



Local Conference Call
Ultrapar Participações S/A (UGPA3)
4Q21 Earnings Results
February 24th, 2022

Operator: Good morning, ladies and gentlemen. At this time, we would like to welcome everyone to Ultra Group's **4Q21 results** conference call. There is also a simultaneous webcast that may be accessed through Ultra Group's website at ri.ultra.com.br and MZiQ platform. Please feel free to flip through the slides during the conference call.

The presentation will be conducted by Mr. Rodrigo Pizzinatto, Ultra Group's Chief Financial and Investor Relations Officer, and during the Q&A session we will have the presence of Mr. Marcos Lutz as well, Ultra Group's Chief Executive Officer.

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. Should any participant require assistance during this conference call, please press *0 to reach the operator. We remind you that the webcast participants can post your 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 seven days.

Please have in mind that the forward-looking statements made during this conference call referring to the business of Ultra Group projections and operational and financial goals are based on the beliefs and assumptions of Ultra Group management, and on information currently available to the Company. They involve risks, uncertainties and assumptions as 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 affect the future results of Ultra Group and could cause results to differ materially from those expressed in such forward-looking statements.

Now, I'll turn the conference over to **Mr. Rodrigo Pizzinatto**. **Mr. Rodrigo**, you may now begin the conference.

Rodrigo Pizzinatto: Good morning, everyone! It is a pleasure to be here once more to talk about Ultra's results.



Starting off with a short retrospective of 2021, which was an important year for the Group, with large transformations.

It was a great year for Ultragas, Ultracargo and Oxiteno which posted record results and profitability. Ipiranga and Extrafarma, on the other hand, didn't achieve desired levels of profitability, even when considering the improvements seen in their operations during the second semester. On this note, at Ipiranga, we have carried out several changes and operational adjustments to resume the company's profitable growth trajectory over the course of 2022 and 2023.

In 2021 we also made significant progress in reviewing our portfolio, with the signing of the sale agreements of Oxiteno and Extrafarma, which are still pending of approval, besides the completion of the sale of our equity interest in ConectCar in October.

Finally, I'd like to highlight the significant renewal of our management and governance structure, which reinforces Ultra's pillars of perpetuity and growth. Along with our new members of the Board of Directors, which add complementary experiences and skillsets, we have also carried out the succession of the executive leadership position of Ultra Group and Ipiranga, in addition to planning the succession of the Chairman of the Board of Directors.

I will now go through our presentation, sharing with you our comments on the results of the fourth quarter and of the year of 2021. After that, we will move onto the Q&A session, in which we will count on Marcos' participation.

Well then, starting with slide 2, I would like to highlight two topics on the earnings report.

The first one concerns the 2021 financial statements. Due to the signing of the sale agreements of Extrafarma and Oxiteno over the past year, we have classified these companies as assets and liabilities held for sale and discontinued operations. Our Annual Financial Statements released yesterday already reflect this classification. To better enable comparison with previous periods, both the Earnings Release and this presentation consider the Company's pro forma consolidated information, that is,



Ultrapar's data also comprise Oxiteno and Extrafarma results, adopting the same concept that we have been reporting.

The second topic that I would like to draw your attention to is in relation to the non-recurring effects – both in 2021 and 2020, we had some one-off impacts that have affected our results, which we have explained in our releases throughout the year. By reading the explanations, you will notice that we have excluded such effects, both positive and negative, so we can analyze the operating performance of our businesses and Ultrapar.

Moving forward to slide 3 to talk about Ultrapar's consolidated results.

As you can see in the chart in the upper left side, our recurring EBITDA totaled R\$ 1 billion and 144 million in the fourth quarter of 2021, 32% higher than during the fourth quarter of 2020, driven by better results at Ipiranga, Ultragaz, Oxiteno and Ultracargo.

Looking at the year's result, our recurring EBITDA totaled R\$ 4,055 million, an increase of 22% compared to 2020, with record results at Ultragaz, Ultracargo and Oxiteno, and a gradual recovery in Ipiranga and Extrafarma results.

Ultrapar's net income in the fourth quarter was R\$ 390 million, 10% lower than the 4Q20, due mainly to the worsening in financial result, attenuated by the increase in EBITDA. The worsening of the financial result was driven by three factors, firstly higher extraordinary tax credits in 4Q20, that totaled R\$ 160 million, secondly the temporary negative effect of mark-to-market of hedges of the bonds, which has no cash effect, and thirdly the CDI rate increase over the greater average balance of net debt, despite lower cost of debt.

