VALE S/A (VALE3)
4Q24 Earnings Results
February 20th, 2025
Conference Call Transcript

Operator: Good morning, ladies and gentlemen. Welcome to Vale's fourth quarter 2024 earnings call.

This conference is being recorded and the replay will be available on our website at vale.com. The presentation is also available for download in English and Portuguese from our website.

To listen to the call in Portuguese, please press the globe icon on the lower right side of your Zoom screen, and then choose to enter the "Portuguese room". Then select "mute original audio" so that you won´t hear the English version in the background.

We would like to inform that all participants are currently in a listen-only mode for the presentations. Further instructions will be provided before we begin the question-and-answer section of our call.

We would like to advise that forward-looking statements may be provided in this presentation, including Vale's expectations about future events or results, encompassing those matters listed in the respective presentation. We caution you that forward-looking statements are not guarantees of future performance and involve risks and uncertainties. To obtain information on factors that may lead to results different from those forecast by Vale, please consult the reports Vale files with the U.S. Securities and Exchange Commission (SEC), the Brazilian Comissão de Valores Mobiliários (CVM) and, in particular, the factors discussed under "Forward-Looking Statements" and "Risk Factors" in Vale's annual report on Form 20-F.

With us today are:

- Mr. Gustavo Pimenta – CEO,
- Mr. Marcelo Bacci –Executive Vice President of Finance and Investor Relations,
- Mr. Rogerio Nogueira –Executive Vice President, Commercial and Development,
- Mr. Carlos Medeiros – Executive Vice President of Operations, and
- Mr. Shaun Usmar – CEO of Vale Base Metals

Now I will turn the conference over to Mr. Gustavo Pimenta. Sir, you may now begin.

Gustavo Pimenta:

Hello everyone and welcome to Vale's 4th quarter 2024 conference call.

At Vale Day, we laid out our 2030 vision with a clear focus on evolving our portfolio of assets to supply our clients' needs with a highly competitive cost profile. We also presented our initiatives to advance on our cultural transformation while positioning

Vale as a trusted partner. I am happy with the results we were able to achieve thus far and very optimistic about the future of Vale.

We finished 2024 on a strong note.

On safety, we lowered our injury frequency rate to 1.1 as result of our continued focus to create an accident-free work environment.

We have also achieved 57% of the upstream dams decharacterization program and expect to have no dams at level 3 by the end of 2025.

We signed definitive agreements for the Mariana reparation as well as for the railway concessions renewal.

In our iron ore business, we delivered two of our three key projects. Vargem Grande started up in September, ahead of schedule and on budget. And in December, we announced Capanema's start-up, also ahead of schedule. Both projects add 30mt of low-cost production capacity.

In Base Metals, we produced the first ore from the second deposit of the VBME project, an important milestone towards continued efficiency gains and fixed cost dilution in the nickel business.

We have also made progress on strategic partnerships with the closing of our 15% acquisition of Minas-Rio, as well as the initiation of construction of our concentration plant in Sohar, Oman, which is expected to come online in 2027.

Last but not least, we delivered on all of our production and cost guidances for the year, reflecting our continued focus on operational excellence.

All these achievements demonstrate that we are on the right path to deliver on our 2030 vision.

Now looking into our production performance. Iron ore production reached 328 Mt, the highest level since 2018 and above our original guidance.

In the 4th quarter of 2024, we proactively shifted our portfolio mix, reducing direct sales of high-silica material, while increasing the share of high-quality products from Carajas. This resulted in higher realized iron ore premiums, but more importantly, higher margins and returns on invested capital.

In Base Metals, we continue to make solid progress, having achieved the highest copper production since 2020, driven by Salobo, which produced roughly 200kt of copper in 2024.

In Nickel, a significant milestone was achieved with the VBME project completion. We have also announced the Thompson review as part of a process to optimize Vale Base

Metals' asset base. We expect to conclude the review process in the second half of this year.

We continue to be highly disciplined in our productivity efforts, having delivered all of our cost guidances across the different commodities in 2024.

In iron ore, particularly, our C1 cash cost came in at the low end of the guidance range, at around US$ 22 per ton. In the fourth quarter, our C1 reached US$18.8/t, the lowest level since 2022.

In copper, we had the best year in terms of all-in costs since 2020, on the back of Salobo's record production, as well as higher by-product prices, particularly gold.

Nickel costs are also trending downward, with further support expected as result of the VBME ramp-up.

We remain highly committed to continue improving our cost competitiveness across the business and we are very confident on delivering our guidances again in 2025, positioning Vale at the very low-end of the industry's global cost curve.

We are also laser-focused on optimizing our capital expenditures.

As a result of that, we have reduced our capex guidance for 2025 to $5.9 billion, leveraging optimization initiatives in certain capital investments.

