Conference Call Transcript
1Q26 results
Ultrapar (UGP)
May 7th, 2026

Operator: Good morning. Thank you for waiting.

Welcome to the earnings release call of Ultrapar to discuss the results of the 1Q26.

The presentation will be delivered by Mr. Rodrigo Pizzinatto, CEO of Ultrapar, and by Alexandre Palhares, CFO of Ultrapar. Our Q&A session will also have with us Leonardo Linden, CEO of Ipiranga, Tabajara Bertelli, CEO of Ultragaz, and Fulvius Tomelin, CEO of Ultracargo. This call is being recorded and will be accessed by the website ri.ultra.com.br. After the presentation, we are going to start the Q&A session when further instructions will be provided.

We would like to let you know that this call is being conducted in Portuguese, and there is an option of simultaneous translation available by clicking on "Interpretation". For those listening to it in English, there is the option of to mute the original audio. The presentation will be shown in Portuguese, and the version in English is available to be downloaded through the Company's website or through the chat.

Before moving on, we would like to clarify that forward-looking statements that may be made during this conference call related to business prospects, forecasts, operational and financial goals of Ultrapar are all based on beliefs and assumptions of the executive board, as well as currently available information. Forward-looking statements have no guarantee of performance. They involve risks and uncertainties since they relate to future events and depend on circumstances which may or may not occur. Investors should understand that general economic conditions and other operating factors as well as industry factors may affect the future performance of Ultrapar and lead to results which may differ materially from those expressed in these forward-looking statements.

I would like now to hand it over to Mr. Rodrigo Pizzinatto, who will start the presentation. Please, Mr. Pizzinatto, move on. You can start.

Rodrigo Pizzinatto: Good morning, everyone. It is great to be here with you for another Ultrapar earnings conference call.

I would like to draw your attention to some highlights from the first quarter of this year.

We remained on Ultrapar's path of solid operating results, driven by Ipiranga and the consolidation of Hidrovias, even in an environment of high volatility and challenges across the different sectors in which we operate. Palhares will shortly provide further details on the composition of our results.

We generated R$ 1.103 billion in operating cash flow, supported by solid performance of the businesses and a higher balance of draft discount for suppliers, despite the significant working capital investment we made at Ipiranga, mainly driven by the sharp increase in fuel prices.

This powerful cash generation scenario allowed for a reduction in leverage, which decreased from 1.7x to 1.5x. If we include the balance of draft discount for suppliers, leverage would remain at 1.7x, at the same level as at the end of 2025.

Amid the conflict in Iran and the significant volatility and sharp increase in fuel prices, I would also like to highlight Ipiranga's investment of more than R$ 2 billion in working capital to ensure supply to its service station network and consumers.

We continue to advance in our growth, productivity and value-creation agenda. During the quarter, we completed the expansions of the Rondonópolis and Opla bases at Ultracargo, which combined added 25 thousand m^3 of capacity.

On the institutional agenda, we continue to make progress in strengthening the regulatory framework and promoting fairer competition in the country. I would like to highlight the publication by the Federal Revenue of the regulation addressing persistent debtors, as well as the conversion of the "Gás do Povo" into law — important advances for legal and regulatory certainty.

Finally, I would like to remind you that we published the 2025 Sustainability Report, including the new 2030 Sustainability Plan, already available on our Investor Relations website. This material reflects the evolution of our corporate sustainability agenda, increasingly aligned with Ultrapar's long-term value creation strategy.

Thank you for your attention, and I will now hand over to our CFO, Alexandre Palhares, who will detail the results for the quarter.

Alexandre Palhares: Thank you, Rodrigo. Good morning, everyone!

Well, before we start, I would like to remind you of the criteria and standards used in the analysis in this presentation, which can be seen on slide 3.

Moving on to Ultrapar's consolidated results on slide 4, recurring adjusted EBITDA totaled R$ 2.320 billion, reflecting mainly the higher operating results at Ipiranga and the consolidation of Hidrovias' results, which until May 2025 were accounted for in share of profit (loss) of subsidiaries, joint ventures and associates.

Net income for the quarter was R$ 914 million, representing an increase of R$ 551 million compared to the first quarter of last year. This result reflects the improved operational performance of our businesses, partially offset by higher depreciation, amortization and financial expenses.

