Ultrapar Participações S.A.

Earnings conference call

Comments on the company's 2Q18 performance and outlook

02.08.2018

Considerations

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.

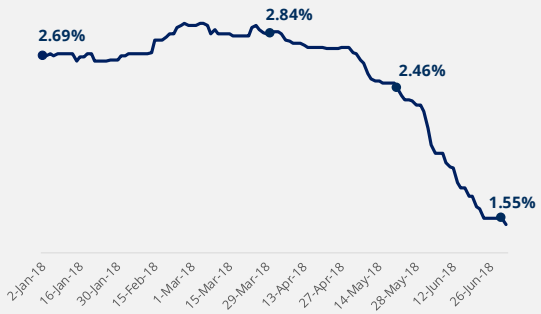
- ✓ EBITDA — Earnings Before Interest, Taxes, Depreciation and Amortization, Adjusted EBITDA — adjusted for the amortization of contractual assets with customers – exclusive rights, and EBIT— Earnings Before Interest and Taxes, are presented in accordance with CVM Instruction No. 527, issued by CVM on 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 June 29, 2018 and in the financial spreadsheets, available from the Ultrapar website (ri.ultra.com.br).

Ultrapar – 2Q18 performance

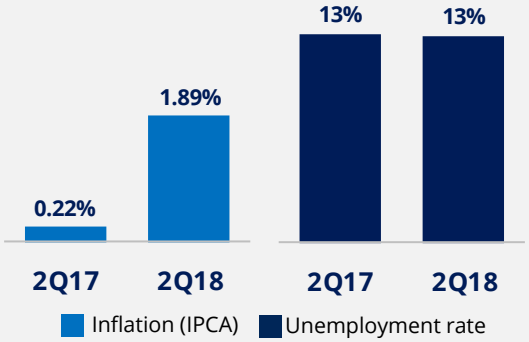
Challenging economic environment affected by the truckers' strike

Brazil GDP forecast 2018 in decline

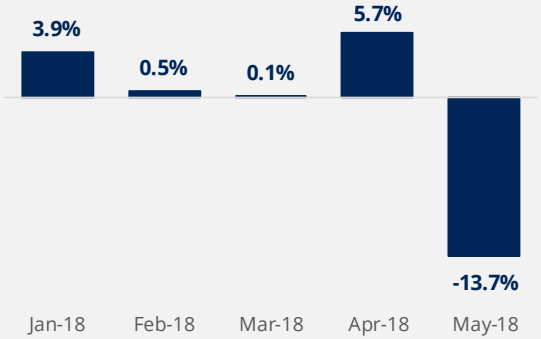


Source: Focus (projection from Central Bank)

Inflation and unemployment rate



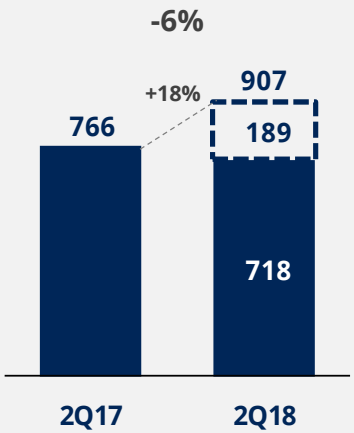
ANP volume[1] – YoY



[1] Considers the volume of gasoline, ethanol and diesel

Adjusted EBITDA

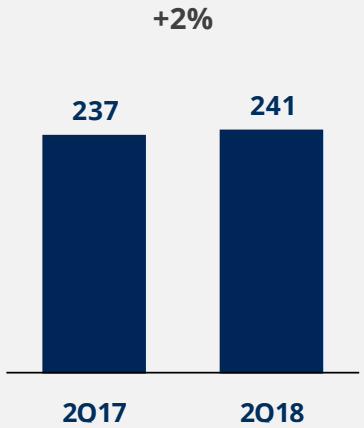
R$ million



- ✓ The truckers' strike estimated effect were of approximately R$ 189 million in the 2Q18, generating impacts in almost all businesses

