genial | Equity Research

VALE

2Q25 Operational Preview: Decoupling from seasonality

LatAm Metals & Mining

Analysts

Igor Guedes
+55 (11) 3206-8286
igor.guedes@genial.com.vc

Luca Vello
+55 (11) 3206-1457
luca.vello@genial.com.vc

Iago Souza
+55 (11) 3206-8244
iago.souza@genial.com.vc

Company

VALE US Equity
Buy

Price: US$ 9.96 (10-Jul-2025)
Target Price 12M: US$ 11.60 (NYSE)

VALE3 BZ Equity
Target Price 12M: R$ 64.00 (B3)

Main takeaways:

(i) Production of iron ore fines at **81.9Mt Genial Est.** (+21.0% q/q; +1.6% y/y), driven by reduced rainfall in the southeast system after severe restrictions in 1Q25; **(ii) Shipments of** fines at **66.6Mt Genial Est.** (+17.3% q/q; -2.8% y/y), with the gap widening to ~19% (+2.4 p.p. y/y), due to a higher concentration of volumes in China; **(iii) Realized price of fines** at **US$83.8/t Genial Est.** (-7.7% q/q; -14.7% y/y); **(iv) Fines premium** should remain at **-US$1.3/t Genial Est.** (flat vs. 1Q25), reflecting a stable commercial mix and a market less inclined to pay for quality; **(v) Pellet production** of **8.1Mt Genial Est.** (+13.1% q/q; -9.3% y/y), after lowering the annual guidance to ~33Mt; **(vi) Pellet shipments** should total **7.5Mt Genial Est.** (+0.5% q/q; -15.1% y/y); **(vii) Realized pellet price** projected at **US$135.6/t Genial Est.** (-3.7% q/q; -13.8% y/y), pressured by the decline in the 65% Fe curve and lower commercial attractiveness of sinter contracts; **(viii) Net revenue** of **US$8.7bn Genial Est.** (+7.2% q/q; -12.2% y/y), sustained by stronger shipments of fines in the sequential movement, although pressured by lower realized prices for the main products; **(ix) C1/t** at **US$23.1/t Genial Est.** (+10.0% q/q; -7.1% y/y), with an annual decline reflecting an 8% drop in CPP, while the q/q increase comes from lower fixed dilution and operational recompositing; **(x) Pro forma EBITDA** at **US$3.2bn Genial Est.** (+0.3% q/q; -23.3% y/y), affected by the compression of fines prices; **(xi) Net income** of **US$1.5bn Genial Est.** (+3.4% q/q; -47.9% y/y); **(xii)** Shares are trading at **3.8x EV/EBITDA 25E** (vs. historical average of 5.0x), with **FCF yield 25E** of **~13%** (-1.0 p.p.) and **25E dividend yield** of **~8%** (-1.0p.p.), maintaining the attractiveness of the thesis amid strategic reconfiguration and greater commercial transparency; we reiterate our **BUY** rating, raising our **12M Target Price** to **R$64.00** (vs. R$61.50 previously) **VALE3–B3** and **US$11.60** (vs. US$10.50 previously) ADRs–NYSE, representing **upside** of **+16%.**

Vale will release its **Production and Sales Report** for **2Q25** on **July 22**, after the market closes. We believe that the result should be marked by a **sequential flattish EBITDA**, since the **decline in realized prices** should basically **offset the seasonal increase in shipments**. Therefore, a priori, 2Q25 could be **classified as "weak"** in our perception.

Table 1. Operational Summary (2Q25 Genial Est.)

(Thousand Tonnes - kt)	Genial Est.	Reported		Reported	
Summary	**2Q25E**	**1Q25**	**% q/q**	**2Q24**	**% y/y**
Iron Ore Production	81.894	67.663	**21,0%**	80.598	**1,6%**
Iron Ore Fines Shipments	66.594	56.762	**17,3%**	68.512	**-2,8%**
Pellets Production	8.123	7.184	**13,1%**	8.955	**-9,3%**
Pellets Shipments	7.529	7.493	**0,5%**	8.864	**-15,1%**

Source: Genial Investimentos, Vale

For now, we project **Net revenue** of **US$8.7bn Genial Est.** (+7.2% q/q; -12.2% y/y), driven on a sequential basis by **iron ore fines shipments** of **66.6Mt Genial Est.** (+17.3% q/q; -2.8% y/y), due to lower rainfall in the southeastern system compared to the previous quarter, but with a widening of the production vs. sales gap to ~19% (+2.4p.p. y/y), due to the higher volumes concentration in Chinese ports not counted as sales in the year-on-year view, in addition to mass losses.

