



# ITAÚSA

1H19 RESULTS CONFERENCE CALL

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August 13, 2019

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The accounting information included herein is under IFRS.



# About us



**We are a Brazilian publicly-held investment holding**, operating in the financial and non-financial sectors



**Investees operate** in the financial sector, as well as in the segments of wood, porcelain, metals, electric showers and ceramic tiles, footwear, apparel and accessories, in addition to natural gas transportation



Our investees are present **in over 20 countries**



**Consistent portfolio**, top brands, leaders in their segments:

**Itaú Unibanco**



**Duratex**



**Alpargatas**



**250,000** individual stockholders



**8<sup>th</sup> largest** company in the Ibovespa (main index at Brazilian stock exchange), with one of the **highest dividend yields** in the market – 9.1%



Focus on strengthening investees' management and **long-term value generation** ('buy and hold')



# Conference Call Agenda

RESULTS | 1H19



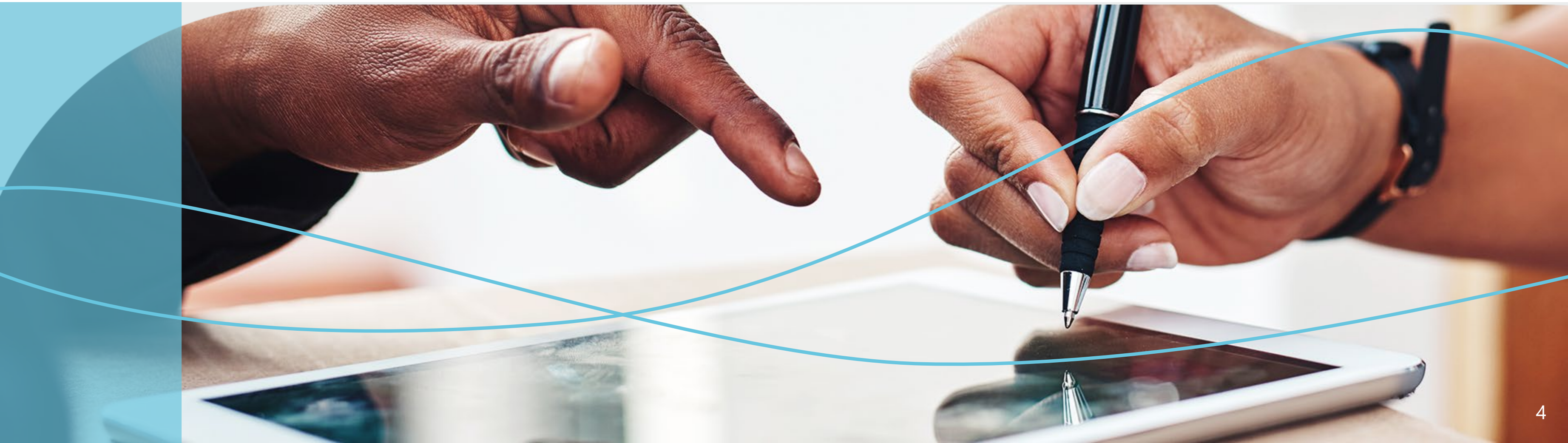
**Highlights**  
of Itaúsa's Portfolio



**Itaúsa**  
Parent Company's Results



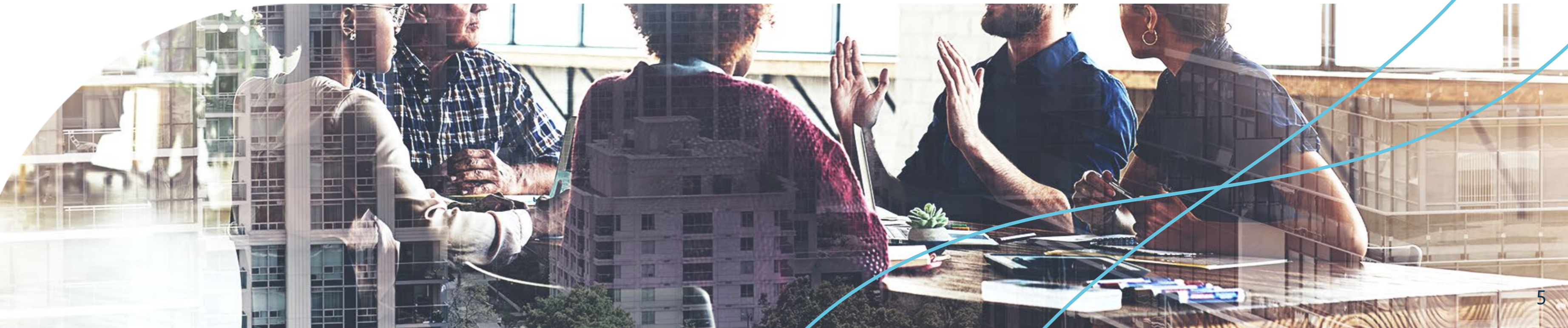
**Q&A Session**



# Conference Call Agenda

RESULTS | 1H19

## Highlights of Itaúsa's Portfolio

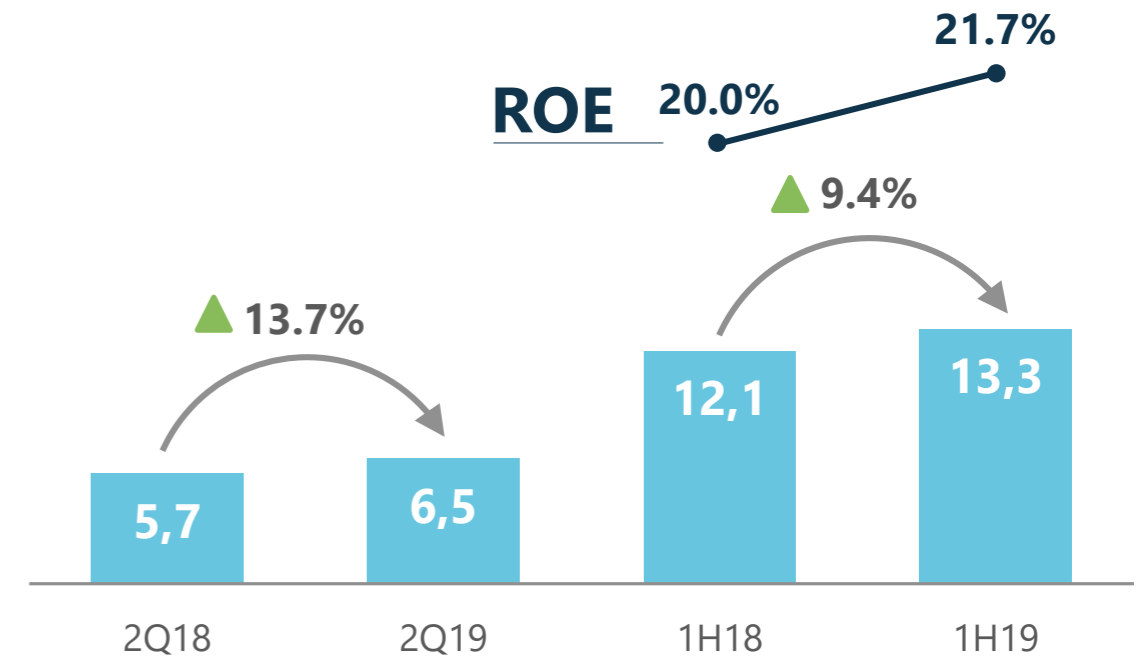


# Highlights of Itaúsa's portfolio

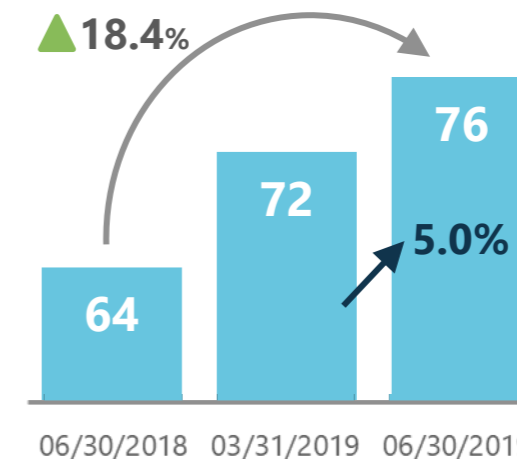
RESULTS | 1H19



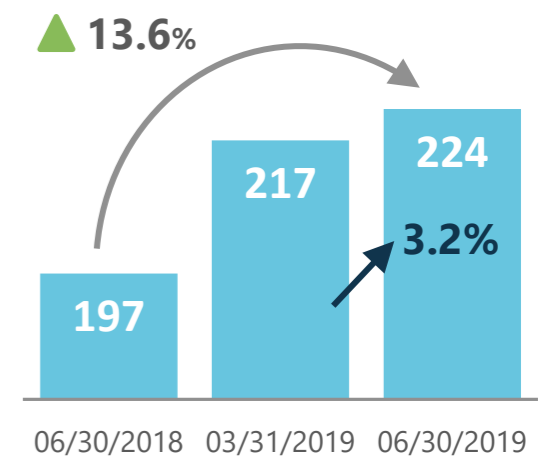
**Net Income and ROE**  
R\$ billion - IFRS  
Attributed to controlling stockholders



## Very small, Small and Middle-Market Companies



## Individuals



**Loan Portfolio: Individuals and Very Small, Small and Middle-Market Companies**  
R\$ billion - IFRS

## First Half Highlights (IFRS)

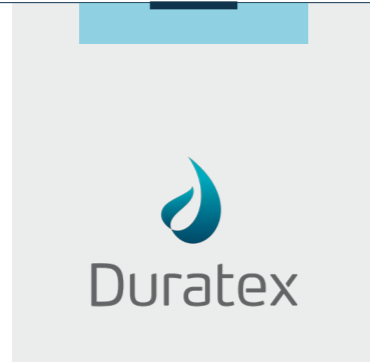
- **Loan portfolio** grew 5.7%, driven by Very small, Small and Middle-Market Companies (+18.4%) and Individuals (+13.6%).
- **Rede:** a new commercial proposal establishing that clients with annual revenues of up to R\$30 million that receive their payments at Itaú Unibanco will receive the proceeds of their single-installment credit card sales with zero cost on advance.
- **Dividends:** dividends paid, provisioned or registered in stockholders' equity in 1H19 totaled R\$8.5 billion, up 60.8% year-on-year.

### Evolution in digital transformation:

- **11.9 million individual current account holders** used digital channels in June 2019.
- **+205 thousand accounts** opened on **Abreconta app** – 100% digital
- Investments in **technological enhancements**, such as **iti**, and launch of an **international credit card free of annual charge** in partnership with Visa and Mercado Livre.