In this context and given our strong confidence in a robust cash flow generation for 2025, our Board of Directors approved US$2bn in dividends and interest on capital, resulting in an annualized 10% yield.

The Board also approved the extension of our buyback program for up to 3% of our outstanding shares.

Looking ahead, we will remain highly focused on our disciplined capital allocation approach, balancing capex optimization, accretive growth and strong shareholder returns.

Before passing on to Marcelo I would like to talk about our announcement last week regarding the New Carajas. As you know, Carajás is one the best provinces of critical minerals in the world, including for the highest grade iron ore. Under this program, we are creating a dedicated multi-functional team with increased investments in exploration in order to accelerate the development of the regional endowment. We are confident this new approach will enhance substantially our ability to develop accretive projects to our shareholders, in line with our long-term strategy.

We will be proving more color about the New Carajas initiative in the following quarters as the program evolves.

Now, I would like to welcome Marcelo Bacci for his first conference call with Vale.

I will be back for closing remarks before the Q&A session.

Please, Marcelo.

Marcelo Bacci: Thanks, Gustavo, and good morning, everyone.

It's great to be here for my first quarterly conference call with Vale. Let's take a look at our Q4 financial performance.

Our Proforma EBITDA was just over US$ 4.1 billion in 4Q24, 9% higher quarter on quarter. As you can see on this slide, there were two main factors that contributed to this performance.

First, our portfolio optimization strategy allowed for an improvement in our realized all-in premiums of US$ 2.9 per ton sequentially, with a positive impact of US$ 190 million on our EBITDA.

And second, our Cost Efficiency Program continues to yield positive results, with our unit costs declining across all of our commodities y/y. In the particular case of our C1, the positive impact on our EBITDA was US$ 180 million q/q.

We think that cost competitiveness is a key element towards protecting our company from market cyclicality and I am very pleased with the results that we are achieving.

This quarter, our iron ore C1 cash costs, excluding third-party purchases, came in at US$ 18.8 per ton, almost 10% lower year-on-year. This is the lowest C1 cash cost since the first quarter of 2022. The improvement was primarily driven by our efficiency initiatives and a better production mix, with higher volumes coming from the Northern System.

Our all-in cost performance was solid, with a reduction of over 5% year-on-year, reaching US$49.5/t in the quarter. The improvement was driven by lower C1 costs, as well as by our portfolio optimization strategy, which led to higher realized premiums, as I explained earlier.

Our strong performance in Q4 gives us confidence that we are on the right track to continue to improve, while delivering all of our guidances in 2025.

Looking at our Energy Transition Metals business, we also saw an overall decrease in all-in costs.

In Copper, all-in costs were the lowest since 4Q20, reaching about US$ 1.1 thousand per metric ton, driven by higher by-product revenues from Salobo, primarily composed of gold, as well as by improved operational performance.

In Nickel, all-in costs totaled about US$ 13.9 thousand dollars per metric ton, the lowest since 1Q22, driven by higher by-product revenues, especially from copper and PGMs.

The Vale Base Metals asset review, led by Shaun, is progressing remarkably well. We are optimizing operations and achieving cost improvements across all business lines. Our focus is on unlocking VBM's full asset potential.

Now, moving on to cash generation.

I will spend a bit more time on this slide to explain some movements in our Free Cash Flow, particularly in light of our expanded commitments related to Samarco and Brumadinho.

First, our Recurring Free Cash Flow generation reached roughly US$ 800 million in Q4, US$300 million higher than in Q3. This increase was primarily driven by higher EBITDA and a positive impact from working capital, thanks to strong cash collections in Q4 from Q3 iron ore sales.

Our Recurring Free Cash Flow was used to address one-off items, such as the advanced payment of US$ 656 million for railway concession contracts. Renegotiating the concession contract allowed us to reduce contract risks and optimize our obligations, with a small impact on our provision, while securing concession extension until 2057.

I would like to highlight that the cash outflows related to the Samarco and Brumadinho commitments are already provisioned in our balance sheet and are part of our expanded net debt concept, which is our reference for capital allocation purposes, including dividends and buybacks. Having said that, those outflows should not be considered in the FCF to equity calculations. They should rather be treated as a type of debt amortization.

As you can see on the next slide, our expanded net debt remained stable at US$ 16.5 billion in the quarter. Here, we present the main cash and non-cash factors that impacted our Expanded Net Debt sequentially. We are maintaining our US$ 10 to 20 billion Expanded Net Debt range, aiming to be at around the middle. This will be the reference for additional shareholder remuneration.

As Gustavo mentioned earlier, Vale will pay US$ 2.0 billion in shareholder remuneration in March, while our Board also approved a new buyback program of up to 120mn shares. This shows our continued focus on returning value to shareholders.

