

Tuesday, 20 June 2023

**BUY**  
**Initiate**

Last price (IDR) 995  
Target Price (IDR) 1,400  
Upside/Downside +40.7%  
Previous Target Price (IDR) n/a

#### Stock Statistics

Sector Metal Mining  
Bloomberg Ticker NCKL JJ  
No of Shrs (mn) 63,099  
Mkt. Cap (IDRbn/USDmn) 62,783/4,187

#### Major shareholders (%)

PT Harita Jayaraya 81.2  
PT Citra Duta Jaya Makmur 0.8  
Estimated free float 13.5

#### EPS Consensus (IDR)

|                | 2022F | 2023F | 2024F |
|----------------|-------|-------|-------|
| Danareksa      | 79.6  | 132.4 | 170.3 |
| Consensus      | n/a   | n/a   | n/a   |
| Danareksa/Cons | n/a   | n/a   | n/a   |

#### NCKL relative to JCI Index



## Trimegah Bangun Persada (NCKL JJ)

### Indonesian HPAL First Mover

**Trimegah Bangun Persada (NCKL) is the pioneer in the Indonesian nickel space with exposure to HPAL. Going forward, the company plans to transform itself into an integrated upstream-to-downstream nickel play, supported by its huge FeNi capacity. Initiate coverage with a BUY.**

**NCKL is the HPAL first mover in Indonesia.** Trimegah Bangun Persada (NCKL) is the pioneer in the Indonesian nickel space with exposure to HPAL since 2021 through 45.10% of the company's investment in HPL, which is a subsidiary of Lygend. The Phase I HPAL project consists of two nickel-cobalt compound production lines. The first production line started production in May 2021 while the second production line started production in October 2021, with planned aggregate production capacity of 37,000 tons of nickel-cobalt compound metal (which also includes 4,500 tons of metal cobalt) per year which is currently operating and producing MHP. Furthermore, HPL is also in the process of developing Phase II of the HPAL Project, which consists of an additional nickel-cobalt compound production line, with planned production capacity of 18,000 tonnes of nickel-cobalt compound metal (including 2,250 tonnes of cobalt metal) per year.

**Huge FeNi capacity.** NCKL through its subsidiary, MSP (60% stake), currently operates the FeNi smelter with capacity of 25k tons through 4 RKEF lines. The company is also in the process of expanding its ferronickel production capacity through the Phase I HJF RKEF Project (63% stake) which is operated by the company's Subsidiary HJF. The company's Phase I RKEF HJF Project is expected to have eight production lines with annual production capacity of 95,000 tons of ferronickel metal. The construction of five production lines has been completed with annual production capacity of 59,000 tons of metal per year. The company targets full commercial production of HJF in 2Q23.

**Brighter earnings outlook in 2023 onwards.** With higher revenues from improving FeNi sales volume and higher income from associates from HPL, we believe NCKL's earnings will grow 24.5% yoy to IDR5.8 tn in 2023 and then increase further to IDR8.1 tn in 2024F. With a brighter earnings outlook, we believe the company will be able to distribute more dividends, in-line with its improving earnings. The company is committed to a payout of about 30%.

**Initiate coverage with a BUY.** We value NCKL using the sum-of-the-parts method, and arrive at a TP of IDR1,400, offering 40.7% potential upside from the current share price. We assume a long-term nickel price at USD19k/ton with WACC of 11.5%. We believe the OSS and other down-streaming projects will create additional potential upside to our valuation when the company officially commences its upstreaming plans.

#### Key Financials

| Year to 31 Dec     | 2021A | 2022A | 2023F  | 2024F  | 2025F  |
|--------------------|-------|-------|--------|--------|--------|
| Revenue (IDRbn)    | 8,229 | 9,568 | 26,699 | 27,607 | 27,884 |
| EBITDA (IDRbn)     | 4,209 | 4,482 | 9,783  | 9,855  | 9,941  |
| EBITDA Growth (%)  | 153.8 | 6.5   | 118    | 1      | 1      |
| Net profit (IDRbn) | 1,969 | 4,667 | 5,812  | 8,112  | 8,974  |
| EPS (IDR)          | 31.2  | 74.0  | 92.1   | 128.6  | 142.2  |
| EPS growth (%)     | 592.6 | 137.1 | 25     | 40     | 11     |
| BVPS (IDR)         | 89.4  | 150.3 | 446.3  | 525.9  | 581.4  |
| PER (x)            | 31.9  | 13.5  | 10.8   | 7.7    | 7.0    |
| PBV (x)            | 11.1  | 6.6   | 2.2    | 1.9    | 1.7    |
| EV/EBITDA (x)      | 15.6  | 15.6  | 6.4    | 5.9    | 5.6    |

Source : NCKL, BR Danareksa Sekuritas Estimates



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## Investment Highlights

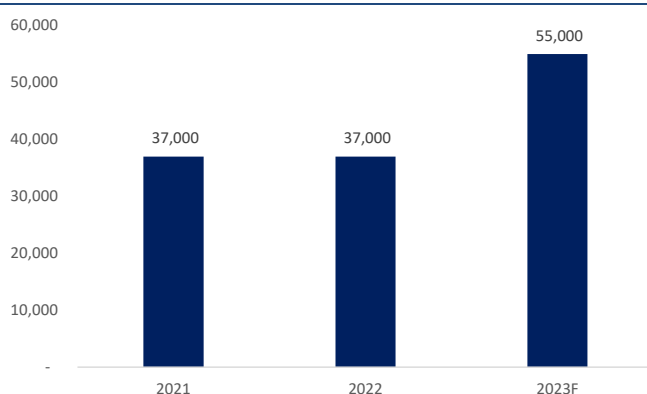
### HPAL Pioneer in Indonesia

Trimegah Bangun Persada (NCKL) is the pioneer in the Indonesian nickel space with exposure to HPAL since 2021 through 45.10% of the company's investment in HPL, which is a subsidiary of Lygend. The Phase I HPAL project consists of two nickel-cobalt compound production lines. The first production line started production in May 2021 while the second production line started production in October 2021, with planned aggregate production capacity of 37,000 tons of nickel-cobalt compound metal (which also includes 4,500 tons of metal cobalt) per year which is currently operating and producing MHP.

