Ultrapar Participações S.A.

Earnings conference call

Comments on the company's 4Q17 and 2017 performance and outlook

02.22.2018

Considerations

Forward-looking statements

- ✓ This document may include "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as "anticipate," "believe," "expect," "estimate," "plan," "outlook," "project" and other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. Investors are cautioned that such forward-looking statements with respect to revenues, earnings, performance, strategies, prospects and other aspects of the business of Ultrapar Participações S.A. ("Ultrapar") are based on current expectations that are subject to risks and uncertainties that could cause actual results or outcomes to differ materially from those indicated by such forward-looking statements. Ultrapar is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise. For this reason, readers should not place undue emphasis on these forward-looking statements.

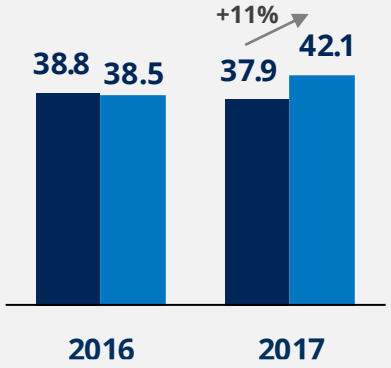
Standards and criteria adopted in preparing the information

- ✓ The financial information presented in this document has been prepared according to International Financial Reporting Standards (IFRS). The financial information of Ultrapar corresponds to the company's consolidated information. The financial information of Ipiranga, Oxiteno, Ultragaz, Ultracargo and Extrafarma is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated financial information of Ultrapar. In addition, the financial and operational information presented in this document is subject to rounding off and, consequently, the total amounts presented in the tables and charts may differ from the direct sum of the amounts that precede them.
- ✓ EBITDA — Earnings Before Interest, Taxes, Depreciation and Amortization, and EBIT— Earnings Before Interest and Taxes, are presented in accordance with CVM Instruction No. 527, issued by CVM on October 4, 2012.

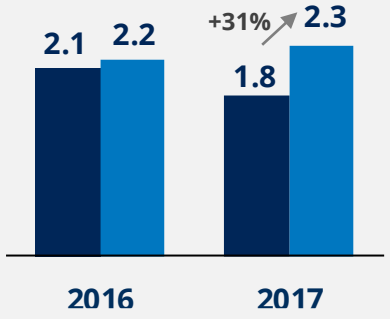
Ultrapar – 4Q17 and 2017

Expectations confirmed with better performance in the second half of 2017

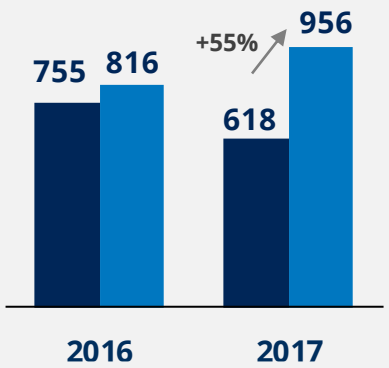
Net revenue
(R$ billion)
+3% YoY



EBITDA
(R$ billon)
-4% YoY



Net income
(R$ millon)
0% YoY



1H 2H

- ✓ **17% ROE**
- ✓ **R$ 2.90 EPS**
- ✓ **Dividends**: **R$ 951 million**, **5% growth** over 2016
- ✓ **60% Payout ratio**
- ✓ **2.4% Dividend yield**
- ✓ **EBITDA 2017** excluding isolated effects stable YoY

Strengthening and preparation of Ultra for a new growth cycle

Solid financial position and discipline in capital allocation:

- ✓ R$ 2.3 billion invested in 2017 and **R$ 2.7 billion organic investment plan** for **2018**
- ✓ **Net debt/EBITDA** of **1.78x** as of December 31, 2017