With that, I now pass the floor back to Gustavo.

Gustavo Pimenta:

Thanks Marcelo. Before opening up for the Q&A session, I would like to reinforce the key takeaways from today´s call:

We have made substantial progress in addressing the key overhangs Vale was facing in recent years, well positioning us for the years to come.

We continue to advance on our operational excellence agenda, consistently delivering on the production guidance while capturing sustainable efficiency gains.

Our unique endowment provide us with the flexibility and optionality to adapt our portfolio mix to any market scenario.

Also, we are strategically building the right portfolio by accelerating accretive growth opportunities, such as with the New Carajas program, where we have a highly competitive value proposition.

And finally, our disciplined approach towards capital allocation will continue to ensure healthy shareholder remuneration and value creation to all of our stakeholders.

Now, let's start the Q&A session.

QUESTION AND ANSWER SECTION

Operator: Thank you. We are going to start the Q&A session of the call. If you have a question, please click on the raise hand button. If your question has already been answered, you can leave the queue by clicking on the lower hand button. Please ask your questions in English and limit your questions to two at a time. Our first question comes from Daniel Sasson from Itaú BBA. Please. Mr. Sasson, your microphone is open.

Daniel Sasson, Itaú BBA: Thank you so much. Good morning, everyone. Thank you for the opportunity. My first question is related to your mix, your sales sales mix. It's becoming clearer and clearer that the quality is increasing, you are increasing concentration, but you did increase your inventories by almost 6 Mt in the second half of last year, right. The difference between production and sales, if you could comment a little bit on how are your inventory levels, if you're comfortable with them, and how that is associated with the company's commercial strategy, right. I mean, if maybe we could see Vale more and more focusing on value over volumes over the next years, if that's the north you are going to, that would be great. And my second question related to Gustavo's final remarks, you mentioned the ramp-ups of Vargem Grande and Capanema, right, that you commissioned between September and December last year. But when we look at your production guidance for this year relatively flat versus 2024. Can we, is it implicit that you are thinking about lower purchases from third-parties while, which could actually help your cost performance and your delivered in China cost? I know that seasonality helped in the fourth quarter, but your delivery in China was even lower than your mid-to long-term guidance for the delivery in China cost, right. So how can we think about this cost evolution for 2025 onwards? Thank you so much, guys.

Gustavo Pimenta: Hey, Daniel, Gustavo here. So let me start with the second one and then I'll pass to Rogerio to talk about the sales mix. So, the first thing is there is a ramp-up of those projects, right, both Vargem Grande and Capanema will take some time to reach full capacity. I think that's the first one. And I think the way we are looking into that is that this will give us more flexibility to play along the value-over-volume strategy as we mentioned last year, we could have done more volumes in Q4 than we actually did. So, we are taking a similar approach in our projections for this year. So if anything, despite, you know, projecting something similar to last year, I think this year we probably have greater flexibility to play on the value over volume. So that's the way we are thinking about. So, I'll have Rogerio talking about the sales mix.

Rogerio Nogueira: Thank you, Daniel. I think you put it exactly right. When we discuss our product portfolio, our focus is on value. So, we're not looking only at price realization, not only at volumes or costs, not only at inventories. It is about the optimization of cash flows. Long-term, I think, you know, our direction is not going to change. We focus on the decarbonization to Mega Hubs, and that's a different story. Short-term, we're looking into what the market is actually doing right now. What are the margins of our clients? What is the trend in terms of premiums? We're looking together with our operations colleagues in the supply chain, what are the mine's possibilities, constraints and opportunities and looking into the whole supply chain, we're trying to figure out what is the portfolio design that maximizes value and that's exactly what's going on right now. The decision at this point in time was to beneficiate iron ore we thought that moving our product portfolio more towards a midgrade product would yield better results and that's what we've done. Our expectation for the coming quarters is that this will be the direction that we will take and that you should see some increase in inventories as a result of that. But again, keep in mind that our focus is to work on a flexible portfolio with the view of maximizing value.

Operator: Our next question comes from Carlos De Alba from Morgan Stanley. Please, Mr. De Alba, your microphone is open.

Carlos De Alba, Morgan Stanley: Yeah, thank you very much. So my first question – good morning, everyone. My first question is maybe if you could provide, this is for Shaun from Base Metals, maybe a little bit more of details of the progress to date that you have achieved and what sort of result do you expect that we can see, I guess, on the cost side, but those have been mentioned already, more in terms of production, perhaps shipments throughout the year and the sequence of getting to the cost target for the year. And the second question maybe for Gustavo is more on this still, I guess, situation with the municipalities in Brazil that were impacted by the Mariana accident and we understand that May 6 is the deadline for them to decide whether they joined the agreement that the company, the comprehensive agreement that the companies reached with the federal and the state governments in the country, or continue to pursue a plaintiff lawsuit in the UK. So what, even if it is a small chance or how you want to frame it, what is the company's strategy or what would the company do if the majority of the municipalities decided not to join the Brazilian agreement? Thank you.

