VALE

4Q24 Preview: Not a great quarter, but a new guideline

LatAm Metals & Mining

Main takeaways:

(i) Iron ore fines production at **85.3Mt** (-0.6% vs. Genial Est.), down **-6.3% q/q** and **-4.6% y/y**, impacted by seasonality and operationally strategic adjustments; **(ii)** Also in fines, **shipments** totaled **69.9Mt** (+0.4% vs. Genial Est.; +0.8% q/q; -10.2% y/y), widening the gap between production and sales to 18% (+5.1p.p q/q); **(iii)** As for **pellet production**, the company reported **9.2Mt** (-8.9% vs. Genial Est.; -11.5% q/q; -6.9% y/y), while **sales** reached **10.1Mt** (-1.4% vs. Genial Est.; -0.7% q/q; -2.1% y/y); **(iv)** The **realized price** of iron ore fines was **US$93.0/t** (+1.1% vs. Genial Est.; +2.6% q/q; -21.4% y/y), sustained by a **positive premium** of **+US$1.0/t** (vs. -US$1.9/t in 3Q24); **(v) Realized pellet price** was reported at **US$143/t** (-1.4% vs. Genial Est.), with the **all-in premium** rising to **US$4.6/t** (+US$2.9/t q/q); **(vi)** Copper production totaled 101.8Kt (+18.6% q/q; +2.8% y/y), exceeding our expectations (+2.8% vs. Genial Est.) with sales of 99Kt (+1% vs. Genial Est.; +31.6% q/q; +1.5% y/y) and a realized price of US$9,187/t (+4.2% vs. Genial Est.; +1.9% q/q; +15.7% y/y); **(vii)** Nickel production was 46Kt (-6.7% vs. Genial Est.; +1.6% y/y), while sales totaled 47Kt (-9.9% vs. Genial Est.; +15.7% y/y), with a realized price of US$16,163/t (-3.6% vs. Genial Est.; -5% y/y); **(viii) C1/t ex. third-party** continues **at US$19.6/t Genial Est.** (-4.9% q/q; -5.5% y/y), benefiting from efficiency gains via dilution of fixed costs and the effect of the USD/BRL exchange rate; **(ix) Adjusted EBITDA** projected at **US$3.9bn** (+1.6% vs. Old Est.; -7,0% q/q; -38.9% y/y); **(x) Net income** estimated at **US$2bn** (+2.5% vs. Old Est.; -14.0% q/q; -14.9% y/y); **(xi)** Trading at an **EV/EBITDA 25E** of **3x** (vs. 5x historical average), with a **25E FCF Yield** of **~16%** and **25E Dividend Yield** of **~9%**, even considering the impacts of the Mariana agreement (~US$2b cash outflow in 25E); **(xii)** The **potential US-China trade war** is back on investors' radar, given the risk of retaliation and the impact on Chinese durable goods exports; **(xiii)** Despite the risks, **valuation is quite attractive**. We reiterate our **BUY rating**, with a **12M Target Price** of **R$65.60** for **VALE3-B3** and **US$11.10** for **ADRs-NYSE**, which represents an **upside** of **+24.6%**.

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Company

VALE US Equity
Buy

Price: US$ 9.03 (28-Jan-2025)
Target Price 12M: US$ 11.10 (NYSE)

VALE3 BZ Equity
Target Price 12M: R$ 65.60 (B3)

Vale released its **4Q24 Production and Sales Report** yesterday (January 28) after market close. Overall, the results **aligned well with our expectations**, except for pellet production (-8.9% vs. Genial Est.). While volumes themselves were not particularly impressive, we view the report as **positive for realized prices**. The key takeaway is the shift in the company's commercial strategy, which prioritizes **lower sales volumes** with a **higher-value mix**, as we anticipated.

Table 1. Operational Summary (4Q24 vs. Genial Est.)

