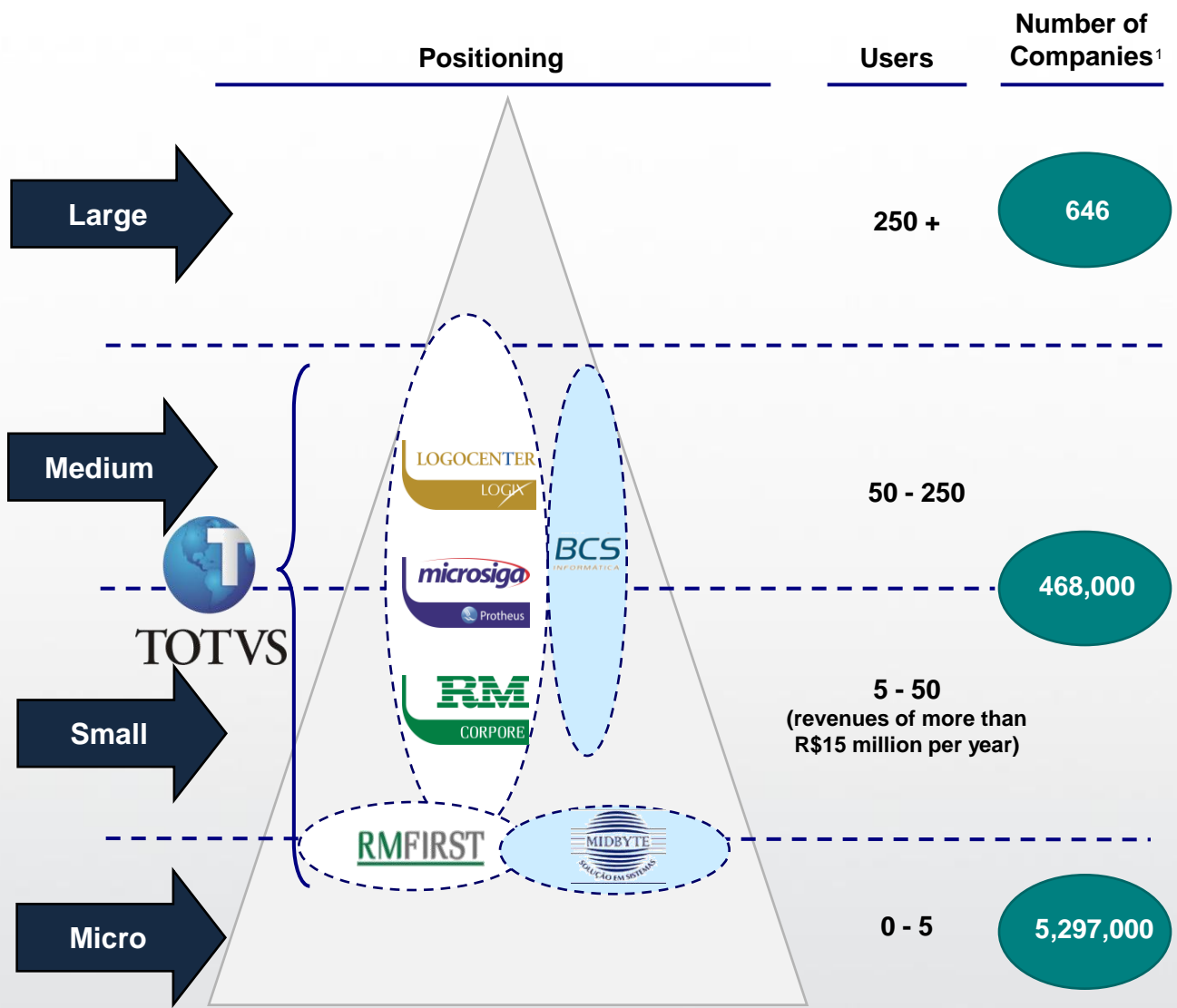
- ▶ **TOTVS Day;**
- ▶ **Acquisition of the entire capital of TOTVS Consulting.**

