



# Vale's performance in 3Q14

October 30, 2014

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## Disclaimer

“This presentation may include statements that present Vale's expectations about future events or results. All statements, when based upon expectations about the future and not on historical facts, involve various risks and uncertainties. Vale cannot guarantee that such statements will prove correct. These risks and uncertainties include factors related to the following: (a) the countries where we operate, especially Brazil and Canada; (b) the global economy; (c) the capital markets; (d) the mining and metals prices and their dependence on global industrial production, which is cyclical by nature; and (e) global competition in the markets in which Vale operates. To obtain further information on factors that may lead to results different from those forecast by Vale, please consult the reports Vale files with the U.S. Securities and Exchange Commission (SEC), the Brazilian Comissão de Valores Mobiliários (CVM), the French Autorité des Marchés Financiers (AMF) and The Stock Exchange of Hong Kong Limited, and in particular the factors discussed under “Forward-Looking Statements” and “Risk Factors” in Vale’s annual report on Form 20-F.”

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## DOCUMENT CONTENT

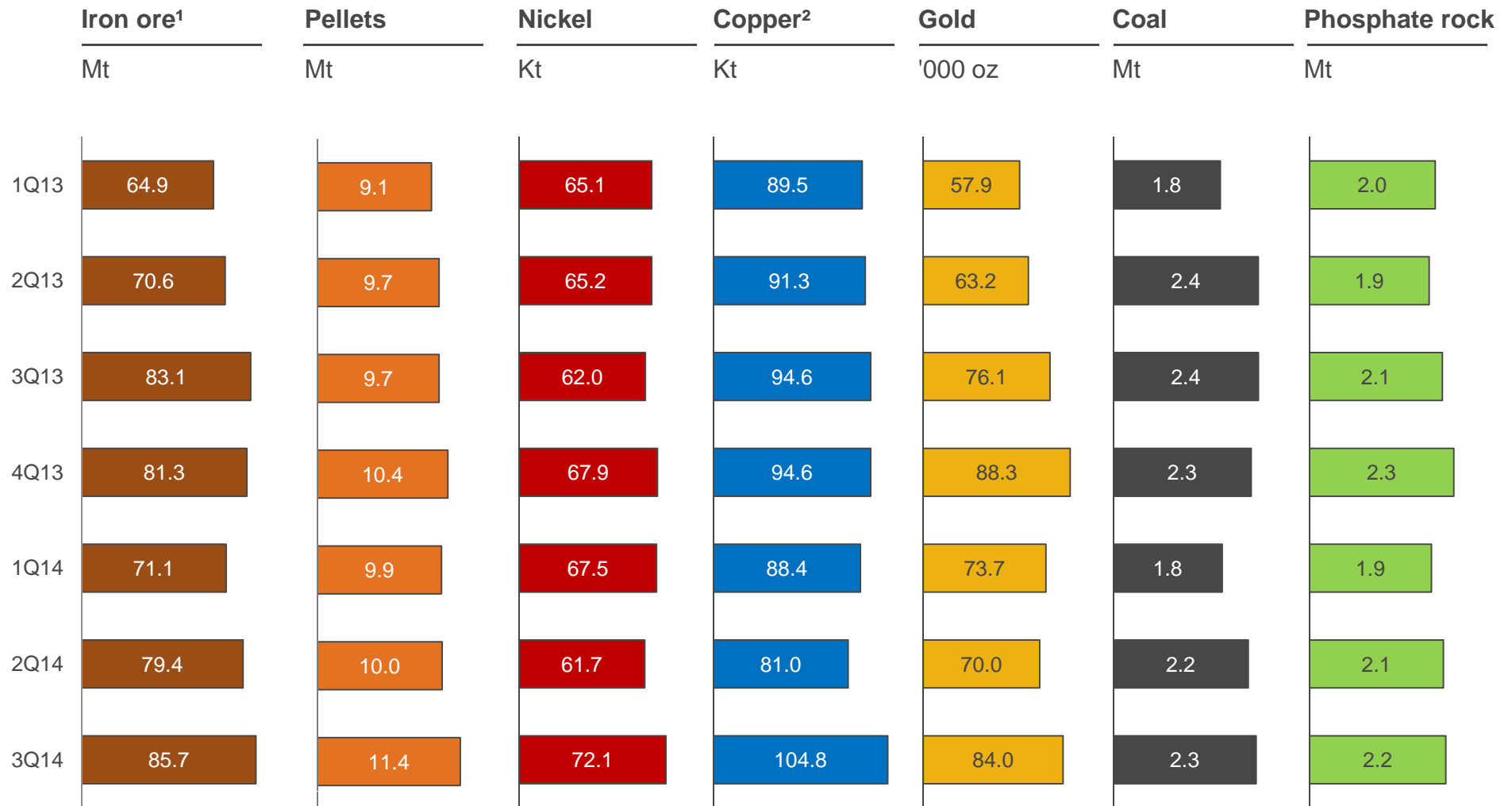
- Operational performance
- Financial performance
- Capital expenditures
- Capital structure
- Cash flow generation

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## PRODUCTION VOLUMES



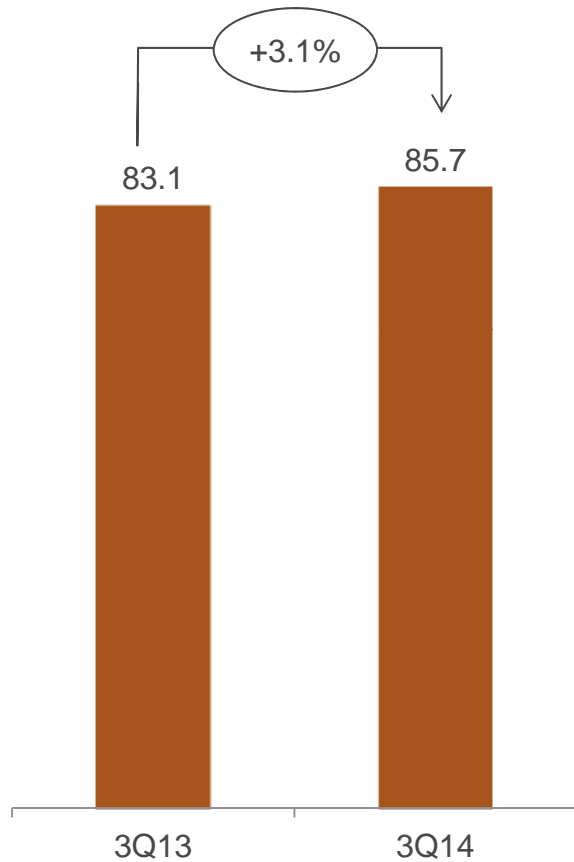
<sup>1</sup> Includes iron ore fines, lump, ROM and iron ore feed for Vale's pellet plants. Excludes Samarco's attributable production of 3.8 Mt.

<sup>2</sup> 2013 figures include Tres Valles production (1Q13: 3.7 Kt, 2Q13: 3.6 Kt, 3Q13: 2.9 Kt and 4Q13: 0.8 Kt).

