

ULTRAPAR HOLDINGS INC  
Form 6-K  
May 03, 2018  
Table of Contents

**Form 6-K**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Report Of Foreign Private Issuer**

**Pursuant To Rule 13a-16 Or 15d-16 Of**

**The Securities Exchange Act Of 1934**

For the month of May, 2018

Commission File Number: 001-14950

**ULTRAPAR HOLDINGS INC.**

(Translation of Registrant's Name into English)

**Avenida Brigadeiro Luis Antonio, 1343, 9º Andar**

**São Paulo, SP, Brazil 01317-910**

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F     X    

Form 40-F                     

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes                     

No     X

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes \_\_\_\_\_

No   X

**Table of Contents**

**ULTRAPAR HOLDINGS INC.**

**TABLE OF CONTENTS**

**ITEM**

1. Individual and Consolidated Interim Financial Information for the Three-Month Period Ended March 31, 2018 Report on Review of Interim Financial Information
2. 1Q18 Earnings release
3. Board of Directors Minutes

**Table of Contents**

*(Convenience Translation into English from  
the Original Previously Issued in Portuguese)*

**Ultrapar Participações S.A.**

*Individual and Consolidated*

*Interim Financial Information*

*for the Three-Month Period*

*Ended March 31, 2018 and*

*Report on Review of Interim*

*Financial Information*

KPMG Auditores Independentes

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Individual and Consolidated**

**Interim Financial Information**

**for the Three-Month Period Ended March 31, 2018**

**Table of Contents**

|  |    |    |
|--|----|----|
| <u>Report on the Review of Quarterly Information</u> | 3  | 4  |
| <u>Balance Sheets</u>                                | 5  | 6  |
| <u>Income Statements</u>                             |    | 7  |
| <u>Statements of Comprehensive Income</u>            |    | 8  |
| <u>Statements of Changes in Shareholders' Equity</u> | 9  | 10 |
| <u>Statements of Cash Flows - Indirect Method</u>    | 11 | 12 |
| <u>Statements of Value Added</u>                     |    | 13 |
| <u>Notes to the Interim Financial Information</u>    | 14 | 93 |

## **Table of Contents**

(Convenience Translation into English from the Original Previously Issued in Portuguese)

### **Report on the review of quarterly information ITR**

To the Shareholders, Directors and Management of

Ultrapar Participações S.A.

São Paulo, SP

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Ultrapar Participações S.A. ( Company ), comprised in the Quarterly Financial Information ITR Form for the quarter ended March 31, 2018, which comprise the balance sheet as of March 31, 2018 and related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of the interim financial information in accordance with Technical Pronouncement CPC 21 (R1) Interim Financial Information and with International Standard IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board IASB, such as for the presentation of these information in a manner consistent with the standards issued by the Brazilian Securities Commission, applicable to the preparation of the Quarterly Financial Information ITR. Our responsibility is to express a conclusion on these interim financial information based on our review.

### **Scope of the review**

Our review was carried out in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by the IASB applicable to the preparation of Quarterly Financial Information ITR and presented in accordance with the standards issued by the Brazilian Securities Commission CVM.

**Table of Contents**

**Other matters**

**Interim statements of value added**

The individual and consolidated statements of value added for the three-month period ended March 31, 2018, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added are not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

São Paulo, May 2, 2018

KPMG Auditores Independentes

CRC 2SP014428/O-6

*Original report in Portuguese signed by*

Wagner Bottino

Accountant CRC 1SP196907/O-7

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Balance Sheets****as of March 31, 2018 and December 31, 2017***(In thousands of Brazilian Reais)*

| Assets  | Note       | Parent           |                        | Consolidated      |                        |
|---|------------|------------------|------------------------|-------------------|------------------------|
|   |            | 03/31/2018       | 12/31/2017<br>Restated | 03/31/2018        | 12/31/2017<br>Restated |
| <b>Current assets</b>                                   |            |                  |                        |                   |                        |
| Cash and cash equivalents                               | 4          | 681,401          | 93,174                 | 4,667,629         | 5,002,004              |
| Financial investments and hedging instruments           | 4          | 301,172          | 21,657                 | 1,482,010         | 1,283,498              |
| Trade receivables and reseller financing, net           | 5          |                  |                        | 4,351,254         | 4,147,894              |
| Inventories, net  | 6          |                  |                        | 3,338,115         | 3,513,577              |
| Recoverable taxes, net                                  | 7          | 35,273           | 33,070                 | 899,053           | 881,584                |
| Dividends receivable                                    |            | 10,860           | 27,930                 | 11,240            | 11,137                 |
| Other receivables                                       |            | 2,217            | 2,404                  | 84,727            | 44,025                 |
| Prepaid expenses, net                                   | 10         | 1,569            | 1,597                  | 146,576           | 150,046                |
| Contractual assets with customers exclusive rights, net | 11         |                  |                        | 456,811           | 456,213                |
| <b>Total current assets</b>                             |            | <b>1,032,492</b> | <b>179,832</b>         | <b>15,437,415</b> | <b>15,489,978</b>      |
| <b>Non-current assets</b>                               |            |                  |                        |                   |                        |
| Financial investments and hedging instruments           | 4          |                  |                        | 89,623            | 84,426                 |
| Trade receivables and reseller financing, net           | 5          |                  |                        | 347,575           | 329,991                |
| Related parties   | 8.a        | 774,850          | 762,562                | 490               | 490                    |
| Deferred income and social contribution taxes           | 9.a        | 29,481           | 29,158                 | 710,850           | 614,061                |
| Recoverable taxes, net                                  | 7          | 48,685           | 48,685                 | 325,493           | 313,242                |
| Escrow deposits   | 21.a       |                  | 148                    | 830,317           | 822,660                |
| Indemnity asset business combination                    | 21.c       |                  |                        | 202,352           | 202,352                |
| Other receivables                                       |            |                  |                        | 2,350             | 7,918                  |
| Prepaid expenses, net                                   | 10         | 38               |                        | 376,995           | 346,886                |
| Contractual assets with customers exclusive rights, net | 11         |                  |                        | 1,037,115         | 1,046,147              |
| <b>Total long term assets</b>                           |            | <b>853,054</b>   | <b>840,553</b>         | <b>3,923,160</b>  | <b>3,768,173</b>       |
| <b>Investments</b>                                      |            |                  |                        |                   |                        |
| In subsidiaries   | 12.a       | 8,861,788        | 9,268,261              |                   |                        |
| In joint-ventures                                       | 12.a; 12.b | 55,951           | 54,739                 | 127,228           | 122,061                |
| In associates   | 12.c       |                  |                        | 25,534            | 25,341                 |



Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|                                     |    |            |            |            |            |
|-------------------------------------|----|------------|------------|------------|------------|
| Other                               |    |            |            | 2,792      | 2,792      |
| Property, plant, and equipment, net | 13 |            |            | 6,813,700  | 6,634,528  |
| Intangible assets, net              | 14 | 246,163    | 246,163    | 2,218,877  | 2,162,638  |
|                                     |    | 9,163,902  | 9,569,163  | 9,188,131  | 8,947,360  |
| Total non-current assets            |    | 10,016,956 | 10,409,716 | 13,111,291 | 12,715,533 |
| Total assets                        |    | 11,049,448 | 10,589,548 | 28,548,706 | 28,205,511 |

The accompanying notes are an integral part of the interim financial information.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Balance Sheets****as of March 31, 2018 and December 31, 2017***(In thousands of Brazilian Reais)*

| Liabilities  | Note       | Parent     |                        | Consolidated |                        |
|--|------------|------------|------------------------|--------------|------------------------|
|  |            | 03/31/2018 | 12/31/2017<br>Restated | 03/31/2018   | 12/31/2017<br>Restated |
| <b>Current liabilities</b>                                   |            |            |                        |              |                        |
| Loans and hedging instruments                                | 15         |            |                        | 1,942,656    | 1,819,766              |
| Debentures   | 15.g       | 5,879      | 817,654                | 944,959      | 1,681,199              |
| Finance leases   | 15.i       |            |                        | 2,743        | 2,710                  |
| Trade payables   | 16         | 111        | 461                    | 1,859,790    | 2,155,498              |
| Salaries and related charges                                 | 17         | 244        | 244                    | 304,477      | 388,118                |
| Taxes payable  | 18         | 469        | 343                    | 221,697      | 221,529                |
| Dividends payable  | 25.h       | 13,099     | 335,930                | 14,472       | 338,845                |
| Income and social contribution taxes payable                 |            |            |                        | 58,504       | 86,836                 |
| Post-employment benefits                                     | 19.b       |            |                        | 30,059       | 30,059                 |
| Provision for asset retirement obligation                    | 20         |            |                        | 4,439        | 4,799                  |
| Provision for tax, civil, and labor risks                    | 21.a       |            |                        | 57,437       | 64,550                 |
| Trade payables – customers and third parties indemnification | 22         |            |                        | 48,393       | 72,216                 |
| Other payables   |            |            | 7,439                  | 126,770      | 125,150                |
| Deferred revenue   | 23         |            |                        | 18,779       | 18,413                 |
| Total current liabilities                                    |            | 19,802     | 1,162,071              | 5,635,175    | 7,009,688              |
| <b>Non-current liabilities</b>                               |            |            |                        |              |                        |
| Loans and hedging instruments                                | 15         |            |                        | 6,186,624    | 6,113,545              |
| Debentures   | 15.g       | 1,722,258  |                        | 5,658,179    | 3,927,569              |
| Finance leases   | 15.i       |            |                        | 45,150       | 45,805                 |
| Related parties  | 8.a        | 5,757      | 4,003                  | 4,176        | 4,185                  |
| Deferred income and social contribution taxes                | 9.a        |            |                        | 37,826       | 38,524                 |
| Post-employment benefits                                     | 19.b       |            |                        | 213,705      | 207,464                |
| Provision for asset retirement obligation                    | 20         |            |                        | 56,944       | 59,975                 |
| Provision for tax, civil, and labor risks                    | 21.a; 21.c | 989        | 982                    | 865,967      | 861,246                |
| Deferred revenue   | 23         |            |                        | 13,370       | 12,896                 |
| Subscription warrants indemnification                        | 24         | 169,865    | 171,459                | 169,865      | 171,459                |
| Other payables   |            |            |                        | 196,266      | 162,834                |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|  |            |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Total non-current liabilities              |            | 1,898,869  | 176,444    | 13,448,072 | 11,605,502 |
| <b>Shareholders' equity</b>                |            |            |            |            |            |
| Share capital                              | 25.a; 25.f | 5,171,752  | 5,171,752  | 5,171,752  | 5,171,752  |
| Equity instrument granted                  | 25.b       | 1,149      | 536        | 1,149      | 536        |
| Capital reserve                            | 25.d       | 549,778    | 549,778    | 549,778    | 549,778    |
| Treasury shares                            | 25.c       | (482,260)  | (482,260)  | (482,260)  | (482,260)  |
| Revaluation reserve on subsidiaries        | 25.e       | 4,868      | 4,930      | 4,868      | 4,930      |
| Profit reserves                            | 25.f       | 3,629,851  | 3,629,851  | 3,629,851  | 3,629,851  |
| Retained earnings                          |            | 73,916     |            | 73,916     |            |
| Valuation adjustments                      | 25.g       | 148,058    | 159,643    | 148,058    | 159,643    |
| Cumulative translation adjustments         | 25.g       | 33,665     | 53,061     | 33,665     | 53,061     |
| Additional dividends to the minimum        |            |            |            |            |            |
| mandatory dividends                        | 25.h       |            | 163,742    |            | 163,742    |
| Shareholders' equity attributable to:      |            |            |            |            |            |
| Shareholders of the Company                |            | 9,130,777  | 9,251,033  | 9,130,777  | 9,251,033  |
| Non-controlling interests in subsidiaries  |            |            |            | 334,682    | 339,288    |
| Total shareholders' equity                 |            | 9,130,777  | 9,251,033  | 9,465,459  | 9,590,321  |
| Total liabilities and shareholders' equity |            | 11,049,448 | 10,589,548 | 28,548,706 | 28,205,511 |

The accompanying notes are an integral part of the interim financial information.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Income Statements****For the three-month period ended March 31, 2018 and 2017***(In thousands of Brazilian Reais, except earnings per share)*

|   | Note     | Parent     |            | Consolidated |              |
|---|----------|------------|------------|--------------|--------------|
|   |          | 03/31/2018 | 03/31/2017 | 03/31/2018   | 03/31/2017   |
|   |          |            | Restated   |              | Restated     |
| <b>Net revenue from sales and services</b>  | 26       |            |            | 20,751,122   | 18,544,570   |
| Cost of products and services sold  | 27       |            |            | (19,229,825) | (16,987,475) |
| <b>Gross profit</b>   |          |            |            | 1,521,297    | 1,557,095    |
| <b>Operating income (expenses)</b>  |          |            |            |              |              |
| Selling and marketing   | 27       |            |            | (671,447)    | (597,150)    |
| General and administrative  | 27       |            |            | (372,568)    | (362,578)    |
| Gain (loss) on disposal of property, plant and equipment and intangibles  | 28       |            |            | (2,230)      | (6,353)      |
| Other operating income, net   | 29       | 32         | 1          | (262,723)    | 56,335       |
| <b>Operating income before financial income (expenses) and share of profit of subsidiaries, joint ventures and associates</b> |          | 32         | 1          | 212,329      | 647,349      |
| Financial income  | 30       | 19,613     | 30,754     | 112,444      | 164,361      |
| Financial expenses  | 30       | (20,513)   | (36,965)   | (219,409)    | (285,536)    |
| Financial result, net   |          | (900)      | (6,211)    | (106,965)    | (121,175)    |
| Share of profit of subsidiaries, joint ventures and associates  | 12       | 74,490     | 356,681    | (2,981)      | 6,428        |
| <b>Income before income and social contribution taxes</b>   |          | 73,622     | 350,471    | 102,383      | 532,602      |
| <b>Income and social contribution taxes</b>   |          |            |            |              |              |
| Current   | 9.b; 9.c | (89)       | (1,121)    | (122,063)    | (190,190)    |
| Deferred  | 9.b      | 322        | 3,212      | 92,531       | 12,294       |
| <b>Net income for the period</b>  |          | 233        | 2,091      | (29,532)     | (177,896)    |
|   |          | 73,855     | 352,562    | 72,851       | 354,706      |
| Net income for the period attributable to:  |          |            |            |              |              |
| Shareholders of the Company   |          | 73,855     | 352,562    | 73,855       | 352,562      |

|  |    |        |        |         |        |
|--|----|--------|--------|---------|--------|
| Non-controlling interests in subsidiaries  |    |        |        | (1,004) | 2,144  |
| <b>Earnings per share (based on weighted average number of shares outstanding) R\$</b> |    |        |        |         |        |
| Basic  | 31 | 0.1363 | 0.6508 | 0.1363  | 0.6508 |
| Diluted  | 31 | 0.1353 | 0.6461 | 0.1353  | 0.6461 |

The accompanying notes are an integral part of the interim financial information.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Statements of Comprehensive Income****For the three-month period ended March 31, 2018 and 2017***(In thousands of Brazilian Reais)*

|  | Note | Parent<br>03/31/2018<br>Restated | Parent<br>03/31/2017<br>Restated | Consolidated<br>03/31/2018 | Consolidated<br>03/31/2017<br>Restated |
|--|------|----------------------------------|----------------------------------|----------------------------|--|
| Net income for the period attributable to shareholders of the Company  |      | 73,855                           | 352,562                          | 73,855                     | 352,562                                |
| Net income for the period attributable to non-controlling interests in subsidiaries  |      |                                  |                                  | (1,004)                    | 2,144                                  |
| Net income for the period  |      | 73,855                           | 352,562                          | 72,851                     | 354,706                                |
| Items that are subsequently reclassified to profit or loss:  |      |                                  |                                  |                            |  |
| Fair value adjustments of financial instruments of subsidiaries, net   | 25.g | (11,972)                         | 48,362                           | (11,972)                   | 48,362                                 |
| Fair value adjustments of financial instruments of joint ventures, net   | 25.g | 686                              | 594                              | 686                        | 594                                    |
| Cumulative translation adjustments, net of hedge of net investments in foreign operations and income and social contribution taxes | 25.g | (19,396)                         | 1,322                            | (19,396)                   | 1,322                                  |
| Items that are not subsequently reclassified to profit or loss:  |      |                                  |                                  |                            |  |
| Losses of post-employment benefits of subsidiaries, net  | 25.g | (299)                            | (24)                             | (299)                      | (24)                                   |
| Total comprehensive income for the period  |      | 42,874                           | 402,816                          | 41,870                     | 404,960                                |
| Total comprehensive income for the period attributable to shareholders of the Company  |      | 42,874                           | 402,816                          | 42,874                     | 402,816                                |
| Total comprehensive income for the period attributable to non-controlling interest in subsidiaries                                 |      |                                  |                                  | (1,004)                    | 2,144                                  |
| The accompanying notes are an integral part of the interim financial information.  |      |                                  |                                  |                            |  |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Statements of Changes in Shareholders' Equity****For the three-month period ended March 31, 2018 and 2017***(In thousands of Brazilian Reals)*

| Share capital | Equity instrument granted | Capital reserve | Treasury shares | Profit reserve                      |               |           | Investments statutory reserve | Valuation adjustments | Cumulative translation adjustment | Retained earnings | Additional dividends to the minimum mandatory dividends | Shareholders' equity of the Company |
|---------------|---------------------------|-----------------|-----------------|-------------------------------------|---------------|-----------|-------------------------------|-----------------------|-----------------------------------|-------------------|---|-------------------------------------|
|               |                           |                 |                 | Revaluation reserve on subsidiaries | Legal reserve |           |                               |                       |                                   |                   |   |                                     |
| 5,171,752     | 536                       | 549,778         | (482,260)       | 4,930                               | 629,144       | 3,130,935 | 159,643                       | 53,061                |                                   | 163,742           | 9,381,266   |                                     |
|               |                           |                 |                 |                                     |               | (130,228) |                               |                       |                                   |                   |   | (130,228)                           |
| 5,171,752     | 536                       | 549,778         | (482,260)       | 4,930                               | 629,144       | 3,000,707 | 159,643                       | 53,061                |                                   | 163,742           | 9,251,033   |                                     |
|               |                           |                 |                 |                                     |               |           |                               |                       | 73,855                            |                   |   | 73,855                              |
|               |                           |                 |                 |                                     |               |           | (11,286)                      |                       |                                   |                   |   | (11,286)                            |
|               |                           |                 |                 |                                     |               |           | (299)                         |                       |                                   |                   |   | (299)                               |
|               |                           |                 |                 |                                     |               |           |                               | (19,396)              |                                   |                   |   | (19,396)                            |

|                  |              |                |                  |              |                |                  |                |               |               |        |           |                  |
|------------------|--------------|----------------|------------------|--------------|----------------|------------------|----------------|---------------|---------------|--------|-----------|------------------|
|                  |              |                |                  |              |                |                  |                | (11,585)      | (19,396)      | 73,855 |           | 42,877           |
| 613              |              |                |                  |              |                |                  |                |               |               |        |           | 613              |
|                  |              |                | (62)             |              |                |                  |                |               |               | 62     |           |                  |
|                  |              |                |                  |              |                |                  |                |               |               | (1)    |           | (1)              |
|                  |              |                |                  |              |                |                  |                |               |               |        | (163,742) | (163,742)        |
| <b>5,171,752</b> | <b>1,149</b> | <b>549,778</b> | <b>(482,260)</b> | <b>4,868</b> | <b>629,144</b> | <b>3,000,707</b> | <b>148,058</b> | <b>33,665</b> | <b>73,916</b> |        |           | <b>9,130,777</b> |

The accompanying notes are an integral part of the interim financial information.



**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Statements of Changes in Shareholders' Equity**

**For the three-month period ended March 31, 2018 and 2017**

*(In thousands of Brazilian Reals)*

| Equity instrument capital granted | Capital reserve | Treasury shares | Revaluation reserve on subsidiaries | Legal reserve | Investments statutory reserve | Retention of profits | Valuation adjustments | Cumulative translation adjustments | Retained earnings | Additional dividends to the minimum mandatory dividends | Shareholders' equity |
|-----------------------------------|-----------------|-----------------|-------------------------------------|---------------|-------------------------------|----------------------|-----------------------|------------------------------------|-------------------|---|----------------------|
| 38,686                            | 552,038         | (483,879)       | 5,339                               | 550,428       | 2,582,898                     | 1,333,066            | (23,987)              | 7,519                              |                   | 165,515   | 8,520                |
|                                   |                 |                 |                                     |               | (82,427)                      |                      |                       |                                    |                   |   | (82,427)             |
| 38,686                            | 552,038         | (483,879)       | 5,339                               | 550,428       | 2,500,471                     | 1,333,066            | (23,987)              | 7,519                              |                   | 165,515   | 8,440                |
|                                   |                 |                 |                                     |               |                               |                      |                       |                                    | 352,562           |   | 352,562              |
|                                   |                 |                 |                                     |               |                               |                      | 48,956                |                                    |                   |   | 48,956               |
|                                   |                 |                 |                                     |               |                               |                      | (24)                  |                                    |                   |   | (24)                 |
|                                   |                 |                 |                                     |               |                               |                      |                       | 1,322                              |                   |   | 1,322                |

|        |         |           |       |         |           |           |        |        |         |         |      |           |     |
|--------|---------|-----------|-------|---------|-----------|-----------|--------|--------|---------|---------|------|-----------|-----|
|        |         |           |       |         |           |           |        | 48,932 | 1,322   | 352,562 |      | 40        |     |
|        | 3,114   | 3,685     |       |         |           |           |        |        |         |         |      |           |     |
|        |         |           | (62)  |         |           |           |        |        |         |         | 62   |           |     |
|        |         |           |       |         |           |           |        |        |         |         | (10) |           |     |
|        |         |           |       |         |           |           |        |        |         |         |      | (165,515) | (16 |
| 88,686 | 555,152 | (480,194) | 5,277 | 550,428 | 2,500,471 | 1,333,066 | 24,945 | 8,841  | 352,614 |         |      | 8,68      |     |

The accompanying notes are an integral part of the interim financial information.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Statements of Cash Flows Indirect Method****For the three-month period ended March 31, 2018 and 2017***(In thousands of Brazilian Reais)*

|   | Note  | Parent<br>03/31/2018 | Parent<br>03/31/2017<br>Restated | Consolidated<br>03/31/2018 | Consolidated<br>03/31/2017<br>Restated |
|---|-------|----------------------|----------------------------------|----------------------------|--|
| <b>Cash flows from operating activities</b>   |       |                      |                                  |                            |  |
| <b>Net income for the period</b>  |       | 73,855               | 352,562                          | 72,851                     | 354,706                                |
| <b>Adjustments to reconcile net income to cash provided by operating activities</b> |       |                      |                                  |                            |  |
| Share of loss (profit) of subsidiaries, joint ventures and associates               | 12    | (74,490)             | (356,681)                        | 2,981                      | (6,428)                                |
| Amortization of contractual assets with customers exclusive rights                  | 11    |                      |                                  | 104,513                    | 128,218                                |
| Depreciation and amortization   | 13;14 |                      |                                  | 194,243                    | 165,044                                |
| PIS and COFINS credits on depreciation  | 13;14 |                      |                                  | 4,338                      | 3,233                                  |
| Interest, monetary, and foreign exchange rate variations                            |       | 14,814               | 35,324                           | 223,191                    | 169,046                                |
| Deferred income and social contribution taxes                                       | 9.b   | (322)                | (3,212)                          | (92,531)                   | (12,294)                               |
| (Gain) loss on disposal of property, plant and equipment and intangibles            | 28    |                      |                                  | 2,230                      | 6,353                                  |
| Estimated losses on doubtful accounts   |       |                      |                                  | 27,507                     | 15,109                                 |
| Provision for losses in inventories   |       |                      |                                  | (117)                      | 2,533                                  |
| Provision for post-employment benefits  |       |                      |                                  | 5,680                      | 2,703                                  |
| Other provisions and adjustments  |       |                      |                                  | (1,258)                    | 279                                    |
|   |       | 13,857               | 27,993                           | 543,628                    | 828,502                                |
| <b>(Increase) decrease in current assets</b>  |       |                      |                                  |                            |  |
| Trade receivables and reseller financing  | 5     |                      |                                  | (230,867)                  | (12,600)                               |
| Inventories   | 6     |                      |                                  | 175,579                    | 153,874                                |
| Recoverable taxes   | 7     | (2,203)              | 14,001                           | (13,640)                   | (20,633)                               |
| Dividends received from subsidiaries and joint-ventures                             |       | 468,743              | 451,445                          |                            |  |
| Insurance and other receivables   |       | 187                  | 1,570                            | (25,177)                   | 305,073                                |
| Prepaid expenses  | 10    | 28                   | (603)                            | 3,470                      | (29,167)                               |
| Contractual assets with customers exclusive rights                                  | 11    |                      |                                  | (598)                      | (4,527)                                |
| <b>Increase (decrease) in current liabilities</b>                                   |       |                      |                                  |                            |  |
| Trade payables  | 16    | (352)                | (121)                            | (295,708)                  | (514,315)                              |
| Salaries and related charges  | 17    |                      | 1                                | (83,641)                   | (75,826)                               |
| Taxes payable   | 18    | 126                  | (182)                            | 168                        | 15,606                                 |
| Income and social contribution taxes  |       |                      |                                  | 6,016                      | 169,422                                |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|  |      |          |          |           |
|--|------|----------|----------|-----------|
| Post-employment benefits                                       | 19.b |          |          | (1,295)   |
| Provision for tax, civil, and labor risks                      | 21.a |          | (7,113)  | (1,153)   |
| Insurance and other payables                                   |      | (7,439)  | (32,599) | 63,855    |
| Deferred revenue   | 23   |          | 366      | (124)     |
| <b>(Increase) decrease in non-current assets</b>               |      |          |          |           |
| Trade receivables and reseller financing                       | 5    |          | (17,584) | (15,715)  |
| Recoverable taxes  | 7    | (17,064) | (12,251) | (30,571)  |
| Escrow deposits  |      | 148      | (7,657)  | (10,084)  |
| Other receivables  |      |          | 5,568    | 1,629     |
| Prepaid expenses   | 10   | (38)     | (30,109) | (47,544)  |
| Contractual assets with customers exclusive rights             | 11   |          | 385      | 5,853     |
| <b>Increase (decrease) in non-current liabilities</b>          |      |          |          |           |
| Post-employment benefits                                       | 19.b |          | 263      | 652       |
| Provision for tax, civil, and labor risks                      | 21.a | 7        | (589)    | 4,721     |
| Other payables   |      |          | 33,432   | (6,289)   |
| Deferred revenue   | 23   |          | 474      | 272       |
| Payments of contractual assets with customers exclusive rights |      |          | (95,866) | (146,038) |
| Income and social contribution taxes paid                      |      |          | (34,348) | (285,017) |
| <b>Net cash provided by (used in) operating activities</b>     |      | 473,064  | 476,451  | (113,088) |
|  |      |          |          | 254,408   |

The accompanying notes are an integral part of the interim financial information.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Statements of Cash Flows Indirect Method****For the three-month period ended March 31, 2018 and 2017***(In thousands of Brazilian Reais)*

|   | Note | Parent<br>03/31/2018 | Parent<br>03/31/2017<br>Restated | Consolidated<br>03/31/2018 | Consolidated<br>03/31/2017<br>Restated |
|---|------|----------------------|----------------------------------|----------------------------|--|
| <b>Cash flows from investing activities</b>   |      |                      |                                  |                            |  |
| Financial investments, net of redemptions   |      | (279,515)            | (50,664)                         | (203,458)                  | 246,196                                |
| Cash and cash equivalents of subsidiary acquired  | 3.c  |                      |                                  | 3,662                      |  |
| Acquisition of property, plant, and equipment   | 13   |                      |                                  | (284,453)                  | (241,845)                              |
| Acquisition of intangible assets  | 14   |                      |                                  | (70,909)                   | (32,902)                               |
| Acquisition of companies  | 3.c  |                      |                                  | (100,000)                  |  |
| Capital increase in joint ventures  | 12.b |                      |                                  | (8,000)                    |  |
| Proceeds from disposal of property, plant and equipment and intangibles                 | 28   |                      |                                  | 4,901                      | 5,464                                  |
| <b>Net cash used in investing activities</b>  |      | <b>(279,515)</b>     | <b>(50,664)</b>                  | <b>(658,257)</b>           | <b>(23,087)</b>                        |
| <b>Cash flows from financing activities</b>   |      |                      |                                  |                            |  |
| Loans and debentures  |      |                      |                                  |                            |  |
| Proceeds  | 15   | 1,721,596            |                                  | 2,081,068                  | 283,262                                |
| Repayments  | 15   | (800,000)            |                                  | (1,074,003)                | (606,091)                              |
| Interest paid   | 15   | (29,811)             | (55,576)                         | (84,273)                   | (153,281)                              |
| Payments of financial lease   | 15.i |                      |                                  | (1,278)                    | (1,297)                                |
| Dividends paid  |      | (486,573)            | (470,728)                        | (488,115)                  | (470,752)                              |
| Sale of treasury shares   | 25.c |                      | 6,799                            |                            |  |
| Related parties   | 8.a  | (10,534)             | 17,261                           | (9)                        |  |
| <b>Net cash provided by (used in) financing activities</b>                              |      | <b>394,678</b>       | <b>(502,244)</b>                 | <b>433,390</b>             | <b>(948,159)</b>                       |
| <b>Effect of exchange rate changes on cash and cash equivalents in foreign currency</b> |      |                      |                                  | <b>3,580</b>               | <b>15,356</b>                          |
| <b>Increase (decrease) in cash and cash equivalents</b>                                 |      | <b>588,227</b>       | <b>(76,457)</b>                  | <b>(334,375)</b>           | <b>(701,482)</b>                       |
| <b>Cash and cash equivalents at the beginning of the period</b>                         | 4    | <b>93,174</b>        | <b>127,944</b>                   | <b>5,002,004</b>           | <b>4,274,158</b>                       |
| <b>Cash and cash equivalents at the end of the period</b>                               | 4    | <b>681,401</b>       | <b>51,487</b>                    | <b>4,667,629</b>           | <b>3,572,676</b>                       |

The accompanying notes are an integral part of the interim financial information.



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Statements of Value Added****For the three-month period ended March 31, 2018 and 2017***(In thousands of Brazilian Reais, except percentages)*

|  | Note  | 03/31/2018 | Parent<br>%<br>03/31/2017<br>Restated | % | 03/31/2018   | Consolidated<br>%<br>03/31/2017<br>Restated | % |
|--|-------|------------|---------------------------------------|---|--------------|---|---|
| <b>Revenue</b>   |       |            |                                       |   |              |   |   |
| Gross revenue from sales and services, except rents and royalties  | 26    |            |                                       |   | 21,478,209   | 19,214,305                                  |   |
| Rebates, discounts, and returns  | 26    |            |                                       |   | (214,094)    | (222,375)                                   |   |
| Estimated losses on doubtful accounts allowance  |       |            |                                       |   | (29,796)     | (40,545)                                    |   |
| Gain (loss) on disposal of property, plant and equipment and intangibles and other operating income, net | 28;29 |            |                                       |   | (264,953)    | 49,982                                      |   |
|  |       |            |                                       |   | 20,969,366   | 19,001,367                                  |   |
| <b>Materials purchased from third parties</b>  |       |            |                                       |   |              |   |   |
| Raw materials used   |       |            |                                       |   | (1,533,242)  | (1,206,038)                                 |   |
| Cost of goods, products, and services sold   |       |            |                                       |   | (17,664,330) | (15,704,100)                                |   |
| Third-party materials, energy, services, and others  |       | 1,955      | 1,679                                 |   | (282,012)    | (567,976)                                   |   |
| Losses of assets   |       |            |                                       |   | (5,806)      | (4,145)                                     |   |
|  |       | 1,955      | 1,679                                 |   | (19,485,390) | (17,482,259)                                |   |
| <b>Gross value added</b>   |       | 1,955      | 1,679                                 |   | 1,483,976    | 1,519,108                                   |   |
| <b>Deductions</b>  |       |            |                                       |   |              |   |   |
| Depreciation and amortization  | 13;14 |            |                                       |   | (194,243)    | (165,044)                                   |   |
|  | 13;14 |            |                                       |   | (4,338)      | (3,233)                                     |   |

PIS and COFINS credits  
on depreciation

|  |    |        |     |         |           |           |           |           |     |
|--|----|--------|-----|---------|-----------|-----------|-----------|-----------|-----|
|  |    |        |     |         | (198,581) |           | (168,277) |           |     |
| <b>Net value added by the Company</b>                                  |    | 1,955  |     | 1,679   |           | 1,285,395 |           | 1,350,831 |     |
| <b>Value added received in transfer</b>                                |    |        |     |         |           |           |           |           |     |
| Share of profit (loss) of subsidiaries, joint-ventures, and associates | 12 | 74,490 |     | 356,681 |           | (2,981)   |           | 6,428     |     |
| Rents and royalties  | 26 |        |     |         |           | 37,079    |           | 36,352    |     |
| Financial income   | 30 | 19,613 |     | 30,754  |           | 112,444   |           | 164,361   |     |
|  |    | 94,103 |     | 387,435 |           | 146,542   |           | 207,141   |     |
| <b>Total value added available for distribution</b>                    |    | 96,058 |     | 389,114 |           | 1,431,937 |           | 1,557,972 |     |
| <b>Distribution of value added</b>                                     |    |        |     |         |           |           |           |           |     |
| Labor and benefits   |    | 1,604  | 2   | 1,409   |           | 526,352   | 37        | 458,180   | 29  |
| Taxes, fees, and contributions   |    | 569    |     | (2,001) | (1)       | 560,963   | 39        | 382,876   | 25  |
| Financial expenses and rents   |    | 20,030 | 21  | 37,144  | 10        | 271,771   | 19        | 362,210   | 23  |
| Retained earnings  |    | 73,855 | 77  | 352,562 | 91        | 72,851    | 5         | 354,706   | 23  |
| <b>Value added distributed</b>   |    | 96,058 | 100 | 389,114 | 100       | 1,431,937 | 100       | 1,557,972 | 100 |

The accompanying notes are an integral part of the interim financial information.



**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**1. Operations**

Ultrapar Participações S.A. ( Ultrapar or Company ) is a publicly-traded company headquartered at the Brigadeiro Luis Antônio Avenue, 1343 in the city of São Paulo SP, Brazil.

The Company engages in the investment of its own capital in services, commercial, and industrial activities, through the subscription or acquisition of shares of other companies. Through its subsidiaries, it operates in the segments of liquefied petroleum gas LPG distribution ( Ultragaz ), fuel distribution and related businesses ( Ipiranga ), production and marketing of chemicals ( Oxiteno ), and storage services for liquid bulk ( Ultracargo ) and retail distribution of pharmaceutical, hygiene, beauty, and skincare products, through Imifarma Produtos Farmacêuticos e Cosméticos S.A. ( Extrafarma ). For further information about segments see Note 32.

**2. Presentation of Interim Financial Information and Summary of Significant Accounting Policies**

The Company s individual and consolidated interim financial information were prepared in accordance with the International Accounting Standard ( IAS ) 34 Interim Financial Reporting issued by the International Accounting Standards Board ( IASB ) and in accordance with the pronouncement CPC 21 (R1) issued by the Accounting Pronouncements Committee ( CPC ) and approved by the Brazilian Securities and Exchange Commission ( CVM ).

All relevant specific information of the interim financial information, and only this information, is being presented and correspond to that used by the Company s and its subsidiaries Management.

The presentation currency of the Company s individual and consolidated interim financial information is the Brazilian Real ( R\$ ), which is the Company s functional currency.

The Company and its subsidiaries applied the accounting policies described below in a consistent manner for all periods presented in the individual and consolidated interim financial information.

**a. Recognition of Income**

Revenue of sales and services rendered is measured at the value of the consideration that the Company s subsidiaries expect to be entitled to, net of sales returns, discounts, amortization of contractual assets with customers and other deductions, if applicable, being recognized as the entity fulfills its performance obligation.

At Ipiranga, the revenue from sales of fuels and lubricants is recognized when the products are delivered to gas stations and to large consumers. At Ultragas, revenue from sales of LPG is recognized when the products are delivered to customers at home, to independent dealers and to industrial and commercial customers. At Extrafarma, the revenue from sales of pharmaceuticals is recognized when the products are delivered to end user customers in own drugstores and when the products are delivered to independent resellers. At Oxiteno, the revenue from sales of chemical products is recognized when the products are delivered to industrial customers, depending of the freight mode of delivery. At Ultracargo, the revenue provided from storage services is recognized as services are performed. The breakdown of revenue from sales and services is shown in Note 26.

Amortization of contractual assets with customers (see Notes 2.f and 11) for the exclusive rights in Ipiranga's reseller service stations and the bonuses paid in performance obligation sales are recognized as a deduction of the sales revenue in the income statement according to the conditions established in the agreements which is reviewed as per the changes occurred in the agreements.

Deferred revenue from loyalty program is recognized in the income statement when the points are redeemed, on which occasion the costs incurred are also recognized in profit or loss. Deferred revenue of unredeemed points is also recognized in profit or loss when points expire. For more information, see Note 23 - Loyalty program.

The franchising upfront fee received by Ipiranga is deferred and recognized in profit or loss on the straight-line accrual basis throughout the terms of the agreements with the franchisees.

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

***b. Cash and Cash Equivalents***

Includes cash, banks deposits, and short-term, highly-liquid investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value. See Note 4 for further details on cash and cash equivalents of the Company and its subsidiaries.

***c. Financial Assets***

The Company and its subsidiaries evaluated the classification and measurement of financial assets based on its business model of financial assets as follows:

Amortized cost: financial assets held in order to collect contractual cash flows, solely principal and interest. The interest earned and the foreign currency exchange variation are recognized in profit or loss, and balances are stated at acquisition cost plus the interest earned, using the effective interest rate method. Financial investments in guarantee of loans are classified as amortized cost.

Measured at fair value through other comprehensive income: financial assets that are acquired or originated for the purpose of collecting contractual cash flows or selling financial assets. The balances are stated at fair value, and the interest earned and the foreign currency exchange variation are recognized in profit or loss. Differences between fair value and initial amount of financial investments plus the interest earned are recognized in other comprehensive income in the Valuation adjustments. Accumulated gains and losses recognized in shareholders equity are reclassified to profit or loss at the time of their settlement. Substantially the financial investments in Bank Certificates of Deposit ( CDB ) and repurchase agreements are classified as measured at fair value through other comprehensive income.

Measured at fair value through profit or loss: financial assets not classified as amortized cost or measured at fair value through other comprehensive income. The balances are stated at fair value and both the interest earned and the exchange variations and changes in fair value are recognized in the income statement. Investment funds and derivatives are classified as measured at fair value through profit or loss.

The Company and its subsidiaries use financial instruments for hedging purposes, applying the concepts described below:

Hedge accounting fair value hedge: financial instruments used to hedge exposure to changes in the fair value of an item, attributable to a particular risk, which can affect the entity's profit or loss. In the initial designation of the fair value hedge, the relationship between the hedging instrument and the hedged item is documented, including the objectives of risk management, the strategy in conducting the transaction, and the methods to be used to evaluate its effectiveness. Once the fair value hedge has been qualified as effective, the hedge item is also measured at fair value. Gains and losses from hedge instruments and hedge items are recognized in profit or loss. The hedge accounting must be discontinued when the hedge becomes ineffective.

Hedge accounting cash flow hedge: financial instruments used to hedge the exposure to variability in cash flows that is attributable to a risk associated with an asset or liability or highly probable transaction or firm commitment that may affect the income statements. The portion of the gain or loss on the hedging instrument that is determined to be effective relating to the effects of exchange rate effect, is recognized directly in equity in accumulated other comprehensive income as Valuation adjustments while the ineffective portion is recognized in profit or loss. Gains or losses on the hedging instrument relating to the effective portion of this hedge that had been recognized directly in accumulated other comprehensive income shall be recognized in profit or loss in the period in which the hedged item is recognized in profit or loss or as initial cost of non-financial assets, in the same line of the statement that the hedged item is recognized. The hedge accounting shall be discontinued when (i) the Company cancels the hedging relationship; (ii) the hedging instrument expires; and (iii) the hedging instrument no longer qualifies for hedge accounting. When hedge accounting is discontinued, gains and losses recognized in other comprehensive income in equity are reclassified to profit or loss in the period which the hedged item is recognized in profit or loss. If the transaction hedged is canceled or is not expected to occur, the cumulative gains and losses in other comprehensive income in equity shall be recognized immediately in profit or loss.

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

Hedge accounting hedge of net investments in foreign operation: financial instruments used to hedge exposure on net investments in foreign subsidiaries due to the fact that the local functional currency is different from the functional currency of the Company. The portion of the gain or loss on the hedging instrument that is determined to be effective, referring to the exchange rate effect, is recognized directly in equity in accumulated other comprehensive income as cumulative translation adjustments, while the ineffective portion and the operating costs are recognized in profit or loss. The gain or loss on the hedging instrument that has been recognized directly in accumulated other comprehensive income shall be recognized in income upon disposal of the foreign operation.

For further detail on financial instruments of the Company and its subsidiaries, see Note 33.

***d. Trade Receivables***

Trade receivables are recognized at the amount invoiced of the counterparty that the Company subsidiaries are entitled. An allowance for estimated losses on doubtful accounts is recorded based on estimated losses and is set at an amount deemed by management to be sufficient to cover any probable loss on realization of trade receivables. The estimated losses take into account, at the initial recognition of the contract, the expected losses for the next 12 months and for the useful life of the contract when the deterioration or improvement of the customers' credit quality (see Notes 5 and 33 Customer Credit Risk).

***e. Inventories***

Inventories are stated at the lower of acquisition cost or net realizable value (see Note 6). The cost value of inventory is measured using the weighted average cost and includes the costs of acquisition and processing directly and indirectly related to the units produced based on the normal capacity of production. Estimates of net realizable value are based on the average selling prices at the end of the reporting period, net of applicable direct selling expenses. Subsequent events related to the fluctuation of prices and costs are also considered, if relevant. If net realizable values are below inventory costs, a provision corresponding to this difference is recognized. Provisions are also made for obsolescence of products, materials, or supplies that (i) do not meet its subsidiaries' specifications, (ii) have exceeded their expiration date, or (iii) are considered slow-moving inventory. This classification is made by management with the support of its industrial and operations teams.

***f. Contractual assets with customers' exclusive rights***

Exclusive rights disbursements as provided in Ipiranga's agreements with reseller service stations and major consumers are recognized as contractual assets when paid and amortized according to the conditions established in the agreements (see Note 2.a and 11).

***g. Investments***

Investments in subsidiaries are accounted for under the equity method of accounting in the individual interim financial information of the parent company (see Notes 3.b and 12). A subsidiary is an investee in which the investor is entitled to variable returns on investment and has the ability to interfere in its financial and operational activities. Usually the equity interest in a subsidiary is more than 50%.

Investments in associates and joint ventures are accounted for under the equity method of accounting in the individual and consolidated interim financial information (see Note 12). An associate is an investment, in which an investor has significant influence, that is, has the power to participate in the financial and operating decisions of the investee but does not exercise control. A joint venture is an investment in which the shareholders have the right to net assets on behalf of a joint control. Joint control is the agreement which establish that decisions about the relevant activities of the investee require the consent from the parties that share control.

Other investments are stated at acquisition cost less provision for losses, unless the loss is considered temporary.

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

***h. Property, Plant, and Equipment***

Property, plant, and equipment is recognized at acquisition or construction cost, including financial charges incurred on property, plant, and equipment under construction, as well as maintenance costs resulting from scheduled plant outages and estimated costs to remove, to decommission, or to restore assets (see Notes 2.n and 20), less accumulated depreciation and, when applicable, less provision for losses (see Note 13).

Depreciation is calculated using the straight-line method, over the periods mentioned in Note 13, taking into account the estimated useful lives of the assets, which are reviewed annually.

Leasehold improvements are depreciated over the shorter of the lease contract term and useful life of the property.

***i. Leases***

**Finance Leases**

Certain lease contracts transfer substantially all the risks and benefits associated with the ownership of an asset to the subsidiaries. These contracts are characterized as finance leases, and assets thereunder are capitalized at lease commencement at their fair value or, if lower, present value of the minimum lease payments under the contracts. The items recognized as assets are depreciated and amortized using the lower of the straight-line method over the lower of the useful lives applicable to each group of assets or the contract terms, as mentioned in Notes 13 and 14. Financial charges under the finance lease contracts are allocated to profit or loss over the lease contract term, based on the amortized cost and the effective interest rate method of the related lease obligation (see Note 15.i).

**Operating Leases**

There are lease transactions where the risks and benefits associated with the ownership of the asset are not transferred and where there is no purchase option, or the purchase option at the end of the contract is equivalent to the market value of the leased asset. Payments made under an operating lease contract are recognized as cost or expense in the income statement on a straight-line basis over the term of the lease contract (see Note 34.c).

***j. Intangible Assets***

Intangible assets include assets acquired by the Company and its subsidiaries from third parties, according to the criteria below (see Note 14):

Goodwill is shown as intangible assets corresponding to the positive difference between the amount paid or payable to the seller and the fair value of the identified assets and liabilities assumed of the acquired entity. Goodwill is tested annually for impairment. Goodwill is allocated to the business segments, which represent the lowest level that goodwill is monitored by the Company for impairment testing purposes (see Note 14.i).

Other intangible assets acquired from third parties, such as software, technology, and commercial property rights, are measured at the total acquisition cost and amortized using straight-line method, over the periods mentioned in Note 14, taking into account their useful life, which is reviewed annually.

The Company and its subsidiaries have not recognized intangible assets that were generated internally. The Company and its subsidiaries have goodwill and brands acquired in business combinations, which are evaluated as intangible assets with indefinite useful life (see Note 14 items i and v).



**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

***k. Other Assets***

Other assets are stated at the lower of cost and realizable value, including, if applicable, interest earned, monetary changes and changes in exchange rates incurred or less a provision for loss and, if applicable, adjustment to present value.

***l. Financial Liabilities***

The Company and its subsidiaries' financial liabilities include trade payables and other payables, loans, debentures, finance leases and derivative financial instruments. Financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost. The financial liabilities at fair value through profit or loss refer to derivative financial instruments, subscription warrants, and financial liabilities designated as hedged items in a fair value hedge relationship upon initial recognition (see Note 2.c Fair Value Hedge). The financial liabilities at amortized cost are stated at the initial transaction amount plus related charges and net of amortization and transaction costs. The charges are recognized in profit or loss using the effective interest rate method.

Transaction costs incurred and directly attributable to the activities necessary for contracting loans or for issuing bonds, as well as premiums and discounts upon issuance of debentures and other debt, are allocated to the instrument and amortized to profit or loss over its term, using the effective interest rate method (see Note 15.j).

***m. Income and Social Contribution Taxes on Income***

Current and deferred income tax ( IRPJ ) and social contribution on net income tax ( CSLL ) are calculated based on their current rates, considering the value of tax incentives. Taxes are recognized based on the rates of IRPJ and CSLL provided for by the laws enacted on the last day of the interim financial information. The current rates in Brazil are 25% for income tax and 9% for social contribution on net income tax. For further details about recognition and realization of IRPJ and CSLL, see Note 9.

For purposes of disclosure, deferred tax assets were offset against the deferred tax liability, income tax and social contribution, in the same taxable entity and the same taxation authority.