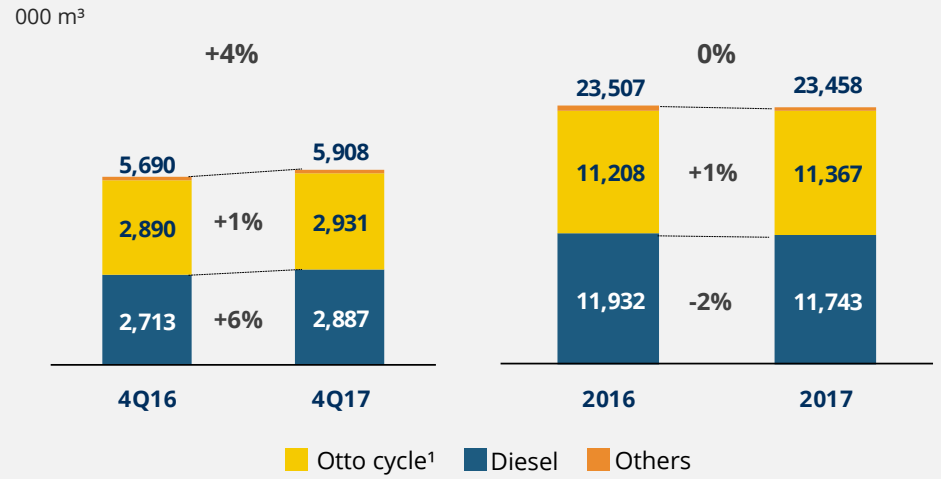
Opportunities:

Organic: ongoing expansion of Ipiranga, Ultragaz and Extrafarma's networks, investments in Oxiteno's alkoxylation plant in the US, expansion of Ultracargo's terminals located at Itaqui and Suape ports

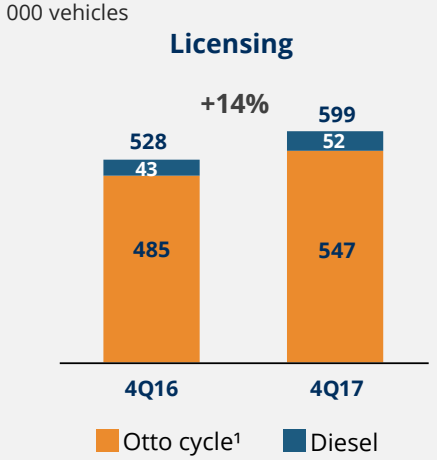
Inorganic: acquisition of Liquigás under CADE's analysis and the new lubricants business with Chevron

Ipiranga – 4Q17 and 2017 performance

4Q17 sales volume reinforces growth trend



¹ Gasoline, ethanol and NGV

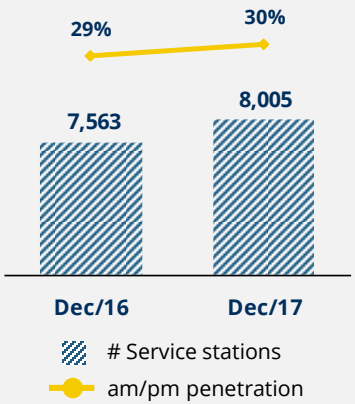


Source: Anfavea

4Q17

- ✓ **Otto cycle:** growth supported by accelerated network expansion, increase in vehicles licensing and better income and employment indicators
- ✓ **Diesel:** economic recovery

Accelerated network expansion: + 6% YoY



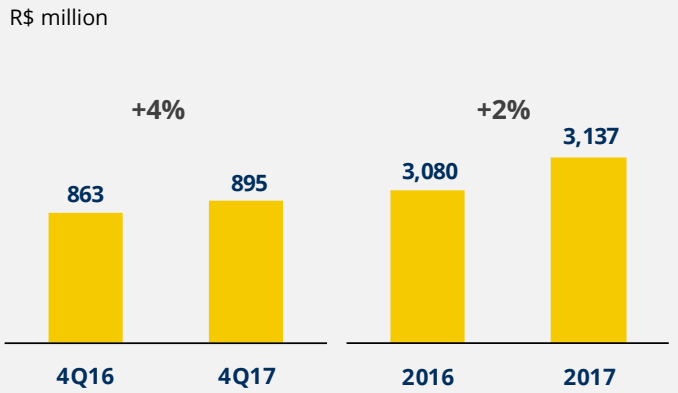
Expansion and strengthening of the network in 2017