## PRODUCTION VOLUMES YEAR-ON-YEAR

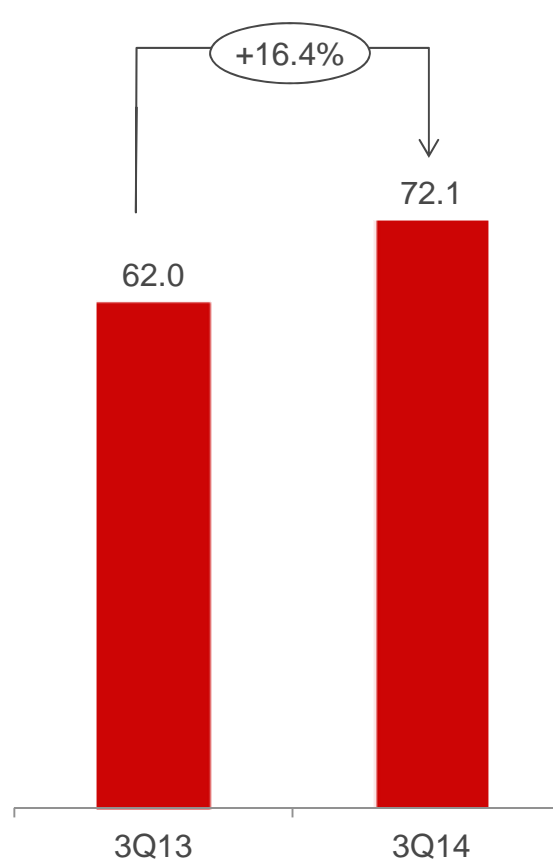
### Iron Ore<sup>1</sup>

Mt



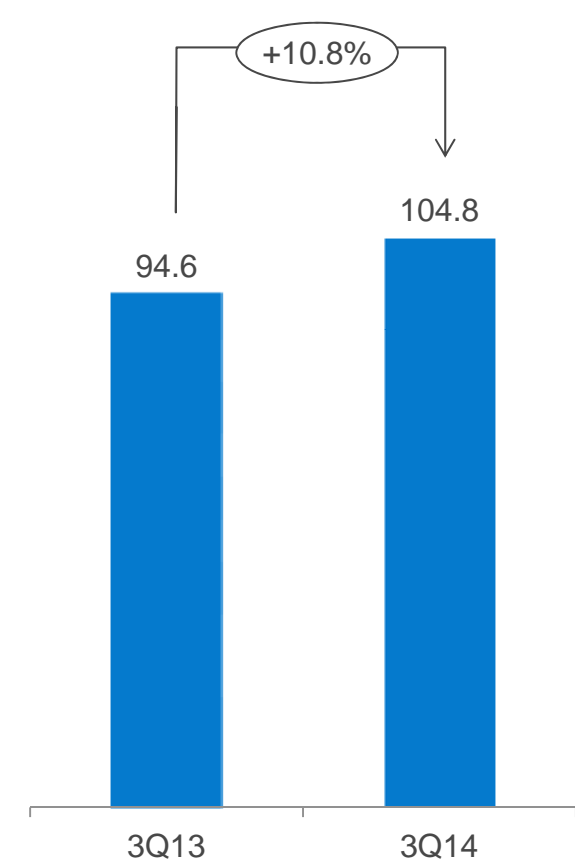
### Nickel

Kt



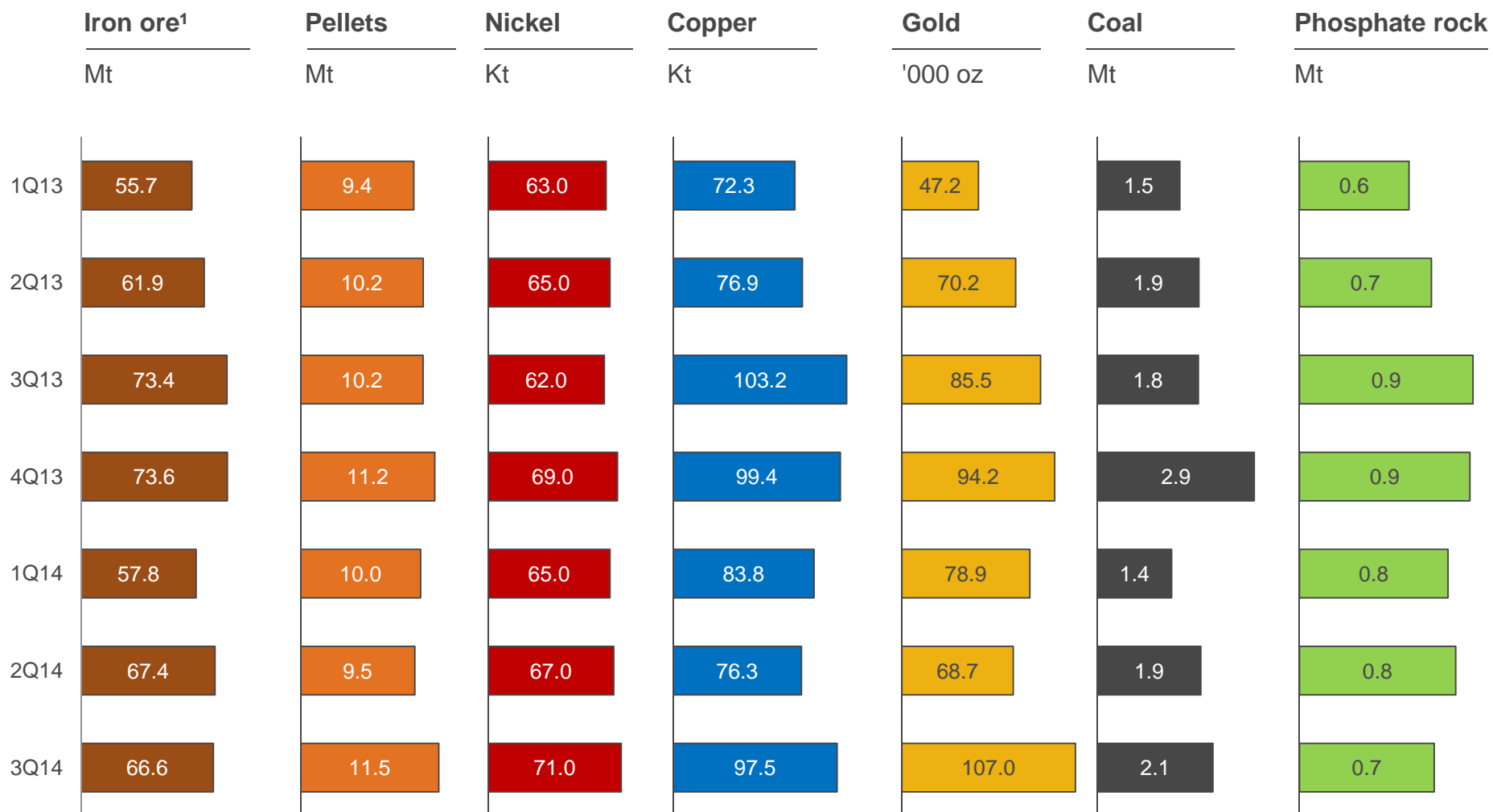
### Copper

Kt



<sup>1</sup> Includes iron ore fines, lump, ROM and iron ore feed for Vale's pellet plants. Excludes Samarco's attributable production of 3.8 Mt.

## SALES VOLUMES

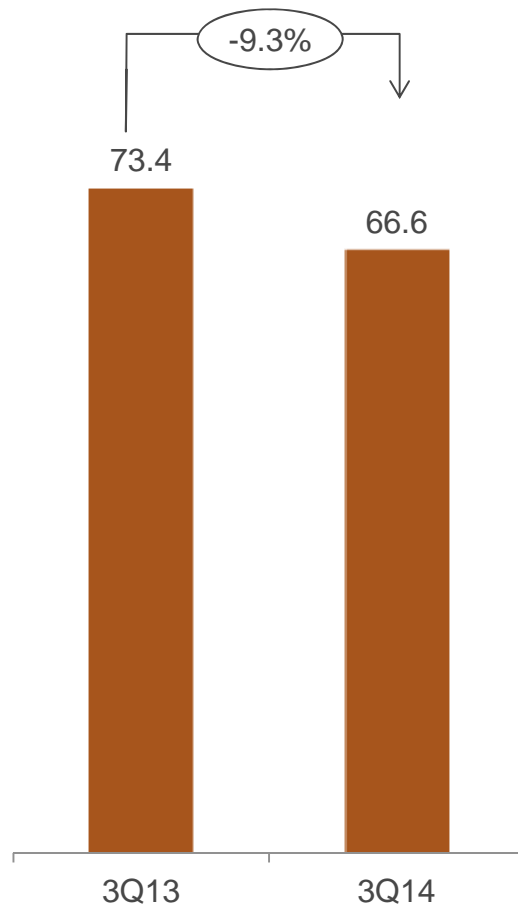


<sup>1</sup> 3Q14 figure includes 63.0 Mt of iron ore ex-ROM and 3.5 Mt of ROM.

