



# **Ultrapar Participações S.A.**

**Earnings conference call – 2Q19**

08.15.2019



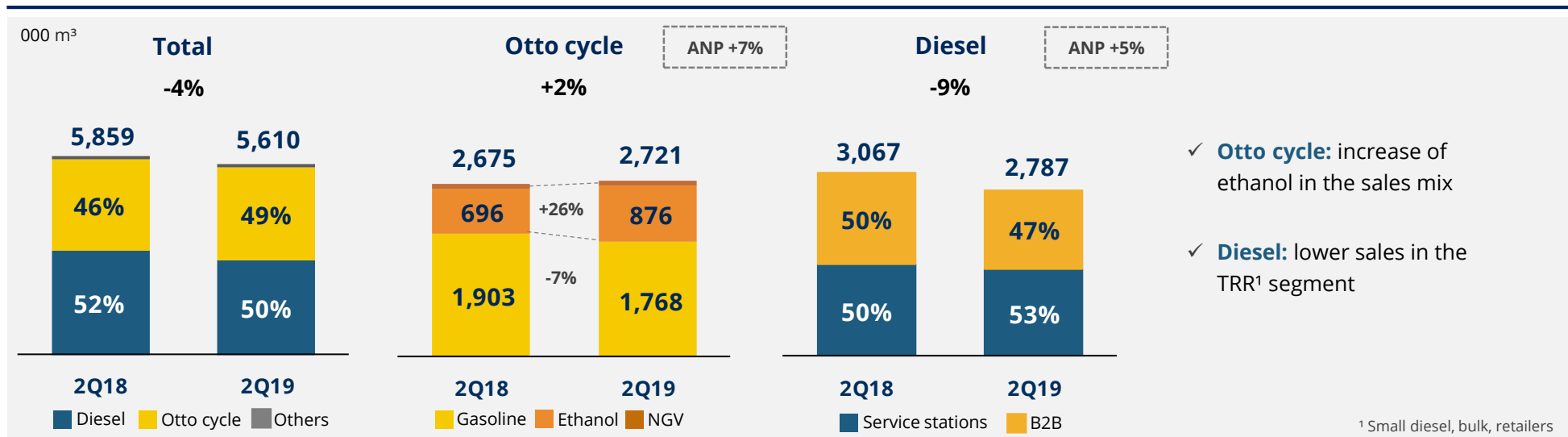
## ▶ Forward-looking statements

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

## ▶ Standards and criteria adopted in preparing the information

- ✓ The financial information presented in this document has been prepared according to International Financial Reporting Standards (IFRS). The financial information of Ultrapar corresponds to the company's consolidated information. The financial information of Ipiranga, Oxiteno, Ultragaz, Ultracargo and Extrafarma is reported without elimination of intercompany transactions. Therefore, the sum of such information may not correspond to the consolidated financial information of Ultrapar. In addition, the financial and operational information presented in this document is subject to rounding off and, consequently, the total amounts presented in the tables and charts may differ from the direct sum of the amounts that precede them.
- ✓ Information denominated EBITDA and Adjusted EBITDA is presented in accordance with Instruction 527, issued by the Brazilian Securities and Exchange Commission – CVM on October 4, 2012.
- ✓ As from 2019, two changes have been introduced in the presentation of Ultrapar's financial information: (i) we have adopted the IFRS 16 published by IASB – International Accounting Standards Board prospectively; and (ii) we have separated out certain corporate expenses, previously distributed among Ultrapar's business units, to a new segment named “Corporate”. **In order to retain comparability between 2Q19 and 1H19 with the information of 2Q18 and 1H18, discussion of results is shown without adjustments related to IFRS 16 and to the new Corporate segment while references to “2Q19” adopt the same criterion.** Any mention of information incorporating these changes will be identified as “2Q19 Post-adjustments”. Additional information can be found in note 2.y of the quarterly financial statements of June 30, 2019 and in the financial spreadsheets, available from the Ultrapar website ([ri.ultra.com.br](http://ri.ultra.com.br)).