Gross additions: 592 stations in **2017**

- ✓ **442** service stations added (191 QoQ)
- ✓ **250** new am/pm stores (113 QoQ)
- ✓ **141** new Jet Oil outlets (54 QoQ)
- ✓ **179** new bakeries (91 QoQ)
- ✓ **116** new beer caves (63 QoQ)

"Ask at the Ipiranga service station"

EBITDA – 4Q17



4Q17

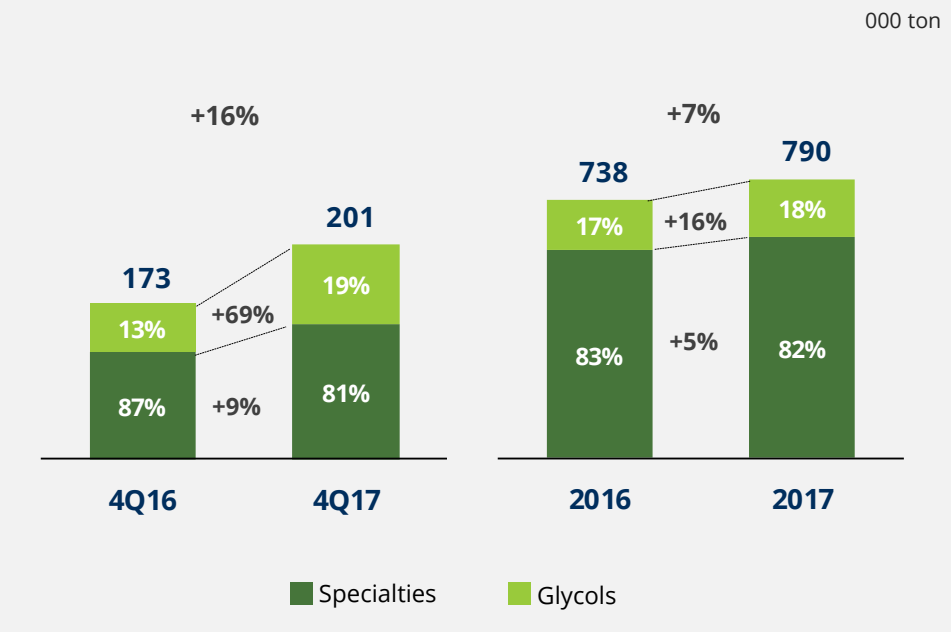
↑ **Higher sales volume**

↑ Strategy based on **continuous innovation** and **convenience** at service stations

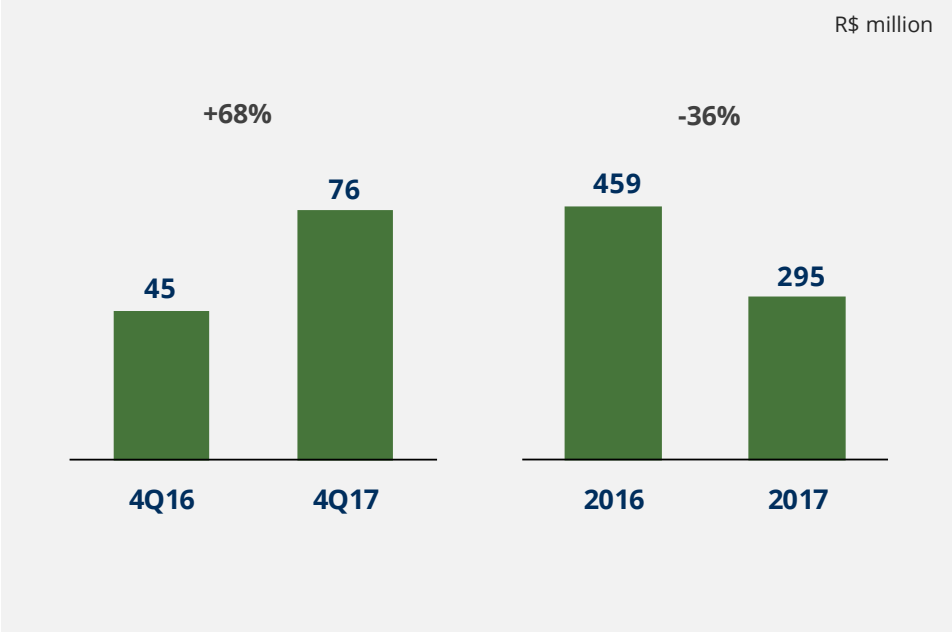
↓ Maintenance of a premium in local prices vs. import parity in October and November

