

VALE

Investor Tour 2025: Homework being done

LatAm Metals & Mining

Main takeaways:

(i) Green steel and Simandou: China remains a **late adopter** (90% BF-BOF, target 15% EAFs 25E), while Europe, Japan, and the US are driving decarbonization; **Simandou is not expected to be stand-alone:** Blocks 1-2 (Baowu) and 3-4 (Rio Tinto) will require blends with BRBF/IOCJ; bottleneck remains in the supply of premium ore, reinforcing Vale's critical role; **(ii) CAPEX and allocation:** 25E guidance revised to **US\$5.4-5.7bn** (-5.9% vs. previous), expected to remain **<US\$6bn in 26E**; adjustments reflect timing, not strategic change; Target net debt at **US\$15bn**, but high prices may open space for extra dividends/buybacks; **(iii) Premiums and flexibility:** reduction in penalties adds **+US\$2-3/t** in realized premium; production/sales gap (323-335Mt vs. ~310Mt) stems from tailings, conversion to pellets, and WC (~105 days); Mid-grade 63% Fe (~25Mt 25E) is an inherent solution to the current situation; **(iv) Portfolio and pellets:** BRBF recovers premium (>US\$3/t vs. <US\$1/t), generating **+US\$600mn/year** in **EBITDA**; PFC evolves from Fe <55% (2022) to 62-63% in 25E and silica falls from 24% to 5% (-19p.p.); 20% agglomerates target maintained until 30E, with structural recovery expected in 27-29E; **(v) Operational efficiency: autonomous** fleet already **100%** in Brucutu/Capanema, +130 trucks, with ~54% in Serra Norte by 29E (+2.6x); gains of +4p.p. in asset utilization, -15% fuel, -US\$0.30/t in C1; in **Itabira**, DR pellet feed rises from 56% (2023) to 75% 25E (+19p.p.), with +2Mtpy and +US\$13/t premium; **(vi) FCF and returns:** 2Q25 FCF at US\$1.0bn (+39.1% q/q; ~4x y/y), with CAPEX of US\$1.1bn (-10.2% q/q), neutral WC and JVs dividends of +US\$248mn; **FCF yield ~13% 25E** and **~15% 26E** (+2x vs. peers); implication of **Dividend Yield ~8% 25E** maintained, even with focus on company buyback; **(vii)** We reiterate our **BUY rating**, updating our **12M Target Price to US\$12.20 ADRs-NYSE** (vs. previous US\$11.60) and **R\$66.00 VALE3-B3** (vs. R\$64.50 previously), implying upside of **+16.2%**, reflecting the change in CAPEX guidance (-5.9% vs. previous) and the concrete financial capture of initiatives such as BRBF (+US\$600mn/year), automation (-US\$0.30/t in C1) and DR pellet feed (+19p.p.).

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Company

VALE US Equity Buy

Price: US\$ 10.50 (10-Sep-2025)
Target Price 12M: US\$ 12.20 (NYSE)

VALE3 BZ Equity

Target Price 12M: R\$ 66.00 (B3)

We attended **Vale's Investor Tour** held in Brucutu (MG) today, Sep. 10, an event that ranks among the most important on the company's institutional agenda. This edition brought together the management team with investors and analysts in a classic format, consisting of technical presentations, a Q&A session, and direct interaction with management. The executive team in attendance included **Mr. Rogério Nogueira** (Commercial VP), **Mr. Carlos Medeiros** (Executive VP and COO), **Mr. Marcelo Bacci** (CFO).

Management emphasized three major strategic pillars: **(i)** repositioning of the iron ore portfolio, capture of premiums (+US\$600mn/year via BRBF) and flexibility to serve both conventional routes (BFs) and green steelmaking (EAFs); **(ii)** operational efficiency and execution discipline, materialized by fleet automation (-US\$0.30/t in C1), expansion of **Brucutu** and **Capanema** at **competitive costs** (<US\$20/t), and replicable innovation in **Itabira** (+19p.p. of DR pellet feed);

and (iii) financial rigor and CAPEX optimization, with guidance revised to a **new range of US\$5.4–5.7bn in 25E** (-5.9% vs. previous), sustaining **FCF yield of ~13% in 25E**, 2x higher vs. peers.

