

INVESTOR RELATIONS REPORT 1Q18

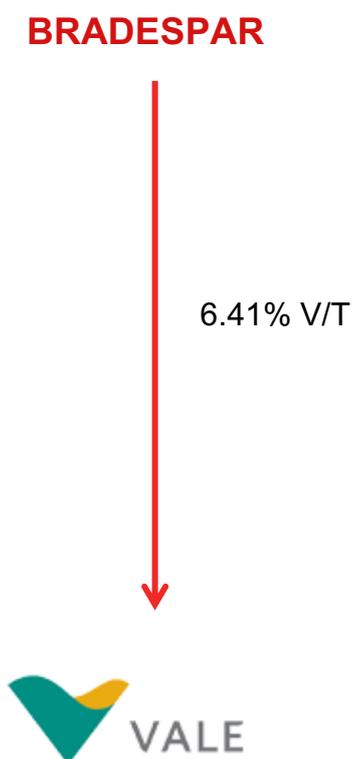
São Paulo, May 14, 2018 – BRADESPAR [B3: BRAP3 (ON), BRAP4 (PN); LATIBEX: XBRPO (ON), XBRPP (PN)] announces its results for the first quarter of 2018.

Investment Structure – 03.31.2018

Investments during last year were directed to VALE and CPFL Energia, and at the end of 2017 they were exclusively focused on VALE, a company where BRADESPAR operates directly in senior management.

At March 31, 2018, the value of its assets minus the net debt totaled approximately R\$13.9 billion

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



BALANCE SHEET

ASSETS	(R\$ thousand)	
	03/31/2018	03/31/2017
CURRENT	1,618,422	1,820,197
Cash and Cash Equivalents	1,618,239	420,757
Interest on Equity / Dividends Receivable	-	5,445
Financial Assets Available for Sale	-	1,393,813
Others	183	182
NON-CURRENT ASSETS	9,708,850	8,819,224
Long Term	175,457	193,614
Recoverable Taxes	168,193	186,789
Judicial Deposits	7,264	6,825
Investments	9,533,386	8,625,605
Fixed Assets	7	5
TOTAL	11,327,272	10,639,421

LIABILITIES	(R\$ thousand)	
	03/31/2018	03/31/2017
CURRENT	2,229,070	755,858
Dividends and Interest on Equity Payable	435,434	161,834
Debentures Payable	1,740,736	-
Tax and Contributions Payable	492	3,870
Provision for Tax and Contributions	25,078	563,582
Other Obligations	27,330	26,572
NON-CURRENT LIABILITIES	595,435	1,636,980
Debentures Payable	-	1,598,013
Provision and Legal Obligations	595,435	38,967
SHAREHOLDER'S EQUITY	8,502,766	8,246,583
Capital Stock	4,100,000	4,100,000
Treasury Shares	2,026,339	452,916
Profit Reserve	(20,310)	(20,310)
Adjustment to Equity Evaluation	2,680,251	3,290,993
Result of the Period	(283,514)	422,984
TOTAL	11,327,271	10,639,421

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)		
	1Q18	1Q17	Var %
Equity Income	324,785	464,700	-30.1%
Operating Revenue	324,785	464,700	-30.1%
General and Administrative Expenses	(1,135)	(1,128)	0.6%
Payroll Expenses	(1,095)	(998)	9.7%
Financial Revenues (Expenses)	(265)	(33,405)	-99.2%
Tax Expenses	(16,382)	(1,003)	-
Other Operational Expenses	(555,112)	-	-
Operational Result before Income Tax/Social Contribution	(249,204)	428,166	-
Income Tax / Social Contribution	(34,310)	(5,182)	-
Results for the Period	(283,514)	422,984	-

Operating Revenue

As an investment company, BRADESPAR's operating revenue originates from the equity income, dividends and interest on equity of VALE.

In the first quarter of 2018, BRADESPAR reported operating revenues of R\$324.8 million.

It is worth noting the strong performance of VALE, particularly the record sales volume of iron ore and pellets for a first quarter, despite the challenge of lower seasonal production.