Oxiteno – 4Q17 and 2017 performance

Volume



EBITDA



Volume – 4Q17

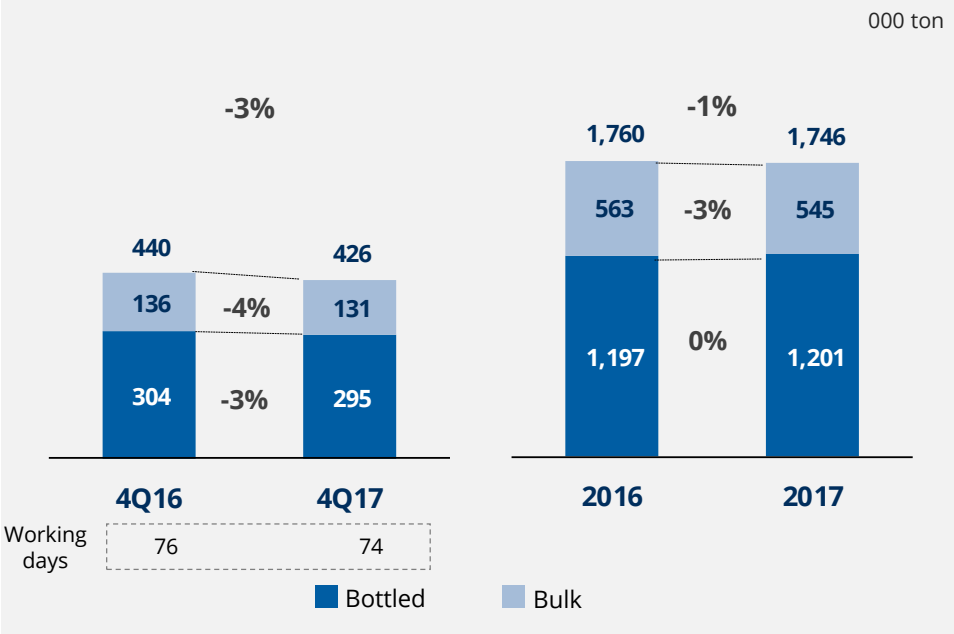
- ✓ **Specialties**:
  - ✓ Agrochemicals and Oil&Gas segments outperformed
  - ✓ Pre-marketing of Pasadena new alkoxylation plant
- ✓ **Glycols:** scheduled stoppage of Camaçari plant in 4Q16 and volatility in product prices and demand in 4Q17

