



Breast Cancer Awareness Month – Pink October in Itabira, MG

Vale's Performance in 3Q19

Rio de Janeiro, October 25th, 2019



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Agenda

1. Opening remarks
2. Highlights of Vale's performance in 3Q19
3. Business segment performance



Opening remarks

3Q19 Results: Business stabilization

Eduardo Bartolomeo, Chief Executive Officer, commented: *“In the third quarter of 2019, we made progress towards stabilizing our business and advanced with our objective of full **reparation** of Brumadinho. The de-characterization of 9 upstream dams is ongoing, with the completion of the first dam expected by the first quarter of 2020. We have fulfilled our commitment of reducing the C1 cost and stoppage expenses compared to the previous quarter. We are evolving with a premium product portfolio tailored to market demands. Together with our commitment to **safety** and disciplined capital allocation, our actions **reduce uncertainties** and lead us to **sustainable results**”*

The reparation of Brumadinho and region advances

Restoring dignity of people affected

Emergency support:

- Hospitals, health units and psychological support
- Supply of water, food, medicine and others
- Accommodation and transportation
- Donations and financial support
- Animal rescue and care, etc

Compensating for damages

R\$ 2.25 billion already paid in compensations:

- 108,000 people with emergency compensations
- 232 victims with labor indemnifications signed
- +700 civil agreements signed (individual/groups)

25 legal agreements signed, with diverse themes and actions

Restoring local productive capacity

Alliance for Brumadinho:

- Development of alternative economic fronts
- Educational actions, public services / structures

Development Plan for Impacted Territories:

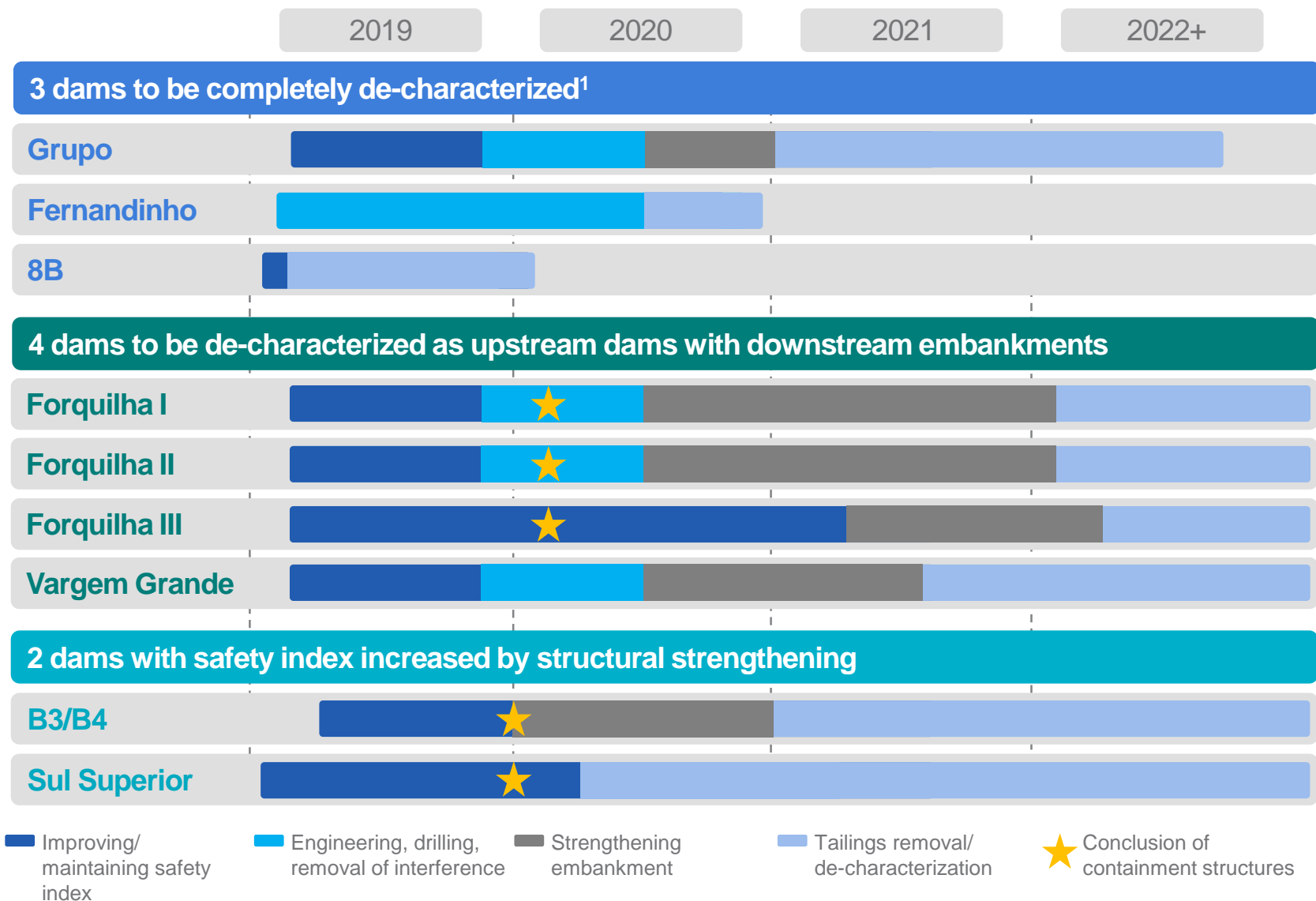
- R\$190 million for initiatives in Macacos (Nova Lima), Barão de Cocais and Itabirito

Recovering the environment

US\$ 1.2 billion provisioned to:

- Plan with integrated structures
 - 2 water treatment stations already operating
 - Paraopeba river dredging has already begun
- Ensure water supply to Belo Horizonte region
 - Restore water withdrawal in Paraopeba river

The de-characterization of dam structures in Brazil is ongoing

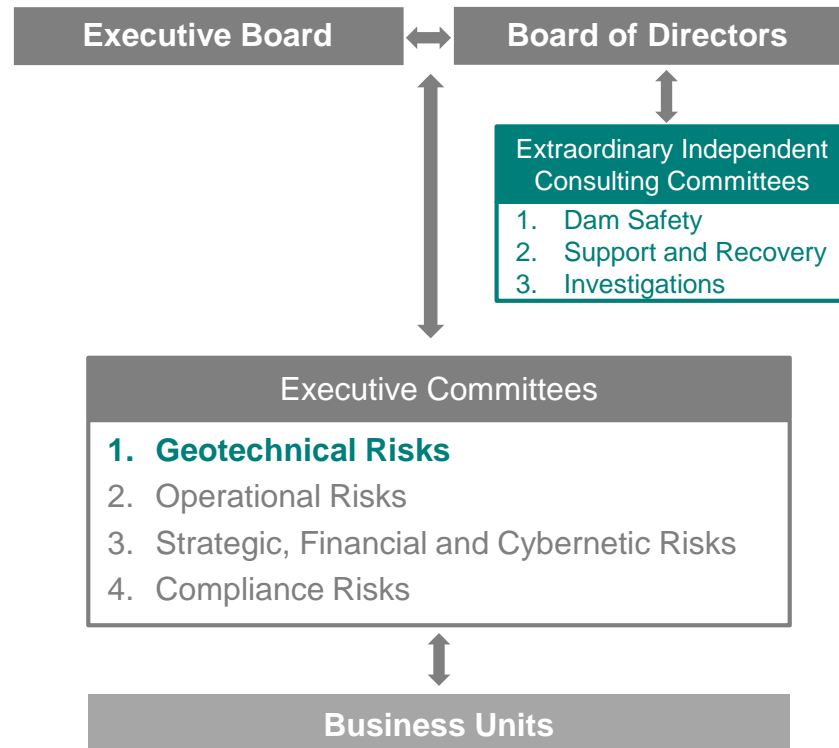


¹ The remaining 6 dams will be de-characterized according to standards defined by ANM's Norm 13.

