

Press Release



PT Vale records profitable third quarter of 2021

Jakarta, October 28, 2021 – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) and its subsidiaries (jointly the “Group”) today announced unaudited results for the third quarter of 2021 (“3Q21”) showing increased sales and revenues on a quarter-over-quarter basis.

In 3Q21, the Group recorded sales of 18,571 metric tons (“t”) of nickel matte with revenues of US\$271.5 million – increases of 17% and 30% respectively over the prior quarter.

“We continued to deliver more sales volume in 3Q21 and benefited from an increasing nickel price during the period,” said Febriany Eddy, CEO and President Director of the Company. “We also booked higher profit of US\$64.2 million, despite a higher cost of revenue compared to the previous quarter. Our average realized nickel price in 3Q21 was 11% higher than 2Q21.”

On the cost side, the Group’s cost of revenue per metric ton of nickel matte sold in 3Q21 increased by 8% from the previous quarter. This was driven primarily by a higher coal price.

The following table provides details on PT Vale’s High Sulphur Fuel Oil (“HSFO”), diesel and coal consumption and average price:

	3Q21	2Q21	9M21	9M20
HSFO volume (barrels)	318,315	351,750	958,815	1,012,730
HSFO average price per barrel	US\$63.33	US\$56.69	US\$56.43	US\$41.99
Diesel volume (kilolitres)	16,605	17,292	50,588	57,942
Diesel average price per litre	US\$0.54	US\$0.48	US\$0.48	US\$0.41
Coal volume (t)	104,579	81,792	278,835	318,170
Coal average price per t (*)	US\$163.1	US\$126.3	US\$136.2	US\$101.5

(*) Price in DMT (Dry Metric Ton) and CFR (Cost & Freight) basis

When compared to 2Q21, HSFO and diesel consumption decreased by 10% and 4% respectively, while coal consumption increased by 28%. The increased coal consumption was primarily due to higher production and higher coal consumption rates, offsetting the lower HSFO consumption rate. During the period, prices of HSFO, diesel and coal increased by 12%, 13% and 29% respectively.

The Group recorded EBITDA of US\$125.0 million in 3Q21, a 73% increase over US\$72.3 million recorded in 2Q21. This was primarily due to higher sales volumes and a higher realized price. The Group’s cash and cash equivalents as of September 30, 2021, and June 30, 2021, were US\$469.6 million and US\$426.5 million, respectively, as the Group received higher revenues and tax refunds in 3Q21. PT Vale will continue to exercise prudent control over its spending to preserve cash.

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PT Vale Indonesia Tbk

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Press Release

PT Vale disbursed approximately US\$29.4 million in capital expenditures in 3Q21, a decrease from US\$33.3 million spent in 2Q21. Its sustaining capital expenditure forecast for 2021 is now approximately US\$135 million.

With all planned maintenance activities executed in the first semester, PT Vale expressed confidence in achieving its production target this year. The Company will continue to maintain its focus on improving productivity and cost efficiency to sustain competitiveness in the long term without compromising its foremost values: *Life Matters Most, Respect Our Planet and Communities*.

Readers are encouraged to review the Group's results. Operational achievements as well as unaudited financial results are summarized on the following pages.

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Press Release

PT Vale Indonesia Tbk Production and Financial Highlights

	<u>3Q21</u>	<u>2Q21</u>	<u>9M21</u>	<u>9M20</u>
Nickel in matte production ¹	18,127	15,048	48,373	55,792
Nickel matte deliveries ¹	18,571	15,845	49,263	56,554
Average realized price ²	14,619	13,152	13,934	10,097
EBITDA ³	125.0	72.3	286.2	199.0
Revenue ³	271.5	208.4	686.4	571.0
Profit ³	64.2	25.1	122.9	76.6
Earnings per share ⁴	0.0065	0.0025	0.0124	0.0077

¹ metric ton (t)

² US\$ per t

³ US\$ million

⁴ US\$

Press Release



PT Vale Indonesia Tbk and its subsidiaries
Interim Consolidated Statements of Profit or Loss
and Other Comprehensive Income
(In thousands of US\$ except basic earnings per share)

