

VALE S/A (VALE3) 4Q25 Earnings Results February 13th, 2025 Conference Call Transcript

Operator: Good morning, ladies and gentlemen. Welcome to Vale's fourth 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 4th quarter 2025 conference call.

Last year, we delivered outstanding results by exceeding all production guidances while maintaining a strong focus on cost performance and capital discipline, both in iron ore

and base metals. Our flexible commercial strategy in iron ore and the successful ramp-up of key growth projects, such as Capanema, Vargem Grande, Onça Puma 2nd Furnace, and Voisey's Bay Expansion, were fundamental in driving value for 2025 and will continue to do so in the years to come.

At Vale Day, we outlined our strategy and presented our ambition to create superior value for our shareholders, driven by a relentless focus on operational excellence and on adding high-quality growth projects to our portfolio, particularly in copper and iron ore, leveraging our unique endowment.

I am extremely confident that by executing on this long-term strategy, we will generate significant value for all of our stakeholders.

With that, I would like to now turn to the highlights of our 2025 performance.

As I mentioned earlier, we were able to make significant progress in 2025.

On our core value, Safety, we achieved a 21% reduction in high-potential incidents, reflecting the continued evolution of our safety culture and our focus on building an accident-free work environment.

On tailings dams, in August, we fulfilled the commitment made to society in 2020 by eliminating all dams classified at emergency Level 3 by 2025. We also ended the year with a 77% reduction in structures at any emergency level compared to 2020, and we expect to reach an 86% reduction by the end of 2026. These are meaningful milestones in our commitment to non-repetition.

We also continued to make solid progress on reparation efforts, reaching 81% execution of the Brumadinho agreement and disbursing R\$ 73 billion under the Mariana agreement, ensuring fair, and comprehensive reparation.

Operationally, 2025 was simply an outstanding year. We exceeded production guidances across all businesses while continuing to sharpen our competitiveness, once again delivering meaningful and sustainable cost reductions. I will cover that in more detail in the next slides.

In February, we launched the Novo Carajás Program, a transformational initiative that will help us double the copper output, while enabling accretive growth in the world's highest-quality iron ore endowment.

Finally, the combination of strong execution and a more favorable cycle allowed us to exceed initial market expectations in terms of shareholder remuneration, with a double-digit dividend yield.

We enter 2026 with great optimism and the same focus to deliver strong results.

Now let's look in more detail at our businesses starting in the next slide.

Iron ore production reached 336 million tons in 2025, 3% higher year-on-year and the highest level since 2018.

The growth was primarily driven by the start-up of low capital-intensive projects, such as Capanema and Vargem Grande, combined with a very solid performance in Brucutu and S11D. Together, these assets enhance the flexibility of our operations and strengthen our product mix.

In the second half of 2026, we will begin commissioning the Serra Sul +20 Mt project, which will further increase volumes from our most competitive asset in terms of quality and cost.

Enhanced operational flexibility, combined with our active product portfolio management, enabled us to maximize value creation in the iron ore business, while continuing to meet the evolving needs of our customers.

Vale Base Metals also delivered outstanding results in 2025, achieving double-digit production growth in both copper and nickel.

In copper, production reached 382 thousand tons in 2025, 10% higher year-on-year, supported by record output in Brazil and solid performance across our polymetallic assets in Canada.

Nickel production also showed strong growth of 11% year-on-year, driven by the ramp-up of the Voisey's Bay Mine Extension project and the commissioning of the second furnace at Onça Puma, reaching 177 thousand tons.

This strong performance at Vale Base Metals underscores the exceptional work of our team in unlocking value from our existing assets and positioning the company to deliver on its long-term growth ambitions, particularly in copper.

In 2025, we delivered cost reductions across all three commodities. This year-on-year improvement reflects the success of our efficiency programs and greater operational stability, which continue to translate into lower unit costs.

In iron ore, all-in costs reached US\$54 per ton, representing a US\$2 per ton year-on-year reduction, despite a much lower contribution from pellet premiums.

In copper and nickel, all-in costs declined by 77% and 27%, respectively, driven by higher by-product prices and volumes.

Looking ahead, we remain firmly committed to further strengthening our cost competitiveness across the portfolio. We are very confident in our ability to deliver our guidances once again in 2026, reinforcing Vale's position at the very low-end of the global industry cost curve.

Before passing on to Marcelo, let me briefly touch on capital allocation.

Our capital allocation remains robust and disciplined, combining consistent organic growth with above-average shareholder remuneration.

The New Carajás program continues to advance as planned. In January, we received the construction license for the Bacaba project, and construction works started on as scheduled. The start-up is expected in the first half of 2028, with an annual copper production capacity of 50 thousand tons.

We also conducted a thorough review of our CAPEX program in 2025. This resulted in an annual optimization of more than US\$ 500 million and allowed us to establish a new long-term CAPEX guidance below US\$ 6 billion.

Finally, in November, we announced US\$ 2.8 billion in dividends and interest on capital. In 2025, Vale delivered a dividend yield of 16%, reflecting our confidence in the long-term prospects of our business.

