genial Equity Research

# VALE

## 3Q25 Preview: Beating the volumes, lifting the target

LatAm Metals & Mining

### Main takeaways:

**(i) Iron ore:** Production of **94.4Mt** (+0.5% vs. Genial Est.; +12.9% q/q; +3.8% y/y), driven by favorable seasonality and operating gains at S11D (PA), which recorded a quarterly record of **23.6Mt** (+7% y/y); sales of **75Mt** (+3.7% vs. Genial Est.; +10.8% q/q; +8.2% y/y), reflecting improved logistics conversion and a reduction in the production/sales gap to **79.5%** (+2.5p.p. vs. Est.); price at **US$94.4/t** (-0.3% vs. Genial Est.; +10.9% q/q; +4.2% y/y), with premiums returning to positive territory (+US$0.7/t), driven by the quality gain of BRBF (+US$3/t q/q); **(ii) Pellets:** Production of **8Mt** (-11.8% vs. Genial Est.; +1.9% q/q; -22.8% y/y), reflecting deliberate slowdown and stoppages due to low profitability in São Luís (MA); sales totaled **8.8Mt** (-1.2% vs. Genial Est.; +17.2% q/q; -13.5% y/y), while the price was **US$130.8/t** (+1.3% vs. Genial Est.; -2.5% q/q; -11.7% y/y), pressured by renegotiation of contracts at lower levels and contractual premiums at ~US$12/t (vs. ~US$30/t in the last 2A); **(iii) Net Revenue** projected at **US$10.4bn Genial Est.** (+2.9% vs. previous Est.; +18.4% q/q; +9.1% y/y), sustained by stronger volumes in fines and copper prices; **(iv) C1/t ex-third parties** maintained at **US$21/t Est.** (-5.5% q/q; +1.7% y/y), with greater cost dilution offsetting the slight increase in third-party participation (+1% vs. previous Est.); **(v) EBITDA** at **US$4.3bn Genial Est.** (+2.7% vs. previous Est.; +26.1% q/q; +15.5% y/y), with strong contribution from fines and copper q/q and y/y; **(vi) Net Income** at **US$2.6bn Genial Est.** (+3.5% vs. previous Est.; +22.5% q/q; +9.4% y/y), reflecting higher-than-expected operating growth and improved net financial results; **(vii)** We decided to **raise** our **12M Target Price** to **US$13.00 ADRs–NYSE** (vs. US$12.20 previously) and **R$70.00 VALE3–B3** (vs. R$66.00 previously), implying an **upside** of **+15.2%.**

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**Company**

**VALE US Equity**
**Buy**

**Price:** US$ 11.27 (21-Oct-2025)
**Target Price 12M:** US$ 13.00 (NYSE)

**VALE3 BZ Equity**
**Target Price 12M:** R$ 70.00 (B3)

Vale released its **3Q25 Production and Sales Report** yesterday, **Oct. 21**, after the market closed. Most of the operating figures were **slightly above our estimates**, contributing to an increase in Proforma **EBITDA** to **US$4.3bn Genial Est.** (+2.7% vs. Old Est.; +26.1% q/q; +15.5% y/y). The financial results will be released on Oct. 30, also after the market closes. Production totaled **94.4Mt** (+0.5% vs. Genial Est.), advancing **+12.9% q/q** and **+3.8% y/y**, driven by favorable seasonality and the continued ramp-up of strategic assets. In the North System, the **positive highlight** was **S11D** (PA), which reached **23.6Mt** (+7% y/y), setting its highest historical production for a 3Q, offset by the decline in Serra Norte (PA) to 26.2Mt (-5% y/y) due to natural depletion, partially mitigated by the new mining plan.

