

**2Q19  
INVESTOR  
RELATIONS  
REPORT**

São Paulo, August 13, 2019 – BRADESPAR [B3: BRAP3 (ON), BRAP4 (PN); LATIBEX: XBRPO (ON), XBRPP (PN)] announces its results for 2Q19.

### Investment Structure – 06.30.2019

Since 2017, BRADESPAR's investments have exclusively focused on VALE, a company in which BRADESPAR has representatives at the Advisory Committee and Board of Directors, which is a differentiation in terms of investment management.

At June 30, 2019, the market value of BRADESPAR's assets, minus net debt, totaled R\$ 15.2 billion.

%V = % Voting Capital  
%T = % Total Capital

**BRADESPAR**

5.73% V/T



## BALANCE SHEET

ASSETS	(R\$ thousand)	
	06/30/2019	06/30/2018
<b>CURRENT</b>	<b>187,769</b>	<b>786,785</b>
Cash and Cash Equivalents	187,455	86,663
Public Distribution of Debentures	-	700,000
Others	314	122
<b>NON-CURRENT ASSETS</b>	<b>9,619,863</b>	<b>10,551,461</b>
<b>Long Term</b>	<b>182,700</b>	<b>188,969</b>
Recoverable Taxes	175,041	181,625
Judicial Deposits	7,659	7,344
<b>Investments</b>	<b>9,436,029</b>	<b>10,362,486</b>
<b>Fixed Assets</b>	<b>117</b>	<b>6</b>
<b>Intangible</b>	<b>1,017</b>	<b>-</b>
<b>TOTAL</b>	<b>9,807,632</b>	<b>11,338,246</b>

LIABILITIES	(R\$ thousand)	
	06/30/2019	06/30/2018
<b>CURRENT</b>	<b>30,172</b>	<b>1,904,077</b>
Interest on Equity and Dividends Payable	4,245	3,446
Debentures Payable	-	664,936
Taxes and Contributions Payable	260	111
Provision for Tax and Contributions	-	22,858
Leases - Right of Use	62	-
Provision and Legal Obligations	-	1,185,386
Other Liabilities	25,605	27,340
<b>NON-CURRENT LIABILITIES</b>	<b>224,395</b>	<b>740,525</b>
Debentures Payable	216,638	699,955
Provision and Legal Obligations	6,783	40,570
Leases - Right of Use	974	-
<b>SHAREHOLDERS' EQUITY</b>	<b>9,553,065</b>	<b>8,693,644</b>
Capital Stock	4,100,000	4,100,000
Profit Reserve	2,779,080	2,006,029
Adjustment to Equity Evaluation	3,050,628	3,490,065
Results of the Period	(376,643)	(902,450)
<b>TOTAL</b>	<b>9,807,632</b>	<b>11,338,246</b>

## COMMENTS ON THE COMPANY'S PERFORMANCE

The table below shows the Consolidated Income Statement, in accordance with accounting practices adopted in Brazil.

Income Statement	(R\$ thousand)					
	2Q19	2Q18	Var %	1H19	1H18	Var %
Equity Income	(21,362)	19,285	-	(378,537)	344,070	-
<b>Operating Revenue</b>	<b>(21,362)</b>	<b>19,285</b>	<b>-</b>	<b>(378,537)</b>	<b>344,070</b>	<b>-</b>
General and Administrative Expenses	(1,075)	(2,182)	-50.7%	(2,236)	(3,317)	-32.6%
Payroll Expenses	(2,637)	(1,471)	79.3%	(4,151)	(2,566)	61.8%
Financial Revenues (Expenses)	3,134	(5,187)	-	9,212	(5,452)	-
Tax Expenses	(313)	(883)	-64.6%	(765)	(17,265)	-95.6%
Other Operational Expenses	-	(630,802)	-	(38)	(1,185,914)	-
<b>Operational Result before Income Tax/Social Contribution</b>	<b>(22,253)</b>	<b>(621,240)</b>	<b>-</b>	<b>(376,515)</b>	<b>(870,444)</b>	<b>-</b>
Income Tax / Social Contribution	701	2,304	-69.6%	(128)	(32,006)	-99.6%
<b>Results for the Period</b>	<b>(21,552)</b>	<b>(618,936)</b>	<b>-</b>	<b>(376,643)</b>	<b>(902,450)</b>	<b>-</b>

### Operating Income

As an investment company, BRADESPAR's financial revenue originates from the equity income, dividends and interest on its equity stake in VALE.