It should also be noted that with the strong cash generation, coupled with the funds from the sale of fertilizer assets for Mosaic and the Nacala Corridor project finance in Mozambique, allowed a substantial reduction in its leverage, with net debt reaching US\$14.9 billion, the lowest level since the first quarter of 2011.

Financial Results

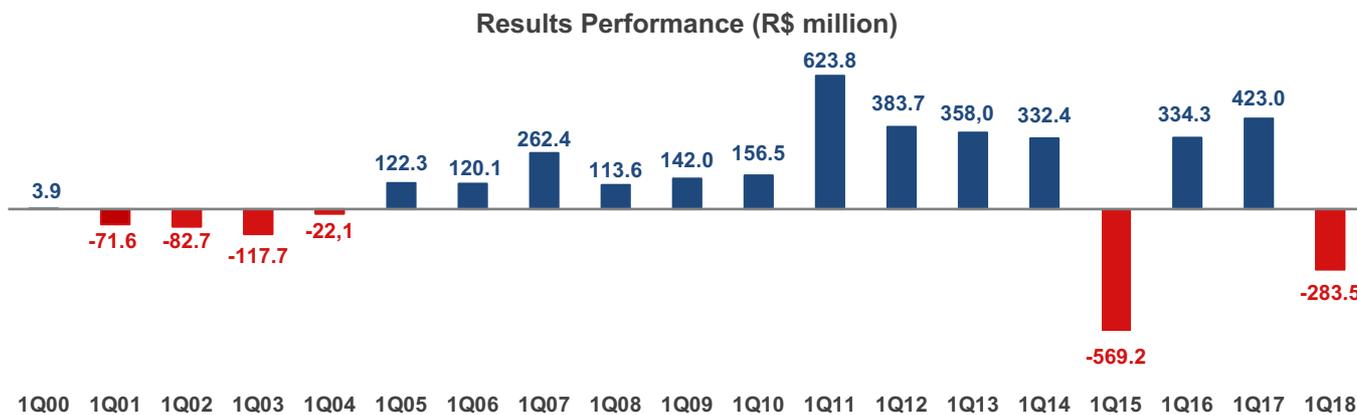
The financial result of BRADESPAR, in the first quarter of 2018, was a negative - R\$265,000, mainly due to the income on financial investments and interest on BRADESPAR's debentures, calculated based on CDI, impacted by the interest rate (SELIC) in the period.

Payroll, General and Administrative Expenses

BRADESPAR's payroll, general and administrative expenses totaled R\$2.2 million in the first quarter of 2018, versus R\$2.1 million in the same period of the previous year.

Quarter Results

In the first quarter of 2018, BRADESPAR's loss was R\$283.5 million, reflecting the provision of the Elétron judicial process, represented in the line other operating expenses.



COMMENTS ON INVESTEEES

VALE

VALE figures as the world's largest producer of iron ore and pellets, essential raw materials for the steel industry. It is also the world's largest producer of nickel, with applications in the stainless-steel industry and alloys used in the production of aircraft, automobiles, mining and energy equipment, cell phones, batteries, special batteries for electric and hybrid vehicles, among many others. In addition, it produces manganese, iron-alloys, thermal and metallurgical coal, copper, platinum group metals, gold, silver, cobalt, potassium, phosphates and other fertilizing nutrients, important raw materials for industry and global agriculture. To support its growth strategy, the Company also operates large logistics systems in Brazil and other regions of the world, including railways, maritime terminals and ports, integrated into its mining operations.