**Table 1. Operational Summary (3Q25 vs. Genial Est.)**

| (Thousand Tonnes - kt) | Reported | Genial Est. | | Reported | Reported | | Reported | |
|---|---|---|---|---|---|---|---|---|
| **Summary** | **3Q25** | **3Q25E** | **% Diff.** | **3Q25** | **2Q25** | **% q/q** | **3Q24** | **% y/y** |
| **Iron Ore Production** | 94.403 | 93.972 | **0,5%** | 94.403 | 83.599 | **12,9%** | 90.971 | **3,8%** |
| **Iron Ore Fines Shipments** | 75.020 | 72.345 | **3,7%** | 75.020 | 67.678 | **10,8%** | 69.344 | **8,2%** |
| **Pellets Production** | 7.997 | 9.066 | **-11,8%** | 7.997 | 7.850 | **1,9%** | 10.363 | **-22,8%** |
| **Pellets Shipments** | 8.769 | 8.873 | **-1,2%** | 8.769 | 7.483 | **17,2%** | 10.143 | **-13,5%** |

*Source: Genial Investimentos, Vale*

In the Southeast System, we observed an increase of +1.1Mt y/y (+5.3% y/y), explained by the strong operation of the 4th line at Brucutu (MG) and the acceleration **above expectations** in the ramp-up of the **Capanema** (MG) project, which reached **2.9Mt** (+6.2% vs. Est.), offset by disappointing productivity at the Itabira Complex (MG), which stood at 7.3Mt (-16% y/y; -8.6% vs. Est.), after maintenance with greater than expected negative impacts. In the Southern System, production rose +1.0Mt y/y (+8% y/y), driven by operational improvements at the Vargem Grande Complex (MG), with continued ramp-up of the VGR1 project.

In iron ore fines, **shipments** totaled **75Mt** (+3.7% vs. Genial Est.), with an increase of **+10.8% q/q** and **+8.2% y/y**, in line with the progress in production and improved inventory conversion. We estimate that the sales/production ratio reached 79.5% (+2.5p.p. vs. Est.), reflecting the gap narrowing after the accumulation of inventories observed in 2Q25, driven by the pile up cargoes in Chinese ports for concentration process, with PFC reaching 8.6Mt (+55% q/q; +1.6x y/y). The **realized price** was reported at **US$94.4/t** (-0.3% vs. Genial Est.), in line with expectations, with a significant increase of **+10.9% q/q** and **+4.2% y/y**, following the appreciation of the 62% Fe (+4% q/q) and the return of **premiums** to **positive territory** at **+US$0.7/t** (vs. -US$1.1/t in 2Q25).

The only significant **disappointment** was **pellet production**, which stood at **8Mt** (-11.8% vs. Genial Est.), showing a slight increase of **+1.9% q/q** and a sharp decline of **-22.8% y/y**, reflecting the continued deliberate cut in supply linked to an environment of depressed premiums and reduced profitability (more on this further down). The negative deviation from expectations resulted from the redirection of pellet feed to the i.o. fines market and the shutdown of the São Luís (MA) plant, which will not resume production in 4Q25E due to low profitability.

### What else is relevant?

In line with the new strategy, the company has been implementing **changes in its sales mix**: high-silica volumes fell -43% y/y; BRBF reached ~50% of the portfolio (37Mt, +6.3% y/y); mid-grade Carajás increased +1.2x y/y and PFC China rose +1.6x y/y. We note that **IOCJ** (Carajás fines ~65% Fe) **declined sharply** to **5.7Mt** (-52% y/y). Although we have previously published our perception of a reduction on an annual basis, the figure was still **below what we expected** (-1.8Mt of Diff. vs. Est.). Therefore, we draw the logical conclusion that price point gains did not result from a representative sequential upshift in average Fe content but instead driven by the recent **increase in premiums** in **BRBF** (+US$3/t q/q), in line with management's indication of an incremental **EBITDA** of **+US$400mn/year**.