Net income

R$ million

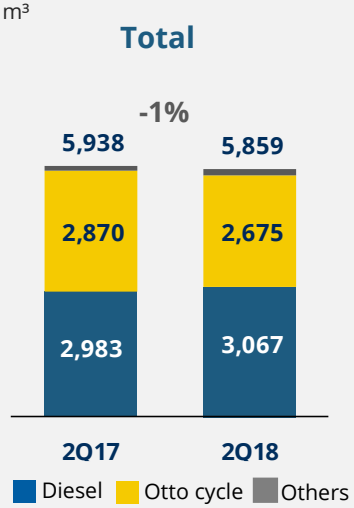


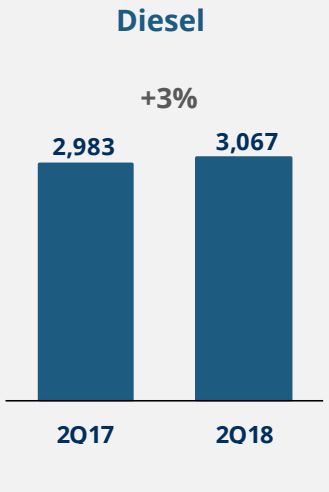
- ✓ One-off impact of the **truckers' strike**
- ✓ **Better financial results**
- ✓ **Distribution of R$ 304 million in dividends** for the first half of the year
- ✓ **Payout ratio of 61%** ex-Liquigás fine

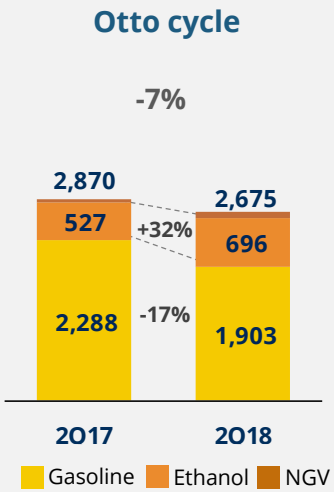
Ipiranga – 2Q18 performance

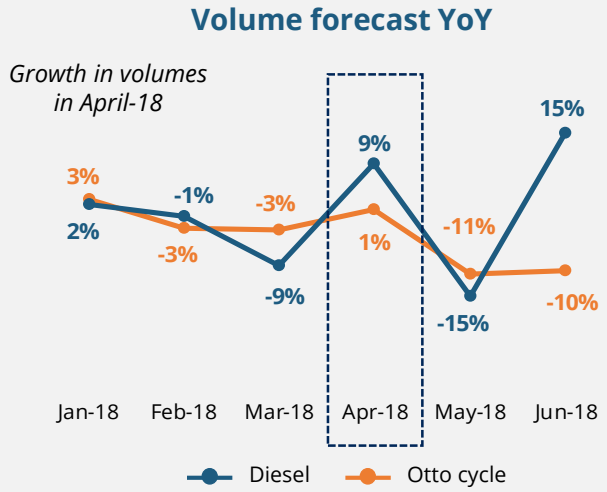
Volume

000 m³

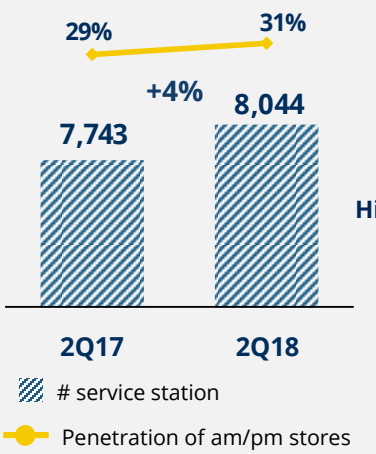








Network expansion



Network expansion and strengthening

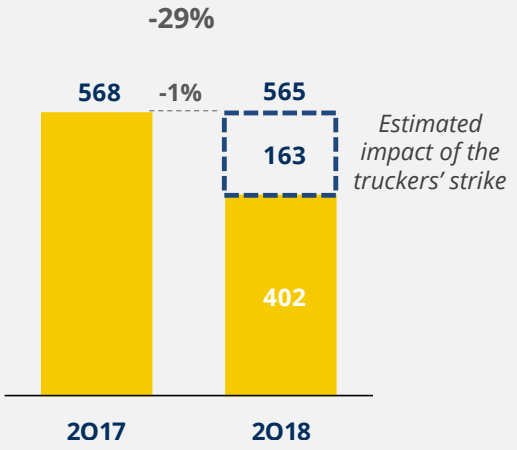
- ✓ 301 new services stations
- ✓ 192 new am/pm stores
- ✓ 118 new bakeries
- ✓ 84 new beer caves