The main highlights of VALE's performance in the first quarter of 2018 were:

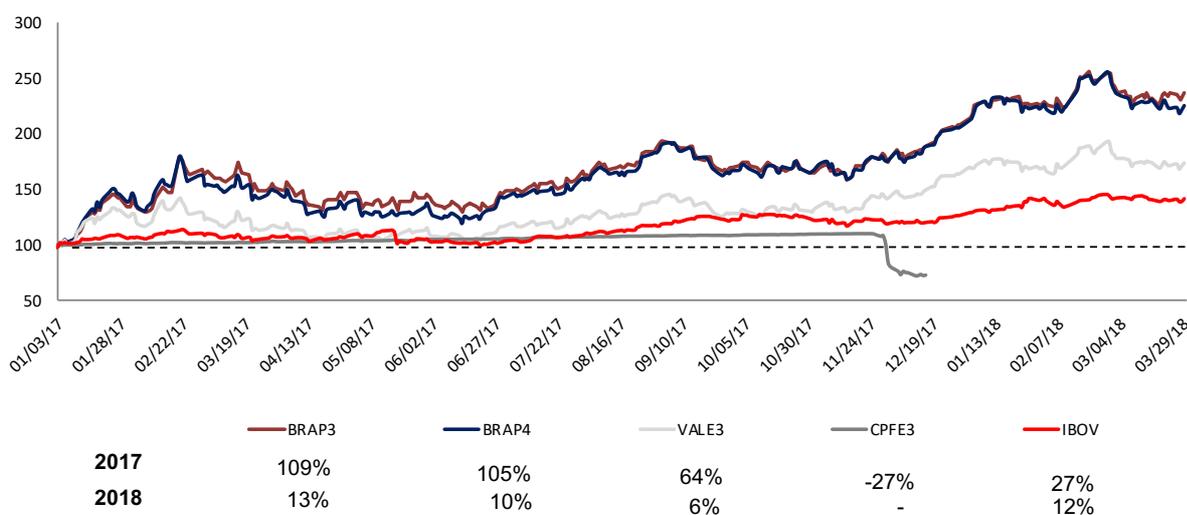
- Adjusted EBITDA totaled R\$12.9 billion, mainly due to higher prices and active portfolio management;
- Net income of R\$5.1 billion; and
- Investments reached the lowest level for a first quarter since 2005, totaling US\$890.0 million, consisting of US\$361.0 million in project execution and US\$529.0 million in operations maintenance.

