

PPLA Participations – PPLA11

Earnings Release

Third Quarter 2018

November 13, 2018

Performance PPLA Participations

Rio de Janeiro, Brazil, November 13, 2018 - PPLA Participations Ltd. (PPLA Participations), reported losses of R\$21.0 million and a total comprehensive loss of R\$21.0 million for the quarter ended September 30, 2018 (3Q 2018).

Financial position and results from PPLA Participations consist mostly of its proportional share in PPLA Investments' equity, equivalent to 28.02% as of September 30, 2018.

PPLA investments, in turn, posted comprehensive losses of R\$88.4, mainly from interest expenses recognized on PPLA Investments' financial liabilities and from a negative fair value adjustment in BR Pharma.

As of September, 30, 2018, the total theoretical number of units of PPLA11¹ was 100.5 million units, and its book value per unit would be R\$0.29, considering PPLA Investments net equity of R\$29.1 million.

Relevant Event

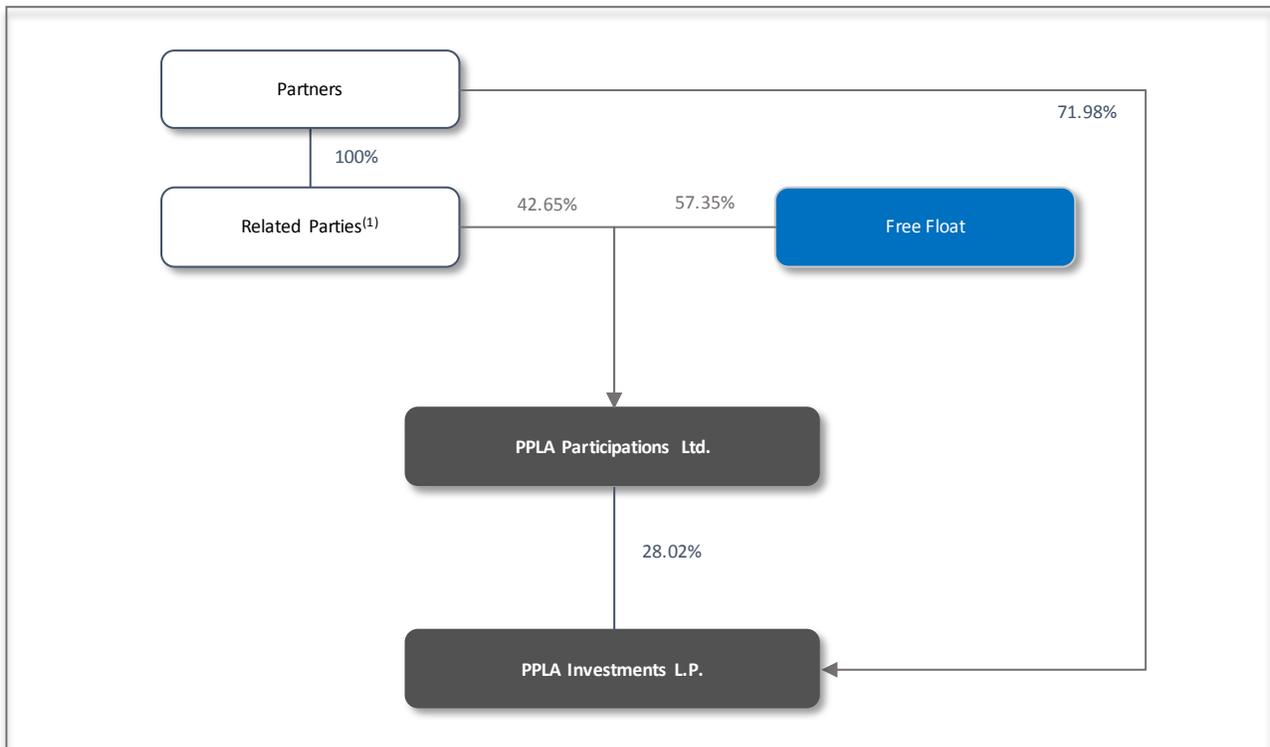
During the quarter ended September 30, 2018 PPLA Participations Ltd. submitted to B3 S.A. - Brasil, Bolsa, Balcão ("B3") a procedure for the voluntary discontinuation of the BDRs Program of the Company, along with the resulting termination of its listing and negotiation of the Units with B3, as well 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*.

