

# Buritipar Group

## Brazil's mining innovator meets growing global demand

Buoyed by a global re-opening that has seen demand for its exports soar, the Brazilian economy is rebounding better than expected. The Central Bank of Brazil recently revised its GDP growth outlook for 2021 to 4.6%, from 3.6% earlier in the year, citing successful government support to preserve jobs, strong stimulus spending, and perhaps most importantly, soaring global commodities prices as key factors underpinning its more optimistic outlook.

The mining sector is already benefitting from resurgent commodities prices, as well as rising demand from China, an upturn in investments, and positive foreign exchange effects. Brazilian mining revenues were up 36% year-on-year in 2020, reaching \$38.7 billion, and red-hot growth has continued into 2021: The Brazil Mining Institute reports that mining sector sales surged by 98% during the first half of the year to reach \$29 billion, putting the sector on track to easily surpass last year's growth. Buritipar Group, a key player in the industry, is reaping the rewards.

Founded by businessman and engineer João Araújo, a civil engineer and entrepreneur with more than 20 years of professional experience, Buritipar Group got its start investing in operating assets in the base sectors of the Brazilian economy, through the acquisition and development of companies in the mining, metallurgy and agribusiness sectors. The business grew quickly from there by pursuing a three-pronged approach to building and sustaining the business, as Araújo explained:

"We have always sought to prepare the company for the coming years. We have reserves, we have people, and very importantly, we have logistics. There is a proverb that says 'when commodities are high you sell commodities, and when commodities are low you are a logistics company.' So, we have put together the entire package: reserves, talented people, and good logistics, which will allow us to remain agile during the business cycle."

### WHAT BEGAN AS A PROJECT AND INVESTMENT PLATFORM QUICKLY GREW TO BECOME A LEADING GROWTH DRIVER ACROSS MULTIPLE KEY SECTORS OF THE BRAZILIAN ECONOMY.

It has also acquired the Barcarena Port Terminal in the state of Pará. When the port project is completed, it will have the capacity to handle up to 12 million tons within the next decade.

But the crown jewel in its portfolio is undoubtedly Buritirama Mineração, Brazil's largest manganese producer, and the fourth-largest such producer globally. Buritipar holds a controlling stake in Buritirama, which produces roughly two million tons of ore per year, supplying products for materials including ferro-alloys, micronutrients, fertilizers, batteries and water treatment stations. The company's core is internationally recognized as some of the world's best, and its portfolio extends beyond manganese into mining of copper, potassium, titanium and rare land. Copper, nickel, lead, and zinc mining, meaning it will play an increasingly critical role in domestic and global supply chains.

For example, BloombergNEF recently increased its predictions for annual demand for lithium-ion batteries by more than a third, with electric vehicle production expected to drive surging demand in the Chinese market. Demand is forecast to exceed 2.7 terawatt hours annually by 2030, with passenger vehicles representing more than 70%

of the overall market. This translates into a massive global need for critical raw metals including manganese.

Araújo is ready to meet that demand, despite rising competition in the industry, with a tried-and-true strategy that remains focused on people and preparation.

"There are only five big manganese companies in the world and we are one of them. It can be extremely difficult to operate in this market and we most certainly have strong competition, but I have been preparing for this for the last 20 years. I also have an amazing team with me that works very hard, that is the basics."

Other important mining firms active in the group's portfolio include Paranapanema, which operates in casting, refining, and production of semi-manufactured copper and alloys. It is the sole company in Brazil to cast and refine copper into metal, another competitive advantage for the group. Kalium, whose purpose is the use of potassic rocks (Verdetes) for potassium production, magnesium, iron and aluminum oxide salts. Meanwhile, is active in producing potassium, magnesium, iron, and aluminum oxide salts from potassium rock. Buritipar's portfolio is impressive, and a growing group of foreign investors, including one of the world's highest-profile automakers, has taken note.

"Foreign interest in us came naturally, because we have manganese, copper and potash; we have the main important commodities. We have been discreet with our work, but companies are eager to work with us. Tesla, for example, signed an important partnership with us for mining

in Buritirama. The Buritirama manganese mine, in Pará, is likely to be the first in the world to work with 100% renewable energy. For this, it will have a photovoltaic energy unit and batteries supplied by the technological giant Tesla, said Araújo.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRINCIPLES UNDERPIN ALL OF THE GROUP'S OPERATIONS, AND ESG ACTIVITIES HAVE PLAYED AN INCREASINGLY IMPORTANT ROLE IN BUSINESS DEVELOPMENT, WITH ARAÚJO UNDERTAKING A UNIQUE DIVERSIFICATION STRATEGY IN AN EFFORT TO SUPPORT SUSTAINABLE PRACTICES.

This was particularly evident in 2018 when, in a turning point for the group, it founded three new companies: Avanti BR, Nexon Mining, and National Farms.

Nexon Mining acts as an investment platform aimed at diversifying the group's portfolio, while Avanti undertake similar activities in the real estate, logistics and infrastructure segments. National Farms is unique because it is the result of a desire to ensure that agriculture and mining can co-exist, as Araújo highlighted:

"We started in this business because we always saw tensions between farms and mining areas. Many times, we had to buy or lease the farm to develop mining, so why not buy it and develop agribusiness there? I connected the agribusiness and the mining company and also applied our technology to reduce costs and improve environmental practices."

Diversification and enhanced ESG activities will help keep the group resilient during commodities cycles, but rising global demand is arguably the biggest single factor driving growth at the moment. This is particularly true for China, where the General Administration on Customs reported that manganese ore imports to the country hit 2.25 million tons in May 2021, up 7.1% year-on-year.

Buritipar's long track record of successful client relations has helped it forge stronger ties with Chinese partners. For example, the group recently signed a 10-year manganese contract with one of China's largest firms, Minmetals. Under the agreement, Buritirama will receive \$400 million during the first year of the contract, and will supply 1.5 million tons per year of manganese, will be used in steelmaking.

The group continues to diversify,



João Araújo  
President - Buritipar Group

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establishing an investment arm in the technology sector, Buritibeta, in 2019. Buritibeta is an incubator that will support adoption of new technology, helping attract new talent to the group.

More recently, it inaugurated a sintering plant in Marabá, Pará. The project increased the group's operational capacity by 150,000 tons, and ESG principles are once again evident: dam tailings from the project are reused to transform them into high value-added products. Innovative processes allow the ore to be compacted and superheated, eliminating contaminants and producing changes in the microstructure of the base element, with the end result being a coherent solid material. Metallurgical recovery of these tailings added 150 direct jobs, and more than 3500 indirect jobs when the plant opened in November last year.

These projects stand as another example of a forward-thinking approach that will keep the company sustainable in the decades to come - profits are important, but preparing for the future is priority. As Araújo argued, this approach makes the group an attractive option to potential future partners, and it remains open to new deals.

"We are strong competitors in all four lines of business: We are very competitive in the metallurgical segment, which is very important in energy and technology. We are a strong competitor in the mining sector, we have one of the largest reserves in the world. We are also strong competitors in the agribusiness sector. We are working to have good foreign partners in the technology segment, we want this knowledge. We are not investing in technology to make money, but to be surrounded by good professionals," he explained.

Furthermore, he argued, Buritipar's biggest competitive advantage lies in its location: Brazil, a country offering vast resources, a young and hard-working population, and profitable opportunities for savvy investors:

"I invite people to come to Brazil and see it with their own eyes, first of all because the world needs Brazil to sustain global food and mining supply chains. Secondly, we have shown in the last 30 years that we have stabilized our economy and people can trust our laws. Third, we have the Amazon, which is the lung of the world, it really is the future. That's why my outlook about Brazil is so positive," he concluded.



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