genial | Equity Research

VALE

2Q25 Review: Doing its homework

LatAm Metals & Mining

Main takeaways:

(i) Iron ore fines: Shipments reached **67.7Mt** (+1.6% vs. Genial Est.), advancing **+19.2% q/q** due to favorable seasonality, but declining **-1.2% y/y** due to the stockpiling strategy in Chinese ports. The **realized price** was **US$85.1/t** (+1.6% vs. Genial Est.), down **-6.3% q/q** and **-13.3% y/y**, with a **negative premium of -US$1.1/t; (ii) Pellets:** Shipments totaled **7.5Mt** (-0.6% vs. Genial Est.), stable q/q, but down **-15.6% y/y**, limited by restrictions in São Luís and Tubarão; **Realized price: US$134.1/t** (-1.1% vs. Genial Est.), down **-4.8% q/q** and **-14.7% y/y**, pressured by the 65% Fe curve and lower premiums; **(iii) C1/t ex-third parties: US$22.2/t** (-5.1% vs. Genial Est.), 4th consecutive quarter of y/y decline (-10.7% y/y), benefiting from greater weight of the Northern System, lower demurrage and inventory turnover at lower costs; **Freight: US$18.3/t** (-2.2% vs. Genial Est.; -6.6% y/y); **(iv) Proforma EBITDA: US$3.4bn** (+2.1% vs. Genial Est.), up **+6.6% q/q**, but down **-18.4% y/y**, anchored by lower costs in the fines and pellets divisions; **(v) Net income: US$2.1bn** (+38% vs. Genial Est.), growing **+51.6% q/q**, but falling **-23.5% y/y; (vi) FCF: US$1.0bn** (+12% vs. Genial Est.), an increase of **+39.1% q/q** and **+4x y/y**, driven by lower CAPEX, working capital (WC) neutrality, and receipt of dividends from affiliates; **(vii) Dividends: R$1.89/share** or ~US$0.34/ADRs (-8% vs. Genial Est.), with an annualized **DY of 7%**, below expectations due to the preference for the **buyback program**; **(viii)** We maintain a constructive bias with **FCF Yield** at **~13% 25E** and **~15% 26E**, with **Dividend Yields** of **~8%** and **~10%**, in addition to a more resilient portfolio. We reiterate our **BUY** rating, with a **Target Price 12M** of **R$64.50** for **VALE3-B3** and **US$11.60** for **ADRs-NYSE**, implying **upside** of **+20.6%.**

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Company

VALE US Equity
Buy

Price: US$ 9.53 (31-Jul-2025)
Target Price 12M: US$ 11.60 (NYSE)

VALE3 BZ Equity
Target Price 12M: R$ 64.50 (B3)

Vale released its results on **July 31**, after market closing. **Consolidated net revenue** totaled **US$8.8bn** (-2.7% vs. Genial Est.), advancing **+8.4% q/q**, but presenting a **-11.3% y/y** contraction. There was a sequential increase in **iron ore fines shipments** to **67.7Mt** (+19.2% q/q), due to higher volumes resulting from less intense seasonal rains, especially in the Southeastern System. On the other hand, the company reported a slowdown in the **y/y** comparison (-1.2%), due to a strategy of **stockpiling in Chinese ports**, leading to longer lead times and widening the gap between production and sales to 19% (+4p.p. y/y). As a result, performance ended up being sustained more by a **mix composition** focused on **medium grade,** rather than necessarily by volumes (we explore this point further below).

Table 1. Income Statement Summary (2Q25 vs. Genial Est.)

