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## A robust performance

Vale reports a solid performance in the first quarter of 2011 (1Q11). This is the result of the execution of our strategy of expanding production primarily through organic growth, developing world-class assets anchored on the optimization of capital allocation, against a backdrop of a strong global demand for minerals and metals.

Operational and financial performance for the first quarter of each year tend to be weaker in the face of weather related events which impart a downward bias to production and sales.

Specifically compared to 1Q10, Vale has improved its operational performance in almost all products, such as iron ore, pellets, manganese, ferroalloys, coal, nickel, copper and cobalt, allowing us to continue to benefit from the benign global environment. After excluding the impact of a non-recurring capital gain of US\$ 1.5 billion, financial performance was the best ever for a first quarter.

Vale returned US\$ 1 billion to shareholders as extraordinary dividend, equal to US\$ 0.1916 per share, paid on January 31, 2011. The first tranche of the minimum dividend for 2011 of US\$ 4.0 billion, equal to US\$ 2.0 billion or US\$ 0.3833 per share, was paid on April 29, 2011.

We delivered one of the four projects scheduled to start operations in 2011, the hydroelectric power plant of Estreito, in Brazil. The first of the nineteen very large ore carriers (the Valemax class of ship) ordered from Asian shipyards, named "Vale Brasil", was delivered. The operation of these vessels will cause a permanent reduction in the costs of shipping iron ore from Brazil to Asia, leveraging our competitiveness. Three other projects are expected to come on stream this year: Moatize (coal), Karebbe (energy) and Salobo (copper).

The main highlights of Vale's performance were:

- Operating revenues of US\$ 13.548 billion in 1Q11, the highest level for a first quarter.
- Operating income, as measured by adjusted EBIT (earnings before interest and taxes), reached a record mark of US\$ 7.969 billion. After excluding the non-recurring gain, the adjusted EBIT of US\$ 6.456 billion is the highest for a first quarter.
- EBIT margin, after excluding the non-recurring gain, reached 48.9%, the highest for a first quarter.
- Record net earnings of US\$ 6.826 billion, equal to US\$ 1.29 per share on a fully diluted basis, 13.1% higher than US\$ 6.038 billion, the previous record in 3Q10. Even after excluding the non-recurring gain stemming from the transaction with aluminum assets, 1Q11 earnings are the highest for a first quarter.
- Record cash generation, as measured by adjusted EBITDA(b) (earnings before interest, taxes, depreciation and amortization) of US\$ 9.176 billion in 1Q11, 3.5% up from previous record in 4Q10. Excluding the non-recurring gain, the adjusted EBITDA of US\$ 7.663 billion is also the highest for a first quarter.
- Sales of ferrous minerals products – iron ore, pellets, manganese and ferroalloys – of US\$ 9.365 billion in 1Q11, show the highest figure for a first quarter.
- A strong balance sheet, supported by large cash holdings of US\$ 11.8 billion, low debt leverage, measured by total debt/LTM adjusted EBITDA, equal to 0.73x, and long average debt maturity, of 10.1 years.

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**More information**

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**Mônica Ferreira**

monica.ferreira@vale.com

Rio de Janeiro

+55 (21) 3845-3636

**Fatima Cristina**

fatima.cristina@vale.com

Rio de Janeiro

+55 (21) 3485-3621

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