



Type what you want to search

Search

07/29/2009



## Performance of Vale in 2Q09

### Riding out the transition smoothly

Vale announces its 2Q09 results, which reflect the transition to a new phase in which the reaction to the global financial crisis is starting to bear fruit, leading to a gradual lessening in risk aversion, declining costs and to the beginning of a recovery in demand and prices of minerals and metals.

In this dynamic environment, the weakening of the US dollar - one the consequences of the increase in risk tolerance - neutralized in this quarter the effect of our initiatives to cut costs. However, we remain relentless in our campaign to promote a permanent downward shift in our cost structure. In spite of the good performance of iron ore shipments to China, a new quarterly record, it was too soon for the recovery in other regions of the world to be felt in our sales. In addition, the 2Q09 results were hurt by the lagged effect of iron ore negotiated prices. On the other hand, the performance of our non-ferrous minerals businesses is already starting to capture some of the benefits of the ongoing recovery of market fundamentals.

We are working to emerge from the current global downturn stronger than before. Given our endowment of world-class, low-cost assets and financial strength we expect to show an improving operational and financial performance in the near future and to continue to create shareholder value across the cycles.

The main highlights of Vale's performance in 2Q09 were:

- Operating revenue of US\$ 5.1 billion, 6.2% less than the US\$ 5.4 billion in 1Q09.
- Shipments of iron ore and pellets increased by 3.3% on a quarter-on-quarter basis.
- Shipments of nickel increased by 16.8% on a quarter-on-quarter basis.
- Operational profit, as measured by adjusted EBIT(a) (earnings before interest and taxes), of US\$ 976 million, 42.1% below 1Q09.
- Operational margin, as measured by adjusted EBIT margin, of 19.7%, against 31.6% in 1Q09.
- Cash generation, as measured by adjusted EBITDA(b) (earnings before interest, taxes, depreciation and amortization), decreased to US\$ 1.7 billion in 2Q09 from US\$ 2.3 billion in 1Q09.
- Net earnings of US\$ 790 million, equal to US\$ 0.15 per share on a fully diluted basis, against US\$ 1.363 billion in 1Q09.
- Investment - excluding acquisitions - of US\$ 2.1 billion, against US\$ 1.7 billion in the previous quarter.

[Click here for press releases](#)

More information

---



**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