(US$ millions)	Reported	Genial Est.		Reported	Reported		Reported	
Income Statement	**2Q25**	**2Q25E**	**% Diff.**	**2Q25**	**1Q25**	**% q/q**	**2Q24**	**% y/y**
Net Revenue	8.804	9.047	**-2,7%**	8.804	8.119	**8,4%**	9.920	**-11,3%**
Proforma EBITDA	3.424	3.353	**2,1%**	3.424	3.212	**6,6%**	4.198	**-18,4%**
Net Income	2.117	1.524	**38,9%**	2.117	1.396	**51,6%**	2.769	**-23,5%**

Source: Genial Investimentos, Vale

These trends had already been priced in by the market, as the company had released its production and sales report days before the results. What **investors were not yet aware of cost dynamics**. We highlight that **C1/t ex. third parties** stood at **US$22.2/t** (-5.1% vs. Genial Est.), marking the **4th consecutive decline on a y/y basis** (-10.7% y/y). Although we were more pessimistic than the market average, not only was the performance better than we expected, but **costs also came in below consensus** (-1.8% vs. consensus). If the company cannot control the macro environment, **its homework is to lower costs**, and this has been done.

We attribute the good management in efficiency to: **(i)** greater share of lower-cost assets (Northern System) diluting fixed expenses; **(ii)** reduction in demurrage costs, the lowest in more than two years, driven by logistical improvements and fewer queues at Chinese ports amid tariffs between the US and China; **(iii)** inventory turnover with lower consumption costs due to an acceleration in the FX rate of +10.5% y/y (each increase of +R$0.10 in the USD/BRL rate causes C1/t to fall by -US$0.25/t). The **freight** line also helped, totaling **US$18.3/t** (-2.2% vs. Genial Est.), down -6.6% y/y.

Consolidated Proforma EBITDA clocked in at US$3.4bn (+2.1% vs. Genial Est.), registering growth of **+6.6% q/q**, but a decline of **-18.4% y/y**. The positive deviation from our estimate was due to the **leaner cost structure in the ferrous division**, as mentioned above. For VBM, the highlight was the **Nickel** performance. Although the price environment remains difficult, the company also demonstrated cost efficiency, resulting in nickel EBITDA of US$201mn (+41% vs. Genial Est.), up +86% y/y, despite a -39% q/q decline. **Net income** reached US$2.1bn (+38% vs. Genial Est.), with a significant increase of **+51.6% q/q**, but a decline of **-23.5% y/y.**

What else is important to know?

It is also worth highlighting the **dynamics of the new commercial strategy**, in place since Q4 2024. While we observed a decline in sales of high-silica products (-65.8% y/y, low Fe content), we also witnessed a reduction in IOCJ shipments (-51.5% y/y, high Fe content). As a result, the company focused its mix on increasing deliveries of pellet feed to China (+65.4% y/y) and a higher share of blends (~62% Fe), such as BRBF (+7.6% y/y) and the “other fines” category (+108.3% y/y), which has seen a sharp acceleration linked to the launch of a new product – also of medium quality – from circular mining in Carajás (PA).

We believe that the company is executing its strategy of **migrating its portfolio to where there is stronger demand**. The market remains under pressure, with steel mills in China showing a low propensity to pay quality premiums, so that IOCJ loses its appeal when sold pure and starts to be used as an input in blends with fines from the Southeastern System, for example. Bearish sentiment surrounds iron ore, with the 62% Fe curve falling -5.8% q/q. Therefore, **the big question remains on price**. The company had a realization in iron ore fines of US$85.1/t (-6.3% q/q and -13.3% y/y) and the premium remained in the negative territory (-US$1.1/t), although slightly reducing the discount vs. the previous quarter. We recommend reading the **section “Our take”** to fully understand our **outlook for the iron ore market**, which continues to show signs of oversupply.

FCF generation reached **US$1.0bn** (+12% vs. Genial Est.), with significant growth of **+39.1% q/q and multiplying by 4x y/y**, sustained by **(i)** lower CAPEX levels, **(ii)** neutral working capital (WC), and **(iii)** higher dividend receipts from affiliates and JVs. The performance reinforces our constructive view on the company's FCF generation capacity for the remainder of the year, with **FCF yield** projected at **~13% 25E** (2x higher than peers such as Rio Tinto and BHP), potentially reaching **~15% in 26E** – driven by the expected reduction in disbursements related to the Mariana (MG) agreement.

