



# **Ultrapar Participações S.A.**

## **Earnings conference call**

Comments on the company's 3Q18 performance and outlook

11.08.2018



## ▶ 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.

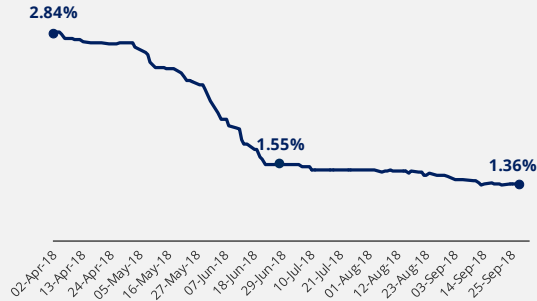
## ▶ Standards and criteria adopted in preparing the information

- ✓ 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, Ultragas, 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, Adjusted EBITDA — adjusted for the amortization of contractual assets with customers – exclusive rights, and EBIT— Earnings Before Interest and Taxes, are presented in accordance with CVM Instruction No. 527, issued by CVM on October 4, 2012.
- ✓ As from 2018, the IFRS 9 and 15 standards were adopted, amendments to the IFRS rules and interpretations issued by the IASB. In order to provide a comparative basis for the financial statements, the information for the first and fourth quarter of 2017 shown in this document incorporates these accounting changes, consequently differing from the values previously reported in the respective publications of results. Additional information can be found in note 2.y of the quarterly financial statements of September 30, 2018 and in the financial spreadsheets, available from the Ultrapar website ([ri.ultra.com.br](http://ri.ultra.com.br)).



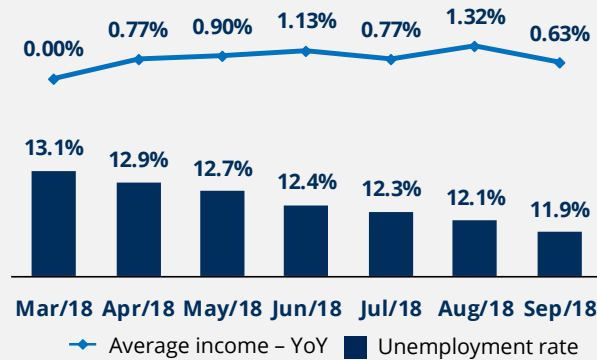
## Tight economic environment due to political and economic uncertainties

Brazil GDP forecast 2018 in decline

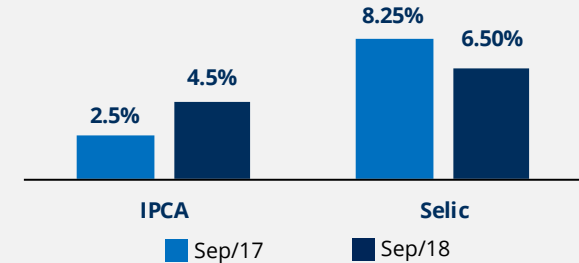


Source: Focus (projection from Central Bank)

