

Press Release



PT Vale records strong performance in 2021

Jakarta, February 24, 2022 – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) and its subsidiaries (jointly the “Group”) today announced its audited results for 2021. The Company booked strong results with EBITDA of US\$391.9 million, 44% increase from prior year EBITDA.

“We achieved our six consecutive fatality free calendar year and mitigated the impacts of COVID-19. The higher nickel price together with strong cost discipline gives a positive impact on our financial performance. During the year we doubled our net profit and brought our year-end cash balance to US\$508.3 million, an increase of nearly US\$120 million from prior year balance. This strong cash balance will provide strong supports for execution of our growth projects,” said Febriany Eddy, CEO and President Director of the Company.

The Group recorded sales of US\$953.2 million in 2021 or 25% above sales recorded in 2020 of US\$764.7 million. The average realized price for nickel in matte shipments was US\$14,309 per ton, an increase from the 2020 level of US\$10,498 per ton.

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

	4Q21	3Q21	2021	2020
HSFO volume (barrels)	332,212	318,315	1,291,027	1,310,299
HSFO average price per barrel	US\$68.39	US\$63.33	US\$59.51	US\$42.02
Diesel volume (kilolitres)	15,940	16,605	66,528	75,610
Diesel average price per litre	US\$0.59	US\$0.54	US\$0.50	US\$0.39
Coal volume (t)	96,102	104,579	374,937	426,429
Coal average price per t (*)	US\$227.90	US\$163.07	US\$159.73	US\$98.83

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

In 2021, HSFO, diesel and coal consumption decreased align with lower production volume as we lowered the power setting for furnace four due to its age. In December we started furnace four rebuild shutdown and the rebuild will last for about five months. The average price of HSFO, diesel and coal also increased by 42%, 28% and 62%, respectively.

The Group’s cash and cash equivalents as of December 31, 2021, and December 31, 2020, were US\$508.3 million and US\$388.7 million, respectively, as the Group received higher revenues in 2021. PT Vale will continue to exercise prudent control over its spending to preserve cash.

PT Vale disbursed approximately US\$180.7 million in capital expenditures in 2021, an increase from US\$152.1 million spent in 2020 mainly due to higher spending for sustaining and growth capital in 2021.

In December 2021, for the second time PT Vale received a Green PROPER rating from the Ministry of Environment and Forestry (“KLHK”). This marks the second time such a prestigious rating has been awarded to an integrated nickel mining and processing company in Indonesia. We are grateful and will continue to improve the good mining practices in our operation for a better future.

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PT Vale Indonesia Tbk

Jakarta: Sequis Tower, 20th Floor, Unit 6 & 7, Jl. Jend. Sudirman Kav. 71, Jakarta 12190, Indonesia. T (62) 21 524 9000 F.(62) 21 524 9020

Makassar: Jl. Somba Opu No. 281, Makassar 90113, Indonesia. T.(62) 411 366 9000 F.(62) 411 366 9020

Sorowako: Main Office Plant Site Sorowako, Luwu Timur 92984, Indonesia. T.(62) 475 332 9100 F.(62) 475 332 9575

www.vale.com/indonesia



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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 audited financial results are summarized on the following pages.

For further information, please contact:
Bernardus Irmanto, Chief Financial Officer
ptvi.investorrelations@vale.com
or visit our website at
www.vale.com/indonesia

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PT Vale Indonesia Tbk Production and Financial Highlights

	<u>4Q21</u>	<u>3Q21</u>	<u>2021</u>	<u>2020</u>
Nickel in matte production ¹	17,015	18,127	65,388	72,237
Nickel matte deliveries ¹	17,352	18,571	66,615	72,846
Average realized price ²	15,372	14,619	14,309	10,498
EBITDA ³	105.6	125.0	391.9	273.0
Revenue ³	266.7	271.5	953.2	764.7
Profit ³	42.8	64.2	165.8	82.8
Earnings per share ⁴	0.0043	0.0065	0.0167	0.0083