### Subtle changes in the 3Q25 projection

As operating data came in slightly above expectations, we have revised our estimate for **Net Revenue** to **US$10.4bn Genial Est.** (+2.9% vs. Old Est.; +18.4% q/q; +9.1% y/y), supported by stronger performance in iron ore fines shipments (+4% vs. Old Est.) and realized copper prices (+5% vs. Old Est.). **C1/t ex-third parties** was maintained at **US$21/t Genial Est.** (flat vs. Old Est.; -5.5% q/q; +1.7% y/y), due to the compensatory effect between the slightly higher share in third-party sales (+1% vs. Old Est.) and the better fixed costs dilution via increased volumes (+4% vs. Old Est.).

As a result, we project **Proforma EBITDA** at **US$4.3bn Genial Est.** (+2.7% vs. Old Est.; +26.1% q/q; +15.5% y/y). Finally, **Net Income** is expected to reach **US$2.6bn Genial Est.** (+3.5% vs. Old Est.; +22.5% q/q; +9.4% y/y), reflecting this higher-than-expected operating increase combined with the improvement in net financial results.

**Table2. New 3Q25 Est. vs. Old one**

| (US$ millions) | Genial Est. | Old Est. | |
|---|---|---|---|
| **Income Statement** | **3Q25E** | **3Q25E** | **% Diff.** |
| **Net Revenue** | 10.422 | 10.127 | **2,9%** |
| **Proforma EBITDA** | 4.319 | 4.204 | **2,7%** |
| **Net Income** | 2.616 | 2.527 | **3,5%** |

*Source: Genial Investimentos*

**Table3. New 3Q25 Est. vs. 2Q25 and 3Q24**

| Genial Est. | Reported | | Reported | |
|---|---|---|---|---|
| **3Q25E** | **2Q25** | **% q/q** | **3Q24** | **% y/y** |
| 10.422 | 8.804 | **18,4%** | 9.553 | **9,1%** |
| 4.319 | 3.424 | **26,1%** | 3.741 | **15,5%** |
| 2.616 | 2.135 | **22,5%** | 2.391 | **9,4%** |

*Source: Genial Investimentos*

## Preview 3Q25: In detail!

**Iron Ore: Record at S11D; Capanema exceeds expectations.** Iron ore production totaled 94.4Mt (+0.5% vs. Genial Est.), advancing +12.9% q/q and +3.8% y/y, in line with our scenario of continued momentum observed in 2Q25. The positive performance was driven by a combination of more favorable seasonality due to the driest period of the year, advances in ramp-ups, and improved operational efficiency. The North System was driven by **(i)** the level of excellence at S11D (PA), which achieved its highest historical production for 3Q, reaching 23.6Mt (+7% y/y), as a direct reflection of continuous improvements in asset performance and reliability, fully offsetting the decline observed in Serra Norte to 26.2Mt (-5% y/y). Although production is in depletion, we believe that this effect is partially mitigated by the new mining plan, with the creation of the mid-grade Carajás (~63% Fe).

In the Southeast System, we noted a net addition of +1.1Mt y/y (+5.3% y/y), with volume being sustained by the positive momentum of the 4th line at Brucutu (MG) and the consolidation of the ramp-up at a faster pace than we expected in the Capanema project (MG) — which reached 2.9Mt of production (+6.2% vs. Est.). These effects overshadowed the disappointing productivity of the Itabira Complex (MG), which stood at 7.3Mt (-16% y/y; -8.6% vs. Est.), undergoing a period of preventive maintenance. Finally, **(v)** in the Southern System, production increased by +1.0Mt y/y (+8% y/y), also above our expectations, reflecting the operational improvement of the Vargem Grande Complex (MG) with the ramp-up of the VGR1 project, in addition to the reduction in downtime for maintenance.

**Iron Ore Fines: Gap narrows with improved logistics conversion.** Iron ore fines sales totaled 75Mt (+3.7% vs. Genial Est.), rising +10.8% q/q and +8.2% y/y, in line with the operational production pace. The sales/production ratio reached 79.5% (+2.5 p.p. vs. Est.), indicating the gap narrowing down, especially after the accumulation of inventories observed in 2Q25 (+2Mt). Although we already expected this difference to shrink, the gap closing was more intense than we had projected, reflecting a higher logistics conversion than our model suggested. In our view, part of this improvement was due to shipments flow and the movement of cargo concentrated in China, which had accumulated in 1H25. Even so, residual inventory in transit stood at ~4.5Mt, attributed to the lead time in relation to the strategy of concentrating higher-grade products in Chinese ports (PFC), which reached 8.6Mt (+55% q/q; +1.6x y/y), with sales conversion expected (4Q25-1Q26E).