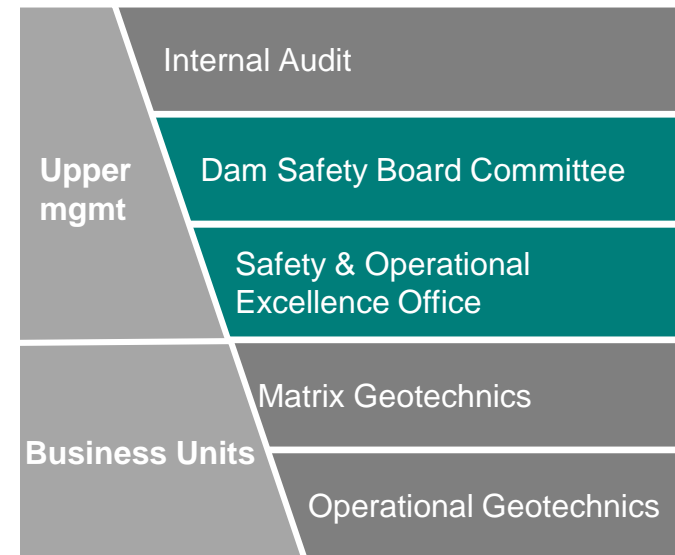
Our governance and dam management have evolved

Risk Governance - Overview

- Before Brumadinho
- After Brumadinho



Internal Lines of Defense Dam management



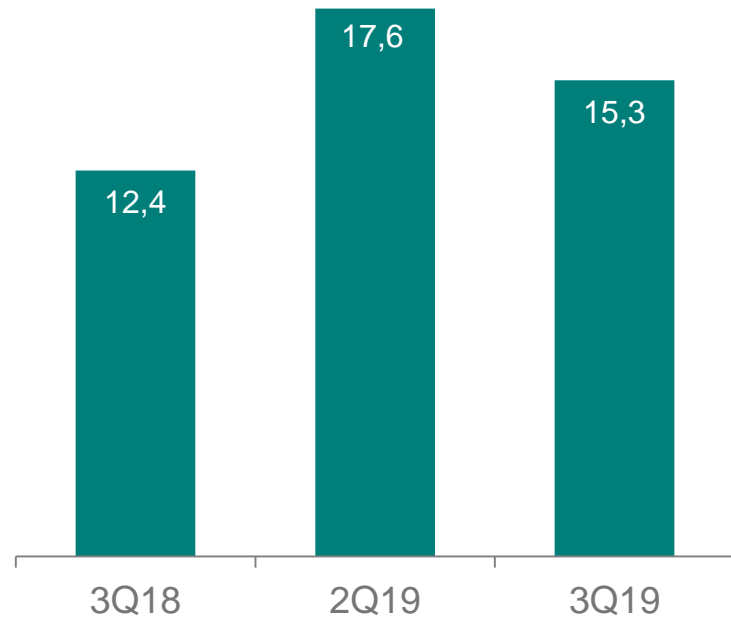
Non exhaustive

3Q19 was a period of stabilization and sustaining cash flow generation

Iron Ore fines

C1 cash cost

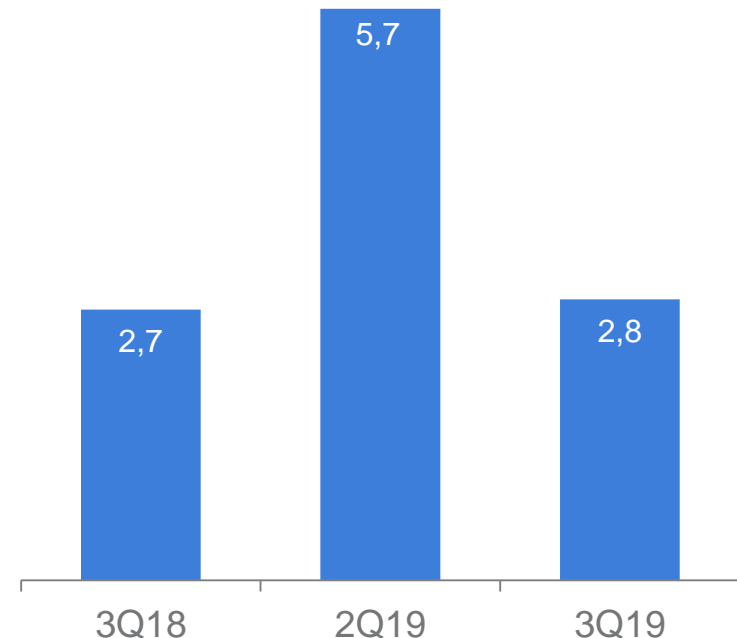
US\$/t



Vale expects that C1 cash cost will reduce between **US\$1.0-1.5/t in 4Q19**

Stoppage expenses related to Brumadinho

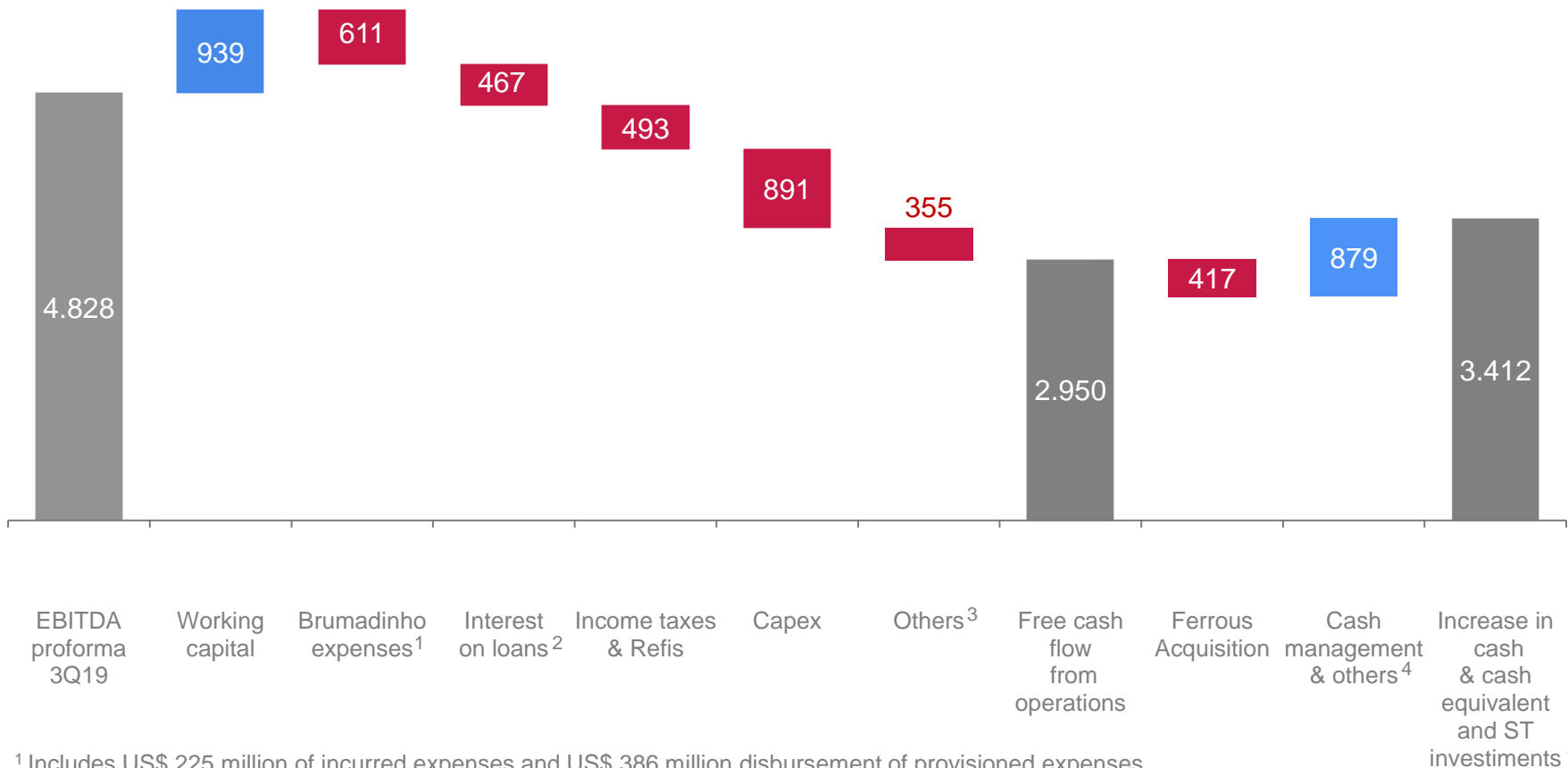
US\$/t



Looking forward, unitary stoppage expenses related to Brumadinho may range between **US\$2.5-3.5/t in 4Q19**

3Q19 was a period of stabilization and sustaining cash flow generation

US\$ million



¹ Includes US\$ 225 million of incurred expenses and US\$ 386 million disbursement of provisioned expenses.

