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2020 Production and Sales Report

Record iron ore sales to China in 4Q20

Resumption of Serra Leste and Fábrica in 4Q20

Record Nickel sales for a quarter since 4Q17

Moatize plant revamp restart in 4Q20

2020 ends with the partial resumption of all iron ore fines operations halted in 2019, which became even more challenging due to the COVID-19 pandemic and the need to adopt measures to protect employees and support communities. Although the pandemic-related impacts and measures reduced productivity in all businesses and postponed, in 2020, the start-up of the new iron ore assets, Vale remains confident to achieve 400 Mtpy capacity by the end of 2022.

In 4Q20, Vale resumed Serra Leste and Fábrica sites in Iron Ore Business and resumed Moatize revamp works. The quarter was marked by a strong quarter-on-quarter sales increase in the Iron Ore (25.9%), Copper (15.4%) and Nickel (13.6%) businesses.

Vale's iron ore fines production¹ totalled 300.4 Mt in 2020, in line with 2019 as a result of (i) the resumption of halted operations such as Vargem Grande and Timbopeba; (ii) S11D ramp up; and (iii) full year operating Alegria site. These positive effects were fully offset by: (i) constraints in tailings disposal in Itabira and Brucutu; and (ii) delays in opening new mining fronts in Serra Norte; (iii) COVID-19 impacts; and (iv) 4-month stoppage of Fazendão site.



In 4Q20, Vale produced 84.5 Mt of iron ore fines, 5% lower than in 3Q20 mainly due to higher rainfall levels² and tailings disposal restrictions in Southeastern System.

Considering production restrictions, Vale ended 2020 with 322 Mt of production capacity and expects to achieve 350 Mt capacity by the end of 2021.



Vale's pellet production totalled 29.7 Mt in 2020, 29.0% lower than in 2019, as a result of lower pellet feed availability from Vale's sites and production adjustments according to market conditions. Vale's pellet production was 7.1 Mt in the quarter, down 1.4Mt sequentially due to lower pellet feed availability from Brucutu and Itabira and maintenances in Tubarão 6 pellet plant. In January 2021, Vale resumed Vargem Grande pellet plant operations, halted since February 2019, adding 7 Mtpy of pellet plant capacity (from 46.8 Mtpy to 53.8 Mtpy). Vale's bottleneck for pellet production continues to be the lower pellet feed availability from its operations.

Sales volumes of iron ore fines and pellets totalled 286.1 Mt in 2020, 5% below iron ore fines production. In order to supply clients during 2019, Vale drew down its operational inventories, achieving unsustainable low levels. During 2020, Vale needed to rebuild its operational inventories, supporting greater adherence between sales and production in 2021.

In 4Q20, Vale's sales of iron ore fines and pellets reached 91.3 Mt with a premium of US\$ 4.3/t³. Vale achieved record sales to China in 4Q20, totalling 64 Mt (vs. 58 Mt in 4Q19).

Production of finished nickel ex-VNC was 183.7 kt in 2020, in line with 2019. On the positive side, annual production was supported by (i) improved performance of 9.3 kt from Onça Puma, with a full operating year, after receiving judicial authorization⁴ to resume mine and processing activities in September 2019 and (ii) increased source ore from Indonesia of 3.4 kt due to stable operations throughout the year. COVID-19 impacts estimated to have trimmed annual production by 7.3 kt across all our Base Metals operations and the biennial broader-scope scheduled maintenance at Canada operations, which reduced production by 4.9 kt. In 4Q20, production totalled 55.9 kt, 19% higher than 3Q20, explained by stronger production rates after maintenance works rescheduled from 1H20 to 3Q20 across nickel operations.

Copper production reached 360.1 kt in 2020, 5.5% lower than 2019, mainly as a result of: (i) 35.3 kt lower production from COVID-19 impacts, which include the decision to minimize the contingent of workers on site, travel restrictions and disruptions in the supply chain, increase in absenteeism levels and infrastructure and equipment maintenance delays; and (ii) 10.8 kt reduction from limited Canadian mill production due to lower mining rates. These decreases were partially offset by 22.2 kt higher production from strong performance in Sossego, which had increased mill processing rates and higher copper grades. In 4Q20, production totalled 93.5 kt, 7% higher than 3Q20, mostly due to stronger production rates across Brazil and Canada operations.

Coal business resumed its maintenance activities in November, which are expected to be completed during 1Q21, followed by the commissioning activities of new and revamped equipment. Mine and plant ramp-up should start by 2Q21 until the end of 2021. Vale expects to achieve a production run-rate of 15 Mtpy in 2H21.

Production summary

000' metric tons	4Q20	3Q20	4Q19	2020	2019	% change		
						4Q20/3Q20	4Q20/4Q19	2020/2019
Iron ore ¹	84,508	88,676	78,344	300,385	301,972	-4.7%	7.9%	-0.5%
Pellets	7,117	8,562	9,415	29,676	41,794	-16.9%	-24.4%	-29.0%
Manganese Ore	119	109	450	740	1,576	9.2%	-73.6%	-53.0%
Coal	1,230	1,402	1,876	5,878	8,770	-12.3%	-34.4%	-33.0%
Nickel	55.9	47.1	56.7	214.7	208.0	18.7%	-1.4%	3.2%
Nickel Ex-VNC ²	50.8	38.6	51.9	183.7	184.6	31.6%	-2.1%	-0.5%
Copper	93.5	87.6	90.3	360.1	381.1	6.7%	3.5%	-5.5%
Cobalt (metric tons)	1,042	1,223	1,141	4,672	4,376	-14.8%	-8.7%	6.8%
Gold (000' oz troy)	120	116	132	469	480	3.4%	-9.1%	-2.3%

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

² Nickel ex-VNC production by site totaled 193.2 kt in 2020.



Sales summary

000' metric tons	4Q20	3Q20	4Q19	2020	2019	% change		
						4Q20/3Q20	4Q20/4Q19	2020/2019
Iron ore ¹	82,825	65,769	77,907	254,865	269,306	25.9%	6.3%	-5.4%
Pellets	8,486	8,464	10,966	31,211	43,199	0.3%	-22.6%	-27.7%
Manganese Ore	461	428	570	1,378	1,063	7.7%	19.1%	29.6%
Coal	1,535	1,381	2,042	5,867	8,784	11.1%	-24.9%	-33.2%
Nickel	66.1	58.2	47	210.9	205.7	13.6%	40.6%	2.5%
Copper	93.0	80.6	87.8	346.3	365.2	15.4%	5.9%	-5.2%

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

More information



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