

Q3 2010 Earnings Call

Company Participants

- Andre Covre, CFO, IRO

Other Participants

- Michael Holm, Analyst

Presentation

Operator

Good afternoon, ladies and gentlemen. At this time, we would like to welcome everyone to Ultrapar's Third Quarter 2010 Results Conference Call. There is also a simultaneous webcast that may be accessed through Ultrapar's website at www.ultra.com.br/ir, where the slide presentation is available for download. Please feel free to flip through the slides during the conference call.

Today with us, we have Mr. Andre Covre, Chief Financial and Investor Relations Officer, together with other executives of Ultrapar. We would like to inform you that this event is being recorded. And all participants will be in a listen-only mode during the Company's presentation. After Ultrapar's remarks are completed, there will be a question-and-answer session. At that time, further instructions will be given. (Operator Instructions). We remind you that questions which will be answered during the Q&A session may be posted in advance in the webcast. A replay of this call will be available for one week.

Before proceeding, let me mention that forward-looking statements are being made under the Safe Harbor of the Securities Litigation Reform Act of 1996. Forward-looking statements are based on the beliefs and assumptions of Ultrapar's management and on information currently available to the Company. They involve risks, uncertainties, and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur in the future.

Investors should understand that general economic conditions, industry conditions, and other operating factors could also affect the future results of Ultrapar and could cause results to differ materially from those expressed in such forward-looking statements. Now I'll turn the conference over to Mr. Covre, who will present Ultrapar's results in the quarter and discuss about perspectives. Mr. Covre, you may now begin the conference.

Andre Covre {BIO 15233513 <GO>}

Good afternoon, to everyone. It's a real pleasure to be here with you again to discuss another quarter of strong results of Ultrapar. Before we begin, I'm here -- with me to help

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answer your questions, I have Jose Manuel from Ipiranga, Julio Nogueira from Ultragaz, Ana Paula Santoro from Oxitenio, and Joao Marcos Cazula from Ultracargo, all of them executive officers of their respective subsidiaries. I have also with me the Investor Relations team that some of you know. And we'll try to answer the questions you might have at the end.

For today, we have prepared a presentation that it is slightly longer than the quarterly presentations we do. We have made this presentation to a group of investors here in Brazil a few moments ago. We'll make the same presentation to you. It covers first the positioning and underlying fundamentals of Ultrapar. Then I'll talk about the performance of the four businesses. And there are some closing remarks, which try to put all the perspectives together for the coming future.

So starting with the positioning and underlying fundamentals in slide number five, most of you are familiar with our businesses and know that we have a leadership position in each one of the markets where we operate. We believe we have very solid fundamentals in our businesses. They are at the same time very resilient businesses but at the other time, at the other side, leveraged on the economic growth. We have a history of successful strategic planning and execution of the strategic initiatives. And all of this has allowed us to have a proven track record through our economic cycles.

So talking a few moments about each one of these items, starting with the strong fundamentals, I think simply put we believe we have very strong businesses, businesses that are insulated from prices and have positions in its markets which are very, very defendable. On our two distribution businesses, Ultragaz and Ipiranga, in both of them, we have very strong brands, which are associated with the relevant aspects in their addressable markets. In both of them, we have very good scale. In Ultragaz we have 24% of the market and are market leaders. In Ipiranga, we have about 21% of the market and are second place.

Third, in both companies, we have a history and heritage in innovation. In Ultragaz, we were pioneer and still leader today in the bulk, small bulk delivery system, which we call Ultrasystem. And at Ipiranga, we are recognized in Brazil by our excellence in implementing the retail business model in the downstreams business.

At Oxitenio, we are sole producer of ethylene oxide in Brazil. We're sole producer of fatty alcohols in Latin America. We have particular good technology in specialty chemicals. And that gives us a very strong regional position, not only sole producers in Brazil. We are market leaders in Mexico. We are sole producers in the Andean region. And those are the only places in Latin America where there is ethylene oxide production.