Our projection for **C1/t ex. third parties** is **US$23.1/t Genial Est.** (+10.0% q/q; -7.1% y/y), aided on an annual basis by a +10.5% y/y increase in the BRL/USD FX rate. We expect **Proforma EBITDA** to clock in at **US$3.2bn Genial Est.** (+0.3% q/q; -23.3% y/y), which even with the sequential increase in shipments will be pressured by a high single digit drop in the **realized price of iron ore fines**, which we project at **US$83.8/t Genial Est.** (-7.7% q/q; -14.7% y/y). Within this price composition, we estimate a **sequentially stable** premium — still in negative territory — of **-US$1.3/t Genial Est**.

2Q25 Operational Preview: Production and sales in detail

Iron Ore: y/y decline in sales due to change in concentration strategy. We project that iron ore fines production will total 81.9Mt Genial Est. (+21.0% q/q; +1.6% y/y), supported by improved seasonality in the Southeast System, after last quarter was marked by heavy rains (mainly in the northern system) and logistical restrictions. Despite the expansion in production, we estimate that shipments of iron ore fines should reach 66.6Mt Genial Est. (+17.3% q/q; -2.8% y/y), with a contraction on an annual basis. The gap between production and sales is justified on three fronts: **(i)** strategy of concentrating volumes in ports in China, with longer lead times and the need to build up inventories at destination before the company can record them as sales; **(ii)** more significant mass losses, especially in products such as PFC1, whose processing can result in differences of up to ~35% of the gross volume handled; and **(iii)** usual losses related to moisture and palletization, which are natural in the logistics chain.

Iron Ore Fines: Price dropping by high single digit. We estimate that the realized price of iron ore fines will reach US$83.8/t Genial Est. (-7.7% q/q; -14.7% y/y), reflecting more intense pressure than suggested by the decline in the 62% Fe reference curve, which fell -US$6/t q/q (-5.5% q/q) to ~US$97/t. In addition to moisture and FOB adjustments, the discount relative to the curve is due to **(i)** the shipment composition mix and **(ii)** the effect of provisional sales, which should compress the realized price during the quarter. We estimate that ~25% of shipments were priced on a provisional basis, with the forward price at the end of the quarter standing at almost -US$4/t vs. the 62% Fe curve average. This factor should have an impact on the company's realized price of -US$1/t.

We believe that the product mix will not undergo major sequential changes, remaining focused on medium quality grades, prioritizing blends such as BRBF (~63% Fe) and less high silica, but without significant progress in products with higher iron content. This is because a more considerable volume of IOCJ (Carajás fines ~65% Fe) should only enter the portfolio with a little more momentum during 2H25, and even then, we believe there will be a year-on-year reduction in 3Q25, due to current market conditions.

Table 2. Production and Shipments Summary Vale (2Q25 Genial Est.)

Production Summary (Kt)	2Q25E Genial Est.	1Q25 Reported	% q/q	2Q24 Reported	% y/y
Iron Ore[1]	81.894	67.663	21,0%	80.598	1,6%
Pellets	8.123	7.184	13,1%	8.955	-9,3%
Nickel	30	44	-31,5%	25	20,7%
Copper	83	91	-9,2%	79	5,0%

[1] Including third-party purchases, run-of-mine and feed of other pelletization plants.

Shipments Summary (Kt)	2Q25E Genial Est.	1Q25 Reported	% q/q	2Q24 Reported	% y/y
Iron ore fines	66.594	56.762	17,3%	68.512	-2,8%
Pellets	7.529	7.493	0,5%	8.864	-15,1%
ROM	2.416	1.886	28,1%	2.416	0,0%
Nickel	39	39	-1,0%	34	12,4%
Copper	82	82	0,2%	76	7,8%

[1] Including third-party purchases

Source: Genial Investimentos, Vale

Furthermore, considering the weaker price environment throughout June — a month in which there is traditionally higher shipments level in 2Q — we believe that there was a limitation on premiums gains in the quarterly average. We project the premium for fines at -US$1.3/t Genial Est.