## Volume



## Complete service station

**Network: 7,186 service stations**

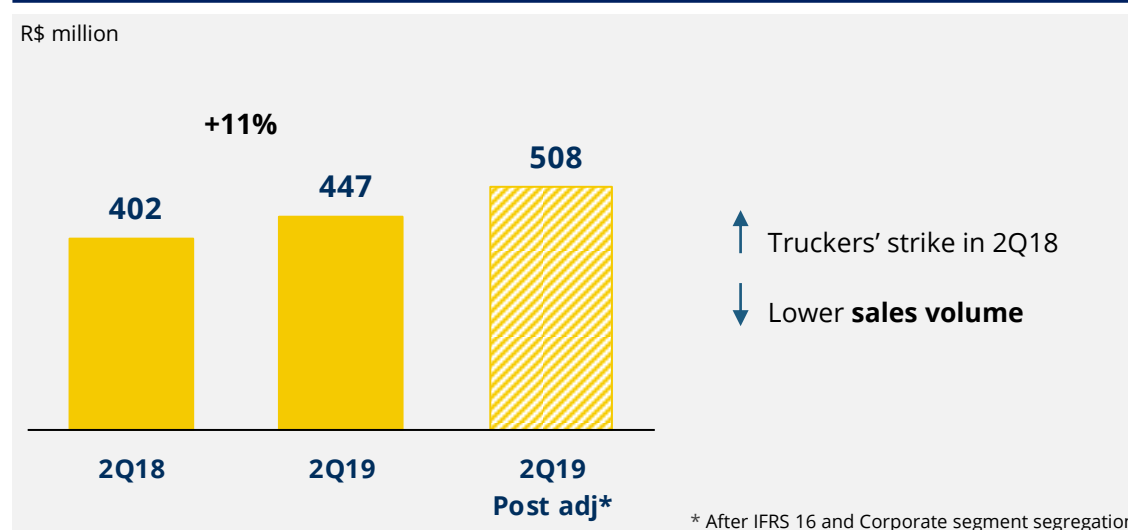
**am/pm and Jet Oil**

- ✓ 2,409 am/pm stores
  - Penetration of 34%
  - 4 DCs in operation
  - 933 bakeries
  - 554 Beer Cave
- ✓ 1,500 Jet Oil franchises

**Digital relationship**

- ✓ KMV - loyalty program
  - 35% of transactions with KMV
  - 31 million of participants
- ✓ Payment App (*Abastece Ai*)
  - Penetration of 9% (Otto cycle)