CAPEX for the quarter totaled R$ 558 million, higher than in the same period of last year, reflecting the consolidation of Hidrovias and higher investments in Ultragaz and Ipiranga, partially offset by lower investments in Ultracargo, as we advance in completing capacity expansions.

Operating cash generation reached R$ 1.103 billion in the quarter, compared to R$ 3 million in the first quarter of 2025. This result reflects the higher operating performance, combined with higher working capital investment – which were partially offset by the contracting of approximately R$ 1.150 billion in draft discount.

Excluding the effects of draft discount in the two comparable periods, the cash flow from operating activities showed a consumption of R$ 43 million, reflecting the Company's financial effort to keep the fuel market supplied in a scenario of high volatility, high international prices and market uncertainties.

Moving to slide 5, we can see that we ended the quarter with net debt of R$ 12.275 billion and leverage of 1.5x. Also considering the effects of draft discount and vendor, adjusted net debt totaled R$ 13.479 billion, with stable leverage at 1.7x, in line with the level observed at the end of last year.

Before discussing Ipiranga's results, I would like to provide some context on the atypical environment we faced in the first quarter, driven by the escalation of the conflicts in Iran, on slide 6.

Inventory gains and losses are an intrinsic part of the business. As we can see in the charts, fluctuations in Brent crude oil prices have a direct impact on the fuel prices and, consequently, on Ipiranga's results. During periods of sharp oil price declines, such as at the onset of the pandemic, lower prices combined with reduced volumes significantly pressured profit margins and EBITDA. In that scenario, Ipiranga reported adjusted EBITDA of R$ 167 million, close to zero, with margins of R$ 36/m^3, or 3.6 for each liter sold, mainly driven by significant inventory losses.

In the first quarter of 2026, we experienced the opposite dynamic, with a sharp increase in international oil prices.

This significant price increase generates relevant inventory gains. This effect was further amplified by higher inventory levels, as we maintained increased inventory levels, supported by a substantial increase in fuel imports to meet higher volumes across our service station network and consumers demand, following the exit of opportunistic importers from the market. Inventory gains and higher volumes contributed significantly to the results presented in the quarter, with margins of R$ 275/m^3, or 27 cents per liter sold. Which represents an increase of just 9 cents per liter.

Moving to slide 7, we can see how this environment led to a significant working capital investment at Ipiranga to ensure supply to our customers.

As conflicts escalated, we observed a sharp increase in international fuel prices, along with a relevant change in supply dynamics. International producers and trading companies began requiring more restrictive payment terms, often cash in advance, in order to supply products.

In addition, the increase in fuel prices in Brazil was significantly lower than the increase in international prices, as you can see in the chart in the middle, reflecting Petrobras' pricing policy. In this context, opportunistic importers refrained from nationalizing cargos, which required a prompt response from distributors with greater logistical, financial, and operational capacity.

Ipiranga, as one of the main structural suppliers in the Brazilian market, nearly tripled its imports in April to ensure supply to its service station network and consumers, as you can see in the upper left chart.

Our imported diesel volumes previously represented between 6% and 7% of total diesel imports in Brazil before the conflict and reached 12% in the first quarter of 2026.

This movement was essential to ensure market supply but naturally had relevant financial impacts. The significant increase in international prices and the higher imported volumes, combined with higher inventory levels and shorter payment terms for imported fuels, resulted in a very substantial working capital requirement, exceeding R$ 2.0 billion in the quarter. Taken together, these effects led to a 9% increase in EBITDA margin in the first quarter compared to last quarter of 2025.

As a result of this context, slide 8 shows Ipiranga's results for the quarter.

The total volume sold in the quarter was 6.021 million m^3, an 8% increase compared to the first quarter of 2025, with an increase of 9% in diesel and 7% in the Otto cycle. This performance reflects the gradual recovery of the market, with a lower level of irregularities in the sector, in addition to the effects of the atypical market dynamics related to the international conflicts I mentioned earlier.