Vale investor tour Review: In detail!

Energy transition and portfolio repositioning. At the beginning of his speech, Mr. Rogério Nogueira emphasized the temporal asymmetry of the energy transition. Today, ~70% of global production and ~90% of Chinese production still depends on conventional blast furnace (BF–BOF) routes. The migration to direct reduction technologies powered by natural gas and, later, hydrogen will be inevitable, but it will coexist with traditional processes for decades. In this context, Vale positions itself as the best mining prepared to arbitrate the transition, calibrating investments that preserve short-term returns without compromising the ability to capture value in the green future of steel.

This pragmatism is the result of lessons learned after Brumadinho (MG) accident. At the time, the loss of concentration capacity forced the company to sell significant volumes of high-silica ore (>8%), which deteriorated margins due to increasing penalties and, paradoxically, strengthened Australian competitors, who used this material in more competitive blends. Since then, the company has redesigned its portfolio to reduce exposure to discounts, regain pricing power, and reposition itself as a supplier of flexibility and quality. The effect is already visible: the BRBF premium, previously below US\$1/t, now exceeds US\$3/t (+2x), which should represent +US\$600mn in annual EBITDA on ~150Mt of sales.

Quality as a driver of value capture. The central part of the presentation focused on the silent drivers of value, silica (SiO_2) and alumina (Al_2O_3), which are decisive for the performance of blast furnaces (BFs). Silica contents below 4.5% compromise sinter strength, while above 6% they reduce permeability; the critical alumina/silica ratio of 0.4 defines slag viscosity and, therefore, coke consumption. No stand-alone ore fits the “sweet spot,” which forces mills to resort to complex blends between Australia and Brazil. At this point, we believe the company sees its advantage: offering a portfolio closer to the optimal zone, reducing operational complexity for customers.

Within this logic, the company launched two strategic products: Pellet Feed China (PFC), whose quality evolved from Fe <55% in 2022 to 62–63% in 2025E (+7.5p.p.), and whose silica fell from 24% to 5% (-19p.p.), with volumes doubling to ~24Mt in 2025E (+100% vs. 2022). Mid-grade Carajás (~63% Fe) has projected sales of ~25Mt in 2025E, priced close to BRBF and without the need for blends and is particularly well received in Europe and India. At the same time, IOCJ (65% Fe) underwent adjustments: silica fell from 3% to 2.7% (-0.3p.p.), increasing the flexibility of the mine plan without loss of premium, exemplifying the company's arbitrage capacity. With this set, we see that the company's 25E portfolio is positioned closer to the “ideal burden zone” than Pilbara's competitors, offering superior operational predictability.

Infrastructure and Mega Hubs as levers for future competitiveness. Mr. Rogério also highlighted Vale's logistics infrastructure as a true competitive moat. The company has a concentration capacity of ~165Mtpy, blending capacity of over 120Mtpy in 20 global ports, and agglomerate (pellets and briquettes) capacity of ~50Mtpy. Mr. Rogério also highlighted Vale's logistics infrastructure as a true competitive moat.

The company has a concentration capacity of ~165Mtpy, blending capacity of over 120Mtpy in 20 global ports, and agglomerate (pellets and briquettes) capacity of ~50Mtpy. This network allows for customized deliveries by region, adapting specifications to local demands, something unparalleled among competitors. In addition, the logistics strategy is being redesigned to mitigate the volatility of the C3 Brazil-China route, combining its own fleet with smaller vessels prepared for alternative fuels, reducing exposure to freight shocks.