Unemployment rate and average income



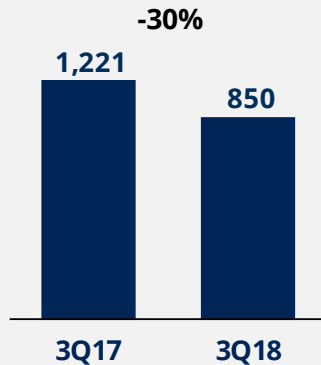
Inflation (IPCA) and Selic



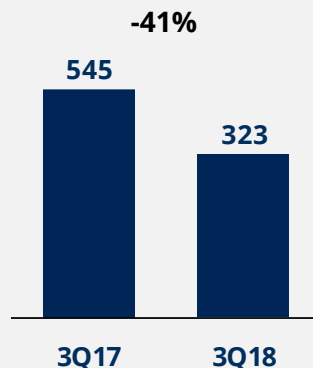
## Financial overview

R\$ million

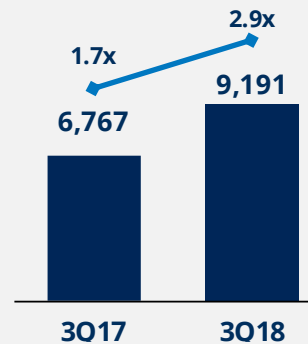
Adjusted EBITDA



Net income

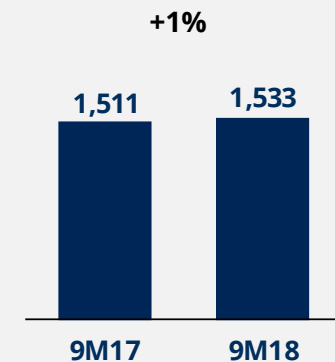


Leverage<sup>1</sup> and net debt



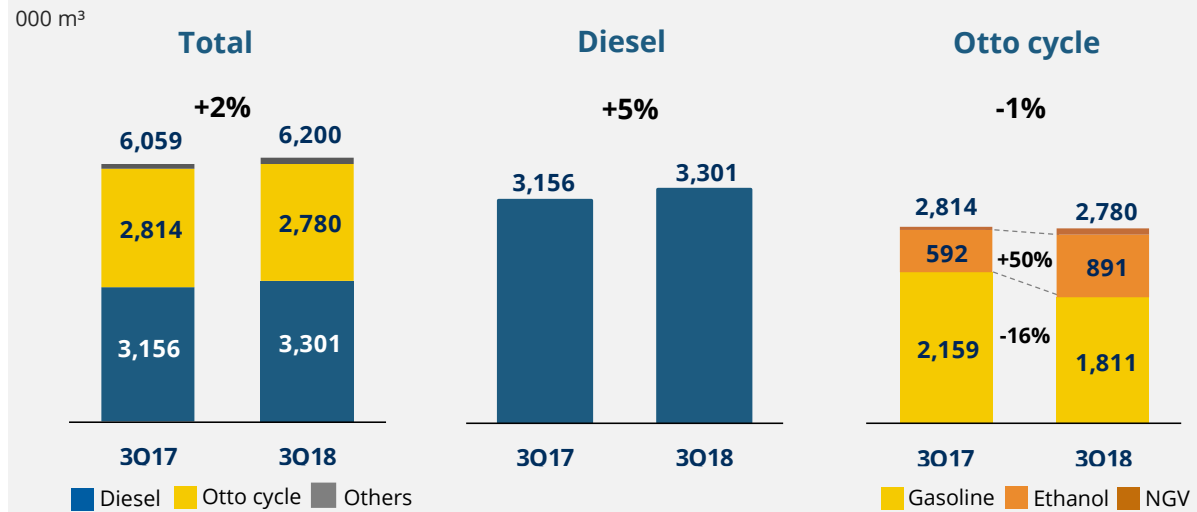
<sup>1</sup> Net debt/EBITDA LTM

Investments<sup>2</sup>



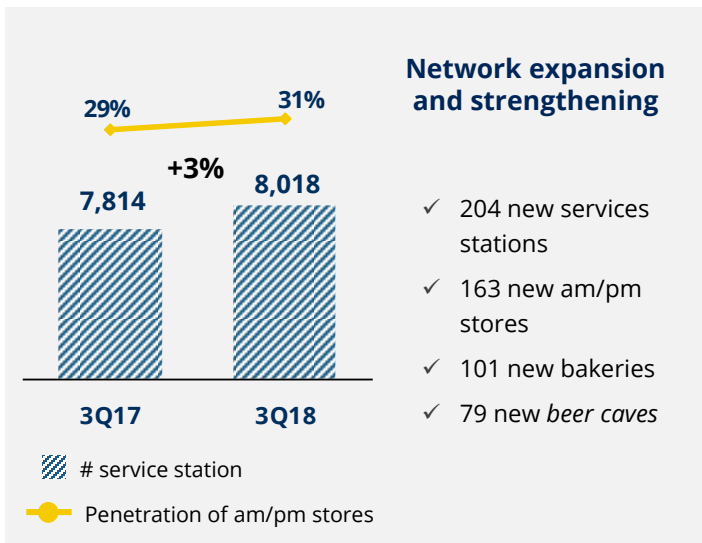
<sup>2</sup> Net of divestments and repayments