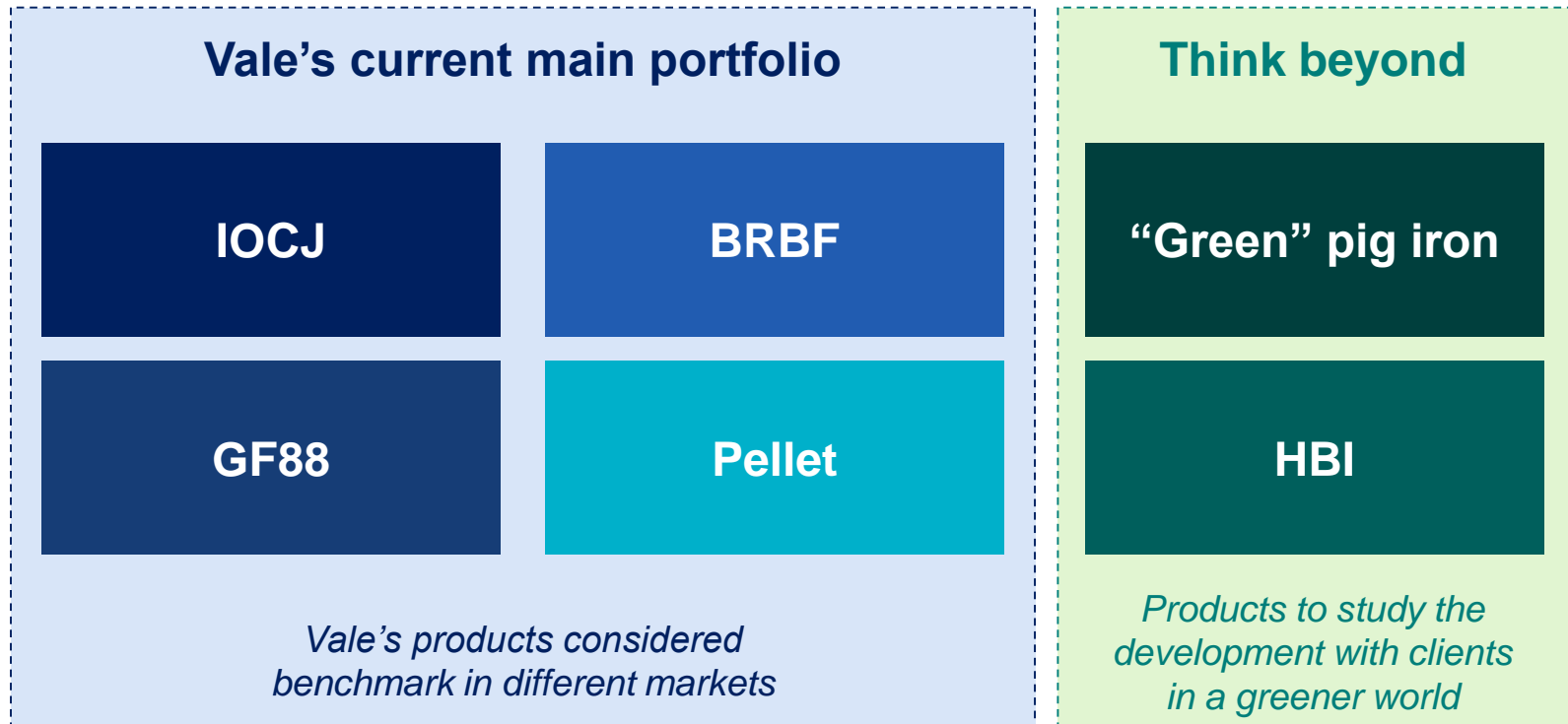
² Includes premiums (US\$ 246 million) related to the cash tender offer for Vale's bond.

³ Includes derivatives, Samarco, dividends and interest on capital paid to noncontrolling interest and others.

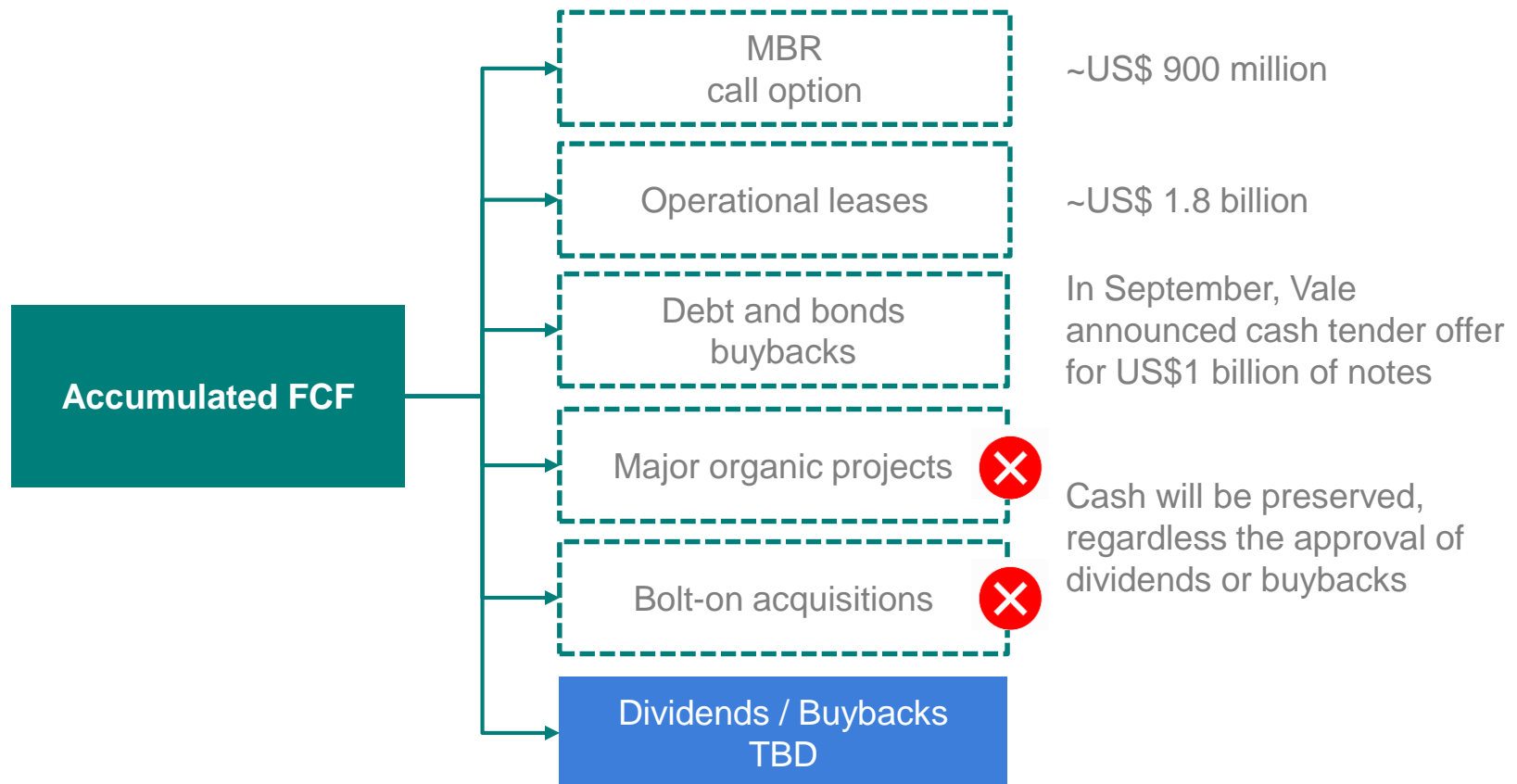
⁴ Includes US\$ 1.8 billion release of frozen funds, US\$ 0.7 billion of net debt repayment and US\$ 0.2 billion exchange rate variation.

⁵ Includes US\$ 0.9 billion of investments in Brazilian treasury securities.

Vale has great potential to be the preferred supplier in the low-carbon economy



Capital allocation relies on the progress of reparation, but cash will be preserved



The roadmap for de-risking Vale



Reparation of Brumadinho



Assuring dam safety and asset integrity



Stabilizing production and leveraging competitiveness



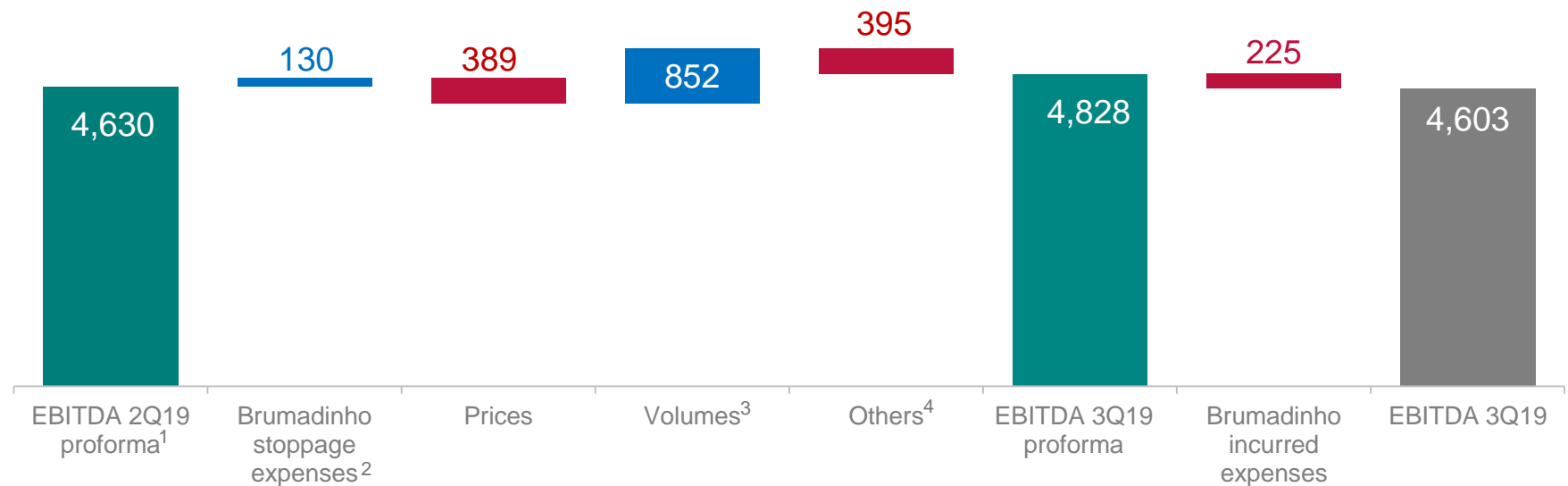
Sustaining solid cash flow generation



**Highlights of Vale's
performance in 3Q19**

EBITDA proforma increased in 3Q19 due to higher sales volumes and lower stoppage expenses related to Brumadinho

US\$ million



¹ Net of Brumadinho provisions.

