COMPARTILHAR ACOMPANHAR

Type what you want to search Search

10/22/2015

A+ A-

Vale's performance in 3Q15

Iron Ore C1 cash cost at US$ 12.7/t, net debt down US$ 2.3 billion, and 75% physical progress at S11D mine and mill

Vale reached iron ore production of 88.2 Mt in 3Q15, the highest quarterly production in Vale's history with Carajás production reaching 33.9 Mt, also a record for a third quarter.

Gross revenues totaled US$ 6.618 billion in 3Q15, decreasing US$ 467 million vs. 2Q15, as a result of lower realized prices of iron ore fines (US$ 281 million), nickel (US$ 136 million), copper (US$ 98 million) and pellets (US$ 74 million), partially offset by higher volumes of iron ore fines (US$ 167 million).

Costs and expenses, net of depreciation charges, totaled US$ 4.649 billion in 3Q15, decreasing US$ 288 million vs. 2Q15, despite higher sales volumes.

C1 cash cost FOB port per metric ton for iron ore fines ex-royalties reached US$ 12.7/t in 3Q15 vs. US$ 15.8/t in 2Q15, the lowest in the iron ore industry, driven by the ongoing cost reduction initiatives and the ramp-up of both the N4WS and N5S extension mines and of some of the new Itabirites projects.

Adjusted EBITDA was US$ 1.875 billion in 3Q15, 15.3% lower than in 2Q15 mainly as a result of lower sales prices which impacted EBITDA negatively by US$ 715 million. Lower costs and expenses and higher sales volumes partially offset the EBITDA impact of lower prices by US$ 481 million and US$ 62 million, respectively. Adjusted EBITDA margin was 28.8% in 3Q15.

Capital expenditures totaled US$ 1.879 billion in 3Q15 with investments in project execution at US$ 1.232 billion and sustaining capex at US$ 647 million.

Divestments totaled US$ 1.537 billion in 3Q15, with US$ 1.089 billion coming from the sale of 36.4% of MBR preferred shares and US$ 448 million from the sale of four very large ore carriers to China Merchants Energy Shipping Co.

Net loss was US$ 2.117 billion in 3Q15 against a net income of US$ 1.675 billion in 2Q15. The US$ 3.792 billion decrease in income was mostly driven by the effect on financial results of the depreciation of the BRL against the USD of 28% in 3Q15 vs. the appreciation of the BRL against the USD of 3% in 2Q15. Underlying earnings were negative in US$ 961 million in 3Q15, against US$ 973 million in 2Q15.

Gross debt totaled US$ 28.675 billion as of September 30th, 2015, decreasing US$ 1.098 billion from the debt position as of June 30th, 2015. Net debt decreased US$ 2.296 billion to US$ 24.213 billion with a cash balance of US$ 4.462 billion. Average debt maturity was 8.3 years with an average cost of debt of 4.37% per annum.

EBITDA from the Ferrous Minerals business was supported by significant reductions in costs and expenses

• Adjusted EBITDA for Ferrous Minerals in 3Q15 was US$ 1.652 billion, US$ 159 million lower than the US$ 1.811 billion achieved in 2Q15, mainly as a result of lower realized sales prices (US$ 358 million) and of lower dividends received from Samarco (US$ 146 million) and from the leased pelletizing plants (US$ 31 million), and was partially offset by higher sales volumes (US$ 42 million), lower costs[1] (US$ 103 million) and lower expenses (US$ 14 million).
• Adjusted EBITDA remained stable in 3Q15 vs. 2Q15 after excluding the higher dividends received from Samarco and from the leased pellet plants in 2Q15.