As I mentioned at the beginning of this presentation, our ambition is clear: we are committed to creating superior value within the sector. And I am highly confident we will achieve that by consistently executing on our strategy.

I will now pass the floor to Marcelo Bacci, who will walk you through our financial performance. I will return afterwards for closing remarks.

Marcelo, please.

Marcelo Bacci:

Thanks, Gustavo, and good morning, everyone.

As Gustavo highlighted in his opening remarks, 2025 was an outstanding year for Vale, with strong performance and consistent execution across all three businesses. We delivered robust results and entered 2026 with great confidence and clear momentum.

In the fourth quarter of 2025, our Proforma EBITDA reached US\$ 4.8 billion, representing an increase of 17% year-on-year and 10% quarter-on-quarter.

As shown on the slide, this strong performance was primarily driven by an excellent quarter at Vale Base Metals, supported by favorable pricing conditions for copper and by-products, while continuing to capture meaningful operational gains across our polymetallic operations in Canada.

As a result, Vale Base Metals' EBITDA more than doubled both year-on-year and sequentially, reaching US\$ 1.4 billion in the quarter, clearly demonstrating improved operating performance, as well as the earnings power of this business.

In Iron Ore, we also delivered strong results, with EBITDA remaining at a solid US\$ 4.0 billion, with higher sales volumes and improved realized prices compensating for the BRL appreciation in the quarter.

Now, let's turn to our cost performance.

During the quarter, our C1 cash cost, excluding third-party purchases, increased by 13% year-on-year. This was primarily driven by the unfavorable BRL exchange rate and higher planned maintenance activities in the Northern System, with a clear focus on optimizing performance and ensuring long-term asset reliability.

In addition, higher production volumes in the Southern and Southeastern Systems contributed to higher overall average unit costs. However, this impact was more than

offset by the positive contribution to EBITDA, reflecting the strong operating leverage of our portfolio.

Importantly, this cost increase in Q4 was expected and fully in line with our 2025 guidance, which closed the year at US\$ 21.3 per ton, right at the midpoint of the guidance range.

Looking ahead to 2026, we expect C1 cash costs to range between US\$ 20.0 and 21.5 per ton, representing a further year-on-year reduction, supported by continued operational discipline and efficiency initiatives.

The all-in cost also performed in line with full-year guidance, reaching US\$ 54.3 per ton in the fourth quarter and averaging US\$ 54.2 per ton in 2025. This annual performance reflects the downward trajectory in our C1, as well as gains from our long-term affreightment strategy.

Turning now to Vale Base Metals, once again, both copper and nickel delivered consistent reductions in all-in costs.

In Copper, all-in costs decreased by 2 thousand dollars per ton, moving into negative territory at minus 0.9 thousand dollars per ton, the lowest level in the history of the business. This outstanding performance was driven by strong by-product revenues, supported by higher gold prices and increased gold production at Salobo, combined with solid operating performance in our Brazilian assets.

In Nickel, all-in costs declined 35% year-on-year, reaching US\$ 9.0 thousand per ton. This significant improvement was mainly driven by higher by-product revenues, particularly copper, as well as stronger performance at Voisey's Bay and Onça Puma, which helped dilute fixed costs.

Looking ahead, we expect Vale Base Metals to continue delivering operational improvements throughout 2026, further reducing operating costs beyond the positive contribution from by-products. In Nickel, our focus remains firmly on achieving at least a cash breakeven position by the end of the year, and we are clearly on track to deliver on this objective.

Now, let's move on to our cash generation.

Our recurring free cash flow generation reached approximately US\$ 1.7 billion in Q4, more than double versus a year ago. This improvement was driven by our strong EBITDA performance, as well as cash inflows from exchange rate swap settlements, reflecting the appreciation of the Brazilian real.

Our annual CAPEX closed fully in line with the guidance we had announced, totaling US\$ 5.5 billion. Looking ahead to 2026, we remain firmly committed to disciplined and efficient capital allocation, with expected CAPEX in the range of US\$ 5.4 to 5.7 billion.

We are confident that we can deliver all the growth initiatives discussed at Vale Day, while keeping our operations at a very high standard, with annual CAPEX below US\$ 6 billion in the long term, positioning Vale as one of the most accretive growth opportunities in the industry.

Also in 2026, we already expect to see a significant reduction in cash outflows related to reparation and dam decharacterization commitments, as these programs advanced meaningfully over the last year. As a result, we anticipate a reduction of approximately US\$ 1.5 billion in cash disbursements compared to 2025.

Finally, as Gustavo highlighted, we announced US\$ 2.8 billion in dividends and interest on capital. Of this amount, US\$ 1.0 billion were extraordinary dividends paid in January, while the remaining amount scheduled for payment in March.

As you can see on the next slide, our strong cash generation in the quarter led to a significant reduction in expanded net debt, which closed the period at US\$ 15.6 billion.

Our target range remains unchanged at US\$ 10 to US\$20 billion, with a clear objective of operating at the midpoint of this range. This level will continue to serve as our reference for additional shareholder remuneration.

Before handing back to Gustavo, I would like to emphasize that the strong results we delivered in 2025 were made possible by clearly defined priorities and a company-wide focus on disciplined execution. Our value creation is anchored on a consistent, disciplined approach to capital allocation, which will continue to guide our decisions going forward.

