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Performance of Vale in 3Q10

An outstanding performance

Vale reports a stellar performance in the third quarter of 2010 (3Q10). It is Vale's best ever financial result, marked by records in gross revenue, operational income and margin, net earnings and cash generation. This performance stems from discipline in capital allocation, quality of our assets and efforts to maximize operational efficiency amid a scenario of strong demand for minerals and metals.

Alongside the all-time high quarterly figures for revenues, margins, earnings and cash flow, Vale invested US\$ 14.0 billion in the first nine months of 2010 (9M10), and is returning US\$ 5.0 billion to shareholders while deleveraging the balance sheet, which highlights the quality of the results being reported. We continue to pursue sustainable shareholder value creation, implementing the growth strategy with discipline in capital allocation, consistent with a long-term vision of the mining business.

The main highlights of Vale's performance in 3Q10 were:

- Record operating revenue of US\$ 14.5 billion in 3Q10, 19.6% above the previous record of US\$ 12.1 billion in 3Q08 and 46.0% more than the US\$ 9.9 billion in 2Q10.
- Record operating income, as measured by adjusted EBIT(a) (earnings before interest and taxes), of US\$ 7.8 billion in 3Q10, 69.2% above the US\$ 4.6 billion in 2Q10.
- Record operational margin, as measured by adjusted EBIT margin, increased to 55.6% in 3Q10 from 47.9% in 2Q10.
- Record cash generation, as measured by adjusted EBITDA(b) (earnings before interest, taxes, depreciation and amortization): US\$ 8.8 billion in 3Q10, US\$ 2.4 billion above the previous record in 3Q08 and US\$ 3.2 billion above 2Q10.
- Record net earnings of US\$ 6.0 billion, equal to US\$ 1.13 per share on a fully diluted basis, 63.0% above the US\$ 3.7 billion in 2Q10.
- Investments - excluding acquisitions - reached US\$ 3.1 billion, with US\$ 2.2 billion spent on organic growth.
- Dividend of US\$ 1.75 billion, including the second tranche of the minimum dividend of US\$ 1.25 billion and additional dividend of US\$ 500 million, to be paid on October 29, 2010. Total dividend distribution of US\$ 3.0 billion in 2010 will be the highest in a single year.
- Return of capital to shareholders of US\$ 5.0 billion in 2010, another record figure, which includes US\$ 2.0 billion returned through the execution of the share buyback program.
- Total debt/LTM EBITDA ratio of 1.3x, at the end of 3Q10, against 1.8x in 2Q10 and 2.2x in 3Q09.

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More information



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