

ITAÚSA INTERNATIONAL CONFERENCE CALL
2008 Earnings Results
March 4, 2009

Operator: Ladies and gentlemen, thank you for standing by. This is Itaúsa's conference call. At this time all lines are in a listen-only mode. Later there will be a question and answer session and instructions to participate will be given at that time. If you need assistance during the call, please press the star key followed by zero (*0). As a reminder, this conference is being recorded.

At this time I would like to turn the conference over to Ms. Daniela Ueda of Financial Investor Relations Brasil. Please go ahead.

Ms. Daniela Ueda: Good morning and welcome to Itaúsa's conference call to discuss the 2008 earnings.

I would like to remind you that this conference call is being broadcast live on Itaúsa's investor relations website www.itausa.com.br. A slide presentation is also available on that site.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Actual performance could differ materially from those anticipated in any forward-looking comments as a result of macroeconomic conditions, market risks, and other factors.

With us today in São Paulo are Investor Relations Officers Roberto Egydio Setubal, for Itaúsa; Alfredo Egydio Setubal, for Itaú Unibanco Banco Múltiplo; Plínio do Amaral Pinheiro, for Duratex; Ricardo Egydio Setubal, for Itaotec; Elekeiroz' Commercial Officer Carlos Calvo Sanz and Itaúsa's Disclosure and Trading Committee member Henri Penchas.

Management will be available for a question and answer session after the presentations. It is now my pleasure to turn the call over to Mr. Setubal.

Mr. Roberto Setubal (Itaúsa): Hello, good morning for all of you. We are starting Itaúsa presentation. As you know, Itaúsa is a holding company, a pure holding company and as we can see on slides 3 and 4 it is an almost zero-leverage holding company. We do not have any banking loan. We have some cash and the investments that we held, as you know, and I will describe to you on this presentation. So it is a very pure and no-leverage holding company.

On slide 5, we have the evolution of the net income of this company. As you can notice, there is a very smooth evolution in terms of recurrent earnings and we have had, as you know, a lot of extraordinary effects in our net income, which has happened basically because of the transactions that Banco Itaú has made along

the years. This last year, as you know, we made this merger with Unibanco and this had a net effect on Itaúsa of R\$ 1.37 billion. So this has been our final earnings to come from R\$ 4 billion to R\$ 2.7 billion.

On page 6 and 7 we show you the evolution of the dividends paid along the years. It has increased a lot, as you can see here. We have also for fiscal reasons distributed more dividends through interest on capital - the Brazilian regulations allows. We have used this, so we have also been calling some capital back and this is shown on page 7, so the net dividend is on the slide in green and it also has made a big increase along the years.

Itaúsa basically held a very small part of the dividends that it received. Most of the dividends Itaúsa, most of dividends that Itaúsa receives is distributed to the shareholders. The dividends we present, as you can see on slide 8, 3.8% of the price of the share. This reduction that we see on dividend yield is due to the price increase of the share of Itaúsa.

On slide 10, we show highlights of the companies that Itaúsa has investments - the bank, Duratex, Itautec and Elekeiroz - to show the main numbers of those companies including net income, shareholders, ROE and we show here on the right side of the slide the net income of the parent company that was, as I have described before, R\$ 2.7 billion.

On slide 11 we can see how Itaúsa has the revenues and how the net income is formed. Most of the revenues of the company, as you all know, come from the financial services area, R\$ 3.7 billion. Remember that the net profit before extraordinary effects is R\$ 4 billion, R\$ 4.077 billion, so R\$ 3.7 billion comes from financial services, basically the Itaú Unibanco bank.

The industrial area has contributed with R\$ 267 million and we have the numbers of Duratex, Elekeiroz and Itautec, as we will see in details on the presentation ahead.

Financial revenues and foreign exchange revenues account for R\$ 100 million. Some administrative expenses and some tax effects and this basically is a very simple P&L that we can show you.

On the right side of this slide you can see the extraordinary results we had in 2008, how it was formed. You can see that most of it comes from the merger of Itaú Unibanco and then we have some effects also because of acquisitions of the bank, it has bought some stocks for the treasury that were canceled last year. It is an extra negative effect in the results of Itaúsa, as you know, and we have also a positive effect of the sale of Itaúsa to the bank and some other adjustments last year.

This, the sale of Itaúsa is shown on slide 11. I am just remembering you that Itaúsa Export was a holding for Banco Itaú Europa and Itaúsa itself had 77% and the Itaú bank the remaining 22% of the equity of Itaúsa Export. We decided that this, we

put everything under the bank to be a more clean structure and so Itaúsa sold this for the bank, receiving almost R\$ 587 million in cash and shares, additional shares, R\$ 550 million in shares of Banco Itaú - common shares. And this altogether has had an net effect, a positive net effect of R\$ 109 million.