Last but not least, in Ultracargo, we have the best footprint of the market in terms of presence and ports. We have very specialized services. And the market recognizes the quality and safety of our services.

This was built over time on the basis of the three things that are on the bottom. We have a culture that is really results oriented. And that started many years ago with strong

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corporate governance practices and alignment of interests. Ultra was the first Brazilian company to grant 100% tagalong rights to all classes of shareholders. We're also probably the first deferred stock ownership program in the country since 1984 and have through that aligned interests of various generations of senior managers. We have professional management with variable remuneration directly linked to growth of value as measured by EVA and so on. An important cornerstone of our fundamentals has also been a prudent financial management. Ultra has currently about 1.5 times net debt to EBITDA. And it's investment grade by Moody's and S&P. This allows us to borrow money at very, very attractive rates, effectively allowing us to have no carry cost on the debt that we have.

Now we think we have -- we believe we have very resilient businesses. And on page seven, we have a few examples of that. For example, the consumption of LPG, bottled LPG in Ultragas is really a good first necessity. It's used for cooking in Brazil. And therefore, the economy's going well, the economy's not going well, basically people consume.

We have seen a few tests to that view in the past. For example, in 2002, the LPG price, consumer price in Brazil increased by 50%. And you can see that in 2003 there was a very, very modest decline in consumption. Again, in 2008, that came to test with the global financial crisis. And you see that nothing happened with the volumes in the market.

At Ipiranga, one of its most important segments is fuel for light vehicles, namely fuels for passenger cars, which are in Brazil basically gasoline and ethanol. Now the Brazilian fleet has been growing at about 8% a year. And as a consequence to that, the growth in fuels has been -- fuels for light vehicles has been about 8% a year.

That growth is driven by a very low penetration of cars in Brazil and growing credit availability, which does not have a direct link to GDP. And you can see on the middle graph, on the middle of the page, Brazil has a 14% penetration of vehicles. Argentina or Mexico, which are close to us, have much higher percentages.

And for us to reach the level -- the current level of Argentina, it would take five years at the current regimen of growing of the fleet. And to reach the level of Mexico of 25%, you would take another 10 years growing 8% a year to get there, so ample space for further growth in volumes in the market with very little relation with the growth of GDP.

Last but not least, as another example, at our Ultracargo subsidiary, where we do storage and handling of liquid bulk, the dynamics here are when the economy is strong, the handling of liquid bulk and products increase. In moments of unstable economy, what happens is that a lot of people have stuff to storage -- to store. And basically, the storage revenues increase. And therefore, one thing tends to compensate the other. And what you have is a cycle of growth on the back of the need of infrastructure in Brazil.

Now talking about growth leveraged in the economy on the next slide, that's exactly what's happening, for example, in Ultracargo at the bottom right. You see that between

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2004 and 2009, the market grew about 8%. And the Brazilian economy did not grow at 8% during that period. It grew at a much less, much smaller rates.

Ultracargo grew at 12% if you just consider the acquisitions that were done and 24% a year if you include the acquisitions. Now we have similar situations in Ultragaz in relation to bulk LPG and in Ipiranga in relation to diesel consumption and in Oxiteno in relation to the specialty chemicals in Brazil.

For bulk LPG and diesel, there is a very clear alignment of growth in the consumption and growth in the economy. For specialty chemicals, the market progression is actually leveraged on the economy. And you're not able to see this on this graph. But if you look at the behavior of consumption of specialty chemicals in Brazil since '99, the year we went public, to now, basically, the consumption of specialty chemicals grow at a ratio of two to three times GDP every year.

So we have at the same time aspects of our businesses which are resilient to the economy. The demand is resilient to downturns. At the other side, we have aspects which are significantly leveraged on the economy, which allow us to benefit in both moments.

Now having good businesses is only part of it. You have to constantly make it better. And we think that we have a track record in successful strategic planning and execution as demonstrated in page nine. Over the last several years, we made many acquisitions and undertaken a number of organic expansions.

