Vale S.A.
Form 6-K
April 25, 2013

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

April 2013

Vale S.A.

Avenida Graça Aranha, No. 26
20030-900 Rio de Janeiro, RJ, Brazil

(Address of principal executive office)

(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 x Form 40-F o

(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 o No x

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(Check One) Yes o No x

(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.)

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(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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CONTINUING THE TURNAROUND

Costs and expenses as a major source of improvement

VALE S PERFORMANCE IN 1Q13

Rio de Janeiro, April 24, 2013 Vale S.A. (Vale) had a solid financial performance in the first quarter of 2013 (1Q13), showing sequential increases in operating income, operating margin, earnings and cash generation.

Operating income, at US$ 4.2 billion, was 41.4% higher than in 4Q12, while operating margin surged to 38.0%, 1,400 basis points higher. Underlying earnings were US$ 3.2 billion, US$ 1.2 billion above last quarter.

Cash generation, measured by adjusted EBITDA, was 18.1% higher, reaching US$ 5.2 billion. It was second only to the figure for a 1Q in 2011, when iron ore, nickel and copper prices peaked on the back of the sharp recovery from the Great Recession of 2008-2009. It is worthwhile to notice that out of the US$ 1.9 billion cash received in 1Q13 as part of the gold streaming transaction which has unlocked substantial value hidden in our base metals assets only US$ 244 million was accrued as adjusted EBITDA due to accounting rules.

The quality of our financial performance is highlighted by the fact that cost and expenses were an important source of improvement, for the first time in many years. Operating costs as well as SG&A and other expenses were meaningfully reduced as an outcome of several initiatives being implemented. It is not an one-off event and we remain strongly committed to pursue further significant decreases in operating costs, SG&A and other expenses.

Despite the progress achieved, there is still a long road towards the transformation of the cost structure to guarantee shareholder value creation through the cycles, mitigating the influence of price gyrations.

The base metals operations are being revamped. Operating margins and cash generation have improved and the three projects in ramp-up VNC, Salobo and Lubambe are running as planned. The ramp-up of Salobo and VNC is reflected on the significant reduction of pre-operating and idle capacity expenses. Moreover, the first review of VNC in 2013 leaves us confident in its feasibility.

As previously reported, 1Q13 was marked by a strong operational performance of the base metals assets, with copper and cobalt posting record production and nickel presenting its best first quarter since 2009.

Even in face of an output fall, we managed to maintain shipments of iron ore slightly above the level of 1Q12, employing our distribution network to use inventories to continue to maximize our exposure to the price recovery.

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Realized iron ore prices have risen, but the increase was smoothed due to materially lower prices on contracts priced referencing price indices average for the past quarter with a one month lag.

Capital and R&D expenditures were US$ 4.0 billion, 8.4% higher than 1Q12 and in line with the US$ 16.3 billion budgeted for this year. R&D expenditures continued to drop, reflecting discipline in capital allocation, a key strategic priority.

A new milestone in the expansion of Carajás iron ore operations was attained with the environmental license to operate the port facilities of the CLN 150, which was structured to expand logistics capacity to 150 Mtpy of iron ore.

On April 30, the first tranche of the minimum dividend announced in January will be paid. This amounts to US$ 2.25 billion, equivalent to US$ 0.4366 per share.

Financial highlights in 1Q13:

- Operating revenues totaled US$ 11.2 billion, decreasing 10.7% over 4Q12. The reduction was primarily due to the effect of lower volumes.

- Income from existing operations, as measured by adjusted EBIT(a) (earnings before interest and taxes), was US$ 4.2 billion, rising from an adjusted EBIT - excluding the effects of non-cash non-recurring items - of US$ 2.9 billion in 4Q12 and US$ 3.9 billion in 1Q12.

- Operating income margin of 38.0%, as measured by adjusted EBIT margin.

- Underlying earnings in 1Q13 were US$ 3.2 billion, equal to US$ 0.62 per share on a fully diluted basis, against US$ 2.0 billion in 4Q12, net of the accounting effects of non-cash non-recurring items and US$ 3.6 billion in 1Q12. Higher tax payments and lower monetary and exchange variations are the main reasons for the yearly decrease in underlying earnings, more than offsetting the higher adjusted EBIT.

- Cash generation, as measured by adjusted EBITDA(b) (earnings before interest, taxes, depreciation and amortization) excluding the effects of non-cash non-recurring items - of US$ 5.2 billion, 18.2% above 4Q12.

- Capex excluding acquisitions in 1Q13 equaled to US$ 4.0 billion, 8.4% higher than 1Q12.

- Investments in corporate social responsibility reached US$ 210 million, US$ 163 million of which was destined to environmental protection and conservation and US$ 47 million to social projects.

- Maintenance of a strong balance sheet, with low debt leverage, measured by total debt/LTM adjusted EBITDA, equal to 1.6x, long average maturity, 10.0 years, and low average cost, 4.6% per year as of March 31, 2013.