BRADESPAR closed the 2Q19 with a negative operating result of R\$21.4 million. It is worth noting that this result was impacted by the provision of R\$5.9 billion made by investee VALE, as a result of the failure of the Dam I of the Córrego do Feijão Mine, in the city of Brumadinho, Minas Gerais state, on January 25, 2019. This impact was partially offset by better prices and higher sales volume of iron ore and nickel.

Also note that VALE continues committed to repairing the damage caused to the families, infrastructure, communities and the environment quickly and fairly, as well as taking all the measures to ensure the safety of people and operations, with the consequent reduction of uncertainties as to the delivery of sustainable results and value for shareholders.

### Financial Results

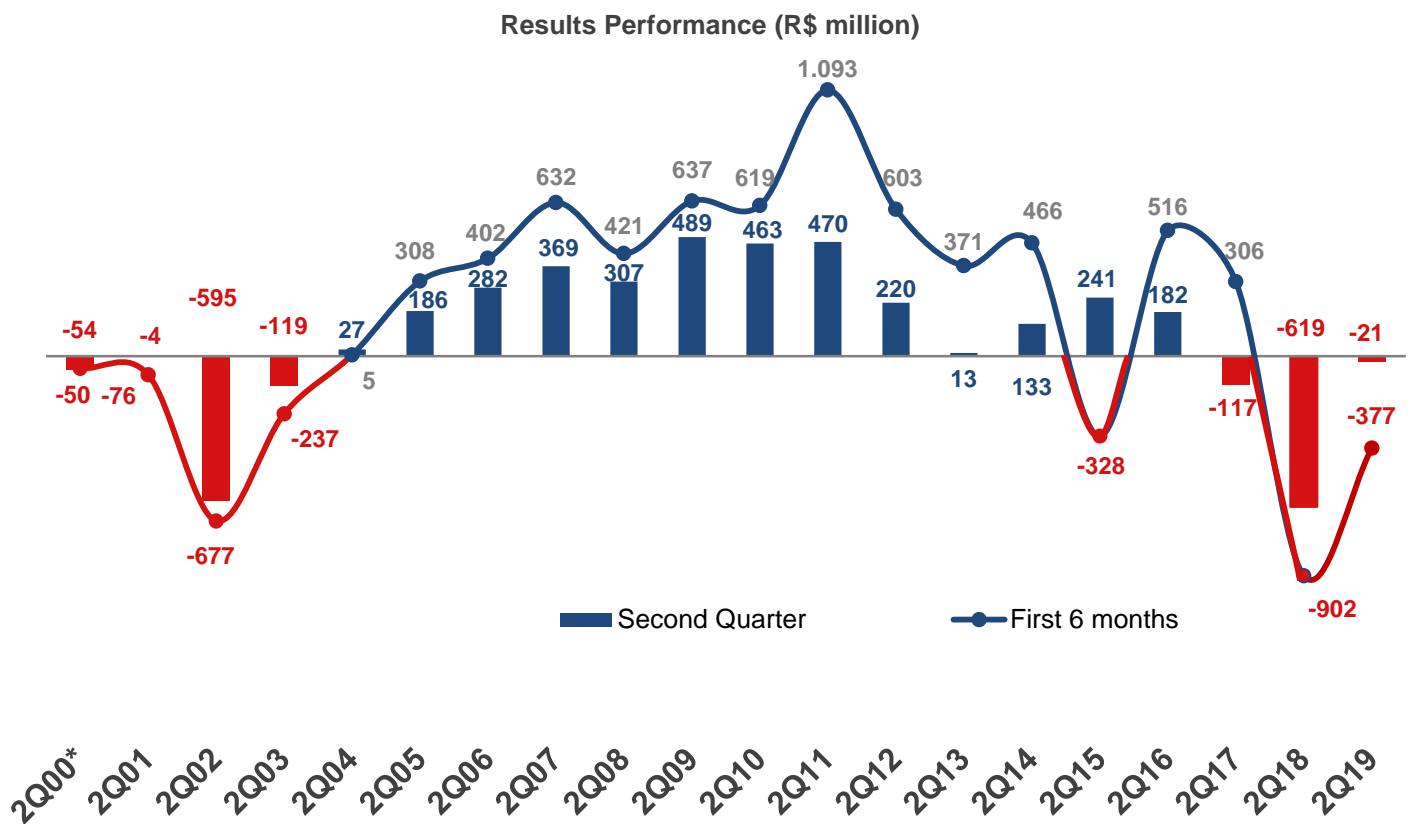
At the end of the quarter, net finance income was R\$3.1 million chiefly due to BRADESPAR's income from financial investments and lower indebtedness, with the total early redemption of the Third Issue of Promissory Notes in the amount of R\$2.458 billion and the partial early amortization of the Seventh Public Issue of Simple Debentures totaling R\$512.7 million at the end of 2018.