EBITDA – 4Q17

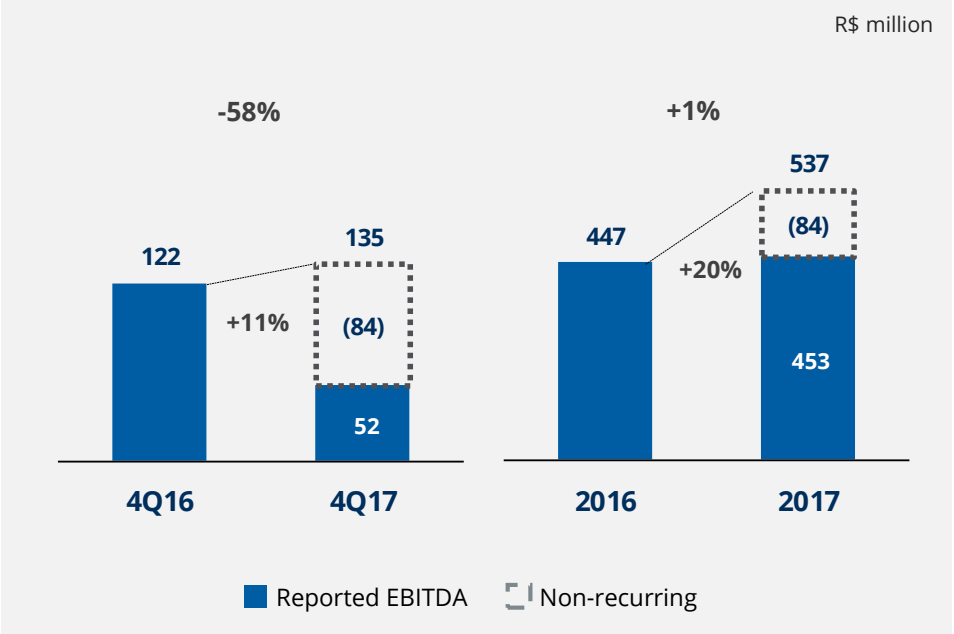
- ↑ **Higher sales volume**
- ↓ **1% stronger Real** (R$ 0.05/US$)
- ↓ Pre-operating **costs and expenses** in the USA

Ultragaz – 4Q17 and 2017 performance

Volume



EBITDA



Volume – 4Q17

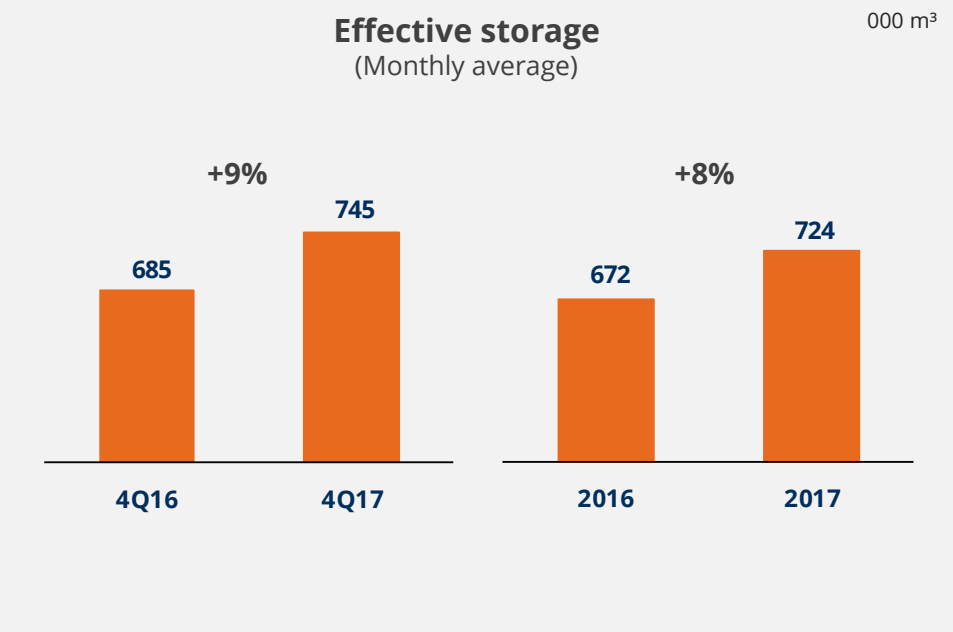
- ✓ **Bottled:** operating environment influenced increased volatility in LPG prices
- ✓ **Bulk:** increased sales volume to industrial clients, programmed reduction of a large customer consumption and migration of some clients to natural gas
- ✓ Fewer **working days**