With this foundation in place, we expect to continue advancing our growth strategy while consistently returning value to our shareholders.

With that, I will turn the call back to Gustavo for the key takeaways.

Gustavo Pimenta:

Thanks, Marcelo. I would like to highlight the key takeaways from today's call:

- First, safety remains at the center of everything we do, and our performance over the last years reinforces that we are in the right direction.
- Second, our culture and strategy are strong enablers of our ambition to consistently deliver superior value to our shareholders.
- Third, operational excellence continues to be a core pillar of our performance. We have delivered on all of our guidances in 2025 and will remain laser-focused on maintaining a solid operational performance in our businesses.
- At the same time, we are accelerating value-accretive growth opportunities, such as the Novo Carajás program, offering a highly competitive and compelling value proposition.
- And finally, our disciplined approach to capital allocation remains unchanged, supporting our ability to deliver attractive shareholder returns.

Before we open up the call for questions, I would like to reaffirm our confidence in the company and in its ability to unlock even greater value in 2026 and beyond. We are experiencing the strongest operational performance in Vale's history, allowing us to maximize value from our existing assets while positioning the company for accretive growth opportunities. All of that at a special moment for the industry where mining

becomes essential to everything we do, from energy transition to AI, and we believe Vale can play a key role in that future.

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

We are going to start the Q&A section of the call.

Our first question comes from Leonardo Correa from BTG Pactual. Please Mr. Correa your microphone is open.

Leonardo Correa:

Hello, good morning everyone. Thank you so much for taking my questions. So a couple ones for me. First one maybe for Shaun on the very solid results coming from VBM right Shaun.

So we saw a very strong cost performance and my question relates to that. If we look at the copper all-in numbers they were negative right around \$800 per ton. Nickel was \$9,000 per ton in the quarter which I can imagine is highly influenced by the very strong by-product credits that you guys are realizing in several precious metals and also gold right. So curious to see apart from that by-product credit scenario which hasn't been helping, I mean just curious to hear about some other let's say bottom-up initiatives.

In terms of the guidance right, I mean on this topic the guidance that validates about \$1,000 to \$1,500 in copper all-in costs. In nickel it's around let's say \$13,000 all-in cost. So you guys are materially below the guidance that you delivered a couple weeks ago right. So, I just wanted to understand whether you see, let's say, some upside potential or better some downside potential on the cost guidance you gave some weeks ago. That's my first question. The second one, and this is for Gustavo. Gustavo, I think the introduction was very clear on how strategic this is all becoming, especially your copper assets which the market for many years has not really looked into right and has not really valued. At this point the market is still ascribing basically the same multiple for iron ore and copper, we think right, something around 5x EBITDA inside Vale.

You see a series of copper plays in the world trading at around 10x EBITDA or even higher Vale has a lot of potential there's a lot of growth in-house which you guys are working on. which you guys are working on. I just wanted to hear a bit more of this opportunity and how to unlock this value, right? Is it going to be, at some point, we're going to discuss again the IPO of VBM or you think it's more about delivering, being consistent and just giving more, let's say, visibility on these projects. Thank you so much.

Shaun Usmar

Leonardo, hi, it's good to chat with you again and thank you for the two questions there. I think the questions are on cost and ongoing improvements and sustainability. I mean, your thesis is correct and I think we've talked a lot about this in the last year or so. You

remember when I started in this role, we initiated a lot of restructuring, taking out significant, about a third of our global overhead, as a sort of catalyst, as we changed the operating model for the organization to one that was more, sort of, lean and decentralized.

Our targets at the time, you'll recall, were about \$200 million on a cash basis, almost half split between costs and capital as we improved capital allocation. And as we went through the year, we found more and more opportunity as we then also focused on operating execution. So, as you think about this, we ended up over \$400 million, so double what we expected. There's an intense focus on, you've seen we successfully ramped up multiple projects. So we've reduced fixed costs, we've diluted fixed costs by increasing volumes, and we continue to focus on keeping discipline in copper as well as nickel. So, you'll see that, in our Vale Day Guidance, you will see this year as we go forward that there's an increasing focus on getting our tons and also continuing to drive the cost performance of the business. So that's our commitment and we'll continue to update it. And as for guidance numbers, obviously it's early in the year, I'd say we're well on track. You can appreciate the volatility on everything from gold price to the various by-products that we have. But yes, it's definitely a feature. And I think if it continues in this sort of price regime, there's obvious upside.

Gustavo Pimenta:

So Leo, I'll take the second question.

Yes, look, I think the market starts to appreciate and see the value that our base metals business can bring to the table. If you remember a few years ago, we had a series of discussions around turnaround and it's great to see the business performing operationally well. That was our first objective when we did the carve out and I'm very happy to see the strong performance from the business. Now I think we still have a lot of work to do in terms of showing we can deliver growth.