We ended the quarter with a network of 5,826 service stations, 21 more than in December 2025, resulting from 48 stations opened and 27 closed in the period. Ipiranga's recurring EBITDA was R$ 1.665 billion in the quarter, with margin of R$ 276/m^3.

We continue to see the impacts of the conflict in Iran, which bring volatility and challenges to the sector. At the same time, we continue to observe a gradual recovery of the market, supported by initiatives to combat irregularities. In this context, assuming this environment is maintained, we expect results to remain at levels similar to those observed recently.

Moving now to slide 9, with Ultragaz's results.

The volume of LPG sold in the quarter remained practically stable compared to the first quarter of 2025, with a 1% increase in the bottled segment and a 2% decrease in the bulk segment, mainly due to lower demand in the industrial segment.

Ultragaz's EBITDA totaled R$ 385 million in the quarter, a 2% decrease compared to the same period last year, reflecting higher LPG costs and a reduction of R$ 14 million in other operating results, due to the reversal of the earn-out related to the acquisition of Stella, which had been recorded in the first quarter of 2025.

In this quarter, we will intensify our efforts to recover market share. Even so, we expect results to be better than those reported in the same period last year.

Now, let's move to the results of Ultracargo on slide 10.

The average installed capacity reached 1,152 million m^3, an 8% increase compared to the same period of the previous year, reflecting the capacity additions in Santos, Rondonópolis, Opla and Palmeirante.

The m^3 sold increased by 11% in the annual comparison, reflecting gradual recovery in demand for fuel storage related to imports, especially in Santos, in addition to the ramp-up process of the new installed capacity.

The net revenue totaled R$ 276 million, a 2% year-over-year increase, reflecting higher m^3 volumes, partially offset by a less favorable sales mix, with a higher share of lower average-priced terminals, albeit with higher throughput.

The adjusted EBITDA was R$ 165 million, remaining broadly stable compared to the first quarter of 2025, reflecting higher volumes handled, which partially offset the costs associated with expansions still in the ramp-up phase.

The current context of the conflict in Iran brings additional challenges to port terminals, reflecting volatility in the pace of imports. Even so, we expect results in line with those observed in the first quarter of 2026.

Finally, moving to Hidrovias' results on slide 11.

Total volumes handled decreased by 23% compared to the same period in 2025, reflecting one-off challenges in the Northern Corridor and the sale of the coastal navigation operation in November 2025. Considering continuing operations only, the reduction was 6%.

Recurring adjusted EBITDA totaled R$ 182 million, 29% below when compared to the first quarter of 2025. This performance mainly reflects operational challenges in the North Corridor, less favorable navigability conditions in the South - with a higher number of voyages carried out and, consequently, higher costs - as well as the sale of the coastal navigation business, partially offset by lower expenses.

Considering continuing operations only, recurring adjusted EBITDA was 23% below when compared to the same period last year.

We have observed improvements in cargo reception in the Northern Corridor, although still subject to restrictions. In the Southern Corridor, operating conditions remain similar to those of the previous quarter. In this context, we expect results to be in line with those reported last year.

To conclude, I would like to thank you all for your participation. We remain available, together with our Investor Relations team, to continue the conversations and clarify any questions you may have. Let's now move on to the Q&A session.

Q&A session

Monique Greco, Itaú BBA: Hello. Good morning. Thank you for the opportunity to ask questions. Great results. Kudos to you. I have two questions. First, about the imports. How have you seen that in the current quarter - April, May - in terms of cargo availability, payment conditions, payment terms, and what we should expect from that into the working capital structure of the current quarter? Building up on the effects of the inventory levels that you shared with us, thinking about the current quarter, as we have seen a price decrease in April and a decrease in import costs, how can we understand that inventory effect in the second quarter? What would be the kind of guidance we can expect? And do you expect any parachuting dynamic? How is it all going to play into the second quarter? Thank you.