# Highlights of Itaúsa's portfolio

RESULTS | 1H19

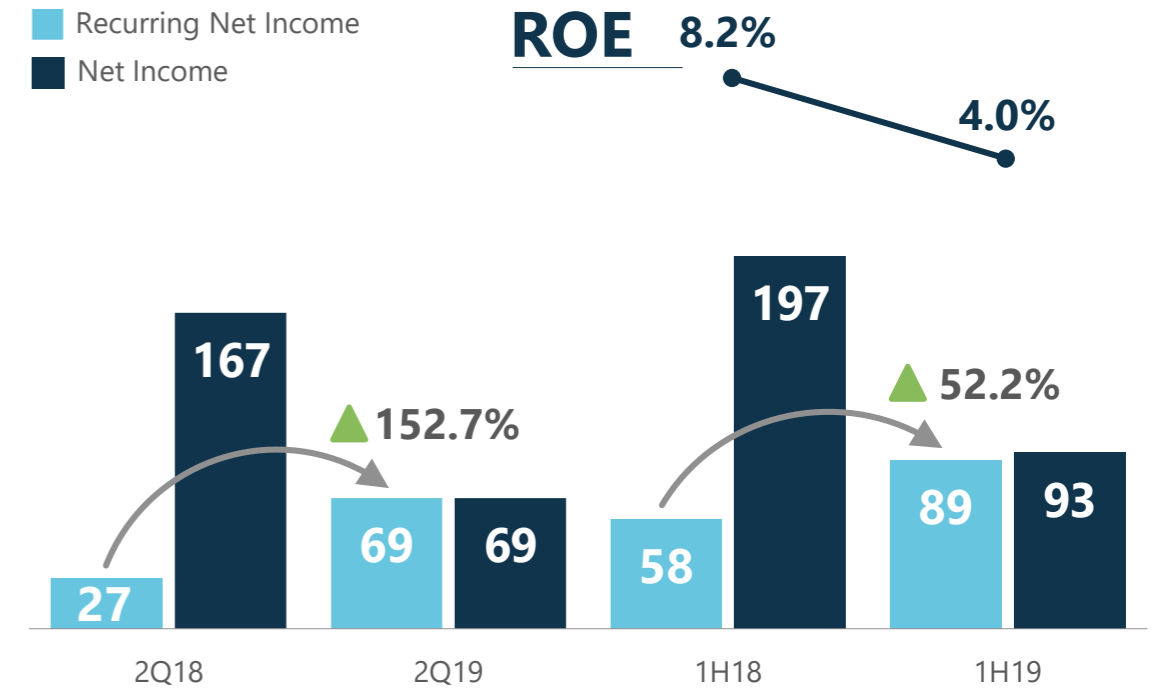


## First Half Highlights

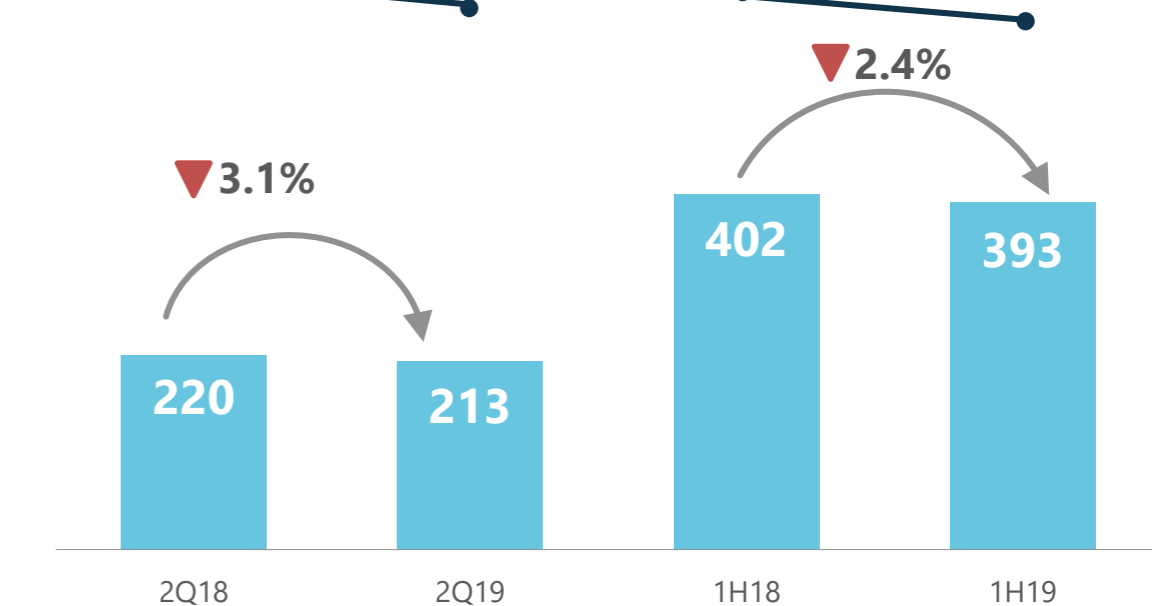
- **Acquisition of Cecrisa**, produces and sells Cecrisa and Portinari brands, for an amount of up to R\$539 million + its net debt, subject to variation in working capital and certain conditions precedent. Transaction approved by CADE.
  - **Expansion of Ceusa unit:** doubling the production capacity of ceramic tiles. Operations scheduled to start up in 4Q19.
  - **Adjusting use of assets** with the shut-down of the bathroom porcelain unit located in São Leopoldo/RS, with transfer of operations to other units.
- New investments and adjusting assets**
- **Spearheading the JV** set up to produce dissolving wood pulp ('DWP'); **environmental pre-construction permit** obtained. Infrastructure works already set off.



**Net Income and ROE**  
R\$ million  
Attributable to controlling stockholders



**Recurring EBITDA**  
R\$ million  
Recurring EBITDA Margin

