



TOTVS

TOTVS Day 2012

New York

Disclaimer

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Welcome to
TOTVS Day 2012

TOTVS

Introduction

**Gilsinei
Hansen**
Software
Strategy
Officer



**Alexandre
Dinkelmann**
CFO &
Strategy



**Laércio
Cosentino**
CEO &
Founder



**Wilson
Godoy**
Chief
Development
Officer



**Weber
Canova**
Chief
Technology
Officer





TOTVS

1. Who we are (3:00pm)
2. What we are doing
3. Strategic pillars
 - *Growth*
 - *Loyalty*
 - *Margin*
4. CEO's Final message
5. Q&A
6. Cocktail Reception (6:00pm)



Who we are

TOTVS

TOTVS is the South-Hemisphere's largest ERP player

Capital Structure

Highest level of Corporate Governance (Novo Mercado)
Brazilian Corporation with no Controlling Shareholder(69% of free float)
CEO & Co-Founders hold ~18% of Company's shares

Market & Distribution

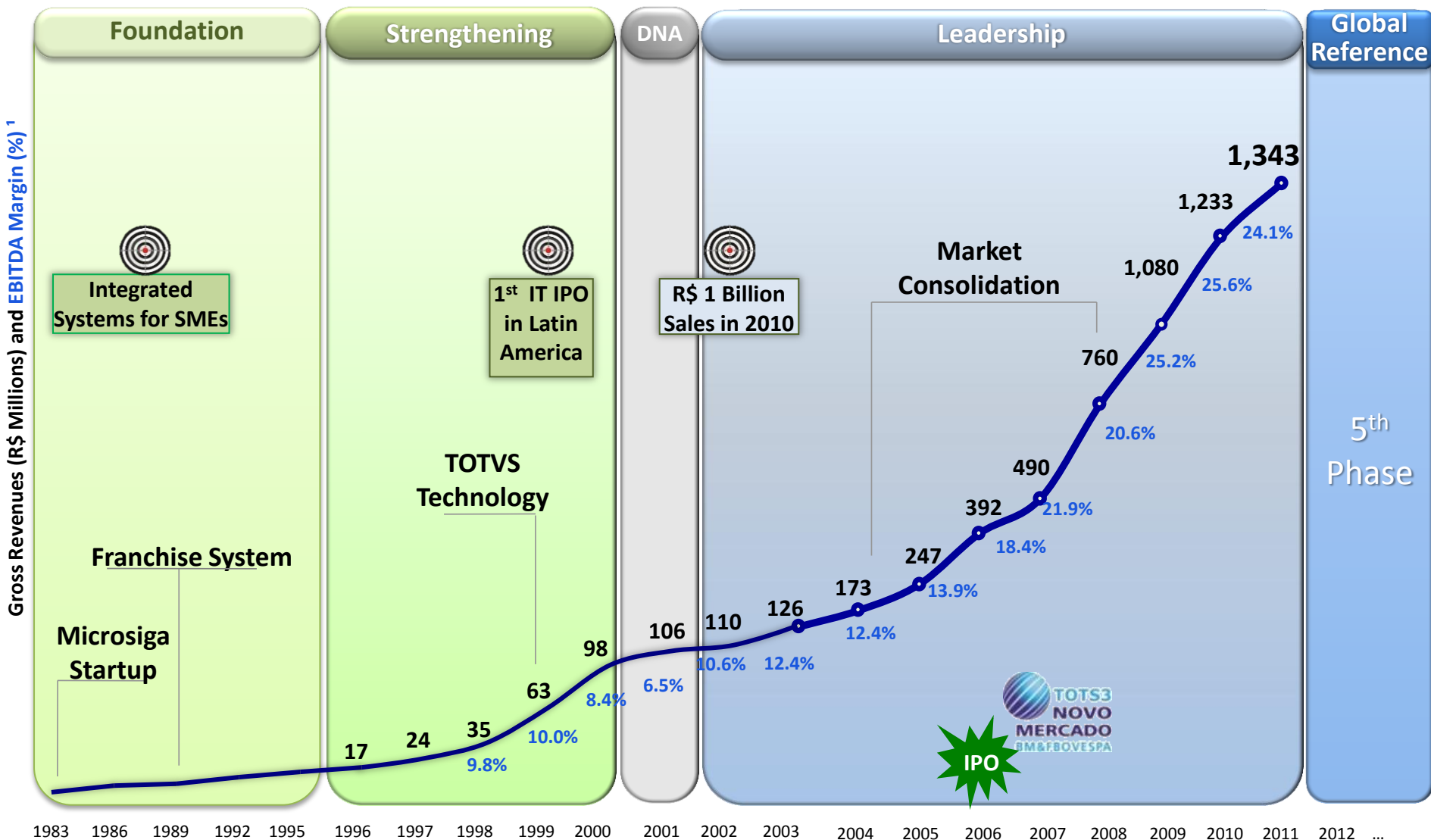
ERP Leader in LatAm and Brazil
Absolute leader in SME (Small and Medium Enterprise) Market
58 exclusive distribution channels

Employees & Client Base

+5,500 direct employees (+11,500 considering franchises' workforce)
+26,000 clients or +80,000 enterprises (under client's contracts)

Financial Overview

R\$1.4 billion of net revenue in 2011 (CAGR 07-11 of 13.3%)
R\$308.3 million of EBITDA in 2011 (CAGR 07-11 of 21.0%)



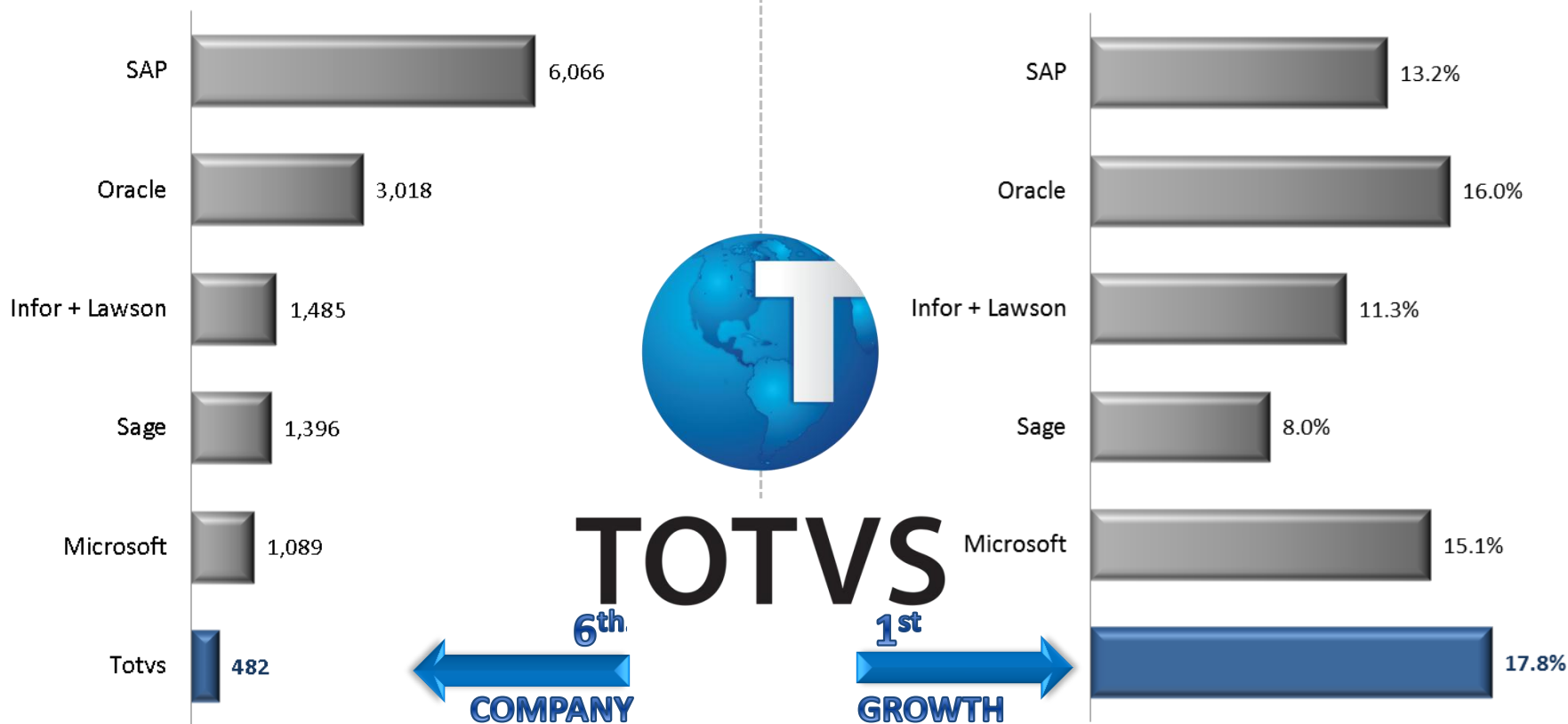
(1) EBITDA Margin does not include extraordinary expenses

