

Press Release



PT Vale records higher earnings in 2Q24

Jakarta, July 29th, 2024 – PT Vale Indonesia Tbk (“PT Vale” or the “Company”, IDX Ticker: INCO) and its subsidiary (jointly referred to as the “Group”) today announced its unaudited results for the second quarter of 2024 (“2Q24”).

The production volume in 2Q24 saw a slight decrease of 9% compared to the strong performance in 1Q24. This is a testament to the Company’s commitment to quality and planned maintenance activities, which are crucial for long-term success. On a year-on-year basis, the production in 2Q24 was only marginal lower by 2%, demonstrating consistent performance. Moreover, the Company is pleased to report that the production for 1H24 was 3% higher than production in 1H23. This growth can be attributed to its planned maintenance strategy and higher calcine output in 2024.

We are optimistic about our production outlook and hopeful for a smooth continuation of operations until the end of the year. Our goal is to achieve a production target of approximately 70,800 metric tons (“t”) of nickel in matte in 2024, which is an increase than last year’s target.

Production Highlights

	<u>2Q24</u>	<u>1Q24</u>	<u>2Q23</u>	<u>1H24</u>	<u>1H23</u>
Nickel in matte production (t)	16,576	18,199	16,922	34,774	33,691

In 2Q24, the Company achieved sales of 17,505 t of nickel matte, generating revenues of US\$248.8 million. This represents an 8% increase compared to previous quarter due to higher average realized nickel price in 2Q24. The average realized nickel price rose by 12% to US\$14,214 per ton in 2Q24, up from US\$12,651 per ton in 1Q24. “Despite market volatility, we remain committed to optimizing our production capacity, improving efficiencies, and reducing costs,” reported Febriany Eddy, CEO and President Director of the Company.

In line with the reduced shipment in the quarter, the Company’s cost of revenue decreased from US\$209.8 million in 1Q24 to US\$207.3 million in 2Q24. The reduction in total cost of revenue also supported by the decreased consumption of fuels and coal in 2Q24, complemented by a drop in coal prices.

As we approach the 2nd half of the year, we will further push proactive cost saving initiatives to ensure our unit cash cost remains competitive in attempt to sustainably generate healthy margins. With the recent change in shareholder composition, we are seeing ample of room to capitalize on strategic initiatives that can bring positive synergies to the company, such as integration of procurement efforts within the group for better commodity input prices which is one of our largest cost drivers.

[1]

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

Press Release

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

	2Q24	1Q24	1H24	1H23
HSFO volume (barrels)	353,857	425,302	779,159	921,408
HSFO average price per barrel	US\$87.31	US\$85.63	US\$86.39	US\$78.66
Diesel volume (kilolitres)	17,394	18,473	35,868	31,485
Diesel average price per litre	US\$0.82	US\$0.84	US\$0.83	US\$0.97
Coal volume (t)	111,134	117,115	228,249	163,454
Coal average price per t (*)	US\$174.27	US\$176.85	US\$175.60	US\$334.38

(*) Price in WMT (Wet Metric Ton) and CFR (Cost & Freight) basis

The average price of HSFO was 2% higher in this quarter compared to the previous quarter. However, this increase was offset by the lower average prices of diesel and coal prices, which were 2% and 1% lower respectively in 2Q24.

Despite industry challenges, the Company was able to generate a positive EBITDA of US\$72.4 million, marking a 38% increase compared to the previous quarter due to higher revenue and lower cost of revenue. Furthermore, the Company managed to book a profit of US\$31.1 million in 2Q24, marking a significant increase from the previous quarter. This profit was realized after accounting for an unrealized loss of US\$6.1 million on recognition of the fair value of a derivative asset (participating right in the Company's investment in PT Kolaka Nickel Indonesia). It is important to highlight that essence of this derivative price adjustment is a non-realized loss which is non-operating in nature. Hence, on a normalized basis, we recorded a profit of US\$35.9 million in 2Q24, which is 122% higher compared to profit in the previous quarter.

The Company's cash and cash equivalents increased to US\$832.1 million as of June 30, 2024, up from US\$730.8 million on March 31, 2024. PT Vale disbursed approximately US\$61.0 million in capital expenditures this quarter, an increase from US\$57.4 million in 1Q24. PT Vale will continue to exercise prudent control of its spending to preserve cash.

