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Financial results for 3Q12

Vale had a financial performance that reflected the challenges stemming from the downward price volatility typically created by a global economic deceleration, which combines the effects of a weaker demand for minerals and metals with negative expectations. Although our main financial indicators softened in comparison with last quarter, they remained solid.

Mining is fundamentally a cyclical industry and is thus exposed to high price volatility. In such environment and in light of prospects of a more moderate expansion of the world economy in the years to come, higher productivity and lower cost levels are of paramount importance to thrive in a very competitive global market.

Vale is increasingly focused on strengthening capital efficiency, as our priority is to maximize shareholder value creation while maintaining a strong balance sheet to preserve our credit rating status.

Investments in world-class assets – with long life, low cost, expandability and high quality output - such as Carajás S11D and Moatize, are our focus in project execution. In this context, diversification is still a strategic priority, but only if investment in non-iron ore assets proves to be capable of creating significant value.

Divestiture of non-value adding assets will improve capital allocation and unlock funds to help the financing of investment in world-class assets, allowing for only a moderate use of the balance sheet at this stage of the cycle.

Alongside the efforts to optimize capital management, we are developing initiatives to streamline the cost structure of operating and corporate activities.

A significant improvement in our approach to applying for environmental permits is being rewarded, with the granting of licenses critical to run mining and logistics operations in Brazil as well as to the development of projects, such as Serra Sul S11D.

The competitiveness of our iron ore business is being enhanced through initiatives to cut costs, increase productivity, improve quality and expand the global distribution network. The most important ones are the execution of projects based on the high quality reserves of Carajás – Additional 40 Mtpy, Serra Sul S11D, the start-up of production of the 67.1% Fe content N5 South mine in Carajás and the use of technology to counteract the effects of ageing in our Southern/Southeastern Systems reserves.

As the global leader in iron ore, by size and quality of production and reserves, we will continue to benefit from a scenario of growth and structural transformation of emerging market economies.

We strongly believe that the execution of a strategy anchored on a rigorous discipline in capital allocation and the exploitation of our rich endowment of mineral resources will enable us to deliver substantial value over the next few years.

Financial highlights in 3Q12:

‡ Gross operating revenues totaled US\$ 11.0 billion, 9.8% below the US\$ 12.2 billion in 2Q12. The decline was a consequence of lower sales prices.

‡ Income from existing operations, as measured by adjusted EBIT(a) (earnings before interest and taxes), decreased to US\$ 2.7 billion, 32.5% below 2Q12. After excluding the effect of the provision related to mining royalties (CFEM), adjusted EBIT reached US\$ 3.2 billion.

‡ Operating income margin of 29.7%, as measured by adjusted EBIT margin, after excluding the effect of the CFEM provision.

‡ Net earnings were US\$ 1.7 billion in 3Q12, equal to US\$ 0.32 per share.

‡ Cash generation, as measured by adjusted EBITDA(b) (earnings before interest, taxes, depreciation and amortization), of US\$ 3.7 billion, 27.0% lower than the previous quarter. After excluding the effects of non-recurring items, cash generation was US\$ 4.3 billion in 3Q12. Over the last 12-month period ended at September 30, 2012, adjusted EBITDA was US\$ 22.1 billion, after excluding non-recurring accounting charges.

‡ Capex – excluding acquisitions – in 3Q12 equaled US\$ 4.3 billion, in line with 2Q12. In the first nine months of the year, capital expenditures totaled US\$ 12.3 billion, 8.4% above the US\$ 11.3 billion spent in the same period of 2011.

‡ Dividend of US\$ 3.0 billion, US\$ 0.5821 per share, to be paid from October 31, 2012 onward, totaling US\$ 6.0 billion for 2012, and equal to US\$ 1.1771 per common or preferred share.

‡ Maintenance of a strong balance sheet, with low debt leverage, measured by total debt/LTM adjusted EBITDA, equal to 1.4x, long average maturity, 10.3 years, and low average cost, 4.6% per year as of September 30, 2012.

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