Including in this investment, we had some investment in BPI, which is a Portuguese bank. This was also sold at market value at that moment, but we have adjustments on that price given the uncertainty that we had at the moment we made the sale. The uncertainty made us decide for a more balanced thing between the bank and the holding so there will be an adjustment two years from now for the price of BPI shares.

Now I will turn to Alfredo, who will speak about the bank, Banco Itaú Unibanco.

Mr. Alfredo Setubal (Itaú Unibanco Banco Múltiplo): On slide 13, the highlights for the results that we released last week. The net income of R\$ 10 billion, which we consider is a recurrent net income, R\$ 10.5 billion for the total with a growth of 8.1% compared to the year of 2007.

We have ROE considering the average net worth of 23.4%, we finished with an efficiency ratio of 48.7%. This is the best among the Brazilian banks even without synergies that we are going to achieve in the coming years as the merger goes on.

And also the BIS ratio of 16.1% also gave us room to increase the business of the bank, credit and acquisitions we have opportunity if the environment permits.

The total assets of Itaú Unibanco, R\$ 633 billion. Of that, R\$ 272 billion was related to credit operations and the net worth finished with R\$ 43.6 billion after all the provisions that we made in this balance sheet that we released.

On page 14 we can see more details of the credit portfolio, R\$ 272 billion was the total. Last year the highlight continued to be vehicles with the car financing that improved - the growth was 35.8%.

Also in terms of small and medium-sized companies 43.2%, also was one of our targets in terms of growth of credit portfolio because the penetration of Itaú was very small compared to other market shares that we had in terms of credit and also in the case of Unibanco. So we are going to continue to focus on small and medium-sized companies.

In terms of large companies, the growth was also important, 41.2%. Of course, here we have less margin, but, anyway, the portfolio increased because many companies are now using more local credit because of the difficulties of the international market in terms of credit.

Also Argentina, Chile, Uruguay and Paraguay, where we have retail banks in these countries, we finished with R\$ 13.4 billion in terms of credit, that represents around 5% of the total credit portfolio.

On page 15, we have the delinquency ratio of 4.8%, increased when we compare to the third quarter, that was 4.6%, both for individuals and companies.

In terms of coverage ratio, we finished with 184% compared to 138% in the third quarter for Itaú Unibanco because we made R\$ 4.6 billion in extraordinary provisions for credit, as we see a more difficult scenario in the coming quarters.

On slide 16, we can see the total resources, the funding and funds under management that we have. The total is R\$ 600 billion, a very large amount. In terms of funding, we are in a very liquid position and the deposits represent 85% of the credit portfolio.

I will pass the word to Plínio Pinheiro, who will talk about the highlights of Duratex.

Mr. Plínio Pinheiro (Duratex): On slide number 17, we have a resume of the investment plan of the company that we are in the final part of implementation. During the second quarter of this year we are going to start up the new MDF line in the city of Agudos, in the state of São Paulo that will provide Duratex with much more productivity and cost reduction in terms of production of MDF.

In July 2008, we started up the new low pressure coating line that improved the mix of the panels, increasing the unit price of our sales from July 2008 on.

We are now finishing the payments of some lands and forests that we bought to supply the new capacity.

In the Deca division, we intend to achieve in 2010 4.8 million pieces per year in production, in production increase, that means around 33% of growth. In vitreous china we increased the capacity in 3.2 million pieces per year through the acquisition of two companies, the Ideal Standard of Brazil with two plants, one in the state of São Paulo and the other in the state of Rio de Janeiro and one company called Monte Carlo, that is located in the State of Pernambuco, that will allow us to be more efficient in providing services and deliver to the Northeast region of the country.

And in 2009, we are finalizing the introduction of the SAP system, that will allow us to have more efficiency in terms of information and technology.

In slide number 18, we can see the amounts that we spent during the last couple of years. In 2008 we spent R\$ 673 million due to the more concentrated payments for this investment program and in 2009 we are probably going to spend around R\$ 400 million to finalize this investment program.

On the right side of the slide we can see the new capacities in the Wood division. We highlight the new capacity in MDF and the new capacity in the Deca division and highlighting the very high level of utilization of this new capacity, almost 90% of utilization.

And the investments are focusing in increasing the cost reduction through verticalizing programs and through reducing or diluting the fixed costs through the increased capacity.

In slide number 19 we can see the performance in the last four years. The compounded annual growth of the net revenues was around 15% during this period and the gross margin was in 2007 45%, declined to 40% due to the huge increase that we face in two important items in the Wood division, the electric power and the resins. The good news is that both costs declined a lot by the beginning of 2009.

The EBITDA increased around 15.5% during these last four years and the margin, the EBITDA margin is roughly around 30%.

