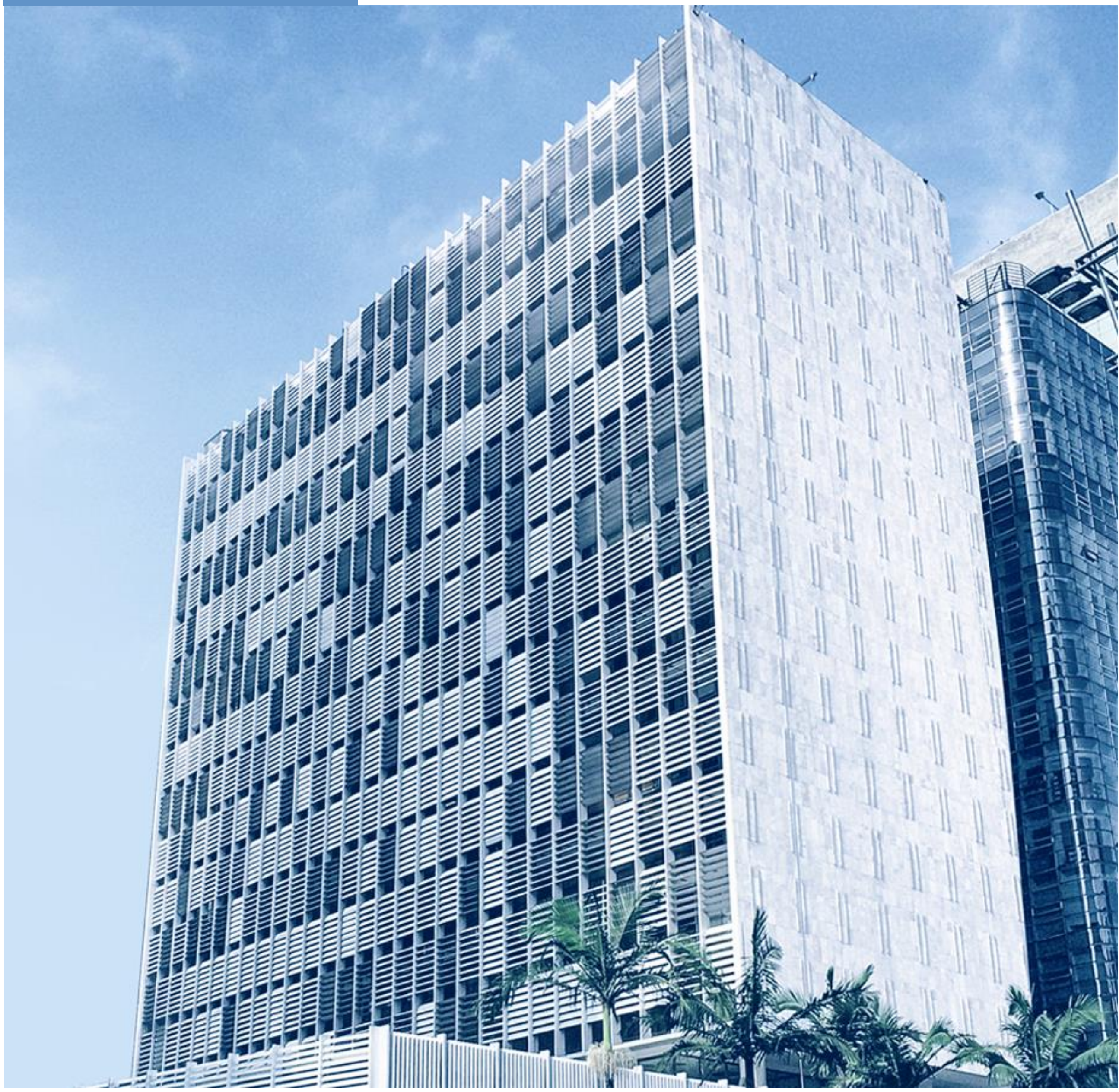


Itaúsa Headquarters | Paulista Avenue – São Paulo

Management Report

4th Quarter of 2019 | 4Q19

Management Report

We present the Management Report and the Financial Statements of Itaúsa – Investimentos Itaú S.A. (Itaúsa) for the fourth quarter of 2019 (4Q19) and fiscal year 2019, prepared in accordance with the standards established by the Accounting Pronouncement Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), as well as the International Financial Reporting Standards (IFRS).

Independent auditor's report

The Financial Statements were audited by PricewaterhouseCoopers Auditores Independentes (PwC) and have received an unqualified opinion from the external auditor. The Financial Statements were approved by the Fiscal Council.

The Financial Statements were made available to the market on the websites of Itaúsa, B3 S.A. – Brasil, Bolsa, Balcão (B3), and the CVM.