- Adjusted EBITDA exceeded total capex in the Ferrous Minerals business segment by US$ 553 million in 3Q15 vs. US$ 534 million in 2Q15.
- Vale's CFR dmt reference price for iron ore fines (ex-ROM) decreased US$ 5.5/t from US$ 61.5/t in 2Q15 to US$ 56.0/t in 3Q15, being US$ 1.1/t higher than the average Platts IODEX 62% of US$ 54.9/t in 3Q15.
- Product quality measured by Fe content improved from 63.2% in 2Q15 to 63.5% in 3Q15 mostly due to the ramp-up of the N4WS and N5S mines and of the Itabirites projects.
- Unit freight cost per iron ore metric ton was US$ 16.4/t in 3Q15, US$ 0.4/t lower than the US$ 16.8/t recorded in 2Q15.
- Unit cash costs and expenses (adjusted for quality and moisture) for iron ore fines on a dry metric ton (dmt) basis landed in China decreased from US$ 39.1/t in 2Q15 to US$ 34.2/t in 3Q15 (and reached US$ 32.4/t on a combined sales of iron ore fines and pellets).
- Sustaining capex for iron ore fines totaled US$ 209 million (US$ 3.1/ wmt) in 3Q15, US$ 1.0/ wmt lower than in 2Q15.
- S11D reached 75% physical progress at the mine and plant, 50% at the railway and port, and 72% on the railway spur.

EBITDA from the Base Metals business segment decreased with lower nickel prices

- Sales revenues totaled US$ 1.355 billion in 3Q15, US$ 293 million lower than in 2Q15 mainly as a result of lower prices (US$ 255 million).
- Adjusted EBITDA was US$ 193 million in 3Q15, US$ 213 million lower than in 2Q15, negatively impacted by US$ 86 million due to decreased copper prices in the quarter, as well as, a decrease in the forward curve at the end of 3Q15 which resulted in provisional copper price adjustments from: (i) sales realized in previous quarters and finalized in 3Q15 (US$ 28 million); and (ii) sales still outstanding at the end of 3Q15 (US$ 58 million).
- Production of nickel totaled 71,600 t in 3Q15, 6.7% higher than in 2Q15, as a result of higher production in Sudbury, Indonesia and New Caledonia, despite the planned shutdowns in Sudbury and Thompson in 3Q15.
- Production of copper reached 99,300 t with gold posting the best performance for a third quarter at 100,000 oz.
- Salobo's EBITDA reached US$ 77 million, despite weaker prices and a slower than expected ramp-up in July and August 2015, which was partially offset by the 90% capacity utilization reached in September 2015.
- Production and sales volumes of copper and nickel should increase in 4Q15 with the conclusion of all scheduled maintenance for the year and the higher production from own ore sources, alongside the achievement of Salobo´s nominal production capacity.

EBITDA from the Coal business segment decreased with higher costs and lower prices

- Adjusted EBITDA for coal decreased to -US$ 129 million in 3Q15 vs. -US$ 102 million in 2Q15, mainly as a result of higher costs (US$ 35 million) and lower prices (US$ 10 million), which were partially offset by lower expenses (US$ 13 million).
- Costs increased mainly as a result of (i) additional consumption of higher cost coal inventories with increased sales volumes and reduced ROM production in Carborough Downs and (ii) the removal of waste brought forward during the plant shutdown in Mozambique.
- Moatize II reached 96% physical progress with a capital expenditure of US$ 93 million while the Nacala Corridor reached 94% physical progress with capital expenditures of US$ 212 million in 3Q15.

EBITDA from the Fertilizers business segment continued to improve driven by higher sales volumes and lower costs

- Adjusted EBITDA for Fertilizers increased to US$ 197 million in 3Q15 from US$ 163 million in 2Q15 mainly driven by higher sales volumes (US$ 69 million) and lower costs (US$ 40 million), and was partially offset by lower prices (US$ 54 million) and higher expenses (US$ 21 million).

In 3Q15 we reduced our costs and expenses substantially, achieved a significantly lower C1 cash cost in iron ore fines, continued our divestment process and reduced our net debt position.

We remain focused on maintaining our operating discipline and preserving our balance sheet as we complete our investment cycle in the coming years.

[1] Net effect on costs, after adjusting for the impacts from volume and exchange rates

Release in PDF

Release in Excel

Production Report

Infographics

More information

Mônica Ferreira
monica.ferreira@vale.com
Rio de Janeiro
+55 (21) 3845-3636

Patricia Malavez
patricia.malavez@vale.com
Rio de Janeiro
+55 (21) 3485-3628