Ranked 6th worldwide in Revenues* and 1st in Growth

Global Ranking of ERP-Suite 2011

*Licenses and Maintenance Revenues, in US\$ million

2010 vs. 2011 Evolution



Source: Gartner - ERP Software, Worldwide, 2011

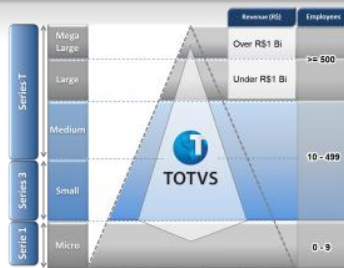
18th Most Valuable Brand in Brazil

50 MOST VALUABLE BRAZILIAN BRANDS

| Rank | Brand | Value (US\$ MM) | Rank | Brand | Value (US\$ MM) |
|------|------------------|-----------------|-----------|----------------|-----------------|
| 1 | PETROBRAS | 10,560 | 18 | TOTVS | 569 |
| 2 | BRADESCO | 6,690 | 19 | TAM | 560 |
| 3 | ITAÚ | 6,606 | 20 | CIELO | 555 |
| 4 | SKOL | 4,698 | 21 | MULTIPLUS | 519 |
| 5 | BANCO DO BRASIL | 4,574 | 22 | PORTO SEGURO | 500 |
| 6 | NATURA | 3,307 | 23 | MAGAZINE LUIZA | 479 |
| 7 | BRAHMA | 2,359 | 24 | GOL | 450 |
| 8 | VALE | 1,708 | 25 | REDECARD | 439 |
| 9 | SADIA | 1,496 | 26 | NET | 436 |
| 10 | ANTARTICA | 851 | 27 | EXTRA | 412 |
| 11 | VIVO | 817 | 28 | BM&FBOVESPA | 386 |
| 12 | PERDIGÃO | 778 | 29 | BANRISUL | 383 |
| 13 | LOJAS AMERICANAS | 762 | 30 | HERING | 351 |
| 14 | BOHEMIA | 697 | 31 | IGUATEMI | 349 |
| 15 | IPIRANGA | 670 | 32 | ODONTOPREV | 342 |
| 16 | OI | 600 | 33 | PÃO DE AÇUCAR | 332 |
| 17 | CASAS BAHIA | 589 | 34 | UNIÃO | 322 |

- High value despite the brand's young age
- Ranked ahead of major consumer brands
- Has become a synonym for Brazilian business software

SME Focus



- Market Knowledge
- TOTVS DNA
- High growth potential

Distribution

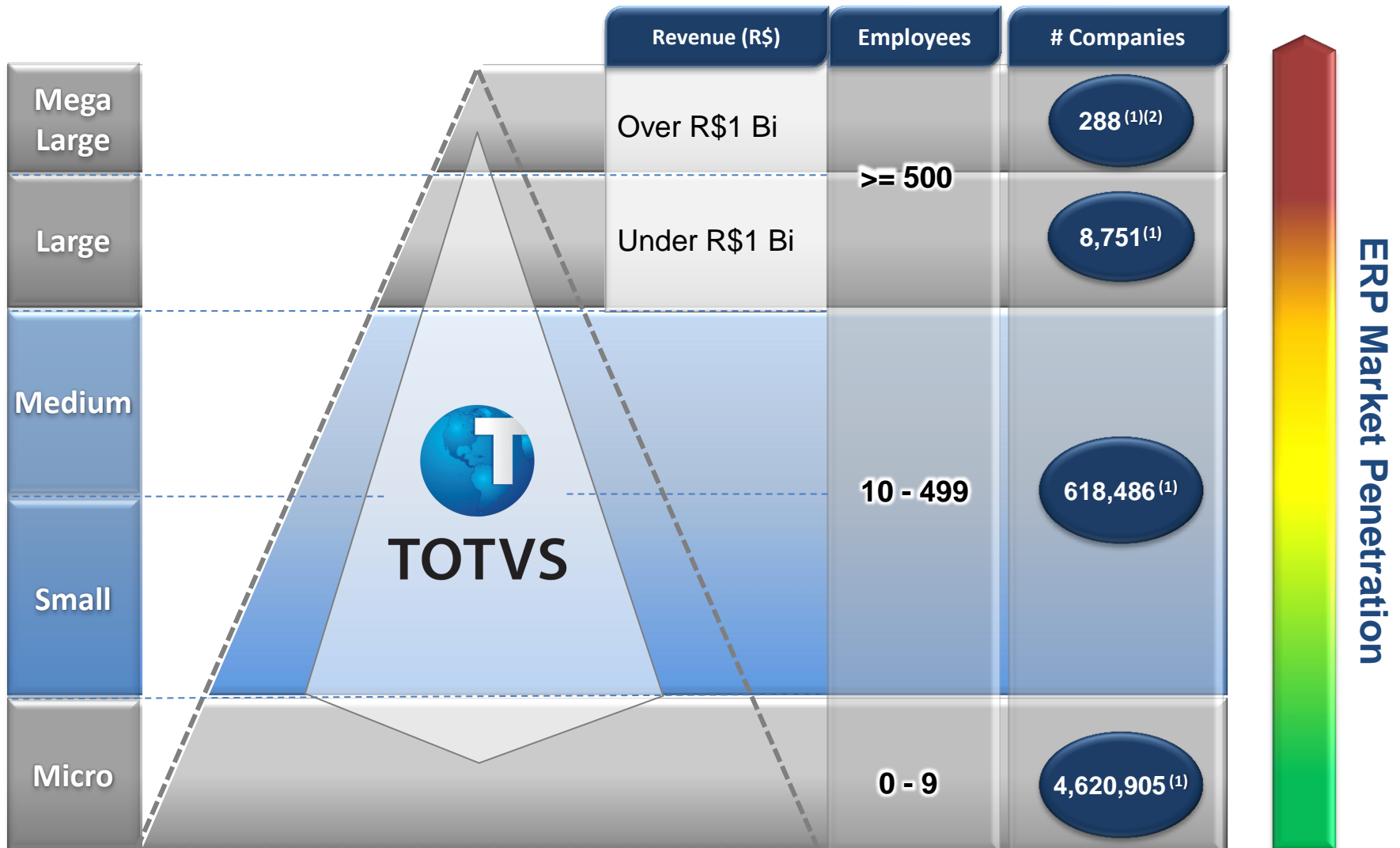


- Exclusive Channels (franchises)
- Entrepreneurship
- Capillarity (+50 distribution channels)
- Aligned Interests

Adherence to customer needs



- Solutions
- Commercial
- Agnostic Platform

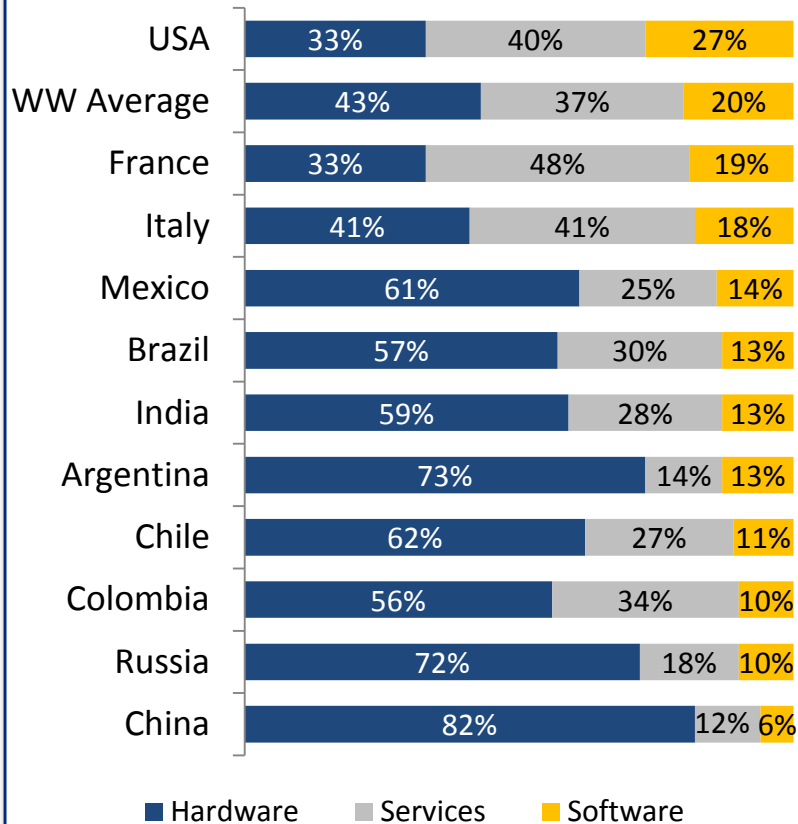


⁽¹⁾IBGE estimates about the Brazilian market. - <http://www.sidra.ibge.gov.br/bda/pesquisas/cempre>. Table 988.

⁽²⁾"Valor 1000" Magazine, ed 2009. Companies with more than R\$ 1Bi revenue.