## SALES VOLUMES YEAR-ON-YEAR

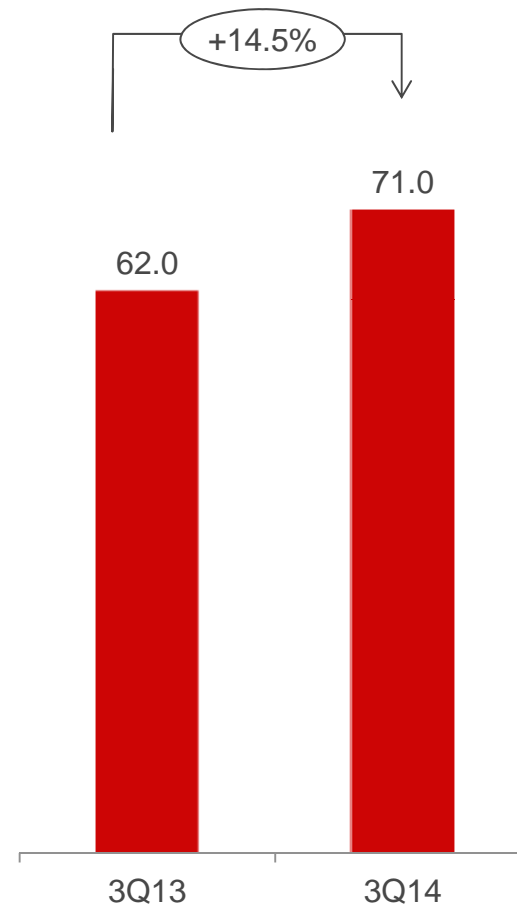
### Iron Ore

Mt



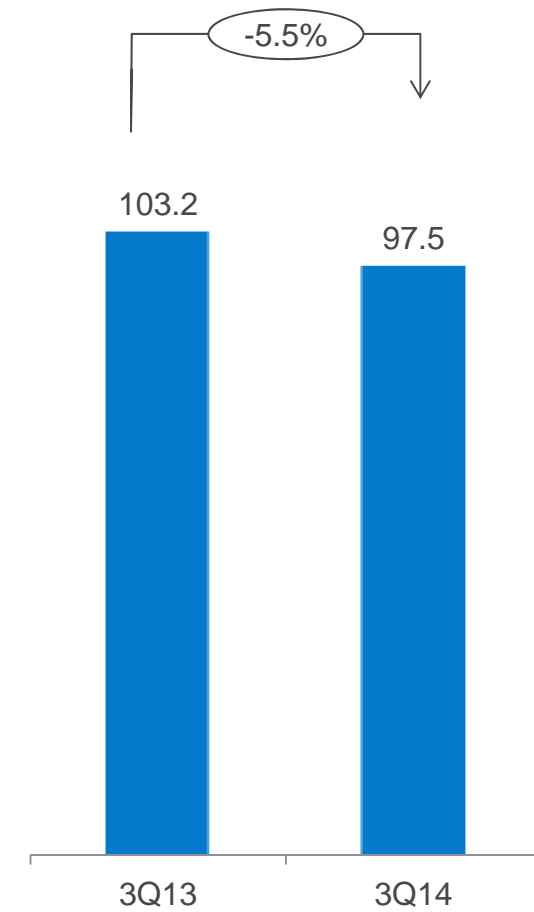
### Nickel

Kt



### Copper

Kt





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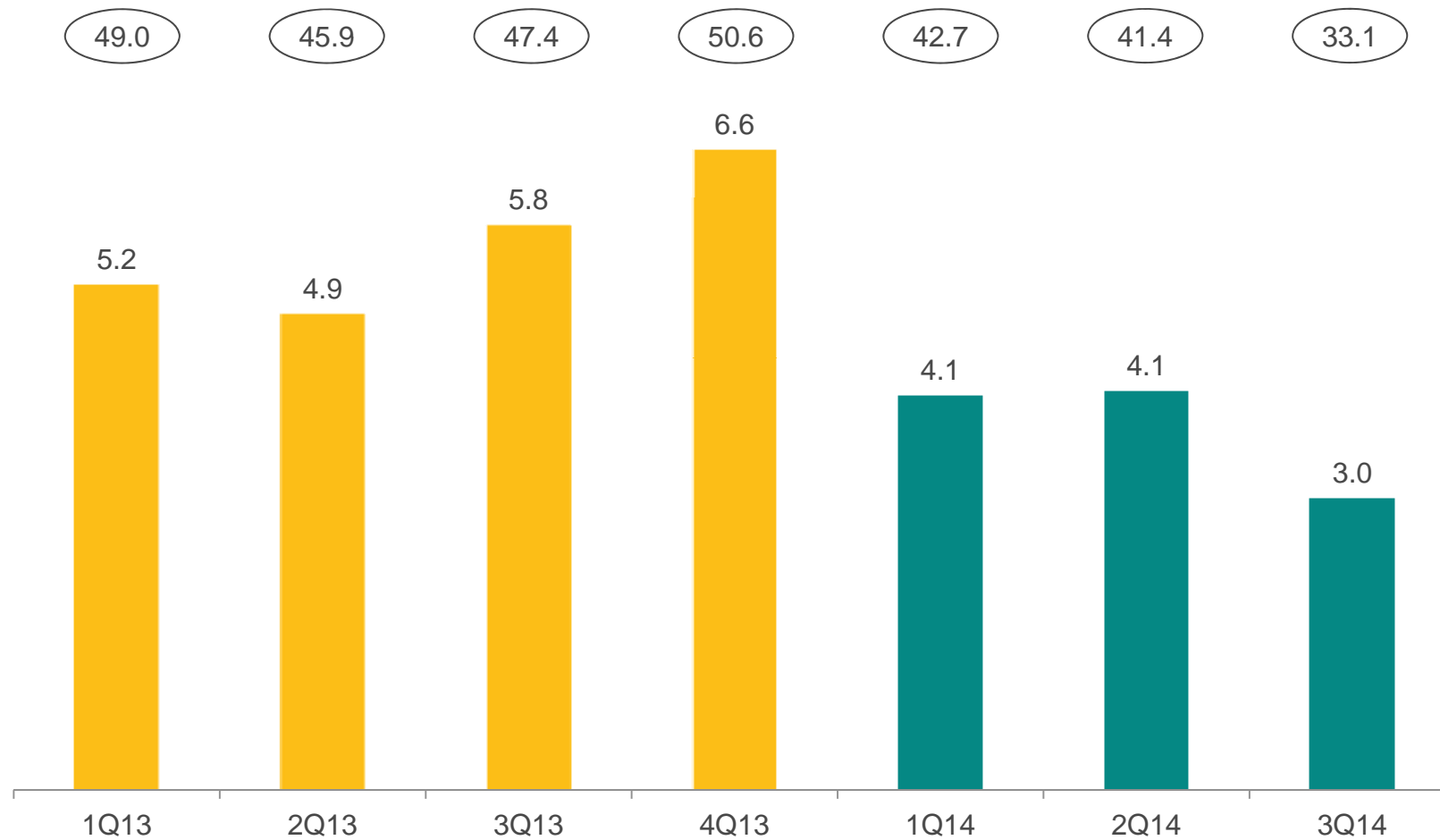
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## ADJUSTED EBITDA<sup>1</sup>

US\$ billion

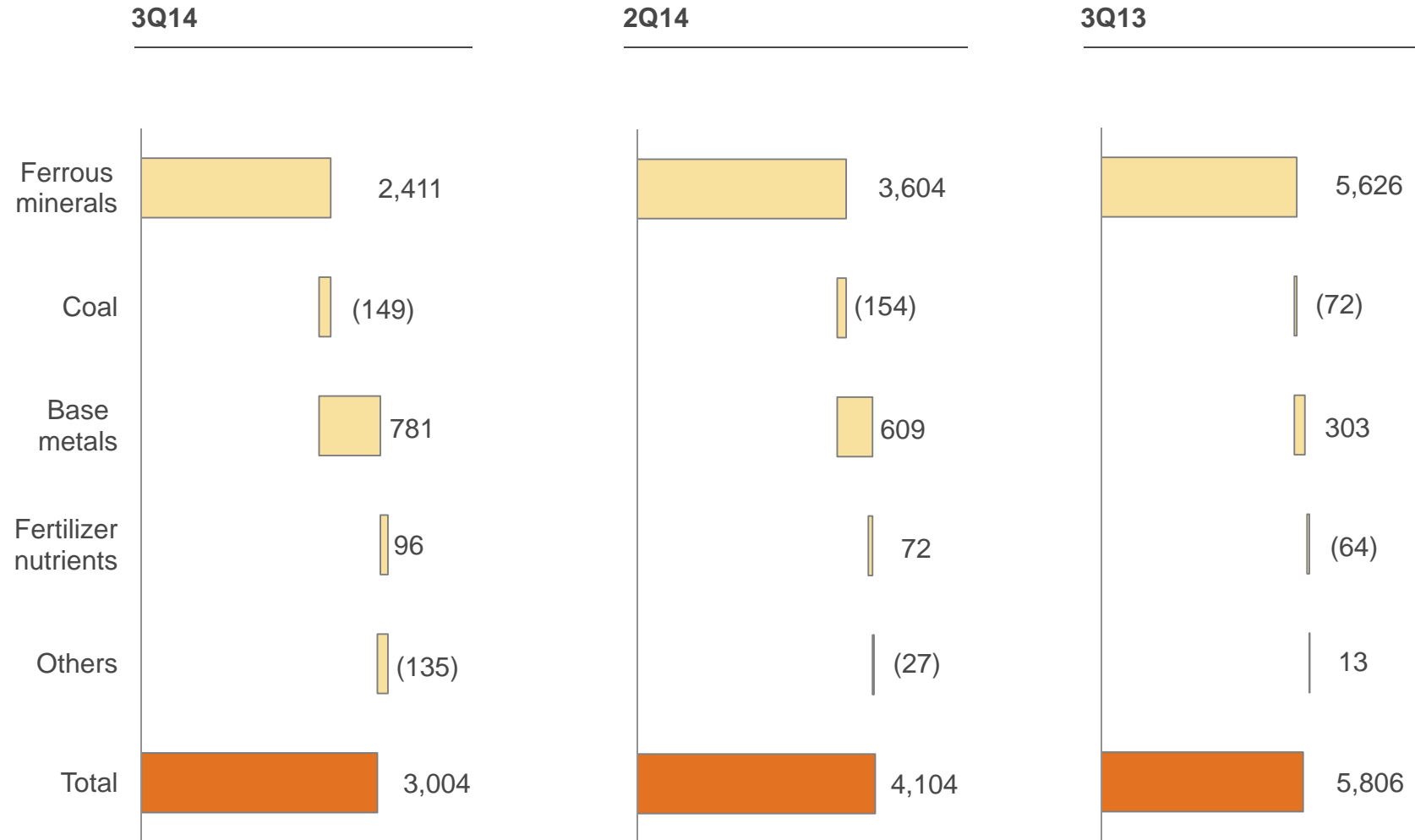
○ Adjusted EBITDA margin (%)



<sup>1</sup> Adjusted EBITDA excludes gains and/or losses on sale of assets and non-recurring expenses and includes dividends received from non-consolidated affiliates

