

1Q19  
INVESTOR  
RELATIONS  
REPORT

São Paulo, May 14, 2019 – BRADESPAR [B3: BRAP3 (ON), BRAP4 (PN); LATIBEX: XBRPO (ON), XBRPP (PN)] announces its results for 1Q19.

### Investment Structure – 03.31.2019

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 March, 2019, the market value of BRADESPAR's assets, minus net debt, totaled R\$ 15.1 billion.

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

**BRADESPAR**

5.73% V/T



## BALANCE SHEET

ASSETS	(R\$ thousand)	
	03/31/2019	03/31/2018
<b>CURRENT</b>	<b>328,790</b>	<b>1,618,422</b>
Cash and Cash Equivalents	328,606	1,618,239
Others	184	183
<b>NON-CURRENT ASSETS</b>	<b>9,784,526</b>	<b>9,708,849</b>
<b>Long Term</b>	<b>238,941</b>	<b>175,456</b>
Recoverable Taxes	231,360	168,192
Judicial Deposits	7,581	7,264
<b>Investments</b>	<b>9,544,619</b>	<b>9,533,386</b>
<b>Fixed Assets</b>	<b>5</b>	<b>7</b>
<b>Intangible</b>	<b>961</b>	<b>-</b>
<b>TOTAL</b>	<b>10,113,316</b>	<b>11,327,271</b>

LIABILITIES	(R\$ thousand)	
	03/31/2019	03/31/2018
<b>CURRENT</b>	<b>230,634</b>	<b>2,229,070</b>
Interest on Equity and Dividends Payable	204,178	435,434
Debentures Payable	-	1,740,736
Taxes and Contributions Payable	300	492
Provision for Tax and Contributions	-	25,078
Leases - Right of Use	56	-
Other Liabilities	26,100	27,330
<b>NON-CURRENT LIABILITIES</b>	<b>220,837</b>	<b>595,435</b>
Debentures Payable	213,196	-
Provision and Legal Obligations	6,727	595,435
Leases - Right of Use	914	-
<b>SHAREHOLDERS' EQUITY</b>	<b>9,661,845</b>	<b>8,502,766</b>
Capital Stock	4,100,000	4,100,000
Profit Reserve	2,779,080	2,026,339
Treasury Shares	-	(20,310)
Adjustment to Equity Evaluation	3,137,856	2,680,251
Results of the Period	(355,091)	(283,514)
<b>TOTAL</b>	<b>10,113,316</b>	<b>11,327,271</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)		
	1Q19	1Q18	Chg %
Equity Income	(357,175)	324,785	-
<b>Operating Results</b>	<b>(357,175)</b>	<b>324,785</b>	<b>-</b>
Payroll Expenses	(1,514)	(1,095)	38.3%
Tax Expenses	(452)	(16,382)	-97.2%
General and Administrative Expenses	(1,161)	(1,135)	2.3%
Other Operational Expenses	(38)	(555,112)	-
Financial Revenues (Expenses)	6,078	(265)	-
<b>Operational Result before Income Tax/Social Contribution</b>	<b>(354,262)</b>	<b>(249,204)</b>	<b>42.2%</b>
Income Tax/Social Contribution	(829)	(34,310)	-97.6%
<b>Results for the Period</b>	<b>(355,091)</b>	<b>(283,514)</b>	<b>25.2%</b>

### Operating Result

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

In the first quarter of 2019, BRADESPAR recorded financial loss in the amount of R\$357.2 million, impacted by the provision, in the amount of R\$19.0 billion, recorded by investee VALE, by virtue of the disruption of dam I in the Córrego do Feijão Mine region, in the City of Brumadinho, State of Minas Gerais, on January 25, 2019, which decreased the sales of ferrous and basic metals, partially compensated by better iron ore prices.

### Financial Results

Finance income for the quarter then ended totaled R\$6.1 million, mainly due to the revenue from short-term investments and reduction of BRADESPAR's debt, upon early redemption of the total Third Issuance of Promissory Notes, in the amount of R\$2,458 billion, and partial early redemption of the Seventh Public Issuance of Simple Debentures, in the amount of R\$512.7 million, at the end of 2018.

