

**INTERNATIONAL CONFERENCE CALL  
ITAÚSA – INVESTIMENTOS ITAÚ S.A.  
2011 Earnings  
March 5, 2012**

**Operator:** Ladies and gentlemen, thank you for standing by. This is Itaúsa's conference call to discuss the 2011 earnings.

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 and broadcast live on Itaúsa's investor relations website [www.itausa.com.br](http://www.itausa.com.br). A slide presentation is also available on the 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: **Henri Penchas**, for Itaúsa; **Mário Anseloni Neto**, for Itautec; **Reinaldo Rubbi**, for Elekeiroz; **Flávio Marassi Donatelli**, for Duratex; and **Alfredo Egydio Setubal**, for Itaú Unibanco Holding.

First Mr. Henri Penchas will comment on the 2011 earnings. Afterwards, management will be available for a question and answer session.

It is now my pleasure to turn the call over to Mr. Penchas. Please Sir you may now begin.

**Mr. Henri Penchas (Itaúsa):** Good morning. We are very glad to have this conference call about the year results of Itaúsa. Let us begin with the slide number 4.

On slide number 4, we can see that 93% of the liabilities of Itaúsa are own assets and only 7% are third party assets and from the debt more than 50% represents dividends payable to our shareholders.

If we move to slide number 5 we can see the very high liquidity of the company.

Slide 6, we can see, since 2007 that the dividends paid by Itaúsa are equal or a little bit greater than the dividends and interest on capital received from Itaú Unibanco.

Slide number 7, from total assets of R\$ 31.0 billion, R\$ 29.0 billion are composed of investments and controlled companies as we can see in slide number 8. The financial area represents 92.1% of the R\$ 29.0 billion with R\$ 26.7 billion and the industrial area 7.4% with R\$ 2.1 billion from Duratex, Elekeiroz and Itaotec and other sectors represents just 0.5%.

Slide number 9, we can see that net income of 2011 with a growth of 9.5% in relation to the net income of 2010.

The next page, slide number 10, we can see that the income from the financial area represents 96.4% of the equity result from Itaúsa and the industrial area 3.4%. In comparison with 2010 the financial area represented 96.7% and the industrial area 2.8%.

The performance of the main companies slide number 12, just the ownership structure of Itaúsa and the main companies.

Slide 13, is just showing the difference between the Brazilian Gaap and IFRS, that we are showing for the last time now. From first quarter of 2012 we will begin to present only IFRS. So here are the main differences. As you can see the stockholders' equity in the parent company was greater, from R\$ 26.2 billion in 12/31/2010 to R\$ 29.3 billion in 12/31/2011 and net income of the conglomerate was lower due to the non-consolidation under IFRS of Itaú Unibanco that was consolidated under the Brazilian Gaap.

Slide 14, is showing the main difference in the stockholders' equity and the net income between Brazilian Gaap and IFRS. As you can see the main difference is the non-consolidation or the disconsolidation of Itaú Unibanco.

Slide 15, just the reconciliation of the recurring net income. The main difference is the buyback shares of Itaú Unibanco, a representation of the effects of the buyback shares of Itaú Unibanco in Itaúsa.

And the last page, 16, the main numbers of Itaú, Duratex, Itaotec, Elekeiroz and Itaúsa and the growth of all the numbers in one year, from 2010 to 2011.

Now I will pass the word to my colleague Mário Anseloni that will speak of Itaotec.

**Mr. Mário Anseloni Neto (Itaotec):** Thank you Henri, good morning everyone. It is a pleasure to be here to talk a little bit about Itaotec.

Slide number 18, is an executive summary starting with the Brazilian market in 2011 that was particularly impacted by some external situations. The first one we saw a price erosion around 25% to 30% in the computer business, a result of a more intensive competition in the Brazilian market. We also saw a postponement of corporate investments due to some measurements taken by the Brazilian government that impacted particularly in the first half of the year the demand and the investments into segments; and some of the natural disasters that happened around the world impacting our supply chain,

specifically some components not only in our demand supply but also in our costs. Despite the market conditions, Itaútec was able to keep the revenue around R\$ 1.5 billion with the special highlight of the growth in our service business. We also could improve our profitability and could manage our working capital to end the year with more than R\$ 360 million in cash, with a negative net debt of R\$ 138 million as of December 2011.

