

PPLA Participations – PPLA11

Earnings Release

Fourth Quarter 2018

March 29, 2019

Performance PPLA Participations

Rio de Janeiro, Brazil, March 29, 2019 - PPLA Participations Ltd. (PPLA Participations), reported losses of R\$6.6 million and a total comprehensive loss of R\$6.6 million for the quarter ended December 31, 2018 (4Q 2018).

Financial position and results from PPLA Participations consist mostly of its proportional share in PPLA Investments' equity, equivalent to 28.02% as of December 31, 2018.

PPLA investments, in turn, posted comprehensive losses of R\$22.3, mainly from interest expenses recognized on PPLA Investments' financial liabilities, partially compensated by positive fair value adjustments in Merchant Banking Portfolio.

As of December, 31, 2018, the total theoretical number of units of PPLA11¹ was 100.5 million units, and its book value per unit would be R\$0.07, considering PPLA Investments net equity of R\$6.8 million.

Relevant Event

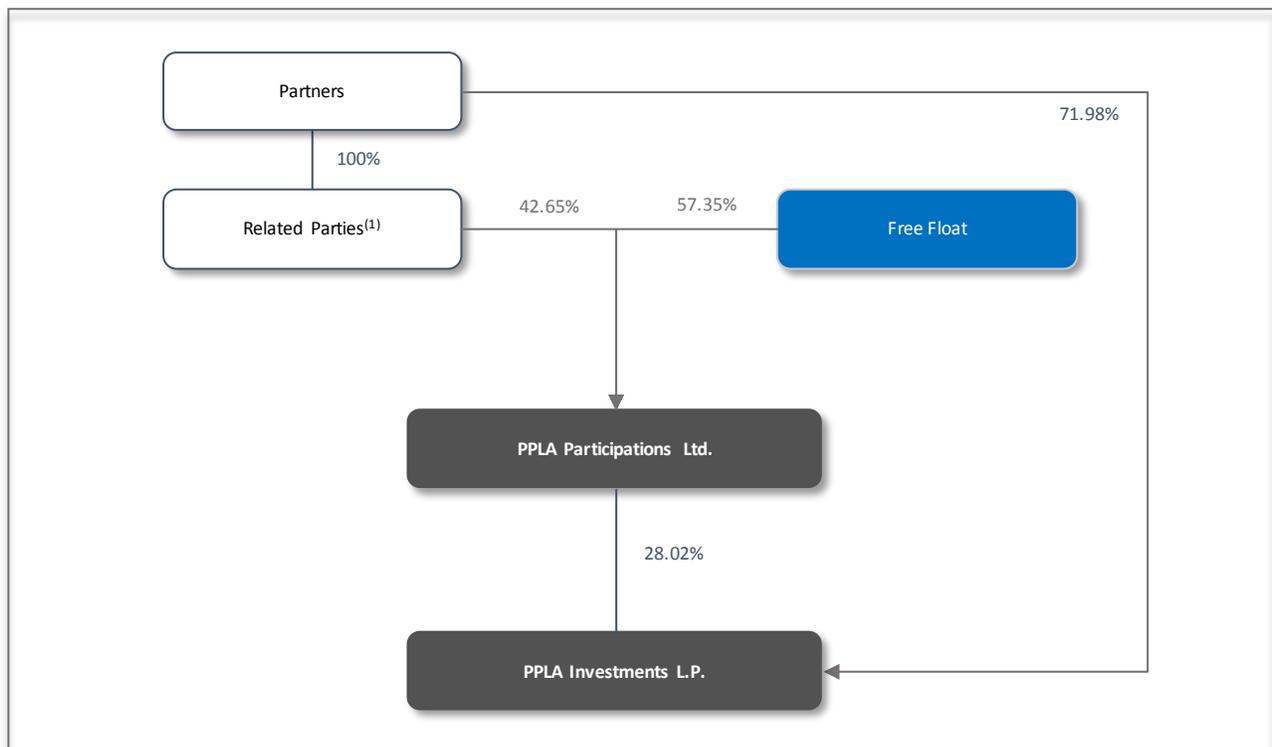
During the quarter ended September 30, 2018 PPLA Participations Ltd. submitted to B3 S.A. - Brasil, Bolsa, Balcão ("B3") a procedure for the voluntary discontinuation of the BDRs Program of the Company, along with the resulting termination of its listing and negotiation of the Units with B3, as well 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	
	3Q 2018	4Q 2018
Financial income	(22)	(48)
Financial expenses	(34)	(15)
Gross financial income	(55)	(62)
Other operating income (expenses)	(35)	32
Operating income	(90)	(30)
Non-operating income/(expenses)	-	-
Income before taxes and profit sharing	(90)	(30)
Income and social contribution taxes	-	-
Statutory profit sharing	-	-
Non-controlling interest	-	-
Net income	(90)	(30)

