

ITAÚSA

Conference Call
1st Half of 2018

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Accounting information included in this presentation under IFRS.



Conference Call Agenda

1st Half of 2018



**Subsidiaries
Highlights**



**Itaúsa's Consolidated
Results**



Q&A



Conference Call Agenda

1st Half of 2018

Subsidiaries Highlights



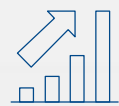
Highlights of Subsidiaries

1st Half of 2018



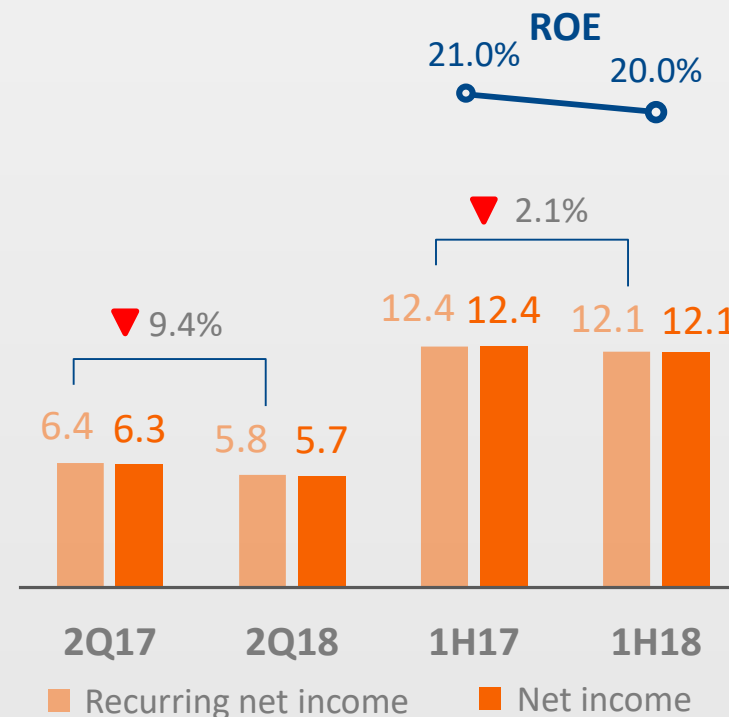
Highlights of the Period

- Loan portfolio increased 4.3% in the half year and default indicators continue upwards trends.
- Digital agenda highlight in the half year is the mobile payment initiative, pioneer in Brazil (Apple Pay and Samsung Pay).
- Permanent operation of the Fiscal Council approved.
- Approved by Brazilian Central Bank the investment at XP Investimentos S.A. (Aug/18).



Net Income and ROE

R\$ billion – IFRS¹

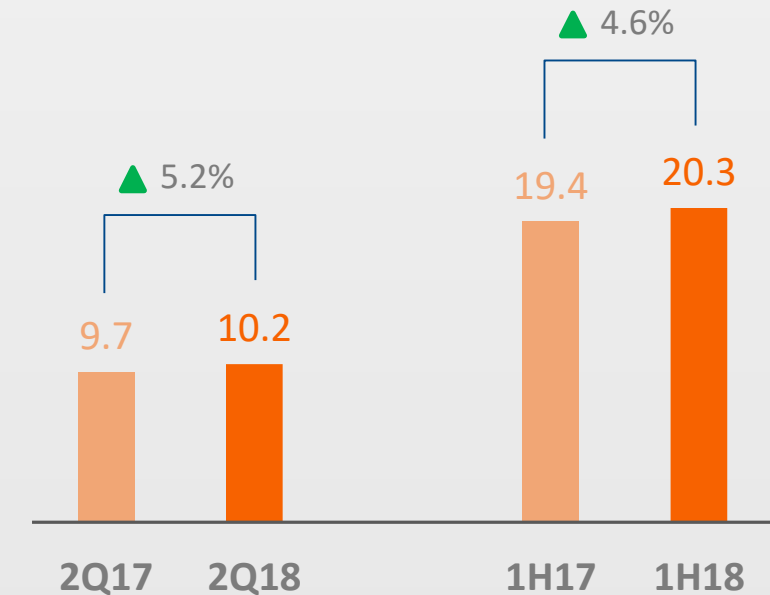


(1) attributable to controlling stockholders



Commissions and Fees Revenue and Income from Insurance, Pension Plan and Premium Bond Operations²

R\$ billion - IFRS



(2) Before claim and selling expenses.