1. Economic Environment

In 2019, the Brazilian economy experienced an even more challenging environment, as it reported a pace of growth similar to previous years, with an expected growth of approximately 1.0%. However, controlled inflation substantially below its target (12-month IPCA totaled 4.31%) and slightly upturned economic indicators have provided for a more flexible monetary policy approach, thus leading to basic interest rates at the lowest historical levels ever witnessed in Brazil (currently at 4.25% p.y.).

In spite of the economic and political uncertainties around Brazil over the year, one can observe progress in the agenda concerning structural reforms and economy incentives. The approval of a draft text for the social security reform, the release of FGTS and PIS-PASEP funds, and the progress in the privatization process and partnerships with the private sector have been translated into better prospects for household consumption spending and private investments. Therefore, as of the 2nd half of 2019, economic activity indicators have shown that the economy has responded to the incentives proposed by the government, as measured by market consensus and outlined in the Focus Market Readout disclosed by the Central Bank of Brazil, thus leading to a more optimistic market driven by the gradual recovery of the economy in the medium-term. The unemployment rate was slightly down over 2019 to 11% in the last quarter of 2019, meaning that the labor market has been recovering, although at a slow pace.

In the international scenario, in spite of raised expectations of the global economy growth, driven by expectations of a more flexible monetary policy and the decrease in global uncertainties, a slight downturn is predicted for the major economies and for China. Itaú BBA predicts that the US and eurozone GDPs will slow down to growth rates of 2.0% and 1.0%, respectively, in 2020. Also according to Itaú BBA, China is expected to grow by 5.8% (from 6.1% in 2019), as it is being impacted by the new coronavirus crisis. Therefore, some emerging economies might be favored, basically those recording improved expectations concerning the macroeconomic scenario, including Brazil, which is expected to record GDP growth of 2.3% in 2020, in accordance with the latest Focus Market Readout.

Investees in the consumer goods segment and related to the real estate market, which operate in this scenario, may experience better conditions for achieving operational growth, boosted by better economic conditions and the recovery in the segments of consumption, civil construction and capital markets. The financial sector has witnessed a larger demand for credit and investment banking operations (IPOs, secondary offerings, and debt bond issues), in addition to larger technology investments spearheaded by the transformations in the last years and those expected for the future.

2. Itaúsa Highlights

Return to stockholders

Earnings declared in the fourth quarter of 2019 to be financially settled in 2020 were as follows:

- Quarterly dividends of R$0.02 per share paid on January 2, 2020 to stockholders with stockholding positions at the end of November 29, 2019.
- Interest on capital: stockholders with final stockholding position on December 12, 2019, in the amount of R$0.005950 per share (net of income tax: R$0.005058) to be paid on March 6, 2020.

Furthermore, Itaúsa's Board of Directors, held at a meeting on that date, resolved on the payment of earnings based on the stockholding position at the end of February 20, 2020, also to be paid on March 6, 2020, as follows:

- Additional dividends in the amount of R$0.225965 per share.
- Interest on capital in the amount of R$0.217396 per share (net of income tax: R$0.184787).

In the period from 01/01/2019 to 12/31/2019, Itaúsa distributed gross earnings in the amount of R$10 billion. The shareholders who remained on the shareholder base during this period were entitled to a gross amount of R$1.1908 per share, which divided by the share price of 12/31/2019, results in 8.5% of dividend yield.

The complete history of earnings paid and payable can be accessed at:
http://www.itausa.com.br/en/itausa-in-the-stock-market/dividends.

Investment in Copagaz

On November 19, 2019, Itaúsa announced to the market in general that the Acquiring Group of which it is part entered into final agreements on that date for the acquisition of 100% of Liquigás' shares. This transaction is still awaiting the analysis of and approval from the Brazilian Antitrust Authority (CADE), as this is one of the conditions precedent for completing this purchase and respective financial settlement accordingly.

The total price offered by the Acquiring Group was R$3.7 billion and it is subject to certain adjustments provided for in the purchase and sale agreement. Itaúsa's stake in this transaction will be achieved through an equity investment in Copagaz of approximately R$1,4 billion, subject to adjustments, thereby it will hold a stake of approximately 49% in total capital. In addition to this financial support, Itaúsa will contribute by improving Copagáz's corporate governance.

This new investment is in line with the efficient capital allocation strategy enabling Itaúsa to team up with strategic partner Copagaz, thus providing for the capture of major synergies and entering into one of the major LPG (liquefied petroleum gas) markets in the world.

For further information, please see the Announcement to the Market disclosed on November 19, 2019 at:
http://www.itausa.com.br/en/announcements-and-minutes/material facts.

Enhanced presentation of the financial statements

In order to make it easier for the market to access our information and improve the disclosure of financial information, in the last months Itaúsa has carried out a thorough revision of all its notes to the financial statements by rooting out and adding tables and new information of interest to analysts and the market in general. This revision was based on over 1,800 mandatory disclosure requirements and a survey of the practices of tens of companies, thereby incorporating the latest transparency trends.

