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02/25/2021

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2020 Financial Results

The adoption of measures to fight the COVID-19 pandemic and the continuity of the integral reparation of Brumadinho were Vale's priorities in 2020. In this challenging environment, we implemented operational adjustments and continued to act positively toward the communities of which we are a part.

Despite the circumstances, we moved forward in de-risking Vale, with the Global Settlement for Brumadinho reparation being the most recent in a series of milestones achieved. We evolved our risk management model, enhanced our dams and tailings practices and broadened the implementation of VPS. We extended our railways concessions from 2027 to 2057, partially resumed production in all our iron ore fines operations halted in 2019, improved production in base metals and closed gaps in the direction of having more robust ESG practices. "It was a year in which we took important steps to become a more reliable operator. By establishing the Global Agreement of Brumadinho, improving our safety standards and partially resuming all our iron ore operations halted in 2019, we advanced into further derisking our business. With this, we are preparing Vale for more solid results in 2021", commented Eduardo Bartolomeo, Chief Executive Officer.

Brumadinho reparation

Advancing with Brumadinho reparation is our priority. As of February 2021, over 9,100 people were individually indemnified, and more than R$ 13 billion were destined to indemnifications, to infrastructure works and to environmental and socio-economic reparation initiatives. In 4Q20, Vale concluded the works on two pipelines for water withdraw on the Pará River, in Pará de Minas, as part of the construction of new water supply systems to serve the population of Pará de Minas and metropolitan area of Belo Horizonte. A third one, on the Paraopeba River, will be delivered in 1H21.

In February 2021, Vale, the State of Minas Gerais, the Public Defender of the State of Minas Gerais and the Federal and the State of Minas Gerais Public Prosecutors Offices, entered into a settlement to repair the environmental and social collective damages resulting from the Dam I rupture.

The Global Settlement, with an economic value of approximately R$ 37.7 billion, encompass initiatives with socio-economic and socio-environmental scope, representing swift, fair and effective solutions towards the integral reparation and compensation for the damage caused by the tragedy of Brumadinho. The impact of the Global Settlement on 4Q20 results of R$ 19.9 billion (US$ 3.9 billion) is detailed in the Adjusted EBITDA section of this report.

For updated information on the advance of the reparation initiatives, please visit www.vale.com/brumadinho.

Dams safety

Dam management practices at Vale continue to evolve. Vale is well positioned to be adherent to the new Global Industry Standard on Tailings Management - GISTM by the end of 2021. In addition, following the parameters to be announced by the Global Tailings Review Initiative in 2021, Vale will promote an in-depth internal evaluation and define an action plan to fully implement all principles and recommendations of GISTM. In October 2020, our Board of Directors approved the Dams and Mining Geotechnical Structures Policy, which was designed with GISTM as one of its references.

We are working to have all 32 structures currently at Emergency Level in safe conditions by 2025. In 2020, after the conclusion of stability improvements, the Emergency Level of Dam VI in Brumadinho (MG), Itabiruçu in Itabira (MG) and Captação de Água - Igarapé Bahia, in Parauapebas (PA) were removed and positive stability condition of stability attested.

We also promoted PAEBM (emergency action plans for mining dams, in Portuguese) drills for all Emergency Levels 2 and 3 dams.

Cultural transformation and Vale Production System - VPS

Our cultural transformation aims to bring safety, people and reparation to the core of our decisions, with five key behaviors present across the company:

- Obsession with safety and risk management;
- Open and transparent dialogue;
- Empowerment with accountability;
- Ownership for the whole;
- Active listening and engaging with society.

We believe that the adherence to these behaviors will promote the necessary actions to transform Vale into a better operator.

Our human capital management is evolving to support the cultural transformation. On the path to reach our goal of doubling the female presence by 2030, we have reached a 16.3% female presence in senior leadership in 2020 from 12.4% in 2019.

As a cornerstone of the cultural transformation, we started the implementation in large scale of our Vale Production System - VPS. With its Leadership, Technical and Management pillars, VPS promotes and reinforces the key behaviors in the operational routine.