The Company remains committed to prioritizing productivity and cost efficiency improvements, ensuring long-term competitiveness while implementing good mining practices to achieve its purpose: *We exist to improve life and transform the future. Together.*

Readers are encouraged to examine the Group's results, where operational achievements and unaudited financial results are concisely summarized in the following pages – all figures are in US\$ except for nickel in matte production and deliveries which are in metric tons.

Press Release



For further information, please contact:

Rizky Putra, Chief Financial Officer
ptvi.investorrelation@vale.com

visit our website at
www.vale.com/indonesia

or call us at
(+62-21) 524 9000

[3]

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

Press Release



PT Vale Indonesia Tbk Production and Financial Highlights

	<u>2Q24</u>	<u>1Q24</u>	<u>1H24</u>	<u>1H23</u>
Nickel in matte production ¹	16,576	18,199	34,774	33,691
Nickel matte deliveries ¹	17,505	18,175	35,680	33,221
Average realized price ²	14,214	12,651	13,418	19,836
EBITDA ³	72.44	52.40	124.85	296.60
Revenue ³	248.8	229.9	478.7	658.9
Profit ³	31.1	6.2	37.3	207.8
Profit without derivative asset³	35.9	16.2	52.1	164.6
Earnings per share ⁴	0.0030	0.0006	0.0036	0.0209

¹ metric ton (t)

² US\$ per t

³ US\$ million

⁴ US\$

Press Release



PT Vale Indonesia Tbk and its subsidiary
Interim Consolidated Statements of Profit or Loss
and Other Comprehensive Income
(In thousands of US\$ except basic earnings per share)

	<u>2Q24</u>	<u>1Q24</u>	<u>1H24</u>	<u>1H23*</u>
Revenue	248,813	229,937	478,750	658,967
Cost of revenue	<u>(207,320)</u>	<u>(209,843)</u>	<u>(417,163)</u>	<u>(438,492)</u>
Gross profit	41,493	20,094	61,587	220,475
Operating expenses	(7,368)	(6,302)	(13,670)	(16,588)
Other income	3,363	1,559	4,922	225
Other expenses	<u>(3,330)</u>	<u>(635)</u>	<u>(3,965)</u>	<u>(11,196)</u>
Operating profit	34,158	14,716	48,874	192,916
Share in net profit from associate	(7)	63	56	-
(Loss)/gain on recognition of fair value of derivative asset	(6,120)	(12,880)	(19,000)	55,370
Finance income	9,078	9,194	18,272	16,275
Finance costs	<u>(1,399)</u>	<u>(2,256)</u>	<u>(3,655)</u>	<u>(2,635)</u>
Profit before income tax	35,710	8,837	44,547	261,926
Income tax expense	<u>(4,618)</u>	<u>(2,643)</u>	<u>(7,261)</u>	<u>(54,126)</u>
Profit for the period	31,092	6,194	37,286	207,800
Other comprehensive (loss)/income				
Items that will not be reclassified to profit or loss:				
– Changes resulting from actuarial remeasurement of post-employment benefit liabilities	-	(3,544)	(3,544)	(4,588)
– Income tax on other comprehensive income	-	780	780	1,009
	<u>-</u>	<u>(2,764)</u>	<u>(2,764)</u>	<u>(3,579)</u>
Items that will be reclassified to profit or loss:				
- Currency differences from translation of associate entity's financial statements	(394)	(346)	(740)	-
Total other comprehensive loss	(394)	(3,110)	(3,504)	(3,579)
Total comprehensive income for the period	30,698	3,084	33,782	204,221

Press Release

Profit for the period

attributable to:

Owners of the parent entity

<u>31,092</u>	<u>6,194</u>	<u>37,286</u>	<u>207,800</u>
---------------	--------------	---------------	----------------

Total comprehensive income for the period attributable to:

Owners of the parent entity

<u>30,698</u>	<u>3,084</u>	<u>33,782</u>	<u>204,221</u>
---------------	--------------	---------------	----------------

Earnings per share

- Basic and diluted

(in full amount of US Dollars)

<u>0.0030</u>	<u>0.0006</u>	<u>0.0036</u>	<u>0.0209</u>
---------------	---------------	---------------	---------------