3Q07

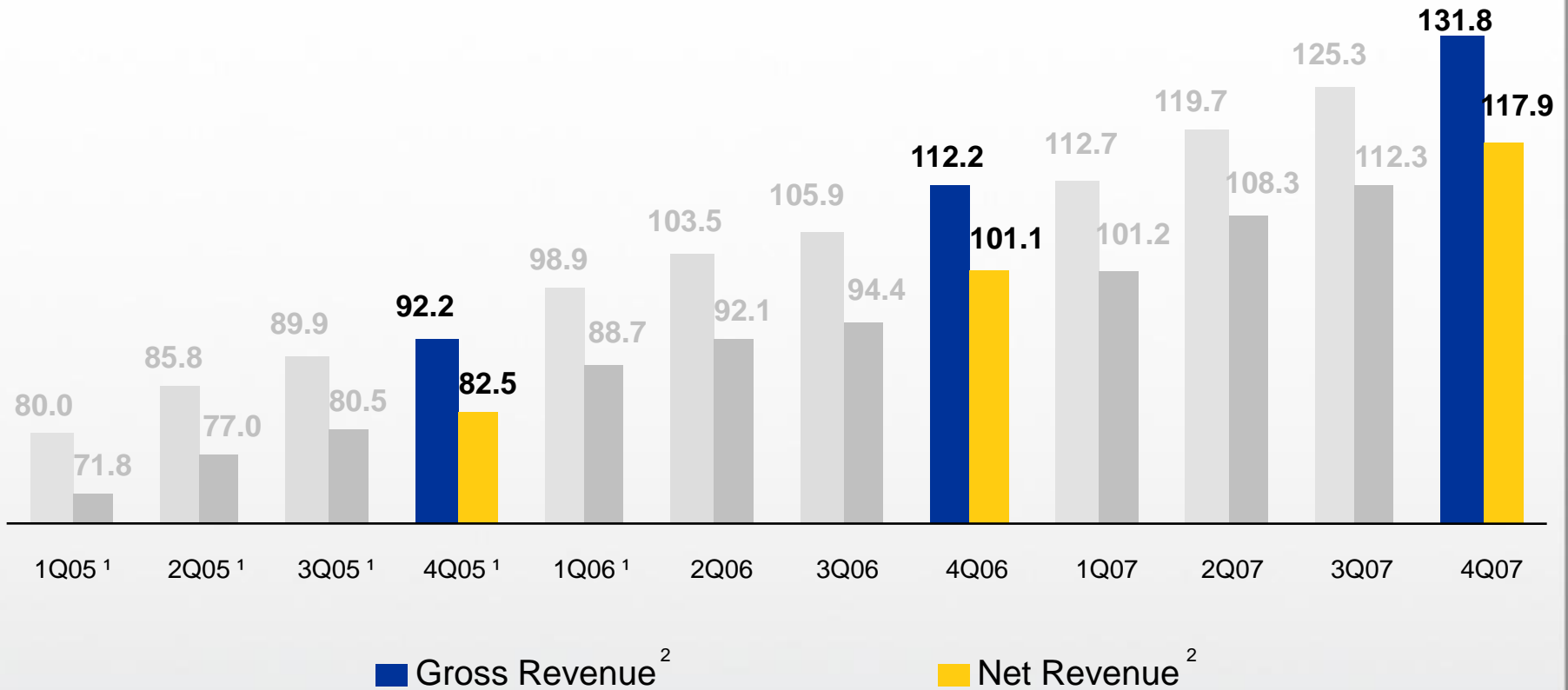
- ▶ **TOTVS and IBM launch application for Linux;**
- ▶ **Launch of RM First – a solution for micro enterprises.**

4Q07

- ▶ **Acquisition of Midbyte S.A., leader in the retail segment;**
- ▶ **Creation of TQTVD to explore opportunities in Digital TV;**
- ▶ **Creation of EUROTOTVS, commencement of TOTVS operations in Europe;**
- ▶ **Acquisition of BCS, software for law firms and legal departments;**
- ▶ **FDC and Columbia University: TOTVS is Brazil's most globalized software company;**
- ▶ **Consolidation of the TOTVS brand and progress in organizing the distribution network.**