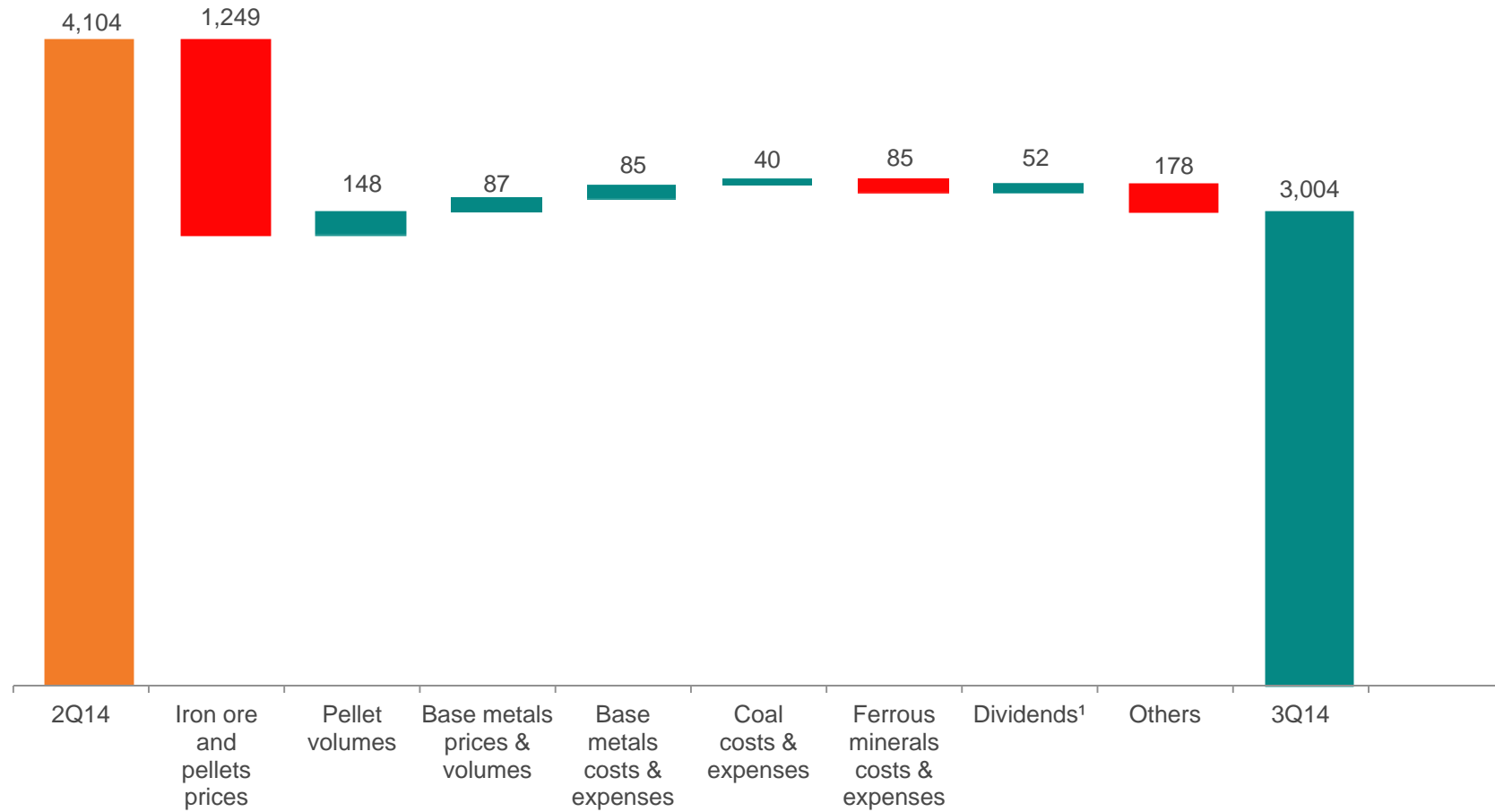
## EBITDA BY BUSINESS SEGMENT

US\$ million



## EBITDA COMPARISON – 2Q14 VS 3Q14

US\$ million

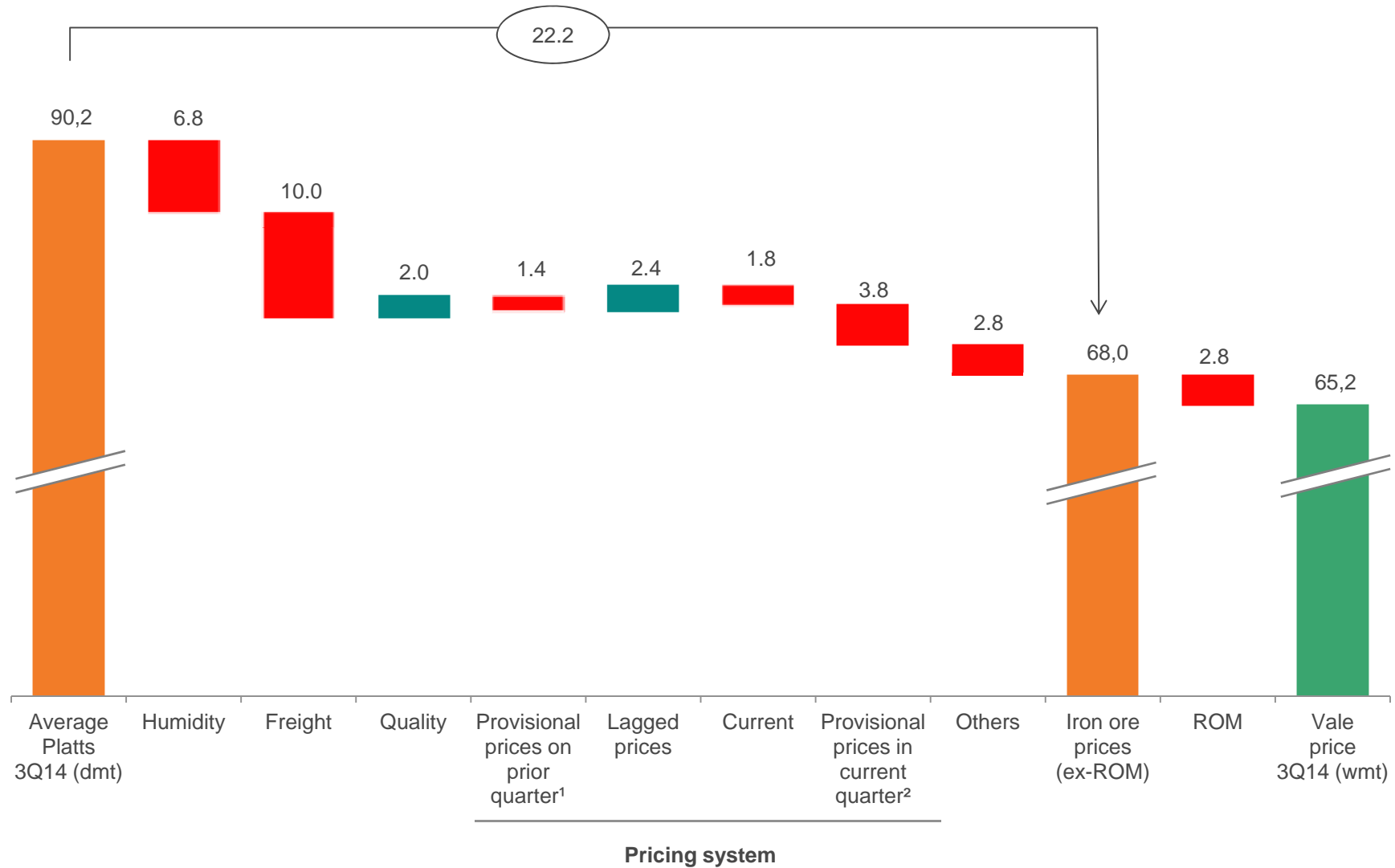


<sup>1</sup> Dividends received from non-consolidated affiliates.

# PRICE REALIZATION – IRON ORE

US\$/t, 3Q14

○ US\$/t



<sup>1</sup> Adjustment as a result of provisional prices booked in the previous quarter.

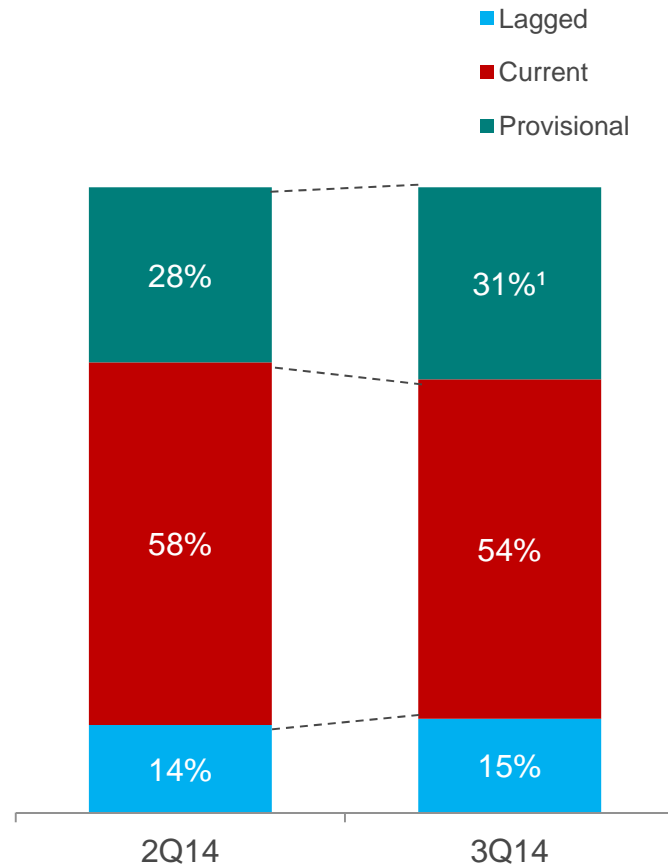
<sup>2</sup> Prices provisionally set at the end of the quarter at US\$ 77.8/t based on forward curves compared to US\$ 90.2/t from IODEX current quarter.



