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Vale approves the acquisition of a stake in Belo Monte

Vale informs that the Board of Directors has approved the acquisition of up to 9% of Norte Energy S.A. (NESA), which is currently held by Gaia Energy e Participações S.A. (Gaia), subject to certain conditions. NESA was established with the sole purpose of implementing, operating and exploring of the Belo Monte hydroelectric plant.

Vale will reimburse Gaia for their capital invested into NESA and will assume future capital investment commitments related to the acquired stake, which are estimated at R\$ 2.3 billion, equivalent to US\$ 1.4 billion, converted at the BRL/USD average exchange rate for the last 30 days.

Vale is a major consumer of electricity and invests in power generation assets according to its consumption needs, seeking to permanently reduce operational costs and to minimize price and supply risks. To this effect, Vale invested in power generation in Brazil and other countries for the last eleven years. Likewise, Vale is a shareholder of nine hydroelectric plants in Brazil and owns three plants in Indonesia. In addition, the Estreito plant, in Brazil, recently started generating power and the Karebbe plant, in Indonesia, is in the final phase of construction and is expected to start production this year. We also own four small hydroelectric plants in Brazil and five others in Canada. As a result, 45% of Vale's global energy consumption is satisfied by its own power generation.

As a consequence of significant mining investments in Brazil – especially in iron ore, pellets, nickel, copper and fertilizers – our electricity consumption will expand considerably in the next few years, which will increase the imbalance between our demand and supply through self-generation. The acquisition of a stake in the Belo Monte project will increase the percentage of our energy consumption that is met by our own power generation and will reduce the marginal cost of energy for Vale, as the price of energy to be bought from NESA will be lower than the alternative cost, which is given by the market price plus charges. In this way, Vale's expected return from the Belo Monte investment is higher than our capital cost and in line with the estimate made when Vale participated in the auction process. In addition, the investment contributes to mitigate the risks associated to energy supply for our operations in Brazil.

Roger Agnelli, Vale's Chief Executive Officer has commented that "the acquisition of a stake in the Belo Monte project is consistent with our growth strategy, contributes to Vale's energy security and creates significant value for our shareholders as a self-producer".

More information



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