In 2021, Ultrapar's net income was R\$ 884 million, 5% lower than 2020, due to the decline of the financial result and Extrafarma's impairment, which also has no cash effect, attenuated by higher EBITDA.

Our Board of Directors, as already informed, approved the payment of R\$ 186 million in dividends for the second half of the year, equivalent to 17 cents per share.



Investments totaled R\$ 1.9 billion in 2021, an amount 27% higher than 2020, in line with the plan announced in December/20 for the year and directed mainly to Ipiranga, Ultracargo and Ultragaz.

We recorded a cash flow generated by operating activities of R\$ 2.6 billion in 2021, compared to R\$ 3.1 billion in 2020. The lower generation resulted from investments made in working capital throughout the year driven by higher fuel, LPG and raw material costs despite the higher EBITDA.

Moving on to slide number 4, to talk about our liability management.

We ended the year with a net debt of R\$ 11.7 billion, an increase of approximately R\$ 1 billion and 200 million compared to the net debt of December 31, 2020. The increase is explained by three factors: 1) the payment of dividends in 2021 in the amount of R\$ 698 million; 2) worse financial result as I mentioned in the previous slide, with an impact of R\$ 219 million; and 3) the FX variation on the portion of bonds designated for hedge accounting - the exchange rate rose from R\$ 5.20/USD on December 31, 2020 to R\$ 5.58/USD on December 31, 2021, adding R\$ 201 million on the net debt position, with no cash effect.

Throughout the year, we have been carrying out a liability management to improve our financial result, including accessing the market through incentivized issuances of a infrastructure debenture and an Agribusiness Receivables Certificate, along with anticipating the payment of debts with higher costs. We have also reduced the surplus cash level, reducing the effects of carrying costs. By these measures, the average cost of debt went from 154% in 2020 to 114% of the CDI in 2021.

Our leverage went from 3.0x in December 2020 to 2.9x at the end of 2021, due to higher EBITDA level in the last 12 months, and we also kept the duration stable at 4.6 years.

Let's now move to slide number 5, to talk about Ultragaz.

Sales volumes during the fourth quarter were 2% lower than the 4Q of 2020, despite the 1% increase in the bulk segment, due to the 4% reduction in the bottled segment, as a consequence of lower demand for LPG bottles. In the bulk segment, we had an



increase in the volume sold to the industrial, commercial and services segments, which were more affected by the pandemic in 2020.

In 2021, the volume sold was 1% lower than 2020, with a 4% reduction in the bottled segment, as a result of greater demand for LPG bottles in 2020, mainly in periods of greater social isolation, and a 5% increase in the bulk segment, a reflect of higher number of sales to industries, commercial and services segments.

Ultragaz's SG&A in 4Q 2021 was 6% higher year over year, due to greater personnel expenses, provisions for doubtful accounts, resulting from the updating of accounting parameters, higher expenses with sales commissions and freight, attenuated by lower expenses with information technology.

Ultragaz's EBITDA totaled R\$ 222 million in the quarter, 44% higher than the 4Q of 2020, due to the pass throughs of LPG cost increases, offset by a higher concentration of expenses in this quarter.

In 2021, Ultragaz's EBITDA was R\$ 729 million, similar to the level reported in 2020, mainly because of greater operational efficiency and expenses management.

Regarding the current quarter, we expect results to continue expanding relative to that of 1Q of 21, driven by higher operational efficiency despite of the lower demand in the bottled segment.

Now moving on to the next slide, slide number 6, to talk about another great quarter of results by Ultracargo.

The average installed capacity reached 917 thousand cubic meters in the 4Q of 2021, a 9% growth year over year, on the back of the start-up of operations of the Vila do Conde terminal in December 2021 and the expansions in tank capacity implemented in Itaquí port over the last 12 months.

Ultracargo's net revenues were R\$ 187 million in the fourth quarter, a 13% growth year over year, led by contractual readjustments, improvements in the mix of products and terminals, and the expansions above mentioned.



In 2021, Ultracargo's net revenues reached R\$ 713 million, 11% higher than 2020, due to the same reasons of contractual readjustments, mix and expansions.