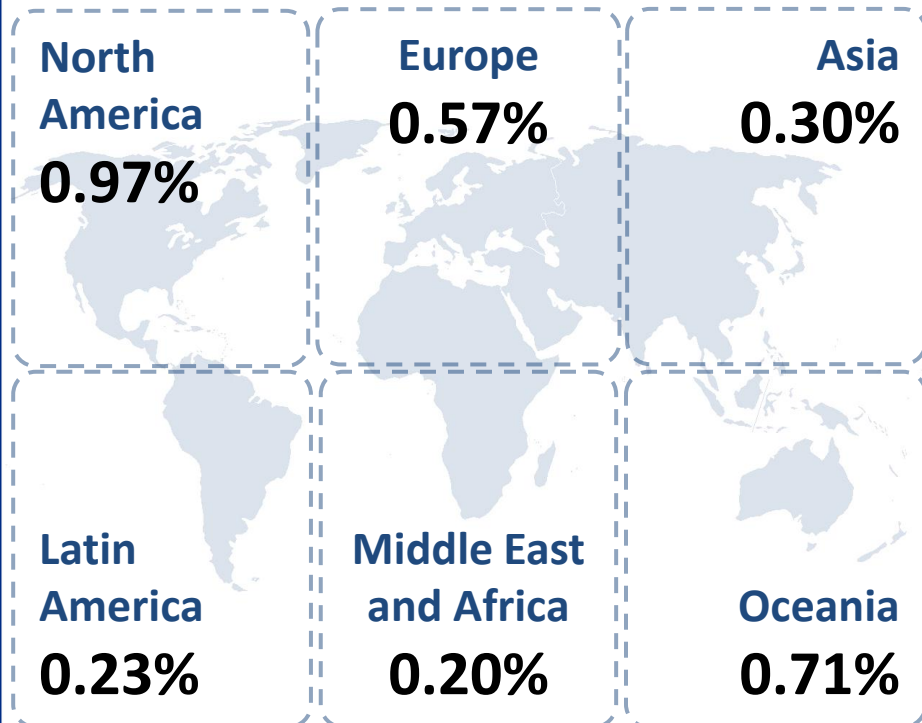
⁽³⁾ Gartner " SWOT: Totvs, Enterprise Application Software, Worldwide, 2010 "

IT Spending Mix



Source: IDC - Worldwide Black Book Query Tool, Version 4, 2010

Software Spending / GDP

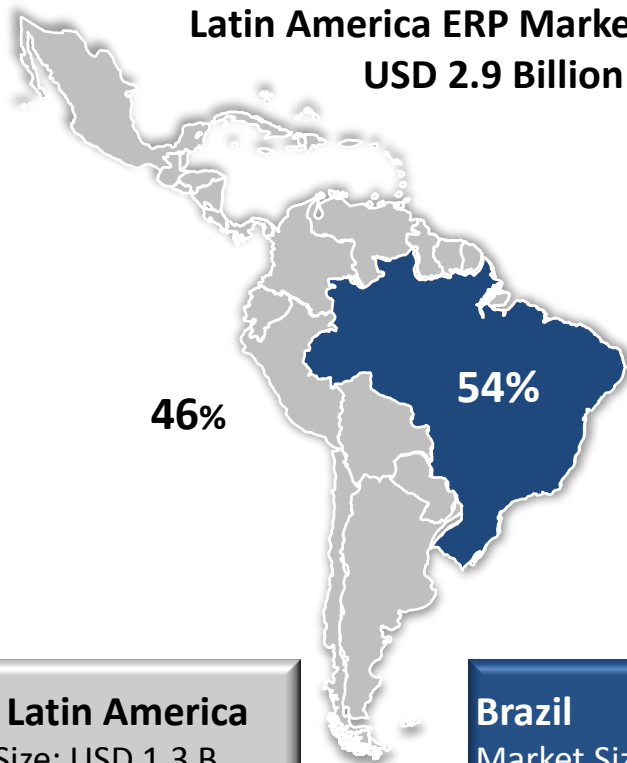


Source: World Bank, Gartner Software Market Share 2011, Gartner IT Services Market Share 2011

Leadership in Brazil leverages the positioning in LatAm

Latam ERP Market Size

Latin America ERP Market in 2010:
USD 2.9 Billion

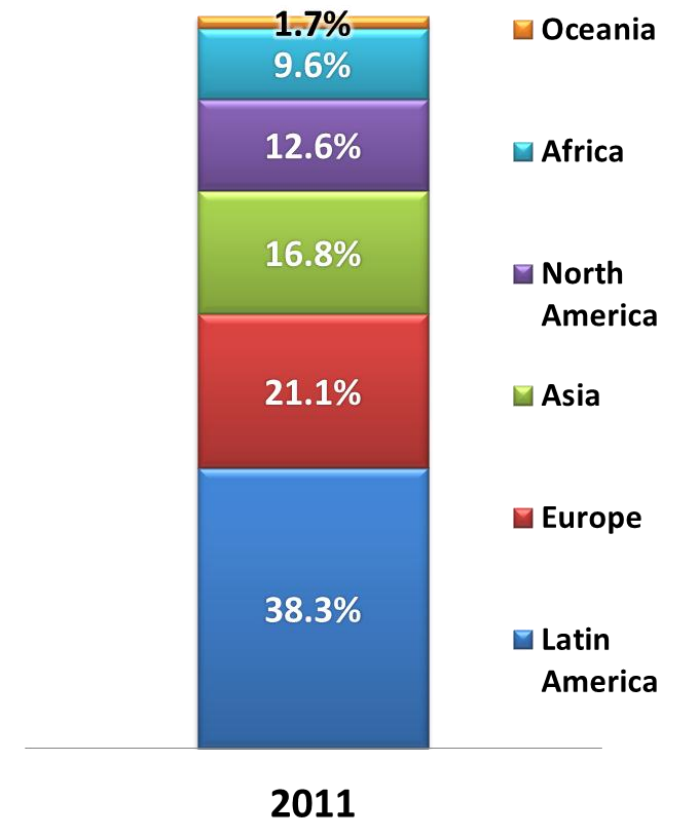


Rest of Latin America
Market Size: USD 1.3 B

Brazil
Market Size: USD 1.6 B

Source: IDC - Latin America Software Tracker 2010

Brazilian Transnational Enterprise Activities



Source: FDC – Brazilian transnational enterprise ranking



What we are doing

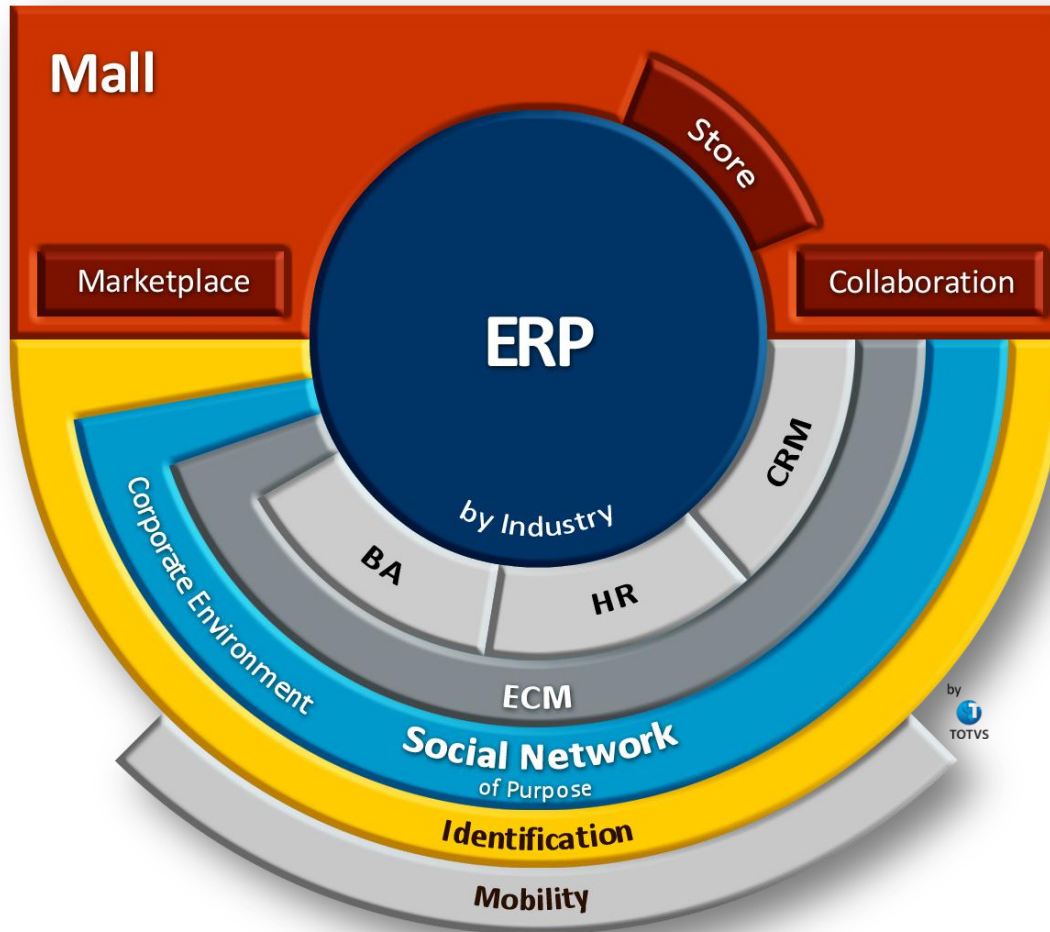
TOTVS

**5th Phase
Reference****Company transformation into a global reference**

- Capturing internationalization of the Brazilian economy
- Geographical selectivity
- Brazil remains the cornerstone of our strategy