### Payroll, General and Administrative Expenses

In the second quarter of 2019, BRADESPAR's payroll, general and administrative expenses totaled R\$3.7 million. Year to date, payroll, general and administrative expenses came to R\$6.4 million.

## Results of the Quarter

In the second quarter of 2019, BRADESPAR posted a negative result of R\$21.6 million, due to the results recorded by VALE, as referred to above.



\*Corresponds to four months of operations

## COMMENTS ON INVESTEE

### VALE

VALE is the largest mining company in the Americas and one of the largest in the world, the leader in the global market of iron ore, iron ore pellets and nickel. The company also produces manganese, iron alloys, metallurgy and thermal coal, copper, platinum-group metals, gold, silver and cobalt. VALE also operates robust logistics systems in Brazil and abroad, including railways, maritime and port terminals that are integrated to its operations.

It is worth noting that since the failure of the Dam I of the Córrego do Feijão Mine, in the city of Brumadinho, Minas Gerais state, between January and late July, VALE paid 171 individual indemnifications and that it will continue assessing the cases of victims who wish to request this right. In July, the company also entered into a definite agreement with the Minas Gerais State Public Ministry of Labor to indemnify families of the deceased employees and contractors. In the environmental sphere, 750 thousand cubic meters of tailings from the dam were removed to an area authorized by the competent authorities.

The main aspects of VALE's performance, in the second quarter of 2019, were the following:

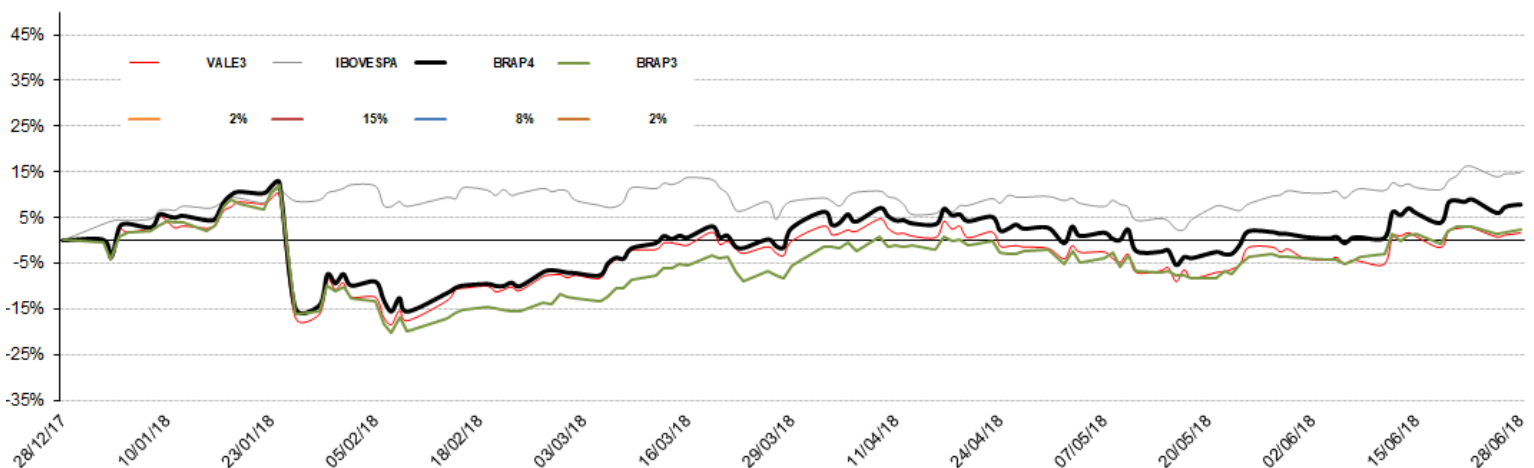
- Adjusted EBITDA of R\$12.2 billion;
- Net income of R\$ 384.0 million; and
- Investments totaling US\$730.0 million, US\$130.0 million of which in project execution and US\$600.0 million in maintenance operation.

### Capital Market

Since its inception, BRADESPAR's shares are listed on B3 under tickers BRAP3 (ON) and BRAP4 (PN), and its securities are traded on LATIBEX, the Madrid Stock Exchange's Latin American Companies Market, in Spain, in Euros, through the Depositary Receipt Program (GDRs).

Moreover, BRADESPAR's shares participate in two leading indexes: IBOVESPA, which includes the most liquid companies in the Brazilian market, and the Corporate Governance Index (IGC), composed of the companies that have committed to high standards of corporate governance, since 2001, when it adhered to B3's Level I of Corporate Governance.