EBITDA – 4Q17

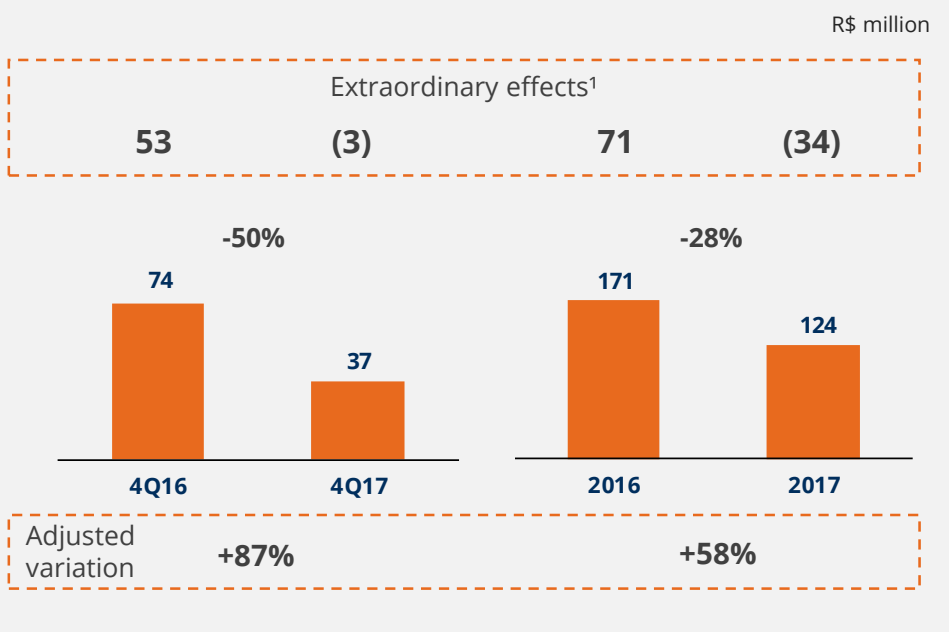
- ✓ **Differentiation strategy** based on **innovation**
- ✓ **Lower volume** softened by **commercial initiatives**
- ✓ Management of **costs and expenses** with reduction in freight expenses
- ✓ Cease and Desist Agreement ("TCC") signed with Brazil antitrust authority in November 2017 – **R$ 84 million**

Ultracargo – 4Q17 and 2017 performance

Volume



EBITDA



Volume – 4Q17

- ✓ Increased fuels **handling** in the ports of Santos, Itaqui and Aratu
- ✓ Growth in **ethanol** handling in **Aratu**
- ✓ **95% capacity utilization**

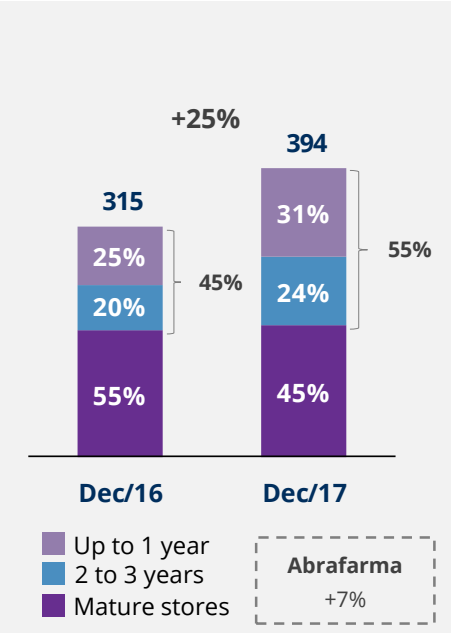
EBITDA – 4Q17

- ↑ **Growth in average storage**
- ↑ **Partial resumption** of **Santos** terminal
- ↑ **Increased productivity**
- ↓ **Residual effects from the fire at Santos**

