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9 May 2011

Overview:			
Good	<input checked="" type="checkbox"/>	Regular	<input type="checkbox"/>
Poor	<input type="checkbox"/>		
In relation to Fator estimates:			
Above	<input checked="" type="checkbox"/>	In line	<input type="checkbox"/>
Below	<input type="checkbox"/>		
In relation to the market consensus:			
Above	<input checked="" type="checkbox"/>	In line	<input type="checkbox"/>
Below	<input type="checkbox"/>		

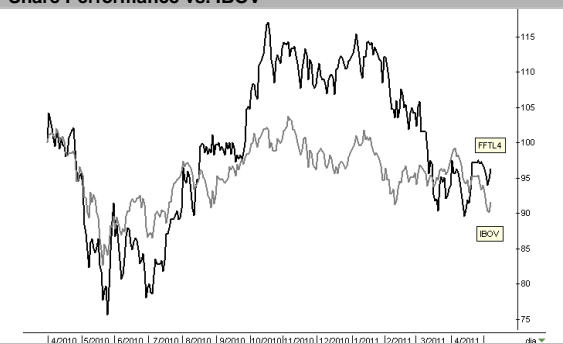
P&L Consolidated				
(R\$ Million)	2010	2011E	2012E	2013E
Net Revenues	2.677	3.265	4.137	4.452
EBITDA	490	726	1.248	1.273
EBITDA Margin	18,3	22,2	30,2	28,6
Net Income	215	389	719	702

Multiples (x)				
	2010	2011E	2012E	2013E
P/E	31,9	17,6	9,5	9,8
P/BV	3,6	3,1	2,5	2,1
EV/EBITDA	13,7	9,3	5,4	5,3

Source: Company and Fator Corretora estimates

Share Data	
Current price (5/6/11)	R\$ 16,25
Target price (Dec/11)	R\$ 21,00
Number of shares (million)	422,0
% ON	25,5
Free Float (%)	15,7
Hi - Low (12mth)	R\$ 19,98 - R\$ 12,76
Avg. Daily Volume (R\$ 000)	5.995
Performance vs Ibov (%)	0,8 (1m); 2,1 (3m); -0,4 (12m)
Beta (x)	1,1
Volatility (%)	40,9
Market Cap (\$ million)	6.858
Net Debt (\$ million)	-142
EV (\$ million)	6.716
Altman Z-Score	5,4

Share Performance vs. IBOV



Source: Economática

Vale Fertilizantes announced a good result in 1Q11 which was above our expectations and the market consensus. **The performance was marked by a big increase in the operating result on a Y/Y comparison and the incorporation from February 2011 of Vale Fosfatados** which holds the remaining fertilizer assets that were acquired from Bunge. Vale Fertilizantes began to concentrate all Vale's phosphate fertilizer operations in Brazil, with operations in all segments of the phosphate market, and has a market share of 40% (20% of the total fertilizer market).

The incorporation allowed Vale Fertilizantes to increase the sale volume of phosphate fertilizers significantly, particularly the low concentration kind, due to the large production of simple superphosphates from the incorporated operations. **The company provided pro-forma information for 1Q11 and 1Q10** which included the joint operations in both quarters. **These figures show that the volume of phosphate sales expanded by 13% Y/Y**, above the market variation of the volume of deliveries (+12% Y/Y) and domestic production (+5%).

Operating figures ('000 t)	1Q11	1Q11E	4Q10	1Q10	1Q11 / 1Q11E	1Q11 / 4Q10	1Q11 / 1Q10
Phosphates (*)	936	792	577	434	18,2%	62,2%	115,7%
Nitrogens (**)	304	323	356	329	-5,9%	-14,6%	-7,6%

(*) Includes sales volume of dicalcium phosphate
(**) Includes sales volume of chemical products
Source: Company and Fator Corretora estimates

Net revenues came to R\$ 946 million, 4.5% higher than our estimate. **A comparison of the pro-forma numbers provided shows that the revenues in the quarter came to R\$ 1 billion, +20% Y/Y** due to the greater sales volume and the increase in the average sales price which accompanied the development of international prices.

The costs of production and operating expenses (ex depreciation) increased Y/Y due to the greater sales volume. **However, the costs and expenses/t were 2.2% lower Y/Y in the pro-forma comparison**, due to the greater dilution of fixed costs and lower use of raw material acquired from third parties, particularly ammonia, with an increase in the share of simple superphosphates in the volume of sales. As a result, the company registered a good improvement in the result and the operating margins Y/Y. EBITDA was R\$ 237 million and the EBITDA margin reached the pre-crisis level of 25%. **A pro-forma comparison shows the EBITDA margin was 24%, +11 p.p. Y/Y.**

P&L Consolidated (R\$ million)	1Q11	1Q11E	4Q10	1Q10	1Q11 / 1Q11E	1Q11 / 4Q10	1Q11 / 1Q10
Net revenues	946	905	793	558	4.5%	19.3%	69.4%
EBITDA	237	170	165	102	39.5%	43.6%	132.4%
EBITDA margin	25.1%	18.8%	20.8%	18.3%	6.3 p.p.	4.2 p.p.	6.8 p.p.
Net income	114	38	63	41	-	81.0%	-
Net margin	12.1%	4.2%	7.9%	7.3%	7.8 p.p.	4.1 p.p.	4.7 p.p.

Source: Company and Fator Corretora estimates

The company invested R\$ 156 million, of which R\$ 114 million was in expansion projects, and **ended the quarter with a net cash position of R\$ 142 million.** The result for the period showed a good rebuilding of margins and sales volume as the first quarter is seasonally weak. The coming quarters, particularly the third and fourth, should be better in terms of sales volume, particularly the high concentration phosphates segment. However, the strong volume of deliveries in 1Q11 indicates that advance purchases were made which could hit the market in the coming quarters if the level of imports remains high. The investor should keep a close eye on this point and the prices of fertilizers vs. raw materials, i.e. sulfur, urea and ammonia. The market continues to expect Vale's fertilizer assets to be reorganized, a move that could lead to the transfer of all the assets to Vale Fertilizantes in the coming months. Meanwhile, the company has been continuing to focus its investments in expansion projects, including Uberaba (ongoing) and Salitre, and intends investing R\$ 1.25 billion in 2011.

We are maintaining our **HOLD** recommendation for Vale Fertilizantes shares and target price of **R\$ 21.00** for December 2011.

Fator Corretora Recommendations - Criteria and Distribution

Recommendation	Criteria	Quantity	Distribution
			Recommendation
Buy	The total return of the share is expected to be significantly above Ibovespa's variation.	43	33.6
Hold	The total return of the share is expected to be in line with Ibovespa's variation.	67	52.3
Sell	The total return of the share is expected to be significantly below Ibovespa's variation.	12	9.4
Under Revision		6	4.7
Total		128	100.0

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