Leonardo Linden: Good morning, Monique. This is Leonardo Linden speaking. In terms of imports, what we can observe is very similar to what we observed in March, in the end of the first quarter. We are having expected origination levels, we see no risk of difficulties or disruptions of our businesses with our clients. Terms are reduced though, and this has an impact on working capital. I think there are three key facts that we observed in the first quarter. One: volume. An 8% increase in volume. Second effect is cost of product, but we have increased mix of imported products which cost more. And thirdly, suppliers, because we have reduced terms. This is being managed, and I suppose that as the market situation resumes its expected level and dynamic, the working capital will go back to its original levels. In terms of inventory levels, I have two comments to make. I think there are also two effects here. First, price increases over the physical inventories, and secondly, replenishment cost pricing for a longer period of time with increased prices. It does generate an impact, as Palhares pointed out. But once again, as the situation, the conflict in the Middle East resumes its previous levels and as they used to be, I think everything will go back to normal.

Monique Greco, Itaú BBA: Great, thank you.

Gabriel Barra, Citibank: Good morning. Thank you for taking my question. I have two quick points. The higher margin is a result of a number of things, including the improvement in the formal market, but also a non-recurring effect considering what we have all been experiencing in Brazil and the world in terms of supply etc. Looking inside Brazil, there have been a number of measures imposed by the government of Brazil for the whole industry, providing subsidies, and it has impacted the activities of imports, as you shared in your presentation. Said that, I would like to hear from you how you have been considering this impact in the industry because of the uncertainty and the dynamics of the local market as opposed to the international market, especially considering the subsidies of fuel in Brazil impacting not only Ipiranga but also Ultragaz.

My second question is about capital allocation. Looking back into 2024, considering the holding, the capital allocation was more active. Looking inside and outside and understanding capital allocation flows, investments made in assets now owned 100% by you, bringing more diversity, investing in other businesses, adding value to shareholders.

We have seen the news, and I would like to hear from you what is the current status? The company has had a very strong leverage position, very relevant cash position and considering the payments you have ahead. So, I would like to hear more about these investments and also investments in other business lines by Ultra. These are my two questions. Thank you.

Leonardo Linden: Good morning, Gabriel. Let me answer the first question, and then I am going to hand it over to the team. As you said, the effects of margin that we have seen result from a number of things. First of all, there is a continuous market progression excluding the Middle East war. If we have the margin discount, the effects of gains and losses of inventory margins in February and March are higher than the margins we had in the second half of 2025. This is no big news. It is a market that has been improving in terms of fighting irregular operations. Secondly, there is the effect of the work we have been doing, and you have been following up the plan we have to improve efficiency. And thirdly, yes, there is the effect of the Middle East conflict, which is a reorganization of the market. We analyze cost of products, but the market has changed in terms of supply, logistics, freight, insurance levels, a number of variables have been impacted by the situation. I think the good news is we have reacted and adapted at Ipiranga quite well. We have prioritized supplies with some cost for a turnover for expenses, but the result is very positive. I think that excluding the effects of Middle East war, it is a market that has been progressing, as well as Ipiranga. And this is the given situation. Concerning the government initiatives, we support everything that has been discussed in its end goal, so to speak. There is still a lot going on, and we have been talking to the representatives of the government, regulatory agencies... We have been having very fruitful discussions. There are still pending issues, but I really do not know what kind of impact it will have ahead, but it will depend on how these discussions unfold and how the market is going to deal with all these topics of subsidy. Let me now hand it over to Rodrigo, who is going to talk about capital allocation.

Rodrigo Pizzinatto: Good morning, Barra. Thank you for the questions.

Let me reinforce a point here and something building up on what Monique has said. In this quarter, there is a combination of factors that have impacted the industry and Ipiranga, as a consequence. But at Ipiranga, we had a strong increase in volume together with the effects of inventory gains, but there are two structural points as well that have been benefiting us that will be maintained. One is the fight against irregular players. Even in the quarter, the first two months of the year, before the war started, they were better than the second half last year. The other effect that has gained more power from the war is exactly the strength of our brand. So, maintaining supplies of our whole network of service stations considering the complexity of the current situation, and doing it competitively with good supply, good supply levels, it really reinforced the importance of the brand Ipiranga for all its resellers. These are factors that will be maintained. Concerning capital allocation, you know us. We do not talk about the news, but I can emphasize what we have been saying. We are going to keep on looking into possibilities of investments, possibility of recycling capital - it is part of the nature of our holding. And if we do not find good opportunities for recycling or investments, we increase dividend and payback of the shares. This is our mindset.