The long-term vector is anchored in Mega Hubs, designed as catalysts for green steelmaking. We highlight that the company already has MoUs covering 35% of customers' scope 3 emissions, future demand contracts for ~30Mt of DR feed, and 15 successfully completed industrial briquette tests. Projects such as the Jinnan DR plant in China (12Mtpy from 2027) and the HBI in Oman, supported by gas supply, reinforce the company's ability to lead the transition to green iron. Mr. Rogério Nogueira's speech, in our view, demonstrated how the company has turned past weaknesses into a competitive advantage. The portfolio repositioning not only recovered margins (+US\$600mn/year) but also reinforced the perception of quality. The structural differentiation vs. Australia, supported by the logistics network and Mega Hubs, provides elasticity and prepares the company to lead the global steel industry's transition to low carbon.

Autonomy, efficiency, and capacity recovery. Mr. Carlos Medeiros began by highlighting the company's shift to fleet automation. From being a laggard, the company has become a leader: Brucutu and Capanema already operate with 100% autonomous fleets, while Serra Norte is preparing to reach 130 trucks by 2029 (~2.6x the current level, of which ~54% will be in Serra Norte alone). In addition, we highlight that the gains compared to the conventional fleet are already tangible: +4p.p. in asset utilization, -15% in fuel consumption, +10% in average speed, -US\$0.30/t in C1 cash cost, and less tire wear. Furthermore, removing operators from the "line of fire" reinforces workplace safety.

In terms of capacity, Brucutu was repositioned in three phases: Phase 1 (2021) implemented a filtration plant, increasing capacity from ~11Mtpa to ~20Mtpy (+82%); Phase 2 (2024) resumed the 4th line, leading to ~25Mtpy (+25% vs. Phase 1); and Phase 3 (2028–29), with early licensing of the Tamanduá pile (2 years ahead of schedule) and construction of the 5th line, will increase capacity to ~30Mtpy (+20% vs. Phase 2). In addition, the Phase 3 investment (~US\$35/t) is competitive and, qualitatively, transforms the mix: from a predominance of low-grade fines (Fe ~50%) in 2021 to sinter/pellet feed of Fe ~61% in 2029 (+11p.p.), eliminating low-grade fines. This reduces penalties, improves realized prices, and ensures C1 <US\$20/t in the medium term.

Low-cost projects and scalable innovation. Another highlight for us was the recently inaugurated Capanema, which will add ~15Mtpy until reaching ~100Mt accumulated by 33E. The ore (Fe ~55%, silica ~9% vs. ~14% for high silica) is extracted from waste piles, reinforcing circularity and sustainability, with a minimum strip ratio (0.1x) and C1 <US\$20/t. The product will serve blends, increase quality stability and reduce penalties.

In Itabira (Conceição II), we highlight that Vale has implemented real-time automation in flotation, with chemical adjustments based on ROM, leading to significant gains: DR pellet feed jumped to 75% in 2025 (+19p.p. in the accumulated 2 years), with a target of ~80% in the medium term;

Fe in tailings fell to 16% in 2025 (-6p.p. in the accumulated 2 years), with a target of ~14%; additional production of +2Mtpy of DR pellet feed, with a premium of +US\$13/t over BF pellet feed; investment of US\$28mn, with a payback of ~1 year. In other words, our understanding is that these projects are scalable innovation laboratories.

Pipeline and execution discipline. For the medium and long term, Mr. Carlos Medeiros listed the flexibility pipeline: Vargem Grande I (~15Mtpy, Sep/24), Capanema (~15Mtpy, Nov/24), Serra Sul +20 (~20Mtpy, 2H26), Compact Crusher (~50Mtpy, 2H26) and Serra Leste (~4Mtpa, 26–30E). On the more distant horizon are projects such as Apolo Itabirito and Serra do Rabo. According to the executive, several ramp-ups are already ahead of schedule, demonstrating execution discipline and reliability.