Highlights of Subsidiaries

1st Half of 2018



Duratex



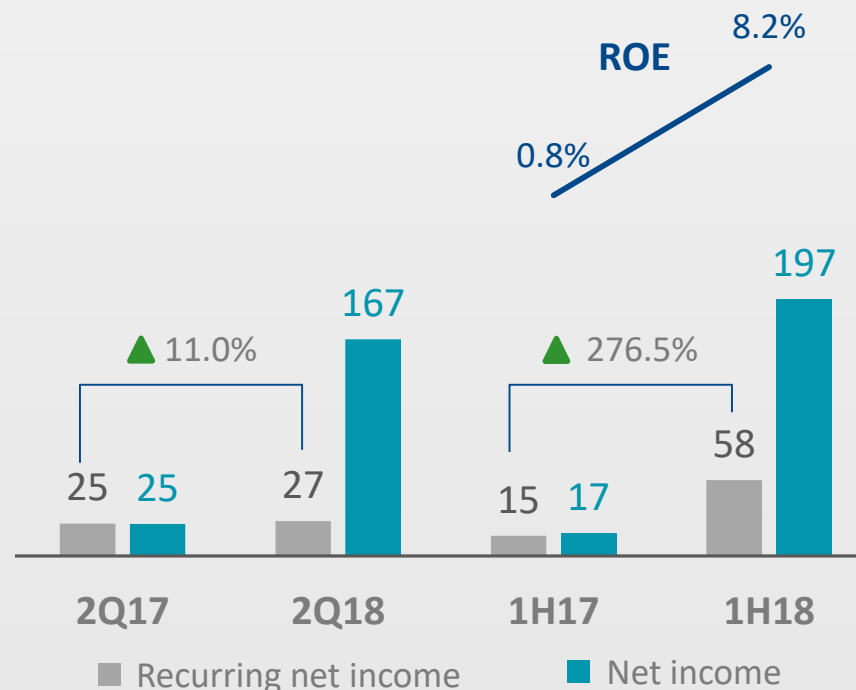
Highlights of the Period

- JV set up with Lenzing, a world leader in cellulose fibers, to create a dissolving wood pulp plant with total investment of US\$ 1 billion. Duratex will hold a 49% ownership interest.
- Sale of land and forest to Suzano Papel e Celulose increased Net income for the half year by R\$139 million. The second tranche of this operation will impact Net income for the 2nd half by R\$360 million.
- CEUSA plant expansion approved to raise production capacity by 83%, with investment of R\$94 million in 2018-2019.
- Facilities and equipment of the Botucatu/SP plant sold to Eucatex in January 2018



Net Income and ROE

R\$ million¹

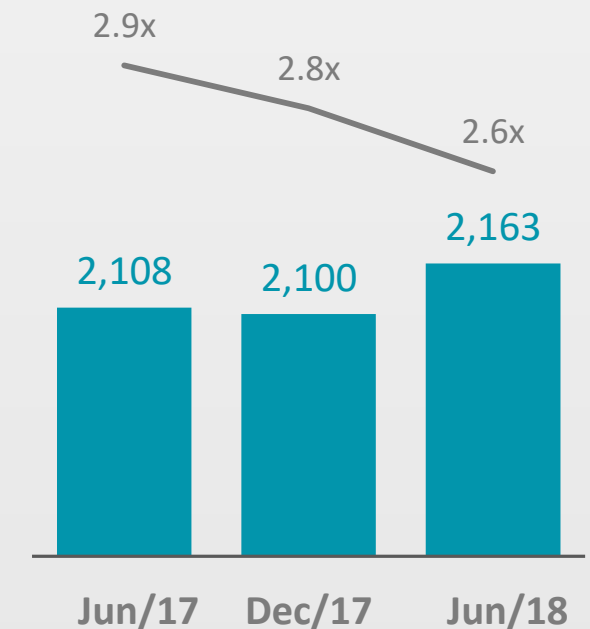


(1) attributable to controlling stockholders



Net Debt

R\$ million | Net debt/EBITDA²



(2) Adjusted recurring EBITDA over the last 12 months

Highlights of Subsidiaries

1st Half of 2018



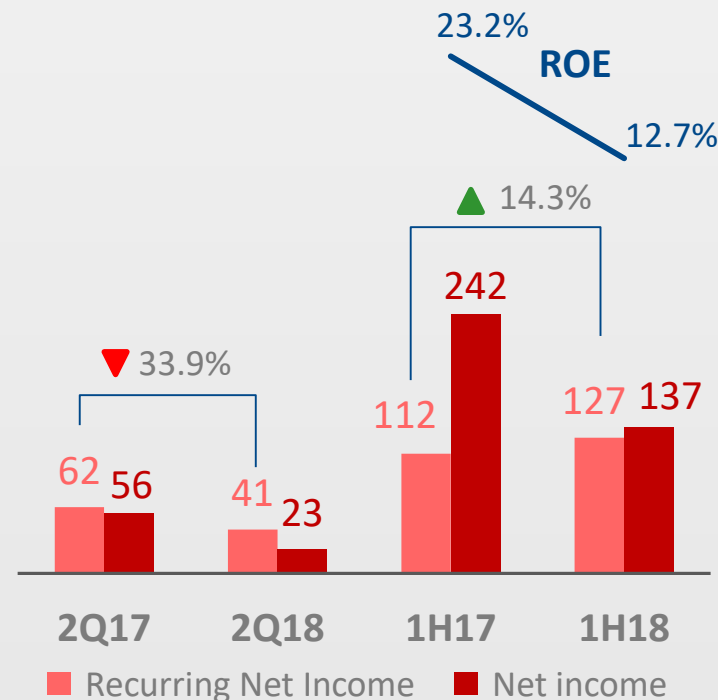
Highlights of the Period

- Governance strengthened with the set up of committees (Audit, Strategy, Finance, and People), and election of two independent members for the Board of Directors and Committees.
- Organizational structure redesigned: geographical division in dedicated units, supported by global areas.
- External consulting firms engaged to support the revision of the strategic and operational plan.