***n. Provision for Asset Retirement Obligation Fuel Tanks***

The Company and its subsidiaries have the legal obligation to remove Ipiranga's underground fuel tanks located at Ipiranga-branded service stations after a certain period. The estimated cost of the obligation to remove these fuel tanks is recognized as a liability when the tanks are installed. The estimated cost is recognized in property, plant, and equipment and depreciated over the respective useful lives of the tanks. The amounts recognized as a liability are monetarily restated using the National Consumer Price Index ( IPCA ) until the respective tank is removed (see Note 20). An increase in the estimated cost of the obligation to remove the tanks could result in negative impact in future results. The estimated removal cost is reviewed and updated annually or when there is significant change in its amount and change in the estimated costs are recognized in income statements when they become known.

***o. Provisions for Tax, Civil, and Labor Risks***

A provision for tax, civil and labor risks is recognized for quantifiable risks, when the chance of loss is more-likely-than-not in the opinion of management and internal and external legal counsel, and the amounts are recognized based on the evaluation of the outcomes of the legal proceedings (see Note 21).

***p. Post-Employment Benefits***

Post-employment benefits granted and to be granted to employees, retirees, and pensioners are based on an actuarial calculation prepared by an independent actuary and reviewed by management, using the projected unit credit method (see Note 19.b). The actuarial gains and losses are recognized in cumulative other comprehensive income in the Valuation adjustments and presented in the statement of shareholders' equity.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***q. Other Liabilities**

Other liabilities are stated at known or measurable amounts plus, if applicable, related charges, monetary restatement, and changes in exchange rates incurred. When applicable, other liabilities are recognized at present value, based on interest rates that reflect the term, currency, and risk of each transaction.

**r. Foreign Currency Transactions**

Foreign currency transactions carried out by the Company or its subsidiaries are remeasured into their functional currency at the exchange rate prevailing at the date of each transaction. Outstanding monetary assets and liabilities of the Company and its subsidiaries are translated using the exchange rate at the date of the reporting period. The effect of the difference between those exchange rates is recognized in profit or loss until the conclusion of each transaction.

**s. Basis for Translation of Interim Financial Information of Foreign Subsidiaries**

Assets and liabilities of the foreign subsidiaries, denominated in currencies other than that of the Company (functional currency: Brazilian Real), which have administrative autonomy, are translated using the exchange rate at the end of the reporting period. Revenues and expenses are translated using the average exchange rate of each year and shareholders' equity is translated at the historical exchange rate of each transaction affecting shareholders' equity. Gains and losses resulting from changes in these foreign investments are directly recognized in shareholders' equity in cumulative other comprehensive income in the cumulative translation adjustments and will be recognized in profit or loss if these investments are disposed of. The balance in cumulative other comprehensive income and presented in the shareholders' equity as cumulative translation adjustments on March 31, 2018 was a gain of R\$ 33,665 (gain of R\$ 53,061 on December 31, 2017) see Note 25.g Cumulative Translation Adjustments.

The foreign subsidiaries with functional currency different from the Company and which have administrative autonomy are listed below:

| <b>Subsidiary</b>                           | <b>Functional currency</b> | <b>Location</b> |
|---|----------------------------|-----------------|
| Oxiteno México S.A. de C.V.                 | Mexican Peso               | Mexico          |
| Oxiteno Servicios Corporativos S.A. de C.V. | Mexican Peso               | Mexico          |
| Oxiteno Servicios Industriales de C.V.      | Mexican Peso               | Mexico          |
| Oxiteno USA LLC                             | U.S. Dollar                | United States   |

|                         |             |           |
|-------------------------|-------------|-----------|
| Oxiten Uruguay S.A.(i)  | U.S. Dollar | Uruguay   |
| Oxiten Andina, C.A.(ii) | Bolivar     | Venezuela |

- (i) The subsidiary Oxiten Uruguay S.A. ( Oxiten Uruguay ) determined its functional currency as the U.S. dollar ( US\$ ), as its inventory sales, purchases of raw material inputs, and financing activities are performed substantially in this currency.
- (ii) According the definition and general guidance of IAS 29, the characteristics of the economic environment of Venezuela indicate that this country is a hyperinflationary economy. As a result, the financial information of Oxiten Andina, C.A. ( Oxiten Andina ) was adjusted by the Venezuelan Consumer Price Index. On January 26, 2018, the Venezuelan Central Bank issued Foreign Exchange Regulation No. 39, altering the Venezuelan foreign exchange markets and regulating the DICOM Tipo de Cambio Complementario Flotante de Mercado Supplemental (Floating Market Exchange) as the legally recognized type of exchange rate, being the Bolivar traded at the variable exchange rate of 49,477.50 VEF/US\$ for sale and 49,353.81 VEF/US\$ for purchase as of March 31, 2018. The DICOM is applied to all unforeseen currency settlement transactions not expressly set forth in the Foreign Exchange Regulation, which transactions are processed through alternative currency markets.

Assets and liabilities of the other foreign subsidiaries, which do not have administrative autonomy, are considered an extension of the activities of their parent company and are translated using the exchange rate at the end of the reporting period. Gains and losses resulting from changes in these foreign investments are directly recognized as financial income or loss. The loss recognized in income for the three-month period ended March 31, 2018 amounted to R\$ 334 (R\$ 2,620 gain for the three-month period ended March 31, 2017).

---

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

***t. Use of Estimates, Assumptions and Judgments***

The preparation of the interim financial information requires the use of estimates, assumptions, and judgments for the accounting of certain assets, liabilities, and income. Therefore, the Company's and subsidiaries' management use the best information available at the time of preparation of the interim financial information, as well as the experience of past and current events, also considering assumptions regarding future events. The interim financial information therefore include estimates, assumptions, and judgments related mainly to determining the fair value of financial instruments (Notes 2.c, 2.l, 4, 15 and 33), the determination of the estimated losses on doubtful accounts (Notes 2.d, 5 and 33), the determination of provisions for losses of inventories (Notes 2.e and 6), the determination of deferred income taxes amounts (Notes 2.m and 9), the determination of control in subsidiaries (Notes 2.f, 2.s, 3 and 12.a), the determination of joint control in joint venture (Notes 2.f, 12.a and 12.b), the determination of significant influence in associates (Notes 2.f and 12.c), the determination of exchange rate used to translation of Oxiteno Andina's information (Note 2.s), the useful lives of property, plant, and equipment (Notes 2.h and 13), the useful lives of intangible assets, and the determination of the recoverable amount of goodwill (Notes 2.j and 14), provisions for assets retirement obligations (Notes 2.n and 20), provisions for tax, civil, and labor risks (Notes 2.o and 21), estimates for the preparation of actuarial reports (Notes 2.p and 19.b) and the determination of fair value of subscription warrants indemnification (Notes 24 and 33). The actual result of the transactions and information may differ from their estimates.

***u. Impairment of Assets***

The Company and its subsidiaries review, every report period, the existence of any indication that an asset may be impaired and annually test intangible assets with undefined useful life. If there is an indication, the Company and its subsidiaries estimate the recoverable amount of the asset. Assets that cannot be evaluated individually are grouped in the smallest group of assets that generate cash flow from continuous use and that are largely independent of cash flows of other assets (cash generating units - CGU). The recoverable amount of assets or CGUs corresponds to the greater of their fair value net of applicable direct selling costs and their value in use.

The fair value less costs of disposal is determined by the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, net of costs of removing the asset, and direct incremental costs to bring an asset into condition for its sale, legal costs, and taxes.

To assess the value in use, the Company and its subsidiaries consider the projections of future cash flows, trends, and outlooks, as well as the effects of obsolescence, demand, competition, and other economic factors. Such cash flows are discounted to their present values using the discount rate before tax that reflects market conditions for the period of impairment testing and the specific risks of the asset or CGU being evaluated. In cases where the expected

discounted future cash flows are less than their carrying amount, an impairment loss is recognized for the amount by which the carrying value exceeds the fair value of these assets. Losses for impairment of assets are recognized in profit or loss. In case goodwill has been allocated to a CGU, the recognized losses are first allocated to reduce the corresponding goodwill. If the goodwill is not enough to absorb such losses, the surplus is allocated to the assets on a pro-rata basis. An impairment of goodwill cannot be reversed. For other assets, impairment losses may be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if the impairment had not been recognized.

No impairment was recognized in the present period (see Note 14.i).

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**v. *Business Combination***

A business combination is accounted applying the acquisition method. The cost of the acquisition is measured based on the consideration transferred and to be transferred, measured at fair value at the acquisition date. In a business combination, the assets acquired and liabilities assumed are measured in order to classify and allocate them accordingly to the contractual terms, economic circumstances and relevant conditions on the acquisition date. The non-controlling interest in the acquired is measured based on its interest in identifiable net assets acquired. Goodwill is measured as the excess of the consideration transferred and to be transferred over the fair value of net assets acquired (identifiable assets and liabilities assumed, net). After the initial recognition, goodwill is measured at cost less any accumulated impairment losses. For impairment testing purposes, goodwill is allocated to the Company's operating segments. When the cost of the acquisition is lower than the fair value of net assets acquired, a gain is recognized directly in the income statement. Costs related to the acquisition are recorded in the income statement when incurred.

**w. *Statements of Value Added***

As required by Brazilian Corporate Law, the Company and its subsidiaries prepare the individual and consolidated statements of value added ( DVA ) according to CPC 09 Statement of Value Added, as an integral part of the interim financial information as applicable to publicly-traded companies, and as supplemental information for the International Financial Reporting Standards ( IFRS ), which does not require the presentation of DVA.

**x. *Statements of Cash Flows Indirect Method***

The Company and its subsidiaries prepared its individual and consolidated statements of cash flows in accordance with IAS 7 (CPC 03) Cash Flow Statement. The Company and its subsidiaries present the interest paid on loans and debentures in financing activities. The Company and its subsidiaries present financial investments on a net basis of income and redemptions in the investment activities.

**y. *Adoption of the Pronouncements Issued by CPC and IASB***

The following standards, amendments, and interpretations to IFRS were issued by the IASB which are effective as of January 1, 2018:

|  | <b>Equivalent<br/>CPC</b> | <b>Effective<br/>date</b> |
|--|---------------------------|---------------------------|
| IFRS 9 Financial instrument classification and measurement: includes new requirements for the classification and measurement of financial assets and liabilities, derecognition requirements, new impairment methodology for financial instruments, and new hedge accounting guidance. | 48                        | 2018                      |

IFRS 15 Revenue from contracts with customers: establish the principles of nature, amount, timing and uncertainty of revenue and cash flow arising from a contract with a customer.

47                      2018

The Company and its subsidiaries disclosed the information to the impacts on the adoption of IFRS 9 (CPC 48) and 15 (CPC 47), in accordance with the new accounting practices introduced by the IASB and immaterial reclassifications and adjustments to the better presentation of the interim financial information: i) the sales revenue previously recognized at the issuance of the invoice, was adjusted to the time of the delivery of the products and ii) segregation of sales and purchase taxes between the sales revenue and the cost of products.

(1) IFRS 9 adoption (CPC 48) Financial instruments

a) Classification and measurement of financial instruments:

The Company and its subsidiaries evaluated the classification and measurement of financial instruments and, based on its business model, concluded that the target is achieved, receiving contractual cash flows and selling financial assets (hold for collect and sell). Accordingly, most part of the financial investments are classified as measured at fair value through other comprehensive income, except for funds that are classified as measured at fair value through profit or loss and financial investments given as collateral for loans that are classified as amortized cost (see Note 2.c).



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

| Category  | Classification as previously reported according to IAS 39 / CPC 38 | 12/31/2017     |   |   |
|---|--|----------------|---|---|
|   |  | Carrying value | Measured at fair value through profit or loss | Measured at fair value through other comprehensive income |
| Financial assets:                                     |  |                |   |   |
| Cash and cash equivalents                             |  |                |   |   |
| Cash and bank deposits                                | Loans and receivables  | 147,926        |   | 147,926   |
| Financial investments in local currency               | Measured at fair value through profit or loss                      | 4,821,605      |   | 4,821,605   |
| Financial investments in foreign currency             | Measured at fair value through profit or loss                      | 32,473         | 32,473  |   |
| Financial investments:                                |  |                |   |   |
| Fixed-income securities and funds in local currency   | Available for sale   | 68,742         |   | 2,720   |
| Fixed-income securities and funds in local currency   | Measured at fair value through profit or loss                      | 1,076,849      | 1,076,849                                     |   |
| Fixed-income securities and funds in local currency   | Held to maturity   | 7,449          |   | 7,449   |
| Fixed-income securities and funds in foreign currency | Available for sale   | 129,131        |   | 129,131   |
| Currency and interest rate hedging instruments        | Measured at fair value through profit or loss                      | 85,753         | 85,753  |   |
| Total   |  | 6,396,928      | 1,195,075                                     | 4,953,456   |
|   |  |                |   | 221,397   |

b) Estimated losses on doubtful accounts

The Company and its subsidiaries assessed the estimated credit losses on doubtful accounts on trade receivables, taking into account, at the initial recognition of the contract, the expected losses for the next 12 months and for the useful life of the contract when the deterioration or improvement of customers' credit quality (see Note 2.d).

c) Derivative financial instruments

The Company and its subsidiaries have not identified impacts arising from this change keeping the permanence of the application of IAS 39.

(2) IFRS 15 adoption (CPC 47) Revenue recognition from contracts with customers

The Company and its subsidiaries evaluated all the stages for the recognition of their revenues from contracts with customers and based on their diagnosis did not identify material measurement impacts resulting from the adoption of this standard (see Note 2.a).

In relation to the presentation in the income statement, the Company and its subsidiaries evaluated that certain expenses, allocated as selling and marketing until December 31, 2017, shall be better presented as a reduction of revenue, substantially in relation to the amortization expenses of exclusive contracts to operate Ipiranga service station.

The Company and its subsidiaries adopted retrospectively the impacts of the IFRS 9 and 15.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

The table below summarizes the effects of the IFRS 9 (CPC 48) and 15 (CPC 47) adoption, reclassifications and immaterial adjustments:

|   | <b>As previously reported</b> | <b>IFRS 9 adoption<sup>(1)</sup></b> | <b>IFRS 15 adoption<sup>(2)</sup></b> | <b>Reclassification and adjustments</b> | <b>After adoption IFRS 9 and 15</b> |
|---|-------------------------------|--------------------------------------|---------------------------------------|---|-------------------------------------|
| <b>Assets</b>   |                               |                                      |                                       |   |                                     |
| <b>Current assets</b>                                   |                               |                                      |                                       |   |                                     |
| Cash and cash equivalents                               | 5,002,004                     |                                      |                                       |   | 5,002,004                           |
| Financial investments and hedging instruments           | 1,283,498                     |                                      |                                       |   | 1,283,498                           |
| Trade receivables and reseller financing, net           | 4,337,118                     | (157,198)                            |                                       | (32,026)                                | 4,147,894                           |
| Inventories, net  | 3,491,879                     |                                      |                                       | 21,698                                  | 3,513,577                           |
| Recoverable taxes, net                                  | 881,584                       |                                      |                                       |   | 881,584                             |
| Dividends receivable                                    | 11,137                        |                                      |                                       |   | 11,137                              |
| Other receivables                                       | 44,025                        |                                      |                                       |   | 44,025                              |
| Prepaid expenses, net                                   | 150,046                       |                                      |                                       |   | 150,046                             |
| Contractual assets with customers exclusive rights, net |                               |                                      | 456,213                               |   | 456,213                             |
| <b>Total current assets</b>                             | <b>15,201,291</b>             | <b>(157,198)</b>                     | <b>456,213</b>                        | <b>(10,328)</b>                         | <b>15,489,978</b>                   |
| <b>Non-current assets</b>                               |                               |                                      |                                       |   |                                     |
| Financial investments and hedging instruments           | 84,426                        |                                      |                                       |   | 84,426                              |
| Trade receivables and reseller financing, net           | 329,991                       |                                      |                                       |   | 329,991                             |
| Related parties   | 490                           |                                      |                                       |   | 490                                 |
| Deferred income and social contribution taxes           | 545,611                       | 53,447                               | 12,150                                | 2,853                                   | 614,061                             |
| Recoverable taxes, net                                  | 313,242                       |                                      |                                       |   | 313,242                             |
| Escrow deposits   | 822,660                       |                                      |                                       |   | 822,660                             |
| Indemnity asset business combination                    | 202,352                       |                                      |                                       |   | 202,352                             |
| Other receivables                                       | 7,918                         |                                      |                                       |   | 7,918                               |
| Prepaid expenses, net                                   | 346,886                       |                                      |                                       |   | 346,886                             |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|   |            |           |             |          |            |
|---|------------|-----------|-------------|----------|------------|
| Contractual assets with customers exclusive rights, net |            |           | 1,046,147   |          | 1,046,147  |
| Total long term assets                                  | 2,653,576  | 53,447    | 1,058,297   | 2,853    | 3,768,173  |
| Investments   |            |           |             |          |            |
| In joint-ventures                                       | 122,061    |           |             |          | 122,061    |
| In associates   | 25,341     |           |             |          | 25,341     |
| Other   | 2,792      |           |             |          | 2,792      |
| Property, plant, and equipment, net                     | 6,607,788  |           |             | 26,740   | 6,634,528  |
| Intangible assets, net                                  | 3,727,473  |           | (1,538,095) | (26,740) | 2,162,638  |
|   | 10,485,455 |           | (1,538,095) |          | 8,947,360  |
| Total non-current assets                                | 13,139,031 | 53,447    | (479,798)   | 2,853    | 12,715,533 |
| Total assets  | 28,340,322 | (103,751) | (23,585)    | (7,475)  | 28,205,511 |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

| <b>Liabilities</b>   | <b>As previously reported</b> | <b>IFRS 9 adoption <sup>(1)</sup></b> | <b>IFRS 15 Reclassification and adjustments <sup>(2)</sup></b> | <b>After adoption IFRS 9 and 15</b> |
|--|-------------------------------|---------------------------------------|--|-------------------------------------|
| <b>Current liabilities</b>                                   |                               |                                       |  |                                     |
| Loans and hedging instruments                                | 1,819,766                     |                                       |  | 1,819,766                           |
| Debentures   | 1,681,199                     |                                       |  | 1,681,199                           |
| Finance leases   | 2,710                         |                                       |  | 2,710                               |
| Trade payables   | 2,155,498                     |                                       |  | 2,155,498                           |
| Salaries and related charges                                 | 388,118                       |                                       |  | 388,118                             |
| Taxes payable  | 225,829                       |                                       | (4,300)  | 221,529                             |
| Dividends payable  | 338,845                       |                                       |  | 338,845                             |
| Income and social contribution taxes payable                 | 86,836                        |                                       |  | 86,836                              |
| Post-employment benefits                                     | 30,059                        |                                       |  | 30,059                              |
| Provision for asset retirement obligation                    | 4,799                         |                                       |  | 4,799                               |
| Provision for tax, civil, and labor risks                    | 64,550                        |                                       |  | 64,550                              |
| Trade payables – customers and third parties indemnification | 72,216                        |                                       |  | 72,216                              |
| Other payables   | 125,150                       |                                       |  | 125,150                             |
| Deferred revenue   | 18,413                        |                                       |  | 18,413                              |
| <b>Total current liabilities</b>                             | <b>7,013,988</b>              |                                       | <b>(4,300)</b>   | <b>7,009,688</b>                    |
| <b>Non-current liabilities</b>                               |                               |                                       |  |                                     |
| Loans and hedging instruments                                | 6,113,545                     |                                       |  | 6,113,545                           |
| Debentures   | 3,927,569                     |                                       |  | 3,927,569                           |
| Finance leases   | 45,805                        |                                       |  | 45,805                              |
| Related parties  | 4,185                         |                                       |  | 4,185                               |
| Deferred income and social contribution taxes                | 38,524                        |                                       |  | 38,524                              |
| Post-employment benefits                                     | 207,464                       |                                       |  | 207,464                             |
| Provision for asset retirement obligation                    | 59,975                        |                                       |  | 59,975                              |
| Provision for tax, civil, and labor risks                    | 861,246                       |                                       |  | 861,246                             |
| Deferred revenue   | 12,896                        |                                       |  | 12,896                              |
| Subscription warrants – indemnification                      | 171,459                       |                                       |  | 171,459                             |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|   |                   |                  |                 |                |                   |
|---|-------------------|------------------|-----------------|----------------|-------------------|
| Other payables  | 162,834           |                  |                 |                | 162,834           |
| <b>Total non-current liabilities</b>                    | <b>11,605,502</b> |                  |                 |                | <b>11,605,502</b> |
| <b>Shareholders' equity</b>                             |                   |                  |                 |                |                   |
| Share capital   | 5,171,752         |                  |                 |                | 5,171,752         |
| Equity instrument granted                               | 536               |                  |                 |                | 536               |
| Capital reserve   | 549,778           |                  |                 |                | 549,778           |
| Treasury shares   | (482,260)         |                  |                 |                | (482,260)         |
| Revaluation reserve on subsidiaries                     | 4,930             |                  |                 |                | 4,930             |
| Profit reserves   | 3,760,079         | (103,468)        | (23,585)        | (3,175)        | 3,629,851         |
| Valuation adjustments                                   | 159,643           |                  |                 |                | 159,643           |
| Cumulative translation adjustments                      | 53,061            |                  |                 |                | 53,061            |
| Additional dividends to the minimum mandatory dividends | 163,742           |                  |                 |                | 163,742           |
| Shareholders' equity attributable to:                   |                   |                  |                 |                |                   |
| Shareholders of the Company                             | 9,381,261         | (103,468)        | (23,585)        | (3,175)        | 9,251,033         |
| Non-controlling interests in subsidiaries               | 339,571           | (283)            |                 |                | 339,288           |
| <b>Total shareholders' equity</b>                       | <b>9,720,832</b>  | <b>(103,751)</b> | <b>(23,585)</b> | <b>(3,175)</b> | <b>9,590,321</b>  |
| <b>Total liabilities and shareholders' equity</b>       | <b>28,340,322</b> | <b>(103,751)</b> | <b>(23,585)</b> | <b>(7,475)</b> | <b>28,205,511</b> |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

|   | As<br>previously<br>reported | IFRS 9<br>adoption <sup>(1)</sup> | IFRS 15<br>adoption <sup>(2)</sup> | Reclassification<br>and adjustments | After adoption<br>IFRS 9 and<br>15 |
|---|------------------------------|-----------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| <b>Net revenue from sales and services</b>  | 18,727,888                   |                                   | (129,942)                          | (53,376)                            | 18,544,570                         |
| Cost of products and services sold  | (17,040,851)                 |                                   |                                    | 53,376                              | (16,987,475)                       |
| <b>Gross profit</b>   | 1,687,037                    |                                   | (129,942)                          |                                     | 1,557,095                          |
| <b>Operating income (expenses)</b>  |                              |                                   |                                    |                                     |                                    |
| Selling and marketing   | (703,339)                    | (24,347)                          | 130,536                            |                                     | (597,150)                          |
| General and administrative  | (362,578)                    |                                   |                                    |                                     | (362,578)                          |
| Gain (loss) on disposal of property,<br>plant and equipment and intangibles   | (6,353)                      |                                   |                                    |                                     | (6,353)                            |
| Other operating income, net   | 56,335                       |                                   |                                    |                                     | 56,335                             |
| <b>Operating income before financial<br/>income (expenses) and share of<br/>profit of joint ventures and<br/>associates</b> | 671,102                      | (24,347)                          | 594                                |                                     | 647,349                            |
| Financial income  | 164,361                      |                                   |                                    |                                     | 164,361                            |
| Financial expenses  | (285,536)                    |                                   |                                    |                                     | (285,536)                          |
| Financial result, net   | (121,175)                    |                                   |                                    |                                     | (121,175)                          |
| Share of profit of joint ventures and<br>associates   | 6,428                        |                                   |                                    |                                     | 6,428                              |
| <b>Income before income and social<br/>contribution taxes</b>   | 556,355                      | (24,347)                          | 594                                |                                     | 532,602                            |
| <b>Income and social contribution taxes</b>   |                              |                                   |                                    |                                     |                                    |
| Current   | (190,190)                    |                                   |                                    |                                     | (190,190)                          |
| Deferred  | 4,173                        | 8,278                             | (157)                              |                                     | 12,294                             |
|   | (186,017)                    | 8,278                             | (157)                              |                                     | (177,896)                          |
| <b>Net income for the period</b>  | 370,338                      | (16,069)                          | 437                                |                                     | 354,706                            |

Net income for the period attributable  
to:

|  |         |          |      |         |
|--|---------|----------|------|---------|
| Shareholders of the Company  | 368,170 | (16,069) | 461  | 352,562 |
| Non-controlling interests in<br>subsidiaries   | 2,168   |          | (24) | 2,144   |
| <b>Earnings per share (based on<br/>weighted average number of shares<br/>outstanding) R\$</b> |         |          |      |         |
| Basic  | 0.6796  |          |      | 0.6508  |
| Diluted  | 0.6747  |          |      | 0.6461  |



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

|   | As<br>previously<br>reported | IFRS 9<br>adoption <sup>(1)</sup> | IFRS 15<br>adoption <sup>(2)</sup> | Reclassification<br>and adjustments | After adoption<br>IFRS 9 and<br>15 |
|---|------------------------------|-----------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| <b>Cash flows from operating activities</b>   |                              |                                   |                                    |                                     |                                    |
| <b>Net income for the period</b>  | 370,338                      | (16,069)                          | 437                                |                                     | 354,706                            |
| <b>Adjustments to reconcile net income to cash provided by operating activities</b> |                              |                                   |                                    |                                     |                                    |
| Share of loss (profit) of joint ventures and associates                             | (6,428)                      |                                   |                                    |                                     | (6,428)                            |
| Amortization of contractual assets with customers exclusive rights                  |                              |                                   | 128,218                            |                                     | 128,218                            |
| Depreciation and amortization   | 295,581                      |                                   | (130,537)                          |                                     | 165,044                            |
| PIS and COFINS credits on depreciation  | 3,233                        |                                   |                                    |                                     | 3,233                              |
| Asset retirement obligation   | (525)                        |                                   |                                    | 525                                 |                                    |
| Interest, monetary, and foreign exchange rate variations                            | 169,046                      |                                   |                                    |                                     | 169,046                            |
| Deferred income and social contribution taxes                                       | (4,173)                      | (8,278)                           | 157                                |                                     | (12,294)                           |
| (Gain) loss on disposal of property, plant and equipment and intangibles            | 6,353                        |                                   |                                    |                                     | 6,353                              |
| Estimated losses on doubtful accounts   |                              |                                   |                                    | 15,109                              | 15,109                             |
| Provision for losses in inventories   |                              |                                   |                                    | 2,533                               | 2,533                              |
| Provision for post-employment benefits  |                              |                                   |                                    | 2,703                               | 2,703                              |
| Other provisions and adjustments  | 279                          |                                   |                                    |                                     | 279                                |
|   | 833,704                      | (24,347)                          | (1,725)                            | 20,870                              | 828,502                            |
| <b>(Increase) decrease in current assets</b>  |                              |                                   |                                    |                                     |                                    |
| Trade receivables and reseller financing  | (20,512)                     | 24,347                            | (1,326)                            | (15,109)                            | (12,600)                           |
| Inventories   | 156,047                      |                                   |                                    | (2,533)                             | 153,874                            |
| Contractual assets with customers exclusive rights                                  |                              |                                   | (4,527)                            |                                     | (4,527)                            |
| Other current asset items   | 255,273                      |                                   |                                    |                                     | 255,273                            |
| <b>Increase (decrease) in current liabilities</b>                                   |                              |                                   |                                    |                                     |                                    |
| Insurance and other payables  | 64,380                       |                                   |                                    | (525)                               | 63,855                             |

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| Other current liabilities items   | (407,685)        |                  | (407,685)        |
| <b>(Increase) decrease in non-current assets</b>  |                  |                  |                  |
| Contractual assets with customers exclusive rights                                      |                  | 5,853            | 5,853            |
| Other non-current asset items   | (102,285)        |                  | (102,285)        |
| <b>Increase (decrease) in non-current liabilities</b>                                   |                  |                  |                  |
| Post-employment benefits  | 3,355            | (2,703)          | 652              |
| Other non-current liabilities items   | (95,449)         |                  | (95,449)         |
| Payments of contractual assets with customers exclusive rights                          |                  | (146,038)        | (146,038)        |
| Income and social contribution taxes paid   | (285,017)        |                  | (285,017)        |
| <b>Net cash provided by operating activities</b>  | <b>402,171</b>   | <b>(147,763)</b> | <b>254,408</b>   |
| <b>Cash flows from investing activities</b>   |                  |                  |                  |
| Acquisition of intangible assets  | (180,665)        | 147,763          | (32,902)         |
| Other investing activities items  | 9,815            |                  | 9,815            |
| <b>Net cash used in investing activities</b>  | <b>(170,850)</b> | <b>147,763</b>   | <b>(23,087)</b>  |
| <b>Net cash used in financing activities</b>  | <b>(948,159)</b> |                  | <b>(948,159)</b> |
| <b>Effect of exchange rate changes on cash and cash equivalents in foreign currency</b> |                  |                  |                  |
|   | 15,356           |                  | 15,356           |
| <b>Decrease in cash and cash equivalents</b>  | <b>(701,482)</b> |                  | <b>(701,482)</b> |
| <b>Cash and cash equivalents at the beginning of the period</b>                         | <b>4,274,158</b> |                  | <b>4,274,158</b> |
| <b>Cash and cash equivalents at the end of the period</b>                               | <b>3,572,676</b> |                  | <b>3,572,676</b> |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

The following standards, amendments, and interpretations to IFRS were issued by the IASB are not effective as of March 31, 2018:

|   | <b>Equivalent<br/>CPC</b> | <b>Effective<br/>date</b> |
|---|---------------------------|---------------------------|
| IFRS 16 Lease: requires lessees record, in the financial statements, a liability reflecting future payments of a lease and the right to use an asset for the lease contracts, except for certain short-term leases and low asset value contracts. The criteria for recognition and measurement of leases in the financial statements of lessors are substantially maintained. The Company and its subsidiaries are quantifying the potential effects of this pronouncement, and it is expected to have a relevant impact on the recognition of the right of use and debt related to lease contracts of the land and building of service stations, drugstores and stores due to the number of operating lease contracts of the subsidiaries (see Note 34.c). | 06 (R2)                   | 2019                      |

**z. Authorization for Issuance of the Interim Financial Information**

These interim financial information were authorized for issue by the Board of Directors on May 2, 2018.

**3. Principles of Consolidation, Investments in Subsidiaries and Acquisition****a) Principles of Consolidation**

In the preparation of the consolidated interim financial information the investments of one company in another, balances of asset and liability accounts, revenues transactions, costs and expenses were eliminated, as well as the effects of transactions conducted between the companies. Non-controlling interests in subsidiaries are presented within consolidated shareholders' equity and net income.

Consolidation of a subsidiary begins when the parent company obtains direct or indirect control over a company and ceases when the parent company loses control of a company. Income and expenses of a subsidiary acquired are included in the consolidated income statement and other comprehensive income from the date the parent company gains the control. Income and expenses of a subsidiary, in which the parent company loses control, are included in the

consolidated income statement and other comprehensive income until the date the parent company loses control.

When necessary, adjustments are made to the interim financial information of subsidiaries to bring their accounting policies into line with the Company's accounting policies.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***b) Investments in Subsidiaries**

The consolidated interim financial information include the following direct and indirect subsidiaries:

|   | Location       | Segment    | % interest in the share |                  |            |                  |
|---|----------------|------------|-------------------------|------------------|------------|------------------|
|   |                |            | 03/31/2018              |                  | 12/31/2017 |                  |
|   |                |            | Control                 | Indirect control | Control    | Indirect control |
| Ipiranga Produtos de Petróleo S.A.                          | Brazil         | Ipiranga   | 100                     |                  | 100        |                  |
| am/pm Comestíveis Ltda.                                     | Brazil         | Ipiranga   |                         | 100              |            | 100              |
| Centro de Conveniências Millennium Ltda.                    | Brazil         | Ipiranga   |                         | 100              |            | 100              |
| Icorban Correspondente Bancário Ltda.                       | Brazil         | Ipiranga   |                         | 100              |            | 100              |
| Ipiranga Trading Limited                                    | Virgin Islands | Ipiranga   |                         | 100              |            | 100              |
| Tropical Transportes Ipiranga Ltda.                         | Brazil         | Ipiranga   |                         | 100              |            | 100              |
| Ipiranga Imobiliária Ltda.                                  | Brazil         | Ipiranga   |                         | 100              |            | 100              |
| Ipiranga Logística Ltda.                                    | Brazil         | Ipiranga   |                         | 100              |            | 100              |
| Oil Trading Importadora e Exportadora Ltda.                 | Brazil         | Ipiranga   |                         | 100              |            | 100              |
| Chevron Brasil Lubrificantes S.A. (see Note 3.c)            | Brazil         | Ipiranga   |                         | 56               |            |                  |
| Ipiranga Lubrificantes S.A. (see Note 3.c)                  | Brazil         | Ipiranga   |                         | 100              |            | 100              |
| Integra Frotas Ltda.  | Brazil         | Ipiranga   |                         | 100              |            |                  |
| Companhia Ultragaz S.A.                                     | Brazil         | Ultragaz   |                         | 99               |            | 99               |
| Ultragaz Comercial Ltda.                                    | Brazil         | Ultragaz   |                         | 100              |            |                  |
| Bahiana Distribuidora de Gás Ltda.                          | Brazil         | Ultragaz   |                         | 100              |            | 100              |
| Utingás Armazenadora S.A.                                   | Brazil         | Ultragaz   |                         | 57               |            | 57               |
| LPG International Inc.                                      | Cayman Islands | Ultragaz   |                         | 100              |            | 100              |
| Imaven Imóveis Ltda.  | Brazil         | Others     |                         | 100              |            | 100              |
| Imifarma Produtos Farmacêuticos e Cosméticos S.A.           | Brazil         | Extrafarma |                         | 100              |            | 100              |
| Oxiten S.A. Indústria e Comércio                            | Brazil         | Oxiten     | 100                     |                  | 100        |                  |
| Oxiten Nordeste S.A. Indústria e Comércio                   | Brazil         | Oxiten     |                         | 99               |            | 99               |
| Oxiten Argentina Sociedad de Responsabilidad Ltda.          | Argentina      | Oxiten     |                         | 100              |            | 100              |
| Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. | Brazil         | Oxiten     |                         | 100              |            | 100              |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|   |                |            |     |     |
|---|----------------|------------|-----|-----|
| Oxiteno Uruguay S.A.  | Uruguay        | Oxiteno    | 100 | 100 |
| Oxiteno México S.A. de C.V.                                       | Mexico         | Oxiteno    | 100 | 100 |
| Oxiteno Servicios Corporativos S.A. de C.V.                       | Mexico         | Oxiteno    | 100 | 100 |
| Oxiteno Servicios Industriales S.A. de C.V.                       | Mexico         | Oxiteno    | 100 | 100 |
| Oxiteno USA LLC   | United States  | Oxiteno    | 100 | 100 |
| Global Petroleum Products Trading Corp.                           | Virgin Islands | Oxiteno    | 100 | 100 |
| Oxiteno Andina, C.A.  | Venezuela      | Oxiteno    | 100 | 100 |
| Oxiteno Europe SPRL   | Belgium        | Oxiteno    | 100 | 100 |
| Oxiteno Colombia S.A.S  | Colombia       | Oxiteno    | 100 | 100 |
| Oxiteno Shanghai LTD.   | China          | Oxiteno    | 100 | 100 |
| Empresa Carioca de Produtos Químicos S.A.                         | Brazil         | Oxiteno    | 100 | 100 |
| Ultracargo Operações Logísticas e Participações Ltda.             | Brazil         | Ultracargo | 100 | 100 |
| Terminal Químico de Aratu S.A. Tequimar                           | Brazil         | Ultracargo | 99  | 99  |
| TEAS Terminal Exportador de Álcool de Santos Ltda. (see Note 3.d) | Brazil         | Ultracargo | 100 |     |
| Ultrapar International S.A.                                       | Luxembourg     | Others     | 100 | 100 |
| SERMA Ass. dos usuários equip. proc. de dados                     | Brazil         | Others     | 100 | 100 |

The percentages in the table above are rounded.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**c) Association with Chevron Brasil Lubrificantes S.A.**

On August 4, 2016, the Company through its subsidiary Ipiranga Produtos de Petróleo S.A. ( IPP ) entered into an association agreement with Chevron Brasil Lubrificantes Ltda. ( Chevron ) to create a new company in the lubricants market. The association is formed by Ipiranga's and Chevron's lubricants operations in Brazil. On February, 2017, this transaction was approved without restrictions through an opinion issued by the General Superintendence ( SG ) of the Brazilian Antitrust Authority ( CADE ) and published in the Brazilian Federal Official Gazette. On December 1, 2017, the association was concluded, through the contribution of the subsidiary Ipiranga Lubrificantes S.A. ( IpiLubs ) to Chevron Brasil Lubrificantes S.A. ( CBLSA ) and consequently IPP obtained direct control of CBLSA. IPP and Chevron hold 56% and 44%, respectively, of the CBLSA.

The Company is measuring the open balance, fair value of assets and liabilities, and, consequently, the goodwill. The purchase price allocation is being determined and its conclusion is estimated for the fourth quarter of 2018. During the process of identification of assets and liabilities, intangible assets, which are not recognized in the acquired entity's books, will also be taken into account. The Company, supported by a third party company specialized in valuations, estimated the temporary amount for the purchase price allocation and calculated the temporary goodwill in the amount of R\$ 123,673. The temporary goodwill is based on the synergy between the lubricant operations of CBLSA and IpiLubs.

The table below summarizes the temporary assets acquired and liabilities assumed as of the acquisition date (December 1, 2017), subject to the customary final adjustments of purchase price allocation and calculation of goodwill:

| <b>Current assets</b>     |         | <b>Current liabilities</b>                    |         |
|---------------------------|---------|---|---------|
| Cash and cash equivalents | 73,316  | Trade payables                                | 33,453  |
| Trade receivables         | 157,016 | Salaries and related charges                  | 18,251  |
| Inventories               | 112,998 | Taxes payable                                 | 20,089  |
| Recoverable taxes         | 5,595   | Other payables                                | 28,743  |
| Other receivables         | 15,497  |   |         |
|                           | 364,422 |   | 100,536 |
| <b>Non-current assets</b> |         | <b>Non-current liabilities</b>                |         |
| Related parties           | 7,077   | Provision for tax, civil, and labor risks     | 202,352 |
| Indemnity asset           | 202,352 | Deferred income and social contribution taxes | 3,300   |
| Escrow deposits           | 4,095   | Post-employment benefits                      | 44,478  |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|  |         |  |         |
|--|---------|--|---------|
| Other receivables                            | 5,257   |  |         |
| Property, plant, and equipment               | 172,526 |  |         |
| Intangible assets                            | 9,944   |  |         |
|  | 401,251 |  | 250,130 |
| Total assets acquired                        | 765,673 | Total liabilities assumed                  | 350,666 |
| Temporary goodwill                           | 123,673 | Participation of non-controlling interests | 182,603 |
| Total assets acquired and temporary goodwill | 889,346 | Temporary consideration transferred        | 356,077 |



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

The calculation of the provisional goodwill is shown below:

|                                     |           |
|-------------------------------------|-----------|
| Temporary consideration transferred | 356,077   |
| Total assets acquired               | 765,673   |
| Total liabilities assumed           | (350,666) |
| Non-controlling interest            | (182,603) |
| Temporary goodwill (see Note 14.i)  | 123,673   |

**d) TEAS Terminal Exportador de Álcool de Santos Ltda. Acquisition**

On January 30, 2018, the Company through its subsidiary Terminal Químico de Aratu S.A. Tequimar ( Tequimar ) entered into a sale and purchase agreement for the acquisition of 100% of the quotas of TEAS Terminal Exportador de Álcool de Santos Ltda. ( TEAS ), owned by Raízen Energia S.A. and Raízen Araraquara Açúcar e Álcool Ltda., which had already been operated by the subsidiary Tequimar in the Port of Santos. The purchase price of the acquisition was R\$102,880, subjected to adjustment of working capital and net indebtedness. On February 14, 2018, this transaction was approved without restrictions through an opinion issued by the SG of CADE. On March 2, 2018, CADE issued a certificate, attesting to the approval of the transaction. On March 29, 2018, the acquisition was concluded through the closing of the operation.

The table below summarizes the temporary assets acquired and liabilities assumed as of the acquisition date (March 29, 2018), subject to the customary final adjustments of purchase price allocation and calculation of goodwill:

| <b>Current assets</b>     |        | <b>Current liabilities</b> |    |
|---------------------------|--------|----------------------------|----|
| Cash and cash equivalents | 3,662  | Trade payables             | 14 |
| Recoverable taxes         | 3,830  |                            | 14 |
| Other receivables         | 15,524 |                            |    |
|                           | 23,016 |                            |    |

**Non-current assets**

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|   |         |                                     |         |
|---|---------|-------------------------------------|---------|
| Deferred income and social contribution taxes | 1,054   |                                     |         |
| Escrow deposits                               | 72      |                                     |         |
| Property, plant, and equipment                | 75,872  |                                     |         |
|   | 76,998  |                                     |         |
| Total assets acquired                         | 100,014 | Total liabilities assumed           | 14      |
| Temporary goodwill                            | 6,240   |                                     |         |
| Total assets acquired and temporary goodwill  | 106,254 | Temporary consideration transferred | 106,240 |

The calculation of the provisional goodwill is shown below:

|                                     |           |
|-------------------------------------|-----------|
| Temporary consideration transferred | 106,240   |
| Total assets acquired               | (100,014) |
| Total liabilities assumed           | 14        |

|                                    |       |
|------------------------------------|-------|
| Temporary goodwill (see Note 14.i) | 6,240 |
|------------------------------------|-------|

For further details of property, plant, and equipment assets acquired, see Note 13.

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**e) Unrealized Acquisition**

On November 17, 2016, the Company through its subsidiary Companhia Ultragaz S.A. ( Cia Ultragaz ), entered into a sale and purchase agreement for the acquisition of 100% of the capital stock of Liquigás Distribuidora S.A ( Liquigás ). The total transaction amount is R\$ 2,665 million and will be adjusted by the Interbank Certificate of Deposit ( CDI ), between the execution date and transaction closing date. The amount will still be subject to adjustments related to the variations in Liquigás working capital and net debt between December 31, 2015 and the closing date of the transaction. On January 23, 2017, the Extraordinary General Shareholders Meeting ( EGM ) of Ultrapar approved the transaction. The closing of the acquisition were subject to certain usual conditions precedent in transactions of similar nature, mainly the approval by CADE. On February 28, 2018, the Court of Appeals of CADE voted the transaction and despite all the efforts endeavored by the applicants throughout the analysis of the process and the negotiations conducted with the Court of Appeals decided to reject the transaction with the majority of votes. Due to non-compliance of one of the precedent conditions to the consummation of the transaction, Cia. Ultragaz paid a fine of R\$ 286,160 in favor of Petróleo Brasileiro S.A. Petrobras ( Petrobras ) on March 9, 2018 (see Note 29).

**4. Cash and Cash Equivalents and Financial Investments**

Cash equivalents and financial investments, excluding cash and bank deposits, are substantially represented by investments: (i) in Brazil, in certificates of deposit of first-rate financial institutions linked to the CDI, in repurchase agreement and in short term investments funds, whose portfolio comprised exclusively of Brazilian Federal Government bonds; (ii) outside Brazil, in certificates of deposit of first-rate financial institutions and in short term investments funds, whose portfolio comprised of Federal Government bonds; and (iii) in currency and interest rate hedging instruments.

The financial assets were classified in Note 33, based on business model of financial assets of the Company and its subsidiaries.

The balance of cash, cash equivalents and financial investments (consolidated) amounted to R\$ 6,239,262 as of March 31, 2018 (R\$ 6,369,928 as of December 31, 2017) and are distributed as follows:

**Cash and Cash Equivalents**

Cash and cash equivalents are considered: (i) cash and bank deposits, and (ii) highly-liquid short-term investments that are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value.

|   | <b>Parent</b>     |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>03/31/2018</b> | <b>12/31/2017</b> | <b>03/31/2018</b>   | <b>12/31/2017</b> |
| Cash and bank deposits                            |                   |                   |                     |                   |
| In local currency                                 | 301               | 143               | 101,897             | 73,128            |
| In foreign currency                               |                   |                   | 119,061             | 74,798            |
| Financial investments considered cash equivalents |                   |                   |                     |                   |
| In local currency                                 |                   |                   |                     |                   |
| Fixed-income securities                           | 681,100           | 93,031            | 4,386,481           | 4,821,605         |
| In foreign currency                               |                   |                   |                     |                   |
| Fixed-income securities                           |                   |                   | 60,190              | 32,473            |
| <b>Total cash and cash equivalents</b>            | <b>681,401</b>    | <b>93,174</b>     | <b>4,667,629</b>    | <b>5,002,004</b>  |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***Financial Investments**

The financial investments of the Company and its subsidiaries, which are not classified as cash and cash equivalents, are distributed as follows:

|  | <b>Parent</b>     |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>03/31/2018</b> | <b>12/31/2017</b> | <b>03/31/2018</b>   | <b>12/31/2017</b> |
| Financial investments                              |                   |                   |                     |                   |
| In local currency                                  |                   |                   |                     |                   |
| Fixed-income securities and funds                  | 301,172           | 21,657            | 1,202,174           | 1,153,040         |
| In foreign currency                                |                   |                   |                     |                   |
| Fixed-income securities and funds                  |                   |                   | 219,991             | 129,131           |
| Currency and interest rate hedging instruments (a) |                   |                   | 149,468             | 85,753            |
| <b>Total financial investments</b>                 | <b>301,172</b>    | <b>21,657</b>     | <b>1,571,633</b>    | <b>1,367,924</b>  |
| Current  | 301,172           | 21,657            | 1,482,010           | 1,283,498         |
| Non-current  |                   |                   | 89,623              | 84,426            |

(a) Accumulated gains, net of income tax (see Note 33).

**5. Trade Receivables and Reseller Financing (Consolidated)**

The composition of trade receivables and reseller financing is as follows:

|                                 | <b>03/31/2018</b> | <b>12/31/2017</b> |
|---------------------------------|-------------------|-------------------|
|                                 |                   | <b>Restated</b>   |
| Domestic customers              | 4,235,950         | 4,025,726         |
| Reseller financing Ipiranga (i) | 725,930           | 675,236           |
| Foreign customers               | 217,701           | 229,701           |

|   |                  |                  |
|---|------------------|------------------|
| (-) Estimated losses on doubtful accounts | (480,752)        | (452,778)        |
| <b>Total</b>                              | <b>4,698,829</b> | <b>4,477,885</b> |
| Current                                   | 4,351,254        | 4,147,894        |
| Non-current                               | 347,575          | 329,991          |

(i) Reseller financing is provided for renovation and upgrading of service stations, purchase of products, and development of the automotive fuels and lubricants distribution market.