There is enormous growth potential within the endowment that Vale has. So we are doing as you saw, around 380 Kt a year, we can certainly work to double it and that's the mandate for the team and the more. Shaun and the team, look, looks into our portfolio of assets and the development projects, the more excited they get in terms of the opportunity. So, I think now it's on us to show that we'll be able to advance those projects. We got the installation license for Bacaba, we filed for preliminary license for Alemão last year. So things are moving forward and I think once we can demonstrate to the market that we can operate the assets well, but also that we can grow faster than our peers, our corporate endowment and portfolio, I think we'll continue to, from our perspective, get share price recognition for it, so that's what the team is working on. And then if we, at some point in time, do decide to do some particular capital market transactions, we will assess what is the ideal way to fund the business.

But at this point, I think the focus is making sure we continue to operate well, and we accelerate the growth, the growth program.

Operator:

Our next question comes from Daniel Sasson from Itau BBA Please, Mr.Sasson, your microphone is open.

Daniel Sasson:

Thank you so much for taking my questions. My first question is for Rogerio. Rogerio, you changed the way Vale thinks about its product portfolio, right? Shifting from a goal of maximizing value for the company instead of maximizing iron content in the portfolio. But looking at your realized prices in 4Q, there was actually a decline versus 3Q with weaker quality premiums. Can you try to help us think about the dynamics of that in the last quarter and discuss how comfortable you are with the implementation of your current strategy, which also involves the mid-grade products and so on and so forth? And my second question to Shaun, maybe a follow up to Leo's previous question. It didn't become clear to me if you have, or what are your alternatives to try and reduce, for instance, your cash costs, especially in the nickel business, right? Which is where you likely have more opportunities so as not to depend on high by-product revenues, right? Which prices you can't really control.

So, what did you say are your more urgent operational goals that are not related only to ramping up volumes, that would obviously allow you to dilute fixed costs. Shaun, if you could get in more detail on what are your goals to reduce costs and then that obviously coupled with the more rational capital location also in the nickel business would drive you to become free cash flow neutral even if by product revenues decline, right? Those would be my questions. Thank you guys.

Rogerio Nogueira:

Hi, Daniel, Rogerio, I'll take the first question and thank you for asking it.

But indeed, our price realization for iron ore fines is slightly decreased, but primarily due to lower market premiums and mix optimization. But it's important to notice that it was not due to structural premium deterioration. This is a very important point here. I mean, there were two main drivers for this quarter-on-quarter change in price realization.

First, the declining premiums for IOCJ. We had a decline of about \$3.5 per ton. And also, we had the declining premiums for BRBF of roughly \$0.50. The second one was our sort of planned design, I would say of another mid-grade product from Carajas. And we're trying to do it to optimize production, but also to maximize the use of our resources and test some additional specs in the market and see customer response.

But having said that, I think we're always saying, and I'd like to reinforce that our revised commercial strategy aims primarily at optimizing contribution margin across the supply chain. And I've been saying that it's not about optimizing price realization independently. It's looking at the whole supply chain and optimizing contribution margin. I think also I'd like to call attention to the fact that the premiums of our flagship products, especially the main ones, remained very resilient despite low steel makers margins globally.

So, in particular, if you look at IOCJ, it sustained premiums of around \$13 per ton. And BRBF about \$2 per ton if you average all the indexes 62%. So, very resilient premiums for those products. And I guess more important to your question is that going forward, I think what we see is that this flexibility will be a real strength for Vale, will be a real strength for us. So, it may introduce some swings in price realization, I think this is something that you probably will observe. But we believe that it also will create optionality through the cycles. And with that, we believe we will be able to boost value through this cycle. So, this is the view. It's always looking to total contribution across the supply chain. And that's why we're trying to drive a very flexible supply chain.

Shaun Usmar:

Yes. And Daniel, to your second question, just to give you a bit more color, I think the first thing is, as you say, we have to develop a track record of execution, not just on costs, but obviously on volumes and asset integrity, maintenance, reliability, and obviously to do so safely. It's been five quarters. You've seen the results relative to both market expectation. But I'll give you an example. Your question was specific to Nickel.

You know, it's the first time, I think, since Vale acquired the business nearly 20 years ago that we actually, we met budget. You know, we obviously set stretched budgets. We are running this business not on backward looking metrics, but we're continuing to build in low probability opportunities we see as we mature them into our rolling forecasts and continuing to prove above and beyond what we can see. So specifically, on Onca Puma last year, brought on time, under budget 13%.

We achieved record production even last year for that asset with that second furnace. This year we'll be running at full entitlement and we'll, even in a lower cost environment, be generating cash. And Kilma and her team have done a great job of both cost control, asset reliability, and bringing that on. And I have to say, every single one of our assets contributed savings in that restructuring I mentioned, both in costs and CapEx.

And to Gustavo's point earlier in his opening remarks, continue to find these opportunities and that's what we're pushing. Voisey's Bay, Long Harbour, we wrapped up about 20% ahead of plan. You know, that meant we had nearly a \$200 million improvement in our EBITDA relative to our internal plans, not because the price, as you know nickel price was weak, but because of the successful execution, de-bottlenecking. And what happened in turn is the feed that we put through Long Harbour allowed us for the first time in its 11-year history to hit record production.