Our Solutions Portfolio



Our Solutions Portfolio

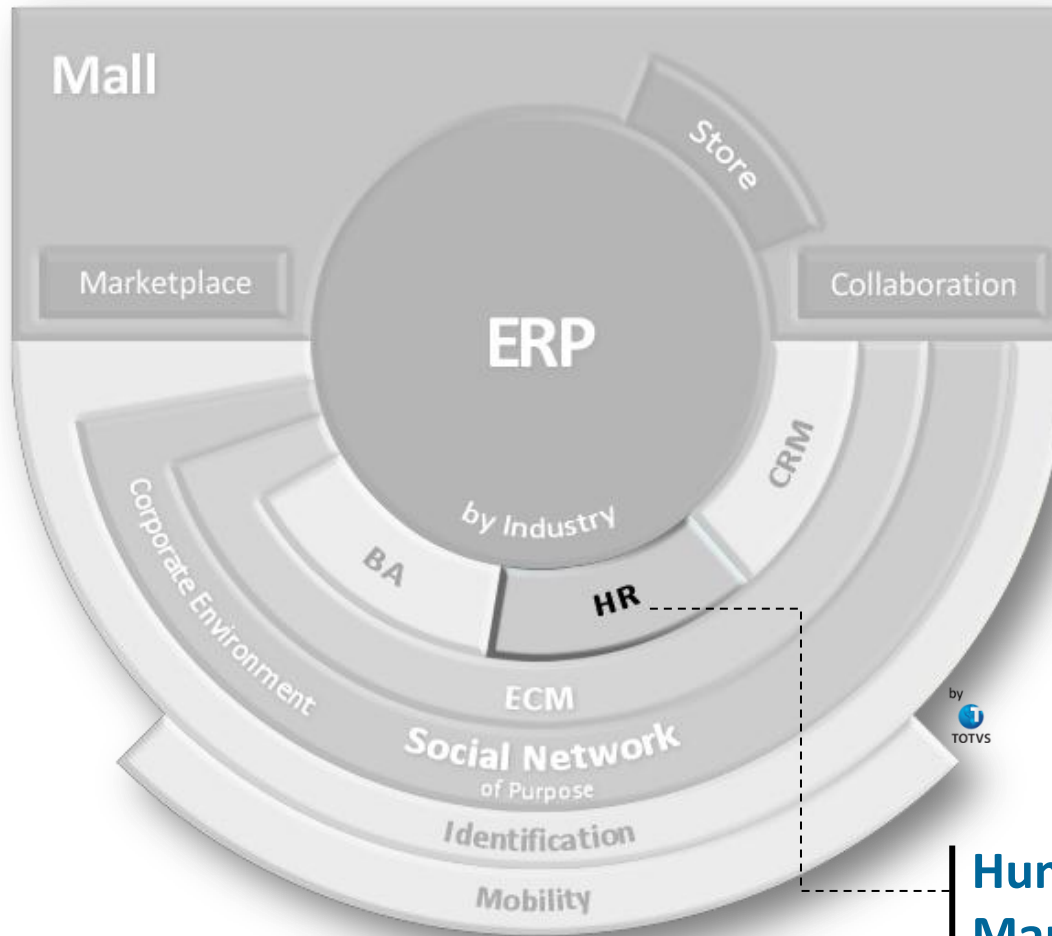


Enterprise Management

- Back Office ERP
- Segment ERP

by
TOTVS

Our Solutions Portfolio

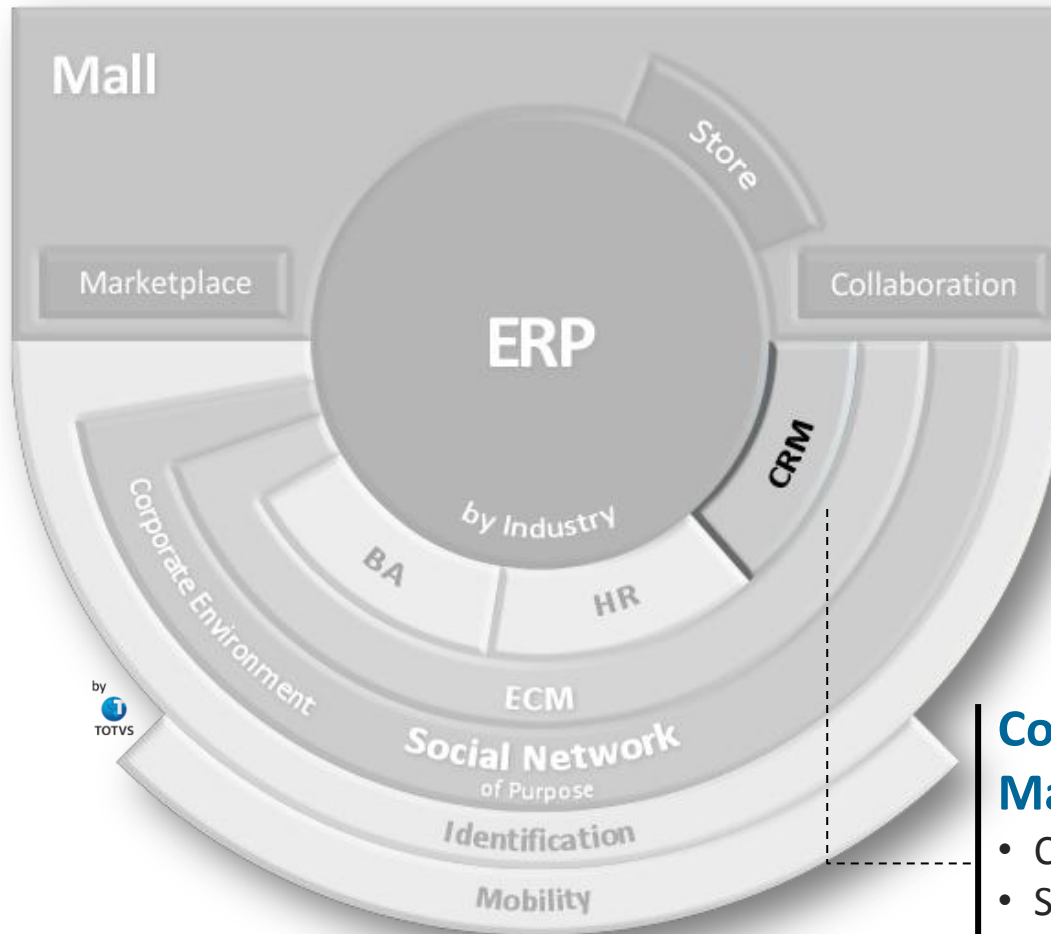


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Human Capital Management

- Enterprise Culture
- Organization Development

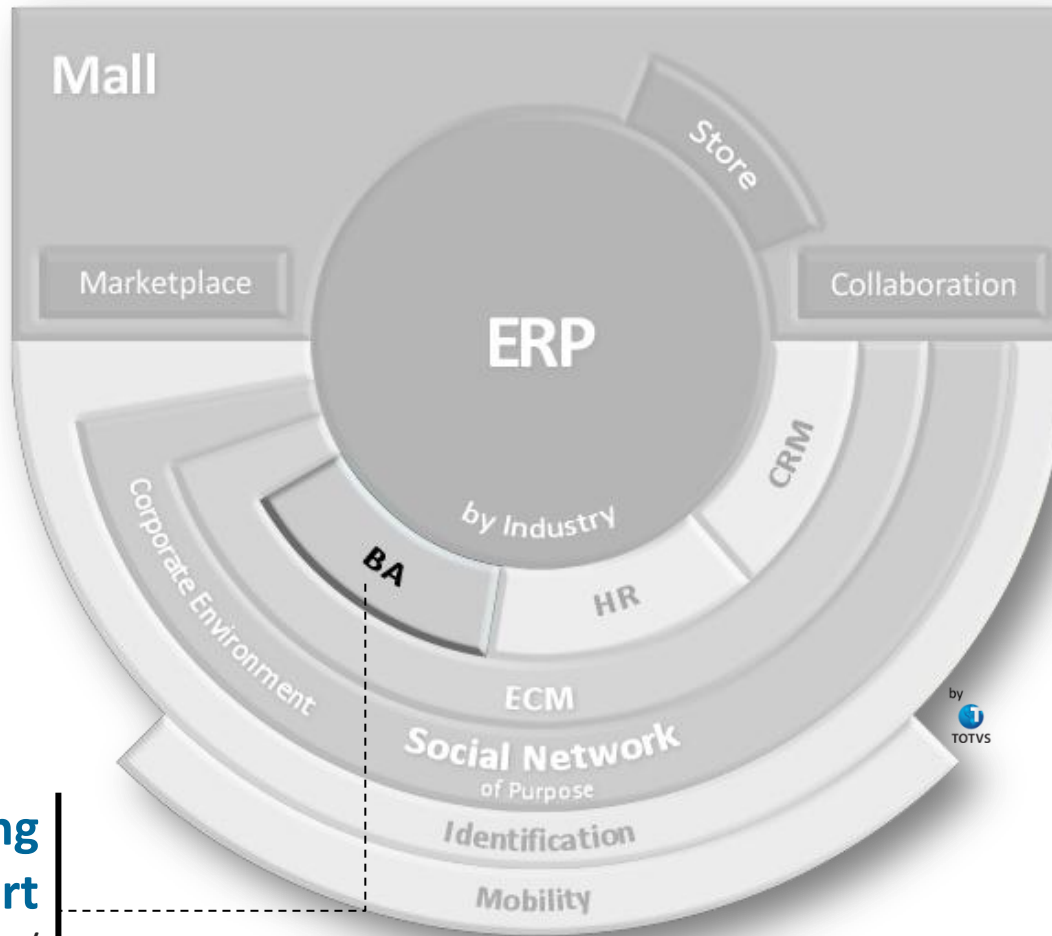
Our Solutions Portfolio



Consumer Management

- Customized Attendant
- Self-Service
- Behavioral Analysis (Social CRM)