All of them have yield significant returns. That has been possible because our execution capability, for example, in acquisitions, we have developed particular expertise in analyzing, due diligencing, and more importantly, integrating acquired operations. Such things have paved the way for strengthening the competitive advantages that we have in each one of our businesses.

A few other recent examples, some of you may have followed the significant improvement in profitability of Ultragaz on the last several quarters. That was directly linked or that has been directly linked to the operational efficiency programs that we have been developing and that I will speak a little more about it in a few minutes.

In Oxiteno, we have displaced imports over the last several quarters and gained market share in relation to them. And last but not least, again, in Ultracargo, we have finished reshaping the strategy of Ultracargo, having sold in the first of July the transportation business and the storage for bulk, solid bulk. And we now have focused Ultracargo exclusively on the storage for liquid bulk, which is there where we think we have a differentiated position.

We -- moving to slide 10, the actions have shown in our results. On the top of the page 10, you see that since 2006, the last five years, EBITDA has been multiplied by more than three. And gross -- or net profit has been increased by 2.5 times. That -- we're glad to know that the market recognizes the evolution in our business and profitability. And as the

graph on the bottom left shows, the Ultrapar stock has outperformed Ibovespa by more than 50% since 2005.

And we've done all of this without touching our dividends. In fact, dividends have been increasing over time. We paid bigger dividends on the first half of 2009 in relation to 2008. We paid bigger dividends on the second half of 2009. And we paid bigger dividends again in the first half of 2010.

Now even if you look at longer periods, for example, since we became public, so 10 years, since 1999, EBITDA grew on that period 15% a year compounded. Net profit grew 18% a year compounded. And again, I'm talking very long periods, a complete decade. And more important, if you have acquired a stock of Ultra at the IPO and you still have it and you have reinvested the dividends, you will have had a return of approximately 25% a year, again compounded.

Well moving to this quarter on slide 11, it was another quarter of strong results. It was the 17th quarter of consecutive growth in EBITDA. And that is a consequence of the four elements that are listed on page 11, the Brazilian economic growth, acquisitions with strong returns, volume growth in all businesses, and the operational excellence programs.

Net profit jumped by 58%. And equally important, last 12 months' return on equity has reached now 14% and continues to increase as the significant investments that we made over the last several years are now bearing fruits and full steam ahead.

So talking about each one of the businesses and its performance on the quarter, starting on slide 13, we have here a few elements to put context in the strong evolution of results of Ultragaz on the last several years. You see on the right that volume has been stable as the market has been stable. But profitability has increased dramatically.

Now what's behind that? As I'm certain you know, Ultragaz is a business with all of the retail/consumer characteristics, where strong brand, low distribution costs, and client orientation are key drivers of differentiation and profitability. In the last several years, Ultracargo developed a number of initiatives in these three key areas of the business towards improving profitability through what we call operational excellence programs.

Some examples of those are on page 11 -- or sorry, 13. They all span from the fact that the LPG market is a very vibrant market, where consumer preferences change over time quite rapidly. And every time that happens, we are given an opportunity to service better our customers and through that organize our company in a more efficient way and generate more profits.

Examples of that on the first one is what we call a resellers training program. We have had resellers training programs for a long time. The most recent version of it has two targets. It's first to improve the resellers' standards of service quality. And we've been doing that by standardizing client service.

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Second, we started a process of helping our resellers to have better businesses. In other words, we're disseminating to them good management practices, helping them to have better profitability in their business, which helps everyone in the value chain to have better profitability. All of this is anchored in incentive programs, where the best resellers work as a role model for the resellers that are in process of improving their quality of service.

I mentioned changing habits of the consumers. That's another area of opportunity that we have tapped into. There is a number of new ways to buy LPG and pay for LPG that focus on convenience, which we have deployed over the last few years. The first and more important one is called disk gas, which is basically buying your LPG over the phone.

I suppose that for the developed world, that sounds very simple. But you have to recall that the privatization of the telephone system in Brazil has had a massive impact in the availability of telephones. And that has fostered a new habit in Brazil, which is buying LPG over the phone. And that has changed quite a lot in the market.

