

ULTRAPAR HOLDINGS INC
Form 6-K
April 16, 2007

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 April, 2007

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 20-F	<input checked="" type="checkbox"/>	Form 40-F
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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	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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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	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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Indicate by check mark whether by furnishing the information contained in this Form, the Registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
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If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): N/A

ULTRAPAR HOLDINGS INC.

TABLE OF CONTENTS

ITEM

- 1. Valuation Report - April 4, 2007**
-

Strictly private and confidential

Valuation Report to Ultrapar Participações

Ultrapar Participações S.A., Refinaria Petroleo Ipiranga S.A., Distribuidora de Produtos de Petroleo Ipiranga S.A.,
Companhia Brasileira de Petroleo Ipiranga

April 4, 2007

A Passion to Perform.

Disclaimer

nThese materials may only be used by Ultrapar Participações S.A. (“Ultrapar”) for the purposes defined in the engagement letter signed with Deutsche Bank Securities Inc. (“Deutsche Bank”). Neither Deutsche Bank nor any of its affiliates or any of its or their officers, directors, employees, affiliates, advisors, agents or representatives (collectively, “Deutsche Bank Representatives”) makes any express or implied representation or warranty as to the accuracy or completeness of any of the materials set forth herein or provides advice relating to tax, accounting, legal, antitrust, or other regulatory matters. Nothing contained in the accompanying materials is, or shall be relied upon as, a promise or representation as to the past or the future

nIn connection with Deutsche Bank’s role of “conducting a valuation analysis / preparing a valuation report” for Ultrapar, and in preparing its report as to the respective valuations of Companhia Brasileira de Petróleo Ipiranga (“CBPI”), Distribuidora de Produtos de Petróleo Ipiranga S.A. (“DPPI”) and Refinaria de Petróleo Ipiranga S.A. (“RIPI”) (collectively, “Ipiranga”, or the “Ipiranga Group”) and Ultrapar, Deutsche Bank has reviewed certain publicly available financial and other information concerning Ultrapar and the Ipiranga Group and certain internal analyses and other information furnished to it by Ultrapar and the Ipiranga Group. Deutsche Bank has also held discussions with members of the senior managements of Ultrapar and the Ipiranga Group, and with respect to certain assets, the senior management of Braskem, regarding the businesses and prospects of their respective companies and the operations of the combined company following the transactions described herein. In addition, Deutsche Bank has (i) reviewed the reported prices and trading activity for Ultrapar’s and the Ipiranga Group’s stock, (ii) compared certain financial and stock market information for Ultrapar and the Ipiranga Group with similar information for certain other companies whose securities are publicly traded, (iii) reviewed the financial terms of certain recent business combinations which it deemed comparable in whole or in part, (iv) reviewed the terms of the agreements governing the transaction, and (v) performed such other studies and analyses and considered such other factors as it deemed appropriate

Disclaimer (continued)

nDeutsche Bank has not assumed responsibility for independent verification of, and has not independently verified, any information, whether publicly available or furnished to it, concerning Ultrapar or the Ipiranga Group, including, without limitation, any financial information, forecasts or projections considered in connection with the preparation of its report as to the respective valuations of Ultrapar and the Ipiranga Group. Accordingly, for purposes of its report, Deutsche Bank has assumed and relied upon the accuracy and completeness of all such information and Deutsche Bank has not conducted a physical inspection of any of the properties or assets, and has not prepared or obtained any independent evaluation or appraisal of any of the assets or liabilities, of Ultrapar or the Ipiranga Group

nIt should be understood that any valuations, financial and other forecasts and/or estimates or projections and other assumptions contained in the accompanying materials (including, without limitation, regarding financial and operating performance), were prepared or derived from information (whether oral or in writing) supplied solely by the respective managements of Ultrapar, the Ipiranga Group and Braskem or derived from other public sources, without any independent verification by Deutsche Bank, and involve numerous and significant subjective determinations and assumptions by Ultrapar and the Ipiranga Group, which may not be correct. As a result, it is expected that there will be a difference between actual and estimated or projected results, and actual results may vary materially from those shown herein. In addition, with respect any such information made available to Deutsche Bank and used in its analyses, Deutsche Bank has assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of Ultrapar and the Ipiranga Group as to the matters covered thereby. The report observes the requirements by Brazillian Securities Regulation, in particular Rule #361/02 of the Brazillian Securities Commission ("CVM").