# IRON ORE PRICING SYSTEMS

## Pricing System Breakdown

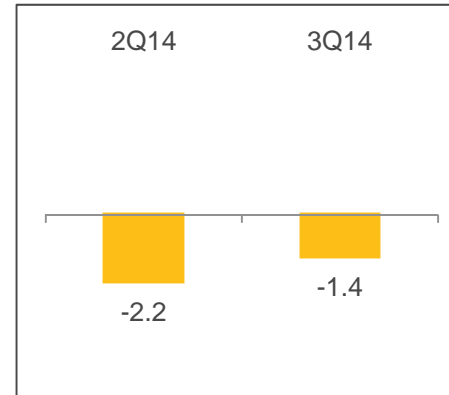
%



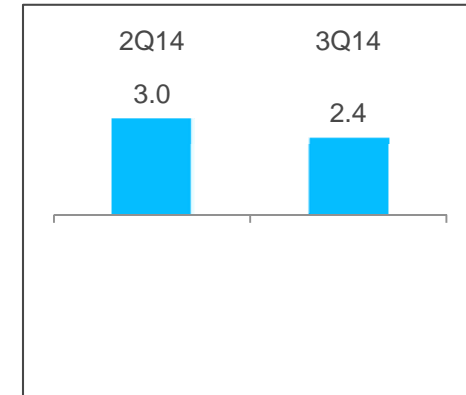
## Impact of Pricing Mechanisms

US\$ / t

Provisional - prior quarter



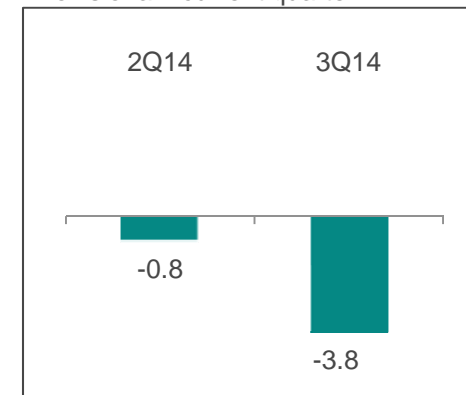
Lagged



Current

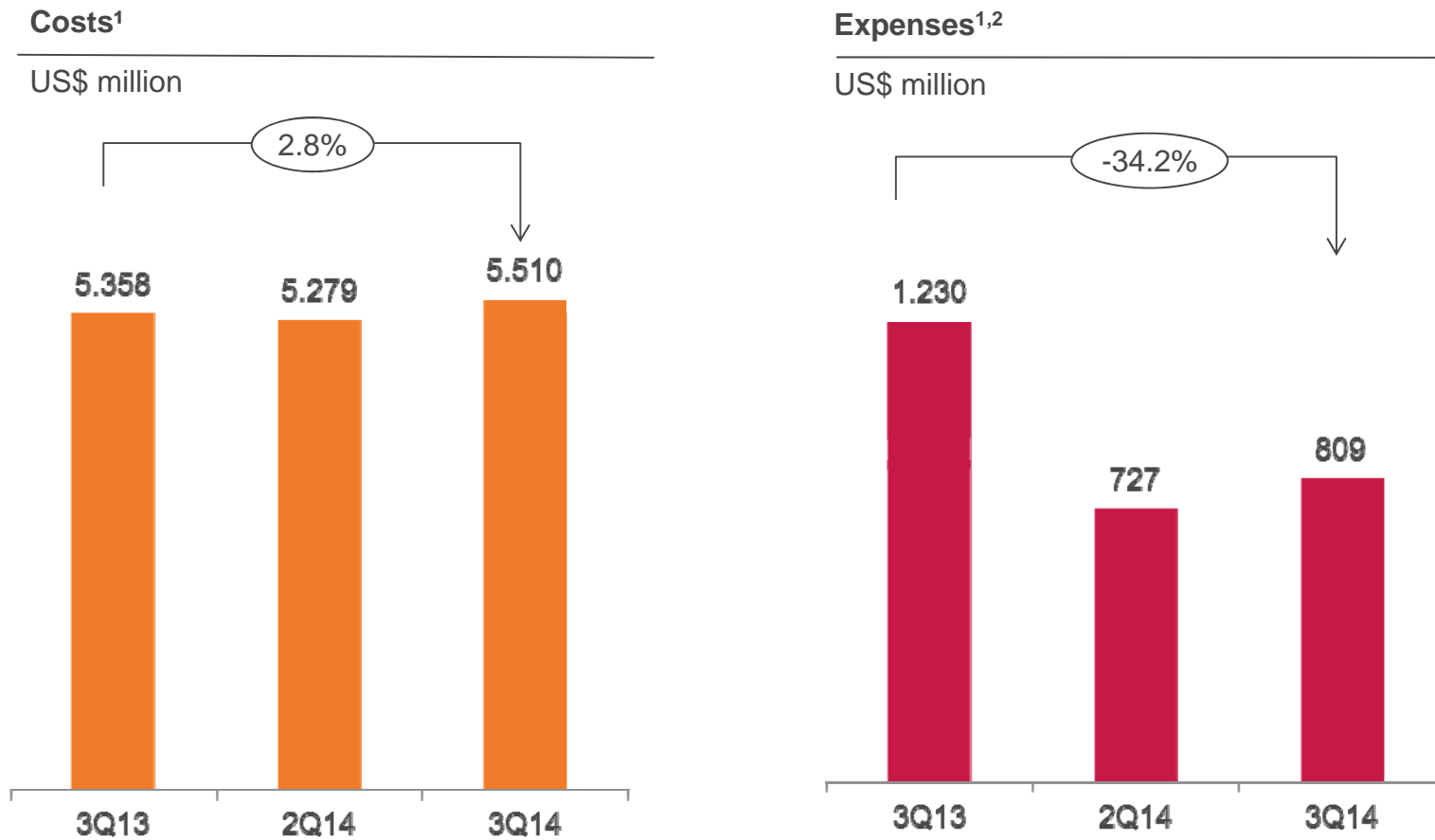


Provisional - current quarter



<sup>1</sup> Provisional prices were settled at US\$ 77.8 / t in the end of 3Q14.

## EVOLUTION OF COSTS AND EXPENSES<sup>1</sup>



<sup>1</sup> COGS less depreciation and amortization.

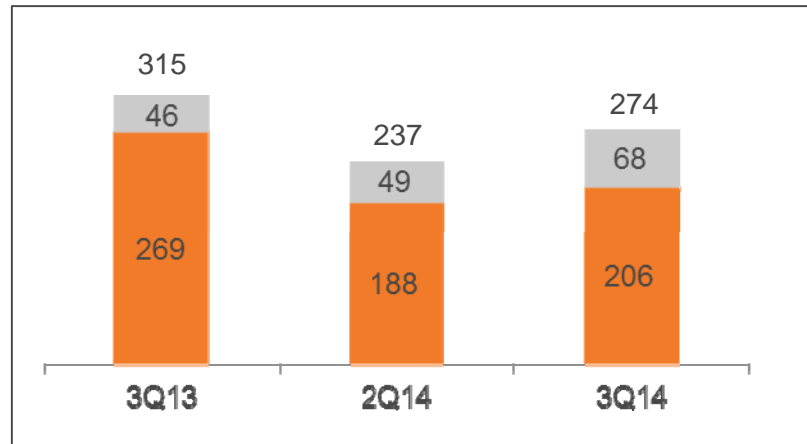
<sup>2</sup> Includes SG&A, R&D, Pre-operating and stoppage and Other expenses.

# EVOLUTION OF EXPENSES

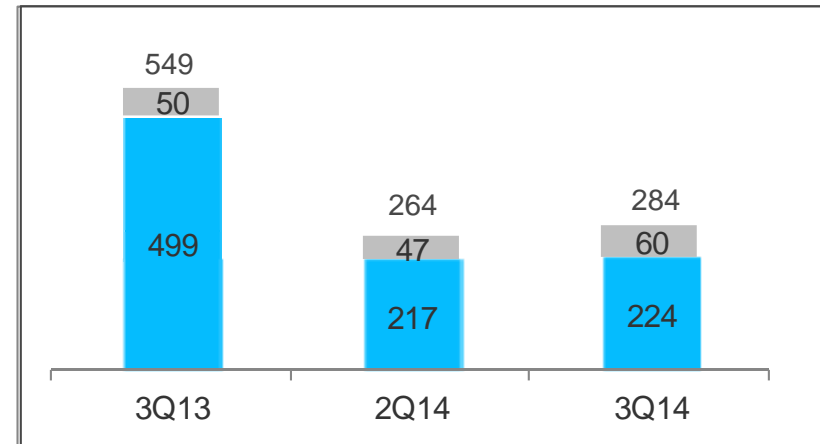
US\$ million

■ Depreciation

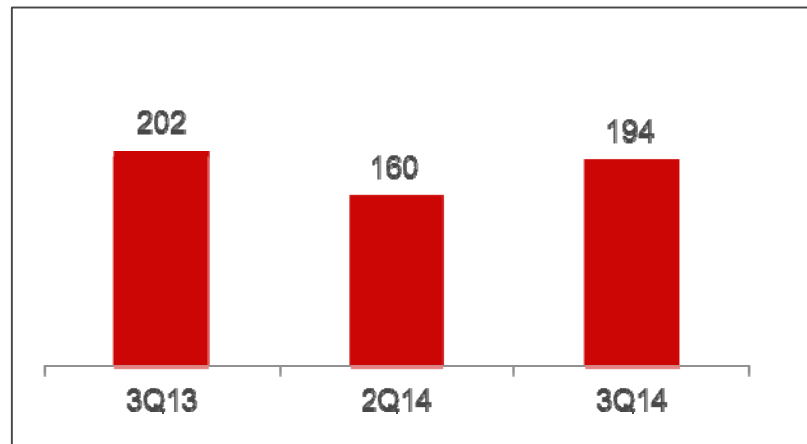
## SG&A



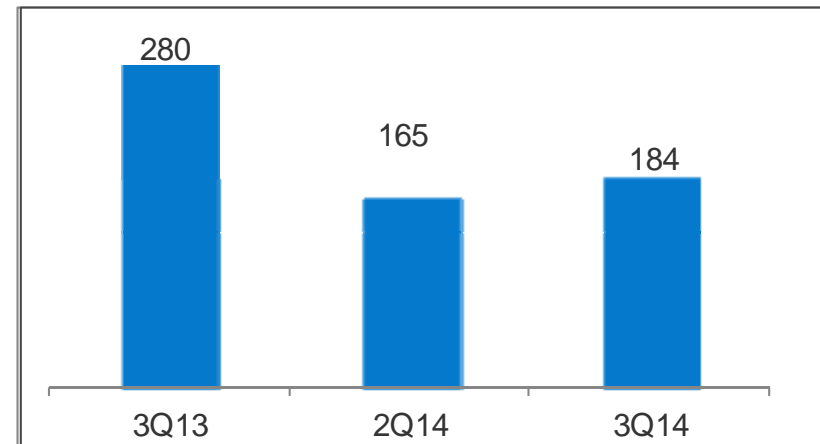
## Pre-operating and stoppage expenses



## R&D



## Other expenses<sup>1</sup>



<sup>1</sup> Includes contingencies, provisions, profit sharing.