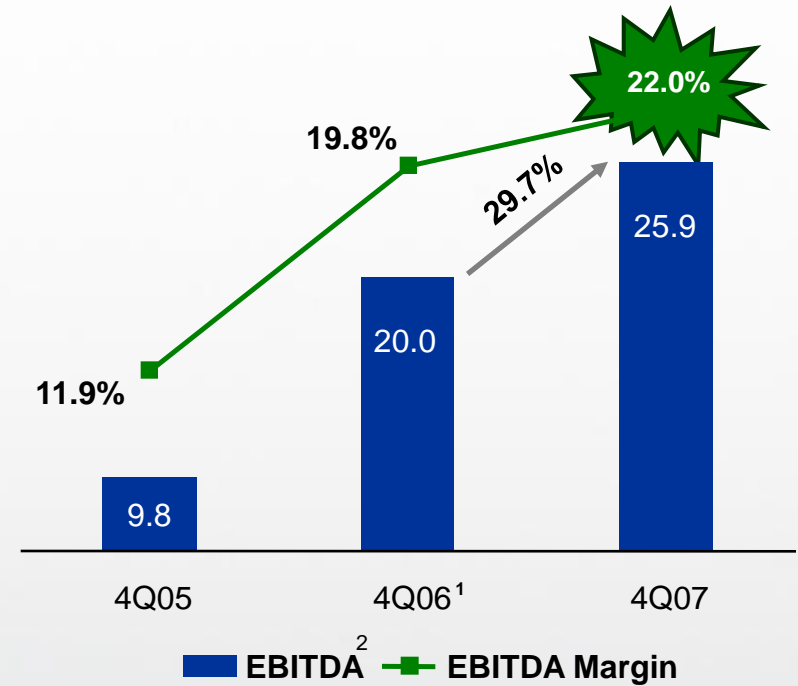
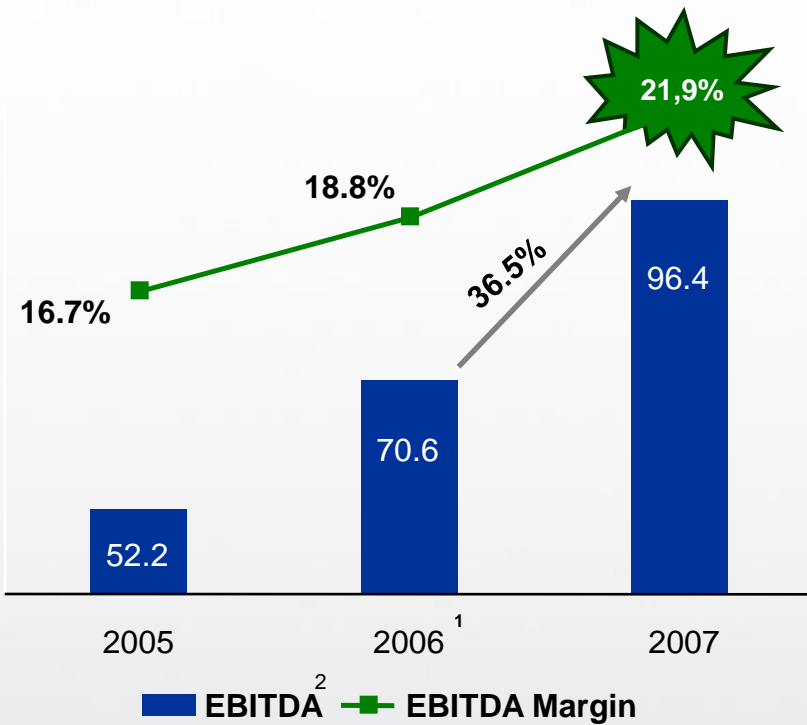
(1) IBGE Estimates