Shaun Usmar: Carlos, thank you for the questions. It's Shaun Usmar here from Base Metals. So, your question is on cost competitiveness and progress to date. Firstly, I'd say, look, it's been 4.5 months and I've been really impressed with the progress that the team has made over this period of time. So, to give you a sense of that, think about it. You've got a vertically integrated global footprint and – in nickel and certainly in copper – our priorities remain, as we've said on Vale Day, to unlock the endowments, but the endowment needs to be enabled through lower costs, higher productivity and agility. So, in that period, you would have seen I initiated very early on the restructuring. The team has done incredibly well, focused on overhead. We're on track for about a third of our overhead reduction, which is a run rate of nearly $200 million a year, which is in excess of what I would have anticipated and it's not really just the cost component. It's what it does to enable this decentralized sort owner-operator model across the business to help that greater productivity and focus on cost and I'm really seeing that happening. I think if you look in the last period and this goes to your points on what to expect. If you remember, we just had a record year in Salobo, you know, Salobo, for example, even on things like shovel productivities improved about 5% last year. It's actually the best performance on the shovel in Brazil, for example. The team has done a great job on that, Truck Availability is about a 10% increase on that. We've seen significantly more meters drilled as they look to unlock the endowment that's been spoken about repeatedly. Now even Sossego as a more mature mine, you've seen a 28% improvement in utilization and you're seeing that, you know, that's a focus on both hot seat changeovers at the end of shifts and they've been able to park for trucks at about 16% of their fleet. So, this sort of focus on cost and productivity, not just in overhead but at the operational level, is key.

And then as you think about deliveries and cost, I'd say copper is very much on track already for what you know, we've sort of put out there for guidance through the year, you should expect volumes and also the cost improvement to improve as we ramp up things like Onça Puma with a second furnace in the second half of the year. You know, we've announced, I think on Vale Day as well the trials where the nickel content in ferrous-nickel alloy was increased from 25% to 35%. You know, they've done a really, really good job to be able to set ourselves up for the second furnace, also improve our products and improve costs and we're very much on track with that. In Ontario, you know, the operation there, you've, we've seen a big focus on development rates to play catch-up with underinvestment and productivity needs of the past. And just to give you an example, you know, we saw earlier last year they were only doing at about, in 2023, in fact, about 64 meters a day on development. They're running now at about 84, in Creighton mine, for example, year-on-year, has seen 100% improvement in their development capability. So very strong focus on that and yeah, so it's across the board, I think particularly on nickel you've seen as Bacci said, this significant reduction in cost that has to continue and the focus for the team, particularly in this market, is to get the cost structure down, the overheads as well as the operating costs we need to make sure that we're sustainable in this sort of price environment and then can benefit when we see a recovery in the future and the key focus for us is enabling that copper growth that we've spoken about and I think the team has done a remarkable job so far.

Gustavo Pimenta: So, Carlos, let me just complement on your second question on Mariana. Look, our view is, is that the settlement in Brazil that we were able to successfully achieve last year is fair, comprehensive, and it is the best alternative and the best path for the reparation to evolve and to move forward. We continue to believe this is the best alternative for all constituents. It provides a fair, expedited payment mechanism for all related parties. We have seen very good traction in terms of delivering on the commitments that we've signed. So we continue to believe that this is going to be the ideal and the preferred path for everybody to fulfill all of their operations that we are agreed among the parties.

Operator: Our next question comes from Caio Ribeiro from Bank of America. Please, Mr. Ribeiro, your microphone is open.

Caio Ribeiro, Bank of America: Okay. Good morning. Thank you for the opportunity. So my first question is on your recent decision to launch a strategic review for Thompson, which you mentioned it could include a potential sale of the asset. So, my question is, could you also contemplate other assets in Canada, such as Voisey's Bay or Sudbury as candidates for divestment as well? And what specifically about Thompson leads you to consider a potential sale there? And then my second question is on the recent discussions in China to once again implement supply-side reforms for the steel industry. Back in 2016-2017, that was the big theme for the industry, which led to significant curtailment of excess steel capacity and enhanced profitability for steelmakers. This time around how do you see the supply-side reform playing out and is that something that you see having a material impact for the iron ore business? Thank you.

Shaun Usmar: Gustavo, you okay if I cover the first one.

Gustavo Pimenta: Go ahead, Shaun.