If we moved to page 19, we see more details with improvement in all the lines with our net income almost multiplied by three compared to 2010.

Looking to page number 20, you can see more details about our business segments. Itaútec plays in three big business segments: banking and retail automation, personal and corporate computing and also technology services. Our banking and retail automation was impacted by the reduction in the ATMs, particularly commercialized by the company during 2011 (a reduction of around 31.5% compared to 2010) that has resulted in a net revenue of almost 20% below what we did in 2010. Our computer business although we could manage to expedite 21.3% for products than we did in 2010, as I mentioned the partial erosion impacted our ability to grow our net revenue and as a result we could manage to keep the same level of 2010. And in technology services we grew 14.5% of our revenue, combined a reduction of 2% compared to 2010.

Moving to page 21, we see an evolution of our investment capacity, particularly our position in cash, our gross debt and our net debt in a very unique position that Itaútec has today that could also help us in the future to expand our operations.

The company keeps to be recognized by the portfolio and the management practices in the market, as well with the investments we do in social and environmental responsibility as you can see on page 22.

Finalizing, the company has been through, during the past two years, a very intense process trying to fortalize its operational and financial capability and we can see after 2011 that the company is much better prepared not only to compete but also to win in every single segment that we play.

So I finished my presentation about Itaútec and pass the words to Mr. Reinaldo Rubi who will speak about Elekeiroz.

**Mr. Reinaldo Rubbi (Elekeiroz):** Thank you very much Mário, good morning for everyone who are attending this conference call.

I am going to talk about Elekeiroz, a summary of our numbers and the summary of the market we are in. We are talking about in the first slide, number 25, about the equilibrium of the Brazilian chemical industry as it grows 9.7% in the internal consumption; but the local production declined 3.8%. This means that the imports were responsible for the supply of 34.1% of the consumption. All the growth in 2011 market was obtained by the imports. The

main reason for that is the undesirable tax incentives that some state governments provide to those who import through some ports in order to further realize or materialize some investments there. This chemical trade balance deficit that is reached US\$ 26.5 billion should be looked as an opportunity to new and local investments.

Talking about Elekeiroz, in 2011 we had several unexpected events that justified the poor results that we are going to see. In February we had an electricity blackout at Camaçari in Bahia and the effect of this blackout remained in force up to April, mid April, with our local supplier of raw material being unable of supplying us with the quantities and specification of the raw materials that we required. We had also another unexpected event, which was the financial problem with one of the contractors for alcohol maintenance in Camaçari. This guy had some financial problems and this caused a delay of 40 days for the plants to recover full production.

All those scenarios promoted a very big damage on the results of Elekeiroz, but it was still positive. It was R\$ 15 million of net income as you can see on 27 page. The financial structure steels very strong, we have only 14% of financial institutions/shareholders' equity.

On page 28, would have the comparison between the Brazilian Gaap and IFRS.

In 2011 we would like to point out some points of our operation that are positive: the expansion of 70% of the 2-Ethyl Hexanoic Acid capacity, from 10,000 to 17,000 t / year, which is a specialty of the chemical sector, and this plant's start up was in late December. We also launched two lines of products of a renewable source. One of them is a non-phthalate plasticizer that was launched in late 2011 that we call Plastek 81; the other one is a Biopoli family of UPR resins that were launched in late 2010 and that today's responsible for 30% of resins sales. We also would like to point out our expansion on Oxo Gas that brings the self-sufficiency for us in this raw material for alcohols.

