genial Equity Research

VALE

4Q24 Review: On the right track, despite the accounting loss

LatAm Metals & Mining

(i) Shipments of iron ore fines reached 69.9Mt (+0.0% vs. Genial Est.), reflecting a decrease of -10.2% y/y, impacted by Vale's new commercial strategy. The **realized price** was **US$93/t** (+1.1% vs. Genial Est.), up +2.6% q/q. The **premium on fines** reached US$1/t, in line with expectations; **(ii)** In pellets, shipments amounted to 10.1Mt (0.0% vs. Genial Est.), down -2.1% y/y, while the price fell to US$143/t (-3.5% q/q); **(iii)** VBM had a mixed 4Q24, with copper exceeding expectations, reaching 99Kt (+1.5% y/y), while nickel disappointed, with sales of 47Kt (-1.9% y/y), impacted by oversupply in Indonesia; **(iv) C1/t ex. third-party purchases** surprised positively, **falling to US$18.8/t** (-4.1% vs. Genial Est.), the lowest level since 1Q22; **(v)** Freight costs were US$20/t (-1.9% vs. Genial Est.), down -3% q/q; **(vi)** Adjusted EBITDA totaled US$3.7bn (-1.9% vs. Genial Est.); **(vii)** The company **reported a loss of -US$872m** (vs. Genial Est. of +US$2bn), explained by the **impairment of -US$1.9bn** in the Thompson asset (Canada) and the negative impact of the **appreciation of the USD on bond swaps** (-US$1.7bn); **(viii) Dividends and JCP total R$2.67/share**, with an annualized yield of 9.6%, in line with expectations, in addition to the **renewal of the buyback program** for 18M, of up to 120 million shares (~3.0% of the market cap); **(ix)** The **new commercial strategy** has already led **to a reduction in shipments in the last week** (-1.8Mt w/w). Despite the challenging scenario, Vale trades at a **~35% discount** to Australian mining companies, with **EV/EBITDA 25E of 3.0x** and **FCF yield of 16.5%.** We remain conservative in our projection for ore, with a **floor of US$90/t.** With **CAPEX 25E reduced to US$5.9b** (-9.2% vs. Genial Est.), we reiterate **BUY**, with **Target Price 12M of R$65.20** (VALE3-B3) and **US$11.40** (ADRs-NYSE), **upside** of **+17.08%.**

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Company

VALE US Equity
Buy

Price: US$ 9.74 (20-Feb-2025)
Target Price 12M: US$ 11.40 (NYSE)

VALE3 BZ Equity
Target Price 12M: R$ 65.20 (B3)

Vale released its **4Q24** results yesterday, February 19, after the market closed. Overall, the figures were in line with our estimates, **except for the financial result**, which led to a **loss** of **-US$807mn**, **surprising negatively** vs. consensus expectations. Even so, we believe that the company presented **solid operating data**, **which we have already discussed** following the production and sales report on January 29, the link to which is attached (Vale Review Production and Sales).

Table 1. Income Statement Summary Vale (4Q24 vs. Genial Est.)

(US$ millions)	Reported	Genial Est.		Reported	Reported		Reported	
Income Statement	**4Q24A**	**4Q24E**	**% Diff.**	**4Q24A**	**3Q24A**	**% q/q**	**4Q23A**	**% y/y**
Net Revenue	10.124	10.294	**-1,7%**	10.124	9.553	**6,0%**	13.054	**-22,4%**
Adjusted EBITDA	3.794	3.867	**-1,9%**	3.794	3.615	**5,0%**	6.332	**-40,1%**
Net Income	(872)	2.056	**-142,4%**	(872)	2.391	**-136,5%**	2.416	**-136,1%**

Source: Genial Investimentos, Vale

For us, the **positive highlight of yesterday's result** that the market had not been aware of until then was the **reduction in C1/t cost ex. purchases** from third parties, which slowed to **US$18.8/t** (-9% q/q; -9.5% y/y), **the lowest level from 1Q22** and below our expectations (-4.1% vs. Genial Est.).