Now, with that asset now fully ramped up at Voisey's, the challenge is for us to continue to run that at capacity in the year ahead, which will, while we continue to lower costs and dilute fixed costs. Sudbury, you remember we were looking to maximise the throughput of our six mines through the Clarabelle mill. It's the biggest throughput at 5 million tonnes we've had since 2016. We have to go and we will go beyond towards 7 million in the coming years and there's an intense focus, we've got breakouts of where the dominant constraints are, what are the key value drivers in each of these different areas, there's initiatives that are going above and beyond, we'll perhaps talk about in an

Investor Day later this year alongside our copper projects and others, and just give you a bit more of a flavor. So the idea is beyond our current plans, we recognize that we have to be in the lower half of the cost curve, not relying on by-product credits, and we're not there yet. And you'll recall Gustavo at Vale Day last year saying that we've made a commitment to get to cash flow break even in lower price environments by the end of this year, and there's a lot of initiatives to focus on us doing that. So hopefully that gives you a bit of a focus, but I'd say things like that asset integrity, asset reliability and development rates in underground mines and improving productivities are a core focus.

Operator:

Our next question comes from Alex Hacking from Citi. Please, Mr.Hacking, your microphone's open.

Alex Hacking:

Thanks. I had a couple of questions on Nickel.

Given your experience operating in Indonesia, how do you interpret the changes to the licences there, firstly? And then secondly, do you see this as something that could be a structural change for the Nickel market in terms of supply and price? Thank you.

Gustavo Pimenta:

Alex, I think it's a question that everyone is asking. You've seen the price response in the last periods. We've seen very clear guidance and I think a realization with the Indonesian government that they have an ability to address some of the significant oversupply, and there's also environmental and other aspects I think they're focusing on.

So, I'd say going to the thematic that was, I think, raised in the last couple of questions, we're cautiously optimistic, but we recognize we're on the wrong end of the cost curve still on our journey. And candidly, from a competitive point of view, I don't want to rely on the kindness of strangers to make sure that this business is resilient. So I'm cautiously optimistic. You will see that you saw the write-downs that we took on Nickel really as a focus on our disciplined capital allocation.

This is focused on legacy. I want to make sure that this business is run as lean and as efficient and as cost competitive as we can. And then indeed, if we continue to find, let's say, more rational participation and supply occurring in Indonesia and elsewhere, our shareholders will be the net beneficiaries of that. The focus is on what we can control.

Operator:

Our next question comes from Caio Ribeiro from Bank of America. Please, Mr. Ribeiro, your microphone's open

Caio Ribeiro:

Good morning, everyone. Thank you for the opportunity. So my first question is on Fabrica and Viga.

I just wanted to see if you could provide some color on the latest developments with these operations. If you have yet a conclusion on what caused the sediment overflow and whether you see this generating any broader impacts to your other operations. In other words, if you see the need to upgrade safety parameters to prevent this type of event at other operations and also what is the current status quo in terms of freezing of assets or fines deriving from this incident. And then secondly, clearly the company has been making notable progress with de-risking, with the de-characterization of dams, reduction of emergency levels of dams as well.

And this has been key to unlock restricted AUM, right? So I just wanted to see if you could share some color on how much AUM you perceive is still restricted from investing in Vale at this point and what you see, as the key triggers catalyst that you as a company can deliver over the next years to unlock this restricted AUM. Thank you.

Gustavo Pimenta:

Thanks for a question, Gustavo. I'll cover the first one and then Marcelo will cover the second one. So on Fabrica Viga, what we had there was overflow of water with sediments mostly related with very heavy rainfalls that we faced during that particular period.

We've been, since then, working to restore the operational conditions of the site. The impact has been limited. So, we expected in the next two to three weeks, most of the work will be done and we'll be ready to reestablish operations, certainly depending on the authorities for us to resume operations. We are taking a deeper look at our facilities to see what else can we do to make sure we become even more resilient given the changes that we are all facing in terms of climate change and so on.

And we will incorporate those learnings for our existing facilities and others. I think it is important to highlight that none of our dams and geotechnical structures have faced any impact and they, in fact, they performed very well during this rainy season. We do monitor them 24-7 and the work that we've been doing over the years have demonstrated that they continue to be resilient and performing very well. Nonetheless, we'll look back at what else can we do to make sure a similar event doesn't happen and that's what the team is working on, but from a practical standpoint, the impact has been limited and we are working, as we speak, to make sure we can put those facilities in conditions to resume operations.

Marcelo Bacci:

Hi, this is Marcelo speaking. About your second question. Our estimate is that right after the accidents, we had about \$5 trillion of assets under management between equity and fixed income that became restricted from investing in Vale. And since then, and more recently, I would say most of the recovery that we had was last year, apparently something like 30% of that or \$1.5 trillion have been unlocked or unblocked from this restriction. I think the main events related to that is the improvement, first, the improvement in the ESG ratings that some of these investors follow and we've been consistently improving, but some of them also have their own criteria. So, in parallel to working on delivering the KPIs that are important for the ESG ratings, we're also working directly with some of these investors in order to understand what we still have to do to come back to their portfolios. For instance, next month of May, we're going to have another roadshow in Scandinavia, which is an important part of where those restrictions are, to show our improvements and to have a direct interaction with those investors. So, this is gradually coming.