Well, our competitive advantages are that we are in South America the only integrated producer of oxo-alcohols, anhydrides and plasticizers, which is very interesting; we are also the only producer of 2-ethylhexanol, n-butanol, isobutanol and 2-ethyl hexanoic acid; we have leadership in the Brazilian market of 2-ethyl hexanoic acid (we have a market share of 84% before the expansions we just finished) and in plasticizers and anhydrides we have a market share of 50%. The distribution of our sales is on civil construction with a 30%; automotive sector 14% and clothing and apparel with 14%. We have two production sites: one is in Camaçari in South America's largest petrochemical complex and the second one is that Várzea Paulista next to the nation's largest consumer market.

With this slide I finished my presentation and I will pass the word to Mr. Flávio Donatelli who is the Investor Relations Director of Duratex.

**Mr. Flávio Marassi Donatelli (Duratex):** Thank you Rubbi.

I will start at slide 32. Remember that in 2011 Duratex celebrated 60 years of existence and Duratex celebrated in supporting two big events: the season of 12 concerts in all cities that Duratex has units; and a cultural project to incentive young artists called RINO MANIA, where 75 sculptures were exhibited in those 12 cities including São Paulo. During 2011 Duratex received several recognitions and awards, highlighting the second place as the best company to shareholders given by Capital Aberto magazine in the category of companies with market value between R\$ 5 billion to R\$ 15 billion.

On slide 33, we can see the reconciliation of total assets and equity and you can see that with the adoption of IFRS. Duratex had a R\$ 6,8 billion increase of 20% in total assets and 30% in total equities when compared with the value before the adoption of IFRS, due to mainly the business combination, which was the adjustments due the operation of association between Duratex and Satipel and biological assets, where the forests are valued with the price of the wood in the market.

On page 34, the 2011 net revenue grew around 8% when compared with 2010 and 54% when compared with 2009. Regarding EBITDA we had a reduction when compared with 2010 which we will analyze in the next slides. In 2011 the recurrence net income was affected by non-cash events when compared with 2010. The main impact was at the biological assets due to the increase of the wood price in 2010 that remained stable in 2011 and the increase in depreciation and amortization due to the entrance of new capacities in ceramics, metal fittings and wood.

On slide 35, you can see the performance of both Deca and Wood. Deca is the division responsible for the manufacturing of metal fittings and vitreous china. In Deca shipments reached a record of 25 million pieces in 2011, a huge increase of 18% over 2010 due to the very good momentum of the construction sector in Brazil and due to the addition of capacity both approved the purchase of Cerâmica Elisabeth, a company located in the Northeast, and increase in capacity in the units of São Paulo and Recife. Thus net revenue grew 20% in 2011 and EBITDA remained stable. The Wood Division is the division responsible for the manufacture of wood panels of MDF and particular boards mainly from pine and eucalyptus. After a significant increase in 2010 when compared with 2009, in 2011 we faced a stable market due to mainly the macro prudential economic measures taken by the government at the end of 2010 that affected the credit market, mainly the consumption of furniture. We had growth in revenue but EBITDA was impacted by the cost increase above inflation, especially the increase on resin costs.

On slide 36, regarding indebtedness we are keeping our debt under control. Our leverage in 4Q11 is very conservative with net debt/EBITDA index at 1.4x and net debt/equity at 32%.

On slide 37, you can see that the fundamentals of the Brazilian economy are still strong as the scenario is positive with a low unemployment rate, a

decrease of interest rates and a good perspective for GDP expansion. All these fundamentals reinforce our decision to increase capacity as you can see in the next slide.

Slide 38, after R\$ 636 million Capex investment in 2011 we are forecasting R\$ 650 million of Capex for 2012 to increase capacity in all our divisions once we believe that the sectors we act, will have sustainable growth over GDP for the next years.

I will call now my colleague Alfredo Setubal to talk about Itaú Unibanco Holding.