Our Solutions Portfolio



Decision Making Support

- BI / DW / SGI / BSC / BA

Our Solutions Portfolio

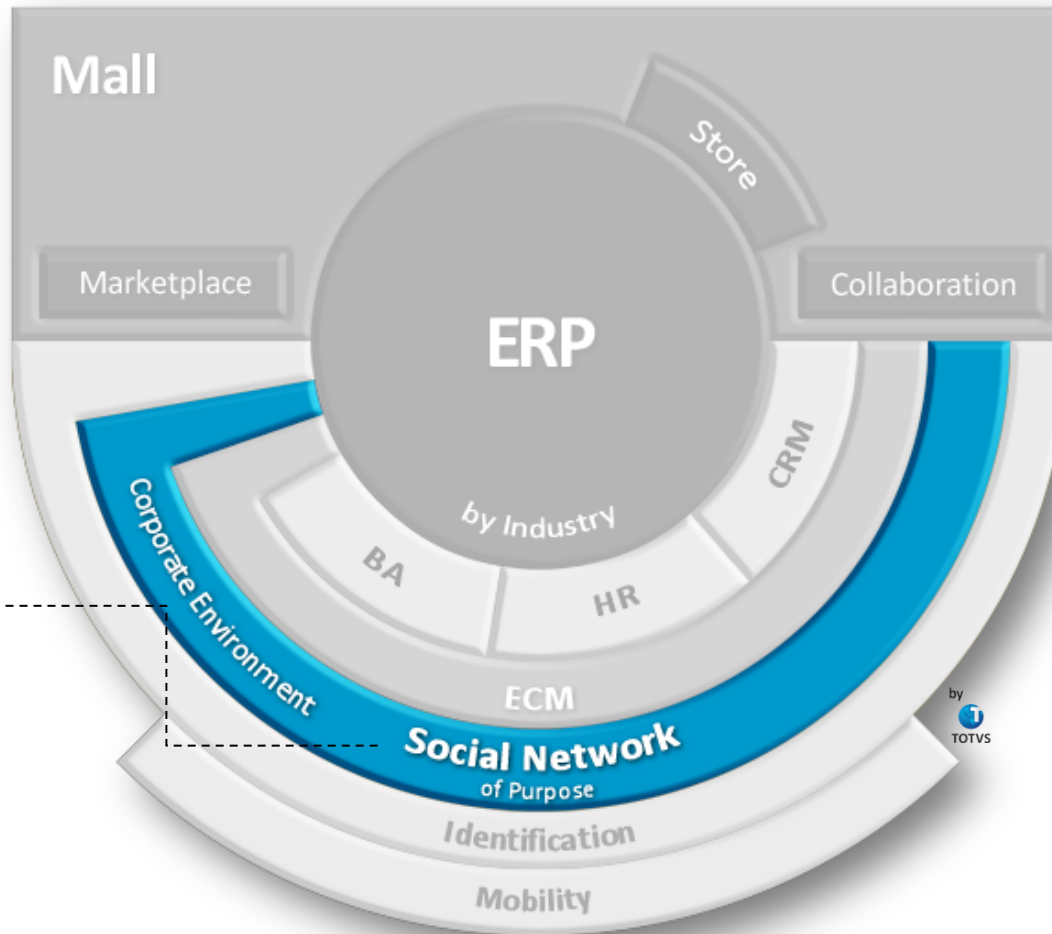


Process and Content Management

- Activity/Workflow Control
 - Document Management
 - Corporate Productivity

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Our Solutions Portfolio



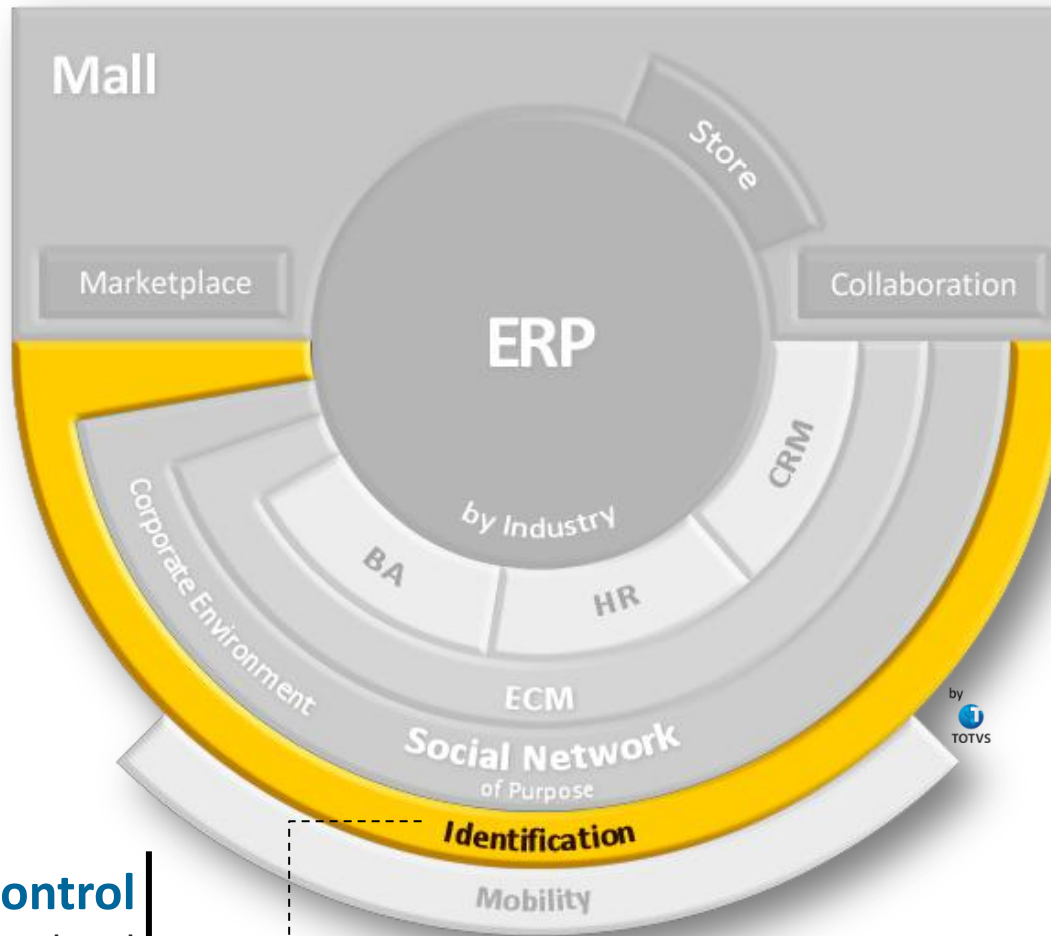
Relationship Management

- Natural Interface
- Enterprises and their Relationships

by

 TOTVS

Our Solutions Portfolio



Access Control

- Authenticated and Certified Individuals and Companies

Our Solutions Portfolio



Anywhere

- Smartphones / Tablets
- Availability

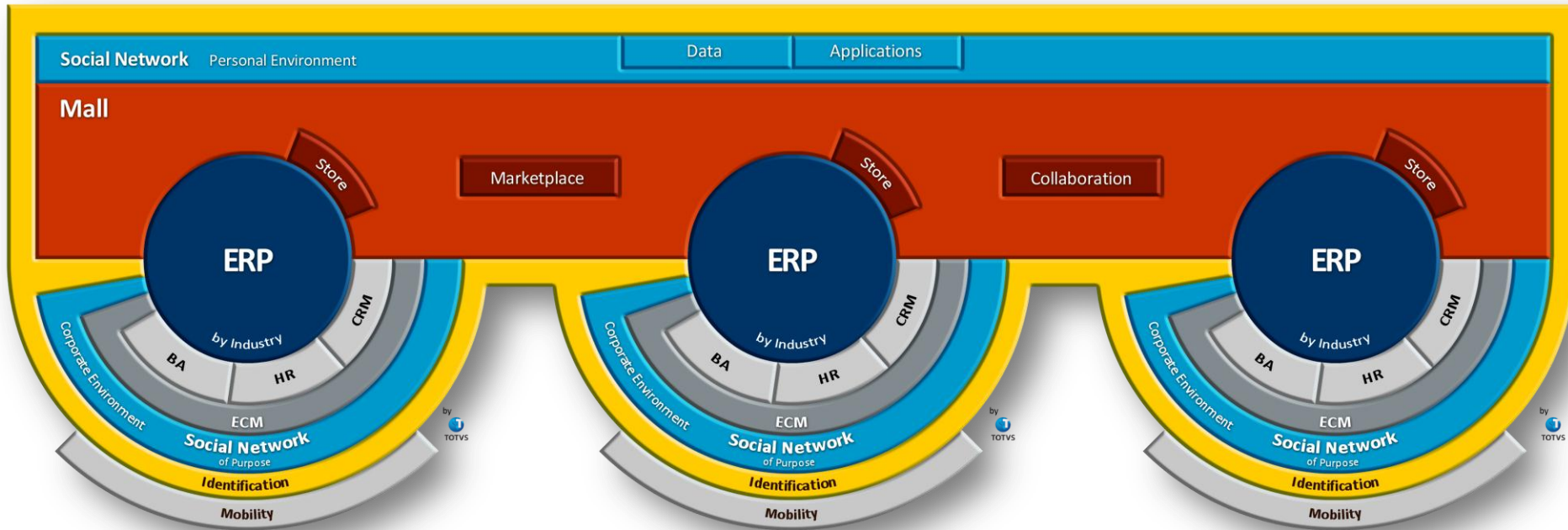
Our Solutions Portfolio



Business Platform

- Information Interchange
- Supply Chain
- e-commerce
- Interaction, Share and Collaboration
- TOTVS Store

Network of Networks – Connected Clients



- Single sign-on
- Information Ownership
- SaaS (Software as a Service)



Available for posting on:





Growth

TOTVS

Specialization by Industry & Size

Market Industry

| | | |
|----------------------------------|---|-------------------------------------|
| Agribusiness |   | Legal |
| Health |   | Manufacturing |
| Education |   | Services |
| Financial Services |   | Retail |
| Construction and Projects |   | Distribution & Logistics |

- Connected to the core business
- Aligned with client's needs
- Opportunity to sell to competitor client base

Company Size



- Right offer to each client size
- Support client's growth
- Implementation methodology for each stage

Advertising Campaign

One solution for each stage of your Company

More than serving well, a better
understanding of your business



TOTVS

Share the new world.