Consolidated net revenue was **US$10.1bn** (-1.7% vs. Genial Est.), up **+6.0% q/q**, down **-22.4% y/y**, and slightly lower than expected due to a weaker result in nickel operations. **Adjusted EBITDA** totaled **US$4.1bn** (-1.9% vs. Genial Est.), up **+5% q/q** and down **-38.8% y/y**. As we've already mentioned, the company reported a loss of -**US$872mn**, reversing our estimate of a profit of US$2bn, which was similarly supported by the consensus, as well as the quarterly and annual bases, which also showed profits close to ~US$2.4bn. The **factors that contributed to the loss** were: **(i)** a **non-recurring impairment** charge, due to the reversal of a **-US$1.9bn** impairment charge on the Thompson (MB) asset in Canada, as well as **(ii)** additional pressures on financial results, which reached -US$1.7bn, in lines impacted by the effect of the **acceleration of the USD/BRL exchange rate** on the **mark-to-market of bond swaps.**

The company also announced, along with the results, **(i)** the approval of ~US$2bn in **dividends** of **R$2.15/share** or **US$0.38/share** for ADRs, with the ex-date on March 10, in addition to reinforcing the payment of **JCP** of **R$0.52/share** or **US$0.09** for ADRs, which in turn had already been announced in November last year. Both the dividend and the JCP will be paid on the same day, March 14. Putting them together, this would result in an **annualized Dividend Yield** of **9.6%** (4.8% in the quarter) or US$0.47/share for the ADRs, which is **slightly below what we expected** (US$0.51/share Genial Est.). In addition, the company also announced **(ii)** renewal of the buyback program for 18M, of up to 120 million shares (~3.0% of market cap), and **(iii)** new **25E CAPEX guidance** for **~US$5.9bn** (-9.2% vs. Genial Est.), of which we will comment in the "**Our Take**" section.

Rear-view mirror: Production and Sales

Iron ore fines production in line with expectations. Iron ore fines totaled 85.3Mt (-0.6% vs. Genial Est. at the time), down -6.3% q/q and -4.6% y/y due to operational adjustments and changes in the sales mix. The Northern System grew by +3.1Mt y/y, driven by the record performance for 4Qs of the S11D assets. However, the Southern System showed a reduction of -7.7Mt y-o-y, because of a strategy focused on higher margin products, with less focus on the production of high silica iron ore fines and a reduction in purchases from third parties.

Change in commercial strategy impacts shipments. Shipments of iron ore fines totaled 69.9Mt (+0.4% vs. Genial Est. at the time), up +0.8% q/q, but down -10.2% y/y. As we commented on in our preview report, this year-on-year drop reflects the company's new strategy of prioritizing inventories and/or pellet production, while reducing direct sales of high-silica products (-7.5Mt y/y). Vale The gap between production and sales was 18.0% (+5.1p.p. y/y). The strategy of prioritizing inventories and pellet production raised the all-in premium to US$4.6/t (+1.7x q/q).

Pellet production totaled 9.2Mt (-8.9% vs. Genial Est. at the time), down -11.5% q/q and -6.9% y/y, due to maintenance at the Vargem Grande (MG) plant during November and December, limiting production capacity in the period. Sales amounted to 10.1Mt (-1.4% vs. Genial Est. at the time), stable y/y but down -2.1% y/y.

Realized price of iron ore fines exceed expectations but fall year-on-year. The price of iron ore fines was US$93.0/t (+1.1% vs. Genial Est. at the time), up +2.6% q/q, although it fell by -21.4% y/y, due to the deceleration of the 62% Fe reference curve. The sequential increase was driven by a higher average premium (+US$1.0/t vs. -US$1.9/t in 3Q24). As we commented in our preview report, the company managed to convert the iron ore fines premium, which had been negative for 12M, into positive territory.

Although selling less IOCJ (Carajás fines, 65% Fe), we believe that the redirection of the strategy to retain more inventory and reorganize the sales mix was set up to create a drastic reduction in the amount of high silica products in the mix (low Fe fines), reaching only 852Kt (-89.4% q/q; -88.6% y/y). The pellet price was US$143/t (-1.4% vs. Genial Est. at the time), down -3.5% q/q and -12.5% y/y, impacted by the market slowdown, especially in China. However, the all-in premium rose to US$4.6/t, 1.7x higher q/q, driven by the weighted average premium with the pellet business.

Copper outperforms estimates and Nickel scenario remains challenging. Copper production totaled 101.8Kt (+18.5% q/q; +2.7% y/y), exceeding estimates. Sales were 99Kt (+31.6% q/q; +1.5% y/y), with the realized price being marked at US$9,187/t (+4.2% vs. Genial Est. at the time), with a marginal increase of +1.9% q/q, benefiting from the timing of pricing and a lower TC/RC discount.