Combined costs and expenses were 5% higher than those in the 4Q of 20, as a result of higher depreciation costs arising from expansions in capacity, in addition to higher information technology expenses to support productivity gains and digital transformation projects.

Ultracargo's EBITDA was R\$ 101 million in the quarter, 32% higher than the 4Q of 2020, due to the expansions with profitability gains, contractual readjustments and productivity gains. The EBITDA margin reached 54% in the 4Q of 2021, well above the 46% margin of the 4Q of 2020.

In 2021 Ultracargo's EBITDA reached a record level of R\$ 396 million, an increase of 22% compared to the recurring EBITDA of 2020.

For the current quarter, we expect the continuity of the positive operational performance of Ultracargo, with similar levels of results as those seen in the last quarters. It is worth noting that we will gradually ramp-up the Vila do Conde operations throughout 2022.

Moving on to slide number 7, let's talk about Oxiteno.

Volumes sold in 4Q of 2021 were 6% lower year over year, mainly driven by the 34% reduction in commodities sales, due to the prioritization of specialty chemicals in the mix of products during periods of scheduled shutdowns. The volume of specialty chemicals decreased 1%, as a result of lower sales to the home and personal care segment, offset by higher sales to the crop solutions segment. We also registered 35% volume growth in the US plant.

In 2021, the volume sold by Oxiteno was 3% higher than 2020, with an 8% growth in specialty chemicals, driven by higher sales in the crop solutions and coatings segments, besides 24% higher sales in the United States, while commodities sales dropped by 17%.



Oxiteno's SG&A increased by 16% year over year, as a consequence of higher expenses with freight and storage, resulting from higher unit costs in Reais and personnel expenses – in line with the progression of results.

It is worth mentioning that, in the 4Q of 2020, Oxiteno's results were benefited from the constitution of extraordinary tax credits in the amount of R\$ 85 million.

Oxiteno's EBITDA was R\$ 252 million in the quarter, an increase of 42% when compared to the recurring EBITDA of 4Q of 20. Such an increase is due to better margins, which were affected in 4Q of 20 by the negative effect of the Zero Cost Collar and the more devaluated exchange rate, attenuated by higher costs and expenses.

Oxiteno registered a record EBITDA level in 2021, in the amount of R\$ 1 billion and 104 million, an increase of 75% over the recurring EBITDA of 2020.

For the 1Q of 2022, we expect Oxiteno's good results to continue, with recurring EBITDA higher than the 4Q of 2021.

Moving on to slide 8, let's talk about Ipiranga.

Volumes sold were 2% lower year over year, with a 7% decrease in the Otto cycle, largely due to greater participation of gasoline instead of ethanol in the product mix, while diesel increased 2%.

In 2021, Ipiranga's posted sales volume 5% higher than that of 2020, due to lower effects of the pandemic in the fuel consumption in Brazil in 2021, with an increase of 3% in Otto cycle and 6% in diesel.

We ended the 4Q of 2021 with a network of 7,104 service stations, 16 more than the 3Q of 2021, with 127 openings and 111 closures in the quarter. The average volume contribution of the new service stations is 438 cubic meters per month, while the closed ones had volumes below 19 cubic meters per month.

In addition, we ended the 4Q of 2021 with 206 AmPm's company-operated convenience stores, 57 more stores than the 3Q of 2021.



SG&A increased 50% in the quarter, with some large effects. The first is the one-off concentration of extraordinary provisions for contingencies in the amount of R\$ 88 million, which involves mainly civil and fiscal proceedings with recent decisions that increased the risk of loss. In addition, we also had the impact of inflation on expenses, higher provision for doubtful accounts, and the growth of AmPm's company-operated stores, which went from 55 stores in 4Q20 to 206 stores in 4Q21. It's important to keep in mind that in 2020 Ipiranga had temporarily held back expenses on several fronts, due to the pandemic, which contributes to this reported increase.

The 'other operating results' line totaled R\$ 15 million in the quarter, lower than the 4Q of 2020, mainly due to lower extraordinary tax credits, attenuated by higher merchandising revenues with suppliers and lower costs with CBios. The disposal of assets line totaled R\$128 million in 4Q of 21, due to the registering of a capital gain reflecting the sale of ConectCar of R\$ 76 million and the higher sale of real estate assets in the quarter.