### Table 4. Production Summary Vale ( 3Q25 vs. Genial Est.)

| Production Summary (Kt) | 3Q25 Reported | 3Q25E Genial Est. | % R/E | 3Q25 Reported | 2Q25 Reported | % q/q | 3Q24 Reported | % y/y |
|---|---|---|---|---|---|---|---|---|
| Iron Ore[1] | 94.403 | 93.972 | 0,5% | 94.403 | 83.599 | 12,9% | 90.971 | 3,8% |
| Pellets | 7.997 | 9.066 | -11,8% | 7.997 | 7.850 | 1,9% | 10.363 | -22,8% |
| Nickel | 47 | 41 | 13,1% | 47 | 40 | 15,8% | 47 | -0,4% |
| Copper | 91 | 90 | 0,8% | 91 | 93 | -1,9% | 86 | 5,8% |

[1] Including third-party purchases, run-of-mine and feed of other pelletization plants.

*Source: Genial Investimentos, Vale*

### Table 5. Shipments Summary Vale ( 3Q25 vs. Genial Est.)

| Shipments Summary (Kt) | 3Q25 Reported | 3Q25E Genial Est. | %R/E | 3Q25 Reported | 2Q25 Reported | % q/q | 3Q24 Reported | % y/y |
|---|---|---|---|---|---|---|---|---|
| Iron ore fines | 75.020 | 72.345 | 3,7% | 75.020 | 67.678 | 10,8% | 69.344 | 8,2% |
| Pellets | 8.769 | 8.873 | -1,2% | 8.769 | 7.483 | 17,2% | 10.143 | -13,5% |
| ROM | 2.208 | 2.351 | -6,1% | 2.208 | 2.185 | 1,1% | 2.351 | -6,1% |
| Nickel | 43 | 41 | 4,6% | 43 | 41 | 3,6% | 41 | 5,4% |
| Copper | 90 | 89 | 1,1% | 90 | 89 | 1,1% | 75 | 19,7% |

[1] Including third-party purchases

*Source: Genial Investimentos, Vale*

### Table 6. Realized Price Vale ( 3Q25 vs. Genial Est.)

| Realized Price (US$/t) | 3Q25 Reported | 3Q25E Genial Est. | % R/E | 3Q25 Reported | 2Q25 Reported | % q/q | 3Q24 Reported | % y/y |
|---|---|---|---|---|---|---|---|---|
| Iron ore fines | 94,4 | 94,7 | -0,3% | 94,4 | 85,1 | 10,9% | 90,6 | 4,2% |
| Pellets | 130,8 | 129,1 | 1,3% | 130,8 | 134,1 | -2,5% | 148,2 | -11,7% |
| Nickel | 15.445 | 15.663 | -1,4% | 15.445 | 15.800 | -2,2% | 17.012 | -9,2% |
| Copper | 9.818 | 9.322 | 5,3% | 9.818 | 8.985 | 9,3% | 9.016 | 8,9% |

*Source: Genial Investimentos, Vale*

**Iron Ore Fines: Realized price with strong sequential increase.** The realized price of iron ore fines was reported at US$94.4/t (-0.3% vs. Genial Est.), in line with our estimates, confirming the turning point with a significant increase of +10.9% q/q and +4.2% y/y, above the recovery of the 62% Fe reference (+4% q/q). As we had already anticipated in our last report, we believe that the positive variation reflected both **(i)** the appreciation of the reference curve and **(ii)** the return of fines premiums to positive territory, reaching +US$0.7/t (vs. -US$1.1/t in 2Q25). Looking more closely at the mix composition, we note a reduction in high-silica products (-43% y/y), with BRBF maintaining a significant share, reaching ~50% of the portfolio (37Mt; +6.3% y/y), while Mid-Grade Carajás (+1.2x y/y) and China pellet feed (+1.6x y/y) recorded even more significant accelerations than we expected. This seems to reinforce the more balanced redesign vis-à-vis the sharp contraction in IOCJ sales (Carajás fines ~65% Fe) to 5.7Mt (-52% y/y).