Shaun Usmar: Yeah, Caio, thanks for that question. Look, you know, I just answered in the last thing, the focus that we have is, you'd appreciate in this environment, is making sure firstly that, the way to unlock the potential of the portfolio and the endowment that we know is there is to firstly get the cost structures and productivities right. So that's happening as table stakes across the board. But the concurrent effort needs to be what's the right portfolio for us to be able to optimize value for Vale shareholders? And as part of that, you know, we are competing with capital across this portfolio and of course, we're competing with some very lucrative opportunities in iron ore and our priority remains in copper. So specifically, the Thompson, you know, it's an operation that we've been in, we've worked with for over 60 years, it's generated a lot of wealth as we've sort of pointed out previously. But, you know, the question really is as a non-polymetallic opportunity it's something that is at the moment not generating the highest returns when we look at the opportunity set for nickel. So, you know, we need to make sure that we don't make the mistake of trying to be all things to all people and spread our resources and our limited capital too widely, which is the reason that we've initiated this process on Thompson. I can say so far, you know, we've had significant interest, the bid opened up just yesterday and as we've indicated, you know, we expect to form a view in the second half and we have a completely open mind as to what that path, you know, may entail in the future, including a potential sale. So, this is very much a strict, dispassionate view on how to optimize value. You know, the other one worth noting is, you know, Hu'u is you know, I think we're getting an award in two weeks' time at PDAC as the best discovery of its current copper gold discovery in say the last 20 years and it's incredible. And the FEL2 study has just been concluded. It's dealt with a number of the sort of prior technical risks and, you know, that'll be unveiled shortly. But it's a logical time as well for that to think about things like partnerships, particularly if we've got partners who are able to do, have great experience in block caving, for example. So that's something that I think you can think about again with a view to how do we manage risk, focus on value and optimize the portfolio. You know, to your question on things like

Voisey's Bay and others, our short-term focus, we're going to look at everything across the portfolio and particularly at different pricing scenarios. But the real, the best thing we can do for our investors is really firstly to get the cost structures and productivities correct to be able to then unveil their value potential. So that's the focus. We're doing these things concurrently.

Rogerio Nogueira: Okay. Caio, on the supply side reform, I think, as you know, today, the industry is operating at overcapacity with the blast furnace utilization at about 85% and margins are very low for rebar producers, for HRC producers, because there are two events going on simultaneously for capacity rationalization. The first one that people don't pay much attention to is the consolidation. There is an ongoing consolidation in the Chinese industry, and the second one, as you just talked about, is this potential supply side reform 2.0, which I think we don't know exactly whether this will come or not. As you may recall, the first supply-side reform was about 150 million tons of induction capacity. That was an easier one to do because it was very old capacity, very polluting capacity and back then you had a significant impact. And this impact is actually seen in premiums more than in iron ore prices. Look, I think this event will happen. The capacity rationalization will happen being it through consolidation or the supply-side reform 2.0, the question is timing.

Operator: Our next question comes from Leonardo Correa from BTG Pactual. Please, Mr. Correa, your microphone is open. Please, Mr. Correa, activate your microphone and you can start asking your question.

Leonardo Correa, BTG Pactual: So, a couple of questions on my side. And good morning, everyone. Yeah. So the first one, I think Marcelo, you talked a lot about the free cash flows and how we view the free cash flow breakdowns. You talked about the net debt – the expanded net debt target, which remains between $10 million and $20 billion, with a goal of keeping it at the middle, which means something around $15 billion. So, you're slightly above that level at $16 billion now in expanded net debt. I think one of the key positives of the quarter was clearly the cash returns, right. I think the company managed to positively surprise, which was quite welcomed, announcing $2 billion in cash returns with, let's say, with the $500 million in extraordinary dividend. So, my first question is, I mean, is this something that you view more as, let's say, a one-off which has been, let's say, more a function of the reduction in capex and, let's say, the stronger iron ore price level that we've been seeing in the first semester. So how should we think of extraordinary dividends going forward, is my first question?

My second question is, and I understand that this is obviously sensitive and there's nothing confirmed, but the press has been talking a lot about M&A at Vale and specifically transaction of an asset called BAMIN, Bamin Mineração, which we've been following for many years, right. It seems Vale has been doing the homework and of course this is all public information. So Gustavo, I just wanted to hear from you. I mean, exactly what the angle is and where are the opportunities, what's the strategic rationale? I mean, is this something that Vale is considering? So, if you have any color -- additional color on this transaction, which has been widely publicly talked about in the press, I think, would be very helpful. Thank you very much, guys. Those are the questions.