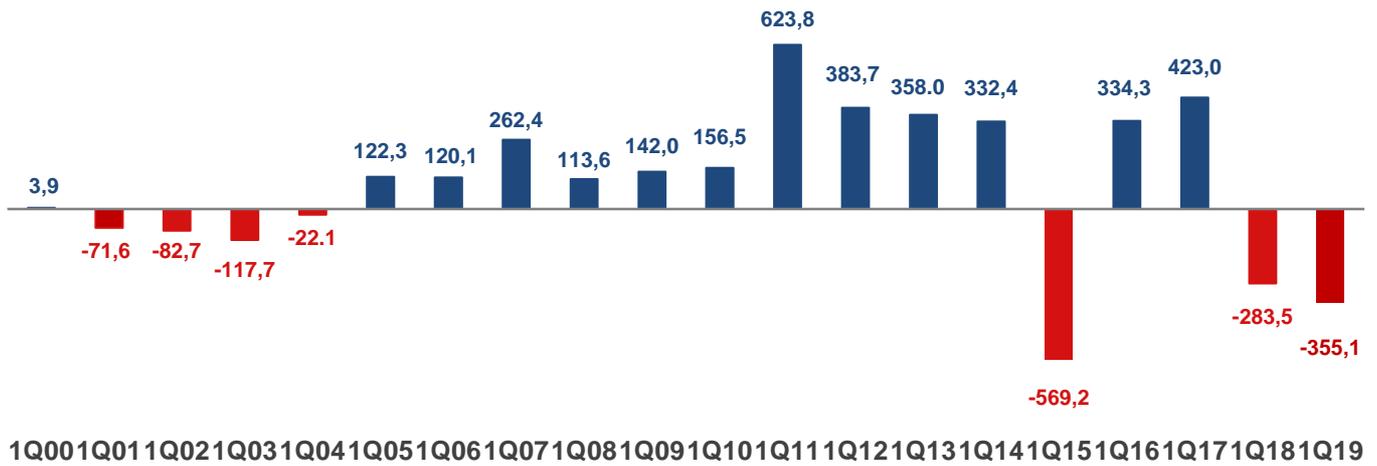
### Payroll, General and Administrative Expenses

In the first quarter of 2019, BRADESPAR's payroll, general and administrative expenses totaled R\$2.7 million compared to R\$2.2 million in the same period of prior year.

## Results of the Quarter

In the first quarter of 2019, BRADESPAR's loss totaled R\$355.1 million, due to the results recorded by VALE, as referred to above.

Result Performance (R\$ million)



## 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 other regions in the world, including railways, maritime and port terminals that are integrated to its operations.

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

- Negative adjusted EBITDA of US\$ 652.0 million; and
- Loss of US\$ 1.6 billion.