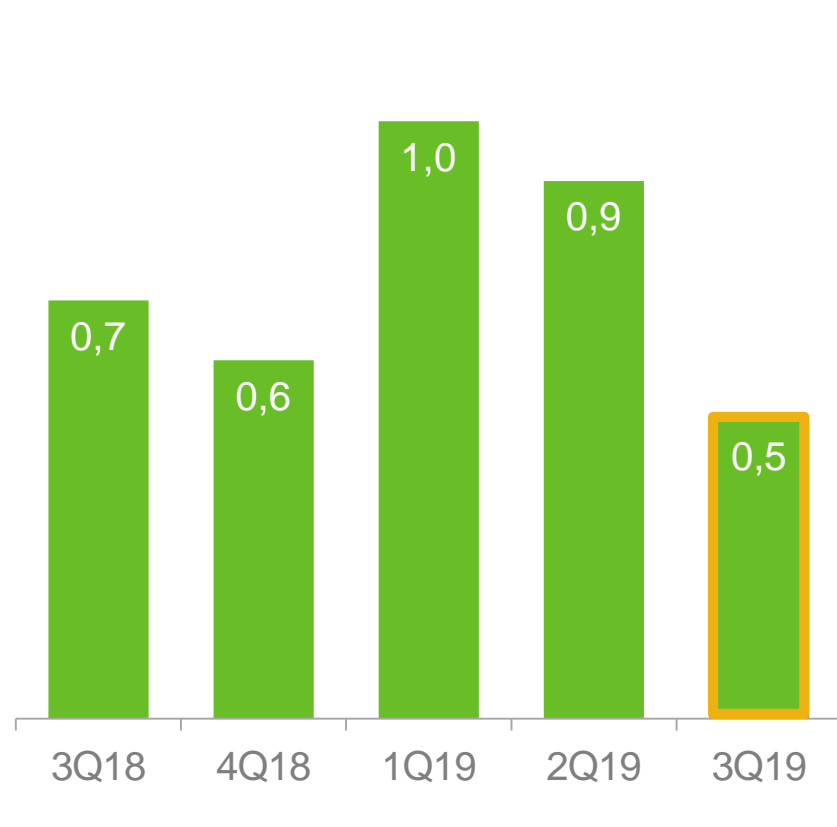
² Difference between effects of 2Q19 (US\$ 364 million) and 3Q19 (US\$ 234 million).

³ Including halted operations resumption related to Brumadinho event.

⁴ Including freight (US\$ 177 million) and dividends (US\$ 192 million).

Net debt reached the lowest level since 4Q08 as a result of the release of frozen funds and strong cash generation during 3Q19

Net debt / LTM¹ EBITDA Ratio




 Net debt in
 3Q19:
 US\$ 5.321 billion


 LTM EBITDA /
 LTM gross
 interest: 10.8x


 Average
 maturity:
 8.04 years

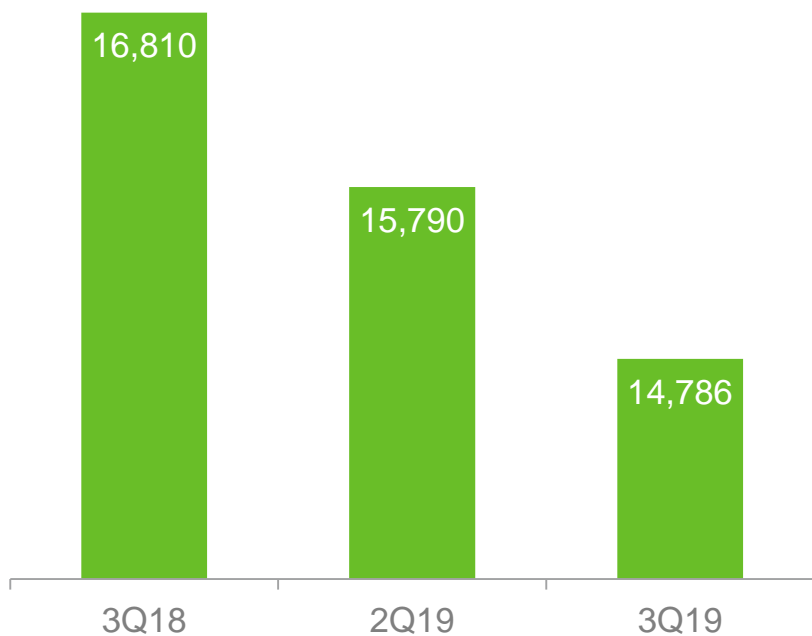

 Average cost of
 debt:
 4.71% per annum

¹ LTM – last twelve months

Gross debt decreased by US\$ 1 billion as a result of net debt repayment mostly related to the repurchase of bonds in 3Q19

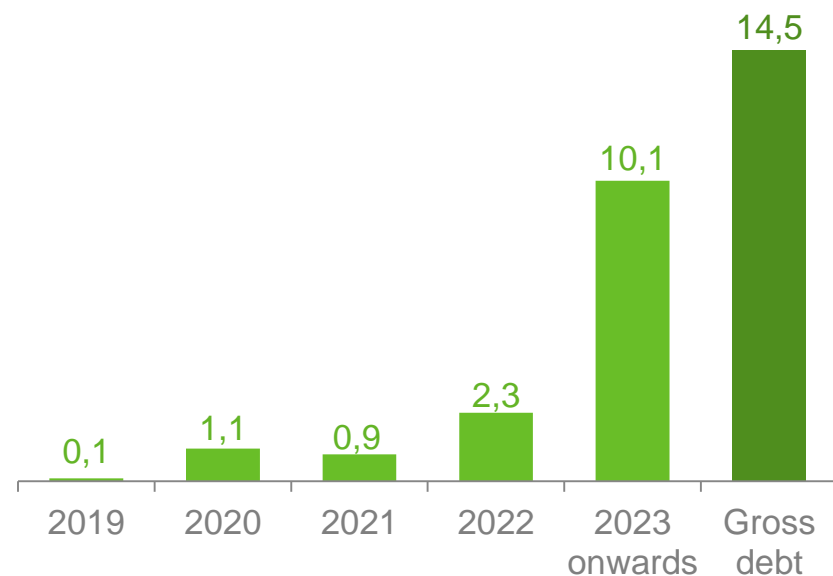
Gross debt

US\$ billion



Gross debt amortization schedule¹

US\$ billion



70% of our debt settlement will occur after 2023



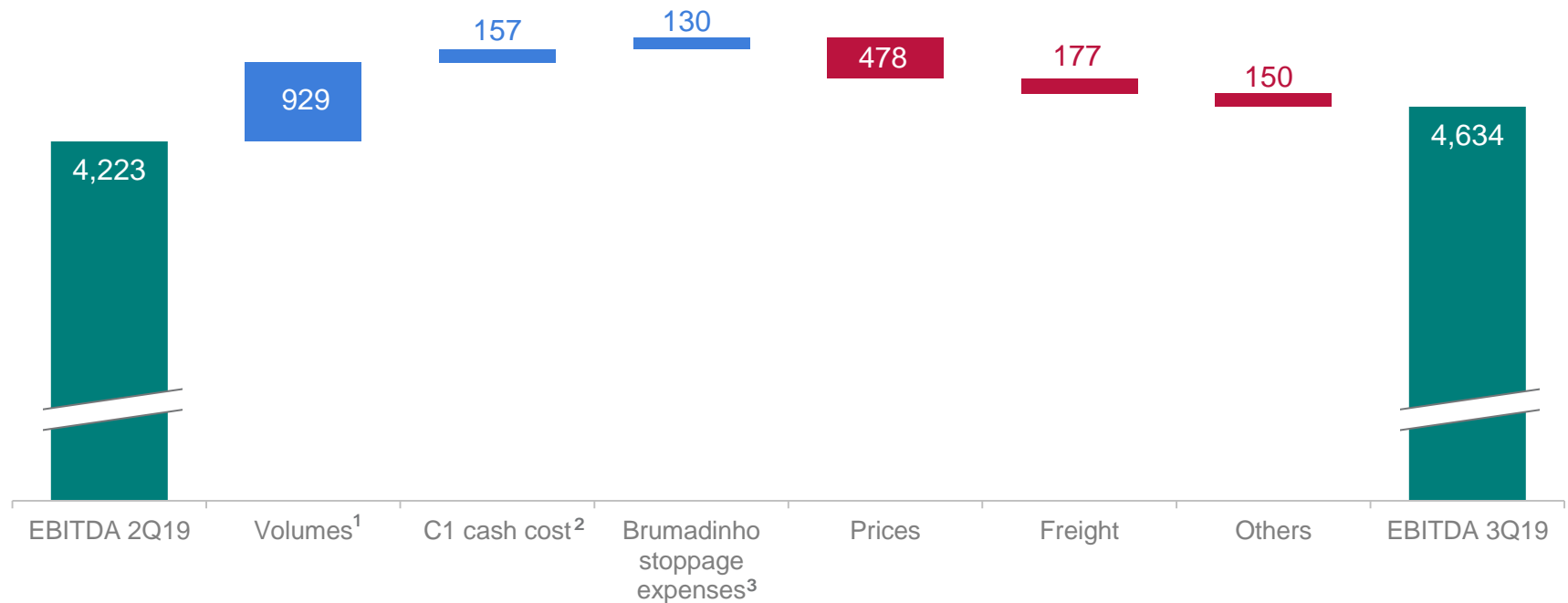
¹ As of September 30th, 2019. Does not include accrued charges.