### Shares Performance on B3 in 1H19

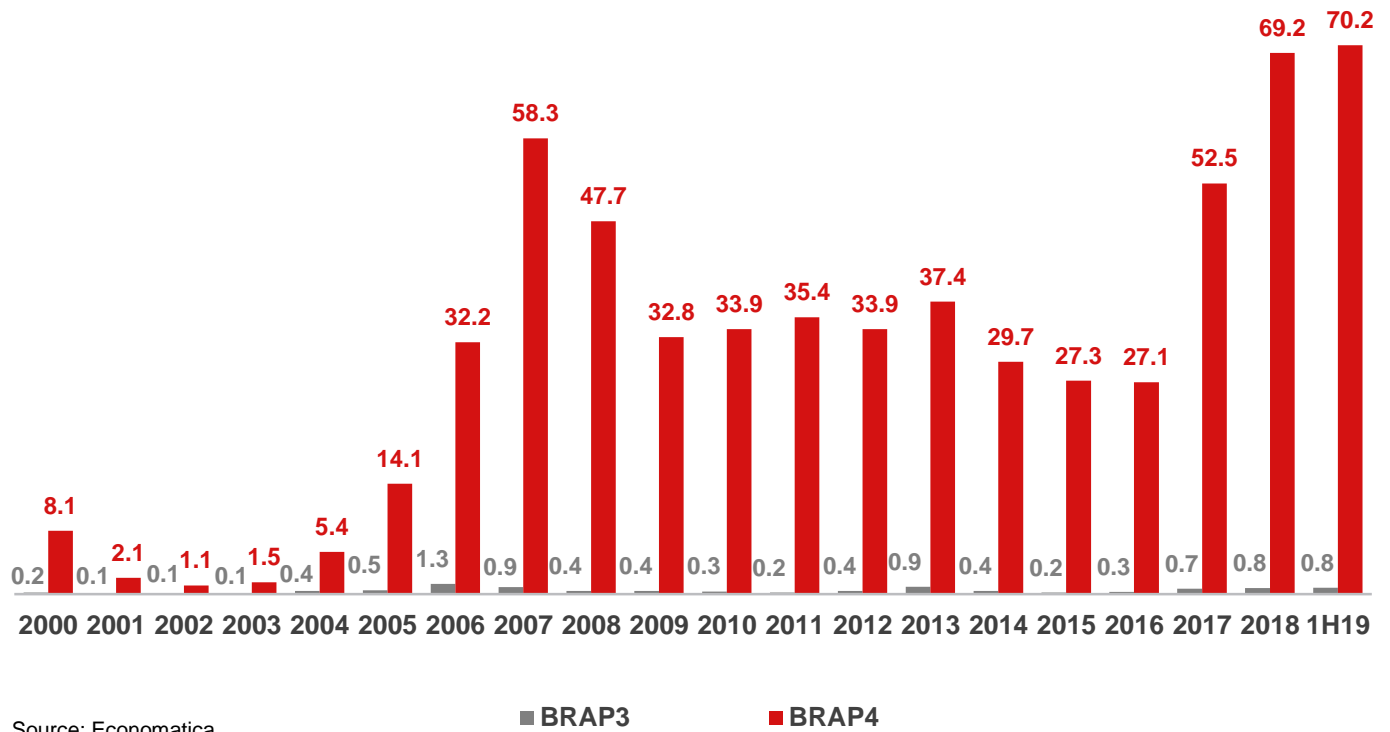


Prices adjusted for shareholder payments, including Dividends and/or Interest on Equity.  
Source: Economatica.

## Liquidity

The average daily trading volume of BRADESPAR preferred shares (BRAP4), traded in 1H19, was R\$ 70.2 million.

**Financial Volume Average Daily Traded Shares (R\$ million)**



## Premium / Discount

At the end of 2Q19, the market value of BRADESPAR's interest in VALE reached R\$15.2 billion. The market value of BRADESPAR, in relation to VALE, was a discount of 28.0%, that is, BRADESPAR's market capitalization corresponds to 72% of the net value of its assets.

### BRADESPAR's Net Asset Value vs. Market Cap (closing prices on June 28, 2019)

Companies	BRADESPAR's stake					
	Price (R\$/share)	Price (R\$/share)	Price (R\$/share) <sup>(3)</sup>	Price (R\$/share)	Price (R\$/share)	Price (R\$/share)
VALE ON	51.82	293,907,266	5.73%	15,230,275	3,973,824	3,489,483
<b>Bradespar's Total Assets Value ( A )</b>				<b>15,230,275</b>	<b>3,973,824</b>	<b>3,489,483</b>
<b>Bradespar's Net Debt ( B ) <sup>(1)</sup></b>				<b>(31,278)</b>	<b>(8,161)</b>	<b>(7,166)</b>
Bradespar's Cash and Cash Equivalents				185,436	48,383	42,486
Bradespar's Gross Debt				(216,714)	(56,544)	(49,652)
<b>Bradespar's Net Asset Value ( C ) = ( A ) + ( B )</b>				<b>15,198,997</b>	<b>3,965,663</b>	<b>3,482,317</b>
<b>Bradespar's Market Capitalization ( D )</b>				<b>10,938,124</b>	<b>2,853,932</b>	<b>2,506,088</b>
Common Shares (BRAP3)	28.80	122,171,449		3,518,538	918,043	806,150
Preferred Shares (BRAP4)	32.85	225,862,596		7,419,586	1,935,889	1,699,938
<b>Difference between net asset value and market capitalization ( C ) - ( D )</b>				<b>4,260,873</b>	<b>1,111,731</b>	<b>976,229</b>
<b>DISCOUNT <sup>(2)</sup></b>				<b>28.0%</b>		