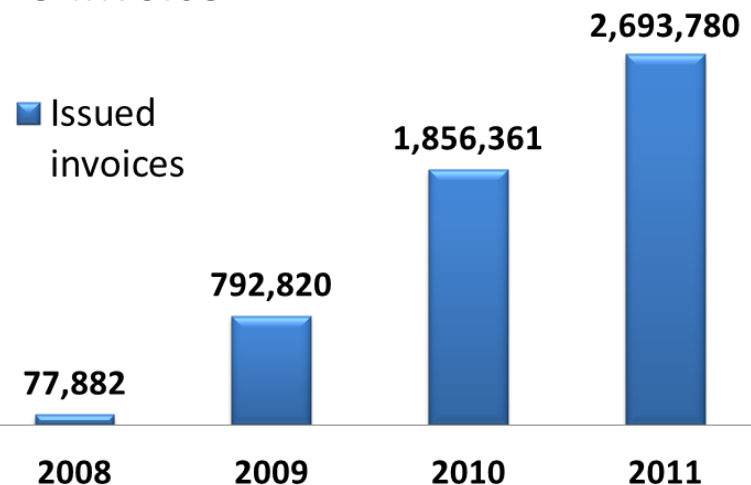
Software as a Service (SaaS)



- On-line sales
- Easy to Implement
- High scalability
- Low level of customizations

Electronic invoice solution

- Fully integrated with TOTVS ERPs (Cloud or on premises)
- Full authentication process with Brazilian IRS
- e-Invoice



Series 1 – Solutions for Micro Companies

- Connected to the core business
- Core financial management
- No customization
- High scale
- Competitive monthly fees
- Cloud solution
- Easy subscription / deployment



Manufatura

apenas
R\$ **99,00** /mês



Serviços

apenas
R\$ **99,00** /mês



Jurídico

apenas
R\$ **69,00** /mês

Mobile



- Extends the number of potential users beyond the back-office
 - Sales force automation
 - Sales force management through mobile devices and/or web portal
 - Construction and project notes
- Reach companies in different stages
- Aligned with the SME entrepreneur behavior

M&A


$$1 + 1 > 2$$

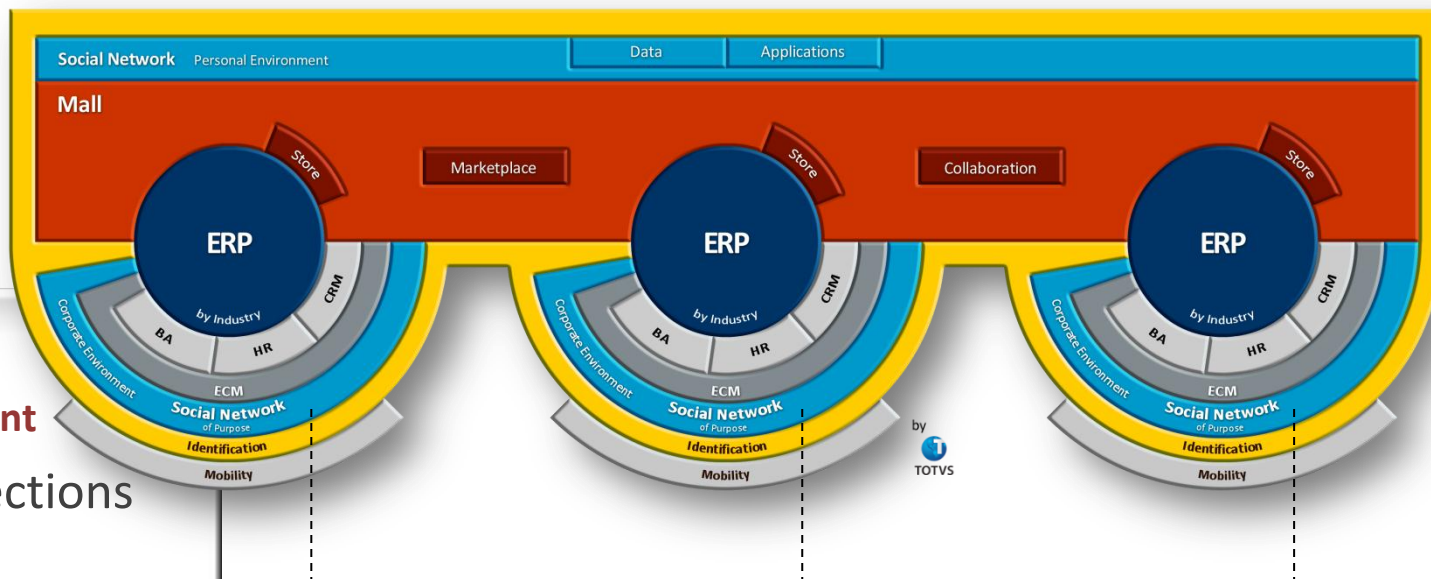
- Add specific expertise
 - By industry sector
 - By Company size
- Reduce time to market
 - Product
 - Technology
 - Clients
 - Distribution channels
- Capital management discipline
 - Selectiveness in targets
 - Focus on SME



Loyalty

TOTVS

by You



Corporate Environment

Corporate Connections

Purpose Network

- Discipline
- Agility
- Formalism

Moderator:

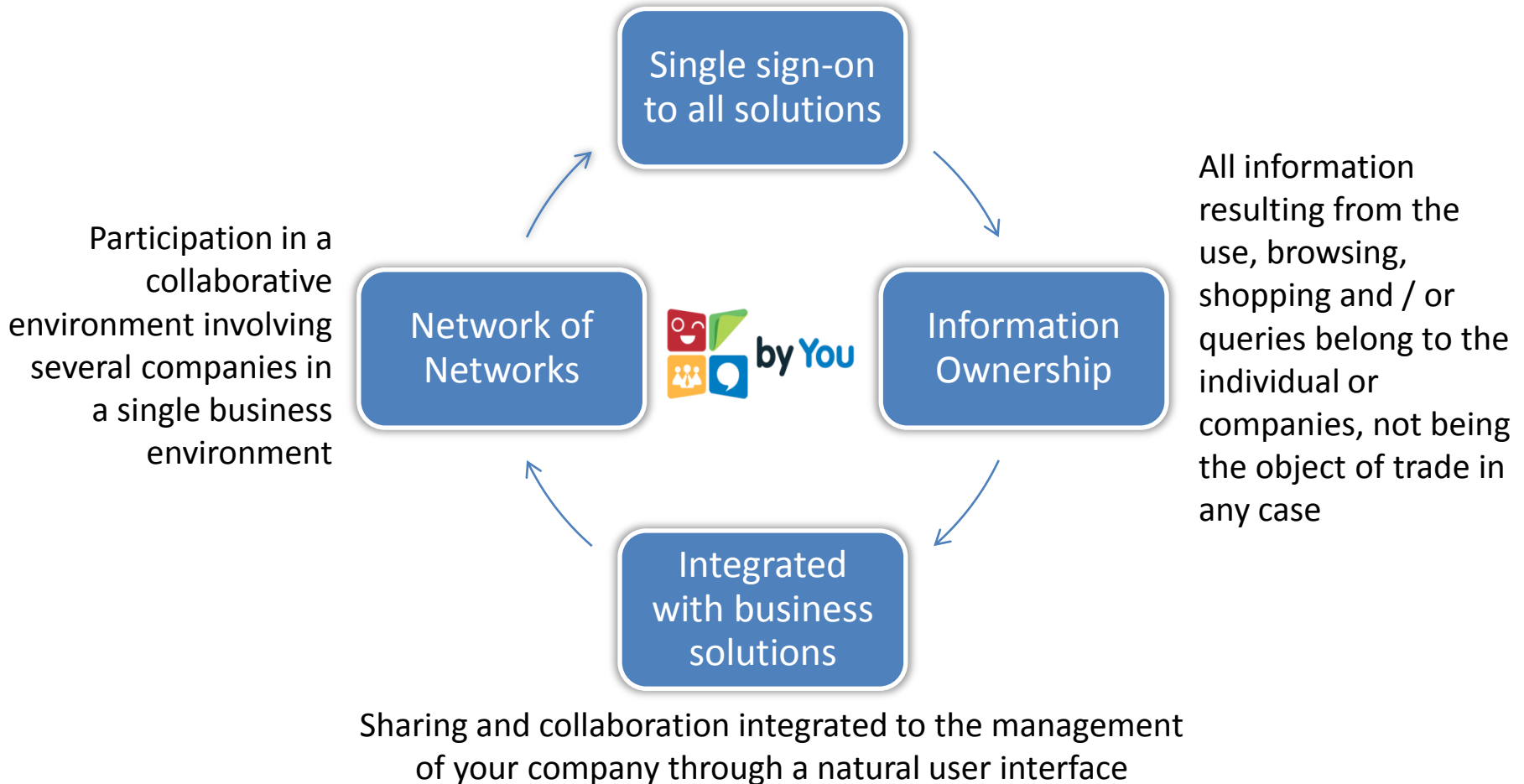
Corporate world

Corporate Apps

Relationship Management

- Natural UI
- Enterprises and their Relationships

Individuals and companies strictly qualified and authenticated , avoiding the creation of fake profiles. Multiple certifications that each individual is the individual himself, strict login control to the personal profile and customized access to the corporate profile