Pellets: Cut in production guidance and 65% Fe curve contraction. We project pellet production to reach 8.1Mt Genial Est. (+13.1% q/q; -9.3% y/y), reflecting a significant strategic change. The company decided to redirect part of the pellet feed, previously destined for palletization, to the iron ore fines market, moving volume away from plants that had compressed margins and were operating close to break even. This ultimately led to a reduction in production guidance, updating to ~33Mtpy in middle range (-17.5% vs. previous).

Sales are expected to total 7.5Mt Genial Est. (+0.5% q/q; -15.1% y/y), with a slight sequential increase, but a significant year-on-year decline, still influenced by an exceptionally strong 2Q24. We project a realized price of US$135.6/t Genial Est. (-3.7% q/q; -13.8% y/y), with a decline in both sequential and annual comparisons. Although the contractual premium remained flat sequentially (~US$23/t), weaker demand for sinter and high-quality iron ore, and the less attractive scenario for contracts in 2Q25 put pressure on the profitability of high-cost pellet plants, also driven by a -US$5/t q/q (-4.4% q/q) drop in the 65% Fe reference curve to ~US$113/t.

Nickel: Lower prices on the LME and early maintenance at Subury. We project nickel production to reach 30Kt Genial Est. (-31.5% q/q; +20.7% y/y), reflecting the impact of maintenance in Sudbury (ON), originally scheduled for 3Q25 but brought forward to the current period because of a market oversupply and low profitability. Despite reduced production, sales should remain relatively resilient, totaling 39Kt Genial Est. (-1.0% q/q, +12.4% y/y), with the possible inventories release of previously accumulations in 1Q25.

The realized price, in turn, should decline to US$15,342/t Genial Est. (-4.7% q/q, -17% y/y) distressed by the LME reference curve correction of -2.8% q/q (US$15,352/t vs. US$15,794/t in 1Q25), which should have a negative impact on the segment's revenues.

Copper: Slightly better volumes and prices. We expect copper production to clock in at 83Kt Genial Est. (-9.2% q/q; +5.0% y/y), reflecting the dual impact of maintenance at plants in Canada and higher production from Sossego (PA). We believe that shipments should total 82Kt Genial Est. (+0.2% q/q, +7.8% y/y), in line with the previous quarter. We estimate that the realized price will reach US$8,953/t Genial Est. (+0.7% q/q, -2.7% y/y), in line with the slight recovery of +0.6% q/q in the LME reference curve (US$9,472/t vs. US$9,419/t in 1Q25). Despite the price gain, it is worth noting that copper costs should come under slight pressure, reflecting the higher COGS/t in Sossego (PA) compared to Salobo (PA).

Table 3. Income Statement Vale (2Q25 Genial Est.)

(US$ millions)	2Q25E Genial Est.	1Q25 Reported	% q/q	2Q24 Reported	% y/y
Net Revenue	**8.706**	**8.119**	**7,2%**	**9.920**	**-12,2%**
COGS	(5.875)	(5.451)	7,8%	(6.349)	-7,5%
Proforma EBITDA	**3.221**	**3.212**	**0,3%**	**4.198**	**-23,3%**
EBITDA Margin (%)	37,0%	39,6%	-2,6p.p	42,3%	-5,3p.p
Adjusted EBIT	**2.102**	**2.411**	**-12,8%**	**3.405**	**-38,3%**
EBIT Margin (%)	24,1%	29,7%	-5,6p.p	34,3%	-10,2p.p
D&A	(769)	(704)	9,3%	(793)	-3,0%
Financial Result	(460)	185	-	(1.252)	-63,2%
Net Income	**1.443**	**1.396**	**3,4%**	**2.769**	**-47,9%**
Net Margin (%)	16,6%	17,2%	-0,6p.p	27,9%	-11,3p.p