Rear-view mirror: Production and Sales

Iron ore fines: Production and shipments slightly above expectations. Iron ore fines production reached 83.6Mt (+2.1% vs. Genial Est. at the time), advancing +23.6% q/q and +3.7% y/y, amid more favorable seasonal conditions, with less rainfall, mainly in the Southeastern System. The company has been delivering record production levels compared to 2019 (pre-Brumadinho-MG accident), with higher operating activity in the Northern System (+2.2Mt y/y) in response to the ramp-up at S11D (PA) and the gradual reestablishment of Serra Norte (PA). In the Southeastern System, the increase (+2.1Mt y/y) reflected the start-up of the 4th line at Brucutu (MG), in addition to the progress of the Capanema project (MG).

Shipments of iron ore fines totaled 67.7Mt (+1.6% vs. Genial Est. at the time), showing a prominent increase in the sequential base of +19.2% q/q, given the improvement in logistics fluidity after last quarter's restrictions, but slowing down -1.2% y/y. In addition, the strategy of concentrating inventories in Chinese ports widened the gap between production and sales of ferrous metals (6.3Mt), with 37% linked to the loss of mass outside Brazil. The gap was also influenced by the formation of local inventories (2Mt), moisture variation (1.3Mt), and conversion to pellets (0.7Mt). We believe that this dynamic confirms the focus on medium-quality blends and greater logistical flexibility at the destination.

Iron ore fines: Prices contract less than expected. The realized price of iron ore fines was US$85.1/t (+1.6% vs. Genial Est. at the time), representing a contraction of -6.3% q/q and -13.3% y/y. The smaller-than-expected decline may be linked to lower exposure to provisional contracts and a more favorable quality mix than we expected. Sales reinforced the strategy of medium blends (~62% Fe), with an increase in “other fines” (+108% y/y) and a decline in high silica fines (-66% y/y). The premium for iron ore fines remained negative at -US$1.1/t (+US$0.2/t vs. Genial Est. at the time), while the all-in fell to +US$1.1/t, pressured by a lower contribution from pellets (-US$0.9/t q/q).

Pellets: Difficulties at pelletizing plants restrict volumes; prices decline. Pellet production totaled 7.9Mt (-3.4% vs. Genial Est. at the time), advancing +9.3% q/q, but declining -12.3% y/y. The sequential increase reflects improved seasonality compared to the previous quarter, but performance still fell short of expectations, even though we had already anticipated the redirection of pellet feed to sales within the iron ore fines category, given the low profitability of pellet plants.

The company faced operational constraints in São Luís-MA (feed moisture) and Tubarão-ES (lower feed standardization), in addition to deliberately moderating production, leading to a revision of the guidance to 31–35Mt 25E (-17.5% vs. the middle of the previous range). Shipments reached 7.5Mt (-0.6% vs. Genial Est. stable q/q; -15.6% y/y). The realized price was US$134.1/t (-1.1% vs. Genial Est.), slowing down -4.8% q/q and -14.7% y/y, pressured by the 65% Fe curve and lower premiums (US$21.3/t; -6.6% Genial Est. at the time).

2Q25 Review: In detail!

Table 2. Net Revenue Vale (2Q25 vs. Genial Est.)

	2Q25	2Q25E		1Q25		2Q24	
(US$ millions)	Reported	Genial Est.	% R/E	Reported	% q/q	Reported	% y/y
Net Revenue	**8.804**	**9.047**	**-2,7%**	**8.119**	**8,4%**	**9.920**	**-11,3%**
Iron Ore Fines	5.762	5.759	0,0%	5.154	11,8%	6.728	-14,4%
Pellets	1.004	1.003	0,1%	1.055	-4,8%	1.393	-27,9%
Other Ferrous	68	252	-73,0%	208	-67,3%	141	-51,7%
Nickel Operations	1.012	1.017	-0,5%	969	4,4%	879	15,1%
Copper Operations	958	1.015	-5,6%	900	6,4%	779	23,0%