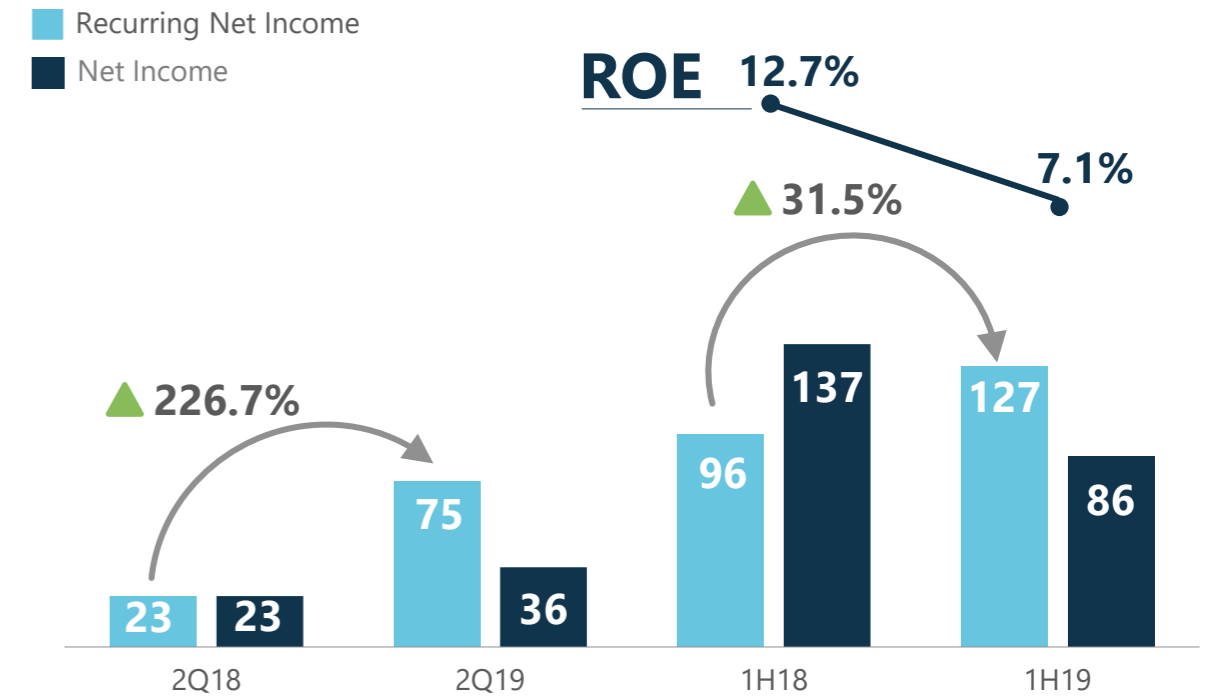


# Highlights of Itaúsa's portfolio

RESULTS | 1H19



**Net Income and ROE**  
R\$ million  
Attributed to controlling stockholders



## First Half Highlights

### Changes in management

- The **North America and the Caribbean** Havaianas leadership team was strengthened in key positions by bringing in professionals with proven expertise in the North-American and footwear markets:

**CEO** - Jacob Uhland;

**Wholesale Officer** - Kristin Schofield;

**Finance and IT Officer** - Brent Schofield

- Global Technology Office set up** – Jorge Luiz Viegas Ramalho

### Double-digit revenue growth

- Net revenue increased by **11.6%** in 2Q19 year-on-year, driven by the double-digit growth in all business in Brazil (Havaianas Brazil, Mizuno, and Osklen) and by the **14.4%** increase in international Havaianas operations

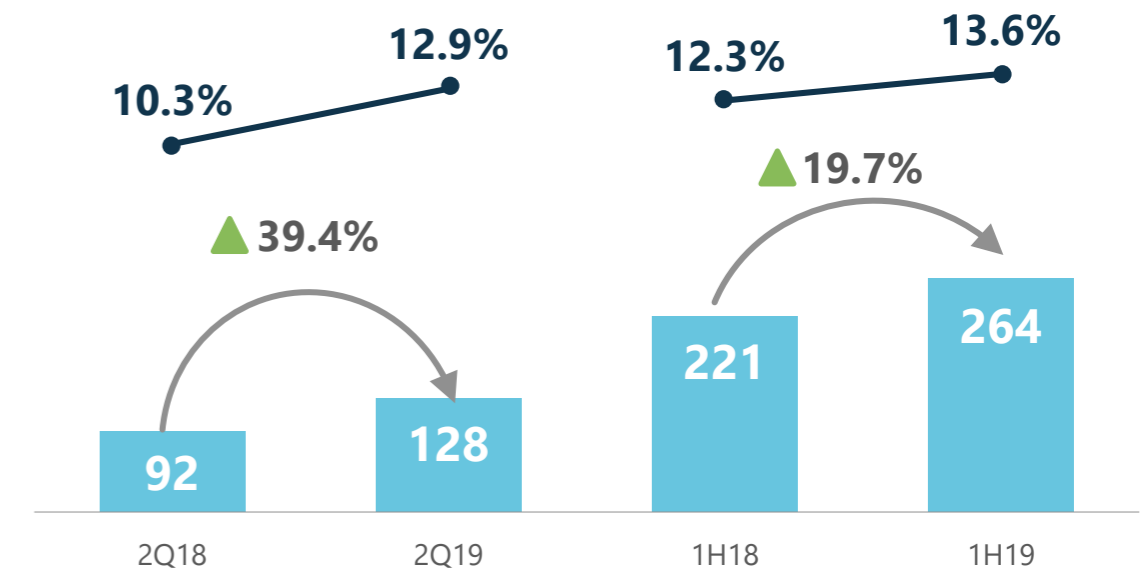
### Capital allocation discipline

- Negotiations completed to sell textile segment assets in Argentina for US\$14.4 million



