

Press Release



Increased production and controlled cost led to higher Revenue in 1H23

Jakarta, July 27th, 2023 – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) and its subsidiaries (jointly referred to as the “Group”) today announced its unaudited results for the second quarter of 2023 (“2Q23”). During this quarter, production surged to 16,922 metric tons (t), marking a significant 35% increase compared to the corresponding period in the previous year. This output aligns with the Group’s annual production target of approximately 70,000 t for 2023.

“We have sustained positive earnings thanks to the seamless execution of our operation,” said Febriany Eddy, CEO and President Director of the Company, while commenting on the achievement. “Moving forward, we will continue to enhance our efficiency and cost reduction efforts. In this quarter, PT Vale managed to further decrease its quarterly unit cash cost of revenue even further, surpassing the level achieved in the previous quarter”.

The Group’s Revenue increased to US\$658.9 million or, 17% in 1H23 from US\$564.5 million in 1H22, mainly due to higher shipment volume of 6,208 t in this period. However, the Group’s Cost of Revenue was also increased from US\$356.3 million in 1H22 to US\$438.4 million in 1H23, primarily due to higher fuels consumption and diesel price.

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

	2Q23	1Q23	1H23	1H22
HSFO volume (barrels)	363,865	557,543	921,408	445,518
HSFO average price per barrel	US\$80.29	US\$77.44	US\$78.66	US\$80.63
Diesel volume (kilolitres)	16,244	15,241	31,485	29,211
Diesel average price per litre	US\$0.92	US\$1.02	US\$0.97	US\$0.74
Coal volume (t)	91,612	50,923	142,535	170,955
Coal average price per t (*)	US\$337.45	US\$466.22	US\$383.46	US\$317.97

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

The table above reflects the outcome of continuous improvements in operational efficiency. Starting in April 2023, the Company decided to switch the energy source for burner from HSFO to coal, prompted by the decline in coal price. PT Vale remains committed to seeking avenues for cost reduction, including adjustments in other components, as part of its ongoing efforts to manage the cost.

Aside from cost control measures, PT Vale is taking prudent steps to manage its cash flows in anticipation of unfavourable nickel price environment. As of June 30, 2023, the Company’s cash and cash equivalents amounted to US\$719.9 million. During 2Q23, PT Vale disbursed approximately US\$60.8 million in capital expenditures, marking a notable increase of around 36% compared to capital expenditure spending in 2Q22.

[1]

PT Vale Indonesia Tbk

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The Company remains committed to prioritizing productivity and cost efficiency improvements, ensuring long-term competitiveness while upholding its core values: *Life Matters Most, Respect Our Planet and Communities*.

Readers are encouraged to examine the Group's results, where operational achievements and unaudited financial results are concisely summarized in the following pages.

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PT Vale Indonesia Tbk Production and Financial Highlights

	<u>2Q23</u>	<u>1Q23</u>	<u>1H23</u>	<u>1H22</u>
Nickel in matte production ¹	16,922	16,769	33,691	26,394
Nickel matte deliveries ¹	16,463	16,758	33,221	27,013
Average realized price ²	17,967	21,672	19,836	20,899
EBITDA ³	123.02	173.58	296.60	279.6
Revenue ³	295.8	363.2	658.9	564.5
Profit ³	70.4	98.1	168.5	150.4
Earnings per share ⁴	0.0071	0.0099	0.0170	0.0151

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>2Q23</u>	<u>1Q23</u>	<u>1H23</u>	<u>1H22</u>
Revenue	295,787	363,180	658,967	564,536
Cost of revenue	<u>(210,248)</u>	<u>(228,244)</u>	<u>(438,492)</u>	<u>(356,313)</u>
Gross profit	85,539	134,936	220,475	208,223
Operating expenses	<u>(4,772)</u>	(6,142)	<u>(10,914)</u>	(8,773)
Other income	108	117	225	1,191
Other expenses	<u>(1,960)</u>	<u>(9,236)</u>	<u>(11,196)</u>	<u>(5,124)</u>
Operating profit	78,915	119,675	198,590	195,517
Finance income	8,740	7,535	16,275	2,009
Finance costs	<u>(1,381)</u>	<u>(1,254)</u>	<u>(2,635)</u>	<u>(2,196)</u>
Net finance income/(costs)	7,359	6,281	13,640	(187)
Profit before income tax	86,274	125,956	212,230	195,330
Income tax expense	<u>(15,911)</u>	<u>(27,803)</u>	<u>(43,714)</u>	<u>(44,875)</u>
Profit for the period	70,363	98,153	168,516	150,455
Other comprehensive (loss)/income				
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 (loss)/income	-	-	-	-
Total comprehensive income for the period	70,363	98,153	168,516	150,455
Profit for the period attributable to:				
Owners of the parent entity	70,363	98,153	168,516	150,455
Non-controlling interest	-	-	-	-
	<u>70,363</u>	<u>98,153</u>	<u>168,516</u>	<u>150,455</u>
Total comprehensive income for the period attributable to:				
Owners of the parent entity	70,363	98,153	168,516	150,455
Non-controlling interest	-	-	-	-
	<u>70,363</u>	<u>98,153</u>	<u>168,516</u>	<u>150,455</u>
Earnings per share				
- Basic and diluted (in full amount of US Dollars)	<u>0.0071</u>	<u>0.0099</u>	<u>0.0170</u>	<u>0.0151</u>

