05/09/2019

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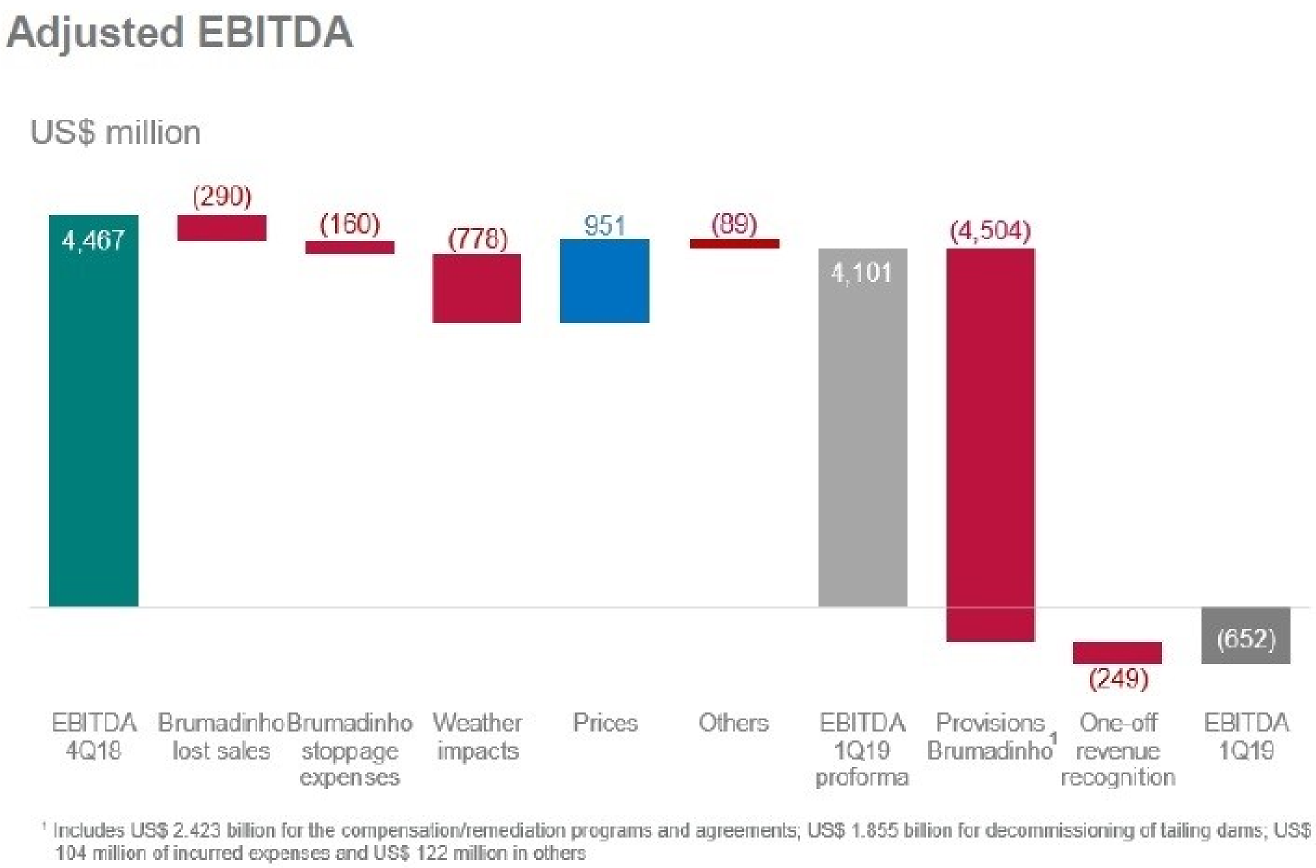
1Q19 Financial Results

Three and a half months after the tragic rupture of Dam I in the Córrego do Feijão mine in Brumadinho (MG), the entire organization is still grieving and completely focused on making every effort to guarantee the safety of people and the integrity of its assets, while meeting the needs of those affected and mitigating the damage.

Eduardo Bartolomeo, recently confirmed as Chief Executive Officer by the Board of Directors commented: "I am committed to leading Vale through the most challenging moment in its history. We will work tirelessly to ensure the safety of people and the company's operations. We will never forget Brumadinho and we will spare no effort in alleviating the suffering and repairing the losses of the impacted communities. This focus on people and on safety will boost our operational excellence and will strengthen our license to operate, thus guaranteeing sustainable results through the supply of a high-quality product portfolio."