Disclaimer (continued)

n Accordingly, in preparing its report as to the respective valuations of Ultrapar and the Ipiranga Group, neither Deutsche Bank nor any of the Deutsche Bank Representatives make any express or implied representation or warranty, or express any view, as to the accuracy, reasonableness, completeness or achievability of any such financial and other forecasts and/or estimates or projections, or as to the determinations or assumptions on which they are based. Deutsche Bank's report is necessarily based upon economic, market and other conditions as in effect on, and the information made available to it as of, the date hereof

n Deutsche Bank has also assumed that all material governmental, regulatory or other approvals and consents required in connection with the consummation of the transaction will be obtained and that in connection with obtaining any necessary governmental, regulatory or other approvals and consents, or any amendments, modifications or waivers to any agreements, instruments or orders to which either Ultrapar or the Ipiranga Group is a party or is subject or by which it is bound, no limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would have a material adverse effect on Ultrapar or the Ipiranga Group or materially reduce the contemplated benefits of the transaction to Ultrapar

n This presentation was based on the information available until today, and the views expressed are subject to change based upon a number of factors, including market conditions and Ultrapar's and the Ipiranga Group's business and prospects. Deutsche Bank does not undertake any obligation to update or otherwise revise these materials after the date hereof

n This Report and its conclusions are not recommendations by Deutsche Bank as to whether Ipiranga shareholders should tender their shares in the mandatory tender offer, or to Ultrapar or Ipiranga shareholders as to the fairness to such shareholders, from a financial point of view, of the exchange ratio in the incorporation of RIPI, CBPI, DPPI shares in Ultrapar. Each shareholder must reach its own conclusions about the advisability of accepting the offer presented by Ultrapar and the incorporation of the shares of CBPI, DBPI and RIPI by Ultrapar

Contents

Section

1	Executive summary		1
2	Valuation summary		9
	A	Ultrapar	10
	B	RIPI	13
	C	DPPI	16
	D	CBPI	19
3	Economic value of underlying assets		22
	A	Ultrapar	26
	B	Ultrapar prior to the share merger	37
	C	CBPI distribution	39
	D	DPPI distribution	45
	E	Copesul	50
	F	IPQ	55
	G	Valuation of other assets based on multiples	60
4	Final considerations		62
5	Glossary		64

Appendix

I	Share price evolution	67
II	Comparable multiples	73

Executive summary

Section 1

Section 1

Executive summary

1

Executive summary

Section 1

Initial considerations

n This appraisal report (“Report” or “Valuation Report”) was prepared by Deutsche Bank as requested by Ultrapar

nThe Report observes the requirements imposed by Brazilian Securities Regulation, in particular Rule #361/02 of the Brazilian Securities Commission (“CVM”). Ultrapar requested this Report to be used in connection with (i) the mandatory tender offers related to the acquisition by Ultrapar of the control of Ipiranga Group, and (ii) the incorporation of CBPI, DBPI and RIPI shares in Ultrapar

nThe ranges for the respective valuations of Ultrapar, CBPI, DBPI and RIPI are limited to 10% due to a requirement imposed by Rule #361/02 of the CVM

Executive summary**Section 1****Scope of Deutsche Bank's analysis**

The objective of this Valuation Report is to present economic valuations of both Ultrapar and Ipiranga Group in accordance with the criteria defined as mandatory by the CVM

Under the CVM Rule #361/02, Deutsche Bank has conducted an analysis using the following methodologies and assumptions:

n Economic value based on discounted cash flow ("DCF") analysis for the main operating companies and comparable multiples for some smaller operating subsidiaries

– Based on publicly available information and discussions with management of Ultrapar and Ipiranga

n Market value based on average share prices weighted by traded volume
Average share price weighted by traded volume during the last twelve months ended March 16, 2007 (last trading day pre-announcement)

– n Book value of the shares
Based on Ultrapar and Ipiranga's audited financial statements as of December 31, 2006

Among the different valuation methodologies presented in this Valuation Report, Deutsche Bank believes the economic value based on DCF and comparable multiples is the most applicable methodology for valuing Ultrapar and Ipiranga

Economic value - methodologies for different business lines

Discounted cash flow	Codename	WACC	Public company comparables	Codename
Companhia Brasileira de Petróleo Ipiranga	CBPI	12.2%	Ipiranga Química S.A.	IQ
Distribuidora de Prod. de Petróleo Ipiranga	DPPI	12.3%	Empresa Carioca de Prod. Químicos S.A.	EMCA
Copesul Central Química	Copesul	11.2%	Ipiranga Asfaltos	IASA
Ipiranga Petroquímica S.A.	IPQ	11.8%	AM/PM Comestíveis Isa-Sul Administração e Part. Ltda	AM/PM
Ultrapar Participações	Ultrapar	10.6%	Refinaria Petróleo Ipiranga	Isa-sul Refinery