Source: Genial Investimentos, Vale

C1/t surprised us positively, marking the 4th consecutive decline. C1/t ex. third-party purchases reached US$22.2/t (-5.1% vs. Genial Est.), marking the 4th consecutive quarter of decline on an annual basis, falling -10.7% y/y. The indicator came in well below our projections and slightly cooler than the consensus (-1.8% vs. consensus), reflecting a combination of more benign operating factors, including: **(i)** a higher share of assets with lower average costs, such as the Northern System, driving the dilution of fixed expenses via the mix effect; and **(ii)** lower demurrage costs, which reached their lowest level for a 2nd quarter since 2020, which, from our perspective, is due, to the company's initiatives in logistic efficiency, in addition to the reduction in queues at Chinese ports amid the tariff environment between the US and China. In addition, we observed **(iii)** a positive effect from inventory turnover, with the consumption of accumulated volumes at lower costs in previous quarters; and **(iv)** the appreciation of the USD/BRL average FX rate (+10.5% y/y).

In sequential comparison, the +5.7% q/q increase in C1/t reflects the sale of higher-cost inventories produced in 1Q25, a period historically marked by lower fixed cost dilution due to weaker seasonal production – a typical, and expected, accounting dynamic for 2Q. Freight costs reached US$18.3/t (-2.2% vs. Genial Est.), down -6.6% y/y and slightly below projections, even with higher spot references, sustained by long-term contracts and lower bunker oil costs. Sales under CFR terms accounted for 88% of fine ore shipments in the quarter (59.8Mt), maintaining the high standard of freight included sales.

EBITDA: Positive surprise anchored in cooler costs. Consolidated Proforma EBITDA reached US$3.4bn (+2.1% vs. Genial Est.), slightly above our estimate, with a +6.6% q/q increase, although still under pressure on an annual basis at -18.4% y/y. The positive deviation from the forecast was mainly explained by the iron ore fines and pellets divisions, whose costs came in below expectations, sustaining operating profitability for the quarter.

In the iron ore fines unit, EBITDA was US$2.4bn (+5.3% vs. Genial Est.), resulting from a good management of cost structure, both with C1/t ex. reported at US$22.2/t (-5.1% vs. Genial Est.), down -10.7% y/y, and freight, which reached US$18.3/t (-2.2% vs. Genial Est.), slowing down -6.6% y/y. Both came in below expectations, reflecting greater dilution of fixed expenses, turnover of accumulated inventories at lower costs, and a favorable FX rate impact on expenses denominated in USD. In pellets, EBITDA totaled US$477mn (+3.3% vs. Genial Est.), with a cost of US$77.1/t – lower than our projection – also favored by currency depreciation.

Another highlight was the nickel division, whose EBITDA stood at US$201mn (+41.4% vs. Genial Est.), and even though it showed a sequential decline of -39.0% q/q, it rose +86.1% y/y and came in well above our expectations, reflecting production costs below our estimates.

Table 2. Pro Forma EBITDA Vale (2Q25 vs. Genial Est.)

	2Q25	2Q25E		1Q25		2Q24	
(US$ millions)	Reported	Genial Est.	% R/E	Reported	% q/q	Reported	% y/y
Proforma EBITDA	**3.424**	**3.353**	**2,1%**	**3.212**	**6,6%**	**4.198**	**-18,4%**
Iron Ore Fines	2.396	2.276	5,3%	2.351	1,9%	3.117	-23,1%
Pellets	477	462	3,3%	536	-11,0%	729	-34,5%
Nickel Operations	201	142	41,4%	41	390,2%	108	86,1%
Copper Operations	538	585	-8,1%	546	-1,5%	351	53,3%
Others	(188)	(112)	67,9%	(262)	-28,2%	(106)	76,9%

Source: Genial Investimentos, Vale

Net income above expectations, justified by financial gains. The company reported net income of US$2.1bn (+38% vs. Genial Est.), up +51.6% q/q, but down -23.5% y/y. The performance reflected higher operating preformance, with Adjusted EBITDA up +8.7% q/q, supported by accelerated volumes, but partially limited by the contraction in iron ore prices. On the other hand, the EoP FX rate declined (-4.9% q/q), favoring the positive financial result – albeit -9.7% q/q – as it reversed the prior impact from the gross USD-denominated debt issued during 2H24, when the currency was weaker. As this effect was more intense than expected, net income exceeded our estimates, also supported by sequential improvement in operating results (Adjusted EBITDA +12% vs. Genial Est.).