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 1Q18

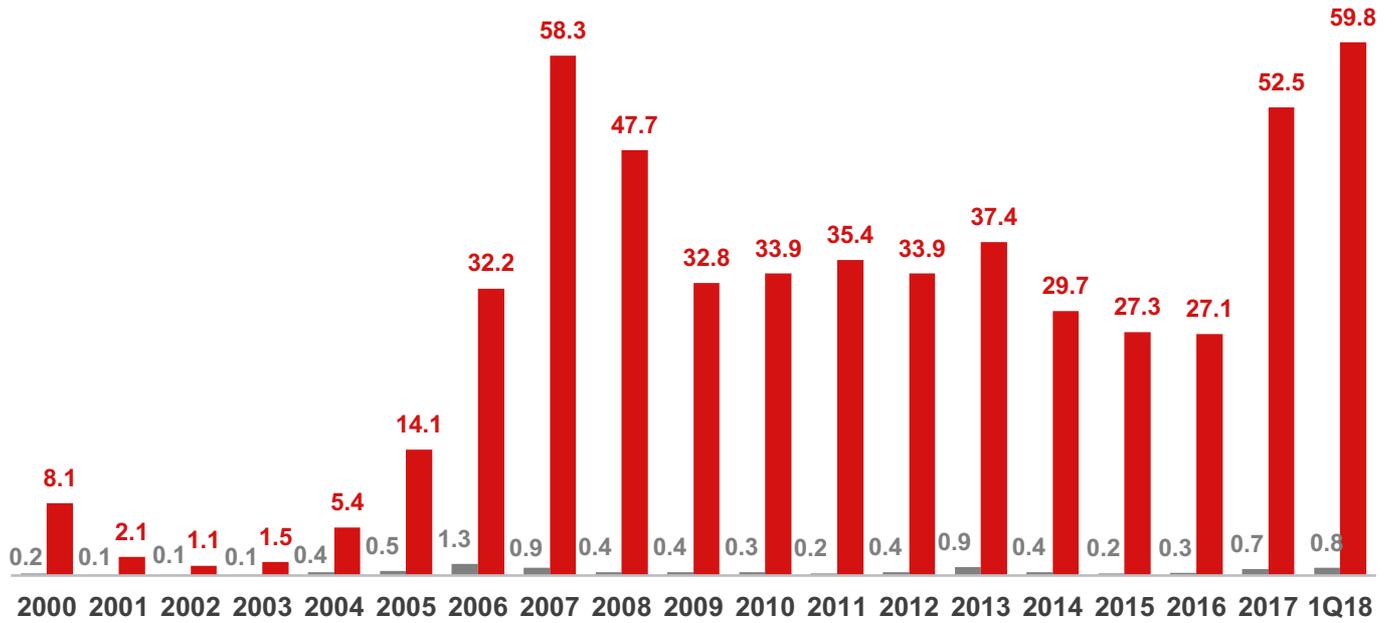


Prices adjusted for shareholder payments, including Dividends and/or Interest on Equity.
Source: Economatica.

Liquidity

In 1Q18, the average daily trading volume of BRADESPAR's preferred shares (BRAP4) reached R\$59.8 million, while the average number of trades for BRAP4 on B3 was 6,047.

Average Daily Trading Volume (R\$ million)



Source: Economatica.

■ BRAP3

■ BRAP4

Premium / Discount

At the end of 1Q18, the market value of BRADESPAR's interest in VALE reached R\$14.1 billion. The market value of BRADESPAR in relation to VALE, deducting the net debt of R\$130 million, was a discount of 24.0%, that is, BRADESPAR's market capitalization corresponds to 76.0% of the net value of its assets

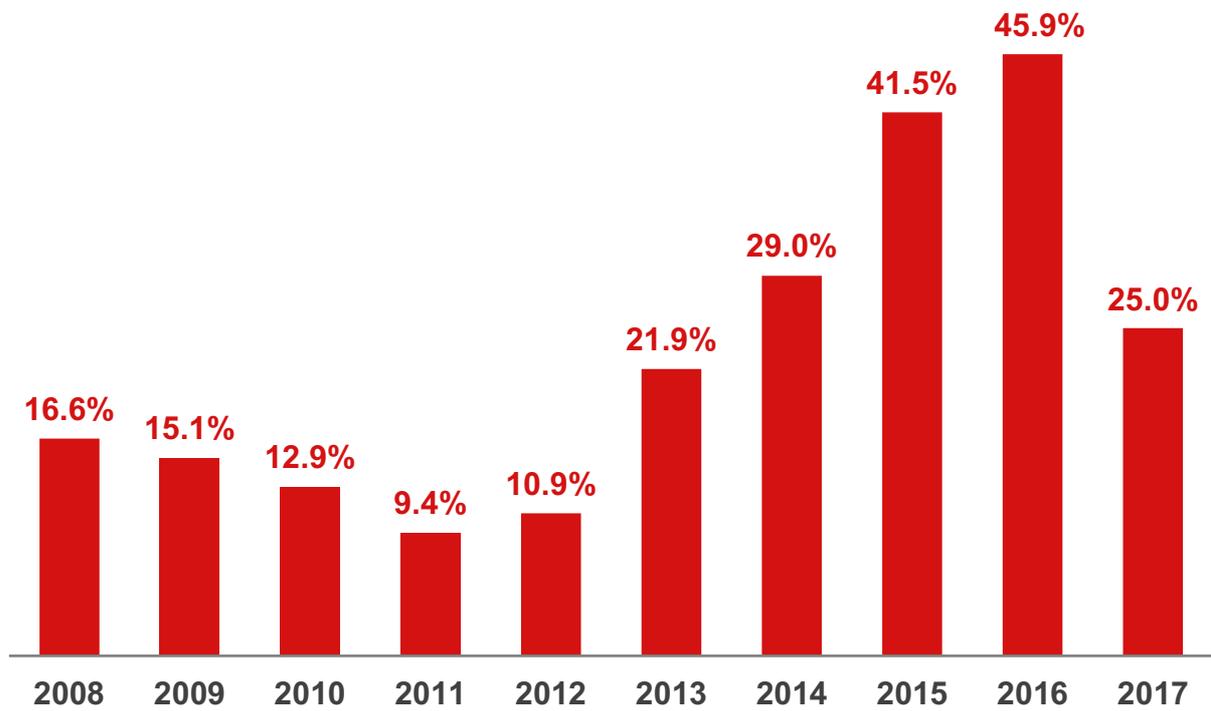
BRADESPAR's Net Asset Value vs. Market Cap (closing prices on March 29, 2018)

