

PPLA Participations – PPLA11

Earnings Release

First Quarter 2019

May 15, 2019

Performance PPLA Participations

Rio de Janeiro, Brazil, May 15, 2019 - PPLA Participations Ltd. (PPLA Participations), reported losses of R\$2.2 million and a total comprehensive loss of R\$2.6 million for the quarter ended March 31, 2019 (1Q 2019).

Financial position and results from PPLA Participations consist mostly of its proportional share in PPLA Investments' equity, equivalent to 2.08% as of March 31, 2019.

PPLA investments, in turn, posted comprehensive losses of R\$40.3 million, mainly from interest expenses recognized on PPLA Investments' financial liabilities.

As of March, 31, 2019, the total theoretical number of units of PPLA11¹ was 100.5 million units, and its book value per unit would be R\$0.51, considering PPLA Investments net equity of R\$51.5 million.

Relevant Event

During the quarter, BTG MB Investments LP ("BTG MB"), a company that has an indirect participation in PPLA Participation, converted R\$85 million of a loan granted to PPLA Investments into equity – PPLA Investments issued of 3,766,919,006 Class D shares - equivalent to R\$0.02 per share. As a consequence of the capitalization, PPLA Investments shareholders were diluted in their participation, in such way that: (i) PPLA Participations indirectly holds, through PPLA Bermuda LP Holdco Ltd, 2.08% of PPLA Investments (December 31, 2018: 28.02%); (ii) BTG MB directly holds approx. 93% of PPLA Investments shares (December 31, 2018: 2%).

During the quarter ended September 30, 2018 PPLA Participations Ltd. submitted to B3 S.A. - Brasil, Bolsa, Balcão ("B3") a procedure for the voluntary discontinuation of the BDRs Program of the Company, along with the resulting termination of its listing and negotiation of the Units with B3, as well as the termination of its registration as a category "A" foreign issuer, held with the Brazilian Securities and Exchange Commission – Comissão de Valores Mobiliários ("CVM"), pursuant to the Issuer Manual, issued by B3 and the CVM Instruction 332, of April 4, 2009.

The procedure for discontinuation, including its terms and conditions, is subject to (i) the approval that shall be issued by B3, (ii) the ratification by CVM, and (iii) the applicable corporate approvals

(1) Assuming that the entire interest in PPLA Investments LP is converted into PPLA Participations Ltd. shares. Theoretical number of shares based on the economic interest in PPLA Investments LP units acquired by investment vehicles owned by certain partners individually or collectively and vehicles under the *Partnership*.

Subsequent events

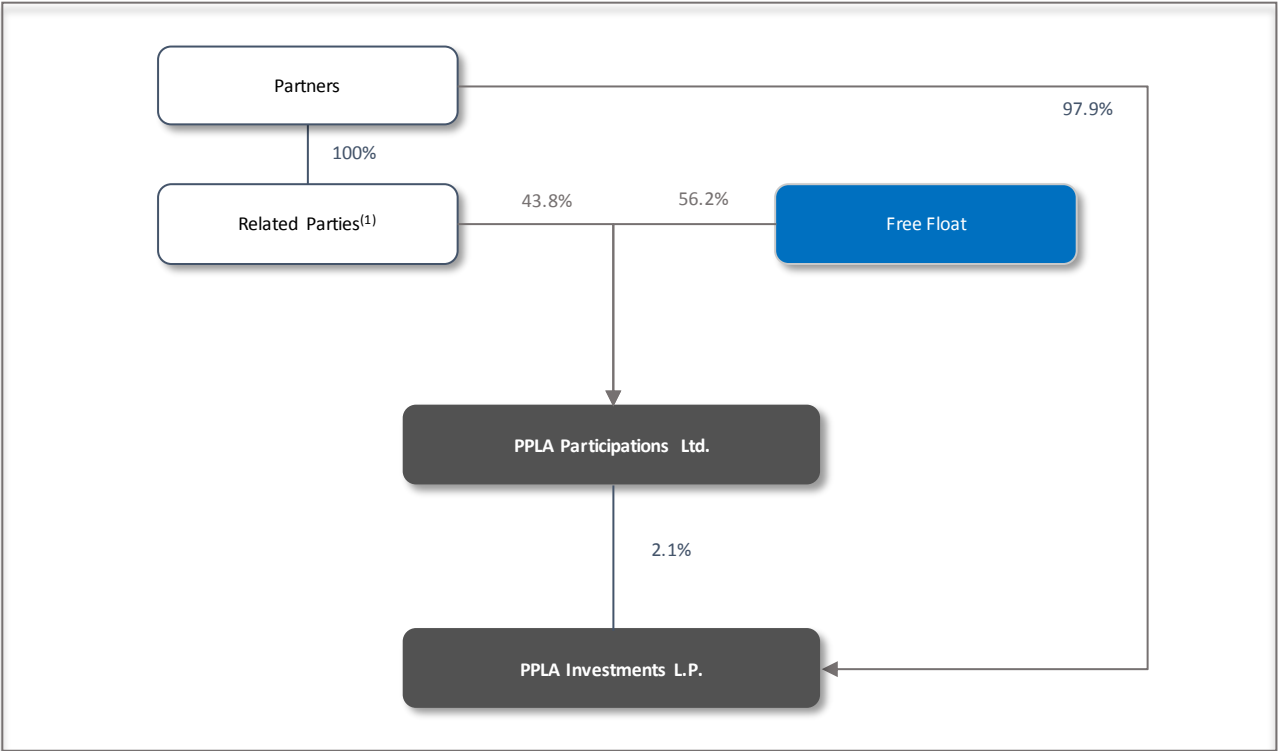
In the context of the discontinuity of the BDR program described before, on April 25, 2019, the Company received correspondence from investors, representing more than 10% of PPLA Participations Units and BDRs available in the market, through which a Special General Meeting ("SGM") was requested to discuss the need of a new assessment to determine the value of Units and BDRs.

