

Vale S.A.
Form 6-K
October 24, 2018
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United States
Securities and Exchange Commission

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the

Securities Exchange Act of 1934

For the month of

October 2018

Vale S.A.

**Praia de Botafogo, 186
22250-145 Rio de Janeiro, RJ, Brazil**

(Address of principal executive office)

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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

(Check One) Form 20-F Form 40-F

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1))

(Check One) Yes No

(Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7))

(Check One) Yes No

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

(Check One) Yes No

(If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b). 82- .)

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Interim Financial Statements

September 30, 2018

IFRS in US\$

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Vale S.A. Interim Financial Statements

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Report of Independent Public Accounting Firm

To the Stockholders and Board of Directors of

Vale S.A.

Rio de Janeiro - RJ

Results of review of interim financial information

We have reviewed the accompanying condensed consolidated statement of financial position of Vale S.A. and subsidiaries (the Company) as of September 30, 2018, the related condensed consolidated statements of income, comprehensive income and cash flows for the three and nine-month periods ended Septemebr 30, 2018 and 2017, and the related condensed consolidated statement of changes in equity for the nine-month periods ended on September 30, 2018 and 2017 and the related notes (collectively, the consolidated interim financial information). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial information for it to be in conformity with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB).

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statement of financial position of the Company as of December 31, 2017, and the related consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended (not presented herein); and in our report dated February 27, 2018, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated statement of financial position as of December 31, 2017, is fairly stated, in all material respects, in

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relation to the consolidated statement of financial position from which it has been derived.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative (KPMG International), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (KPMG International), a Swiss entity.

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Basis for review results

This consolidated interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of consolidated interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

KPMG Auditores Independentes

Rio de Janeiro, Brazil

October 24, 2018

Table of Contents**Consolidated Income Statement**

In millions of United States dollars, except earnings per share data

	Notes	Three-month period ended September 30,		Nine-month period ended September 30,	
		2018	2017	2018	2017
Continuing operations					
Net operating revenue	3(c)	9,543	9,050	26,762	24,800
Cost of goods sold and services rendered	5(a)	(5,756)	(5,412)	(16,357)	(15,248)
Gross profit		3,787	3,638	10,405	9,552
Operating expenses					
Selling and administrative expenses	5(b)	(136)	(129)	(382)	(385)
Research and evaluation expenses		(87)	(91)	(248)	(236)
Pre operating and operational stoppage		(60)	(83)	(205)	(288)
Other operating expenses, net	5(c)	(61)	(151)	(295)	(316)
		(344)	(454)	(1,130)	(1,225)
Impairment and other results on non-current assets	4	(172)	(169)	(185)	123
Operating income		3,271	3,015	9,090	8,450
Financial income	6	111	152	310	332
Financial expenses	6	(367)	(758)	(1,795)	(2,513)
Other financial items	6	(1,007)	826	(3,457)	449
Equity results in associates and joint ventures	13	32	115	158	164
Impairment and other results in associates and joint ventures	17	(20)	(26)	(445)	(121)
Income before income taxes		2,020	3,324	3,861	6,761
Income taxes					
	7				
Current tax		77	(522)	(143)	(1,092)
Deferred tax		(724)	(457)	(561)	(561)
		(647)	(979)	(704)	(1,653)
Net income from continuing operations		1,373	2,345	3,157	5,108
Net income (loss) attributable to noncontrolling interests		(35)	7	(9)	53
Net income from continuing operations attributable to Vale's stockholders		1,408	2,338	3,166	5,055
Discontinued operations					
	12				
Loss from discontinued operations			(106)	(92)	(313)
Net income attributable to noncontrolling interests			2		6
Loss from discontinued operations attributable to Vale's stockholders			(108)	(92)	(319)
Net income		1,373	2,239	3,065	4,795

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Net income (loss) attributable to noncontrolling interests	(35)	9	(9)	59
Net income attributable to Vale's stockholders	1,408	2,230	3,074	4,736
Earnings per share attributable to Vale's stockholders:				
Basic and diluted earnings per share (restated):	8			
Common share (US\$)	0.27	0.43	0.59	0.91

The accompanying notes are an integral part of these interim financial statements.