Executive summary

Section 1

Valuation range - price per share

(a) Based on discounted cash flow analysis (DCF) and comparable multiples
(b) Market value based on weighted average shares for the 12 months prior to
date of announcement (c) Book value based on latest public company filing dated
12/31/2006

Executive summary

Section 1

Conducting the economic valuation

The three main economic valuation methodologies used were: Discounted Cash Flow (“DCF”), Comparable public companies’ multiples and comparable precedent transaction multiples

	Discounted Cash Flow - DCF Analysis	Comparable Public Company Analysis	Comparable Precedent Transaction Analysis
Methodology	<ul style="list-style-type: none"> • Un-levered projections of cash flow to the firm • Terminal value calculation based on perpetuity growth (Gordon’s growth model) or exit multiple • Cash flow and terminal value discounted by a discount rate that corresponds to the Company’s Weighted Average Cost of Capital (“WACC”) 	<ul style="list-style-type: none"> • Identification of listed companies that are comparable to the business being assessed • Calculation of value (TEV or equity) as a multiple of value drivers (sales, ebitda, earnings, etc.) • Multiples of value are applied to the corresponding value driver of the Company being assessed 	<ul style="list-style-type: none"> • Identification of transactions involving companies with comparable activities • Calculation of the implied multiples of value in those transactions • Multiples of value are applied to the corresponding value driver of the Company being assessed
Potential advantages	<ul style="list-style-type: none"> • Estimates the intrinsic value of the Company • Valuation takes into consideration the risk-return profile of the investment, and can be adjusted for the country risk • Takes into consideration the company’s 	<ul style="list-style-type: none"> • In efficient markets, it properly reflects the market consensus of value of a given industry • Reflects historical performance and industry trends 	<ul style="list-style-type: none"> • Reflects the implied value of transactions in a given industry • Might have synergies imbedded in the valuation multiples

capital structure

- More flexibility to incorporate expected changes in the business profile such as change in product mix, capacity expansion, etc.

Potential disadvantages

- Subject to different view of the Company's future generation of cash and risk
- Uncertainties of longer forecasts

- Difficulty to identify companies that are comparable to the asset being assessed
- Does not reflect differences among the companies such as capital structure, profitability, management, etc
- Results can be affected by adverse situations not linked to valuation (macroeconomic, political, etc.)

- Difficulty to identify companies/ transactions that are comparable
- Characteristics of the transaction might affect valuation such as competitiveness of the sale process, estimated synergies of the potential buyer, defensive play, etc
- It does not reflect the differences among the companies' potential returns
- Limited public information available

Considerations

- Maximum flexibility to incorporate in the valuation several value drivers such as discount rate (driven by capital structure,

- Limited sample in the local market requires evaluator to expand to different markets (normally with different characteristics)

- Limited sample

country risk,
cost of equity),
perpetuity
growth and
expected
performance
(as opposed to
historical
performance)

- Does not incorporate specific nature of the company being assessed
- Based on historical performance, it incorporates market trend

Notes: (1) TEV - Total Enterprise Value = Equity plus Net debt.

Executive summary

Section 1

Deutsche Bank credentials

nDeutsche Bank and its affiliates provide a full range of investment banking products and services worldwide. The Corporate and Investment Bank (“CIB”) is responsible for providing capital markets products and investment banking services to corporations, financial institutions and governments and their agencies

nDeutsche Bank and its affiliates’ expertise in assessing Brazilian publicly listed companies includes: the advisory to Ashmore Energy International on the acquisition of Prisma Energy International in 2006, the fairness opinion valuation of Companhia Siderúrgica Belgo Mineira in 2005, and the valuation report of Cia. Metalic Nordeste for Companhia Siderurgica Nacional (“CSN”) in 2002

nDeutsche Bank or its affiliates also advised La Seda de Barcelona S.A. (“LSB”) on the acquisition of Eastman Chemical Iberica S.A. from Eastman Chemical Company in 2007, advised Linde AG on the sale of equipment business of BOC Edwards to CCMP Capital in 2007, advised Gazprom on the sale of a 10.7% stake to Rosneftgaz, advised ConocoPhillips on the divestment of selected European downstream assets (pending), advised Giant Industries on its sale to Western Refining Inc. and provided a fairness opinion valuation (pending), and is advising Valero on strategic alternatives for the Lima, Ohio refinery, among other assignments