Additionally, on May 2, 2019, the Brazilian Securities and Exchange Commission ("CVM") made the following requests in connection with the tender offer for Units and BDRs ("OPA" or "Offer"): (i) OPA documentation shall be reassessed to includes information on transactions between related parties, loan and capitalization under the terms disclosed in Material Fact dated April 9, 2019, (ii) update - by the appraiser - the valuation of the Company, based on the last financial statements made available by the Company, until June 3, 2019. As determined by CVM, the realization of the SGM requested by minority shareholders may only be realized fifteen days after the previously mentioned valuation report was made available.

The Company will keep the market and its investors informed about the Special General Meeting.

Shareholding Structure

PPLA Participations owns through its wholly-owned subsidiary BTG Bermuda LP Holdco Ltd. a stake corresponding to 2.08% of PPLA Investments’ capital. PPLA Participations indirectly holds equity interest in PPLA Investments and accounts for its as investment entity in accordance with IFRS 10 - Consolidated Financial Statements where assets and liabilities are measured at fair value.



(1) Includes units acquired by investment vehicles owned by certain partners individually or collectively and vehicles under common control of the Partnership

Financial Information

The financial information presented in the tables below consists of the financial position and results of operations from PPLA Investments as we believe they are more meaningful than those from PPLA Participations in order to understand the results of PPLA Participations.

Income Statement (unaudited) <i>(in R\$ million, unless otherwise stated)</i>	PPLA Investments	
	4Q 2018	1Q 2019
Financial income	(48)	(26)
Financial expenses	(15)	(22)
Gross financial income	(62)	(48)
Other operating income (expenses)	32	(6)
Operating income	(30)	(54)
Non-operating income/(expenses)	-	-
Income before taxes and profit sharing	(30)	(54)
Income and social contribution taxes	-	-
Statutory profit sharing	-	-
Non-controlling interest	-	-
Net income	(30)	(54)

Note: As PPLA Investments is accounted in USD, the adjusted financial statements do not consider the effect of exchange variation of the assets, reporting the net income in BRL. The income statement disclosed above is pro forma, excluding foreign exchange translation effects impacts between lines. Includes adjustments to normalize hedge effects.

In 1Q 2019 PPLA Investments had an operating losses of R\$54 million, mostly related to the financial expenses of PPLA Investments' liabilities.

As PPLA Investments is an investment entity, it does not have significant operating expenses and administrative costs. As a result of the foregoing, net income was negative in R\$54 million in line with operating income.

Main Assets

The table presents a summary of PPLA Investments' assets and liabilities. The balance sheet below is pro-forma because it considers certain adjustments, such as intercompany eliminations.

