

## PT Vale records positive earnings in 2Q21

**Jakarta, July 28, 2021** – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) and its subsidiaries (together the “Group”) today announced unaudited results for the second quarter of 2021 (“2Q21”). The Group delivered 15,845 metric tons (“t”) of nickel matte and recorded sales of US\$208.4 million in the quarter.

“Our sales volume was about 7% higher in 2Q21 than in 1Q21, offset by a lower average realized price for nickel in the quarter,” said Febriany Eddy, CEO and President Director of PT Vale. “We also concluded critical maintenance activities in the quarter that will enable us to achieve published production levels. I want to acknowledge the hard work of our employees in continuing to deliver positive results while effectively managing COVID-19 in our operations.”

The Group recorded EBITDA of US\$72.3 million in 2Q21, lower than the US\$88.9 million recorded in 1Q21, due mainly to higher costs and a lower average realized nickel price. The Group also recorded positive earnings of US\$25.1 million in 2Q21, a decrease from earnings of US\$33.7 million in 1Q21 in line with the declining EBITDA. However, 1H21 earnings of US\$58.8 million were higher than that of the same period last year when the Group recorded a US\$53.1 million earning in 1H20. The Group’s cost of revenue in 2Q21 increased by 13% to US\$174.3 million from US\$154.8 million in 1Q21.

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

	<b>2Q21</b>	<b>1Q21</b>	<b>1H21</b>	<b>1H20</b>
HSFO volume (barrels)	<b>351,750</b>	288,750	<b>640,500</b>	649,493
HSFO average price per barrel	<b>US\$56.69</b>	US\$48.51	<b>US\$53.00</b>	US\$45.12
Diesel volume (kilolitres)	<b>17,292</b>	16,692	<b>33,984</b>	38,884
Diesel average price per litre	<b>US\$0.48</b>	US\$0.41	<b>US\$0.45</b>	US\$0.47
Coal volume (t)	<b>81,773</b>	92,464	<b>174,237</b>	201,365
Coal average price per t (*)	<b>US\$126.3</b>	US\$114.7	<b>US\$120.1</b>	US\$104.2

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

Compared to 1Q21, HSFO consumption per metric ton of nickel matte increased by 22%, while coal consumption decreased by 12%, offsetting higher HSFO in 2Q21. During the quarter, prices of HSFO, diesel and coal increased by 17%, 17% and 10% respectively.

The Group’s cash and cash equivalents as of June 30, 2021 was US\$426.5 million, an increase from the US\$386.2 million balance at March 31, 2021. PT Vale will continue to exercise prudent control over its spending to preserve cash.

PT Vale disbursed approximately US\$33.3 million in capital expenditures in 2Q21, a decrease from US\$38.5 million spent in 1Q21.

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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, 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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## PT Vale Indonesia Tbk Production and Financial Highlights

	<u>2Q21</u>	<u>1Q21</u>	<u>1H21</u>	<u>1H20</u>
Nickel in matte production <sup>1</sup>	<b>15,048</b>	15,198	<b>30,246</b>	36,315
Nickel matte deliveries <sup>1</sup>	<b>15,845</b>	14,847	<b>30,692</b>	36,600
Average realized price <sup>2</sup>	<b>13,152</b>	13,912	<b>13,520</b>	9,846
EBITDA <sup>3</sup>	<b>72.3</b>	88.9	<b>161.2</b>	114.3
Revenue <sup>3</sup>	<b>208.4</b>	206.6	<b>414.9</b>	360.4
Profit <sup>3</sup>	<b>25.1</b>	33.7	<b>58.8</b>	53.1
Earnings per share <sup>4</sup>	<b>0.0025</b>	0.0034	<b>0.0059</b>	0.0053

<sup>1</sup> metric ton (t)

<sup>2</sup> US\$ per t

<sup>3</sup> US\$ million

<sup>4</sup> US\$

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**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>2Q21</u>	<u>1Q21</u>	<u>1H21</u>	<u>1H20</u>
Revenue	<b>208,392</b>	206,555	<b>414,947</b>	360,377
Cost of revenue	<b>(174,328)</b>	(154,810)	<b>(329,138)</b>	(319,802)
<b>Gross profit</b>	<b>34,064</b>	51,745	<b>85,809</b>	40,575
Operating expenses	<b>(977)</b>	(1,080)	<b>(2,057)</b>	(3,345)
Other income	<b>277</b>	1,693	<b>1,970</b>	6,356
Other expenses	<b>(892)</b>	(4,365)	<b>(5,257)</b>	(4,930)
<b>Operating profit</b>	<b>32,472</b>	47,993	<b>80,465</b>	38,656
Finance income	<b>655</b>	655	<b>1,310</b>	6,536
Finance costs	<b>(1,110)</b>	(912)	<b>(2,022)</b>	(1,056)
<b>Net finance (cost)/income</b>	<b>(455)</b>	(257)	<b>(712)</b>	5,480
<b>Profit before income tax</b>	<b>32,017</b>	47,736	<b>79,753</b>	44,136
Income tax (expense)/benefit	<b>(6,925)</b>	(14,042)	<b>(20,967)</b>	8,990
<b>Profit for the period</b>	<b>25,092</b>	33,694	<b>58,786</b>	53,126
<b>Other comprehensive income</b>				
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 (loss)/income	-	-	-	-
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>25,092</b>	33,694	<b>58,786</b>	53,126
<b>Profit for the period attributable to:</b>				
Owners of the parent entity	<b>25,092</b>	33,694	<b>58,786</b>	53,126
Non-controlling interest	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>25,092</b>	33,694	<b>58,786</b>	53,126
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the parent entity	<b>25,092</b>	33,694	<b>58,786</b>	53,126
Non-controlling interest	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>25,092</b>	33,694	<b>58,786</b>	53,126
<b>Earnings per share</b>				
- Basic and diluted (in US Dollars)	<b>0.0025</b>	0.0034	<b>0.0059</b>	0.0053