TOTVS ECM – Enterprise Content Management



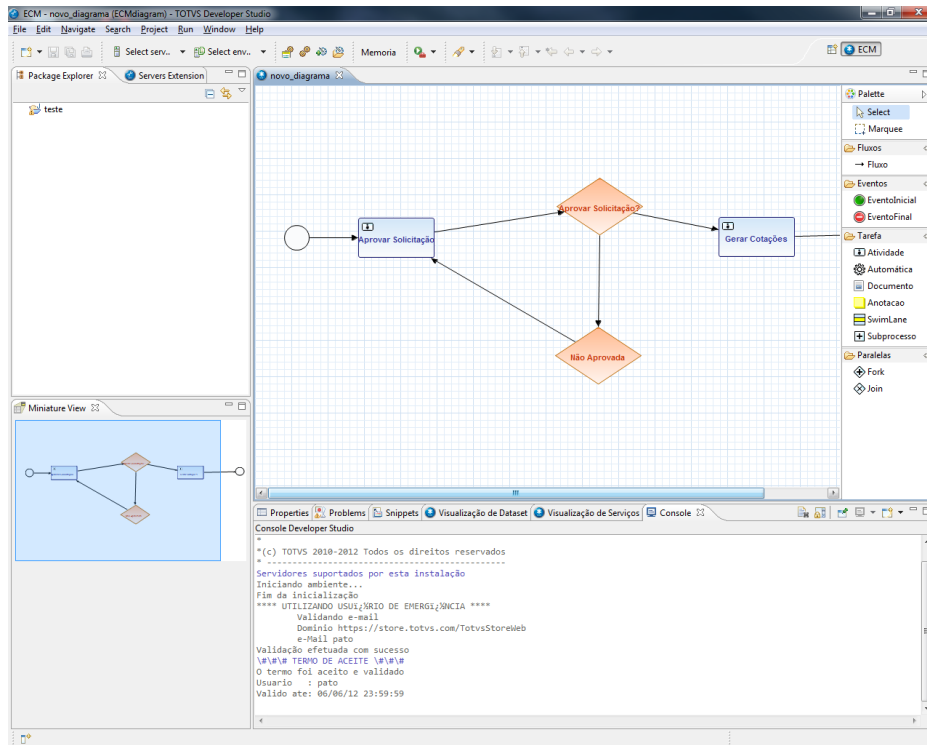
Process and Content Management

- Activity/Workflow Control
 - Document Management
 - Corporate Productivity

Technological Aspects

- HTML5 User Interface
- Mashup support
- ERP Integration

TOTVS ECM – Enterprise Content Management



Process Management

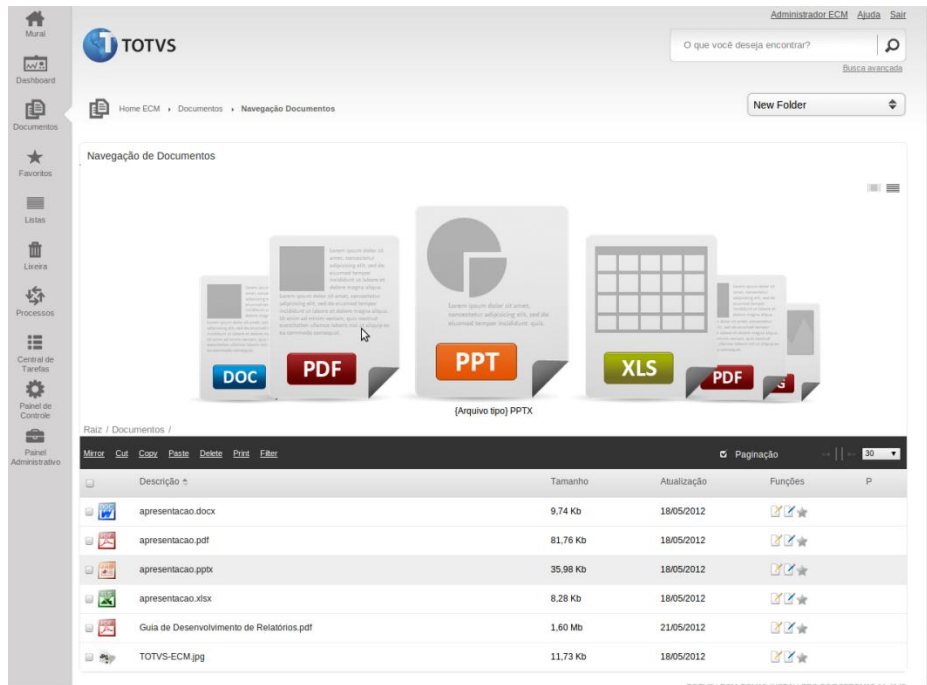
■ Flow chart design

- Integrated with the ERP functionalities
- Workflow set-up
- Code automatically written

■ Management dashboard

- Workflows and activities tracking
- Transactions status

TOTVS ECM – Enterprise Content Management



Content Management

- Unified repository of non-structured files
 - Version control
 - Access control
 - Approval control
- Linking files to process
 - Digitalized docs
 - Spreadsheets
- Federated search
 - Simultaneous search engines

TOTVS Private



- **Consulting + Software**
- **Highest customer loyalty in the high end market**

Series T

Series 3

Series 1



Margin

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EBITDA Margin Guidance
between 27% to 30% by 2016

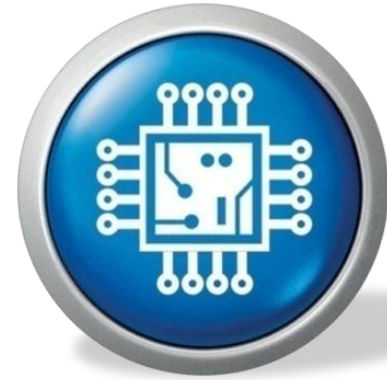
Fronts to gain efficiency



Software



Services

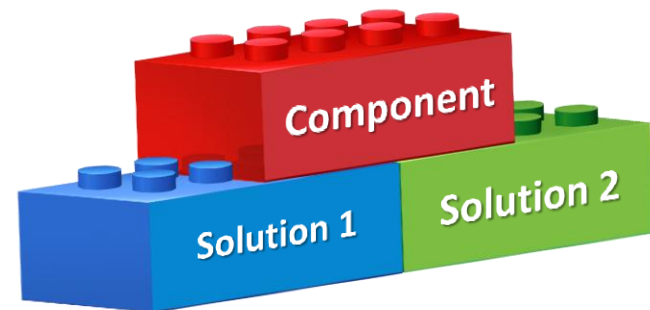


Technology

R&D Guidance – Reach 12% of net revenues by 2016



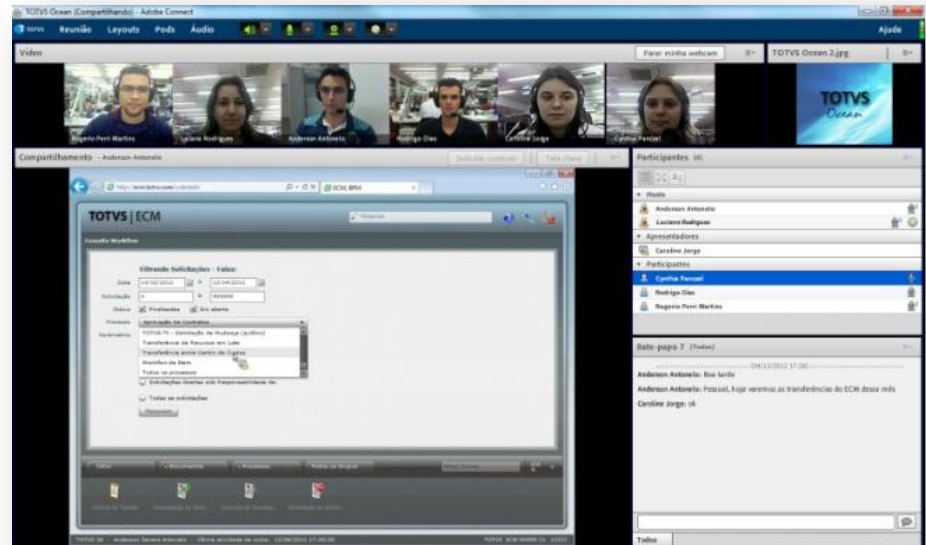
- Unified roadmap
- Development Center unified roadmap
- Componentization
- Software life cycle
(convergence of applications)



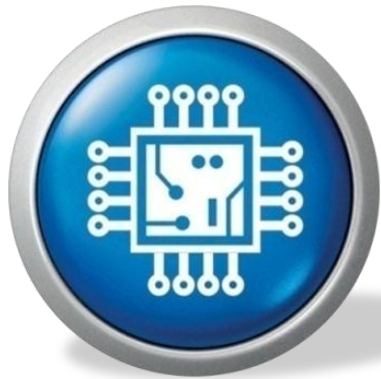
Increasing the efficiency of services is a priority for the management