(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

Expansion in EBITDA

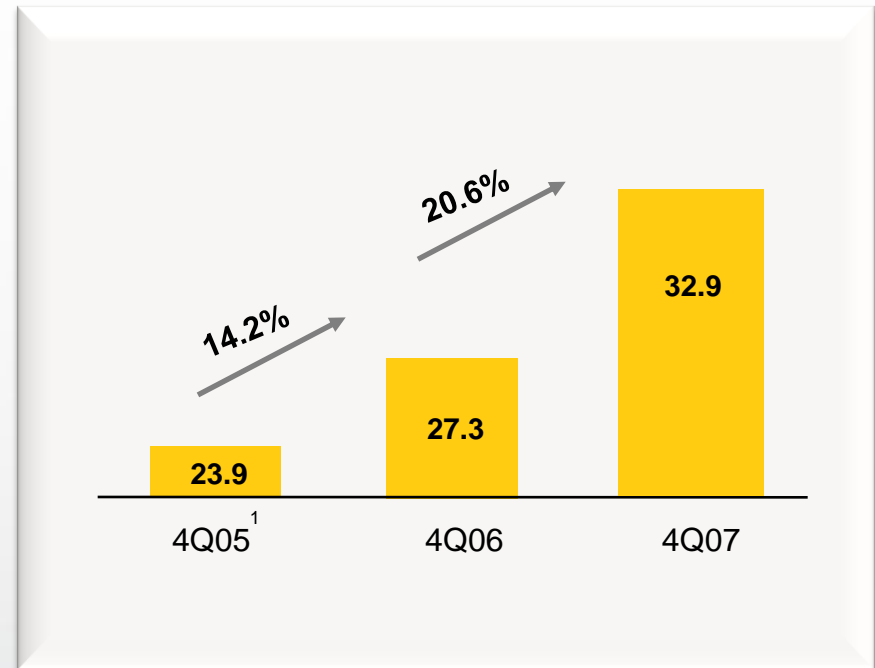
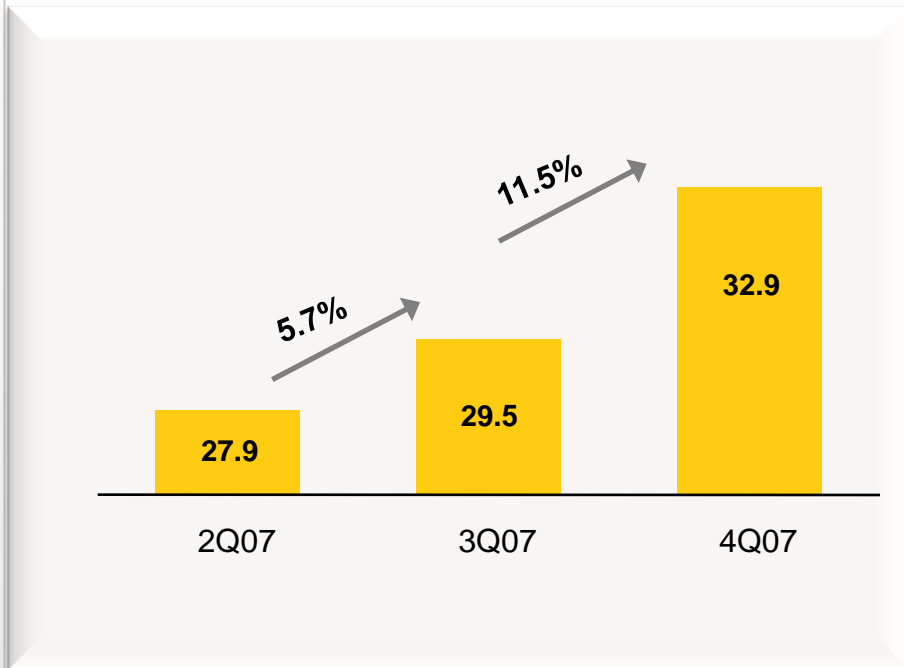


(1) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006.

(2) Values in R\$ million

Solid growth in license fee revenues

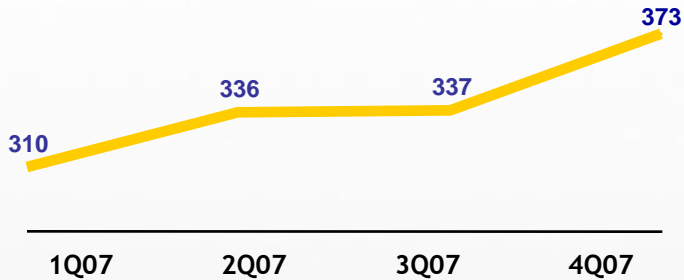
License fee revenues (R\$ million)