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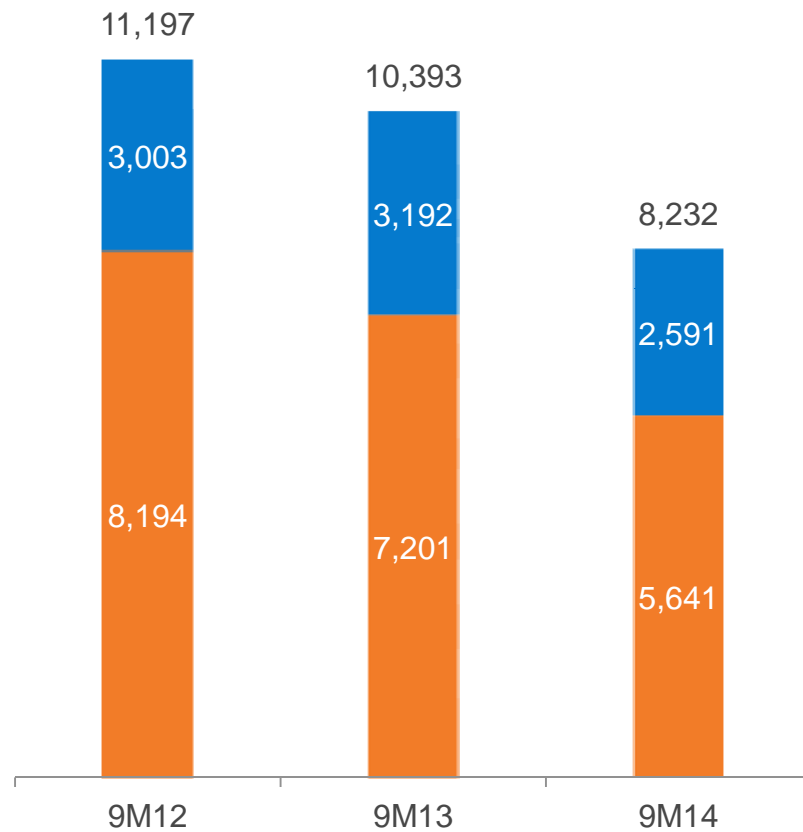
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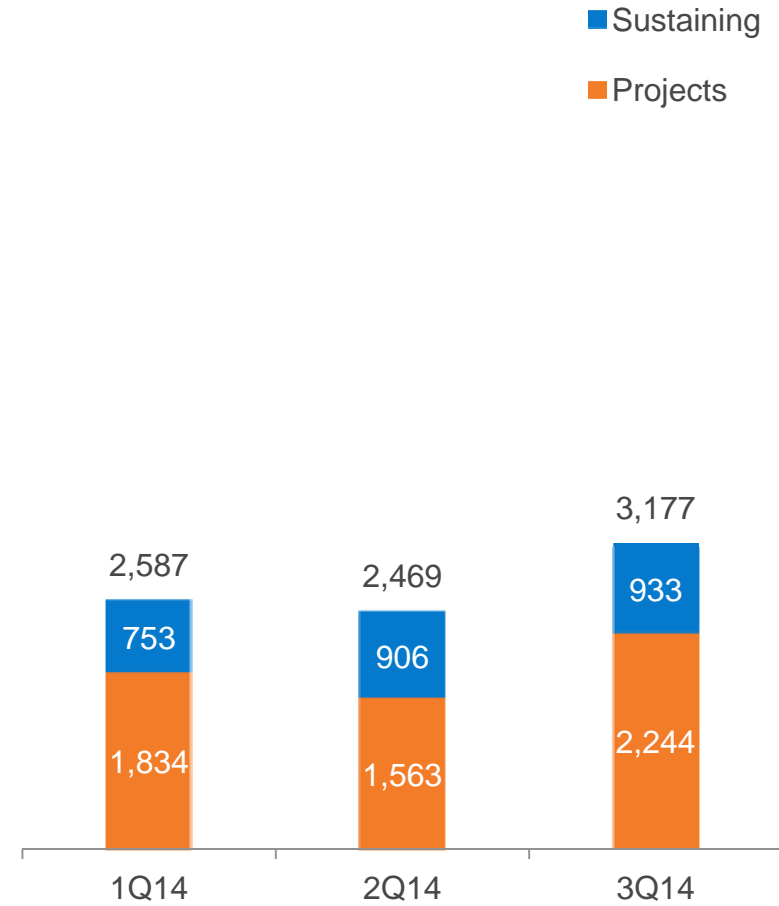
# CAPITAL EXPENDITURES EVOLUTION

US\$ billion

## Nine-month evolution



## Quarterly evolution



## PROJECT PROGRESS INDICATORS

3Q14

Project	Capacity Mtpy	Estimated start-up	Executed capex US\$ million		Estimated capex US\$ million		Physical progress
			2014	Total	2014	Total	
<b>Carajás Serra Sul S11D</b>	90	2H16	700	3,331	1,091	8,089	54%
<b>CLN S11D</b>	230 (80 <sup>1</sup> )	1H14 to 2H18	942	2,098	1,914	11,582	25%
<b>V. Grande Itabiritos</b>	10	2H14	360	1,652	376	1,910	94%
<b>Conceição Itabiritos II</b>	19 (0 <sup>1</sup> )	1H15	193	846	240	1,189	91%
<b>Cauê Itabiritos</b>	24 (4 <sup>1</sup> )	2H15	259	612	373	1,504	71%
<b>CSP<sup>2</sup></b>	1.5	2H15	182	1,055	197	2,570	68%
<b>Moatize II</b>	11	2H15	464	1,303	761	2,068	70%
<b>Nacala corridor</b>	18	2H14	1,219	2,560	1,812	4,444	74%

<sup>1</sup> Net additional capacity

<sup>2</sup> Relative to Vale's stake in the project

## PROJECTS DELIVERED IN 3Q14

### Teluk Rubiah



- Distribution center in Malaysia with capacity to receive and import 30 Mtpy of iron ore
- Already unloaded 8 Valemaxes and loaded 5 Capesizes
- Executed capex of US\$ 1.222 billion out of a originally estimated capex of US\$ 1.371 billion

### Serra Leste



- Dry processing plant in Carajás with nominal capacity of 6 Mtpy
- Produced 1.0 Mt in the quarter
- Executed capex of US\$ 446 million out of a originally estimated capex of US\$ 456 million

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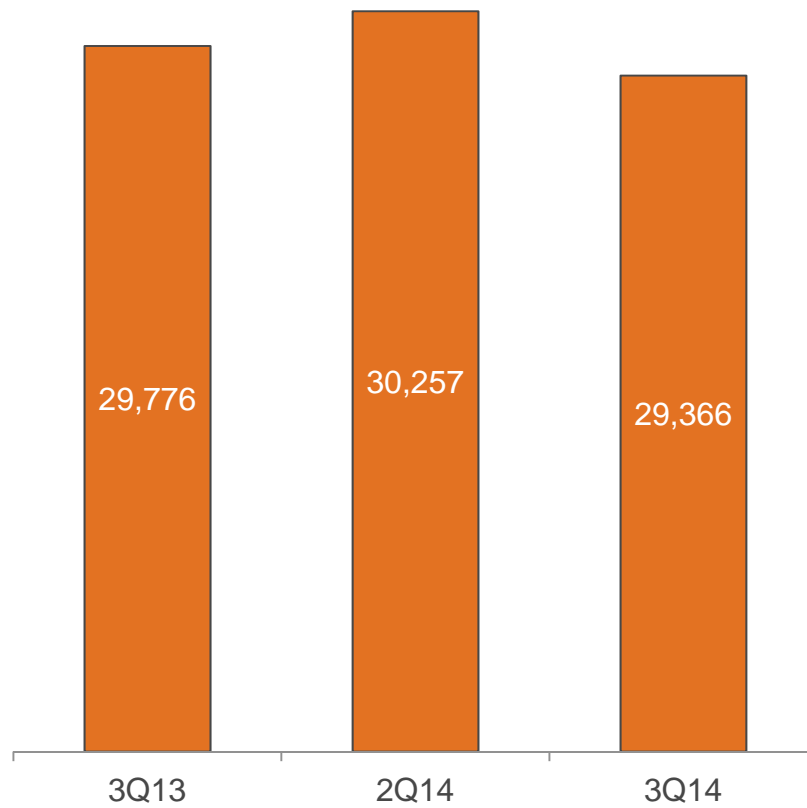
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- Cash flow generation

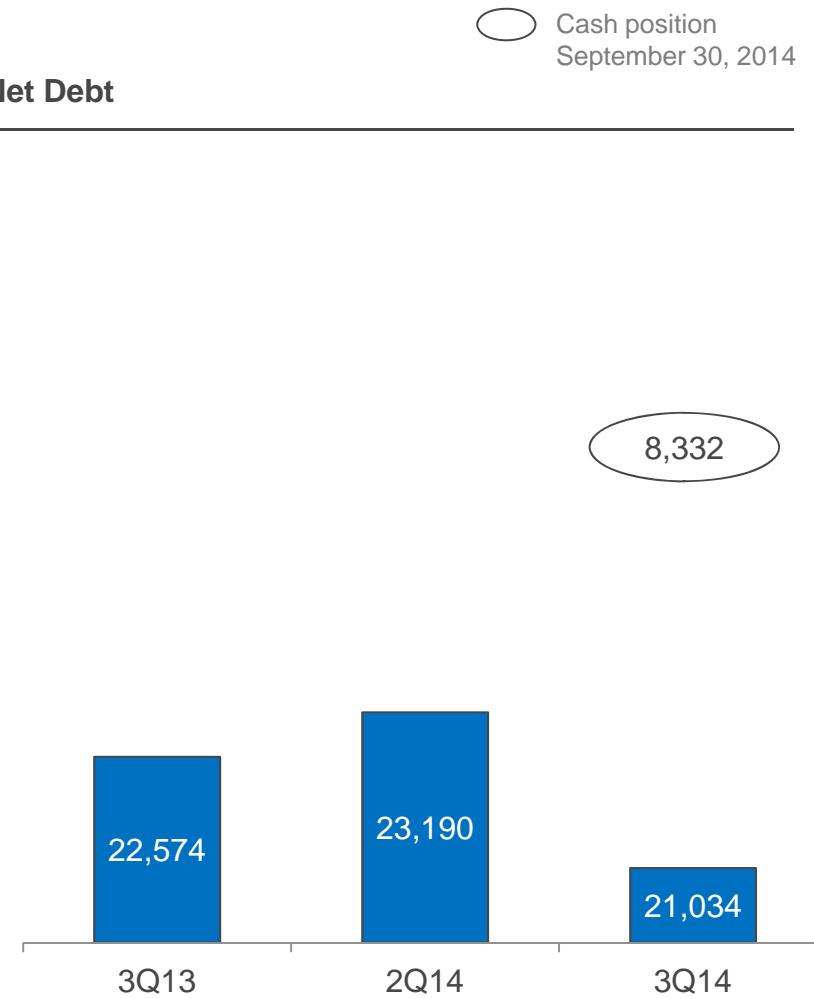
## DEBT POSITION (EX-REFIS)