## Gradual recovery of volumes

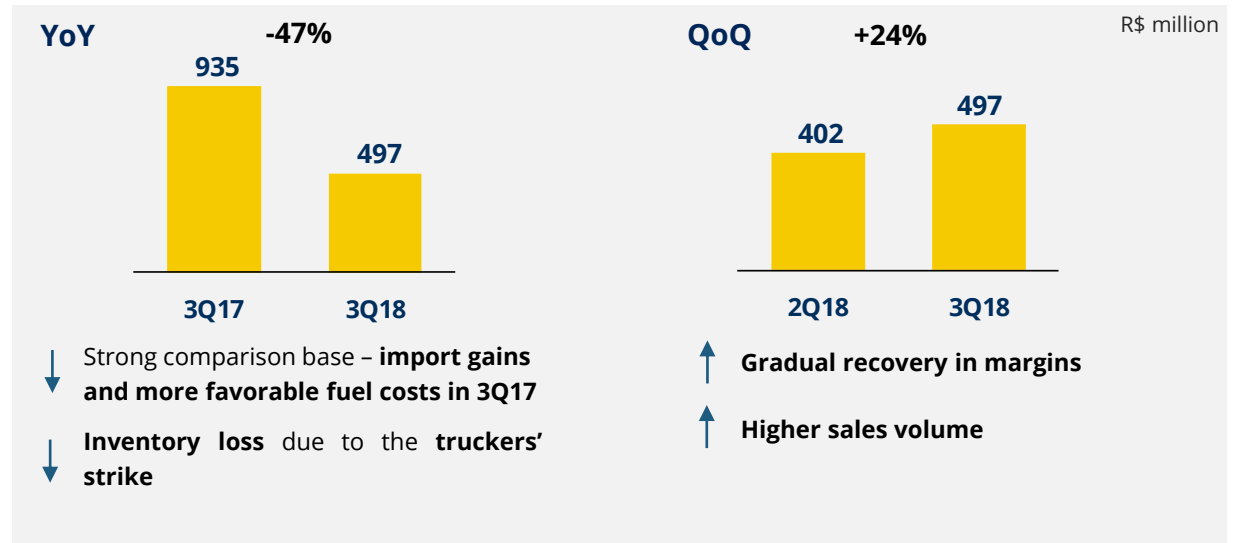


- ✓ **Diesel:** higher sales in the service stations segment
- ✓ **Otto cycle:** sharp growth of ethanol led by favorable parity in relation to gasoline
- ✓ **Gains in Plural's market share** both in Otto cycle and Diesel in relation to 3Q17