The initial advancements towards operational excellence can already be perceived:

- 23 pp higher adherence to maintenance plans;
- 93% of scheduled maintenance in Brazil with Safe Work Permit;
- 95% adherence to systematic maintenance to critical assets;

Production resumption

4Q20 marked the partial resumption of all iron ore fines operations halted in 2019, a significant milestone to achieve 400 Mtpy capacity by the end of 2022.

- In the Northern system, Serra Leste mine and mill restarted in December after receiving the required Installation License. The site is expected to produce 4-5 Mt in 2021, reaching 6 Mtpy of run-rate until the end of the year;
- In the Southern system, Fábrica resumed its activities in December after several vibration tests certified the absence of impacts on the site's structures. Until the resumption of beneficiation plant activities, which is expected to happen in 2Q21, Fábrica will operate by dry processing and mechanical dismantling, adding around 2 Mtpy of production capacity.
- Still in the Southern system, in January 2021, Vale resumed production at Vargem Grande pellet plant. With a nominal capacity of 7 Mtpy, the plant is expected to reach approximately 4-5 Mtpy in 2021, according to its ramp-up and pellet feed availability.

In an important step to create production capacity buffers, Vale received in December the required licenses to start the construction of the Capanema Project. The project adds 14 Mtpy capacity to Timbopeba site, ensuring greater operational flexibility with low capital intensity.

We also advanced on the adoption of sustainable mining solutions, with the implementation of filtering and tailings disposal structures that will support the capacity resumption and reduce the dependency on dams:

- Tailings filtration plants construction evolved in Itabira, Brucutu and Vargem Grande, with all plants expected to be operating by 2022;
- Maravilhas III (Vargem Grande Complex) and Torto (Brucutu) dams with start-up expected by 3Q21 and 4Q21, respectively.

Developing dry concentration technologies and increasing the share of high-quality products in the portfolio are important pieces to reduce our scope 3 emissions by 15% by 2035, and aligned with that goal our Board approved the construction of the first New Steel plant, with capacity of 1.5 million tons and startup expected by 2022.

For detailed information on the advance of the operational stabilization and resumption plan, please see Vale's Production and Sales Report in 4Q20 and 2020.

Early extension of railway concessions

In December 2020, Vale agreed terms with the Brazilian Federal Government to extend its concessions to operate the Estrada de Ferro Carajás and Estrada de Ferro Vitória Minas railways by 30 years, from 2027 to 2057. The work on this extension started back in 2015 and is a significant milestone in de-risking our business. To secure the extensions, Vale has agreed to commitments with a Net Present Value of US$ 2.312 billion, with the most significant being the construction of the 383 km railway FICO - Ferrovia de Integração Centro Oeste - on behalf of the Federal Government.

