

Press Release



Production in 3Q22 increases and costs remain competitive providing support against volatility in the market

Jakarta, October 27th, 2022 – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) and its subsidiaries (jointly the “Group”) today announced its unaudited results for the third quarter of 2022 (“3Q22”). The Company recorded production of 17,513 metric tons (“t”) of nickel in matte, and sales of US\$309.2 million in the quarter.

“I am pleased to report a profitable third quarter of 2022 with no Lost Time Injury accident and zero recordable injuries,” said Febriany Eddy, CEO and President Director of the Company. The average realized nickel price in 9M22 was 41% higher on a year-on-year basis, driving 27% higher revenue in 9M22, compared to 9M21. However, due to volatility in the market, we remain cautious towards the nickel price in the remaining of the year.

The Group’s Cost of Revenue increased from US\$213.9 million in 2Q22 to US\$258.4 million in 3Q22, primarily driven by higher energy cost and royalties.

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

	3Q22	2Q22	9M22	9M21
HSFO volume (barrels)	435,206	223,739	880,724	958,815
HSFO average price per barrel	US\$98.82	US\$88.12	US\$89.61	US\$56.43
Diesel volume (kilolitres)	15,585	14,424	44,796	50,588
Diesel average price per litre	US\$0.98	US\$0.82	US\$0.83	US\$0.48
Coal volume (t)	79,450	79,162	250,405	278,835
Coal average price per t (*)	US\$440.79	US\$386.39	US\$356.9	US\$136.2

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

Compared to 2Q22, coal usage per metric ton of nickel in matte decreased by 28%. This decrease in coal consumption was offset by 40% higher HSFO usage per metric ton of nickel in matte in the same period. Responding to sharp increase of coal price, after careful analysis, the Company decided to switch the energy sources for burner from coal to HSFO in September 2022. By doing so, The Company expected to spend lower energy cost compared to if we continue using coal. During the period, prices of HSFO, diesel and coal increased by 12%, 20% and 14% respectively.

PT Vale’s EBITDA in 3Q22 was US\$103.0 million, 37% lower than the 2Q22 EBITDA of US\$163.4 million due to lower realized nickel price. The Company’s Cash and Cash Equivalents as of September 30, 2022 was US\$624.3 million; 7% higher than the Cash and Cash Equivalents as of June 30, 2022 of US\$585.9 million.

[1]

PT Vale Indonesia Tbk

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PT Vale disbursed approximately US\$29.9 million in capital expenditures this quarter, decreased from US\$35.9 million in 2Q22. We forecasted to spend US\$130 million for the whole year of 2022.

The production forecast for 2022 has been revised to be in the range of 61,000 t – 62,000 t, lower than what we targeted before, mainly due to the delay in the completion of Furnace 4 Rebuild project. The Company will try to optimize the production in the last quarter of the year while at the same time strive to improve productivity and cost efficiency of the operation. In doing so, we will not compromise our foremost values: *Life Matters Most, Respect Our Planet and Communities*.

PT Vale recently received several awards from the Ministry of Energy and Mineral Resources in September 2022: One Best of the Best trophy for Environmental Management and three Aditama Gold awards for Mining Engineering Management, Mining Environmental Management and Mineral Conservation. Those awards were prestigious recognition from Ministry of Energy and Mineral Resources to the companies which show strong commitment in implementing good mining practices and best practices in environmental management.

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>3Q22</u>	<u>2Q22</u>	<u>9M22</u>	<u>9M21</u>
Nickel in matte production ¹	17,513	12,567	43,907	48,373
Nickel matte deliveries ¹	17,334	13,527	44,347	49,263
Average realized price ²	17,840	24,355	19,703	13,934
EBITDA ³	103.0	163.4	382.6	286.2
Revenue ³	309.2	329.4	873.7	686.4
Profit ³	17.9	82.8	168.4	122.9
Earnings per share ⁴	0.0018	0.0083	0.0169	0.0124

¹ metric ton (t)

