Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to Ultrapar's 1Q15 results conference call. There is also a simultaneous webcast that may be accessed through Ultrapar's website at www.ultra.com.br/ri; please feel free to flip through the slides during the conference call.

Today with us we have Mr. André Covre, Chief Financial and Investor Relations Officer, together with other executives of Ultrapar.

We would like to inform you that this event is being recorded and all participants will be in listen-only mode during the Company's presentation. After Ultrapar's remarks are completed, there will be a question and answer session. At that time further instructions will be given.

Should any participant need assistance during this call, please press *0 to reach an operator. We remind you that questions, which will be answered during the Q&A session, may be posted in advance in the webcast. A replay of this call will be available for one week.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities litigation reform act of 1996. Forward-looking statements are based on the beliefs and assumptions of Ultrapar management, and on information currently available to the Company. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Ultrapar and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I will turn the conference over to Mr. Covre, who will present Ultrapar's results in the quarter and discuss about perspectives. Mr. Covre, you may now begin the conference.

André Covre:

Good afternoon to everyone. It is a great pleasure to be here with you today. We will discuss Ultrapar's performance in the 1Q and talk about the near-term perspective. I have here with me to help answering the questions directors from our business units and the investor relations team.

Starting on slide three, with our consolidated performance, we start the year with another quarter of earnings growth with a tough economic environment in Brazil. We had a strong growth of 41% in EBITDA, boosted by some one-off effects in Ipiranga. Clearing these effects, consolidated EBITDA totaled R$855 million, up 22% over the 1Q14. Net earnings totaled R$387 million, up 55% over the 1Q14.

These results show once again the resilience of our businesses, the characteristics that allow us to manage the Company, to grow even in a weak economy with high and soaring levels of inflation and interest rates, as shown on the right-hand side chart.

In addition to the known resilience of the Otto cycle in Ipiranga, of the bottled LPG in Ultragaz, of the liquid storage in Ultracargo and of Extrafarma as a whole, the exchange rate is an important part of this resilience dynamics at Oxiteno, which have dollarized margins. Therefore, under weaker economic conditions in Oxiteno's volume generally weaker as well, the BRL devaluation benefitted the Company's results, and in this 1Q, the BRL devaluation was about 20%.

In addition to the resilience, we have made significant investments in the Company, which exceeded R$2 billion since early 2014 and benefited the results.

In Ipiranga and Ultragaz we expanded the geographical footprint of the networks, thus increasing quality to resellers and differentiation to clients. At Oxiteno we strengthened the focus on specialty chemicals with greater differentiation and scale. At Ultracargo we expanded our storage capacity, we expanded terminals and wider geographical coverage in higher-demand growth areas.

In February 2014 we added Extrafarma to Ultra. The increased operating scale and differentiation allowed us to improve the sales mix and strengthen the operation efficiency of our businesses.

On slide four we comment on the performance of the businesses, starting with Ipiranga. As seen in prior periods, the growth in volume continued to be boosted by the increase in the light-vehicle fleet, which positively influences light-vehicle fleet fuel sales, known as Otto cycle.

You can see on the top left chart that the Brazilian vehicle fleet is estimated to grow in 2015 by 4% compared to the end of 2014, or 5% in the yearly average. For the purposes of this simulation, we assume a 13% drop in car sales for the year, as estimated by the automotive industry association, ANFAVEA.

From our side, we continue to expand Ipiranga's service station network. We have been doing this through significant investments in new service stations and converting unbranded ones, with a focus on the Midwest, Northeast and North regions in Brazil, which are above-average-growing regions, mainly due to the lower vehicle penetration. We closed the 1Q of the year with 7,044 stations, up 3% over the end of March 2014. In the Northern region, the service station grew 8.5%.

These investments have allowed the Company to grow and obtain an improved sales mix, with an increase in share of sales per service station, also known as the resellers segment, as shown in the graph on the top right.

And it is in the resellers segment where we find the largest potential for our strategy of differentiation through constant innovation in services and convenience, helping to increase the traffic flow of the service stations, customer satisfaction and loyalty.

With this strategy customer have higher value-added products and services and resellers are provided an additional source of revenue and differentiating positioning, therefore maximizing the profitability of the chain as a whole, including Ipiranga.

This philosophy of convenience and services has become well-known in Brazil through some marketing campaigns. The most famous ones are "Ask at the Ipiranga Service Station" and "Ipiranga — A Complete Place Waiting for You," both summarize the value proposition of Ipiranga for clients and resellers.