Management is pleased to invite readers of this report to track the progress of this document, available on the websites of Itaúsa (http://www.itausa.com.br/en/financial-information/financial-statements) and of CVM, and to share your insights and suggestions for improvement via email investor-relations@itausa.com.br.

Sustainability

Dow Jones Sustainability World Index (DJSI) – In 2019, Itaúsa, for the 16th year, and Itaú Unibanco, for the 20th consecutive year, were selected to make up the portfolio of the Dow Jones Sustainability World Index (DJSI), the world's main corporate sustainability index, with both companies hitting top scores in five items. In its 2019/2020 edition, this portfolio is made up of 318 companies from 27 countries, of which only seven are Brazilian.

Corporate Sustainability Index (ISE) – Itaúsa, for the 13th year, Itaú Unibanco, for the 15th consecutive year, and Duratex, for the 12th consecutive year, were once again selected to make up the B3's Corporate Sustainability Index. The participation in this index reflects Itaúsa's, Itaú Unibanco's, and Duratex's long-term commitment to ethical business behavior, compliance with the law, corporate governance, and social, cultural, and environmental responsibility.

CDP (subsequent event) – In February 2020, CDP disclosed its list of companies with sustainable performance evaluated and respective climate change management practices scores. Itaúsa, Itaú Unibanco, and Duratex were rated "B" and made up the group of companies with sustainability management above the global average and the average of its peers in the markets they operate. CDP (formerly the Carbon Disclosure Project) was created in 2000 and reports one of the most complete global systems for environmental data disclosure purposes.

3. Itaúsa's Economic Performance

As a holding company, Itaúsa's results are basically derived from its Equity in the Earnings of Subsidiaries, determined based on the net income of its subsidiaries and revenues from investments in financial assets.

As a result of the merger of wholly-owned subsidiary Itaúsa Empreendimentos into Itaúsa, carried out on August 30, 2019, the Individual Statement of Income of Itaúsa, presented in the pro-forma table below, had some 2018 and 2019 figures adjusted in the lines for better comparability of the data submitted, without, however, resulting in any change in net income.

Main Indicators of Results of Itaúsa Consolidated and Capital Markets

	R$ million			R$ per share		
	2019	2018	Change	**12/31/2019**	12/31/2018	Change
PROFITABILITY						
Net income	**10,312**	9,436	9.3%	**1.23**	1.13	8.5%
Recurring net income	**9,765**	9,427	3.6%	**1.16**	1.13	2.8%
Return on Equity (annualized)	**19.4%**	18.2%	1.2 p.p.			
Recurring Return on Equity (annualized)	**18.4%**	18.2%	0.2 p.p.			
BALANCE SHEET (1)						
Total assets	**58,571**	58,377	0.3%			
Stockholders' equity	**55,232**	55,143	0.2%	**6.57**	6.56	0.2%
CAPITAL MARKETS						
Market Value (2)	**118,508**	101,601	16.6%			
Average Daily Traded Volume (ADTV) on B3 (3)	**282**	228	23.7%			

(1) For better comparability, all periods include the merger of Itaúsa Empreendimentos.

(2) Calculated based on the closing price of preferred shares in the last day of the period.

(3) Includes Itaúsa's preferred shares (ITSA4)

Pro-Forma Individual Result Of Itaúsa[1]

Em R$ milhões	4Q19	4Q18	Δ%	2019	2018	Δ%
INVESTEES' RESULTS IN ITAÚSA	**2,677**	**2,782**	***-3.8%***	**10,289**	**9,849**	*4.5%*
FINANCIAL SECTOR	**2,401**	**2,550**	***-5.8%***	**9,723**	**9,387**	***3.6%***
NON-FINANCIAL SECTOR	**279**	**236**	***18.2%***	**580**	**437**	***32.6%***
ALPARGATAS	51	39	*30.8%*	106	79	*34.2%*
DURATEX	58	55	*5.5%*	101	99	*2.0%*
NTS [2]	170	142	*19.7%*	373	259	*43.8%*
OTHER COMPANIES	(3)	(4)	-25.0%	(14)	25	-
RESULTS OF ITAÚSA	**(60)**	**(52)**	*15.4%*	**(438)**	**(464)**	*-5.6%*
FINANCIAL INCOME / EXPENSES	(13)	(12)	*8.3%*	(49)	(67)	*-26.9%*
ADMINISTRATIVE EXPENSES	(31)	(23)	*34.8%*	(125)	(91)	*37.4%*
TAX EXPENSES	(22)	(17)	*29.4%*	(274)	(314)	*-12.7%*
OTHER OPERATING REVENUES	6	-	-	10	8	-
INCOME BEFORE INCOME TAX/SOCIAL CONTRIBUTION	**2,617**	**2,730**	*-4.1%*	**9,851**	**9,385**	*5.0%*
INCOME TAX / SOCIAL CONTRIBUTION [3]	(42)	(8)	-	(86)	42	-
RECURRING INDIVIDUAL NET INCOME	**2,575**	**2,722**	***-5.4%***	**9,765**	**9,427**	***3.6%***
NON-RECURRING RESULTS	**875**	**(177)**	**-**	**519**	**132**	***293.2%***
ITAÚSA'S RESULTS	-	-	-	-	-	-
FINANCIAL SECTOR	845	(19)	-	521	125	*316.8%*
NON FINANCIAL SECTOR	30	(158)	-	(2)	7	*-128.6%*
OTHER NON-RECURRING RESULTS	-	(38)	-	28	(123)	-
NET INCOME	**3,450**	**2,507**	***37.6%***	**10,312**	**9,436**	***9.3%***