nOther selected transactions that involved valuation of public companies include: the advisory to Fairchild Semiconductor International in its acquisition of System General Corp, and the advisory to Healthcare REIT in its acquisition of Windrose Medical Properties Trust. Deutsche Bank also acted as advisor to International DisplayWorks Inc. when it was acquired by Flextronics International Ltd. and to US LEC Corp when it merged with Paetec Communications, Inc. All these transactions required a fairness opinion valuation

nDeutsche Bank and its affiliates have a qualified team of professionals based in New York and São Paulo led by Mr. Ian Reid who was responsible for producing this Report

nIn delivering the Report, Deutsche Bank followed its internal policies applicable to the delivery of valuation reports, including forming an internal valuation committee to review and approve the report

Executive summary

Section 1

Additional considerations

n The date of this Report is April 4, 2007

n This Report may be solely used in the context of the request made by Ultrapar to Deutsche Bank

n Research reports prepared by different areas of Deutsche Bank may utilize different assumptions with respect to the future performance of Ultrapar and Ipiranga than those used in the Valuation Report, and thus potentially present significantly different conclusions with respect to valuation

n In compliance with the resolution CVM #361/02, Deutsche Bank states that as of April 4, 2007:

- There is no conflict of interest that compromises the independence necessary to prepare this Report
- Deutsche Bank and its affiliates held 8,527 non-voting shares of Braskem and 171,000 ADRs of Braskem; 62,175 voting shares of Petrobras, and 500,540 ADRs of Petrobras; Deutsche Bank and its affiliates did not hold, directly or indirectly, any shares of CBPI, DBPI and RIPI, nor did they hold shares or ADRs of Ultrapar, Petrobras or Braskem other than the shares/ADRs mentioned above

Deutsche Bank is engaged in sales and trading transactions with Petrobras and Braskem, which includes, but is not limited to, derivatives

In May 2006, Deutsche Bank received R\$2,673,760.50 net of taxes from Petrobras for the advisory and structuring services rendered in connection with the acquisition of ABB's stake in Termobahia. Deutsche Bank did not receive any other fees from Ultrapar, Braskem or Petrobras in connection with financial advisory, consulting or auditing services, or any other investment banking services over the past 12 months

- Deutsche Bank will receive US\$3,000,000 net of taxes as a fee for the delivery of this Report

Executive summary

Section 1

Additional considerations (continued)

nThe preparation of this Valuation Report was overseen by Ian Reid, Managing Director - Corporate Finance and Mergers & Acquisitions for Latin America. Selected advisory assignments in which Mr. Reid was involved include, among others:

The merger of Brahma and Antarctica to form Ambev, the unwinding of CSN's controlling interest in CVRD (advisor to CVRD), the acquisition of a Bolivian refinery by Petrobras (advisor to Petrobras), the sale of Latasa to Rexam by Bradesco, Alcoa and JP Morgan (advisor to sellers), the acquisition of Panamco by Coca-Cola FEMSA (advisor to Coca-Cola FEMSA), and the repurchase by FEMSA of Interbrew's stake in Femsal Cerveza (advisor to FEMSA) among others

Ian Reid - Managing Director

Valuation summary

Section 2

Section 2

Valuation summary

9

Valuation summary

Section 2

Tab A

Ultrapar

Valuation summary

Section 2

Ultrapar Participações S.A.

Source: Public Ultrapar information

Company description

Ultrapar is a holding company for 3 separate operating companies: Oxiteno, Ultragaz, and Ultracargo

Major subsidiaries

Ultragaz Participações LTDA

- Ultragaz is the leading distributor of liquefied petroleum gas (LPG) in Brazil, and one of the largest distributors in the world by volume

- Distributes bottled and bulk LPG to residential, commercial, and industrial clients in Brazil
- 2006 revenue of US\$1.4 billion, and volume sold of 1.5 million tons

Oxiteno S.A.