Now in addition to servicing the client in the way he wants and therefore reaping the joint benefits of that, this type of sales also allow us to have more efficient logistics because most of them have some characteristics of presale, which allows the truck to leave the storage facility with a prescheduled plan, which allows reduction of cost and improving profitability.

Now last but not least, the brand, the current positioning of Ultragaz is a specialist in what it does. And we have undertaken a marketing campaign over the last three years on the basis of that positioning. And that has been done together with training of the resellers to improve their technical and behavior knowledge and improve therefore client satisfaction.

With that as a context, I think it's a lot easier to understand Third Quarter results and the results that we have had over the last several quarters. Volumes grew by 1% and has been as it has been the rule in the market. All the volume growth has really taken place on the bulk delivery system, which is for industrial and commercial use and tends to grow in line with GDP.

We have had a 3% growth in EBITDA on the back of the slightly bigger volume and the benefits of the operational excellence programs. The growth has not been bigger in this quarter simply because Third Quarter of 2009 was a very strong quarter. If you look back through the rest of the year, the pace of growth was significantly higher. And it is our expectation that we resume that growth in results on the Fourth Quarter again.

Talking about 2011 and general outlook, we expect the growth of the Brazilian economy to continue to benefit the bulk segment. In addition, you may have noticed that we have invested in a faster pace in 2010, which we intend to continue in 2011. Those higher investments were directly linked to capturing new clients and expanding in niche areas of the market that grow faster than the overall market.

The benefits of those actions will start showing in 2011, particularly in volumes, where we expect a growth in the bulk segment volumes in a bigger magnitude than we have seen in previous years and in an evolution that will be beyond the typical evolution of the GDP.

Now for EBITDA, our expectation for 2011 and also for the Fourth Quarter this year, it is of a evolution similar to the one we have had so far this year, which was about 14%, as a consequence of evolution of volumes and the continuation of the benefits of the operational excellence programs that I mentioned.

Moving on to Ipiranga on slide 15, the focus of our work in the recent past has been in foster the benefits of the growth in volume and make the Ipiranga business model even stronger with further differentiation. About volume growth, I mentioned we have good reasons to be optimists in relation to the market growth.

We also have good reasons to be optimists about the ongoing process of formalization of the market as there is a number of initiatives underway through the trade association and the Brazilian government, which should yield a reduction in informality in the sector and therefore allowing the market in which we operate to grow faster than the overall market.

Now Ipiranga has a outstanding position in the market with a strategy based on differentiation of services, convenience, and constant innovation. Some of the elements of that strategy are on the right part of the page 15. And they include am/pm, which is the largest convenience store chain in the country, Jet Oil, which is a lubricant changing business. And in 2010, we grew that by 20% and started a new niche market called Jet Oil Motorcycles to serve the needs of motorcycles in Brazil, which have been growing at 10% a year.

Last but not least, again, Kilometers of Advantages is the name of our loyalty program. Through that, consumers of Ipiranga earn points, or in fact kilometers that they can exchange in a variety of things. It is built on the mode of a self-liquidating program. And it has been implemented with excellence. And as a consequence, it is probably one of the most successful loyalty programs that there is in Brazil. We have 4 million people in it only after a year of having started.

This -- overall, this strategy of differentiation brings more traffic to our gas stations and also brings more profitability. That is the case because our consumer has products and services of more value. Our resellers have additional revenues and a more interesting strategic positioning for their gas stations. And with all of that, we maximize the profitability of the value chain, including the one of Ipiranga.

In addition to our differentiation strategy, we have underway an expansion strategy to the northern part of Brazil. This was started with the acquisition of Texaco in 2009. The logic for it is very simple. It is a region that grows faster than the national average. And the participation of the market share of Ipiranga is lower than in the rest of the country.

We will expand our volumes ahead of the market in those regions through two mechanisms, organic growth by investing in new gas stations, and doing a process that is

called in the market flag switching. And we'll also do that through acquisition of regional distributors. We have just finished the first one of what we're working to be a series of that.