Table of Contents**Consolidated Statement of Comprehensive Income**

In millions of United States dollars

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2018	2017	2018	2017
Net income	1,373	2,239	3,065	4,795
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to the income statement				
Translation adjustments	(1,521)	1,797	(8,069)	1,158
Retirement benefit obligations	34	45	32	(173)
Fair value adjustment to investment in equity securities	170		212	
Transfer to retained earnings			(16)	
Total of items that will not be reclassified subsequently to the income statement, net of tax	(1,317)	1,842	(7,841)	985
Items that may be reclassified subsequently to the income statement				
Translation adjustments	1,324	(684)	5,218	(66)
Net investments hedge	(81)	191	(646)	107
Transfer of realized results to net income			(78)	
Total of items that may be reclassified subsequently to the income statement, net of tax	1,243	(493)	4,494	41
Total comprehensive income (loss)	1,299	3,588	(282)	5,821
Comprehensive income (loss) attributable to noncontrolling interests	(80)	37	(150)	78
Comprehensive income (loss) attributable to Vale's stockholders	1,379	3,551	(132)	5,743
From continuing operations	1,379	3,537	(124)	5,758
From discontinued operations		14	(8)	(15)
	1,379	3,551	(132)	5,743

Items above are stated net of tax and the related taxes are disclosed in note 7.

The accompanying notes are an integral part of these interim financial statements.

Table of Contents**Consolidated Statement of Cash Flows**

In millions of United States dollars

	Three-month period ended September 30,		Nine-month period ended September 30,	
	2018	2017	2018	2017
Cash flow from operating activities:				
Income before income taxes from continuing operations	2,020	3,324	3,861	6,761
Continuing operations adjustments for:				
Equity results in associates and joint ventures	(32)	(115)	(158)	(164)
Impairment and other results on non-current assets and associates and joint ventures	192	195	630	(2)
Depreciation, amortization and depletion	849	920	2,583	2,732
Financial results, net	1,263	(220)	4,942	1,732
Changes in assets and liabilities:				
Accounts receivable	(149)	(936)	69	1,104
Inventories	(200)	(52)	(406)	(496)
Suppliers and contractors	336	37	(41)	363
Provision - Payroll, related charges and other remunerations	200	205	(166)	162
Proceeds from cobalt stream transaction			690	
Other assets and liabilities, net	10	(235)	(535)	(928)
	4,489	3,123	11,469	11,264
Interest on loans and borrowings paid	(248)	(407)	(903)	(1,334)
Derivatives paid, net	(22)	(113)	(35)	(223)
Interest on participative stockholders' debentures paid			(72)	(70)
Income taxes	(220)	(84)	(506)	(489)
Income taxes - Settlement program	(104)	(124)	(342)	(365)
Net cash provided by operating activities from continuing operations	3,895	2,395	9,611	8,783
Cash flow from investing activities:				
Financial investments invested	(20)	(34)	(44)	(53)
Loans and advances - net receipts (payments) (note 25)	(87)	(101)	2,454	(332)
Additions to property, plant and equipment, intangibles and investments	(692)	(913)	(2,310)	(2,927)
Proceeds from disposal of assets and investments (note 12 and 13)	116	198	1,476	721
Dividends and interest on capital received from associates and joint ventures	7	21	153	103
Other investing activities	(25)	4	(27)	(30)
Net cash provided by (used in) investing activities from continuing operations	(701)	(825)	1,702	(2,518)
Cash flow from financing activities:				
Loans and borrowings				
Additions	211	351	976	1,801
Repayments	(1,169)	(2,818)	(6,045)	(5,788)
Transactions with stockholders:				

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Dividends and interest on capital paid to stockholders	(1,876)		(3,313)	(1,454)
Dividends and interest on capital paid to noncontrolling interests	(82)	(116)	(179)	(124)
Share buyback program (note 24)	(489)		(489)	
Transactions with noncontrolling stockholders			(17)	(98)
Net cash used in financing activities from continuing operations	(3,405)	(2,583)	(9,067)	(5,663)
Net cash used in discontinued operations (note 12)		(18)	(46)	(171)
Increase (decrease) in cash and cash equivalents	(210)	(1,031)	2,201	431
Cash and cash equivalents in the beginning of the period	6,369	5,720	4,328	4,262
Effect of exchange rate changes on cash and cash equivalents	(59)	28	(312)	38
Effects of disposals of subsidiaries and merger, net of cash and cash equivalents		2	(117)	(12)
Cash and cash equivalents at end of the period	6,100	4,719	6,100	4,719
Non-cash transactions:				
Additions to property, plant and equipment - capitalized loans and borrowing costs	50	111	154	297

The accompanying notes are an integral part of these interim financial statements.

Table of Contents**Consolidated Statement of Financial Position**

In millions of United States dollars

	Notes	September 30, 2018	December 31, 2017
Assets			
Current assets			
Cash and cash equivalents	16	6,100	4,328
Accounts receivable	9	2,450	2,600
Other financial assets	11	413	2,022
Inventories	10	4,056	3,926
Prepaid income taxes		645	781
Recoverable taxes		949	1,172
Others		518	538
		15,131	