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1Q20 Production and Sales Report

Vale, first and foremost, wishes to express solidarity with the victims and families impacted by the COVID-19 pandemic. At such a difficult time for everyone, Vale is committed to supporting its people, communities and stakeholders, and to maintain a healthy ecosystem for its value chain, joining forces to prevent or reduce the spread of COVID-19 in every location where Vale operates

In order to safeguard its employees, businesses and communities surrounding its operations, Vale has increased even further its safety measures. Starting in the second half of March, Vale has been putting in place a set of actions such as: (i) a home-office regime for the great majority of its own and third-party employees with administrative functions; (ii) company-wide communication on the response plan and prevention procedures; (iii) reduction in the number of people in operational sites and in buses to allow for safe distancing, (iv) suspension of all non-essential construction works at sites; (v) scanning body temperature at sites' entrances, and (vi) implementation of daily checklists and continuous monitoring of potential symptoms for the entire workforce.

Overall, in 1Q20, production across Vale's businesses suffered limited impact due to the COVID-19 pandemic. Direct impacts on its operations in the first quarter of 2020, as disclosed in different moments, can be summarized as: (i) in the Iron Ore business, Vale temporarily halted operations in the Teluk Rubiah Maritime Terminal in Malaysia, with no impact on production; (ii) in the Base Metals business, Vale ramped down its Voisey's Bay mining operation and placed it on care and maintenance for an initial period of four weeks, later extending this period additionally by up to three months, with an impact of up to 6 kt of copper concentrate production in 1H20; and (iii) in the Coal business, Vale decided to postpone plans for the coal processing plant maintenance (revamp) in Mozambique.

Looking ahead, the COVID-19 impact on Vale's operations could be more meaningful, mainly from: (i) the potential increase in absenteeism levels in its producing sites, if Vale needs to intensify safety measures to protect its employees in case there is an escalation of contagion in the communities close to operations, (ii) postponement of scheduled plant maintenance stoppages in Base Metals due to safety restrictions, and (iii) potentially deeper restrictions imposed by authorities in order to fight the COVID-19 pandemic, which may ultimately strain Vale's minimum labour contingent.

Vale's iron ore fines production 1 totalled 59.6 Mt, therefore below the production guidance of 63-68 Mt for 1Q20. The main causes for that result are: (i) losses of 4.5 Mt in the Northern System from (a) unscheduled maintenance of the long distance conveyor belt at S11D; (b) concentrated, stronger-than-usual weather-related conditions, especially in March;

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(c) operational restrictions at the Northern Range connected to the postponement of the startup of the new Morro 1 mining section; (ii) losses of 1.8 Mt from lower third-party purchases, due to reduced availability caused by the heavy

rains in the southeast of Brazil; and (iii) losses of 2.1 Mt from a number of operational issues in the Southeastern System, mainly in the Itabira Complex.

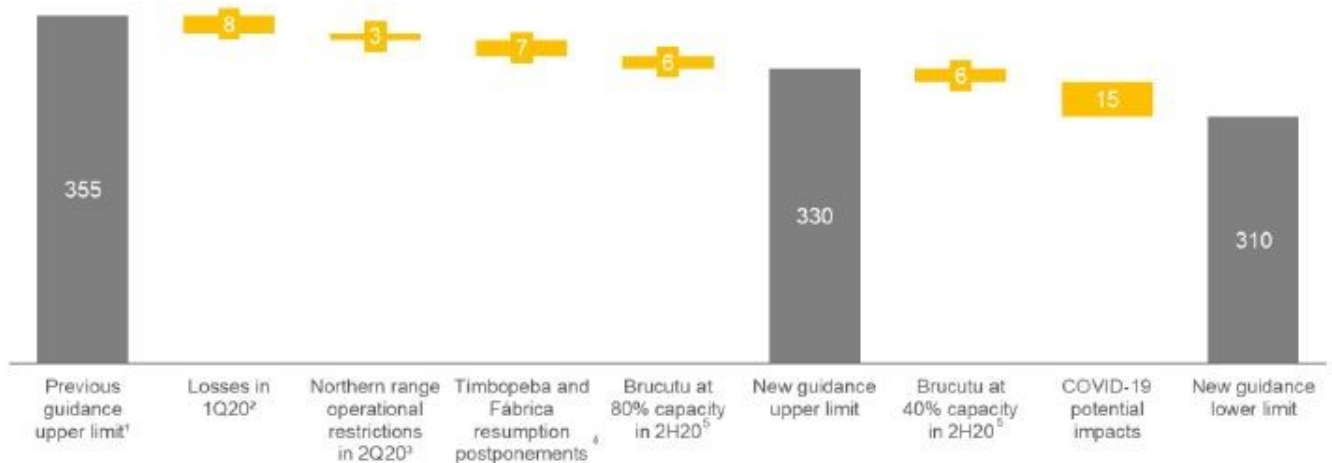
Iron ore production in 1Q20 Mt



Sales volumes of iron ore fines and pellets reached 59.0 Mt, in line with production in 1Q20. The share of premium products totalled 87% in 1Q20. Iron ore fines and pellets quality premiums reached US\$ 5.2/t in 1Q20, US\$ 1.2/t lower than 4Q19, mainly due to absence of dividends received³ and lower pellet premiums, which were partially offset by higher iron ore fines premiums.