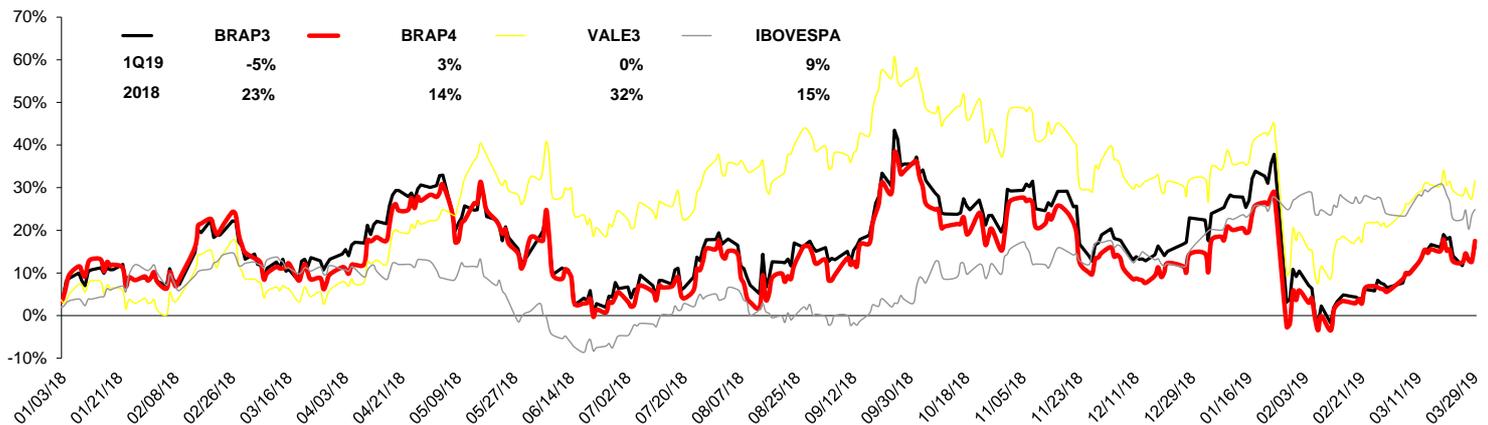
### Capital Market

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.

In 1Q19, the Company's shares appreciated by 2.8% (BRAP4) and fell by 5.5% (BRAP3), while IBOVESPA accumulated a 8.6% increase and the shares of its investee, VALE, decreased 0.1%.

### Shares Performance on B3 in 1Q19

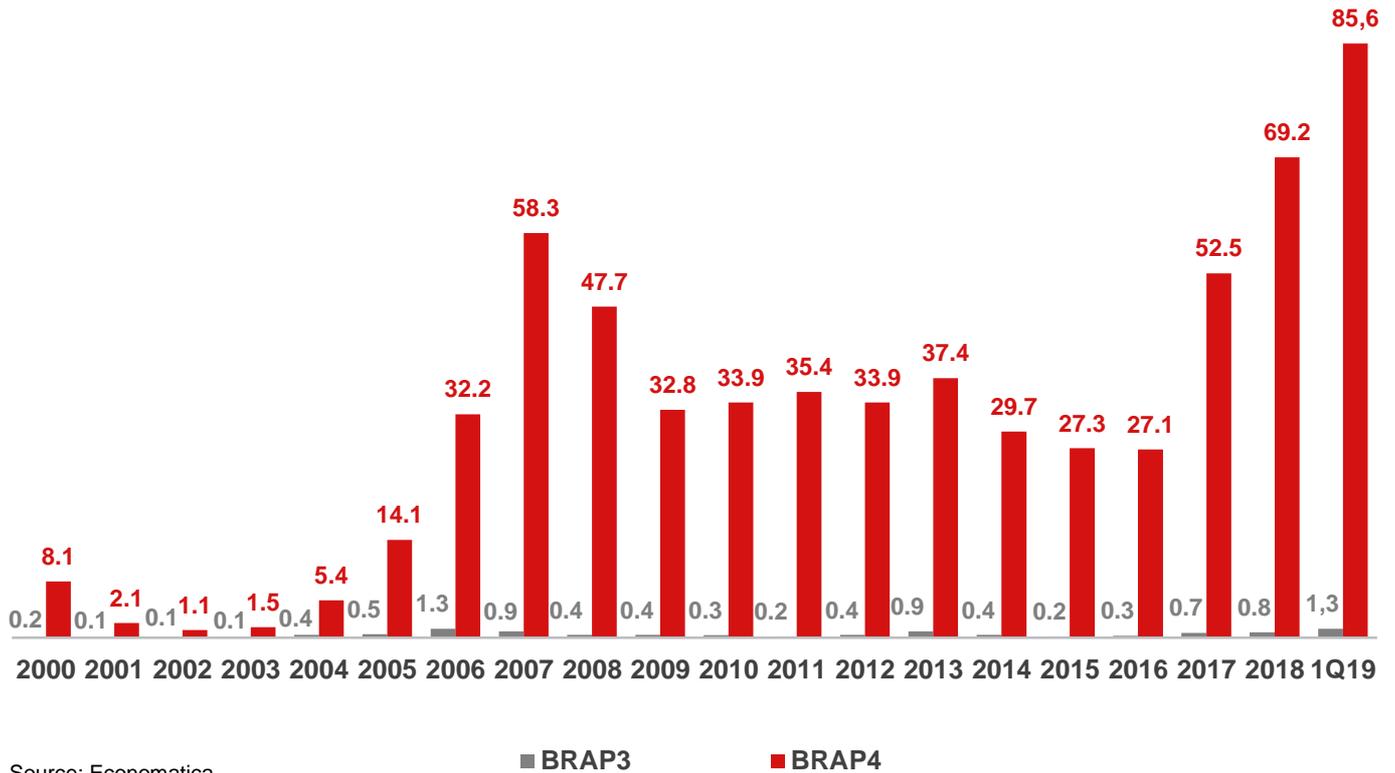


Prices adjusted for shareholder payments, including Dividends and/or Interest on Equity.  
Source: Economatica.

