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CVRD acquires 45.5% of Valesul

Companhia Vale do Rio Doce (CVRD) informs that it acquired 45.5% of Valesul Alumínio S.A. (Valesul), an aluminum smelter located in the state of Rio de Janeiro, Brazil, for US\$ 27.5 million.

Pursuant to Valesul's shareholders' agreement, CVRD exercised its right of first refusal and bought the stake of its partner, BHP Billiton Metais. As a result of this acquisition, it owns now 100% of Valesul. Hence, CVRD will start consolidating Valesul under US GAAP (general accepted accounting principles in the United States of America) financial reporting in the third quarter this year.

Valesul has a nominal capacity of 95,000 tons per year of primary aluminum and aluminum alloys in the form of ingots and billets. The company also recycles aluminum scrap for clients, with a nominal capacity of 25,000 tons per year.

In the first quarter of 2006, Valesul had net revenues of US\$ 58 million and EBITDA (earnings before interest, taxes, depreciation and amortization) of US\$ 8 million. Valesul had gross debt equal to zero as of March 31, 2006.

Valesul supplies 40% of its annual power consumption, which is generated by four wholly owned small hydroelectric power plants and a take related to its stake in Machadinho hydroelectric power plant, located in the Pellets river, in the state of Santa Catarina, Brazil.

The acquisition of Valesul is aligned with CVRD's strategy for the aluminum business of focusing on organic growth in the upstream of the value chain and strategic partnership in smelters.

More information



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