



**International Conference Call
Itaúsa – Investimentos Itaú S/A
First Semester 2019 Earnings Results
August 13th, 2019**

Operator: Good morning ladies and gentlemen, thank you for standing by and welcome to ITAÚSA's conference call to discuss the First Half of 2019 results.

At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session and instructions will be given at that time.

Should you require assistance during the call, please press the star followed by zero. As a reminder, this conference is being recorded. The file will be available at the Company's website at www.itausa.com.br/en, at the Investor Relations section. During the conference call you can send questions that will be answered after the presentation.

This conference call and a slide presentation are being transmitted via internet as well. You can access the webcast by logging on to the Company's website, www.itausa.com.br/en.

Before proceeding, let me mention that forward-looking statements are being made under the safe harbor of the Securities Litigation Reform Act of 1996. Actual performance could differ materially from that anticipated in any forward-looking comments as a result of macroeconomic conditions, market risks and other factors.

I inform that during the presentation the questions can be sent by webcast and it will be answered in the question and answer session.

With us today we have:

- Mr. Alfredo Egydio Setubal - CEO and Investor Relations Officer at Itaúsa;
- Mr. Henri Penchas – Chairman of the Board of Director at Itaúsa;
- Mrs. Priscila Grecco Toledo – CFO at Itaúsa;
- Mr. Bruno Salem Brasil - Investor Relations Manager at Itaúsa;
- Mr. Alessandro Broedel – Executive Finance Director and Investor Relations Officer at Itaú Unibanco;
- Mr. Guilherme Setubal Souza e Silva – Investor Relations and New Business Manager at Duratex;
- Mr. Carlos Biehl –Investor Relations Manager at Alpargatas.

It is now my pleasure to turn the call over to Mr. Alfredo. Sir, you may now begin.

Mr. Alfredo Setubal: Good morning, it is a pleasure to be here again to talk about the results and the strategy of Itaúsa for the coming years and semesters.

For those who are following through the Internet, we are on page 3, a little bit about us. Just to remember, Itaúsa is a public holding company that controls several companies, including Itaú Unibanco, Duratex, Alpargatas and NTS, we are present in more than 20 countries considering all these companies, and we have a focus on strengthening our management and a long-term view on value creation of our portfolio.

Itaúsa is the 8th largest company in the Bovespa and we have a very high dividend yield – that we are going to talk later –, around 9% considering the dividend that we announced yesterday.

All the companies that we have participation has very strong brands, Itaú itself, Itaú Personnalité that is a private banking for high-end individuals, Rede, Itaú Card; in the case of Duratex, we have Deca in appliance; Durafloor for flooring; Hydra for valves; and also Portinari that is a company that we just bought in the ceramic business that we are investing in Duratex; in the case of Alpargatas, of course, we have Havaianas, and Osklen that is a premium fashion brand.

Going to page 5, we are going to talk briefly because all these companies are listed and already made their conference calls in the last weeks, so we go to page 6, the highlights for the Itaú results. Always remembering that Itaúsa numbers, in the case of the bank, don't match exactly because Itaúsa uses the IFRS numbers and Itaú released their numbers under the Central Bank rules for accounting.

We continue to grow our loan portfolio among individuals and small and midsize companies, we continue to have Rede, our payment company, in a very competitive environment with all the companies fighting very hard to gain market share and boost their brands under this market, it is a completely different market when we compare to some years ago when we bought the totality of the shares of Rede, and we announced changes in our commercial policies during this quarter to really be more competitive among all these new entrants in this sector.

The bank continues to pay dividends, we are creating more capital than we need in the circumstances of the Brazilian economy, especially related to credit, so the bank announced 8.5 billion dividends in this period and continues to be a high yield also for the bank.

The bank continues to be very active in the digital transformation of the system with huge investments in technology, people, in products to serve better and cheaper our clients, we have almost 12 million individuals clients using the digital channels offered by the bank, we opened 205,000 accounts through our digital app, it is much simpler and easy for the clients to open an account with us, and of course, as I said, we continue to invest a lot in technology this year to reduce costs and produce more products and technology and apps for our clients using always the brand Itaú to

compete in this new environment of digital transformation in the system that we are seeing here in Brazil and in most of the countries around the world.