It is important to mention that, although we had already commented that IOCJ sales would decline y/y, this reduction was even more significant than anticipated (-1.8Mt of Diff vs. Est.). Therefore, the increase in the price point came more from the BRBF quality premium gain (+US$3/t q/q) than from the composition of the mix itself, when compared to our estimates. This helps to materialize the guidance provided by management that this BRBF repricing will generate +US$400m/year in incremental EBITDA.

**Pellets: Weak production; sales in line.** Pellet production totaled 8Mt (-11.8% vs. Genial Est.), an anemic figure, showing very slight growth of +1.9% q/q, with a sharp decline of -22.8% y/y, reflecting the continued deliberate moderation of supply in view of the low profitability. The negative deviation from our estimates is explained by the redirection of a larger quantity of pellet feed to the i.o. fines market and by the temporary shutdown of the São Luís (MA) plant, which has high costs and is not profitable given the tighter margins in the pellet business. Shipments totaled 8.8Mt (-1.2% vs. Genial Est.), advancing to +17.2% q/q, but still down -13.5% y/y.
The realized price reached US$130.8/t (+1.3% vs. Genial Est.), registering a slowdown of -2.5% q/q and -11.7% y/y, reflecting the contraction in premiums. As we mentioned in our previous report, pellet pricing dynamics are very depressed, leading to a lower contribution to the total all-in premium, which reached +US$1.4/t (-37% q/q).

In our view, the compression resulted from the renegotiation of contracts on lower bases in response to weak demand in the consumer hubs of Europe and Japan, where mill margins remain under strong pressure from competition from Chinese steel exports. The move reinforces the company's focus on maximizing value of its ferrous division, in a scenario of premiums at ~US$12/t (vs. ~US$30/t on average over the 2Y), amplified by the gradual recovery of Samarco (+6Mt 25E), putting more pellets on the market and leading to market saturation.

**Copper: Prices above the LME curve.** Copper production totaled 91Kt (+0.8% vs. Genial Est.), in line with our estimate, showing a slight decrease of -1.9% q/q, but advancing +5.8% y/y. The domestic increase was led by Salobo (PA), which maintained a production pace consistent with robust mine-mill circuit figures (+14% y/y). In addition, Sossego (PA) also performed satisfactorily, with volumes remaining virtually stable (-2% y/y) even during maintenance. Assets in Canada, on the other hand, show opposite dynamics, with production declining due to the discontinuation of copper precipitate recovery in Thompson (MB) in early 2025 (-94% y/y), although this was partially offset by the good performance of the polymetallic assets at Voisey's Bay (NL), whose combined production grew (+11% y/y). We highlight that the solid performance of operations in Brazil (+6Kt y/y) was more than enough to mitigate the -1.2Kt y/y reduction in Canadian operations.

Sales reached 90Kt (+1.1% vs. Genial Est.), in line with the expected production pace, rising +1.1% q/q and +19.7% y/y. The realized price clocked in at US$9,818/t (+5.3% vs. Genial Est.), an increase of +9.3% q/q and +8.9% y/y, higher than the LME curve (+4.0% q/q), sustained by a global perception of tight supply and movements to repurchase short positions, further reinforced by lower TC/RC discounts and favorable commercial timing effects.