Highlights and commercial partnerships

- ✓ Fill Up Here App (*Abastece Aí*):
  - ✓ 2 million transactions: +152% QoQ
  - ✓ 395 thousand participants: +126% QoQ
- ✓ KMV: accumulation on 22% of all transactions at the pumps
- ✓ am/pm: new partnerships

Adjusted EBITDA

R$ million



Estimated impact of the truckers' strike

- ↓ One-off loss on diesel inventory estimated in R$ 123 million
- ↓ Loss in sales volume estimated in R$ 40 million and greater one-off costs
- ↑ Efforts in management and administration to recover results

Oxiteno – 2Q18 performance

Volume

000 ton

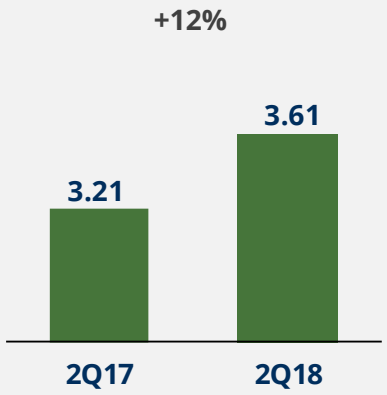


- ✓ ***Commodities*:** greater demand for products
- ✓ **Specialties:** higher sales in the USA offset by lower sales in the domestic market as a consequence of the truckers' strike