It's up to us to continue to deliver the results so that we can accelerate the process.

Operator:

Our next question comes from Christopher Lofamina from Jefferies. Please, Mr.Lofamina, your microphone's open.

Christopher Lofamina:

Hey guys, thanks for taking my call.

And I apologize if you addressed this earlier, I had to dial in late. So, my question is around the commercial strategy in iron ore. And I'm wondering a couple of different factors there. So first, obviously with the emergence of CMRG, which is doing a lot of blending, does that impact the potential premiums that you might get on some of your blended ores? Because your blending strategy has been far ahead of your peers.

And I'm wondering how what CMRG is doing might impact that. And secondly, just in terms of your pricing, I mean, pricing against the benchmark historically, effectively against the Pilbara Blend, which was 62% Fe content ore, and now that's 61%. And I'm wondering if your discussions with your customers are in pricing relative to the benchmark, like where it is today versus where it's been historically, or are you looking at bigger premiums just because the benchmark is lower quality? In other words, for the Chinese, I would say historically, you've gotten a 5% premium to the benchmark or whatever.

It's 5% premium today, but the benchmark is lower quality ore, your premium should be bigger. Are you getting bigger premiums as a result of that? I'm not sure if that question was clear, but if it was, any help would be appreciated. Thank you.

Rogério Nogueira:

No, it was very clear. To your first point about CMRG and the blending strategy, more broadly, I think we've been discussing with CMRG always with the view of creating win-win opportunities. So it has to be something for us to operate on a differential basis that we create value for both of us. In regards to the blending strategy, CMRG has its own goals of having its own blending arts, but it hasn't and we don't believe it will affect our blending strategy in China.

And in particular, even if they have their own blending arts, I think you may think about the world as a single big blast furnace. So, whatever comes in is what makes a difference and it's not how it is blended. So the strategic thinking is about what kind of product, what kind of chemistry, what kind of size distribution we offer to this sort of big world blast furnace, if you will. Your second question about the benchmark, what we do generally in our contracts is that we have a basket of indexes.

So some of them will use Platts-62, some of them will use Metal Bulletin 62, Metal Bulletin 62 Low Aluminum. So, to a certain extent, some clients are actually looking to move from the 62 to 61, which will become a more liquid index in the market and it's a reality. But it doesn't affect our price realization, if you will. I think if anything, it will change the price differential.

Operator:

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

Marcio Farid:

Thank you. Good morning, everyone.

Thanks for the opportunity. Maybe a follow-up to Rogério. I said probably an important point there, what's happening in the market in terms of overall grade decline. And you mentioned the 61% benchmark does not change our price realization, but I'm just wondering how does it change Vale's overall resources and ability? I mean, if you think about cutoff grade being cut, you probably talk about potentially increasing life of mine, reducing replacement CapEx, to some extent reducing OpEx as well.

And that seems to be where the liquidity and where the demand for China is going to come from. So just trying to understand how this kind of degrading trend you're seeing globally affects values, resources on the ground, that would be great. And if you can follow up in terms of CMRG discussions, we're obviously hearing a lot about what's happening between CMRG and BHP, at least on the news, but just wondering if that kind of hard, hard conversation is, it can eventually contaminate Vale as well or it's been very specific to this one case.

And maybe an update on the base metal side. I think there was an expectation that some technical reports can pop up in early 2026, just trying to understand how, base metals VBM is performing in terms of exploration program so we can, better track the projects. Thank you.

Gustavo Pimenta:

Oh, Marcio.

Thanks. Thanks for the question. On the, good that you follow up on the price realization on 61. Indeed, I think to your point, when everybody's moving down to a lower grade, to a 61 index, alumina in most cases, the ratio alumina-silica might increase.

And if anything, that actually offers us an opportunity to improve our product mix, to better suit to this new reality. So, it tends to be favorable to us. To your second question about how do we use this mix optimization and you're spot on because the idea here is one to increase our resource base or to better use our resource base. If we keep the cutoff grades too high, sometimes what we end up being waste is really good iron ore. So, the idea here was really to think about an integrated portfolio, one that actually looks into the market and also looks into our resources and capabilities. And obviously as we reduce the cutoff grades, as you just pointed out, it actually increases the ability for us not only to improve the resource base, but to reduce CapEx, reduce Opex, increase production. So this is an integrated view together with Medeiros and Bittar. And we're working very close together to optimize the supply chain in this regard.

CMRG, I think to your third question, this is hard for us to comment on third party negotiations. But I mean, from what we know, BHP's conversations with CMRG are still ongoing. They will have a second round or another round of negotiations with other more intense negotiations actually with other suppliers, iron ore suppliers, including ourselves. But we'll see it in due time.

Shaun Usmar:

Yeah. And Marcio, on your questions on the technical exploration side in those reports, you recall at Vale Day, there's a huge amount of work that's been done to take a different approach with our restructuring on projects in a fundamental way. We talked about

what that looks like at a high level. The technical studies, SK 1300 level standard studies, a couple hundred page reports are in final draft form right now, which we're reviewing.