[4]

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

	June 30, 2023 (Unaudited)	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Assets			
Cash and cash equivalents	719,881	717,267	634,042
Trade receivables - Related parties	92,079	120,598	141,377
Inventories	168,647	168,102	155,753
Prepaid taxes – Other taxes	80,745	71,723	48,723
Prepayments and advances	1,814	4,002	4,444
Other current financial assets	6,240	5,412	5,463
Total current assets	1,069,406	1,087,104	989,802
Restricted cash	103,088	91,559	73,044
Prepaid taxes - Corporate income tax	11,084	10,933	10,933
- Other taxes	29,809	31,636	30,869
Investments in associates	12,724	12,709	-
Fixed assets	1,579,185	1,556,198	1,549,857
Other non-current financial assets	3,646	3,430	3,611
Total non-current assets	1,739,536	1,706,465	1,668,314
Total assets	2,808,942	2,793,569	2,658,116
Liabilities and Equity			
Trade payables - Related parties	69	190	298
- Third parties	129,634	123,847	115,296
Accruals	29,375	37,677	27,772
Short-term employee benefit liabilities	12,823	15,729	26,244
Taxes payable - Corporate income tax	22,072	18,764	-
- Other taxes	2,231	4,474	2,407
Lease liabilities	1,883	1,874	1,816
Share-based payment liabilities	29	141	467
Other current financial liabilities	4,045	2,685	739
Total current liabilities	202,161	205,381	175,039
Long-term post-employment benefit liabilities	30,894	30,197	28,457
Deferred tax liabilities	22,776	22,050	24,891
Lease liabilities	3,239	3,671	3,918
Provision for asset retirement	86,782	79,423	71,031
Total non-current liabilities	143,691	135,341	128,297
Total liabilities	345,852	340,722	303,336
Equity	2,463,090	2,452,847	2,354,780
Total liabilities and equity	2,808,942	2,793,569	2,658,116

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

	<u>2Q23</u>	<u>1Q23</u>	<u>1H23</u>	<u>1H22</u>
Cash flows from operating activities				
Receipts from customers	324,307	383,959	708,266	569,185
Payments to suppliers	(144,237)	(155,755)	(299,992)	(249,618)
Payments of corporate income tax	(17,341)	(11,884)	(29,225)	(40,659)
Payments of other taxes	(15,315)	(15,112)	(30,427)	(23,038)
Receipts of tax refunds	21,883	-	21,883	20,319
Payments to employees	(29,421)	(30,943)	(60,364)	(59,191)
Placement of financial guarantee	(11,529)	(18,515)	(30,044)	(23,174)
Receipts of finance income	8,741	7,534	16,275	2,014
Payments of royalties and levies	(15,751)	(19,774)	(35,525)	(29,279)
Net cash flows provided by operating activities	121,337	139,510	260,847	166,559
Cash flows from investing activities				
Payments for acquisition of fixed assets	(60,761)	(56,160)	(116,921)	(87,029)
Net cash flows used in investing activities	(60,761)	(56,160)	(116,921)	(87,029)
Cash flows from financing activities				
Payment of dividends	(59,304)	-	(59,304)	-
Payment of lease liabilities	(767)	(189)	(956)	(596)
Payments of finance costs	(68)	-	(68)	(45)
Net cash flows used in financing activities	(60,139)	(189)	(60,328)	(641)
Net increase/(decrease) in cash and cash equivalents	437	83,161	83,598	78,889
Cash and cash equivalents at the beginning of the period	717,267	634,042	634,042	508,327
Effect of exchange rate changes on cash and cash equivalents	2,177	229	2,406	(1,296)
Cash and cash equivalents of deconsolidated subsidiaries	-	(165)	(165)	-
Cash and cash equivalents at the end of the period	719,881	717,267	719,881	585,920