We acquired a company called DNP, which is the fourth largest player in the north of Brazil. You see in the map the region where they were operating. We paid BRL85 million for it. It had an EBITDA in 2009 of BRL17 million and therefore a price of 5 times EBITDA. This will increase the volume of Ipiranga in the region by 40%, solidifying, consolidating the position of Ipiranga as the second largest player in the market.

As we did in the case of Texaco, we will capture benefits of scale. And we will implement the Ipiranga business model in the DNP network with expectation that will yield higher profitability in the coming quarters. Talking about higher profitability, Third Quarter, we saw volume growing 10% and EBITDA growing 19% on the back of the higher volume and also the integration process of Texaco.

Looking forward, first of all, we will have DNP in our results from the first of November, contributing to volumes and EBITDA. In relation to the Fourth Quarter, we expect growth in volume to continue its trend. The combined volume of ethanol, gasoline, and natural gas should continue to grow in line with the growth of the light vehicle fleet. And at the other side, the consumption of diesel we expect will grow in line with GDP.

In relation to profitability, we expect a very good EBITDA for the Fourth Quarter. The Fourth Quarter has a more rich mix with bigger participation of gasoline, which we think it will pave the way for positive evolution in EBITDA margins in relation to the Third Quarter and making it close to the Fourth Quarter EBITDA margin of 2009.

For the new year, our expectation is of very strong volume growth in Ipiranga, certainly a two-digit growth in volume. We have -- the fundamentals of that expectation are threefold. First, it's a very healthy market, as I have mentioned already. Second is our expectation in the improvement of the formalization of the market, which I have touched briefly as well.

And last and more important probably than the rest, we have invested a lot more in growing our network in 2010. And we expect to do so in 2011, in particular in growing the network in the northern part of Brazil. And all of that should start bearing benefits and fruits in 2011 and therefore allowing us to grow faster than the rest of the market, as it is the case in Ultragas, as I mentioned.

This additional volume plus the operational leverage that comes with it allows us to expect growth in EBITDA in 2011 similar to the one we experienced in 2010. And I have to emphasize how relevant that is because, in 2009, we have only three quarters of Texaco in our results. And therefore, and in 2010, we had four quarters obviously. Therefore, an evolution, a growth in 2011 similar to the one in 2010 in fact means that the growth rate of Ipiranga is actually accelerating.

Into Oxiteno, we're coming to the end of our cycle expansions in capacity. We started that in 2007 with a view that some of the segments we service will have very fast growth rates in the next several years, which has proven to be correct, namely cosmetics and detergents, agricultural chemicals, coatings and varnishes, and the oil and gas industry.

As a consequence of the market demand and our expansions, volume of specialties sold increased by 59% between 2006 and 2010. And our portfolio has been significantly tilted towards the specialty chemicals and away from the commodities, allowing us to have much better mix and profitability.

The last expansions are -- of this cycle of investments are scheduled to begin operation in the beginning of 2011 with further effect in volumes and profitability. A potential further step for Oxiteno in addition to the Brazilian market growth relates to increasing its geographical scope. The underlying logic is we have very profound knowledge of specialty chemicals, particularly the ones derived from ethylene oxide and fatty alcohols. And that is something that can be deployed in other geographies.

We have had a very positive experience in Mexico, where the transfer of technology and customer relationships took a very distant [ph] player to leadership in the market in about seven years since we entered there. And therefore, we think that there is an opportunity for us to do that in other parts of the world.

Our results in the Third Quarter have been very strong. EBITDA soared by 72% on the back of growing volumes in Brazil, our core market and core profitability and our recovering margins, where we were helped by the current recent stability of raw materials.

For the next quarters and in particular for the next quarter, we expect volumes to be in line with the Third Quarter, which is very positive, given that the Fourth Quarter is seasonally weaker than the Third Quarter. And we expect profitability for EBITDA to pose a similar growth to the one we have had so far this year of 2010. That is 55% growth in EBITDA in spite of the current appreciation of the real, which has taken place during this Fourth Quarter.