Shell Award Top Global Performance EO Catalyst

Exchange rate

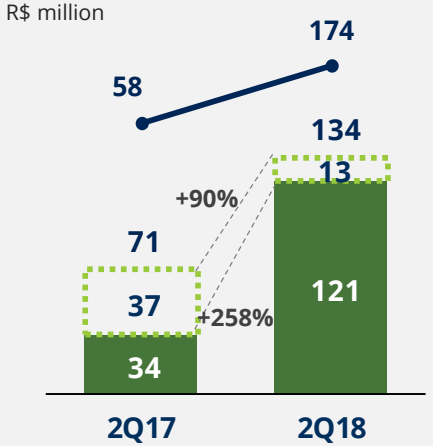
R$/US$ average



✓ **Weaker Real against US Dollar**

EBITDA

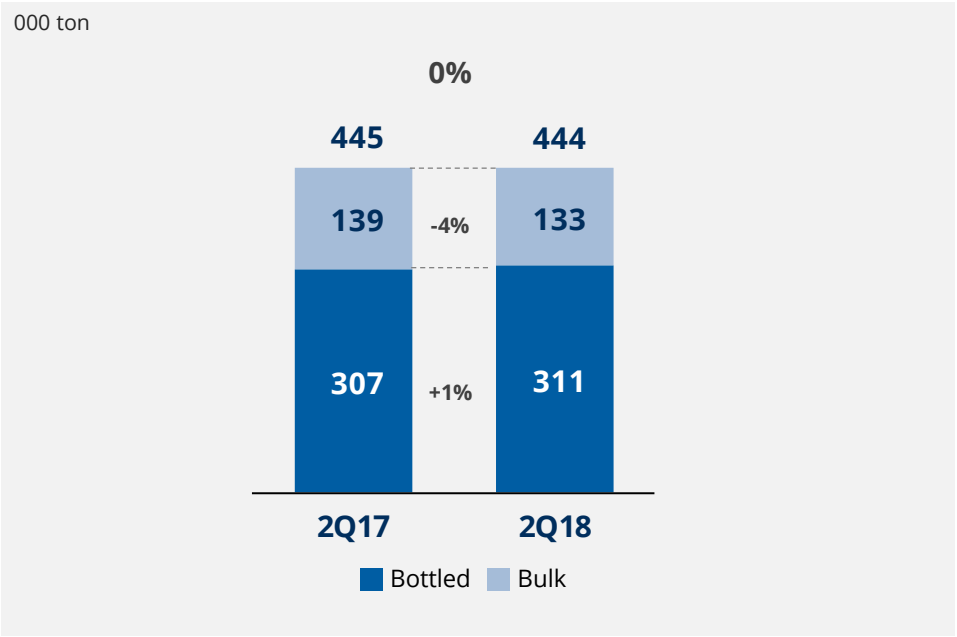
R$ million



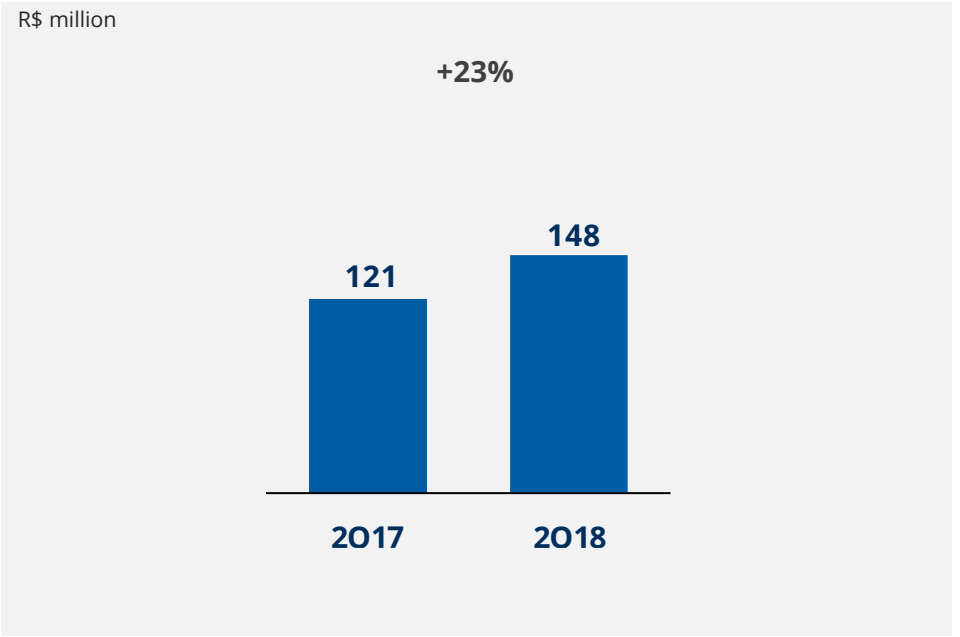
- ↑ **Higher sales volume**
- ↑ **Real devaluated against US Dollar** – R$ 0.39/US$
- ↓ **Higher pre-operational expenditures at the new unit in the USA**
- ↓ **Strike** – estimated impact of R$ 13 million

Ultragaz – 2Q18 performance

Volume



EBITDA



Volume

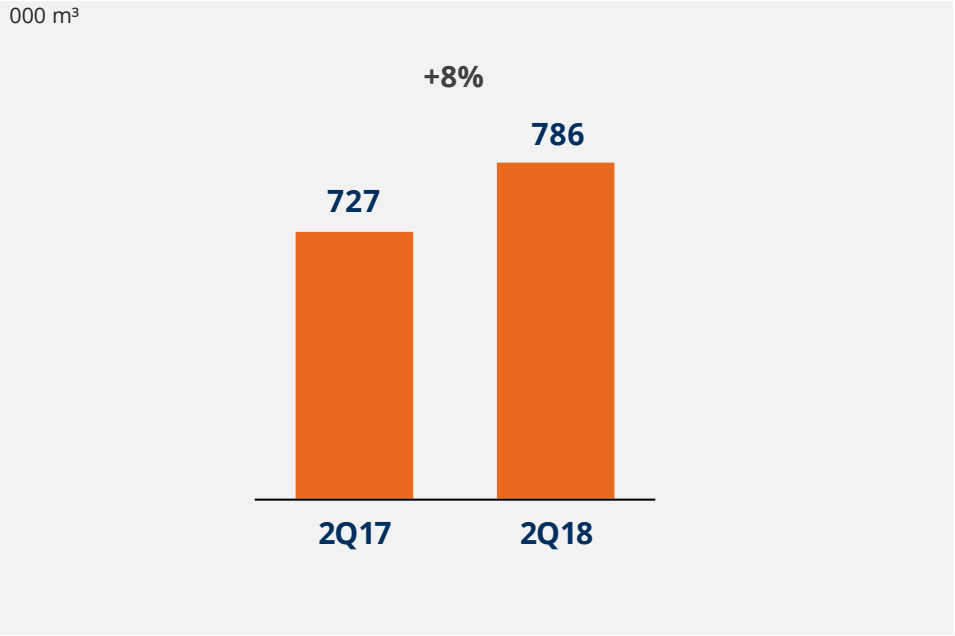
- ✓ **Bottled: commercial initiatives,** largely concentrated in the Northeast and Center-West
- ✓ **Bulk:** impact of the **truckers' strike** and programmed reduction by an industrial client partially offset by new clients