Mr. Carlos Medeiros' section, therefore, consolidated the operational pillar of Vale's strategy for us. Automation is already generating efficiency gains (-US\$0.30/t in C1) and safety, while Brucutu and Capanema are recovering capacity and delivering low-cost volumes with a higher-value mix. Itabira stands out as a hub of scalable innovation, and the robust pipeline ensures optionality until 2030, with early ramp-ups. The message is one of operational robustness and discipline, preparing the company for flexible and sustained expansion, anchoring guidance and reinforcing resilience in the medium term.

Comprehensive and structural cost reduction. Mr. Marcelo Bacci highlighted the cost trajectory as one of the pillars of the company's financial strategy. In iron ore, he pointed out that the all-in cost should fall to US\$53–57/t in 2025E (-1.6% y/y), supported by the dilution of fixed costs with ramp-up of volumes and process optimization. Within this total, C1 cash cost is expected to decline to US\$20.5–22/t in 2025E (-2.5% y/y), reinforcing the long-term commitment to maintain C1 structurally <US\$20/t until 2029.

In base metals, the movement is equally relevant. In copper, costs were revised to US\$1.5–2.0K/t in 2025E (-32.7% y/y), reflecting higher by-product yields and operational efficiency already captured in the plants, increasing margins in the segment. In nickel, despite the more challenging environment in terms of margins, guidance was reaffirmed at US\$14.0–15.5K/t in 2025E (-11.1% y/y), supported by the ramp-up of VBME and the continued optimization of the portfolio. For us, these advances reinforce the company's absolute priority of reducing costs in a sustainable manner, with additional room still to be captured.

CAPEX on a downward trajectory. On the capital allocation front, Mr. Bacci reiterated discipline as a strategic guideline. The initial CAPEX guidance for 2025E, of US\$6.5bn, was revised to US\$5.9bn and, more recently, adjusted to US\$5.4–5.7bn in 2025E (-5.9% vs. previous). We also emphasize that the decline should occur without loss of scope, reflecting efficiency gains in execution, greater rigor in prioritization, and a focus on asset-light opportunities. Sustaining expenses remain at ~US\$4.1bn, while growth projects total ~US\$1.5bn.

The CFO emphasized internal engagement as a catalyst for this discipline, noting that CAPEX efficiency is treated with the same priority as operational efficiency. This approach ensures that projects are delivered on time and within budget, freeing up space for higher-value reinvestments.

Additionally, the imminent inflow of +US\$1.0bn from the sale of 70% of Aliança to GIP will strengthen the company's liquidity, increasing flexibility to sustain growth and returns to shareholders.

Our Take on Vale

Green steel, Simandou, and portfolio arbitrage. Executives emphasized that China will be a late adopter in the energy transition. Today, 90% of Chinese production still depends on BF-BOF, with only 10% in EAFs — a proportion that is expected to reach 15% in 2025E (+5p.p.), but still far from the global average of ~30%. Europe, Japan, Korea, the US, and the Middle East remain the initial drivers, with robust decarbonization plans already announced by players such as ThyssenKrupp, Nippon Steel, and Hyundai. In China, even pilot tests represent significant volumes (10–15Mt of DR feed), but our view converges with that of Mr. Rogério Nogueira: the bottleneck will not be demand, but rather the supply of high-quality ore, reinforcing the company's critical role in this process. As for the Simandou project (New Guinea), our assessment is that it poses a threat, but a limited one. Blocks 1–2 (Baowu) should be used in blends with Onslow (Australia) and BRBF, while Blocks 3–4 (Rio Tinto) will serve to raise the quality of the SP10/Pilbara Blend, also with the need to supplement Vale ore. In other words, Simandou will not have a stand-alone solution. Furthermore, additional pressure on freight rates may occur, but the company already seems to have anticipated this with physical and financial hedges.

Furthermore, when asked about the logic of buying ore from third parties, Mr. Rogério explained that, although the immediate margin is low, the value lies in controlling the destination of the product. Without the company, these volumes would enter the market independently; by purchasing them, the company directs them according to its strategy (China, Europe, specific blends), preserving balance and strengthening pricing power.