## Adjusted EBITDA



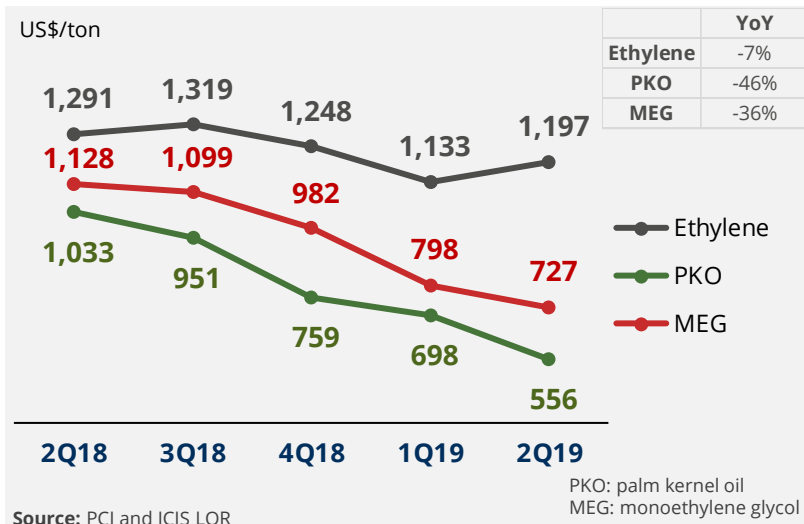
# Oxiteno - 2Q19 performance

## Volume

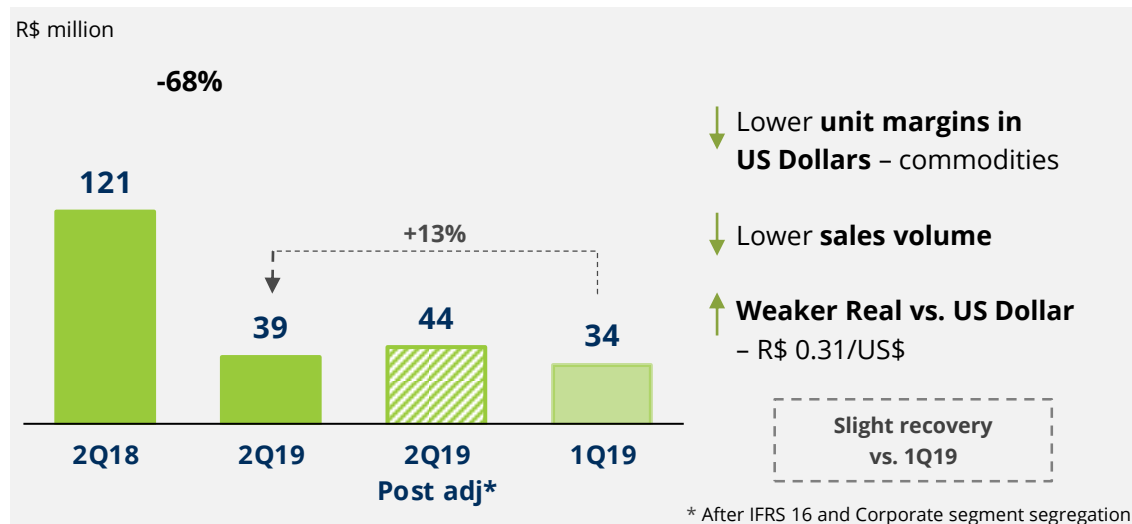


- ✓ **Commodities:** Strong comparison base in 2Q18
- ✓ **Specialties:**
  - ✓ **Brazil:** lower sales volume in several segments, despite the truckers' strike impacts in 2Q18
  - ✓ **International markets:** lower demand in Mercosur and Asia