Gabriel Barra, Citibank: Clear. Thank you all very much.

Tasso Vasconcelos, UBS: Good morning. Thank you for taking my questions. I have two questions as well. The first one, Pizzinatto, still talking about capital allocation and building up on what you have just said of looking inwards, recycling the portfolio. When we analyze all the different businesses you have, what do you think about maturity level of each business? Which of them are more mature, which run at good operational levels as expected, that would require fewer adjustments, and which other business do you still run at lower levels than you would expect it to be? Secondly, I suppose that you have regular interactions with international players, maybe even with Chevron, because you have an association with lubricants, right? With Texaco. But I would like to hear from your impression and the interest of international players in the local industry. We have been observing some buys in downstream. In Argentina, for example, there is an ongoing attempt along these lines. So, it would be good to hear your interactions with international players and get your feedback about Brazil. Thank you.

Rodrigo Pizzinatto: Good morning, Tasso. Maybe you didn't get my answer to Barra. We do not talk about the news.

But speaking about growth, there are some industries which are at higher growth level. For example, Northern Corridor, that has increased throughout the years the handling of Hidrovias. We have been observing growth in the area of fuel, especially diesel, which benefits Ipiranga, and as we have been fighting irregular players, Ipiranga has been gaining more market share in our own network, which is a strategic market to our company. Bulk of Ultragaz, as the industry has been subject to some more pressure, but it is an industry that historically has been having more allocation because of the growth it generates, and we have just closed a historical cycle of investments in Ultracargo, which increased the Company's installed capacity. So, we have been looking for capital allocation opportunities to expand all businesses. If we see opportunities of further expansion in specific industries, we will keep on doing it.

Bruno Montanari, Morgan Stanley: Thank you for taking my questions. Let me talk about margin and regulatory agenda. This quarter is very noisy, right, because of the war effects. But thinking about what we talked about during Ultra Day, where you would try to obtain margins greater than R$ 200/m^3 in the long term, do you think that the scale-up of margins that has been reached will speed up the sustainable recurring level of 200 up?

In terms of regulatory affairs, I think that almost all topics that had been in the agenda have been addressed. Well, the persistent debtor and also naphtha, the single-phase taxation. Is there anything new coming, or is it simply obtaining increased compliance levels and enforcing all measures to be fully respected so that there would be no further irregular practice? What do you see?

Leonardo Linden: Well, Bruno, margins. As you said yourself, it is difficult to create scenarios based on the effects of the Middle East conflict. Let's exclude that then. And as I said in my first answer, we have been observing an expansion of the market, healthy market, I would say, healthier market, really.

I do not want to work with the hypothesis of whether the conflict will get worse. I do not know. But I think the market is getting better, and I can anticipate even increasing margins. And this is what we have been working on to strengthen regulatory affairs and to improve our own operations inside. Margins above R$ 200/m^3 are very feasible in this business, and we are always trying to have 20% return on invested capital. From a regulatory perspective, I have seen some evolution, but this is something that we should never take for granted, and we cannot get distracted by other factors because there is still a lot to be done.

First, we have to be absolutely sure that everything that we have done throughout previous years has to be implemented, has to be enforced. We have to make sure that laws are complied with and everything that we have obtained can and should be really enforced. There are still some topics that need further evolvement. For example, ethanol single-phase taxation is one of them. We have seen a lot of tax evasion, product being sold without invoice, so we really need to go further with single-phase taxation for ethanol. Biodiesel - imported diesel is more expensive than local diesel, but there is an item of the mix which has not been dealt with yet. And now there is the new law of the persistent debtor that we want to see in action. But I will say that it is a positive landscape. It shows progression, and I suppose it is going to bring benefits not only to Ipiranga, but to resellers, as they are going to have fair competition, to consumers, who are going to have the guarantee of receiving good products, and for the government, which is going to increase revenues from taxation. So, we cannot really get distracted by the Middle East war because there are some foundation elements that are still under work and require our attention and dedication.

Bruno Montanari, Morgan Stanley: Thank you.

Alexandre Palhares: Thank you all very much for joining us. Unfortunately, we could not have all questions answered by, but our investor relations team is available to support you. Thank you very much. See you next time.