Net income increased 32% per year during this period, reaching R\$ 334 million according to Law 6,404 and R\$ 314 million according to the new Law 11,638.

The return on equity is around 20% in 2008.

And finally we see in the slide number 20 the huge increase in the earnings per share since the year 1994 until 2008. In the last four years we increased around 30% per year the earnings per share of Duratex.

And in the bottom of the slide we see the performance of the EBITDA that increased in average 16% per year during the last 15 years and the dividends increased around 22% in the same period, not including the extraordinary dividends that we paid in 2004 and 2007.

From now on Mr. Ricardo Setubal will speak about Itaotec. Thank you.

Mr. Ricardo Setubal (Itaotec): Good afternoon. I would like to start my presentation with the Itaotec highlights in 2008. Volume delivered desktop and notebooks 460.7 thousand units, that is 40.9% more comparing to the previous year results. ATMs, 4,900 units, that means 28.1% less comparing to the last year.

Net revenue R\$ 1.786 billion, that is 17.2% more compared to the previous year results. Gross margin, 17.5% in 2008 against 20.3% in 2007. EBITDA R\$ 73.6 million, that means 38.1% less compared to the last year. EBITDA margin, 4.1% in 2008 against 7.8% in 2007. Recurrent net income, R\$ 36.8 million, that represents 40.5% less comparing to the previous year. Net profit R\$ 40.5 million.

Slide 22. We feel very proud to have received the ABRASCA Award and the Annual Report 2008 edition. We were the winner in the public companies category with net revenues equal to or exceeding R\$ 1 billion.

We have launched several new products, for example, the launch of the Adattis ATM compact range, featuring a high level of physical security, ensuring the end client high availability.

We have received for the sixth time the IF Design Awards in Hanover, Germany, at 2008 edition. The product was a new kiosk that is a product in the retail automation line.

Slide 23. The total investment in capital expenditure in 2008 was R\$ 96.3 million, which is split as follows: development of technology, R\$ 63.4 million; operation of fixed assets, R\$ 32.9 million, which we outstand the SAP implementation with R\$ 2.5 million. The implementation of the first module - finance and accounting - occurred in January 1.

BNDES financing, R\$ 142.6 million, in financing already released. I would like to outstand that R\$ 35.4 million was already released in 2008.

Slide 24. I would like to present the figures on the annual performance. The net revenues, we can see our growth rate in 18.5%, totalizing R\$ 1.786 billion. EBITDA, we can see our growth rate stable in the period totalizing R\$ 73.6 million. Net income we can realize our growth rate in 15.9%, reaching up to R\$ 40.5 million. Shareholders' equity, the growth rate for shareholders' equity was 20.9% reaching up to R\$ 453 million.

With this I finish my presentation and I would like to invite Mr. Carlos Calvo to proceed with the Elekeiroz presentation.

Mr. Carlos Calvo (Elekeiroz): Good afternoon. I will start with a brief presentation of the petrochemicals scenario during 2008. Please refer to slide number 25. Up to the third quarter all indicators were favorable in the internal market. Both demand and prices were satisfactory.

In the beginning of November the effect of the deep and sudden economic and financial crisis started to be felt on our industry and an adjustment in production, volume and inventories began.

The production of chemicals for industrial use had a drop of 8.3% when compared with 2007. In addition to the financial and economic crisis was also this planned turnaround of all three naphtha cracker is in Brazil. That turnaround alone was responsible for a drop of 4.5%. The installed capacity rate usage was 90% up to the third quarter, and during December that number was barely 65%.

During the fourth quarter the exports could have had a boost from the devaluation of the real against the U.S. dollar in Europe. However, it was not possible, as prices, volumes and margins had a steep decrease in the international market.

Naphtha, the most important raw material for the petrochemical industry, had a wild behavior during the last quarter of 2008. The prices, with a high volatility, ranged

from almost US\$ 1,000 per metric ton to anywhere below US\$ 200 per metric ton, destroying most of the local and international price reference for petrochemicals.

Now refer to slide number 26. I will show some of the company Elekeiroz highlights. Gross sales were 2% higher when compared with 2007, reaching R\$ 1.1 billion. Shipments for 2008 were slightly higher than 450,000 metric tons, 13% lower than 2007. The main reason for that drop was caused by the inorganic product shipments, which had an 18% decrease.

On the other hand, organic products shipments had an increase of 8.7%, reaching almost 232,000 metric tons, representing more than 50% of the total shipments.

It has to be noted that the biggest increase that the company had on net sales was derived from the inorganic products, reaching almost R\$ 137 million, an increase of 48.8% when compared with 2007.

The exports in 2008 were reduced by more than 32% in order to have less tax credits from the state added value tax. Later on, we will elaborate a little bit more on about that issue.