Shareholders remuneration

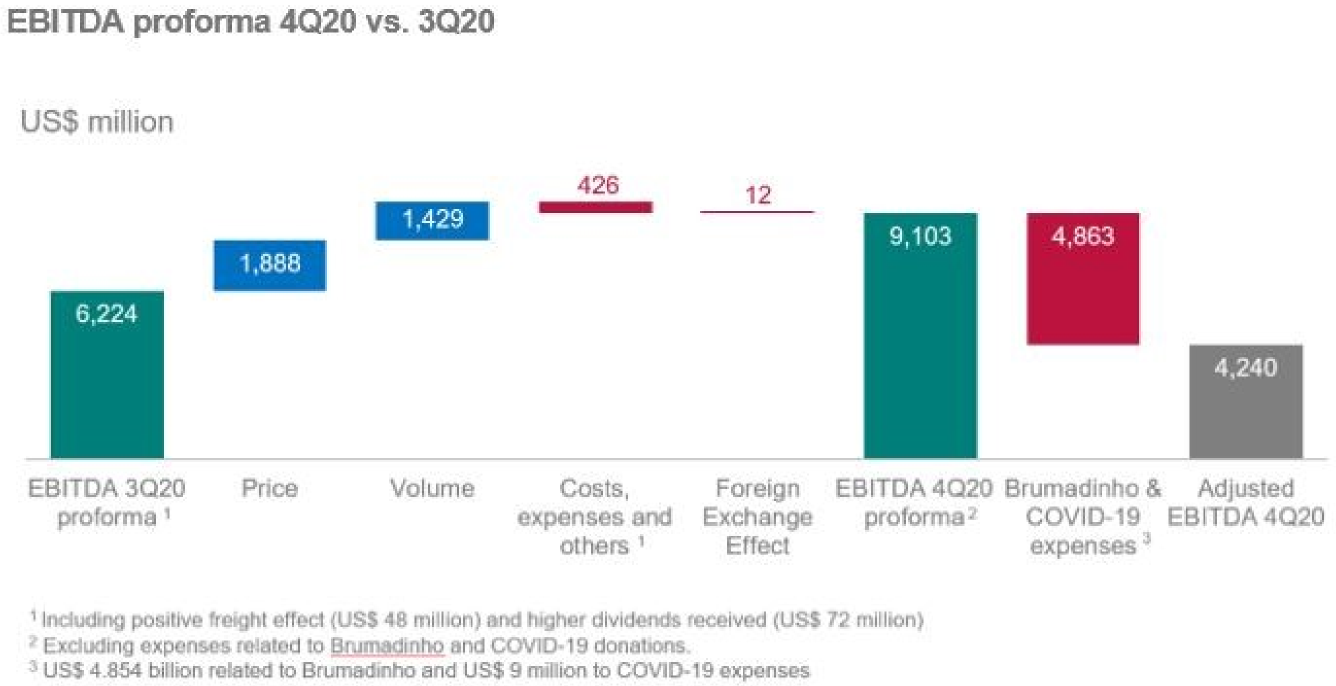
Vale's Board of Director approved the distribution of a total of R$ 4.26 per share (approximately US$ 0.77 per ADR) in shareholders remuneration in relation to the company performance in 2H20. The continuation of our dividend payment policy aims at returning to our shareholders a relevant portion of our cash generation, in a predictable pattern and aligned with our strategic pillar 'Discipline in Capital Allocation'.

Vale's performance 4Q20

Proforma adjusted EBITDA reached US$ 9.103 billion in 4Q20, US$ 2.879 billion higher than in 3Q20, totaling US$ 15.327 billion in the second half of 2020 and US$ 21.954 billion for the full 2020 year. The quarterly result was mainly driven by:

- The strong performance of Ferrous Minerals business, as a result of 17% higher realized prices (US$ 1.598 billion) and 26% higher sales volumes (US$ 1.364 billion);
- Higher nickel (US$ 113 million) and copper (US$ 57 million) realized prices, following the 12% and 10% higher than 3Q20 average LME reference price, respectively; and
- Higher nickel by-product credits, mainly due to higher volumes of copper, rhodium and palladium (US$ 97 million).

Those effects were partially offset by higher Ferrous Minerals costs and expenses (US$ 152 million), mainly due to higher demurrage costs and higher cost of third party ore purchases, driven by higher reference prices, which in turn were partially offset by the dilution of costs and expenses on higher volumes and lower unit freight costs.



Adjusted EBITDA, after US$ 4.863 billion in expenses related to Brumadinho and COVID-19 donations in 4Q20, totaled US$ 4.240 billion. The quarter expense figure is mostly due to the impact of the Global Settlement for reparation of Brumadinho of US$ 3.872 billion and additional provisions for dam decharacterization of US$ 617 million, as detailed in the Adjusted EBITDA section of this report.

