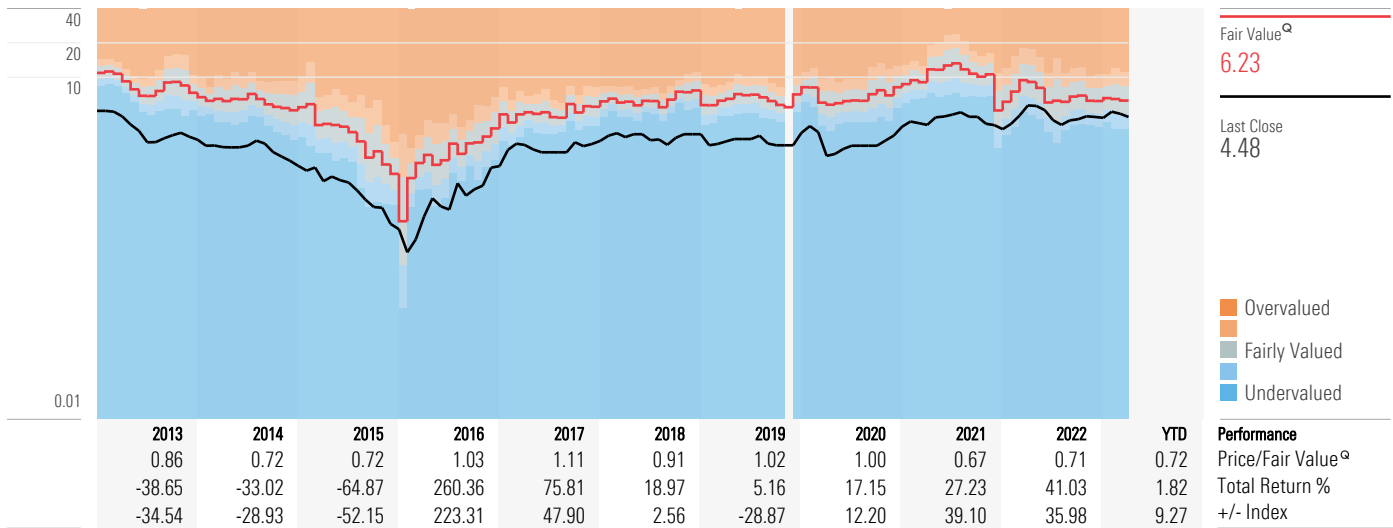


# Bradespar SA XBRPO ★★★★★ Q 20 Mar 2023, 22:38 UTC

<b>Economic Moat</b> <sup>Q</sup>	<b>Uncertainty</b> <sup>Q</sup>	<b>Price/Fair Value</b> <sup>Q</sup>	<b>ESG Risk Rating Assessment</b> <sup>1</sup>	<b>Trailing Dividend Yield %</b>	<b>Market Cap</b>	<b>Investment Style</b>	<b>Sector</b>	<b>Industry</b>
None	Very High	0.7	1 Mar 2023 06:00, UTC	12.05	1.8288 Bil	Mid Value	Financial Services	Asset Management



As of 20 Mar 2023 | Index: Morningstar Brazil GR BRL. Fair Value data as of 20 Mar 2023, 22:38 UTC.

'The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating. Lee Davidson, Head of Manger and Quantitative Research, oversees the methodology that supports Quantitative Fair Value Estimates and Quantitative Star Ratings. Mr. Davidson is guided by the Code of Ethics and Investment Research Integrity Policy of Morningstar Research Services LLC, a subsidiary of Morningstar, Inc. Morningstar's Quantitative Research team, which consist of employees of Morningstar, Inc., are guided by Morningstar, Inc.'s Code of Ethics. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>.

## Valuation <sup>Q</sup> as of 20 Mar 2023

**Fair Value** <sup>Q</sup>  
**6.23**

**Uncertainty** <sup>Q</sup> :  
Very High

**Last Close**  
**4.48**

**Economic Moat** <sup>Q</sup>  
None

**Financial Health** <sup>Q</sup>  
Strong

**1-Star Price** <sup>Q</sup>  
> 11.01

**5-Star Price** <sup>Q</sup>  
< 3.53

XBRPO is Under Valued at a 28% discount.