Source: Genial Investimentos, Vale

Our Take on Vale

With seasonal effects decoupled, EBITDA should remain flat q/q. Consolidated **Net revenue** is projected at **US$8.7bn Genial Est.** (+7.2% q/q; -12.2% y/y), rising sequentially as a result of iron ore fines sales (+17.3% q/q), driven by seasonal factors due to lower rainfall in the southeast, and copper operations, via a slight price increase (+0.7% q/q). In the year-on-year comparison, the considerable decline in net revenue can be explained by the poor shipments performance in the ferrous division, due to **(i)** longer lead times and the need to build up inventories of iron ore fines in Chinese ports, with a change in strategy compared to the same period last year, in addition to **(ii)** the downgrade in pellet guidance due to the low commercial viability of some pelletizing plants.
C1/t ex. third-party is projected at **US$23.1/t Genial Est.** (+10.0% q/q; -7.1% y/y). We believe that the annual decline will be mainly explained by the -8% y/y reduction in production costs and the +10.5% y/y increase in the BRL/USD FX rate, which helps to lower the conversion of BRL expenses into USD. For freight, even though the Tubarão-Qingdao (SSY) benchmark accelerated +6% q/q, we believe the dynamics will remain basically stable, reaching **US$18.7/t Genial Est.** (+1.0% q/q), softening the rise in spot prices due to long-term contracts with shipowners.

As for **Proforma EBITDA**, we expect it to reach **US$3.2bn Genial Est.** (+0.3% q/q; -23.3% y/y), with a margin of **37.0%** (-2.6p.p. q/q; -5.3p.p. y/y). Even with positive seasonality for the southeast system, the sequential drop in iron ore fines prices (-7.7% q/q) should have a more counterproductive effect on EBITDA gains from shipments (+21% q/q), with results likely to be impacted by both the profitability of the ferrous division, which should decline both q/q and y/y, due to low revenues and higher costs. Finally, we project **net income** of **US$1.5bn Genial Est.** (+3.4% q/q; -47.9% y/y). We remind you that these figures are provisional, as we will update the estimates as soon as Vale reports its Production and Sales report on July 22, after the market closes.

Portfolio reconfiguration in the face of an unfavorable market. As mentioned in our last report, Vale has been reconfiguring its portfolio, **intensifying the production of medium-grade fines** (62–63% Fe) while **reducing the sales volume of high-silica products in its portfolio**, thereby increasing the company's **commercial flexibility**. In addition, we believe that the move should contribute to strengthening cost competitiveness, with **C1/t ex. third parties close** of the **guidance bottom** of **US$20.5-22.0/t.** Even so, we made a **slight adjustment** to **US$21/t 25E** (+2.5% vs. previously), reflecting a less intense annual decline than initially expected for 2Q25 (-7.1% y/y Genial Est. vs. -14% y/y previously).

Despite the still unfavorable scenario for iron ore, with prices fluctuating between **US$93–108/t** in **1H25** and our expectations of a drop to **US$91,5/t 2H25E** (average) and going down to **~US$80/t** in **27E** (average), we continue to view the company as discounted according to intrinsic and/or relative valuation metrics. While we agree that the **outlook is not positive**, we believe that the **shares have been penalized beyond what is fair**. The stock trades at **3.8x EV/EBITDA 25E and 3.6x 26E**, well below its historical average of 5.0x, which indicates an excessive penalty relative to fundamentals.

Slight decline in 25E FCF yield. With a **2Q25 that is expected to be weak**, we have softened our **25E FCF yield** forecast to **~13%** (-1.0p.p. vs. previously), implying a **25E dividend yield** of **~8%** (-0.8p.p. vs. previously), adjusted to reflect the **+2.5% increase in C1/t 25E** (US$21/t vs. US$20.5/t previously). **For 2026**, we project an upward in the **dividend yield** to **~10%**. Although there is room for a more significant increase, management has signaled a preference for **expanding the share buyback program** over additional dividend distributions. In our view, the company's **equity story still lacks short-term catalysts** to support a more consistent shares repricing. Still, our view remains anchored in an attractive valuation and the company's ability to adapt to market cycle transitions. Macroeconomic turbulence in China, as well as uncertainties related to the trade war with the US, continue to discourage investors.