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Table 1 - SELECTED FINANCIAL INDICATORS

US$ million	1Q13 (A)	4Q12 (B)	1Q12 (C)	% (A/B)	% (A/C)
Operating revenues	11,201	12,537	11,837	(10.7)	(5.4)
Adjusted EBIT(1)	4,156	2,940	3,893	41.4	6.8
Adjusted EBIT margin(1) (%)	38.0	24.0	33.7		
Adjusted EBITDA(1)	5,202	4,403	4,966	18.2	4.8
Underlying earnings	3,199	1,952	3,559	63.9	(10.1)
Underlying earnings per share on a fully diluted basis (US$ / share)	0.62	0.38	0.69	63.9	(9.9)
Total debt/ adjusted LTM EBITDA(1) (x)	1.6	1.6	0.8	(2.4)	94.0
ROIC (%)	21.4	21.4	33.6		
Capital and R&D expenditures (excluding acquisitions)	3,987	5,476	3,677	(27.2)	8.4

(1) Excluding non-recurring and non-cash items

Except where otherwise indicated the operational and financial information in this release is based on the consolidated figures in accordance with IFRS and, with the exception of information on investments and behavior of markets, quarterly financial statements are reviewed by the company s independent auditors. The main subsidiaries that are consolidated are the following: Compañia Minera Miski Mayo S.A.C., Ferrovia Centro-Atlântica S.A.(FCA), Ferrovia Norte Sul S.A, Mineração Corumbaense Reunida S.A., PT Vale Indonesia Tbk (formerly International Nickel Indonesia Tbk), Sociedad Contractual Minera Tres Valles, Vale Australia Pty Ltd., Vale International Holdings GMBH, Vale Canada Limited (formely Vale Inco Limited), Vale Fertilizantes S.A., Vale International S.A., Vale Manganês S.A., Vale Mina do Azul S.A., Vale Moçambique S.A., Vale Nouvelle-Calédonie SAS, Vale Oman Pelletizing Company LLC and Vale Shipping Holding PTE Ltd..

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OPERATING REVENUES

Operating revenues totaled US$ 11.201 billion, decreasing 10.7% over 4Q12. The reduction was primarily due to seasonally lower shipments (US$ 2.259 billion), driven mostly by iron ore (US$ 1.913 billion), pellets (US$ 171 million) and fertilizers (US$ 146 million). Higher prices contributed to offset part of this effect , with US$ 923 million, of which iron ore contributed with US$ 692 million and pellets with US$233 million.

As disclosed in the 4Q12 financial performance report, operating revenues are no longer net of maritime freight costs, and data for past quarters were adjusted to allow for a same basis comparison.

The gold streaming transaction, announced in February 2013, in which we sold a portion of future flows of payable gold, produced as a by-product at Sudbury and Salobo mines generated a cash inflow of US$ 1.9 billion. Although it was an effective contribution to our cash flow, pursuant to the accounting rules it was not recorded as revenue in 1Q13.

For accounting purposes, the cash inflow was classified into two components. The first is accounted as the sale of mining rights for US$ 581million, of which US$ 337 million was deducted from the book value of the mining rights and US$ 244 million reduced other operational expenses . The remaining US$ 1.319 billion is accounted as deferred revenue to be accrued in our income statement when the actual gold delivery takes place.

The share of bulk materials iron ore, pellets, manganese ore, ferroalloys, metallurgical and thermal coal in operating revenues fell to 71.6% from 73.1% in 4Q12. Given the good operational performance, base metals were responsible for a larger share of total revenues, 16.4% against 14.4% in 4Q12. Fertilizers lost some ground, declining to 6.9% of operating revenues from 7.4% in 4Q12. Logistics services contributed with 3.2% of total revenues and other products 1.9%.

Shipments to Asia represented 51.3% of total revenues in 1Q13, dropping from the 58.6% figure of 4Q12, but only slightly below the 53.3% in 1Q12. The share of the Americas increased to 26.1% from 22.3% in 4Q12. Europe returned to normal levels with 18.5% against 15.3% in the previous quarter, due to the increase of sales to France and Italy. Revenues from shipments to the Middle East were 3.1% and the rest of the world contributed with 1.1%.

On a country basis, the share of sales to China amounted to 39.7% of total revenues in 1Q13, Brazil 18.7%, Germany 6.1%, Japan 4.4%, South Korea 3.2% and the United States, 2.8%.

Table 2 - OPERATING REVENUE BY BUSINESS AREAS

US$ million	1Q13	%	4Q12	%	1Q12	%
Bulk materials	**8,018**	**71.6**	**9,160**	**73.1**	**8,738**	**73.8**
Ferrous minerals	**7,807**	**69.7**	**8,958**	**71.5**	**8,349**	**70.5**
Iron ore	6,219	55.5	7,441	59.3	6,470	54.7
Pellets	1,458	13.0	1,396	11.1	1,702	14.4
Manganese ore	64	0.6	72	0.6	42	0.4
Ferroalloys	66	0.6	50	0.4	124	1.0
Pellet plant operation services					10	0.1
Coal	**211**	**1.9**	**202**	**1.6**	**389**	