With such elements, volume in the 1Q was up 1% with a 5% increase in the Otto Cycle, partially offset by a 3% drop in Diesel, affected by the deceleration of the economy. EBITDA with no extraordinary effects totaled R$583 million, up 17% over the 1Q14, following the same trend as in recent quarters. Including the extraordinary effect, caused mainly by fuel imports and inventory gains, EBITDA reached R$715 million.

Looking now to the current quarter, to talk about our potential, I would like first to remind you that these are not specific projections, but rather, trends, levels and orders of magnitude of earnings progression.

For Ipiranga, the trends and economic conditions that influenced the last few quarters have not changed and are still present in the 2Q, therefore, our expectations for this quarter is of an evolution both in terms of volume and EBITDA, similar to the last few quarters, excluding the reported extraordinary effects of this quarter.

Now, moving to Oxiteno, sales volume of specialty chemicals in the domestic market fell by 3%, mainly influenced by the slowdown of the economy. In exports, the volumes of specialty chemicals was down 11% in the 1Q due to lower sales in Argentina and the decision to discontinue a product line sold in the leather market.

Total glycol sales were down 25% — a significant percent change, which, however, is not unusual in the case of this product, due to its commodity nature. In this particular quarter, the drop was mainly a result of the scheduled stoppage in March of the Camaçari plant. Normal operation has already been resumed.

With these three elements, total volume fell 8% between 1Qs. However, they presented an improved sales mix, specialty chemicals accounting for 89% in total, 3 p.p. above that of the 1Q14.

Despite the volume drop, a weaker BRL in the quarter contributed to a very positive earnings progression. Added to that, we saw a reduction in raw material prices in the last two months, mainly ethylene. EBITDA reached R$145 million, up 33%. EBITDA margins reached US$288 per ton, influenced by the EBITDA growth and the improved sales mix.

For the current quarter, we expect the earnings progression to be much stronger than the one shown between 1Qs for four reason: first, with regards to volumes, due to the weak economy, we expect to see a drop in the year-over-year comparison, but that should be significant smaller than the one presented between the 1Qs due to the resumption of operations at the Camaçari plant; secondly, the exchange rate at the moment is not more favorable than the average in the 1Q — with a greater exchange rate difference compared to the 2Q14, when the BRL appreciated; the third reason, in the 2Q14, EBITDA decreased by 8% compared to the previous year, therefore, making it a relatively weak comparison base; and, finally, in the 1Q15, we have a one-off loss of a foreign customer, which we do not expect to happen again.

Moving to Ultragaz, in the 1Q15 the sales volume grew 3%, in the bottled segment, which has very resilient volumes in moments of crisis, we implemented certain promotional initiatives to new resellers and leveraged faster growth in the North and Northeast regions, which lead to a 4% increase in this segment.

The bulk segment grew 1% as a result of investments to capture new customers in the segments of residential condominiums and small- and medium-sized businesses, which are the focus of our strategy. Such growth in the bulk segment was especially offset by the lower demand of large customers, which has been influenced by the weaker economy.

Ultragaz' EBITDA amounted to R$72 million, up 19% over the 1Q14. This increase results mainly from the increase in the volume and the commercial initiatives of differentiation and management of channels.

For the current quarter, the trends of the last quarter remain, but specifically with regards to EBITDA, a smaller growth is expected due to a concentration of marketing initiatives scheduled for the 2Q. During this week in Brazil, we will launch a new communication campaign for Ultragaz — a new brand signature will strengthen the partnership and support Ultragaz to "Brazilians who want to do more".

Continuing on Ultracargo, on slide seven, in the 1Q, Ultracargo presented an average storage 5% higher than that of the 1Q14. This growth was mainly due to the higher handling of fuels as a result of increased local demand, a few imports from distributors and increased demand for fuel oil for thermal power plants.

Investments made in recent years, with the acquisition of the Itaqui terminal and expansions in Suape and Aratu allowed Ultracargo to reposition and to capture this growing demand of fuels.

The chemical segment, in turn, partially offset such growth, as a result of the lower demand influenced by the macroeconomic conditions. In view of all of this, EBITDA grew 15% compared to the same quarter last year, reaching R$48 million.

Before talking about our expectations for Ultracargo in the current quarter, I would like to provide you with some information about the fire incident that took place in our Santos terminal.

Starting on the left side of the slide, on April 2, part of the Santos terminal operated by Ultracargo affected by the fire, which lasted nine days and affected six tanks of gasoline and ethanol. Such tanks had a total capacity of 34 thousand m³, which represent 4% of Ultracargo's total capacity and 10% of Ultracargo's capacity in Santos. In the image at the bottom of the slide we highlight the tanks that were affected in the red line.