On the micro side, we remain confident in the **ongoing strategic repositioning** process and in the **company's growing transparency** towards the market — especially regarding commercial management, which was the target of our criticism under the previous administration (with specific reference to this issue). This theme may lead to **further medium-term gains**. We also highlight as a point of reinforcement in the investment thesis that there will be a significant reduction in cash expenditure downpayments of Mariana agreement (-39% y/y in 26E), which will **boost the FCF yield** to **15% in 26E**. In this context, we maintain our **BUY rating**, with a **12M Target Price** adjusted to **R$64.00** (vs. R$61.50 previously) for **VALE3-B3** and **US$11.60** (vs. US$10.50 previously) for **ADRs-NYSE**, implying an **upside** of **+16%.**

Appendix: Vale

Figure 1. Vale – Income Statement in US$ Millions (Genial Est. 2025-2029)

Income Statement	2025E	2026E	2027E	2028E	2029E
Net Revenue	**26.082**	**38.348**	**38.821**	**39.690**	**40.484**
(-) COGS	(17.302)	(24.348)	(25.679)	(26.997)	(28.370)
Gross Profit	**8.780**	**14.001**	**13.142**	**12.693**	**12.114**
(-) Expenses	(1.542)	(1.798)	(2.427)	(2.099)	(1.675)
Adjusted EBITDA	**13.764**	**15.904**	**15.075**	**14.665**	**14.121**
(-) D&A	(2.165)	(2.965)	(3.019)	(3.084)	(3.149)
EBIT	**11.600**	**12.939**	**12.055**	**11.581**	**10.972**
(+/-) Financial Result		(661)	(249)		
(-) Taxes	(2.231)	(2.425)	(2.237)	(2.327)	(2.424)
Net income	**10.624**	**9.853**	**9.569**	**9.410**	**9.237**
Profitability					
Net margin (%)	40,7%	25,7%	24,6%	23,7%	22,8%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E	2029E
Net Revenue	**26.082**	**38.348**	**38.821**	**39.690**	**40.484**
(-) COGS	(17.302)	(24.348)	(25.679)	(26.997)	(28.370)
Adjusted EBITDA	**13.764**	**15.904**	**15.075**	**14.665**	**14.121**
Adjusted EBIT	**11.600**	**12.939**	**12.055**	**11.581**	**10.972**
(-) Taxes	(2.231)	(2.425)	(2.237)	(2.327)	(2.424)
(+) D&A	2.165	2.965	3.019	3.084	3.149
(+/-) Brumadinho and Samarco	(531)	(989)	(661)	(831)	(199)
(+/-) Δ WK	424	1.139	(506)	372	(220)
(-) Capex	(4.162)	(3.910)	(4.223)	(4.382)	(4.382)
FCFF	**7.265**	**9.718**	**7.448**	**7.497**	**6.896**

Disclosure Section

1. GENERAL DISCLAIMER

This report has been produced by the research department ("Genial Institutional Research") of Genial Institutional Corretora de Câmbio, Títulos e Valores Mobiliários S.A. ("GENIAL INSTITUTIONAL CCTVM"). Genial Institutional is a brand name of Genial Investimentos CCTVM.

Genial Rating

	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	**49%**
Neutral	Expected return between +10% and -10% relative to the Company's industry average	**41%**
Sell	Expected return below -10% in relation to the Company's sector average	**5%**
under Review	Under review	**5%**

This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of GENIAL INSTITUTIONAL CCTVM. GENIAL INSTITUTIONAL CCTVM accepts no liability whatsoever for the actions of third parties in this respect.

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither GENIAL INSTITUTIONAL CCTVM nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report

GENIAL INSTITUTIONAL CCTVM may rely on information barriers, such as "Chinese Walls" to control the flow of information within the areas, units, divisions, groups, or affiliates of GENIAL INSTITUTIONAL CCTVM.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by GENIAL INSTITUTIONAL CCTVM with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

The locally listed shares of Brazilian companies may only be purchased by investors outside of Brazil who are "eligible investors" within the meaning of applicable laws and regulations.

2. ANALYST(S) DISCLOSURES AND CERTIFICATION

The principal analyst, IGOR GUEDES, is responsible for the content of this report and for meeting the requirements of Securities and Exchange Commission of Brazil (CVM) Instruction 598/2018.

The analysts hereby certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers and it was prepared in an independent manner, including with respect to the person and to GENIAL INSTITUTIONAL.