## Liquidity

The average daily trading volume of BRADESPAR preferred shares (BRAP4), traded in 1Q19, was R\$ 85.6 million. The average number of trades for BRAP4 on B3 was 11,918 in the same period.

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



## Premium / Discount

At the end of 1Q19, the market value of BRADESPAR's interest in VALE reached R\$15.0 billion. The market value of BRADESPAR, in relation to VALE, was a discount of 30.2%, that is, BRADESPAR's market capitalization corresponds to 69.8% of the net value of its assets.

### BRADESPAR's Net Asset Value vs. Market Cap (closing prices on March 29, 2019)

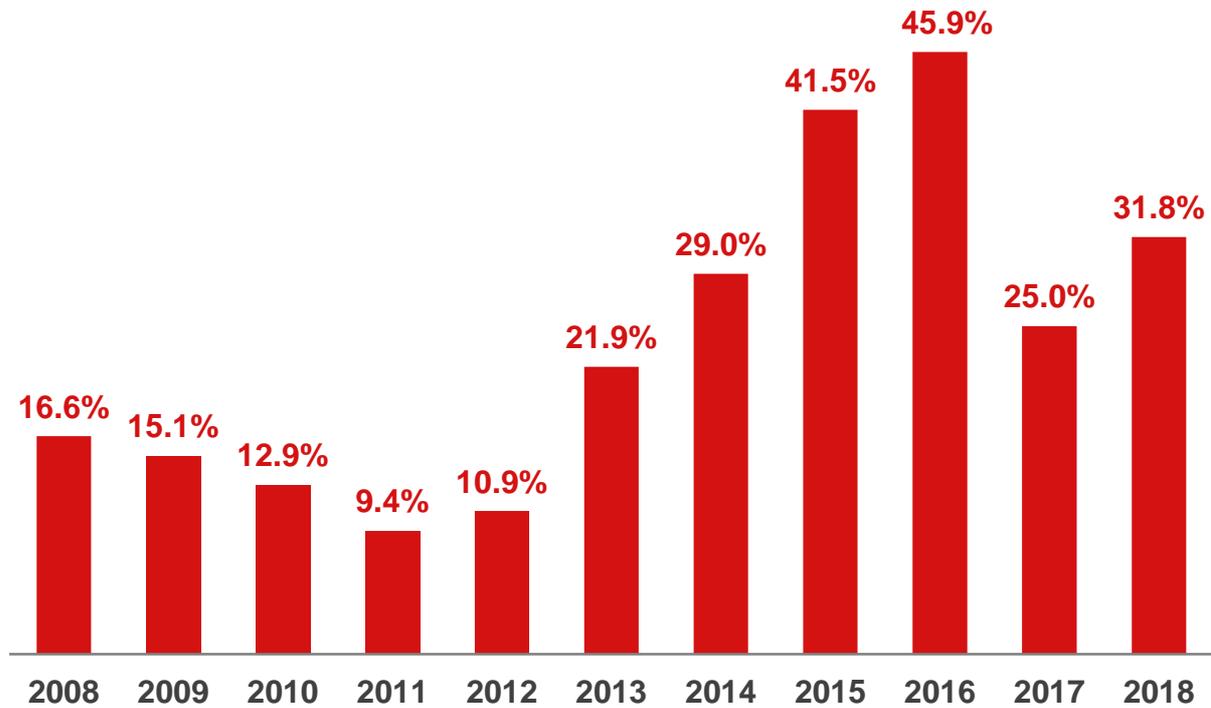
Companies	BRADESPAR's stake					
	Price (R\$/share)	Price (R\$/share)	Price (R\$/share) <sup>(3)</sup>	Price (R\$/share)	Price (R\$/share)	Price (R\$/share)
VALE ON	50.93	293,907,266	5.73%	14,968,697	3,846,313	3,425,491
<b>Bradespar's Total Assets Value ( A )</b>				<b>14,968,697</b>	<b>3,846,313</b>	<b>3,425,491</b>
<b>Bradespar's Net Debt ( B ) <sup>(1)</sup></b>				<b>112,459</b>	<b>28,897</b>	<b>25,736</b>
Bradespar's Cash and Cash Equivalents				325,871	83,735	74,574
Bradespar's Gross Debt				(213,412)	(54,838)	(48,838)
<b>Bradespar's Net Asset Value ( C ) = ( A ) + ( B )</b>				<b>15,081,156</b>	<b>3,875,210</b>	<b>3,451,227</b>
<b>Bradespar's Market Capitalization ( D )</b>				<b>10,520,750</b>	<b>2,703,381</b>	<b>2,407,606</b>
Common Shares (BRAP3)	27.14	122,171,449		3,315,733	852,001	758,784
Preferred Shares (BRAP4)	31.90	225,862,596		7,205,017	1,851,380	1,648,822
<b>Difference between net asset value and market capitalization ( C ) - ( D )</b>				4,560,406	1,171,829	1,043,621
<b>DISCOUNT <sup>(2)</sup></b>				<b>30.2%</b>		