Marcelo Bacci: All right, Leo, this is Marcelo speaking. Thank you for your question. We continue to have the same policy when it comes to cash returns to shareholders and looking at the expanded net debt concept, we have this target between $10 billion and $20 billion aiming at the center of it, which is $15. We are now at $16.5 but when we project this to the future, we see that even with the additional dividend, we are going to be inside that level given the fact that we have first a reduction in capex, which is, you know, very safe for this year. We are very, we can make sure that for this year, 5.9 is a very reasonable number and we are still looking at how this is going to play in the coming years. But for this year, we have a very high level of certainty related to that. And also we started the year with a higher cash flow generation than we expected. So we are confident that even with the payment of dividend that we just announced, we will be around the $15 billion and we are not changing the target for the time being.

Gustavo Pimenta: Leo, so on your second question, look, given our relevance in the country, it's almost our obligation to look at every single opportunity that emerges, right and we always assess those opportunities vis-a-vis our strategic direction that we've laid out at Vale Day, for example, recently in terms of growing the share of high-quality products and so on. So, we look at those opportunities along those lines, but rest assured that any investment will only be done if they make strategic but also financial sense, and if they deliver on all of the thresholds that we have internally in terms of returns, in terms of risks that we perceive. So we are always evaluating my answer to you. There isn't any commitment on any particular project that we haven't yet announced, and we'll be looking at those under those lens. If they make sense, we'll bring it up. If they don't, we will not bring it up.

Operator: Our next question comes from Rafael Barcellos from Bradesco BBI. Please, Mr. Barcellos, your microphone is open.

Rafael Barcellos, Bradesco BBI: Good morning and thanks for taking my questions and congratulations for the results. My first question is to Gustavo. Gustavo it's great to see you and the overall senior management so confident in the company's operational performance, which of course is reinforced by the extraordinary dividend announcement, right. So I just wanted to better understand how you are seeing the overall company evolution. I mean, if you could split between cost performance, commercial strategy, and institutional relationship, it would be very interesting to understand how are you seeing the overall company's evolution in these main areas. And then my second question is to Rogerio, Rogerio you mentioned that your iron ore inventories should increase, right? So, I'd like to better understand what is behind this statement, I mean, and maybe if you could give us more color on your overall iron ore inventory strategy, it would be very helpful. Thank you.

Gustavo Pimenta: Let me take the first one. So, you know, I said in my prep remarks, I'm highly optimistic about the future of the company. I mean, we were laser-focused in the initial four months to clear what we thought were key overhangs. So, we were able to address all of them. I think operationally we've never been in the position that we are currently and kudos to Carlos Medeiros and his teams. They've been doing a great work over the years to bring our operational excellence back when you look at all and we've said that before, when you look at all the leading indicators that we track, the company is performing substantially better. It is probably the best time in the last five years in terms of operational performance and I think we are able to give a greater priority to cost and capital allocation management within the company recently, which I think, you know, combining with the operational excellence should allow us to deliver very strong operational and financial performance, which then resulted in some of the recent decisions that we announced at, like yesterday, right. So this is, I think this is making me and my team extremely confident on the future that we've laid out at Vale Day and our ability to deliver on that future in terms of the superior portfolio of assets, continue to grow both iron ore, the high-quality share of iron ore, but also copper as well as continue to advance on the other elements of our strategy. So that's the way we see now a lot of work to do. But I think we are in a great position today.

Rogerio Nogueira: Okay, Rafael. Thank you. On the second question, just again, just to reiterate that our strategy is about cash flow maximization and flexibility. Also, before I answer your question directly, I think important to say that we have a sophisticated supply chain. We have many mines, we have iron ores, which are amenable to beneficiation. We have concentration in Brazil, concentration outside Brazil. We have a blending center. And that provides us with the opportunity to optimize value, to optimize, or maximize cash flows. I think what I was referring to is that if, and as we increase concentration outside Brazil primarily, so concentration in China, we have a longer cycle time between production and sales. It is different from selling lower-grade ore, or outside just as soon as the -- in the ports of Brazil, okay. We don't sell it at sea but we need to have material in China. Look, however, does inventory increase - it is associated with the growth of ore that is beneficiated. Once we reach a steady state that stops. So it is not as if we're continuing to grow inventory indefinitely and I think you also should think about the flexibility we're talking about. At some point in time we might reverse as a strategy if it is not value maximizing, and then inventories might even decrease. So, it is flexibility. That's what we're talking about. And it is not about inventory or price realization of volumes alone. It is about cash flow maximization. And you might see inventories increase at times. You might see inventories decrease at times, but particularly this quarter is about the increased volumes in concentration outside Brazil to have a longer cycle time.

Gustavo Pimenta: Rafael, maybe just to complement on Rogério's note, you should then see a stronger sales in Q1. but I think that's one of the things you should expect us to post as a result of this changing strategy in Q4 last year.