**Recurring EBITDA**

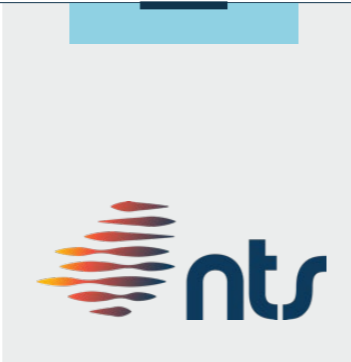
R\$ million  
Recurring EBITDA Margin



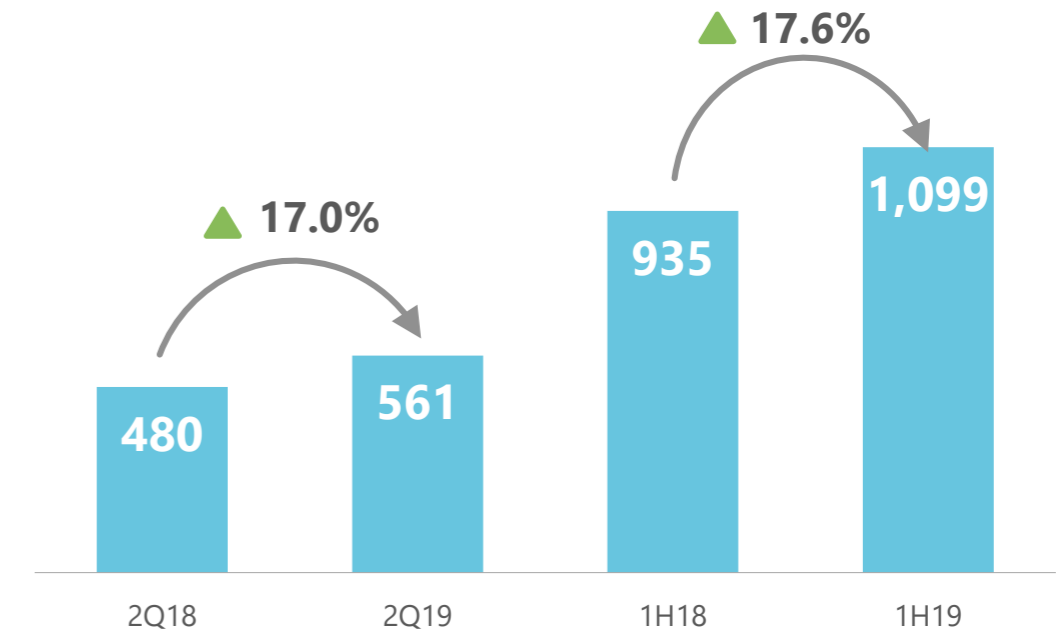


# Highlights of Itaúsa's portfolio

RESULTS | 1H19



**Net Income**  
R\$ million



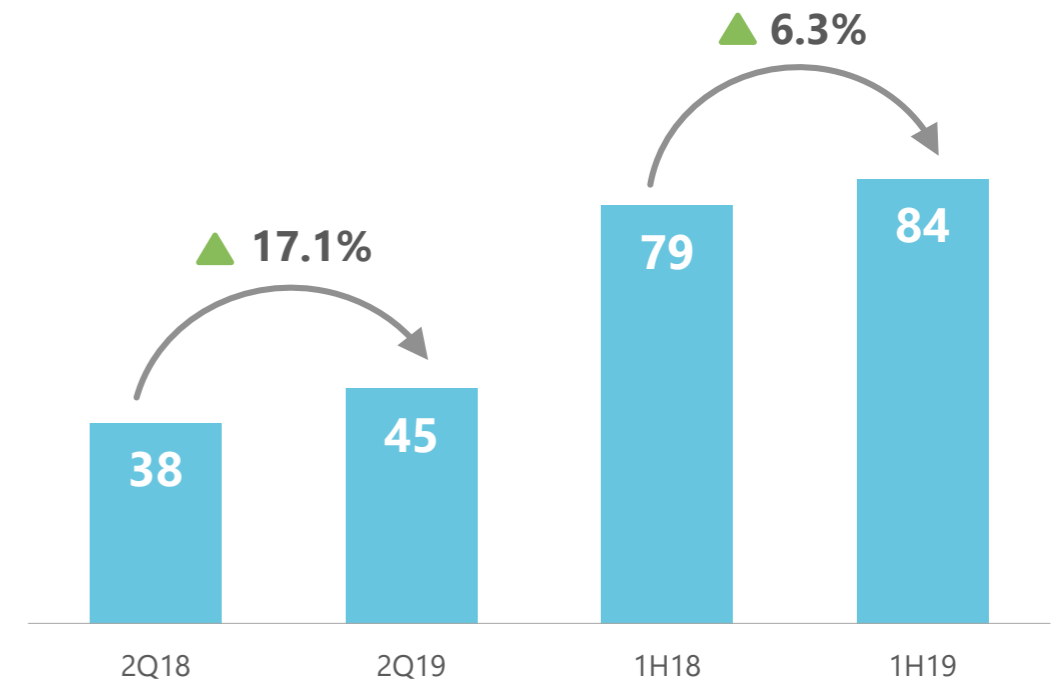
## First Half Highlights

- Authorization by CVM, on Apr.18, 2019, to operate as an **issuer of securities**, category "B".
- New CEO** elected: Wong Loon – simultaneously holding the position of COO (Chief Operations Officer)
- Dividends, Interest on Capital** received in the amount of **R\$84.2 million** in 1H19
- Net revenue totaled **R\$2,181 million**; Net Income of **R\$1,099 million**



**Flow received by Itaúsa<sup>1</sup>**

R\$ million  
Dividends, Interest on Capital



1. Cash basis

# ITAÚSA

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Parent Company's Results

Results | 1H19

# Main Events

in 1H19



## Dividends

- **R\$3.2 billion dividends** declared in 1H19 (**up 60%** year-on-year).
- **R\$2.9 billion dividends** declared in 12/8 payable on 8/23, with stockholding position of 8/15.
- **Dividend Yield of 9.1%** (8/12/19).



## Capital Markets

- **Base of 246,500 individual stockholders**, up **156%** year-on-year.
- **Market value: R\$108.4 billion** (up 40.4% in 12 months).



## Sustainability and Corporate Governance

- The first **Itaúsa's Integrated Report** published, pioneer among Latin-American holding companies.
- **Social Impact Committee** set up on 6/12, aimed at strengthening and sparking the sustainability debated.



## Increased interest in Alpargatas

- Acquisition at auction on B3, on May/19, of 5.2 million preferred shares in Alpargatas at R\$18.25 each, taking advantage of a market opportunity and increasing its interest in Alpargatas by 0.9% to 28.5% of outstanding shares.
- This move strengthens Itaúsa's belief in **long-term value creation** in this investment.