*) Restated, refer to Note 42

Press Release



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

	June 30, 2024 (Unaudited)	March 31, 2024 (Audited)	December 31, 2023 (Audited)
Assets			
Cash and cash equivalents	832,149	730,852	698,795
Trade receivables - Related parties	107,653	86,418	101,813
Inventories	154,629	143,022	155,946
Prepaid taxes – Corporate Income Tax	2,942	10,145	-
– Other taxes	45,762	59,513	64,599
Prepayments and advances	1,568	4,902	6,056
Other current financial assets	5,228	5,861	5,910
Total current assets	1,149,931	1,040,713	1,033,119
Restricted cash	75,777	75,777	103,857
Prepaid taxes - Corporate income tax	31,532	18,726	15,015
- Other taxes	25,088	7,149	36,498
Investments in associate	11,726	12,127	12,410
Derivative asset	5,690	11,810	24,690
Fixed assets	1,761,928	1,721,920	1,695,531
Other non-current financial assets	4,488	4,841	4,879
Total non-current assets	1,916,229	1,842,350	1,892,880
Total assets	3,066,160	2,893,063	2,925,999
Liabilities and Equity			
Trade payables - Related parties	720	114	312
- Third parties	142,911	104,285	140,515
Accruals	45,949	42,381	33,843
Short-term employee benefit liabilities	17,337	11,903	25,070
Taxes payable - Other taxes	2,446	7,325	2,821
Lease liabilities	4,898	5,916	5,543
Share-based payment liabilities	52	29	110
Provision for asset retirement	4,804	6,568	6,422
Other current financial liabilities	1,516	2,548	2,091
Total current liabilities	220,633	181,069	216,727
Long-term post-employment benefit liabilities	41,888	43,127	39,695
Deferred tax liabilities	9,971	14,653	19,603
Lease liabilities	3,406	3,960	3,078
Provision for asset retirement	84,902	76,331	77,482
Other non-current financial liabilities	6,096	6,302	4,877
Total non-current liabilities	146,263	144,373	144,735
Total liabilities	366,896	325,442	361,462
Equity	2,699,264	2,567,621	2,564,537
Total liabilities and equity	3,066,160	2,893,063	2,925,999

[7]

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

Press Release



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

	<u>2Q24</u>	<u>1Q24</u>	<u>1H24</u>	<u>1H23</u>
Cash flows from operating activities				
Receipts from customers	227,578	245,332	472,910	708,266
Payments to suppliers	(115,155)	(156,730)	(271,885)	(299,992)
Payments of corporate income tax	(24,703)	(20,669)	(45,372)	(29,225)
Payments of other taxes	(21,172)	(11,179)	(32,351)	(30,427)
Receipts of tax refunds	15,784	50,118	65,902	21,883
Payments to employees	(26,025)	(37,344)	(63,369)	(60,364)
Withdrawal of financial guarantee	(769)	28,080	27,311	-
Placement of financial guarantee	-	-	-	(30,044)
Receipts of finance income	9,078	9,194	18,272	16,275
Payments of royalties and levies	(14,220)	(14,039)	(28,259)	(35,525)
Net cash flows provided by operating activities	50,396	92,763	143,159	260,847
Cash flows from investing activities				
Payments for acquisition of fixed assets	(61,021)	(57,452)	(118,473)	(116,921)
Proceeds from disposal of fixed assets	228	150	378	-
Net cash flow decrease from loss of control of a subsidiary	-	-	-	(165)
Net cash flows used in investing activities	(60,793)	(57,302)	(118,095)	(117,086)
Cash flows from financing activities				
Issuance of new shares	108,743	-	108,743	-
Payment of dividends	-	-	-	(59,304)
Payment of lease liabilities	1,470	(2,379)	(909)	(956)
Payments of finance costs	(108)	(123)	(231)	(68)
Net cash flows used in financing activities	110,105	(2,502)	107,603	(60,328)
Net increase in cash and cash equivalents	99,708	32,959	132,667	83,433
Cash and cash equivalents at the beginning of the period	730,852	698,795	698,795	634,042
Effect of exchange rate changes on cash and cash equivalents	1,589	(902)	687	2,406
Cash and cash equivalents at the end of the period	832,149	730,852	832,149	719,881