

Latin American dividends

2025 key forecasts & Bear-Bull scenarios

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The take

- Based on our bottom-up forecasts, we expect Latin American dividends to decrease by 7.6% in 2025.
- Corporates from Brazil, Mexico and Chile remain the largest dividend payers in the region.
- The financial sector in Latin America is projected to maintain its status as the highest dividend-paying sector.
- Excluding banks, top payers such as Petróleo Brasileiro SA (Petrobras), Vale SA, Ambev SA, Grupo México SAB de CV and Wal-Mart de México SAB de CV (WALMEX) are more sensitive to company-level events than to macroeconomic trends. Nonetheless, the wave of protectionism in 2025 might have midterm consequences.
- We also provide Base-, Bear- and Bull-case scenarios for Latin America's main dividend forecasts for 2025.

About us

S&P Global Market Intelligence's Dividend Forecasting team provides timely data, insights and commentary to help financial institutions price instruments, enhance investment decisions and manage risks. Our global team of over 50 analysts maintain precise forecasts on the size and timing of payments based on bottom-up fundamental research as well as a proprietary advanced analytics model. We pride ourselves in an unmatched coverage that spans over 40,000+ securities including stocks, American depositary receipts (ADRs) and exchange-traded funds (ETFs) across the globe. Our analysts also stand ready to engage in discussion and address users' queries.

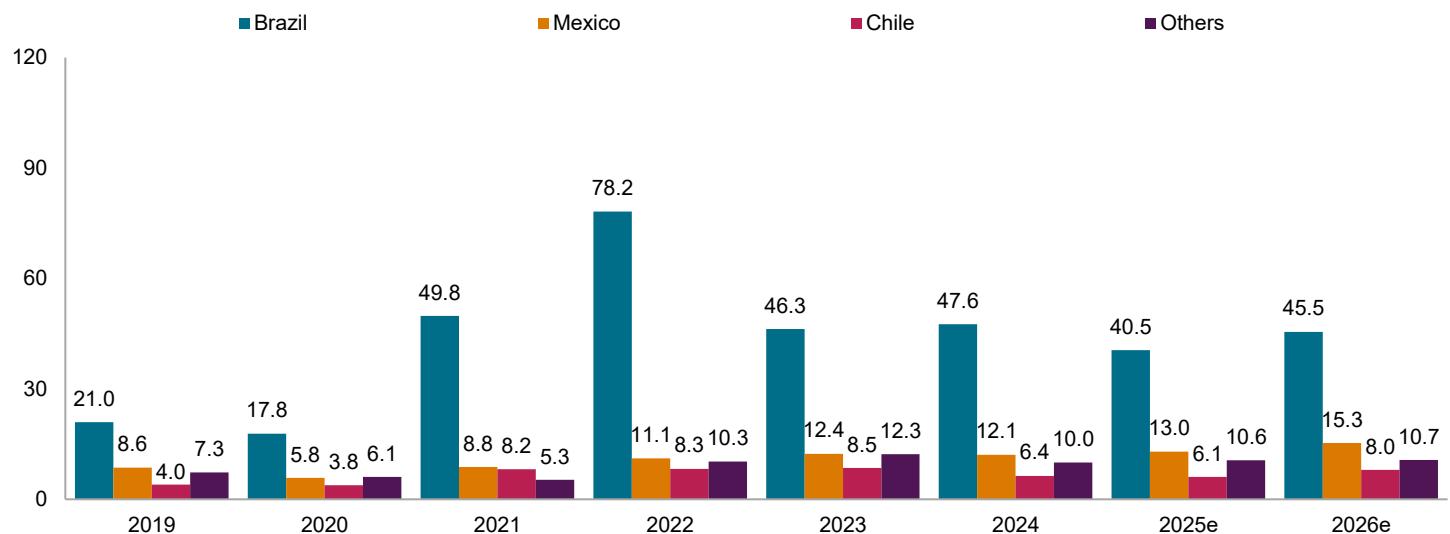
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Introduction

Despite facing challenging domestic and external conditions, Latin America's aggregate GDP growth will slightly accelerate by 2.2% in 2025, largely driven by Argentina's anticipated GDP recovery of 3.5%. However, **a trend of slower expansion across many countries, primarily due to decreased private and government consumption, is still observed**. Expectations suggest a **deceleration in credit expansion**, with tight labor markets likely to limit employment growth opportunities. Lower inflation trends are seen to persist, allowing for cautious monetary policy easing in most countries.

Top dividend payers in Latin America (US\$B)



Data compiled April 4, 2025.

e = estimate.

Source: S&P Global Market Intelligence.

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Latin American governments will aim to maintain or advance fiscal sustainability in 2025, as there are limited capacity and political will to revert to the aggressive expansionary spending policies of previous decades. **That said, rewards to shareholders will be impacted, especially when it comes to dividends:**

- By employing bottom-up forecasts, we conclude that **Latin American dividends are expected to decrease by 7.6% to US\$71 billion in 2025**.
- **Brazil, Mexico and Chile** are set to remain the **largest dividend-paying nations** in the region, collectively projected to account for **84% of total dividends in Latin America in 2025**.

In the following sections, we will address the forecast for Latin America's main banks and its top dividend-paying non-financial companies. In the last section of this report, we provide comments on Bull and Bear scenarios for these companies' 2025 dividend forecasts.

Latin American banks

The financial sector in Latin America is projected to maintain its status as the highest dividend-paying sector, accounting for 28.4% of Latin American dividends. While the overall outlook for Latin American banks appears relatively balanced, there are concerns about a moderate deterioration in asset quality and liquidity.

This is particularly significant given that banks are carrying credit risks that have accumulated over the past five years. As a result, impairment levels are expected to continue trending upward in most economies, extending a pattern that has been observed throughout 2023 and 2024. This situation underscores the challenges the financial sector faces, even as it remains a key contributor to dividends in the region.

Brazil: Funding dependence and credit profile

- Brazil's economy shows **resilience but is growing slower** than its emerging market peers, with a strong external position marked by a small current-account deficit and low external debt.
- The country faces **fiscal challenges**, including persistent primary deficits, a significant interest burden and high fiscal debt levels.
- **Deep domestic capital and debt markets help mitigate funding risks**, as most of government debt is issued in local currency.
- **Brazilian banks have significant exposure to government debt**, which may limit credit availability to other sectors.
- The top three dividend-paying banks rely heavily on wholesale funding, introducing volatility to their asset bases and potentially impacting profitability and shareholder distributions.

Might Brazil's deep fiscal needs, combined with a muted activity outlook, influence its main banks' lending policies? Will this impact the top three banks' profitability and their shareholder distributions?^{1,2}

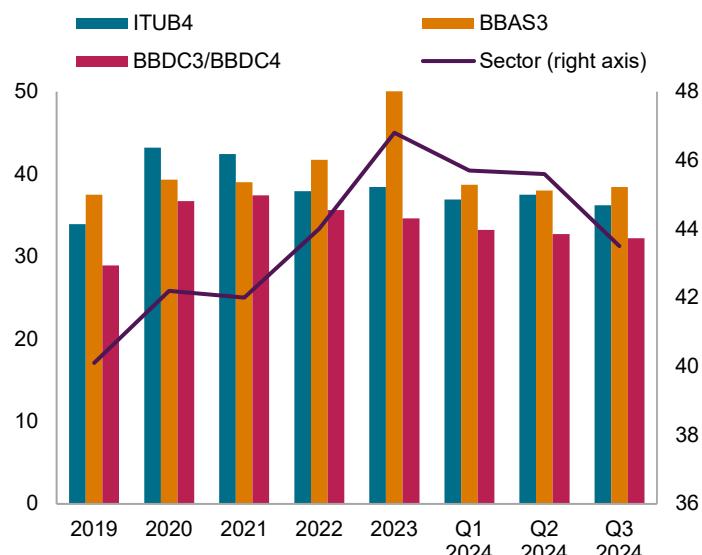
As the largest lender in the region, **Itaú Unibanco Holding SA (ITUB4)** serves as a significant funding agent; however, it has shown a high liquidity profile accompanied by a lower proportion of deposits within its liability structure (7.3% lower when compared with the sector as of the third quarter of 2024). **Despite maintaining its monthly interest on capital payments** of 0.01765 Brazilian real per share, which has been observed as part of its payout policy, **additional semiannual dividend distributions will depend on financial results.**

Contributing to a 45% forecast reduction in the bank's dividends for 2025, **these semiannual dividends highlight the inherent risks associated with its funding strategy.** Despite the payout ratio being lowered from a 70% target to 40%, the dividend reduction will allow the bank to better deal with financial margins, as well as emphasizing its provisioning for risk management.