## Corporate Events



## Merger of wholly-owned subsidiary proposed

- ~80 administrative staff of Itaúsa allocated in wholly-owned subsidiary Itaúsa Empreendimentos (IE).
- Proposal to merger IE into Itaúsa will be resolved on the ESM of 8/30.
- Aimed at streamlining the corporate structure, seeking more operational synergy and efficiency by optimizing and rationalizing costs.



## Merger of Itaútec's shares completed

- On 6/14, the merger of Itaútec's shares into Itaúsa was completed.
- ~119,000 preferred shares (ITSA4) issued, with dilution of 0.001% to Itaúsa's stockholders.
- Itaútec's shares are no longer traded on B3. A process to cancel its registration as a publicly-held company is pending at CVM.

# Main metrics of income and balance sheet

PARENT COMPANY: UNDER IFRS

	R\$ million (IFRS)			R\$ per share	
<b>Profitability</b>	1H19	1H18	Change	6/30/19	6/30/18
Net Income	4,921	4,447	+10.7%	0.59	0.54
ROE	18.7%	17.6%	+110 bp		
Recurring ROE	17.8%	17.1%	+70 bp		
<b>Balance Sheet</b>					
Total assets	56,449	55,059	+2.5%		
Stockholders' equity	52,362	51,081	+2.5%	6.23	6.07
Market Value <sup>1</sup>	108,415	77,219	+40.4%	12.89	9.18
<b>Payout</b>					
Dividend Yield	8.2%	9.7%	-150 bp		

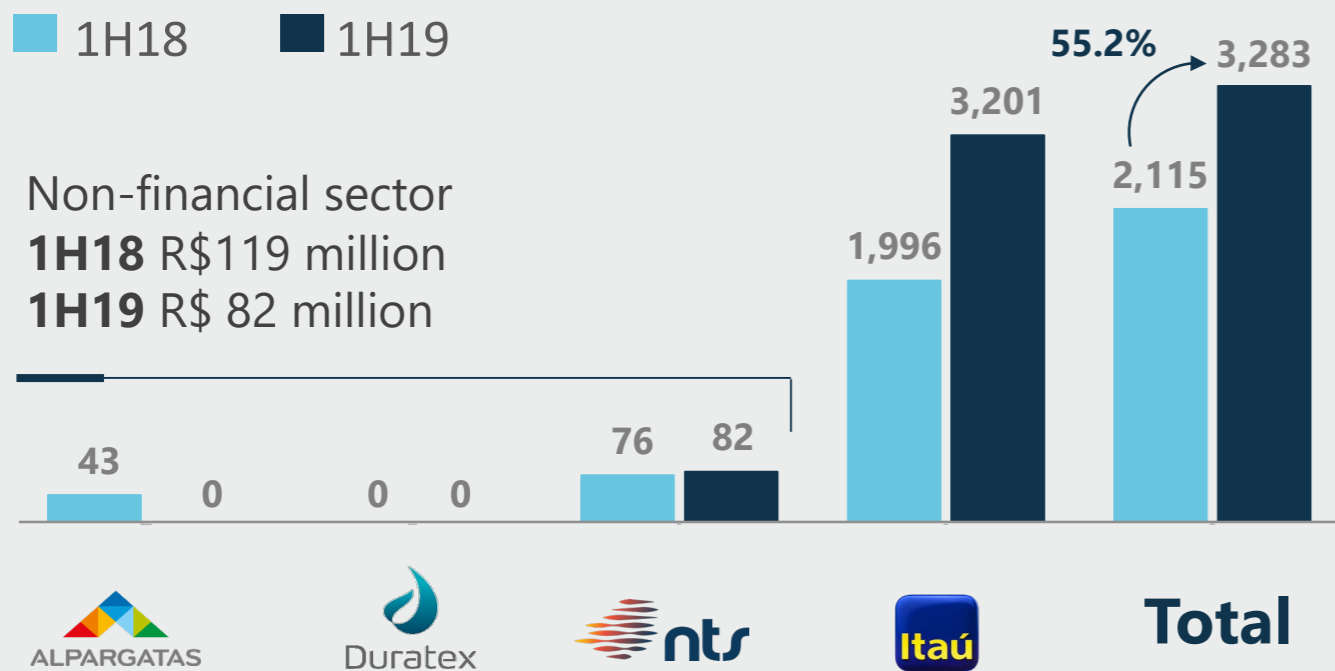


1. Calculated with the closing price of PN shares on the last day of the period.

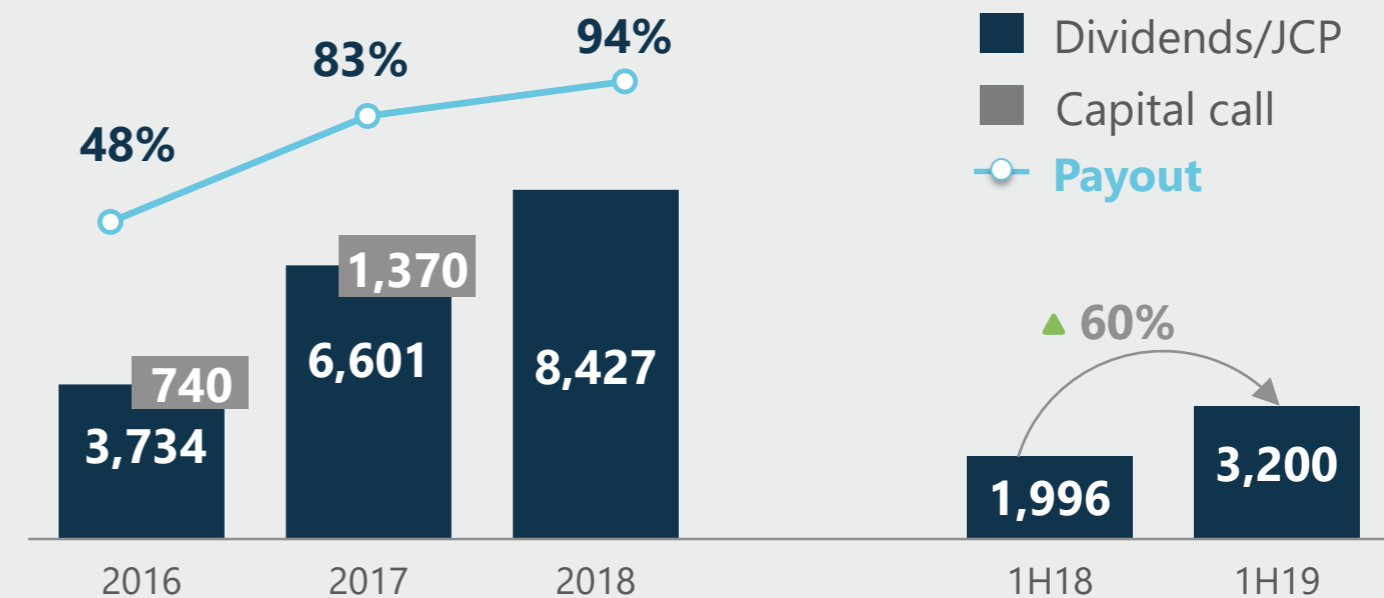
# Dividends, Interest on Capital<sup>1,2</sup>