The breakdown of trade receivables, gross of estimated losses on doubtful accounts, is as follows:

|                   | Total     | Current   | less<br>than<br>30 days | Past due      |               |                |                       |
|-------------------|-----------|-----------|-------------------------|---------------|---------------|----------------|-----------------------|
|                   |           |           |                         | 31-60<br>days | 61-90<br>days | 91-180<br>days | more than<br>180 days |
| <b>03/31/2018</b> | 5,179,581 | 4,285,880 | 141,441                 | 70,118        | 61,940        | 97,394         | 522,808               |
| <b>03/31/2017</b> | 4,930,663 | 4,070,523 | 200,939                 | 46,491        | 48,197        | 87,812         | 476,701               |

Movements in the estimated losses on doubtful accounts are as follows:

|   |                |
|---|----------------|
| Balance as of December 31, 2017                 | 295,580        |
| IFRS 15 adoption                                | 157,198        |
| <b>Balance as of December 31, 2017 Restated</b> | <b>452,778</b> |
| Additions                                       | 30,996         |
| Write-offs                                      | (3,022)        |
| <b>Balance as of March 31, 2018</b>             | <b>480,752</b> |

For further information about estimated losses on doubtful accounts see Note 33 Customer credit risk.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***6. Inventories (Consolidated)**

The composition of inventories is as follows:

|  | 03/31/2018 |                            |                | 12/31/2017 |  |                |
|--|------------|----------------------------|----------------|------------|--|----------------|
|  | Cost       | Provision<br>for<br>losses | Net<br>balance | Cost       | Restated<br>Provision<br>for<br>losses | Net<br>balance |
| Fuels, lubricants and greases                      | 1,493,179  | (3,117)                    | 1,490,062      | 1,626,449  | (3,074)                                | 1,623,375      |
| Finished goods                                     | 524,835    | (22,084)                   | 502,751        | 500,223    | (18,495)                               | 481,728        |
| Work in process                                    | 2,704      |                            | 2,704          | 1,637      |  | 1,637          |
| Raw materials                                      | 404,872    | (1,288)                    | 403,584        | 492,029    | (1,835)                                | 490,194        |
| Liquefied petroleum gas (LPG)                      | 83,217     | (5,761)                    | 77,456         | 102,748    | (5,761)                                | 96,987         |
| Consumable materials and other items<br>for resale | 140,860    | (3,406)                    | 137,454        | 160,024    | (5,380)                                | 154,644        |
| Pharmaceutical, hygiene, and beauty<br>products    | 484,585    | (2,532)                    | 482,053        | 417,726    | (2,447)                                | 415,279        |
| Purchase for future delivery <sup>(1)</sup>        | 215,126    |                            | 215,126        | 222,808    |  | 222,808        |
| Properties for resale                              | 27,032     | (107)                      | 26,925         | 27,032     | (107)                                  | 26,925         |
|  | 3,376,410  | (38,295)                   | 3,338,115      | 3,550,676  | (37,099)                               | 3,513,577      |

(1) Refers substantially to ethanol, biodiesel and advance of fuels.  
Movements in the provision for losses are as follows:

|  |         |
|--|---------|
| Balance as of December 31, 2017              | 37,099  |
| Additions to net realizable value adjustment | 4,571   |
| Reversals of obsolescence and other losses   | (3,375) |
| Balance as of March 31, 2018                 | 38,295  |

The breakdown of provisions for losses related to inventories is shown in the table below:

|                                 | <b>03/31/2018</b> | <b>12/31/2017</b> |
|---------------------------------|-------------------|-------------------|
| Net realizable value adjustment | 24,388            | 19,817            |
| Obsolescence and other losses   | 13,907            | 17,282            |
| <b>Total</b>                    | <b>38,295</b>     | <b>37,099</b>     |



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***7. Recoverable Taxes**

Recoverable taxes are substantially represented by credits of Tax on Goods and Services ( ICMS , the Brazilian VAT), Contribution for Social Security Financing (COFINS), Social Integration Program (PIS), Income Tax (IRPJ), and Social Contribution (CSLL).

|   | <b>Parent</b>     |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>03/31/2018</b> | <b>12/31/2017</b> | <b>03/31/2018</b>   | <b>12/31/2017</b> |
| ICMS  |                   |                   | 611,164             | 580,630           |
| Provision for ICMS losses <sup>(1)</sup>      |                   |                   | (73,104)            | (72,076)          |
| PIS and COFINS                                |                   |                   | 306,865             | 348,333           |
| IRPJ and CSLL                                 | 83,958            | 81,755            | 334,423             | 295,172           |
| Value-Added Tax (IVA) of foreign subsidiaries |                   |                   | 32,148              | 27,180            |
| Others  |                   |                   | 13,050              | 15,587            |
| <b>Total</b>                                  | <b>83,958</b>     | <b>81,755</b>     | <b>1,224,546</b>    | <b>1,194,826</b>  |
| Current                                       | 35,273            | 33,070            | 899,053             | 881,584           |
| Non-current                                   | 48,685            | 48,685            | 325,493             | 313,242           |

(1) The provision for ICMS losses relates to tax credits that the subsidiaries believe will not be utilized or offset in the future based on its estimative, and its movements are as follows:

|  |               |
|--|---------------|
| Balance as of December 31, 2017          | 72,076        |
| Additions, write-offs and reversals, net | 1,028         |
| <b>Balance as of March 31, 2018</b>      | <b>73,104</b> |

**8. Related Parties**

*a. Related Parties***Parent Company**

|   | <b>Assets</b>                   | <b>Liabilities</b>     |                                       |
|---|---------------------------------|------------------------|---------------------------------------|
|   | <b>Debentures<sup>(1)</sup></b> | <b>Account payable</b> | <b>Financial income<sup>(1)</sup></b> |
| Ipiranga Produtos de Petróleo S.A.                | 774,850                         |                        | 14,009                                |
| Imifarma Produtos Farmacêuticos e Cosméticos S.A. |                                 | 5,757                  |                                       |
| <b>Total as of March 31, 2018</b>                 | <b>774,850</b>                  | <b>5,757</b>           | <b>14,009</b>                         |

|   | <b>Assets</b>                   | <b>Liabilities</b>                  |                        |                                       |
|---|---------------------------------|-------------------------------------|------------------------|---------------------------------------|
|   | <b>Debentures<sup>(1)</sup></b> | <b>Other payables<sup>(2)</sup></b> | <b>Account payable</b> | <b>Financial income<sup>(1)</sup></b> |
| Ipiranga Produtos de Petróleo S.A.                | 762,562                         |                                     |                        | 27,208                                |
| Imifarma Produtos Farmacêuticos e Cosméticos S.A. |                                 |                                     | 4,003                  |                                       |
| Oxiteno S.A. Indústria e Comércio                 |                                 | 3,086                               |                        |                                       |
| Companhia Ultragaz S.A.                           |                                 | 1,585                               |                        |                                       |
| Terminal Químico de Aratu S.A. Tequimar           |                                 | 2,768                               |                        |                                       |
| <b>Total as of December 31, 2017</b>              | <b>762,562</b>                  | <b>7,439</b>                        | <b>4,003</b>           |                                       |
| <b>Total as of March 31, 2017</b>                 |                                 |                                     |                        | <b>27,208</b>                         |

(1) In March 2016, the subsidiary IPP made its second private offering in one single series of 75 debentures at face value of R\$ 10,000,000.00 (ten million Brazilian Reais) each, nonconvertible into shares and unsecured. The Company subscribed the total debentures with maturity on March 31, 2021 and semiannual interest linked to CDI.

(2) Refers to the Deferred Stock Plan (see Note 8.c).

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***Consolidated**

Balances and transactions between the Company and its subsidiaries have been eliminated in consolidation and are not disclosed in this note. The balances and transactions between the Company and its subsidiaries with other related parties are disclosed below:

|  | <b>Assets</b> | <b>Loans<br/>Liabilities</b> | <b>Commercial<br/>transactions<br/>Receivables<sup>(1)</sup></b> | <b>Payables<sup>(1)</sup></b> |
|--|---------------|------------------------------|--|-------------------------------|
| Oxicap Indústria de Gases Ltda.                  |               |                              |  | 4,305                         |
| Química da Bahia Indústria e Comércio S.A.       |               | 2,946                        |  |                               |
| ConectCar Soluções de Mobilidade Eletrônica S.A. |               |                              | 4,457  | 213                           |
| Refinaria de Petróleo Riograndense S.A.          |               |                              |  | 15,123                        |
| Others   | 490           | 1,230                        |  |                               |
| Total as of March 31, 2018                       | 490           | 4,176                        | 4,457  | 19,641                        |

|  | <b>Assets</b> | <b>Loans<br/>Liabilities</b> | <b>Commercial<br/>transactions<br/>Receivables<sup>(1)</sup></b> | <b>Payables<sup>(1)</sup></b> |
|--|---------------|------------------------------|--|-------------------------------|
| Oxicap Indústria de Gases Ltda.                  |               |                              |  | 1,489                         |
| Química da Bahia Indústria e Comércio S.A.       |               | 2,946                        |  |                               |
| ConectCar Soluções de Mobilidade Eletrônica S.A. |               |                              | 1,067  | 31                            |
| Refinaria de Petróleo Riograndense S.A.          |               |                              |  | 22,199                        |
| Others   | 490           | 1,239                        |  |                               |
| Total as of December 31, 2017                    | 490           | 4,185                        | 1,067  | 23,719                        |

(1) Included in trade receivables and trade payables, respectively.

|  | <b>Commercial<br/>transactions</b> |                  |
|--|------------------------------------|------------------|
|  | <b>Sales and services</b>          | <b>Purchases</b> |
| Oxicap Indústria de Gases Ltda                   | 2                                  | 4,305            |
| Refinaria de Petróleo Riograndense S.A.          |                                    | 251,851          |
| ConectCar Soluções de Mobilidade Eletrônica S.A. | 1,431                              | 720              |
| Total as of March 31, 2018                       | 1,433                              | 256,876          |

|  | <b>Commercial<br/>transactions</b> |                  |
|--|------------------------------------|------------------|
|  | <b>Sales and services</b>          | <b>Purchases</b> |
| Oxicap Indústria de Gases Ltda                   | 2                                  | 4,026            |
| Refinaria de Petróleo Riograndense S.A.          |                                    | 174,142          |
| ConectCar Soluções de Mobilidade Eletrônica S.A. | 567                                | 729              |
| Total as of March 31, 2017                       | 569                                | 178,897          |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

Purchase and sale transactions relate substantially to the purchase of raw materials, feedstock, transportation, and storage services based on similar market prices and terms with customers and suppliers with comparable operational performance. The above operations related to ConectCar Soluções de Mobilidade Eletrônica S.A. ( ConectCar ) refer to services provided. Borrowing agreements are for an indeterminate period and do not contain interest clauses. In the opinion of the Company and its subsidiaries management, transactions with related parties are not subject to credit risk, which is why no allowance for doubtful accounts or collateral is provided. Collateral provided by the Company in loans of subsidiaries and affiliates are mentioned in Note 15.k). Intercompany loans are contracted in light of temporary cash surpluses or deficits of the Company, its subsidiaries, and its associates.

***b. Key executives (Consolidated)***

The Company's compensation strategy combines short and long-term elements, following the principles of alignment of interests and of maintaining a competitive compensation, and is aimed at retaining key officers and remunerating them adequately according to their attributed responsibilities and the value created to the Company and its shareholders.

Short-term compensation is comprised of: (a) fixed monthly compensation paid with the objective of rewarding the executive's experience, responsibility, and his/her position's complexity, and includes salary and benefits such as medical coverage, check-up, life insurance, and others; (b) variable compensation paid annually with the objective of aligning the executive's and the Company's objectives, which is linked to: (i) the business performance measured through its economic value creation and (ii) the fulfillment of individual annual goals that are based on the strategic plan and are focused on expansion and operational excellence projects, people development and market positioning, among others. In addition, the chief executive officer in office until October 2, 2017 was entitled to additional long term variable compensation, which was terminated with the succession of the chief executive officer announced by the Company in June, 2017. Further details about the Deferred Stock Plan are contained in Note 8.c) and about post-employment benefits in Note 19.b).

The Company and its subsidiaries recognized expenses for compensation of its key executives (Company's directors and executive officers) as shown below:

|                         | <b>03/31/2018</b> | <b>03/31/2017</b> |
|-------------------------|-------------------|-------------------|
| Short-term compensation | 10,588            | 10,770            |
| Stock compensation      | 1,558             | 1,373             |

|                          |        |        |
|--------------------------|--------|--------|
| Post-employment benefits | 547    | 807    |
| Long-term compensation   |        | 1,123  |
| Total                    | 12,693 | 14,073 |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information**

(In thousands of Brazilian Reais, unless otherwise stated)

**c. Deferred Stock Plan (Consolidated)**

Since 2003, Ultrapar has adopted a stock plan in which the executive has the usufruct of shares held in treasury. The Deferred Stock Plan provides for the transfer of the ownership of the shares to those eligible members of management after five to seven years from the initial concession of the rights subject to uninterrupted employment of the participant during the period. The volume of shares and the executives eligible are determined by the Board of Directors, and there is no mandatory annual grant. The total number of shares to be used in the plan is subject to the number of shares in treasury. Ultrapar's Board of Directors does not have a stock plan. The fair value of the awards were determined on the grant date based on the market value of the shares on the B3 S.A. - Brasil, Bolsa, Balcão ( B3 ), the Brazilian Securities, Commodities and Futures Exchange and the amounts are amortized between five to seven years from the grant date.

The table below summarizes shares granted to the Company and its subsidiaries' management:

| <b>Grant date</b> | <b>Balance of number of shares granted</b> | <b>Vesting period (in R\$ per share)</b> | <b>Market price of shares on the grant date</b> | <b>Total grant costs, including taxes</b> | <b>Accumulated recognized grant costs</b> | <b>Accumulated unrecognized grant costs</b> |
|-------------------|--|--|---|---|---|---|
| March 13, 2017    | 100,000                                    | 2022 to 2024                             | 67.99   | 9,378                                     | (1,725)                                   | 7,653                                       |
| March 4, 2016     | 190,000                                    | 2021 to 2023                             | 65.43   | 17,147                                    | (6,067)                                   | 11,080                                      |
| December 9, 2014  | 570,000                                    | 2019 to 2021                             | 50.64   | 39,814                                    | (22,540)                                  | 17,274                                      |
| March 5, 2014     | 83,400                                     | 2019 to 2021                             | 52.15   | 5,999                                     | (4,160)                                   | 1,839                                       |
| November 7, 2012  | 199,998                                    | 2017 to 2019                             | 42.90   | 18,309                                    | (16,395)                                  | 1,914                                       |
| December 14, 2011 | 40,000                                     | 2016 to 2018                             | 31.85   | 5,272                                     | (5,104)                                   | 168   |
|                   | <b>1,183,398</b>                           |  |   | <b>95,919</b>                             | <b>(55,991)</b>                           | <b>39,928</b>                               |

For the three-month period ended March 31, 2018, the amortization in the amount of R\$ 3,591 (R\$ 4,508 for the three-month period ended March 31, 2017) was recognized as a general and administrative expense.

In addition, on April 19, 2017, the Ordinary and Extraordinary General Shareholders' Meeting ( OEGM ) of approved a new incentive plan based on shares ( Plan ), which establishes the general terms and conditions for the concession of common shares issued by the Company and held in treasury, that may or may not involve the granting of usufruct of part of these shares for later transfer of the ownership of the shares, in periods of 3 to 6 years, to directors or employees of the Company or its subsidiaries. The information in this incentive plan reflect both plans.

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

As a result of the Plan, common shares representing at most 1% of the Company's share capital may be delivered to the Participants, which corresponds, at the date of approval of this Plan, to 5,564,051 common shares.

The Board of Directors approved the 1<sup>st</sup> Restricted stock program and the 1<sup>st</sup> Restricted stock and performance program, as follows:

| <b>Program</b>             | <b>Grant date</b> | <b>Balance of number of shares granted</b> | <b>Vesting period</b> | <b>Market price of shares on the grant date (in R\$ per share)</b> | <b>Total grant costs, including taxes</b> | <b>Accumulated recognized grant costs</b> | <b>Accumulated unrecognized grant costs</b> |
|----------------------------|-------------------|--|-----------------------|--|---|---|---|
| Restricted                 | October 1, 2017   | 120,000                                    | 2023                  | 76.38  | 12,642                                    | (1,054)                                   | 11,588                                      |
| Restricted and Performance | November 8, 2017  | 46,270                                     | 2020 to 2022          | 76.38  | 5,901                                     | (642)                                     | 5,259                                       |
|                            |                   | <b>166,270</b>                             |                       |  | <b>18,543</b>                             | <b>(1,696)</b>                            | <b>16,847</b>                               |

For the three-month period ended March, 2018, a general and administrative expense in the amount of R\$ 912 was recognized in relation to the Plan.



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***9. Income and Social Contribution Taxes****a. Deferred Income and Social Contribution Taxes**

The Company and its subsidiaries recognize deferred tax assets and liabilities which are not subject to the statute of limitations, resulting from tax loss carryforwards, temporary differences, negative tax bases and revaluation of property, plant, and equipment, among others. Deferred tax assets are sustained by the continued profitability of their operations. Deferred IRPJ and CSLL are recognized under the following main categories:

|   | <b>Parent</b>     |                   | <b>Consolidated</b> |                   |
|---|-------------------|-------------------|---------------------|-------------------|
|   | <b>03/31/2018</b> | <b>12/31/2017</b> | <b>03/31/2018</b>   | <b>12/31/2017</b> |
|   |                   |                   |                     | <b>Restated</b>   |
| <b>Assets</b> Deferred income and social contribution taxes on:           |                   |                   |                     |                   |
| Provision for impairment of assets  |                   |                   | 106,994             | 103,092           |
| Provisions for tax, civil, and labor risks                                |                   |                   | 145,468             | 145,767           |
| Provision for post-employment benefits                                    |                   |                   | 83,132              | 81,199            |
| Provision for differences between cash and accrual basis                  |                   |                   | 31,698              | 40,755            |
| Goodwill  |                   |                   | 15,393              | 14,234            |
| Business combination fiscal basis vs. accounting basis of goodwill        |                   |                   | 75,138              | 74,972            |
| Provision for asset retirement obligation                                 |                   |                   | 17,974              | 19,111            |
| Other provisions  | 29,551            | 29,158            | 134,314             | 158,952           |
| Tax losses and negative basis for social contribution carryforwards (9.d) |                   |                   | 343,928             | 201,471           |
| <b>Total</b>  | <b>29,551</b>     | <b>29,158</b>     | <b>954,039</b>      | <b>839,553</b>    |
| Offset the liabilities balance  | (70)              |                   | (243,189)           | (225,492)         |
| <b>Net balance of assets</b>  | <b>29,481</b>     | <b>29,158</b>     | <b>710,850</b>      | <b>614,061</b>    |
| <b>Liabilities</b> Deferred income and social contribution taxes on:      |                   |                   |                     |                   |
| Revaluation of property, plant, and equipment                             |                   |                   | 2,079               | 2,109             |
| Lease   |                   |                   | 3,363               | 3,361             |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|  |      |           |           |
|--|------|-----------|-----------|
| Provision for differences between cash and accrual basis |      | 47,314    | 44,440    |
| Provision for goodwill/negative goodwill                 |      | 147,353   | 131,811   |
| Business combination fair value of assets                |      | 45,217    | 45,414    |
| Temporary differences of foreign subsidiaries            |      | 324       | 955       |
| Other provisions   | 70   | 35,365    | 35,926    |
| Total  | 70   | 281,015   | 264,016   |
| Offset the assets balance                                | (70) | (243,189) | (225,492) |
| Net balance of liabilities                               |      | 37,826    | 38,524    |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

Changes in the net balance of deferred IRPJ and CSLL are as follows:

|  | <b>03/31/2018</b> | <b>03/31/2017<br/>Restated</b> |
|--|-------------------|--------------------------------|
| Initial balance  | 507,087           | 409,699                        |
| IFRS 9 and 15 adoption   | 68,450            | 42,275                         |
| Deferred IRPJ and CSLL recognized in income of the year                  | 92,531            | 12,294                         |
| Deferred IRPJ and CSLL recognized in other comprehensive income          | 3,510             | (29,015)                       |
| Deferred IRPJ and CSLL recognized in business combination (see Note 3.d) | 1,054             |                                |
| Others   | 392               | (476)                          |
| <b>Final balance</b>   | <b>673,024</b>    | <b>434,777</b>                 |

The estimated recovery of deferred tax assets relating to IRPJ and CSLL is stated as follows:

|   | <b>Parent</b> | <b>Consolidated</b> |
|---|---------------|---------------------|
| Up to 1 Year  |               | 183,904             |
| From 1 to 2 Years   | 9,851         | 121,283             |
| From 2 to 3 Years   | 9,850         | 177,760             |
| From 3 to 5 Years   | 9,850         | 115,873             |
| From 5 to 7 Years   |               | 233,909             |
| From 7 to 10 Years  |               | 121,310             |
| <b>Total of deferred tax assets relating to IRPJ and CSLL</b> | <b>29,551</b> | <b>954,039</b>      |

The technical study on Extrafarma's projection of taxable profits for the realization of deferred tax assets was reviewed by the Fiscal Council on February 20, 2018 and approved by the Company's Board of Directors on February 21, 2018, taking into account implementation of the actions proposed by the subsidiary's management, among them, the operational restructuring and the expansion of stores.



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***b. Reconciliation of Income and Social Contribution Taxes**

IRPJ and CSLL are reconciled to the statutory tax rates as follows:

|   | <b>Parent</b>     |                                 | <b>Consolidated</b>             |                                |
|---|-------------------|---------------------------------|---------------------------------|--------------------------------|
|   | <b>03/31/2018</b> | <b>03/31/2017<sup>(1)</sup></b> | <b>03/31/2018<sup>(1)</sup></b> | <b>03/31/2017<br/>Restated</b> |
| Income (loss) before taxes and share of profit (loss) of subsidiaries, joint ventures, and associates | (868)             | (6,210)                         | 105,364                         | 526,174                        |
| Statutory tax rates %   | 34                | 34                              | 34                              | 34                             |
| Income and social contribution taxes at the statutory tax rates                                       | 295               | 2,111                           | (35,824)                        | (178,899)                      |
| Adjustments to the statutory income and social contribution taxes:                                    |                   |                                 |                                 |                                |
| Nondeductible expenses (i)  | (79)              | (27)                            | (17,829)                        | (12,704)                       |
| Nontaxable revenues (ii)  | 11                |                                 | 3,596                           | 1,244                          |
| Adjustment to estimated income (iii)  |                   |                                 | 2,655                           | 3,211                          |
| Other adjustments   | 6                 | 7                               | 1,398                           | 1,725                          |
| Income and social contribution taxes before tax incentives  | 233               | 2,091                           | (46,004)                        | (185,423)                      |
| Tax incentives SUDENE   |                   |                                 | 16,472                          | 7,527                          |
| Income and social contribution taxes in the income statement  | 233               | 2,091                           | (29,532)                        | (177,896)                      |
| Current   | (89)              | (1,121)                         | (122,063)                       | (190,190)                      |
| Deferred  | 322               | 3,212                           | 92,531                          | 12,294                         |
| Effective IRPJ and CSLL rates %   | 26.8              | 33.7                            | 28.0                            | 33.8                           |

(i) Nondeductible expenses consist of certain expenses that cannot be deducted for tax purposes under applicable tax legislation, such as expenses with fines, donations, gifts, losses of assets, negative effects of foreign subsidiaries and certain provisions;

(ii)

Nontaxable revenues consist of certain gains and income that are not taxable under applicable tax legislation, such as the reimbursement of taxes and the reversal of certain provisions; and

(iii) Brazilian tax law allows for an alternative method of taxation for companies that generated gross revenues of up to R\$ 78 million in their previous fiscal year. Certain subsidiaries of the Company adopted this alternative form of taxation, whereby income and social contribution taxes are calculated on a basis equal to 32% of operating revenues, as opposed to being calculated based on the effective taxable income of these subsidiaries. The adjustment to estimated income represents the difference between the taxation under this alternative method and the income and social contribution taxes that would have been paid based on the effective statutory rate applied to the taxable income of these subsidiaries.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***c. Tax Incentives SUDENE**

The following subsidiaries are entitled to federal tax benefits providing for IRPJ reduction under the program for development of northeastern Brazil operated by the Superintendence for the Development of the Northeast ( SUDENE ):

| <b>Subsidiary</b>   | <b>Units</b>                               | <b>Incentive %</b> | <b>Expiration</b> |      |
|---|--|--------------------|-------------------|------|
| Bahiana Distribuidora de Gás Ltda.                          | Aracaju base <sup>(1)</sup>                | 75                 | 2017              |      |
|   | Suape base                                 | 75                 | 2018              |      |
|   | Mataripe base                              | 75                 | 2024              |      |
|   | Caucaia base                               | 75                 | 2025              |      |
|   | Juazeiro base <sup>(2)</sup>               | 75                 | 2026              |      |
| Terminal Químico de Aratu S.A. Tequimar                     | Suape terminal                             | 75                 | 2020              |      |
|   | Aratu terminal                             | 75                 | 2022              |      |
|   | Itaqui terminal                            | 75                 | 2025              |      |
| Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. | Camaçari plant                             | 75                 | 2021              |      |
|   | Oxiteno Nordeste S.A. Indústria e Comércio | Camaçari plant     | 75                | 2026 |
|   | Empresa Carioca de Produtos Químicos S.A.  | Camaçari plant     | 75                | 2026 |

(1) The first semester of 2018, the subsidiary will request to SUDENE the extension of the tax incentive for another 10 years.

(2) On July 3, 2017, the subsidiary Bahiana Distribuidora de Gás Ltda. ( Bahiana ), filed a request at SUDENE requiring the 75% income tax reduction incentive, due to productive unit implementation for its Juazeiro plant Bahia. SUDENE approved the incentive until 2026 through an appraisal report issued on November 7, 2017. The constitutive benefit appraisal report was forwarded to the Brazilian Federal Revenue Service ( RFB ), on November 27, 2017, for approval within a term of 120 days. As a result of the expiration of the statutes of limitation for the RFB to approve the constitutive benefit appraisal report, the income tax reduction was recognized by the subsidiary in the income statement in 2018, in the total amount of R\$ 149 with retroactive effect to January 2017.

**d. Income and Social Contribution Taxes Carryforwards**

As of March 31, 2018, certain subsidiaries of the Company had tax loss carryforwards related to income tax (IRPJ) of R\$ 1,016,512 (R\$ 598,183 as of December 31, 2017) and negative basis of CSLL of R\$ 997,773 (R\$ 576,949 as of December 31, 2017), whose compensations are limited to 30% of taxable income in a given tax year, which do not expire. Based on these values, the Company and its subsidiaries recognized deferred income and social contribution tax assets in the amount of R\$ 343,928 as of March 31, 2018 (R\$ 201,471 as of December 31, 2017).



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***10. Prepaid expenses (Consolidated)**

|   | <b>03/31/2018</b> | <b>12/31/2017</b> |
|---|-------------------|-------------------|
| Rents <sup>(1)</sup>                    | 361,380           | 329,421           |
| Advertising and publicity               | 67,743            | 67,321            |
| Deferred Stock Plan, net (see Note 8.c) | 33,267            | 37,591            |
| Insurance premiums                      | 30,170            | 39,629            |
| Software maintenance                    | 7,437             | 8,237             |
| Other prepaid expenses                  | 23,574            | 14,733            |
|   | <b>523,571</b>    | <b>496,932</b>    |
| Current                                 | 146,576           | 150,046           |
| Non-current                             | 376,995           | 346,886           |

(1) Refers substantially to the rental advance of service stations of IPP, which are subsequently subleased and operated by the resellers.

**11. Contractual Assets with customers – exclusive rights (Consolidated)**

Refers to exclusive rights disbursements of Ipiranga's agreements with reseller service stations and major consumers that are recognized at the time of their occurrence and recognized as a reduction of the sales revenue in the income statement according to the conditions established in the agreement (amortization in weighted average term of 5 years) and are reviewed as changes occur under the terms of the agreements. Balance and changes are shown below:

|                            | <b>03/31/2018</b> | <b>03/31/2017</b> |
|----------------------------|-------------------|-------------------|
|                            |                   | <b>Restated</b>   |
| Initial balance            |                   |                   |
| IFRS 15 adoption           | 1,502,360         | 1,438,084         |
| Initial balance – restated | 1,502,360         | 1,438,084         |
| Additions                  | 95,866            | 146,038           |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|               |           |           |
|---------------|-----------|-----------|
| Amortizations | (104,513) | (128,218) |
| Transfers     | 213       | (1,326)   |
| Final balance | 1,493,926 | 1,454,578 |
| Current       | 456,811   | 452,843   |
| Non-current   | 1,037,115 | 1,001,735 |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***12. Investments****a. Subsidiaries and Joint Venture (Parent Company)**

The table below presents the full amounts of balance sheets and income statements of subsidiaries and joint venture:

|                                     | <b>03/31/2018</b>  |  |   |  |  |
|-------------------------------------|--|--|---|--|--|
|                                     | <b>Subsidiaries</b>  |  |   | <b>Joint-venture</b>                       |  |
|                                     | <b>Ultracargo Operações<br/>Logísticas<br/>e<br/>Participações<br/>Ltda.</b> | <b>Oxiteno<br/>S.A.<br/>Indústria e<br/>Comércio</b> | <b>Ipiranga<br/>Produtos de<br/>Petróleo S.A.</b> | <b>Ultrapar<br/>International<br/>S.A.</b> | <b>Refinaria de<br/>Petróleo<br/>Riograndense S.A.</b> |
| Number of shares or units held      | 11,839,764   | 35,102,127   | 224,467,228,244                                   | 49,995                                     | 5,078,888  |
| Assets                              | 1,191,122  | 5,425,288  | 16,784,096  | 2,519,049                                  | 524,323  |
| Liabilities                         | 2,502  | 2,848,017  | 11,701,700  | 2,505,533                                  | 355,817  |
| Shareholders equity                 | 1,188,620  | 2,577,271 <sup>(*)</sup>                             | 5,082,396 <sup>(*)</sup>                          | 13,516                                     | 168,506  |
| Net revenue from sales and services |  | 287,631  | 16,992,310  |  | 458,656  |
| Net income (loss)                   | 23,341   | 20,415 <sup>(*)</sup>                                | 29,828 <sup>(*)</sup>                             | 395  | 6,822  |
| % of capital held                   | 100  | 100  | 100   | 100  | 33   |

|                                | <b>12/31/2017 Restated</b>   |  |   |  |  |
|--------------------------------|--|--|---|--|--|
|                                | <b>Subsidiaries</b>  |  |   | <b>Joint-venture</b>                       |  |
|                                | <b>Ultracargo Operações<br/>Logísticas<br/>e<br/>Participações<br/>Ltda.</b> | <b>Oxiteno<br/>S.A.<br/>Indústria e<br/>Comércio</b> | <b>Ipiranga<br/>Produtos de<br/>Petróleo S.A.</b> | <b>Ultrapar<br/>International<br/>S.A.</b> | <b>Refinaria de<br/>Petróleo<br/>Riograndense S.A.</b> |
| Number of shares or units held | 11,839,764   | 35,102,127   | 224,467,228,244                                   | 49,995                                     | 5,078,888  |
| Assets                         | 1,167,912  | 5,434,041  | 17,092,490  | 2,472,924                                  | 517,439  |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|                     |           |                          |                          |           |         |
|---------------------|-----------|--------------------------|--------------------------|-----------|---------|
| Liabilities         | 2,486     | 2,752,027                | 11,684,775               | 2,459,803 | 352,583 |
| Shareholders equity | 1,165,426 | 2,682,014 <sup>(*)</sup> | 5,407,715 <sup>(*)</sup> | 13,121    | 164,856 |
| % of capital held   | 100       | 100                      | 100                      | 100       | 33      |

|                                     | 03/31/2017 Restated              |                                  |                                    |                             |   |
|-------------------------------------|----------------------------------|----------------------------------|------------------------------------|-----------------------------|---|
|                                     | Subsidiaries                     |                                  |                                    | Joint-venture               |   |
|                                     | Ultracargo Operações             |                                  |                                    |                             |   |
|                                     | Logísticas e Participações Ltda. | Oxiten S.A. Indústria e Comércio | Ipiranga Produtos de Petróleo S.A. | Ultrapar International S.A. | Refinaria de Petróleo Riograndense S.A. |
| Number of shares or units held      | 11,839,764                       | 35,102,127                       | 224,467,228,244                    | 49,995                      | 5,078,888                               |
| Net revenue from sales and services |                                  | 273,814                          | 15,668,427                         |                             | 341,232                                 |
| Net income (loss)                   | 11,724                           | 101,606 <sup>(*)</sup>           | 231,614 <sup>(*)</sup>             | 1,723                       | 30,159                                  |
| % of capital held                   | 100                              | 100                              | 100                                | 100                         | 33                                      |

(\*) adjusted for intercompany unrealized profits.

The percentages in the table above are rounded.

The financial information from our business segments is detailed in Note 32.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

Balances and changes in subsidiaries and joint venture are as follows:

|  | Investments in subsidiaries  |   |  |                                   | Joint-venture    |   |                  |
|--|--|---|--|-----------------------------------|------------------|---|------------------|
|  | Ultracargo<br>Operações<br>Logísticas<br>e<br>Participações<br>Ltda. | Oxiteno<br>S.A.<br>Indústria<br>e<br>Comércio | Ipiranga<br>Produtos<br>de<br>Petróleo<br>S.A. | Ultrapar<br>International<br>S.A. | Total            | Refinaria<br>de<br>Petróleo<br>Riograndense<br>S.A. | Total            |
| <b>Balance as of<br/>December 31, 2017</b>                     | <b>1,165,430</b>   | <b>2,684,541</b>                              | <b>5,535,397</b>                               | <b>13,121</b>                     | <b>9,398,489</b> | <b>54,739</b>                                       | <b>9,453,228</b> |
| Effects of IFRS<br>adoption                                    | (4)  | (2,526)                                       | (127,698)                                      |                                   | (130,228)        |   | (130,228)        |
| <b>Balance as of<br/>January 1, 2018</b>                       | <b>1,165,426</b>   | <b>2,682,015</b>                              | <b>5,407,699</b>                               | <b>13,121</b>                     | <b>9,268,261</b> | <b>54,739</b>                                       | <b>9,323,000</b> |
| Share of profit (loss) of<br>subsidiaries and joint<br>venture | 23,341   | 20,415  | 29,813   | 395                               | 73,964           | 526   | 74,490           |
| Dividends and interest<br>on equity (gross)                    |  | (97,849)                                      | (353,824)                                      |                                   | (451,673)        |   | (451,673)        |
| Tax liabilities on<br>equity method<br>revaluation reserve     |  |   | (1)  |                                   | (1)              |   | (1)              |
| Equity instrument<br>granted                                   | 7  | 20  | 586  |                                   | 613              |   | 613              |
| Valuation adjustment<br>of subsidiaries                        | (154)  | (8,214)                                       | (1,612)  |                                   | (9,980)          | 686   | (9,294)          |
| Translation<br>adjustments of<br>foreign-based<br>subsidiaries |  | (19,116)                                      | (280)  |                                   | (19,396)         |   | (19,396)         |
|  | <b>1,188,620</b>   | <b>2,577,271</b>                              | <b>5,082,381</b>                               | <b>13,516</b>                     | <b>8,861,788</b> | <b>55,951</b>                                       | <b>8,917,739</b> |

**Balance as of  
March 31, 2018**

|  | Investments in subsidiaries                            |  |  |                                   | Joint-venture    |   |                  |
|--|--|--|--|-----------------------------------|------------------|---|------------------|
|  | Ultracargo   |  |  |                                   |                  |   |                  |
|  | Operações<br>Logísticas<br>e<br>Participações<br>Ltda. | Oxiten<br>S.A.<br>Indústria<br>e<br>Comércio | Ipiranga<br>Produtos<br>de<br>Petróleo<br>S.A. | Ultrapar<br>International<br>S.A. | Total            | Refinaria<br>de<br>Petróleo<br>Riograndense<br>S.A. | Total            |
| <b>Balance as of<br/>December 31, 2016</b>                     | <b>1,194,739</b>                                       | <b>2,549,859</b>                             | <b>4,434,954</b>                               | <b>10,548</b>                     | <b>8,190,100</b> | <b>45,409</b>                                       | <b>8,235,509</b> |
| Effects of IFRS<br>adoption                                    | (111)  | (3,253)                                      | (79,063)                                       |                                   | (82,427)         |   | (82,427)         |
| <b>Balance as of<br/>January 1,<br/>2017 Restated</b>          | <b>1,194,628</b>                                       | <b>2,546,606</b>                             | <b>4,355,891</b>                               | <b>10,548</b>                     | <b>8,107,673</b> | <b>45,409</b>                                       | <b>8,153,082</b> |
| Share of profit (loss) of<br>subsidiaries and joint<br>venture | 11,724   | 101,606                                      | 231,614  | 1,723                             | 346,667          | 10,014  | 356,681          |
| Dividends and interest<br>on equity (gross)                    | (105,913)  |  |  |                                   | (105,913)        |   | (105,913)        |
| Tax liabilities on<br>equity method<br>revaluation reserve     |  |  | (10)   |                                   | (10)             |   | (10)             |
| Valuation adjustment<br>of subsidiaries                        |  | 34,097                                       | 14,239   |                                   | 48,336           | 596   | 48,932           |
| Translation<br>adjustments of<br>foreign-based<br>subsidiaries |  | 1,322  |  |                                   | 1,322            |   | 1,322            |
| <b>Balance as of<br/>March 31,<br/>2017 Restated</b>           | <b>1,100,439</b>                                       | <b>2,683,631</b>                             | <b>4,601,734</b>                               | <b>12,271</b>                     | <b>8,398,075</b> | <b>56,019</b>                                       | <b>8,454,094</b> |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**b. Joint Ventures (Consolidated)**

The Company holds an interest in Refinaria de Petróleo Riograndense ( RPR ), which is primarily engaged in oil refining.

The subsidiary Ultracargo Operações Logísticas e Participações Ltda. ( Ultracargo Participações ) holds an interest in União Vopak Armazéns Gerais Ltda. ( União Vopak ), which is primarily engaged in liquid bulk storage in the port of Paranaguá.

The subsidiary IPP holds an interest in ConectCar, which is primarily engaged in electronic payment of tolls and parking in the States of Alagoas, Bahia, Ceará, Espírito Santo, Goiás, Maranhão, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Paraná, Pernambuco, Rio de Janeiro, Rio Grande do Sul, Santa Catarina, São Paulo and Distrito Federal.

These investments are accounted for under the equity method of accounting based on their interim financial information as of March 31, 2018.

Balances and changes in joint ventures are as follows:

|  | Movements in investments |        |           | Total   |
|--|--------------------------|--------|-----------|---------|
|  | União Vopak              | RPR    | ConectCar |         |
| Balance as of December 31, 2017          | 6,096                    | 54,739 | 61,226    | 122,061 |
| Capital increase                         |                          |        | 8,000     | 8,000   |
| Valuation adjustments                    |                          | 686    |           | 686     |
| Share of profit (loss) of joint ventures | 634                      | 526    | (4,679)   | (3,519) |
| Balance as of March 31, 2018             | 6,730                    | 55,951 | 64,547    | 127,228 |

|  | Movements in investments |        |           | Total   |
|--|--------------------------|--------|-----------|---------|
|  | União Vopak              | RPR    | ConectCar |         |
| Balance as of December 31, 2016          | 4,518                    | 45,409 | 66,215    | 116,142 |
| Valuation adjustments                    |                          | 596    |           | 596     |
| Share of profit (loss) of joint ventures | 296                      | 10,014 | (4,342)   | 5,968   |

|                              |       |        |        |         |
|------------------------------|-------|--------|--------|---------|
| Balance as of March 31, 2017 | 4,814 | 56,019 | 61,873 | 122,706 |
|------------------------------|-------|--------|--------|---------|



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

The table below presents the full amounts of balance sheets and income statements of joint ventures:

|   | <b>03/31/2018</b>  |            |                  |
|---|--------------------|------------|------------------|
|   | <b>União Vopak</b> | <b>RPR</b> | <b>ConectCar</b> |
| Current assets  | 8,754              | 387,886    | 97,995           |
| Non-current assets  | 6,786              | 136,437    | 137,873          |
| Current liabilities   | 1,824              | 289,431    | 105,451          |
| Non-current liabilities                                       | 256                | 66,386     | 1,324            |
| Shareholders' equity  | 13,460             | 168,506    | 129,093          |
| Net revenue from sales and services                           | 4,448              | 458,656    | 13,450           |
| Costs, operating expenses and income                          | (2,629)            | (449,488)  | (27,977)         |
| Net financial income and income and social contribution taxes | (550)              | (2,346)    | 5,170            |
| Net income (loss)   | 1,269              | 6,822      | (9,357)          |
| Number of shares or units held                                | 29,995             | 5,078,888  | 193,768,000      |
| % of capital held   | 50                 | 33         | 50               |

|                                | <b>12/31/2017</b>  |            |                  |
|--------------------------------|--------------------|------------|------------------|
|                                | <b>União Vopak</b> | <b>RPR</b> | <b>ConectCar</b> |
| Current assets                 | 7,110              | 389,022    | 90,242           |
| Non-current assets             | 6,627              | 128,417    | 132,785          |
| Current liabilities            | 1,210              | 297,762    | 100,564          |
| Non-current liabilities        | 336                | 54,821     | 12               |
| Shareholders' equity           | 12,191             | 164,856    | 122,451          |
| Number of shares or units held | 29,995             | 5,078,888  | 169,860,500      |
| % of capital held              | 50                 | 33         | 50               |

|   | <b>03/31/2017</b>  |            |                  |
|---|--------------------|------------|------------------|
|   | <b>União Vopak</b> | <b>RPR</b> | <b>ConectCar</b> |
| Net revenue from sales and services                           | 3,342              | 341,232    | 5,780            |
| Costs, operating expenses and income                          | (2,508)            | (298,428)  | (19,996)         |
| Net financial income and income and social contribution taxes | (242)              | (12,644)   | 5,532            |
| Net income (loss)   | 592                | 30,159     | (8,684)          |

|                                |        |           |             |
|--------------------------------|--------|-----------|-------------|
| Number of shares or units held | 29,995 | 5,078,888 | 145,860,500 |
| % of capital held              | 50     | 33        | 50          |

The percentages in the table above are rounded.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***c. Associates (Consolidated)**

Subsidiary IPP holds an interest in Transportadora Sulbrasileira de Gás S.A., which is primarily engaged in natural gas transportation services.

Subsidiary Oxiteno S.A. Indústria e Comércio ( Oxiteno S.A. ) holds an interest in Oxicap Indústria de Gases Ltda. ( Oxicap ), which is primarily engaged in the supply of nitrogen and oxygen for its shareholders in the Mauá petrochemical complex.

Subsidiary Oxiteno Nordeste S.A. Indústria e Comércio ( Oxiteno Nordeste ) holds an interest in Química da Bahia Indústria e Comércio S.A., which is primarily engaged in manufacturing, marketing, and processing of chemicals. The operations of this associate are currently suspended.

Subsidiary Cia. Ultragaz holds an interest in Metalúrgica Plus S.A., which is primarily engaged in the manufacture and trading of LPG containers. The operations of this associate are currently suspended.

Subsidiary IPP holds an interest in Plenogás Distribuidora de Gás S.A., which is primarily engaged in the marketing of LPG. The operations of this associate are currently suspended.

The investment of subsidiary Oxiteno S.A. in the associate Oxicap is accounted for under the equity method of accounting based on its financial information as of February 28, 2018, while the other associates are valued based on the interim financial information as of March 31, 2018.

Balances and changes in associates are as follows:

|                                      | Transportadora Sulbrasileira de Gás S.A. |                                 | Movements in investments<br>Química da Bahia Indústria e Comércio S.A. |                       | Plenogás Distribuidora de Gás S.A. | Total  |
|--------------------------------------|--|---------------------------------|--|-----------------------|------------------------------------|--------|
|                                      | Oxicap Indústria de Gases Ltda.          | Oxicap Indústria de Gases Ltda. |  | Metalúrgica Plus S.A. |                                    |        |
| Balance as of December 31, 2017      | 6,348                                    | 14,458                          | 3,618  | 340                   | 577                                | 25,341 |
| Dividends                            | (245)                                    |                                 |  |                       | (100)                              | (345)  |
| Share of profit (loss) of associates | 217                                      | 291                             |  | (50)                  | 80                                 | 538    |

|                              |       |        |       |     |     |        |
|------------------------------|-------|--------|-------|-----|-----|--------|
| Balance as of March 31, 2018 | 6,320 | 14,749 | 3,618 | 290 | 557 | 25,534 |
|------------------------------|-------|--------|-------|-----|-----|--------|

|                                      | <b>Movements in investments</b>                             |  |   |                                      |   |              |
|--------------------------------------|---|--|---|--------------------------------------|---|--------------|
|                                      | <b>Transportadora<br/>Sulbrasileira<br/>de Gás<br/>S.A.</b> | <b>Oxicap<br/>Indústria de<br/>Gases<br/>Ltda.</b> | <b>Química da<br/>Bahia<br/>Indústria<br/>e Comércio<br/>S.A.</b> | <b>Metalúrgica<br/>Plus<br/>S.A.</b> | <b>Plenogás<br/>Distribuidora<br/>de Gás<br/>S.A.</b> | <b>Total</b> |
| Balance as of December 31, 2016      | 6,001   | 12,981   | 3,678   | 71                                   |   | 22,731       |
| Dividends                            | (287)   |  |   |                                      |   | (287)        |
| Share of profit (loss) of associates | 260   | 237  | (1)   | (36)                                 |   | 460          |
| Balance as of March 31, 2017         | 5,974   | 13,218   | 3,677   | 35                                   |   | 22,904       |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

The table below presents the full amounts of balance sheets and income statements of associates:

|  | <b>Transportadora<br/>Sulbrasileira<br/>de<br/>Gás S.A.</b> | <b>Oxicap<br/>Indústria de<br/>Gases<br/>Ltda.</b> | <b>03/31/2018<br/>Química da<br/>Bahia<br/>Indústria e<br/>Comércio<br/>S.A.</b> | <b>Metalúrgica<br/>Plus S.A.</b> | <b>Plenogás<br/>Distribuidora<br/>de Gás S.A.</b> |
|--|---|--|--|----------------------------------|---|
| Current assets   | 10,291  | 39,913   | 68   | 19                               | 715   |
| Non-current assets   | 16,166  | 77,146   | 10,278   | 1,311                            | 2,821   |
| Current liabilities  | 849   | 7,566  | 1  | 32                               | 403   |
| Non-current liabilities  | 332   | 8,148  | 3,109  | 427                              | 1,460   |
| Shareholders' equity   | 25,276  | 101,345  | 7,236  | 871                              | 1,673   |
| Net revenue from sales and services                              | 2,585   | 13,082   |  |                                  |   |
| Costs, operating expenses and income                             | (1,567)   | (10,083)   | (5)  | (155)                            | 242   |
| Net financial income and income and<br>social contribution taxes | (56)  | (1,079)  | 6  | 5                                | (1)   |
| Net income (loss)  | 962   | 1,920  | 1  | (150)                            | 241   |
| Number of shares or units held                                   | 20,124,996  | 1,987  | 1,493,120  | 3,000                            | 1,384,308   |
| % of capital held  | 25  | 15   | 50   | 33                               | 33  |

|                         | <b>Transportadora<br/>Sulbrasileira<br/>de<br/>Gás S.A.</b> | <b>Oxicap<br/>Indústria de<br/>Gases<br/>Ltda.</b> | <b>12/31/2017<br/>Química<br/>da<br/>Bahia<br/>Indústria<br/>e<br/>Comércio<br/>S.A.</b> | <b>Metalúrgica<br/>Plus S.A.</b> | <b>Plenogás<br/>Distribuidora<br/>de Gás S.A.</b> |
|-------------------------|---|--|--|----------------------------------|---|
| Current assets          | 11,218  | 45,061   | 67   | 175                              | 505   |
| Non-current assets      | 16,464  | 74,621   | 10,278   | 1,695                            | 2,821   |
| Current liabilities     | 1,960   | 12,338   |  | 422                              | 93  |
| Non-current liabilities | 332   | 7,920  | 3,110  | 427                              | 1,500   |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|                                |            |        |           |       |           |
|--------------------------------|------------|--------|-----------|-------|-----------|
| Shareholders equity            | 25,390     | 99,424 | 7,235     | 1,021 | 1,733     |
| Number of shares or units held | 20,124,996 | 1,987  | 1,493,120 | 3,000 | 1,384,308 |
| % of capital held              | 25         | 15     | 50        | 33    | 33        |

|   | <b>03/31/2017</b>                                 |  |                                  |                              |   |
|---|---|--|----------------------------------|------------------------------|---|
|   | <b>Química da Bahia Indústria e Comércio S.A.</b> |  |                                  |                              |   |
|   | <b>Transportadora Sulbrasileira de Gás S.A.</b>   | <b>Oxicap Indústria de Gases Ltda.</b> | <b>Indústria e Comércio S.A.</b> | <b>Metalúrgica Plus S.A.</b> | <b>Plenogás Distribuidora de Gás S.A.</b> |
| Net revenue from sales and services                           | 2,596   | 11,735                                 |                                  |                              |   |
| Costs, operating expenses and income                          | (1,541)   | (12,422)                               | (17)                             | (56)                         | 31  |
| Net financial income and income and social contribution taxes | 11  | 2,256                                  | 14                               | (9)                          | 22  |
| Net income (loss)   | 1,066   | 1,569                                  | (3)                              | (65)                         | 53  |
| Number of shares or units held                                | 20,124,996  | 1,987                                  | 1,493,120                        | 3,000                        | 1,384,308                                 |
| % of capital held   | 25  | 15                                     | 50                               | 33                           | 33  |

The percentages in the table above are rounded.