CAPEX down, once again; but there is no silver bullet. Mr. Bacci was asked whether the US\$5.4–5.7bn level in 2025E (-5.9% vs. previous) would represent a “new normal.” The answer converges with our initial premise that this is only the guidance for 2025, with expectations to keep 2026 below US\$6bn, but with variations depending on the pace of execution. There is no “silver bullet”: gains come from multiple fronts — ramp-ups of lower-cost mines, dilution of fixed costs, ongoing project reviews, and small efficiency improvements. When asked about CAPEX drivers, he explained that the adjustment reflects execution timing rather than major strategic changes. In copper, progress depends on licensing, while in nickel, only Thompson remains an exception with potential for expansion. On the capital allocation front, he reinforced our assumption of a net debt target of US\$15bn in 2025E. However, we note that if prices remain high until the end of the year, debt should remain below guidance, opening room for extraordinary dividends and/or share buybacks.

Penalties, premiums, and operational flexibility. Mr. Rogério pointed out that, despite higher concentration costs, the net effect of the reduction in penalties should be positive, adding +US\$2–3/t in realized premium. For us, this highlights the effectiveness of portfolio arbitrage and the reconfiguration of products such as Mid-grade and PFC. Furthermore, regarding the gap between production and sales, projected at 323–335Mt of production vs. ~310Mt of sales in 2025E, the explanation was based on three factors: **(i)** higher concentration generates more tailings;

(ii) conversion of pellet feed into pellets; and (iii) build-up of WC, with a cycle of ~105 days between shipment and actual sale. Still, we highlight what we have already commented on in previous reports, that the company maintains flexibility to monetize additional volumes of high silica at times of high prices. In the case of Mid-grade Carajás (~63% Fe), specifically, Mr. Carlos Medeiros explained that this is a transitional solution to reduce mining fronts, cut costs, and generate revenue from material that would otherwise go to waste piles, but that it should not eliminate the need for new licenses in the future.

Pellet market and competitive dynamics with Australia. Regarding the goal of reaching 20% pellets by 2030, Mr. Rogério stated that 2025 will be challenging, with Chinese exports reducing demand for productivity in blast furnaces. However, between 2027–29E, as we predicted, there should be a structural recovery, driving demand for pellets. The company is evaluating simpler pelletization models, closer to customers and less capital intensive, preserving flexibility. In addition, when asked if the new mix (mid-grade, PFC, etc.) would reflect exhaustion, the executive denied it, stating that it was a matter of taking advantage of market opportunities. Mid-grade, for example, although lower in Fe content, is low in phosphorus, making it attractive to Europe and India. In 2025, for example, India is expected to import ~10Mt, with volumes expected to double or triple in the coming years. Finally, regarding Australia's response, Mr. Rogério acknowledged that Australia may react with CAPEX cuts, price reductions, or M&A/blending. However, he reinforced that the flexibility of Vale's supply chain should create opportunities to capture value in scenarios of competitive disruption.

The Q&A session, therefore, consolidated three key messages for us, namely that the company (i) reinforces its position as a critical supplier for the energy transition, even in the face of Chinese delays and the entry of Simandou; (ii) maintains CAPEX discipline and capital allocation as priorities, with flexibility for additional returns to shareholders; and (iii) has the possibility of arbitrating its portfolio vis-à-vis the logistical flexibility that sustains positive net premiums, consolidating its competitive resilience vs. Australia.

Robust FCF trajectory and efficient CAPEX. As previously mentioned, the company delivered FCF generation of **US\$1.0bn** (+12% vs. Genial Est.), reflecting an increase of +39.1% q/q and ~4x y/y, with consistent vectors in both bases of comparison. In the quarter, performance was driven by (i) a reduction in CAPEX to US\$1.1bn (-10.2% q/q), in line with our estimate; (ii) working capital neutrality, reversing consumption of -US\$252mn in 1Q25, favored by the postponement of payments to suppliers; and (iii) receipt of dividends from affiliates/JVs of +US\$248mn (+43.7% q/q).