1. According to S&P Global Ratings, foreign currency and domestic debt held by nonresidents constitute only about 10% of central government debt, which limits the risk of adverse external shocks during debt rollover. Moreover, approximately 20% of Brazilian banks' assets have exposure to the sovereign. <https://www.capitaliq.spglobal.com/web/client#ratingsdirect/creditResearch?rid=3195662>

2. Itaú Unibanco Holding SA (ITUB4), Banco do Brasil SA (BBAS3) and Banco Bradesco SA (BBDC3/BBDC4) are expected to weigh 90% of Brazilian banks' dividends and 11% of Latin America's total.

Deposits to total liabilities ratio (%)

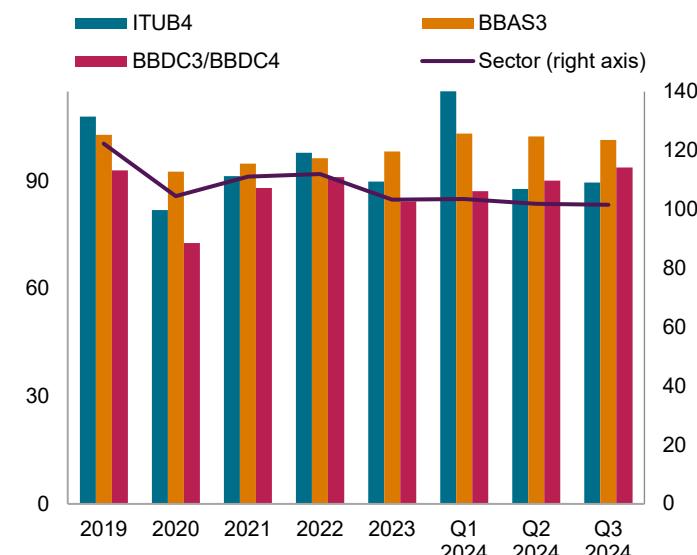


Data compiled April 4, 2025.

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Loan-to-deposit ratio (%)



Data compiled April 4, 2025.

Source: S&P Global Market Intelligence.

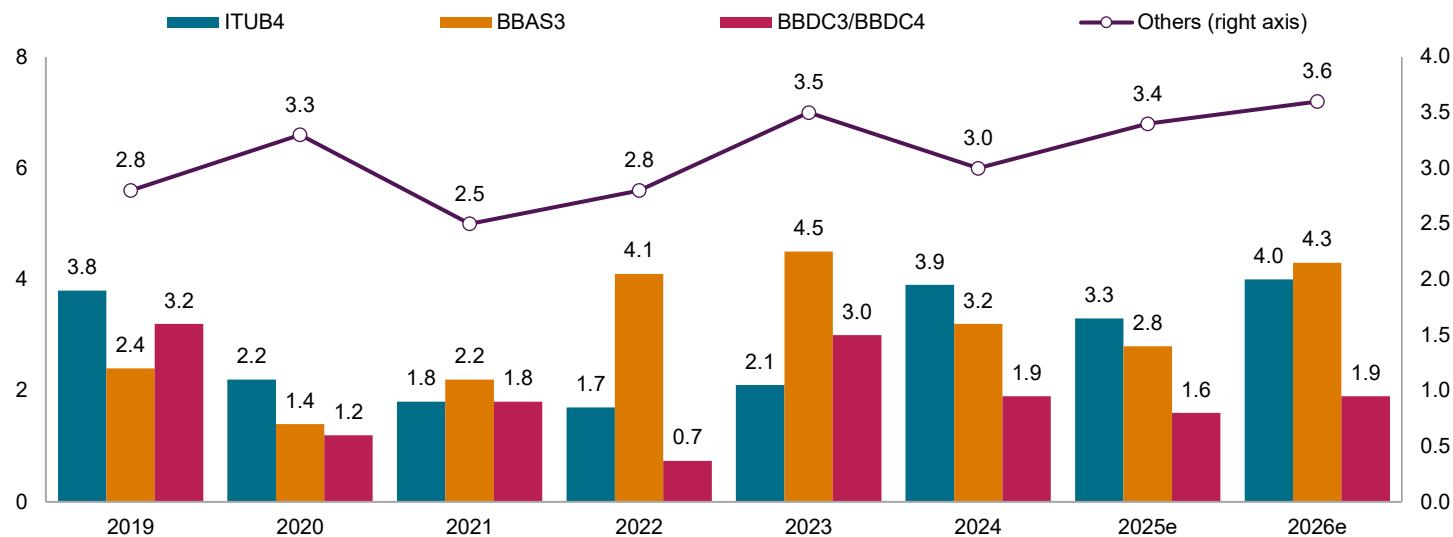
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State-owned **Banco do Brasil SA (BBAS3)** has exhibited **higher levels of credit growth** relative to the broader banking sector, reflecting its active role in the economy. This growth, however, has come **at the cost of significant credit risks**, primarily due to past lending strategies influenced by government policies aimed at providing countercyclical credit stimulus.

Although the bank has since adopted a more conservative credit policy, resulting in a decrease in impairments, its loan-to-deposit ratio remains indicative of a tight liquidity risk profile. Consequently, given 38.4% of **BBAS3**'s total deposits being liabilities, more volatility in its funding is exposed. As it navigates challenges in balancing growth with financial stability, this scenario is likely to exert pressure on the capital available for shareholder returns. As a result, **Banco do Brasil**'s management set the 2025 **payout ratio at between 40% and 45%**, influenced by a volatile environment and a strategic three-year capital plan.

Notably, the bank distributes dividends through ordinary dividends and interest on capital, with the first interest on capital payment reflecting a significant 63% reduction compared with the same dividend type from the previous year. **Following suit, the total annual dividends are expected to decline by 14% when compared with 2024, translating to an annual distribution of 2.47 reais per share that falls in the midrange of the payout target at 43%.**

Top dividend contributors: Brazilian banks (in US\$)



Data compiled April 4, 2025.

e = estimate.

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Lastly, **Banco Bradesco SA (BBDC3/BBDC4)** is characterized by a slightly leveraged position, with a shareholders' equity-to-total assets ratio of 7.9% as of the third quarter of 2024, indicating stronger capitalization relative to the sector, which averaged 8.4%. The bank has also seen improvements in its structural liquidity, as evidenced by a lower loan-to-deposit ratio of 93.8% in September 2024 when compared with the sector at 101.5%.

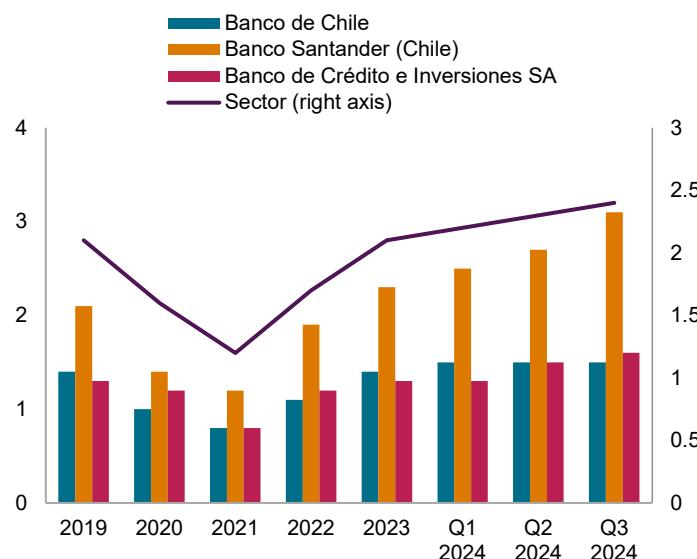
Banco Bradesco's payout policy, like its peer **Itaú (ITUB4)**, focuses on **monthly** capital return distributions. In 2024, **BBDC** distributed US\$0.18 per share — yet, in 2025, we are expecting a 33% decrease in annual payouts. While the company's monthly installments of 0.01725 real are expected to be maintained, the annual expected reduction is attributed to a 24% decrease in non-ordinary dividends (including special, capital returns), of which the company distributed a higher payout for the prior fiscal year, given it also distributed an additional interest on capital in June 2024.

Chile: Navigating liquidity risks

- Chile's financial system is robust, with banks enjoying easy access to bond financing and minimal foreign funding reliance, reducing liquidity risks, although consumer and construction lending weaknesses may impact asset quality.
- Stronger than many regional counterparts, Chilean institutions benefit from stable fiscal and monetary policies, despite recent political polarization.
- While Chile's government is on a fiscal consolidation path, high external debt and financing needs pose challenges in contrast to Brazil's situation.
- Chile's monetary flexibility is bolstered by a floating exchange rate and an independent central bank, contributing to historical price stability despite recent inflation spikes.
- Resilient financial institutions, characterized by sound profitability and strong capitalization, have effectively navigated economic and political challenges in recent years.

Banco de Chile (CHILE), which allocates most of its portfolio to households, is particularly vulnerable, as unsecured house loans indicate potential impairments in the consumer credit segment. This vulnerability is reflected in the gradual increase in its gross nonperforming loan (NPL) ratio, suggesting a growing risk of financial instability with a larger proportion of loans underperforming.

Gross nonperforming loan ratio (%)

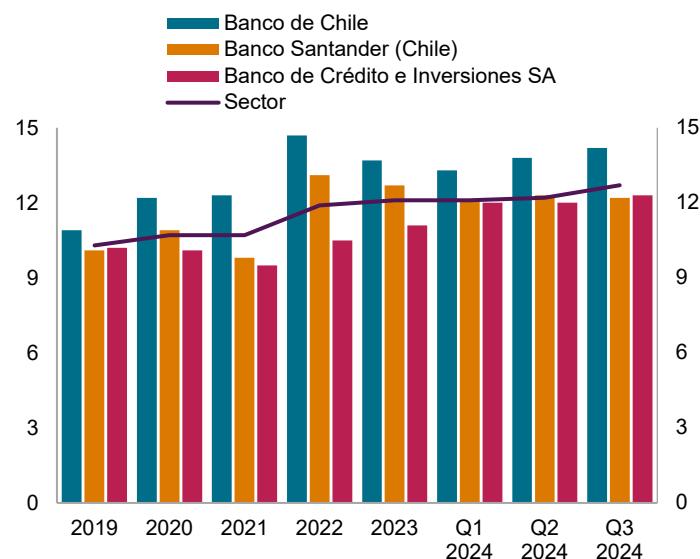


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Tier 1 capital ratio (%)



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Nevertheless, the bank has demonstrated the strongest asset quality among its peers, while it has maintained its position as the leading dividend payer in Chile and is expected to contribute 63% of total Chilean dividends in 2025. Characterized by single yearly distributions, a 22% increase in dividends is forecast.

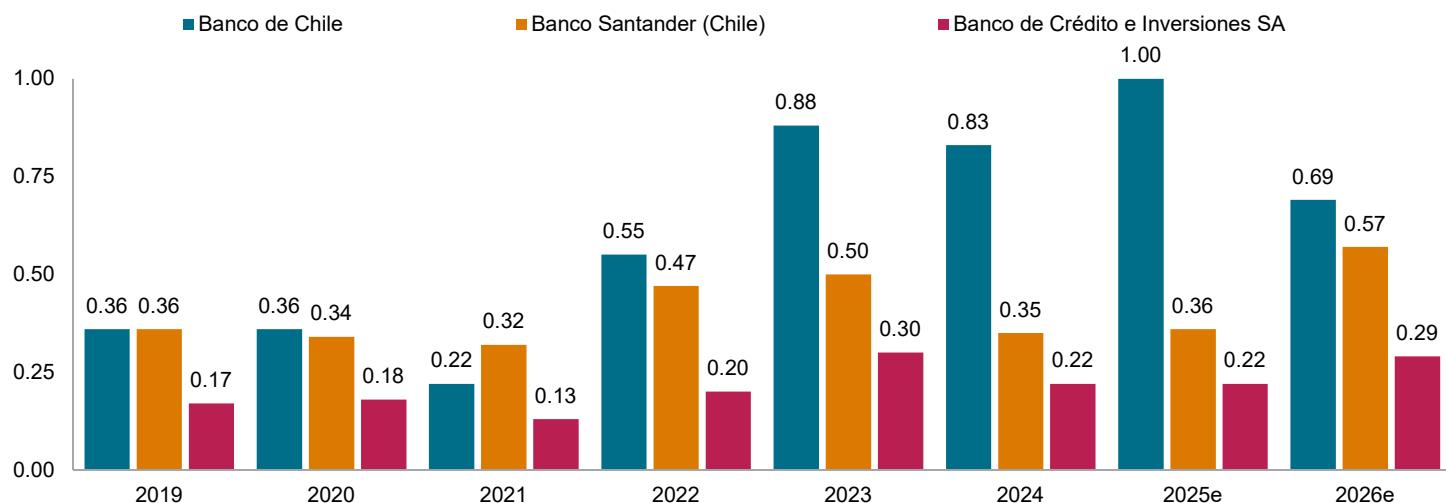
From a capital adequacy standpoint, the bank has maintained a Tier 1 capital ratio greater than the sector's average (14.2% compared with 12.7%), signifying a stronger financial position and better ability to cover potential losses. **While the annual dividend increase would lead to a payout ratio of 87%**, greater than the average payout of 59% observed for the prior three years and the minimum dividend policy of 60%, **the bank's management has indicated that a higher payout ratio is to be expected, with capital growing in line with the level of loan growth**. Despite a 5% projected drop in earnings per share (EPS), it is still able to cover dividends 1.15 times, illustrating solid financial health and sustainability.

Privately owned **Banco Santander SA (BSAN)** is bolstered by a robust potential source of capital from its well-established Chilean unit, with an expected revenue increase of 6.5% in 2025. The bank's stable capital position is underscored by a Tier 1 ratio of 12.2%, which not only aligns with sector averages, but also exceeds the 7.5% minimum regulatory threshold. However, the bank's funding profile remains its most significant risk factor, as evidenced by its gross NPL ratio of 3.1% when compared with the sector at 2.4%.

Like **Banco de Chile**, **Banco Santander** adheres to an annual dividend payout structure, with a minimal increase projected for the upcoming year. This modest growth can be attributed to a limited rise in impairment levels, alongside the bank's steadfast commitment to balancing growth with effective risk management.

According to Chilean law, **a minimum of 30% of earnings must be distributed to shareholders. While the anticipated 73% increase in dividends represents a payout ratio of 63%, the expected 11% rise in earnings is more than sufficient to cover BSAN's dividend expenses.**³

Top dividend contributors: Chilean banks (in US\$B)



Data compiled April 4, 2025.

e = estimate.

Other banks not included, as there is a big disparity between those and the top three dividend contributors.

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Banco de Crédito e Inversiones SA (BCI) continues to hold the title of the **largest bank in Chile by assets**, reflecting its significant presence in the financial sector. The bank's provisioning levels are consistent with those of the sector, enabling it to absorb an

3. In Brazil, companies are required to distribute a minimum of 25% of earnings in the form of dividends. While companies do comply with the minimum threshold, they usually pay a higher percentage.

increase in the NPL ratio up to 2.4% without impacting its write-offs. However, **BCI's growing reliance on no deposit funding introduces heightened risks associated with liquidity acquisition**, as this funding structure can be more volatile.

The bank faced considerable financial challenges in the previous quarter, highlighted by a US\$700 million sale of securities that resulted in a pretax loss exceeding US\$60 million. Furthermore, no significant growth is anticipated for operations in Chile, primarily due to volatile exchange rates and a strategic pivot toward targeting the affluent segment in the US.

To better cope with the effects of these headwinds, a flat dividend is expected.

Although the bank's management has not specified a target payout ratio, **the forecast payout corresponds to 25%**, in line with what was observed for the prior fiscal year. This approach reflects the bank's commitment to not only providing shareholder returns, but also navigating a complex financial landscape.

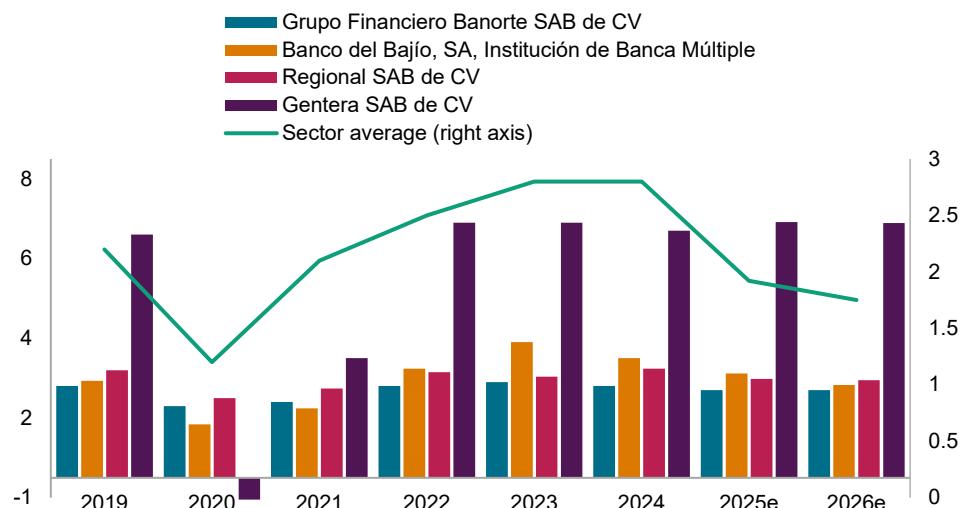
Mexico: Economic growth and sector resilience

- **The Mexican financial sector exhibits a low-risk profile**, underpinned by prudent lending, strong provisioning and solid capital positions, fostering low credit risk and supporting economic growth through 2025, particularly for small and medium-sized enterprises.
- **Mexico's four largest banks dominate the credit and dividend landscape.**
- The financial system's **strong capitalization and liquidity**, along with **conservative lending practices**, provide resilience against economic challenges, despite uncertainties arising from US policy changes (tariffs) that may affect investor confidence.
- Banks are well positioned to navigate economic headwinds, supported by a robust funding structure from diversified deposits and a growing domestic debt capital market.
- We expect **Grupo Financiero Banorte SAB de CV**, the largest player, to weigh half of Mexican banks' dividends.

The **Mexican financial sector** is characterized by a **low-risk profile**, supported by **prudent lending practices, strong provisioning and robust capital positions**.

This stability results in low credit risk, which is further enhanced by anticipated economic growth through the end of 2024 and into 2025, helping to address some existing weaknesses faced by small and medium-sized enterprises (SMEs).

Return on assets (%)



Data compiled April 4, 2025.

e = estimate.

Other banks not included, as there is a big disparity between those and the top three dividend contributors.

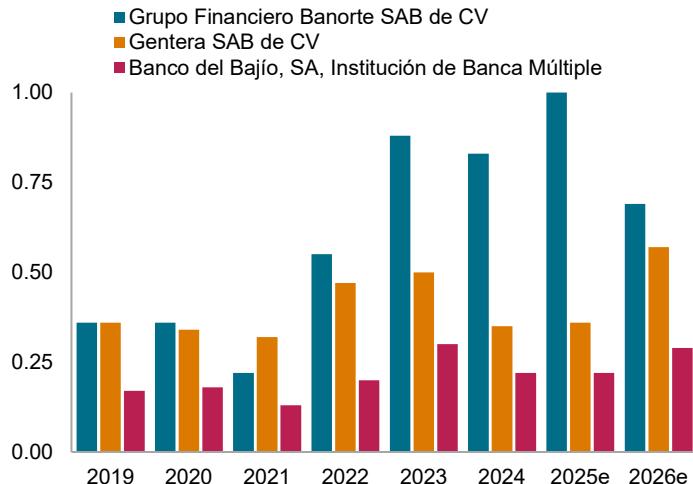
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Notably, while the four biggest banks dominate the landscape, accounting for 32.4% of total dividends in Mexico, **Grupo Financiero Banorte SAB de CV (GFNORTEO)** is the largest, contributing 49% of Mexican banking dividends and 3% of total Latin American dividends in 2025.

Recognized for its semiannual distributions, and unlike the other top three dividend payers, GFNORTEO **is the sole one anticipated to hike dividends in 2025**. This growth expectation reflects the bank's robust profitability, which remains stable and conducive to capital accumulation, as illustrated by its return on assets (ROA) exceeding that of the sector.

Top dividend contributors: Mexican banks (in US\$B)



Data compiled April 4, 2025.

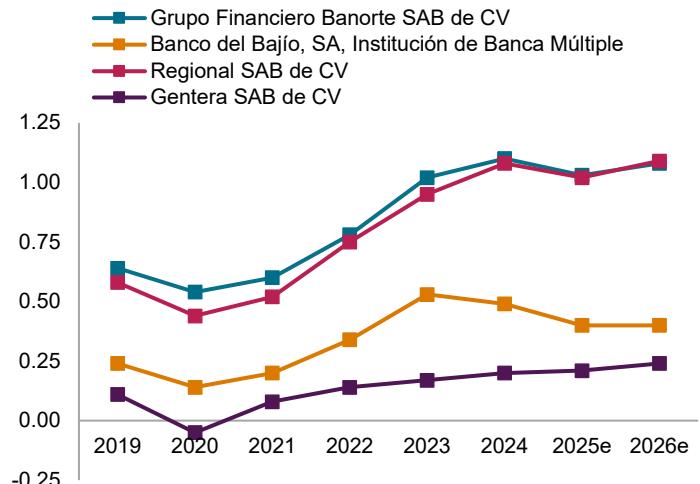
e = estimate.

Other banks not included, as there is a big disparity between those and the top three dividend contributors.

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Earnings per share (in US\$)



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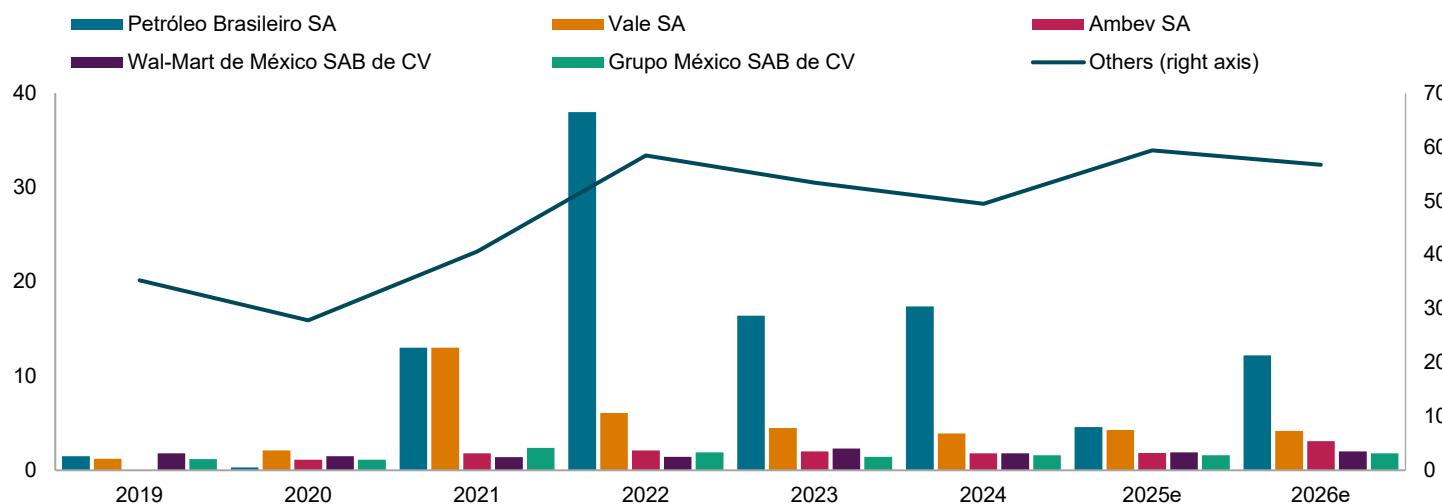
Furthermore, **GFNORTEO**'s EPS is projected to rank among the highest among the leading dividend payers, enhancing its competitive positioning in the market. The bank's dividend policy allocates 50% of its earnings for distributions, and our forecast dividend growth of 22% is underpinned by EPS growth of 6% and revenue growth of 8.8%. **At the current rate, the payout ratio is maintained at 73%, which, despite being higher than the average payout for the prior two years, demonstrates GFNORTEO's commitment to rewarding its shareholders while sustaining its financial strength.**

Latin America's top dividend payers (excluding banks)

- The dividend outlook for the largest non-financial Latin American dividend payers is more sensitive to company-level events than to macroeconomic trends.
- Nonetheless, **changes in US foreign policy might have short-term and midterm effects on some of these companies.**
- 2025's protectionism wave will probably take a toll on Mexico's economic activity and harm the midterm economic growth outlook, potentially affecting Wal-Mart de México SAB de CV's (WALMEX) outlook.
- Higher volatility is expected for commodity prices (Vale SA and Petróleo Brasileiro SA [Petrobras]), with the final outcome being uncertain.
- While the state-controlled Petrobras — Latin America's largest dividend payer — might be impacted by the latter, given its key role in Brazil's energy sector, the company may benefit from government support during periods of financial stress.

Top dividend contributors (in US\$B)

Excluding banks



Data compiled April 4, 2025.

e = estimate.

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WALMEX (Mexico): Strengthening its leadership

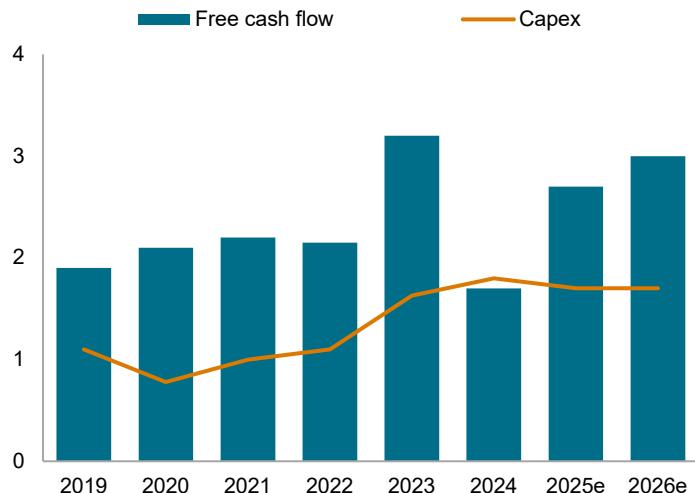
Wal-Mart de México SAB de CV (WALMEX.MX) continues to solidify its position as one of the leading dividend payers in the Mexican market, with expectations to account for nearly 15% of the country's projected dividends in 2025. The company's market penetration has shown significant improvement, increasing by 50 basis points when comparing the third quarter of 2024 with the same period in 2023. This momentum is further evidenced by a notable rise in same-store sales growth, contributing to revenue that is expected to exceed US\$50 billion by year-end 2025.

In the context of WALMEX, while the new reciprocal **tariffs** introduced by the US Trump administration⁴ may not have an immediate impact on the company's operations, **the midterm effects on the Mexican economy could influence overall consumption and demand.** The new tariffs, which will add an average of 20.6 percentage points to US import duties and significantly increase costs for importers, particularly on finished consumer goods from high-tariff nations, may lead to price increases that could dampen consumer spending. Although sectors with supply chains relocated to Canada or Mexico will face lower rates, the **broader economic implications, including potential shifts in consumer behavior and demand dynamics, warrant close monitoring.** As these changes unfold, the indirect effects on WALMEX's performance could become more pronounced, necessitating a strategic response to evolving market conditions.

Although there was a noted deceleration in consumer demand after mid-July, **WALMEX's** outlook remains positive despite the uncertainty triggered by shifts in the US foreign commerce policies, with free cash flow projected to increase by 58% in 2025. As the company focuses on enhancing operational efficiencies and expanding its e-commerce capabilities, capital expenditures are expected to decrease by US\$28 million, allowing room for dividend growth in 2025.

WALMEX's free cash flow and capex

US\$B



Data compiled April 4, 2025.

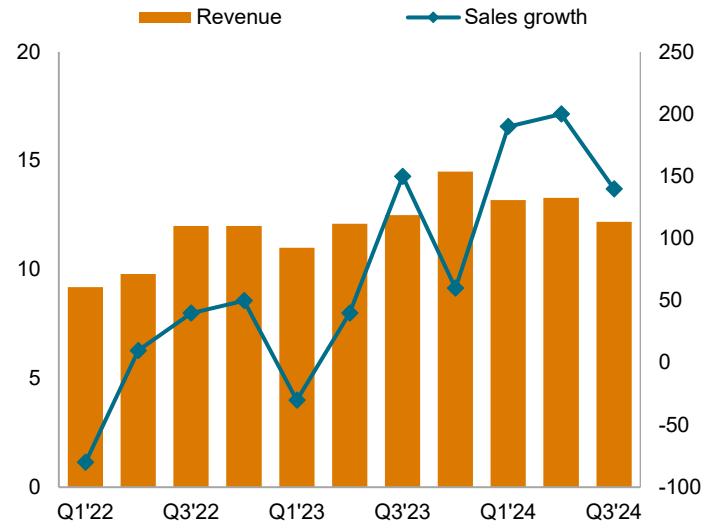
e = estimate.

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WALMEX's revenue and same-store sales growth

Revenue in US\$B, same-store sales growth (basis points)



Data compiled April 4, 2025.

Source: S&P Global Market Intelligence.

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4. The Trump administration's new reciprocal tariffs will add 10 percentage points to import duties from all countries/territories except Canada and Mexico from April 5. Further country/territory-specific rates will be applied with a trade weighted-average of 17.2% from April 9. <https://connect.ihsmarkit.com/document/show/phoenix/5976000?connectPath=ArticleViewer.RecommendedReading>

WALMEX has established a dividend structure that includes two regular dividends distributed in November and December, alongside two special dividends that align with the ordinary distributions. The company's payout policy mandates a minimum distribution of 40% of earnings in the form of dividends; however, historically, it has exceeded this threshold, offering a higher payout ratio.

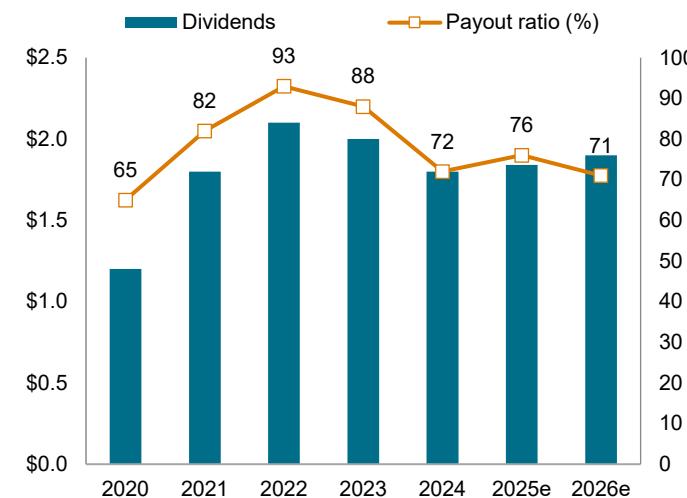
Despite this strong track record, we forecast dividends will increase by only 1%, given observed fluctuations in the annual dividend per share (DPS) for prior fiscal years. The latest significant decline occurred in 2023, with a 19% dividend reduction. **Currently, the payout ratio stands at 66%, and with earnings projected to rise by 8% for the year, WALMEX is positioned to cover its dividends 1.51 times, backed by its solid financial position.**

Ambev (Brazil): A brewer of financial stability and shareholder value

Ambev SA (ABEV3.SA) stands as the largest brewer in Latin America and ranks fourth globally in terms of volumes sold, showcasing its significant market presence. Historically, it has demonstrated robust financial management by maintaining cash reserves that exceed its capex and debt maturities. This equips the company with the confidence to reward shareholders, and, despite a slight decrease in earnings for 2025, it is still able to cover dividends 1.32 times.

Ambev's dividends

Dividends (US\$B) and payout ratio (%)



Data compiled April 4, 2025.

e = estimate.

Source: S&P Global Market Intelligence.

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Ambev's dividends

Cover ratio (x) and yield (%)



Data compiled April 4, 2025.

x = times; e = estimate.

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That said, we are projecting a 21% annual dividend increase, supported by the company's ongoing top-line growth, EBITDA expansion and expected capex reduction of 13%.

Although the stock price faced a muted performance in the last year, **Ambev offers an attractive dividend yield usually hovering around 6%**. The company has a strong commitment toward shareholder returns even in challenging market conditions.

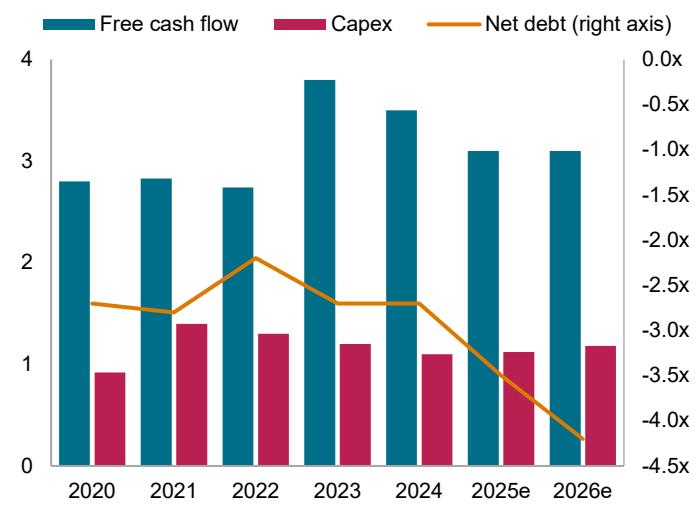
This combination of financial resilience and shareholder focus positions the company favorably for future growth, including its dividend commitment.

Grupo México (Mexico): Leveraging low costs and robust cash flow

Grupo México SAB de CV (GMEXICOB), one of the world's largest copper producers, is poised to leverage its competitive cash cost advantage within its peer group, which will enable the company to enhance its iron ore extraction capabilities at a lower cost.

Ambev: Cash and leverage

US\$B or % of EBITDA accordingly



Data compiled April 4, 2025.

x = times; e = estimate.

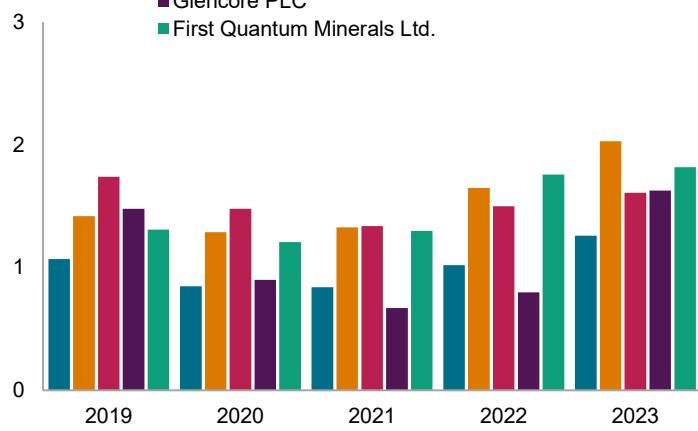
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Peer comparison: Cash cost of copper

US\$ per pound

- Grupo México SAB de CV
- Corporación Nacional del Cobre de Chile
- Freeport-McMoRan Inc.
- Glencore PLC
- First Quantum Minerals Ltd.



Data compiled April 4, 2025.

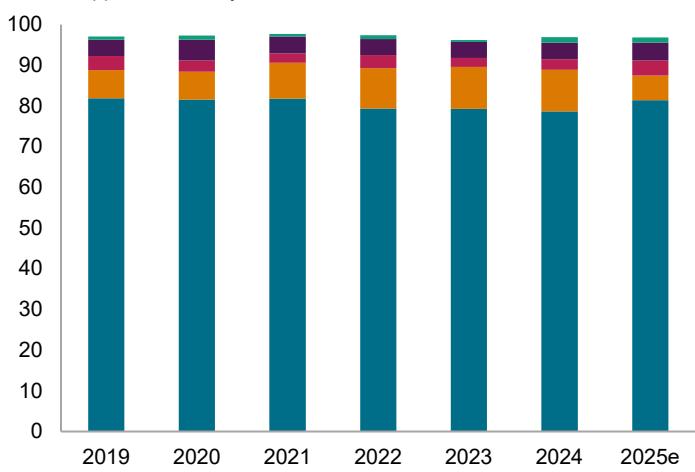
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Grupo México: Revenue per metal

% of revenue

- Copper
- Molybdenum
- Zinc
- Silver
- Gold



Data compiled April 4, 2025.

e = estimate.

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With long-term demand for copper remaining strong, Grupo México's reliance on its mining division — accounting for approximately 76% of its revenue, with 79% of that stemming from copper production — positions it well for sustained growth and profitability in the evolving market landscape.

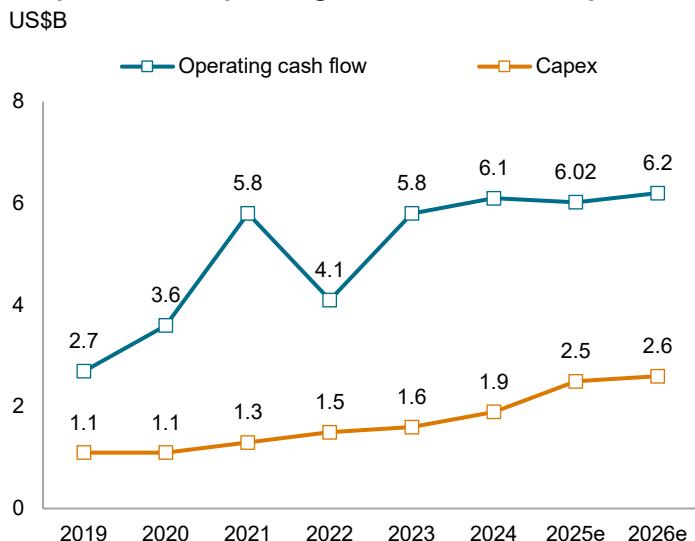
The latter is further supported by robust operating cash flows that are anticipated to comfortably cover capex needs, and the outlook suggests it is unlikely that the company will incur significant incremental debt, as there are no foreseeable major merger and acquisition activities on the horizon. That said, the company showcased

impressive results in 2024, reporting a 14.1% increase in sales, largely driven by higher volumes of copper and byproduct sales. Looking ahead to 2025, a projected rise in free cash flow of 10.4% is expected to comfortably cover the anticipated 79% increase in capex needs.

As of March 19, **copper from Mexico has been exempted in all forms of tariffs** under the United States-Mexico-Canada Agreement (USMCA). We believe that this decision makes sense considering that the US is the second-largest copper consumer worldwide and almost a third of its copper needs are imported. Moreover, the US copper needs are expected to continue increasing in the midterm given the country's reshoring efforts in copper-intensive industries such as semiconductors and electric vehicles. Despite metals being largely exempt from the extensive trade restrictions announced by US President Donald Trump on April 2, copper prices fell sharply afterward due to increasing concerns that Trump's newly imposed tariffs could negatively impact demand for industrial commodities.

While this protectionism wave might have an impact in the midterm on Grupo México, our short-term outlook remains unchanged for the company. **Although Grupo México does not adhere to a specified dividend policy, it has consistently maintained a payout ratio of above 40%. We forecast a 2.3% increase in dividends, implying a payout ratio of 44%.** While this increase is modest when compared with the 10% rise seen in 2024, it still provides a stable 4.3% dividend yield, consistent with the company's performance over the past two years. Additionally, Grupo México has no foreseeable major merger and acquisition activities on the horizon, with its next growth project only scheduled for 2027, illustrating that the company is unlikely to incur incremental debt within the short term.

Grupo México: Operating cash flow versus capex



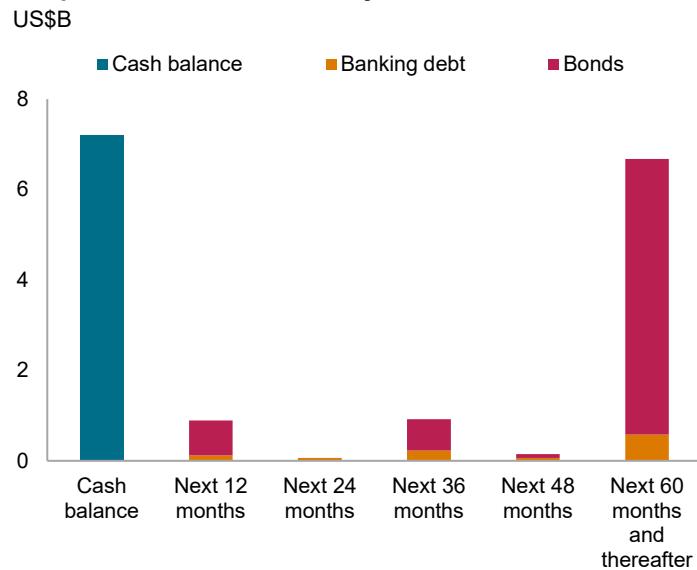
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Grupo México: Debt maturity schedule



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Vale (Brazil): A mineral giant with a gigantic yield

Vale SA (VALE3.SA) is a Brazilian multinational corporation primarily involved in the extraction and production of minerals, particularly **iron ore and nickel**. It is one of the largest producers of these commodities globally and is known for its significant contributions to the global supply chain.

As with Grupo México, **Vale's products are not directly impacted by the Trump administration's recently imposed tariffs**. Nonetheless, the midterm risks depicted in Grupo México's section apply to Vale too. As protectionist measures will end up having an impact on production costs for iron-ore demanding economies, potentially lower basic resources demand from countries affected by these measures might hurt Vale's financial performance in the midterm. While we took this into consideration, our forecast for Vale's dividends in 2025 remains unchanged.

Vale has a history of distributing dividends, which includes a combination of ordinary dividends and interest on capital. The company's regular dividends are funded from its cash generation, while the interest on capital is drawn from its cash reserves and retained earnings.

In one of its latest earnings calls, **Vale announced a reduction in its 2025 capex guidance to US\$5.9 billion, while also highlighting robust cash flow generation and a commitment to returning value to shareholders through a combined dividend and interest on capital of US\$2 billion**. Management stated that it is confident in the company's ability to meet the expected guidance, and that it aims to position the company at the lower end of the global cost curve within the materials and basic resources industry.

Vale is set to deliver an impressive yield of approximately 10%. We consider Vale's dividend as a sustainable one despite the heavy yield, given its low net debt (1x EBITDA in the last-12-months [LTM]) and its lack of substantial debt maturities until 2030. Moreover, the company has proved its ability to generate substantial free cash flow even in challenging market environments: it carries an uninterrupted positive free cash flow since fiscal year 2017, a trend that is expected to continue given consensus estimates of Vale's free cash flow reaching US\$3.8 billion in fiscal year 2025 and US\$4.4 billion in fiscal year 2026. **For 2025, we forecast an additional capital return dividend** (versus a single capital return distribution in 2024), which underscores the positive trajectory of Vale's financial performance.

Petrobras (Brazil): Dividends on the downside

Petróleo Brasileiro SA (Petrobras) is a **large, integrated oil and gas company** with a substantial reserve base, economies of scale and strong competitive position. Its revenue and EBITDA are heavily dependent on **oil prices**, making it vulnerable to price volatility. Moreover, **Brazil's energy sector may face direct repercussions from the 10% tariff imposed by the Trump administration on the country's exports**, with ethanol likely being a target due to the existing 18% tariff that Brazil places on US biofuel. In 2024, the US represented nearly 20% of Brazil's ethanol exports. Additionally, there are concerns about potential US tariffs on oil, which generated US\$5.8 billion in revenue for Brazil in 2024, surpassing iron and steel exports at US\$3.5 billion.⁵

As a **state-controlled entity**, Petrobras is subject to political influence and fuel pricing policies, which may introduce operational uncertainties and affect profitability. Nonetheless, **this acts a double-edged sword: as a key player in Brazil's energy sector, Petrobras may benefit from government support during periods of financial stress or uncertainty** (tariffs).

5. <https://www.bnamicolas.com/en/analysis/how-the-trump-tariffs-will-impact-brazils-energy-sector>

In the event of declining oil prices as we have observed recently following the US tariff announcements, **Petrobras has the flexibility to reduce dividend distributions**. The company is committed to returning value to shareholders. By law, the company is required to pay at least 25% of its profits. Additionally, Petrobras can distribute 45% of its free cash flow only if its gross debt remains under US\$60 billion.

We expect Petrobras to reduce total dividend payment in 2025. This applies for the company's common dividends and interest on capital payments. While Petrobras has been able to maintain its gross debt below the US\$60 billion threshold, consensus estimates expect an increase in the company's net debt for 2025. This expectation is coupled with larger capex needs. In addition, Petrobras' revenue is expected to decrease by 4% in 2025. Given this outlook and the potential impact of tariffs, we have a cautious approach toward Petrobras' dividend forecast for 2025 (3.51 reais per share) and expect lower distributions than in 2024 (3.51 reais per share).

Forecast summary and Bear-Bull scenarios

Top Latin American dividend forecasts

Bear-, Base- and Bull-case scenarios (DPS)

Company	Currency	Bear case			Base case			Bull case		
		Regular	CR	Total	Regular	CR	Total	Regular	CR	Total
Vale SA	Brazilian real	3.03	0.73	3.76	3.031	2.70	5.72	3.64	2.7	6.34
Petróleo Brasileiro SA	Brazilian real	1.995	1.165	3.16	2.345	1.165	3.51	2.345	1.5	3.845
Wal-Mart de México SAB de CV	Mexican peso	1.20	0	1.20	1.2	1	2.2	1.2	1.5	2.7
Ambev SA	Brazilian real	0.240	0.2325	0.4725	0.56	0.25	0.81	0.56	0.28	0.84
Grupo México SAB de CV	Mexican peso	3.2	0	3.2	4.4	0	4.4	4.85	0	4.85
Itaú Unibanco Holding SA	Brazilian real	0	0.22	0.22	1.37	0.62	1.99	1.7125	0.79	2.5025
Grupo Financiero Banorte SAB de CV	Mexican peso	6.65	0	6.65	15.385	0	15.385	18	0	18
Banco Santander SA (Chile)	Chilean peso	1.8	0	1.8	1.86	0	1.86	3.72	0	3.72
Banco do Brasil SA	Brazilian real	0	2.47	2.47	0.37	2.1	2.47	0.6	2.1	2.68
Banco Bradesco SA	Brazilian real	0	0.207	0.207	0	0.684	0.684	0.18	0.684	0.864
Banco de Crédito e Inversiones SA	Chilean peso	500	0	500	1,000	0	1,000	1,500	0	1,500

As of April 4, 2025.

DPS = Dividend per share; CR = capital return (non-ordinary dividend).

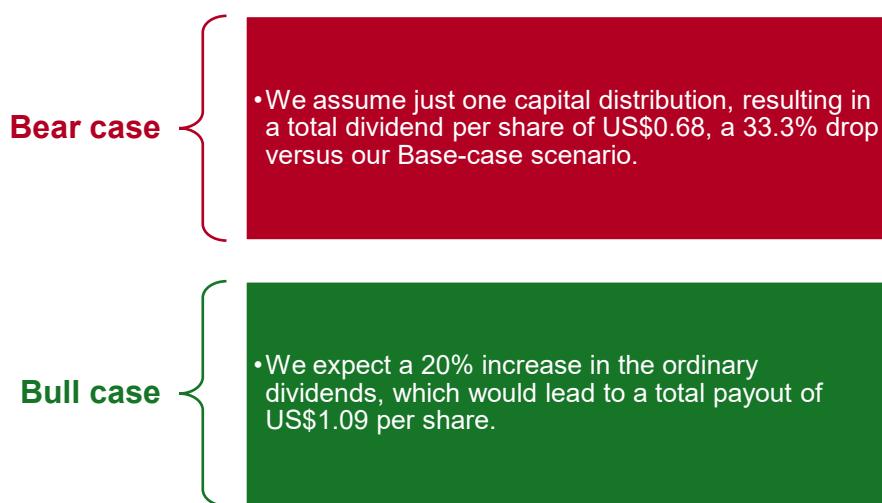
Fiscal year 2025 DPS forecasts (local currency). Banco de Chile is not included, as the company has already confirmed its annual dividend for 2025.

Source: S&P Global Market Intelligence.

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- **Vale** distributed only one capital return dividend in 2024.

Vale: Bear and Bull scenarios



As of April 4, 2025.

Source: S&P Global Market Intelligence.

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- **Petrobras** tends to split some of its ordinary dividends into two installments, which are usually paid around the half and the end of the year.

Petrobras: Bear and Bull scenarios



As of April 4, 2025.

Source: S&P Global Market Intelligence.

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- **WALMEX** generally distributes two quarterly dividends and two specials.

WALMEX: Bear and Bull scenarios

Bear case

- Wal-Mart de México SAB de CV (WALMEX) only distributes two ordinary dividends (US\$0.06 total), a 45% decrease versus the Base case.

Bull case

- WALMEX distributes a third special of the same size as the two special distributions expected in our Base case, resulting in a 23% higher annual distribution for 2025 when compared with our Base-case scenario.

As of April 4, 2025.

Source: S&P Global Market Intelligence.

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- We have an aggressive approach toward **Ambev**'s scenario. In 2024, the company distributed two dividends in December, an ordinary one and another one from its retained earnings.

Ambev: Bear and Bull scenarios

Bear case

- We expect Ambev SA to forgo its ordinary dividend payment, leading to a 57% dividend reduction when compared with the Base-case scenario.

Bull case

- We assume that 2024's December regular dividend is repeated. Moreover, this scenario considers an additional 10% rise to the interest on capital distribution.

As of April 4, 2025.

Source: S&P Global Market Intelligence.

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- **Grupo México** has a historical pattern of distributing quarterly regular dividends.

Grupo México: Bear and Bull scenarios



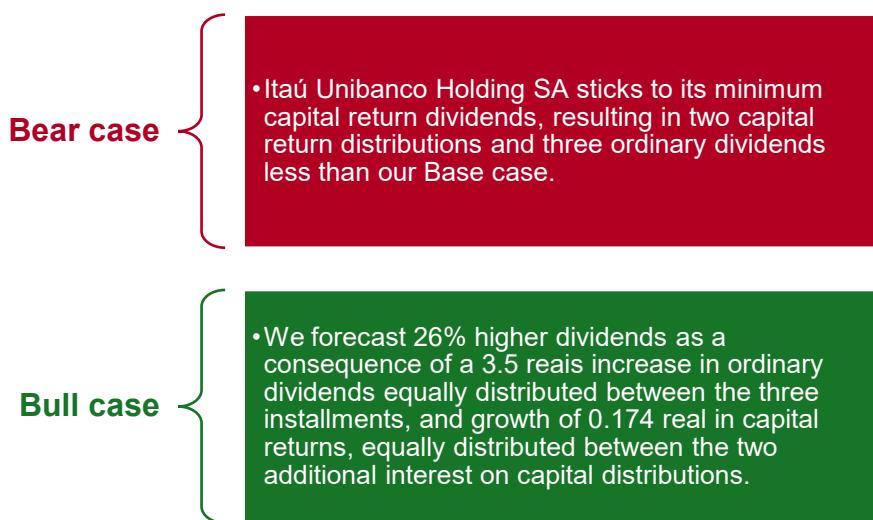
As of April 4, 2025.

Source: S&P Global Market Intelligence.

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- **Itaú's** dividend policy requires a minimum of 12 interest on capital payments of 0.01765 real.

Itaú: Bear and Bull scenarios



As of April 4, 2025.

Source: S&P Global Market Intelligence.

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– **Grupo Financiero Banorte**

Grupo Financiero Banorte: Bear and Bull scenarios

Bear case

- We do not expect April's distribution to occur (the highest of the year in our Base case). Given that the largest revenue is expected to occur in the second quarter, the end-of-year dividend remains unchanged.

Bull case

- The interim and final dividends are augmented by 1.265 Mexican pesos and 1.35 pesos, respectively, versus the Base case.

As of April 4, 2025.

Source: S&P Global Market Intelligence.

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– **Banco Bradesco**'s minimal dividend policy consists of 12 interest on capital distributions of 0.01725 real.

Banco Bradesco: Bear and Bull scenarios

Bear case

- No additional interest on capital distributions are made, and the company maintains its minimum dividend policy.

Bull case

- Another ordinary dividend of 0.18 real per share is declared. This has occurred in the past two years (fiscal year 2023 interim dividend and fiscal year 2024 annual dividend).

As of April 4, 2025.

Source: S&P Global Market Intelligence.

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Further notes:

Banco Santander (Chile) tends to pay an annual dividend that fluctuates from 1.8 Chilean pesos to 2 pesos. Our Bear case assumes the low end of this range, while our Bull case assumes the higher end of that range and a special dividend of the same size of the regular dividend. In **Banco do Brasil**'s Bear-case scenario, we assume a cut to its ordinary dividend given that the company usually focuses on its distribution from retained earnings. In contrast, our Bull case considers the regular dividend plus capital payments in line with prior years. In a Bear-case scenario, **BCI** would distribute a dividend per share of 500 pesos, which would represent a 50% reduction when compared with the Base scenario. In contrast, a Bull-case scenario would allow **BCI** to distribute 1,500 pesos, representing the highest the company has ever distributed and in line with what was paid for fiscal year 2022.

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