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**13. Property, Plant, and Equipment (Consolidated)**

Balances and changes in property, plant, and equipment are as follows:

|                            | Weighted<br>average useful<br>life<br>(years) | Balance<br>on<br>12/31/2017 | Reclassifications<br>and<br>adjustments | Balance on<br>12/31/2017 | Restatements | Additions | Depreciation | Transfer  | Write-<br>offs and<br>disposals | Effect of foreign<br>currency<br>exchange<br>rate<br>variation | Opening<br>balance<br>TEAS <sup>(*)</sup> | Balance<br>on<br>03/31/2018 |
|----------------------------|---|-----------------------------|---|--------------------------|--------------|-----------|--------------|-----------|---------------------------------|--|---|-----------------------------|
| Buildings                  | 30  | 579,174                     |   | 579,174                  |              |           |              | 1,926     |                                 | (3,827)  | 32,718                                    | 60,000                      |
| Buildings and<br>equipment | 9   | 1,639,867                   |   | 1,639,867                | 754          |           |              | 35,371    | (371)                           | (25,970)   | 20,847                                    | 1,670,000                   |
| Equipment                  | 9   | 912,555                     |   | 912,555                  | 890          |           |              | 22,630    | (28)                            | 2  |   | 93,000                      |
| Equipment and<br>vehicles  | 12  | 4,721,931                   |   | 4,721,931                | 31,528       |           |              | 29,521    | 514                             | (259,347)  | 36,934                                    | 4,560,000                   |
| Equipment and<br>vehicles  | 13  | 2,721,075                   |   | 2,721,075                | 28,693       |           |              | 23,435    | (9,108)                         |  |   | 2,760,000                   |
| Equipment and<br>vehicles  | 11  | 643,697                     | 49,158                                  | 692,855                  | 27,131       |           |              | 2,552     | (8,282)                         |  |   | 710,000                     |
| Equipment and<br>vehicles  | 6   | 287,295                     |   | 287,295                  | 8,656        |           |              | 5,761     | (6,520)                         | (1,765)  |   | 290,000                     |
| Equipment and<br>vehicles  | 9   | 266,494                     |   | 266,494                  | 2,610        |           |              | 1,748     | (133)                           | (9,858)  | 56  | 266,000                     |
| Equipment and<br>vehicles  |   | 929,000                     |   | 929,000                  | 183,884      |           |              | (121,337) | (582)                           | 5,917  |   | 990,000                     |
| Equipment and<br>vehicles  |   | 112,167                     |   | 112,167                  | 1,141        |           |              | (2,690)   |                                 | (4,163)  |   | 106,000                     |
| Equipment and<br>vehicles  |   | 786                         |   | 786                      | 60           |           |              | (310)     |                                 |  |   | 516,000                     |
| Equipment and<br>vehicles  | 5   | 353,022                     |   | 353,022                  | 3,828        |           |              | 590       | (585)                           | 387  | 6   | 353,000                     |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|                  |             |          |             |           |           |          |           |          |        |
|------------------|-------------|----------|-------------|-----------|-----------|----------|-----------|----------|--------|
|                  | 13,167,063  | 49,158   | 13,216,221  | 289,175   | (803)     | (25,095) | (298,624) | 90,561   | 13,27  |
| ulated<br>ation: |             |          |             |           |           |          |           |          |        |
| gs               | (724,408)   |          | (724,408)   | (13,201)  | (450)     | 371      | 27,052    | (4,434)  | (71    |
| old              |             |          |             |           |           |          |           |          |        |
| ements           | (475,651)   |          | (475,651)   | (18,719)  | 846       | 29       |           |          | (49    |
| ery and          |             |          |             |           |           |          |           |          |        |
| ent              | (2,980,166) |          | (2,980,166) | (65,599)  | 1,979     | 162      | 258,811   | (10,229) | (2,79  |
| otive            |             |          |             |           |           |          |           |          |        |
| ricant           |             |          |             |           |           |          |           |          |        |
| tion             |             |          |             |           |           |          |           |          |        |
| ent and          |             |          |             |           |           |          |           |          |        |
| s                | (1,545,806) |          | (1,545,806) | (38,526)  | 5         | 8,470    |           |          | (1,57  |
| nks and          |             |          |             |           |           |          |           |          |        |
|                  | (305,965)   | (22,418) | (328,383)   | (22,432)  | (2,347)   | 5,300    |           |          | (34    |
| s                | (112,200)   |          | (112,200)   | (7,032)   |           | 3,732    | 1,778     |          | (11    |
| re and           |             |          |             |           |           |          |           |          |        |
| s                | (148,575)   |          | (148,575)   | (4,204)   | (149)     | 121      | 9,670     | (20)     | (14    |
| pment            | (260,859)   |          | (260,859)   | (7,262)   | 132       | 576      | (458)     | (6)      | (26    |
|                  |             |          |             |           |           |          |           |          |        |
|                  | (6,553,630) | (22,418) | (6,576,048) | (176,975) | 16        | 18,761   | 296,853   | (14,689) | (6,45  |
| on for           |             |          |             |           |           |          |           |          |        |
| ces to           |             |          |             |           |           |          |           |          |        |
| rs               | (83)        |          | (83)        |           |           |          |           |          |        |
|                  | (104)       |          | (104)       |           |           |          |           |          |        |
| old              |             |          |             |           |           |          |           |          |        |
| ements           | (564)       |          | (564)       |           |           |          | (3)       |          |        |
| ery and          |             |          |             |           |           |          |           |          |        |
| ent              | (4,724)     |          | (4,724)     |           |           |          | (8)       |          | (      |
| otive            |             |          |             |           |           |          |           |          |        |
| ricant           |             |          |             |           |           |          |           |          |        |
| tion             |             |          |             |           |           |          |           |          |        |
| ent and          |             |          |             |           |           |          |           |          |        |
| s                | (169)       |          | (169)       |           |           | 3        |           |          |        |
| re and           |             |          |             |           |           |          |           |          |        |
| s                | (1)         |          | (1)         |           |           |          |           |          |        |
|                  |             |          |             |           |           |          |           |          |        |
|                  | (5,645)     |          | (5,645)     |           |           | 3        | (11)      |          | (      |
| ount             | 6,607,788   | 26,740   | 6,634,528   | 289,175   | (176,975) | (787)    | (6,331)   | (1,782)  | 75,872 |
|                  |             |          |             |           |           |          |           |          | 6,81   |

(\*) See Note 3.d.

Construction in progress relates substantially to expansions, renovations, construction and upgrade of industrial facilities, terminals, stores, service stations and distribution bases.



Advances to suppliers is related basically to manufacturing of assets for expansion of plants, terminals, stores, bases, and acquisition of real estate.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***14. Intangible Assets (Consolidated)**

Balances and changes in intangible assets are as follows:

|                                      | Weighted<br>average useful<br>life (years) | Balance on<br>12/31/2017 | IFRS 15<br>adoption | Balance<br>on<br>12/31/2017<br>Restated | Additions | Amortization | Transfers | Disposals | Effect of foreign<br>Write-offs and<br>currency exchange<br>rate variation | Opening<br>balance<br>TEAS <sup>(*)</sup> | Balance<br>on<br>03/31/2018 |
|--------------------------------------|--|--------------------------|---------------------|---|-----------|--------------|-----------|-----------|--|---|-----------------------------|
| <b>Cost:</b>                         |  |                          |                     |   |           |              |           |           |  |   |                             |
| Goodwill <sup>(i)</sup>              |  | 1,578,157                |                     | 1,578,157                               |           |              |           |           |  | 6,240                                     | 1,584,397                   |
| Software <sup>(ii)</sup>             | 5  | 853,079                  |                     | 853,079                                 | 69,061    |              | 798       | (16)      | (319)  | 49  | 922,652                     |
| Technology <sup>(iii)</sup>          | 5  | 32,617                   |                     | 32,617                                  |           |              |           |           |  |   | 32,617                      |
| <b>Commercial</b>                    |  |                          |                     |   |           |              |           |           |  |   |                             |
| property<br>rights <sup>(iv)</sup>   | 10   | 55,069                   |                     | 55,069                                  | 1,805     |              |           | (917)     |  |   | 55,957                      |
| <b>Distribution</b>                  |  |                          |                     |   |           |              |           |           |  |   |                             |
| rights                               | 2  | 4,273,379                | (4,145,189)         | 128,190                                 |           |              | (347)     |           |  |   | 127,843                     |
| Brands <sup>(v)</sup>                |  | 113,543                  |                     | 113,543                                 |           |              |           |           | 196  |   | 113,739                     |
| Others <sup>(vi)</sup>               | 20   | 40,514                   |                     | 40,514                                  | 43        |              |           |           | 203  |   | 40,760                      |
|                                      |  | 6,946,358                | (4,145,189)         | 2,801,169                               | 70,909    |              | 451       | (933)     | 80   | 6,289                                     | 2,877,965                   |
| <b>Accumulated<br/>amortization:</b> |  |                          |                     |   |           |              |           |           |  |   |                             |
| Software                             |  | (456,799)                |                     | (456,799)                               |           | (16,909)     | (14)      | 16        | 574  | (49)                                      | (473,181)                   |
| Technology                           |  | (32,541)                 |                     | (32,541)                                |           | (18)         |           |           |  |   | (32,559)                    |
| Commercial<br>property rights        |  | (21,292)                 |                     | (21,292)                                |           | (1,145)      |           | 917       |  |   | (21,520)                    |
| <b>Distribution</b>                  |  |                          |                     |   |           |              |           |           |  |   |                             |
| rights                               |  | (2,677,057)              | 2,580,354           | (96,703)                                |           | (2,596)      | 124       |           |  |   | (99,175)                    |
| Others                               |  | (31,196)                 |                     | (31,196)                                |           | (1,453)      |           |           | (4)  |   | (32,653)                    |
|                                      |  | (3,218,885)              | 2,580,354           | (638,531)                               |           | (22,121)     | 110       | 933       | 570  | (49)                                      | (659,088)                   |

|           |             |           |        |          |     |     |       |           |
|-----------|-------------|-----------|--------|----------|-----|-----|-------|-----------|
| 3,727,473 | (1,564,835) | 2,162,638 | 70,911 | (22,121) | 561 | 648 | 6,240 | 2,218,877 |
|-----------|-------------|-----------|--------|----------|-----|-----|-------|-----------|

(\*) See Note 3.d.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

i) The balance of the goodwill is tested annually for impairment and presents the following balances:

|  | Segment    | 03/31/2018       | 12/31/2017       |
|--|------------|------------------|------------------|
| <b>Goodwill on the acquisition of:</b> |            |                  |                  |
| Extrafarma                             | Extrafarma | 661,553          | 661,553          |
| Ipiranga <sup>(1)</sup>                | Ipiranga   | 276,724          | 276,724          |
| União Terminais                        | Ultracargo | 211,089          | 211,089          |
| CBLSA <sup>(2)</sup>                   | Ipiranga   | 123,673          | 123,673          |
| Texaco                                 | Ipiranga   | 177,759          | 177,759          |
| Oxiteno Uruguay                        | Oxiteno    | 44,856           | 44,856           |
| Temmar                                 | Ultracargo | 43,781           | 43,781           |
| DNP                                    | Ipiranga   | 24,736           | 24,736           |
| Repsol                                 | Ultragaz   | 13,403           | 13,403           |
| TEAS <sup>(3)</sup>                    | Ultracargo | 6,240            |                  |
| Others                                 | Oxiteno    | 583              | 583              |
|  |            | <b>1,584,397</b> | <b>1,578,157</b> |

(1) Including R\$ 246,163 in the parent.

(2) See Note 3.c.

(3) See Note 3.d.

On December 31, 2017, the Company tested the balances of goodwill shown in the table above for impairment. The determination of value in use involves assumptions, judgments, and estimates of cash flows, such as growth rates of revenues, costs and expenses, estimates of investments and working capital, and discount rates. The assumptions about growth projections and future cash flows are based on the Company's business plan of its operating segments, as well as comparable market data, and represent management's best estimate of the economic conditions that will exist over the economic life of the various CGUs, to which goodwill is related. The main key-assumptions used by the Company to calculate the value in use are described below:

**Period of evaluation:** the evaluation of the value in use is calculated for a period of five years (except the Extrafarma segment), after which we calculate the perpetuity, considering the possibility of carrying the business on indefinitely. For the Extrafarma segment, a period of 10 years was used due to its expansion plan and a four-year period to

maturity of new stores were considered.

Discount and real growth rates: on December 31, 2017, the discount and real growth rates used to extrapolate the projections ranged from 9.6% to 12.7% and from 0% to 1% p.a., respectively, depending on the CGU analyzed. For the subsidiary Oxiteno Andina, due to the macroeconomic scenario in Venezuela, the discount rate used was 803.8%.

Revenue from sales and services, costs and expenses, and gross margin: for 2018, the budget prepared by management and approved by the Board of Directors was considered. In subsequent periods, the Company considers the forecast of the general inflation or price index predicted in the contracts.

Opening of new commercial points (investments): for 2018, the budget prepared by the management and approved by the Board of Directors was considered. In subsequent periods, the Company considers the expansion plans of each business unit, which also considers the commercial establishments closed in the previously years.

The goodwill impairment tests and net assets of the Company and its subsidiaries did not result in the recognition of impairment for the year ended December 31, 2017. The Company assessed a sensitivity analysis of discount and growth rate of perpetuity, due to their significant impact on cash flows and value in use. An increase of 0.5 percentage points in the discount rate or a decrease of 0.5 percentage points in the growth rate of the perpetuity of the cash flow of each business segment would not result in the recognition of impairment.

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**ii)** Software includes user licenses and costs for the implementation of the various systems used by the Company and its subsidiaries, such as: integrated management and control, financial management, foreign trade, industrial automation, operational and storage management, accounting information, and other systems.

**iii)** The subsidiaries Oxiteno S.A., Oxiteno Nordeste and Oleoquímica Indústria e Comércio de Produtos Químicos Ltda. ( Oleoquímica ) recognize as technology certain rights of use held by them. Such licenses include the production of ethylene oxide, ethylene glycols, ethanolamines, glycol ethers, ethoxylates, solvents, fatty acids from vegetable oils, fatty alcohols, and specialty chemicals, which are products that are supplied to various industries.

**iv)** Commercial property rights include those described below:

Subsidiary Tequimar has an agreement with CODEBA – Companhia das Docas do Estado da Bahia, which allows it to explore the area in which the Aratu Terminal is located for 20 years, renewable for a similar period. The price paid by Tequimar was R\$ 12,000, which is being amortized from August 2002 to July 2042.

Subsidiary Tequimar has a lease contract for an area adjacent to the Port of Santos for 20 years from December 2002, renewable for a similar period, which allows the construction, operation, and use of a terminal for liquid bulk unloading, tank storage, handling, and distribution. The price paid by Tequimar was R\$ 4,334, which is being amortized from August 2005 to December 2022.

Subsidiary Extrafarma pays key money to obtain certain commercial establishments to open drugstores which is stated at the cost of acquisition, amortized using the straight-line method, considering the lease contract terms. In the case of the closedown of stores, the residual amount is written off.

**v)** Brands are represented by the acquisition cost of the am/pm brand in Brazil and of the Extrafarma brand.

**vi)** Other intangibles refer mainly to the loyalty program Clube Extrafarma .

The amortization expenses were recognized in the interim financial information as shown below:

**03/31/2018    03/31/2017**

|  |               | <b>Restated</b> |
|--|---------------|-----------------|
| Inventories and cost of products and services sold | 2,911         | 4,023           |
| Selling and marketing                              | 3,199         | 3,286           |
| General and administrative                         | 16,011        | 13,078          |
|  | <b>22,121</b> | <b>20,387</b>   |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***15. Loans, Debentures, and Finance Leases (Consolidated)****a. Composition**

| Description                             | 03/31/2018 | 12/31/2017 | Index/Currency   | Weighted average financial charges |                 |
|---|------------|------------|------------------|------------------------------------|-----------------|
|   |            |            |                  | 03/31/2018                         | % p.a. Maturity |
| Foreign currency denominated loans:     |            |            |                  |                                    |                 |
| Notes in the foreign market (b)         |            |            |                  |                                    |                 |
| (*)                                     | 2,500,130  | 2,454,142  | US\$             | +5.3                               | 2026            |
| Foreign loan (c.1) (*)                  | 795,546    | 788,794    | US\$ + LIBOR (i) | +1.0                               | 2018 to 2022    |
| Foreign loan (c.2 and c.3)              | 300,537    | 298,927    | US\$ + LIBOR (i) | +2.0                               | 2018            |
| Foreign loan (c.1) (*)                  | 259,647    | 259,015    | US\$             | +2.2                               | 2018            |
| Financial institutions (e)              | 534,051    | 330,755    | US\$ + LIBOR (i) | +2.1                               | 2019 to 2023    |
| Financial institutions (e)              | 114,567    | 106,745    | US\$             | +2.8                               | 2018 to 2022    |
| Financial institutions (e)              | 33,452     | 27,048     | MX\$(ii)         | +8.5                               | 2018            |
| Foreign currency advances delivered     |            |            |                  |                                    |                 |
|   | 38,522     | 26,080     | US\$             | +2.6                               | < 70 days       |
| Advances on foreign exchange contracts  |            |            |                  |                                    |                 |
|   | 66,859     | 44,515     | US\$             | +2.9                               | < 79 days       |
| BNDES (d)                               | 3,819      | 4,460      | US\$             | +6.4                               | 2018 to 2020    |
| Financial institutions (e)              | 18,282     | 3,382      | MX\$ + TIE (ii)  | +1.5                               | 2018            |
| Financial institutions (e)              | 40         | 593        | Bs\$(vii)        | +24.0                              | 2018            |
| Subtotal foreign currency               | 4,665,452  | 4,344,456  |                  |                                    |                 |
| Brazilian Reais denominated loans:      |            |            |                  |                                    |                 |
| Debentures Ipiranga (g.1, g.3, and g.5) |            |            |                  |                                    |                 |
|   | 2,885,202  | 2,836,741  | CDI              | 105.8                              | 2018 to 2022    |
| Banco do Brasil floating rate (f)       | 2,646,193  | 2,794,272  | CDI              | 107.4                              | 2018 to 2022    |
|   | 1,728,137  | 817,654    | CDI              | 105.3                              | 2023            |



Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|  |            |            |            |       |              |  |
|--|------------|------------|------------|-------|--------------|--|
| Debtures 5 <sup>th</sup> and 6 <sup>th</sup> issuance<br>(g.2 and g.7) |            |            |            |       |              |  |
| Debtures CRA (g.4 and g.6)   | 1,403,289  | 1,380,852  | CDI        | 95.0  | 2022         |  |
| Debtures CRA (g.4 and g.6)<br>(*)                                      | 580,213    | 554,402    | IPCA       | +4.6  | 2024         |  |
| BNDES (d)  | 217,101    | 206,423    | TJLP (iii) | +2.4  | 2018 to 2023 |  |
| Export Credit Note floating rate<br>(h)                                | 157,648    | 157,749    | CDI        | 101.5 | 2018         |  |
| BNDES (d)  | 65,325     | 69,422     | SELIC (vi) | +2.3  | 2018 to 2023 |  |
| BNDES EXIM   | 62,866     | 62,754     | TJLP (iii) | +3.5  | 2018         |  |
| Finance leases (i)   | 47,893     | 48,515     | IGP-M (v)  | +5.6  | 2018 to 2031 |  |
| FINEP  | 32,346     | 35,611     | R\$        | +4.0  | 2018 to 2021 |  |
| FINEP  | 32,163     | 32,682     | TJLP (iii) | +1.1  | 2018 to 2023 |  |
| Banco do Nordeste do Brasil  | 23,390     | 28,136     | R\$        | +8.5  | 2018 to 2021 |  |
| BNDES EXIM   | 31,346     | 30,850     | SELIC (vi) | +3.9  | 2018         |  |
| BNDES (d)  | 22,862     | 26,270     | R\$        | +5.6  | 2018 to 2022 |  |
| FINAME   | 53         | 56         | TJLP (iii) | +5.7  | 2018 to 2022 |  |
| Subtotal Brazilian Reais   | 9,936,027  | 9,082,389  |            |       |              |  |
| Total foreign currency and<br>Brazilian Reais                          | 14,601,479 | 13,426,845 |            |       |              |  |
| Currency and interest rate<br>hedging instruments (**)                 | 178,832    | 163,749    |            |       |              |  |
| Total  | 14,780,311 | 13,590,594 |            |       |              |  |
| Current  | 2,890,358  | 3,503,675  |            |       |              |  |
| Non-current  | 11,889,953 | 10,086,919 |            |       |              |  |

(\*) These transactions were designated for hedge accounting (see Note 33 Hedge Accounting).

(\*\*) Accumulated losses (see Note 33).

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

- (i) LIBOR = London Interbank Offered Rate.
- (ii) MX\$ = Mexican Peso; TIE = the Mexican interbank balance interest rate.
- (iii) TJLP (Long-term Interest Rate) = set by the National Monetary Council, TJLP is the basic financing cost of Banco Nacional de Desenvolvimento Econômico e Social ( BNDES ), the Brazilian Development Bank. On March 31, 2018, TJLP was fixed at 6.75% p.a.
- (iv) Contract linked to the rate of FNE (Northeast Constitutional Financing Fund) fund whose purpose is to promote the development of the industrial sector, managed by Banco do Nordeste do Brasil. On March 31, 2018, the FNE interest rate was 10% p.a. FNE grants a discount of 15% on the interest rate for timely payments.
- (v) IGP-M = General Market Price Index is a measure of Brazilian inflation, calculated by the Getúlio Vargas Foundation.
- (vi) SELIC = basic interest rate set by the Brazilian Central Bank.
- (vii) Bs\$ = Bolívar.

The changes in loans, debentures and finance leases are shown below:

|   |             |
|---|-------------|
| Balance as of December 31, 2017           | 13,426,845  |
| New loans and debentures with cash effect | 2,081,068   |
| Interest accrued                          | 203,432     |
| Principal payment and financial leases    | (1,075,281) |
| Interest payment                          | (84,273)    |
| Monetary variation                        | 33,312      |
| Change in fair value                      | 16,376      |

Balance as of March 31, 2018 14,601,479

The long-term consolidated debt had the following principal maturity schedule:

|                   | <b>03/31/2018</b> | <b>12/31/2017</b> |
|-------------------|-------------------|-------------------|
| From 1 to 2 years | 1,713,168         | 1,826,907         |
| From 2 to 3 years | 1,643,024         | 894,640           |
| From 3 to 4 years | 618,034           | 1,302,450         |
| From 4 to 5 years | 4,843,436         | 3,016,406         |
| More than 5 years | 3,072,291         | 3,046,516         |
|                   | 11,889,953        | 10,086,919        |

As provided in IAS 39 (CPC 8 (R1)), the transaction costs and issuance premiums associated with debt issuance by the Company and its subsidiaries were added to their financial liabilities, as shown in Note 15.j).

The Company's management entered into hedging instruments against foreign exchange and interest rate variations for a portion of its debt obligations (see Note 33).

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

***b. Notes in the Foreign Market***

On October 6, 2016, the subsidiary Ultrapar International S.A. ( Ultrapar International ) issued US\$ 750 million in notes in the foreign market, maturing in October 2026, with interest rate of 5.25% p. a., paid semiannually. The issue price was 98.097% of the face value of the note. The notes were guaranteed by the Company and its subsidiary IPP. The Company has designated hedge relationships for this transaction (see Note 33 Hedge accounting: cash flow hedge and net investment hedge in foreign entities).

As a result of the issuance of the notes in the foreign market, the Company and its subsidiaries are required to perform certain obligations, including:

Restriction on sale of all or substantially all assets of the Company and subsidiaries Ultrapar International and IPP.

Restriction on encumbrance of assets exceeding US\$ 150 million or 15% of the amount of the consolidated tangible assets.

The Company and its subsidiaries are in compliance with the levels of covenants required by this debt. The restrictions imposed on the Company and its subsidiaries are customary in transactions of this nature and have not limited their ability to conduct their business to date.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***c. Foreign Loans**

- 1) The subsidiary IPP has foreign loans in the amount of US\$ 320 million. IPP also contracted hedging instruments with floating interest rate in U.S. dollar and exchange rate variation, changing the foreign loans charges, on average, to 102.9% of CDI (see Note 33). IPP designated these hedging instruments as a fair value hedge; therefore, loans and hedging instruments are both measured at fair value from inception, with changes in fair value recognized through profit or loss. The foreign loans are secured by the Company.

The foreign loans have the maturity distributed as follows:

| <b>Maturity</b>             | <b>US\$(million)</b> | <b>Cost in % of CDI</b> |
|-----------------------------|----------------------|-------------------------|
| Jul/18                      | 60.0                 | 103.0                   |
| Sep/18                      | 80.0                 | 101.5                   |
| Nov/18                      | 80.0                 | 101.4                   |
| Jun/22                      | 100.0                | 105.0                   |
| <b>Total / average cost</b> | <b>320.0</b>         | <b>102.9</b>            |

- 2) The subsidiary LPG International Inc. has a foreign loan in the amount of US\$ 30 million with maturity in December 2018 and interest rate of LIBOR + 1.85% p.a., paid quarterly. The foreign loan is guaranteed by the Company and its subsidiary IPP.

During these contracts, the Company shall maintain the following financial ratios, calculated based on its audited consolidated interim financial information:

Maintenance of a financial ratio, determined by the ratio between consolidated net debt and consolidated Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA), at less than or equal to 3.5.

Maintenance of a financial ratio determined by the ratio between consolidated EBITDA and consolidated net financial expenses, higher than or equal to 1.5.

The Company complies with the levels of covenants required by these loans. The restrictions imposed on the Company and its subsidiaries are usual for this type of transaction and have not limited their ability to conduct their business to date.

- 3) The subsidiary Global Petroleum Products Trading Corporation ( GPPTC ) has a foreign loan in the amount of US\$ 60 million with maturity on June 22, 2020 and interest of LIBOR + 2.0% p.a., paid quarterly. The Company, through the subsidiary Cia. Ultragaz, contracted hedging instruments subject to floating interest rates in dollar and exchange rate variation, changing the foreign loan charge to 105.9% of CDI. The foreign loan is guaranteed by the Company and its subsidiary Oxiteno Nordeste.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***d. BNDES**

The subsidiaries have financing from BNDES for some of their investments and for working capital.

During the term of these agreements, the Company must maintain the following capitalization and current liquidity levels, as determined in the annual consolidated audited balance sheet:

Capitalization level: shareholders' equity / total assets equal to or above 0.3; and

Current liquidity level: current assets / current liabilities equal to or above 1.3.

The Company complies with the levels of covenants required by these loans. The restrictions imposed on the Company and its subsidiaries are usual for this type of transaction and have not limited their ability to conduct their business to date.

**e. Financial Institutions**

The subsidiaries Oxiteno Mexico S.A. de C.V., Oxiteno USA LLC ( Oxiteno USA ), Oxiteno Uruguay and Oxiteno Andina have loans to finance investments and working capital.

The subsidiary Oxiteno USA has loans with bearing interest of LIBOR + 2.1% and maturity as shown below:

| <b>Maturity</b> | <b>US\$<br/>Millions</b> |
|-----------------|--------------------------|
| 2020-Sep        | 20.0                     |
| 2021-Feb        | 40.0                     |
| 2022-Oct        | 40.0                     |
| 2023-Mar        | 60.0                     |
| <b>Total</b>    | <b>160.0</b>             |

The proceeds of this loan are being used in the working capital and to fund the construction of a new alkoxylation plant in the state of Texas.

**f. Banco do Brasil**

The subsidiary IPP has floating interest rate loans with Banco do Brasil to finance the marketing, processing, or manufacturing of agricultural goods (ethanol).

These loans mature, as follows (accrued interest until March 31, 2018):

| <b>Maturity</b> |                  |
|-----------------|------------------|
| 2018-Apr        | 102,311          |
| 2019-Feb        | 168,239          |
| 2019-May        | 1,362,117        |
| 2020-May        | 337,842          |
| 2021-May        | 337,842          |
| 2022-May        | 337,842          |
| <b>Total</b>    | <b>2,646,193</b> |



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)****g. Debentures***

- 1) In January 2014, the subsidiary IPP made its second issuance of public debentures, in a single series of 80,000 simple, nominative, registered debentures, nonconvertible into shares and unsecured, which main characteristics are as follows:

|                            |                            |
|----------------------------|----------------------------|
| Face value unit:           | R\$10,000.00               |
| Final maturity:            | December 20, 2018          |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 107.9% of CDI              |
| Payment of interest:       | Semiannually               |
| Reprice:                   | Not applicable             |

- 2) In March 2015, the Company made its fifth issuance of debentures, in a single series of 80,000 simple, nonconvertible into shares, unsecured debentures, which main characteristics are as follows:

|                            |                            |
|----------------------------|----------------------------|
| Face value unit:           | R\$10,000.00               |
| Final maturity:            | March 16, 2018             |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 108.25% of CDI             |
| Payment of interest:       | Semiannually               |
| Reprice:                   | Not applicable             |

The debentures were settled by the Company on the maturity date.

- 3) In May 2016, the subsidiary IPP made its fourth issuance of public debentures, in one single series of 500 simple, nominative, registered debentures, nonconvertible into shares and unsecured, which main characteristics are as follows:

|                  |                 |
|------------------|-----------------|
| Face value unit: | R\$1,000,000.00 |
|------------------|-----------------|

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|                            |                         |
|----------------------------|-------------------------|
| Final maturity:            | May 25, 2021            |
| Payment of the face value: | Annual as from May 2019 |
| Interest:                  | 105.0% of CDI           |
| Payment of interest:       | Semiannually            |
| Reprice:                   | Not applicable          |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

- 4) In April 2017, the subsidiary IPP carried out its fifth issuance of debentures, in two single series of 660,139 and 352,361, simple, nonconvertible into shares, nominative, book-entry and unsecured debentures. The debentures have been subscribed by Eco Consult – Consultoria de Operações Financeiras Agropecuárias Ltda. The proceeds from this issuance has been used exclusively for the purchase of ethanol.

The debentures were later assigned and transferred to Eco Securitizadora de Direitos Creditórios do Agronegócio S.A. that acquired these agribusiness credit rights with the purpose to bind the issuance of Certificates of Agribusiness Receivables (CRA). The debentures have an additional guarantee from Ultrapar and the main characteristics of the debentures are as follows:

|                            |                            |
|----------------------------|----------------------------|
| Face value unit:           | R\$1,000.00                |
| Final maturity:            | April 18, 2022             |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 95% of CDI                 |
| Payment of interest:       | Semiannually               |
| Reprice:                   | Not applicable             |

|                            |                            |
|----------------------------|----------------------------|
| Face value unit:           | R\$1,000.00                |
| Final maturity:            | April 15, 2024             |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | IPCA + 4.7%                |
| Payment of interest:       | Annually                   |
| Reprice:                   | Not applicable             |

The subsidiary IPP contracted hedging instruments subjected to IPCA variation, changing the debentures charges linked to IPCA to 93.9% of CDI. IPP designated these hedging instruments as fair value hedges; therefore, debentures and hedging instruments are both measured at fair value from inception, with changes in fair value recognized through profit or loss.

- 5) In July 2017, the subsidiary IPP made its sixth issuance of public debentures, in one single series of 1,500,000 simple, nonconvertible into shares and unsecured debentures, which main characteristics are as follows:

|                            |                          |
|----------------------------|--------------------------|
| Face value unit:           | R\$1,000.00              |
| Final maturity:            | July 28, 2022            |
| Payment of the face value: | Annual as from July 2021 |
| Interest:                  | 105.0% of CDI            |
| Payment of interest:       | Annually                 |
| Reprice:                   | Not applicable           |

- 6) In October 2017, the subsidiary IPP carried out its seventh issuance of debentures in the amount of R\$ 944,077, in two single series of 730,384 and 213,693, simple, nonconvertible into shares, nominative, book-entry and unsecured debentures. The debentures have been subscribed by Vert Companhia Securitizadora. The proceeds from this issuance has been used exclusively for the purchase of ethanol.

The debentures were later assigned and transferred to Vert Créditos Ltda, that acquired these agribusiness credit rights with the purpose to bind the issuance of Certificates of Agribusiness Receivables (CRA). The financial settlement occurred on November 1, 2017. The debentures have an additional guarantee from Ultrapar and the main characteristics of the debentures are as follows:

|                            |                            |
|----------------------------|----------------------------|
| Face value unit:           | R\$1,000.00                |
| Final maturity:            | October 24, 2022           |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 95% of CDI                 |
| Payment of interest:       | Semiannually               |
| Reprice:                   | Not applicable             |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

|                            |                            |
|----------------------------|----------------------------|
| Face value unit:           | R\$1,000.00                |
| Final maturity:            | October 24, 2024           |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | IPCA + 4.33%               |
| Payment of interest:       | Annually                   |
| Reprice:                   | Not applicable             |

The subsidiary IPP contracted hedging instruments subjected to IPCA variation, changing the debentures charges linked to IPCA to 97.3% of CDI. IPP designated these hedging instruments as fair value hedges; therefore, debentures and hedging instruments are both measured at fair value from inception, with changes in fair value recognized through profit or loss.

- 7) In March 2018, the Company made its sixth issuance of public debentures, in a single series of 1,725,000 simple, nonconvertible into shares and unsecured debentures, which main characteristics are as follows:

|                            |                            |
|----------------------------|----------------------------|
| Face value unit:           | R\$1,000.00                |
| Final maturity:            | March 5, 2023              |
| Payment of the face value: | Lump sum at final maturity |
| Interest:                  | 105.25% of CDI             |
| Payment of interest:       | Semiannually               |
| Reprice:                   | Not applicable             |

The debentures have maturity dates distributed as shown below (accrued interest until March 31, 2018).

**Maturity**

|          |           |
|----------|-----------|
| 2018-Dec | 814,865   |
| 2021-May | 507,800   |
| 2022-Apr | 666,738   |
| 2022-Jul | 1,562,536 |
| 2022-Oct | 736,550   |
| 2023-Mar | 1,728,138 |
| 2024-Apr | 366,931   |
| 2024-Oct | 213,283   |

|       |           |
|-------|-----------|
| Total | 6,596,841 |
|-------|-----------|

***h. Export Credit Note***

The subsidiary Oxiteno Nordeste has export credit note contract in the amount of R\$ 156.8 million, with maturity in May 2018, and floating rate of 101.5% of CDI, paid quarterly.

***i. Finance Leases***

The subsidiary Cia. Ultragaz has a finance lease contract related to LPG bottling facilities, maturing in April 2031.

The amounts of equipment and intangible assets, net of depreciation and amortization, and the amounts of the corresponding liabilities are shown below:

|   | 03/31/2018 | 12/31/2017 |
|---|------------|------------|
| Equipment and intangible assets, net of depreciation and amortization | 14,847     | 15,732     |
| Financing (present value)   | 47,893     | 48,515     |
| Current   | 2,743      | 2,710      |
| Non-current   | 45,150     | 45,805     |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

The future disbursements (installments) assumed under these contracts are presented below:

|                   | <b>03/31/2018</b> | <b>12/31/2017</b> |
|-------------------|-------------------|-------------------|
| Up to 1 year      | 5,113             | 5,113             |
| From 1 to 2 years | 5,113             | 5,113             |
| From 2 to 3 years | 5,113             | 5,113             |
| From 3 to 4 years | 5,113             | 5,113             |
| From 4 to 5 years | 5,113             | 5,113             |
| More than 5 years | 41,334            | 42,611            |
| <b>Total</b>      | <b>66,899</b>     | <b>68,176</b>     |

The above amounts include Services Tax ( ISS ) payable on the monthly installments, except for disbursements for the LPG bottling facilities.

**j. Transaction Costs**

Transaction costs incurred in issuing debt were deducted from the value of the related financial instruments and are recognized as an expense according to the effective interest rate method, as follows:

|                                    | <b>Effective rate<br/>of transaction<br/>costs (%<br/>p.a.)</b> | <b>Balance on<br/>12/31/2017</b> | <b>Incurred<br/>cost</b> | <b>Amortization</b> | <b>Balance on<br/>03/31/2018</b> |
|------------------------------------|---|----------------------------------|--------------------------|---------------------|----------------------------------|
| Notes in the foreign market (15.b) | 0.0   | 15,298                           |                          | (341)               | 14,957                           |
| Banco do Brasil (15.f)             | 0.2   | 8,065                            |                          | (1,101)             | 6,964                            |
| Debentures (15.g)                  | 0.2   | 44,709                           | 3,740                    | (2,287)             | 46,162                           |
| Foreign loans (15.c)               | 0.1   | 1,213                            |                          | (280)               | 933                              |
| Other                              | 0.2   | 2,801                            | 366                      | (226)               | 2,941                            |
| <b>Total</b>                       |   | <b>72,086</b>                    | <b>4,106</b>             | <b>(4,235)</b>      | <b>71,957</b>                    |

The amount to be appropriated to profit or loss in the future is as follows:

|                                    | <b>Up to 1<br/>year</b> | <b>1 to 2<br/>years</b> | <b>2 to 3<br/>years</b> | <b>3 to 4<br/>years</b> | <b>4 to 5<br/>years</b> | <b>More<br/>than<br/>5<br/>years</b> | <b>Total</b>  |
|------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------------------|---------------|
| Notes in the foreign market (15.b) | 1,406                   | 1,484                   | 1,567                   | 1,654                   | 1,747                   | 7,099                                | 14,957        |
| Banco do Brasil (15.f)             | 4,760                   | 1,262                   | 548                     | 326                     | 68                      |                                      | 6,964         |
| Debentures (15.g)                  | 9,827                   | 9,794                   | 9,877                   | 9,686                   | 4,801                   | 2,177                                | 46,162        |
| Foreign loans (15.c)               | 691                     | 174                     | 68                      |                         |                         |                                      | 933           |
| Other                              | 775                     | 932                     | 684                     | 360                     | 190                     |                                      | 2,941         |
| <b>Total</b>                       | <b>17,459</b>           | <b>13,646</b>           | <b>12,744</b>           | <b>12,026</b>           | <b>6,806</b>            | <b>9,276</b>                         | <b>71,957</b> |



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***k. Guarantees**

The financings are guaranteed by collateral in the amount of R\$ 67,152 as of March 31, 2018 (R\$ 66,337 as of December 31, 2017) and by guarantees and promissory notes in the amount of R\$ 9,917,088 as of March 31, 2018 (R\$ 9,587,971 as of December 31, 2017).

In addition, the Company and its subsidiaries offer collateral in the form of letters of credit for commercial and legal proceedings in the amount of R\$ 280,849 as of March 31, 2018 (R\$ 237,537 as of December 31, 2017) and did not have guarantees related to raw materials imported by the subsidiary IPP as of March 31, 2018 (R\$ 81,046 as of December 31, 2017).

Some subsidiaries of Oxiteno issue collateral to financial institutions in connection with the amounts owed by some of their customers to such institutions (vendor financing). If a subsidiary is required to make any payment under these collaterals, this subsidiary may recover the amount paid directly from its customers through commercial collection. The maximum amount of future payments related to these collaterals is R\$ 2,741 as of March 31, 2018 (R\$ 8,224 as of December 31, 2017), with maturities of up to 90 days. Until March 31, 2018, the subsidiaries did not have losses in connection with these collaterals. The fair value of collaterals recognized in current liabilities as other payables is R\$ 68 as of March 31, 2018 (R\$ 205 as of December 31, 2017), which is recognized as profit or loss as customers settle their obligations with the financial institutions.

**16. Trade Payables (Consolidated)**

|                    | <b>03/31/2018</b> | <b>12/31/2017</b> |
|--------------------|-------------------|-------------------|
| Domestic suppliers | 1,686,211         | 1,973,668         |
| Foreign suppliers  | 173,579           | 181,830           |
|                    | <b>1,859,790</b>  | <b>2,155,498</b>  |

Some Company's subsidiaries acquire oil based fuels and LPG from Petrobras and its subsidiaries and ethylene from Braskem S.A. These suppliers control almost all of the markets for these products in Brazil.

**17. Salaries and Related Charges (Consolidated)**

|                                   | <b>03/31/2018</b> | <b>12/31/2017</b> |
|-----------------------------------|-------------------|-------------------|
| Provisions on salaries            | 179,579           | 179,120           |
| Profit sharing, bonus and premium | 50,720            | 125,006           |
| Social charges                    | 70,518            | 64,524            |
| Others                            | 3,660             | 19,468            |
|                                   | <b>304,477</b>    | <b>388,118</b>    |

**18. Taxes Payable (Consolidated)**

|   | <b>03/31/2018</b> | <b>12/31/2017</b> |
|---|-------------------|-------------------|
|   |                   | <b>Restated</b>   |
| ICMS  | 151,705           | 128,571           |
| PIS and COFINS                                | 25,981            | 25,319            |
| PERT (*)                                      | 1,832             | 19,584            |
| Value-Added Tax (IVA) of foreign subsidiaries | 17,179            | 17,992            |
| ISS   | 10,139            | 11,211            |
| Others  | 14,861            | 18,852            |
|   | <b>221,697</b>    | <b>221,529</b>    |

(\*) Refers to federal tax debits of the subsidiary IPP that were included in the Special Program of Tax Regularization (PERT).

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***19. Employee Benefits and Private Pension Plan (Consolidated)*****a. ULTRAPREV- Associação de Previdência Complementar***

In February 2001, the Company's Board of Directors approved the adoption of a defined contribution pension plan to be sponsored by the Company and each of its subsidiaries. Participating employees have been contributing to this plan, managed by Ultraprev Associação de Previdência Complementar ( Ultraprev ), since August 2001. Under the terms of the plan, every year each participating employee chooses his or her basic contribution to the plan. Each sponsoring company provides a matching contribution in an amount equivalent to each basic contribution, up to a limit of 11% of the employee's reference salary, according to the rules of the plan. As participating employees retire, they may choose to receive either (i) a monthly sum ranging between 0.5% and 1.0% of their respective accumulated fund in Ultraprev or (ii) a fixed monthly amount which will exhaust their respective accumulated fund over a period of 5 to 25 years. The sponsoring company does not take responsibility for guaranteeing amounts or the duration of the benefits received by the retired employee. For the three-month period ended March 31, 2018, the subsidiaries contributed R\$ 6,166 (R\$ 6,145 for the three-month period ended March 31, 2017) to Ultraprev, which is recognized as expense in the income statement. The total number of participating employees as of March 31, 2018 was 8,416 active participants and 254 retired participants. In addition, Ultraprev had 27 former employees receiving benefits under the rules of a previous plan whose reserves are fully constituted.

***b. Post-employment Benefits***

The subsidiaries recognized a provision for post-employment benefits mainly related to seniority bonus, payment of Government Severance Indemnity Fund ( FGTS ), and health, dental care, and life insurance plan for eligible retirees.

The amounts related to such benefits were determined based on a valuation conducted by an independent actuary and reviewed by management as of December 31, 2017 and are recognized in the interim financial information in accordance with IAS 19 R2011 (CPC 33 R2).

|  | <b>03/31/2018</b> | <b>12/31/2017</b> |
|--|-------------------|-------------------|
| Health and dental care plan <sup>(1)</sup> | 102,156           | 99,767            |
| FGTS Penalty                               | 84,176            | 81,831            |
| Bonus                                      | 41,416            | 40,254            |
| Life insurance <sup>(1)</sup>              | 16,016            | 15,671            |

|             |         |         |
|-------------|---------|---------|
| Total       | 243,764 | 237,523 |
| Current     | 30,059  | 30,059  |
| Non-current | 213,705 | 207,464 |

(1) Only IPP, IpiLubs and CBLSA.

## 20. Provision for Asset Retirement Obligation Fuel Tanks (Consolidated)

The provision corresponds to the legal obligation to remove the subsidiary IPP s underground fuel tanks located at Ipiranga-branded service stations after a certain use period (see Note 2.n).

Changes in the provision for asset retirement obligation are as follows:

|                            | 03/31/2018 | 03/31/2017 |
|----------------------------|------------|------------|
| Initial balance            | 64,773     | 77,564     |
| Additions (new tanks)      | 104        | 158        |
| Expense with tanks removed | (4,157)    | (525)      |
| Accretion expense          | 663        | 783        |
| Final balance              | 61,383     | 77,980     |
| Current                    | 4,439      | 4,812      |
| Non-current                | 56,944     | 73,168     |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***21. Provisions, Contingencies and Commitments (Consolidated)****a. Provisions for tax, civil, and labor risks**

The Company and its subsidiaries are parties in tax, civil, environmental, regulatory, and labor disputes at the administrative and judiciary levels, which, when applicable, are backed by escrow deposits. Provisions for losses are estimated and updated by Management based on the opinion of the Company's legal department and its external legal advisors.

The table below demonstrates the breakdown of provisions by nature and its movement:

| <b>Provisions</b>  | <b>Balance on<br/>12/31/2017</b> | <b>Additions</b> | <b>Write-offs</b> | <b>Monetary<br/>restatement</b> | <b>Balance on<br/>03/31/2018</b> |
|--|----------------------------------|------------------|-------------------|---------------------------------|----------------------------------|
| IRPJ and CSLL (21.a.1.1)                                 | 515,829                          |                  |                   | 4,181                           | 520,010                          |
| PIS and COFINS (21.a.1.2)                                | 34,927                           |                  | (5,360)           | 251                             | 29,818                           |
| ICMS   | 111,784                          | 564              | (869)             | 105                             | 111,584                          |
| Civil, environmental and regulatory claims<br>(21.a.2.1) | 89,296                           | 1,417            | (2,627)           | 20                              | 88,106                           |
| Labor litigation (21.a.3.1)                              | 82,425                           | 3,906            | (4,406)           | 311                             | 82,236                           |
| IPI  | 78,067                           |                  |                   |                                 | 78,067                           |
| Other  | 13,468                           |                  | (129)             | 244                             | 13,583                           |
| <b>Total</b>   | <b>925,796</b>                   | <b>5,887</b>     | <b>(13,391)</b>   | <b>5,112</b>                    | <b>923,404</b>                   |
| <b>Current</b>   | <b>64,550</b>                    |                  |                   |                                 | <b>57,437</b>                    |
| <b>Non-current</b>                                       | <b>861,246</b>                   |                  |                   |                                 | <b>865,967</b>                   |

Some of the provisions above involve, in whole or in part, escrow deposits.