The analyst hereby certifies that he (she) has no connection with any individual who works for the issuer(s) discussed in this report.

The analyst hereby certifies that he (she), or his (her) spouse or companion, either directly or indirectly, in his or her own name or on behalf of a third party, does not hold any of the securities covered in this report.

The analyst hereby certifies that he (she), or his (her) spouse or companion, is not directly or indirectly involved in the purchase, disposal or brokering of the securities covered in this report.

The analyst hereby certifies that he (she), or the his (her) spouse or companion, has no direct or indirect financial interest in the issuer covered in this report (other than trading shares in investment funds, in which the analyst cannot control, directly or indirectly, the administration or management of the fund, or which do not concentrate investments in sectors or companies that are covered by reports produced by the analyst).

The analyst’s compensation is, directly or indirectly, determined by income from GENIAL INSTITUTIONAL´s business and financial operations.

In addition, the analysts certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

The compensation of the analyst who prepared this report is determined by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues, however, compensation may relate to the revenues of GENIAL INSTITUTIONAL CCTVM, its affiliates and/or subsidiaries as a whole, of which investment banking, sales and trading are a part. Compensation paid to analysts is the sole responsibility of GENIAL INSTITUTIONAL CCTVM.

The analyst hereby certifies that he (she), or his (her) spouse or companion, does not serve as an officer, director, or advisory board member of the subject company.

The principal analyst is responsible for the content of this report and for meeting the requirements of Securities and Exchange Commission of Brazil (CVM) Instruction 598/2018.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

3. ADDITIONAL DISCLOSURE

(i) This document was prepared by GENIAL INSTITUTIONAL Research and is hereby supplied for the sole purpose of providing information about companies and their securities.

(ii) The information contained herein is provided for informational purposes only and does not constitute an offer to buy or sell, and should not be construed as a solicitation to acquire, any securities in any jurisdiction. The opinions expressed herein regarding the purchase, sale or holding of securities, or with respect to the weighting of such securities in a real or hypothetical portfolio, are based on careful analysis by the analysts who prepared this report and should not be construed by current or future investors as recommendations for any particular investment decision or action. The investor's final decision should be made considering all of the risks and fees involved. This report is based on information obtained from primary or secondary public sources, or directly from companies, and is combined with estimates and calculations prepared by GENIAL INSTITUTIONAL CCTVM. This report does not purport to be a complete statement of all material facts related to any company, industry, security or market strategy mentioned. The information has been obtained from sources believed to be reliable, but GENIAL INSTITUTIONAL CCTVM does not make any express or implied representation or warranty as to the completeness, reliability or accuracy of such information. The information, opinions, estimates and projections contained in this document are based on current data and are subject to change. Prices and availability of financial instruments are indicative only and subject to change without notice. GENIAL INSTITUTIONAL CCTVM is under no obligation to update or revise this document or to advise of any changes in such data.

(iii) The securities discussed in this report, as well as the opinions and recommendations contained herein, may not be appropriate for every type of investor. This report does not take into account the investments objectives, financial situation or particular needs of any particular investor. Investors who wish to buy, sell or invest in securities that are covered in this report should seek independent financial advice that takes individual characteristics and needs into consideration, before making any investment decision with respect to the securities in question. Each investor should make independent investment decisions after carefully analyzing the risks, fees and commissions involved. If a financial instrument is denominated in a currency other than an investor's currency, changes in exchange rates may adversely affect the price or value of, or the income derived from the financial instrument, and the reader of this report assumes all foreign exchange risks. Income from financial instruments may vary, and therefore their price or value may rise or fall, either directly or indirectly. The information, opinions and recommendations contained in this report do not constitute and should not be interpreted as a promise or guarantee of a particular return on any investment. Past performance does not necessarily indicate future results, and no representation or warranty, express or implied, is made herein regarding future performance. Therefore, GENIAL INSTITUTIONAL CCTVM, its affiliated companies, and the analysts involved in this report take no responsibility for any direct, indirect or consequential loss resulting from the use of the information contained in this report, and anyone using this report undertakes to irrevocably indemnify GENIAL INSTITUTIONAL CCTVM and its affiliates from any claims and demands.