Due to the incident, Ultracargo's activities in Santos remain suspended for almost the whole month of April. Activities were resumed at the end of April, in an area not contiguous to the affected ones. However, the remain part remains interrupted, which corresponds to the capacity of 185 thousand m³, which is equivalent to 55% of Ultracargo's capacity in Santos, or 23% of Ultracargo's overall capacity. In 2014, the Santos terminal contributed R$69 million to Ultracargo's EBITDA.

On the right part we give you some colors on the resources deployed in the firefighting and the management of the incident, leading to an unprecedented mobilization. At the time of the accident we had 98 people and 10 trucks at the terminal, which were immediately ordered to leave the site — a procedure that was successfully accomplished and, because of that, there were no casualties or injuries.

The contingency action plan of the terminal surrounding areas was immediately triggered, and Ultracargo's executive board transferred itself to the terminal. The Company mobilized about 200 employees from the fire brigade on a 24-hour regime to join the local authorities and the firefighting department in assisting the firefighting. Seven tugboats pumped billions of liters of seawater into the firefighting trucks.

During the nine days, the Company used all supplies of liquid foam generator available in Brazil and also imported the product. About 500 thousand liters of the product were used.

During the incident, Ultracargo also maintained an open and continuous communication channel. 19 statements were issued and the Company had 870 interactions with the press over the period — an average of almost 100 per day. In other words, the Company spared no efforts, which were significant.

With all of this, coming back to the expectations for the quarter, our estimates is that the fire incident will have an economic impact in Ultracargo equivalent to half of last years' EBITDA, with the expenses and costs concentrated in the 2Q and the recoveries from insurance obtained over the 2H.

Not, on slide nine, with Extrafarma, first, let me remind you of the recent Extrafarma acquisition in January 31 and it was consolidated on February 1st, and as a consequence, some comparison with EBITDA are boosted by the effect of an additional month in 2015, which we have tried to place on a comparison basis on this slide.

We will finish March with 226 stores — 13% higher than the 20 stores on March 2014; a growth that is above the 9% market growth according to the large drugstore chain association, ABRAFARMA.

On a comparable basis, only considering the months of February and March, revenues increased by 19%, 9 p.p. above the average growth of the domestic market measured by Extrafarma.

The growth was due to the increase in the sales of drugstores with more than 12 months, so called same-store sales, and the increase in the number of stores.

Extrafarma's EBITDA totaled R$5 million in the quarter, almost half of the 1Q14. Such reduction is mainly due to the added expenses for structuring the Company for a more accelerated growth, including the new distribution center. Such expenses will generate benefits over time, as the Company accelerates its growth. We also have increases above inflation in personnel and in electricity.

In the current quarter, our expectation is of an evolution more positive than the one we had between the 1Qs. It is a result similar to the one we had in the 2Q last year, as a consequence of the significant revenue growth, already contemplating the added expenses for supporting accelerated growth of the Company.

The last slide highlights our priorities and long term outlook, which have not changed and you are probably aware of that. At Ipiranga, we will continue to invest in the expansions of network and our added services with focus on the Northern regions of Brazil, the fastest growing region.

Investments also include the expansion of the logistic infrastructure to meet the current demand for fuels in Brazil. From the market standpoint, we continue to move forward in our strategy of differentiation, increasing the offer of products, services and convenience, which helps to increase traffic flow of the service station, customer loyalty and satisfaction.

At Oxiteno, we will continue to focus on innovation to proximity in customers and development of new products and applications. The Company will continue capturing the benefit of the investments made in the expansion of specialty production capacity in Brazil, now in a more favorable exchange environment.

At Ultragaz, we are investing to capture customers, focusing on the residential and small and medium private businesses, where we have increasingly more differentiated composition and the great potential to add value. We will continue our permanent focus on management of costs and expenses.

At Ultracargo, as I already mentioned, we are currently analyzing, clarifying and managing the impacts resulting from the recent incident in Santos. At the same time, we will continue to work on starting our expansion in the Itaqui terminal.

Finally, at Extrafarma, the focus is on the acceleration of the opening of new stores, as anticipated on the last conference calls. We expect to reach a pace of about 25 stores openings per quarter, which we estimate to occur in the 2H.

With this I conclude what we have prepared for today. Thank you for your attention and we will be taking questions you may have.

Frank McGann, Bank of America Merrill Lynch:

Hi. Good afternoon. I have a couple of questions. One is in terms of seasonality. You have started the year very strongly and with some one-offs in the quarter, I am wondering how you are thinking about the normal strengthening as you go through the year versus the 1Q.