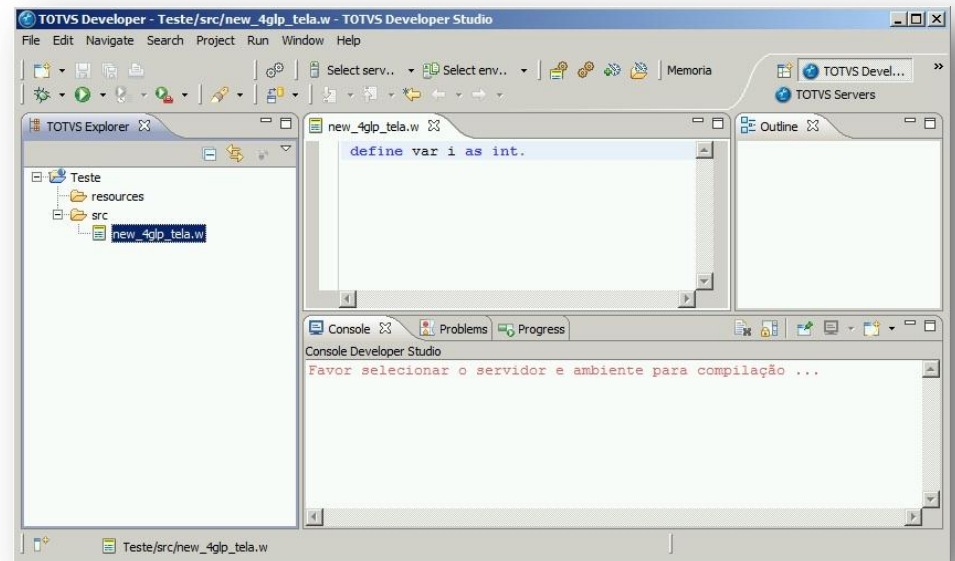
- System implementation enabling (TOTVS Academy)
- Implementation Accelerators and Templates
- Remuneration aligned to project profitability
- TOTVS Ocean
- E-learning



Technology initiative to help development efficiency



- TOTVS Developer Studio
- Development speeding by:
 - Function auto-filling
 - Syntax correction
 - Single environment



Guidance for the International Market:

#1 – To reach the EBITDA break-even on 2H2014

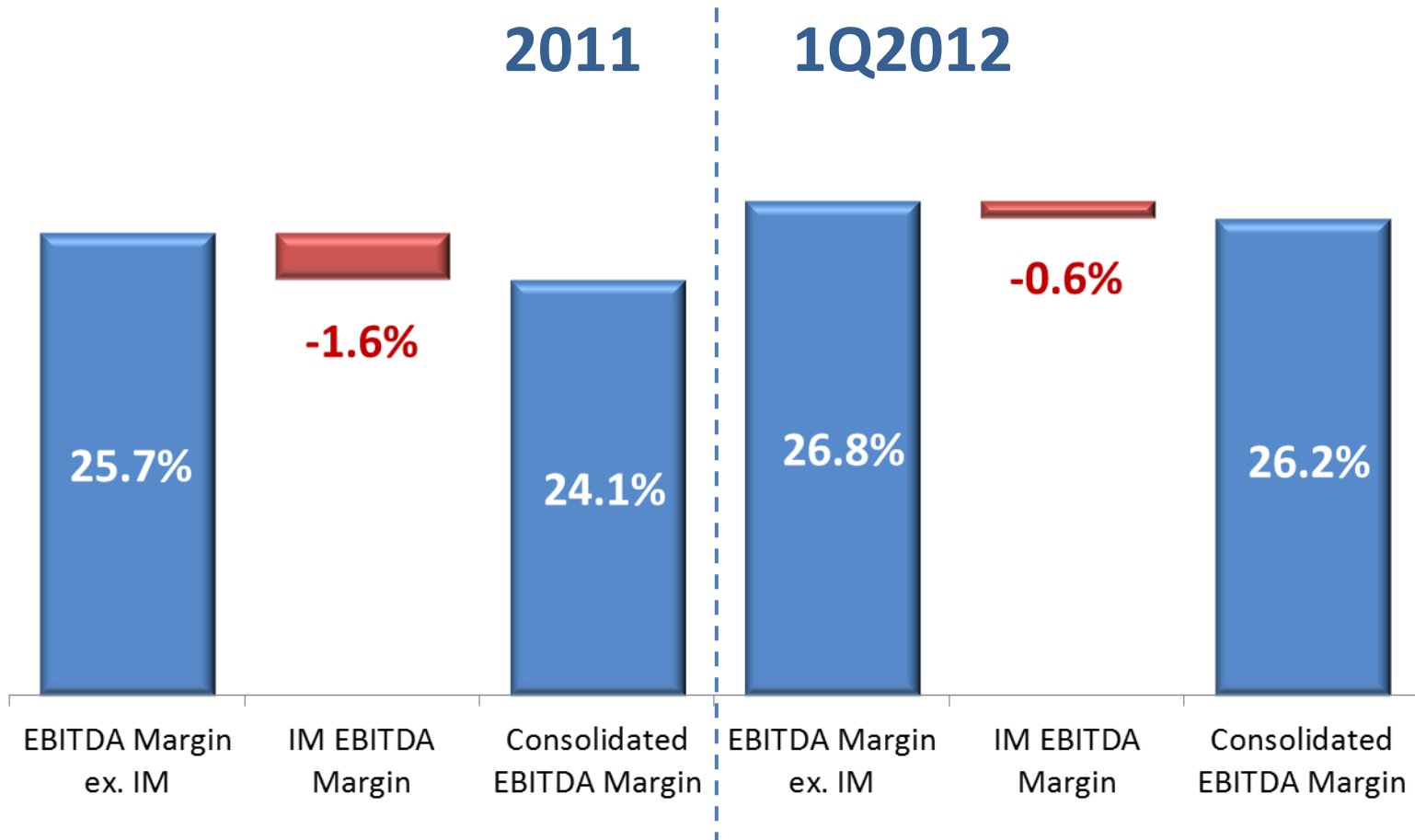
#2 – To represent 3% to 5% of total revenues by 2016



Main actions and definitions taken in 4Q11

- Process and Structure Revision
- Franchising of Portugal and two branches in Mexico
- Capillarity Strengthening
- Suspension of the entrance in the Australian and Indian Markets
- Initial focus in Latin America
- Emphasis in the SME and selected industry segments

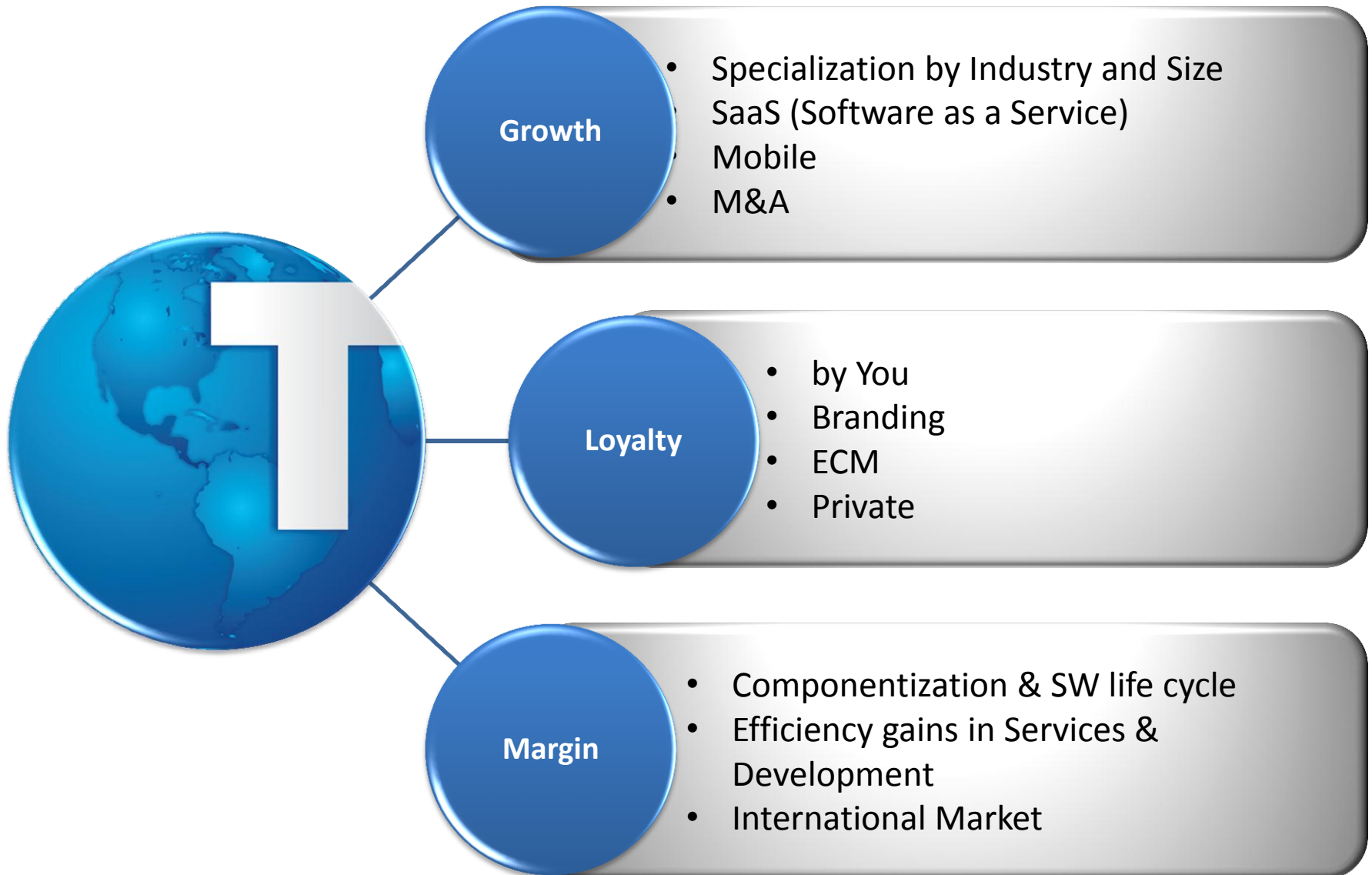
The actions taken in 4Q11 are already showing results in EBITDA Margin





Wrap Up

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Q&A Section

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 Questions?

Investor Relations

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