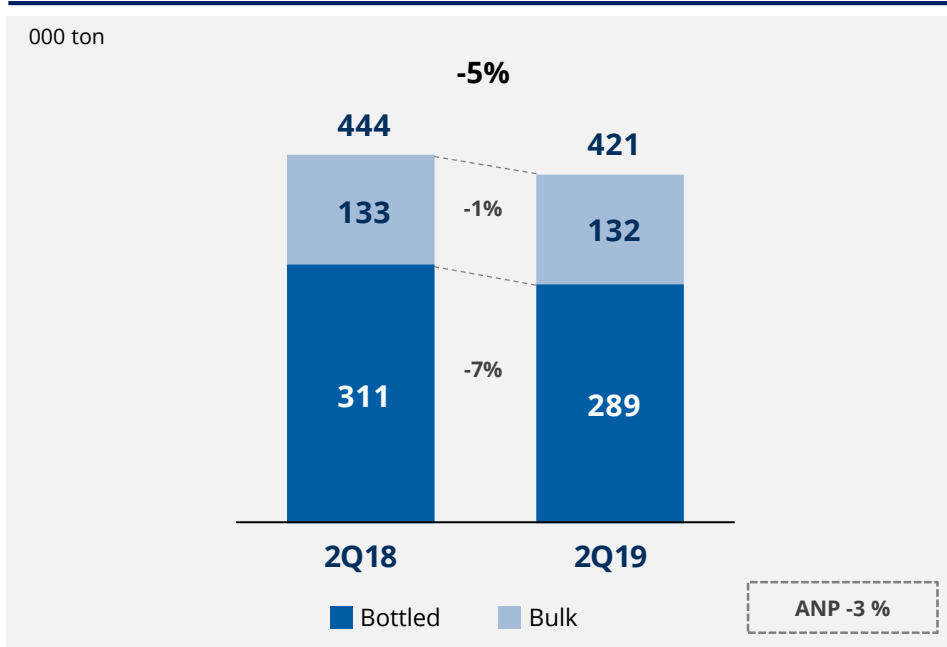
## Falling reference prices



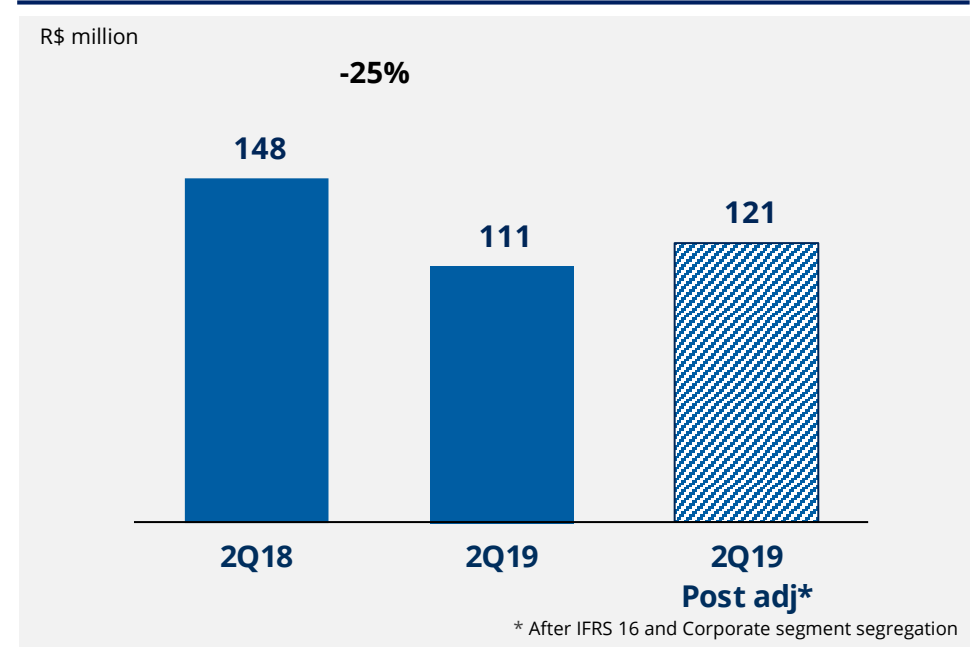
## EBITDA



## Volume



## EBITDA



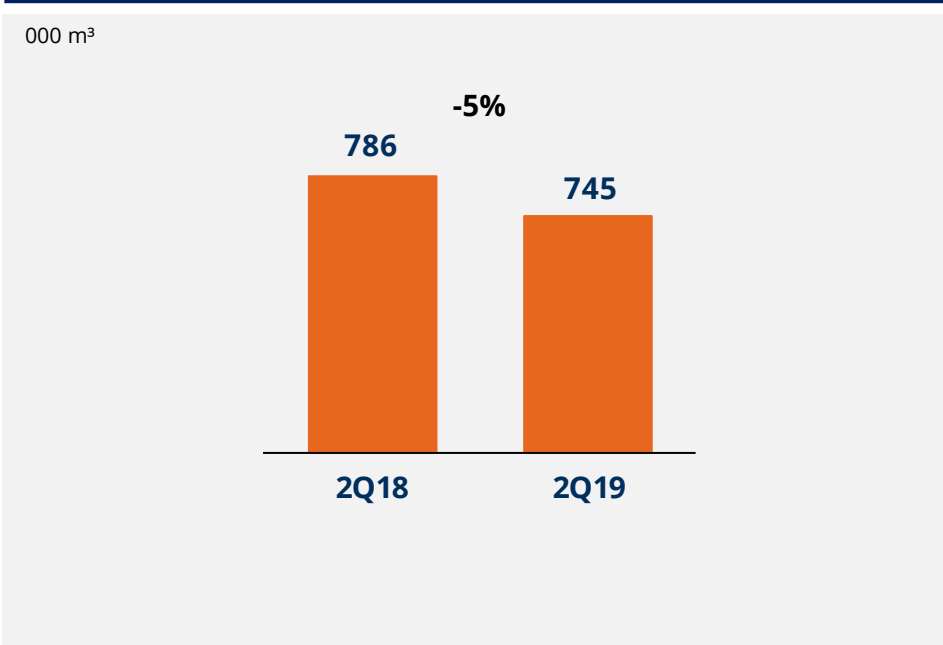
## Volume

- ✓ **Bottled:**
  - ✓ **Market contraction** specially in the Southeast region
  - ✓ Remaining impacts of the **temporary interruption** of LPG supply at some refineries
- ✓ **Bulk:** reduction in sales in line with the market decline

## EBITDA

- ✓ **Lower sales volume**, specially in the bottled segment
- ✓ **Higher expenditures** in the quarter

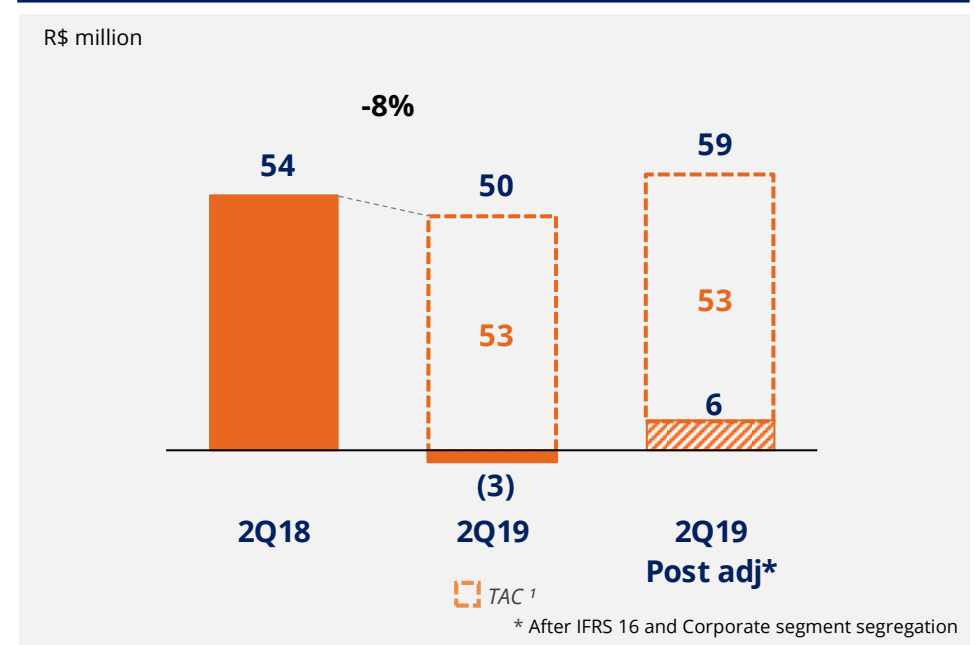
## Effective storage – monthly average



## Volume

- ↓ Reduction in **fuel** and **ethanol**
- ↑ Increase in **chemicals** and **corrosives**