With that, in the 4Q of 21, excluding the capital gain of ConectCar, Ipiranga's EBITDA totaled R\$ 627 million, 29% higher than in the 4Q of 2020. This growth is the result of better margins and higher results from the disposal of assets, partially offset by higher expenses and lower sales volume.

In 2021, excluding the capital gain of ConectCar, Ipiranga's EBITDA totaled R\$ 2,010 million, 17% higher than 2020, due to better margins and higher sales volume, attenuated by higher expenses.

We started this year by implementing important operational adjustments in order to recover Ipiranga's profitability over the coming quarters. For the current quarter, we see results still below our expectations and of the levels seen during 1Q of 2021, keeping in mind that the 1Q of 2021 was benefited from relevant inventory gains. We also remain attentive to the macro environment in the fuel sector.

Now moving on to the final slide to talk about Extrafarma, slide number 9.



We ended the quarter with 399 stores, a network 1% smaller than that of the 4Q of 2020, a result of a more rigorous approach to underperforming stores. It's also worth noting that 12% of the stores are still in the ramp up phase.

Gross revenues were R\$ 528 million in the quarter, a 4% reduction year over year, due to the lower number of stores and the strong base of comparison in mobile phone sales in 4Q of 2020, as an effect of the pandemic in that period.

Extrafarma's gross revenues in 2021 were R\$ 2.1 billion, stable compared to 2020.

During this quarter we have registered an impairment of assets, with no cash effect, in the amount of R\$ 33 million, due to the difference between the book value and the value announced in the transaction with Pague Menos, still subject to closing adjustments.

Extrafarma's recurring EBITDA totaled R\$ 24 million in the quarter, a decrease of 30% year over year, as a result of lower sales and effects of inflation on expenses, mainly personnel, partially offset by reducing expenses and productivity gains measures.

In 2021, Extrafarma's recurring EBITDA was R\$ 74 million, 12% lower than 2020, for the same reasons I mentioned in the quarter.

For 1Q of 2022, we expect a result above that observed for 1Q of 2021 and below that of 4Q, due to the seasonal variation between periods.

So, I now conclude my presentation. I appreciate your interest and attention. Let's now move on to our Q&A session.

Marcos and I are available to answer your questions now. Thank you.

Question and Answer Session

Operator: The floor is now open for questions and answers only for analysts and investors. Should you have a question, please press star one. If your question has been answered, you may withdraw from the queue by pressing star two.



Questions will be taken in the order they are received. We ask you to please pick up your phone when posing the question to provide optimum sound quality. Please, hold while we pool for questions. If you are following the conference call via webcast, please click on “questions to the host” to send your question to the company executives.

Our first question is from Gabriel Barra, from Citibank.

Gabriel Barra: Good morning, Marcos and Rodrigo, thank you for the presentation. I have two points that I would like to discuss with you. The first, perhaps, is the main concern of investors regarding Ipiranga. When we look at margins, there was a significant improvement in the last quarter of the year, without a doubt a relevant gain, but when we compare this with the two main competitors, Raízen, that has already reported results, it was a very strong quarter for everybody, and Ipiranga is still underperforming in this sector.

Now we take advantage that Marcos Lutz is in the call with us and can interact with analysts, if you could discuss which are the coming steps at Ipiranga, if you have important results, changes in terms of your team? And which is the diagnosis presently regarding Ipiranga and which would be your future steps?

We speak a great deal about sourcing, pricing, if you could further explain which will be the gains for the company regarding Ipiranga, perhaps this would help us to understand what will happen with the margins.

The second point that I would like to discuss with you refers to capital allocation for the Ultra Group as a whole. This plan of divesting from Extrafarma... in the past you had the possibility of acquiring a refinery, which did not materialize. If you could explain which is the mindset of the company in terms of the future of Ultra after the sale of Oxiteno and Extrafarma, which are the group priorities going forward, and are you going to focus on the businesses that you have presently in your portfolio, or are you thinking about other avenues of growth in the short term concomitantly with this turnaround of Ipiranga? Thank you, these are the two points for discussion.

Marcos Lutz: Gabriel, this is Marcos. Now, these two questions would take six hours of call to truly respond to them, but I will be very clear and straightforward. Ipiranga does not have a structural reason, quite the contrary, to have a performance below that of the two competitors nationwide. It has a brand that is deemed to be by the end consumer as being a prime brand, it has a very similar structure and in truth there is no gap that would justify the differences in terms of results that we have had, and evidently, it has an issue of software, of people and processes that need to catch up, we have undergone a highly relevant transformation in the company, I feel extremely comfortable with the team that we have at present and the focus of each of the teams, and this catch-up will end up being something natural. We began to catch up somewhat in the last quarter although the figures do not reflect this, we do have things beyond the financial results that show to us that we have had enhancements, the net promoter score, for example.



As a company, we are the company that most increased its network for the brand in the last quarter as well as in the last month of this year. We are making great strides in our pricing structures as mentioned, we're very close to the 100% that we would like to attain to consolidate a new culture to deal with pricing, going beyond the pricing infrastructure that is very well-established. And in terms of sourcing and trading, we still need to make great strides, we do have only one area that is well-advanced, so we still have a long path to go down, and you don't do this in four months, it will take us a year or two years approximately this catch-up, the gap will have to be closed and it will be closed, and in the final analysis, this is my response.

I don't know if I was very vague, but we do have multiple initiatives, which I do not control, they're underway with the team and I see that they will produce very positive results. Now this is the response that I would like to give to your questioning, and all together they will make a big difference.

Now, for the Ultra Group as a whole, I can say the following: Ultrapar in the future should become a company that will generate value. In the future it will be a company that will invest in businesses that will increase value, it has a strong culture, a strong team, stringent discipline, and in the long term this is something that will be built. Evidently, this is not something for the medium term or something that will be done through acquisitions. Presently the focus is how to carry out this catch-up for Ipiranga. We do have two businesses, Ultracargo and Ultragaz, with very good performance, with very relevant, accelerated expansion paths going forward, and of course, eventually minor M&As, especially in the two businesses that I have mentioned to accelerate a structured growth, this would make sense for us.

So, summarizing, this is what I would like to share with you.

Gabriel Barra: Very clear indeed, and the first point, if you allow me to ask a very broad question, if you could further explain the issue of logistics. I know that this has already been discussed and this is not a gap that you have, but perhaps there will be a logistic gap among the B2C groups in the sector, you will observe that this gap does exist.

Marcos Lutz: Well, I observe that there is this gap and this gap does not justify the gap that we have in results, and there are regions where we are better than the competitors, in the South, for example, we have a better infrastructure, there are regions in the country where, so far, we are still structuring ourselves, we need to work harder, and what I am underscoring here is that there is a great deal to do, some of this is already underway, we have some things that are being inaugurated by the sake of the logistic infrastructure, depends on three or four significant players, large part of the volume is something that we share with companies, we truly cannot say that this will justify R\$20 per cubic meter, of course not, this is a minor issue. Now the software link to the logistic perhaps does have a greater gap, the intelligence of freight, of how to program, how to carry out deliveries, perhaps there we do have a gap that we're going to pursue, but in the software category, and not in the hardware and Capex category.



Gabriel Barra: Thank you, thank you very much for the clear answer.

Operator: Our next question is from Regis Cardoso, from Credit Suisse.

Regis Cardoso: A good morning to all of you.

Marcos Lutz: I'm sorry, we were not able to hear you well, your voice is somewhat muffled.

Regis Cardoso: There we are, has it improved?

Marcos Lutz: Yes, it has improved. Thank you for taking the questions, thank you for the presentation, and Marcos and Rodrigo, thank you for your participation. We have two questions. First, regarding capital allocation, Ultrapar has a very relevant cash position and perhaps it is preparing for a transformational acquisition, but it seems that this did not go through. The question therefore is if you foresee other opportunities, perhaps of a smaller size or opportunities with the same size that are as representative as this acquisition. If you could remark on these industries that you imagine that the Ultra Group could expand to. We have already spoken about natural gas and biofuel, but in fact, there has never been a more decisive movement in that direction, or ultimately a different type of solution, the pay off debts that you have abroad, the debt of Oxiteno that is packed to the dollar. Therefore, how do you intend to allocate your capital?

A second issue to take the discussion once again towards Ipiranga – and I do thank you for your response to the previous question –, have you identified a set of low hanging fruits, that is to say, opportunities that could be expanded in an accelerated way or do you have a learning from your previous experience that of course you could make the most of in the company? Thank you.

Marcos Lutz: Very well, we'll begin with the end. We don't have a key that if we flip will increase the company capital by 15 million in a fortnight. In the final account, what does exist is an industry with great novelties or speaking about doing things in a normal way and we have been doing this for years in terms of distribution. Now the present-day CEO is highly focused on operation, he has a culture in the past for this, so what we want to do is focus on the basics, perform them well and this will sufficient to allow us to grow more than the competition in some cases, it will depend on the market moment. This is our focus. There is no expectation to change everything in a single quarter, we want to carry out structural changes in the company, we are in a very comfortable position, we can say that this is fully feasible, there's nothing terrible pending over our heads, and we have a historical relationship with excellent ties, so all of these issues which were issues of concern when I was outside, nowadays enable me to feel more comfortable with this process.

We're carrying out efforts day after day with the commercial team, and Carlos Frederico, the commercial director, does this. Things of course are advancing, and as I mentioned, we already see concrete results, an increase in our branded network,



and this is something I would truly like to underscore. There is no miraculous key that will transform the company, this does not exist.

Now when it comes to our portfolio, I truly don't want to be repetitive, there's another question where I answer the same, we're not going to do anything gigantic now. The refinery that was a project at this point in time perhaps will not be propitious for us because of the interest rate and the lack of stability of oil, if we penetrate the sector more, we have different positions, and we have a very well-protected point for sales.

So, I'm quite calm with this and we will have a portrait of the company with a reinforced balance, and if we think of our focus 12 months ago in terms of the CDI, we now find ourselves in a completely different world compared to 12 months ago, and if we carry out an M&A at large scale, we're going to leverage Ultragaz and Ultracargo more specifically.

Operator: Our next question is from Guilherme Levy, from Morgan Stanley. You may proceed, Sir.

Guilherme Levy: A good morning and thank you for taking my question. My first question, if you could speak about the draft bills in the Congress to change the way that the taxes are collected and what this will represent for the distribution sector going forward and if the way in which taxes are collected could have an impact on Ipiranga still this year.

My second question referring to Extrafarma, if you have a more updated timing for this company and if you hope that the antitrust agency will come up with some sort of remedy for this situation.

Marcos Lutz: I will answer the first question and then we will go on to Extrafarma. In the last 12 months, Brazil and perhaps the entire world have felt the pressure of fuel in the world and in several regions, especially those that are more political and difficult to follow up on, we have a hard time of seeing final results, we have had provisional measures, draft bills, regulations, and many things of that sort, and our comment and our focus is a lighter way of collecting taxes because the model that we have in Brazil has an enormous impact.

Brazil should have a better infrastructure for fuel distribution, that does not have one because part of the segment truly is working with fiscal evasion and creates a hyperbolic noise in the sector.

So, along those lines, the draft bill that is about to be voted will allow for organization, it will not resolve the issue, but it will make it easier for the governments to collect taxes, perhaps reduce taxes in some cases, enabling the entire system to become simpler, and I do see positive impacts for the consumer and for the sector, at least for those that are serious, who want to carry out structural investments, and allow the country to grow when it comes to fuel.



I look upon this positively, this will be voted on after the carnival holiday. I will now give the floor to Rodrigo.

Rodrigo Pizzinatto: Good morning, Guilherme, thank you for the questions. Regarding Extrafarma, we hope that the antitrust agency (CADE) decision will have a decision on the second quarter, at the most in the third quarter. Now the situation is quite complex, they're attempting to regulate the process, and the statement of complexity of course does not mean a remedy. If the remedy comes up, we do have a contractual clause that will resolve this.

Guilherme Levy: Thank you, thank you very much.

Operator: Our next question is from Leonardo Marcondes, from Itaú BBA. You may proceed, Sir.

Leonardo Marcondes: Can you hear me?

Rodrigo Pizzinatto: Yes.

Leonardo Marcondes: Thank you for taking my question, and in truth, my question is a follow-up on the capital allocation question. I would like to know your opinion on if there is a more attractive sector that you are evaluating. Now to avoid going into details that you cannot share with us, perhaps if you could share if there is a sector that you deem to be attractive and where you intend to go into after a more in-depth assessment, if there's any link in the chain that would make any sense for you. That is my question, thank you very much.

Marcos Lutz: Leonardo, we like sectors with high profitability and low risk, of course. Notwithstanding this and joking apart, what I believe could be an example... the natural gas market, for example, is one that we deem to be interesting. But it's not simple. We looked at the privatization of a distributor in Rio Grande do Sul, however, we were not able to enter this sector with profitability. As an umbrella for investment for the company, evidently everything is what is below the world of energy, which is where we find ourselves now and whatever is surrounding this.

Our focus at present will be to look in house, if opportunities arise, if we're able to conclude some conversations, we have small negotiations, once again, under this umbrella of Ultracargo and Ultragas and we're going to prepare the organization for the long term so that we will become an organization that when it makes an investment will create value vis-à-vis the other controlling companies to make a difference.

I believe that this is fundamental to guarantee that this structure will be in place for larger movements.

Leonardo Marcondes: Thank you, thank you very much for your reply.



Operator: Our next question is from Luiz Carvalho, from UBS.

Luiz Carvalho: Good morning and thank you for taking my questions. And for the recovery of Ipiranga, in truth, I have three questions here, the first question making the most of Marcos Lutz's presence in the call, if we could look at this from another outlook in 60 or 50 days, you have participated in the commission and what can you say to us in terms of a two-year plan or a five-year plan? What is it that you would take into account as the main accomplishments or the main objectives within those three horizons that you have just mentioned?

The second question – and it's a question that I have posed previously in other calls – it refers to your dividend policy. Very clearly, the company policy is foreseen in the bylaws, and we understand that you will have an inflow of cash from Oxiten and Extrafarma, but if we look at the 3.0 time leverage of the company, it will not make too much sense to pay dividends. Is there any survey or an intention of making this process more flexible?

If you allow me last question, Ipiranga in truth is a highly acknowledged brand and if you could give us further examples of what has already changed, perhaps as CFO or the head of training will change, what is something more palpable that you have perceived as a change in Ipiranga? Thank you.

Marcos Lutz: Speaking about dividends, I do agree with your vision. As you'll know, this has to be reviewed as part of our bylaws. In my reading, this will have to be debated, but through an assembly. This is what I can share with you at present.

When it comes to Ipiranga: Linden's shoe soles, he's visiting all the clients, this is only the tip of the iceberg, it is a process of the company to getting closer to clients, to understand operational problems and much more, and for a person like Linden, this will represent a huge contribution. After every trip, he comes back with a huge list of things to do, organization, new data and much more, and of course, he does not do this alone, he does it with his Board through reviews, and in the final account, this ends up being a backlog of actions to improve our efficiency at the other tip, just where we make a difference.

We have resiliency, we have quality, and despite past associations, well, he still is with us embracing this project and this resumption, this recovery.

And the other question is the 100-day plan. It's so difficult to speak about this, it's a dream and it's not a dream that will become real instantly, it's a benchmark in the sector, and as all companies, we have broad growth projects to be able to double our results, but first of all, we have to work with that catch up, and once we have caught up, we have to have a very sound growth pipeline. Evidently, we have to work on this first stage properly to go on to a second stage, and what we have to have in our culture is to always take the first step before going on to the second step.



When I was a child, I would try to leap to the third step of course, but it's about this, we need in fact to build one brick on top of the other, and the 100-day plan is a plan which is already underway, and the processes have all begun to change. Unfortunately, of course, we can't say "well, we have gotten here, we can now hire 100 people or hire new consultant", it's not about this, it's about hard work, effort, resiliency, it's more connected to all of this, and what happened in the past perhaps was this desire that those 100 days would resolve everything.

Perhaps it worked in the past, but we need a transformation, and during the phase of Marcelo, many castles were brought down and restructured, and this new construction is also working in an accelerated way. We don't have a big bang to share with you unfortunately.

Luiz Carvalho: Thank you, that is very clear. Thank you for taking my questions.

Operator: Thank you, as we have no further questions, we would like to return the floor to Mr. Rodrigo Pizzinatto for the closing remarks. Mr. Pizzinatto, you may proceed, Sir.

Rodrigo Pizzinatto: Thank you very much for your questions, for your attention. For those questions who have come through Internet, the IR team will return the contact. Thank you very much once again, have a good day.

Operator: Thank you, the earnings result Ultra Group conference call ends here. You may disconnect your lines now.