Shareholding Structure

PPLA Participations owns through its wholly-owned subsidiary BTG Bermuda LP Holdco Ltd. a stake corresponding to 28.02% 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	
	2Q 2018	3Q 2018
Financial income	212	(22)
Financial expenses	(70)	(34)
Gross financial income	142	(55)
Other operating income (expenses)	(225)	(35)
Operating income	(82)	(90)
Non-operating income/(expenses)	-	-
Income before taxes and profit sharing	(82)	(90)
Income and social contribution taxes	-	-
Statutory profit sharing	-	-
Non-controlling interest	-	-
Net income	(82)	(90)

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 3Q 2018 PPLA Investments had an operating losses of R\$90 million, mostly related to the financial expenses of PPLA Investments' liabilities and a negative fair value adjustment of BR Pharma.

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\$90 million in line with operating income.

	PPLA Participations (28.02%)	PPLA Investments
Net Income	(25.3)	(90.4)
OCI	(7.7)	(27.3)
(-) FX Reval Adjustments	5.8	20.6
Total (A)	(27.2)	(97.1)
Fair Value of Financial Liabilities (B)	3.9	
Total losses (A+B)	(23.3)	(97.1)
Cumulative translation adjustment PPLA Investments (C)	2.3	8.6
Total comprehensive losses (A+B+C)	(21.0)	(88.4)

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)					
	2Q 2018	3Q 2018		2Q 2018	3Q 2018
Assets	3,096.6	2,791.3	Liabilities + Equity	3,096.6	2,791.3
Cash & Equivalents	181.9	220.0	Financial Liabilities	2,979.0	2,692.2
Investment Entity Portfolio	1,103.1	1,020.8	- Financial Institutions ⁽¹⁾	2,311.8	2,397.1
Merchant Banking	1,058.0	1,015.1	- Medium Term Notes	667.3	295.1
- Lojas Leader	619.8	619.7			
- BR Pharma	57.0	57.6			
- B&A	84.2	12.1	Other Liabilities	-	70.0
- Fazendas Timber	125.1	127.0			
- BR Pec	45.6	132.1			
- Other Assets	126.2	66.7			
BTG Pactual Bonds	26.8	-			
Global Markets	18.3	5.6			
Invest at Fair Value - OCI	594.0	593.0			
Loans and Receivables	1,101.2	875.8			
- Partners	1,089.0	863.5			
- Other	12.2	12.3			
Other Assets ⁽¹⁾	116.3	81.7	Shareholders Equity	117.5	29.1

(1) Excludes Intercompany Transactions

- (i) **Cash & Equivalents** were R\$220.0 million in the end of the 3Q 2018, compared to R\$181.9 million in the 2Q 2018. The positive impact reflects the pre-payment of loan to partners and the cash distribution from funds owned by PPLA, which was partially offset by the maturity of medium term notes.
- (ii) **Investment Entity Portfolio.**
- Corporate loan of R\$619.7 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 exposure remained stable during the 3Q 2018.
 - Corporate loans and marketable securities in **BR Pharma**, a pharmaceutical retail company undergoing operational turn-around. The total exposure slightly increase during the quarter due to a new loan that was partially impaired.

- c. **B&A** is a mining company to develop and explore opportunities in this sector. The total exposure decreased from R\$84.2 million on the 2Q 2018 to R\$12.1 million on the 3Q 2018, as B&A pre-paid a R\$72 million debt against PPLA after the sale of a copper mine asset in Chile.
 - d. **Fazendas Timber** consists of land properties, dedicated to management and commercial activities inherent to the eucalyptus and pine plantation. The total exposure remained stable during 3Q 2018.
 - e. Equity investment of R\$132.1 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. During the 3Q 2018 PPLA increased BrPec's capital in order to fulfill its debts obligations.
 - f. **Other Assets** inside Merchant Banking portfolio consist of over ten smaller investments across different sectors. The total exposure decreased from R\$ 126.2 million in 2Q 2018 to R\$ 66.7 million in 3Q 2018 due to a cash distribution from funds included in this line.
- (iii) **BTG Pactual Bonds** consists of bonds issued by Banco BTG Pactual S.A. During the 3Q 2018 PPLA Investments sold its 22s BTG Pactual remaining position.
- (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 3Q 2018, the total fair value remained stable.
- (v) **Loans and Receivables** consists of R\$863.5 million of partnership loans and R\$12.3 million of other loans. The decrease in the quarter was mostly due to the pre-payment of some partnership loans.
- (vi) **Financial Liabilities**
- a. Liabilities to Financial Institutions consist in several long-term loans, most of them with Brazilian financial institutions.
 - b. Medium Term Notes: PPLA Investments has issued notes to finance its operations over the last 4 years. The total amount decreased 55.4% from the last quarter due the maturity of one of those 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.