(Thousand Tonnes - kt)	Reported	Genial Est.		Reported				
Summary	**4Q24A**	**4Q24E**	**% Diff.**	**4Q24A**	**3Q24A**	**% q/q**	**4Q23A**	**% y/y**
Iron Ore Production	85.279	85.770	**-0,6%**	85.279	90.971	**-6,3%**	89.397	**-4,6%**
Iron Ore Fines Shipments	69.912	69.668	**0,4%**	69.912	69.344	**0,8%**	77.885	**-10,2%**
Pellets Production	9.167	10.067	**-8,9%**	9.167	10.361	**-11,5%**	9.851	**-6,9%**
Pellets Shipments	10.067	10.208	**-1,4%**	10.067	10.143	**-0,7%**	10.285	**-2,1%**

Source: Genial Investimentos, Vale

Reflecting this strategy, Vale successfully turned its **iron ore fines premium positive** after 12M in negative territory, reaching **+US$1.0/t** (vs. -US$1.9/t in 3Q24), exactly as we projected. While still modest, this marks progress. As a result, the **realized price of iron ore fines** rose to **US$93/t (+1.1% vs. Genial Est.**), up **+2.6% q/q**. Despite selling less IOCJ (Carajás fines, 65% Fe), the company's decision to **retain more inventory** and reorganize the sales mix significantly reduced the share of **high-silica products** (low Fe content fines) to just **852kt** (-89.4% q/q; -88.6% y/y). This shift supported **better pricing** this quarter (+2.6% q/q vs. +1.5% q/q for the 62% Fe index) and should help Vale **navigate the current market oversupply** and weaker iron ore prices.

In terms of volumes, **iron ore fines production** reached a still solid result, at **85.3Mt** (-0.6% vs. Genial Est.), despite declining **-6.3% q/q** and **-4.6% y/y** due to seasonal effects in the sequential base and a challenging y/y comparison to suppress. **Shipments** reached **69.9Mt** (+0.4% vs. Genial Est.), up **+0.8% q/q** but down **-10.2% y/y**, reflecting a deliberate **production vs. sales gap** as the company focused on **optimizing its product mix** and adjusting to current market conditions. The only **disappointment** was in **pellet production**, which came in at **9.2Mt** (-8.9% vs. Genial Est.), down **-11.5% q/q** and **-6.9% y/y**. However, **pellet sales** were more resilient, supported by **strong 3Q24 production**, with shipments reaching **10.1Mt (-1.4% vs. Genial Est.)**, a slight decline of **-0.7% q/q** and **-2.1% y/y**.

Table2. New 4Q24 Est. vs. Old one

(US$ millions)	Genial Est.	Old Est.	
Income Statement	**4Q24E**	**4Q24E**	**% Diff.**
Net Revenue	10.294	10.311	**-0,2%**
Adjusted EBITDA	3.867	3.806	**1,6%**
Net Income	2.056	2.005	**2,5%**

Source: Genial Investimentos

Table3. New 4Q24 Est. vs. 3Q24 and 4Q23

Genial Est.				
4Q24E	**3Q24A**	**% q/q**	**4Q23A**	**% y/y**
10.294	9.553	**7,8%**	13.054	**-21,1%**
3.867	3.615	**7,0%**	6.332	**-38,9%**
2.056	2.391	**-14,0%**	2.416	**-14,9%**

Source: Genial Investimentos

Preview 3Q24: In detail!

Iron ore production met expectations. With iron ore fines totaling 85.3Mt (-0.6% vs. Genial Est.). Volumes declined by -6.3% q/q and -4.6% y/y, reflecting operational adjustments and portfolio strategies in response to market conditions. The Northern System recorded a +3.1Mt y/y increase, driven by record 4Q performance from S11D. The Southeastern System added +0.5Mt y/y, supported by the commissioning of Brucutu (MG), which achieved its highest quarterly volume since 2019.