In R\$ million

## Received | Accrual basis

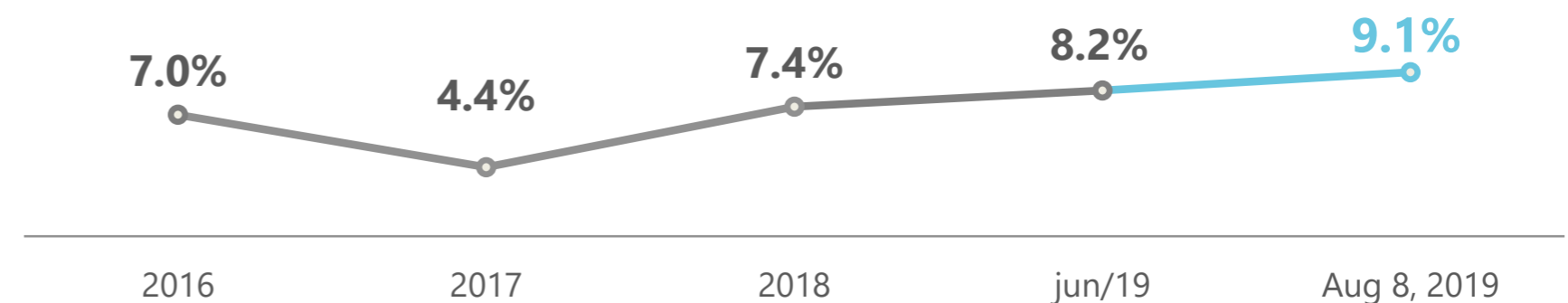


## Paid and to be paid | Accrual basis



(1) Refers to Individual Balance Sheet.  
 (2) Interest on capital, net of withholding income tax.  
 (3) Dividend Yield includes dividends/interest on capital, gross, paid in the last 12 months, including dividend declared on 08.12.2019, divided by the closing price.

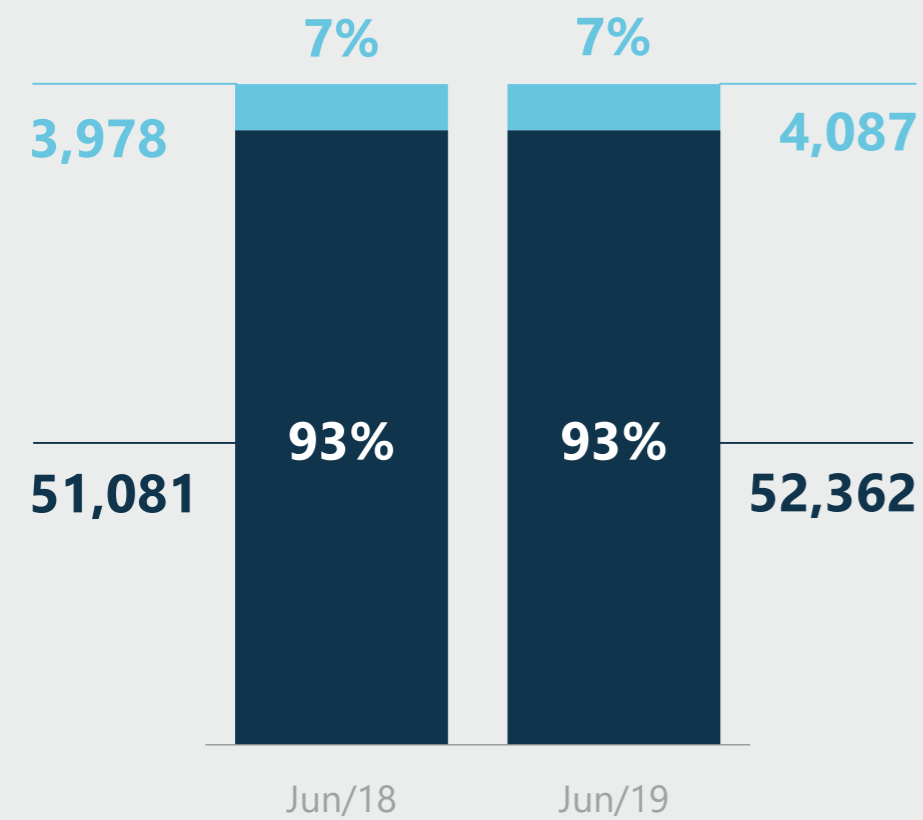
## Dividend Yield<sup>3</sup> (%)



# Indebtedness<sup>1</sup>

In R\$ million

## Capital composition



- Stockholders' equity
- Current and non-current liabilities

<sup>1</sup> Refers to Individual Balance Sheet

## Third-party funds

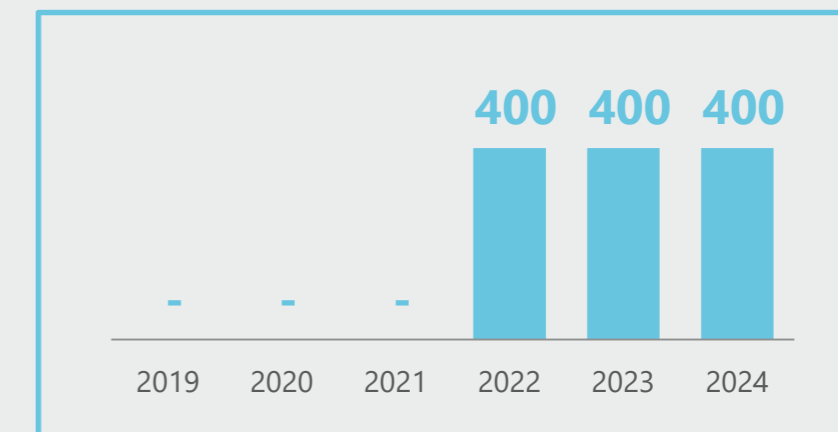
### June 2019

<b>Total liabilities</b>	<b>4,087</b>
Dividends/interest on capital payable	1,183
Debentures	1,208
Provisions/Other obligations	1,696
<b>(-) Cash<sup>2</sup></b>	<b>964</b>
<b>Net liabilities</b>	<b>3,123</b>

<sup>2</sup> Includes cash and cash equivalents of whole-owned subsidiary Itausa Empreendimentos

## Debentures detailed

- Issued on:** May 2017
- Amount:** R\$1.2 billion
- Rate:** 106.9% of DI rate
- Interest:** semi-annual
- Amortization schedule**