Nickel production stood at 46Kt (-6.7% vs. Genial Est. at the time), with annual growth of +1.6%. Sales amounted to 47Kt (-9.9% vs. Genial Est. at the time), with q/q growth of +15.7%, but a y/y drop of -1.9%. The realized price was US$16,163/t (-3.6% vs. Genial Est. at the time), impacted by oversupply from Indonesia and the stabilization of conflicts in New Caledonia.

Review 4Q24: In detail!

Net revenue is slightly lower than expected due to nickel operations. The company's consolidated net revenue totaled US$10.1bn (-1.7% vs. Genial Est.), with a negative surprise in Nickel, which came in at US$1bn (-12.1% vs. Genial Est.), mitigated by an improvement in Copper, marked at R$964mn (+6% vs. Genial Est.), showing an advance on a sequential basis of +6.0% q/q and a drop of -22.4% y/y, reflecting the comparison base that was difficult to overcome in 4Q23. The distortions against estimates are attributable to aggregates, such as gold and PGMs, which are not reported in the production and sales reports.

As expected, the iron ore fines division net revenue reached US$6.5bn (+3.5% t/t; -29.5% y/y) and pellets, US$1.4bn (-4.2% q/q; -14.2% y/y). Both recorded a sharp year-on-year decline, reflecting the fall in the 62% Fe and 65% Fe reference curve in the face of higher port stocks in China vs. the same period in 2023.

For us, the quarterly advance in iron ore fines was due to the increase in the average premium (+US$1.0/t vs. -US$1.9/t in 3Q24), in addition to the seasonality typical of sequential sales increases, as well as improvements in the quality mix, partially offsetting the negative impact of adjustments to the provisional pricing mechanism. The drop in pellets resulted from lower sales volumes (-0.7% q/q) and lower prices, at US$143/t (-3.5% q/q).

Table 2. Net Revenue Vale (4Q24 vs. Genial Est.)

	4Q24A	4Q24E		3Q24A		4Q23A	
(US$ millions)	**Reported**	**Genial Est.**	**% R/E**	**Reported**	**% q/q**	**Reported**	**% y/y**
Net Revenue	**10.124**	**10.294**	**-1,7%**	**9.553**	**6,0%**	**13.054**	**-22,4%**
Iron Ore Fines	6.503	6.502	0,0%	6.283	3,5%	9.214	-29,4%
Pellets	1.440	1.440	0,0%	1.503	-4,2%	1.681	-14,3%
Nickel operations	1.067	1.214	-12,1%	904	18,0%	1.177	-9,3%
Copper operations	964	910	6,0%	759	27,0%	855	12,7%
Others	(58)	181	-132,1%	140	-141,4%	180	-132,2%

Source: Genial Investimentos, Vale

C1/t ex. third parties even lower than expected. The company reported a C1/t cost ex. third-party purchase of US$18.8/t (-4% vs. Genial Est.), consolidating a better level of efficiency than we had anticipated, with expenses contracting -9% q/q and -9.5% y/y, also below consensus (-2.6% vs. consensus). This delivery also allowed the company to record the lowest level of costs since 1Q22.

The performance was driven by **(i)** the positive impact of the inventory turnover effect, the result of partial consumption of inventories from the previous quarter at lower costs; **(ii)** operational efficiency initiatives, with greater dilution of fixed costs; **(iii)** a more favorable production mix, with greater own production and less dependence on third parties. Apart from this, in our view, one of the main factors was **(iv)** the depreciation of the BRL/USD exchange rate (-5.3% q/q), given that a considerable part of the operations have costs in BRL, and there is a gain in the conversion to USD when the exchange rate stretches intensely, precisely as happened this quarter.

Freight costs were also lower than expected. Freight costs were US$20/t (-1.9% vs. Genial Est.), down -3% q/q, although up +6% y/y, driven mainly by the reduction in bunker fuel costs, which should be more impactful in 1Q25, given the lagged nature of the company's long-term contracts.

EBITDA follows trends of slightly better prices q/q and falling volumes y/y. Consolidated Proforma EBITDA was US$4.1bn (-4% vs. Genial Est.), up +10.3% q/q and sharply down -38.8% y/y, in line with net revenue. Adjusted EBITDA for iron ore fines was US$3.2bn (+4.2% vs. Genial Est.), up +10.3% q/q, but down -16.8% y/y, impacted by **(i)** lower realized prices, **(ii)** cooler shipments and higher freight costs, both on a y/y basis, partially offset by the positive effect of the USD/BRL exchange rate and the company's efficiency gains, factors that promoted a fairly depreciated C1/t delivery ex. third parties.