Looking to 2011, as a full year, I mentioned before the demand for specialty chemicals in Brazil has grown historically at two to three times GDP. Our expectation is that that will continue and in particular for the next year that that will be closer to the three times GDP than the two times GDP.

We had on the Third Quarter the beginning of the operations of a 70,000 ton plant of ethoxylates in our Camacari facility. And we expect in the beginning of the year the expansion of ethylene oxide in Camacari to be operational. That strengthens our focus on specialty chemicals. And that will be obviously initially geared towards the export market. And as the Brazilian market grows, we will shift that volume to Brazil, where we have higher profitability.

In relation to our results for 2011, first I have to make a disclaimer with you. As you probably know, the evolution of oil price and the evolution of currency is a strong

influence in the short-term results of Oxiten. Having said that, our expectation for 2011 is for an EBITDA reflecting a margin in dollar similar to the one of 2010 and in spite of the growth of exports, where we have lower profitability.

Moving to Ultracargo, or I should probably call it new Ultracargo, given that it is now a different business. The Third Quarter was the First Quarter where Ultracargo was solely focused on the storage for liquid bulk. It is a market where differentiation is recognized, allowing for services of greater value added, and where Ultracargo has a leadership position, both in market share and recognition of the quality of services that it provides.

This is a sector in Brazil that has a great outlook ahead of itself, given the lack of infrastructure in the country. We are currently working on expansions of about 100,000 cubic meters in our facilities, which corresponds to about 15% of our installed capacity. We have area available in our existing terminals for another 200,000 cubic meters. And we're also currently looking at installing new terminals in response to the demands of the market.

On the Third Quarter, we had very significant growth in volumes, 21%, as a consequence of expansions and acquisitions that we did. And that together with selling the transport business allowed us to have an EBITDA margin of 40%, which we expect to increase on the next quarters as the Company gains further scale.

For the Fourth Quarter, we expect volume to be significantly higher than the Fourth Quarter of 2009, like it happened to be in Third Quarters, and consequently a strong growth in EBITDA in relation to the Fourth Quarter of 2009.

Now for 2011, we have two things to consider. First, a number of expansions that are already under operation will mature through the year and generate further profitability. Second, the expansions that we have announced, the ones that will increase capacity by another 15%, are expected to generate additional BRL35 million in EBITDA when they're fully operational. A portion of those or the biggest portion of those is scheduled to begin operations in 2012. However, a portion of them are also scheduled to begin operations in 2011, therefore allowing for bigger volumes and EBITDA in 2011.

Well to put all of this together, I hope I have shown you the reasons why we're very optimistic about our businesses, not only for the next quarter, for the next year and for the very -- for the next many years. We have the positive wind, the favorable winds of the Brazilian economy in our favor, which allows us to grow volumes of fuels, volumes of LPG in the bulk segment, specialty chemicals, and storage facilities for Ultracargo. And in each one of our businesses, Ipiranga, Ultragas, Oxiten, and Ultracargo, we have excellent market positionings that allow us to capture that volume growth and consequential profitability growth.

We are at the same time analyzing a number of investments, both organically and acquisitions. And we have as a backdrop our track record in value creation. And I'll simply quote the data that we have again for the last 10 years, EBITDA growth of 15%, net profit

growth of 18%, and a return to the shareholders of 25% a year. And we're working to produce that type of result for the next several years.

I hope I have not killed you with my presentation and you're still awake. I know it's the start of a holiday in the United States. And it's getting late in Europe. So I'll take no offense if you have no questions. But I'm opening the floor for questions.

Questions And Answers

Operator

Thank you. The floor is now open for questions. (Operator Instructions). In case you are following the conference via the webcast, please click on question to the host, to send your questions. (Operator Instructions). Your first question comes from the line of Michael Holm with Ultima.

Q - Michael Holm {BIO 17572380 <GO>}

Hi, Andre. How you doing?