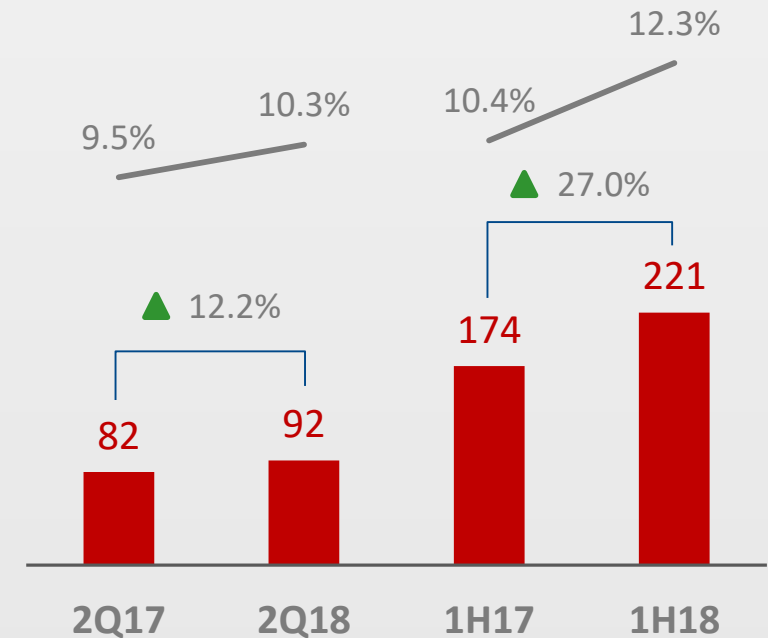
Net Income and ROE

R\$ million¹



Recurring EBITDA

R\$ million | Recurring EBITDA Margin



(1) attributable to controlling stockholders

Adjustments to recurring net income: in 2017, R\$ (130) million, mainly due to the reversal of provision for contingencies and, in 2018, R\$ (9) million related to the exclusion of ICMS from the PIS / Cofins calculation base, severance payment in Argentina, consulting fees.

Highlights of Subsidiaries

1st Half of 2018

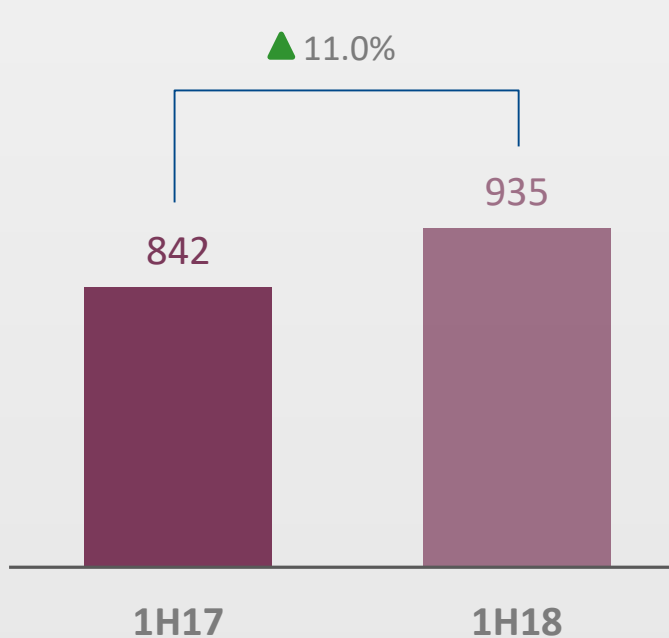


Highlights of the Period

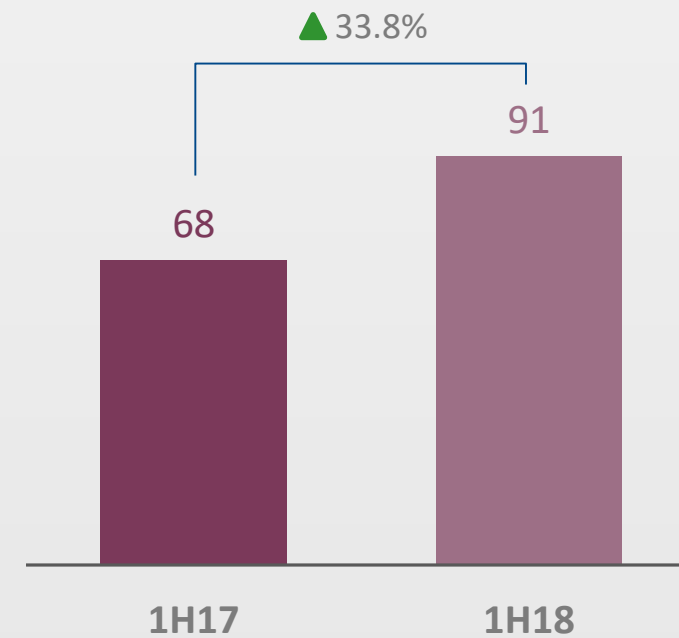
- Debt rescheduled via a financing arrangement more attractive to the company. Settlement in advance of debentures, of which Itaúsa was a creditor, generated cash in the amount of R\$442 million in the half year



