

# Press Release



## Q2 marks another profitable quarter in 2022

**Jakarta, July 28<sup>th</sup>, 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 second quarter of 2022 (“2Q22”). Profit for the 2Q22 was US\$82.8 million or 22% higher than profit recorded in the previous quarter.

“Our profit has remained positive in this tough commodity cycle as we are focus on our efforts to improve efficiencies and reduce costs. In addition, the Company has been benefited from the favourable nickel price environment in this quarter,” said Febriany Eddy, CEO and President Director of the Company. Our production volume in first half of 2022 (“1H22”) was 13% lower than production in 1H21 due to the execution of the Furnace 4 rebuild project. The rebuild work itself has been completed and the furnace heating up has been started since June 18, 2022.

“In related to safety, there was no Lost Time Injury accident during 2Q22, and the number of recordable Injuries decreased in line with the completion of Furnace 4 rebuild. We will continue to do routine management agenda such as intensifying Leadership in the Field, increasing safety supervision and housekeeping at workplace”, said Febriany Eddy commenting the achievement.

The Group realized a 40% higher average selling price in 2Q22, resulting in 40% higher revenues in 2Q22 compared to last quarter. The Group’s cost of revenue increased from US\$142.3 million in 1Q22 to US\$213.9 million in 2Q22, primarily driven by higher commodities prices and royalties.

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

	<b>2Q22</b>	<b>1Q22</b>	<b>1H22</b>	<b>1H21</b>
HSFO volume (barrels)	<b>223,739</b>	221,779	<b>445,518</b>	640,500
HSFO average price per barrel	<b>US\$88.12</b>	US\$73.06	<b>US\$80.63</b>	US\$53.00
Diesel volume (kilolitres)	<b>14,424</b>	14,787	<b>29,211</b>	33,984
Diesel average price per litre	<b>US\$0.82</b>	US\$0.67	<b>US\$0.74</b>	US\$0.45
Coal volume (t)	<b>79,162</b>	91,793	<b>170,955</b>	174,256
Coal average price per t (*)	<b>US\$386.39</b>	US\$258.97	<b>US\$317.97</b>	US\$120.14

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

The table shows a trend of decreasing fuels and coal consumption on a year-on-year basis due to the execution of the Furnace 4 rebuild. The lower coal consumption in 2Q22 was offset by the higher HSFO consumption. In 2Q22, HSFO, diesel and coal prices increased significant by 21%, 22% and 49%, respectively, compared to 1Q22. Fuels and coal represent some of PT Vale’s largest production cost items.

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PT Vale's EBITDA in 2Q22 was US\$163.4 million, which was higher than the EBITDA in 1Q22 of US\$116.2 million. The Company's cash and cash equivalents as of June 30, 2022 and March 31, 2022 were US\$585.9 million and US\$518.0 million, respectively. In 2Q22 PT Vale disbursed approximately US\$44.8 million in capital expenditures, which was about 6% higher than capital expenditure spending in 1Q22. PT Vale will continue to exercise prudent control of its spending to preserve cash.

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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## PT Vale Indonesia Tbk Production and Financial Highlights

	<u>2Q22</u>	<u>1Q22</u>	<u>1H22</u>	<u>1H21</u>
Nickel in matte production <sup>1</sup>	<b>12,567</b>	13,827	<b>26,394</b>	30,246
Nickel matte deliveries <sup>1</sup>	<b>13,527</b>	13,486	<b>27,013</b>	30,692
Average realized price <sup>2</sup>	<b>24,355</b>	17,432	<b>20,899</b>	13,520
EBITDA <sup>3</sup>	<b>163.4</b>	116.2	<b>279.6</b>	161.2
Revenue <sup>3</sup>	<b>329.4</b>	235.1	<b>564.5</b>	414.9
Profit <sup>3</sup>	<b>82.8</b>	67.6	<b>150.4</b>	58.8
Earnings per share <sup>4</sup>	<b>0.0083</b>	0.0068	<b>0.0151</b>	0.0059

<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>2Q22</u>	<u>1Q22</u>	<u>1H22</u>	<u>1H21</u>
Revenue	329,451	235,085	564,536	414,947
Cost of revenue	<u>(213,957)</u>	<u>(142,356)</u>	<u>(356,313)</u>	<u>(329,138)</u>
<b>Gross profit</b>	<b>115,494</b>	92,729	<b>208,223</b>	85,809
Operating expenses	<b>(4,448)</b>	(4,325)	<b>(8,773)</b>	(2,057)
Other income	942	249	1,191	1,970
Other expenses	<u>(3,580)</u>	<u>(1,544)</u>	<u>(5,124)</u>	<u>(5,257)</u>
<b>Operating profit</b>	<b>108,408</b>	87,109	<b>195,517</b>	80,465
Finance income	1,275	734	2,009	1,310
Finance costs	<u>(1,092)</u>	<u>(1,104)</u>	<u>(2,196)</u>	<u>(2,022)</u>
<b>Net finance income/(costs)</b>	<b>183</b>	(370)	<b>(187)</b>	(712)
<b>Profit before income tax</b>	<b>108,591</b>	86,739	<b>195,330</b>	79,753
Income tax expense	<u>(25,784)</u>	<u>(19,091)</u>	<u>(44,875)</u>	<u>(20,967)</u>
<b>Profit for the period</b>	<b>82,807</b>	67,648	<b>150,455</b>	58,786
<b>Other comprehensive income/(loss)</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 income	-	-	-	-
<b>Total other comprehensive income/(loss)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<b>82,807</b>	67,648	<b>150,455</b>	58,786
<b>Profit for the period attributable to:</b>				
Owners of the parent entity	<b>82,807</b>	67,648	<b>150,455</b>	58,786
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>82,807</b>	67,648	<b>150,455</b>	58,786
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the parent entity	<b>82,807</b>	67,648	<b>150,455</b>	58,786
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>82,807</b>	67,648	<b>150,455</b>	58,786
<b>Earnings per share</b>				
- Basic and diluted (in full amount of US Dollars)	<b>0.0083</b>	0.0068	<b>0.0151</b>	0.0059