Operator: Our next question comes from Marcio Farid from Goldman Sachs. Please, Mr. Farid, your microphone is open.

Marcio Farid, Goldman Sachs: Thank you. Good morning everyone. A couple of follow-ups on my side here. Gustavo, first one for you, please. I think since you took over as CEO, you've been talking about the importance of improving the institutional relationship between Vale, the Brazilian government and other stakeholders as well. Six months into the job, if you can update us on how you see the current relationship, how much improvement has shown so far and what do you expect going forward as well, especially in the context of, you know, the headlines of around BAMIN, for instance, around, you know, potential change in the board members in the next few weeks, or next couple of months sorry, that will be great, please. And secondly, maybe to Bacci. Bacci, I mean, I think there's a lot of confidence and a lot of optimism on this call and I think for the right reasons as well, I think the question is, you know new buyback program announced I think the company have mentioned before that it could be a year where cash return could be a little bit more conservative just because of how relevant the cash disbursements related to Mariana and Brumadinho are going to be potentially this year. I understand we would not include that on the free cash flow to equity, but I mean, how should we think about, you know, buyback going into 2025 is stronger free cash flow generation, potentially with high iron ore prices, but also you see elevated macro uncertainties, a lot of disbursement and, you know, how do you balance that cash disbursement and shareholder returns would be great. Please. Thank you.

Gustavo Pimenta: So, Marcio, on your first question, look, this is something we've been spending a good amount of time on, I've said that before, I think there is a lot of opportunities and convergence in terms of what is good for Brazil and for the state and what is good for Vale. Vale can be an important investor for critical minerals as we announced last week, for example, the new Carajás. It's good for Brazil, it generates employment income but also allows the company to continue to grow and deliver on the long-term strategy for us. So, I'm finding a lot of support for those conversations and, which I think is showing up in a more, you know, our ability to move some of those agendas that are important for us and you've seen that recently. So, I'm optimistic about that and I'm seeing, again, an opportunity for us to continue to converge and do investments that make sense for the company but also make sense for the environment that we are invested in. So, you should expect us to continue to be highly focused on what makes sense for the company, but also understanding that many of those investments also make sense for the country.

Marcelo Bacci: Marcio, on your second question, I think it's important to emphasize that our target of expanded net debt around $15 billion will be the most important reference when it comes to deciding whether or not we're going to be operating on the buyback program. We are, the idea and the announcement we made was to make sure that we have a program open, that we will operate on that program, depending on what happens with our cash flow generation and we will be, you know, very closely monitoring that and we for sure, if the opportunities are there, we will start operating on the buyback program. But we are not going to be, for obvious reasons, very clear about the strategy of the buybacks.

Operator: Our next question comes from Myles Allsop from UBS. Please. Mr. Allsop, your microphone is open.

Myles Allsop, UBS: Great. Thank you. Yeah. Just a couple of questions. Maybe just on that buyback. Why not go for the buyback rather than the special dividend? You know, the share price doesn't get much lower through the cycle than where we are today. Why not just execute $500 million buyback and push, you know, cash back to shareholders that way? And then maybe for Shaun on the base metals side when you had the copper growth options in Carajás for many, many, many years, but when we're actually going to get visibility on the permitting on getting FIDs so we can start having more confidence in that growth coming through in Brazil? Thank you.

Marcelo Bacci: Myles, regarding dividends and buybacks, we try to come with a balanced approach between the two things depending on the moment. If you look in the past, in the recent past, the company has done more buybacks than dividend payments and now we come with the additional dividend payment. But you can expect in the future that if we have the opportunity coming from the cash flow to return more cash to the shareholders, we will probably have a balanced approach between dividends and buybacks, depending on where the share price is for sure.

Shaun Usmar: Myles, it's Shaun, on your question, I think similar to what we talked about at Vale Day, focus in the short-term as we're seeing with Salobo and Sossego drive productivities and get these up to their entitlements and actually continue to expand and drill to the extent we can. The next one that we're focusing on where we are expecting permits in Q2 of this year is on Bacaba and there's a lot of focus on that and you would have seen low capital intensity about $10,000 a ton, and that's the sort of core focus. Beyond that, you know, we're talking a slightly longer timeline with projects that we had indicated, things like Alemão, Cristalino and elsewhere. You would have seen the announcements and comments and material last week on Novo Carajás. And so, you know, I think the work that Gustavo and the team are doing, particularly on the government relations and institutional side, is really a core focus to help unlock that and to ensure that we can demonstrate that with our stakeholders. And I'm sure, Gustavo, I don't know if there's anything you wanted to add to that.