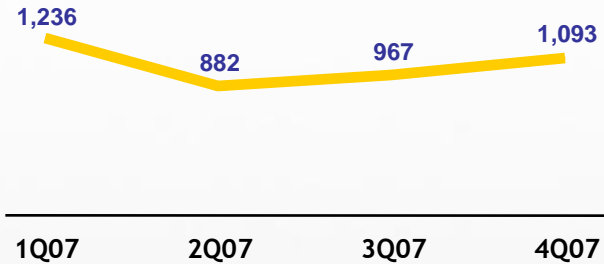
(1) Values are pro forma as they include the numbers of Logocenter, acquired in February 2005, in the period analyzed.

License fees reached a new record

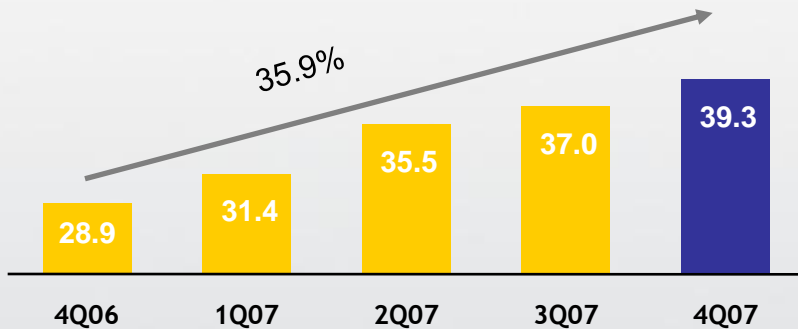
New Customers



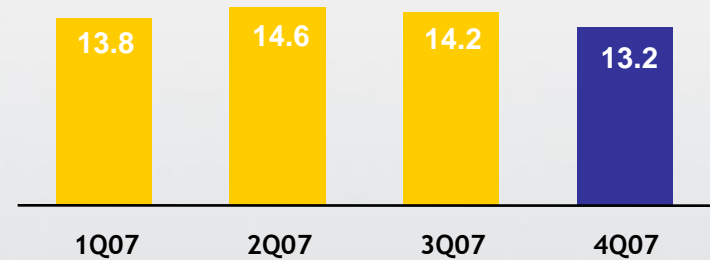
Base Customers



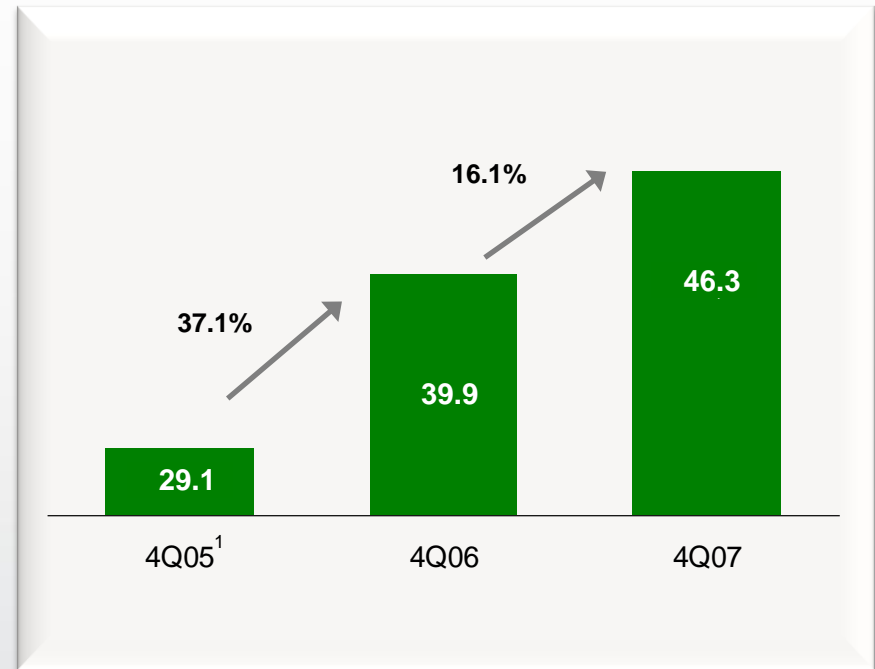
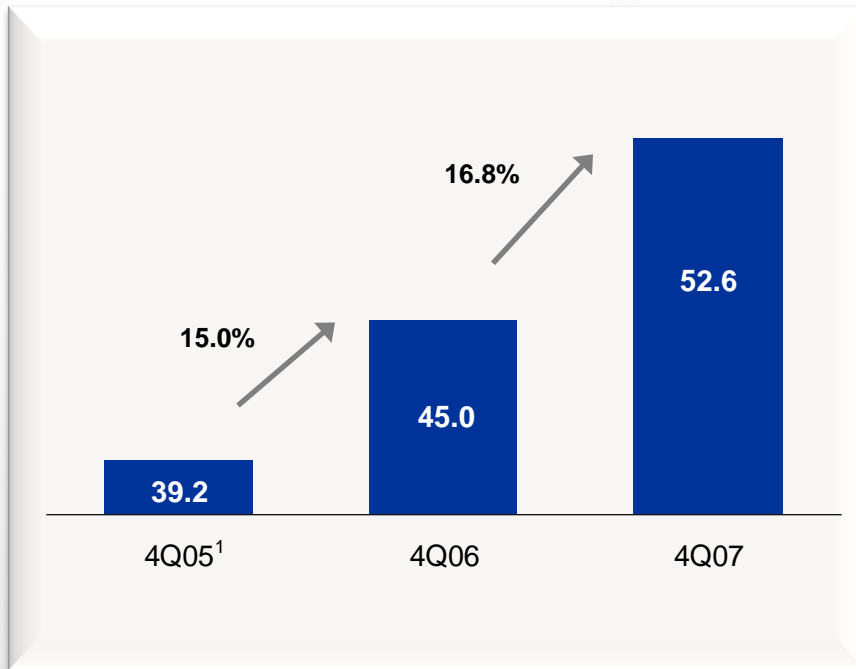
Average Ticket of New Customers - Software (R\$ thousand)



Average Ticket of Base Customers – Software (R\$ thousand)