This growth was partially offset by maintenance at the Conceição 2 plant. The commissioning of the Capanema project in November at the Mariana complex (MG) was another significant milestone, with potential to add +15Mtpy of sinter feed. Meanwhile, we saw the Southern System with sharp -7.7Mt y/y reduction, aligned with Vale's strategic focus on higher-margin products. This shift resulted in lower high-silica product output and reduced third-party purchases.

The change in commercial strategy led to sales falling below production. Iron ore sales reached 69.9Mt (+0.4% vs. Genial Est.), up +0.8% q/q but down -10.2% y/y, maintaining a notable production-to-sales gap of 18.0% (+5.1p.p. y/y). This reflects Vale's new focus on building inventories and/or pellet production while reducing direct sales of high-silica products (-7.5Mt y/y). Portfolio optimization boosted the all-in premium to US$4.6/t, a 1.7x increase q/q, with the average iron ore fines premium at +US$1.0/t (vs. -US$1.9/t in 3Q24).

Table 4. Production Summary Vale (4Q24 vs. Genial Est.)

Vale Production Summary (Kt)	4Q24A Reported	4Q24E Genial Est.	% R/E
Iron Ore[1]	85.279	85.770	-0,6%
Pellets	9.167	10.067	-8,9%
Nickel	46	49	-6,7%
Copper	102	99	2,8%

Production Summary (Kt)	4Q24A Reported	3Q24A Reported	% q/q	4Q23A Reported	% y/y
Iron Ore[1]	85.279	90.971	-6,3%	89.397	-4,6%
Pellets	9.167	10.361	-11,5%	9.851	-6,9%
Nickel	46	47	-3,2%	45	1,6%
Copper	102	86	18,6%	99	2,8%

Source: Genial Investimentos, Vale

Pellet production and sales fell short of estimates, impacted by maintenance activities. Pellet production totaled 9.2Mt (-8.9% vs. Genial Est.), representing a decline of -11.5% q/q and -6.9% y/y. The performance was primarily affected by maintenance work at the Vargem Grande (MG) plant during November and December, which constrained production capacity during the period. Pellet sales reached 10.1Mt (-1.4% vs. Genial Est.), remaining nearly flat compared to the previous quarter (-0.7% q/q). On an annual basis, sales contracted by -2.1% y/y, reflecting lower production volumes and the impact of logistical adjustments.

Table 5. Shipments Summary Vale (4Q24 vs. Genial Est.)

Vale Shipments Summary (Kt)	4Q24A Reported	4Q24E Genial Est.	%R/E
Iron ore fines	69.912	69.668	0,4%
Pellets	10.067	10.208	-1,4%
ROM	1.216	2.158	-43,7%
Nickel	47	52,3	-9,9%
Copper	99	98,0	1,0%

Shipments Summary (Kt)	4Q24A Reported	3Q24A Reported	% q/q	4Q23A Reported	% y/y
Iron ore fines	69.912	69.344	0,8%	77.885	-10,2%
Pellets	10.067	10.143	-0,7%	10.285	-2,1%
ROM	1.216	2.351	-48,3%	2.158	-43,7%
Nickel	47	40,7	15,7%	48,0	-1,9%
Copper	99	75,2	31,6%	98,0	1,0%

[1] Including third-party purchases

Source: Genial Investimentos, Vale

Iron ore fines' realized price exceeded expectations but faced annual pressure. The realized price was reported at US$93/t (+1.1% vs. Genial Est.), reflecting a sequential increase of +2.6% q/q but a sharp decline of -21.4% y/y. The annual drop stems from the slowdown in the 62% Fe benchmark curve amid higher port inventory levels in China compared to the same period in 2023. In our view, the sequential increase reflects a combination of a higher average premium (+US$1.0/t vs. -US$1.9/t in 3Q24) and improvements in quality mix, which partially offset the negative impact of adjustments in provisional pricing mechanisms.