(1) For better comparability, all periods include the merger of Itaúsa Empreendimentos in the Statement of Income.

(2) Includes dividends/interest on capital received, adjustment to fair value of shares, interest on debentures convertible into shares (redeemed in May 2018), and expenses on time installment of the amount invested and respective foreign exchange variation.

(3) In 2019, the Company no longer recognizes deferred tax assets on tax losses carried forward and temporary differences.

Results of Investees, as Recorded by Itaúsa

Recurring equity in the earnings of subsidiaries in 2019 totaled R$10,289 million, up 4.5% on a year-on-year basis. This increase was mainly driven by a better performance of **Itaú Unibanco**, due to a 14.2% growth in Interest Income, as a consequence of the increase in loan portfolio (+10.8%), a 6.9% increase in Commissions and Fees, and the control over Non-Interest Income, increasing below inflation levels. Furthermore, it is worth mentioning **Alpargatas** outperforming in the first year under a new leadership and with a new strategy, as it recorded growth in the Brazil and International operations (+9.8% in net revenue), by repositioning its portfolio and increasing profitability also as a result of better cost and expenses management. **Duratex** was favored by the improved domestic economic scenario and bounced back with better rates of return, driven by a 1.3% increase in net revenue, optimization of its assets base and better operational efficiency. At last, **NTS'** outperformance was mainly driven by its receiving more dividends and the effect of the periodic adjustment to the fair value of assets in Itaúsa.

Equity in the earnings of subsidiaries for the 4th quarter and fiscal year 2019 was impacted by significant non-recurring events, which totaled a positive amount of R$845 million in the quarter and R$521 million in the year. Worth mentioning are the gains earned by Itaú Unibanco from XP Investimentos going public and the revaluation of deferred tax assets driven by the increase in the rate of social contribution on net income (CSLL), partially offset by expenses on the recognition of provisions for contingencies. Duratex's results were mainly driven by the revenue from the sale of land and forests carried out in 3Q18 and 4Q19, partially offset by the write-off of assets in the wood panel segment, whereas Alpargatas recorded a positive result driven by the gain from the sale of properties and the successful outcome in a lawsuit challenging ICMS in the PIS/COFINS calculation base, partially offset by restructuring and goodwill impairment expenses.

Further information on the performance of investees is described in section "4. Comments on the Performance of Investees" below.

Itaúsa's Results

Administrative expenses totaled R$31 million and R$125 million in 4Q19 and 2019, respectively. Increases of 34.8% and 37,4% on a year-on-year basis were mainly driven by adjustments to the administrative structure, the engagement of consulting firms to support M&A projects, and the revision and improvements in processes and systems of the financial department, sureties and guarantees taken out to secure lawsuits, in addition to increase in the cost of share bookkeeping services driven by a quick expansion in the stockholder base.

Tax expenses totaled R$22 million and R$274 million in 4Q19 and 2019, respectively, leading to a reduction in these periods, mainly driven by lower PIS/COFINS expenses caused by lower income from interest on capital in 2019.

Financial result totaled R$49 million in expenses in 2019, down 26.9% from 2018, mainly driven by the lower interest rate levied on such debt.

Net income totaled R$10.312 million in 2019, which represented a 9.3% increase from 2018, mainly driven by better results of investees and the non-recurring effects mentioned above. Recurring net income totaled R$9,765 million, up 3.6% from 2018.