	<u>3Q21</u>	<u>2Q21</u>	<u>9M21</u>	<u>9M20</u>
Revenue	271,486	208,392	686,433	571,020
Cost of revenue	<u>(187,650)</u>	<u>(174,328)</u>	<u>(516,788)</u>	<u>(486,031)</u>
Gross profit	83,836	34,064	169,645	84,989
Operating expenses	(1,066)	(977)	(3,123)	(5,326)
Other income	(11)	277	1,959	6,680
Other expenses	<u>(1,752)</u>	<u>(892)</u>	<u>(7,009)</u>	<u>(15,621)</u>
Operating profit	81,007	32,472	161,472	70,722
Finance income	674	655	1,984	8,230
Finance costs	<u>(2,619)</u>	<u>(1,110)</u>	<u>(4,641)</u>	<u>(2,640)</u>
Net finance (cost)/income	<u>(1,945)</u>	<u>(455)</u>	<u>(2,657)</u>	<u>5,590</u>
Profit before income tax	79,062	32,017	158,815	76,312
Income tax (expense)/benefit	<u>(14,911)</u>	<u>(6,925)</u>	<u>(35,878)</u>	<u>328</u>
Profit for the period	<u>64,151</u>	<u>25,092</u>	<u>122,937</u>	<u>76,640</u>
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
– Changes resulting from actuarial remeasurement of post-employment benefit liabilities	-	-	-	-
– Income tax on other comprehensive income	-	-	-	-
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	64,151	25,092	122,937	76,640
Profit for the period attributable to:				
Owners of the parent entity	64,151	25,092	122,937	76,640
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>64,151</u>	<u>25,092</u>	<u>122,937</u>	<u>76,640</u>
Total comprehensive income for the period attributable to:				
Owners of the parent entity	64,151	25,092	122,937	76,640
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>64,151</u>	<u>25,092</u>	<u>122,937</u>	<u>76,640</u>
Earnings per share				
- Basic and diluted (in US Dollars)	<u>0.0065</u>	<u>0.0025</u>	<u>0.0124</u>	<u>0.0077</u>

Press Release



PT Vale Indonesia Tbk and its subsidiaries Interim Consolidated Statements of Financial Position (In thousands of US\$)

	September 30, 2021 (Unaudited)	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Assets			
Cash and cash equivalents	469,589	426,539	388,682
Trade receivables - Related parties	109,637	65,597	60,040
Inventories	161,256	159,463	144,487
Prepaid taxes - Corporate income tax	-	25,941	34,268
- Other taxes	56,511	47,635	62,056
Prepayments and advances	6,194	1,029	3,927
Other current financial assets	4,210	3,594	2,512
Total current assets	807,397	729,798	695,972
Restricted cash	51,792	51,792	30,612
Prepaid taxes - Corporate income tax	2,342	2,342	2,229
- Other taxes	72,826	74,298	102,360
Non-trade receivables - Related parties	-	-	18
Fixed assets	1,464,666	1,472,662	1,479,146
Other non-current financial assets	3,878	5,692	4,321
Total non-current assets	1,595,504	1,606,786	1,618,686
Total assets	2,402,901	2,336,584	2,314,658
Liabilities and Equity			
Trade payables - Related parties	53	114	140
- Third parties	110,751	118,074	112,955
Accruals	20,854	23,032	22,105
Short-term employee benefit liabilities	16,529	12,345	20,465
Taxes payable - Corporate income tax	8,485	-	-
- Other taxes	1,169	1,820	1,793
Lease liabilities	1,346	608	66
Share-based payment liabilities	321	398	788
Other current financial liabilities	1,956	2,965	2,398
Total current liabilities	161,464	159,356	160,710
Long-term post-employment benefit liabilities	28,052	27,120	26,786
Deferred tax liabilities	43,584	46,969	50,171
Lease liabilities	3,037	4,092	-
Provision for asset retirement	56,066	53,001	56,603
Total non-current liabilities	130,739	131,182	133,560
Total liabilities	292,203	290,538	294,270
Equity	2,110,698	2,046,046	2,020,388
Total liabilities and equity	2,402,901	2,336,584	2,314,658

Press Release



PT Vale Indonesia Tbk and its subsidiaries Interim Consolidated Statements of Cash Flows (In thousands of US\$)

	<u>3Q21</u>	<u>2Q21</u>	<u>9M21</u>	<u>9M20</u>
Cash flows from operating activities				
Receipts from customers	227,447	223,900	636,836	598,350
Payments to suppliers	(189,443)	(84,071)	(355,297)	(267,300)
Payments of corporate income tax	(10,568)	(11,265)	(34,185)	(14,014)
Payments of other taxes	(8,636)	(22,397)	(31,033)	(30,234)
Receipts of tax refunds	88,343	36,216	140,223	49,645
Payments to employees	(23,458)	(28,509)	(89,436)	(66,188)
Placement of financial guarantee	-	-	(21,180)	(27,697)
Receipts of finance income	677	574	1,799	2,940
Payments of royalties and levies	(12,920)	(9,773)	(32,499)	(29,537)
Net cash flows provided by operating activities	71,442	104,675	215,228	215,965
Cash flows from investing activities				
Payments for acquisition of fixed assets	(29,416)	(33,275)	(101,165)	(104,488)
Proceeds from disposal of fixed assets	1,179	56	1,235	735
Net cash flows used in investing activities	(28,237)	(33,219)	(99,930)	(103,753)
Cash flows from financing activities				
Payment of dividend	-	(33,128)	(33,128)	-
Payments of lease liabilities	(346)	1,984	(1,040)	(744)
Net cash flows used in financing activities	(346)	(31,144)	(34,168)	(744)
Net increase in cash and cash equivalents	42,859	40,312	81,130	111,468
Cash and cash equivalents at the beginning of the period	426,539	386,167	388,682	249,035
Effect of exchange rate changes on cash and cash equivalents	191	60	(223)	917
Cash and cash equivalents at the end of the period	469,589	426,539	469,589	361,420