# Capital Markets

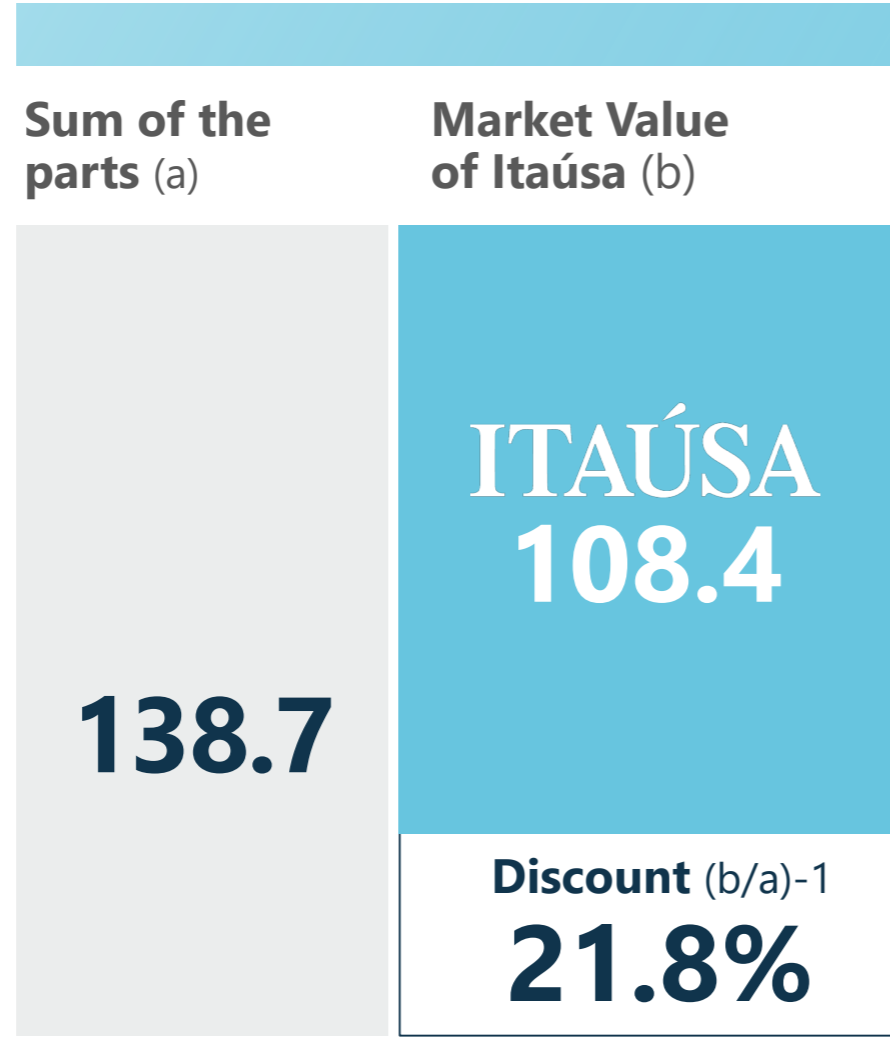
## Itaúsa's Portfolio – Market Value<sup>1</sup>

R\$ billion – on 6/28/19



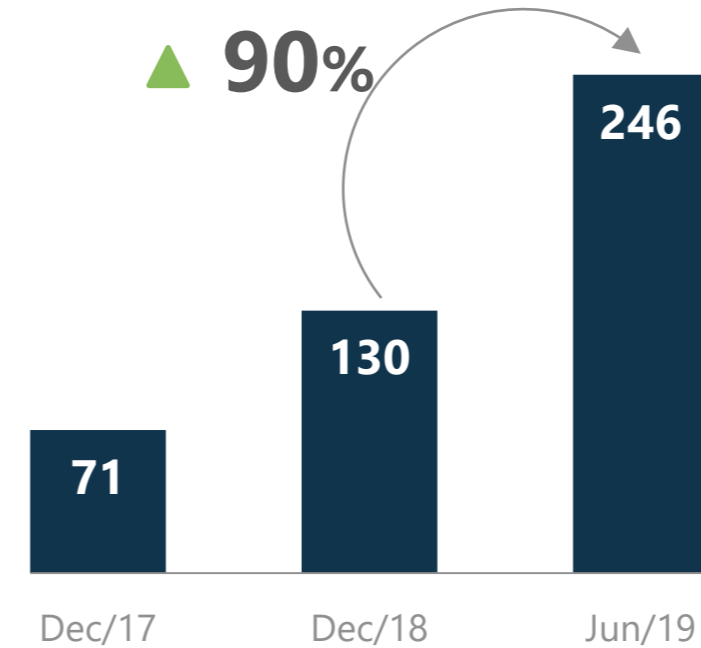
(1) Based on price of preferred shares

(2) Investment amount recorded in the Balance Sheet on 6/30/2019



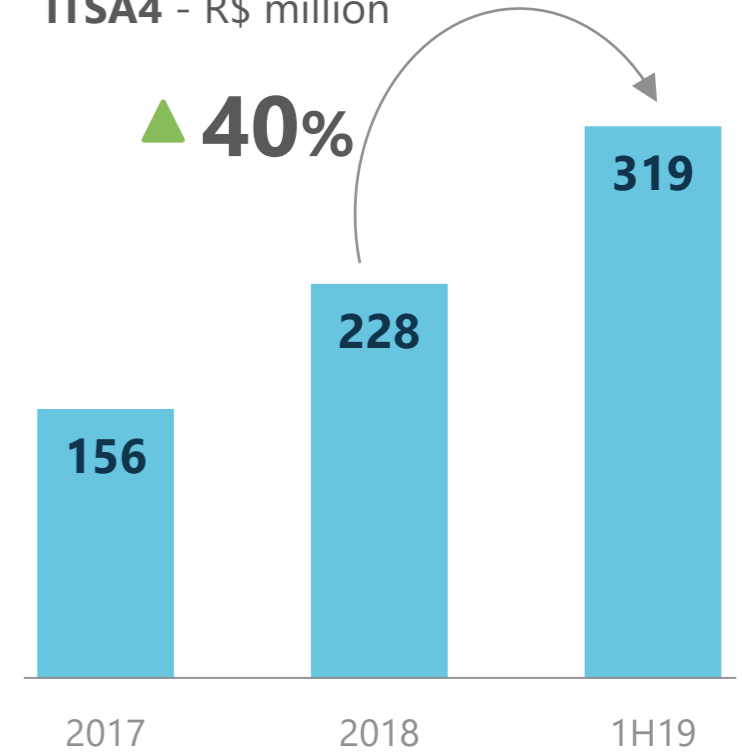
## Change in individual stockholders base