And the idea would be for us, certainly before the end of the quarter, to be publishing those on the VBM website to make those available. So, we just went through and discussed some of this with our board today, and we'll be finalizing that work and looking to make that available to investors and analysts. And also, the MRMR and the exploration results, the extensions and the results that we're seeing, which we're very excited about, will be unveiled, and we'll be able to talk more about that at an upcoming Investor Day. So stay tuned.

And the last thing to reemphasize, if you remember, we, last year, particularly in copper and the Carajas, the exploration potential is huge. We do about 170 million a year of exploration globally, and we reprioritized. We went from about 8 to 23 drills in Para. And indeed, from 20,000, 30,000 meters to 60,000 last year, we're on track for the 100,000 this year. And we'll be looking to update the market more regularly on some of those results, because I think they're very exciting. And I think it's a lot of what Gustavo had referred to in terms of the upside and the growth potential that we're focusing on simultaneously.

Operator:

Our next question comes from Rodolfo Angele from JP Morgan. Please, Mr. Angele, the floor is yours.

Rodolfo Angele:

Okay. Good morning. Excited to see the conference call of Vale more biased towards Base Metals this time around. But I have a question on each of the two sides of the business, and I want to start with Iron Ore.

And this is probably for you, Rogerio. I think one question we got a lot from investors into this year is about the strength of Iron Ore pricing. Investors were more on the bearish side. There is capacity coming in.

Simandou is a reality already. And we look at a few statistics, China importing record levels of Iron Ore, despite the fact that data suggests that steel consumption or production is already behind. So, I don't know, I would like to hear from you, what is your assessment? What is the state of affairs? What do you expect for 2026 in terms of Iron Ore in terms of iron ore business environment and whatever you can talk about prices. So this is my first question.

My second is I'm going to get back to base metals. I'm not sure if I understood correctly, but there is some additional information to come up on the development plans. But I think investors are not yet pricing in the growth that Vale can deliver on iron ore. And

ultimately, once we have a more detailed plan today, I think it's a very real ambition, but if we get like, this is the, how we're going to get there.

It's 50 from this project with this CapEx intensity. So I think that will be a trigger to see everyone kind of starting to put more numbers and to pricing that growth in Vale's copper growth story. So, is it reasonable to expect that in the short term? And if not, if you could comment a little bit, at least on what should we expect in terms of CapEx intensity? At least on a relative basis compared to industry, if you can share numbers, just to give us an idea as well of potential returns. That's it.

Thank you very much.

Rogério Nogueira:

Hi Rodolfo, Rogério here. I know that China is not easy to understand these days, but we see indication of good fundamentals. I mean, for both steel and also iron ore.

And we do see that globally. China, as you know, infrastructure and manufacturing continue to provide positive support to steel demand, despite the challenges that we see and we know in the property sector. I think also, as we have seen, direct and indirect steel exports that we believe are likely to remain at very high levels. This is at least our view.

So based on this, I mean, what we anticipate is that crude steel production for 2026 will be at the same level as last year in China.

And outside China, we see market fundamentals are very positive, or positive, I should say, across most regions. Some recovery we see more broadly in most of the world regions. In terms of iron ore supply and demand, we expect it to remain balanced at about 1.65, 1 billion 650 million tons. That's our view. And we, as you pointed out, we expect China's iron ore imports to remain broadly stable. This is our view. One point that everybody's noticing is the inventories, the high level of inventories at Chinese ports, which are roughly at 170 million tons currently, close the year at 160 million tons.

We believe that when you look at this on an aggregated basis, consolidated basis with steel mill inventories, you'll see that there is an offset. Steel mill inventories have increased about 20 million tons. So overall, when we look at it on a consolidated basis, iron ore inventory remains about 35 days of consumption, which is, if you look back, it's within the typical range for this time of the year. So, when we put this all together, and we see that steel and iron ore fundamentals, and they point to a healthy price level for 2026, despite the usual volatility that we see.

So when you say, similar to last year, we're acknowledging there may be volatility throughout the year. Specifically on Simandou, as you asked, we believe Simandou will come to the market gradually. And as we have been talking, and we emphasized during Vale Day, the Simandou additional volumes will be offset by depletion in the industry.

Shaun Usmar:

Yes, thanks.

And then specifically to your question, look, firstly, I came to this job excited actually about exactly what you've just said, that I think, I can't think of, I'd say, a better under-recognized copper growth profile than what we're seeing in this business. And I think that was the very idea that brought Gustavo and the team to sort of carve out VBM. I'd direct you to a few quick things. The first is, and I think you see it in these results, we have to deliver in the immediate term. So, there's quarterly delivery that we've been focusing on, and you see that in a number of occasions, exceeding guidance.

That's earning at least some recognition of what is possible operationally. And then if you go back to the Vale Day material on the website, there was a huge focus on this. We actually overlaid on the slide as we restructured our approach to projects, particularly the copper growth side. We took projects where we've dramatically lowered capital intensity. So, for example, Bacaba, we've just got the LI, we're well on track now on execution, which we'll bring online in the first half of 2028. That is nearly half the capital it was a year ago. The return's gone from mid-teens to over 50%. And it's more of a brownfields project in terms of risk.