Reconciliation of Recurring Net Income

	4Q19	4Q18	**2019**	2018
Recurring Net income	**2,575**	**2,722**	**9,765**	**9,427**
Addition/(Exclusion) of Non-Recurring Effects D= (A + B + C)	**875**	**(215)**	**547**	**9**
Own (A)	**-**	**(38)**	**28**	**(123)**
BD Plan	-	-	-	-
Disposal of shares in Elekeiroz	-	(38)	-	(123)
Disposal of interest in Itaú Unibanco Centro Empresarial	-	-	28	-
Arising from Ownership Interest in the Financial Sector (B)	**845**	**(19)**	**521**	**125**
Changes in Treasury Shares	7	41	221	188
Revaluation of the tax credit balance	758	-	758	-
Gain due to the primary issuance of XP Investimentos shares	739	-	739	-
Civil, Fiscal and Labor contingencies	(489)	-	(489)	-
Constitution of provision for loan losses	(127)	-	(127)	-
Voluntary Severance Program	-	-	(536)	-
Provision for contingencies (economic plans)	-	-	-	34
Impairment	(14)	(6)	(14)	(44)
Liability Adequacy Test	25	(54)	25	(54)
Others	(54)	-	(56)	1
Arising from Ownership Interest in the Non-Financial Sector (C)	**30**	**(158)**	**(2)**	**7**
Alpargatas	(44)	(51)	(77)	(52)
Duratex	46	(107)	47	59
Other Companies	28	-	28	-
Net Income	**3,450**	**2,507**	**10,312**	**9,436**

Note: Income for 2018 was adjusted to reflect the reclassifications between recurring and non-recurring in connection with investments in Alpargatas.

Main Indicators of Itaúsa Conglomerate Companies

We present below the main indicators of Itaúsa Conglomerate companies, based on the Consolidated Financial Statements under IFRS.

	January to December	Itaú	ALPARGATAS	Duratex
Operating revenues [1]	**2019**	**192,110**	**3,712**	**5,012**
	2018	171,748	3,380	4,949
Net income [6]	**2019**	**27,113**	**274**	**406**
	2018	24,907	332	432
Recurring Net Income	**2019**	**26,311**	**432**	**275**
	2018	25,083	337	271
Stockholders' equity [6]	**2019**	**136,925**	**2,643**	**4,931**
	2018	136,782	2,381	4,634
Annualized return on average equity (%) [2] [6]	**2019**	**21.8%**	**11.0%**	**8.6%**
	2018	20.4%	14.9%	8.8%
Annualized recurring return on average equity (%) [2] [6]	**2019**	**21.1%**	**17.4%**	**5.8%**
	2018	20.5%	15.2%	5.5%
Internal fund generation [3]	**2019**	**68,507**	**700**	**1,277**
	2018	55,841	570	1,208
Interest of Itaúsa in companies [4] [5]	**2019**	**37.5%**	**28.9%**	**36.7%**
	2018	37.6%	27.6%	36.7%

(1) Operating revenue by area of operations was obtained as follows:

- Itaú Unibanco Holding: Interest and similar income, dividend income, adjustments to fair value of financial assets and liabilities, banking service fees, income from insurance, private pension and capitalization operations before claim and selling expenses and other income.
- Alpargatas and Duratex: Sales of products and services.

(2) Represents the ratio of net income for the period and the average equity ((Dec + Sep + Jun + Mar + Jun + Dec18)/5).

(3) Refers to funds arising from operations as reported by the statement of cash flows.

(4) Represents the direct/ indirect Itaúsa interest in the Capital of Companies

(5) The Interest presented consider the outstanding shares.

(6) Net Income, Stockholders' Equity and ROE correspond to the amounts attributable to controlling stockholders.

4. Capital markets

Share performance

Itaúsa's preferred shares (traded on B3 under ticker ITSA4) closed 2019 at R$14.09, a 16.6% appreciation over the previous 12 months (or 27.9% as adjusted by earnings), whereas Ibovespa, B3's main index, rose by 31.6% in the same period.

The daily average financial volume of Itaúsa's preferred shares traded in 2019 was R$282 million, with an average of 28,000 daily trades, up 23.6% and 2.6%, respectively, on a year-on-year basis.

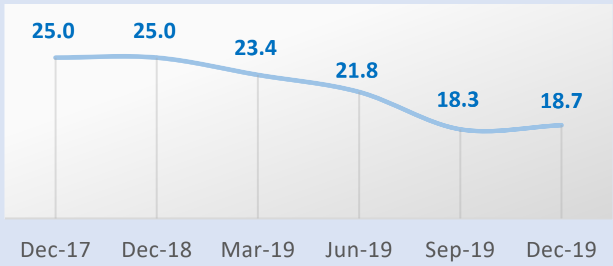
A broader stockholder base

On December 31, 2019, Itaúsa had 363,500 individual stockholders, up 179.7% from the number of 129,900 stockholders on a year-on-year basis.

Holding discount

Discount is an indicator resulting from the difference between the market price ascertained for Itaúsa's shares and the theoretical value obtained through the sum of the market values of the parts that compose the holding company's investments. On December 31, 2019, Itaúsa's shares were traded at a 18.7% discount, down 630 bps on a year-on-year basis.

