

VALE S/A (VALE3) 3Q25 Earnings Results October 31st, 2025 Conference Call Transcript

Operator: Good morning, ladies and gentlemen. Welcome to Vale's third quarter 2025 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 third quarter 2025 conference call.

I would like to start by highlighting how excited I am about what we are building at Vale.

Our Vision to become a trusted partner with the most competitive and resilient portfolio

in the industry, remains solid - and we continue to make significant progress towards

this future.

This quarter, we once again delivered solid operational and cost performance

across the board, and we are on track to deliver all of our guidances for the year.

We continue to advance our safety agenda, most notably by removing the last

dam from emergency level 3, a significant milestone in our de-risking journey.

Our key initiatives and growth projects are also moving forward as planned,

reinforcing our long-term strategic focus and disciplined capital allocation

approach.

These results give me great confidence in Vale's future and in the value we are creating,

not only for our shareholders, but also for society.

Now, lets move on to the quarter performance on the next slide.

First, I would like to highlight the solid operational results we delivered across all three

commodities, positioning us to reach the upper limit of our annual production guidances.

This achievement reflects the outstanding performance of our operational teams and I

want to congratulate them for their hard work and consistency throughout the year.

This quarter, iron ore production reached 94 million tonnes, an increase of 4% year-on-

year and our highest quarterly output since 2018. This growth was primarily driven by a

record third-quarter performance at S11D, along with the ramp-up of Brucutu,

Capanema and Vargem Grande projects, which added flexibility to our operations and

product mix.

Copper also delivered a strong performance, with production growing 6% compared to

last year, supported by Salobo's solid performance. This was the best third-quarter

result for our copper business since 2019.

Nickel production remained flat year-on-year, but with an increase in our own

production thanks to the ramp-up of the Voisey's Bay underground project. This allowed

us to significantly reduce our unit costs year-on-year as Marcelo will present later.

Also in nickel, we started operations at the second furnace of Onça Puma in September.

The project was completed on schedule and 13% below the planned CAPEX, reinforcing

our commitment to efficiency. The second furnace adds 15 thousand tonnes of

production capacity per year and it is expected to further reduce unit costs by

approximately 10%, enhancing the competitiveness of our nickel business.

We also reached other important milestones this quarter through our New Carajás

program, which aims to accelerate the development of key projects in one of the world's

most attractive mineral deposits.

As many of you know, in June we received the preliminary license for the Bacaba copper

project and have since begun preparations for construction, which is set to start in the

coming months following the issuance of the construction license.

In iron ore, we received the operating license for the Serra Sul +20 Mtpa expansion. The

project has reached 80% physical progress and should start-up by the end of 2026.

Additionally, we secured approval to expand Serra Leste's capacity from the current 6

Mtpa to 10 Mtpa, bringing extra volumes to the Northern System with a highly

competitive capital intensity of just US\$ 20 per tonne.

Now, looking at our portfolio.

One of Vale's key competitive advantages is our ability to adapt to different market

conditions, offering a product mix that meets the evolving needs of our customers. This

is possible given the flexibility of our supply chain, supported by multiple blending,

concentration and distribution facilities across the world.

Throughout 2025, we actively adjusted our iron ore product portfolio, concentrating our

high-silica products and launching a new medium-grade product from Carajás.

This flexibility results in significant value creation. In Q3, our iron ore fines premium

increased by nearly US\$ 2 per tonne quarter-on-quarter. From an EBITDA perspective,

those initiatives represent over US\$ 500 million improvement on an annualized basis.

Safety is at the center of every decision we make at Vale, and I am very proud of the

significant progress we have achieved this quarter in dam safety and management.

Back in 2020, we made a public commitment: by 2025, Vale would no longer have any

dams classified at Emergency level 3, the highest risk category. Last August, we fulfilled

that commitment. The Forquilha III dam, the last one at Level 3, had its emergency status

officially lowered to level 2 by Brazilian authorities. This is an important milestone in our

commitment to society and neighboring communities and a key mark in our safety

journey.

Also in August, we announced that Vale successfully implemented the Global Industry

Standard on Tailings Management, the GISTM, meeting the requirements of this

internationally recognized benchmark.

Lastly, in September, we completed the decharacterization of the Grupo dam in Minas

Gerais, marking the eighteenth structure eliminated under our program.

Advancing the dam safety agenda is essential to ensuring non-repetition and becoming

a trusted partner to society. We remain committed to delivering results and being a

reference for safety and operational excellence in our industry.

Our efforts to transform Vale are beginning to be recognized by ESG rating agencies.

We've demonstrated substantial improvements in governance, dam safety and

management, health and safety, and climate change. These advancements have led to

upgrades in our ratings, now surpassing levels seen prior to Brumadinho.

I would also like to highlight that over the last year and a half, a relevant number of ESG-

focused investors have removed Vale from their exclusion lists -we estimate roughly

US\$1.5 trillion in AUM can now invest again in our shares and fixed income instruments.

We remain dedicated to transparently showcasing the progress we've made across the

company, and we remain firmly committed to the principles of the UN Global Compact,

including respect for human rights, labor standards, and environmental protection.

I will now pass the floor to Marcelo Bacci to discuss our Financial Performance. I'll be back

for closing remarks before the Q&A session. Marcelo, please go ahead.

Marcelo Bacci:

Thanks, Gustavo, and good morning, everyone.

As Gustavo highlighted, we delivered another quarter of solid operational performance,

which gives us even more confidence in the long-term value we are creating for our

shareholders.

In this quarter, our proforma EBITDA reached US\$ 4.4 billion, an increase of 17%

compared to the same period last year, and 28% higher than the last quarter.