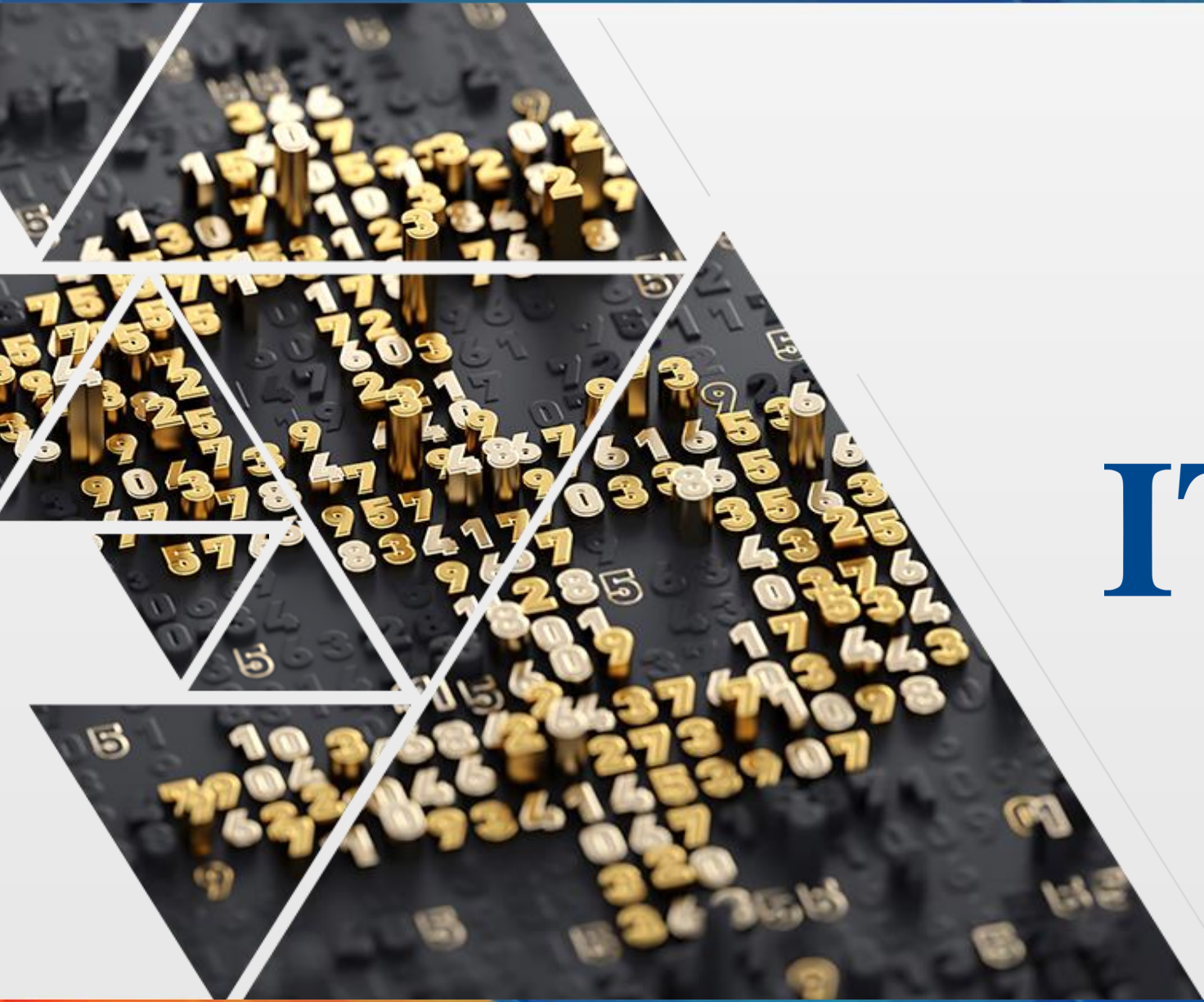
Net Income (R\$ million)



Proceeds paid to Itaúsa (R\$ million) | Dividends, Interest on Capital and Debenture Interest



Conference Call Agenda – 1st Half of 2018



Consolidated Results

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Main Events of the 1st Half of 2018



Capital call

R\$ 7.80 per share. R\$ 1.4 billion paid up on 05/24/18



Bonus share

10% in preferred shares on 05/30/18



Share buyback

2.5 million preferred shares bought back at the average price of R\$ 9.07. Total amount of R\$ 22.7 million



Sale of Elekeiroz¹ ownership interest

Value of R\$160 million attributed to Elekeiroz (enterprise value)

Sale of Itaúsa's interest for R\$ 29 million received in 2Q18

R\$27.6 million were accounted for in 2Q related to price adjustments, to be credited

Amount may be complemented by earn-outs from:

- (a) Performance or sale of certain assets
- (b) Successful outcome in certain lawsuits
- (c) Reaching a certain minimum return rate by the buyer

¹ For further information, please refer to the Notice to the Market published on June 4, 2018.

Itaúsa Results - Main indicators

Parent Company: IFRS



Profitability

Net income

R\$ million (IFRS)		
1H18	1H17	Change
4,447	4,120	+7.9%

R\$ per share	
06/30/18	06/30/17
0.54	0.50

Recurring net income

4,341	4,295	+1.1%
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0.52	0.53
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ROE

Return on average equity
(annualized)

17.6%	17.4%	+20bps
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Recurring return on average
equity (annualized)

