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Financial Results 1Q22

Vale released, on this date, its financial statements for 1Q22.

“Despite the challenging quarter in our operations, we are on track to deliver on our commitments for 2022. In 1Q22, we faced heavy rainfall in Minas Gerais, licensing delays in the North and performance below par at some assets. Nevertheless, we took the opportunity of the seasonally-lower volumes to concentrate our maintenance activities that will lead the way for a safer operational environment and solid production ahead. Confident about our business outlook, we are announcing a third share-buyback program, as another lever of value creation for our shareholders,” commented Eduardo Bartolomeo, Chief Executive Officer.

Highlights in 1Q22:

- We entered into a multi-year agreement in March to supply low-carbon nickel products to Swedish lithium-cell producer Northvolt AB, reinforcing our commitment to sustainability in the electric vehicle supply chain and electrification of the broader mining industry and reaffirming our position as a supplier of choice to the fast-growing electric vehicle industry.
- We started the construction works of Tecnored’s first commercial plant in the state of Pará, in April. Tecnored is an 100%-owned subsidiary, focused on developing a low-carbon pig iron process. The plant will initially have a capacity of 250 ktpy of green pig iron and may reach 500 ktpy, with start-up expected to 2025 and an estimated investment of approximately R\$ 1.6 billion.
- In portfolio optimization, we concluded the sale of the 50% stake we had at California Steel Industries – CSI to Nucor Corporation in February, and, in April, we successfully completed the sale of the Moatize coal mine and the Nacala Logistics Corridor to Vulcan Resources, following the completion of all conditions precedent. We also entered into a binding agreement to divest our iron ore, manganese ore and logistics assets in the Midwestern System.
- Aligned with our drive to deliver superior value to our shareholders, we paid dividends of US\$ 3.5 billion and advanced with our share buyback program. In continuity with the 2021 share buyback programs, our Board of Directors approved a new program of up to 500 million shares, to be executed after the conclusion of the current program. Upon conclusion of the third sequential buyback, Vale’s shareholders interest in the company’s results will have increased over 22% since the approval of the first program in 2021.
- In 1Q22 business performance, the main drivers compared to 4Q21 were: (i) the lower sales volume for iron ore and pellets, mainly due to the intense rainy season in 1Q22 and the weaker performance of the northern system (US\$ 2.192 billion), and (ii) the higher realized prices for iron ore and pellets (US\$ 1.812 billion), following the US\$ 32/t increase in the 62% benchmark price and higher quality premium, working to partially offset the weaker iron ore volumes.
- Net income in 1Q22 was US\$ 4.458 billion, US\$ 969 million lower than 4Q21. The seasonally lower EBITDA and the higher 4Q21 financial results explain the decline, which was partially offset by the US\$ 1.1 billion positive impact of the binding agreement to sell the Midwestern iron ore and manganese operations and the provisions for dams’ de-characterization and Renova Foundation charged in 4Q21.

- Gross debt and leases totaled US\$ 14.0 billion at the end of 1Q22, in line with 4Q21. Net debt totaled US\$ 4.9 billion, US\$ 3.0 billion higher than 4Q21, mainly due to dividends payment, share buyback and change in working capital.

- Expanded net debt increased to US\$ 19.4 billion, mainly attributed to the Brazilian Real appreciation effect on the commitments denominated in local currency, partially offset by the mark-to-market gains on the foreign exchange hedge positions. A change in our optimal leverage from US\$ 15 billion to a range of US\$10 - 20 billion, under the expanded net debt concept, was approved. This decision reflects the proactive liability management performed in the last several months with no relevant financial amortizations due by 2024, a sustainable increase in our production capacity and a very disciplined cost and capex management.

For additional highlights and detailed information on Vale's 1Q22 performance, please visit [our website](#).

Vale will host a conference call with webcast to its shareholders to discuss its 1Q22 performance, on Thursday, April 28, 2022. It will be held in English, with simultaneous translation into Portuguese, beginning at 11:00 AM, Brasilia time, 10:00 AM New York time and 3:00 PM London time. Find out the dial in to conference call/webcast [here](#).

More information



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