**Nickel: Ramp-up in Canada, but price dragged down.** Nickel production reached 47Kt (+13.1% vs. Genial Est.), growing +15.8% q/q and -0.4% y/y, demonstrating annual operational stability after the 1H25 maintenance cycle. The positive deviation from our projections was driven by the more intense ramp-up at the Voisey's Bay (NL) underground mines, which reached production of 10.7Mt (+75% y/y), more than offsetting the reduction at Onça Puma (PA) and lower consumption of external feed after the deconsolidation of PTVI. Canada was the main highlight, adding +0.6Kt y/y, reflecting record production at the Long Harbour (NL) refinery, which benefited from the ramp-up of the Eastern Deeps (NL) and Reid Brook (NL) mines, which reached an annualized average of 2.5Mt in Jul-Aug.

Brazil, on the other hand, showed a decline of -0.3Kt y/y, associated with the anticipation of maintenance at Onça Puma (PA), in preparation for the start-up of the second furnace, completed at the end of Sept — which should add +15Ktpy of capacity and gradually increase volume in the coming quarters. Shipments totaled 43Kt (+4.1% vs. Genial Est.), rising +3.6% q/q, +5.4% y/y, in line with the return of contractual flows and inventory management to ensure availability in 4Q25E. The realized price clocked in at US$15,445/t (-1.4% vs. Genial Est.), down -2.2% q/q and -9.2% y/y, reflecting the persistent weakness in the LME curve (-1% q/q) and the impact of global oversupply of class II nickel, mainly from Indonesia.

**Net Revenue: Accelerating q/q and y/y.** Consolidated Net revenue is expected to total US$10.4bn Genial Est. (+18.4% q/q; +9.1% y/y), slightly above our previous projection, driven by the positive contribution of fine sales volume (+4% vs. Genial Est.). The sequential increase should reflect all segments, with the ferrous division having the greatest influence, due to the strong acceleration in iron ore fines shipments (+10.8% q/q), with an additional effect from the recovery in realized prices (+10.9% q/q), combined with a decent level of pellet shipments (+17.2% q/q), supported by typical seasonality. In the annual comparison, the increase can be explained by the greater contribution of iron ore fines and VBM's performance.

**Table 7. Net Revenue Vale (3Q25 Genial Est.)**

| (US$ millions) | 3Q25E Genial Est. | 2Q25 Reported | % q/q | 3Q24 Reported | % y/y |
|---|---|---|---|---|---|
| **Net Revenue** | **10.422** | **8.804** | **18,4%** | **9.553** | **9,1%** |
| Iron Ore Fines | 7.082 | 5.762 | 22,9% | 6.281 | 12,8% |
| Pellets | 1.147 | 1.004 | 14,2% | 1.502 | -23,6% |
| Other Ferrous | 107 | 68 | 57,1% | 107 | -0,1% |
| Nickel Operations | 1.021 | 1.012 | 0,9% | 904 | 12,9% |
| Copper Operations | 1.066 | 958 | 11,3% | 759 | 40,5% |

*Source: Genial Investimentos, Vale*

**C1/t slightly higher y/y.** C1/t ex-third parties is pointed out in our model at US$21/t Genial Est. (-5.5% q/q; +1.7% y/y), with no major changes from what we already expected, since the slight increase in third-party sales vs. the predictive model — 8.2Mt (+1% vs. Genial Est.) — tends to be offset by the additional fixed cost dilution gain from the advance in iron ore fines shipments (+4% vs. Genial Est.).
In other words, we believe that in the sequential comparison, the decline will reflect better fixed cost dilution and productivity gains after the typical rainy season in 1H25, partially offset by the effect of USD/BRL FX rate softening (-4% q/q). In the annual comparison, we continue to expect an increase. We emphasize that an acceleration of +R$0.10 in the USD/BRL FX rate causes C1/t to back trend by -US$0.25/t, and vice versa.

**EBITDA should be sustained by fines and copper.** Consolidated Proforma EBITDA should total US$4.3bn Genial Est. (+26.1% q/q; +15.5% y/y), slightly above the previous projection, reflecting revenue acceleration (+2.9% vs. Old Est.) combined with cost stability. On quarterly basis, performance should be driven by the significant contribution of the iron ore fines division (+37% q/q), due to increased revenues (+23% q/q) and a reduction in C1/t (-6% q/q), with additional support from copper (+16% q/q), benefiting from higher realized prices (+9% q/q).

