

ULTRAPAR HOLDINGS INC  
Form 6-K  
May 28, 2013

---

---

Form 6-K

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Report Of Foreign Private Issuer  
Pursuant To Rule 13a-16 Or 15d-16 Of  
The Securities Exchange Act Of 1934

For the month of May, 2013

Commission File Number: 001-14950

ULTRAPAR HOLDINGS INC.  
(Translation of Registrant's Name into English)

---

Avenida Brigadeiro Luis Antonio, 1343, 9º Andar  
São Paulo, SP, Brazil 01317-910  
(Address of Principal Executive Offices)

---

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form X	Form
20-F	40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes	No	X
-----	----	---

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes	No	X
-----	----	---

---

---



ULTRAPAR HOLDINGS INC.

TABLE OF CONTENTS

ITEM

1. Market Announcement dated May 27, 2013
  2. Moody's Investors Services - credit rating report
-

Item 1

ULTRAPAR PARTICIPAÇÕES S.A.  
Publicly Listed Company  
CNPJ nº 33.256.439/0001- 39  
NIRE 35.300.109.724

Ultrapar's credit rating is upgraded by Moody's

São Paulo, May 27th, 2013 – Ultrapar Participações S.A. (BM&FBOVESPA:UGPA3 / NYSE:UGP) hereby informs that the rating agency Moody's Investors Services (Moody's) upgraded Ultrapar's global scale credit rating from 'Baa3' to 'Baa2'.

According to Moody's, the rating assigned to Ultrapar reflects mainly its solid business model, its low-risk profile, stable cash flow and the leading positions in its different segments.

The upgrade in Ultrapar's credit rating highlights the cash flow generation capacity of its businesses and its sound financial management and corporate governance.

André Covre  
Chief Financial and Investor Relations Officer  
Ultrapar Participações S.A.

---

Item 2

Rating Action: Moody's upgrades Ultrapar to Baa2. Outlook is stable.

---

Global Credit Research - 24 May 2013

Sao Paulo, May 24, 2013 -- Moody's Investors Services has upgraded Ultrapar's Issuer Rating to Baa2 from Baa3. The rating outlook is stable.

The following rating was upgraded:

Ultrapar Participações S.A

Domestic currency issuer rating: Baa2

#### RATINGS RATIONALE

"The upgrade to Baa2 primarily reflects Ultrapar's solid business model, low risk profile, stable cash flows and leading position in its different segments", said Moody's vice president Marianna Waltz. Over the past few years the company demonstrated its ability to post robust growth across all business lines and to sustain conservative credit metrics and strong cash generation even under adverse market conditions and sizable capex plan.

Offsetting some of the rating positives are the company's acquisitive growth strategy, which could result in pressured leverage ratios, its relatively short debt maturity schedule and its dependence on a few key suppliers for its raw materials. To a lower extent, the more cyclical nature of its specialty chemicals business is also viewed as a ratings constraint.

The fuel distributor Ipiranga accounted for 87% of the group's revenues and 69% of EBITDA as of 2012. The company is the second largest company in the segment, with approximately 6,460 gas stations spread throughout the country. The fuel distribution sector in Brazil is fairly consolidated, with the three largest players (BR Distribuidora, Ipiranga and Raizen) representing about 75% of the market. Going forward, we expect Ultrapar to remain well positioned to capture the continued expansion of light vehicles in the country, mainly in the fast-growing Northeast, North and Midwest regions, where the company still has a less relevant market share as compared to the South and Southeast regions (12% vs. 26%). Moreover, although the fuel distribution business is marked by tight margins (3.5% for 2012), it is also relatively resilient to economic downturns.

Ultrapar has high corporate governance standards and has maintained a conservative financial policy over time, reflected in its low leverage ratios, stable operating margins, robust cash flow generation and adequate liquidity position. Adjusted gross leverage ratio for the LTM period ended in March 2013 was of 2.3x, and since we first rated the company, in May 2008, this metric has never peaked above 3.0x. Dividends are aggressive, with average payout ratio of 60% over the past four years, but estimated to match available free cash flow generation. We believe the company will manage its dividend distribution appropriately to offset any deterioration in operating cash flow.