**Business segment
performance**

Ferrous Minerals delivered solid performance due to the resumption of halted operations and strong performance in the Northern System

US\$ million



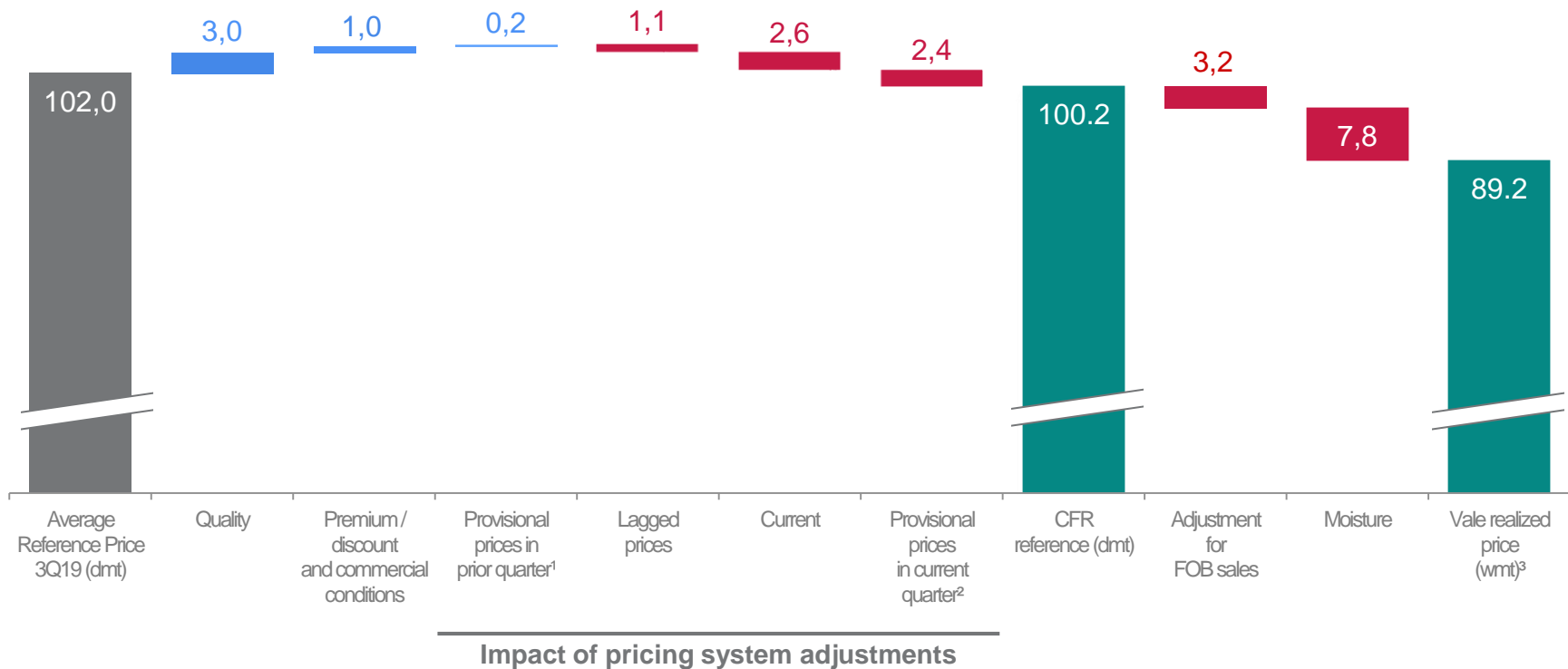
¹ Including resumption of halted operations related to Brumadinho event.

² Excluding volume effect and FX.

³ Difference between effects of 2Q19 (US\$ 364 million) and 3Q19 (US\$ 234 million).

Higher 62% Fe reference prices partially offset the decrease of US\$ 5.4/t in Vale's realized price

US\$/t, 3Q19



¹ Adjustment as a result of provisional prices booked in 2Q19 at US\$ 109.9/t.

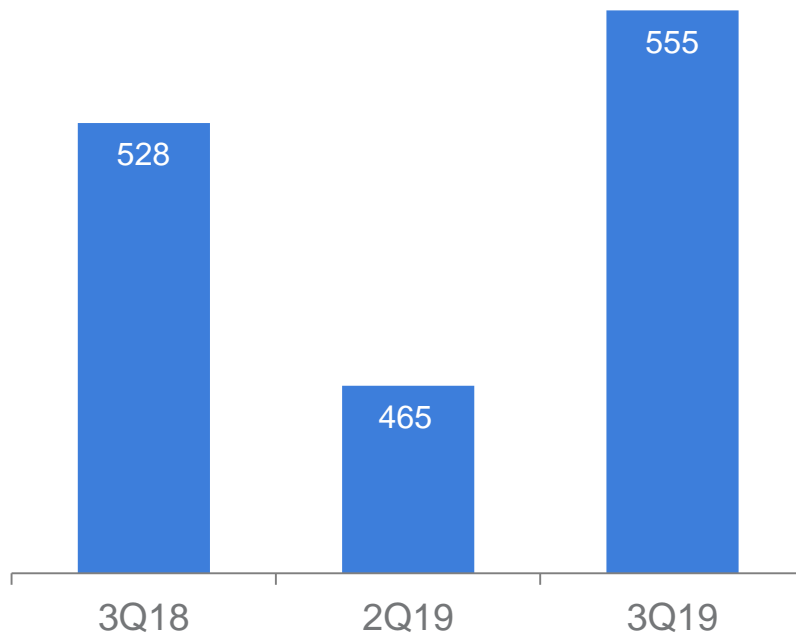
² Difference between the weighted average of the prices provisionally set at the end of 3Q19 at US\$ 88.7/t based on forward curves and US\$ 102.0/t from the 3Q19 62% Fe reference price.

³ Vale price is net of taxes.

Base Metals EBITDA increased as a result of higher realized prices and lower costs

Base Metals EBITDA

US\$ million



Highlights 3Q19

Base Metals operations in the North Atlantic achieved a solid performance after the scheduled and unscheduled maintenance at its refineries during the previous quarter which were completed throughout 3Q19

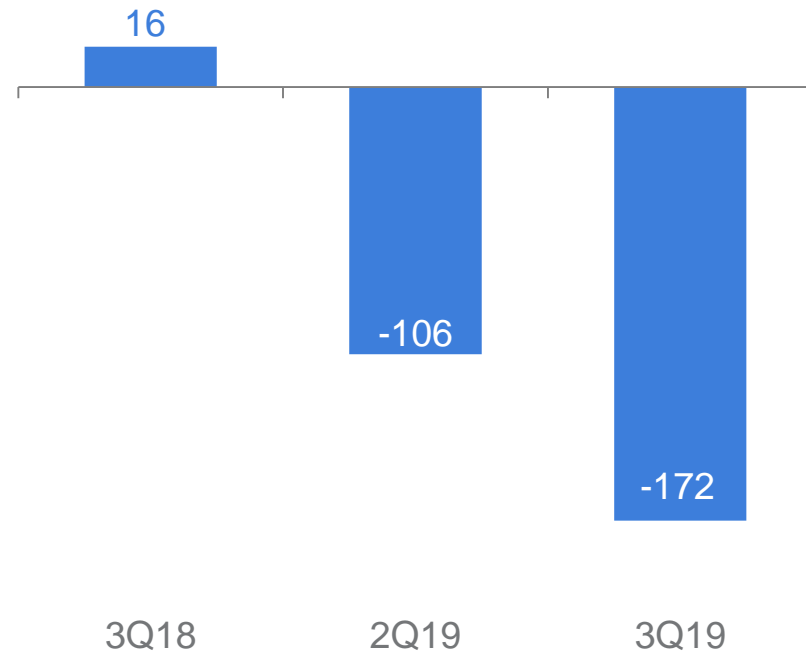
Likewise, following the conclusion of scheduled maintenance activities at both Matsusaka and Clydach refineries, **PTVI had a significant boost in nickel volumes in 3Q19, one of the main factors for its QoQ increase in EBITDA**

In Brazil, the judicial authorization to **resume both mining and processing operations at Onça Puma**, granted in September, was another milestone achieved towards production stability

Coal EBITDA was negatively impacted by lower prices, higher logistics costs and higher maintenance at the processing plants

Coal Adjusted EBITDA

US\$ million



Highlights 3Q19

Vale's Coal operations demanded the reassessment of the business strategy, with the implementation of a **new mining plan and a maintenance program for the plant recovery**