Secondly, in terms of the insurance recovery for the fire, do you expect that will largely compensate for most of what you estimate to be one half of last year's EBITDA, in terms of the costs of that?

André Covre:

Thank you for the questions, Frank, and the presence.

The estimate that I gave of an impact equivalent to half of last year's EBITDA, it is already considering insurance recovery, so that is the maximum effect. As I mentioned, we expect most of the expenses to be concentrated on the 2Q, that is when the fire took place and that is when we made most of the expenses. Most of the recovery is on the 2H of the year.

In terms of seasonality, our strongest quarter in average tends to be the 3Q. The 1Q is an average quarter, generally. We have had a number of one-off events in the quarter, which if we put aside, lead to a 22% growth in EBITDA for the consolidated Ultra.

As I mentioned, the trends on the various business remain present with an acceleration in the case of Oxiteno and, therefore, expectation that we have an even stronger evolution of Oxiteno on the 2Q. Without a doubt, we obviously have a negative one-off effect in Ultracargo this quarter.

Isolating the one-off effects for the 1Q and in the 2Q, I think we are overall in a similar trend.

Frank McGann:

OK. If I can follow-up with one question concerning Extrafarma. If you analyze the 1Q, you would come up with something well below what you reported for the full year last year. I am just wondering how you are seeing the development in terms of earnings in Extrafarma?

André Covre:

There is a great of seasonality in store openings. We can see that even in our previous business, as in the case of Ipiranga. There is not that many new gas stations that are included in the network beyond the 1Q and, without a doubt, a lot of that happens in the last quarter of the year.

The pharma retail is no different. The industry reported a significant store opening in the end of the year and very small store openings in comparison with the 1Q. This is a characteristic of the market. We expect a bigger number of store openings announced on the 2Q and sometime during the 2H of the year we expect to reach 25 store openings per quarter.

We are moving on the plan that we have made. It is not worse or better than we have projected.

Frank McGann:

OK, thank you very much.

André Sobreira, Credit Suisse:

Hi. Good afternoon, everyone. Two questions, please, if I may, André. One is on volumes of the Otto cycle. You already made some comments on the guidance, but I was just wondering how you are seeing the more recent data points. You started strong, but then in February and March a little bit weaker. It is hard to look month a month, but I just wondered how you were seeing the trend in volumes.

The second question, related to that, is how do you see Ipiranga will fare in a lower growth environment? Do you think you will still not see price hikes from Petrobras, assuming prices stay where they are? How are you seeing your pricing power and how are you seeing your ability to cut or to keep G&A in Ipiranga relatively flat? Please, thank you.

André Covre:

I am not a big fan of monthly volumes; I do not think they are a good indication of trends. Overall monthly volumes in January grew 6%, then 8% in February, then grew

6% in March. Monthly volumes are full of noise with nothing else to cover the number of working days in this quarter; it is amplified because there was a significant pre-notice of cost increases, and there is probably a movement of volumes from February to January.

So the best view I can give you on volume is one that you know very well, our Diesel follows GDP on the long run. And if you follow the start of the fleet on the long run, you might see variations on a quarterly basis, but the correlation is pretty strong.

In terms of a lower growth environment, we have actually have had a decline in the sales os Diesel for now on these three quarters, and that has not changed the dynamics in the market, which is focused on creating more value to the customer.

Our proposition is the one on after on the Ipiranga gas stations. Our competitors use their own tools, but together we are competing on who has got the best gas station that can serve the best customers and that trend seems to continue.

Andre Sobreira:

OK. And any efforts to cut G&A at Ipiranga? Are you happy with the trends?

André Covre:

Reduction in costs is obviously on constant attention. Having said that, Ipiranga has been for a long time now a Company whose volumes have grown significantly and, whenever you are in a great path, we consider a rather difficult, if not dangerous, to do in a Company that is growing fast with an extremely lean costs basis.

Should the environment of declined GDP be maintained, then we will start having a huge percentage growth in volume overall. However, I think even the most pessimistic views of the Brazilian economy do not account for a sequence of GDP declining for the next years. Perhaps this year, if you look at a Central Bank research published on September, most people are now expecting a flat year for 2016 and a growth in 2017.

It should not be different, businesses continue to decline, compensating the growth in Otto cycle, then obviously expenses will be looked into in a different optic.

André Sobreira:

Perfect. I am very pleased, thank you.

Christian Audi, Santander:

Thank you. Congratulations on your results and the continued impeccable execution. I have two questions. On Ipiranga, you talked about the outlook and you were very clear in terms of maybe EBITDA growing between 13% and 17%, although that is not the guidance.