EBITDA

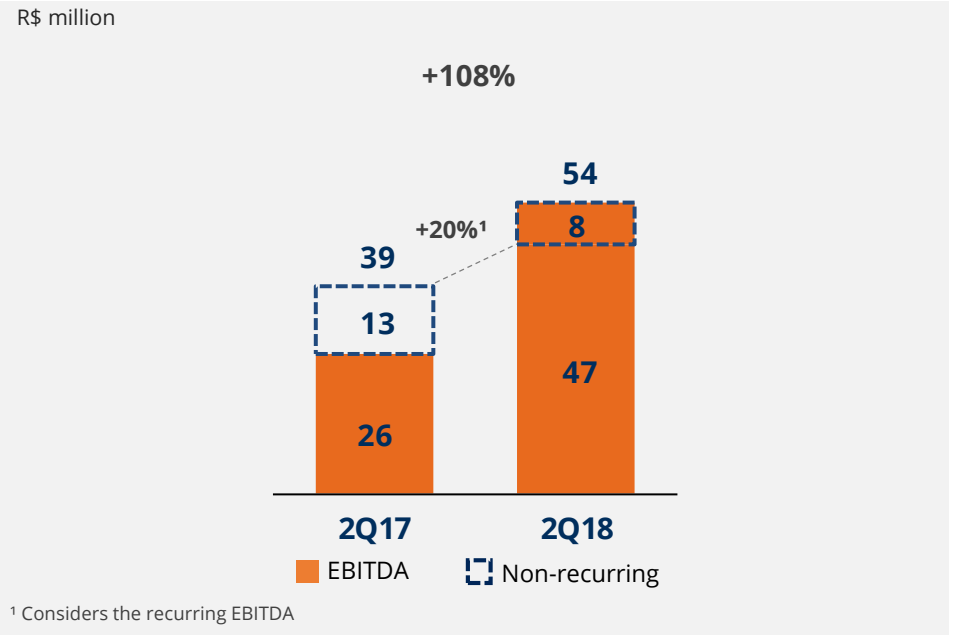
- ↑ Strategy of **differentiation and innovation**
- ↑ Continued management of **costs and expenses** with initiatives to reduce expenses
- ↓ Impact of the **trucker's strike** estimated in R$ 10 million

Ultracargo – 2Q18 performance

Effective storage – monthly average



EBITDA



¹ Considers the recurring EBITDA

Volume

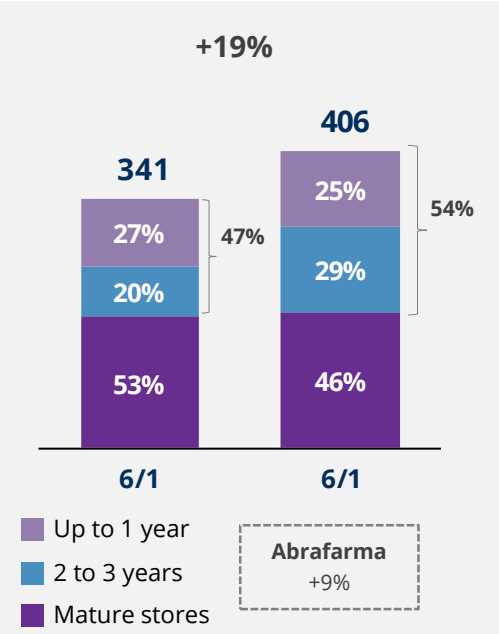
- **Partial resumption** of Santos terminal (Jun-17)
- Increased **ethanol** handling
- Reduction in fuel **imports**