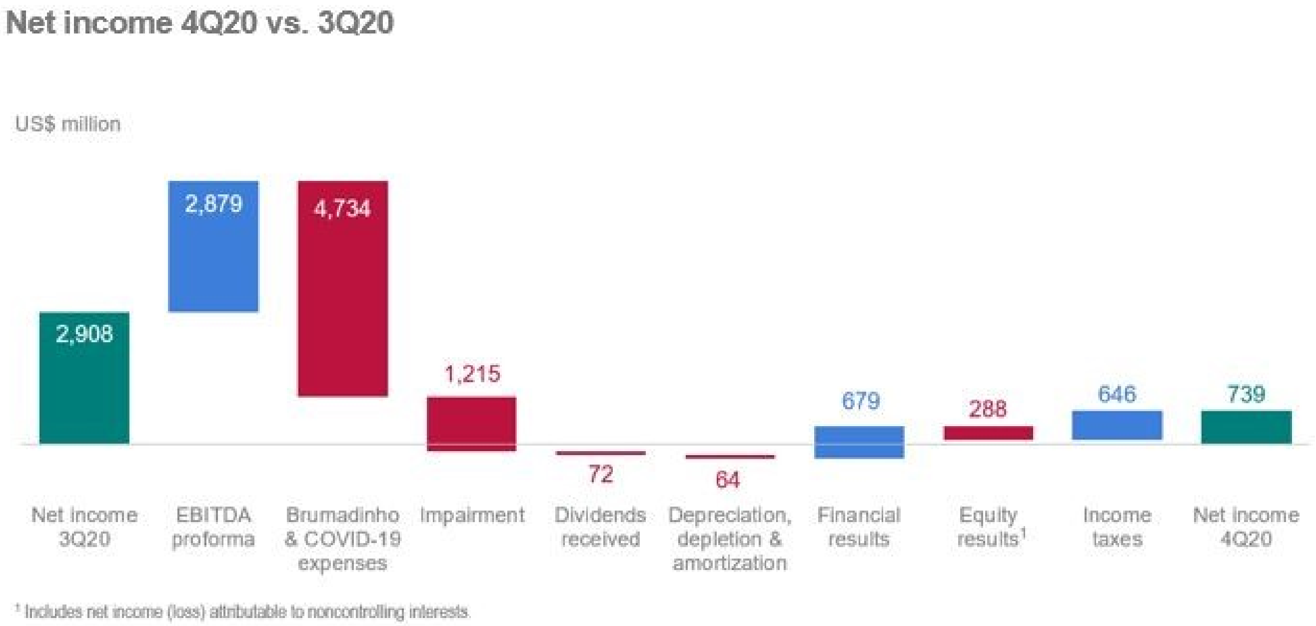
Selected financial indicators

US$ million	4Q20	3Q20	4Q19
Net operating revenues	14,769	10,762	9,964
Total costs and other expenses	6,607	5,349	6,507
Expenses related to Brumadinho	4,854	114	1,141
Adjusted EBIT	3,402	5,321	2,504
Adjusted EBIT margin (%)	23%	49%	25%
Adjusted EBITDA	4,240	6,095	3,536
Adjusted EBITDA margin (%)	29%	57%	35%
Proforma adjusted EBITDA[1]	9,103	6,224	4,677
Iron ore - 62% Fe reference price	133.7	118.2	88.6
Net income (loss)	739	2,908	(1,562)
Net debt [2]	(898)	4,474	4,880
Capital expenditures	1,444	895	1,472

[1] Excluding expenses related to Brumadinho and COVID-19 donations.

[2] Does not include leases (IFRS 16).

Vale posted net income of US$ 739 million in 4Q20, US$ 2.169 billion lower than 3Q20, mainly due to higher Brumadinho expenses, following the Global Settlement for reparation of Brumadinho, and asset impairments charges, mainly related to Coal and Nickel assets. Those effects were partially offset by higher proforma adjusted EBITDA recorded in 4Q20 and better financial results, following the positive impact of the lower Real exchange rate on currency and interest rate swaps, which was partially offset by higher mark-to-market of the participative stockholders' debentures.