- A second-generation producer of commodity & specialty petrochemicals
- Oxiteno is the largest producer of ethylene oxide and its main derivatives in Latin America
- 2006 revenue of US\$707 million, and volume sold of 544,000 tons

Ultracargo Oper. Logísticas e Participações LTDA

- Provides integrated logistics services for special products
- 2006 revenue of \$103 million
- Storage capacity at 2006 year end of 240 thousand cubic meters.
- Total kilometrage traveled in 2006 was 43 million kilometers

Source: Public Ultrapar information

Valuation summary

Section 2

Ultrapar valuation

Prior to the share merger, Ultrapar's share value ranges from R\$64.48 to R\$71.26 based on the economic value

Economic value (R\$)			
Ultrapar TEV (before steps 1 and 2)		5,879	
(+) net cash		19	
Ultrapar Equity value (before steps 1 and 2)		5,898	
(+) assets acquired ^(a)		497	
(-) price paid ^(b)		(876)	
Ultrapar equity value (after steps 1 and 2)		5,520	
Total number of shares (million)		81.3	
Price per share – R\$ per share	64.48	67.87	71.26
	-5%		+5%

Note: Figures in R\$ million unless otherwise noted.

(a) refer to page 38 of the Valuation Report for more details

(b) R\$890 million minus R\$14 million received from Dynamo for the sale of certain Ipiranga PN's shares

Source: Ultrapar information and Deutsche Bank

Weighted average share price

LTM to announcement^(a)

	ON	PN
Total volume (000's)	NA	17,108
W.A. share price (R\$ per share)	NA	43.08
(a) From 03/15/2006 to 03/16/2007		

Note: Ultrapar's ON shares have not traded for over 12 months.

Source: FactSet

Book value – Ultrapar

12/31/2006

Shareholder equity – (R\$ million)	1,940.7
Total number of shares (million)	81.3
Book value per share (R\$ per share)	23.86

Note: Book value based on operating company financials as of 12/31/2006

Source: Company's filings

Weighted average share price

announcement to April 2, 2007^(a)

	ON	PN
Total volume (000's)	NA	2,822
W.A. share price (R\$ per share)	NA	56.10

(a) From 03/16/2007 to 04/02/2007

Source: FactSet

Valuation summary

Section 2

Tab B

RIPI

13

Valuation summary

Section 2

Refinaria Petroleo Ipiranga SA – RIPI

Company description

RIPI is a holding company for certain Ipiranga investments and operates a refinery

Major subsidiaries

Companhia Brasileira de Petroleo Ipiranga (CBPI)

- A fuel distributor with a network of 3,324 stations in Brazil, except in Rio Grande do Sul, Roraima and Amapá
- 2006 revenue of US\$9.8 billion and volume sold of 12.2 billion cubic meters

Distrib. de Produtos de Petroleo Ipiranga (DPPI)

- A gasoline distributor with a network of 916 stations in Southern Brazil
- 2006 revenue of \$1.6 billion and volume sold of 1.8 billion cubic meters

Ipiranga Química (IQ)

- A wholesale distributor of chemical products with over 5,000 clients in 50 different markets
- 2006 revenue of US\$212.3 million and EBITDA of US\$9.5 million
- Through its ownership in IQ, RIPI indirectly controls Copesul (with Braskem) and IPQ

Ipiranga Petroquímica (IPQ)

- A 2nd generation producer of high-end petrochemicals
- 2006 revenue of US\$924.3 million and volume sold of 636,100 tons

Copesul

- A naphtha-based cracker owned by Ipiranga & Braskem
- 2006 revenue of US\$2.9 billion and volume of 2.962 million tons

Note: Volume sold refers to total volume; Revenue figures not consolidated

Source: Public Ipiranga information

Note: Families include Gouvea, Tellechea, Mello, bastos, and Ormazabal families
Source: Public Ipiranga information

Valuation summary

Section 2

RIPI valuation

RIPI's share value ranges from R\$51.63 to R\$57.06 based on the economic value

(R\$ million)	Economic value			
	100% TEV	Proportionate TEV		
IQ SA	3,051	58.53%	1,786	
CBPI SA	4,029	11.42%	460	
DPPI SA	1,552	7.65%	119	
RIPI Opco	9	100.0%	9	
RIPI – Total Enterprise Value			2,373	
(-) net debt			(765)	
RIPI – Equity value			1,609	
Total number of shares (million)			29.6	
Price per share – R\$ per share		51.63	54.35	57.06
		-5%		+5%

Note: Figures in R\$ million unless otherwise noted.

Source: Ipiranga information and Deutsche Bank

Weighted average share price

LTM to announcement^(a)

	ON	PN
Total volume (000's)	1,843	5,850
W.A. share price (R\$ per share)	45.81	32.75

(a) From 03/15/2006 to 03/16/2007

Source: FactSet