Unaudited pro-forma balance sheet (in R\$ million)					
	4Q 2018	1Q 2019		4Q 2018	1Q 2019
Assets	2,610.6	2,254.6	Liabilities + Equity	2,610.6	2,254.6
Cash & Equivalents	146.3	20.4	Financial Liabilities	2,582.5	2,203.1
Investment Entity Portfolio	1,057.4	1,004.8	- Financial Institutions ⁽¹⁾	2,291.5	2,022.5
Merchant Banking	1,021.9	999.5	- Medium Term Notes	291.0	180.6
- Lojas Leader	598.4	598.4			
- BR Pharma	57.0	57.0			
- B&A	12.1	12.1	Other Liabilities	21.3	-
- Fazendas Timber	133.5	137.9			
- BR Pec	148.4	135.7			
- Other Assets	72.4	58.3			
BTG Pactual Bonds	30.2	-			
Global Markets	5.4	5.3			
Invest at Fair Value - OCI	600.3	612.5			
Loans and Receivables	746.9	540.5			
- Partners	734.6	530.3			
- Other	12.2	10.2			
Other Assets ⁽¹⁾	59.7	76.4	Shareholders Equity	6.8	51.5

(1) Excludes Intercompany Transactions

- (i) **Cash & Equivalents** were R\$20.4 million in the end of the 1Q 2019, compared to R\$146.3 million in the 4Q 2018. The impact mostly reflects the amortization of medium term notes.
- (ii) **Investment Entity Portfolio.**
- Corporate loan of R\$598.4 million to União de **Lojas Leader**, a retail company undergoing operational turn-around. The credit recovery will depend on business capacity to implement such turn-around. The total remained stable.
 - Corporate loans and marketable securities in **BR Pharma**, a pharmaceutical retail company undergoing operational turn-around. The total exposure remained stable during the quarter.
 - B&A** is a mining company to develop and explore opportunities in this sector. The total exposure remained stable during the quarter in R\$12.1 million.
 - Fazendas Timber** consists of land properties, dedicated to management and commercial activities inherent to the eucalyptus and pine plantation. The total exposure increased during 1Q 2019 due to fair value adjustments.

- e. Equity investment of R\$135.7 million in **BR Pec**, an agricultural / ranching company that is focused on production of soy, corn and cattle. The operations are focused on improving productivity levels. PPLA Investments owns 100% of the asset. The decrease in asset value from 4Q 2018 was mostly due to the interest accrual in the company's debt, and a fair value adjustment of the company's assets.
 - f. **Other Assets** inside Merchant Banking portfolio consist of over ten smaller investments across different sectors.
- (iii) **BTG Pactual Bonds** consists of bonds issued by Banco BTG Pactual S.A. During the 1Q 2019 PPLA Investments sold all its BTG Pactual 22s bonds.
- (iv) PPLA Investments also carries other private equity assets, under **Invest at Fair Value – OCI**, which are mainly held via investment funds, such as UOL, CCRR and Estre, among other investments. During the 1Q 2019, the total balance increased from R\$ 600.3 million in 4Q 2018 to R\$ 612.5 million in 1Q 2019 due to the positive fair value adjustments.
- (v) **Loans and Receivables** consists of R\$530.3 million of partnership loans and R\$10.2 million of other loans. The decrease in the quarter was mostly due to the sale of partnership loan.
- (vi) **Financial Liabilities**
- a. Liabilities to Financial Institutions consist in several long-term loans, most of them with Brazilian financial institutions. The total amount decreased 11,7% from the last quarter due the conversion of R\$85 million of a loan into equity, as explained in the “relevant events” section.
 - b. Medium Term Notes: PPLA Investments has issued notes to finance its operations over the last 4 years. The total amount decreased 37,9% from the last quarter due the amortization of these notes.

Basis for Presentation

Except where otherwise noted, the information concerning our financial condition presented in this document is based on our Balance Sheet and Income Statement, which is prepared in accordance with IFRS.

Forward-looking statements

This document may contain estimates and forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements may appear throughout this document. These estimates and forward-looking statements are mainly based on the current expectations and estimates of future events and trends that affect or may affect the business, financial condition, and results of operations, cash flow, liquidity, prospects and the trading price of the units. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to many significant risks, uncertainties and assumptions and are made in light of information currently available to us. Forward-looking statements speak only as of the date they were made, and we do not undertake the obligation to update publicly or to revise any forward-looking statements after we distribute this document as a result of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this document might not occur and future results may differ materially from those expressed in or suggested by these forward-looking statements. Forward-looking statements involve risks and uncertainties and are not a guaranty of future results. As a result, you should not make any investment decision on the basis of the forward-looking statements contained herein.

Rounding

Certain percentages and other amounts included in this document have been rounded to facilitate their presentation. Accordingly, figures shown as totals in certain tables may not be an arithmetical aggregation of the figures that precede them and may differ from the financial statements.