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 4Q 2018 PPLA Investments had an operating losses of R\$30 million, mostly related to the financial expenses of PPLA Investments' liabilities, partially compensated by positive fair value adjustments in Merchant Banking Portfolio.

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\$30 million in line with operating income.

	PPLA Participations (28.02%)	PPLA Investments
Net Income	(8.5)	(30.4)
OCI	7.1	25.5
(-) FX Reval Adjustments	(4.3)	(15.5)
Total (A)	(5.7)	(20.4)
Fair Value of Financial Liabilities (B)	(0.3)	
Total losses (A+B)	(6.0)	(20.4)
Cumulative translation adjustment PPLA Investments	(0.5)	(1.8)
Total comprehensive losses (A+B+C)	(6.6)	(22.3)

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)					
	3Q 2018	4Q 2018		3Q 2018	4Q 2018
Assets	2,791.3	2,610.6	Liabilities + Equity	2,791.3	2,610.6
Cash & Equivalents	220.0	146.3	Financial Liabilities	2,692.2	2,582.5
Investment Entity Portfolio	1,020.8	1,057.4	- Financial Institutions ⁽¹⁾	2,397.1	2,291.5
Merchant Banking	1,015.1	1,021.9	- Medium Term Notes	295.1	291.0
- Lojas Leader	619.7	598.4			
- BR Pharma	57.6	57.0			
- B&A	12.1	12.1	Other Liabilities	70.0	21.3
- Fazendas Timber	127.0	133.5			
- BR Pec	132.1	148.4			
- Other Assets	66.7	72.4			
BTG Pactual Bonds	-	30.2			
Global Markets	5.6	5.4			
Invest at Fair Value - OCI	593.0	600.3			
Loans and Receivables	875.8	746.9			
- Partners	863.5	734.6			
- Other	12.3	12.2			
Other Assets ⁽¹⁾	81.7	59.7	Shareholders Equity	29.1	6.8

(1) Excludes Intercompany Transactions

- (i) **Cash & Equivalents** were R\$146.3 million in the end of the 4Q 2018, compared to R\$220.0 million in the 3Q 2018. The impact mostly reflects the amortization of loans and the purchase of BTG Pactual Bonds, which was partially offset by the sale of loan to partners.
- (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 exposure slightly decreased in the quarter due to the amortization of part of these loans.
 - 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.

- d. **Fazendas Timber** consists of land properties, dedicated to management and commercial activities inherent to the eucalyptus and pine plantation. The total exposure increased during 4Q 2018 due to fair value adjustments.
 - e. Equity investment of R\$148.4 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 4Q 2018 the total investment increased due to positive fair value adjustment.
 - f. **Other Assets** inside Merchant Banking portfolio consist of over ten smaller investments across different sectors. The total exposure increased from R\$ 66.7 million in 3Q 2018 to R\$ 72.4 million in 4Q 2018 due to cash movements from funds included in this line.
- (iii) **BTG Pactual Bonds** consists of bonds issued by Banco BTG Pactual S.A. During the 4Q 2018 PPLA Investments acquired BTG Pactual 22s bonds in a total amount of R\$30.2 million.
- (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 4Q 2018, the total balance increased from R\$ 593.0 million in 3Q 2018 to R\$ 600.3 million in 4Q 2018 due to the positive fair value adjustment of CCRR, partially offset by negative fair value adjustment of Estre.
- (v) **Loans and Receivables** consists of R\$734.6 million of partnership loans and R\$12.2 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 4.4% from the last quarter due the amortization of certain loans.
 - b. Medium Term Notes: PPLA Investments has issued notes to finance its operations over the last 4 years.

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.