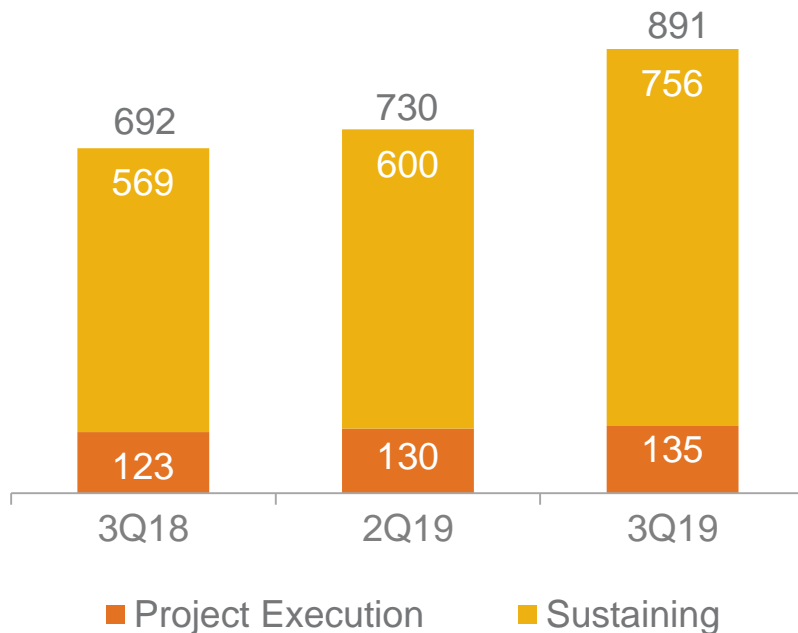
The new mining plan was designed to better access the ore bodies and to improve the economic value of the asset. **As a result, cost will decrease as the lower stripping ratio represents moving less overburden to gather the same amount of ore, which would allow cost savings**

Additional Information

Investments

Project execution and sustaining investments

US\$ million



Highlights 3Q19

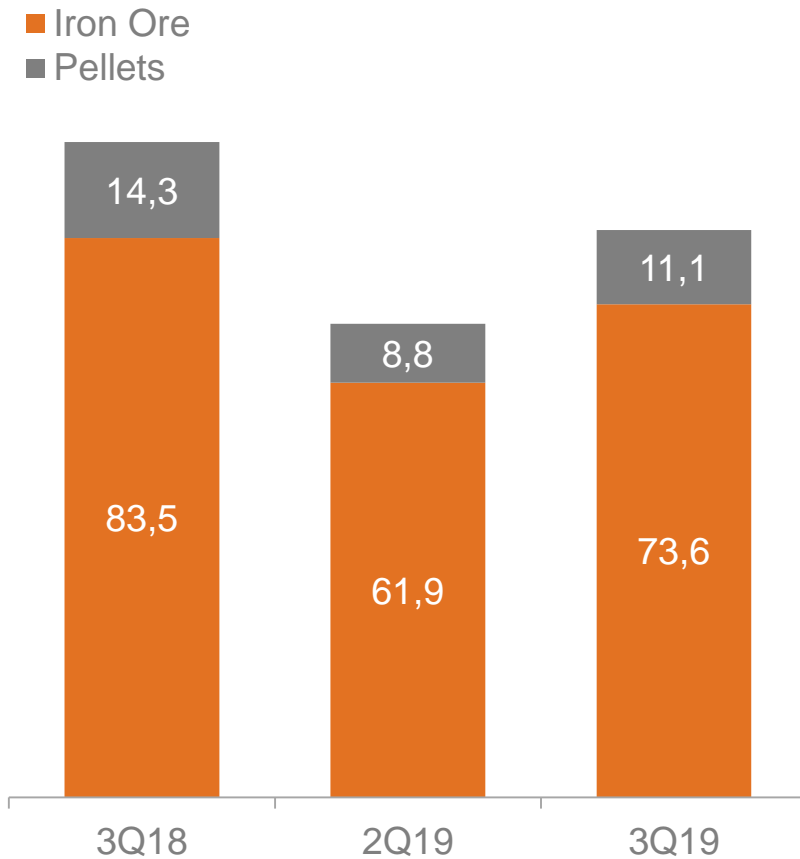
Total investments of **US\$ 891 million** in 3Q19

The Northern System 240 Mtpy project had some secondary crushers replaced at local plants and continued to receive mobile equipment. The project also had earthworks and the construction of superstructure started for the rail yard and loop line

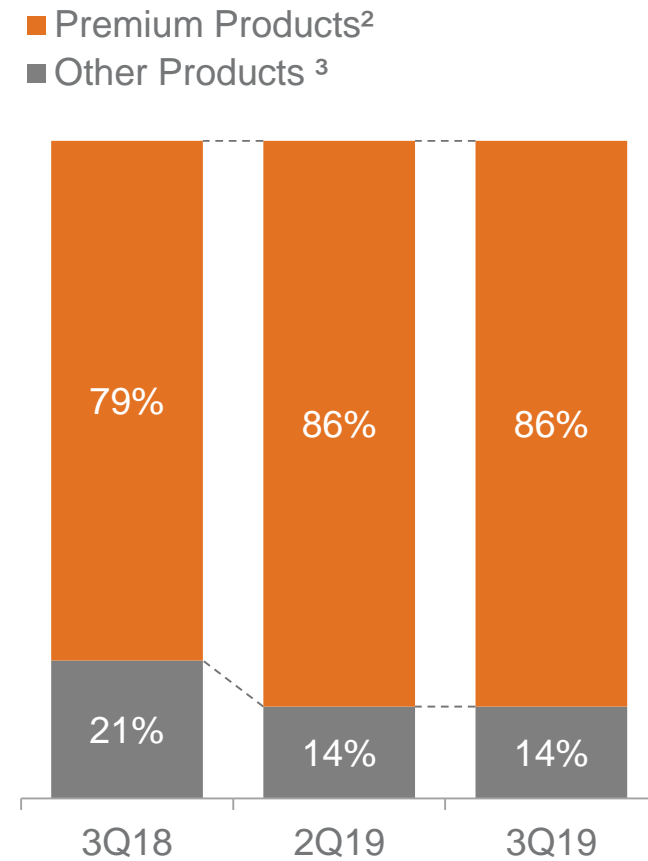
The Salobo III project received the first loads related to the long distance conveyor belt (TCLD) at the site, while base plates of gearless drives arrived at the Vila do Conde port. Concrete foundation for mills and primary crushers' bases was completed

Iron ore and pellets sales volumes and sales mix composition

Iron ore¹ and pellets sales volumes (Mt)



Iron ore sales product mix (%)



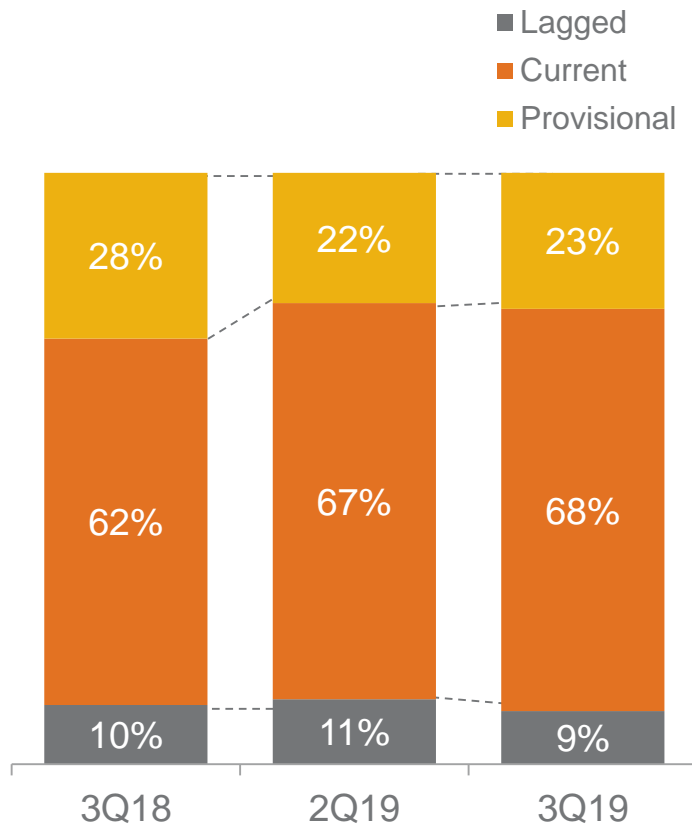
¹ Iron ore fines including ROM

² Composed by pellets, Carajás, Brazilian Blend Fines (BRBF), pellet feed and Sinter Feed Low Alumina (SFLA)

³ Composed by standard sinter feed, lump and high silica

Iron ore pricing systems

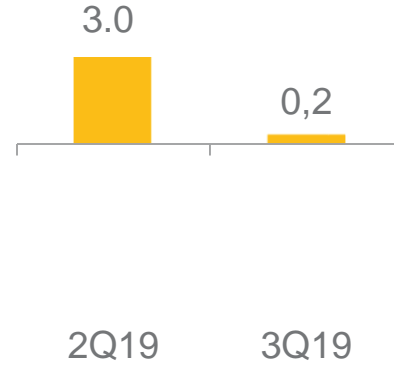
Pricing system breakdown (%)