## EBITDA



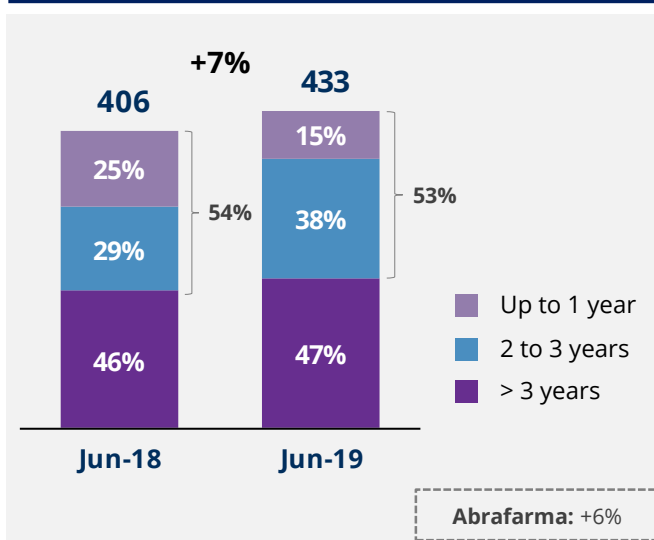
## EBITDA

- ↓ Lower average storage
- ↓ Receipt of a **credit in 2Q18**
- ↑ **Contractual readjustments**
- ↓ **Non-recurring**

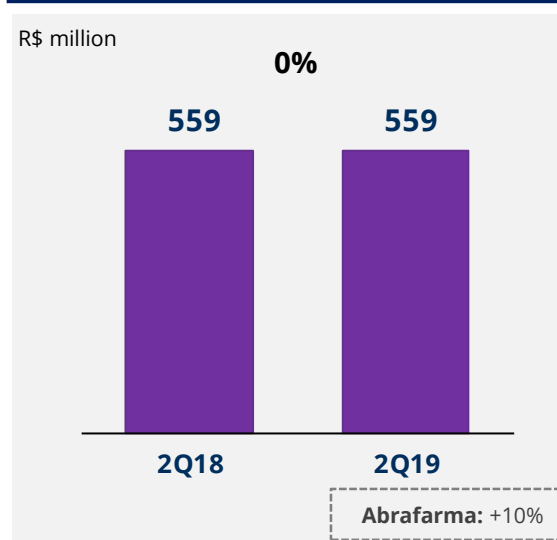
<sup>1</sup> **TAC – Conduct Adjustment Agreement** entered into with the Federal and São Paulo State Public Prosecutor’s Offices