Gustavo Pimenta: I think you covered well, maybe the only point I'd like to add is what is different, right? We've got this question in and I think what we are changing is the approach for developing the regions. So we put together with the support of Shaun and the team a dedicated leadership team to focus only on the New Carajás development, more investments in drilling and exploration, understanding of the ore body. So we think this is going to allow us to be more expedited, have better understanding about each one of the projects. You know, we have several projects in the region that we are not able to develop over the years and I'm confident that now with this different approach, we'll be able to show progress and the idea is that you know over the following quarters, we start to bring those milestones and the evolution of the program to you, to show you that we've been able to achieve those developments and targets that we had laid out. So I'm optimistic. I think the different approach will certainly result in a greater focus and for the ability for us to grow faster in that region.

Operator: Our next question comes from Timna Tanners from Wolfe Research. Please, Tanners, your microphone is open.

Timna Tanners, Wolfe Research: Great. Thank you. And good morning. Wanted to ask, now that we're more than halfway through Q1, what you can tell us about volumes so far this quarter, any trends in costs? So that's my first question on Q1. And then looking at cash costs, they've certainly been benefiting, of course, from the weaker currency, byproduct credits, of course, in base metals. But what can you do to elaborate on these measures that you're working on to lower costs and any progress there would be great. Thank you.

Gustavo Pimenta: I'll ask Carlos to talk about the operational performance and expectation for Q1 and then Bacci maybe you can talk about the cost optimization.

Carlos Medeiros: Hi Timna, on the Q1 our Q1 performance, we expect similar to last year's performance, although we are having more intense rainfall this year, but all the asset preparations that we have been doing over the last two years is paying dividends to us. So, in spite of that we, foresee a similar performance year-on-year.

Marcelo Bacci: On the cash cost performance, I think we have - you're right, there is an effect coming from BRL which is not a major one, but it is there, and the currency is volatile. So, we cannot count on that for the future. I think the main measures that we're taking and are paying off in terms of cost management, first is production stability and operational stability that always brings good news when it comes to cost. The second one is the new projects that came online with the lower cost or – especially for iron ore. And third, we continue to move on our program of de-specs, on the suppliers' relationship that gradually all those measures together are starting to pay off and you can see the result of that in the C1. Now, it's important to mention that the C1 is not linear through the year. We have some volatility in the different quarters. But if you look at the moving average, we will continue to see the C1 declining throughout the year.

Operator: Our next question comes from Liam Fitzpatrick from Deutsche Bank. Please. Mr. Fitzpatrick, your microphone is open. Mr. Fitzpatrick, you can now activate your microphone and ask a question.

Liam Fitzpatrick, Deutsche Bank: Good morning, everyone. First question is just another one on the buyback unfortunately, I just wanted to clarify, or try to understand how you want us and the market to think about it. Is this just to give you flexibility later in the year and we shouldn't expect to pick up over the next one to two quarters or is this buyback effectively in place from today? That's the first question.

Marcelo Bacci: The buyback is in place already, and how we are going to operate in the market is something that we cannot be very clear about that for obvious reasons. But yes, we have the ability to operate whenever we want from now up to 18 months.

Operator: Our next question comes from Marina Calero from RBC. Please, Mrs. Marina, your microphone is open.

Marina Calero, RBC: Hi. Good afternoon. Thanks for the call. I have a question on your capex guidance. It looks like most of the savings were on growth capex. Can you provide more details about the different drivers behind that? And as an extension of that, do you see potential for more efficiencies after 2025?

Marcelo Bacci: You're right. Most of the reductions are on the growth part. We are not changing the scope of the capex program, but rather working on, partially on timing and partially on efficiency. And this is something that for the time being is only related to 2025. So, we are very confident that in 2025 we're going to deliver this $5.9 billion. We are still working on what's going to be the guidance for the future for the coming years. We're not prepared for that discussion yet, but we're working on that.

Operator: Our next question comes from Yuri Pereira from Santander. Please, Mr. Pereira, your microphone is open.

Yuri Pereira, Santander: Hi, guys. Good morning. Thank you. First question is still about the capex revision for 2025. Is there anything other than the new FX assumption, if you could please explore a bit more about it? And the second question is, considering current iron ore prices, do you see room for financial debt increase in order to achieve the expanded net debt target. Thank you.

Marcelo Bacci: Yuri. On the capex side, we are assuming the currency at the current level around $5.7 billion. So there is not a significant effect coming from FX on that. When it comes to financial debt, we're going to be monitoring the opportunities in the market. We may come with new transactions, but again, the target is to have the net deb – expanded net debt at around $15 billion at the end of the year.

Operator: Thank you. This concludes today's Q&A session. Vale's conference is now concluded. We thank you for participation and wish you a very good day.