(iv) Prices in this report are believed to be reliable as of the date on which this report was issued and are derived from one or more of the following: (i) sources as expressly specified alongside the relevant data; (ii) the quoted price on the main regulated market for the security in question; (iii) other public sources believed to be reliable; or (iv) GENIAL INSTITUTIONAL CCTVM's proprietary data or data available to GENIAL INSTITUTIONAL CCTVM.

(v) No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning GENIAL INSTITUTIONAL CCTVM, its subsidiaries and affiliates. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this report.

(vi) GENIAL INSTITUTIONAL CCTVM makes no representations herein that investors will obtain profits. GENIAL INSTITUTIONAL CCTVM will not share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and investors should exercise prudence in making their investment decisions. GENIAL INSTITUTIONAL CCTVM accepts no fiduciary duties on behalf of recipients of this report and in communicating this report is not acting in a fiduciary capacity. This report is not to be relied upon in substitution for the exercise of recipient's independent judgment. Opinions, estimates, and projections expressed herein constitute the current judgment of the analyst responsible for the substance of this report as of the date on which the report was issued and are therefore subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of GENIAL INSTITUTIONAL CCTVM as a result of using different assumptions and criteria. The information, opinions and recommendations contained in this report do not constitute and should not be interpreted as a promise or guarantee of a particular return on any investment.

(vii) Because the personal views of analysts may differ from one another, GENIAL INSTITUTIONAL CCTVM, its subsidiaries and affiliates may have issued or may issue reports that are inconsistent with, and/or reach different conclusions from, the information presented herein. Any such opinions, estimates, and projections must not be construed as a representation that the matters referred to therein will occur. Prices and availability of financial instruments are indicative only and subject to change without notice. Income from financial instruments may vary, and therefore their price or value may rise or fall, either directly or indirectly.

(viii) This document may not be: (a) photocopied or duplicated in any manner, in whole or in part, and/or (b) distributed without GENIAL INSTITUTIONAL CCTVM's prior written consent. GENIAL INSTITUTIONAL CCTVM accepts no liability whatsoever for the actions of third parties in this respect.

(ix) Neither GENIAL INSTITUTIONAL CCTVM nor any of its affiliates, nor any of their respective directors, employees or agents, accepts any liability for any loss or damage arising out of the use of all or any part of this report.

(x) GENIAL INSTITUTIONAL CCTVM (or its affiliates, officers, directors or employees) may, to the extent permitted by law, have acted upon or used the information herein contained before the publication of this report and may have a position in securities issued by the companies mentioned herein and may make a market or act as a principal in any transactions in any such securities. Genial Institutional may from time to time perform investment banking or other services to, or solicit investment banking or other business from, the companies mentioned herein.

4. IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by Genial Institutional CCTVM, a company authorized to engage in securities activities in Brazil. Genial Institutional CCTVM is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) and is not being provided pursuant to a soft-dollar arrangement.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Auerbach Grayson & Company LLC ("AGCO"), a registered broker dealer in the United States with an office at 20 West 55th Street New York, NY 10019, (212) 453-3523 . Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Genial Institutional CCTVM.

If the report is to be distributed to anyone other than Major U.S. Institutional Investors in the United States. AGCO accepts responsibility for the contents of this report as provided for in relevant SEC releases and SEC staff no-action letters.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”) and may not be an associated person at Auerbach Grayson & Company LLC ("AGCO") and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

The disclosures contained in research reports produced by GENIAL INSTITUTIONAL CCTVM and distributed by Auerbach Grayson & Company LLC ("AGCO") in the U.S. shall be governed by and construed in accordance with U.S. law. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of GENIAL INSTITUTIONAL CCTVM. Additional information relative to the financial instruments discussed in this report is available upon request.

UK Disclaimer:

(i) This document is STRICTLY CONFIDENTIAL to the recipient, may not be distributed to the press or other media and may not be reproduced in any form. this document is directed only at persons who are “INVESTMENT PROFESSIONALS” falling within article 19(5) of the FSMA 2000 (FINANCIAL PROMOTION) ORDER 2005, or HIGH NET WORTH BODIES falling within ARTICLE 49(2) of that order (together THE “RELEVANT PERSONS”). This document must not be acted on or relied on by persons who are not RELEVANT PERSONS.

(ii) The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction.