Fitch updates Vale's Credit Ratings

Rio de Janeiro, October 23, 2025 – Vale S.A. ("Vale") announces that Fitch Ratings ("Fitch") has upgraded Vale's Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) from 'BBB' to '**BBB+**', with a Stable Outlook. The agency also upgraded the senior unsecured debt ratings of both Vale and Vale Overseas Limited from 'BBB' to 'BBB+' and affirmed Vale's Long-Term National Scale rating and local debentures at 'AAA(bra)'.

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FitchRatings

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Fitch Upgrades Vale IDRs to 'BBB+'; Outlook Stable

Fitch Ratings - New York - 23 Oct 2025: Fitch Ratings has upgraded Vale S.A.'s (Vale) Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) to 'BBB+' from 'BBB'. Fitch has also upgraded its cross-border unsecured bonds to 'BBB+' from 'BBB', and affirmed its Long-Term National Scale rating and local debentures at 'AAA(bra)'. Fitch has also upgraded the senior unsecured debt ratings of Vale Overseas Limited to 'BBB+' from 'BBB'. Rating Outlook is Stable.

The upgrade reflects Vale's broader diversification into higher value-added products, greater operational flexibility and rising scale, along with environmental risk mitigation that reduced litigation uncertainty. Vale's credit risk profile has strengthened within the rating category and versus peers.

Vale's ratings reflect its leading iron ore position, low costs, high-grade mineral deposits, long reserve life, conservative capital structure and elevated financial flexibility. Fitch's expects low leverage and solid free cash flow through iron ore price cycles, with disciplined balancing of growth opportunities and shareholder returns.

Key Rating Drivers

Robust Business Profile: Vale is the world's largest iron ore pellets producer and one of the three largest seaborne iron ore miners. Its Northern System dominant market position is buttressed by abundant reserves, size and cost competitiveness. Operations in Para, northern Brazil, represent about11% of the global seaborne market. About 90% of Vale's EBITDA comes from iron ore. Vale is also one of the world's largest nickel miners (1% of EBITDA) and a large (but not top 10) copper producer (10% of EBITDA).

Flexible Value Over Volume: Vale is obtaining a stronger balance of size, higher value-added products and flexibility in its mix, improving profitability, FCF and stability. Its portfolio favors premium high-grade iron ore products, direct reduction metallics and faster production flexibility to support more sustainable steelmaking. Vale has also developed mid-grade products that balance silica and alumina to meet shifting blast furnaces baseload burden requirements.

Low-Cost Producer: Vale holds a first-quartile cost position in its largest iron ore systems, according to CRU, supported by high-grade iron ore and integrated infrastructure. Vale kept cash cost guidance at USD20.5/t-USD22/t, targets to below USD20/t by 2026, and, through efficiency programs—including autonomous fleet adoption, higher volumes and new product mix—aims for USD18/t-USD19.5/t by 2030.

Sound Capital Structure: Vale's conservative balance sheet is also a key rating consideration. Average gross debt between 2025 and 2027 is forecast at USD18 billion following increases in local debentures.

After dividends, share repurchases and payments of interest on capital, Fitch expects Vale's net debt to average USD12 billion between 2025 and 2027. For 2025, 2026 and 2027, Fitch expects net leverage of around 0.9x.

Decreasing Iron Ore Prices: Despite current price resilience, the outlook for iron ore prices looks challenging at Fitch's mid-cycle prices assumptions. For 2026 and 2027, Fitch assumes iron ore prices at USD85 in 2026, USD75 in 2027 and UD70/t in 2028. Expected increase in global supply from Simandou and structural weaknesses in Chinese growth and real estate remain concerns, despite policy support in China, which has been underpinning steel demand and spurring iron ore prices.

Strong Cash Flow Generation: Vale's EBITDA is expected to be USD14.2 billion in 2025, USD13.4 billion in 2026 and USD13.3 billion in 2027. These figures assume cash cost improvements continue, and capital expenditures average about USD5.7 billion, due to investments requirements, such as for Vargem Grande, Capanema, and Serra Sul (S11D). Free cash flow (FCF) margin is expected to be 4.2% and 4.0% in 2026 and 2027, respectively.

Controlled Growth Strategy: Fitch expects Vale to maintain a strong balance sheet and disciplined capital allocation, while evaluating diversification across businesses and products. Vale has reevaluated copper, nickel, and other projects over 10 years to cut costs and enhance productivity. By 2030, low-capital projects and productivity improvements target 420,000-500,000 tonnes of copper and 210,000-250,000 tonnes of nickel annually, about 40% above 2025 levels. Key initiatives are underway in Salobo, Sudbury, and Voisey's Bay, despite a postponed Bacaba start-up, Sossego depletion and lower grades at Salobo.

Manageable Remediation and Litigation Risk: The Samarco Definitive Compensation Program and Brumadinho Integral Reparations Agreement have increased certainty over remediation payments, decreased related additional litigation risks and built on improved environmental policies at Vale. Fitch's ratings case incorporates disbursements of commitments and expenses to be spent in Samarco remediation of USD900 million in 2026, and USD600 million in 2027; and in Brumadinho, payments of USD700 million in 2026 and USD500 million in 2027.

Dam De-Characterization Achievements: Vale has accomplished important milestones in its environmental risk reduction strategy, launched in 2020 after the Mariana and Brumadinho incidents. It has de-characterized 60% of its 30 upstream dams, with four more scheduled by 2027 and eight thereafter. Vale now has no dams at Emergency Level 3, four at Level 2, and six at Level 1, from four, seven and 24, respectively, in 2020.

Unconstrained by Country Ceiling: Vale's diversified cash flows from higher Country Ceiling jurisdictions (e.g., Canada, AAA) comfortably cover hard-currency interest. Even if Vale were ring-fenced from Vale Base Metals, limiting access to VBM cash, Brazil's 'BB+' Country Ceiling would not constrain Vale's IDR. Strong exports and offshore cash management support a three-notch uplift above the ceiling, keeping the IDR at 'BBB+' and the Stable Outlook unchanged.

Peer Analysis

Vale is a global low-cost iron ore leader and ranks among the top three miners alongside BHP Group Limited (A/Stable) and Rio Tinto Plc (A/Stable), comparable to Anglo American (BBB+/Stable). About ~90% of Vale's EBITDA comes from iron ore and pellets, with copper, nickel and other minerals contributing the remainder. BHP and Rio Tinto are more diversified by product and generate most earnings from OECD-country assets. Anglo spans copper, PGMs, diamonds, nickel, premium met coal, and high-quality iron ore, but is concentrating on iron ore and copper.

Vale's iron ore is in the first cost quartile; Rio Tinto fluctuates between the first and second. BHP's assets range from first quartile (iron ore) to third (copper), while most of Anglo's assets are in the second or third quartile. BHP's and Rio Tinto's proximity to China differentiates them from Vale.

Vale sources most iron ore and copper from Brazil and most nickel from Canada and Indonesia. BHP and Rio Tinto earn primarily from OECD assets, with iron ore from Australia (Rio produces more lump) and copper heavily from Escondida (BHP 57.5%, Rio 30%). Rio's Oyu Tolgoi (Mongolia) and potential Simandou (Guinea) add jurisdictional risk.

Like Vale, Anglo has greater exposure to challenging environments (Brazil BB/Stable; South Africa BB-/Stable). Vale, Rio Tinto, and BHP have similar leverage (EBITDA leverage below 1.5x; net EBITDA leverage below 0.8x) and strong dividends with conservative balance sheets; Anglo's leverage is somewhat higher.

Despite high financial flexibility, Vale faces constraints from Mariana and Brumadinho remediation, which have been provisioned in Vale's accounts. Vale's recent focus on safety and ESG has strengthened; the Samarco final agreement will intensify scrutiny of governance independence and strategic decision-making.

Key Assumptions

-- Benchmark iron ore prices average USD95/ton in 2025, USD85/ton in 2026, USD75/ton in 2027;

-- Copper prices of USD9,500/ton in 2025, USD9,000/ton in 2026 and USD8,500/MT in 2027;

-- Nickel prices of USD15,300/MT in 2025, USD15,000/MT in 2026 and USD15,000/MT in 2027;

-- Iron ore fines and pellets volumes sold of 315 million tons in 2025, 320 million tons in 2026 and 335 million tons in 2027;

-- Copper volumes sold of 365,000 MT in 2025, 375,000 MT in 2026 and 390,000 MT in 2027;

-- Nickel volumes sold of 177,000 MT in 2025, 210,000 MT in 2026 and 225,000 MT in 2027;

-- Capex of USD5.6 billion, USD5.8 billion, and USD5.8 billion in 2025, 2026 and in 2027;

-- Dividend distribution at Vale's policy of 30% of EBITDA less sustaining capex. Forecast also includes USD500 million discretionary special dividends in 2025;

-- Participative shareholder debentures are considered an operating cost and part of other liabilities instead of debt. It is assumed that it is partially redeemed at USD1.5 billion in 2025.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- Sizeable debt-funded dividends or share buybacks leading to deterioration of the financial profile;

-- Net debt/EBITDA above 1.5x on a sustained basis;

-- Aggressive debt financed growth strategy seeking product of business diversification;

-- Unfavorable additional litigation penalties arising from previous environmental accidents;

-- Material weakness in corporate governance independence and assertiveness.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- A medium-term upgrade is unlikely considering limited diversification and geographical concentration, compared to peers;

-- Higher cash flow coming from sustainable diversification into other segments with lower business risk, higher value-added product mix, and lower correlation to its ferrous mining operations;

-- Reach more than 25 upstream dam decommissions and keep no dams at emergency level 3;

-- FCF positive at all times, regardless of capex plans;

-- Consistent net debt/EBITDA below 0.5x.

Liquidity and Debt Structure

Vale has a track record of maintaining a robust cash position and diverse access to funding which supports its high financial flexibility. Vale ended Jun. 30, 2025 with USD5.5 billion of cash and marketable securities, USD5.0 billion of committed revolving credit lines due in 2026 and in 2029. Fitch adjusted total debt reached USD17.3 billion, including debt repayments expected of USD513 million in 2025, USD135 million in 2026 and USD1.7 billion in 2027. Average debt maturity was 9.1 years. More than half of Vale's debt matures in 2030 or later.

Vale's recent announcement to tender its participating debentures is part of the company's strategy to optimize its capital structure through liability management while reinforcing its capital allocation strategy, and it is included on its base scenario. Fitch expects the company to fund this repurchase with a mix of cash and debt.

Issuer Profile

Vale is one of the world's leading mining companies. It is one of the largest producers of iron ore and iron ore pellets and the 6th largest producer of nickel. The company is present in approximately 19 countries.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

MACROECONOMIC ASSUMPTIONS AND SECTOR FORECASTS

Click here to access Fitch's latest quarterly Global Corporates Sector Forecasts Monitor data file which aggregates key data points used in our credit analysis. Fitch's macroeconomic forecasts, commodity price assumptions, default rate forecasts, sector key performance indicators and sector-level forecasts are among the data items included.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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Rating Actions

ENTITY/DEBT	RATING			RECOVERY	PRIOR
Vale Overseas Limited					
• senior unsecured	LT	BBB+	Upgrade		BBB
Vale S.A.	LT IDR	BBB+ ⊡	Upgrade		BBB ⊕
	LC LT IDR	BBB+ ⊡	Upgrade		BBB ⊕
	Natl LT	AAA(bra) ⊡	Affirmed		AAA(bra) ⊡
• senior unsecured	LT	BBB+	Upgrade		BBB
• senior unsecured	Natl LT	AAA(bra)	Affirmed		AAA(bra)

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	⬘
NEGATIVE	⊖	⬙
EVOLVING	◎	◆
STABLE	⊡	

Applicable Criteria

Corporate Hybrids Treatment and Notching Criteria (pub.08 Apr 2025)

Corporate Rating Criteria (pub.27 Jun 2025) (including rating assumption sensitivity)

National Scale Rating Criteria (pub.22 Dec 2020)

Sector Navigators – Addendum to the Corporate Rating Criteria (pub.27 Jun 2025)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Corporate Monitoring & Forecasting Model (COMFORT Model), v8.2.0 (1) (2)

Additional Disclosures

Solicitation Status

Endorsement Status

Vale Overseas Limited	EU Endorsed, UK Endorsed
Vale S.A.	EU Endorsed, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see Best- and Worst-Case Measures under the Rating Performance page on Fitch’s website.

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