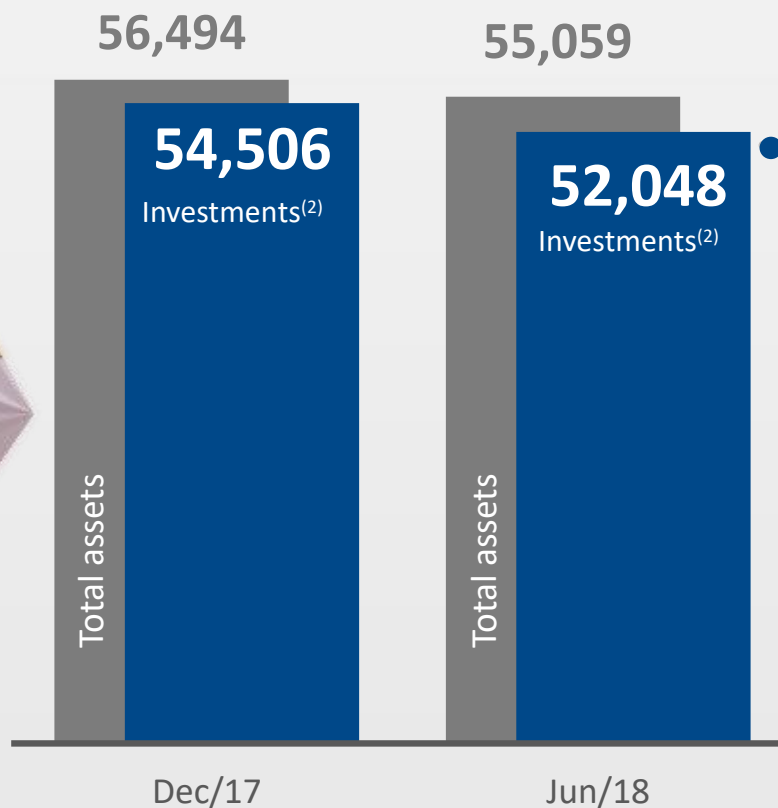
17.2%	18.1%	-90bps
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Assets Composition¹

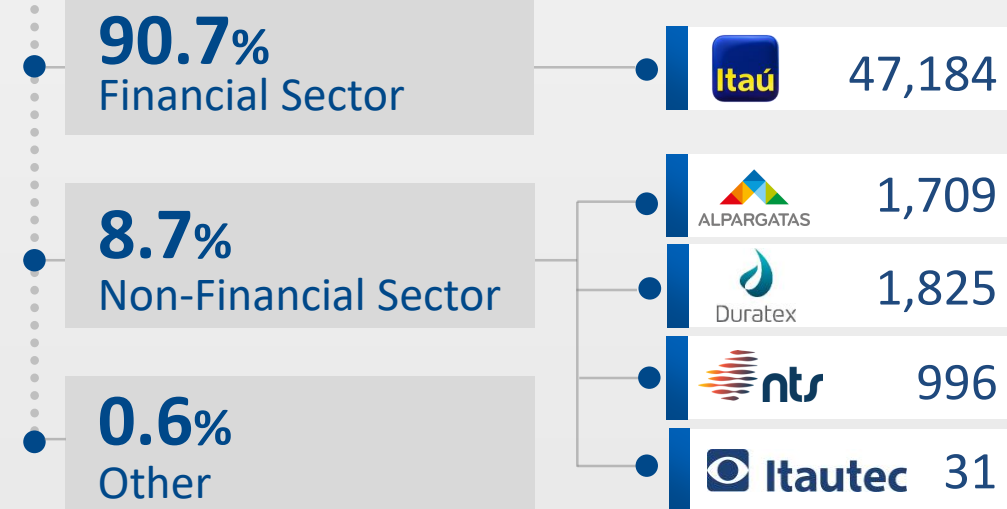
(in R\$ million)



Total Assets



Investments by Sector



(1) Refers to Individual Statement.

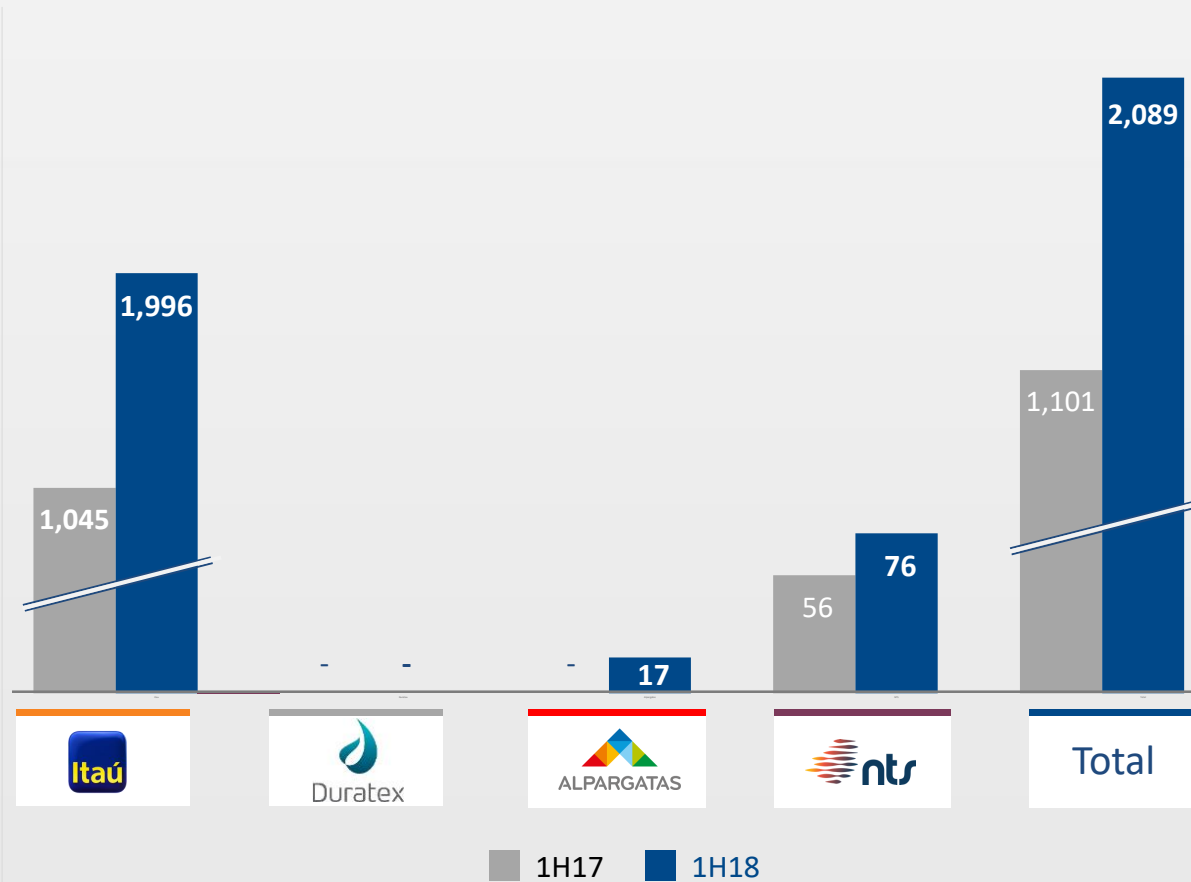
(2) Includes investments in NTS, not valued under the equity method.

Dividends and Interest on Capital^{1,2}

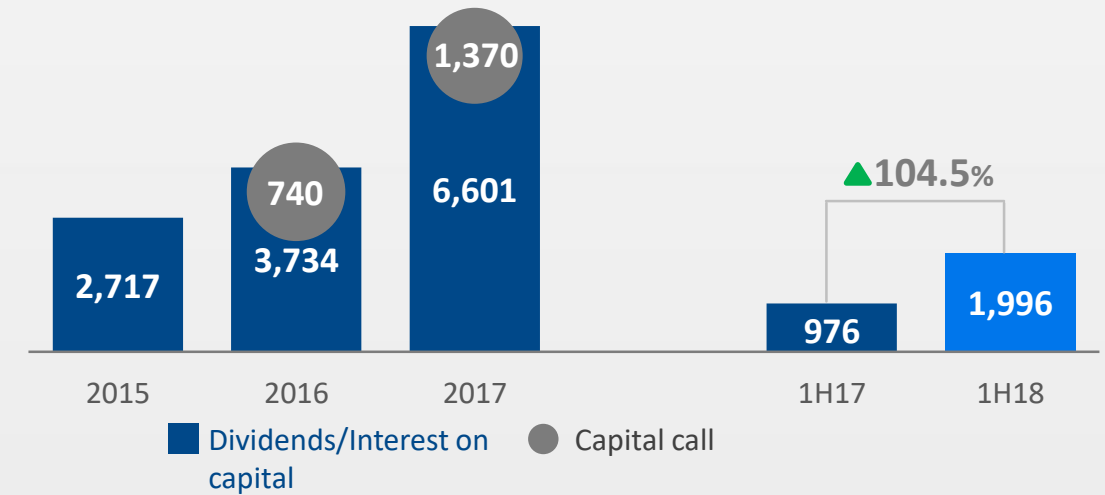
(in R\$ million)



Dividends and Interest on capital received



Dividends/IOC paid and payable



Dividend Yield³

(%)



(1) Refers to Individual Statement.

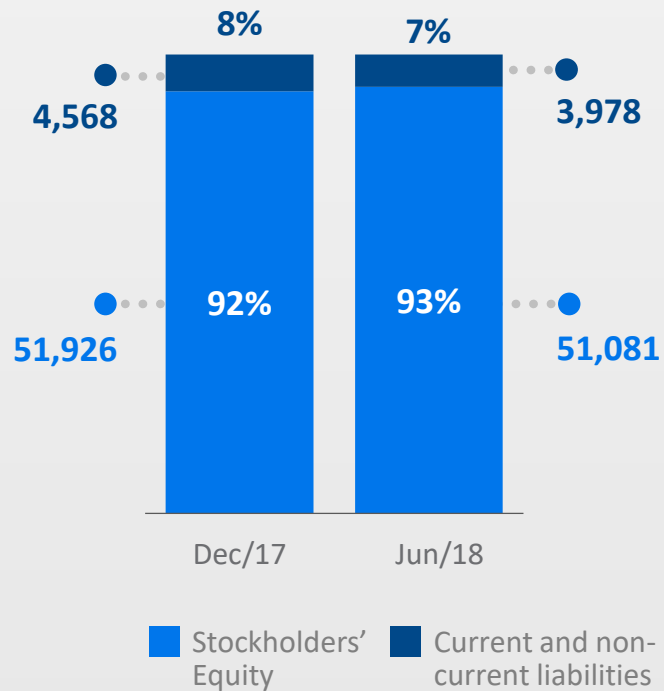
(2) Interest on capital, net of withholding income tax. Accrual basis of accounting.

(3) Dividend Yield includes dividends/ interest on capital, gross, in the last 12 months divided by the closing price.