## Financials as of 20 Mar 2023 (Fiscal Year End 31 Dec 2020)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD	Fiscal
8.80	-12.85	-2,549.43	673.94	2,632.85	2,724.28	-345.64	1,513.05	8,143.42	—	3,084.67	Revenue (Mil)
—	—	—	—	—	—	—	—	—	—	1,182	Operating Income (Mil)
—	—	—	—	—	—	—	—	—	—	93.91	Operating Margin (%)
-48	101	-2,590	629	2,328	1,190	-403	1,467	8,079	—	2,979	Net Income (Mil)
-0.12	0.26	-6.19	1.50	5.54	2.84	-0.96	3.51	19.30	—	7.12	Diluted Earnings/Share
415	598	387	61	-56	-782	121	979	4,252	—	1,147	Operating Cash Flow (Mil)
—	—	—	—	—	—	-117	—	—	—	-202	Capital Spending (K)
415	598	387	61	-56	-782	121	979	4,252	—	1,146	Free Cash Flow (Mil)
395	395	420	420	420	419	419	418	419	—	419	Avg Shares Outstand(Mil)
1.10	1.38	0.83	0.09	1.15	1.03	0.64	1.61	9.70	2.97	0.54	Dividend Per Share

## Valuation as of 20 Mar 2023

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Current	Calendar
0.86	0.72	0.72	1.03	1.11	0.91	1.02	1.00	0.67	0.71	0.72	Price/Fair Value <sup>Q</sup>
13.20	—	—	—	7.50	5.07	5.86	21.46	1.64	1.71	1.76	Price/Sales
14.27	—	—	—	8.26	21.08	6.16	25.64	1.67	1.75	1.80	Price/Earnings
14.39	9.81	2.59	22.76	30.81	—	103.49	19.16	2.13	8.81	9.06	Price/Cash Flow
0.71	0.45	0.15	0.55	0.94	1.18	1.11	1.51	0.61	1.24	1.28	Price/Book

## Operating Performance as of 20 Mar 2023 (Fiscal Year End 31 Dec 2020)

2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Q3	Fiscal (%)
-0.44	0.95	-25.53	6.3	21.56	10.84	-3.89	13.71	85.71	—	13.51	Return on Assets
-0.52	1.13	-30.74	7.95	27.86	12.69	-4.13	14.1	86.14	—	13.64	Return on Equity
—	—	—	—	—	—	—	—	—	—	—	Rtn on Invested Capital

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## Business Description

Bradespar is a Brazil-based holding company whose corporate purpose and single business segment is to hold equity interest as a partner or shareholder in other companies. Its holding companies include Millennium Security Holdings, which does business in the British Virgin Islands;

and Vale S.A., which produces iron ore, raw materials for the steel and nickel industries, and metals. The company's operating income originates from equity accounting, dividends, and interest on equity received from Vale and interest from redeemable shares received.

## Quantitative Equity Reports Overview

The quantitative report on equities consists of data, statistics and quantitative equity ratings on equity securities. Morningstar, Inc.'s quantitative equity ratings are forward looking and are generated by a statistical model that is based on Morningstar Inc.'s analyst-driven equity ratings and quantitative statistics. Given the nature of the quantitative report and the quantitative ratings, there is no one analyst in which a given report is attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative equity ratings used in this report. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities.

### Quantitative Equity Ratings

Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

**Narrow** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

**Wide** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

**None** – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

★ – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1\*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) < -1.5\*Quantitative Uncertainty*

★★ – the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1\*Quantitative Uncertainty, -0.5\*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5\*Quantitative Uncertainty, -0.75\*Quantitative Uncertainty)*

★★★ – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5\*Quantitative Uncertainty, 0.5\*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-0.75\*Quantitative Uncertainty, 0.75\*Quantitative Uncertainty)*

★★★★ – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5\*Quantitative Uncertainty, 1\*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (0.75\*Quantitative Uncertainty, 1.5\*Quantitative Uncertainty)*

★★★★★ – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1\*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) > 1.5\*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

**Low** – the interquartile range for possible fair values is less than 10%

**Medium** – the interquartile range for possible fair values is less than 15% but greater than 10%

**High** – the interquartile range for possible fair values is less than 35% but greater than 15%

**Very High** – the interquartile range for possible fair values is less than 80% but greater than 35%

**Extreme** – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

**Weak** – assigned when Quantitative Financial Health < 0.2

**Moderate** – assigned when Quantitative Financial Health is between 0.2 and 0.7

**Strong** – assigned when Quantitative Financial Health > 0.7

### Other Definitions

i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. **Quantitative Valuation** – Using the below terms, intended to denote the relationship between the security's **Last Price** and Morningstar's quantitative fair value estimate for that security.

**Undervalued – Last Price** is below Morningstar's quantitative fair value estimate.

**Fairly Valued – Last Price** is in line with Morningstar's quantitative fair value estimate.

**Overvalued – Last Price** is above Morningstar's quantitative fair value estimate.

**Overvalued – Last Price** is above Morningstar's quantitative fair value estimate.

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Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk

Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit [sustainalytics.com/esg-ratings/](https://sustainalytics.com/esg-ratings/)

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