Pellet EBITDA was US$770mn (+14.2% vs. Gen. Est.), slightly down -2.7% q/q, with a more prominent drop of -16.8% y/y. In base metals, the Nickel operation surprised negatively, with an EBITDA of US$55mn (-59% vs. Genial Est.), due to lower realized prices, the deconsolidation of PTVI (-US$111mn) and the negative effect of provisional prices (-US$49mn). On the other hand, the Copper operation had a positive performance, reaching US$526mn (+30% vs. Genial Est.), with a strong advance of +46.1% q/q and +40.3% y/y, driven by higher realized prices and by-product revenues (US$102mn).

Table 3. EBITDA Vale (4Q24 vs. Genial Est.)

(US$ millions)	4Q24A Reported	4Q24E Genial Est.	% R/E	3Q24A Reported	% q/q	4Q23A Reported	% y/y
Proforma EBITDA	**4.119**	**4.292**	**-4,0%**	**3.741**	**10,1%**	**6.728**	**-38,8%**
Iron Ore Fines	3.176	3.049	4,2%	2.879	10,3%	5.498	-42,2%
Pellets	770	674	14,2%	791	-2,7%	925	-16,8%
Nickel operations	55	137	-59,8%	(66)	-	152	-63,8%
Copper operations	526	404	30,3%	360	46,1%	375	40,3%
Others	(40)	28	-	(223)	-82,0%	(222)	-82,0%

Source: Genial Investimentos, Vale

Loss of -US$872mn vs. net profit expectation of +US$2bn. The company reported a loss of -US$872mn, reversing our profit estimate of US$2bn, which was similarly supported by consensus, in addition to the quarterly and annual basis, which also showed profits of close to ~US$2.4bn. The factors that contributed to the loss were: **(i)** a non-recurring impairment charge, due to the reversal of an impairment charge of -US$1.9bn on the Thompson (MB) asset in Canada, as well as **(ii)** additional pressures on financial results, which reached -US$1.7bn, in lines impacted by the effect of the acceleration of the USD/BRL exchange rate on the mark-to-market of bond swaps.

Table 4. Income Statement Vale (4Q24 vs. Genial Est.)

(US$ millions)	4Q24A Reported	4Q24E Genial Est.	% R/E	3Q24A Reported	% q/q	4Q23A Reported	% y/y
Net Revenue	**10.124**	**10.294**	**-1,7%**	**9.553**	**6,0%**	**13.054**	**-22,4%**
COGS	(6.268)	(6.570)	-4,6%	(6.281)	-0,2%	(6.891)	-9,0%
Adjusted EBITDA	**3.794**	**3.867**	**-1,9%**	**3.615**	**5,0%**	**6.332**	**-40,1%**
EBITDA Margin (%)	37,5%	37,6%	-0,09p.p	37,8%	-0,37p.p	48,5%	-11,03p.p
Adjusted EBIT	**2.992**	**3.015**	**-0,8%**	**2.867**	**4,4%**	**5.477**	**-45,4%**
EBIT Margin (%)	29,6%	29,3%	0,26p.p	30,0%	-0,46p.p	42,0%	-12,4p.p
D&A	(802)	(852)	-5,9%	(748)	7,2%	(855)	-6,2%
Financial Result	(1.760)	(504)	249,2%	(374)	370,6%	(874)	101,4%
Net Income	**(872)**	**2.056**	**-142,4%**	**2.391**	**-136,5%**	**2.416**	**-136,1%**
Net Margin (%)	-8,6%	20,0%	-28,58p.p	25,0%	-33,64p.p	18,5%	-27,12p.p

Source: Genial Investimentos, Vale

Our Take on Vale

Change in strategy will make a difference. As previously mentioned, the **change in commercial strategy partially mitigated** the **impact on the realized price**, which enabled a **positive quality premium for iron ore fines** for the **first time after 12M of discounting**, reaching +US$1/t. Still, the year-on-year decline continues to reflect the persistent challenges posed by **oversupply at Chinese ports**, which reached ~135Mt at the close of last week (+17% vs. same period in 2024). We strongly recommend reading our weekly report for more details on the iron ore supply and demand balance and China's macroeconomic data, the link to which is attached (From Macro to Micro).