Companies	BRADESPAR's stake					
	Price (R\$/share)	Number of Shares	% of Total Capital	Market Value (R\$ thousand)	Market Value (US\$ thousand)	Market Value (EURO thousand)
VALE ON	42.21	332,965,266	6.41%	14,054,464	4,228,687	3,438,377
Bradespar's Total Assets Value (A)				14,054,464	4,228,687	3,438,377
Bradespar's Net Debt (B) ⁽¹⁾				(130,000)	(39,115)	(31,804)
Bradespar's Cash and Cash Equivalents				1,611,000	484,715	394,126
Bradespar's Gross Debt				(1,741,000)	(523,830)	(425,930)
Bradespar's Net Asset Value (C) = (A) + (B)				13,924,464	4,189,572	3,406,573
Bradespar's Market Capitalization (D)				10,579,659	3,183,193	2,588,278
Common Shares (BRAP3)	28.00	122,523,049		3,430,645	1,032,208	839,296
Preferred Shares (BRAP4)	31.49	227,024,896		7,149,014	2,150,985	1,748,982
Difference between net asset value and market capitalization (C) - (D)				3,344,805	1,006,379	818,295
DISCOUNT ⁽²⁾				24.0%		

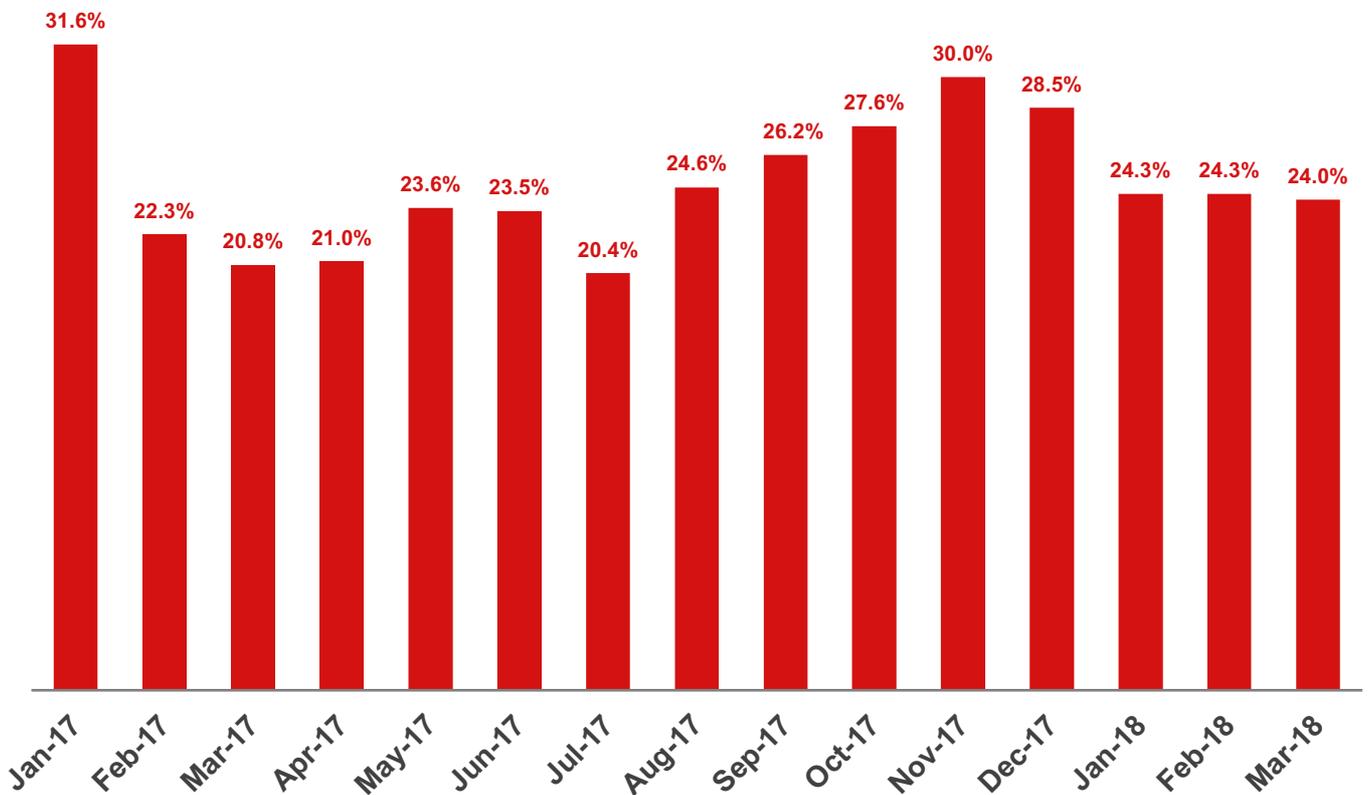
(1) Net Debt on 03/29/2018.