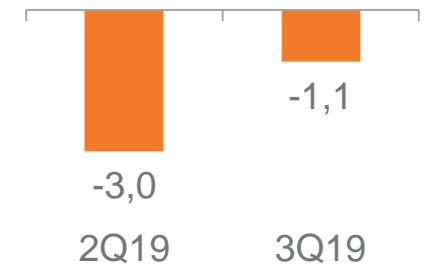
Impact of pricing mechanisms

US\$/t

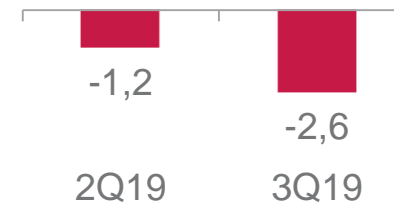
Provisional – prior quarter



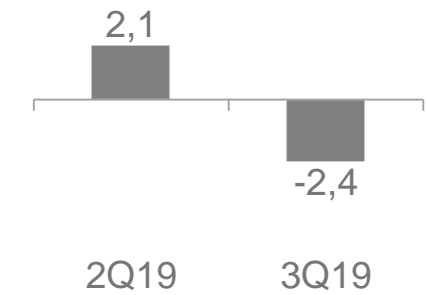
Lagged



Current

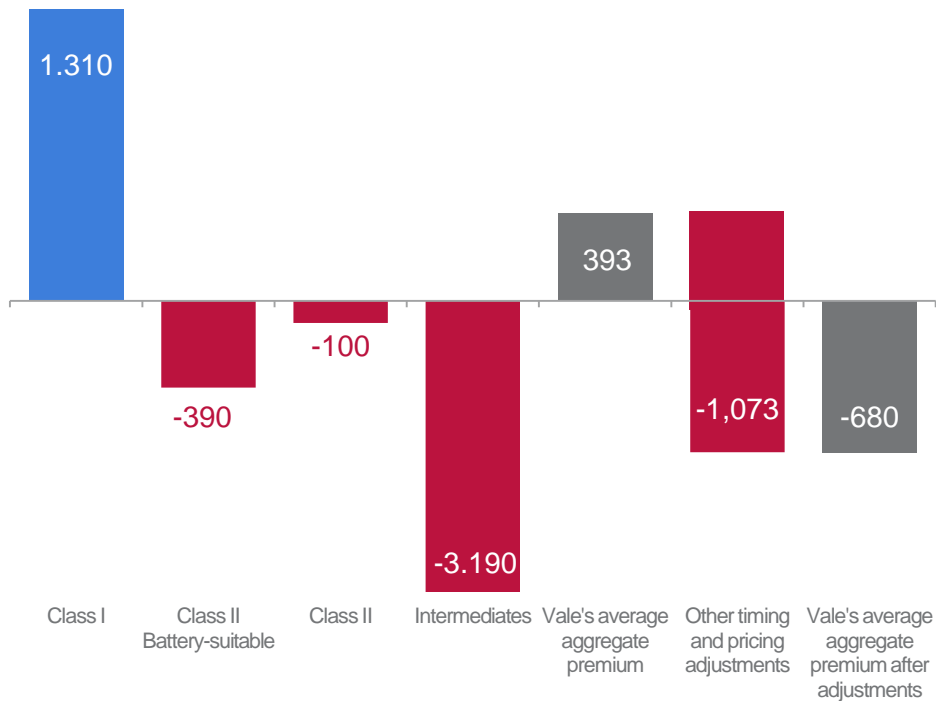


Provisional - current quarter

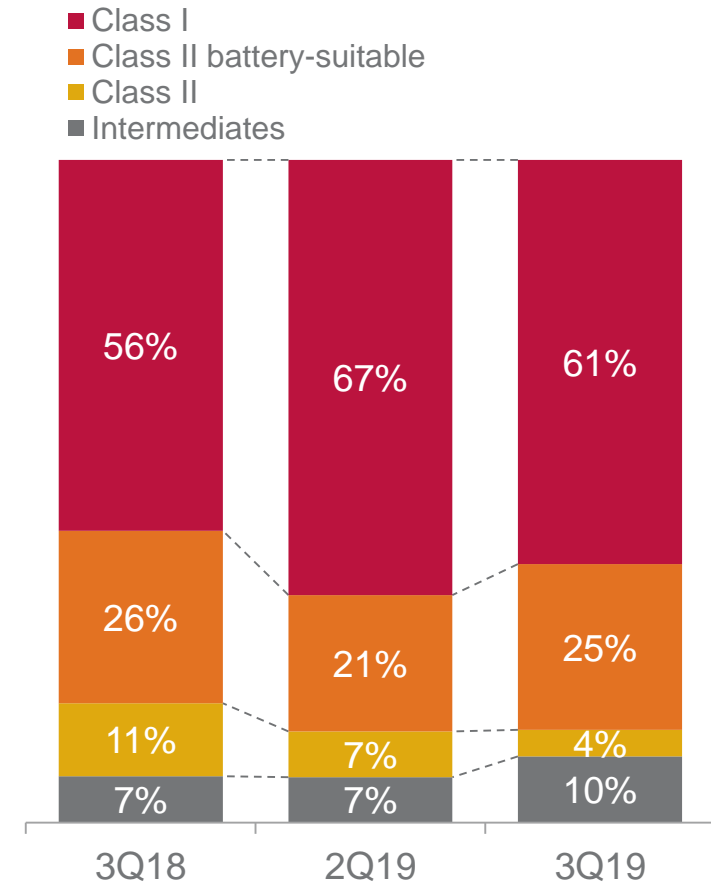


Nickel premium/discount by product and sales product mix

Nickel premium/discount by product and average aggregate premiums (US\$/t)

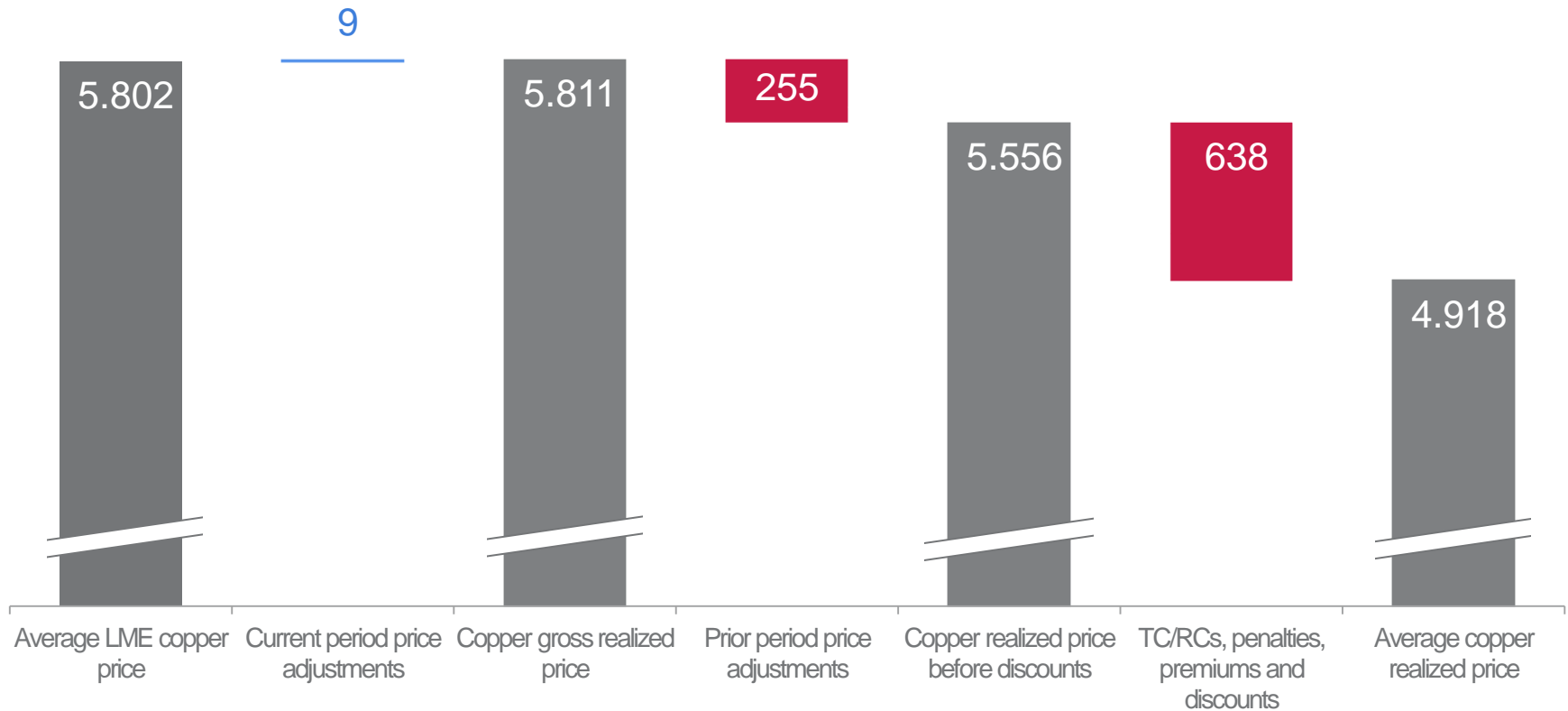


Nickel sales product mix (%)