I was just curious, when you talked about that, do you foresee the 2H of the year in Brazil, purely from a macro point of view, staying similar to what we have seen in the 1Q or eroding? I am just trying to get a better grasp of the outlook. As you talked about your expectations, do these expectations take into account similar economic conditions or a deterioration in the economic conditions?

The second and final question is, in the past you have always continued to show an improvement in your return on invested capital, last year we had a bit of a pause, but looking at the 1Q and the outlook for the 2Q, do you foresee your ability to continue to improve returns on your invested capital to continue? Thank you.

André Covre:

Hi, Christian. Thank you for your presence and your questions. At Ipiranga, the key drivers have been investments and our differentiation strategy. That is what has led to the levels of the respective growth to the quarters.

When we look to the 2H of the year, we will continue to do the same things. We are not assuming that the economy will get any weaker than it already is. Mostly, we currently expect GDP decline of about 1% in Brazil and our crystal balls are no better than others, so we are factoring that in and we are seeing that and the effect of that in our diesel sales, which have declined 3%. A little bit of that is the loss of a particular customer, but the rest is the effect of GDP.

In terms of capital, indeed, last year we had a pause, and we have had the chance to speak and explain that last year was a very unusual year, because of two reasons. First, in Ipiranga we had a very strong comparison base to 2013 and we had three of the price increases and for 2013, we had some inventory gains, and in 2014, a small one towards the end of this year.

In the case of Oxiteno, we spent most of the year on a very unusual combination of weakening GDP and strengthening BRL, all the way to September, on, as you know, a very artificial situation. I think that is now being allowed to flow normally and enhance the significant evaluation of this year, probably compensating last year.

With all of this, I see last year as an unusual point in our evolutional result and returns and, therefore, we expect to resume an improvement in capital returns this year.

Christian Audi:

Great. Last question, turning to Oxiteno, we saw a very high US$280 per ton margin in the 1Q. Based on your comments, that could improve in the 2Q. My question relates more to the 2H of the year. If we were to take an average of the 1H of the year, based on your comments today, what do you think we should assume for the 2H of the year? A similar dynamic, or maybe be more conservative about being able to reach similar levels of USD per ton in the 2H of the year?

André Covre:

Should the BRL stay around US$3.00, the average of that will be about US$2.90. So that is US$0.60 more due to FX, and as you well know, US$0.10 on average FX contributes about R$50 million of EBITDA for Oxiteno, without taking EBITDA alone, only this effect is R$400 to R$500.

Unfortunately, nothing everything is the same; the economy is weaker, the volumes are declining, therefore, I am not even kidding that we have not come to that point, but in any case, we need to count for volume decline as another aspect. It is a pretty significant growth in relation to last year, which is not much different than the 50% that we just had on this quarter.

Christian Audi:

I understood. Thank you very much, André.

LilyAnna Yank, UBS:

Hi, thank you for taking my question. André, if you had a limited amount of money — this may not be the case — would you rather spend it in adding more into fuel distribution or is it better if it went into something in Ultragaz, or maybe just focus more on the retail drug store part of your business?

André Covre:

We put it on the highest return project, the one that has the biggest EVA.

LilyAnna Yank:

And what do you think it could be, on the current circumstances and the availability of assets that might be for sale, for instance? I do not know if you had any preliminary assessment.

André Covre:

I am not sure I understood you, LilyAnna, could you repeat?

LilyAnna Yank:

Yes. I was just thinking if you have, given the current situation, potential assets that might be available for sale, you would want to have a preliminary assessment, right? To let you spend more time on what you see what can bring you more returns. Would you have any views if it is really in spending on more retail or really on distribution? On which of these areas?

André Covre:

Unfortunately, I cannot give you a really good answer, because that depends on the specifics of the situation. You seem to be wanting to know if we have a preference of business to invest and the answer to that is no. We do not have a preference of business to invest.

If we have any business that we do not think it could make good investments and achieve expected capital returns, that is a business that we will sell. We have done that in the recent past; in 2010, we concluded that we could not create significant value on the trucking business of Ultracargo, so we decided to sell it and we sold it.

LilyAnna Yank:

OK, André. Thank you.

Operator:

Having no further questions, this concludes the question and answers section. At this time, I would like to turn the floor back over to Mr. André Covre for any closing remarks.

André Covre:

Thank you very much for everyone's presence and your interest. We look forward to seeing you in about three months.

Operator:

Thank you. This concludes Ultrapar's 1Q15 results conference call. You may disconnect your lines at this time.