

Vale SA A XVALP ★^Q 05 Jan 2018 02:00 UTC

Last Close
05 Jan 2018
8.59

Fair Value^Q
05 Jan 2018 02:00 UTC
4.37

Market Cap
05 Jan 2018
44,645.9 Mil

Sector
 Basic Materials

Industry
Industrial Metals & Minerals **Brazil**

Country of Domicile

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Company Profile

Vale SA is a metals and mining company. It produces and supplies iron ore, iron ore pellets, nickel, manganese ore, ferroalloys, copper, coal, phosphates, potash, cobalt and others.

Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	None	5	10	4
Valuation	Overvalued	1	1	1
Quantitative Uncertainty	Medium	96	100	96
Financial Health	Moderate	42	31	35

XVALI



Source: Morningstar Equity Research

Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.97	1.31	1.13	1.09
Price/Earnings	7.9	24.2	18.2	15.1
Forward P/E	8.9	—	14.3	11.1
Price/Cash Flow	4.7	4.5	9.9	7.0
Price/Free Cash Flow	7.4	39.7	17.4	10.6
Trailing Dividend Yield %	4.29	6.65	1.86	2.17
Price/Book	1.2	1.2	1.7	1.2
Price/Sales	1.6	1.2	1.3	1.0

Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	12.4	-2.7	10.4	11.0
Return on Assets %	5.2	-0.5	5.1	3.4
Revenue/Employee (K)	466.2	451.6	752.3	864.8

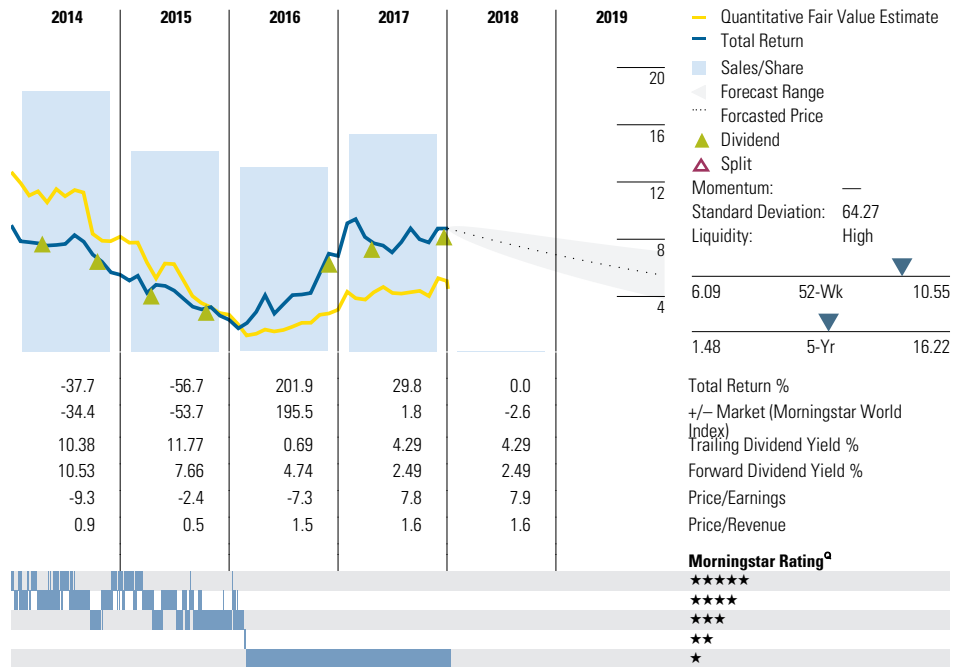
Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.5	0.4	0.5	0.6
Solvency Score	—	—	502.0	573.5
Assets/Equity	2.5	2.3	1.4	2.1
Long-Term Debt/Equity	0.7	0.6	0.2	0.3

Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	17.6	-16.2	-14.5	3.4
Operating Income %	—	-22.4	-25.3	-0.8
Earnings %	—	107.1	-25.4	-2.9
Dividends %	-84.0	-61.8	-45.4	-15.9
Book Value %	51.9	-25.7	-20.8	0.0
Stock Total Return %	24.5	16.6	-7.3	-2.4