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

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



Note: Average discount at the end of each month.



Note: Discount on the last business day of the month.

SUBSEQUENT EVENTS

BRADESPAR was a party, with Litel Participações S.A. (“LITEL”), in an Arbitration Proceeding filed by ELÉTRON S.A. (“ELÉTRON”), in which ELÉTRON requested recognition of the right to: (i) acquire a certain number of shares of VALEPAR and (ii) be indemnified for any losses and damages. A partial ruling, rendered in this arbitration, acknowledged that BRADESPAR and LITEL had to sell VALEPAR’s shares, under the conditions that would be established in the final decision of the arbitration.

On September 5, 2011 and October 3, 2011, the Arbitration Court, moving forward with the partial ruling, rendered a final decision and established, by a majority, that BRADESPAR and LITEL should transfer to ELÉTRON, after the payment of the purchase price, 37,500,000 common shares issued by VALEPAR. ELÉTRON’s claim for damages and losses was rejected by the Arbitration Court.

On October 2, 2014, ELÉTRON filed, against BRADESPAR and LITEL, in the proportion of 50% for each, given the solidarity established, the enforcement of the Arbitration Decision. In this lawsuit, ELÉTRON indicated the payment of an amount that did not correspond to the purchase price established in the Arbitration Decision, which led the Debtors to challenge the Enforcement. On March 4, 2015, after BRADESPAR and LITEL filed the motion to deny, ELÉTRON requested the conversion of the enforcement into payment of losses and damages, presenting an intended amount of R\$2.6 billion, plus legal fees. The judge granted the request. BRADESPAR and LITEL appealed the conversion, but the TJ/RJ maintained the decision. However, established that, in the meantime, the amount of losses and damages should be calculated through an expert investigation.

After such expert investigation, the Expert Report indicated an amount of losses and damages that totaled R\$4.0 billion, on the conclusion of the report, i.e., April 26, 2017. The debtors, BRADESPAR and LITEL, refused the conclusions presented in the Expert Report, indicating the need for a new investigation.

The expert assistants of BRADESPAR question the criteria adopted in the Expert Report, which, after being corrected, would present R\$288 million as losses and damages.

According to a decision published on May 2, 2018, the Judge approved the R\$4.0 billion report presented, refuting the arguments presented by the debtors. The ratification decision is subject to appeal to the TJ/RJ.

Based on the analysis of the arbitration and judicial proceedings mentioned above, and considering the last events of the proceeding, especially the ratification of the calculation by the first-level court Judge, the legal advisers of BRADESPAR classify the probability of loss related to these proceedings as probable. However, the probable loss amount would be the amount of the option claimed, which would be a net amount of R\$1.1 billion on March 29, 2018. Therefore, this led the Company’s Management to make a provision of R\$555 million, corresponding to the percentage of its responsibility indicated by the Creditor in the enforcement proceeding.