A - Andre Covre {BIO 15233513 <GO>}

My (inaudible) have come to reality, Michael. No one's going to ask me question.

Q - Michael Holm {BIO 17572380 <GO>}

Sorry to disappoint you that we're not on a holiday.

A - Andre Covre {BIO 15233513 <GO>}

It's good to know there's more people working.

Q - Michael Holm {BIO 17572380 <GO>}

It was a holiday yesterday, by the way, not today. But never mind.

A - Andre Covre {BIO 15233513 <GO>}

Sure.

Q - Michael Holm {BIO 17572380 <GO>}

The question I have -- and I apologize if it's somewhere in the slides or in the results. But what I wanted to understand in terms of Ultracargo is just to give a simple numeric example for me. If sales a year ago were BRL100 million and EBITDA, to pick a number, was BRL15 million, now that you have retained only the liquid part of the business, I believe, I'd just like to understand how that BRL15 million changes. Does it go to, say, BRL40 million and BRL12 million? I just want to get a better understanding of that.

A - Andre Covre {BIO 15233513 <GO>}

Okay. I think I can only partially answer your question.

Q - Michael Holm {BIO 17572380 <GO>}

Right.

A - Andre Covre {BIO 15233513 <GO>}

I don't have the data here with me for the revenue impact.

Q - Michael Holm {BIO 17572380 <GO>}

Yes.

A - Andre Covre {BIO 15233513 <GO>}

But this --.

Q - Michael Holm {BIO 17572380 <GO>}

Rough numbers is good enough, so --.

A - Andre Covre {BIO 15233513 <GO>}

The business that we sold --.

Q - Michael Holm {BIO 17572380 <GO>}

Right.

A - Andre Covre {BIO 15233513 <GO>}

It was a business that was spread out in many parts of Ultracargo. So --

Q - Michael Holm {BIO 17572380 <GO>}

Right.

A - Andre Covre {BIO 15233513 <GO>}

It's not a number that we can observe. But our best estimate is that this business was generating something like BRL20 million of EBITDA a year.

Q - Michael Holm {BIO 17572380 <GO>}

Right.

A - Andre Covre {BIO 15233513 <GO>}

And that's what we therefore sold and will disappear from our results. And what's happening at the same time is that the storage for liquids is growing and is growing very

fast, --

Q - Michael Holm {BIO 17572380 <GO>}

Yes.

A - Andre Covre {BIO 15233513 <GO>}

-- which means that you end up seeing very little of that reduction actually.

Q - Michael Holm {BIO 17572380 <GO>}

Right. Okay.

A - Andre Covre {BIO 15233513 <GO>}

Now to give you a sense on the revenues, on the Second Quarter, revenues were about BRL86 million.

Q - Michael Holm {BIO 17572380 <GO>}

Yes.

A - Andre Covre {BIO 15233513 <GO>}

And on the Third Quarter, revenues were BRL65 million.

Q - Michael Holm {BIO 17572380 <GO>}

Right.

A - Andre Covre {BIO 15233513 <GO>}

So about BRL25 million of revenues net of everything.

Q - Michael Holm {BIO 17572380 <GO>}

Right.

A - Andre Covre {BIO 15233513 <GO>}

So (multiple speakers) of revenues net of everything disappeared or was sold.

Q - Michael Holm {BIO 17572380 <GO>}

Right. Okay. All right. Very good. That was my question for today.

Operator

(Operator Instructions). There are no further questions at this time. I would like to turn the floor back over to Mr. Andre Covre for closing remarks.

A - Andre Covre {BIO 15233513 <GO>}

Well thank you everyone. It was a pleasure again to be with you. I look forward to see you here in the next quarterly results, which I am very confident you will be the 18th straight quarter of EBITDA growth for Ultrapar. I believe I'll not see you until the beginning of the year. So I wish you a merry Christmas, a happy and very profitable 2011. Thank you very much.

Operator

Thank you. This concludes today's Ultrapar Third Quarter 2010 results conference call. You may disconnect your lines at this time.

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