Total capex for the 4Q20 amounted to US$ 1.444 billion, US$ 549 million higher than in 3Q20, explained by an increase of US$ 515 million in sustaining capex and US$ 34 million in project execution, as Vale progressed with filtration plants investments, Northern System 240 and Gelado projects in Iron Ore business and Salobo III and VBME projects in Base Metals business.

In 2020, Vale approved Serra Sul 120 and Capanema projects and in 2021 expects to invest US$ 5.8 billion, an increase of 31% compared to 2020, mainly due to (i) higher spend on the iron ore tailings filtration plants investments; (ii) investments in solar energy projects, such as Sol do Cerrado, which will increase the share of renewable energy in Vale's matrix and reduce average energy cost; and (iii) postponements from 2020's investment program due to COVID-19 pandemic.

Vale generated US$ 4.9 billion in Free Cash Flow from Operations in 4Q20, US$ 1.1 billion higher than in 3Q20 driven by an even stronger proforma EBITDA (US$ 2.9 billion), but negatively impacted by seasonally higher investments (US$ 549 million) and working capital (US$ 1.0 billion). The impact in working capital, which mainly resulted from an increase in accounts receivables due to higher CFR sales and increased iron ore prices, should be partially reverted in 1Q21, following revenues collection in January.

We ended the year with US$ 14.258 billion in cash, more than our Gross Debt of US$ 13.360 billion, and therefore with a net cash position of US$ 898 million in 4Q20. Our Expanded Net debt, which is now comprised mostly by Vale's other relevant obligations and commitments, reduced from 14.465 billion in 3Q20 to US$ 13.334 billion, despite the US$ 3.740 billion in additional obligations related to the Global Settlement for reparation of Brumadinho. Expanded Net Debt is expected to continue trending downwards to US$ 10 billion long-term target level as the company continues to generate cash and pay its Refis, Brumadinho, Renova and Samarco obligations.

We proceeded with the optimization of our asset portfolio, with the following recent progress:

- Closure of ferro-alloy operations in Simões Filho plant (BA);
- Conclusão da venda de Biopalma (PA), uma empresa de óleo de palma;
- Sale of our minority interest in the Zhuhai Pellet Plant and in the Henan Longyu Coal Mine for a combined US$ 169 million;
- Transfer of the shares of Potassio Rio Colorado to the Province of Mendoza, in Argentina;

- Signature of a binding put option agreement with Prony Resources, a consortium led by the current management and employees of VNC with Trafigura as a non-controlling shareholder, for the sale of our ownership interest in Vale New Caledonia - VNC. The deal is backed by both the Caledonian and French governments and was approved by the VNC workers' council;
- Signature of Heads of Agreement with Mitsui to divest the Mine of Moatize and Nacala Logistics Corridor, as a first step towards Vale's divestment of the coal business.

We also concluded in 4Q20 the agreement for the required divestiture of 14.9% of PT Vale Indonesia shares, against proceeds of US$ 278 million.

Business areas 4Q20 performance

- Ferrous Minerals EBITDA of US$ 8.800 billion in 4Q20 was US$ 2.944 billion higher than 3Q20, achieving its second largest all-time adjusted EBITDA.
- Iron ore fines' net revenues, excluding pellets and run of mine (ROM), increased to US$ 10.765 billion in 4Q20 vs. US$ 7.357 billion in 3Q20, as a result of 17% higher realized prices and 26% higher sales volumes.
- Vale's realized price CFR/FOB totaled US$ 130.7/t, an increase of US$ 18.6/t compared with 3Q20, mainly due to the higher 62% Fe reference price and the positive effect from pricing mechanisms, as provisional price was marked, at the end of the quarter, at a higher level than quarter's average price. The positive effects were partially offset by lower premiums, as a result of high reference prices and a sales mix with more medium-grade products.
- Sales to China reached a record level in 4Q20, totaling 63.9 Mt, reflecting the robust demand environment following the recovery of COVID-19 impacts.
- MB65% index averaged US$ 145.9/dmt in 4Q20, 13% higher than 3Q20. The spread between the MB65% and the 62% iron ore reference price recovered along the quarter closing the year at around $13/t. The high coal prices in China, following the country's import restriction over Australia together with high levels of steel margins and the decrease of iron ore pellets and concentrate stocks at Chinese ports supported the level for of high-grade premiums. Although steel margin has deteriorated since the beginning of 2021, the spread widened further, reaching an average of US$ 22/t as a result of continued high coke price and shortage of high-grade fines supply.
- Iron ore fines and pellets EBITDA break-even cost totaled US$ 36.3/t, US$ 0.2/t higher than in 3Q20, as a result of (i) lower premiums; (ii) higher C1 cash cost, mainly due to higher demurrage costs and stronger prices on third party ore purchases driven by higher reference prices; and (iii) higher distribution costs, which were partially offset by (i) lower freight costs; and (ii) seasonal dividends received.