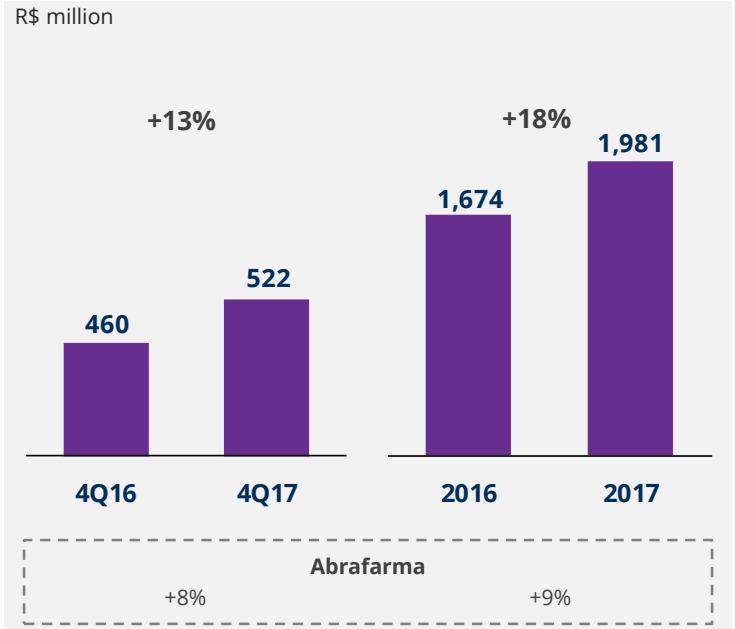
¹ Mainly residual effects related to the fire

Extrafarma – 4Q17 and 2017 performance

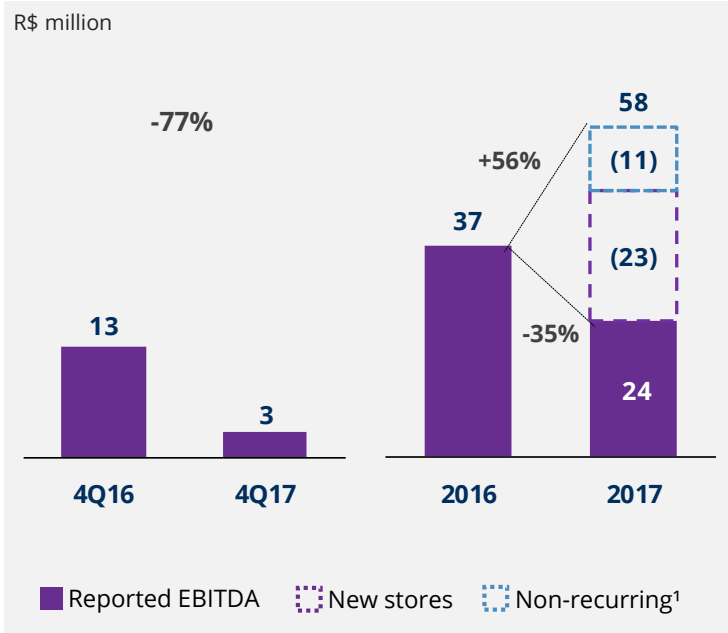
Number of stores



Gross revenue



EBITDA



Gross revenue – 4Q17

- ↑ **15%** revenue **growth** in the **retail segment**
  - ✓ Increased number of stores:
    - ✓ 100 openings YoY
    - ✓ 36 openings QoQ
- ↓ **Strong comparison basis** with 4Q16 (retail +32%)
- ↓ Smaller **market** growth
- ↓ Higher **promotional activity** – new states

EBITDA – 4Q17

- ↓ **Smaller growth in revenues**
- ↓ **Increased share** of still **maturing stores**:
  4Q17: 55% up to 3 years (45% in 4Q16)
- ↓ Concentration of **losses** in the quarter
- ↑ Initiatives to **improve management standards in retail pharmacy**

¹ Transfer of the distribution center and indemnities: R$ 11 million

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