The portfolio for loan and small companies increased in the last 12 months 18.4% and individuals 13.6. Large companies are using less, because they are making less investments also, less demand for credit because the economy is not heated at all, and [unintelligible – audio breakage – 0:08:45 till 0:09:52] more important for the company and according to the strategy of the company to increase our share in this market.

The JV with the Lenzing related to pulp and dissolving pulp, we already have the permit to start the project in [unintelligible] authorities, so we started some months before a project, the first infrastructure in the sites in Minas Gerais.

We are completing provably in this third quarter the expansion of Ceusa, doubling the capacity in ceramic tiles, and probably these new plants will start producing (commercial producing) in the beginning of the fourth quarter of this year.

In terms of use of assets, like we made in the last quarters that we sold forests and lands to Suzano that were in excess for the wood business, we closed a factory of panels here in the city of São Paulo and now we announced the shutdown of a factory in the South of Brazil related to bathroom porcelain that we are going to transfer the production of this unit to other fabrics and other units of Duratex and we are going to close definitely and send the factory in the South. So this means more gains and reduction of costs for this time... [unintelligible - audio breakage 0:12:05 till 0:12:23].

As I said, we had some nonrecurrent deals, like the sale of Lenzing and forests to Suzano, so this year when we compare the results we have some decrease also in the ROE, but this year Duratex is in line with the budget that was approved by the board of director in the end of the year. So we were not expecting a very heated economy, so the numbers are still in line with the budget that we projected for the company. And the same for the Ebitda, that continues to be in line with the projections that we had.

On page 8, Alpargatas that released results and made a conference call yesterday, Alpargatas had a very good quarter (the second quarter), we continue to make changes in the company in terms of culture, people, we changed the management in the North American operation, we started off a JV in India, we are starting business in China, so the company is doing their plan to be more international, use more technology, especially e-commerce with deals with Amazon, Alibaba and others to increase the sales of especially Havaianas in the international market.

So the company had a double-digit revenue growth when we compare year on year driven by Havaianas, all the business of Alpargatas did well when we compare 12 months. Havaianas, of course, is the biggest by far business of Alpargatas, but Mizuno, Osklen also increased their sales and increased their e-commerce. So the results increased also 31.5%, ROE reduced because we had some nonrecurrent last

year and we made some impairments this quarter related to the sale of assets in Argentina related to the textile business of Argentina that we announced and sold for US\$14.4 million and we announced that some weeks ago.

So the company had a very good quarter, the markets received very well the results and we are very happy with the investments and we continue to see very good years coming for the company.

On page 9, we started to talk about NTS. NTS is a stake in the gas pipeline that we bought some years ago, I think the company continues to present results a little bit over the numbers that we consider when we bought these investments, the company had revenues of R\$2.2 billion and a net income of R\$1.1 billion and we received in the half of this year, 2019, R\$84 million in dividends.

Going to page 11, main events of Itaúsa in this first semester. We declare 2.9 billion dividends yesterday, it is going to be paid on the 23rd of this month, with this holding position of 15 of August. This dividend makes the dividend yield considering the last 12 months and considering the dividend that we announced yesterday, a dividend yield of 9.1% for the shareholders, that is very good and very high, especially when we compare to the SELIC rate that is 6% here in Brazil.

We achieved almost 250,000 individual shareholders by the end of June, this number today is already higher than that, so our liquidity also increased, our market share is R\$108 billion by the end of June.

In terms of sustainability and corporate governance, we released for the first time the Integrated Report that was published, the first holding company publishing this kind of report in Latin America, and also we created here at Itaúsa a Social Impact Committee to follow the investments in social, cultural, and Ambiental of the companies that Itaúsa has participation.

We increased our share in the Alpargatas company, we increased by 0.9, almost 1%, we bought that in the stock market in an auction of minority shareholders that decided to sell their stakes in the company, and we used to this to buy back shares in the market to increase our position and showing our confidence in the future of the company.

We merged Itaútec, Itaútec now is 100% of Itaúsa and we already delisted Itaútec from the market, and our Itaúsa Empreendimentos that was a subsidiary that all the people and all the employees and everything was made through them, so this company will be 100% Itaúsa Investments by the end of this month. This subsidiary will not exist from September. The objective is to reduce costs of the holding and give more transparency in terms of numbers, expenses and administrative expenses for our investors.