² US\$ per t

³ US\$ million

⁴ 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>3Q22</u>	<u>2Q22</u>	<u>9M22</u>	<u>9M21</u>
Revenue	309,241	329,451	873,777	686,433
Cost of revenue	<u>(258,378)</u>	<u>(213,957)</u>	<u>(614,691)</u>	<u>(516,788)</u>
Gross profit	50,863	115,494	259,086	169,645
Operating expenses	(4,064)	(4,448)	(12,837)	(3,123)
Other income	(406)	942	785	1,959
Other expenses	(5,066)	<u>(3,580)</u>	(10,190)	<u>(7,009)</u>
Operating profit	41,327	108,408	236,844	161,472
Finance income	3,655	1,275	5,664	1,984
Finance costs	(1,732)	<u>(1,092)</u>	(3,928)	<u>(4,641)</u>
Net finance income/(costs)	1,923	183	1,736	<u>(2,657)</u>
Profit before income tax	43,250	108,591	238,580	158,815
Income tax expense	(25,320)	<u>(25,784)</u>	(70,195)	<u>(35,878)</u>
Profit for the period	17,930	<u>82,807</u>	168,385	<u>122,937</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	-	-	-	-
– Income tax on other comprehensive income	-	-	-	-
Total other comprehensive income/(loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	17,930	82,807	168,385	122,937
Profit for the period attributable to:				
Owners of the parent entity	17,930	82,807	168,385	122,937
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	17,930	<u>82,807</u>	168,385	<u>122,937</u>
Total comprehensive income for the period attributable to:				
Owners of the parent entity	17,930	82,807	168,385	122,937
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	17,930	<u>82,807</u>	168,385	<u>122,937</u>
Earnings per share				
- Basic and diluted (in full amount of US Dollars)	0.0018	0.0083	0.0169	0.0124

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

	September 30, 2022 (Unaudited)	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets			
Cash and cash equivalents	624,341	585,920	508,327
Trade receivables - Related parties	122,340	97,338	101,987
Inventories	179,668	194,755	162,023
Prepaid taxes – Other taxes	91,281	74,609	58,148
Prepayments and advances	3,027	14,951	3,521
Other current financial assets	2,600	3,056	2,570
Total current assets	1,023,257	970,629	836,576
Restricted cash	73,044	73,044	49,869
Prepaid taxes - Corporate income tax	5,658	5,623	7,808
- Other taxes	32,253	46,109	55,120
Fixed assets	1,515,803	1,517,271	1,518,963
Other non-current financial assets	5,404	4,539	4,492
Total non-current assets	1,632,162	1,646,586	1,636,252
Total assets	2,655,419	2,617,215	2,472,828
Liabilities and Equity			
Trade payables - Related parties	177	85	135
- Third parties	144,258	126,090	122,109
Accruals	27,220	25,524	19,842
Short-term employee benefit liabilities	17,641	11,543	21,638
Taxes payable - Corporate income tax	-	2,439	-
- Other taxes	1,078	1,849	1,973
Lease liabilities	1,807	1,465	1,441
Share-based payment liabilities	289	331	26
Other current financial liabilities	1,692	1,656	1,266
Total current liabilities	194,162	170,982	168,430
Long-term post-employment benefit liabilities	26,409	26,404	26,329
Deferred tax liabilities	38,234	41,922	42,810
Lease liabilities	4,311	2,691	3,310
Provision for asset retirement	69,457	70,300	77,488
Total non-current liabilities	138,411	141,317	149,937
Total liabilities	332,573	312,299	318,367
Equity	2,322,846	2,304,916	2,154,461
Total liabilities and equity	2,655,419	2,617,215	2,472,828

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

	<u>3Q22</u>	<u>2Q22</u>	<u>9M22</u>	<u>9M21</u>
Cash flows from operating activities				
Receipts from customers	284,239	320,226	853,424	636,836
Payments to suppliers	(137,212)	(142,962)	(386,830)	(355,297)
Payments of corporate income tax	(14,508)	(20,659)	(55,167)	(34,185)
Payments of other taxes	(14,402)	(12,076)	(37,440)	(31,033)
Receipts of tax refunds	420	12,739	20,739	140,223
Payments to employees	(24,991)	(27,233)	(84,182)	(89,436)
Placement of financial guarantee	-	-	(23,174)	(21,180)
Receipts of finance income	3,650	1,279	5,664	1,799
Payments of royalties and levies	(17,234)	(17,647)	(46,513)	(32,499)
Net cash flows provided by operating activities	79,962	113,667	246,521	215,228
Cash flows from investing activities				
Payments for acquisition of fixed assets	(40,637)	(44,769)	(127,666)	(101,165)
Proceeds from disposal of fixed assets	1,500	-	1,500	1,235
Net cash flows used in investing activities	(39,137)	(44,769)	(126,166)	(99,930)
Cash flows from financing activities				
Payment of dividend	-	-	-	(33,128)
Payment of lease liabilities	(382)	(299)	(978)	(1,040)
Payments of finance costs	(37)	(22)	(82)	-
Net cash flows used in financing activities	(419)	(321)	(1,060)	(34,168)
Net increase in cash and cash equivalents	40,406	68,577	119,295	81,130
Cash and cash equivalents at the beginning of the period	585,920	518,022	508,327	388,682
Effect of exchange rate changes on cash and cash equivalents	(1,985)	(679)	(3,281)	(223)
Cash and cash equivalents at the end of the period	624,341	585,920	624,341	469,589