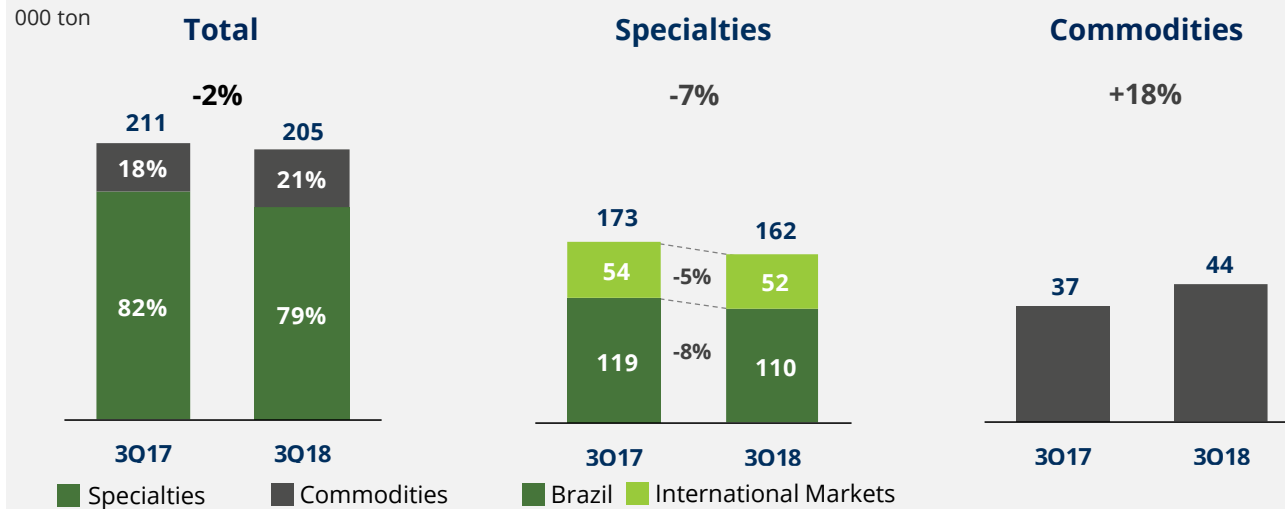
## Network expansion



## Adjusted EBITDA

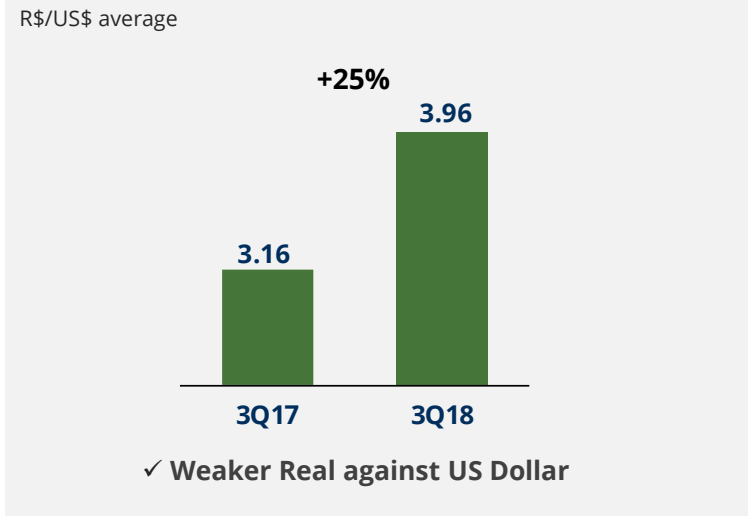


## Volume

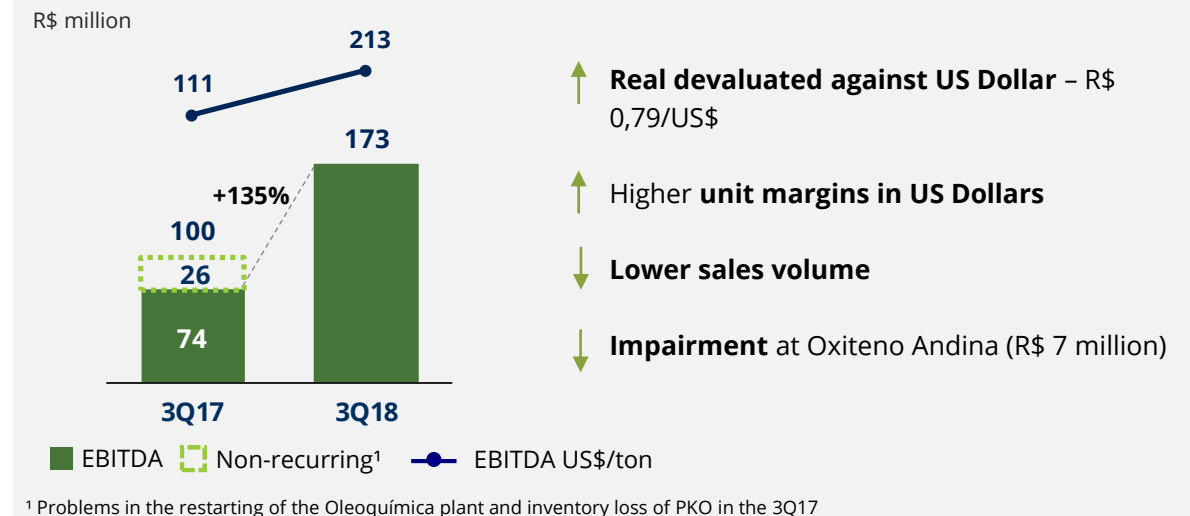


- ✓ **Commodities:** greater demand for products mainly in Brazil
- ✓ **Specialties:**
  - ✓ **Brazil:** lower volumes in the agrochemical and distribution segments
  - ✓ **International Markets:** lower exports to Argentina, partially offset by higher volumes in the USA