On page 12, numbers of Itaúsa in the end of June, so net income increased 10.7% - always remembering that it is in IFRS numbers -, 4.9 billion, an increase of 10.7%, ROE increased from 17.6 to 18.7 and recurring ROE increased from 17.1 to 17.8.

Total asset is 56 billion, of that, 52 are shareholders equity. The payout in this page does not include the dividend that we announced yesterday. So that's the difference of numbers that appears in 9.1 against 8.2 and this page.

We continue to [unintelligible audio breakage 0:21:56 till 0:22:47] ...

Operator: Ladies and gentlemen, please, hold.

Speakers, you may proceed.

Mr. Setubal: Sorry, we had a technical problem here. Restarting on page 15, the portfolio of Itaúsa, the sum of the parts of the companies listed R\$138 billion, Itaúsa with R\$108 billion, it means that there is a discount of 21.8% when we compare the sum of the parts and the market value.

[unintelligible - muffled sound] increased year by year, it came from an average of R\$156 million in 2017 and this year the average daily trading is R\$319 million, that's very good number. We don't have an ADR listed in any international exchange, but the number of shareholders and the trading volume have increased rapidly.

Page 16, is related to the Integrated Report that we released on March this year, we really recommend reading the report because it explains how Itaúsa makes decisions, strategic decisions in M&A, in investing and divesting, [unintelligible - muffled sound] the companies that we participate in terms of strategy, culture, people, so it is very interesting reading it if you're interested in investing [unintelligible - muffled sound] ...

On page 17, our performance in the capital market and stock market. So we have good returns considering 10 years, 5 years and this year. Returns for our shareholders is 16.4% 10 years, in 5 years 23.1%, and in the last 12 months 52%. So [unintelligible - muffled sound] yield for the investors.

We finished this presentation and we are open for questions that you have for us.

Question-and-answer Session

Operator: Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press the star key followed by the one key on your touchtone phone now. If at any time you would like to remove yourself from the questioning queue, press the star key followed by the 2-key.

Please, restrict your questions to 2 at a time.

Our first question comes from Adriana Delozada, Scotia bank.

Ms. Delozada: Good morning and congratulations on the results. I just wanted to know a bit more information about the potential acquisition of the Petrobras subsidiary. I wasn't able to hear very well the last part of the presentation, so I don't know if you already mentioned it, but if you can give us more details about that, I believe it was the phone and any information helps. Thank you.

Mr. Setubal: Adriana, it's Alfredo speaking. We have many NDAs signed with many companies always looking for alternatives for good investments that really can create value for our investors under the policy that we have for finding businesses for our portfolio that we are trying to build in the coming year.

As you know, the deal of Liquigás was postponed for this week, we are following this business, but we are not totally involved in this business for the economy, but we are following the rules of the Consortium and we are interested in it depending on the time, on conditions to contribute the stake in the company, but today I have no news about that.

We continue to follow, we continue to talk, but we have yet no [unintelligible - muffled sound] about this eventual deal that comes from Petrobras, all the numbers and the conditions that this sale from Petrobras is under the TCU in Brazil, that are special rules in terms of participation of the members of the consortium and so on, but there is a lot of movement in the consortium, [unintelligible - muffled sound] that today we have no news to really say about the eventual participation of Itaúsa in this deal.

Ms. Delozada: Got it, thank you very much.

Operator: This concludes today's question-and-answer session. Mr. Alfredo, at this time you may proceed with your closing statements.

Mr. Setubal: Okay, thank you for the participation. We had a very good quarter, a very good semester, I think Itaúsa is in a very good moment, [unintelligible - muffled sound], and I think we are doing our homework and preparing the Brazilian companies that we have a stake for a period of growth that will come in Brazil in the coming years reducing costs, investing in productivity, investing in new companies, like Duratex did in Cecrisa, looking for new investments that make sense in our portfolio.

So I think Itaúsa is in a good moment with shares, increasing our number of shares [unintelligible - audio breakage] liquidity, with a good payout, so we are happy with the company and hope to talk with you again in our next conference call. Thank you.

Operator: That does conclude our Itaúsa's 2018 results conference call. Thank you very much for your participation. You may now disconnect.