Vale revised its guidance for iron ore fines production in 2020 to 310-330 Mt from 340-355 Mt and its pellet production guidance to 35-40 Mt from 44 Mt. The main reasons for this revision are: (i) the 1Q20 production miss; (ii) delays in the resumption of halted operations, such as Timbopeba and Fabrica, as the COVID-19 pandemic has been delaying inspections, assessments and authorization processes; (iii) delays in implementation of alternatives for the disposal of tailings by the Brucutu plant, which should not be completed until the end of 2Q20; and (iv) additional impacts related to the pandemic, associated with the risk of increasing absenteeism when running different sensitivity scenarios. The chart below illustrates the change in Vale's iron ore fines production guidance for the year:

Iron ore fines production guidance changes Mt



¹ Previous guidance was 340-355 Mt.

² Comparing with upper limit of 63-68 Mt guidance in 1Q20.

³ Associated with the delay of Morro 1 mining section start up.

⁴ Resumption of halted operations was expected to add 15 Mt in 2020. Due to postponements, it is expected to add 8 Mt.

⁵ In the former upper scenario, Brucutu was expected to produce 24 Mt. New upper production scenario is 18 Mt (running at 40% capacity in 1H20 and 80% in 2H20) and new lower scenario is 12 Mt (running at 40% capacity in 2020).

Vale's sales volume in 2020 may change according to market conditions and Vale's strategy of margin over volume, prioritizing blended products in its portfolio and the replenishment of inventories in 2020 as appropriate.

Production of finished nickel was strong, for a first quarter, at 53.2 kt, despite the decline of 2.9% year on year, as 1Q19 also presented a solid performance. The sequential decline of 6.2% from 4Q19 was mainly due to seasonality and routine scheduled maintenance at PTVI site and at the Matsusaka refinery in 1Q20, along with lower source ore from Canadian and Indonesian operations being processed at the Clydach and Dalian refineries, respectively.

The plan to close VNC's refinery is advancing as planned and refining activities responsible for processing the feed into nickel oxide started to ramp down in March 2020, which will lead to the sole production of nickel hydroxide cake at the site starting in May 2020.

Copper production reached 94.5 kt in 1Q20, 4.7% and 0.7% higher than 4Q19 and 1Q19, respectively, mainly due to higher volumes from Sossego after the unscheduled maintenance shutdown in 4Q19.

Considering the idling of Voisey's Bay and the impact of COVID-19 on Vale's ability to perform plant maintenance stoppages common to Base Metals as scheduled, the company revised its 2020 production guidance for nickel ex-VNCTo 180-195kt (from 200-210 kt) and for copper to 360-380 kt (from 400 kt). For more details, please refer to the Nickel and Copper sections.

Coal production of 2.0 Mt in 1Q20 was 4.6% higher than in 4Q19, with March production reaching 918 kt (annualized run rate of 11 Mt) due to better mine/mill performance, despite of weather-related effects in the first quarter. Nonetheless, it is not possible to maintain this production pace in April as the mine and port storage capacity reached their limits due to the lower demand for coal. Due to the uncertainties arising from the COVID-19 pandemic, which include the already announced postponement of the processing plant revamp in Mozambique (without a new start date), Vale is withdrawing and cannot, at this moment, provide a new coal production guidance for 2020.

The company is continuously evaluating the impact of the COVID-19 pandemic on its business and will disclose promptly any further material impact on its operations, supply chain or customer demand. Vale remains committed to resume and stabilize production under the highest safety conditions, while implementing actions to ensure business continuity and proactively collaborating with society during the COVID-19 pandemic.

Production summary

000' metric tons	1Q20	4Q19	1Q19	% change	
				1Q20/4Q19	1Q20/1Q19
Iron ore ¹	59,605	78,344	72,870	-23.9%	-18.2%
Pellets	6,926	9,415	12,174	-26.4%	-43.1%
Manganese Ore	363	450	365	-19.3%	-0.5%
Coal	1,963	1,876	2,213	4.6%	-11.3%
Nickel	53.2	56.7	54.8	-6.2%	-2.9%
Copper	94.5	90.3	93.8	4.7%	0.7%
Cobalt (metric tons)	1,189	1,140	1,195	4.3%	-0.5%
Gold (000' oz troy)	119	132	108	-9.8%	10.2%

¹ Including third party purchases, run-of-mine and feed for pelletizing plants.

Sales summary

000' metric tons	1Q20	4Q19	1Q19	% change	
				1Q20/4Q19	1Q20/1Q19
Iron ore ¹	51,656	77,907	55,416	-33.7%	-6.8%
Pellets	7,311	10,966	12,314	-33.3%	-40.6%
Manganese Ore	219	570	252	-61.6%	-13.1%
Coal	1,566	2,042	2,394	-23.3%	-34.6%
Nickel	44.2	47.0	50.3	-5.9%	-12.1%
Copper	89.2	87.8	90.4	1.6%	-1.3%

¹ Including third party purchases and run-of-mine.

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