# Extrafarma – 2Q19 performance

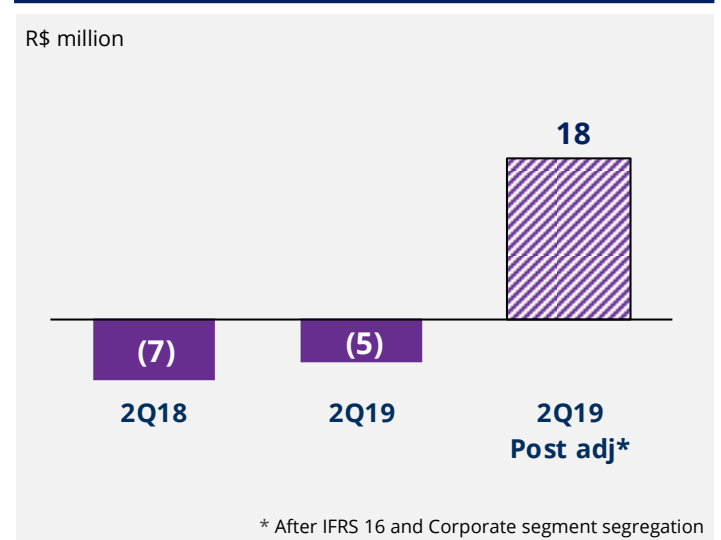
## Number of stores



## Gross revenues



## EBITDA



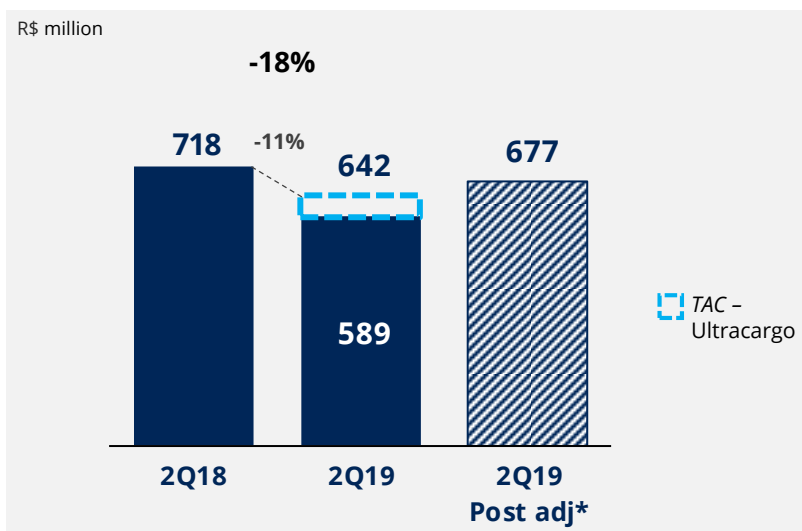
## Gross revenues

- ↑ Higher number of stores: 63 openings YoY
- ↑ Annual **readjustment** in medicines' prices
- ↓ **Tight competitive environment**
- ↓ Closing of 36 stores, mainly due to underperformance