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

(US$ millions)	2Q25 Reported	2Q25E Genial Est.	% R/E	1Q25 Reported	% q/q	2Q24 Reported	% y/y
Net Revenue	**8.804**	**9.047**	**-2,7%**	**8.119**	**8,4%**	**9.920**	**-11,3%**
COGS	(5.324)	(6.067)	-12,3%	(5.451)	-2,3%	(6.349)	-16,1%
Proforma EBITDA	**3.424**	**3.353**	**2,1%**	**3.212**	**6,6%**	**4.198**	**-18,4%**
EBITDA Margin (%)	38,9%	37,1%	1,8p.p	39,6%	-0,7p.p	42,3%	-3,4p.p
Adjusted EBITDA	**3.386**	**3.003**	**12,7%**	**3.115**	**8,7%**	**4.198**	**-19,3%**
EBIT Margin (%)	38,5%	33,2%	5,3p.p	38,4%	0,1p.p	42,3%	-3,9p.p
D&A	(780)	(769)	1,4%	(704)	10,8%	(793)	-1,6%
Financial Result	167	(465)	-	185	-9,7%	(1.252)	-
Net Income	**2.117**	**1.524**	**38,9%**	**1.396**	**51,6%**	**2.769**	**-23,5%**
Net Margin (%)	24,0%	16,8%	7,2p.p	17,2%	6,9p.p	27,9%	-3,9p.p

Source: Genial Investimentos, Vale

Our Take on Vale

FCF rises, with WC decompression and lower CAPEX. We observed **FCF generation of US$1.0bn** (+12% vs. Genial Est.), reflecting an increase of **+39.1% q/q** and **+4x y/y**, sustained by the same reasons on both a quarterly and annual basis, and the y/y comparison showing more intense vectors. On a sequential basis, the main driver was **(i)** the **reduction in CAPEX**, which reached **US$1.1bn** (-10.2% q/q, fully in line with Est.); **(ii)** the **neutrality** of working capital (**WC**) vs. consumption of -US$252mn in 1Q25 and our estimate of resource burn in this quarter (although milder than last quarter). We believe that WC dynamics were favored by the postponement of payments to suppliers, which offset the effects of higher accounts receivable and increased inventories related to the accumulation of sales at the end of 2Q; **(iii)** the receipt of **dividends from affiliates and JVs**, which totaled +US$248mn (+43.7% q/q; +7.2% vs. Genial Est.).

It is important to note that this performance reinforces our previous perception that the company should deliver a **25E FCF yield** of **~13%** (+2x vs. peers). For next year, we maintain our projection of ~15% 26E (a very attractive indicator), based on the reduction in cash outflow for payment of the Mariana (MG) settlement if purchased at current price (-39% y/y Est.).

Dividend Yield of 7% could be higher if not for the focus on share buybacks. The company announced the approval to distribute **JCP** (equity interest) in the gross amount of **R$1.89/share** or ~US$0.34/share for ADRs (-8.1% vs. Genial Est.). The shares will begin trading **ex-dividend** on **August 12**, with payment to be made on September 3 (or September 10 for ADRs). On an annualized basis, this implies a **Dividend Yield of 7%**, slightly below our **8% 25E** projection, and may undergo a slight variation until the cut-off date, depending on the current buyback program.