Holding historical discount (%)



Part of this discount can be justified in view of the holding company's maintenance expenses, taxes levied on a fraction of the earnings received (tax inefficiency), and risk assessment, among other factors. Itaúsa's management believes that the discount reduction may be driven by the improvement in some of these factors and a better market perception of the foundations that justify it. It also understands that the current level does not reflect the proper indicator level.

Market capitalization on December 31, 2019, based on the price of the most liquid shares (ITSA4), was R$118.5 billion, whereas the sum of interests in investees at market value totaled R$145.5 billion.

The Investor Relations department discloses information about the discount, which may be received by email, on a monthly basis on its website. To receive it, please register on http://www.itausa.com.br/en/e-mail-alert.

5. Comments on the Performance of Investees

Itaú Unibanco Holding S.A.

Highlights

Technology investments

As a major strategy pillar, technology has been one of the investment focus to keep the bank up to date and ready to rise to the challenges posed by the market and meet its clients' expectations. Technology investments from 2016 to 2019 rose by 54%, which shows the bank's commitment to the advancement of digital solutions, cybersecurity and better client experiences.

Social Private Investment / Value Added Distributed

Itaú Unibanco invested R$846 million in social projects focused on education, culture, mobility, and diversity, among others, of which 71% were not supported by incentive laws. Furthermore, the bank added R$76 billion in value to society. Of this amount, R$23 billion were paid out as taxes, R$20 billion to its 95,000 employees, R$20 billion to stockholders of Itaú Unibanco, and R$9 billion were reinvested in the company.

Results

Net income[1] totaled R$8.7 billion in 4Q19, up 30.4% on a year-on-year basis, driven by non-recurring effects in the amount of R$2.2 billion, mainly related to gains from XP Investimentos going public, rise in CSLL rate,

R$ million (except where indicated)	4Q19	4Q18	Δ%	2019	2018	Δ%
Operating Revenues[2]	33,396.0	28,718.0	16.3%	117,079.0	104,200.0	12.4%
Net Income	8,674.0	6,653.0	30.4%	27,113.0	24,907.0	8.9%
ROE[1]	27.3%	21.5%	5.7 p.p.	21.6%	20.4%	1.2 p.p.
Recurring ROE	20.2%	22.1%	- 1.8 p.p.	20.9%	20.5%	0.4 p.p.
Loan Portfolio	709,438	640,544	10.8%	709,438	640,544	10.8%

[1] Attributable to controlling stockholders

and expenses on the voluntary severance program announced in the 2nd half of 2019. If we excluded these effects, net income would decrease by 5.6%, mainly driven by higher allowance for estimated losses on doubtful accounts as a result of the loan portfolio growth. In 2019, Net income[1] totaled R$27.1 billion, up 8.9% on a year-on-year basis, with recurring return on equity of 21.6%.

In 2019, Itaú Unibanco reported a 12.4% increase in Operating Revenues[2] on a year-on-year basis. Main factors leading to this result are as follows:

I. A 14.2% increase in **Interest Income[2]** mainly driven by the loan portfolio growth in all segments; and
II. A 6.9% increase in **Commissions** and **Fees and Result of Insurance Operations**, driven by a 26.3% increase in fund management fees, a 61.7% increase in revenues from economic-financial advisory and brokerage services, and higher credit and debit card commissions.

The **Expected Loss on Financial Assets and Claims** increased by R$8.4 billion from 2018, mainly driven by an increase in expected loan losses in Brazil, as a result of the growth in loan portfolios in the segments of very small, small, and middle-market companies, as well as of individuals, and by the downgrade in the ratings of certain specific corporate clients in Latin America.

General and Administrative Expenses were up 6.0% in 2019. Excluding the non-recurring effect arising from the voluntary severance program, this increase would be 1.9%, below the inflation for the period measured by the IPCA, which was 4.3%.

Capital Management and Liquidity

Capital management is vital, since it is a key element through which the bank seeks to optimize the application of funds and ensure the business soundness. At the end of December 2019, Tier I capital ratio was at 14.4%, above the minimum required by the Central Bank of Brazil. This index was strengthened by debt bond issues carried out over 2019.

This increase in loan portfolio, combined with profitability for 2019, has provided for the distribution of dividends and interest on capital, net, in the amount of R$18.8 billion.

For further information on Itaú Unibanco's results, please access: www.itau.com.br/investor-relations.

ALPARGATAS

Highlights

Sale of Alpargatas's interest in Argentina operation

Alpargatas improved its new position in terms of portfolio and capital allocation. In line with the revision of strategic assets, in 4Q19 it sold its interest in Alpargatas SAIC (subject to the fulfillment of certain conditions precedent), which holds brand Topper in Argentina and in the world, for R$260 million. Therefore, operations in Argentina are no longer consolidated by Alpargatas S.A., but they are rather recorded in "Results from Discontinued Operations", with no impact on the financial statements.