Balances of escrow deposits are as follows:

|             | <b>03/31/2018</b> | <b>12/31/2017</b> |
|-------------|-------------------|-------------------|
| Tax matters | 657,932           | 659,062           |

|                          |         |         |
|--------------------------|---------|---------|
| Labor litigation         | 71,618  | 71,074  |
| Civil and other          | 100,767 | 92,524  |
| Total non-current assets | 830,317 | 822,660 |

***a.1) Provisions for Tax Matters and Social Security***

a.1.1) On October 7, 2005, the subsidiaries Cia. Ultragaz and Bahiana filed for and obtained a preliminary injunction to recognize and offset PIS and COFINS credits on LPG purchases, against other taxes levied by the RFB, notably IRPJ and CSLL. The decision was confirmed by a trial court on May 16, 2008. Under the preliminary injunction, the subsidiaries made escrow deposits for these debits which amounted to R\$ 487,733 as of March 31, 2018 (R\$ 483,485 as of December 31, 2017). On July 18, 2014, a second instance unfavorable decision was published and the subsidiaries suspended the escrow deposits, and started to pay income taxes from that date. To revert the court decision, the subsidiaries presented a writ of prevention which was dismissed on December 30, 2014, and the subsidiaries appealed this decision on February 3, 2015. Appeals were also presented to the respective higher courts (STJ and STF) whose final trial are pending.

a.1.2) The subsidiaries Oxiteno S.A., Oxiteno Nordeste, Cia. Ultragaz, Tequimar, Tropical Transportes Ipiranga Ltda., EMCA, IPP and Extrafarma filed for a preliminary injunction seeking the deduction of ICMS from their PIS and COFINS tax bases. On March 15, 2017, in a decision with general repercussion, the Federal Supreme Court (STF) decided that the ICMS does not make up the calculation of PIS and COFINS tax bases. Therefore, supported by its legal advisors, on March 31, 2017, Oxiteno Nordeste and IPP reversed the provision in the amount of R\$ 109,463.

The Company emphasizes that it is possible for the STF to restrict the effects of the judgment or to decide that the effectiveness will be reached after its final decision or other time that may be fixed. Despite the favorable context, until there is effective final decision, the causes may be reassessed, which could result in the recognition of new provisions in the future.

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

***a.2) Provisions for Civil, Environmental and Regulatory Claims***

a.2.1) The Company and its subsidiaries maintained provisions for lawsuits and administrative proceedings, mainly derived from contracts entered into with customers and former services providers, as well as proceedings related to environmental and regulatory issues in the amount of R\$ 88,106 as of March 31, 2018 (R\$ 89,296 as of December 31, 2017).

***a.3) Provisions for Labor Matters***

a.3.1) The Company and its subsidiaries maintained provisions of R\$ 82,236 as of March 31, 2018 (R\$ 82,425 as of December 31, 2017) for labor litigation filed by former employees and by employees of our service providers mainly contesting the non-payment of labor rights.

***b. Contingent Liabilities (Possible)***

The Company and its subsidiaries are parties in tax, civil, environmental, regulatory, and labor claims whose loss prognosis is assessed as possible (proceedings whose chance of loss is 50% or less). by the Company's legal departments based on the opinion of its external legal advisors and, based on this assessment, these claims were not recognized in the interim financial information. The estimated amount of this contingency is R\$ 2,663,966 as of March 31, 2018 (R\$ 2,576,583 as of December 31, 2017).

***b.1) Contingent Liabilities for Tax Matters and Social Security***

The Company and its subsidiaries have contingent liabilities for tax matters and social security in the amount of R\$ 1,773,636 as of March 31, 2018 (R\$ 1,709,435 as of December 31, 2017), mainly represented by:

b.1.1) The subsidiary IPP and its subsidiaries have assessments invalidating the offset of excise tax ( IPI ) credits in connection with the purchase of raw materials used in the manufacturing of products which sales are not subject to IPI under the protection of tax immunity. The amount of this contingency is R\$ 165,506 as of March 31, 2018 (R\$ 166,003 as of December 31, 2017).

b.1.2) The subsidiary IPP and its subsidiaries have legal proceedings related to ICMS. The total amount involved in these proceedings, was R\$ 666,480 as of March 31, 2018 (R\$ 618,774 as of December 31, 2017). Such proceedings arise mostly of the disregard of ICMS credits amounting to R\$ 305,361 as of March 31, 2018 (R\$ 307,255 as of

December 31, 2017), of which R\$ 122,352 (R\$ 121,891 as of December 31, 2017) refer to proportional reversal requirement of ICMS credits related to the acquisition of hydrated alcohol; of alleged non-payment in the amount of R\$ 116,132 (R\$ 113,999 as of December 31, 2017); and inventory differences in the amount of R\$ 191,757 (R\$ 149,171 as of December 31, 2017) related to the leftovers or faults due to temperature changes or product handling.

b.1.3) The Company and its subsidiaries are parties to administrative and judicial suits involving Income Tax, Social Security Contribution, PIS and COFINS, substantially about denials of offset claims and credits disallowance which total amount is R\$ 644,882 as of March 31, 2018 (R\$ 645,868 as of December 31, 2017), mainly represented by:

b.1.3.1) In the first quarter of 2017, the subsidiary IPP received a tax assessment related to the IRPJ and CSLL resulting from the supposedly undue amortization of the goodwill paid on acquisition of a subsidiary, in the amount of R\$ 188,707 as of March 31, 2018 (R\$ 187,027 as of December 31, 2017), which includes the amount of the income taxes, interest and penalty. Management assessed the likelihood of the tax assessment, supported by the opinion of its legal advisors, as possible, and therefore did not recognize a provision for this contingent liability.



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**b.2) Contingent Liabilities for Civil, Environmental and Regulatory Claims**

The Company and its subsidiaries have contingent liabilities for civil, environmental and regulatory claims in the amount of R\$ 607,781, totaling 2,894 lawsuits as of March 31, 2018 (R\$ 593,437, totaling 2,783 lawsuits as of December 31, 2017), mainly represented by:

b.2.1) The subsidiary Cia. Ultragaz is party to an administrative proceeding before CADE based on alleged anti-competitive practices in the State of Minas Gerais in 2001. The CADE entered a decision against Cia. Ultragaz and imposed a penalty of R\$ 32,484 as of March 31, 2018 (R\$ 32,315 as of December 31, 2017). The imposition of such administrative decision was suspended by a court order and its merit is being judicially reviewed.

b.2.2) In 2016, the subsidiary Cia. Ultragaz became party to two administrative proceedings filed by CADE, related to allegations of anti-competitive practices: i) one of the proceedings relate to practices in the State of Paraíba and other Northeast States, in which the subsidiary Bahiana is part along with Cia. Ultragaz. On this proceeding, Cia. Ultragaz and Bahiana signed a Cessation Commitment Agreement (TCC) with CADE, approved on November 22, 2017, in the amount of R\$ 95,987, to be paid in 8 (eight) equal installments updated semiannually by SELIC, with maturity of the first one in 180 (one hundred and eighty) days from the date of publication of the approval. Three employees and one former employee signed TCC in the total amount of R\$ 1,100. With the TCC, the administrative proceeding will be suspended in relation to the Cia. Ultragaz and Bahiana until final decision.; ii) the second proceeding relate to practices in the Federal District and around, in which only Cia. Ultragaz is part. On this proceeding, Cia. Ultragaz signed a TCC with CADE, approved on September 6, 2017, in the amount of R\$ 2,154, to be paid in a single installment, with maturity in 180 (one hundred and eighty) days from the date of publication of the approval. Two former employees signed TCC in the amount of R\$ 50 each. With the TCC, the administrative proceeding will be suspended in relation to the Cia. Ultragaz until final decision.

b.2.3) The subsidiary IPP became party to two administrative proceedings filed by CADE, related to allegations of anti-competitive practices in the city of Joinville, State of Santa Catarina and around the city of Belo Horizonte, State of Minas Gerais. As of March 31, 2018, as a result of these administrative proceedings, no fine had been imposed to the subsidiary. Supported by the opinion of external legal counsel that classified the probability of loss as remote, Management did not recognize a provision for this contingency as of March 31, 2018.

b.2.4) On November 29, 2016, a technical opinion was issued by the Operational Support Center for Execution (Centro de Apoio Operacional à Execução CAEX), a technical body linked to the São Paulo State Public Prosecutor (MPE), presenting a proposal of compensation for the alleged environmental damages caused by the fire on April<sup>d2</sup> 2015 at the Santos Terminal of the subsidiary Tequimar. This technical opinion is non-binding, with no condemnatory or sanctioning nature, and will still be evaluated by the authorities and parties. The subsidiary disagrees with the methodology and the assumptions adopted in the proposal and is negotiating an agreement with the MPE and the

Brazilian Federal Public Prosecutor ( MPF ), and currently there is no civil lawsuit filed on the matter. The negotiations relate to *in natura* repair of the any damages. In case of adverse conclusion of the negotiations with the MPE and MPF, the payments related to the project costs may affect the future Company s interim financial information, in addition to the amounts already recognized. In addition, the MPF denounced the subsidiary Tequimar in the criminal sphere, which shall wait for the court summons in order to take the necessary measures for its defense. In addition, as of March 31, 2018, there are contingent liabilities not recognized related to lawsuits and extrajudicial lawsuits in the amount of R\$ 83,075 and R\$ 23,459 (R\$ 88,075 and R\$ 25,852 as of December 31, 2017), respectively. For more information see Note 22.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**b.3) Contingent Liabilities for Labor Matters**

The Company and its subsidiaries have contingent liabilities for labor matters in the amount of R\$ 282,549, totaling 1,893 lawsuits as of March 31, 2018 (R\$ 273,711, totaling 1,899 lawsuits as of December 31, 2017), mainly represented by:

b.3.1) In 1990, the Petrochemical Industry Labor Union (Sindicância), of which the employees of Oxiteno Nordeste and EMCA, companies located in the Camaçari Petrochemical Complex, are members, filed separate lawsuits against the subsidiaries demanding the compliance with the fourth section of the collective labor agreement, which provided for a salary adjustment in lieu of the salary policies practiced. In the same year, a collective labor dispute was also filed by the Union of Employers (SINPEQ) against Sindicância, requiring the recognition of the loss of effectiveness of such fourth section. The decisions rendered on the individual claims which were favorable to the subsidiaries Oxiteno Nordeste and EMCA are final and unappealable. The collective labor dispute remains pending trial by STF. In 2010, some companies in the Camaçari Petrochemical Complex signed an agreement with Sindicância and reported the fact in the collective labor dispute. In October 2015, Sindicância filed enforcement lawsuits against all Camaçari Petrochemical Complex companies that have not yet made settlements, including Oxiteno Nordeste and EMCA. The decisions of 1<sup>st</sup> instance were favorable to the companies, which are waiting for judgment of the Regional Labor Court of the 5<sup>th</sup> Region. In addition to collective actions, individual claims containing the same object have been filed.

**c. Lubricants operation between IPP and Chevron**

In the process of transaction of the lubricants operation in Brazil between Chevron and subsidiary IPP (see Note 3.c), it was agreed that each shareholder is responsible for any claims arising out of acts, facts or omissions prior to the transaction. The liability provisions of the Chevron shareholder in the amount of R\$ 3,452 are reflected in the consolidation of these interim financial information, as well as the contingent liabilities identified in the date of acquisition, whose provision amount of R\$ 198,900 was recognized as a business combination on December 1, 2017. The amounts of provisions of Chevron's liability recognized in the business combination will be reimbursed to subsidiary CBLSA in the event of losses and an indemnity asset was hereby constituted in the same amount, without the need to establish a provision for uncollectible amounts.

**22. Trade payables customers and third parties indemnification**

In April 2015, a fire occurred in six ethanol and gasoline tanks operated by Ultracargo in Santos, which represented 4% of the subsidiary's overall capacity as of December 31, 2014. The Civil and Federal Police investigated the

accident and its impacts, and concluded that it is not possible to determine the cause of the accident and neither to individualize active or passive conduct related to the cause, and there was no criminal charge against either individual or the subsidiary, by both authorities. Notwithstanding that, the Brazilian Federal Public Prosecutor denounced the subsidiary Tequimar in the criminal sphere, which shall wait for the court summons in order to take the necessary measures for its defense.

The decommissioning stage of the affected area were completed. In June 2017, the licensing required for the return to operation of 67.5 thousands cubic meters from the total of 150 thousands cubic meters affected by the fire was obtained. The remaining tanks continue to be paralyzed and in the process of recovery for subsequent licensing and start of operation.

The remaining balance of customers and third parties indemnification is shown below:

|               | <b>Balance on</b> |                  |                   |                 | <b>Balance on</b> |
|---------------|-------------------|------------------|-------------------|-----------------|-------------------|
|               | <b>12/31/2017</b> | <b>Additions</b> | <b>Write-offs</b> | <b>Payments</b> | <b>03/31/2018</b> |
| Current total | 72,216            | 152              | (17,270)          | (6,705)         | 48,393            |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***23. Deferred Revenue (Consolidated)**

The Company's subsidiaries have recognized the following deferred revenue:

|   | <b>03/31/2018</b> | <b>12/31/2017</b> |
|---|-------------------|-------------------|
| am/pm and Jet Oil franchising upfront fee | 20,243            | 19,537            |
| Loyalty program Km de Vantagens           | 9,531             | 9,134             |
| Loyalty program Clube Extrafarma          | 2,375             | 2,638             |
|   | <b>32,149</b>     | <b>31,309</b>     |
| Current                                   | 18,779            | 18,413            |
| Non-current                               | 13,370            | 12,896            |

**Loyalty Programs**

Subsidiary Ipiranga has a loyalty program called Km de Vantagens ([www.kmdevantagens.com.br](http://www.kmdevantagens.com.br)) under which registered customers are rewarded with points when they buy products at Ipiranga service stations or at its partners. The customers may exchange these points, during the period of one year, for discounts on products and services offered by Ipiranga and its partners. Points received by Ipiranga's customers that may be used with the partner Multiplus Fidelidade and for discounts of fuel in Ipiranga's website ([www.postoipiranganaweb.com.br](http://www.postoipiranganaweb.com.br)) and discounted from sales revenue.

Subsidiary Extrafarma has a loyalty program called Clube Extrafarma ([www.clubeextrafarma.com.br](http://www.clubeextrafarma.com.br)) under which registered customers are rewarded with points when they buy products at its drugstore chain. The customers may exchange these points, during the period of six months, for discounts in products at its drugstore chain, recharge credit on a mobile phone, and prizes offered by partners Multiplus Fidelidade and Ipiranga, through Km de Vantagens. Points received by Extrafarma's customers are discounted from sales revenue.

Deferred revenue is estimated based on the fair value of the points granted, considering the value of the prizes and the expected redemption of points.

**Franchising Upfront Fee**

am/pm is the convenience stores chain of the Ipiranga service stations. Ipiranga ended March 31, 2018 with 2,437 stores (2,414 stores as of December 31, 2017). Jet Oil is Ipiranga's lubricant-changing and automotive service

specialized network. Ipiranga ended March 31, 2018 with 1,747 stores (1,735 stores as of December 31, 2017).

#### **24. Subscription warrants indemnification**

Because of the association between the Company and Extrafarma on January 31, 2014, 7 subscription warrants indemnification were issued, corresponding to up to 3,205,622 shares of the Company. The subscription warrants indemnification may be exercised beginning 2020 by the former shareholders of Extrafarma and are adjusted according to the changes in the amounts of provisions for tax, civil, and labor risks and contingent liabilities related to the period prior to January 31, 2014. The subscription warrants indemnification's fair value is measured based on the share price of Ultrapar (UGPA3) and is reduced by the dividend yield until 2020, since the exercise is possible only from 2020, and they are not entitled to dividends until that date. As of March 31, 2018, the subscription warrants indemnification were represented by 2,505,210 shares and amounted to R\$ 169,865 (as of December 31, 2017, they were represented by 2,415,848 and totaled R\$ 171,459). Due to the final adverse decision of some of these lawsuits, on March 31, 2018, the maximum number of shares that could be issued related to the subscription warrants indemnification was up to 3,002,363 (3,035,499 shares as of December 31, 2017). For further information on Extrafarma's acquisition, see Note 3.a to the Financial Statements of the Company filed with the CVM on February 17, 2016.

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**25. Shareholders Equity**

***a. Share Capital***

The Company is a publicly traded company listed on B3 in the Novo Mercado listing segment under the ticker UGPA3 and on the New York Stock Exchange (NYSE) in the form of level III American Depositary Receipts ( ADRs ) under the ticker UGP . On March 31, 2018, the subscribed and paid-in capital stock consists of 556,405,096 common shares with no par value and the issuance of preferred shares and participation certificates is prohibited. Each common share entitles its holder to one vote at Shareholders Meetings.

The price of the shares issued by the Company as of March 31, 2018, on B3 was R\$ 70.92.

As of March 31, 2018, the Company is authorized to increase capital up to the limit of 800,000,000 common shares, without amendment to the Bylaws, by resolution of the Board of Directors.

As of March 31, 2018, there were 30,280,060 common shares outstanding abroad in the form of ADRs (28,935,260 shares as of December 31, 2017).

***b. Equity instrument granted***

On April 19, 2017, a new share-based incentive plan was approved, which establishes the general terms and conditions for the concession of common shares issued by the Company held in treasury (see Note 8.c).

***c. Treasury Shares***

The Company acquired its own shares at market prices, without capital reduction, to be held in treasury and to be subsequently disposed of or cancelled, in accordance with CVM Instructions 10, of February 14, 1980 and 268, of November 13, 1997.

As of March 31, 2018, 13,174,689 common shares (13,041,356 shares as of December 31, 2017) were held in the Company s treasury, acquired at an average cost of R\$ 36.61 per share (R\$ 36.98 as of December 31, 2017).

***d. Capital Reserve***

The capital reserve reflects the gain on the transfer of shares at market price used in the Deferred Stock Plan granted to executives of the subsidiaries of the Company, as mentioned in Note 8.c).

Because of Extrafarma's association in 2014, the Company recognized an increase in the capital reserves in the amount of R\$ 498,812, due to the difference between the value attributable to share capital and the market value of the Ultrapar shares on the date of issue, deducted by R\$ 2,260 related to the incurred costs directly attributable to issuing new shares. For further information about the Extrafarma acquisition, see Note 3.a. to the Financial Statements of the Company filed with the CVM on February 17, 2016.



**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

***e. Revaluation Reserve***

The revaluation reserve reflects the revaluation of assets of subsidiaries and is based on depreciation, write-off, or disposal of the revalued assets of the subsidiaries, as well as the tax effects recognized by these subsidiaries.

***f. Profit Reserves***

**Legal Reserve**

Under Brazilian Corporate Law, the Company is required to appropriate 5% of net annual earnings to a legal reserve, until the balance reaches 20% of capital stock. This reserve may be used to increase capital or absorb losses, but may not be distributed as dividends.

**Retention of Profits**

Reserve recognized in previous fiscal years and used for investments contemplated in a capital budget, mainly for expansion, productivity, and quality, acquisitions and new investments, in accordance with Article 196 of Brazilian Corporate Law.

**Investments Reserve**

In compliance with Article 194 of the Brazilian Corporate Law and Article 55.c) of the Bylaws this reserve is aimed to protect the integrity of the Company's assets and to supplement its capital stock, in order to allow new investments to be made. As provided in its Bylaws, the Company may allocate up to 45% of net income to the investments reserve, up to the limit of 100% of the share capital.

The investments reserve is free of distribution restrictions and totaled R\$ 3,000,707 as of March 31, 2018.

***g. Valuation Adjustments and Cumulative Translation Adjustments***

**Valuation Adjustments**

(i)

Actuarial gains and losses relating to post-employment benefits, calculated based on a valuation conducted by an independent actuary, are recognized in shareholders' equity under the title valuation adjustments. Actuarial gains and losses recorded in equity are not reclassified to profit or loss in subsequent periods.

- (ii) Gains and losses on the hedging instruments of exchange rate related to firm commitment and highly probable transactions designated as cash flows hedges are recognized in shareholders' equity as valuation adjustments. Gains and losses are reclassified to initial cost of non-financial assets.
- (iii) The differences between the fair value of financial investments measured at fair value through other comprehensive income and the initial amount of financial investments plus the interest earned and the foreign currency exchange variation are recognized in shareholders' equity as valuation adjustments. Gains and losses are reclassified to income statements when the financial investment is settled.
- (iv) The Company recognizes in this item the effect of changes in the non-controlling interest in subsidiaries that do not result in loss of control. This amount corresponds to the difference between the amount by which the non-controlling interest was adjusted and the fair value of the consideration received or paid and represents a transaction with shareholders.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***Cumulative Translation Adjustments**

The change in exchange rates on assets, liabilities, and income of foreign subsidiaries that have (i) functional currency other than the presentation currency of the Company, (ii) an independent administration and (iii) notes in the foreign market (see Note 33 net investment hedge in foreign entities), is directly recognized in the shareholders' equity. This accumulated effect is reflected in profit or loss as a gain or loss only in case of disposal or write-off of the investment.

Balance and changes in valuation adjustments and cumulative translation adjustments of the Company are as follows:

|  | Valuation adjustments                       |                                     |  |  | Total          | Cumulative translation adjustment |
|--|---|-------------------------------------|--|--|----------------|-----------------------------------|
|  | Fair value of cash flow hedging instruments | Fair value of financial instruments | Actuarial gains (losses) of post-employment benefits | Non-controlling shareholders interest change |                |                                   |
| <b>Balance on December 31, 2017</b>                    | <b>(27,364)</b>                             |                                     | <b>(15,181)</b>                                      | <b>202,188</b>                               | <b>159,643</b> | <b>53,061</b>                     |
| Translation of foreign subsidiaries, net of income tax |   |                                     |  |  |                | (19,396)                          |
| Changes in fair value of financial instruments         | (8,011)                                     | (6,232)                             |  |  | (14,243)       |                                   |
| Income and social contribution taxes on fair value     | 2,957                                       |                                     |  |  | 2,957          |                                   |
| Actuarial losses of post-employment benefits           |   |                                     | (299)  |  | (299)          |                                   |
| <b>Balance on March 31, 2018</b>                       | <b>(32,418)</b>                             | <b>(6,232)</b>                      | <b>(15,480)</b>                                      | <b>202,188</b>                               | <b>148,058</b> | <b>33,665</b>                     |

|  | Valuation adjustments |                             |  | Total | Cumulative translation adjustment |
|--|-----------------------|-----------------------------|--|-------|-----------------------------------|
|  | Fair value of cash    | Actuarial gains (losses) of |  |       |                                   |

|  | <b>flow<br/>hedging<br/>instruments</b> | <b>post-employment<br/>benefits</b> |                 |              |
|--|---|-------------------------------------|-----------------|--------------|
| <b>Balance on December 31, 2016</b>                    | <b>(26,883)</b>                         | <b>2,896</b>                        | <b>(23,987)</b> | <b>7,519</b> |
| Translation of foreign subsidiaries, net of income tax |   |                                     |                 | 1,322        |
| Changes in fair value of hedge instruments             | 73,870                                  |                                     | 73,870          |              |
| Income and social contribution taxes on fair value     | (24,914)                                |                                     | (24,914)        |              |
| Actuarial losses of post-employment benefits           |   | (24)                                | (24)            |              |
| <b>Balance on March 31, 2017</b>                       | <b>22,073</b>                           | <b>2,872</b>                        | <b>24,945</b>   | <b>8,841</b> |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)****h. Dividends and Allocation of Net Income***

The shareholders are entitled, under the Bylaws, to a minimum annual dividend of 50% of adjusted net income calculated in accordance with Brazilian Corporate Law. The dividends and interest on equity in excess of the obligation established in the Bylaws are recognized in shareholders' equity until the Shareholders approve them. The proposed dividends payable as of December 31, 2017 in the amount of R\$ 489,027 (R\$ 0.90 ninety cents of Brazilian Real per share), were approved by the Board of Directors on February 21, 2018, and paid beginning March 12, 2018.

**26. Revenue from Sale and Services (Consolidated)**

|   | <b>03/31/2018</b> | <b>03/31/2017<br/>Restated</b> |
|---|-------------------|--------------------------------|
| Gross revenue from sale   | 21,440,614        | 19,195,468                     |
| Gross revenue from services                                     | 179,250           | 183,058                        |
| Sales taxes   | (550,072)         | (483,713)                      |
| Discounts and sales returns                                     | (214,094)         | (222,374)                      |
| Amortization of contractual assets with customers (see Note 11) | (104,513)         | (128,218)                      |
| Deferred revenue (see Note 23)                                  | (63)              | 349                            |
| <b>Net revenue from sales and services</b>                      | <b>20,751,122</b> | <b>18,544,570</b>              |

**27. Expenses by Nature (Consolidated)**

The Company presents its expenses by function in the consolidated income statement and presents below its expenses by nature:

|   | <b>03/31/2018</b> | <b>03/31/2017<br/>Restated</b> |
|---|-------------------|--------------------------------|
| Raw materials and materials for use and consumption | 18,882,407        | 16,683,719                     |
| Personnel expenses                                  | 604,400           | 529,378                        |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| Freight and storage                | 287,540           | 272,768           |
| Depreciation and amortization      | 194,243           | 165,044           |
| Advertising and marketing          | 45,156            | 54,949            |
| Services provided by third parties | 87,888            | 70,892            |
| Lease of real estate and equipment | 57,403            | 44,479            |
| Other expenses                     | 114,803           | 125,974           |
| <b>Total</b>                       | <b>20,273,840</b> | <b>17,947,203</b> |
| Classified as:                     |                   |                   |
| Cost of products and services sold | 19,229,825        | 16,987,475        |
| Selling and marketing              | 671,447           | 597,150           |
| General and administrative         | 372,568           | 362,578           |
| <b>Total</b>                       | <b>20,273,840</b> | <b>17,947,203</b> |

Research and development expenses are recognized in the income statements and amounted to R\$ 12,422 for the three-month period ended March 31, 2018 (R\$ 13,494 for the three-month period ended March 31, 2017).

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***28. Gain (loss) on Disposal of Property, Plant and Equipment and Intangibles (Consolidated)**

The gain or loss is determined as the difference between the selling price and residual book value of the investment, property, plant, and equipment, or intangible asset disposed of. For the three-month period ended March 31, 2018, the loss was R\$ 2,230 (loss of R\$ 6,353 for the three-month period ended March 31, 2017), represented primarily from disposal of property, plant, and equipment.

**29. Other Operating Income, Net (Consolidated)**

|  | <b>03/31/2018</b> | <b>03/31/2017</b> |
|--|-------------------|-------------------|
| Commercial partnerships <sup>(1)</sup>                                       | 5,108             | 10,707            |
| Merchandising <sup>(2)</sup>   | 5,885             | 4,657             |
| Loyalty program <sup>(3)</sup>   | 11,010            | 6,056             |
| Ultracargo fire accident in Santos <sup>(4)</sup>                            | (724)             | (15,672)          |
| Reversal of provision ICMS from PIS and COFINS tax bases (see Note 21.a.1.2) |                   | 49,152            |
| Fine for unrealized acquisition <sup>(5)</sup>                               | (286,160)         |                   |
| Others   | 2,158             | 1,435             |
| Other operating income, net  | (262,723)         | 56,335            |

(1) Refers to contracts with service providers and suppliers which establish trade agreements for convenience stores and gas stations.

(2) Refers to contracts with suppliers of convenience stores, which establish, among other agreements, promotional campaigns.

(3) Refers to sales of Km de Vantagens to partners of the loyalty program. Revenue is recognized at the time that the partners transfer the points to their customers.

(4) For more information about the fire accident in Ultracargo, see Note 22.

(5) For more information about the fine see Note 3.e.

**30. Financial Income (Expense)**

|  | <b>Parent</b>     |                   | <b>Consolidated</b> |                   |
|--|-------------------|-------------------|---------------------|-------------------|
|  | <b>03/31/2018</b> | <b>03/31/2017</b> | <b>03/31/2018</b>   | <b>03/31/2017</b> |
| <b>Financial income:</b>   |                   |                   |                     |                   |
| Interest on financial investments  | 19,613            | 30,754            | 79,879              | 137,944           |
| Interest from customers  |                   |                   | 31,343              | 25,311            |
| Other financial income   |                   |                   | 1,222               | 1,106             |
|  | <b>19,613</b>     | <b>30,754</b>     | <b>112,444</b>      | <b>164,361</b>    |
| <b>Financial expenses:</b>   |                   |                   |                     |                   |
| Interest on loans  |                   |                   | (118,803)           | (218,937)         |
| Interest on debentures   | (18,806)          | (27,233)          | (104,118)           | (90,335)          |
| Interest on finance leases   |                   |                   | (655)               | (661)             |
| Bank charges, financial transactions tax, and other charges                  | (551)             | (516)             | (23,795)            | (22,197)          |
| Exchange variation, net of gains and losses with derivative instruments      |                   |                   | 27,897              | 14,399            |
| Reversal of provision ICMS from PIS and COFINS tax bases (see Note 21.a.1.2) |                   |                   |                     | 43,411            |
| Changes in subscription warranty indemnification (see Note 24)               | (1,156)           | (9,804)           | (1,156)             | (9,804)           |
| Monetary restatement of provisions, net, and other financial expenses        |                   | 588               | 1,221               | (1,412)           |
|  | <b>(20,513)</b>   | <b>(36,965)</b>   | <b>(219,409)</b>    | <b>(285,536)</b>  |
| Financial income (expense)   | (900)             | (6,211)           | (106,965)           | (121,175)         |



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***31. Earnings per Share (Parent and Consolidated)**

The table below presents a reconciliation of numerators and denominators used in computing earnings per share. The Company has a deferred stock plan and subscription warrants indemnification, as mentioned in Notes 8.c and 24, respectively.

|  | <b>03/31/2018</b> | <b>03/31/2017<br/>Restated</b> |
|--|-------------------|--------------------------------|
| <b>Basic Earnings per Share</b>  |                   |                                |
| Net income for the year of the Company   | 73,855            | 352,562                        |
| Weighted average shares outstanding (in thousands)                             | 541,881           | 541,774                        |
| Basic earnings per share R\$   | 0.1363            | 0.6508                         |
| <b>Diluted Earnings per Share</b>  |                   |                                |
| Net income for the year of the Company   | 73,855            | 352,562                        |
| Weighted average shares outstanding (in thousands), including dilution effects | 545,745           | 545,672                        |
| Diluted earnings per share R\$   | 0.1353            | 0.6461                         |
| <b>Weighted Average Shares Outstanding (in thousands)</b>                      |                   |                                |
| Weighted average shares outstanding for basic per share calculation            | 541,881           | 541,774                        |
| Dilution effect  |                   |                                |
| Subscription warrants indemnification  | 2,514             | 2,365                          |
| Deferred Stock Plan  | 1,350             | 1,533                          |
| Weighted average shares outstanding for diluted per share calculation          | 545,745           | 545,672                        |

**32. Segment Information**

The Company operates five main business segments: gas distribution, fuel distribution, chemicals, storage and drugstores. The gas distribution segment (Ultragaz) distributes LPG to residential, commercial, and industrial consumers, especially in the South, Southeast, and Northeast regions of Brazil. The fuel distribution segment (Ipiranga) operates the distribution and marketing of gasoline, ethanol, diesel, fuel oil, kerosene, natural gas for vehicles, and lubricants and related activities throughout all the Brazilian territory. The chemicals segment (Oxiten) produces ethylene oxide and its main derivatives and fatty alcohols, which are raw materials used in the home and personal care, agrochemical, paints, varnishes, and other industries. The storage segment (Ultracargo) operates liquid bulk terminals, especially in the Southeast and Northeast regions of Brazil. The drugstores segment (Extrafarma) trades pharmaceutical, hygiene, and beauty products through its own drugstore chain in the states of Amapá,

Amazonas, Bahia, Ceará, Maranhão, Pará, Paraíba, Pernambuco, Piauí, Rio Grande do Norte, São Paulo, Sergipe and Tocantins. The segments shown in the interim financial information are strategic business units supplying different products and services. Intersegment sales are at prices similar to those that would be charged to third parties.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

The main financial information of each of the Company's segments are stated as follows:

|  | <b>03/31/2018</b> | <b>03/31/2017<br/>Restated</b> |
|--|-------------------|--------------------------------|
| Net revenue from sales and services:                               |                   |                                |
| Ultragas   | 1,625,848         | 1,352,326                      |
| Ipiranga   | 17,516,292        | 15,735,622                     |
| Oxitenó  | 999,294           | 912,427                        |
| Ultracargo   | 115,984           | 100,684                        |
| Extrafarma   | 511,554           | 449,801                        |
|  | 20,768,972        | 18,550,860                     |
| Others <sup>(1)</sup>  | 12,002            | 10,642                         |
| Intersegment sales   | (29,852)          | (16,932)                       |
| Total  | 20,751,122        | 18,544,570                     |
| Intersegment sales:  |                   |                                |
| Ultragas   | 438               | 516                            |
| Ipiranga   | 198               |                                |
| Oxitenó  |                   | 702                            |
| Ultracargo   | 17,237            | 5,122                          |
| Extrafarma   |                   |                                |
|  | 17,873            | 6,340                          |
| Others <sup>(1)</sup>  | 11,979            | 10,592                         |
| Total  | 29,852            | 16,932                         |
| Net revenue from sales and services, excluding intersegment sales: |                   |                                |
| Ultragas   | 1,625,410         | 1,351,810                      |
| Ipiranga   | 17,516,094        | 15,735,622                     |
| Oxitenó  | 999,294           | 911,725                        |
| Ultracargo   | 98,747            | 95,562                         |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|                       |            |            |
|-----------------------|------------|------------|
| Extrafarma            | 511,554    | 449,801    |
|                       | 20,751,099 | 18,544,520 |
| Others <sup>(1)</sup> | 23         | 50         |
| Total                 | 20,751,122 | 18,544,570 |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

|  | <b>03/31/2018</b> | <b>03/31/2017<br/>Restated</b> |
|--|-------------------|--------------------------------|
| Operating income (expense):  |                   |                                |
| Ultragaz   | (223,452)         | 71,444                         |
| Ipiranga   | 413,919           | 499,535                        |
| Oxiteno  | 10,111            | 75,410                         |
| Ultracargo   | 27,844            | 9,957                          |
| Extrafarma   | (17,209)          | (9,921)                        |
|  | 211,213           | 646,425                        |
| Others <sup>(1)</sup>  | 1,116             | 924                            |
| <b>Total</b>   | <b>212,329</b>    | <b>647,349</b>                 |
| Share of profit (loss) of joint-ventures and associates:   |                   |                                |
| Ultragaz   | 30                | (36)                           |
| Ipiranga   | (4,462)           | (4,082)                        |
| Oxiteno  | 291               | 236                            |
| Ultracargo   | 634               | 296                            |
|  | (3,507)           | (3,586)                        |
| Others <sup>(1)</sup>  | 526               | 10,014                         |
| <b>Total</b>   | <b>(2,981)</b>    | <b>6,428</b>                   |
| Financial result, net  | (106,965)         | (121,175)                      |
| Income before income and social contribution taxes   | 102,383           | 532,602                        |
| Additions to property, plant, and equipment and intangible assets (excluding intersegment account balances): |                   |                                |
| Ultragaz   | 65,874            | 84,853                         |
| Ipiranga   | 115,280           | 84,224                         |
| Oxiteno  | 138,040           | 74,776                         |
| Ultracargo   | 22,796            | 10,681                         |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|   |         |         |
|---|---------|---------|
| Extrafarma  | 16,139  | 21,709  |
|   | 358,129 | 276,243 |
| Others <sup>(1)</sup>   | 1,955   | 4,703   |
| Total additions to property, plant, and equipment and intangible assets (see Notes 13 and 14) | 360,084 | 280,946 |
| Asset retirement obligation – fuel tanks (see Note 20)  | (104)   | (158)   |
| Capitalized borrowing costs   | (4,618) | (6,041) |
| Total investments in property, plant, and equipment and intangible assets (cash flow)         | 355,362 | 274,747 |
| Payments of contractual assets with customers – exclusive rights (see Note 11):               |         |         |
| Ipiranga  | 95,866  | 146,038 |
| Depreciation and amortization charges:  |         |         |
| Ultragaz  | 53,410  | 41,180  |
| Ipiranga  | 66,713  | 58,881  |
| Oxitenó   | 40,803  | 35,900  |
| Ultracargo  | 12,510  | 11,652  |
| Extrafarma  | 17,017  | 13,901  |
|   | 190,453 | 161,514 |
| Others <sup>(1)</sup>   | 3,790   | 3,530   |
| Total   | 194,243 | 165,044 |
| Amortization of contractual assets with customers – exclusive rights (see Note 11):           |         |         |
| Ipiranga  | 104,513 | 128,218 |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

|   | <b>03/31/2018</b> | <b>12/31/2017<br/>Restated</b> |
|---|-------------------|--------------------------------|
| Total assets (excluding intersegment account balances): |                   |                                |
| Ultragaz  | 2,586,060         | 2,408,600                      |
| Ipiranga  | 14,410,990        | 15,309,811                     |
| Oxitenó   | 6,716,507         | 6,557,456                      |
| Ultracargo  | 1,375,564         | 1,394,083                      |
| Extrafarma  | 2,046,153         | 1,948,808                      |
|   | 27,135,274        | 27,618,758                     |
| Others <sup>(1)</sup>                                   | 1,413,432         | 586,753                        |
| <b>Total</b>  | <b>28,548,706</b> | <b>28,205,511</b>              |

(1) Composed of the parent company Ultrapar (including goodwill of certain acquisitions) and subsidiaries Serma Associação dos Usuários de Equipamentos de Processamento de Dados e Serviços Correlatos ( Serma ) and Imaven Imóveis Ltda.

**Geographic Area Information**

The fixed and intangible assets of the Company and its subsidiaries are located in Brazil, except those related to Oxitenó plants abroad, as shown below:

|                              | <b>03/31/2018</b> | <b>12/31/2017</b> |
|------------------------------|-------------------|-------------------|
| United States of America (*) | 585,493           | 511,912           |
| Mexico                       | 118,289           | 109,034           |
| Uruguay                      | 65,532            | 65,876            |
| Venezuela                    | 4,507             | 22,480            |
|                              | 773,821           | 709,302           |

(\*) The increase refers to the construction of a new plant in Pasadena, Texas.

The subsidiaries generate revenue from operations in Brazil, Mexico, United States of America, Uruguay and Venezuela, as well as from exports of products to foreign customers, as disclosed below:

|                                     | <b>03/31/2018</b> | <b>03/31/2017<br/>Restated</b> |
|-------------------------------------|-------------------|--------------------------------|
| Net revenue:                        |                   |                                |
| Brazil                              | 20,405,131        | 18,284,504                     |
| Mexico                              | 44,456            | 41,339                         |
| Uruguay                             | 9,586             | 11,507                         |
| Venezuela                           | 7,472             | 5,668                          |
| Other Latin American countries      | 93,135            | 100,144                        |
| United States of America and Canada | 117,986           | 43,243                         |
| Far East                            | 20,518            | 14,235                         |
| Europe                              | 38,467            | 26,651                         |
| Others                              | 14,371            | 17,279                         |
| <b>Total</b>                        | <b>20,751,122</b> | <b>18,544,570</b>              |

Sales to the foreign market are made substantially by the Oxiteno segment.



**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

**33. Risks and Financial Instruments (Consolidated)**

**Risk Management and Financial Instruments Governance**

The main risks to which the Company and its subsidiaries are exposed reflect strategic/operational and economic/financial aspects. Operational/strategic risks (including, but not limited to, demand behavior, competition, technological innovation, and material changes in the industry structure) are addressed by the Company's management model. Economic/financial risks primarily reflect default of customers, behavior of macroeconomic variables, such as exchange and interest rates, as well as the characteristics of the financial instruments used by the Company and its subsidiaries and their counterparties. These risks are managed through control policies, specific strategies, and the establishment of limits.

The Company has a policy for the management of resources, financial instruments, and risks approved by its Board of Directors ( Policy ). In accordance with the Policy, the main objectives of financial management are to preserve the value and liquidity of financial assets and ensure financial resources for the development of the business, including expansions. The main financial risks considered in the Policy are risks associated with currencies, interest rates, credit, and selection of financial instruments. Governance of the management of financial risks and financial instruments follows the segregation of duties below:

Implementation of the management of financial assets, instruments, and risks is the responsibility of the financial area, through its treasury department, with the assistance of the tax and accounting departments.

Supervision and monitoring of compliance with the principles, guidelines, and standards of the Policy is the responsibility of the Risk and Investment Committee, which is composed of members of the Company's Executive Board ( Committee ). The Committee holds regular meetings and is in charge, among other responsibilities, of discussing and monitoring the financial strategies, existing exposures, and significant transactions involving investment, fundraising, or risk mitigation. The Committee monitors the risk standards established by the Policy through a monitoring map on a monthly basis.

Changes in the Policy or revisions of its standards are subject to the approval of the Board of Directors of Ultrapar.

Continuous improvement of the Policy is the joint responsibility of the Board of Directors, the Committee, and the financial area.

The internal audit department audits the compliance with the requirements of the Policy.

**Currency Risk**

Most transactions of the Company, through its subsidiaries, are located in Brazil and, therefore, the reference currency for risk management is the Brazilian Real. Currency risk management is guided by neutrality of currency exposures and considers the transactional, accounting, and operational risks of the Company and its subsidiaries and their exposure to changes in exchange rates. The Company considers as its main currency exposures the assets and liabilities in foreign currency and the short-term flow of net sales in foreign currency of Oxitenó.

The Company and its subsidiaries use exchange rate hedging instruments (especially between the Brazilian Real and the U.S. dollar) available in the financial market to protect their assets, liabilities, receipts, and disbursements in foreign currency and net investments in foreign operations. Hedge is used in order to reduce the effects of changes in exchange rates on the Company's income and cash flows in Brazilian Reals within the exposure limits under its Policy. Such foreign exchange hedging instruments have amounts, periods, and rates substantially equivalent to those of assets, liabilities, receipts, and disbursements in foreign currencies to which they are related. Assets and liabilities in foreign currencies are stated below, translated into Brazilian Reals:

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***Assets and Liabilities in Foreign Currencies**

| <b>In millions of Brazilian Reais</b>  | <b>03/31/2018</b> | <b>12/31/2017</b> |
|--|-------------------|-------------------|
| <b>Assets in foreign currency</b>  |                   |                   |
| Cash, cash equivalents and financial investments in foreign currency (except hedging instruments)  | 399.2             | 236.4             |
| Foreign trade receivables, net of allowance for doubtful accounts and advances to foreign customers  | 209.8             | 214.9             |
| Net investments in foreign subsidiaries (except cash, cash equivalents, financial investments, trade receivables, financing, and payables) | 1,004.6           | 930.0             |
|  | <b>1,613.6</b>    | <b>1,381.3</b>    |
| <b>Liabilities in foreign currency</b>   |                   |                   |
| Financing in foreign currency, gross of transaction costs and discount   | (4,732.2)         | (4,416.2)         |
| Payables arising from imports, net of advances to foreign suppliers  | (163.5)           | (173,1)           |
|  | <b>(4,895.7)</b>  | <b>(4,589.3)</b>  |
| Foreign currency hedging instruments   | 1,537.8           | 1,777.6           |
| Net asset (liability) position Total   | (1,744.3)         | (1,430.4)         |
| Net asset (liability) position Income statement effect   | (72.6)            | (26.1)            |
| Net asset (liability) position Shareholders equity effect  | (1,671.7)         | (1,404.3)         |

**Sensitivity Analysis of Assets and Liabilities in Foreign Currency**

The table below shows the effect of exchange rate changes in different scenarios, based on the net liability position of R\$ 1,744.3 million in foreign currency:

| <b>In millions of Brazilian Reais</b> | <b>Risk</b>      | <b>Scenario I</b> | <b>Scenario II</b> | <b>Scenario III</b> |
|---------------------------------------|------------------|-------------------|--------------------|---------------------|
|                                       |                  | <b>10%</b>        | <b>25%</b>         | <b>50%</b>          |
| (1) Income statement effect           | Real devaluation | (7.3)             | (18.2)             | (36.3)              |

|                                 |                   |                |                |                |
|---------------------------------|-------------------|----------------|----------------|----------------|
| (2) Shareholders' equity effect |                   | (167.1)        | (417.9)        | (835.8)        |
| <b>(1) + (2)</b>                | <b>Net effect</b> | <b>(174.4)</b> | <b>(436.1)</b> | <b>(872.1)</b> |
| (3) Income statement effect     | Real appreciation | 7.3            | 18.2           | 36.3           |
| (4) Shareholders' equity effect |                   | 167.1          | 417.9          | 835.8          |
| <b>(3) + (4)</b>                | <b>Net effect</b> | <b>174.4</b>   | <b>436.1</b>   | <b>872.1</b>   |

The shareholders' equity effect refers to cumulative translation adjustments of changes in the exchange rate on equity of foreign subsidiaries (see Notes 2.s and 25.g Cumulative Translation Adjustments), net investments hedge in foreign entities, cash flow hedge of firm commitment and highly probable transaction (see Note 2.c and Hedge Accounting below).

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***Interest Rate Risk**

The Company and its subsidiaries adopt policies for borrowing and investing financial resources and for capital cost minimization. The financial investments of the Company and its subsidiaries are primarily held in transactions linked to the CDI, as set forth in Note 4. Borrowings primarily relate to financing from Banco do Brasil, BNDES, and other development agencies, as well as debentures and borrowings in foreign currency, as shown in Note 15.

The Company attempts to maintain its financial interest assets and liabilities at floating rates.

The table below shows the financial assets and liabilities exposed to floating interest rates:

**In millions of Brazilian Reais**

|  | Note | 03/31/2018       | 12/31/2017       |
|--|------|------------------|------------------|
| <b>CDI</b>   |      |                  |                  |
| Cash equivalents   | 4    | 4,386.5          | 4,821.6          |
| Financial investments  | 4    | 1,202.2          | 1,153.0          |
| Asset position of foreign exchange hedging instruments CDI     | 33   | 26.8             | 29.9             |
| Loans and debentures   | 15   | (8,820.5)        | (7,987.3)        |
| Liability position of foreign exchange hedging instruments CDI | 33   | (1,590.0)        | (1,877.4)        |
| Liability position of fixed interest instruments + IPCA CDI    | 33   | (595.3)          | (586.6)          |
| <b>Net liability position in CDI</b>                           |      | <b>(5,390.3)</b> | <b>(4,446.8)</b> |
| <b>TJLP</b>  |      |                  |                  |
| Loans TJLP   | 15   | (312.2)          | (301.9)          |
| <b>Net liability position in TJLP</b>                          |      | <b>(312.2)</b>   | <b>(301.9)</b>   |
| <b>LIBOR</b>   |      |                  |                  |
| Asset position of foreign exchange hedging instruments LIBOR   | 33   | 993.2            | 984.3            |
| Loans LIBOR  | 15   | (1,630.1)        | (1,418.5)        |
| <b>Net liability position in LIBOR</b>                         |      | <b>(636.9)</b>   | <b>(434.2)</b>   |

|  |       |    |           |           |
|--|-------|----|-----------|-----------|
| <b>TIE</b>   |       |    |           |           |
| Loans  | TIE   | 15 | (18.3)    | (3.4)     |
| <b>Net liability position in TIE</b>                             |       |    | (18.3)    | (3.4)     |
| <b>SELIC</b>   |       |    |           |           |
| Loans  | SELIC | 15 | (96.7)    | (100.3)   |
| <b>Net liability position in SELIC</b>                           |       |    | (96.7)    | (100.3)   |
| <b>Total net liability position exposed to floating interest</b> |       |    | (6,454.4) | (5,286.6) |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***Sensitivity Analysis of Floating Interest Rate Risk**

The table below shows the incremental expenses and income that would be recognized in financial income as of March 31, 2018, due to the effect of floating interest rate changes in different scenarios.