As you can see on the slide, this consistent result was driven by robust sales, lower all-in

costs across all three commodities, and more favorable pricing conditions.

In Base Metals, EBITDA grew by more than US\$ 400 million year-on-year, reaching almost

US\$ 700 million, thanks to better results in both copper and nickel.

In Iron Ore, EBITDA was close to US\$ 4.0 billion, an increase of almost US\$ 250 million,

supported by higher realized prices and quality premiums, reflecting the success of our

portfolio strategy. This improvement was also supported by the higher sales of iron ore

fines, as I'll detail on the next slide.

Our iron ore sales increased by 5% year-on-year, reaching 86 million tons, the highest

level for a third quarter since 2018.

This growth was driven by stronger production performance and solid demand for iron

ore fines, with benchmark prices staying above US\$ 100 per ton for most of the quarter.

This quarter, we built up around 4 million tons of inventory. It's important to highlight

that this was mainly due to volumes in transit to our 20 distribution and concentrating

facilities in Asia and Europe, supporting our portfolio strategy.

We expect these inventories to be converted into sales over the coming quarters, helping

us maximize the value generated by the business.

Now, looking more closely at our cost performance.

I'm very pleased to see that we're on the right track to meet our 2025 iron ore cost

guidance.

Our iron ore all-in cost declined 4% year-on-year, supported by our portfolio strategy,

which led our average iron ore fines quality premiums to increase by almost 2 dollars per

ton quarter-on-quarter and 3 dollars per ton year-on-year. Our long-term

affreightment strategy is also delivering excellent results, reducing cost volatility and

coming in 5 dollars per ton below spot freight rates to China during the period.

Our C1 cost, excluding third-party purchases, remained flat year-on-year, reflecting a

positive impact from inventory turnover compared to last year, which offset the effects

from the exchange rate and higher maintenance and materials costs.

These effects led to an increase in our production cost, which reached 20.3 dollars per

ton this quarter. The production cost from this quarter, along with the less favorable

exchange rate compared to last year, are important factors to consider when estimating

our C1 cost for Q4, which is expected to increase year-on-year. Despite this, we remain

highly confident in achieving our full-year guidance of 20.5 to US\$ 22 dollars per ton.

In Base Metals, our performance stood out, once again, showing the great potential of

this business as we continue to unlock value through ongoing initiatives.

Copper all-in costs decreased by 65%, falling below 1 thousand dollars per ton. This was

the fifth quarter in a row that we've seen cost reductions year-on-year.

In Nickel, all-in costs fell by 32% year-on-year to 12.3 thousand dollars per ton, reaching

the lowest level since the second quarter of 2022, even after taking into account the

impact of the PTVI deconsolidation.

These improvements came from Vale Base Metals' consistent focus on efficiency

initiatives, combined with higher by-product revenues in our polymetallic sites, with gold

being the main contributor.

Because of the lower-than-expected costs so far this year, and the favorable outlook for

by-product revenues, we are once again lowering our 2025 cost guidance. We now expect

nickel all-in costs to be between 13 and 14 thousand dollars per ton, and copper all-in

costs to be between 1 and 1.5 thousand dollars per ton. This continued cost improvement

means an EBITDA increase of nearly 900 million dollars compared to our expectations at

the start of the year.

Now, let's move on to cash generation.

Recurring Free Cash Flow reached US\$ 1.6 billion in Q3, an increase of US\$ 1 billion year-

on-year. This improvement was primarily driven by our solid EBITDA in the quarter and a

reduced impact from negative working capital.

Our total CAPEX was US\$ 1.3 billion this quarter. We expect investment disbursements

to increase in the fourth quarter, keeping us on track to meet our US\$ 5.4 to 5.7 billion

full-year guidance.

On top of our recurring FCF generation, we also had a positive impact from the Aliança

Energia transaction, which helped boost total FCF in the quarter to US\$ 2.6 billion.

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This strong FCF generation and strong cash position were primarily used to return value

to our shareholders, with the payment of 1.5 billion dollars in interest on capital and a

net borrowing of 600 million dollars as part of liability management.

Next slide, please.

As a result, our expanded net debt decreased by US\$ 800 million quarter-on-quarter,

reaching US\$ 16.6 billion. With iron ore prices remaining above US\$100 per ton, we expect

the free cash flow generation in the fourth quarter to bring us down at least to the

midpoint of our target range of US\$10 to US\$20 billion.

In this context, we see increased room to consider additional shareholder remuneration,

even in the context of the participative debentures tender offer.

Before handing over to Gustavo for his closing remarks, I want to emphasize the value

we are consistently delivering to our shareholders. Through our growth strategy, cost

efficiency, and disciplined capital allocation, we are building a more resilient and high-

performing company. These efforts strengthen our financial position and create

conditions for sustainable and increasing returns to our shareholders over time.

Gustavo, please.

Gustavo Pimenta:

Thanks, Marcelo.

Before opening up for the Q&A session, I would like to highlight the key takeaways from

today's call:

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• Safety remains our core value, and third quarter performance only reinforces

that, as we continue to advance on building an accident-free work environment

and on delivering on our upstream dam de-characterization program.

We once again delivered a solid operating performance, with cost reductions

across all businesses, reflecting our focus on operational excellence.

• Our flexible product portfolio allows us to maximize free cash flow and long-term

value creation under different market conditions and we are seeing those

benefits in our financial performance.

We are making solid progress on strategic projects in the Carajás region,

leveraging one of the richest and lowest-cost mining endowments globally.

And finally, our disciplined capital allocation approach ensures we seize the best

opportunities to generate long-term value for all of our stakeholders.

Now, let's move on to the Q&A session. Thank you.

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