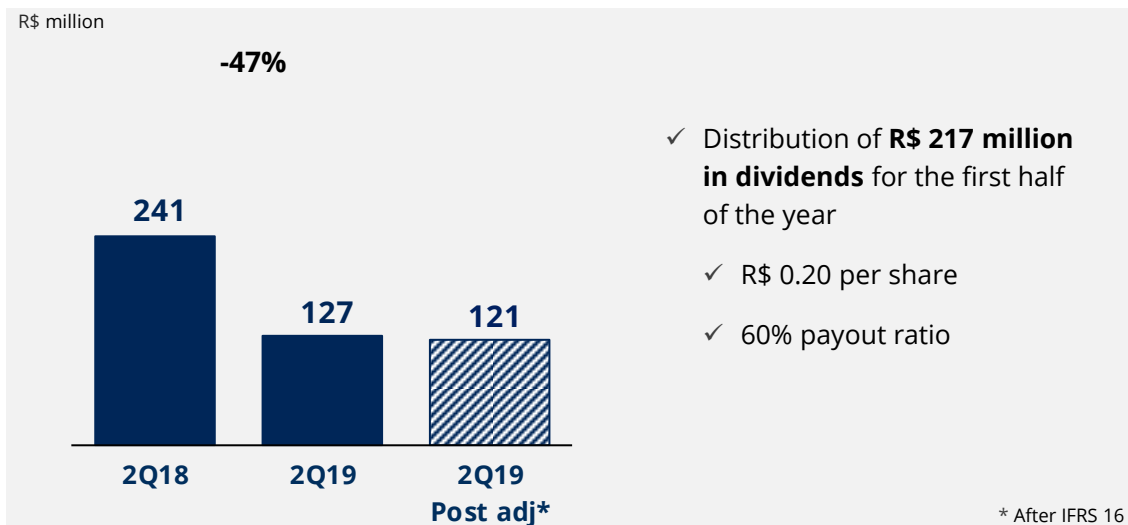
## EBITDA

- ↓ **Tight competitive environment**

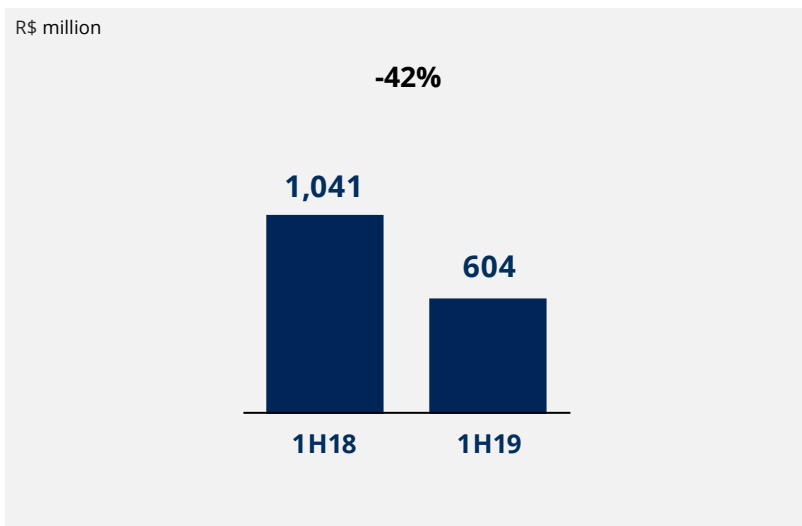
## Adjusted EBITDA



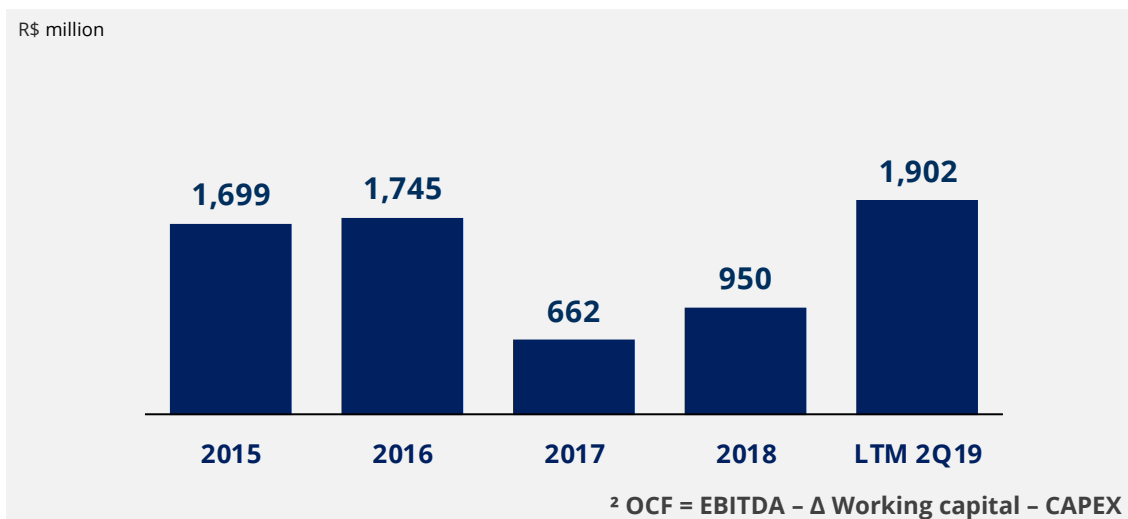
## Net income



## Investments

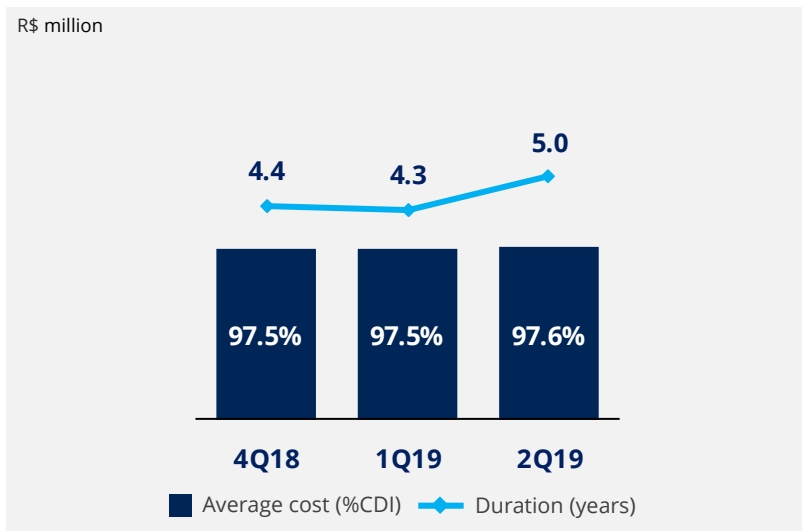


## Operating cash flow after investments<sup>2</sup>

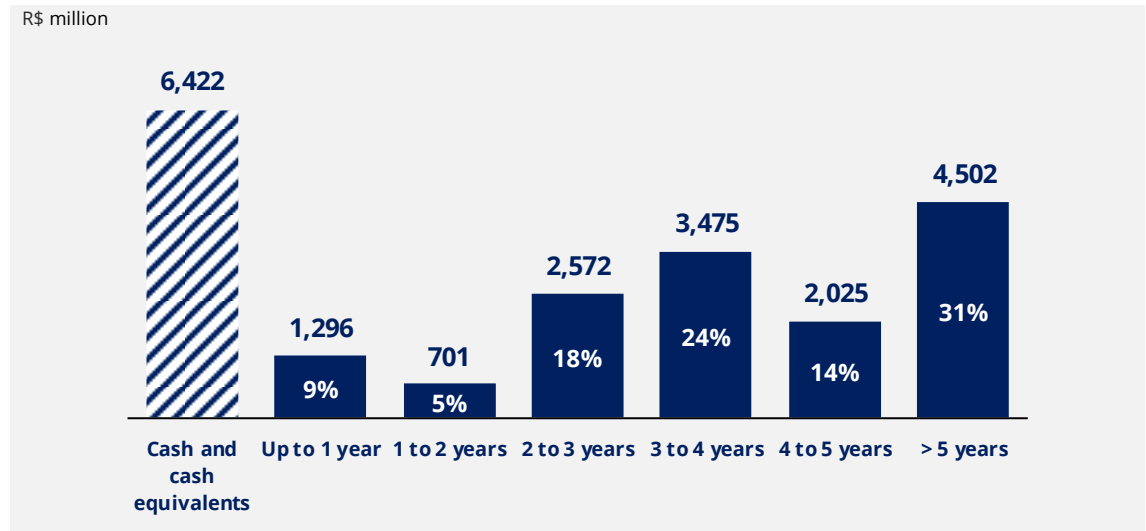




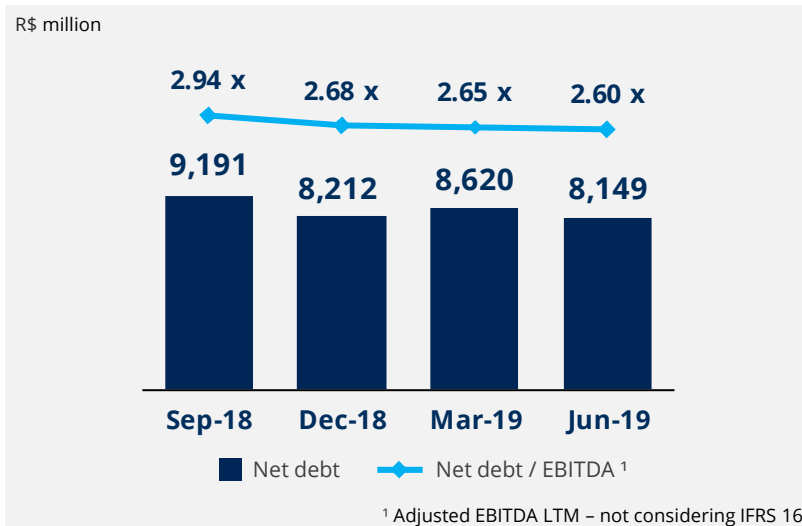
## Duration and average cost



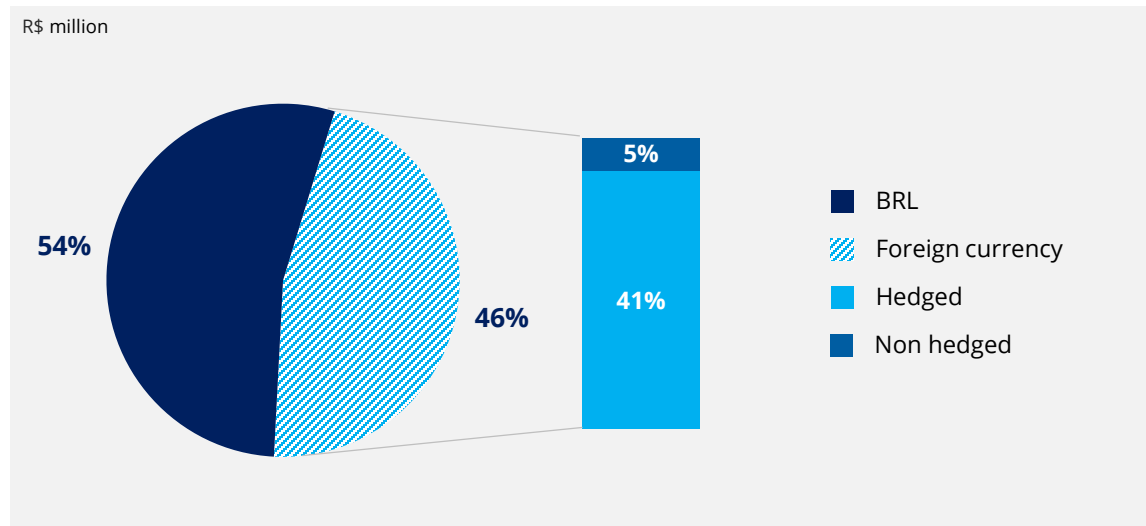
## Amortization profile



## Financial leverage



## Breakdown by currency





## Priorities

Recovery of **operational performance** and **margins**

Focus on **ramping up** recent investments

Cash generation and reduction of **financial leverage**

Preparation for a new **cycle of growth**

## Perspectives and opportunities

Ultrapar – **opportunities** from structural changes in the **Oil & Gas segment**

Ipiranga – unlock value from **convenience stores**, **digital initiatives** and ancillary businesses

Oxiteno – ramp up of the **USA plant** and growth in **specialties**

Ultragaz – **new uses** of LPG

Ultracargo – **auction bids** and **expansion** of port terminals

Extrafarma – **maturity of stores** and increase in **logistics efficiency**

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