In short, although the level of port stockpiles remains very high, second only to the 2022 level when looking at the last 5 years, the volume of iron ore shipped from Brazil and Australia to the ports we monitor in China **fell by -6.6Mt at the close of last week** (-34.6% w/w), reaching a total volume of 12.4Mt shipped over the week. This is the **lowest level since the historical series began in June 2019**. This, for us, **reflects Vale's change in commercial strategy**, aimed at reducing shipments, partially extended to other majors, together with adverse weather situations in Australia and seasonally wetter weather in Brazil.

Trump considers broad trade deal with China to mitigate tariffs. The Trump administration's recent signaling is evidence of a strategic maneuver to redefine trade and geopolitical relations between the US and China. Yesterday (February 19), the US government officially announced its willingness to **sign a "broader and more robust"** agreement. To put this in context, the US had previously indicated the imposition of tariffs of 10% and even threatened to break off formal trade relations. Although the tariffs on Mexico and Canada were suspended, those in China were maintained.

The Chinese government's reactions indicate an **openness to dialogue**, with the possibility of commitments aimed at increasing investment and job creation in strategic sectors such as solar energy, electric vehicles and batteries. On the other hand, the **US wants China to agree to four main demands**: **(i)** licensing of its technologies to US partners, **(ii)** cooperation on international issues, especially on the stability of North Korea and the reconstruction of Ukraine, **(iii)** a commitment not to support the creation of a BRICS trading currency, thus reinforcing the sovereignty of the US dollar, and **(iv)** normalization of Chinese purchases of US crops and other goods. The **Chinese government has indicated a willingness to negotiate these points** and move towards a consensus. For us, this move reinforces the mutual intention of balancing the trade balance and preserving the global influence of both powers, while **reducing the risk of an escalation of tariffs** to levels close to 60%, as promised by Trump during his campaign.

CAPEX 2024 is being materialized in the progress of relevant projects. The company's CAPEX **totaled US$1.8bn in 4Q24** (+0.2% vs. Genial Est.), decelerating -26% q/q and -17% y/y, and reaching US$6bn throughout 2024, in line with our expectations, reflecting strategic adjustments in both growth projects and maintenance initiatives. **Investments in growth projects** amounted to **US$324mn** (-33% y/y), with the drop mainly explained by lower expenses in: **(i)** the Serra Sul +20 project, with a reduction in equipment purchases, **(ii)** the duplication of the Rio Tocantins Bridge on the Carajás railroad and **(iii)** the briquette plants in Tubarão (ES), which made physical progress, as well as a cooling effect due to the rise in the USD/BRL exchange rate on the budget for works contracted in BRL and reported in USD. Among the projects in progress, we highlight the **Capanema (MG) project**, whose commissioning began in November 2024 and will add **15Mtpy** of capacity to the Mariana (MG) complex after ramp-up.

Investments in maintenance totaled **US$1.4bn in 4Q24** (-12% y/y), impacted by lower operating expenses in the iron ore rail network and VBM. The conclusion of the Voisey's Bay (NL) nickel mine expansion project and the lower need for equipment replacement in nickel operations also contributed to this reduction, in addition to a favorable exchange rate effect q/q. Another important milestone in the quarter was the completion of the construction and commissioning of the **VBME project** in Dec/24. With an estimated production capacity of **45Ktpy of nickel, 20Ktpy of copper and 2.6Ktpy of cobalt**, the full ramp-up of the project is scheduled for 2H26.

New guidance for CAPEX 25E retracted, FCF yield rises. As good news, given the speed of schedule execution, the **company revised its 25E CAPEX guidance** to **~US$5.9bn** (-9.2% vs. Genial Est.), reflecting the **efficiency gains identified in the project portfolio.** This will create **FCF retention** in the order of **+US$400mn vs. Old Est.**, which in turn has increased our **FCF yield** to **16.5%** (+0.5p.p Genial Est.). Even with the increase in FCF yield, we still think it prudent to keep our **25E Dividend Yield unchanged** at **~10%.**

On the right track, despite the accounting loss. With the new commercial strategy in place, we can already see the effects of a reduction in stock piling at China's ports, due to lower shipments from Vale. Specifically, Vale was responsible for a -1.8Mt s/s reduction in shipments last week, helping to purge some of the excess supply that was unbalancing the reference price 62% Fe. Even in the face of a challenging macroeconomic environment, we still see the **company trading at a significant discount to its global peers**. Currently, the company is the major with the biggest discount in the global market to the price of iron ore, with a discount of ~35% (vs. the historical average of 20-25% for Australian mining companies). The company continues to be priced at an **EV/EBITDA 25E of 3.0x** (vs. 5.0x historical average), with **very attractive valuation metrics**, supported by the **FCF yield of 16.5%** even considering the disbursement of **~US$2bn for the Mariana (MG) agreement** in 2025, together with the renewal of the buyback program for 18M, of up to 120 million shares (~3.0% of the market cap) - corroborating **the return of value to investors.**