Pellet realized price declined, but the all-in premium showed improvements. The realized price for pellets was US$143/t (-1.4% vs. Genial Est.), showing decreases of -3.5% q/q and -12.5% y/y. The sequential decline, as we anticipated, reflects the negative impact of delayed prices due to pricing mechanism adjustments, while we attribute the annual contraction to the weakening iron ore market, especially in China. Despite the weaker performance, the all-in premium improved, closing 4Q24 at +US$4.6/t (1.7x higher q/q), supported by the weighted average contribution of the pellet business at US$3.6/t.

Table 6. Realized Price Vale (4Q24 vs. Genial Est.)

Realized Price (US$/t)	4Q24A Reported	4Q24E Genial Est.	% R/E
Iron ore fines	93,0	92,0	1,1%
Pellets	143,0	145,1	-1,4%
Nickel	16.163	16.764	-3,6%
Copper	9.187	8.816	4,2%

Realized Price (US$/t)	4Q24A Reported	3Q24A Reported	% q/q	4Q23A Reported	% y/y
Iron ore fines	93,0	90,6	2,6%	118,3	-21,4%
Pellets	143,0	148,2	-3,5%	163,4	-12,5%
Nickel	16.163	17.012	-5,0%	18.420	-12,3%
Copper	9.187	9.016	1,9%	7.941	15,7%

Source: Genial Investimentos, Vale

Copper performance exceeds expectations. Copper production was 101.8Kt (+18.5% q/q; +2.7% y/y), surpassing our estimates (+2.8% vs. Genial Est.) and consensus, with sequential and annual improvements driven by: **(i)** higher operational efficiency at Salobo 1 and 2 and the completion of the ramp-up of Salobo 3 (+3.6Kt y/y); **(ii)** increased milling rate at Sudbury (ON); and **(iii)** progress in the ramp-up of the underground mines at Voisey's Bay (NL), both assets in Canada. Copper sales totaled 99Kt (+31.6% q/q; +1.5% y/y), in line with our projections and above consensus (+2% vs. BBG). The realized price was US$9,187/t (+4.2% vs. Genial Est.), with a marginal increase of +1.9% q/q, benefiting from the positive impact of final pricing timing and lower TC/RC discount, despite lower LME prices, which were US$9,318/t (-0.3% q/q).

We also noted that the Salobo (PA) complex saw a +10% y/y increase in processed volume, which seems to reinforce the company's competitive edge in operating with its own reserves within a growing global demand for copper. The company plans to double its production capacity, aiming for 700Ktpy by 2030-35, leveraging the project pipeline in Carajás.

Nickel's outlook remains challenging, and figures disappoint. Nickel production have clocked in at 46Kt (-6.7% vs. Genial Est.), below our estimate, but up +1.6% y/y, driven by the stabilization of Onça Puma (PA) after furnace repairs and better performance from Canadian assets. Sales totaled 47Kt (-9.9% vs. Genial Est.), registering +15.7% q/q growth but a -1.9% y/y decline. The realized price was US$16,163/t (-3.6% vs. Genial Est.), marking another sequential decline of -5% q/q, pressured by the stabilization of conflicts in New Caledonia and oversupply caused by increased production in Indonesia, the largest global nickel supplier. This situation is reflected in the price drop on the LME, which averaged ~US$16,255/t (-1.5% q/q). We believe this trend of depressed prices due to oversupply led the company to reassess its assets, with a divestment planned at Thompson (Canada), expected to conclude in 2H25.

Net revenue is expected to be impacted by lower realized prices. Under similar operational circumstances, we project consolidated Net revenue of US$10.3bn Genial Est. (-0.2% vs. Previous Est.), which should represent an increase of +7.8% q/q, but a contraction of -21.1% y/y. The sequential acceleration in iron ore fines shipments, as well as a significantly lower realized price base y/y, basically justify the trend. Therefore, the iron ore fines division is set to reach revenues of US$6.5bn Genial Est. (+3.5% q/q; -29.4% y/y), while pellets are projected at US$1.4bn Genial Est. (-4.2% q/q; -14.3% y/y), in light of the production slowdown we mentioned, as well as lower contractual premiums. Nickel operations are expected to close the quarter at US$1.2bn Genial Est. (+34.3% q/q; +3.2% y/y), with the resumption of sequential volumes helping to partially offset the drop in prices. Copper operations are projected at US$910mn Genial Est. (+19.8% q/q; +0.5% y/y), with better price dynamics compared to nickel.