EBITDA

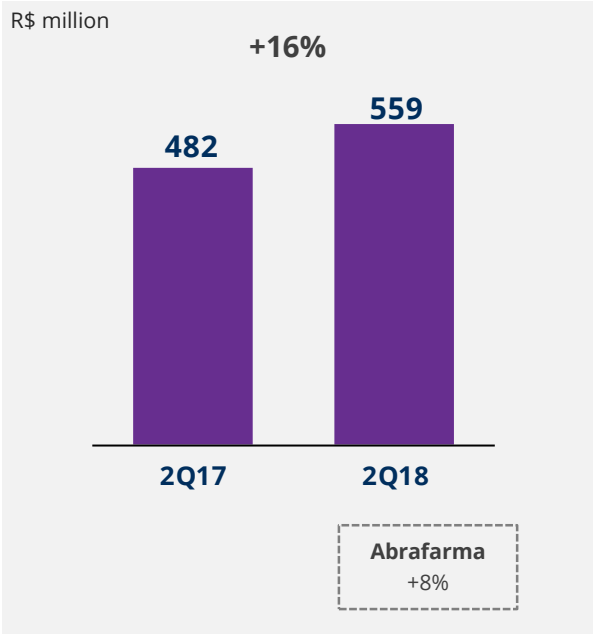
- **Growth in average storage**
- **Greater operational activity** at the terminals
- Non-recurring effects:
  - i. 2Q17 – **fire-related expenses** related with Santos incident, attenuated by the sale of non-operating assets
  - ii. 2Q18 – **receipt of a credit** with respect to a port management fee charged improperly

Extrafarma – 2Q18 performance

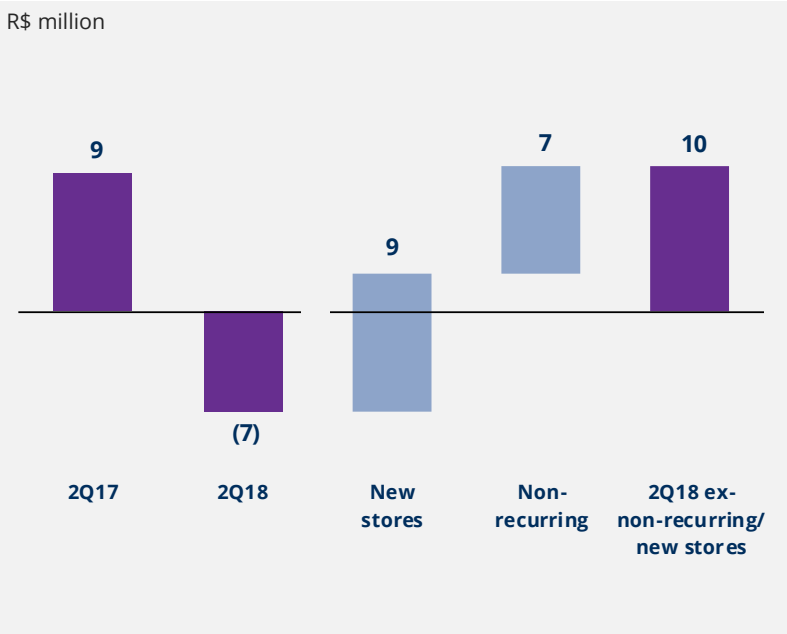
Number of stores



Gross revenue



EBITDA



Gross Revenue

↑ **17%** revenue **growth** in the **retail segment**
Increased number of stores:
- ✓ 86 openings YoY
- ✓ 8 openings QoQ

↑ Higher **promotional activity**

↓ Non-recurring events of the **truckers' strike** and **substitution of the retail system**

EBITDA

↓ **Increased share** of **maturing stores**:
- ✓ 2Q18: 54% up to 3 years (47% in 2Q17)

↓ **Non-recurring** effects of **R$ 7 million**:
- ✓ Implementation and stabilization of the new retail system
- ✓ Truckers' strike

Priorities and outlook











Actions for ensuring the recovery and strengthening to the resumption of growth and greater value generation for the shareholders

- ✓ Priority in **commercial and operational management at Ipiranga**
  - ✓ **Strengthening of the relationship with our resellers**
    - ✓ Recovery in volumes
    - ✓ Differentiation and innovation
  - ✓ **Operational excellence**
- ✓ **Reduction in organic investments** for the year, focusing on higher selectivity and discipline in capital allocation
- ✓ **Reduction in working capital** and greater **control over costs and expenses** in an effort to strengthen our cash generation
- ✓ **Start** of the new Oxiteno's specialty chemicals plant in the USA

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