(1) Net Debt on 03/29/2019

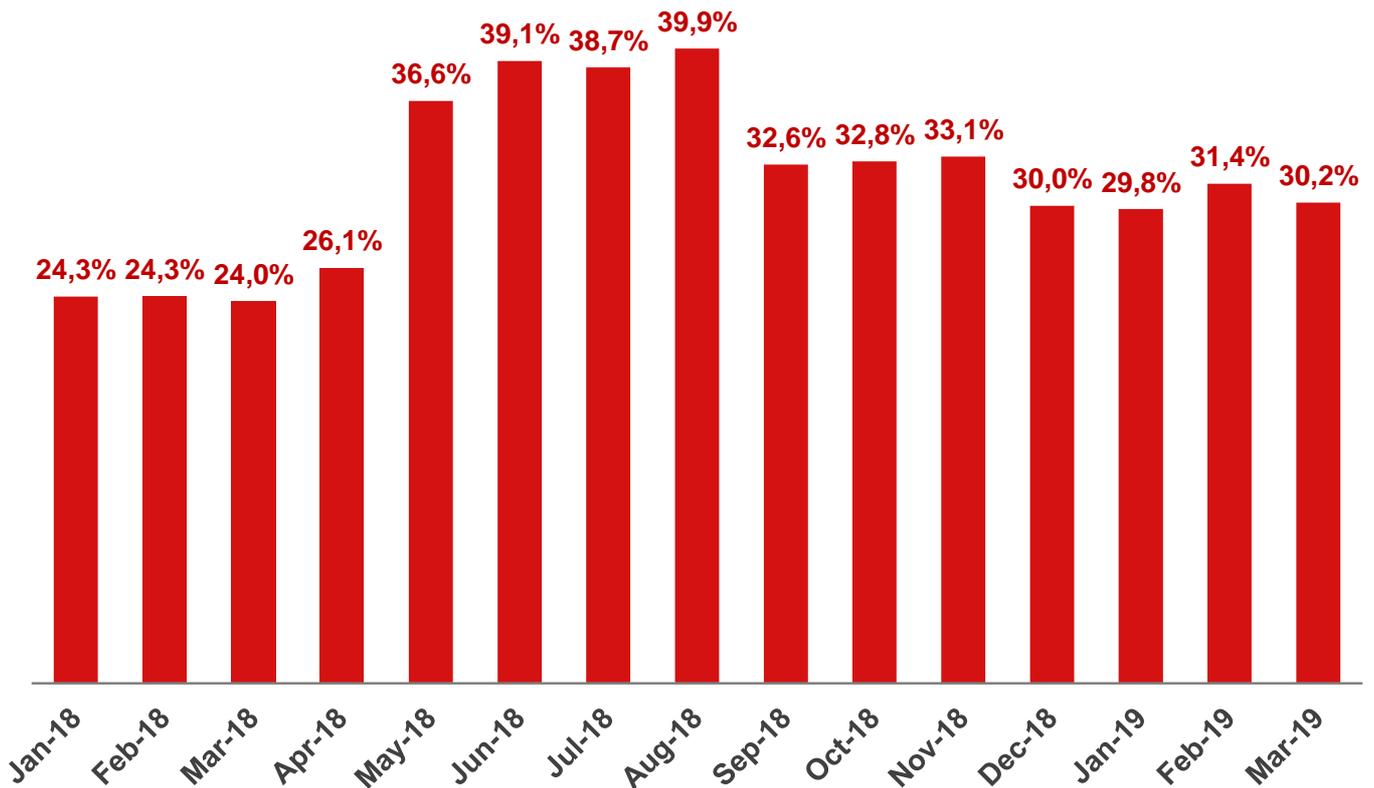
(2) ((BRADESPAR's Market Cap)/(Asset Value + Net Debt)) - 1