Thousands of stockholders

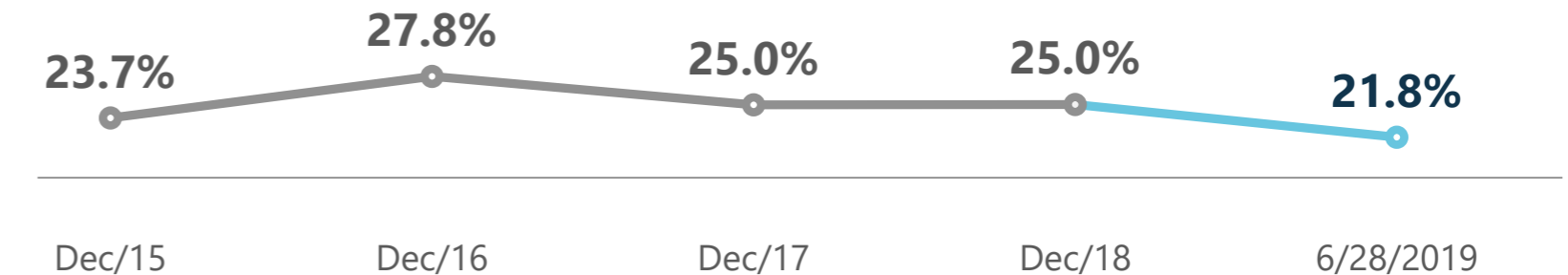


## Average daily traded volume

ITSA4 - R\$ million



## Discount history



# Integrated Report

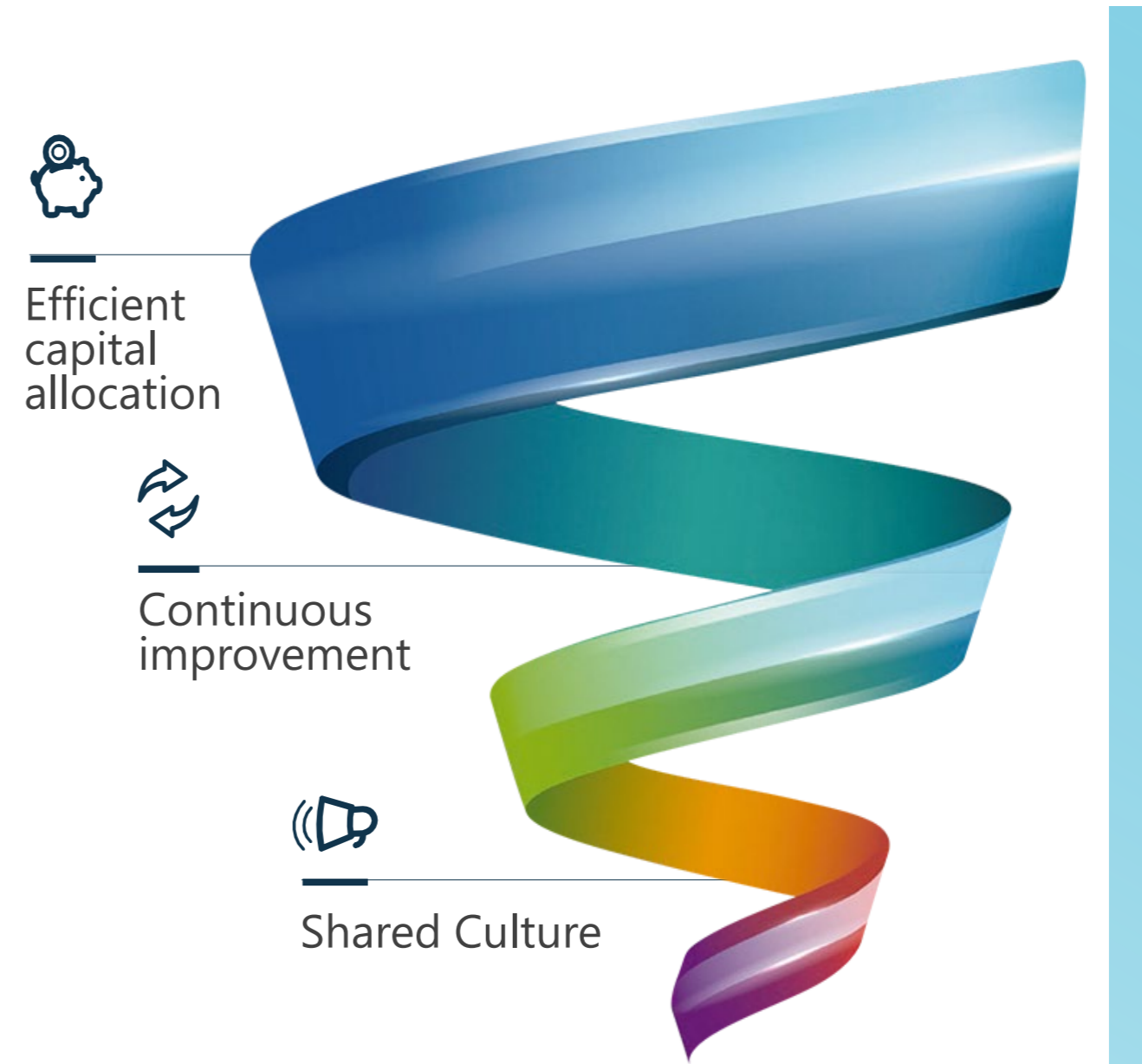
In March 2019, Itaúsa **published its 1<sup>st</sup> Integrated Report**, a pioneering document among Latin-American **holding companies**.

This report enables readers to better understand the factors affecting the **capacity to create value over time**.

Itaúsa's influence over investees is enabled by its representatives in Board of Directors and Committees, and aims to:

- Driven financial and strategic decision-making;
- Sharing a culture of governance, ethical values, valuing human capital and capital allocation discipline;
- Discussing, approving and monitoring investees' business plans;
- Discussing sustainability trends and assessing implementation in companies, among others.

## Itaúsa contribution to Value Creation



Full document available at [www.itausa.com.br](http://www.itausa.com.br)

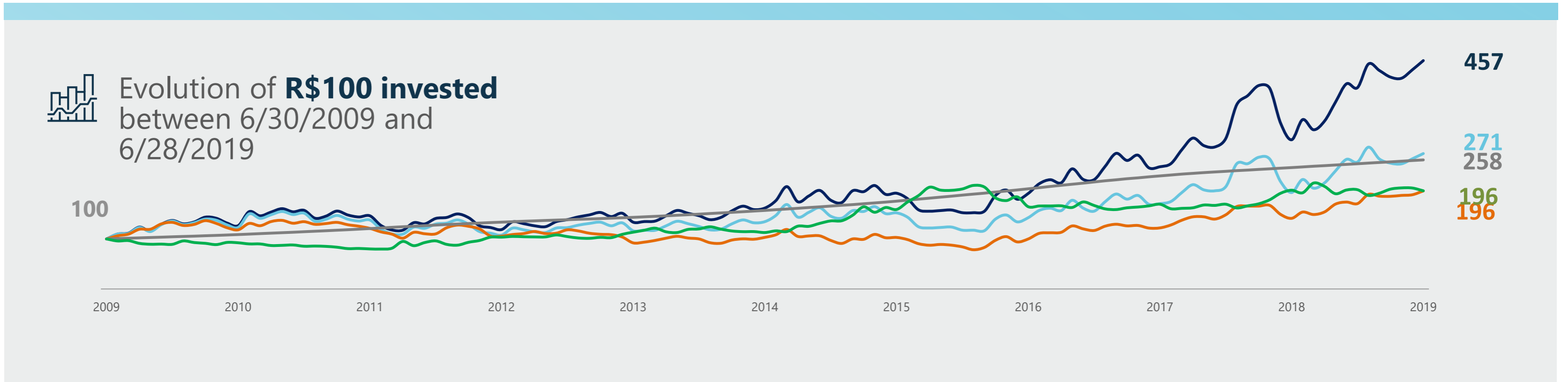


# Itaúsa in Capital Markets



**CAGR** (in Reais)

(1) With reinvestment of dividends/interest on capital	Itaúsa total return <sup>1</sup>	Itaúsa Without reinvestment	Ibovespa	CDI	Dollar
<b>10 years</b>	16.4%	10.5%	7.0%	9.9%	7.0%
<b>5 years</b>	23.1%	15.0%	13.7%	10.4%	11.7%
<b>LTM (Last Twelve Months)</b>	53.1%	40.4%	38.8%	6.3%	-0.6%



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 Officer and IR Officer



**Guilherme S. Silva**  
IR and New Business Manager



**Carlos Biehl**  
Investor Relations Manager



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