**Table 8. EBITDA Vale (3Q25 Genial Est.)**

| (US$ millions) | 3Q25E Genial Est. | 2Q25 Reported | % q/q | 3Q24 Reported | % y/y |
|---|---|---|---|---|---|
| **Proforma EBITDA** | **4.319** | **3.424** | **26,1%** | **3.741** | **15,5%** |
| Iron Ore Fines | 3.262 | 2.396 | 36,1% | 2.877 | 13,4% |
| Pellets | 516 | 477 | 8,1% | 790 | -34,7% |
| Nickel Operations | 106 | 201 | -47,0% | (66) | - |
| Copper Operations | 622 | 538 | 15,7% | 360 | 72,9% |
| Others | (187) | (188) | -0,5% | (220) | -15,0% |

*Source: Genial Investimentos, Vale*

**Net income up, driven by strong operations.** Finally, we expect net income to reach US$2.6bn Genial Est. (+22.5% q/q; +9.4% y/y), slightly above the previous forecast, reflecting the slight improvement in operations. In the q/q comparison, we believe that the result should be sustained, both by EBITDA growth (+26% q/q), driven by the robust performance of iron ore fines and copper, and by net financial income (+21% q/q). In the y/y comparison, the advance should be more moderate, but still positive, reflecting the sequential trend, whether in terms of EBITDA expansion (+16% y/y) or the reversal of the financial loss in 3Q24.

**Table 9. Income Statement Vale (3Q25 Genial Est.)**

| (US$ millions) | 3Q25E Genial Est. | 2Q25 Reported | % q/q | 3Q24 Reported | % y/y |
|---|---|---|---|---|---|
| **Net Revenue** | **10.422** | **8.804** | **18,4%** | **9.553** | **9,1%** |
| COGS | (6.458) | (6.085) | 6,1% | (6.281) | 2,8% |
| **Proforma EBITDA** | **4.319** | **3.424** | **26,1%** | **3.741** | **15,5%** |
| EBITDA Margin (%) | 41,4% | 38,9% | 2,5p.p | 39,2% | 2,3p.p |
| **Adjusted EBITDA** | **3.969** | **3.386** | **17,2%** | **3.615** | **9,8%** |
| EBIT Margin (%) | 38,1% | 38,5% | -0,4p.p | 37,8% | 0,2p.p |
| D&A | (725) | (780) | -7,1% | (748) | -3,1% |
| Financial Result | 203 | 167 | 21,4% | (374) | - |
| **Net Income** | **2.616** | **2.135** | **22,5%** | **2.391** | **9,4%** |
| Net Margin (%) | 25,1% | 24,3% | 0,8p.p | 25,0% | 0,1p.p |

*Source: Genial Investimentos, Vale*

## Our Take on Vale

**Against all odds...** Given the anomalous sustained prices of iron ore, with the spot reference currently hovering between US$100-105/t — at this point, we expected a more bearish scenario — we decided to **revise our projection** to **US$98/t in 4Q25E** (vs. ~US$90/t previously) for the 62% Fe benchmark. We understand that the new level reflects a combination of factors: **(i)** metallurgical coal prices bottomed out last quarter and showed a partial recovery (+9% q/q), bringing the need for higher quality iron ore to more acceptable levels; **(ii)** port inventories remained at slightly healthier marks; and **(iii)** perception of a temporary balance in 4Q25E between supply and industrial consumption.

Even so, the situation requires **caution**. We believe that iron ore pricing is holding up without major downward movements in a turbulent macro environment, marked by the recent possibility of the Trump administration imposing a 158% tariff on China as a punitive measure for controlling exports of rare earth metals. In addition, our previous argument for a sharper decline was linked to the typical **seasonality of increased supply**, given favorable weather conditions in the 2H, combined with the sequencing of crude steel production cuts in China, which would **reduce seaborne demand** by **-45Mt** (in 12M, counting from May).