Table 7. Net Revenue Vale (4Q24 Genial Est.)

(US$ millions)	4Q24E Genial Est.	3Q24A Reported	% q/q	4Q23A Reported	% y/y
Net Revenue	**10.294**	**9.553**	**7,8%**	**13.054**	**-21,1%**
Iron Ore Fines	6.502	6.283	3,5%	9.214	-29,4%
Pellets	1.440	1.503	-4,2%	1.681	-14,3%
Nickel operations	1.214	904	34,3%	1.177	3,2%
Copper operations	910	759	19,8%	855	6,4%
Others	181	140	29,3%	180	0,5%

Source: Genial Investimentos, Vale

We believe that C1/t will show a relevant sequential reduction. We project C1/t ex. third-party purchases to still stand at US$19.6/t Genial Est. (-4.9% q/q; -5.5% y/y) driven by **(i)** operational efficiency gains, **(ii)** higher dilution of fixed costs as realized volume was in line with Genial Est., and **(iii)** a more favorable production mix (more own production, less third-party purchases).

In addition, we continue to believe that the appreciation of the USD/BRL FX rate should help to mitigate BRL-denominated costs when converted into USD, reinforcing our expectation that C1/t will continue on a downward path in the period to an average of ~US$22/t in 2024. Regarding freight costs, we believe that they should stand at US$20.8/t Genial Est. (+0.6% q/q). Despite the recent drop in spot maritime freight prices, we don't expect concrete impacts in 4Q24, given the lagged nature of Vale's long-term contracts.

Proforma EBITDA is probably recovering sequentially, but still under y/y pressure. Our new proforma EBITDA estimate is US$4.3bn Genial Est. (+1.6% vs. Old Est.; +14.7% q/q; -36.2% y/y), reflecting the partial operational recovery. Total adjusted EBITDA is projected at US$3.8bn Genial Est. (-14.6% q/q; -38.9% y/y), due to the estimate of US$425mn for the provisioning of compensation agreements linked to the Brumadinho (MG) accident, and the absence of provisioning last quarter. Iron ore fines should contribute with US$3bn Genial Est. (+5.9% q/q; -44.5% y/y), justified by higher prices (US$93/t) vs. Old Est. (US$92/t) given that realized volumes and COGS remained in line with our previous expectations.

Table 8. EBITDA Vale (4Q24 Genial Est.)

	4Q24E	3Q24A		4Q23A	
(US$ millions)	**Genial Est.**	**Reported**	**% q/q**	**Reported**	**% y/y**
Proforma EBITDA	**4.292**	**3.741**	**14,7%**	**6.728**	**-36,2%**
Iron Ore Fines	3.049	2.879	5,9%	5.498	-44,5%
Pellets	674	791	-14,8%	925	-27,1%
Nickel operations	137	(66)	107,5%	152	-9,9%
Copper operations	404	360	12,1%	375	7,6%
Others	28	(223)	-112,7%	(222)	-112,7%

Source: Genial Investimentos, Vale

Net income will contract, reflecting margin pressures. We estimate adjusted net income of US$2b Genial Est. (+2.5% Previous Est.; -14.0% q/q; -14.9% y/y), reflecting the pressure from increased provisioning related to Vale's share in the Mariana Agreement payment (US$371m Genial Est. vs. US$0m in 3Q24), as well as the persistent compression of the 62% Fe curve affecting realized prices, coupled with the strategy of reducing supply in the seaborne system, focusing on a sales mix to minimize exposure to high-silica products in order to secure higher premiums.

Table 9. Income Statement Vale (4Q24 Genial Est.)