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

	June 30, 2022 (Unaudited)	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>Assets</b>			
Cash and cash equivalents	585,920	518,022	508,327
Trade receivables - Related parties	97,338	88,113	101,987
Inventories	194,755	202,793	162,023
Prepaid taxes - Corporate income tax	-	2,342	-
- Other taxes	74,609	67,015	58,148
Prepayments and advances	14,951	3,477	3,521
Other current financial assets	3,056	2,523	2,570
<b>Total current assets</b>	<b>970,629</b>	<b>884,285</b>	<b>836,576</b>
Restricted cash	73,044	73,044	49,869
Prepaid taxes - Corporate income tax	5,623	8,742	7,808
- Other taxes	46,109	52,855	55,120
Fixed assets	1,517,271	1,520,203	1,518,963
Other non-current financial assets	4,539	4,783	4,492
<b>Total non-current assets</b>	<b>1,646,586</b>	<b>1,659,627</b>	<b>1,636,252</b>
<b>Total assets</b>	<b>2,617,215</b>	<b>2,543,912</b>	<b>2,472,828</b>
<b>Liabilities and Equity</b>			
Trade payables - Related parties	85	195	135
- Third parties	126,090	122,536	122,109
Accruals	25,524	27,026	19,842
Short-term employee benefit liabilities	11,543	14,067	21,638
Taxes payable - Corporate income tax	2,439	-	-
- Other taxes	1,849	3,822	1,973
Lease liabilities	1,465	1,413	1,441
Share-based payment liabilities	331	39	26
Other current financial liabilities	1,656	1,447	1,266
<b>Total current liabilities</b>	<b>170,982</b>	<b>170,545</b>	<b>168,430</b>
Long-term post-employment benefit liabilities	26,404	26,738	26,329
Deferred tax liabilities	41,922	44,284	42,810
Lease liabilities	2,691	3,041	3,310
Provision for asset retirement	70,300	77,195	77,488
<b>Total non-current liabilities</b>	<b>141,317</b>	<b>151,258</b>	<b>149,937</b>
<b>Total liabilities</b>	<b>312,299</b>	<b>321,803</b>	<b>318,367</b>
<b>Equity</b>	<b>2,304,916</b>	<b>2,222,109</b>	<b>2,154,461</b>
<b>Total liabilities and equity</b>	<b>2,617,215</b>	<b>2,543,912</b>	<b>2,472,828</b>

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

	<u>2Q22</u>	<u>1Q22</u>	<u>1H22</u>	<u>1H21</u>
<b>Cash flows from operating activities</b>				
Receipts from customers	320,226	248,959	569,185	409,389
Payments to suppliers	(142,962)	(106,656)	(249,618)	(165,854)
Payments of corporate income tax	(20,659)	(20,000)	(40,659)	(23,617)
Payments of other taxes	(12,076)	(10,962)	(23,038)	(22,397)
Receipts of tax refunds	12,739	7,580	20,319	51,880
Payments to employees	(27,233)	(31,958)	(59,191)	(65,978)
Placement of financial guarantee	-	(23,174)	(23,174)	(21,180)
Receipts of finance income	1,279	735	2,014	1,122
Payments of royalties and levies	(17,647)	(11,632)	(29,279)	(19,579)
<b>Net cash flows provided by operating activities</b>	<b>113,667</b>	<b>52,892</b>	<b>166,559</b>	<b>143,786</b>
<b>Cash flows from investing activities</b>				
Payments for acquisition of fixed assets	(44,769)	(42,260)	(87,029)	(71,749)
Proceeds from disposal of fixed assets	-	-	-	56
<b>Net cash flows used in investing activities</b>	<b>(44,769)</b>	<b>(42,260)</b>	<b>(87,029)</b>	<b>(71,693)</b>
<b>Cash flows from financing activities</b>				
Payment of dividend	-	-	-	(33,128)
Payment of lease liabilities	(299)	(297)	(596)	(6,94)
Payments of finance costs	(22)	(23)	(45)	-
<b>Net cash flows used in financing activities</b>	<b>(321)</b>	<b>(320)</b>	<b>(641)</b>	<b>(33,822)</b>
<b>Net increase in cash and cash equivalents</b>	<b>68,577</b>	<b>10,312</b>	<b>78,889</b>	<b>38,271</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>518,022</b>	<b>508,327</b>	<b>508,327</b>	<b>388,682</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(679)</b>	<b>(617)</b>	<b>(1,296)</b>	<b>(414)</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>585,920</b>	<b>518,022</b>	<b>585,920</b>	<b>426,539</b>