CAPEX guidance reinforces structural discipline, with the initial projection of US\$6.5bn being successively revised to US\$5.9bn and, more recently, to **US\$5.4–5.7bn in 2025E** (-14.6% vs. initial). As stated by CFO Marcelo Bacci and reinforced several times by us, there is no silver bullet. Gains come from multiple fronts — fixed cost dilution, ramp-ups of lower-cost mines, ongoing project reviews, and incremental efficiency gains. For **2026E**, we believe the level will remain **<\$6bn**, preserving flexibility. This performance consolidates our view that the company should deliver an **FCF yield of ~13% in 2025E** (2x vs peers BHP and Rio Tinto), growing to **~15% in 2026E**, supported by reduced cash outflow from Mariana (-39% y/y Genial Est.). For us, this is an absolute and relative differential that sustains financial resilience and reinforces the attractiveness of the equity story.

More dividends or more buybacks? As previously mentioned, the company announced a cash dividend distribution of **R\$1.89/share** (~US\$0.34/ADR), which implies a **Dividend Yield** of ~7%, in line with our estimate of 8% for 2025E, due to the prioritization of the buyback program. Management has signaled a clear preference for the latter: the board approved the use of instruments such as Total Return Equity Swap (TSR), Enhanced Share Repurchase (ESR), and Accelerated Share Repurchase (ASR), with a mandate of 120 million shares in 18M. However, we emphasize that, in addition to this, it is now also clear that not only does the net debt target of US\$15bn in 2025E remain unchanged, but if ore prices remain high until the end of the year, leverage should remain below guidance, opening space for extraordinary dividends and/or additional repurchases. In our view, this set of factors demonstrates financial discipline and clarity in prioritizing shareholder returns.

Iron ore: structural imbalance, but Vale as arbiter of the transition. The outlook for iron ore remains challenging: Chinese steel production fell to **83.2Mt** (-9% y/y) in June and to **79.6Mt** (-4% y/y) in July, while the imminent entry of Simandou is expected to add **+120Mtpy** at full ramp-up by 2027E. Despite this, the price of 62% Fe shows resilience (~US\$100/t), but we maintain a conservative stance, projecting a reference curve of US\$94/t in 2025E (US\$95/t in 3Q25E; US\$89/t in 4Q25E). However, the Investor Tour reinforced our belief that the company has turned past weaknesses into competitive advantages. The repositioning of the portfolio has already had a tangible financial impact: the **BRBF** premium jumped from **<US\$1/t** to **>US\$3/t** (+2x), which could represent **+US\$600mn/year** in **incremental EBITDA** on ~150Mt of sales. Products such as **Pellet Feed China** (PFC), which evolved from Fe <55% (2022) to 62–63% in 2025E (+7.5p.p.) and reduced silica from 24% to 5% (-19p.p.), and **Mid-grade Carajás** (~63% Fe, ~25Mt in 2025E) increase the flexibility of the mix and bring the company closer to the ideal burden zone, a differential in relation to Pilbara's competitors. In addition, the Q&A session further reinforced that **Simandou is not a stand-alone** threat: blocks 1–2 (Baowu) and 3–4 (Rio Tinto) will depend on additional blends, including BRBF and IOCJ. In this sense, the flexibility of Vale's supply chain — with blending of >120Mtpy and a fleet already prepared for alternative fuels — is a structural element of resilience.