US\$ million

### Gross Debt



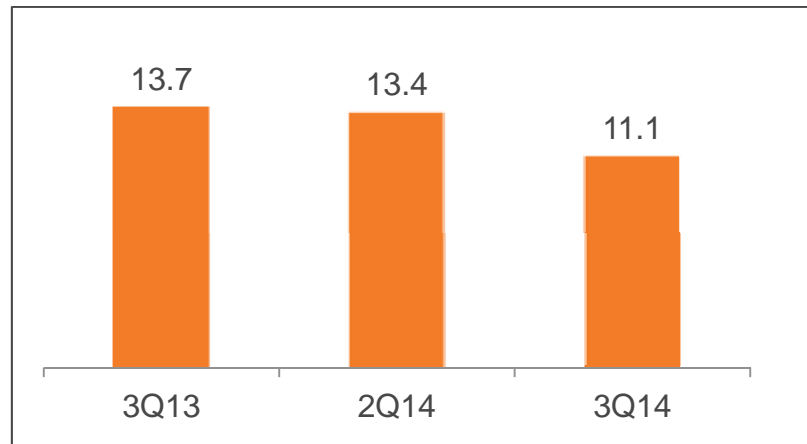
### Net Debt



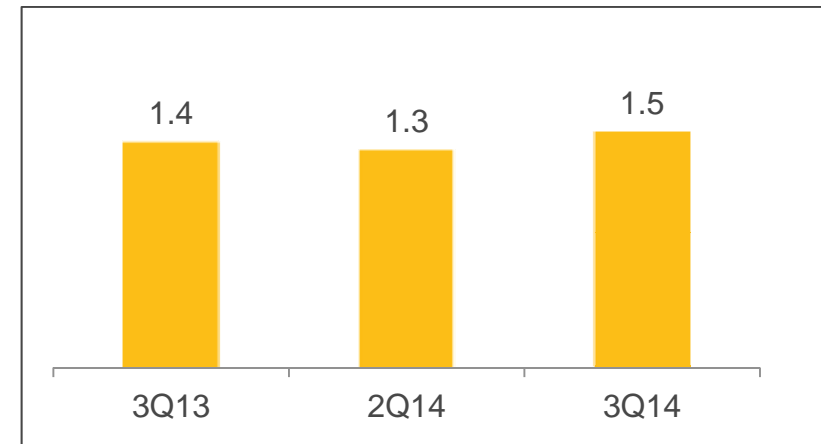
# FINANCIAL INDICATORS<sup>1</sup>

US\$ million

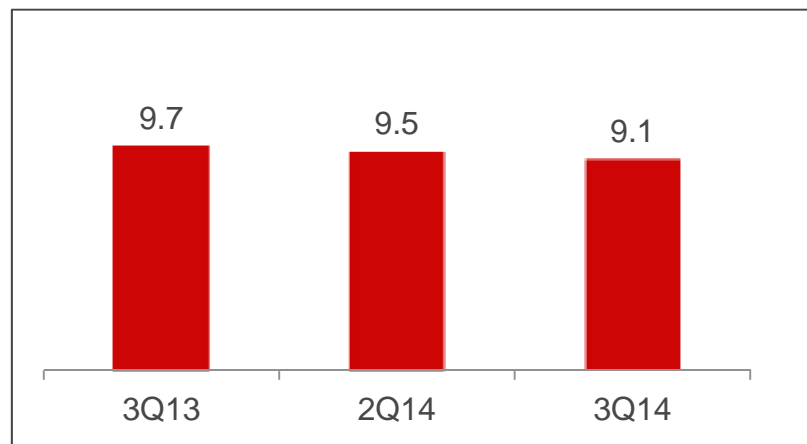
Interest coverage - Ratio



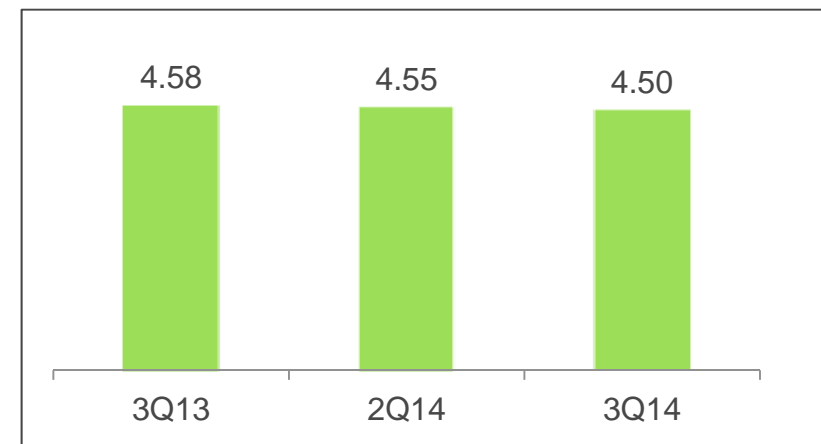
Net Debt / LTM<sup>2</sup> EBITDA - Ratio



Maturity - years



Cost of Debt - %



<sup>1</sup> Ex-Refis

<sup>2</sup> LTM – last twelve months

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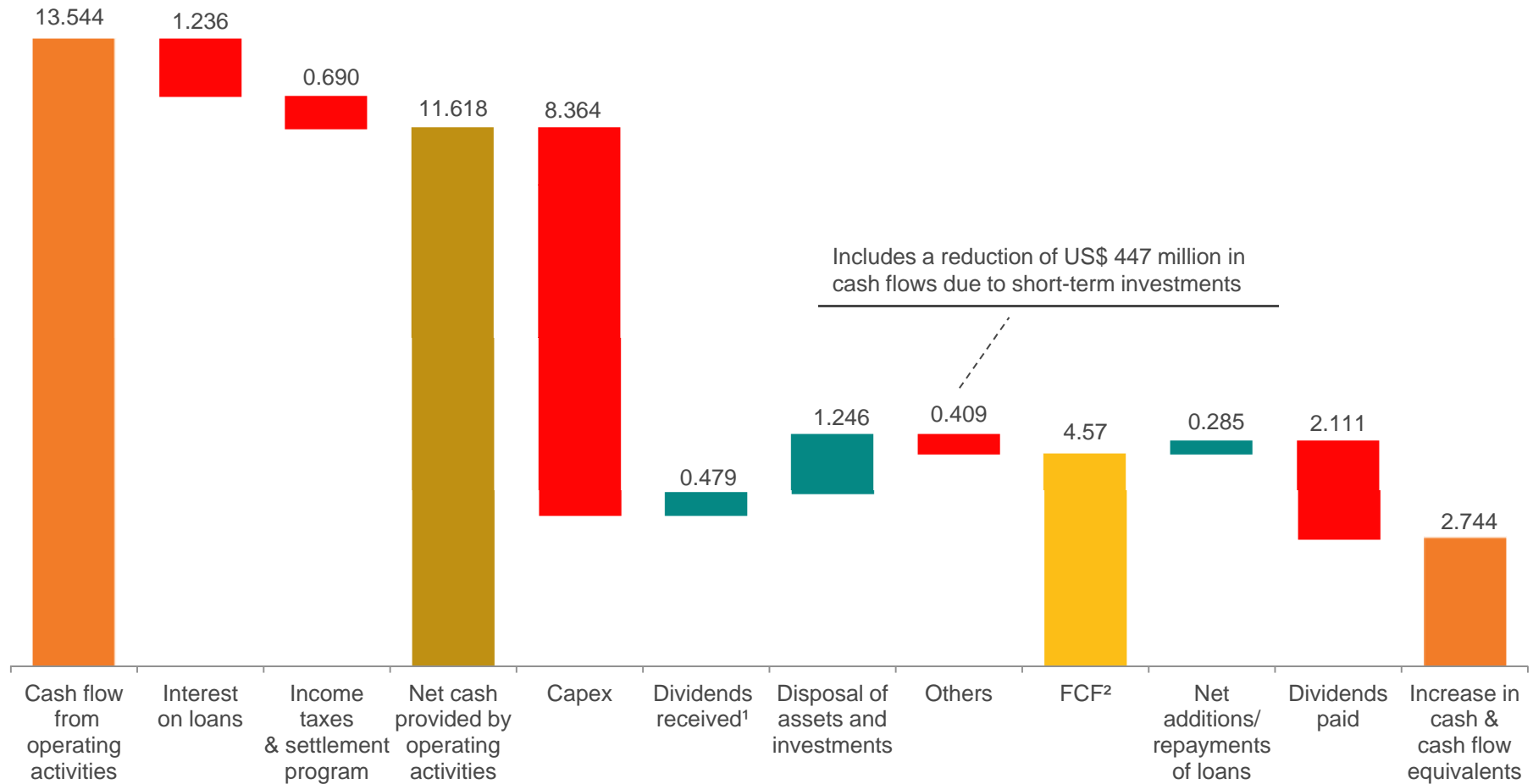
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## FREE CASH FLOW – 9M14