. Brumadinho dam rupture financial impacts led to Vale's first negative EBITDA in history totaling the negative of US$ 652 million in 1Q19.
. The financial impact of the Brumadinho dam rupture on 1Q19 EBITDA was US$ 4.954 billion due to: (i) provisions for the compensation/remediation programs and agreements (US$
2.423 billion); (ii) provision for decommissioning or decharacterization of tailing dams (US$ 1.855 billion); (iii) incurred expenses direct related to Brumadinho (US$ 104 million); (iv) lost
volumes (US$ 290 million); (v) stoppage expenses (US$ 160 million); and (vi) others (US$ 122 million). Provisions related to items (i), (ii), (iii) and (vi) were recorded in the "Others"
business segment (see box "Provisions related to Brumadinho dam rupture" in the Adjusted EBITDA section of this report), while the stoppage impacts on sales volumes (iv) and expenses (v) were recorded in the Ferrous Minerals business segment.
. Vale's EBITDA was also impacted by lower iron ore and pellets sales volume, 30% and 20% lower than 4Q18 and 1Q18, respectively. The decrease when compared to 4Q18 was a result of the following effects: (i) the usual weather seasonality (14 Mt); (ii) the impact of production stoppages following the Brumadinho dam rupture (7 Mt); (iii) new inventory management procedures at Chinese ports, which impacted the timing of sales revenue
recognition (6 Mt); and (iv) abnormal rains impacting shipments from the Ponta da Madeira port in the Northern System (5 Mt); which were partially offset by inventory drawdowns from
Chinese ports in 1Q19 (3 Mt).



. Iron ore and pellets quality premium was impacted by lower Carajás market premiums and reached US$ 10.7/t in 1Q19, US$ 0.8/t lower than 4Q18. The lower Carajás market premium effect on the realized price was offset by higher benchmark prices and the positive effect of new contract terms on pellets sales.
. Iron ore C1 cash cost in 1Q19 was US$ 1.2/t higher than 4Q18, mainly due to lower fixed costs dilution on seasonally lower volumes, while the impact of the halted operations following the Brumadinho dam rupture (US$ 2.7/t) was recorded as stoppage expenses.
. Iron ore fines and pellets EBITDA breakeven was US$ 30.3/t, US$ 3.0 /t higher than 4Q18, mainly due to the above-mentioned effects of: higher C1 cash cost (US$ 1.2/t), lower market premium (US$ 2.5/t) and higher stoppage expenses related to the Brumadinho dam rupture (US$ 2.7/t), which were offset by lower freight costs (US$ 2.0/t) and higher pellet contribution (US$ 1.7/t).
. In Base Metals, 1Q19 EBITDA totaled US$ 505 million, US$ 87 million lower than 4Q18, mainly due to lower sales volumes and higher costs, which were partially offset by higher prices. Scheduled maintenance in PTVI and VNC impacted production and, therefore, sales volumes and fixed cost dilution.
. Coal business EBITDA was negative US$ 69 million in 1Q19, mainly as a result of lower market reference prices and lower volumes. Coal volumes decreased due to the severe rainy
season in Mozambique, when compared to 4Q18, which led to lower dilution of fixed costs.

Gross debt totaled US$ 17.051 billion as of March 31st, 2019, increasing by US$ 1.585 billion vs. December 31st, 2018, mainly as a result of the addition of US$ 1.842 billion of new credit lines
raised to comply with the obligation to maintain frozen funds related to the Brumadinho dam rupture.

Net debt increased by US$ 2.381 billion compared to 4Q18, totaling US$ 12.031 billion, mainly as a result of frozen funds in the amount of US$ 3.490 billion, which were set apart from available cash position, and the previously mentioned increase in gross debt.

Net income was negative US$ 1.642 billion in 1Q19, decreasing by US$ 5.428 billion vs. 4Q18, mainly as a result of the above mentioned subsequent events related to the Brumadinho dam rupture.

Selected financial indicators

US$ million	1Q19	4Q18	1Q18
Net operating revenues	8,203	9,813	8,603
Total costs and other expenses	5,180	6,234	5,620
Expenses related to Brumadinho	4,504	-	-
Adjusted EBIT	(1,453)	3,699	3,053
Adjusted EBIT margin (%)	(18%)	38%	35%
Adjusted EBITDA	(652)	4,467	3,926
Adjusted EBITDA margin (%)	(8%)	46%	46%
Iron ore - 62% Fe reference price	82.7	71.6	74.3
Net income (loss)	(1,642)	3,786	1,590
Net debt [1]	12,031	9,650	14,901
Capital expenditures	611	1,497	890

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

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Media Relations Office

imprensa@vale.com

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