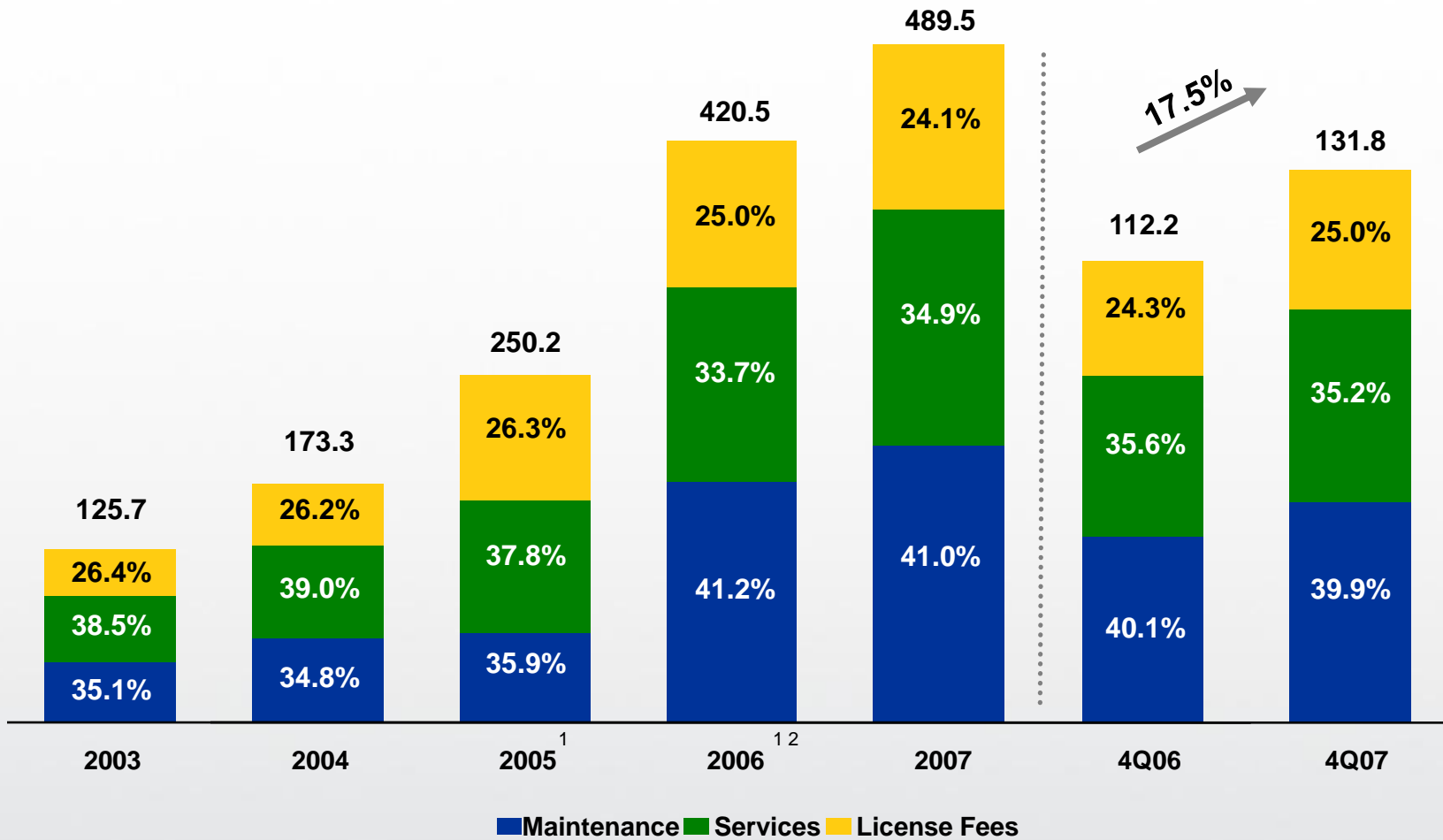


Growth in Maintenance and Services

Maintenance Revenue (R\$ million)
Services Revenue (R\$ million)


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

Growth in Revenue (R\$ million)

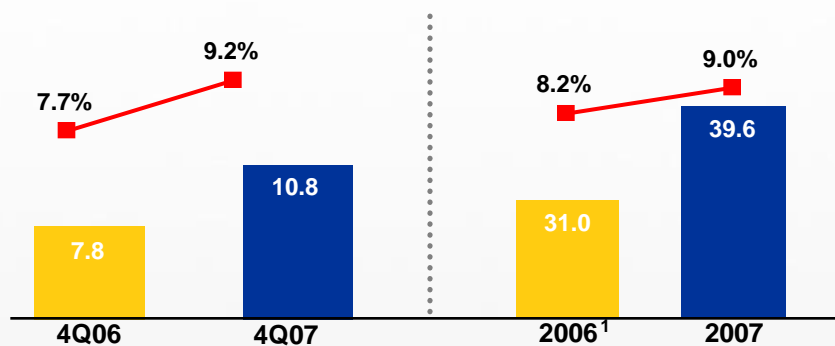


(1) Values are pro forma for Logocenter in January 2005, as it was acquired in February 2005.

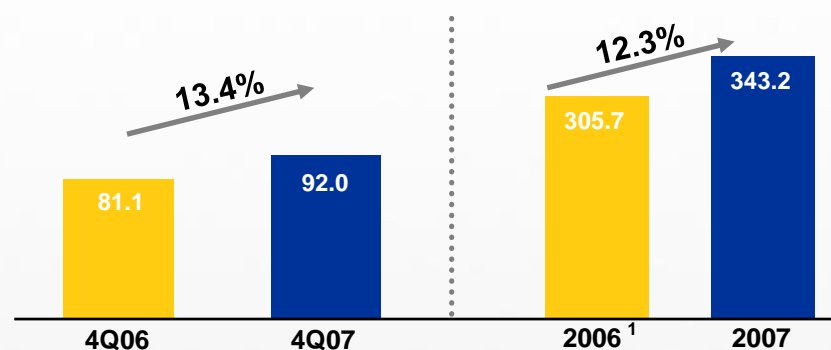
(2) Values are pro forma as they include the numbers of RM Sistemas, acquired in April 2006, in the period analyzed.