As you can appreciate, it's extremely attractive from a capital intensity point of view. Coarse particle flotation at Salobo, next one, nearly 30,000 tons of additional copper. That's the 2029 timeframe. We're well advanced on that. We're looking at actually doing some early works now, and that's nearly half the capital intensity, and you're talking over 50% rate of return. Brownfield site project. Alemão is the next one. It's a brownfield site. We've changed the mining method from sub-level caving to sub-level stoping. The returns have gone from mid-teens to mid-20s plus, and that'll be the, we just, November last year, submitted the first license for that.

So we've got this mapped out. We've accelerated. We've changed the sequence. It compares extremely favorably. You'll see it on our website, the capital intensities. And to your point, the technical studies, the execution, and I don't think at this point the IR team has released a date, but in the near term, we'd be looking to have an Investor Day to go through more of the detail with the team on the projects, the details, the operational improvements, and the things that are being discussed on this call in terms of cost improvements in both nickel and copper. And the other one is exploration, because I think it's extremely exciting and it's underappreciated.

Operator:

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

Carlos de Alba:

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Yes, good morning. Thank you very much. I want to go back now to capital allocation.

Given the share price strong rally and where you are in the expanded net debt range, what is the view on returning excess cash to shareholders, potentially more buybacks, more special dividends? How's the company thinking about it?

Marcelo Bacci:

Hi, Carlos. Marcelo speaking here. I think, the current market conditions are favorable for cash flow generation. So, in case we start to go in the direction of lower than the midpoint of our range in terms of expanded net debt, there's a chance that we have additional returns to shareholders. Last year, we favored the dividends because of the change that came on the taxation that was effective in the beginning of this year. For future allocations, we will see what is the situation at the moment. We tend to be more balanced, but it would depend on the relative valuation. But definitely, we will consider both dividends and buybacks.

Operator:

Our next question comes from Rafael Barcellos from Bradesco BBI Please, Mr.Barcellos, the floor is yours.

Rafael Barcellos:

Hello, good morning. Thanks for taking my questions and congratulations for the results. Rogerio, how should we think about your mid-grade volume strategy this year? I mean, especially considering the increase in this type of product coming from Carajas.

And what are you seeing in the freight market? I mean, which appears seasonally stronger this year. I mean, forward curves are pointing higher. So I'm interested to understand I understand that Vale is protected against the short-term volatility, but what could be the potential impact of the freight dynamics on the company and in the overall cost curve? And my second question regarding M&A initiatives, Gustavo, we've continued to see a very active M&A news flow across the sector. So how should we think about Vale's positioning in these environment? And most recently, I mean, we saw discussions involving Rio Tinto and Glencore.

So if something were to materialize there, how could that affect Vale's partnership with Glencore in the Victor operation in Canada? And more broadly, how should we think about future partnerships in Canada? Thanks a lot.

Rogerio Nogueira:

Hey, Rafael, thanks for the question. In terms of your question on mid-grade products from Carajas and the volume, I think as we mentioned, we are increasing it recently and we're expecting from 40 million to 50 million tons this year. But it is based on a market assumption of what the market wants, is looking at what the market dynamics is currently. But again, the ultimate volume, the final volume will depend on the market. What we're trying to do, as we said in the beginning, is adjust our product offering according to the market. So if the market values more higher quality products, which actually yield higher productivity to the steel mills, we may shift our product portfolio. But again, it's all about maximizing total contribution, not necessarily volume, not necessarily price realization. On the freight market, the freight market, as you pointed out, is really going up for the future, but we have actually, and I won't be able to give too much detail, we have revised our freight strategy this year with very positive results. And what I can tell you is that our exposure to the freight spot market today is very low. So the impact on us would be very limited. And I think on the positive side, it would increase our competitive position against other players.

Gustavo Pimenta:

Rafael, Gustavo here on your M&A question. Look, we continue to believe that we'll be able to capture more value by developing our unique endowment. This is a sort of competitive advantage for Vale vis-a-vis our peers. We have a tremendous endowment with the ability to bring projects online at below average cost of capital and capital intensity, as Shaun pointed out with some examples there, that applies also for iron ore.

So we think from a value creation standpoint, long-term developing our own endowment makes more sense, and that's where we're going to get more value. We are looking at alternatives and potential transactions all the time, but we have to appreciate we still traded a discount to peers of about 20%. So, for us, from the value accretion standpoint, it is certainly better to develop the endowment that we have. Now, if we look at our story, and the reason why I'm so optimistic about it is if we are able to deliver growth at very competitive capital intensity below market, but at the same time, return strong cash remuneration to shareholders.

So I think this is highly unique within the sector these days. So we'll continue to be focused on that. If tomorrow, as we pointed out long-term, if we're doing 360 million tons in iron ore, C1 below \$20, all in below \$50 per ton, and we are doing 700 kilotons in copper, this is certainly a very valuable portfolio of assets, and that's what this team is going to pursue.

Operator:

This does conclude today's presentation. You may now disconnect, and have a nice day.
The Event has Ended