As we had already anticipated, the company has a trade-off between paying a higher level of dividends vs. continuing the extension of the share buyback program. It seems to us that the second option is the management's preference. As soon as the company announced that the board of directors had approved the use of financial instruments for share repurchases, including Total Return Equity Swap (TSR), Enhanced Share Repurchase (ESR), and Accelerated Share Repurchase (ASR). These three methods aim to support the execution of the current program, which has a mandate of 120 million common shares in 18M (counted from April 26).

Cuts in copper cost guidance based on the price of gold. In addition, the company also lowered its **guidance** for **all-in copper costs for 25E** to **US$1,500–2,000/t** (-37.5% vs. Genial Est. – lower end of previous guidance of US$2,800/t), reflecting robust operating performance and **higher-than-expected gold prices**, which reached **US$3.263/oz** on average in 2Q25 (+11% q/q, +38% y/y), given the increased demand for assets typically classified as safe havens in a more complex and volatile global market environment, which is periodically impacted by headlines on USA´s administration tariffs and wars (including in the Middle East). As long as this stable environment remains, the **price of gold is likely to remain at this more robust** level, having already risen **+20% YTD**.

It is important to clarify that gold is a by-product of copper operations, due to the way the portfolio is divided. With higher profitability on shipments, the company **excludes revenue from gold sales from the cost of pure copper operations**. This seems to have contributed to the cost guidance cut. All other estimates released by the company were maintained, reinforcing that the revision indicates **significant efficiency gains in the copper business**, which contributes to a better margin outlook.

Iron Ore: The scenario is still one of imbalance between supply and demand. Our analysis suggests that the context should remain challenging for the iron ore market, since **steel production in China** contracted by **-7% y/y** in **May** (86.6Mt) and **-9% y/y** in **June** (83.2Mt). As if falling demand were not enough, there is also the **imminent entry of +120Mtpy** of **iron ore** – full ramp-up – from the Simandou complex in New Guinea (GN), with start-up in 2026 and a more significant increase in volume in the seaborne system in 2027. This tends to intensify **deflationary pressure on prices** in the mid-term.

Although iron ore prices have shown more resilience than many believed possible (at this point, they remain at ~US$100/t), we still prefer to be **conservative in our assumptions**, given **that the outlook is not encouraging**. We continue to project our 62% Fe reference curve at **US$94/t 25E** (average) – with **US$95/t** in **3Q25E** and **US$89/t** in **4Q25E** – reflecting the deflationary sum of two factors: **(i)** favorable weather conditions for production typical of the 3Ts, which tends to raise shipment levels in 4Q, increasing supply throughout 2H; and **(ii)** an expected cooling in seaborne demand due to **capacity cuts at old steel mills** promoted by the Chinese central government (a reduction of -45Mt Genial Est. in Chinese demand for iron ore over the next 12 months).

Doing its homework. Despite the still unfavorable scenario for iron ore, the company has demonstrated solid and efficient performance, with favorable cost control. While the macro scenario is beyond Vale's control, on the other hand, **the homework of lowering C1/t has been done**. Although we continue to believe that the **outlook remains negative, it is worth noting that the stock continues to trade at 4x EV/EBITDA 25E and 3.8x 26E**, well below its historical average of 5.0x, corroborating our understanding that there is an exaggerated and unjustifiable bearish bias among most investors towards the investment thesis.

Therefore, we remain constructive on the equity story from a valuation metrics perspective. We see the following as supporting factors: **(i)** the company's resilience to cyclical changes, given changes in its product portfolio, with a lower share of high silica; **(ii)** the **FCF Yield** at **~13% 25E** (~2x higher vs. BHP and Rio Tinto) and rising to ~**15% 26E** due to lower cash outflows from the Mariana-MG settlement, supporting **Dividend Yields** of **~8% 25E** and **~10% 26E** (it would be higher if not for the company's preference for share buybacks), indicating that the company **continues to be penalized beyond what is fair**. In this context, we reiterate our **BUY rating**, with a **12M Target Price** of **R$64.50 VALE3–B3** and **US$11.60 ADRs–NYSE**, representing an upside of **+20.6%.**

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. 2025-2029)

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

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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%**

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