[2] Adjusted to tax effects on hedge instruments for foreign investments.

New Store Lab model

Alpargatas has opened a new store model for Havaianas, Osklen, and Mizuno, known as Store Lab. These new spaces provide innovative services, such as the opportunity for customers to interact with digital panels that show options for how products can be used on a daily basis, in addition to other colors that can be matched to the chosen piece. Technology allows the Company to quickly and efficiently test and scale innovations and launches.

Results

Consolidated net revenue increased by 5.6% and 9.8% in 4Q19 and 2019 on a year-on-year basis, respectively, mainly driven by the better performance of all business in Brazil (Havaianas, Mizuno, and Osklen) and in 2019 driven by better results in International Havaianas operations.

R$ million (except where indicated)	4Q19	4Q18	Δ%	2019	2018	Δ%
Net Revenue	1,142.7	1,081.8	5.6%	3,712.2	3,380.2	9.8%
EBITDA	214.5	158.0	35.8%	588.3	638.7	-7.9%
Net Income	135.0	118.3	14.1%	316.0	473.0	-33.2%
Recurring Net Income	197.1	159.5	23.6%	431.6	333.2	29.5%
ROE	20.9%	20.4%	0.4 p.p.	12.7%	21.3%	- 8.6 p.p.
Recurring ROE	17.3%	15.0%	2.3 p.p.	30.5%	27.6%	2.9 p.p.

In 4Q19, the net revenue of the **Brazil** line, represented by brands Havaianas, Mizuno and Osklen, totaled R$1 billion, up 6.8% on a year-on-year basis, mainly driven by the implementation of the Revenue Growth Management program, which gave rise to rise in prices and a better mix of channels in Havaianas, then partially offset by the fall in the sales volume. **Sandals International** reported a net revenue in 4Q19 of R$133.9 million, down 2.2% on a year-on-year basis, mainly driven by a poorer performance in the APAC (Asia Pacific) region due to the revision on distributors in that region. Gross profit increased by 15.8% in 4Q19 on a year-on-year basis, with a gain of 450 bps in gross margin, mainly driven by operations outperforming in Brazil, as the result of a better mix of channels and price rises.

In 4Q19, recurring EBITDA increased by 16.7% to R$248.8 million, driven by the Revenue Growth Management initiative in Brazil and the better cost and expenses management by the Company compared to 4Q18 as a result of the VIP 100% (Value Improvement Program) and ZBB (Zero-Base Budgeting) projects. Main non-recurring items impacting the 4Q19 were driven by the gain from the sale of properties and restructuring expenses and the provision for management members' long-term incentives. In 2019, recurring EBITDA totaled R$619 million, up 18.3% on a year-on-year basis.

In 4Q19, recurring net income was R$197 million, up 23.6% on a year-on-year basis. Net income in 4Q19, in turn, including discontinued operations, totaled R$135 million, a 14.1% increase.

Recurring net income in 2019 was R$431.6 million, up 29.5% on a year-on-year basis.

Operating cash generation in the last 12 months was R$389 million, and net cash position at the end of December 2019 was R$299.2 million.

For further information on Alpargatas' results, please access: https://ri.alpargatas.com.br.

Duratex

Highlights

New 4.0 line in the Ceramic Tiles unit starts off

In October 2019, the Ceramic Tiles unit started operating a new production line, adding six million sq. m. to Duratex's annual production capacity. This new line is consistent with Duratex's portfolio management strategy, the focus of which is on more value-added products. Furthermore, it is based on the concept of industry 4.0, that is, a tighter control over processes, greater efficiency, 100% digital, deemed as one of the most modern in the world. Another important factor is that the brand features have built strength and were incorporated into those of the Portinari brand, which focus on high-end customers.

JV incorporated for the build-up of a DWP plant

Aimed at less exposure in the domestic market, in addition to strengthening value creation, on December 19, 2019, Duratex announced the final approval, together with Austrian company Lenzing AG, for the set-up of a joint venture to produce and sell dissolving wood pulp (DWP). Operations are expected to start in the first half of 2022, and this new company will have a production capacity of 500,000 tons of DWP, with industrial investment of approximately R$5.2 billion.

Results

R$ million (except where indicated)	4Q19	4Q18	Δ%	2019	2018	Δ%
Net Revenue	1,486.2	1,263.4	17.6%	5,011.7	4,949.4	1.3%
EBITDA	596.8	(83.3)	-	1,359.2	1,545.9	-12.1%
Net Income	284.7	(142.0)	-	405.7	431.8	-6.0%
Recurring Net Income	157.8	151.3	4.3%	275.1	271.2	1.4%
ROE	23.5%	-11.3%	-	8.5%	8.8%	- 0.3 p.p.
Recurring ROE	13.0%	12.1%	0.9 p.p.	5.8%	5.5%	0.3 p.p.