Operational efficiency: automation and innovation. From an operational perspective, Mr. Carlos Medeiros detailed advances that consolidate structural efficiency. In **fleet automation**, Brucutu and Capanema already operate with 100% autonomous fleets, and Serra Norte will reach 130 trucks by 2029 (~2.6x the current level). The gains over the conventional fleet are already clear: +4p.p. in asset utilization, -15% in fuel consumption, +10% in average speed, and -US\$0.30/t in C1 cash cost. At **Brucutu**, capacity will evolve from ~11Mtpa (2021) to ~30Mtpa by 2029 (+1.7x), with a qualitative transformation of the mix (from Fe ~50% to ~61% in 2029, +11p.p.), eliminating low-grade fines and ensuring C1 <US\$20/t. At **Capanema**, the additional ~15Mtpa (Fe ~55%, silica ~9% vs. ~14% high silica) reinforce low-cost blends. At **Itabira**, flotation automation increased DR pellet feed from 56% in 2023 to 75% in 2025 (+19p.p.), with a target of ~80%, in addition to reducing Fe in tailings from 22% to 16% (-6p.p.) and adding +2Mtpa of production at a premium of +US\$13/t, with a payback of ~1 year. These examples demonstrate execution discipline and replicable innovation, consolidating the Southeastern System as the core of the portfolio's flexibility.

Doing its homework; but continues to trade discounted. Despite a macro scenario that remains unfavorable for iron ore, the company demonstrates exemplary execution in what it controls: cost reduction, CAPEX discipline, portfolio repositioning, and operational innovation. The result is an asset that generates **~2x more FCF yield than peers**, sustaining a **Dividend Yield of ~7-10%** (even with a preference for buybacks) and trading at **4.0x EV/EBITDA 2025E and 3.8x 2026E**, well below the historical average of 5.0x. In addition, the revision of CAPEX guidance from **US\$5.9bn to US\$5.4-5.7bn in 2025E** (-5.9% vs. previous), combined with evidence of concrete financial gains presented at the Investor Tour (+US\$600mn /year via BRBF, -US\$0.30/t via automation, +19p.p. in DR pellet feed), change relevant assumptions in our model. As a result, we reiterate our **BUY** rating, updating our **12M Target Price** to **US\$12.20 ADRs - NYSE** (vs. US\$11.60 previously), and to **R\$65.80 VALE3 - B3** (vs. R\$64.50 previously), which implies an **upside of +16.2%**.

Appendix: Vale

Figure 1. Vale – Income Statement in US\$ Millions (Genial Est. 2025-2029)

Income Statement	2025E	2026E	2027E	2028E	2029E
Net Revenue	26.082	38.348	38.821	39.690	40.484
(-) COGS	(17.302)	(24.348)	(25.679)	(26.997)	(28.370)
Gross Profit	8.780	14.001	13.142	12.693	12.114
(-) Expenses	(1.542)	(1.798)	(2.427)	(2.099)	(1.675)
Adjusted EBITDA	13.764	15.904	15.075	14.665	14.121
(-) D&A	(2.165)	(2.965)	(3.019)	(3.084)	(3.149)
EBIT	11.600	12.939	12.055	11.581	10.972
(+/-) Financial Result		(661)	(249)		
(-) Taxes	(2.231)	(2.425)	(2.237)	(2.327)	(2.424)
Net income	10.624	9.853	9.569	9.410	9.237
Profitability					
Net margin (%)	40,7%	25,7%	24,6%	23,7%	22,8%

Figure 2. Vale– Cash Flow in US\$ Millions (Genial Est. 2025-2029)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E	2029E
Net Revenue	26.082	38.348	38.821	39.690	40.484
(-) COGS	(17.302)	(24.348)	(25.679)	(26.997)	(28.370)
Adjusted EBITDA	13.764	15.904	15.075	14.665	14.121
Adjusted EBIT	11.600	12.939	12.055	11.581	10.972
(-) Taxes	(2.231)	(2.425)	(2.237)	(2.327)	(2.424)
(+) D&A	2.165	2.965	3.019	3.084	3.149
(+/-) Brumadinho and Samarco	(531)	(989)	(661)	(831)	(199)
(+/-) Δ WK	424	1.139	(506)	372	(220)
(-) Capex	(4.162)	(3.910)	(4.223)	(4.382)	(4.382)
FCFF	7.265	9.718	7.448	7.497	6.896

Disclosure Section

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Genial Rating

	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	49%
Neutral	Expected return between +10% and -10% relative to the Company's industry average	41%
Sell	Expected return below -10% in relation to the Company's sector average	5%
under Review	Under review	5%

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