(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.

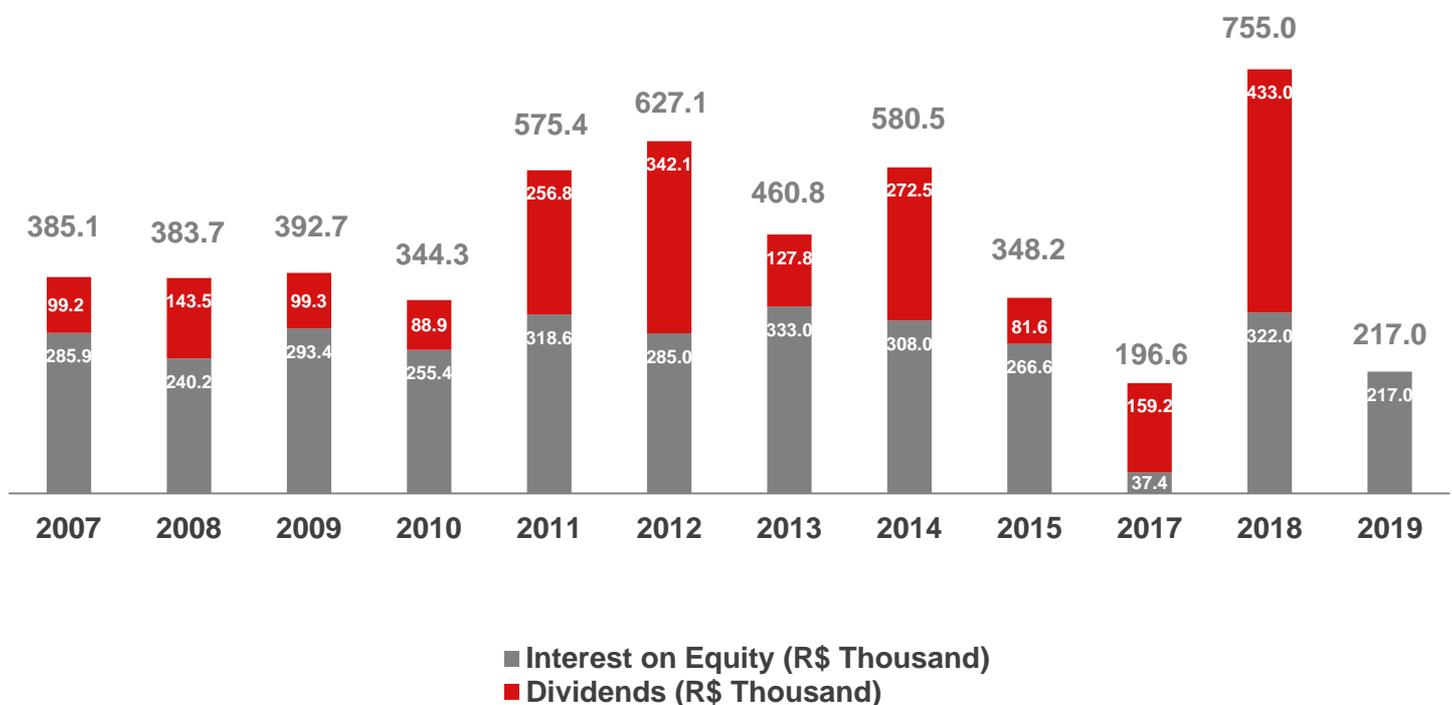
## DIVIDENDS AND INTEREST ON EQUITY

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); and
- 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.

### Payment History of Interest on Equity and Dividends



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