In addition, we believe that, although the market has incorporated excessively pessimistic assumptions for iron ore, our projections indicate a limited floor at ~US$90/t, with the potential to recover to up to US$110/t, depending on the seasonality of the year. It is worth noting that **the spot price for 62% Fe iron ore stands at US$106.8/t** (+18.7% vs. Genial Est. floor), so we continue to adopt **assumptions that seem conservative to us**. Our position reflects the conviction that Vale's shares are significantly underpriced, impacted by an **excessively pessimistic perception of the Chinese economy**. Although we recognize the risks inherent in China's industrial slowdown and the possibility of greater **trade tensions between the US and China**, **recently mitigated** by their mutual willingness to reach a trade agreement, we assess the magnitude of the discount embedded by investors in the company's market valuation as disproportionate.

In addition, considering the **reduction in the 25E CAPEX guidance to R$5.9bn** (-9.2% vs. Genial Est.), we reiterate our **BUY rating**, with an **increase** in the **12M Target Price to US$11.40** in **NYSE ADRs** (vs. US$11.10 previously). However, since our last model change on January 28th, **the BRL has depreciated against the USD** (-2.3% in 22 days). Therefore, **the upward revision in ADRs-NYSE will not be reflected in VALE3-B3**, which will have its new **12M Target Price** cut to **R$65.20** (vs. R$65.60 previously).

Appendix: Vale

Figure 1. Vale – Income Statement in US$ Millions (Genial Est. 2024-2029)

Income Statement	2024E	2025E	2026E	2027E	2028E	2029E
Net Revenue	**38.306**	**37.953**	**39.242**	**39.780**	**40.801**	**41.883**
(-) COGS	(24.391)	(24.982)	(26.016)	(26.581)	(27.127)	(27.893)
Gross Profit	**13.915**	**12.971**	**13.226**	**13.200**	**13.674**	**13.991**
(-) Expenses	(1.469)	(2.500)	(2.566)	(2.475)	(2.150)	(1.736)
Adjusted EBITDA	**16.061**	**15.320**	**15.562**	**15.670**	**16.284**	**16.722**
(-) D&A	(3.107)	(3.301)	(3.473)	(3.651)	(3.826)	(3.992)
EBIT	**12.954**	**12.020**	**12.089**	**12.018**	**12.458**	**12.730**
(+/-) Financial Result	(189)	128	314	471	676	982
(-) Taxes	(1.212)	(1.051)	(1.159)	(1.227)	(1.364)	(1.497)
Net income	**11.553**	**11.097**	**11.243**	**11.262**	**11.770**	**12.216**
Profitability						
Net margin (%)	30,16%	29,24%	28,65%	28,31%	28,85%	29,17%

Figure 2. Vale– Cash Flow in US$ Millions (Genial Est. 2024-2029)

Cash Flow (FCFF)	2024E	2025E	2026E	2027E	2028E	2029E
Net Revenue	**38.306**	**37.953**	**39.242**	**39.780**	**40.801**	**41.883**
(-) COGS	(24.391)	(24.982)	(26.016)	(26.581)	(27.127)	(27.893)
Adjusted EBITDA	**16.061**	**15.320**	**15.562**	**15.670**	**16.284**	**16.722**
Adjusted EBIT	**12.954**	**12.020**	**12.089**	**12.018**	**12.458**	**12.730**
(-) Taxes	(1.212)	(1.051)	(1.159)	(1.227)	(1.364)	(1.497)
(+) D&A	3.107	3.301	3.473	3.651	3.826	3.992
(+/-) Brumadinho and Samarco	(415)	(1.511)	(1.300)	(718)	(893)	(279)
(+/-) Δ WK	2.956	499	283	150	625	(36)
(-) Capex	(6.088)	(6.710)	(6.854)	(7.130)	(7.130)	(7.130)
FCFF	**11.301**	**6.547**	**6.531**	**6.744**	**7.522**	**7.780**

Disclosure Section

1. GENERAL DISCLAIMER

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	Definition	Coverage
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under Review	Under review	**5%**

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