Growth strategy going forward should be more organic than non-organic, with an estimated Capex spend of BRL 1.4 billion for 2013 that focuses mainly on the expansion of its fuel distribution business. Nevertheless, some small-size acquisitions can be expected, since the company has already signaled to the market its intention to continue with the

internationalization of its chemicals business.

The stable outlook reflects Moody's view that Ultrapar will maintain its leading position in all of its business segments and will continue to sustain prudent financial policies including the maintenance of solid liquidity and financial leverage commensurate with its current rating. Moreover, while dividends are expected to remain robust, they should not prevent positive free cash flow generation.

Ultrapar's ratings could be upgraded if the company is successful in executing its strategic growth plan, including the potential expansion of its specialty chemicals business, both organically as well as through acquisitions. In this sense, we would expect an improvement in the company's credit metrics to offset the higher volatility of the chemicals segment. Quantitatively, positive pressure could arise if the company reports free cash flow (after

---

dividends and capex) to net debt in the high single digit range, stable operating margins and EBITA/interest expense above 5.0x, while maintaining strong liquidity and improving its debt profile.

Negative pressure on the ratings could arise from a significant deterioration in the group's liquidity position or an increase in leverage as measured by debt to EBITDA significantly above 3.0x without prospects of deleveraging in the near term. Also, a drop in interest coverage as measured by EBITA to Interest Expense below 3.0x for a prolonged period of time, and operating margins below 3.3%, could negatively pressure the rating or outlook.

Ultrapar Participações S.A. ("Ultrapar"), headquartered in São Paulo, Brazil, is engaged in fuel (Ipiranga) and liquefied petroleum gas (Ultragaz) distribution, specialty chemicals production (Oxiten), and storage for liquid bulk (Ultracargo). For the LTM period ended in March 2013 Ultrapar reported consolidated net revenues of BRL 55.1 billion (about USD 27.5 billion). Fuel distribution is the group's largest business segment, representing 87% of consolidated net revenues and 69% of EBITDA.

M&A activity has historically been the key driver of Ultrapar's growth strategy, but we expect relatively smaller transactions to take place going forward. The company's most sizable acquisitions include the fuel distributors Ipiranga for BRL 2.4 billion (2007) and Texaco for BRL 1.4 billion (2009). In 2012 Ultrapar made two acquisitions: (i) American Chemical, a Uruguayan specialty chemicals company, acquired for USD 74 million as part of the company's strategy to internationalize its specialty chemicals segment; and Temmar, a port terminal located in the Northeast region of Brazil, which deal amounted to BRL 171 million.

The principal methodology used in rating Ultrapar was the Global Retail Industry Rating Methodology published in June, 2011. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

## REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on [www.moodys.com](http://www.moodys.com).

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Please see [www.moodys.com](http://www.moodys.com) for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Edgar Filing: ULTRAPAR HOLDINGS INC - Form 6-K

Please see the ratings tab on the issuer/entity page on [www.moody.com](http://www.moody.com) for additional regulatory disclosures for each credit rating.

Marianna Waltz, CFA  
Vice President - Senior Analyst  
Corporate Finance Group  
Moody's America Latina Ltda.  
Avenida Nacoes Unidas, 12.551  
16th Floor, Room 1601  
Sao Paulo, SP 04578-903  
Brazil  
JOURNALISTS: 800-891-2518  
SUBSCRIBERS: 55-11-3043-7300

Brian Oak  
MD - Corporate Finance

---



Corporate Finance Group

JOURNALISTS: 212-553-0376

SUBSCRIBERS: 212-553-1653

Releasing Office:

Moody's America Latina Ltda.

Avenida Nacoes Unidas, 12.551

16th Floor, Room 1601

Sao Paulo, SP 04578-903

Brazil

JOURNALISTS: 800-891-2518

SUBSCRIBERS: 55-11-3043-7300

© 2013 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by

MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating

---

process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at [www.moody.com](http://www.moody.com) under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

For Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail clients. It would be dangerous for retail clients to make any investment decision based on MOODY'S credit rating. If in doubt you should contact your financial or other professional adviser.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 28, 2013

ULTRAPAR HOLDINGS INC.

By: /s/ André Covre  
Name: André Covre  
Title: Chief Financial and  
Investor Relations  
Officer

(Market Announcement dated May 27, 2013 and Moody's Investors Services - credit rating report)

---