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

	June 30, 2021 (Unaudited)	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
<b>Assets</b>			
Cash and cash equivalents	426,539	386,167	388,682
Trade receivables - Related parties	65,597	81,105	60,040
Inventories	159,463	149,805	144,487
Prepaid taxes - Corporate income tax	25,941	34,268	34,268
- Other taxes	47,635	49,853	62,056
Prepayments and advances	1,029	2,498	3,927
Other current financial assets	3,594	3,257	2,512
<b>Total current assets</b>	<b>729,798</b>	<b>706,953</b>	<b>695,972</b>
Restricted cash	51,792	51,792	30,612
Prepaid taxes - Corporate income tax	2,342	2,238	2,229
- Other taxes	74,298	92,650	102,360
Non-trade receivables - Related parties	-	8	18
Fixed assets	1,472,662	1,467,615	1,479,146
Other non-current financial assets	5,692	5,652	4,321
<b>Total non-current assets</b>	<b>1,606,786</b>	<b>1,619,955</b>	<b>1,618,686</b>
<b>Total assets</b>	<b>2,336,584</b>	<b>2,326,908</b>	<b>2,314,658</b>
<b>Liabilities and Equity</b>			
Trade payables - Related parties	114	221	140
- Third parties	118,074	103,770	112,955
Accruals	23,032	26,087	22,105
Short-term employee benefit liabilities	12,345	12,897	20,465
Taxes payable - Corporate income tax	-	167	-
- Other taxes	1,820	3,459	1,793
Lease liabilities	608	-	66
Share-based payment liabilities	398	195	788
Other current financial liabilities	2,965	2,586	2,398
<b>Total current liabilities</b>	<b>159,356</b>	<b>149,382</b>	<b>160,710</b>
Long-term post-employment benefit liabilities	27,120	26,429	26,786
Deferred tax liabilities	46,969	48,199	50,171
Lease liabilities	4,092	-	-
Provision for asset retirement	53,001	48,816	56,603
<b>Total non-current liabilities</b>	<b>131,182</b>	<b>123,444</b>	<b>133,560</b>
<b>Total liabilities</b>	<b>290,538</b>	<b>272,826</b>	<b>294,270</b>
<b>Equity</b>	<b>2,046,046</b>	<b>2,054,082</b>	<b>2,020,388</b>
<b>Total liabilities and equity</b>	<b>2,336,584</b>	<b>2,326,908</b>	<b>2,314,658</b>

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

	<u>2Q21</u>	<u>1Q21</u>	<u>1H21</u>	<u>1H20</u>
<b>Cash flows from operating activities</b>				
Receipts from customers	223,900	185,489	409,389	382,649
Payments to suppliers	(84,071)	(81,783)	(165,854)	(187,437)
Payments of corporate income tax	(11,265)	(12,352)	(23,617)	(10,273)
Payments of other taxes	(22,397)	-	(22,397)	(20,093)
Receipts of tax refunds	36,216	15,664	51,880	43,521
Payments to employees	(28,509)	(37,469)	(65,978)	(46,772)
Placement of financial guarantee	-	(21,180)	(21,180)	(27,697)
Receipts of finance income	574	548	1,122	2,038
Payments of royalties and levies	(9,773)	(9,806)	(19,579)	(17,800)
<b>Net cash flows provided by operating activities</b>	<u>104,675</u>	<u>39,111</u>	<u>143,786</u>	<u>118,136</u>
<b>Cash flows from investing activities</b>				
Payments for acquisition of fixed assets	(33,275)	(38,474)	(71,749)	(77,319)
Proceeds from disposal of fixed assets	56	-	56	-
<b>Net cash flows used in investing activities</b>	<u>(33,219)</u>	<u>(38,474)</u>	<u>(71,693)</u>	<u>(77,319)</u>
<b>Cash flows from financing activities</b>				
Payment of dividend	(33,128)	-	(33,128)	-
Payments of lease liabilities	1,984	(2,678)	(694)	(822)
<b>Net cash flows used in financing activities</b>	<u>(31,144)</u>	<u>(2,678)</u>	<u>(33,822)</u>	<u>(822)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>40,312</u>	<u>(2,041)</u>	<u>38,271</u>	<u>39,995</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>386,167</u>	<u>388,682</u>	<u>388,682</u>	<u>249,035</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>60</u>	<u>(474)</u>	<u>(414)</u>	<u>(282)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>426,539</u></u>	<u><u>386,167</u></u>	<u><u>426,539</u></u>	<u><u>288,748</u></u>