Search for Synergies

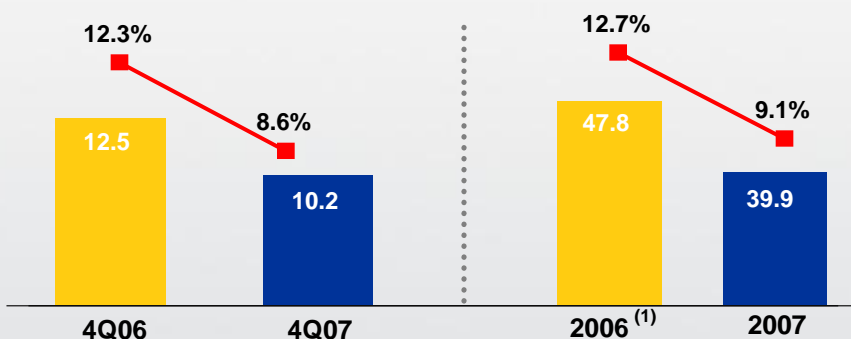
R&D (R\$ million) x R&D / Net Revenue



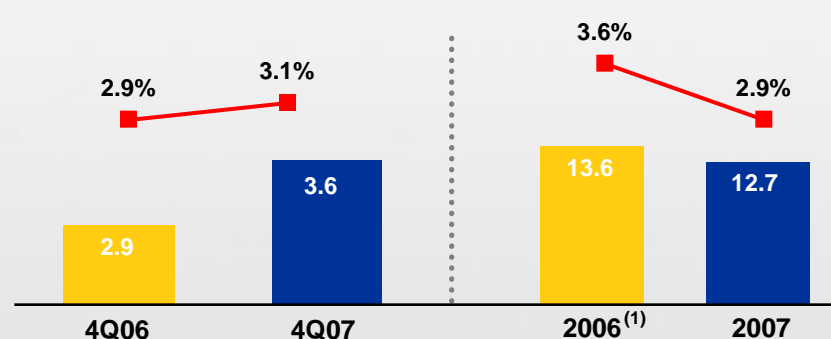
Costs and Expenses ² (R\$ million)



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, in the period analyzed.

(2) Excluding extraordinary expenses, depreciation and amortization.

R\$ million	4Q06	4Q07	Δ Q/Q	2006 ¹	2007	Δ 07/06
Net Revenue	101.110	117.940	16.6%	376.295	439.679	16.8%
Gross Profit	69.814	79.220	13.5%	257.378	301.007	17.0%
EBITDA	19.974	25.910	29.7%	70.622	96.402	36.5%
<i>EBITDA Margin</i>	19.8% ²	22.0%	220 b.p	18.8% ²	21.9%	310 b.p
Net Income adjusted pro forma ³	14.6	17.3	18.1%	55.9	67.5	20.7%
<i>Net Income Margin adjusted pro forma</i>	14.4%	14.7%	30 b.p	14.9%	15.4%	50 b.p

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

(2) Adjusted, excluding extraordinary expenses.

(3) Net income adjusted pro forma refers to net income excluding the effects of extraordinary expenses, amortization, and the tax effect of these, generated by the acquisition of Logocenter and RM Sistemas. Hence, it can be understood as net income from the Company's regular operations.

The challenge facing TOTVS

Execution

Market

Technology /
Product

Distribution

The challenge facing TOTVS

Execution



Market

Technology /
Product

Distribution

Record Revenues:

• R\$ 439.679 million, **+16.8%**

Record EBITDA:

• R\$ 96.402 million, **+36.5%**

Record Margin:

• EBITDA Margin **21.9%**, **+310 b.p**

The challenge facing TOTVS

Execution



Simultaneous Launches:

microsig Protheus RM CORPORA LOGOCENTER LOGIX

Versions 10

Complementary Solutions:

BCS INFORMÁTICA MIDBYTE SOLUÇÃO EM SISTEMAS tqtv

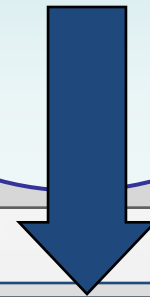
The challenge facing TOTVS

Execution

Market

Technology /
Product

Distribution



TOTVS
Franchises



TOTVS

QUESTIONS ?

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