Debt¹

(in R\$ million)

Capital Composition

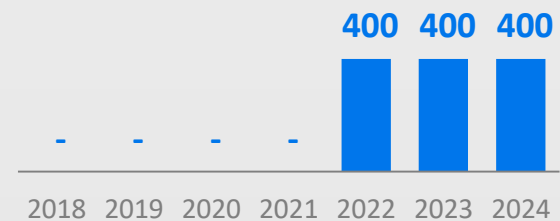


Other liabilities

	Jun/18
Total Liabilities	3,978
Dividends/Interest on capital payable	1,063
Debentures	1,208
Provisions/ Other obligations	1,707
(-) Cash	886
Net Liabilities	3,092

Debentures detailed

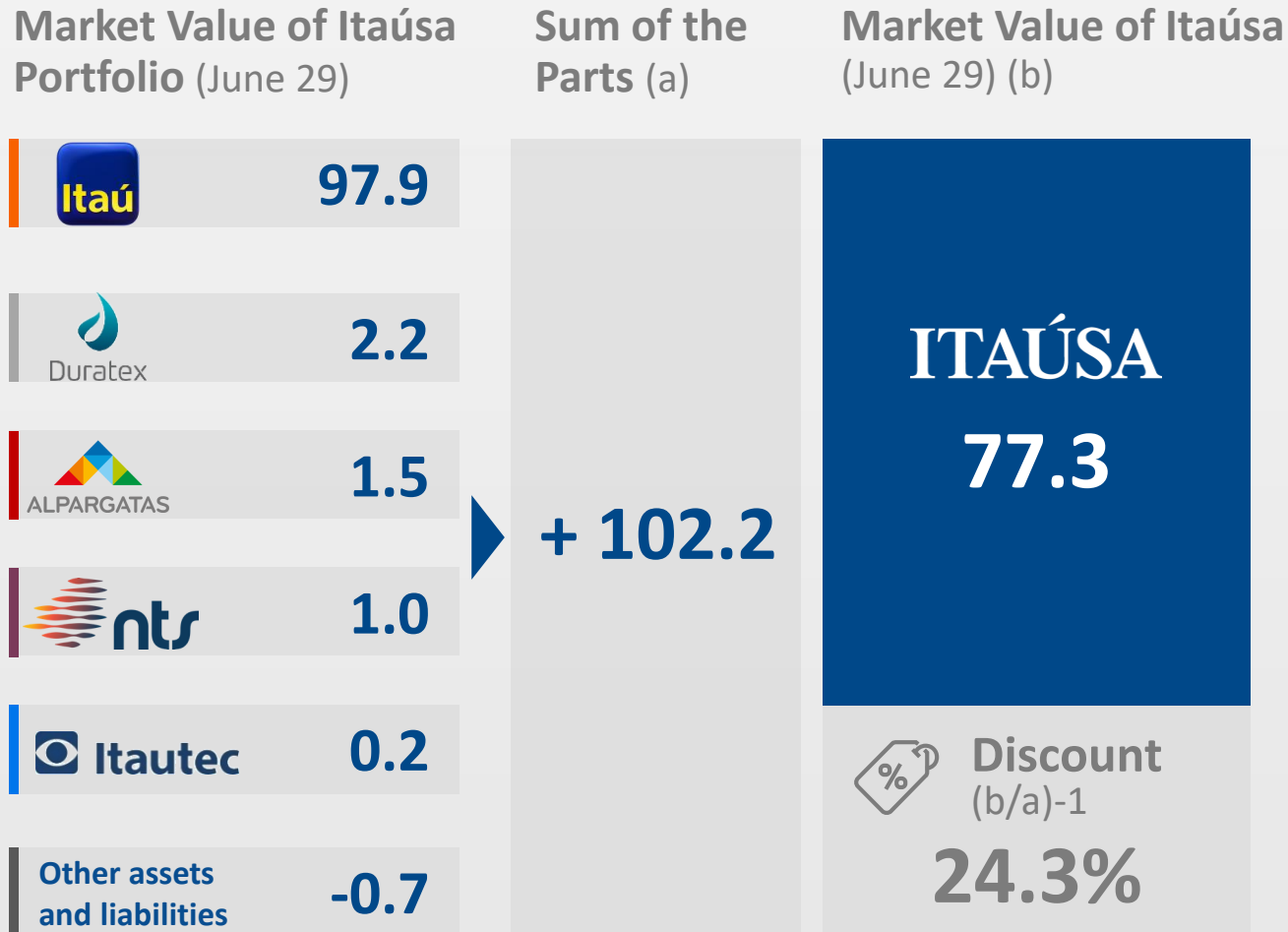
- Issue: **May 2017**
- Amount: **R\$1.2 billion**
- Rate: **106.9%** of DI
- Interest: **half yearly**
- Amortization schedule



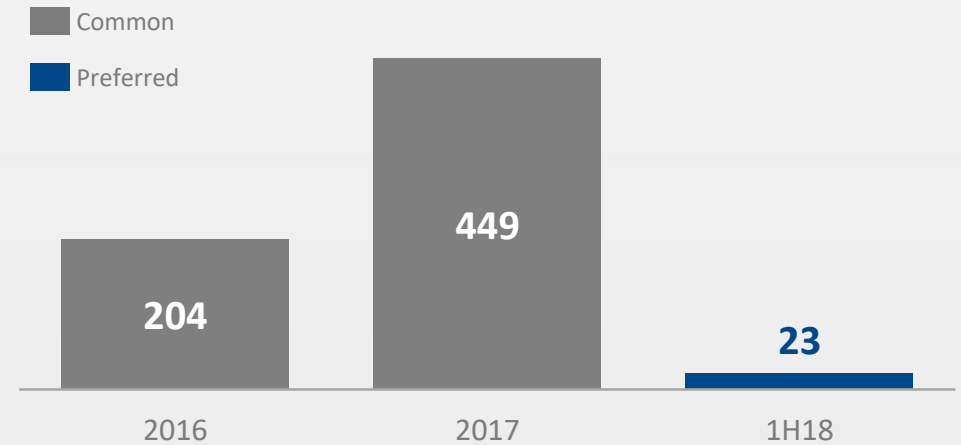
(1) Refers to Individual Statement.