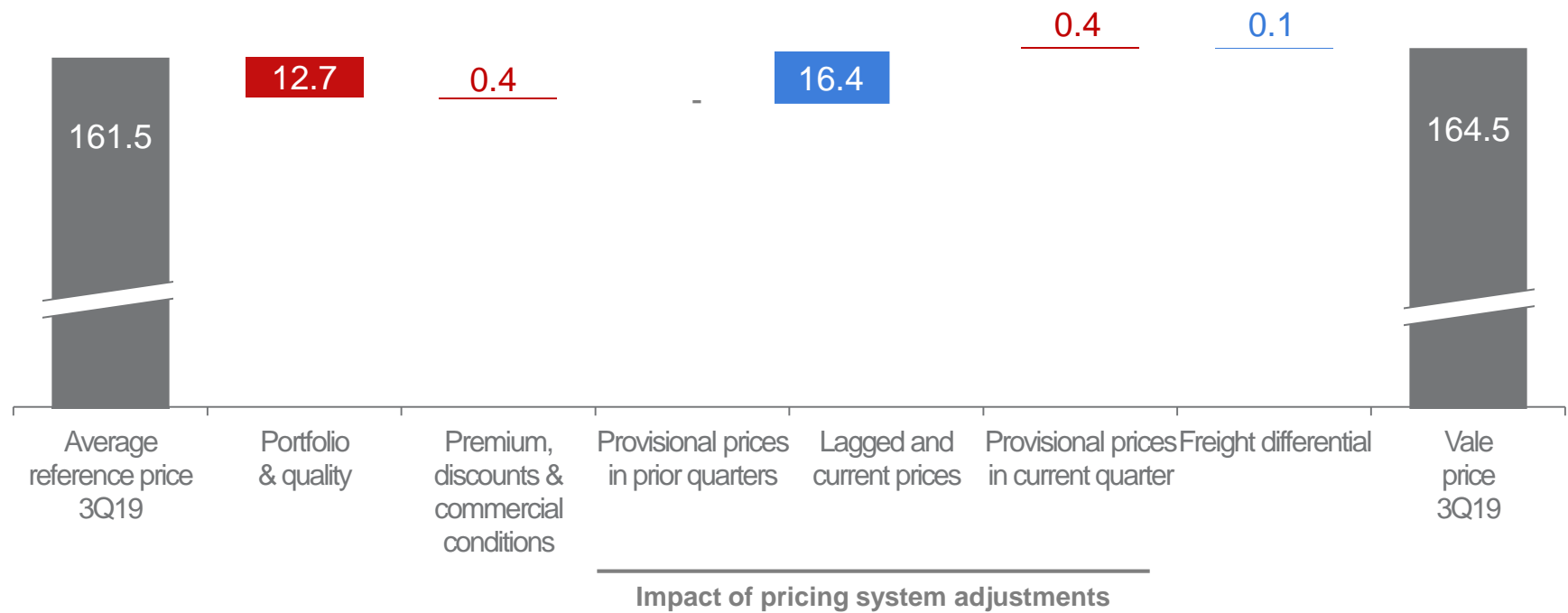
Price realization – copper operations

US\$/t, 3Q19



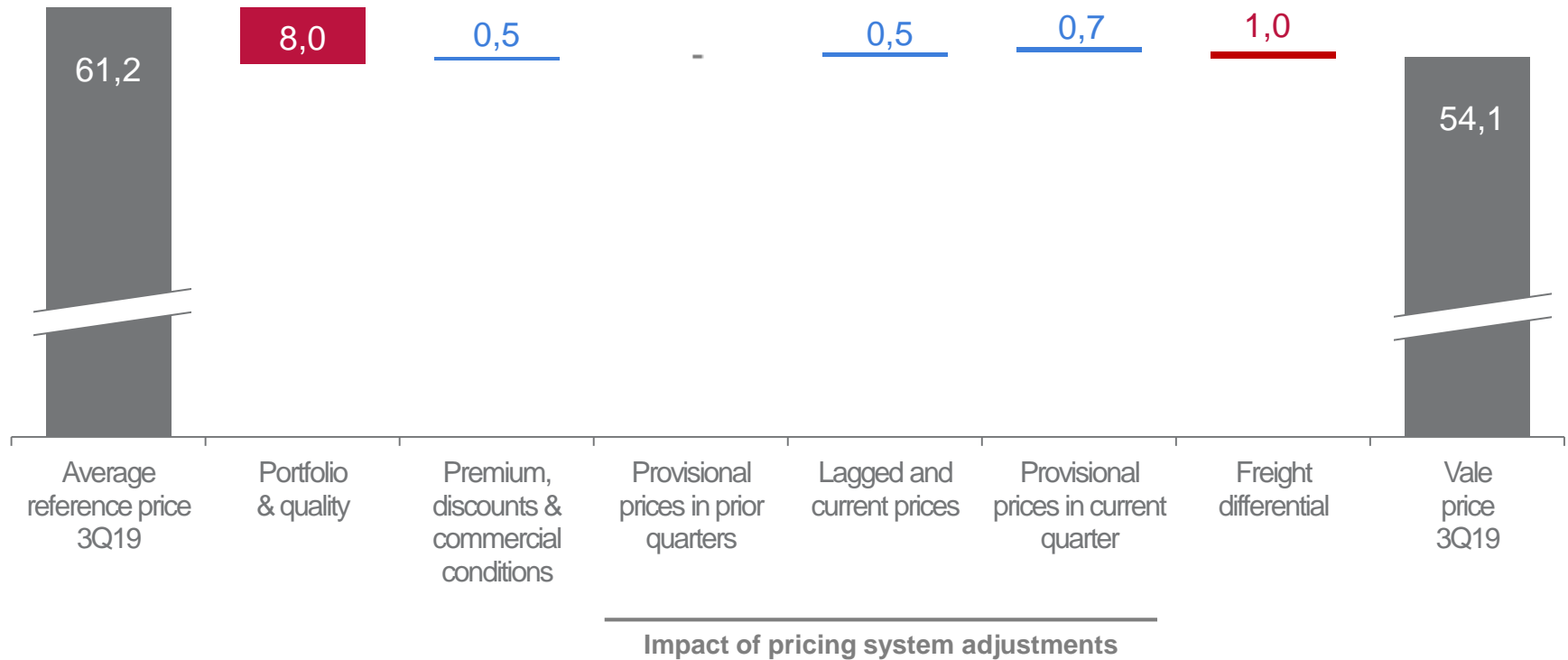
Price realization – metallurgical coal

US\$/t, 3Q19



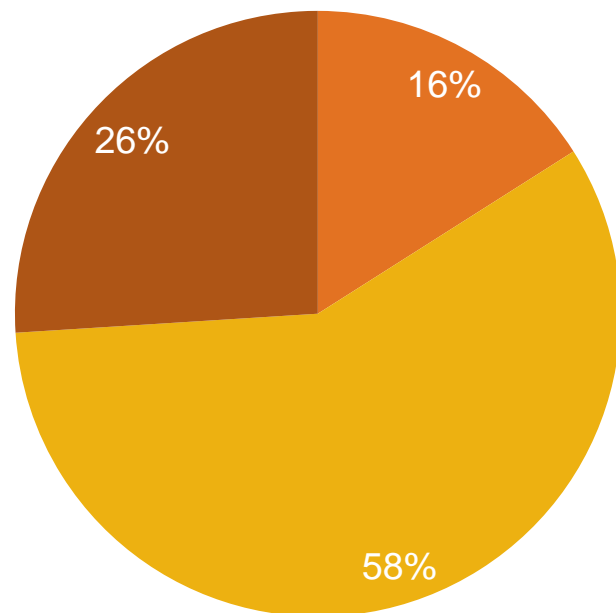
Price realization – thermal coal

US\$/t, 3Q19



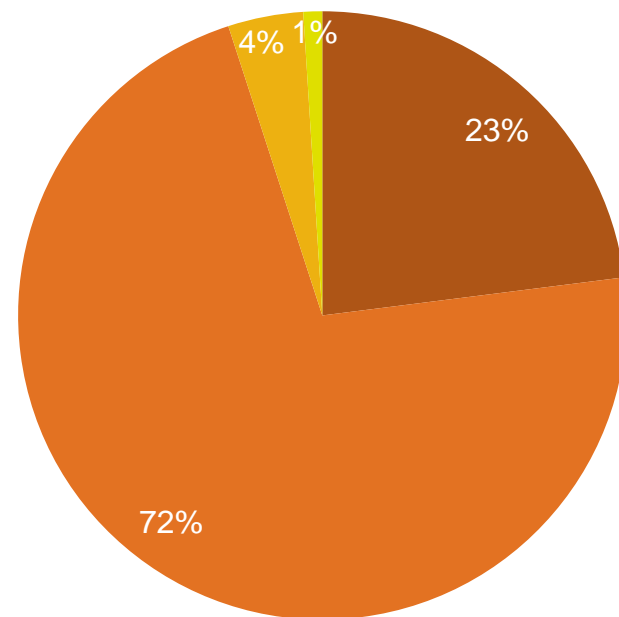
Debt position breakdown

Debt breakdown by instrument (%)



■ Development Agencies
■ Capital Markets
■ Bank Loans

Debt breakdown by currency (after hedge) (%)



■ Hedge to USD ■ USD ■ BRL ■ Others



VALE