(US$ millions)	4Q24E Genial Est.	3Q24A Reported	% q/q	4Q23A Reported	% y/y
Net Revenue	**10.294**	**9.553**	**7,8%**	**13.054**	**-21,1%**
COGS	(6.570)	(6.281)	4,6%	(6.891)	-4,7%
Adjusted EBITDA	**3.867**	**3.615**	**7,0%**	**6.332**	**-38,9%**
EBITDA Margin (%)	37,6%	37,8%	-0,27p.p	48,5%	-10,94p.p
Adjusted EBIT	**3.015**	**2.867**	**5,2%**	**5.477**	**-45,0%**
EBIT Margin (%)	29,3%	30,0%	-0,72p.p	42,0%	-12,67p.p
D&A	(852)	(748)	14,0%	(855)	-0,3%
Financial Result	(504)	(374)	34,8%	(874)	-42,3%
Net Income	**2.056**	**2.391**	**-14,0%**	**2.416**	**-14,9%**
Net Margin (%)	20,0%	25,0%	-5,06p.p	18,5%	1,46p.p

Source: Genial Investimentos, Vale

Our Take on Vale

Not a great quarter, but a new guideline. Although the change in commercial strategy helped cool the impact on the realized price by making up a **positive quality premium** on iron ore fines **for the first time after 12M with a discount**, the y/y drop still confirms the continuing challenges posed by oversupply at Chinese ports. Although inventories at the ports we monitor cooled slightly last week, falling to 131.3Mt (-1.8% y/y), port activity slowed ahead of the Chinese New Year holiday, and inventories are still at their highest level in 3Y. This factor corroborates our outlook of low recoverability of higher prices due to the real estate contraction in China, which should more than offset the potential upside due to the cyclone in Australia. Although the recent weather conditions in Australia may indeed reduce cargo arrivals at China's ports, and put upward pressure on iron ore prices, we still believe that this will be a momentary situation.

How do the changes in the chain of command impact the company? In terms of internal restructuring, the replacement of Marcello Spinelli by Mr. Rogério Nogueira as VP Commercial for ferrous division, a move made after the arrival of Gustavo Pimenta as CEO, should signal, as we have previously discussed, a change of course that we believe is necessary given the current environment of oversupply of iron ore. We believe that the new management should prioritize the restoration of quality premiums in the sales mix, reducing elasticity in the volume sold. This approach, although more selective, tends to mitigate negative pressures on the realized price, especially in scenarios of high volatility in the spot market, as observed in 2024, when the 62% Fe benchmark fluctuated below US$90/t.

High sensitivity to the US-China trade war. US President Donald Trump announced on Monday (27-Jan) his intention to raise tariffs above the current 2.5% to protect the domestic economy and restructure supply chains. In statements, Trump mentioned strategic sectors such as semiconductors, steel and pharmaceuticals, as well as considering tariffs of +25% on cars from Canada and Mexico and **+10% on any Chinese products**, effective from February 1st.

Vale's shares fell -2.43% in yesterday's trading session, justified by investors' fears of retaliatory tariffs between China and the US, which in turn would lead to an even slower pace of growth projected for China, which continues to depend on its exports (+7.1% y/y) to compensate for low domestic demand for durable goods.

It is still difficult to predict the Trump administration's next moves, but analyzing a **scenario in which there are no new tariff increases** beyond the 10% announced for China, we think **it is likely that the Chinese government will not retaliate**. In this situation, we believe that exports may slow down, but not on a large scale, which would make it relatively easier for China to redirect its products to other global markets. However, should Trump **gradually step up tariffs on Chinese goods**, China would have to **purposely devalue the USD/RMB FX rate** to avoid potential tariff blockades, leading to an even weaker domestic economy.