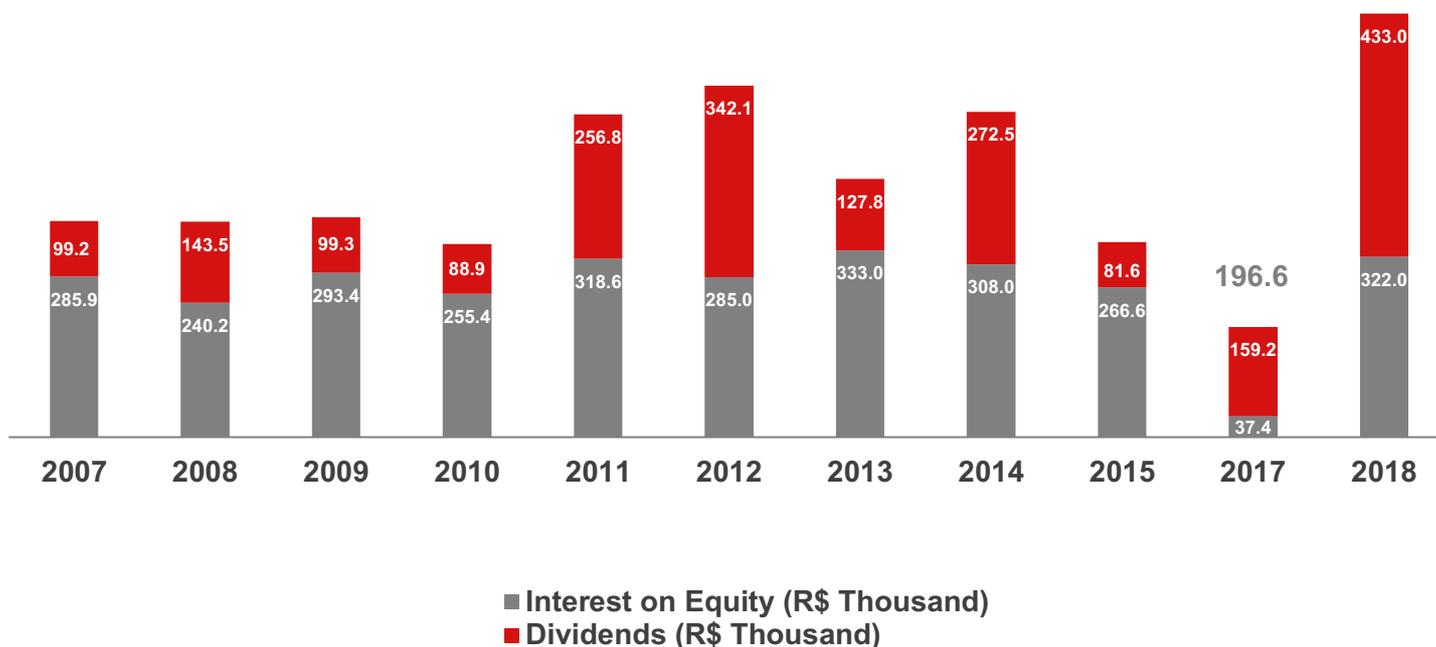
DIVIDENDS AND INTEREST ON EQUITY

In accordance with its "Indicative Annual Remuneration Policy", and in compliance with the Bylaws that determine the distribution of at least 30% of adjusted net income, BRADESPAR notified its shareholders, on April 27, 2018, that approved the proposal of the Board of Directors of March 20, 2018, for the payment of dividends, in the amount of R\$433.0 million, to be paid on May 15 of the current year, based on the net income for the fiscal year 2017.

R\$1.168182086 per common share and R\$1.285000295 per preferred share will be paid, with no Withholding Income Tax withheld, pursuant to Article 10 of Law # 9249/95.

Interest on capital and dividends paid and payable in 2018, based on the fiscal year of 2017, totaled R\$755.0 million, the highest annual volume ever paid by BRADESPAR.

Payment History of Interest on Equity and Dividends



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