For sensitivity analysis of floating interest rate risk, the Company used the accumulated amount of the reference indexes (CDI, TJLP, LIBOR, TIE and SELIC) as a base scenario up to March 31, 2018. Scenarios I, II and III were based on of 10%, 25% and 50% variation, respectively, in the floating interest rate of the base scenario:

**In millions of Brazilian Reais**

|   | <b>Risk</b>       | <b>Scenario<br/>I<br/>10%</b> | <b>Scenario<br/>II<br/>25%</b> | <b>Scenario<br/>III<br/>50%</b> |
|---|-------------------|-------------------------------|--------------------------------|---------------------------------|
| <b><u>Exposure of interest rate risk</u></b>                  |                   |                               |                                |                                 |
| Interest effect on cash equivalents and financial investments | Increase in CDI   | 8.5                           | 21.0                           | 42.1                            |
| Foreign exchange hedging instruments (assets in CDI) effect   | Increase in CDI   |                               |                                |                                 |
| Interest effect on debt in CDI                                | Increase in CDI   | (13.4)                        | (33.5)                         | (67.0)                          |
| Interest rate hedging instruments (liabilities in CDI) effect | Increase in CDI   | (6.5)                         | (15.9)                         | (31.6)                          |
| <b>Incremental expenses</b>                                   |                   | (11.4)                        | (28.4)                         | (56.5)                          |
| Interest effect on debt in TJLP                               | Increase in TJLP  | (2.1)                         | (5.1)                          | (10.3)                          |
| <b>Incremental expenses</b>                                   |                   | (2.1)                         | (5.1)                          | (10.3)                          |
| Foreign exchange hedging instruments (assets in LIBOR) effect | Increase in LIBOR | 0.6                           | 1.5                            | 3.0                             |
| Interest effect on debt in LIBOR                              | Increase in LIBOR | (0.7)                         | (1.8)                          | (3.5)                           |
| <b>Incremental expenses</b>                                   |                   | (0.1)                         | (0.3)                          | (0.5)                           |
| Interest effect on debt in TIE                                | Increase in TIE   | (0.01)                        | (0.02)                         | (0.04)                          |

|                                  |                   |        |        |        |
|----------------------------------|-------------------|--------|--------|--------|
| <b>Incremental expenses</b>      |                   | (0.01) | (0.02) | (0.04) |
| Interest effect on debt in SELIC | Increase in SELIC | (0.2)  | (0.4)  | (0.8)  |
| <b>Incremental expenses</b>      |                   | (0.2)  | (0.4)  | (0.8)  |

### **Credit Risks**

The financial instruments that would expose the Company and its subsidiaries to credit risks of the counterparty are basically represented by cash and bank deposits, financial investments, hedging instruments (see Note 4), and trade receivables (see Note 5).

Credit risk of financial institutions - Such risk results from the inability of financial institutions to comply with their financial obligations to the Company and its subsidiaries due to insolvency. The Company and its subsidiaries regularly conduct a credit review of the institutions with which they hold cash and cash equivalents, financial investments, and hedging instruments through various methodologies that assess liquidity, solvency, leverage, portfolio quality, etc. Cash and cash equivalents, financial investments, and hedging instruments are held only with institutions with a solid credit history, chosen for safety and soundness. The volume of cash and cash equivalents, financial investments, and hedging instruments are subject to maximum limits by each institution and, therefore, require diversification of counterparties.



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

**Government credit risk** The Company's policy allows investments in government securities from countries classified as investment grade AAA or Aaa by specialized credit rating agencies and in Brazilian government bonds. The volume of such financial investments is subject to maximum limits by each country and, therefore, requires diversification of counterparties.

The credit risk of cash, cash equivalents and financial investments is summarized below:

| <b>Counterparty credit rating</b> | <b>Fair value</b> |                   |
|-----------------------------------|-------------------|-------------------|
|                                   | <b>03/31/2018</b> | <b>12/31/2017</b> |
| AAA                               | 62,884            | 29,003            |
| AA                                | 5,808,717         | 6,076,520         |
| A                                 | 310,036           | 192,638           |
| BBB                               | 57,625            | 71,767            |
| <b>Total</b>                      | <b>6,239,262</b>  | <b>6,369,928</b>  |

**Customer credit risk** - Such risks are managed by each business unit through specific criteria for acceptance of customers and their credit rating and are additionally mitigated by the diversification of sales. No single customer or group accounts for more than 10% of total revenue.

The Company maintained the following estimated losses on doubtful accounts on trade receivables:

|            | <b>03/31/2018</b> | <b>12/31/2017</b> |
|------------|-------------------|-------------------|
|            |                   | <b>Restated</b>   |
| Ipiranga   | 383,447           | 350,594           |
| Ultragaz   | 77,337            | 83,627            |
| Oxitenó    | 12,199            | 10,755            |
| Extrafarma | 5,614             | 5,623             |
| Ultracargo | 2,155             | 2,179             |
| Total      | 480,752           | 452,778           |

## **Liquidity Risk**

The Company and its subsidiaries' main sources of liquidity derive from (i) cash, cash equivalents, and financial investments, (ii) cash generated from operations and (iii) financing. The Company and its subsidiaries believe that these sources are sufficient to satisfy their current funding requirements, which include, but are not limited to, working capital, capital expenditures, amortization of debt, and payment of dividends.

The Company and its subsidiaries periodically examine opportunities for acquisitions and investments. They consider different types of investments, either directly, through joint ventures, or through associated companies, and finance such investments using cash generated from operations, debt financing, through capital increases, or through a combination of these methods.

The Company and its subsidiaries believe to have enough working capital and sources of financing to satisfy their current needs. The gross indebtedness due over the next twelve months totals R\$ 3,236.5 million, including estimated interests on loans (for quantitative information, see Note 15). Furthermore, the investment plan for 2018 totals R\$ 2,676 million, and until March 31, 2018, the amount of R\$ 603.5 million had been realized. As of March 31, 2018, the Company and its subsidiaries had R\$ 6,149.6 million in cash, cash equivalents, and short-term financial investments (for quantitative information, see Note 4).

The table below presents a summary of financial liabilities as of March 31, 2018 to be settled by the Company and its subsidiaries, listed by maturity. The amounts disclosed in this table are the contractual undiscounted cash outflows, and, therefore, these amounts may be different from the amounts disclosed on the balance sheet as of March 31, 2018.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

|   | Total    | In millions of Brazilian Reais |                       |                       |                   |
|---|----------|--------------------------------|-----------------------|-----------------------|-------------------|
|   |          | Less than 1 year               | Between 1 and 3 years | Between 3 and 5 years | More than 5 years |
| <b>Financial liabilities</b>                                  |          |                                |                       |                       |                   |
| Loans including future contractual interest <sup>(1)(2)</sup> | 18,758.1 | 3,236.5                        | 4,780.7               | 6,686.4               | 4,054.5           |
| Currency and interest rate hedging instruments <sup>(3)</sup> | 326.0    | 138.5                          | 79.5                  | 85.2                  | 22.8              |
| Trade payables  | 1,859.8  | 1,859.8                        |                       |                       |                   |

(1) To calculate the estimated interest on loans some macroeconomic assumptions were used, including averaging for the period the following: (i) CDI of 6.28% in 2018, 7.34% from 2019 to 2021, 8.73% from 2022 to 2023, 9.84% from 2024 to 2033, (ii) exchange rate of the Real against the U.S. dollar of R\$ 3.31 in 2018, R\$ 3.61 in 2019, R\$ 3.92 in 2020, R\$ 4.24 in 2021, R\$ 4.59 in 2022, R\$ 4.96 in 2023, R\$ 5.34 in 2024, R\$ 5.75 in 2025, R\$ 6.14 in 2026 and R\$ 6.56 in 2027 (iii) TJLP of 6.75% p.a. and (iv) IGP-M of 4.30% in 2018, 4.32% in 2019, 4.0% from 2020 to 2033 (v) IPCA of 3.54% (source: B3, Bulletin Focus and financial institutions).

(2) Includes estimated interest payments on short-term and long-term loans until the payment date.

(3) The currency and interest rate hedging instruments were estimated based on projected U.S dollar futures contracts and the futures curves of DI x Pre and Pre x IPCA contracts quoted on B3 on March 29, 2018 and on the futures curve of LIBOR (ICE IntercontinentalExchange) on March 29, 2018. In the table above, only the hedging instruments with negative results at the time of settlement were considered.

**Capital Management**

The Company manages its capital structure based on indicators and benchmarks. The key performance indicators related to the capital structure management are the weighted average cost of capital, net debt / EBITDA, interest coverage, and indebtedness / equity ratios. Net debt is composed of cash, cash equivalents, and financial investments (see Note 4) and loans, including debentures (see Note 15). The Company can change its capital structure depending on the economic and financial conditions, in order to optimize its financial leverage and capital management. The Company seeks to improve its return on invested capital by implementing efficient working capital management and a selective investment program.

**Selection and Use of Financial Instruments**

In selecting financial investments and hedging instruments, an analysis is conducted to estimate rates of return, risks involved, liquidity, calculation methodology for the carrying value and fair value, and a review is conducted of any documentation applicable to the financial instruments. The financial instruments used to manage the financial resources of the Company and its subsidiaries are intended to preserve value and liquidity.

The Policy contemplates the use of derivative financial instruments only to cover identified risks and in amounts consistent with the risk (limited to 100% of the identified risk). The risks identified in the Policy are described in the above sections, and are subject to risk management. In accordance with the Policy, the Company and its subsidiaries can use forward contracts, swaps, options, and futures contracts to manage identified risks. Leveraged derivative instruments are not permitted. Because the use of derivative financial instruments is limited to the coverage of identified risks, the Company and its subsidiaries use the term *hedging instruments* to refer to derivative financial instruments.

As mentioned in the section *Risk Management and Financial Instruments Governance*, the Committee monitors compliance with the risk standards established by the Policy through a risk map, including the use of hedging instruments, on a monthly basis. In addition, the internal audit department verifies the compliance with the requirements of the Policy.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

The table below summarizes the position of hedging instruments entered into by the Company and its subsidiaries:

| Hedging instruments                                     | Maturity             | Notional amount <sup>(1)</sup> |              | Fair value     |                | Amounts     | Amounts     |
|---|----------------------|--------------------------------|--------------|----------------|----------------|-------------|-------------|
|   |                      | 03/31/2018                     | 12/31/2017   | 03/31/2018     | 12/31/2017     | receivable  | payable     |
|   |                      |                                |              | R\$<br>million | R\$<br>million | 03/31/2018  | 03/31/2018  |
|   |                      |                                |              | R\$<br>million | R\$<br>million | R\$ million | R\$ million |
| Designated as hedge accounting                          |                      |                                |              |                |                |             |             |
| <b>a Exchange rate swaps receivable in U.S. dollars</b> |                      |                                |              |                |                |             |             |
| Receivables in U.S. dollars (LIBOR)                     |                      | US\$ 240.0                     | US\$ 240.0   | 796.2          | 788.6          | 796.2       |             |
| Receivables in U.S. dollars (Fixed)                     | Apr 2018 to Jun 2022 | US\$ 104.2                     | US\$ 203.6   | 342.8          | 665.6          | 342.8       |             |
| Payables in CDI interest rate                           |                      | US\$ (344.2)                   | US\$ (443.6) | (1,234.9)      | (1,568.6)      |             | 1,234.9     |
| Total result  |                      |                                |              | (95.9)         | (114.4)        | 1,139.0     | 1,234.9     |
| <b>b Interest rate swaps in Brazilian Reais</b>         |                      |                                |              |                |                |             |             |
| Receivables in fixed interest rates + IPCA              | Apr 2024 to Oct 2024 | R\$ 566.1                      | R\$ 566.1    | 599.0          | 583.3          | 599.0       |             |
| Payables in CDI interest rates                          |                      | R\$ (566.1)                    | R\$ (566.1)  | (595.3)        | (586.6)        |             | 595.3       |
| Total result  |                      |                                |              | 3.7            | (3.3)          | 599.0       | 595.3       |
| Not designated as hedge accounting                      |                      |                                |              |                |                |             |             |
| <b>c Exchange rate swaps receivable in U.S. dollars</b> |                      |                                |              |                |                |             |             |
|   |                      | US\$ 60.0                      | US\$ 60.0    | 197.0          | 195.7          | 197.0       |             |

|   |                      |              |              |         |         |         |  |         |
|---|----------------------|--------------|--------------|---------|---------|---------|--|---------|
| Receivables in U.S. dollars (LIBOR)                           | Jun 2020 to Oct 2026 |              |              |         |         |         |  |         |
| Receivables in U.S. dollars (Fixed)                           |                      | US\$ 753.0   | US\$ 753.0   | 228.8   | 157.5   | 228.8   |  |         |
| Payables in CDI interest rate                                 |                      | US\$ (813.0) | US\$ (813.0) | (355.1) | (308.8) |         |  | 355.1   |
| <b>Total result</b>   |                      |              |              | 70.7    | 44.4    | 425.8   |  | 355.1   |
| <b>d Exchange rate swaps payable in U.S. dollars + COUPON</b> |                      |              |              |         |         |         |  |         |
| Receivables in CDI interest rates                             | Apr 2018 to Jun 2018 | US\$ 8.2     | US\$ 9.1     | 26.8    | 29.9    | 26.8    |  |         |
| Payables in U.S. dollars (Fixed)                              |                      | US\$ (8.2)   | US\$ (9.1)   | (27.0)  | (29.8)  |         |  | 27.0    |
| <b>Total result</b>   |                      |              |              | (0.2)   | 0.1     | 26.8    |  | 27.0    |
| <b>Total gross result</b>                                     |                      |              |              | (21.7)  | (73.2)  | 2,190.6 |  | 2,212.3 |
| Income tax  |                      |              |              | (7.6)   | (4.7)   | (7.6)   |  |         |
| <b>Total net result</b>                                       |                      |              |              | (29.3)  | (77.9)  | 2,183.0 |  | 2,212.3 |
| Positive result (see Note 4)                                  |                      |              |              | 149.5   | 85.8    |         |  |         |
| Negative result (see Note 15)                                 |                      |              |              | (178.8) | (163.7) |         |  |         |

(1) In million. Currency as indicated.

All transactions mentioned above were properly registered with CETIP S.A.

---

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

Hedging instruments existing as of December 31, 2017 are described below, according to their category, risk, and hedging strategy:

a Hedging against foreign exchange exposure of liabilities in foreign currency The purpose of these contracts is (i) to offset the effect of the change in exchange rates of debts or firm commitments in U.S. dollars by converting them into debts or firm commitments in Brazilian Reais linked to CDI, (ii) firm commitments in U.S. dollars, changing them into debts or firm commitments in Reais indexed to the CDI and (iii) change a financial investment linked to the CDI and given as a guarantee to a loan in the U.S. dollar into a financial investment linked to the U.S. dollar. As of March 31, 2018, the Company and its subsidiaries had outstanding swap contracts totaling US\$ 1,157.2 million in notional amount with a liability position, on average of 82.9% of CDI, of which US\$ 124.2 million, had an asset position at US\$ + 2.11% p.a., US\$ 300.0 million had an asset position at US\$ + LIBOR + 1.29% p.a. and US\$ 733.0 million in interest rate swap with an asset position at US\$ + 5.65% p.a. This amount includes US\$ 320.0 million related to the fair value of hedging instruments of Ipiranga's debt (see Notes 15.c and hedge accounting below) and US\$ 24.2 million related to hedging instruments of cash flow of firm commitment (see hedge accounting below).

b Hedging against foreign exchange exposure of operations The purpose of these contracts is to make the exchange rate of the revenues of subsidiaries Oleoquímica, Oxiteno S.A. and Oxiteno Nordeste equal to the exchange rate of the cost of their main raw materials during their operating cycles. As of March 31, 2018, these swap contracts totaled US\$ 8.2 million and, on average, had an asset position at 54.3% of CDI and a liability position at US\$ + 0.0% p.a.

c Hedging against fixed interest rate + IPCA in Brazilian Reais The purpose of this contract is to change fixed interest rate + IPCA of debentures issued in Brazilian Reais to floating interest. As of March 31, 2018 this swap contract totaled R\$ 566.1 million of notional amount, corresponding to the principal amount of the debt and had an asset position at 4.55% p.a. + IPCA and a liability position at 95.2% of CDI.

**Hedge Accounting**

The Company and its subsidiaries use derivative and non-derivative financial instruments for hedging purposes and test, throughout the duration of the hedge, their effectiveness, as well as the changes in their fair value.

**Fair value hedge**

The Company and its subsidiaries designate as fair value hedges certain financial instruments used to offset the variations in interest and exchange rates, which are based on the market value of financing contracted in Brazilian Reais and U.S. dollars.

On March 31, 2018, the notional amount of foreign exchange hedging instruments designated as fair value hedge totaled US\$ 320.0 million. In 2018, a loss of R\$ 1.7 million related to the result of hedging instruments, a loss of R\$ 1.0 million related to the fair value adjustment of debt, and a loss of R\$ 12.7 million related to the financial expense of the debt were recognized in the income statements, transforming the average effective cost of the operation into 102.7% of CDI (see Note 15.c.1).

On March 31, 2018, the notional amount of interest rate hedging instruments designated as fair value hedges totaled R\$ 566.1 million. As of March 31, 2018, a gain of R\$ 7.0 million related to the result of hedging instruments, a loss of R\$ 12.8 million related to the fair value adjustment of debt, and a loss of R\$ 12.6 million related to the financial expense of the debt were recognized in the income statements, transforming the average effective cost of the operations into 95.2% of CDI.

#### Cash flow hedge

The Company and its subsidiaries designate, as cash flow hedge of firm commitment and highly probable transactions, derivative financial instruments to hedge firm commitments and non-derivative financial instruments to hedge highly probable future transactions, to hedge against fluctuations arising from changes in exchange rate.

On March 31, 2018, the notional amount of exchange rate hedging instruments of firm commitments designated as cash flow hedges totaled US\$ 24.2 million, and a loss of R\$ 10.5 million was recognized in the income statement. On March 31, 2018, the unrealized gain of Other comprehensive income is R\$ 0.8 million (gain of R\$ 5.3 million on December 31, 2017), net of deferred income and social contribution taxes.



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

On March 31, 2018, the notional amount of foreign exchange hedging instruments for highly probable future transactions designated as fair value hedge, related to notes in the foreign market totaled US\$ 570.0 million. On March 31, 2018, the unrealized loss of Other comprehensive income is R\$ 36.4 million (loss of R\$ 30.5 million on December 31, 2017), net of deferred income and social contribution taxes.

**Net investment hedge in foreign entities**

The Company and its subsidiaries designate, as net investment hedge in foreign entities, notes in the foreign market, for hedging net investment in foreign entities, to offset changes in exchange rates.

On March 31, 2018, the balance of foreign exchange hedging instruments designated as net investments hedge in foreign entities, related to part of the investments made in entities which functional currency is other than the Brazilian Real, totaled US\$ 103.0 million. On March 31, 2018, the unrealized loss of Other comprehensive income is R\$ 7.3 million (loss of R\$ 6.2 million on December 31, 2017), net of deferred income and social contribution taxes. The effects of exchange rate changes on investments and hedging instruments were offset in shareholders' equity.

**Gains (losses) on Hedging Instruments**

The following tables summarize the value of gains (losses) recognized, which affected the shareholders' equity of the Company and its subsidiaries:

|   | <b>R\$ million</b>    |               |
|---|-----------------------|---------------|
|   | <b>03/31/2018</b>     |               |
|   | <b>Profit or loss</b> | <b>Equity</b> |
| a Exchange rate swaps receivable in U.S. dollars (i) (ii) | 26.8                  | 0.8           |
| b Exchange rate swaps payable in U.S. dollars (ii)        | 0.1                   |               |
| c Interest rate swaps in R\$ (iii)                        | (5.9)                 |               |
| d Non-derivative financial instruments (iv)               | 21.5                  | (43.7)        |
| <b>Total</b>  | <b>42.5</b>           | <b>(42.9)</b> |

**R\$ million**

|   | 03/31/2018           | 12/31/2017 |
|---|----------------------|------------|
|   | Profit<br>or<br>loss | Equity     |
| a Exchange rate swaps receivable in U.S. dollars (i) (ii) | (19.7)               | 5.3        |
| b Exchange rate swaps payable in U.S. dollars (ii)        | 3.4                  |            |
| c Interest rate swaps in R\$ (iii)                        |                      |            |
| d Non-derivative financial instruments (iv)               | (3.5)                | (36.7)     |
| <b>Total</b>  | (19.8)               | (31.4)     |

- (i) Does not consider the effect of exchange rate variation of exchange swaps receivable in U.S. dollars when this effect is offset in the gain or loss of the hedged item (debt/firm commitments).
- (ii) Considers the designation effect of foreign exchange hedging.
- (iii) Considers the designation effect of interest rate hedging in Brazilian Reais.
- (iv) Considers the results of notes in the foreign market.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***Fair Value of Financial Instruments**

The fair values and the carrying values of the financial instruments, including currency and interest rate hedging instruments, are stated below:

| Category  | Note  | 03/31/2018     |            | 12/31/2017<br>Restated |            |           |
|---|---|----------------|------------|------------------------|------------|-----------|
|   |   | Carrying value | Fair value | Carrying value         | Fair value |           |
| Financial assets:                                     |   |                |            |                        |            |           |
| Cash and cash equivalents                             |   |                |            |                        |            |           |
| Cash and bank deposits                                | Measured at amortized cost                                | 4              | 220,958    | 220,958                | 147,926    | 147,926   |
| Financial investments in local currency               | Measured at fair value through other comprehensive income | 4              | 4,386,481  | 4,386,481              | 4,821,605  | 4,821,605 |
| Financial investments in foreign currency             | Measured at fair value through profit or loss             | 4              | 60,190     | 60,190                 | 32,473     | 32,473    |
| Financial investments:                                |   |                |            |                        |            |           |
| Fixed-income securities and funds in local currency   | Measured at fair value through profit or loss             | 4              | 1,125,022  | 1,125,022              | 1,076,849  | 1,076,849 |
| Fixed-income securities and funds in local currency   | Measured at fair value through other comprehensive income | 4              | 2,831      | 2,831                  | 2,720      | 2,720     |
| Fixed-income securities and funds in local currency   | Measured at amortized cost                                | 4              | 74,321     | 74,321                 | 73,471     | 73,471    |
| Fixed-income securities and funds in foreign currency | Measured at fair value through other comprehensive income | 4              | 219,991    | 219,991                | 129,131    | 129,131   |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|  |   |    |            |            |            |            |
|--|---|----|------------|------------|------------|------------|
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 4  | 149,468    | 149,468    | 85,753     | 85,753     |
| Total  |   |    | 6,239,262  | 6,239,262  | 6,369,928  | 6,369,928  |
| <b>Financial liabilities:</b>                  |   |    |            |            |            |            |
| Financing                                      | Measured at fair value through profit or loss | 15 | 1,055,193  | 1,055,193  | 1,047,809  | 1,047,809  |
| Financing                                      | Measured at amortized cost                    | 15 | 6,901,552  | 6,849,590  | 6,740,872  | 6,761,907  |
| Debentures                                     | Measured at amortized cost                    | 15 | 6,016,628  | 6,017,641  | 5,035,247  | 5,037,072  |
| Debentures                                     | Measured at fair value through profit or loss | 15 | 580,213    | 580,213    | 554,402    | 554,402    |
| Finance leases                                 | Measured at amortized cost                    | 15 | 47,893     | 47,893     | 48,515     | 48,515     |
| Currency and interest rate hedging instruments | Measured at fair value through profit or loss | 15 | 178,832    | 178,832    | 163,749    | 163,749    |
| Subscription warrants indemnification          | Measured at fair value through profit or loss | 24 | 169,865    | 169,865    | 171,459    | 171,459    |
| Total  |   |    | 14,950,176 | 14,899,227 | 13,762,053 | 13,784,913 |

**Table of Contents**

**Ultrapar Participações S.A. and Subsidiaries**

**Notes to the Individual and Consolidated Interim Financial Information**

*(In thousands of Brazilian Reais, unless otherwise stated)*

The fair value of financial instruments, including currency and interest hedging instruments, was determined as follows:

The fair value of cash and bank deposit balances are identical to their carrying values.

Financial investments in investment funds are valued at the value of the fund unit as of the date of the interim financial information, which corresponds to their fair value.

Financial investments in CDBs (Bank Certificates of Deposit) and similar investments offer daily liquidity through repurchase at the yield curve and the Company calculates their fair value through methodologies commonly used for mark to the market.

The fair value of trade receivables and trade payables are approximate to their carrying values.

The subscription warrants indemnification were measured based on the share price of Ultrapar (UGPA3) at the interim financial information date and are adjusted to the Company's dividend yield, since the exercise is only possible starting in 2020 onwards and they are not entitled to dividends until then. The number of shares of subscription warrants indemnification is also adjusted according to the changes in the amounts of provision for tax, civil, and labor risks and contingent liabilities related to the period prior to January 31, 2014. (See Note 24).

The fair value calculation of notes in the foreign market (see Note 15.b) is based on the quoted price in an active market.

The fair value of other financial investments and financing was determined using calculation methodologies commonly used for mark-to-market reporting, which consist of calculating future cash flows associated with each instrument adopted and adjusting them to present value at the market rates as of March 29, 2018 and December 31, 2017. For some cases where there is no active market for the financial instrument, the Company and its subsidiaries can use quotes provided by the transaction counterparties.

The interpretation of market information on the choice of calculation methodologies for the fair value requires considerable judgment and estimates to obtain a value deemed appropriate to each situation. Consequently, the estimates presented do not necessary indicate the amounts that may be realizable in the current market.

Financial instruments were classified as financial assets or liabilities measured at amortized cost, except (i) all exchange rate and interest rate hedging instruments, which are measured at fair value through profit or loss, (ii) financial investments classified as measured at fair value through profit or loss, (iii) financial investments that are classified as measured at fair value through other comprehensive income (see Note 4), (iv) loans and financing measured at fair value through profit or loss (see Note 15), (v) guarantees to customers that have vendor arrangements (see Note 15.k), which are measured at fair value through profit or loss, and (vi) subscription warrants indemnification, which are measured at fair value through profit or loss (see Note 24). Cash, banks, and trade receivables are classified as measured at amortized cost. Trade payables and other payables are classified as financial liabilities measured at amortized cost.

### **Fair Value Hierarchy of Financial Instruments**

The financial instruments are classified in the following categories:

- (a) Level 1 prices negotiated (without adjustment) in active markets for identical assets or liabilities;
- (b) Level 2 inputs other than prices negotiated in active markets included in Level 1 and observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (c) Level 3 inputs for the asset or liability which are not based on observable market variables (unobservable inputs).

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

The table below shows a summary of the financial assets and financial liabilities measured at fair value:

|   | Category  | Note | 03/31/2018       | Level 1          | Level 2          | Level 3 |
|---|---|------|------------------|------------------|------------------|---------|
| <b>Financial assets:</b>                              |   |      |                  |                  |                  |         |
| Cash equivalents                                      |   |      |                  |                  |                  |         |
| Cash and banks  | Measured at amortized cost                                | 4    | 220,958          | 220,958          |                  |         |
| Financial investments in local currency               | Measured at fair value through other comprehensive income | 4    | 4,386,481        |                  | 4,386,481        |         |
| Financial investments in foreign currency             | Measured at fair value through profit or loss             | 4    | 60,190           | 60,190           |                  |         |
| <b>Financial investments:</b>                         |   |      |                  |                  |                  |         |
| Fixed-income securities and funds in local currency   | Measured at fair value through profit or loss             | 4    | 1,125,022        | 1,125,022        |                  |         |
| Fixed-income securities and funds in local currency   | Measured at fair value through other comprehensive income | 4    | 2,831            |                  | 2,831            |         |
| Fixed-income securities and funds in local currency   | Measured at amortized cost                                | 4    | 74,321           |                  | 74,321           |         |
| Fixed-income securities and funds in foreign currency | Measured at fair value through other comprehensive income | 4    | 219,991          | 37,692           | 182,299          |         |
| Currency and interest rate hedging instruments        | Measured at fair value through profit or loss             | 4    | 149,468          |                  | 149,468          |         |
| <b>Total</b>  |   |      | <b>6,239,262</b> | <b>1,443,862</b> | <b>4,795,400</b> |         |
| <b>Financial liabilities:</b>                         |   |      |                  |                  |                  |         |
| Financing   |   |      |                  |                  |                  |         |
| Financing   | Measured at fair value through profit or loss             | 15   | 1,055,193        |                  | 1,055,193        |         |
| Financing   | Measured at amortized cost                                | 15   | 6,849,590        | 2,464,462        | 4,385,128        |         |
| Debentures  | Measured at amortized cost                                | 15   | 6,017,641        |                  | 6,017,641        |         |
| Debentures  | Measured at fair value through profit or loss             | 15   | 580,213          |                  | 580,213          |         |
| Finance leases  | Measured at amortized cost                                | 15   | 47,893           |                  | 47,893           |         |
|   |   | 15   | 178,832          |                  | 178,832          |         |

|  |   |    |            |            |
|--|---|----|------------|------------|
| Currency and interest rate hedging instruments       | Measured at fair value through profit or loss |    |            |            |
| Subscription warrants indemnification <sup>(1)</sup> | Measured at fair value through profit or loss | 24 | 169,865    | 169,865    |
| <b>Total</b>   |   |    | 14,899,227 | 2,464,462  |
|  |   |    |            | 12,434,765 |



**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

|   | Category  | Note | 12/31/2017 | Level 1   | Level 2   | Level 3 |
|---|---|------|------------|-----------|-----------|---------|
| <b>Financial assets:</b>                              |   |      |            |           |           |         |
| Cash equivalents                                      |   |      |            |           |           |         |
| Cash and banks  | Measured at amortized cost                                | 4    | 147,926    | 147,926   |           |         |
| Financial investments in local currency               | Measured at fair value through profit or loss             | 4    | 4,821,605  |           | 4,821,605 |         |
| Financial investments in foreign currency             | Measured at fair value through profit or loss             | 4    | 32,473     | 32,473    |           |         |
| <b>Financial investments:</b>                         |   |      |            |           |           |         |
| Fixed-income securities and funds in local currency   | Measured at fair value through profit or loss             | 4    | 1,076,849  | 1,076,849 |           |         |
| Fixed-income securities and funds in local currency   | Measured at fair value through other comprehensive income | 4    | 2,720      |           | 2,720     |         |
| Fixed-income securities and funds in local currency   | Measured at amortized cost                                | 4    | 73,471     |           | 73,471    |         |
| Fixed-income securities and funds in foreign currency | Measured at fair value through other comprehensive income | 4    | 129,131    | 40,556    | 88,575    |         |
| Currency and interest rate hedging instruments        | Measured at fair value through profit or loss             | 4    | 85,753     |           | 85,753    |         |
| <b>Total</b>  |   |      | 6,369,928  | 1,297,804 | 5,072,124 |         |
| <b>Financial liabilities:</b>                         |   |      |            |           |           |         |
| Financing   |   |      |            |           |           |         |
| Financing   | Measured at fair value through profit or loss             | 15   | 1,047,809  |           | 1,047,809 |         |
| Financing   | Measured at amortized cost                                | 15   | 6,761,907  | 2,523,643 | 4,238,264 |         |
| Debentures  | Measured at amortized cost                                | 15   | 5,037,072  |           | 5,037,072 |         |
| Debentures  | Measured at fair value through profit or loss             | 15   | 554,402    |           | 554,402   |         |
| Finance leases  | Measured at amortized cost                                | 15   | 48,515     |           | 48,515    |         |
| Currency and interest rate hedging instruments        | Measured at fair value through profit or loss             | 15   | 163,749    |           | 163,749   |         |
| Subscription warrants indemnification <sup>(1)</sup>  | Measured at fair value through profit or loss             | 24   | 171,459    |           | 171,459   |         |

|              |            |           |            |
|--------------|------------|-----------|------------|
| <b>Total</b> | 13,784,913 | 2,523,643 | 11,261,270 |
|--------------|------------|-----------|------------|

(1) Refers to subscription warrants issued by the Company in the Extrafarma acquisition. The fair value of trade receivables and trade payables are classified as level 2.

### **Sensitivity Analysis**

The Company and its subsidiaries use derivative financial instruments only to hedge against identified risks and in amounts consistent with the risk (limited to 100% of the identified risk). Thus, for purposes of sensitivity analysis of market risks associated with financial instruments, as required by CVM Instruction 475/08, the Company analyzes the hedging instrument and the hedged item together, as shown on the charts below.

For the sensitivity analysis of foreign exchange hedging instruments, management adopted as a likely scenario the Real/U.S. dollar exchange rates at maturity of each swap, projected by U.S dollar futures contracts quoted on B3 as of March 29, 2018. As a reference, the exchange rate for the last maturity of foreign exchange hedging instruments is R\$ 5.15 in the likely scenario. Scenarios II and III were estimated with a 25% and 50% additional appreciation or depreciation of the Brazilian Real against the likely scenario, according to the risk to which the hedged item is exposed.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

Based on the balances of the hedging instruments and hedged items as of March 29, 2018, the exchange rates were replaced, and the changes between the new balance in Brazilian Reais and the original balance in Brazilian Reais as of March 29, 2018 were calculated in each of the three scenarios. The table below shows the change in the values of the main derivative instruments and their hedged items, considering the changes in the exchange rate in the different scenarios:

|  |                   | <b>Scenario<br/>I<br/>(likely)</b> | <b>Scenario<br/>II</b> | <b>Scenario<br/>III</b> |
|--|-------------------|------------------------------------|------------------------|-------------------------|
|  | <b>Risk</b>       |                                    |                        |                         |
| <b>Currency swaps receivable in U.S. dollars</b> |                   |                                    |                        |                         |
| (1) U.S. Dollar / Real swaps                     | Dollar            | 138,077                            | 543,245                | 948,413                 |
| (2) Debts/firm commitments in dollars            | appreciation      | (138,065)                          | (543,213)              | (948,360)               |
| <b>(1)+(2)</b>                                   | <b>Net effect</b> | 12                                 | 32                     | 53                      |
| <b>Currency swaps payable in U.S. dollars</b>    |                   |                                    |                        |                         |
| (3) Real / U.S. Dollar swaps                     | Dollar            | 103                                | 6,882                  | 13,662                  |
| (4) Gross margin of Oxiteno                      | devaluation       | (103)                              | (6,882)                | (13,662)                |
| <b>(3)+(4)</b>                                   | <b>Net effect</b> |                                    |                        |                         |

For sensitivity analysis of hedging instruments for interest rates in Brazilian Reais, the Company used the futures curve of the DI x Pre contract quoted on B3 as of March 29, 2018 for each of the swap and debt (hedged item) maturities, to determine the likely scenarios. Scenarios II and III were estimated based on a 25% and 50% deterioration, respectively, of the likely scenario pre-fixed interest rate.

Based on the three scenarios of interest rates in Brazilian Reais, the Company estimated the values of its debt and hedging instruments according to the risk which is being hedged (variations in the pre-fixed interest rates in Brazilian Reais), by projecting them to future value at the contracted rates and bringing them to present value at the interest rates of the estimated scenarios. The result are shown in the table below:

**Risk**

|  |                   |            | <b>Scenario<br/>I (likely)</b> | <b>Scenario<br/>II</b> | <b>Scenario<br/>III</b> |           |
|--|-------------------|------------|--------------------------------|------------------------|-------------------------|-----------|
| <b>Interest rate swap (in Brazilian Reais)</b> | <b>Debentures</b> | <b>CRA</b> |                                |                        |                         |           |
| (1) Fixed rate swap                            | CDI               |            | Decrease in                    | 12,865                 | 86,754                  | 172,793   |
| (2) Fixed rate debt                            |                   |            | Pre-fixed rate                 | (12,865)               | (86,754)                | (172,793) |
| <b>(1) + (2)</b>                               |                   |            | Net effect                     |                        |                         |           |

### 34. Commitments (Consolidated)

#### a. Contracts

i) Subsidiary Tequimar has agreements with CODEBA and Complexo Industrial Portuário Governador Eraldo Gueiros, in connection with its port facilities in Aratu and Suape, respectively. Such agreements establish a minimum cargo movement of products, as shown below:

| <b>Port</b> | <b>Minimum movement<br/>in tons per year</b> | <b>Maturity</b> |
|-------------|--|-----------------|
| Aratu       | 397,000                                      | 2031            |
| Aratu       | 900,000                                      | 2022            |
| Suape       | 250,000                                      | 2027            |
| Suape       | 400,000                                      | 2029            |

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)*

If the annual movement is less than the minimum contractual movement, the subsidiary is liable to pay the difference between the effective movement and the minimum contractual movement, based on the port tariff rates in effect on the date established for payment. As of March 31, 2018, these rates were R\$ 6.99 per ton for Aratu and R\$ 2.54 per ton for Suape. The subsidiary has met the minimum cargo movement required since the beginning of the contractual agreements.

ii) Subsidiary Oxiteno Nordeste has a supply agreement with Braskem S.A. which establishes a minimum annually consumption level of ethylene, and conditions for the supply of ethylene until 2021. The minimum purchase commitment clause provided for a minimum annual consumption of 205 thousand tons in 2018. Should the minimum purchase commitment not be met, the subsidiary would be liable for a fine based on the current ethylene price for the quantity not purchased. According to contractual conditions and tolerances, there are no material issues regarding the minimum purchase commitment.

iii) Subsidiary Oxiteno S.A. has a supply agreement with Braskem S.A., valid until 2023, which establishes and regulates the conditions for supply of ethylene to Oxiteno based on the international market for this product. The minimum purchase is 22,050 tons of ethylene semiannually. Should the minimum purchase commitment not be met, the subsidiary would be liable for a fine based on the current ethylene price for the quantity not purchased. According to contractual conditions and tolerances, there are no material issues regarding the minimum purchase commitment.

***b. Insurance Coverage in Subsidiaries***

The Company maintains insurance policies with the objective of covering several risks to which it is exposed, including loss of profits, losses and damage from fire, lightning, explosion of any kind, gale, aircraft crash, electric damage, and other risks, covering the industrial plants and distribution bases and branches of all subsidiaries. The maximum compensation values based on the risk analysis of certain locations are shown below:

|            | <b>Maximum<br/>compensation<br/>value (*)</b> |
|------------|---|
| Oxiteno    | US\$ 1,142                                    |
| Ipiranga   | R\$ 989                                       |
| Ultracargo | R\$ 740                                       |
| Ultragaz   | R\$ 150                                       |

(\* In millions. In accordance with policy conditions.

The General Liability Insurance program covers the Company and its subsidiaries with a maximum aggregate coverage of US\$ 400 million against losses caused to third parties as a result of accidents related to commercial and industrial operations and/or distribution and sale of products and services.

The Company maintains liability insurance policies for directors and executive officers (D&O) to indemnify the members of the Board of Directors, fiscal council and executive officers of Ultrapar and its subsidiaries ( Insured ) in the total amount of US\$ 80 million, which cover any of the Insured liabilities resulting from wrongful acts, including any act or omission committed or attempted, except if the act, omission or the claim is consequence of gross negligence or willful misconduct.

In addition, group life and personal accident, health and national and international transportation and other insurance policies are also maintained.

The coverage and limit of the insurance policies are based on a careful study of risks and losses conducted by independent insurance advisors. The type of insurance is considered by management to be sufficient to cover potential losses based on the nature of the business conducted by the companies.

**Table of Contents****Ultrapar Participações S.A. and Subsidiaries****Notes to the Individual and Consolidated Interim Financial Information***(In thousands of Brazilian Reais, unless otherwise stated)***c. Operating Lease Contracts**

Subsidiaries Cia. Ultragaz, Bahiana, Tequimar, Serma, and Oxiteno S.A. have operating lease contracts for the use of IT equipment. These contracts have terms from 36 to 48 months. The subsidiaries have the option to purchase the assets at a price equal to the fair market price on the date of option, and management does not intend to exercise such option. Subsidiaries Cia. Ultragaz and Bahiana have operating lease contracts related to vehicles in their fleet. These contracts have terms of 24 to 60 months and there is no purchase option. The future disbursements (installments), assumed under these contracts, amount approximately to:

|            | <b>Up to 1 year</b> | <b>Between 1 and<br/>5 years</b> | <b>More than<br/>5 years</b> | <b>Total</b> |
|------------|---------------------|----------------------------------|------------------------------|--------------|
| 03/31/2018 | 27,696              | 41,082                           |                              | 68,778       |

The subsidiaries IPP, Extrafarma, and Cia. Ultragaz have operating lease contracts related to land and building of service stations, drugstores, and stores, respectively. The future disbursements and receipts (installments), arising from these contracts, amount approximately to:

|            |            | <b>Up to 1 year</b> | <b>Between 1 and<br/>5 years</b> | <b>More than<br/>5 years</b> | <b>Total</b> |
|------------|------------|---------------------|----------------------------------|------------------------------|--------------|
| 03/31/2018 | payable    | 170,156             | 540,053                          | 453,708                      | 1,163,917    |
|            | receivable | (60,312)            | (178,027)                        | (142,607)                    | (380,946)    |

The expense recognized for the three-month period ended March 31, 2018 for operating leases was R\$ 39,464 (R\$ 27,201 for the three-month period ended March 31, 2017), net of sublease income.

Table of Contents

## MD&amp;A ANALYSIS OF CONSOLIDATED EARNINGS

## First quarter of 2018

| (R\$ million)  | 1Q18         | 1Q17         | 4Q17           | D           |             |
|--|--------------|--------------|----------------|-------------|-------------|
|  |              |              |                | 1Q18 X 1Q17 | 1Q18 X 4Q17 |
| Net revenue from sales and services                                  | 20,751.1     | 18,544.6     | 21,347.6       | 12%         | -3%         |
| Cost of products and services sold                                   | (19,229.8)   | (16,987.5)   | (19,543.5)     | 13%         | -2%         |
| Gross profit   | 1,521.3      | 1,557.1      | 1,804.1        | -2%         | -16%        |
| Selling, marketing, general and administrative expenses              | (1,044.0)    | (959.7)      | (1,045.3)      | 9%          | 0%          |
| Other operating income, net  | (262.7)      | 56.3         | (19.3)         | -566%       | 1262%       |
| Gain on disposal of property, plant and equipment and intangibles    | (2.2)        | (6.4)        | (1.5)          | -65%        | 50%         |
| Operating income   | 212.3        | 647.3        | 738.0          | -67%        | -71%        |
| Financial expenses, net  | (107.0)      | (121.2)      | (119.4)        | -12%        | -10%        |
| Share of profit of joint ventures and associates                     | (3.0)        | 6.4          | 4.6            | -146%       | -165%       |
| Income before income and social contribution taxes                   | 102.4        | 532.6        | 623.1          | -81%        | -84%        |
| Income and social contribution taxes current and deferred            | (46.0)       | (185.4)      | (255.3)        | -75%        | -82%        |
| Income and social contribution taxes tax incentives                  | 16.5         | 7.5          | 21.6           | 119%        | -24%        |
| Net income   | 72.9         | 354.7        | 389.4          | -79%        | -81%        |
| Net income attributable to Ultrapar                                  | 73.9         | 352.6        | 393.7          | -79%        | -81%        |
| Net income attributable to non-controlling interests in subsidiaries | (1.0)        | 2.1          | (4.3)          | -147%       | -77%        |
| <b>Adjusted EBITDA</b>   | <b>508.1</b> | <b>947.0</b> | <b>1,046.9</b> | <b>-46%</b> | <b>-51%</b> |
| Volume LPG sales (000 tons)  | 410.1        | 414.5        | 425.7          | -1%         | -4%         |
| Volume Fuels sales (000 m <sup>3</sup> )                             | 5,461.0      | 5,553.8      | 5,907.6        | -2%         | -8%         |
| Volume Chemicals sales (000 tons)                                    | 180.0        | 195.8        | 201.3          | -8%         | -11%        |



**Table of Contents****Considerations on the financial and operational 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 information on Ipiranga, Oxiteno, Ultragas, Ultracargo and Extrafarma is reported without the elimination of intercompany transactions. Therefore, the sum of such information may not correspond to Ultrapar's consolidated information. Additionally, the financial and operational information presented in this document is subject to rounding and consequently the total amounts presented in the tables and charts may differ from the direct sum of the amounts that precede them. Except when otherwise indicated, the information presented in this document compares 1Q18 to 1Q17.

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 March 31, 2018 and in the financial spreadsheets, both available from the Ultrapar website (ri.ultra.com.br).

Information denominated 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 527 of October 04, 2012. Shown below the calculation of EBITDA, based on net earnings:

| <b>R\$ million</b>   | <b>1Q18</b>  | <b>1Q17<sup>1</sup></b> | <b>4Q17<sup>1</sup></b> |
|--|--------------|-------------------------|-------------------------|
| <b>Net income</b>  | 72.9         | 354.7                   | 389.4                   |
| (+) Income and social contribution taxes   | 29.5         | 177.9                   | 233.7                   |
| (+) Financial result   | 107.0        | 121.2                   | 119.4                   |
| (+) Depreciation and amortization  | 194.2        | 165.0                   | 187.5                   |
| <b>EBITDA</b>  | <b>403.6</b> | <b>818.8</b>            | <b>930.1</b>            |
| <b>Adjustments</b>   |              |                         |                         |
| (+) Amortization of contractual assets with customers' exclusive rights (Ipiranga) | 104.5        | 128.2                   | 116.9                   |
| <b>Adjusted EBITDA</b>   | <b>508.1</b> | <b>947.0</b>            | <b>1,046.9</b>          |

<sup>1</sup> 1Q17 and 4Q17 proforma amounts, contemplating the adoption of IFRS 9 and 15, as mentioned previously for comparison purposes.

**Table of Contents****Ultrapar**

|  | 1Q18   | 1Q17   | 4Q17   | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|--|--------|--------|--------|----------------------|----------------------|
| Net sales and services   | 20,751 | 18,545 | 21,348 | 12%                  | (3%)                 |
| Net earnings <sup>1</sup>  | 73     | 355    | 389    | (79%)                | (81%)                |
| Earnings per share attributable to the shareholders <sup>2</sup> | 0.14   | 0.65   | 0.72   | (79%)                | (81%)                |
| Adjusted EBITDA  | 508    | 947    | 1,047  | (46%)                | (51%)                |
| Adjusted EBITDA ex-nonrecurring items <sup>3</sup>               | 794    | 898    | 1,047  | (12%)                | (24%)                |
| Investments  | 604    | 485    | 798    | 24%                  | (24%)                |

Amounts in R\$ million (except EPS)

<sup>1</sup> Under IFRS, consolidated net earnings includes net earnings attributable to non-controlling shareholders of the controlled companies

<sup>2</sup> Calculated in Reais based on the weighted average of the number of shares over the period, net of shares held in treasury

<sup>3</sup> Adjusted EBITDA and excluding the R\$ 286 million fine following the decision of CADE to reject the acquisition of Liquigás. In the annual comparison, the EBITDA of 1Q17 does not consider the reversal of provision in the amount of R\$ 49 million reported

**Net revenues** Total of R\$ 20,751 million (+12%) due to growth in revenues at all the businesses. Compared with 4Q17, net revenues reported a drop of 3% due to lower revenues at all the businesses with the exception of Extrafarma.