At the bottom part of this slide, we are presenting a table with the most important indicators. That is net income, EBITDA, EBITDA margin and ROE - return on equity. The numbers on the left-hand column follow the Law 6,404 and on the right hand side, the 11,638 Law.

The new 11,638 Law introduced a few changes on the accounting procedures and depending on each specific company numbers are not 100% comparable, especially if you are comparing different years. For instance, the EBITDA for 2008 for Elekeiroz, when calculated using the 6,404 Law, reaches almost R\$ 140 million, with a 7% increase over 2007.

The same EBITDA using the new 11,638 Law reaches R\$ 126.2 million, which is a reduction of 2% over 2007.

Let us go now for slide 27, continuing the company highlights. At the end of 2008, on December 29, Elekeiroz and the government of the Bahia state signed a document that solved the ICMS, the local state value-added tax.

By that document, the government of Bahia will make available to Elekeiroz a certain amount of the tax that was retained from Elekeiroz. With that, the company will be able to be more active on the exports and proceed with some investments only inside the Bahia state. Of course, we will also need a certain stability and visibility on the international scenario.

During 2008, the company invested more than R\$ 44 million in the modernization, rationalization, automation and expansion of several units. We now have 5% more installed capacity of phthalic anhydride; 13% in plasticizers and more than 10% installed capacity in oxo-alcohols.

We also had an additional R\$ 13 million invested in environmental protection and in social events in the communities of Várzea Paulista in the state of São Paulo and Camaçari, in the state of Bahia.

Now for slide 29, the last one, with some financial highlights. On that slide there are 4 charts and each chart has values from the published balance sheet from 2003 up to 2007.

For 2008, we have two bars: one follows the 6,404 Law - and, for clarity, the bars following are 6,404 Law are in blue. Next to the blue 2008 bar you will see a green bar following the 11,638 Law.

I have to stress that the 2008 official published balance sheet numbers of the company are the ones in green. We are showing the numbers with the 6,404 Law – blue bars – because they are comparable and made on the same accounting basis.

2008 was one of the best years on the history of Elekeiroz. We achieved the highest net sales, R\$ 877 billion and a compounded average growth of 10% for the last five years. The gross margin was higher than 19% and it did maintain the trend of the previous years.

The net income - chart on the bottom left - exceeded R\$ 8 million. That value is a company record. The compounded average growth for the net income during the last five years is 17%.

As we mentioned before, the EBITDA reached R\$ 138 million after the 6,404 Law and that value is comparable with the previous five years shown in the chart. Also the compounded average growth of EBITDA was 10%.

The last chart at the low right corner shows a consistent growth of the equity and a return of equity of 19%, which is a rather interesting rate for that type of industry. We have just presented Elekeiroz' main figures and facts for the year 2008 and now I pass on the word back to Mr. Roberto Setubal.

Mr. Roberto Setubal (Itaúsa): OK. I will start from slide 30, where we can see some numbers of the conglomerate. We have the profits along the years, the consolidated profit and the parent company profit compared, as you can see the numbers.

Here we do not have the extraordinary effects as I described before and I would like to go to page 32, where you can see the evolution of some of the numbers, equity and net income of the conglomerate and of the parent company alone.

The conglomerate's equity, shareholders' equity, has achieved R\$ 48 billion. Basically this big increase we had last year was caused by the merger between

Banco Itaú and Unibanco. This has not affected, in addition to everything we have already described, the equity of the parent company.

And I would like to mention also, as you can see on slide 34, that Itaúsa has kept its presence on the Dow Jones Sustainability Index. We have been very proud of being part of that index. This is our fifth year in a sequence and we have been only one of eight Brazilian companies that is present in that index.

We show in slide 35 that the liquidity of the share of Itaú has been increasing along the years, a record year in the year of 2008.

On page 36, we mention the value of the companies where Itaúsa has investments and some of the parts of our investment and the market value of Itaúsa still has a discount. This discount is decreasing year over year as you can see on page 37, from a point in time it was as high as 43%, when we started doing those conference calls and now it is 22%. We believe that it is still a high discount, no reason for that.

On page 38, we see the average appreciation of Itaúsa's share along the years, last year was a negative year, as all the market has been down these last 12 months and Itaúsa is no exception.

But when you look through the long periods, 10 years, five years, Itaúsa's performance has been very great, even when you include this last year. So Itaúsa's appreciation has been above 20% in the last 10 years. This is a clear commitment of Itaúsa to generation of value for the shareholders.

Now we finish this presentation and I would like to open for questions.

Q&A Session

Mr. Roberto Setubal (Itaúsa): Thank you for all of you that have been with us. We believe that this presentation has no news, especially because we have made the presentation of Itaú and Duratex upfront. So thank you for all of you.

Operator: That does conclude Itaúsa's 2008 earnings conference for today. Thank you very much for your participation and have a nice day.