

PT Vale records strong performance in 2020

Jakarta, February 25, 2021 – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) and its subsidiaries (together the “Group”) today announced its audited financial results for 2020. The Group recorded EBITDA of US\$273.0 million, mainly driven by higher production and shipments of nickel and the ability to manage costs prudently.

PT Vale recorded sales of US\$764.7 million in 2020, 2% lower than sales recorded in 2019 of US\$782.0 million due to a lower average realized price. The average realized price for nickel matte deliveries in 2020 was US\$10,498 per ton, a decrease from the 2019 level of US\$10,855 per ton. The Group’s cost of revenue in 2020 was US\$640.4 million, a decrease of 4% from US\$664.3 million in 2019. The main contributors to the lower cost of revenue were lower fuels and coal prices.

PT Vale’s production in 2020 was 72,237 metric tons (“t”) of nickel in matte, 2% higher than 2019 production. “We are proud of, and at the same time grateful for, this achievement,” said Nico Kanter, CEO and President Director of the Company. “It is clearly a result of hard work from all employees at the Company.”

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

	<u>4Q20</u>	<u>3Q20</u>	<u>2020</u>	<u>2019</u>
HSFO volume (barrels)	297,569	363,237	1,310,299	1,424,699
HSFO average price per barrel	US\$42.12	US\$36.38	US\$42.02	US\$65.41
Diesel volume (kilolitres)	17,668	19,058	75,610	85,886
Diesel average price per litre	US\$0.35	US\$0.28	US\$0.39	US\$0.57
Coal volume (t)	108,259	116,805	426,429	371,418
Coal average price per t (*)	US\$91.07	US\$96.77	US\$98.83	US\$119.49

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

In 2020, HSFO and diesel consumption decreased by 8% and 12% respectively, while coal consumption increased by 15% when compared to 2019. The increase in coal consumption was offset with lower HSFO and diesel consumption. HSFO, diesel and coal prices decreased by 36%, 31%, and 17% respectively.

The Group’s cash and cash equivalents as of December 31, 2020 were US\$388.7 million, an increase of US\$139.6 million from the balance at December 31, 2019. PT Vale will continue to exercise prudent control over its spending to preserve cash.

PT Vale disbursed approximately US\$152.1 million in capital expenditures in 2020, a decrease from US\$166.6 million spent in 2019.



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PT Vale will continue to maintain its focus on improving productivity and cost efficiency to sustain competitiveness in the long term without compromising the Company's foremost values: *Life Matters Most* and *Prize Our Planet*.

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

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PT Vale Indonesia Tbk Production and Financial Highlights

	<u>4Q20</u>	<u>3Q20</u>	<u>2020</u>	<u>2019</u>
Nickel in matte production ¹	16,445	19,477	72,237	71,025
Nickel matte deliveries ¹	16,291	19,954	72,846	72,044
Average realized price ²	11,891	10,556	10,498	10,855
EBITDA ³	74.0	84.7	273.0	232.4
Revenue ³	193.7	210.6	764.7	782.0
Profit ³	6.2	23.5	82.8	57.4
Earnings per share ⁴	0.0006	0.0024	0.0083	0.0058

¹ metric ton (t)

² US\$ per t

³ US\$ million

⁴ US\$

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

	<u>4Q20</u>	<u>3Q20</u>	<u>2020 (Audited)</u>	<u>2019 (Audited)</u>
Revenue	193,724	210,643	764,744	782,012
Cost of revenue	(154,334)	(166,229)	(640,365)	(664,323)
Gross profit	39,390	44,414	124,379	117,689
Operating expenses	(2,059)	(1,981)	(7,385)	(13,730)
Other income	422	324	7,102	3,266
Other expenses	(4,621)	(10,691)	(20,242)	(17,701)
Operating profit	33,132	32,066	103,854	89,524
Finance income	(3,758)	1,694	4,472	4,759
Finance costs	(1,041)	(1,584)	(3,681)	(5,147)
Net finance (cost)/income	(4,799)	110	791	(388)
Profit before income tax	28,333	32,176	104,645	89,136
Income tax expenses	(22,154)	(8,662)	(21,826)	(31,736)
Profit for the period/year	6,179	23,514	82,819	57,400
Other comprehensive (loss)/ income				
Items that will not be reclassified to profit or loss:				
– Changes resulting from actuarial remeasurement of post- employment benefit liabilities	(5,301)	-	(5,301)	755
– Income tax on other comprehensive (loss)/income	1,167	-	1,167	(189)
Total other comprehensive (loss)/income	(4,134)	-	(4,134)	566
Total comprehensive income for the period/year	2,045	23,514	78,685	57,966
Profit for the period/year attributable to:				
Owners of the parent entity	6,179	23,514	82,819	57,400
Non-controlling interest	-	-	-	-
	<u>6,179</u>	<u>23,514</u>	<u>82,819</u>	<u>57,400</u>
Total comprehensive income for the period/year attributable to:				
Owners of the parent entity	2,045	23,514	78,685	57,966
Non-controlling interest	-	-	-	-
	<u>2,045</u>	<u>23,514</u>	<u>78,685</u>	<u>57,966</u>
Earnings per share				
- Basic and diluted (in US Dollars)	<u>0.0006</u>	0.0024	<u>0.0083</u>	<u>0.0058</u>