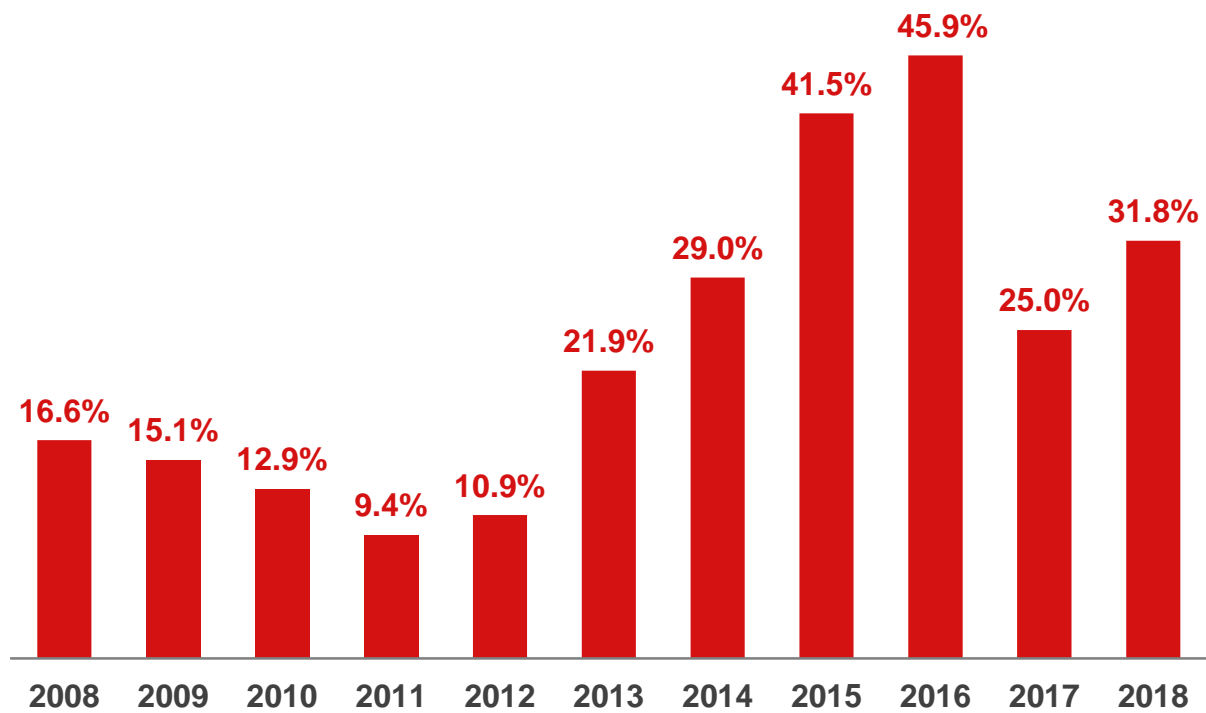
(1) Net Debt on 06/28/2019

(2) ((BRADESPAR's Market Cap)/(Asset Value + Net Debt)) - 1

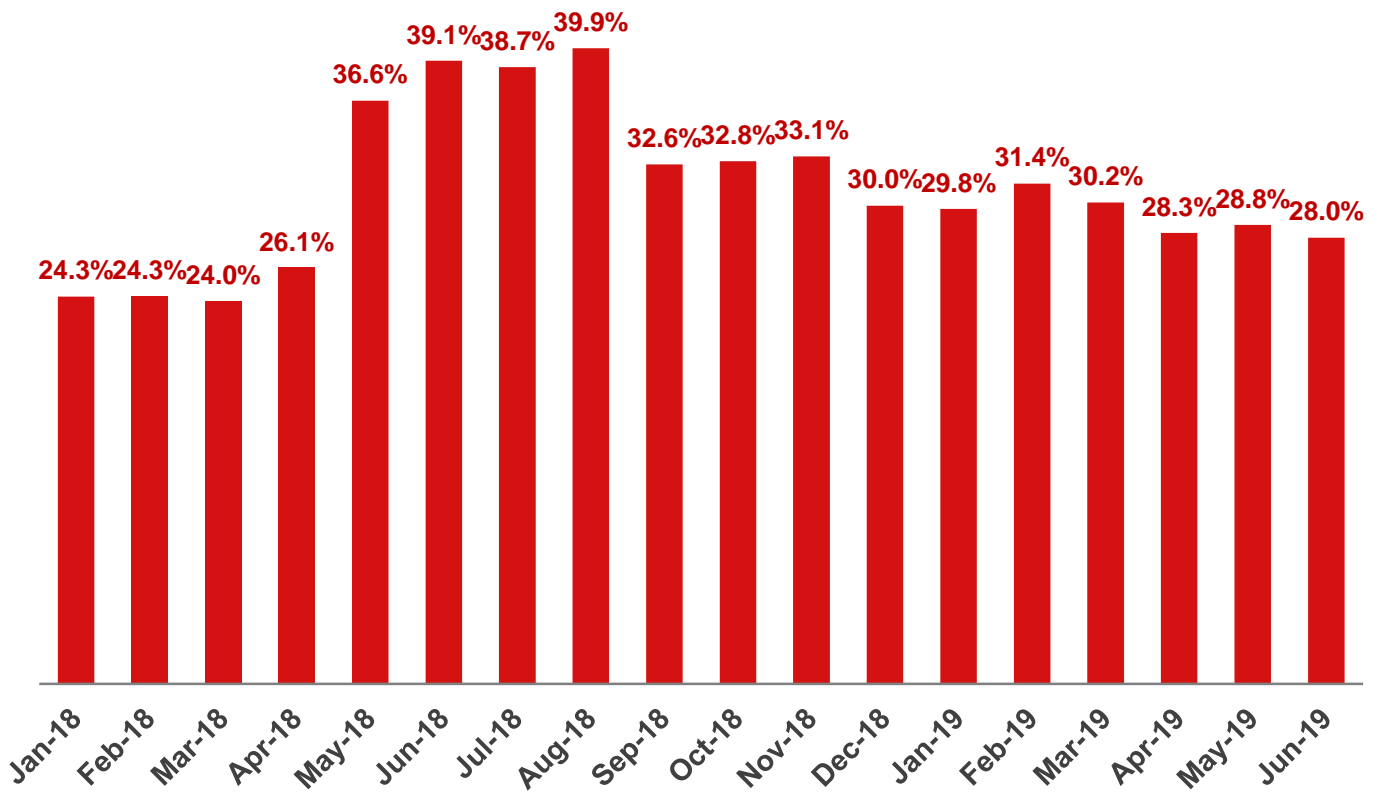
(3) Excluding treasury shares



## Historical Discount between BRADESPAR's Net Asset Value and Market Capitalization



Note: Average discount at the end of each month.



Note: Discount on last business day of the month.

## DIVIDENDS AND INTEREST ON EQUITY

In accordance with its “Annual Compensation Policy” and as set forth in its Bylaws, which provides for the minimum distribution of 30% of adjusted net project, BRADESPAR informed its shareholders about the following: (i) on December 28, 2018, the payment of interest on capital, as at January 31, 2019, in the amount of R\$217.0 million, at the value of R\$0.585504889 per common share (net value of R\$0.497679155) and R\$0.644055377 per preferred share (net value of R\$0.547447070); and (ii) on April 30, 2019, the approval of the supplementary compensation, at the Board of Directors’ meeting, held on March 28, 2019, payable on May 15, 2019, for purposes of compliance with minimum management compensation, composed of the following:

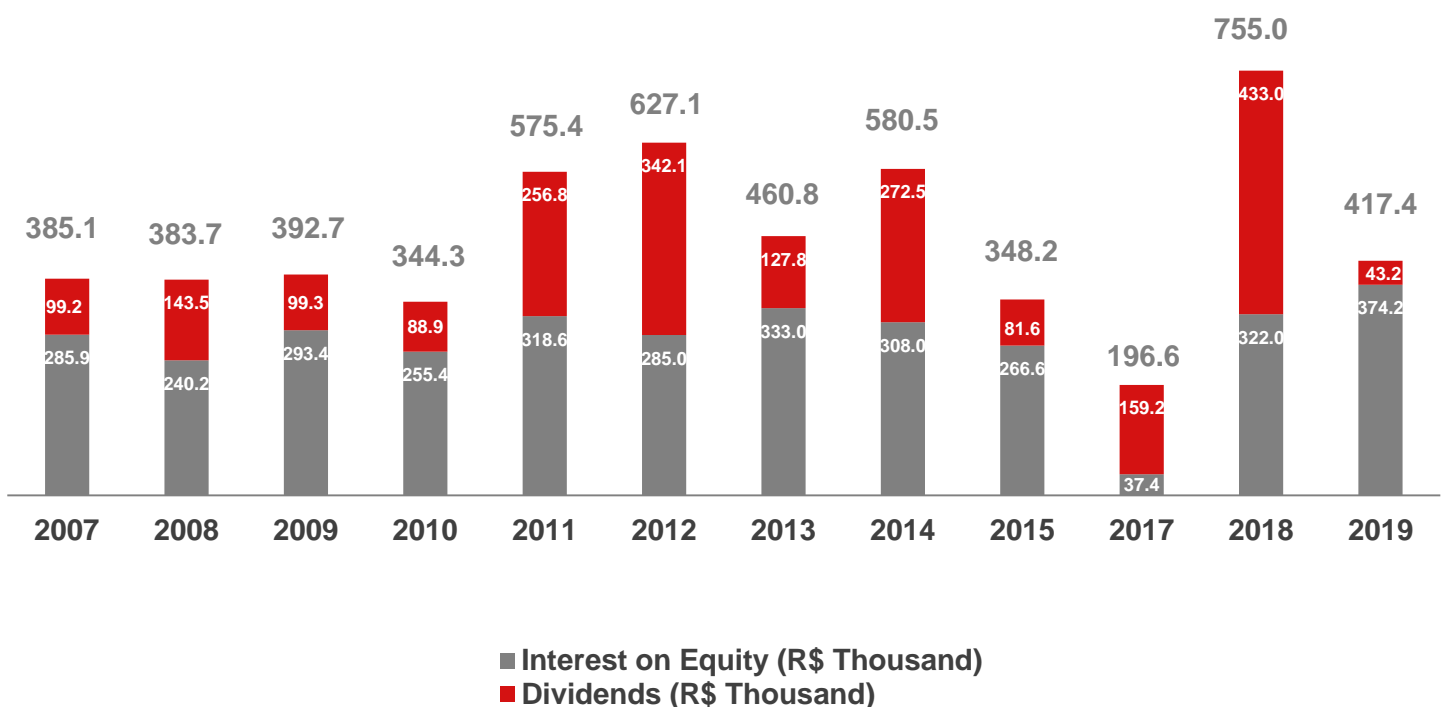
- interest on capital, in the amount of R\$157.2 million, at the value of R\$0.424234718 per common share (net value of R\$0.360599510) and R\$0.466658189 per preferred share (net value of R\$0.396659461);
- dividends, in the amount of R\$43.2 million, at the value of R\$0.116601815 per common share and R\$0.128261996 per preferred share, not subject to withholding income tax, as set forth in Article 10 of Law 9249/95.

Interest on capital and dividends paid and payable in 2019, for the year ended 2018, totaled R\$417.4 million.

It should be noted that due to the failure of the Dam I of the Córrego do Feijão Mine on January 25, 2019 in the city of Brumadinho, Minas Gerais state, the Board of Directors of VALE, among other measures, resolved to suspend its Shareholder Compensation Policy and consequently not to pay dividends and interest on equity until the Company’s situation is normalized.

BRADESPAR is following the matter up and will keep its shareholders and the market duly informed of the consequences for its Shareholder Compensation Policy.

### Payment History of Interest on Equity and Dividends



## CONTACT

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