Price vs. Quantitative Fair Value

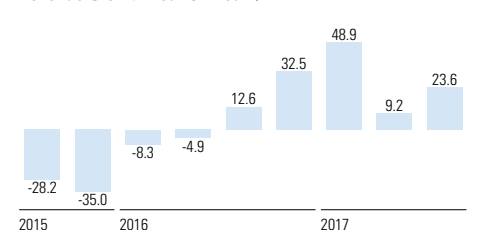


	2012	2013	2014	2015	2016	TTM	Financials (Fiscal Year in Mil)
Revenue	47,694	46,767	37,539	25,609	27,488	34,065	Revenue
% Change	-19.1	-1.9	-19.7	-31.8	7.3	23.9	% Change
Operating Income	9,223	15,063	7,178	-6,131	7,052	10,937	Operating Income
% Change	-69.4	63.3	-52.3	-185.4	—	55.1	% Change
Net Income	5,511	584	657	-12,129	3,982	5,261	Net Income
Operating Cash Flow	16,595	14,792	12,807	4,491	6,581	11,391	Operating Cash Flow
Capital Spending	-15,777	-13,105	-11,813	-8,371	-4,951	-4,164	Capital Spending
Free Cash Flow	818	1,687	994	-3,880	1,630	7,227	Free Cash Flow
% Sales	1.7	3.6	2.6	-15.2	5.9	21.2	% Sales
EPS	1.07	0.11	0.13	-2.35	0.77	1.02	EPS
% Change	-75.3	-89.7	18.2	-1,907.7	—	32.5	% Change
Free Cash Flow/Share	0.12	0.27	0.21	-0.94	-0.12	1.17	Free Cash Flow/Share
Dividends/Share	0.58	0.86	0.81	0.30	0.05	0.33	Dividends/Share
Book Value/Share	8.11	6.92	6.23	3.40	7.29	7.25	Book Value/Share
Shares Outstanding (Mil)	5,365	5,153	5,153	5,153	5,197	5,197	Shares Outstanding (Mil)
Return on Equity %	9.3	1.2	1.8	-57.0	30.1	12.4	Return on Equity %
Return on Assets %	4.2	0.5	0.6	-11.8	4.3	5.2	Return on Assets %
Net Margin %	11.6	1.3	1.8	-47.4	14.5	15.4	Net Margin %
Asset Turnover	0.37	0.37	0.31	0.25	0.29	0.33	Asset Turnover
Financial Leverage	2.3	3.1	3.6	8.4	6.2	2.3	Financial Leverage
Gross Margin %	44.3	48.2	33.2	19.9	35.8	40.3	Gross Margin %
Operating Margin %	19.3	32.2	19.1	-23.9	25.7	32.1	Operating Margin %
Long-Term Debt	28,524	29,450	27,388	26,347	27,662	25,252	Long-Term Debt
Total Equity	74,241	63,325	55,122	33,589	39,042	45,008	Total Equity
Fixed Asset Turns	0.5	0.5	0.5	0.4	0.5	0.6	Fixed Asset Turns

Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2017	8,515.0	7,235.0	9,050.0	—	—
2016	5,719.0	6,626.0	7,324.0	7,819.0	27,488.0
2015	6,240.0	6,965.0	6,505.0	5,899.0	25,609.0
2014	9,503.0	9,902.0	9,062.0	9,072.0	37,539.0
Earnings Per Share (€)					
2017	0.48	0.00	0.43	—	—
2016	0.34	0.21	0.11	0.10	0.77
2015	-0.61	0.33	-0.41	-1.66	-2.35
2014	0.49	0.28	-0.28	-0.36	0.13

Revenue Growth Year On Year %



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i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

Wide – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

None – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, and the Quantitative Uncertainty Rating. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

One-Star – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*

Two-Star - the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

Three-Star – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*

Four-Star – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative Uncertainty)*

Five-Star – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*

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Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

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Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

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Undervalued – Last Price is below Morningstar's quantitative fair value estimate.

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