This effect would be further enhanced by the **acceleration of** the **Simandou**, whose first shipment was brought forward to Nov/25 (vs. mid-26E previously) and is expected to be 2Mt, with more significant pressures to accelerate the **ramp-up** of the **SimFer mine** (~60Mtpy), prematurely introducing the risk of an increase in oversupply in 2026. In other words, we believe there are ample reasons to believe that **i.o. should be trading at a lower price** level than it is today. But, against all odds... the truth is that it is not...

**Beating the volumes, lifting the target**. In this balance of forces — between the anomalous support for iron ore prices vs. the counterweight of a supply about to expand — we believe it is appropriate to adopt a middle ground, i.e., below the current level (US$98/t 4Q24E vs. ~US$105/t on the spot market), but not as low as we were projecting before (~US$90/t), reflecting prudence without discarding the **positive momentum** observed so far.

This increase from the previous projection, when combined with **(i)** the recent premium gain in BRBF (+US$3/t q/q), in line with management's indication of incremental EBITDA of +US$400mn/year; **(ii)** the increase in fine iron ore sales, squeezing production gap beyond expectations; and **(iii)** the maintenance of **C1/t 25E** at **US$20.5–22/t**, we have decided to **raise** our **12M Target Price** to **US$13.00 ADRs–NYSE** (vs. US$12.20 previously) and **R$70.00 VALE3–B3** (vs. R$66.00 previously), implying an **upside** of **+15.2%.**

# Appendix: Vale

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

| Income Statement | 2025E | 2026E | 2027E | 2028E | 2029E |
|---|---|---|---|---|---|
| **Net Revenue** | **27.686** | **37.473** | **37.812** | **38.572** | **39.240** |
| (-) COGS | (17.877) | (24.166) | (25.301) | (26.453) | (27.660) |
| **Gross Profit** | **9.809** | **13.307** | **12.511** | **12.118** | **11.581** |
| (-) Expenses | (1.165) | (1.481) | (2.504) | (2.171) | (1.742) |
| **Adjusted EBITDA** | **15.174** | **14.754** | **13.977** | **13.619** | **13.111** |
| (-) D&A | (2.209) | (3.095) | (3.138) | (3.191) | (3.245) |
| **EBIT** | **12.965** | **11.659** | **10.839** | **10.428** | **9.866** |
| (+/-) Financial Result | (1.186) | (3.012) | (2.748) | (2.515) | (2.165) |
| (-) Taxes | (906) | (648) | (520) | (547) | (575) |
| **Net income** | **10.873** | **7.999** | **7.572** | **7.366** | **7.126** |
| **Profitability** | | | | | |
| Net margin (%) | 39,3% | 21,3% | 20,0% | 19,1% | 18,2% |

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

| Cash Flow (FCFF) | 2025E | 2026E | 2027E | 2028E | 2029E |
|---|---|---|---|---|---|
| **Net Revenue** | **27.686** | **37.473** | **37.812** | **38.572** | **39.240** |
| (-) COGS | (17.877) | (24.166) | (25.301) | (26.453) | (27.660) |
| **Adjusted EBITDA** | **15.174** | **14.754** | **13.977** | **13.619** | **13.111** |
| **Adjusted EBIT** | **12.965** | **11.659** | **10.839** | **10.428** | **9.866** |
| (-) Taxes | (906) | (648) | (520) | (547) | (575) |
| (+) D&A | 2.209 | 3.095 | 3.138 | 3.191 | 3.245 |
| (+/-) Brumadinho and Samarco | (1.017) | (989) | (661) | (831) | (199) |
| (+/-) Δ WK | 762 | 189 | (647) | 69 | (318) |
| (-) Capex | (4.087) | (4.188) | (4.117) | (4.272) | (4.272) |
| **FCFF** | **9.926** | **9.118** | **8.033** | **8.037** | **7.747** |

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