Consolidated net revenue in 4Q19 totaled R$1,486 million, a 17.6% increase on a year-on-year basis, mainly driven by the effects of recognition of revenue from the sale of land and forests in 3Q19, partially offset by the write-off of assets of the Wood Panel Unit in Botucatu (SP). If we excluded this effect, net revenue would increase by 9.1%, mainly driven by the inclusion of Cecrisa's results, partially offset by the lower volume shipped in the wood segment. In 2019, consolidated net revenue, including the sale of forest assets, was up 1.3% compared to 2018, totaling R$5,012 million. If we excluded this effect, the growth would be 4.8%.

The **Wood Division's** net revenue totaled R$829.8 million in 4Q19, down 2.0% on a year-on-year basis. Excluding the aforementioned effect and the sale of the fiberboard business in 4Q18, the pro forma unit net revenue if the Wood Division would be 2.3% higher, as a result of a greater exposure to higher added-value products.

The **Deca Division's** net revenue totaled R$437.8 million, up 18,8% on a year-on-year basis, as a result of the 16.1% increase in volume shipped, which was mainly driven by the economic scenario gradually improving as of the second half of the year, and by the successful sales policy implementation.

The **Ceramic Tiles Division** posted net revenue of R$218.6 million, up 355.1% on a year-on-year basis, mainly driven by the full consolidation of Cecrisa's results and a greater sales volume, in line with the market growth.

Consolidated EBITDA in 4Q19 was R$596 million, reverting the negative result recorded in 4Q18, which had been impacted by accounting adjustments from the sale of land and forests and the restructuring of the assets base. Excluding these effects, consolidated recurring EBITDA would have increased by 17.5% in 4Q19, mainly driven by the full consolidation of Cecrisa's results, higher Deca Division's margins, and the enhanced management of costs and expenses carried out by Duratex. Net income totaled R$284.7 million, reverting the loss reported in

4Q18, as a result of the aforementioned factors. In 2019, EBITDA and recurring net income totaled R$908.9 million and R$275.1 million, respectively.

Net debt was R$1,705 million at the end of December 2019 and represented 1.88 times the adjusted recurring EBITDA for 12 months, thus indicating a significant decrease in the company's leverage level compared to previous periods, as a result of greater operating cash generation and the successful liability management strategy.

For further information on Duratex's results, please access: www.duratex.com.br/ri

nts

Results

R$ million	4Q19	4Q18	Δ%	2019	2018	Δ%
Net Revenue	1,113	1,032	7.8%	4,406	4,040.9	9.0%
Net Income	576	502	14.9%	2,218	1,933.5	14.7%

In 4Q19, net revenue totaled R$1.113 million, up 8.0% on a year-on-year basis, mainly driven by the annual inflation-adjustment of gas ship-or-pay agreements Net income in 4Q19 totaled R$576 million, up 15.0% on a year-on-year basis. In 2019, NTS recorded net revenue of R$4,406 million and net income of R$2,218 million, up 15% from year 2018 as a consequence of a more favorable net financial result, mainly driven by lower financial expenses as a result of the debt restructuring.

Dividend and interest on capital

In the October-December 2019 period, Itaúsa received dividends and interest on capital, gross, in the amount of $40,3 million, as well as R$165.7 million in the year. In 2019 capital decreased in the total amount of R$624.3 million, driven by return of capital to stockholders, which resulted in Itaúsa receiving the amount of R$47.8 million in December 2019 in connection with its interest in NTS.

For further information on NTS' results, please access: https://ri.ntsbrasil.com

6. People Management

Itaúsa Conglomerate had the support of approximately 112 thousand employees on December 31, 2019, including 13 thousand employees in foreign units. Its dedicated structure, intended to carry out the holding company's activities, had 88 professionals on that same date.

7. Independent Auditors – CVM Instruction No. 381

Procedures adopted by the Company

The policy adopted by Itaúsa, its subsidiaries and parent company, to engage non-audit services from our independent auditors is based on the applicable regulations and internationally accepted principles that preserve the auditors' independence. These principles include the following: (a) and auditor cannot audit his or her work; (b) an auditor cannot hold managerial positions at their client's; and (c) an auditor cannot promote the interests of its client.

In 2019, the independent auditors and related parties did not provide non-audit services in excess of 5% of total external audit fees.

Independent Auditors' Justification - PwC

The provision of non-audit services does not affect the independence or the objectivity of the external auditor of Itaúsa and its subsidiaries. The policy adopted for providing non-audit services to Itaúsa is based on principles that preserve the independence of the Independent Auditors, all of which were considered in the provision of the referred services.

8. Acknowledgements

We thank our stockholders for their trust, which we always try to repay by obtaining results differentiated from those of the market, and our employees, for their talent and dedication, which have enabled the sustainable growth of business.