US\$ billion

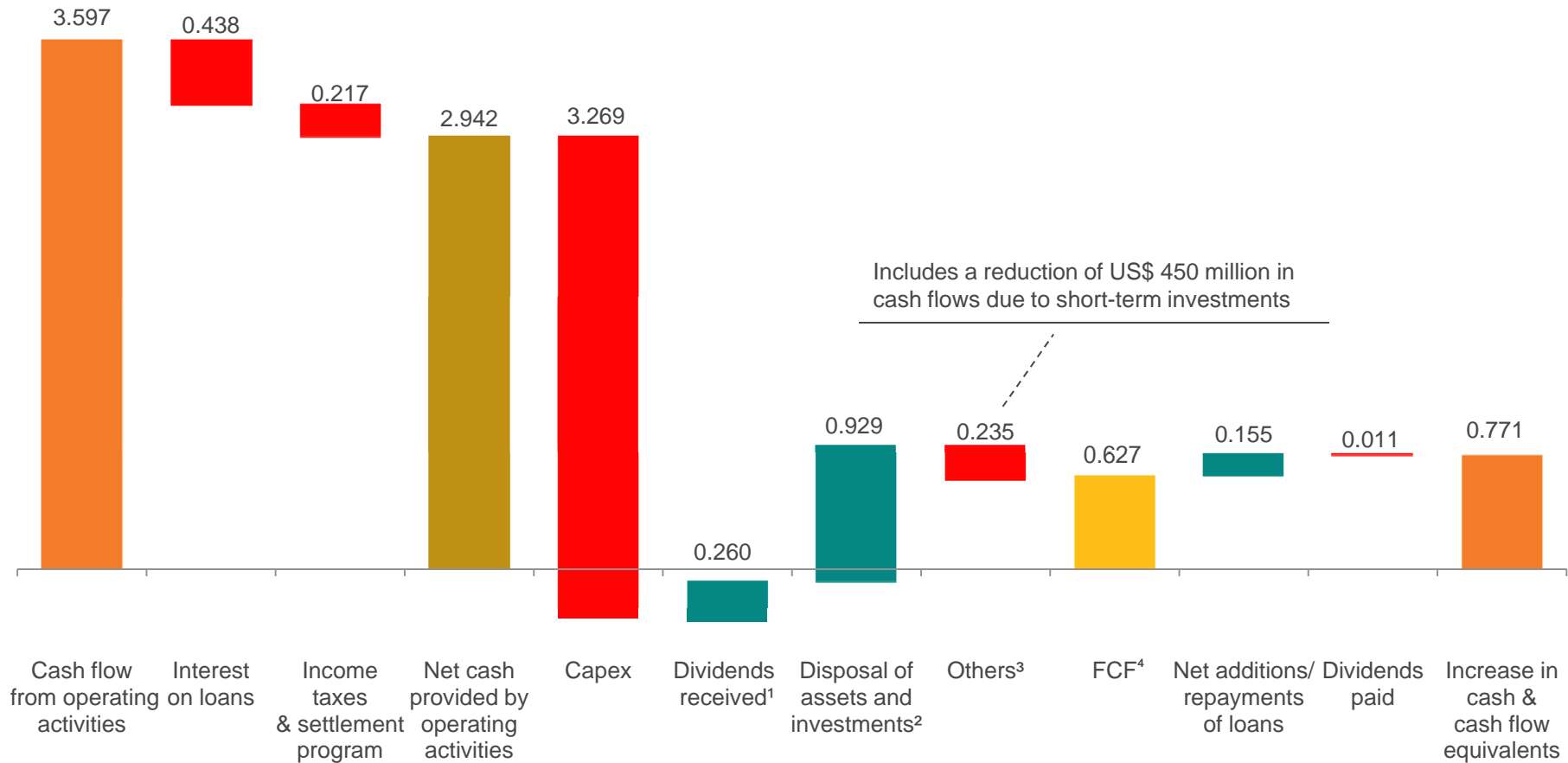


<sup>1</sup> Dividends and interest on capital received from associates and joint ventures

<sup>2</sup> Before debt additions/repayments and amortization and payment of dividends.

## FREE CASH FLOW – 3Q14

US\$ billion



<sup>1</sup> Dividends and interest on capital received from affiliates and joint ventures

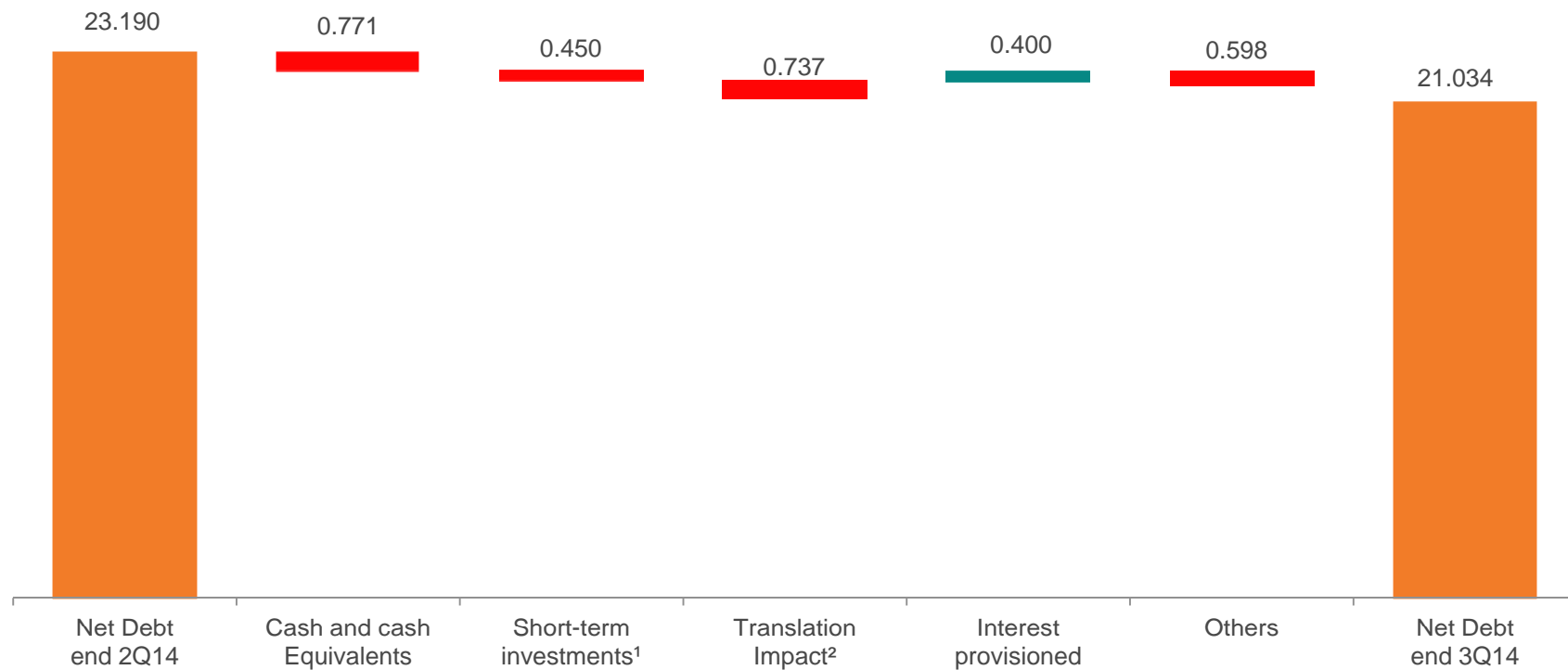
<sup>2</sup> Proceeds from the sale of VLI to Brookfield R\$ 2bi

<sup>3</sup> Includes short-term investments, guarantees and deposits, additions to investments and loans

<sup>4</sup> Before debt additions/repayments and amortization and payment of dividends.

## CHANGES IN VALE'S NET DEBT

US\$ billion, 2Q14 to 3Q14



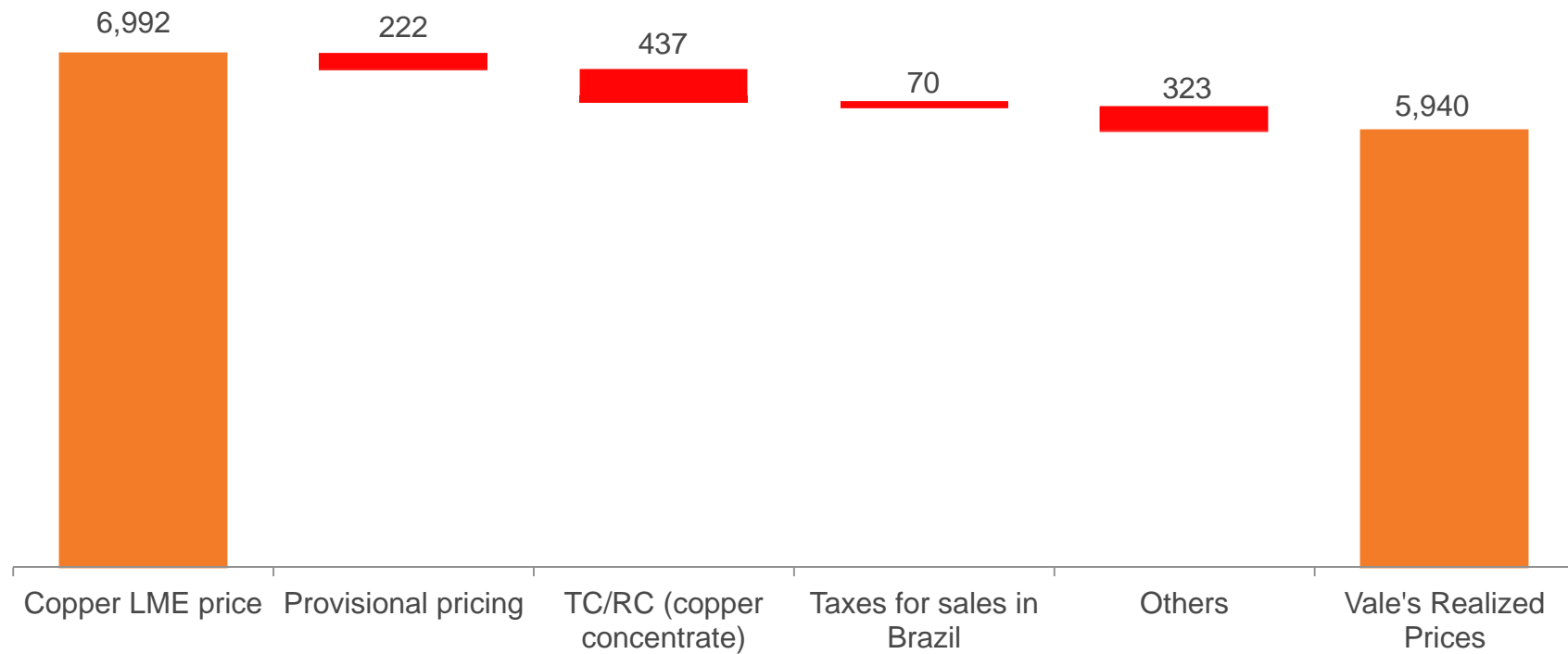
<sup>1</sup> Short-term investments which are not considered cash or cash equivalents

<sup>2</sup> Impact on debt and cash denominated in BRL. The impact of the translation of BRL denominated debt in is counterbalanced by US\$ 740 million resulting from the translation of the BRL denominated portion of the currency swap derivatives



## EXPLANATION OF VALE'S REALIZED COPPER PRICES

US\$/t



Note: Others include contractual differences between contained and payable copper as well as discounts due to deleterious elements in the copper concentrate.