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>4Q21</u>	<u>3Q21</u>	<u>2021</u>	<u>2020</u>
Revenue	266,741	271,486	953,174	764,744
Cost of revenue	<u>(201,022)</u>	<u>(187,650)</u>	<u>(717,810)</u>	<u>(640,365)</u>
Gross profit	65,719	83,836	235,364	124,379
Operating expenses	(1,081)	(1,066)	(4,204)	(7,385)
Other income	655	(11)	2,614	7,102
Other expenses	<u>(3,741)</u>	<u>(1,752)</u>	<u>(10,750)</u>	<u>(20,242)</u>
Operating profit	61,552	81,007	223,024	103,854
Finance income	730	674	2,714	4,472
Finance costs	<u>(452)</u>	<u>(2,619)</u>	<u>(5,093)</u>	<u>(3,681)</u>
Net finance (costs)/income	<u>278</u>	<u>(1,945)</u>	<u>(2,379)</u>	791
Profit before income tax	61,830	79,062	220,645	104,645
Income tax expense	<u>(18,970)</u>	<u>(14,911)</u>	<u>(54,848)</u>	<u>(21,826)</u>
Profit for the period	<u>42,860</u>	<u>64,151</u>	<u>165,797</u>	<u>82,819</u>
Other comprehensive income/(loss)				
Items that will not be reclassified to profit or loss:				
– Changes resulting from actuarial remeasurement of post-employment benefit liabilities	1,800	-	1,800	(5,301)
– Income tax on other comprehensive income	<u>(396)</u>	<u>-</u>	<u>(396)</u>	1,167
Total other comprehensive income/(loss)	<u>1,404</u>	<u>-</u>	<u>1,404</u>	<u>(4,134)</u>
Total comprehensive income for the period	44,264	64,151	167,201	78,685
Profit for the period attributable to:				
Owners of the parent entity	42,860	64,151	165,797	82,819
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>42,860</u>	<u>64,151</u>	<u>165,797</u>	<u>82,819</u>
Total comprehensive income for the period attributable to:				
Owners of the parent entity	44,264	64,151	167,201	78,685
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>44,264</u>	<u>64,151</u>	<u>167,201</u>	<u>78,685</u>
Earnings per share				
- Basic and diluted (in full amount of US Dollars)	<u>0.0043</u>	<u>0.0065</u>	<u>0.0167</u>	<u>0.0083</u>

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

	December 31, 2021 (Audited)	September 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Assets			
Cash and cash equivalents	508,327	469,589	388,682
Trade receivables - Related parties	101,987	109,637	60,040
Inventories	162,023	161,256	144,487
Prepaid taxes - Corporate income tax	-	-	34,268
- Other taxes	58,148	56,511	62,056
Prepayments and advances	3,521	6,194	3,927
Other current financial assets	2,570	4,210	2,512
Total current assets	836,576	807,397	695,972
Restricted cash	49,869	51,792	30,612
Prepaid taxes - Corporate income tax	7,808	2,342	2,229
- Other taxes	55,120	72,826	102,360
Non-trade receivables - Related parties	-	-	18
Fixed assets	1,518,963	1,464,666	1,479,146
Other non-current financial assets	4,492	3,878	4,321
Total non-current assets	1,636,252	1,595,504	1,618,686
Total assets	2,472,828	2,402,901	2,314,658
Liabilities and Equity			
Trade payables - Related parties	135	53	140
- Third parties	122,109	110,751	112,955
Accruals	19,842	20,854	22,105
Short-term employee benefit liabilities	21,638	16,529	20,465
Taxes payable - Corporate income tax	-	8,485	-
- Other taxes	1,973	1,169	1,793
Lease liabilities	1,441	1,346	66
Share-based payment liabilities	26	321	788
Other current financial liabilities	1,266	1,956	2,398
Total current liabilities	168,430	161,464	160,710
Long-term post-employment benefit liabilities	26,329	28,052	26,786
Deferred tax liabilities	42,810	43,584	50,171
Lease liabilities	3,310	3,037	-
Provision for asset retirement	77,488	56,066	56,603
Total non-current liabilities	149,937	130,739	133,560
Total liabilities	318,367	292,203	294,270
Equity	2,154,461	2,110,698	2,020,388
Total liabilities and equity	2,472,828	2,402,901	2,314,658

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

	<u>4Q21</u>	<u>3Q21</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities				
Receipts from customers	274,391	227,447	911,227	811,999
Payments to suppliers	(87,631)	(189,443)	(442,928)	(377,733)
Payments of corporate income tax	(33,545)	(10,568)	(67,730)	(42,193)
Payments of other taxes	(820)	(8,636)	(31,853)	(41,430)
Receipts of tax refunds	(23,228)	88,343	116,995	56,045
Payments to employees	3,568	(23,458)	(85,868)	(74,491)
Placement of financial guarantee	(6,766)	-	(27,946)	(21,664)
Withdrawal of financial guarantee	8,689	-	8,689	6,464
Receipts of finance income	915	677	2,714	4,472
Payments of royalties and levies	(16,165)	(12,920)	(48,664)	(29,092)
Net cash flows provided by operating activities	119,408	71,442	334,636	292,377
Cash flows from investing activities				
Payments for acquisition of fixed assets	(79,488)	(29,416)	(180,653)	(152,149)
Proceeds from disposal of fixed assets	(816)	1,179	419	1,312
Net cash flows used in investing activities	(80,304)	(28,237)	(180,234)	(150,837)
Cash flows from financing activities				
Stock subscription from non-controlling interest	-	-	-	10
Payments of dividends	-	-	(33,128)	-
Payments of lease liabilities	(274)	(346)	(1,314)	(1,512)
Payments of finance costs	(75)	-	(75)	(174)
Net cash flows used in financing activities	(349)	(346)	(34,517)	(1,676)
Net increase in cash and cash equivalents	38,755	42,859	119,885	139,864
Cash and cash equivalents at the beginning of the period	469,589	426,539	388,682	249,035
Effect of exchange rate changes on cash and cash equivalents	(17)	191	(240)	(217)
Cash and cash equivalents at the end of the period	508,327	469,589	508,327	388,682