**Adjusted EBITDA** Total of R\$ 508 million (-46%) due to reduced EBITDA at Ultragas, affected by the payment of a R\$ 286 million fine following CADE's decision not to approve the acquisition of Liquigás, as well as the reduction in EBITDA at all the businesses with the exception of Ultracargo. It should be pointed out that Oxiteno's EBITDA was affected by the reversal of a provision in 1Q17 in the amount of R\$ 49 million. Compared with 4Q17, EBITDA was down 51%, with a reduction at all the businesses except Ultracargo, the comparison also being effected by the payment of the fine. In comparable basis, Adjusted EBITDA excluding non-recurrent items presented a drop of 12% over 1Q17.

**Depreciation and amortization<sup>4</sup>** Total of R\$ 299 million (+2%) due to the investments over the past 12 months, with particular emphasis on the expansion of the Ipiranga service station and Extrafarma drugstore networks as well as preparations for the operational startup of the new Oxiteno plant in Pasadena. Compared with 4Q17, depreciation and amortization costs and expenses were down by 2%.

**Financial results** Ultrapar reported a net debt on March 31, 2018 of R\$ 8.5 billion (2.4x LTM Adjusted EBITDA) compared with R\$ 6.3 billion on March 31, 2017 (1.5x LTM Adjusted EBITDA), principally due to the lower EBITDA in the quarter, affected by the fine of R\$ 286 million related to Liquigás' acquisition, and higher investments

in the period. Ultrapar's net financial expense was R\$ 107 million, R\$ 14 million less than compared with 1Q17, due to the lower CDI Interbank Rate on a year-over-year comparison, despite the higher net debt, exchange rate effects between periods and the effect of the reversal of the provision resulting from the exclusion of ICMS from the base for calculating PIS/Cofins charges in 1Q17. Compared with 4Q17, the net financial expense was down R\$ 12 million due to the decline of CDI between quarters, in spite of higher net debt, and the exchange rate effects between periods.

**Net earnings** Total of R\$ 73 million (-79%) due to the reduction in EBITDA and higher depreciation and amortization, despite the reduction in financial expenses. In relation to 4Q17, net earnings registered a reduction of 81% due to the same factors already mentioned above.

**Operating cash flow** Total of -R\$ 113 million in 1Q18 compared to a total of R\$ 254 million in 1Q17 due to the payment of the fine following CADE's decision not to approve the acquisition of Liquigás and insurance recoveries in 1Q17. Excluding the impact of the fine net of taxes, operating cash flow totaled R\$ 76 million in 1Q18.

<sup>4</sup> Includes amortization of contractual assets with customers' exclusive rights

**Table of Contents****Ipiranga**

|   | 1Q18         | 1Q17         | 4Q17         | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|---|--------------|--------------|--------------|----------------------|----------------------|
| <b>Total volume (000 m<sup>3</sup>)<sup>1</sup></b> | <b>5,461</b> | <b>5,554</b> | <b>5,908</b> | <b>(2%)</b>          | <b>(8%)</b>          |
| Diesel  | 2,626        | 2,718        | 2,887        | (3%)                 | (9%)                 |
| Otto cycle  | 2,723        | 2,753        | 2,931        | (1%)                 | (7%)                 |
| Others <sup>2</sup>                                 | 112          | 83           | 89           | 34%                  | 25%                  |
| <b>EBITDA Adjusted (R\$ million)</b>                | <b>585</b>   | <b>687</b>   | <b>878</b>   | <b>(15%)</b>         | <b>(33%)</b>         |

<sup>1</sup>Starting in Dec/17, total volume includes that from Iconic, the lubricants JV with Chevron

<sup>2</sup>Fuel oils, arla 32, kerosene, lubricants and greases

**Operational performance** Volume totaled 5,461 thousand m<sup>3</sup> (-2%), reflecting the still tight competitive scenario with smaller growth in the fuels market. The Otto cycle registered a 1% drop compared with 1Q17, in line with overall market performance. In addition, diesel volume was down 3% due to the challenging competitive environment. Compared with 4Q17, volume was down by 8% with reductions of 7% in the Otto cycle and 9% in diesel, principally due to seasonal factors between the consecutive quarters.

**Net revenues** Total of R\$ 17,516 million (+11%), due principally to variations in fuel costs, including the increase in PIS/Cofins taxes levied on fuel products since July/17, and the strategy of constant innovation in services and convenience at the service station. The effects were partially offset by lower sales volume and by the more favorable mix in 1Q17. Compared with 4Q17, net revenues fell by 2% due to lower sales volume, partially mitigated by variations in fuel costs.

**Cost of goods sold** Total of R\$ 16,574 million (+12%) due mainly to variations in fuel costs, including the increase in PIS/Cofins taxes on products in July 2017, partially offset by lower sales volume and the sales mix in the period. Compared with 4Q17, cost of goods sold posted a reduction of 1%, in line with the decline in volumes, despite variations in fuel costs.

**Sales, general and administrative expenses** Total of R\$ 549 million (+14%), largely due to greater expenditures with Iconic, the association in lubricants with Chevron that started operations in December 2017, and higher rental expenses, partially offset by lower advertising and marketing expenses. Compared with 4Q17, sales, general and administrative expenses were up by 10%, mainly due to: (i) higher expenses with Iconic, (ii) higher marketing expenses, a typical increase between the first and the fourth quarters due to the annual resellers convention in February, (iii) lower reversal of provision for the removal of fuel tanks, and (iv) higher rental expenses with the expansion of the network. The effects were partially offset by reduced contingencies and lower freight expenses due to the decline in sales volume.

**Adjusted EBITDA** Total of R\$ 585 million (-15%), mainly due to the decline in volumes, the tight operating environment and the higher overall level of expenses, this quarter being affected by the startup in operations of Iconic,

including indentations. Compared with 4Q17, EBITDA posted a reduction of 33% due to the same factors as mentioned above.

**Investments** A total of R\$ 257 million was invested, allocated mainly to expansion and maintenance of the service stations and franchises. Out of total investments, R\$ 111 million went to property, plant and equipment and additions to intangible assets, R\$ 96 million to contractual assets with customers and R\$ 49 million to financing of clients and rental advances, net of repayments. Ipiranga ended 1Q18 with 8,039 service stations (+5%), adding 391 service stations to the network in 12 months (556 additions and 165 reductions).

**Table of Contents****Oxiteno**

|                                | 1Q18       | 1Q17       | 4Q17       | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|--------------------------------|------------|------------|------------|----------------------|----------------------|
| <b>Total Volume (000 tons)</b> | <b>180</b> | <b>196</b> | <b>201</b> | <b>(8%)</b>          | <b>(11%)</b>         |
| Specialty Chemicals            | 152        | 157        | 164        | (4%)                 | (7%)                 |
| Commodities                    | 28         | 38         | 38         | (26%)                | (25%)                |
| Sales in Brazil                | 126        | 140        | 146        | (10%)                | (14%)                |
| Sales outside Brazil           | 54         | 56         | 55         | (4%)                 | (2%)                 |
| <b>EBITDA (R\$ million)</b>    | <b>51</b>  | <b>112</b> | <b>77</b>  | <b>(54%)</b>         | <b>(33%)</b>         |

**Operational performance** Oxiteno reported sales volume of 180 thousand tons (-8% or 16 thousand tons). The sales of specialty chemicals were down 4% year-over-year, posting a reduction of 4% in the domestic market, declines being registered in the agrochemical and distribution segments. Specialty chemicals sales outside Brazil presented a 2% drop, a reflection of a more challenging operational environment in spite of higher sales from pre-marketing of the new plant in the United States. Commodities recorded a decrease of 26% in relation to 1Q17 due essentially to the effects of scheduled stoppages at Camaçari during the quarter. Compared with 4Q17, total sales volume reported a drop of 11% (21 thousand tons), with a reduction of 7% and 25% in specialty chemicals and commodities respectively, in large part due to the same factors already mentioned.

**Net revenues** Total of R\$ 999 million (+10%) due to: (i) a 15% higher average price in US Dollars, a result of the increase in raw material costs year-over-year, (ii) a 3% weaker Real against the US Dollar (R\$ 0.10/US\$), and (iii) the higher share of specialty chemicals in the overall sales mix. These effects were mitigated by the lower sales volume in the period. Compared with 4Q17, net revenues posted a 12% reduction due principally to the decline in sales volume in the period, partially offset by the better sales mix with a higher percentage of specialty chemicals.

**Cost of goods sold** Total R\$ 824 million (+13%) due to: (i) the increase in raw material costs year-over-year, (ii) a 3% weaker Real against the US Dollar, (iii) the costs relative to the stoppages and (iv) higher pre-operational costs at the new Pasadena plant. These effects were partially offset by lower sales volumes year-over-year. Compared with 4Q17, the cost of goods sold reported a reduction of 10% in line with the 11% decline in volume.

**Sales, general and administrative expenses** Total of R\$ 167 million (+7%), mainly due to higher international freight expenses, reflecting an increase in unit freight costs in US Dollar and a 3% weaker Real against the US Dollar, and higher expenses with pre-marketing for the new Pasadena plant. Compared with 4Q17, sales, general and administrative expenses were down 9%, mainly due to reduced freight expenses, a reflection of lower sales volume and an improved route mix, and lower overheads with consultancies.

**Other operational results** The Other operational results line amounted to a net revenue of R\$ 2 million in 1Q18, compared with R\$ 49 million in 1Q17 and a neutral result in 4Q17. In 1Q17, the amount represents a reversal of a provision set aside for the exclusion of the ICMS sales tax from the base for the calculation of PIS/Cofins charges.

**EBITDA** Oxiteno's EBITDA amounted to 51 million (-54%), the comparison being distorted by the reversal of the provision made in 1Q17 of R\$ 49 million. Excluding the effects of this reversal, Oxiteno's EBITDA presented a reduction of 18% due to: (i) lower sales volume in the period, (ii) pre-operational expenditure at the new unit in Pasadena, and (iii) costs related to the scheduled stoppages. The effects were partially offset by a 3% weaker Real compared with the US Dollar. In relation to 4Q17, EBITDA posted a reduction of 33% due to lower sales volumes, partially offset by the reduction in expenses mentioned above.

**Investments** Oxiteno invested R\$ 137 million, mainly directed to new alkoxylation plant in the United States, scheduled for operational startup in 2018, and maintenance of its productive units.

**Table of Contents****Ultragaz**

|                                | 1Q18         | 1Q17       | 4Q17       | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|--------------------------------|--------------|------------|------------|----------------------|----------------------|
| <b>Total volume (000 tons)</b> | <b>410</b>   | <b>414</b> | <b>426</b> | <b>(1%)</b>          | <b>(4%)</b>          |
| Bottled                        | 281          | 282        | 295        | 0%                   | (5%)                 |
| Bulk                           | 129          | 132        | 131        | (2%)                 | (1%)                 |
| <b>EBITDA (R\$ million)</b>    | <b>(170)</b> | <b>113</b> | <b>48</b>  | <b>n.a.</b>          | <b>n.a.</b>          |

**Operational performance** Total sales volume was 410 thousand tons (-1%), with a flat performance in the bottled segment and a decline in the bulk segment. Volume in the bottled segment was flat year-over-year, with 1% growth per business day. The bulk segment posted a decline in volume of 2% (a drop of 1% per business day), mainly due to the programmed volume reduction of an industrial customer, partially offset by growth in sales to the industrial segment and condominiums. Compared with 4Q17, sales volume recorded a decline of 4%, bottled and bulk segments falling 5% and 1% respectively, due to seasonal factors between periods.

**Net revenues** Total of R\$ 1,626 million (+20%) due to readjustments in LPG costs and Ultragaz's strategy of differentiation and innovation, both effects being offset by lower sales volume. Compared with 4Q17, net revenues posted a reduction of 3%, reflecting the decline of 4% posted in sales volume, despite the readjustments in the costs of LPG.

**Cost of goods sold** Total of R\$ 1,432 million (+26%), mainly due to LPG cost readjustments, attenuated by lower freight costs due to lower sales volume and shorter routes to source products. Compared with 4Q17, the cost of goods sold was up by 1% due to readjustments in LPG costs and higher expenditures with gas bottle requalification, this partially compensated by the decline in volume sold.

**Sales, general and administrative expenses** Total of R\$ 131 million (-12%) due mainly to the reduction in the provision for doubtful debts in 1Q18 and lower freight expenses, a result of lower sales volume and the shorter routes to source products. Compared with 4Q17, sales, general and administrative expenses posted a decline of 23% due to: (i) the reduction in the provision for doubtful debts, (ii) lower marketing expenses in the quarter, (iii) lower freight expenses, reflecting the decline in volumes and the migration of customers with the type of delivery CIF to FOB, and (iv) lower expenses with strategic and planning consultants.

**EBITDA** Total of -R\$ 170 million. In 1Q18, Ultragaz's EBITDA was affected by the payment of a fine of R\$ 286 million following the decision of the anti-trust authority (CADE) to reject the acquisition of Liquigás. The fine, which represents 10% of the amount offered in the acquisition plus the net debt of Liquigás in December 2015, was integrally paid on March 1, 2018, the date CADE published its decision. Excluding the effect of the fine, Ultragaz's EBITDA totaled R\$ 116 million (+3%) due mainly to the initiatives mentioned above to reduce the expenses, despite lower sales volume. Compared with 4Q17, Ultragaz's EBITDA also reported a reduction, with the result of 1Q18 being affected by the payment of the fine and 4Q17 by an agreement with CADE in November 2017 in the amount of R\$ 84 million. Excluding both effects, Ultragaz's EBITDA would have reported a reduction of 12% quarter-over-quarter due to seasonal effects between periods.



**Investments** Ultragas invested R\$ 62 million, allocated mainly to clients in the bulk segment, gas bottles and IT with a focus on differentiation and innovation.

**Table of Contents****Ultracargo**

|  | 1Q18      | 1Q17      | 4Q17      | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|--|-----------|-----------|-----------|----------------------|----------------------|
| Effective storage <sup>1</sup> (000 m <sup>3</sup> ) | 722       | 695       | 745       | 4%                   | (3%)                 |
| <b>EBITDA (R\$ million)</b>                          | <b>41</b> | <b>22</b> | <b>37</b> | <b>87%</b>           | <b>12%</b>           |

<sup>1</sup> Monthly average

**Operational performance** Ultracargo's average storage was up by 4% compared with 1Q17. This result was due to increased fuel and ethanol handling at Itaquí and Santos port terminals and the partial resumption in June 2017 of 67.5 thousand m<sup>3</sup> out of 151.5 thousand m<sup>3</sup> of the latter terminal shut down since the April 2015 incident. These effects were mitigated by a reduction in fuel handling activity at Aratu port terminal. Compared with 4Q17, average storage at Ultracargo's terminals was down 3%, largely due to a decrease in fuel handling at Aratu, Itaquí and Santos terminals, despite the increase in ethanol operation at Aratu and Suape terminals.

**Net revenues** Total of R\$ 116 million in 1Q18 (+15%), due to increased average storage following the partial resumption of activities at the Santos terminal mentioned above, as well as greater fuel handling activity and higher average prices at all terminals. Compared with 4Q17, net revenues posted a reduction of 3%, in line with the decline in the average storage performance due to reduced fuel handling activity at the terminals.

**Cost of services provided** Total of R\$ 59 million (+17%). Cost of services provided was impacted by a retroactive one-off payment of IPTU (urban property tax) in Aratu in the amount of R\$ 3 million, as well as higher expenditures with third party services and personnel, as a result of complementary activities required for the partial resumption of operations at the Santos terminal. Compared with 4Q17, the cost of services presented a drop of 1% due to lower expenditures with third party services, in line with reduced handling operations at the terminals, partially mitigated by the retroactive payment of IPTU in Aratu already described.

**Sales, general and administrative expenses** Total of R\$ 29 million (+15%), principally due to higher personnel expenses in the form of increased physical workforce and expenses with strategic and planning consultants. Compared with 4Q17, sales, general and administrative expenses recorded a reduction of 12% due to lower personnel, legal advice and maintenance services expenses.

**Other operating results** The Other operating results line reported net expenses of R\$ 1 million in 1Q18 compared with R\$ 16 million in 1Q17 and net expense of R\$ 3 million in 4Q17. All quarters include amounts associated with expenses for the commissioning and licensing of the Santos terminal.

**EBITDA** Total of R\$ 41 million (+87%) due mainly to higher average storage in the period, reflecting the partial resumption of activities at the Santos terminal, greater fuel handling activity, higher average prices at the terminals and the effect of R\$ 16 million in fire-related expenses in Santos terminal in 1Q17. In 1Q18, lower fire-related expenses also had a positive impact on Ultracargo's EBITDA year-over-year. Compared with 4Q17, EBITDA was up

by 12% due to lower expenditures, a result of efforts implemented to reduce expenses and increase productivity, as well as the decline in expenses with the Santos incident. These effects were offset by reduced fuel handling at the port terminals.

**Investments** Ultracargo invested R\$ 22 million, mainly allocated to expansion at the Itaquí terminal, maintenance and modernization of terminal safety systems and processes.

**Table of Contents****Extrafarma**

|                                     | 1Q18       | 1Q17       | 4Q17       | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|-------------------------------------|------------|------------|------------|----------------------|----------------------|
| <b>Gross revenues (R\$ million)</b> | <b>542</b> | <b>476</b> | <b>522</b> | <b>14%</b>           | <b>4%</b>            |
| <b>Drugstores (end of period)</b>   | <b>401</b> | <b>321</b> | <b>394</b> | <b>25%</b>           | <b>2%</b>            |
| % of mature stores (+3 years)       | 46%        | 55%        | 45%        | (9.6 p.p.)           | 0.5 p.p.             |
| <b>EBITDA (R\$ million)</b>         | <b>0</b>   | <b>4</b>   | <b>3</b>   | <b>n.a.</b>          | <b>n.a.</b>          |

**Operational performance** Extrafarma ended 1Q18 with 401 stores (+25%, with 100 openings and 20 closures in the past 12 months). At the end of 1Q18, 54% of the stores had been operating for less than three years compared with 45% in 1Q17, reflecting the accelerated expansion of the network. Compared with 4Q17, Extrafarma opened 12 new drugstores (closing 5) and continued its expansion in São Paulo as well as making its debut in the state of Amazonas, the 13th state in the federation with an Extrafarma presence.

**Gross revenue** Total of R\$ 542 million (+14%) due to an increase of 13% in retail sales, reflecting the 26% increase in the average number of stores as well as greater promotional activities in the period. The effects were attenuated by the stronger comparative base in 1Q17 when Extrafarma retail sales posted a 36% increase and by smaller growth in the market. Compared with 4Q17, gross revenue reported growth of 4% due to the larger average number of stores and promotional activity in the quarter.

**Cost of goods sold and gross profit** Cost of goods sold was R\$ 359 million (+18%), principally due to stronger sales volume and the annual readjustment in medicine prices. Gross profit was R\$ 153 million (+5%), mainly due to increased retail sales in the period, reflecting Extrafarma's strategy of expansion with an increase in the network of drugstores, this effect being partially offset by the greater promotional activity already mentioned. Compared with 4Q17, cost of goods sold and gross profit registered respectively, a growth of 5% and 1% due to the same factors mentioned above.

**Sales, general and administrative expenses** Total of R\$ 170 million (+13%). The increase reflects the 26% higher average number of stores in operation. Excluding the expenses of new stores, sales, general and administrative expenses were down 7% lower year-over-year, principally due to the non-recurring expenses in 1Q17 of R\$ 6 million with the transfer of the Belém DC to the city of Benevides and associated indemnity payments. The decline in SG&A expenses is also due to initiatives implemented by Extrafarma for increasing productivity and reducing expenses. Compared with 4Q17, sales, general and administrative expenses recorded a growth of 3% due to the larger average number of stores.

**Result from disposal of property** The result from the disposal of property by Extrafarma was neutral in 1Q18, against a net expense of R\$ 6 million in 1Q17 and a neutral result in 4Q17. In 1Q17, the result reflects the write-off of non-depreciated assets following the transfer of the DC.

**EBITDA** Extrafarma posted a near zero EBITDA in the quarter, compared to a reported EBITDA of R\$ 4 million in 1Q17, impacted by the smaller growth of the market and a larger number of maturing stores. Excluding the effects of

new stores, EBITDA totaled R\$ 11 million in this quarter compared to a R\$ 15 million EBITDA excluding non-recurrent effects in 1Q17. Compared with 4Q17, EBITDA was down due to the same factors already mentioned.

**Investments** Extrafarma invested R\$ 16 million, mainly in the opening of 12 new stores and IT focused on improving the shopping experience and operational excellence.

**Table of Contents**

São Paulo, May 2, 2018 **Ultrapar Participações S.A.** (Brazil: UGPA3/USA: UGP), a multi-business company engaged in specialized distribution and retail (Ipiranga/Ultragaz/Extrafarma), specialty chemicals (Oxiteno) and storage for liquid bulk (Ultracargo), hereby reports its results for the first quarter of 2018.

| Net Revenues |         | Adjusted EBITDA <sup>1</sup>       |          | Net earnings |          |
|--------------|---------|------------------------------------|----------|--------------|----------|
| R\$21        |         | R\$794                             |          | R\$73        |          |
| billion      |         | million                            |          | million      |          |
| 12% YoY      | -3% QoQ | -12% YoY                           | -24% QoQ | -79% YoY     | -81% QoQ |
| Investments  |         | Operational Cash Flow <sup>2</sup> |          | Market cap   |          |
| R\$604       |         | R\$ 76                             |          | R\$39        |          |
| million      |         | million                            |          | billion      |          |

<sup>1</sup> Adjusted EBITDA and excluding the R\$ 286 million fine following the decision of CADE to reject the acquisition of Liquigás. In the annual comparison, the EBITDA of 1Q17 does not consider the reversal of provision in the amount of R\$ 49 million reported

<sup>2</sup> Accumulated Jan-Mar 18 excluding the R\$ 286 million fine net of taxes following the decision of CADE to reject the acquisition of Liquigás

**Highlights:**

Ultrapar issued R\$ 1.725 billion in debentures at 105.25% of the CDI and a five-year term.

Extrafarma ended the quarter with 401 stores, inaugurating its first unit in the state of Amazonas, the 13<sup>th</sup> state with the network's presence.

Ipiranga increased the number of service stations by 56 in the quarter and ends 1Q18 with 8,039 service stations, continuing the accelerated expansion of the network.

*Following three consecutive years of recession sustaining growing results thanks to the resilience and continuous investments in our businesses, we begin 2018 with important challenges reflecting a slower recovery in our markets*

*and structural changes to our value chain, which have contributed to a reduction in our consolidated results this quarter. On the inorganic front, we have confronted changes in the regulatory environment that made us readjust our strategic plans. We are convinced of the potential of our businesses and our people and we have strong capacity to adapt to different scenarios. With this, we are working to follow the path of growth and value creation to our stakeholders.*

**Table of Contents**

**Conference Call 1Q18**

Ultrapar will be holding a conference call for analysts on May 3, 2018 to comment on the company's performance in the first quarter of 2018 and outlook. The presentation will be available for download on the company's website 30 minutes prior to the conference call.

**Brazilian: 10h00 (US EST) / 11h00 (Brasília time)**

**Telephone for connection: +55 (11) 2188-0155**

**Code: Ultrapar**

**Replay: +55 (11) 2188-0400 (available for 7 days)**

**Code: Ultrapar**

**International: 11h30 (US EST) / 12h30 (Brasília time)**

**International Participants: +1 (412) 317-5430**

**Code: Ultrapar**

**Replay: +1 (412) 317-0088 (available for 7 days)**

**Code: 10118493**

**WEBCAST live via internet at [ri.ultra.com.br](http://ri.ultra.com.br). Please connect 15 minutes in advance.**

**Considerations on the financial and operational 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 information on Ipiranga, Oxiteno, Ultragaz, Ultracargo and Extrafarma is reported without the elimination of intercompany transactions. Therefore, the sum of such information may not correspond to Ultrapar's consolidated information. Additionally, the financial and operational information presented in this document is subject to rounding and consequently the total amounts presented in the tables and charts may differ from the direct sum of the amounts that precede them. Except when otherwise indicated, the information presented in this document



compares 1Q18 to 1Q17.

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. In order to understand the effects of the new accounting rules, the Summary of changes resulting from the application of IFRS 9 and 15 contain explanations of the impacts on the principal accounts of the financial statements for the first and fourth quarters 2017 compared with amounts published previously. Additional information can be found in Note 2.y of the quarterly financial statements of March 31, 2018, available from the Ultrapar website ([ri.ultra.com.br](http://ri.ultra.com.br)).

**Table of Contents**

Information denominated 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 527 of October 04, 2012. Shown below the calculation of EBITDA, based on net earnings:

| <b>R\$ million</b>  | <b>1Q18</b>  | <b>1Q17<sup>1</sup></b> | <b>4Q17<sup>1</sup></b> |
|---|--------------|-------------------------|-------------------------|
| <b>Net income</b>   | 72.9         | 354.7                   | 389.4                   |
| (+) Income and social contribution taxes  | 29.5         | 177.9                   | 233.7                   |
| (+) Financial result  | 107.0        | 121.2                   | 119.4                   |
| (+) Depreciation and amortization   | 194.2        | 165.0                   | 187.5                   |
| <b>EBITDA</b>   | <b>403.6</b> | <b>818.8</b>            | <b>930.1</b>            |
| <b>Adjustments</b>  |              |                         |                         |
| (+) Amortization of contractual assets with customers – exclusive rights (Ipiranga) | 104.5        | 128.2                   | 116.9                   |
| <b>Adjusted EBITDA</b>  | <b>508.1</b> | <b>947.0</b>            | <b>1,046.9</b>          |

<sup>1</sup> 1Q17 and 4Q17 proforma amounts, contemplating the adoption of IFRS 9 and 15, as mentioned previously for comparison purposes.

**Summary of the changes resulting from the application of IFRS 9 and 15**

In the following chart, the principal effects of the adoption of IFRS 9 and 15 on the financial statements for 1Q17 and 4Q17, are shown, resulting in the following changes:

**Financial instruments – IFRS 9:** (i) recognition of expected credit loss: provisions are now to be made with the constitution of the credit in line with the expectation of loss established in accordance with the characteristics of the client portfolio (previously, provisioning was effected in accordance with the maturity term of the credits).

**Recognition of revenue – IFRS 15:** mainly reclassification of selling and commercial expenses with amortization of exclusivity rights with service stations (Ipiranga) as a reduction of revenue.

Additional information on the alterations is available in Note 2.y of the financial statements of March 31, 2018 and the complete tables are to be found in Ultrapar's website ([ri.ultra.com.br](http://ri.ultra.com.br)).

**Effects in 1Q17**

| <b>R\$ million</b>  | <b>Ultrapar</b> | <b>Ipiranga</b> | <b>Oxiteno</b> | <b>Ultragaz</b> | <b>Ultracargo</b> | <b>Extrafarma</b> |
|---|-----------------|-----------------|----------------|-----------------|-------------------|-------------------|
| <b>Reported EBITDA</b>  | <b>973.1</b>    | <b>705.2</b>    | <b>111.5</b>   | <b>120.4</b>    | <b>21.7</b>       | <b>4.1</b>        |
| IFRS 9  | (24.3)          | (16.6)          |                | (7.8)           | 0.2               | (0.1)             |
| IFRS 15   | (129.9)         | (129.9)         |                |                 |                   |                   |
| <b>EBITDA</b>   | <b>818.8</b>    | <b>558.7</b>    | <b>111.5</b>   | <b>112.6</b>    | <b>21.9</b>       | <b>4.0</b>        |
| Amortization of contractual assets with customers - exclusive rights (Ipiranga) | (128.2)         | (128.2)         |                |                 |                   |                   |
| <b>Adjusted EBITDA</b>  | <b>947.0</b>    | <b>686.9</b>    | <b>111.5</b>   | <b>112.6</b>    | <b>21.9</b>       | <b>4.0</b>        |

| <b>R\$ million</b>               | <b>EBITDA</b> | <b>Taxes and social contribution</b> | <b>Net income</b> | <b>Assets</b>   | <b>Liabilities</b> | <b>Stockholders equity</b> |
|----------------------------------|---------------|--------------------------------------|-------------------|-----------------|--------------------|----------------------------|
| <b>Reported amounts</b>          | <b>973.1</b>  | <b>(186.0)</b>                       | <b>370.3</b>      | <b>23,027.1</b> | <b>14,206.8</b>    | <b>8,820.3</b>             |
| IFRS 9                           | (24.3)        | 8.3                                  | (16.1)            | (72.0)          |                    | (72.0)                     |
| IFRS 15                          | (129.9)       | (0.2)                                | 0.4               | (21.7)          |                    | (21.7)                     |
| Reclassification and adjustments |               |                                      |                   | (7.1)           | (2.6)              | (4.5)                      |
| <b>Amounts after IFRS 9 e 15</b> | <b>818.8</b>  | <b>(177.9)</b>                       | <b>354.7</b>      | <b>22,926.3</b> | <b>14,204.1</b>    | <b>8,722.2</b>             |



**Table of Contents****Executive Summary**

| Indicators                              | 1Q18  | 1Q17  | 4Q17  | D (%)       |             |
|---|-------|-------|-------|-------------|-------------|
|   |       |       |       | 1Q18 v 1Q17 | 1Q18 v 4Q17 |
| Average exchange rate (R\$/US\$)        | 3.24  | 3.14  | 3.25  | 3%          | 0%          |
| Brazilian Interbank Interest Rate (CDI) | 1.6%  | 3.0%  | 1.8%  |             |             |
| Inflation in the period (IPCA)          | 0.7%  | 1.0%  | 1.1%  |             |             |
| IBC Br <sup>1</sup>                     | 137.9 | 135.2 | 136.9 | 2%          | 1%          |
| Average Brent crude oil (US\$/barrel)   | 67    | 54    | 61    | 24%         | 9%          |

<sup>1</sup> Seasonally adjusted quarterly average. Considers the first two months of the quarters (Jan-Feb and Oct- Nov)

The first quarter of 2018 was more challenging than expected with our markets growing in a slower pace. In this context, Ultrapar reported an Adjusted EBITDA of R\$ 508 million and net income of R\$ 73 million, both with the important impact of the contractual fine related to Liquigás acquisition in the amount of R\$ 286 million. Excluding the fine's effect, the Adjusted EBITDA ex-non-recurring items would have totaled R\$ 794 million, a 12% reduction over 1Q17.

**Ipiranga**

Reflecting a still tight operating environment, Ipiranga's volume presented a decline of 2% over 1Q17, with a decrease of 1% in the Otto cycle and 3% in diesel. Adjusted EBITDA totaled R\$ 585 million, a drop of 15% compared with the same period of the previous year, principally due to weaker sales volume, the tight operating environment and the higher level of expenses, including expenses with indentation due to our new company in lubricants, Iconic. .

**Oxiteno**

Oxiteno reported volume of 180 thousand tons in 1Q18, an 8% drop year-over-year due to stoppages at Camaçari, despite the additional sales volumes relating to the pre-marketing activities of the new Pasadena alkoxylation plant in the USA, which is set to start operations in the middle of 2018. Oxiteno's EBITDA totaled R\$ 51 million, an 18% reduction over 1Q17, excluding the extraordinary gain of R\$ 49 million related to the reversal of provision reported in 1Q17, due to (i) the reduced sales volume, (ii) the pre-operational expenditures with the new Pasadena unit and (iii) the costs related to stoppages.

**Ultragas**

Ultragas's volume was down 1% year-over-year, with a decline in the bulk segment and flat in the bottled segment. The bulk segment was affected by the programmed reduction in the volumes of an industrial customer. In this quarter,

Ultragas' s EBITDA was affected by the payment of a R\$ 286 million fine following a decision by the Anti-Trust Authority CADE to reject the acquisition of Liquigás. Excluding the fine' s impact, EBITDA totaled R\$ 116 million (+3%) due largely to initiatives for reducing expenses despite the reduced sales volume in the period.

### **Ultracargo**

Ultracargo' s average storage was up by 4% from 1Q17, reflecting greater fuel and ethanol handling at the Itaqui and Santos terminals and the partial resumption of activities in the Santos terminal in June 2017. Ultracargo' s EBITDA amounted to R\$ 41 million in the quarter, an increase of 87% compared with the same period of the previous year, largely due to greater average storage, higher average prices in the terminals and the amount of R\$ 16 million in fire-related expenses in 1Q17.

### **Extrafarma**

Extrafarma ended 1Q18 with 401 stores, opening 12 new units in the quarter and 100 in the last 12 months. In March 2018, Extrafarma opened its first drugstore in the state of Amazonas, the 13<sup>th</sup> state with the presence of the network. The smaller growth in retail sales due to the strong comparative base of 1Q17 and a less favorable operating environment combined with the accelerated expansion strategy resulted in an approximately zero EBITDA in this quarter. Excluding the effect of the stores opened in the last 12 months, EBITDA would amount to R\$ 11 million in 1Q18.

Table of Contents**Ipiranga**

|   | 1Q18         | 1Q17         | 4Q17         | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|---|--------------|--------------|--------------|----------------------|----------------------|
| <b>Total volume (000 m<sup>3</sup>)<sup>1</sup></b> | <b>5,461</b> | <b>5,554</b> | <b>5,908</b> | <b>(2%)</b>          | <b>(8%)</b>          |
| Diesel  | 2,626        | 2,718        | 2,887        | (3%)                 | (9%)                 |
| Otto cycle  | 2,723        | 2,753        | 2,931        | (1%)                 | (7%)                 |
| Others <sup>2</sup>                                 | 112          | 83           | 89           | 34%                  | 25%                  |
| <b>EBITDA Adjusted (R\$ million)</b>                | <b>585</b>   | <b>687</b>   | <b>878</b>   | <b>(15%)</b>         | <b>(33%)</b>         |

<sup>1</sup> Starting in Dec/17, total volume includes that from Iconic, the lubricants JV with Chevron

<sup>2</sup> Fuel oils, arla 32, kerosene, lubricants and greases

**Operational performance** Volume totaled 5,461 thousand m<sup>3</sup> (-2%), reflecting the still tight competitive scenario with smaller growth in the fuels market. The Otto cycle registered a 1% drop compared with 1Q17, in line with overall market performance. In addition, diesel volume was down 3% due to the challenging competitive environment. Compared with 4Q17, volume was down by 8% with reductions of 7% in the Otto cycle and 9% in diesel, principally due to seasonal factors between the consecutive quarters.

**Net revenues** Total of R\$ 17,516 million (+11%), due principally to variations in fuel costs, including the increase in PIS/Cofins taxes levied on fuel products since July 2017, and the strategy of constant innovation in services and convenience at the service station. The effects were partially offset by lower sales volume and by the more favorable mix in 1Q17. Compared with 4Q17, net revenues fell by 2% due to lower sales volume, partially mitigated by variations in fuel costs.

**Cost of goods sold** Total of R\$ 16,574 million (+12%) due mainly to variations in fuel costs, including the increase in PIS/Cofins taxes on products in July 2017, partially offset by lower sales volume and the sales mix in the period. Compared with 4Q17, cost of goods sold posted a reduction of 1%, in line with the decline in volumes, despite variations in fuel costs.

**Sales, general and administrative expenses** Total of R\$ 549 million (+14%), largely due to greater expenditures with Iconic, the association in lubricants with Chevron that started operations in December 2017, and higher rental expenses, partially offset by lower advertising and marketing expenses. Compared with 4Q17, sales, general and administrative expenses were up by 10%, mainly due to: (i) higher expenses with Iconic, (ii) higher marketing expenses, a typical increase between the first and the fourth quarters due to the annual resellers convention in February, (iii) lower reversal of provision for the removal of fuel tanks, and (iv) higher rental expenses with the expansion of the network. The effects were partially offset by reduced contingencies and lower freight expenses due to the decline in sales volume.

**Adjusted EBITDA** Total of R\$ 585 million (-15%), mainly due to the decline in volumes, the tight operating environment and the higher overall level of expenses, this quarter being affected by the startup in operations of Iconic, including indentations. Compared with 4Q17, EBITDA posted a reduction of 33% due to the same factors as mentioned above.

**Investments** A total of R\$ 257 million was invested, allocated mainly to expansion and maintenance of the service stations and franchises. Out of total investments, R\$ 111 million went to property, plant and equipment and additions to intangible assets, R\$ 96 million to contractual assets with customers (exclusive rights) and R\$ 49 million to financing of clients and rental advances, net of repayments. Ipiranga ended 1Q18 with 8,039 service stations (+5%), adding 391 service stations to the network in 12 months (556 additions and 165 reductions).



**Table of Contents****Oxiteno**

|                                | 1Q18       | 1Q17       | 4Q17       | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|--------------------------------|------------|------------|------------|----------------------|----------------------|
| <b>Total Volume (000 tons)</b> | <b>180</b> | <b>196</b> | <b>201</b> | <b>(8%)</b>          | <b>(11%)</b>         |
| Specialty Chemicals            | 152        | 157        | 164        | (4%)                 | (7%)                 |
| Commodities                    | 28         | 38         | 38         | (26%)                | (25%)                |
| Sales in Brazil                | 126        | 140        | 146        | (10%)                | (14%)                |
| Sales outside Brazil           | 54         | 56         | 55         | (4%)                 | (2%)                 |
| <b>EBITDA (R\$ million)</b>    | <b>51</b>  | <b>112</b> | <b>77</b>  | <b>(54%)</b>         | <b>(33%)</b>         |

**Operational performance** Oxiteno reported sales volume of 180 thousand tons (-8% or 16 thousand tons). The sales of specialty chemicals were down 4% year-over-year, posting a reduction of 4% in the domestic market, declines being registered in the agrochemical and distribution segments. Specialty chemicals sales outside Brazil presented a 2% drop, a reflection of a more challenging operational environment in spite of higher sales from pre-marketing of the new plant in the United States. Commodities recorded a decrease of 26% in relation to 1Q17 due essentially to the effects of scheduled stoppages at Camaçari during the quarter. Compared with 4Q17, total sales volume reported a drop of 11% (21 thousand tons), with a reduction of 7% and 25% in specialty chemicals and commodities respectively, in large part due to the same factors already mentioned.

**Net revenues** Total of R\$ 999 million (+10%) due to: (i) a 15% higher average price in US Dollars, a result of the increase in raw material costs year-over-year, (ii) a 3% weaker Real against the US Dollar (R\$ 0.10/US\$), and (iii) the higher share of specialty chemicals in the overall sales mix. These effects were mitigated by the lower sales volume in the period. Compared with 4Q17, net revenues posted a 12% reduction due principally to the decline in sales volume in the period, partially offset by the better sales mix with a higher percentage of specialty chemicals.

**Cost of goods sold** Total R\$ 824 million (+13%) due to: (i) the increase in raw material costs year-over-year, (ii) a 3% weaker Real against the US Dollar, (iii) the costs relative to the stoppages and (iv) higher pre-operational costs at the new Pasadena plant. These effects were partially offset by lower sales volumes year-over-year. Compared with 4Q17, the cost of goods sold reported a reduction of 10% in line with the 11% decline in volume.

**Sales, general and administrative expenses** Total of R\$ 167 million (+7%), mainly due to higher international freight expenses, reflecting an increase in unit freight costs in US Dollar and a 3% weaker Real against the US Dollar, and higher expenses with pre-marketing for the new Pasadena plant. Compared with 4Q17, sales, general and administrative expenses were down 9%, mainly due to reduced freight expenses, a reflection of lower sales volume and an improved route mix, and lower overheads with consultancies.

**Other operational results** The Other operational results line amounted to a net revenue of R\$ 2 million in 1Q18, compared with R\$ 49 million in 1Q17 and a neutral result in 4Q17. In 1Q17, the amount represents a reversal of a

provision set aside for the exclusion of the ICMS sales tax from the base for the calculation of PIS and Cofins charges.

**EBITDA** Oxiteno's EBITDA amounted to 51 million (-54%), the comparison being distorted by the reversal of the provision made in 1Q17 of R\$ 49 million. Excluding the effects of this reversal, Oxiteno's EBITDA presented a reduction of 18% due to: (i) lower sales volume in the period, (ii) pre-operational expenditure at the new unit in Pasadena, and (iii) costs related to the scheduled stoppages. The effects were partially offset by a 3% weaker Real compared with the US Dollar. In relation to 4Q17, EBITDA posted a reduction of 33% due to lower sales volumes, partially offset by the reduction in expenses mentioned above.

**Investments** Oxiteno invested R\$ 137 million, mainly directed to new alkoxylation plant in the United States, scheduled for operational startup in 2018, and maintenance of its productive units.

**Table of Contents****Ultragaz**

|                                | 1Q18         | 1Q17       | 4Q17       | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|--------------------------------|--------------|------------|------------|----------------------|----------------------|
| <b>Total volume (000 tons)</b> | <b>410</b>   | <b>414</b> | <b>426</b> | <b>(1%)</b>          | <b>(4%)</b>          |
| Bottled                        | 281          | 282        | 295        | 0%                   | (5%)                 |
| Bulk                           | 129          | 132        | 131        | (2%)                 | (1%)                 |
| <b>EBITDA (R\$ million)</b>    | <b>(170)</b> | <b>113</b> | <b>48</b>  | <b>n.a.</b>          | <b>n.a.</b>          |

**Operational performance** Total sales volume was 410 thousand tons (-1%), with a flat performance in the bottled segment and a decline in the bulk segment. Volume in the bottled segment was flat year-over-year, with 1% growth per business day. The bulk segment posted a decline in volume of 2% (a drop of 1% per business day), mainly due to the programmed volume reduction of an industrial customer, partially offset by growth in sales to the industrial segment and condominiums in 1Q18. Compared with 4Q17, sales volume recorded a decline of 4%, bottled and bulk segments falling 5% and 1% respectively, due to seasonal factors between periods.

**Net revenues** Total of R\$ 1,626 million (+20%) due to readjustments in LPG costs and Ultragaz's strategy of differentiation and innovation, both effects being offset by lower sales volume. Compared with 4Q17, net revenues posted a reduction of 3%, reflecting the decline of 4% posted in sales volume, despite the readjustments in the costs of LPG.

**Cost of goods sold** Total of R\$ 1,432 million (+26%), mainly due to LPG cost readjustments, attenuated by lower freight costs due to lower sales volume and shorter routes to source products. Compared with 4Q17, the cost of goods sold was up by 1% due to readjustments in LPG costs and higher expenditures with gas bottle requalification, this partially compensated by the decline in volume sold.

**Sales, general and administrative expenses** Total of R\$ 131 million (-12%) due mainly to the reduction in the provision for doubtful debts in 1Q18 and lower freight expenses, a result of lower sales volume and the shorter routes to source products. Compared with 4Q17, sales, general and administrative expenses posted a decline of 23% due to: (i) the reduction in the provision for doubtful debts, (ii) lower marketing expenses in the quarter, (iii) lower freight expenses, reflecting the decline in volumes and the migration of customers with the type of delivery CIF to FOB, and (iv) lower expenses with strategic and planning consultants.

**EBITDA** Total of -R\$ 170 million. In 1Q18, Ultragaz's EBITDA was affected by the payment of a fine of R\$ 286 million following the decision of the anti-trust authority (CADE) to reject the acquisition of Liquigás. The fine, which represents 10% of the amount offered in the acquisition plus the net debt of Liquigás in December 2015, was integrally paid on March 1, 2018, the date CADE published its decision. Excluding the effect of the fine, Ultragaz's EBITDA totaled R\$ 116 million (+3%) due mainly to the initiatives mentioned above to reduce the expenses, despite lower sales volume. Compared with 4Q17, Ultragaz's EBITDA also reported a reduction, with the

result of 1Q18 being affected by the payment of the fine and 4Q17 by an agreement with CADE in November 2017 in the amount of R\$ 84 million. Excluding both effects, Ultragas' s EBITDA would have reported a reduction of 12% quarter-over-quarter due to seasonal effects between periods.

**Investments** Ultragas invested R\$ 62 million, allocated mainly to clients in the bulk segment, gas bottles and IT with a focus on differentiation and innovation.

**Table of Contents****Ultracargo**

|  | 1Q18      | 1Q17      | 4Q17      | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|--|-----------|-----------|-----------|----------------------|----------------------|
| Effective storage <sup>1</sup> (000 m <sup>3</sup> ) | 722       | 695       | 745       | 4%                   | (3%)                 |
| <b>EBITDA (R\$ million)</b>                          | <b>41</b> | <b>22</b> | <b>37</b> | <b>87%</b>           | <b>12%</b>           |

<sup>1</sup>Monthly average

**Operational performance** Ultracargo's average storage was up by 4% compared with 1Q17. This result was due to increased fuel and ethanol handling at Itaquí and Santos port terminals and the partial resumption in June 2017 of 67.5 thousand m<sup>3</sup> out of 151.5 thousand m<sup>3</sup> of the latter terminal shut down since the April 2015 incident. These effects were mitigated by a reduction in fuel handling activity at Aratu port terminal. Compared with 4Q17, average storage at Ultracargo's terminals was down 3%, largely due to a decrease in fuel handling at Aratu, Itaquí and Santos terminals, despite the increase in ethanol operation at Aratu and Suape terminals.

**Net revenues** Total of R\$ 116 million in 1Q18 (+15%), due to increased average storage following the partial resumption of activities at the Santos terminal mentioned above, as well as greater fuel handling activity and higher average prices at all terminals. Compared with 4Q17, net revenues posted a reduction of 3%, in line with the decline in the average storage performance due to reduced fuel handling activity at the terminals.

**Cost of services provided** Total of R\$ 59 million (+17%). Cost of services provided was impacted by a retroactive one-off payment of IPTU (urban property tax) in Aratu in the amount of R\$ 3 million, as well as higher expenditures with third party services and personnel, as a result of complementary activities required for the partial resumption of operations at the Santos terminal. Compared with 4Q17, the cost of services presented a drop of 1% due to lower expenditures with third party services, in line with reduced handling operations at the terminals, partially mitigated by the retroactive payment of IPTU in Aratu already described.

**Sales, general and administrative expenses** Total of R\$ 29 million (+15%), principally due to higher personnel expenses in the form of increased physical workforce and expenses with strategic and planning consultants. Compared with 4Q17, sales, general and administrative expenses recorded a reduction of 12% due to lower personnel, legal advice and maintenance services expenses.

**Other operating results** The Other operating results line reported net expenses of R\$ 1 million in 1Q18 compared with net expense of R\$ 16 million in 1Q17 and net expense of R\$ 3 million in 4Q17. All quarters include amounts associated with expenses for the commissioning and licensing of the Santos terminal.

**EBITDA** Total of R\$ 41 million (+87%) due mainly to higher average storage in the period, reflecting the partial resumption of activities at the Santos terminal, greater fuel handling activity, higher average prices at the terminals

and the effect of R\$ 16 million in fire-related expenses in Santos terminal in 1Q17. In 1Q18, lower fire-related expenses also had a positive impact on Ultracargo's EBITDA year-over-year. Compared with 4Q17, EBITDA was up by 12% due to lower expenditures, a result of efforts implemented to reduce expenses and increase productivity, as well as the decline in expenses with the Santos incident. These effects were offset by reduced fuel handling at the port terminals.