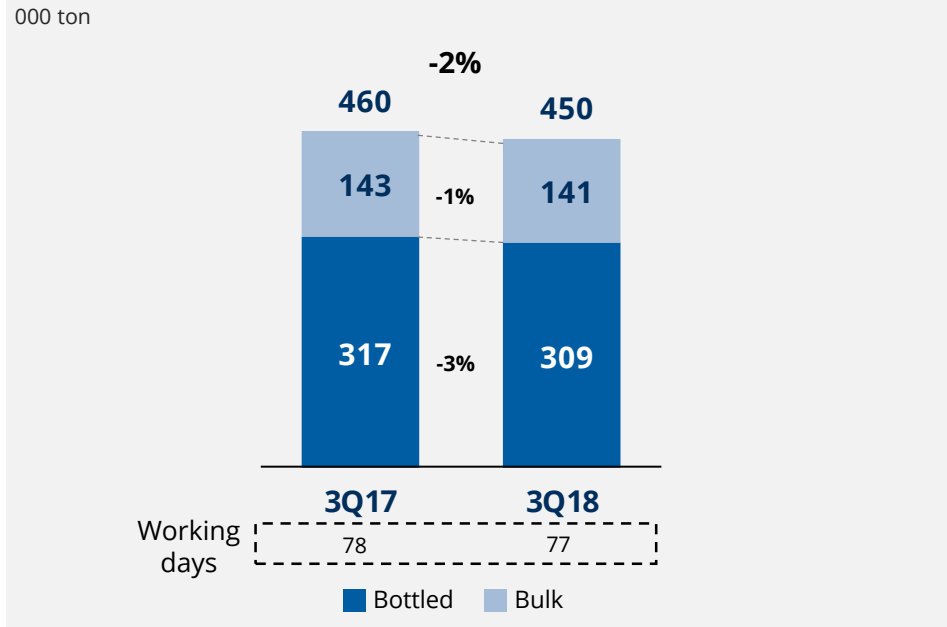
## Exchange rate



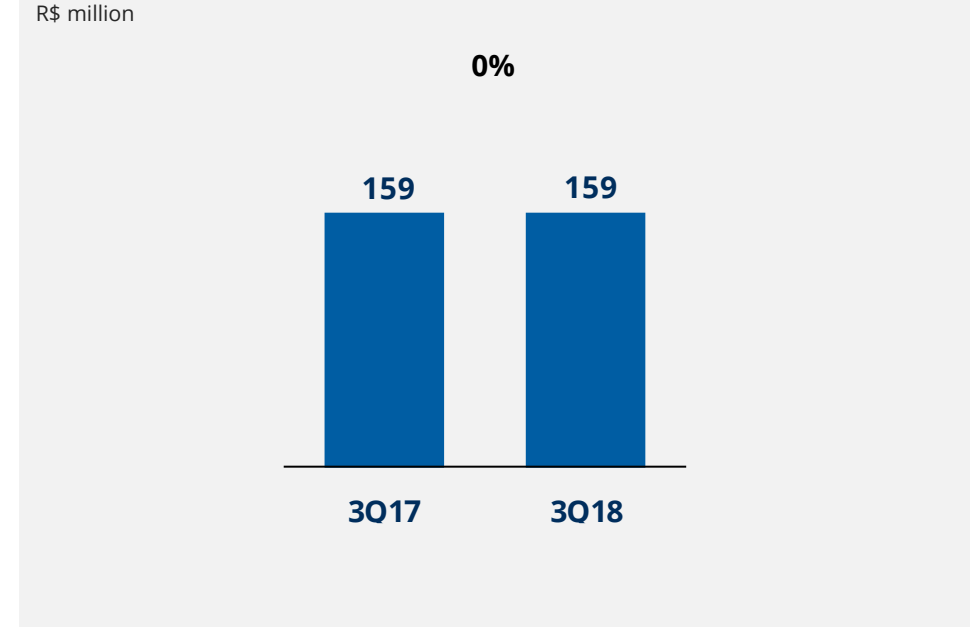
## EBITDA



## Volume



## EBITDA



## Volume

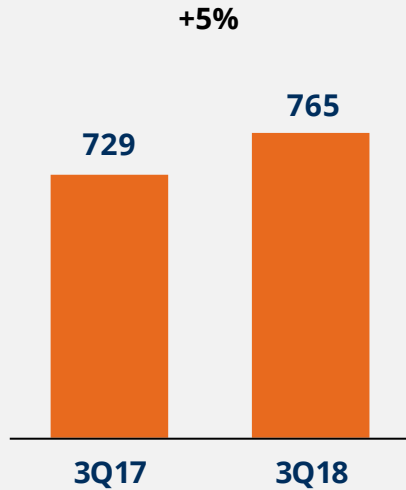
- ✓ **Bottled:** volume reduction lower than in LPG market
- ✓ **Bulk:** fewer working days

## EBITDA

- ↑ Continued initiatives for reducing costs and expenses
- ↓ **Lower sales volume**

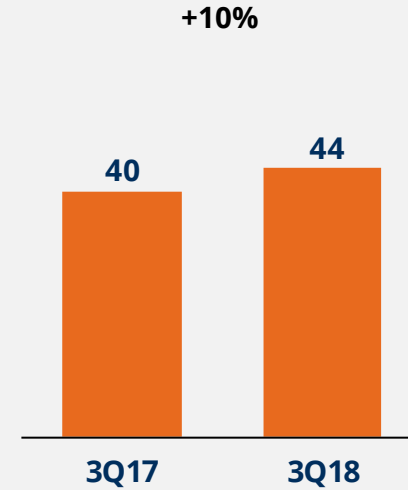
## Effective storage – monthly average

000 m<sup>3</sup>



## EBITDA

R\$ million



## Volume

↑ Growth in **ethanol** handling

↓ Decrease in **fuel** handling

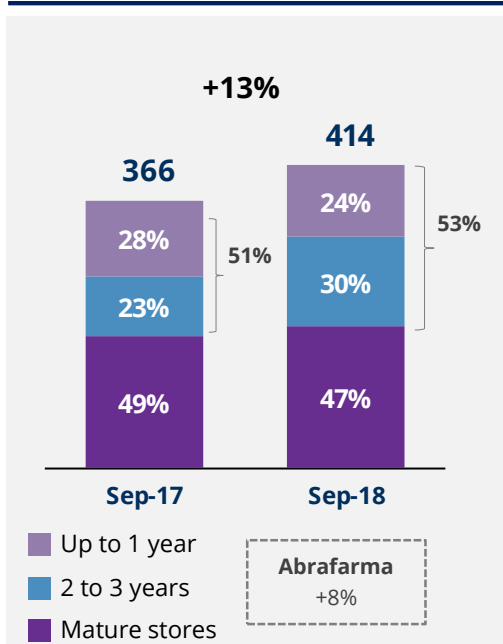
## EBITDA

↑ **Growth in average storage**

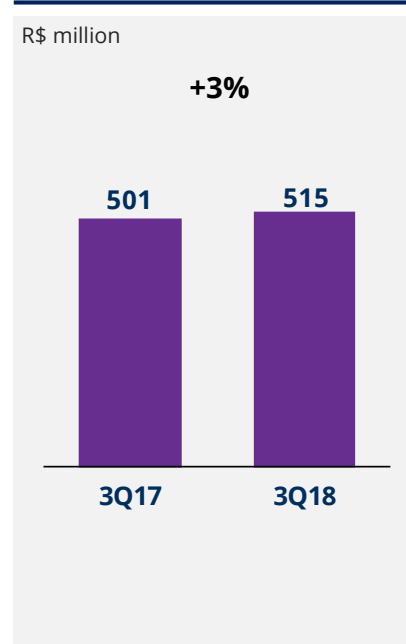
↑ **Increased productivity** at the terminals with greater share of ethanol in the sales mix

↑ **Higher average prices**

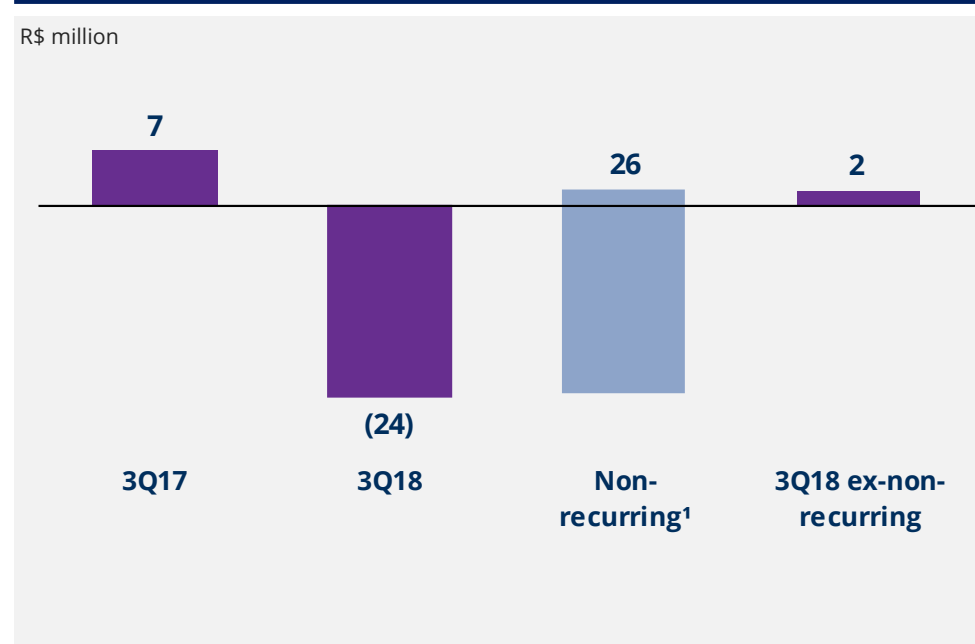
## Number of stores



## Gross revenue



## EBITDA



## Gross Revenue

↑ **9%** revenue **growth** in the **retail segment** with increased number of stores (Abrafarma +6%):

- ✓ 77 openings YoY
- ✓ 21 openings QoQ

↑ Annual readjustment in medicine prices: +2.4%

↓ Smaller market growth

↓ Non-recurring events – **stabilization of the retail system** implemented in June/18

## EBITDA

↓ **Increased share of maturing stores:**

- ✓ 3Q18: 53% up to 3 years (51% in 3Q17)

↓ **<sup>1</sup>Non-recurring:**

- ✓ Investments write-off due to higher churn ratio
- ✓ Stabilization of the new retail system



## Commitment with growth and value generation for the shareholders

### Operational management for value generation

- ✓ **Market share expansion** in the specialized distribution of fuels and LPG
- ✓ Increased operational efficiency with **initiatives for reducing costs and expenses**
- ✓ **Ramp-up of the new Oxiteno's specialty chemicals plant in the USA**
- ✓ Higher selectivity and **discipline in capital allocation**
- ✓ Focus on **financial leverage reduction**
- ✓ **ROIC** improvement

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