**Mr. Alfredo Egydio Setubal (Itaú Unibanco):** Thank you Flávio, good morning.

Starting on page 40, with the highlights of Itaú Unibanco. It is important to notice that we are showing here numbers in IFRS that is a little different from the numbers that the bank released in the Brazilian Gaap. But Itaúsa is showing all the numbers under IFRS. So, total assets of the bank finished 2011 with R\$ 818.1 billion with the growth of 12.5%; our managerial financial margin reached R\$ 50.7 billion with the growth of 11.7%; the banking services fees an increase of 12.4% achieving R\$ 24.8 billion; the loan losses and retained claims achieved R\$ 16.1 billion with an increase of R\$ 24.2 billion mainly concentrated in small business, small companies business especially in the first semester of last year. Good news related to general and administrative expenses that the growth was 7.9% achieving R\$ 35.2 billion; stockholders' equity R\$ 73.9 billion with the growth of 12.2% and so with all this combined a recurring net income of R\$ 13.8 billion with an increase of 7.2% and net income R\$ 13.8 billion with an increase of 18.2%. It is important to notice this that we finished 2011 the integration of all the business related to the merger between Itaú and Unibanco and last year the final phase was to stop the legacy systems that were still in use in the Unibanco platform.

Going to page 41, we see our loan portfolio. The total loan portfolio was R\$ 397 billion and we continue to have more credits related to companies, large small and midsized companies, which totaled R\$ 228.7 billion and for individuals R\$ 148.4 billion. I think in terms of individuals what is very important is that mortgages continue to grow in a very good pace and we expect this year to be the same.

On page 42, we can see the NPL ratio for 90 days delay. As is said during the year we were expecting some increase in our numbers and finished in 4.9% that was in the guidance that we provided in 3Q results, so we finished with an increase compared to the 4.5% in June, under 5% that was the guidance that we gave.

On page 43, we can see our efficiency ratio that continues to improve. We continue to have the goal to achieve 41% in the next year and we are continuing this trend. As I said expenses were very good and we are very confident that we are going to achieve that next year.

On slide 44, we can see our expectations for 2012: we expect credit growth between 14% to 17% and this will maintain our market share related to the private sector, for the private banks; we expect stable NPL levels for the year - we expect the first semester to increase when we compare to 4.9% that I already showed, but we expect due to the better economic environment that we expect in the second semester that this level will return closed 4.9% that we showed last year. In terms of service fees and tariffs and insurance we expect the growth of 10% to 12%; non-interest expenses we expect to continue to show good numbers closely related to the inflation levels and our guidance for the beginning of this year is 4% to 8% increase in non-interest expenses; and with all this in terms of revenues and related to our expenses, we expect our efficiency ratio to improve something between 200 and 300 basis points during this year.

With this I pass the word again to Mr. Penchas to finish the presentation.

**Mr. Henri Penchas (Itaúsa):** Just to finish the presentation of Itaúsa I will speak little bit about Itaúsa in the stock market. Slide 46, we are very proud of being selected for the eighth time to compose the Dow Jones Sustainability World Index and for the fifth time to compose the ISE in Brazil (it is a corporate sustainability Index or market).

Slide 47 and slide 48 are just showing the daily average financial volume and the performance of Itaúsa's preferred shares.

Slide 49, is showing the huge reduction in the discount in the price of Itaúsa. As of December 29, 2011 we reached a discount of just 15.93%.

You can see on slide 50 how the decrease was moved along the years from December 2006 to December 2011.

And the last slide just showing the evolution of R\$ 100 invested in Itaúsa in comparison with our stock market Ibovespa and with our CDI. In 10 years Itaúsa beat Ibovespa and the CDI; in five years also; adjusting in 12 months we beat Ibovespa but the CDI was higher than our position.

That is all. From now on I and my colleagues are just waiting the questions you may have. Please ask us.

## Q&A Session

**Mr. Henri Penchas (Itaúsa):** Thank you for hearing this presentation and I want to say that I and my colleagues are open to the questions by phone and by internet if and when you have them. Thank you.

**Operator:** Thank you. That does conclude Itaúsa's 2011 earnings conference for today. Thank you very much for your participation and have a good day.

---