Base Metals adjusted EBITDA was US$ 1.138 billion in 4Q20, US$ 368 million higher than 3Q20.

- 4Q20 was marked by the by successful resumption of production after maintenance works rescheduled from 1H20 to 3Q20 across Base Metals operations. Nickel production was up 19% q/q, while sales grew 14% in the quarter; copper production rose 7% q/q and sales increased 15%.
- The higher EBITDA in 4Q20 was mainly due to: (i) higher nickel and copper realized prices, following the 12% and 10% higher than 3Q20 average LME reference price, respectively; (ii) higher nickel by-product credits, mainly due to higher volumes of copper, rhodium and palladium; (iii) lower costs in Ontario and Onça Puma due to the successful maintenance performed during 3Q20; and (iv) higher nickel sales volumes, as higher production allowed Vale to take advantage of better prices environment;
- Onça-Puma reached US$ 50 million EBITDA in 4Q20, which was the first full quarter after extensive furnace maintenance works, setting the pace for the operation from this point.
- Salobo had solid performance reaching consecutive negative unit cash costs after byproducts of -US$ 808/t in the quarter, while Sossego remained at sub-US$ 2,000/t unit cash cost in the same period.
- At VNC, operations have been halted since December 10th, 2020, as the violent protests by independence activist groups near the site made it unsafe for our workers to access the site. Vale continues to seek an open dialogue with all the parties and believes in a solution for the sale of its stake in VNC, which was approved by

VNC workers' council and has the support of both the Caledonian and French governments. If the sale alternative does not succeed, production will remain halted and we will initiate the process to cocoon the asset into Care & Maintenance.

Vale Base Metals went through a broad safety review of operational process, resulting in comprehensive overhaul of maintenance standards, procedures, training and oversight. These additional measures will impact mining equipment availability, with the largest backlog impact on the Salobo Operation, likely to cut our initial production estimate of finished copper by 10kt, with a recovery plan during the catchup period during 1Q21 to further mitigate this impact.

Therefore, Vale has established a production guidance range of 360-380 kt for copper in 2021, with Salobo Operation impact reflected in the upper limit of our guidance and the additional difference of 20kt to low end of the range related to usual risks associated with our copper operations, including duration of important scheduled maintenances and potential delays in project start-ups.

Coal business resumed its revamp plan in November 2020, with the first phase of the project currently running as scheduled. Vale expects to resume the ramp-up in 1H21, reaching a production rate of 15 Mtpy in 2H21 and 18 Mtpy in 2022.

US$ million	2020	2019	%
Net operating revenues	40,018	37,570	7%
Total costs and other expenses	21,675	23,775	-9%
Expenses related to Brumadinho	5,257	7,402	-29%
Adjusted EBIT	13,354	6,859	95%
Adjusted EBIT margin (%)	33%	18%	15%
Adjusted EBITDA	16,588	10,585	57%
Adjusted EBITDA margin (%)	41%	28%	13%
Proforma adjusted EBITDA[1]	21,954	17,987	22%
Net income (loss)	4,881	(1,683)	N/A
Capital expenditures	4,430	3,704	20%

[1] Excluding expenses related to Brumadinho and COVID-19 donations.

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