Capital Markets

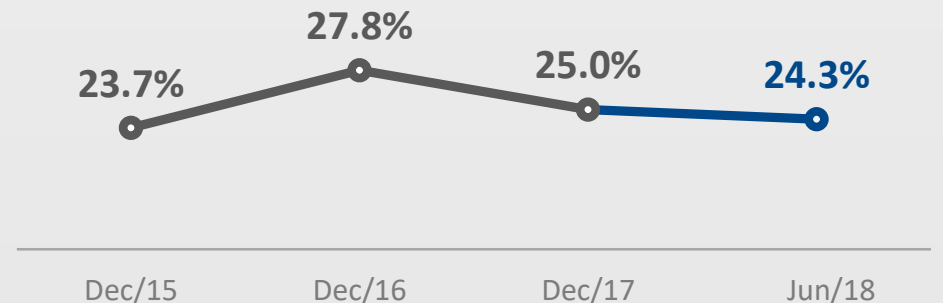
Itaúsa Portfolio – Market Value¹ (R\$ billion)



Buybacks (R\$ million)



Discount Evolution (%)



(1) Calculated based on the price of preferred shares.

Competitive Edge

Financial

- Market value at 06.29.2018: **R\$ 77.3 billion**
- Recurring net income 1H18: **R\$ 4.3 bn**
- Dividends and interest on capital 1H18 **R\$ 2.0 bn**
- Liquidity, low debt and high dividend yield

Human

- Talent attraction and retention
- Employees' training and development

Reputational

- Figures in the Dow Jones Sustainability World Index for the 14th year
- Listed at B3 Corporate Sustainability Index (ISE) for the 11th year
- Solid corporate governance and strict ethical and transparency principles

Intellectual

- Investments in solid companies, market leaders and holders of renowned brands
- Investment portfolio management focused on creating value to stockholders

Itaúsa's Investment Assumptions

Companies



Solid and with consistent results



Strong brands



Return: at least 200 bps above cost of capital

Control



Be one of the **controlling** shareholders

Partners



Partners suitable for every business



Expertise in respective sectors



Unblemished reputation

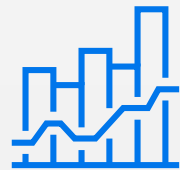
Significant Transactions



Minimum investment of **R\$ 1.5 billion**

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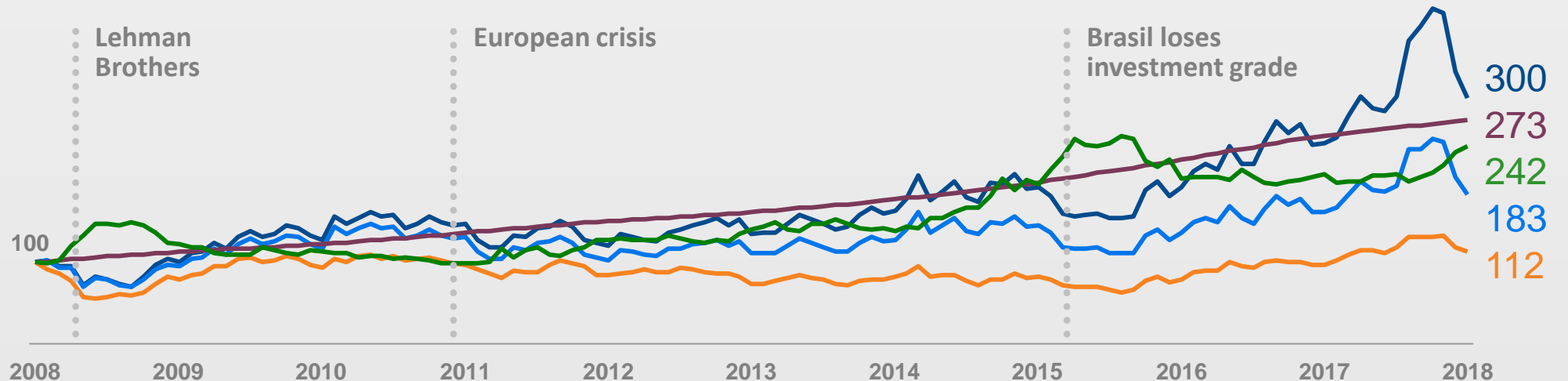
Itaúsa in Capital Markets



CAGR
(in Reais)

Evolution of **R\$ 100 invested** from June 30, 2008 to June 29, 2018

	Itaúsa ⁽¹⁾	Itaúsa ⁽²⁾	Ibovespa	CDI	Dollar
10 years	11.2%	5.8%	0.6%	10.6%	8.7%
5 years	17.0%	10.2%	7.5%	11.2%	11.9%
12 months	36.9%	26.7%	22.4%	7.7%	15.2%



(1) With reinvestment (2) with no reinvestment

Q&A

Henri Penchas

Chairman of the Board of Directors

Alfredo E. Setubal

CEO and Investor Relations Officer

Priscila G. Toledo

CFO

Bruno S. Brasil

Investor Relations Manager

Alexsandro Broedel

Executive Finance Director and IR Officer

Guilherme S. Silva

IR and New Business Manager

Carlos A. Biehl

Investor Relations Manager

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Duratex



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