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PT Vale Indonesia Tbk

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

	December 31, 2020 (Audited)	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Assets			
Cash and cash equivalents	388,682	361,420	249,035
Restricted cash	-	6,465	-
Trade receivables - Related parties	60,040	79,903	107,295
Inventories	144,487	124,841	147,961
Prepaid taxes - Corporate income tax	34,268	34,268	6,988
- Other taxes	62,056	53,610	71,172
Prepayments and advances	3,927	4,731	3,108
Other current financial assets	2,512	2,672	2,754
Total current assets	695,972	667,910	588,313
Restricted cash	30,612	36,644	15,412
Prepaid taxes - Corporate income tax	2,229	-	29,146
- Other taxes	102,360	114,326	117,674
Non-trade receivables - Related parties	18	27	58
Fixed assets	1,479,146	1,455,583	1,467,462
Other non-current financial assets	4,321	3,884	4,623
Total non-current assets	1,618,686	1,610,464	1,634,375
Total assets	2,314,658	2,278,374	2,222,688
Liabilities and Equity			
Trade payables - Related parties	140	654	2,071
- Third parties	112,955	93,342	95,337
Accruals	22,105	14,018	16,327
Short-term employee benefit liabilities	20,465	14,250	15,563
Taxes payable - Corporate income tax	-	11,653	-
- Other taxes	1,793	1,015	1,774
Lease liabilities	66	435	947
Share-based payment liabilities	788	545	780
Other current financial liabilities	2,398	4,064	3,753
Total current liabilities	160,710	139,976	136,552
Long-term post-employment benefit liabilities	26,786	19,680	19,419
Deferred tax liabilities	50,171	54,708	80,490
Lease liabilities	-	-	173
Provision for asset retirement	56,603	45,667	44,361
Total non-current liabilities	133,560	120,055	144,443
Total liabilities	294,270	260,031	280,995
Equity	2,020,388	2,018,343	1,941,693
Total liabilities and equity	2,314,658	2,278,374	2,222,688

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

	<u>4Q20</u>	<u>3Q20</u>	<u>2020</u> <u>(Audited)</u>	<u>2019</u> <u>(Audited)</u>
Cash flows from operating activities				
Receipts from customers	213,649	215,701	811,999	798,965
Payments to suppliers	(110,433)	(79,863)	(377,733)	(441,062)
Payments of corporate income tax	(28,179)	(3,741)	(42,193)	(70,616)
Payments of other taxes	(11,196)	(10,141)	(41,430)	(50,899)
Receipts of tax refunds	6,400	6,124	56,045	23,808
Payments to employees	(8,303)	(19,416)	(74,491)	(86,216)
Placement of financial guarantee	6,033	-	(21,664)	(14,486)
Withdrawal of financial guarantee	6,464	-	6,464	13,419
Receipts of finance income	1,532	902	4,472	4,759
Payments of royalties and levies	445	(11,737)	(29,092)	(39,678)
Net cash flows provided by operating activities	76,412	97,829	292,377	137,994
Cash flows from investing activities				
Payments for acquisition of fixed assets	(47,661)	(27,169)	(152,149)	(166,560)
Proceeds from disposal of fixed assets	577	735	1,312	456
Net cash flows used in investing activities	(47,084)	(26,434)	(150,837)	(166,104)
Cash flows from financing activities				
Placement of restricted cash	-	-	-	(3,902)
Withdrawal of restricted cash	-	-	-	19,509
Payments of long-term borrowings	-	-	-	(37,500)
Stock subscription from non-controlling interest	10	-	10	-
Payment of lease liabilities	(768)	78	(1,512)	(1,245)
Payments of finance costs	(174)	-	(174)	(1,253)
Net cash flows used in/ provided by financing activities	(932)	78	(1,676)	(24,391)
Net increase/(decrease) in cash and cash equivalents	28,396	71,473	139,864	(52,501)
Cash and cash equivalents at the beginning of the period/year	361,420	288,748	249,035	301,153
Effect of exchange rate changes on cash and cash equivalents	(1,134)	1,199	(217)	383
Cash and cash equivalents at the end of the period/year	388,682	361,420	388,682	249,035