**Investments** Ultracargo invested R\$ 22 million, mainly allocated to expansion at the Itaqui terminal, maintenance and modernization of terminal safety systems and processes.

**Table of Contents****Extrafarma**

|                                     | 1Q18       | 1Q17       | 4Q17       | D (%)       | (%)         |
|-------------------------------------|------------|------------|------------|-------------|-------------|
|                                     |            |            |            | 1Q18 v 1Q17 | 1Q18 v 4Q17 |
| <b>Gross revenues (R\$ million)</b> | <b>542</b> | <b>476</b> | <b>522</b> | <b>14%</b>  | <b>4%</b>   |
| <b>Drugstores (end of period)</b>   | <b>401</b> | <b>321</b> | <b>394</b> | <b>25%</b>  | <b>2%</b>   |
| % of mature stores (+3 years)       | 46%        | 55%        | 45%        | (9.6 p.p.)  | 0.5 p.p.    |
| <b>EBITDA (R\$ million)</b>         | <b>0</b>   | <b>4</b>   | <b>3</b>   | <b>n.a.</b> | <b>n.a.</b> |

**Operational performance** Extrafarma ended 1Q18 with 401 stores (+25%, with 100 openings and 20 closures in the past 12 months). At the end of 1Q18, 54% of the stores had been operating for less than three years compared with 45% in 1Q17, reflecting the accelerated expansion of the network. Compared with 4Q17, Extrafarma opened 12 new drugstores (closing 5) and continued its expansion in São Paulo as well as making its debut in the state of Amazonas, the 13<sup>th</sup> state in the federation with an Extrafarma presence.

**Gross revenue** Total of R\$ 542 million (+14%) due to an increase of 13% in retail sales, reflecting the 26% increase in the average number of stores as well as greater promotional activities in the period. The effects were attenuated by the stronger comparative base in 1Q17 when Extrafarma retail sales posted a 36% increase and by smaller growth in the market. Compared with 4Q17, gross revenue reported growth of 4% due to the larger average number of stores and promotional activity in the quarter.

**Cost of goods sold and gross profit** Cost of goods sold was R\$ 359 million (+18%), principally due to stronger sales volume and the annual readjustment in medicine prices. Gross profit was R\$ 153 million (+5%), mainly due to increased retail sales in the period, reflecting Extrafarma's strategy of expansion with an increase in the network of drugstores, this effect being partially offset by the greater promotional activity already mentioned. Compared with 4Q17, cost of goods sold and gross profit registered respectively, a growth of 5% and 1% due to the same factors mentioned above.

**Sales, general and administrative expenses** Total of R\$ 170 million (+13%). The increase reflects the 26% higher average number of stores in operation. Excluding the expenses of new stores, sales, general and administrative expenses were down 7% lower year-over-year, principally due to the non-recurring expenses in 1Q17 of R\$ 6 million with the transfer of the Belém DC to the city of Benevides and associated indemnity payments. The decline in SG&A expenses is also due to initiatives implemented by Extrafarma for increasing productivity and reducing expenses. Compared with 4Q17, sales, general and administrative expenses recorded a growth of 3% due to the larger average number of stores.

**Result from disposal of property** The result from the disposal of property by Extrafarma was neutral in 1Q18, against a net expense of R\$ 6 million in 1Q17 and a neutral result in 4Q17. In 1Q17, the result reflects the write-off of non-depreciated assets following the transfer of the distribution center.

**EBITDA** Extrafarma posted a near zero EBITDA in the quarter, compared to a reported EBITDA of R\$ 4 million in 1Q17, impacted by the smaller growth of the market and a larger number of maturing stores. Excluding the effects of new stores, EBITDA totaled R\$ 11 million in this quarter compared to a R\$ 15 million EBITDA excluding non-recurrent effects in 1Q17. Compared with 4Q17, EBITDA was down due to the same factors already mentioned.

**Investments** Extrafarma invested R\$ 16 million, mainly in the opening of 12 new stores and IT focused on improving the shopping experience and operational excellence.



**Table of Contents****Ultrapar**

|  | 1Q18   | 1Q17   | 4Q17   | D (%)<br>1Q18 v 1Q17 | D (%)<br>1Q18 v 4Q17 |
|--|--------|--------|--------|----------------------|----------------------|
| Net sales and services   | 20,751 | 18,545 | 21,348 | 12%                  | (3%)                 |
| Net earnings <sup>1</sup>  | 73     | 355    | 389    | (79%)                | (81%)                |
| Earnings per share attributable to the shareholders <sup>2</sup> | 0.14   | 0.65   | 0.72   | (79%)                | (81%)                |
| Adjusted EBITDA  | 508    | 947    | 1,047  | (46%)                | (51%)                |
| Adjusted EBITDA ex-non-recurring items <sup>3</sup>              | 794    | 898    | 1,047  | (12%)                | (24%)                |
| Investments  | 604    | 485    | 798    | 24%                  | (24%)                |

Amounts in R\$ million (except EPS)

<sup>1</sup> Under IFRS, consolidated net earnings includes net earnings attributable to non-controlling shareholders of the controlled companies

<sup>2</sup> Calculated in Reais based on the weighted average of the number of shares over the period, net of shares held in treasury

<sup>3</sup> Adjusted EBITDA and excluding the R\$ 286 million fine following the decision of CADE to reject the acquisition of Liquigás. In the annual comparison, the EBITDA of 1Q17 does not consider the reversal of provision in the amount of R\$ 49 million reported

**Net revenues** Total of R\$ 20,751 million (+12%) due to growth in revenues at all the businesses. Compared with 4Q17, net revenues reported a drop of 3% due to lower revenues at all the businesses with the exception of Extrafarma.

**Adjusted EBITDA** Total of R\$ 508 million (-46%) due to reduced EBITDA at Ultragaz, affected by the payment of a R\$ 286 million fine following CADE's decision not to approve the acquisition of Liquigás, as well as the reduction in EBITDA at all the businesses with the exception of Ultracargo. It should be pointed out that Oxiteno's EBITDA was affected by the reversal of a provision in 1Q17 in the amount of R\$ 49 million. Compared with 4Q17, Adjusted EBITDA was down 51%, with a reduction at all the businesses except Ultracargo, the comparison also being effected by the payment of the fine. In comparable basis, Adjusted EBITDA excluding non-recurrent items presented a drop of 12% over 1Q17.

**Depreciation and amortization<sup>4</sup>** Total of R\$ 299 million (+2%) due to the investments over the past 12 months, with particular emphasis on the expansion of the Ipiranga service station and Extrafarma drugstore networks as well as preparations for the operational startup of the new Oxiteno plant in Pasadena. Compared with 4Q17, depreciation and amortization costs and expenses were down by 2%.

**Financial results** Ultrapar reported a net debt on March 31, 2018 of R\$ 8.5 billion (2.4x LTM Adjusted EBITDA) compared with R\$ 6.3 billion on March 31, 2017 (1.5x LTM Adjusted EBITDA), principally due to the lower EBITDA in the quarter, affected by the fine of R\$ 286 million related to Liquigás acquisition, and higher investments in the period. Ultrapar's net financial expense was R\$ 107 million, R\$ 14 million less than compared with 1Q17, due to the lower CDI Interbank Rate on a year-over-year comparison, despite the higher net debt, exchange rate effects between periods and the effect of the reversal of the provision resulting from the exclusion of ICMS from the base for calculating PIS and Cofins charges in 1Q17. Compared with 4Q17, the net financial expense was down R\$ 12 million due to the decline of CDI between quarters, in spite of higher net debt, and the exchange rate effects between periods.

**Net earnings** Total of R\$ 73 million (-79%) due to the reduction in EBITDA and higher depreciation and amortization, despite the reduction in financial expenses. In relation to 4Q17, net earnings registered a reduction of 81% due to the same factors already mentioned above.

**Operating cash flow** Total of -R\$ 113 million in 1Q18 compared to a total of R\$ 254 million in 1Q17 due to the payment of the fine following CADE's decision not to approve the acquisition of Liquigás and insurance recoveries in 1Q17. Excluding the impact of the fine net of taxes, operating cash flow totaled R\$ 76 million in 1Q18.

<sup>4</sup> *Includes amortization of contractual assets with customers' exclusive rights*

**Table of Contents****Capital markets**

Ultrapar's financial volume was R\$ 123 million/day (+4%) in 1Q18 including trading on both B3 and the NYSE. The Company's share price closed 1Q18 at R\$ 70.92 on B3, a decline of 5% in the quarter while the Ibovespa index reported an appreciation of 12% in the same period. Ultrapar's shares on the NYSE depreciated by 5% in 1Q18, while the Dow Jones Industrial Average depreciated by 2% in 1Q18. Ultrapar ended 1Q18 with R\$ 39 billion market capitalization (-1%).

| <b>Capital markets</b>                                 | <b>1Q18</b>    | <b>1Q17</b>    | <b>4Q17</b>    |
|--|----------------|----------------|----------------|
| <b>Number of shares (000)</b>                          | <b>556,405</b> | <b>556,405</b> | <b>556,405</b> |
| <b>Market capitalization<sup>1</sup> (R\$ million)</b> | <b>39,460</b>  | <b>39,850</b>  | <b>41,730</b>  |
| <b>B3</b>  |                |                |                |
| Average daily volume (shares)                          | 1,122,070      | 1,238,374      | 1,239,097      |
| Average daily volume (R\$ 000)                         | 85,424         | 83,665         | 91,988         |
| Average share price (R\$/shares)                       | 76.13          | 67.56          | 74.24          |
| <b>NYSE</b>  |                |                |                |
| Quantity of ADRs <sup>2</sup> (000 ADRs)               | 30,280         | 29,619         | 30,635         |
| Average daily volume (ADRs)                            | 489,799        | 516,404        | 470,775        |
| Average daily volume (US\$ 000)                        | 11,534         | 11,084         | 10,816         |
| Average share price (US\$/ADRs)                        | 23.55          | 21.46          | 22.97          |
| <b>Total</b>   |                |                |                |
| Average daily volume (shares)                          | 1,611,869      | 1,754,778      | 1,709,871      |
| Average daily volume (R\$ 000)                         | 122,828        | 118,467        | 127,136        |

<sup>1</sup> Calculated based on the closing price for the period

<sup>2</sup> 1 ADR = 1 common share

**Table of Contents****Debt (R\$ million)**

| <b>Ultrapar consolidated</b> | <b>1Q18</b> | <b>1Q17</b> | <b>4Q17</b> |
|------------------------------|-------------|-------------|-------------|
| Gross Debt                   | (14,780.3)  | (11,038.9)  | (13,590.6)  |
| Cash and cash equivalents    | 6,239.3     | 4,753.1     | 6,369.9     |
| Net debt                     | (8,541.0)   | (6,285.8)   | (7,220.7)   |
| Net debt/Adjusted EBITDA LTM | 2.41        | 1.53        | 1.81        |
| Average cost of debt (% CDI) | 97.5%       | 93.5%       | 97.1%       |
| Average cash yield (% CDI)   | 96.4%       | 92.5%       | 96.5%       |

**Debt amortization profile:****Debt breakdown:**

|   |                 |
|---|-----------------|
| <b>Local currency</b>                               | <b>9,936.0</b>  |
| <b>Foreign currency</b>                             | <b>4,665.5</b>  |
| Result from currency and interest hedge instruments | 178.8           |
| <b>Total</b>  | <b>14,780.3</b> |

Table of Contents

## ULTRAPAR

In million Reais

## CONSOLIDATED BALANCE SHEET

|  | QUARTERS ENDED IN |                 |                 |
|--|-------------------|-----------------|-----------------|
|  | MAR 18            | MAR 17          | DEC 17          |
| <b>ASSETS</b>                                      |                   |                 |                 |
| Cash and cash equivalents                          | 4,667.6           | 3,572.7         | 5,002.0         |
| Financial investments                              | 1,482.0           | 1,173.0         | 1,283.5         |
| Trade accounts receivables and reseller financing  | 4,351.3           | 3,385.7         | 4,147.9         |
| Inventories  | 3,338.1           | 2,626.7         | 3,513.6         |
| Taxes  | 899.1             | 562.4           | 881.6           |
| Contractual assets with customers exclusive rights | 456.8             | 452.8           | 456.2           |
| Other  | 242.5             | 247.2           | 205.2           |
| <b>Total Current Assets</b>                        | <b>15,437.4</b>   | <b>12,020.5</b> | <b>15,490.0</b> |
| Investments  | 155.6             | 148.4           | 150.2           |
| Property, plant and equipment and intangibles      | 9,032.6           | 7,785.2         | 8,797.2         |
| Financial investments                              | 89.6              | 7.4             | 84.4            |
| Trade accounts receivables and reseller financing  | 347.6             | 242.9           | 330.0           |
| Deferred income tax                                | 710.8             | 442.8           | 614.1           |
| Escrow deposits                                    | 830.3             | 788.9           | 822.7           |
| Contractual assets with customers exclusive rights | 1,037.1           | 1,001.7         | 1,046.1         |
| Other  | 907.7             | 488.5           | 870.9           |
| <b>Total Non-Current Assets</b>                    | <b>13,111.3</b>   | <b>10,905.8</b> | <b>12,715.5</b> |
| <b>TOTAL ASSETS</b>                                | <b>28,548.7</b>   | <b>22,926.3</b> | <b>28,205.5</b> |
| <b>LIABILITIES</b>                                 |                   |                 |                 |
| Loans, financing and debentures                    | 2,890.4           | 2,944.2         | 3,503.7         |
| Suppliers  | 1,859.8           | 1,195.3         | 2,155.5         |
| Payroll and related charges                        | 304.5             | 286.9           | 388.1           |
| Taxes  | 221.7             | 184.0           | 221.5           |
| Other  | 358.9             | 409.7           | 740.9           |
| <b>Total Current Liabilities</b>                   | <b>5,635.2</b>    | <b>5,020.1</b>  | <b>7,009.7</b>  |
| Loans, financing and debentures                    | 11,890.0          | 8,094.7         | 10,086.9        |
| Judicial provisions                                | 866.0             | 637.7           | 861.2           |
| Post-retirement benefits                           | 213.7             | 123.2           | 207.9           |
| Other  | 478.4             | 328.4           | 449.9           |
| <b>Total Non-Current Liabilities</b>               | <b>13,448.1</b>   | <b>9,184.0</b>  | <b>11,605.5</b> |
| <b>TOTAL LIABILITIES</b>                           | <b>19,083.2</b>   | <b>14,204.1</b> | <b>18,615.2</b> |
| <b>STOCKHOLDERS EQUITY</b>                         |                   |                 |                 |
| Capital  | 5,171.8           | 3,838.7         | 5,171.8         |
| Reserves   | 4,314.7           | 5,026.8         | 4,314.8         |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|  |                  |                  |                  |
|--|------------------|------------------|------------------|
| Treasury shares                            | (482.3)          | (480.2)          | (482.3)          |
| Others                                     | 126.6            | 304.0            | 246.8            |
| Non-controlling interest                   | 334.7            | 32.9             | 339.3            |
| <b>Total shareholders equity</b>           | <b>9,465.5</b>   | <b>8,722.2</b>   | <b>9,590.3</b>   |
| <b>TOTAL LIAB. AND STOCKHOLDERS EQUITY</b> | <b>28,548.7</b>  | <b>22,926.3</b>  | <b>28,205.5</b>  |
| Cash and financial investments             | 6,239.3          | 4,753.1          | 6,369.9          |
| Debt                                       | (14,780.3)       | (11,038.9)       | (13,590.6)       |
| <b>Net cash (debt)</b>                     | <b>(8,541.0)</b> | <b>(6,285.8)</b> | <b>(7,220.7)</b> |

Table of Contents**ULTRAPAR**

In million Reais

**CONSOLIDATED INCOME STATEMENT**

|   | 1Q18            | 1Q17            | 4Q17            |
|---|-----------------|-----------------|-----------------|
| <b>Net sales and services</b>                             | <b>20,751.1</b> | <b>18,544.6</b> | <b>21,347.6</b> |
| Cost of products and services sold                        | (19,229.8)      | (16,987.5)      | (19,543.5)      |
| <b>Gross profit</b>                                       | <b>1,521.3</b>  | <b>1,557.1</b>  | <b>1,804.1</b>  |
| <b>Operating expenses</b>                                 |                 |                 |                 |
| Selling   | (671.4)         | (597.1)         | (629.4)         |
| General and administrative                                | (372.6)         | (362.6)         | (416.0)         |
| Other operating income (expenses), net                    | (262.7)         | 56.3            | (19.3)          |
| Income from sale of assets                                | (2.2)           | (6.4)           | (1.5)           |
| <b>Operating income</b>                                   | <b>212.3</b>    | <b>647.3</b>    | <b>738.0</b>    |
| Financial results   |                 |                 |                 |
| Financial income  | 112.4           | 164.4           | 133.8           |
| Financial expenses  | (219.4)         | (285.5)         | (253.3)         |
| Equity in earnings (losses) of affiliates                 | (3.0)           | 6.4             | 4.6             |
| <b>Income before income and social contribution taxes</b> | <b>102.4</b>    | <b>532.6</b>    | <b>623.1</b>    |
| Provision for income and social contribution taxes        |                 |                 |                 |
| Current   | (138.5)         | (197.7)         | (255.6)         |
| Deferred  | 92.5            | 12.3            | 0.3             |
| Benefit of tax holidays                                   | 16.5            | 7.5             | 21.6            |
| <b>Net Income</b>   | <b>72.9</b>     | <b>354.7</b>    | <b>389.4</b>    |
| Net income attributable to:                               |                 |                 |                 |
| Shareholders of Ultrapar                                  | 73.9            | 352.6           | 393.7           |
| Non-controlling shareholders of the subsidiaries          | (1.0)           | 2.1             | (4.3)           |
| <b>Adjusted EBITDA</b>                                    | <b>508.1</b>    | <b>947.0</b>    | <b>1,046.9</b>  |
| Depreciation and amortization <sup>1</sup>                | 298.8           | 293.3           | 304.4           |
| Total investments <sup>2</sup>                            | 603.5           | 485.3           | 798.2           |
| <b>RATIOS</b>   |                 |                 |                 |
| Earnings per share R\$                                    | 0.14            | 0.65            | 0.72            |
| Net debt / Stockholders equity                            | 0.90            | 0.72            | 0.75            |
| Net debt / LTM Adjusted EBITDA                            | 2.41            | 1.53            | 1.81            |
| Net interest expense / Adjusted EBITDA                    | 0.21            | 0.13            | 0.11            |
| Gross margin  | 7.3%            | 8.4%            | 8.5%            |
| Operating margin  | 1.0%            | 3.5%            | 3.5%            |
| Adjusted EBITDA margin                                    | 2.4%            | 5.1%            | 4.9%            |
| <b>Number of employees</b>                                | <b>16,991</b>   | <b>15,388</b>   | <b>16,448</b>   |

- <sup>1</sup> Includes amortization with contractual assets with customers exclusive rights
- <sup>2</sup> Includes property, plant and equipment and additions to intangible assets, contractual assets with customers, financing of clients and rental advances (net of repayments)



Table of Contents**ULTRAPAR**

In million Reais

**CONSOLIDATED CASH FLOW**

|   | JAN MAR<br>2018 | JAN MAR<br>2017 |
|---|-----------------|-----------------|
| <b>Cash flows from operating activities</b>   |                 |                 |
| <b>Net income for the year</b>  | <b>72.9</b>     | <b>354.7</b>    |
| <b>Adjustments to reconcile net income to cash provided by operating activities</b> |                 |                 |
| Share of loss (profit) of subsidiaries, joint ventures and associates               | 3.0             | (6.4)           |
| Amortization of assets arising from costs to obtain or fulfill a contract           | 104.5           | 128.2           |
| Depreciation and amortization   | 194.2           | 165.0           |
| PIS and COFINS credits on depreciation  | 4.3             | 3.2             |
| Interest, monetary, and foreign exchange rate variations                            | 223.2           | 169.0           |
| Deferred income and social contribution taxes                                       | (92.5)          | (12.3)          |
| (Gain) loss on disposal of property, plant and equipment and intangibles            | 2.2             | 6.4             |
| Estimated losses on doubtful accounts   | 27.5            | 15.1            |
| Provision for losses in inventories   | (0.1)           | 2.5             |
| Provision for post-employment benefits  | 5.7             | 2.7             |
| Other provisions and adjustments  | (1.3)           | 0.3             |
|   | <b>543.6</b>    | <b>828.5</b>    |
| <b>(Increase) decrease in current assets</b>  |                 |                 |
| Trade receivables and reseller financing  | (230.9)         | (12.6)          |
| Inventories   | 175.6           | 153.9           |
| Recoverable taxes   | (13.6)          | (20.6)          |
| Dividends received from subsidiaries and joint-ventures                             | (25.2)          | 305.1           |
| Insurance and other receivables   | 3.5             | (29.2)          |
| Contractual assets with customers – exclusive rights                                | (0.6)           | (4.5)           |
| <b>Increase (decrease) in current liabilities</b>                                   |                 |                 |
| Trade payables  | (295.7)         | (514.3)         |
| Salaries and related charges  | (83.6)          | (75.8)          |
| Taxes payable   | 0.2             | 15.6            |
| Income and social contribution taxes  | 6.0             | 169.4           |
| Post-employment benefits  |                 | (1.3)           |
| Provision for tax, civil, and labor risks   | (7.1)           | (1.2)           |
| Insurance and other payables  | (32.6)          | 63.9            |
| Deferred revenue  | 0.4             | (0.1)           |
| <b>(Increase) decrease in non-current assets</b>                                    |                 |                 |
| Trade receivables and reseller financing  | (17.6)          | (15.7)          |
| Recoverable taxes   | (12.3)          | (30.6)          |
| Escrow deposits   | (7.7)           | (10.1)          |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|   |                |                |
|---|----------------|----------------|
| Other receivables   | 5.6            | 1.6            |
| Prepaid expenses  | (30.1)         | (47.5)         |
| Contractual assets with customers exclusive rights                                      | 0.4            | 5.9            |
| <b>Increase (decrease) in non-current liabilities</b>                                   |                |                |
| Post-employment benefits  | 0.3            | 0.7            |
| Provision for tax, civil, and labor risks   | 4.7            | (89.4)         |
| Other payables  | 33.4           | (6.3)          |
| Deferred revenue  | 0.5            | 0.3            |
| Payments of assets arising from costs to obtain or fulfill a contract                   | (95.9)         | (146.0)        |
| Income and social contribution taxes paid   | (34.3)         | (285.0)        |
| <b>Net cash provided by operating activities</b>  | <b>(113.1)</b> | <b>254.4</b>   |
| <b>Cash flows from investing activities</b>   |                |                |
| Financial investments, net of redemptions   | (203.5)        | 246.2          |
| Cash and cash equivalents of subsidiary acquired  | 3.7            |                |
| Acquisition of property, plant, and equipment   | (284.5)        | (241.8)        |
| Acquisition of intangible assets  | (70.9)         | (32.9)         |
| Acquisition of companies  | (100.0)        |                |
| Capital increase in joint ventures  | (8.0)          |                |
| Proceeds from disposal of property, plant and equipment and intangibles                 | 4.9            | 5.5            |
| <b>Net cash used in investing activities</b>  | <b>(658.3)</b> | <b>(23.1)</b>  |
| <b>Cash flows from financing activities</b>   |                |                |
| Loans and debentures  |                |                |
| Proceeds  | 2,081.1        | 283.3          |
| Repayments  | (1,074.0)      | (606.1)        |
| Interest paid   | (84.3)         | (153.3)        |
| Payments of financial lease   | (1.3)          | (1.3)          |
| Dividends paid  | (488.1)        | (470.8)        |
| Sale of treasury shares   | (0.0)          |                |
| <b>Net cash provided by (used in) financing activities</b>                              | <b>433.4</b>   | <b>(948.2)</b> |
| <b>Effect of exchange rate changes on cash and cash equivalents in foreign currency</b> | <b>3.6</b>     | <b>15.4</b>    |
| <b>Increase (decrease) in cash and cash equivalents</b>                                 | <b>(334.4)</b> | <b>(701.5)</b> |
| <b>Cash and cash equivalents at the beginning of the year</b>                           | <b>5,002.0</b> | <b>4,274.2</b> |
| <b>Cash and cash equivalents at the end of the year</b>                                 | <b>4,667.6</b> | <b>3,572.7</b> |

Table of Contents**IPIRANGA**

In million Reais

**CONSOLIDATED BALANCE SHEET**

|  | <b>QUARTERS ENDED IN</b> |                |                 |
|--|--------------------------|----------------|-----------------|
|  | <b>MAR 18</b>            | <b>MAR 17</b>  | <b>DEC 17</b>   |
| <b>OPERATING ASSETS</b>                                    |                          |                |                 |
| Trade accounts receivable                                  | 3,259.8                  | 2,449.9        | 3,100.8         |
| Trade accounts receivable noncurrent portion               | 313.3                    | 208.4          | 297.4           |
| Inventories  | 1,938.3                  | 1,448.6        | 2,101.5         |
| Taxes  | 534.9                    | 269.6          | 526.0           |
| Contractual assets with customers exclusive rights         | 1,493.9                  | 1,454.6        | 1,502.4         |
| Other  | 824.6                    | 523.5          | 739.9           |
| Property, plant and equipment, intangibles and investments | 3,356.2                  | 2,746.8        | 3,309.0         |
| <b>TOTAL OPERATING ASSETS</b>                              | <b>11,721.0</b>          | <b>9,101.3</b> | <b>11,576.9</b> |
| <b>OPERATING LIABILITIES</b>                               |                          |                |                 |
| Suppliers  | 1,251.3                  | 737.0          | 1,495.5         |
| Payroll and related charges                                | 85.0                     | 73.7           | 122.9           |
| Post-retirement benefits                                   | 192.8                    | 106.0          | 188.8           |
| Taxes  | 153.6                    | 109.2          | 155.2           |
| Judicial provisions  | 326.9                    | 102.5          | 326.1           |
| Other accounts payable                                     | 246.2                    | 259.4          | 195.2           |
| <b>TOTAL OPERATING LIABILITIES</b>                         | <b>2,255.9</b>           | <b>1,387.8</b> | <b>2,483.7</b>  |

**CONSOLIDATED INCOME STATEMENT**

|  | <b>1Q18</b> | <b>1Q17</b> | <b>4Q17</b> |
|--|-------------|-------------|-------------|
| Net sales                                  | 17,516.3    | 15,735.6    | 17,947.4    |
| Cost of products and services sold         | (16,574.1)  | (14,775.9)  | (16,818.2)  |
| Gross profit                               | 942.2       | 959.7       | 1,129.2     |
| Operating expenses                         |             |             |             |
| Selling                                    | (363.3)     | (301.2)     | (285.6)     |
| General and administrative                 | (185.3)     | (179.1)     | (211.3)     |
| Other operating income (expenses), net     | 21.2        | 20.5        | 66.4        |
| Income from sale of assets                 | (0.8)       | (0.4)       | (1.1)       |
| Operating income                           | 413.9       | 499.5       | 697.6       |
| Equity in earnings (losses) of affiliates  | 0.2         | 0.3         | 0.3         |
| Adjusted EBITDA                            | 585.4       | 686.9       | 877.7       |
| Depreciation and amortization <sup>1</sup> | 171.2       | 187.1       | 179.7       |

| <b>RATIOS</b>                     |              |              |              |
|-----------------------------------|--------------|--------------|--------------|
| Gross margin (R\$/m3)             | 173          | 173          | 191          |
| Operating margin (R\$/m3)         | 76           | 90           | 118          |
| Adjusted EBITDA margin (R\$/m3)   | 107.2        | 123.7        | 148.6        |
| Adjusted EBITDA margin (%)        | 3.3%         | 4.4%         | 4.9%         |
| <b>Number of service stations</b> | <b>8,039</b> | <b>7,648</b> | <b>8,005</b> |
| <b>Number of employees</b>        | <b>3,386</b> | <b>2,953</b> | <b>3,051</b> |

<sup>1</sup> Includes amortization with contractual assets with customers exclusive rights

Table of Contents**OXITENO**

In million Reais

**CONSOLIDATED BALANCE SHEET**

|  | QUARTERS ENDED IN |                |                |
|--|-------------------|----------------|----------------|
|  | MAR               | MAR            | DEC            |
|  | 18                | 17             | 17             |
| <b>OPERATING ASSETS</b>                                    |                   |                |                |
| Trade accounts receivable                                  | 523.0             | 508.3          | 530.1          |
| Inventories  | 804.0             | 686.8          | 851.7          |
| Taxes  | 151.0             | 125.3          | 181.6          |
| Other  | 140.8             | 136.3          | 162.5          |
| Property, plant and equipment, intangibles and investments | 2,207.6           | 1,811.1        | 2,114.5        |
| <b>TOTAL OPERATING ASSETS</b>                              | <b>3,826.5</b>    | <b>3,267.8</b> | <b>3,840.5</b> |
| <b>OPERATING LIABILITIES</b>                               |                   |                |                |
| Suppliers  | 268.4             | 182.9          | 300.3          |
| Payroll and related charges                                | 62.4              | 60.4           | 86.0           |
| Taxes  | 30.8              | 35.7           | 29.9           |
| Judicial provisions  | 15.8              | 13.5           | 16.4           |
| Other accounts payable                                     | 41.6              | 44.1           | 60.7           |
| <b>TOTAL OPERATING LIABILITIES</b>                         | <b>419.0</b>      | <b>336.6</b>   | <b>493.3</b>   |

**CONSOLIDATED INCOME STATEMENT**

|   | 1Q18    | 1Q17    | 4Q17    |
|---|---------|---------|---------|
| Net sales                                 | 999.3   | 912.4   | 1,131.9 |
| Cost of goods sold                        |         |         |         |
| Variable                                  | (684.5) | (608.5) | (780.9) |
| Fixed                                     | (103.2) | (89.3)  | (97.7)  |
| Depreciation and amortization             | (36.3)  | (32.3)  | (35.9)  |
| Gross profit                              | 175.3   | 182.4   | 217.4   |
| Operating expenses                        |         |         |         |
| Selling                                   | (78.0)  | (71.0)  | (88.2)  |
| General and administrative                | (88.8)  | (84.4)  | (94.3)  |
| Other operating income (expenses), net    | 1.9     | 49.4    | 0.3     |
| Income from sale of assets                | (0.4)   | (0.9)   | (0.6)   |
| Operating income                          | 10.1    | 75.4    | 34.6    |
| Equity in earnings (losses) of affiliates | 0.3     | 0.2     | 0.4     |
| EBITDA                                    | 51.2    | 111.5   | 76.7    |
| Depreciation and amortization             | 40.8    | 35.9    | 41.7    |

**RATIOS**

|                             |              |              |              |
|-----------------------------|--------------|--------------|--------------|
| Gross margin (R\$/ton)      | 974          | 931          | 1,080        |
| Gross margin (US\$/ton)     | 300          | 296          | 333          |
| Operating margin (R\$/ton)  | 56           | 385          | 172          |
| Operating margin (US\$/ton) | 17           | 123          | 53           |
| EBITDA margin (R\$/ton)     | 284          | 570          | 381          |
| EBITDA margin (US\$/ton)    | 88           | 181          | 117          |
| <b>Number of employees</b>  | <b>1,931</b> | <b>1,906</b> | <b>1,901</b> |

**Table of Contents****ULTRAGAZ**

In million Reais

**CONSOLIDATED BALANCE SHEET**

|  | QUARTERS ENDED IN |                |                |
|--|-------------------|----------------|----------------|
|  | MAR               | MAR            | DEC            |
|  | 18                | 17             | 17             |
| <b>OPERATING ASSETS</b>                                    |                   |                |                |
| Trade accounts receivable                                  | 367.2             | 261.0          | 340.4          |
| Trade accounts receivable noncurrent portion               | 34.0              | 34.1           | 32.3           |
| Inventories  | 105.6             | 101.0          | 137.1          |
| Taxes  | 66.7              | 68.1           | 69.2           |
| Escrow deposits  | 211.3             | 204.9          | 208.4          |
| Other  | 55.8              | 57.7           | 63.9           |
| Property, plant and equipment, intangibles and investments | 973.2             | 968.7          | 966.3          |
| <b>TOTAL OPERATING ASSETS</b>                              | <b>1,813.7</b>    | <b>1,695.5</b> | <b>1,817.5</b> |
| <b>OPERATING LIABILITIES</b>                               |                   |                |                |
| Suppliers  | 74.7              | 53.0           | 69.9           |
| Payroll and related charges                                | 85.7              | 89.1           | 111.0          |
| Taxes  | 10.4              | 9.4            | 8.8            |
| Judicial provisions  | 110.1             | 106.2          | 109.6          |
| Other accounts payable                                     | 141.4             | 44.0           | 145.7          |
| <b>TOTAL OPERATING LIABILITIES</b>                         | <b>422.3</b>      | <b>301.7</b>   | <b>445.0</b>   |

**CONSOLIDATED INCOME STATEMENT**

|   | 1Q18           | 1Q17         | 4Q17        |
|---|----------------|--------------|-------------|
| Net sales                                 | 1,625.8        | 1,352.3      | 1,669.8     |
| Cost of sales and services                | (1,432.3)      | (1,133.7)    | (1,422.7)   |
| Gross profit                              | 193.5          | 218.6        | 247.0       |
| Operating expenses                        |                |              |             |
| Selling                                   | (81.9)         | (98.9)       | (111.1)     |
| General and administrative                | (49.4)         | (51.0)       | (58.9)      |
| Other operating income (expenses), net    | (284.9)        | 2.2          | (83.2)      |
| Income from sale of assets                | (0.8)          | 0.5          | 3.4         |
| Operating income (loss)                   | (223.5)        | 71.4         | (2.7)       |
| Equity in earnings (losses) of affiliates | 0.0            | (0.0)        | 0.4         |
| <b>EBITDA</b>                             | <b>(170.0)</b> | <b>112.6</b> | <b>48.1</b> |
| Depreciation and amortization             | 53.4           | 41.2         | 50.4        |
| <b>RATIOS</b>                             |                |              |             |

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

|                            |              |              |              |
|----------------------------|--------------|--------------|--------------|
| Gross margin (R\$/ton)     | 472          | 528          | 580          |
| Operating margin (R\$/ton) | (545)        | 172          | (6)          |
| EBITDA margin (R\$/ton)    | (415)        | 272          | 113          |
| <b>Number of employees</b> | <b>3,586</b> | <b>3,631</b> | <b>3,633</b> |



**Table of Contents****ULTRACARGO**

In million Reais

**CONSOLIDATED BALANCE SHEET**

|  | <b>QUARTERS ENDED IN</b> |               |                |
|--|--------------------------|---------------|----------------|
|  | <b>MAR 18</b>            | <b>MAR 17</b> | <b>DEC 17</b>  |
| <b>OPERATING ASSETS</b>                                    |                          |               |                |
| Trade accounts receivable                                  | 43.9                     | 37.2          | 34.6           |
| Inventories  | 5.6                      | 6.4           | 5.6            |
| Taxes  | 2.5                      | 0.7           | 0.5            |
| Other  | 13.6                     | 23.1          | 16.0           |
| Property, plant and equipment, intangibles and investments | 1,068.9                  | 930.5         | 976.6          |
| <b>TOTAL OPERATING ASSETS</b>                              | <b>1,134.5</b>           | <b>997.9</b>  | <b>1,033.4</b> |
| <b>OPERATING LIABILITIES</b>                               |                          |               |                |
| Suppliers  | 22.5                     | 15.2          | 34.6           |
| Payroll and related charges                                | 26.3                     | 23.0          | 26.3           |
| Taxes  | 5.9                      | 5.9           | 6.9            |
| Judicial provisions  | 25.0                     | 25.6          | 26.4           |
| Other accounts payable <sup>1</sup>                        | 100.4                    | 178.1         | 119.8          |
| <b>TOTAL OPERATING LIABILITIES</b>                         | <b>180.2</b>             | <b>247.7</b>  | <b>213.9</b>   |

<sup>1</sup> Includes the long term obligations with clients account and the extra amount related to the acquisition of Temmar, in the port of Itaqui and payables indemnification clients

**CONSOLIDATED INCOME STATEMENT**

|   | <b>1Q18</b> | <b>1Q17</b> | <b>4Q17</b> |
|---|-------------|-------------|-------------|
| Net sales                                 | 116.0       | 100.7       | 119.0       |
| Cost of sales and services                | (58.8)      | (50.2)      | (59.3)      |
| Gross profit                              | 57.2        | 50.5        | 59.7        |
| Operating expenses                        |             |             |             |
| Selling                                   | (1.9)       | (1.5)       | (2.3)       |
| General and administrative                | (26.8)      | (23.4)      | (30.1)      |
| Other operating income (expenses), net    | (0.7)       | (15.7)      | (3.1)       |
| Income from sale of assets                | 0.0         | 0.1         | (0.1)       |
| Operating income                          | 27.8        | 10.0        | 24.1        |
| Equity in earnings (losses) of affiliates | 0.6         | 0.3         | 0.2         |
| <b>EBITDA</b>                             | <b>41.0</b> | <b>21.9</b> | <b>36.6</b> |
| Depreciation and amortization             | 12.5        | 11.7        | 12.3        |

**RATIOS**

|                            |            |            |            |
|----------------------------|------------|------------|------------|
| Gross margin               | 49.3%      | 50.1%      | 50.2%      |
| Operating margin           | 24.0%      | 9.9%       | 20.3%      |
| EBITDA margin              | 35.3%      | 21.8%      | 30.8%      |
| <b>Number of employees</b> | <b>731</b> | <b>650</b> | <b>715</b> |

**Table of Contents****EXTRAFARMA**

In million Reais

**BALANCE SHEET**

|   | <b>QUARTERS ENDED IN</b> |                |                |
|---|--------------------------|----------------|----------------|
|   | <b>MAR 18</b>            | <b>MAR 17</b>  | <b>DEC 17</b>  |
| <b>OPERATING ASSETS</b>                       |                          |                |                |
| Trade accounts receivable                     | 166.5                    | 138.5          | 149.9          |
| Inventories                                   | 484.6                    | 384.1          | 417.7          |
| Taxes   | 132.4                    | 101.8          | 121.7          |
| Other   | 19.9                     | 19.5           | 17.4           |
| Property, plant and equipment and intangibles | 1,130.0                  | 1,029.6        | 1,131.3        |
| <b>TOTAL OPERATING ASSETS</b>                 | <b>1,933.5</b>           | <b>1,673.5</b> | <b>1,837.9</b> |
| <b>OPERATING LIABILITIES</b>                  |                          |                |                |
| Suppliers                                     | 247.8                    | 212.2          | 254.9          |
| Payroll and related charges                   | 44.7                     | 40.5           | 41.7           |
| Taxes   | 20.2                     | 22.9           | 20.0           |
| Judicial provisions                           | 48.8                     | 59.6           | 53.7           |
| Other accounts payable                        | 13.0                     | 11.5           | 13.1           |
| <b>TOTAL OPERATING LIABILITIES</b>            | <b>374.5</b>             | <b>346.6</b>   | <b>383.3</b>   |

**INCOME STATEMENT**

|  | <b>1Q18</b>  | <b>1Q17</b>  | <b>4Q17</b>  |
|--|--------------|--------------|--------------|
| Gross Revenues                         | 542.0        | 476.0        | 522.0        |
| Sales returns, discounts and taxes     | (30.4)       | (26.2)       | (29.9)       |
| Net sales                              | 511.6        | 449.8        | 492.2        |
| Cost of products and services sold     | (358.5)      | (303.9)      | (341.3)      |
| Gross profit                           | 153.0        | 145.9        | 150.9        |
| Operating expenses                     | (169.7)      | (150.2)      | (164.4)      |
| Other operating income (expenses), net | (0.2)        | 0.0          | (0.0)        |
| Income from sale of assets             | (0.3)        | (5.6)        | (0.2)        |
| Operating income (loss)                | (17.2)       | (9.9)        | (13.8)       |
| EBITDA                                 | (0.2)        | 4.0          | 2.8          |
| Depreciation and amortization          | 17.0         | 13.9         | 16.6         |
| <b>RATIOS<sup>1</sup></b>              |              |              |              |
| Gross margin (%)                       | 28.2%        | 30.7%        | 28.9%        |
| Operating margin (%)                   | -3.2%        | -2.1%        | -2.6%        |
| EBITDA margin (%)                      | 0.0%         | 0.8%         | 0.5%         |
| <b>Number of employees</b>             | <b>6,902</b> | <b>5,798</b> | <b>6,698</b> |

<sup>1</sup> Calculated base on gross revenues

**Table of Contents**

**ULTRAPAR PARTICIPAÇÕES S.A.**

**Publicly Traded Company**

CNPJ nº 33.256.439/0001- 39

NIRE 35.300.109.724

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS (05/2018)**

**Date, Time and Location:**

May 5, 2018, at 2:30 p.m., at the Company's headquarters, located at Av. Brigadeiro Luís Antônio, nº1343, 9<sup>th</sup> floor, in the City and State of São Paulo.

**Attendance:**

Members of the Board of Directors, duly signed, and the members of the Fiscal Board in relation to the item number 1 of the agenda, pursuant to the terms of paragraph 3 of article 163 of the Brazilian Corporate Law ( Lei das Sociedades por Ações ), all of whom herein signed.

**Agenda and Decisions:**

1. After having analyzed and discussed the performance of the Company in the first quarter of this fiscal year, were approved the financial statements of the Company.
2. The Directors verified, under the terms of the Disclosure and Securities Trading Policy of the Company, the adherence of the transactions performed by the beneficiaries of the individual investment programs filed at the Company to the programs formalized by them.
3. The Directors were updated about the strategic and expansion programs of the Company.
4. The Directors analyzed the proposal submitted by the Company's Executive Board on the participation of Bahiana Distribuidora de Gás Ltda., a subsidiary of the Company ( Bahiana ), in the bidding process of Grant of Pecuniary Usage of Public Areas and Infrastructure not Affected by the Port Operations, Designated to Liquefied Petroleum Gas LPG Warehouse and Distribution, Located Inside Miramar Petrochemical Terminal, in Pará State, named MIR01, BEL06 and BEL05 , as defined in the competitive bidding notice Auction nº01/2018-CDP ( Auction ).

**Table of Contents**

(Minutes of the Meeting of the Board of Directors of Ultrapar Participações S.A., held on May 2, 2018)

After having analyzed the proposal above, the Directors enacted the participation of Bahiana in the Auction and authorized the practice all acts necessary to the participation of Bahiana, including but not limited to, the settlement of guarantees (surety bond or guarantee) for the bidding process and/or for meeting the demands of the agreement, document signing and practice all acts required or necessary prior to, during or after the Auction, if applicable, to settle the respective concession, in the event the Company wins the process.

5. The Chief Executive Officer of the Company, Mr. Frederico Curado, informed that Mr. André Covre, Executive Officer of the Company and Chief Executive Officer of Extrafarma, has decided to leave the positions occupied in the Company to dedicate himself in new personal and professional projects.

To occupy such position, the Chief Executive Officer of the Company submitted to the Board of Directors the name of Mr. Rodrigo de Almeida Pizzinato, Brazilian, married, businessman, with identity bearer n° 27.715.764-X, and enrolled in CPF/MF under the n° 270.708.278-0, with commercial address at Avenida Brigadeiro Luiz Antonio, 1343, 9<sup>th</sup> floor, in the city and State of São Paulo.

The Board of Directors decided to appoint Mr. Pizzinato for a term with beginning on June 2<sup>nd</sup>, 2018, when he will sign the deed of investiture, until the remaining period of the other members of the Board of Officers of the Company. Mr. Rodrigo de Almeida Pizzinato, previously consulted, informed that (a) is not incurred in any offense that prevents him to carrying out the duties to the position of which he was appointed; (b) does not have positions in companies that may be considered competitors with the Company; and (c) has no conflict of interest with the Company, in accordance to the article 147 of the Law n° 6,404/76.

Mr. André Covre will have his resignation effective on May 31<sup>th</sup>, 2018 and will have a transition period with Mr. Rodrigo Pizzinato until this date. The members of the Board of Directors expressed their gratitude to Mr. André Covre for the 14 years of great contributions to the Company.

**Table of Contents**

(Minutes of the Meeting of the Board of Directors of Ultrapar Participações S.A., held on May 2, 2018)

6. The Chairman of the Board of Directors, Mr. Paulo Guilherme Aguiar Cunha, expressed his understanding that now it is the time to complete the process of his succession and thus secure a further step to ensure the Company's perpetuity. In this sense, Mr. Paulo Guilherme Aguiar Cunha presented his letter of resignation as a member of the Board of Directors.

The other Directors highlighted the relevance of Mr. Paulo Guilherme Aguiar Cunha to construct the values of the Company in the last 50 years of relentless dedication to Ultrapar. The Directors expressed that these values will remain as an example to be followed and perpetuated by the Company and as a basis for the continuous learning of its executives. Then, the Directors expressed its gratitude for the guidance, the integrity and respect with which Mr. Paulo Guilherme Aguiar Cunha has always conducted the business of the Company, paving the way that become possible raised it to the levels of performance and governance achieved throughout these decades.

7. In recognition of the inestimable value of his contributions, the Board of Directors resolved to create an honorific, lifelong and personally position of Chairman Emeritus of the Board of Directors, appointing Mr. Paulo Cunha to occupy this position as of this date.

This position will not have administrative functions, not being considered an effective position of the Board of Directors of the Company.

The Directors also resolved that the Internal Bylaws of the Board of Directors shall be modified in order to reflect the creation of this position, and the redaction shall be submitted to the approval in the next meeting of the Board of Directors.

8. Immediately thereafter, the Board of Directors decided to elect Mr. Pedro Wongtschowski, the Vice-Chairman of the Board of Directors, to succeed Mr. Paulo Cunha as a Chairman of the Board of Directors, and Mr. Lucio de Castro Andrade Filho as the Vice-Chairman of the Board of Directors. The both elected members will initiate its functions as of this date for the remaining period of its terms as Directors of the Company. The Directors will eventually appoint a new member who will serve until the next Annual General Meeting of the Company, pursuant its Bylaws.

**Table of Contents**

(Minutes of the Meeting of the Board of Directors of Ultrapar Participações S.A., held on May 2, 2018)

As there were no further matters to be discussed, the meeting was closed, the minutes of this meeting were written, read and approved by all the undersigned members present, and by the member of the Fiscal Council.

**Paulo Guilherme Aguiar Cunha** Chairman

**Pedro Wongtschowski** Vice-Chairman

**Lucio de Castro Andrade Filho**

**Alexandre Gonçalves Silva**

**Carlos Tadeu da Costa Fraga**

**Jorge Marques de Toledo Camargo**

**José Maurício Pereira Coelho**

**Nildemar Secches**

**Olavo Egydio Monteiro de Carvalho**

**Flavio Cesar Maia Luz** Chairman of the Fiscal Council



**Table of Contents**

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 2, 2018

**ULTRAPAR HOLDINGS INC.**

By: /s/Andre Pires de Oliveira Dias

Name: Andre Pires de Oliveira Dias

Title: Chief Financial and Investor Relations Officer

*(Individual and Consolidated Interim Financial Information for the Three-Month Period Ended March 31, 2018  
Report on Review of Interim Financial Information, 1Q18 Earnings release and Board of Directors Minutes)*