Challenges persist, but fundamentals remain attractive. Despite a still challenging macroeconomic scenario, we see Vale trading at a significant discount to its global peers. Currently, the company is the most discounted major in the global market vs. the price of iron ore, with a discount of ~40% (vs. the historical average of 20-25% for Australian peers). The company is priced at a **25E EV/EBITDA** of **3x** (vs. 5x historical average), with a **25E FCF Yield** of **~16%** and a **25E Dividend Yield** of **~9%**, even considering the impacts of heavier payments related to the Mariana (MG) settlement in 2025 of ~US$2b.

We believe that, although the market has priced in more bearish scenarios for iron ore, our analysis points to a potential bottom at ~US$90/t, with a possible recovery to ~US$110/t depending on the time of year. This trajectory will be influenced by factors such as **(i)** typical seasonality, **(ii)** port inventory dynamics in China, and **(iii)** speculative adjustments to Chinese government policies. Implied volatility reflects an environment of uncertainty but does not justify the exacerbated pessimism observed in some market projections.

Our position reflects the view that Vale's shares are undervalued at attractive multiples, **penalized by an excessively negative narrative surrounding the Chinese economy**. Although we recognize the risks associated with the slowdown in Chinese industry and the possibility of greater trade tension between the US and China and their respective sensitivity to the company, we consider the magnitude of the discount applied by investors to Vale's shares to be exaggerated. Therefore, even under the scenario of expected volatility for the price of iron ore, we reiterate our **BUY rating**, with a **12M Target Price** of **R$65.60** for **VALE3-B3** and **US$11.10** for the **ADRs-NYSE**, which represents an **upside** of **+24.6%**.

Appendix: Vale

Figure 1. Vale – Income Statement in US$ Millions (Genial Est. 2024-2029)

Income Statement	2024E	2025E	2026E	2027E	2028E	2029E
Net Revenue	**38.306**	**37.953**	**39.242**	**39.780**	**40.801**	**41.883**
(-) COGS	(24.391)	(24.982)	(26.016)	(26.581)	(27.127)	(27.893)
Gross Profit	**13.915**	**12.971**	**13.226**	**13.200**	**13.674**	**13.991**
(-) Expenses	(1.469)	(2.500)	(2.566)	(2.475)	(2.150)	(1.736)
Adjusted EBITDA	**16.061**	**15.320**	**15.562**	**15.670**	**16.284**	**16.722**
(-) D&A	(3.107)	(3.301)	(3.473)	(3.651)	(3.826)	(3.992)
EBIT	**12.954**	**12.020**	**12.089**	**12.018**	**12.458**	**12.730**
(+/-) Financial Result	(189)	128	314	471	676	982
(-) Taxes	(1.212)	(1.051)	(1.159)	(1.227)	(1.364)	(1.497)
Net income	**11.553**	**11.097**	**11.243**	**11.262**	**11.770**	**12.216**
Profitability						
Net margin (%)	30,16%	29,24%	28,65%	28,31%	28,85%	29,17%

Figure 2. Vale– Cash Flow in US$ Millions (Genial Est. 2024-2029)

Cash Flow (FCFF)	2024E	2025E	2026E	2027E	2028E	2029E
Net Revenue	**38.306**	**37.953**	**39.242**	**39.780**	**40.801**	**41.883**
(-) COGS	(24.391)	(24.982)	(26.016)	(26.581)	(27.127)	(27.893)
Adjusted EBITDA	**16.061**	**15.320**	**15.562**	**15.670**	**16.284**	**16.722**
Adjusted EBIT	**12.954**	**12.020**	**12.089**	**12.018**	**12.458**	**12.730**
(-) Taxes	(1.212)	(1.051)	(1.159)	(1.227)	(1.364)	(1.497)
(+) D&A	3.107	3.301	3.473	3.651	3.826	3.992
(+/-) Brumadinho and Samarco	(415)	(1.511)	(1.300)	(718)	(893)	(279)
(+/-) Δ WK	2.956	499	283	150	625	(36)
(-) Capex	(6.088)	(6.710)	(6.854)	(7.130)	(7.130)	(7.130)
FCFF	**11.301**	**6.547**	**6.531**	**6.744**	**7.522**	**7.780**

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