HPL is also in the process of developing Phase II of the HPAL Project, which consists of an additional nickel-cobalt compound production line, with planned production capacity of 18,000 tonnes of nickel-cobalt compound metal (including 2,250 tonnes of cobalt metal) per year. Construction began in September 2021 with full production commencing in the first quarter of 2023.

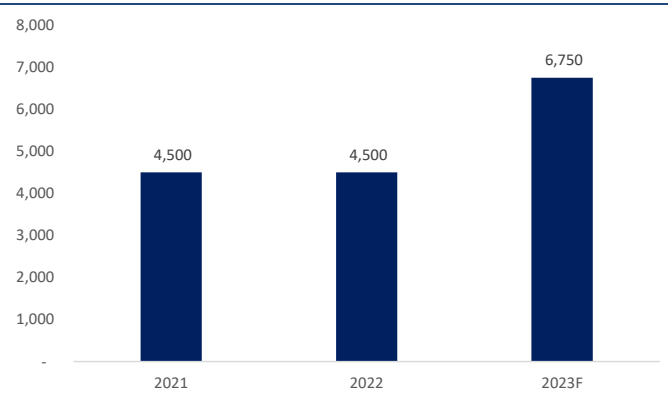
Furthermore, HPL is also adding machinery and equipment, including acid production equipment to the Phase I and Phase II HPAL Projects, so that three production lines will be able to produce nickel sulfate and cobalt sulfate in the future. The nickel sulfate and cobalt sulfate production lines under the HPAL Project Phase I and HPAL Project Phase II are expected to start full production in the first quarter of 2023 and the second quarter of 2023, respectively, with expected output of 37,000 tonnes of metallic nickel sulfate and 4,500 tonnes of metallic nickel sulfate. Cobalt sulfate under the HPAL Phase I Project and expected yields of 18,000 tons of metal sulfate and 2,250 tons of cobalt metal sulfate under the Phase II HPAL Project.

**Exhibit 1. HPL Nickel Capacity (in tons)**



Source: Nickel Institutue

**Exhibit 2. HPL Cobalt Capacity (in tons)**



Source: Nickel Institute

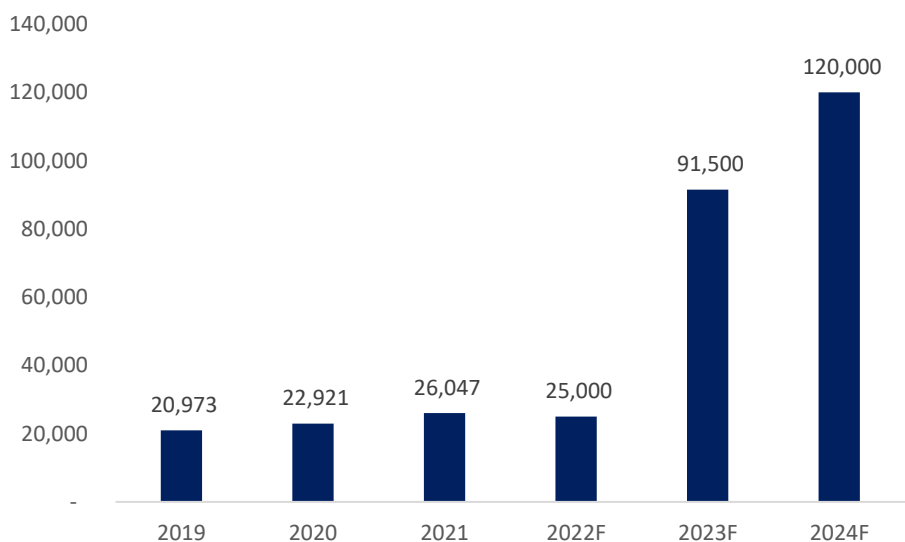
### More investment in the HPAL project

The company also has a 10.00% investment in OBI Nickel Cobalt (ONC), a subsidiary of Lygend, which is the project company for the Phase III HPAL Project. The investment is recorded in the company's statement of financial position under the line item "investment in shares". This Phase III HPAL project consists of three nickel-cobalt compound production lines, with planned production capacity of 65,000 tons of nickel-cobalt compound metal (including 7,500 tons of cobalt metal) per year. Construction is expected to start in the third quarter of 2022 with production commencing in the first quarter of 2024. We believe the smelter will produce around 43k tons of nickel and 4k tons of cobalt in 2024 before being ramped up to 65k tons of nickel and 7.5k tons of cobalt in 2025.

### Huge FeNi Capacity

NCKL through its subsidiary, MSP (60% stake), currently operates the FeNi smelter with capacity of 25k tons through 4 RKEF lines. The company is also in the process of expanding its ferronickel production capacity through the Phase I HJF RKEF Project (63% stake) which is operated by the company's Subsidiary HJF. The company's Phase I RKEF HJF Project is expected to have eight production lines with annual production capacity of 95,000 tons of ferronickel metal. The construction of five production lines has been completed with annual production capacity of 59,000 tons of metal per year. The company targets full commercial production of HJF in 2Q23.

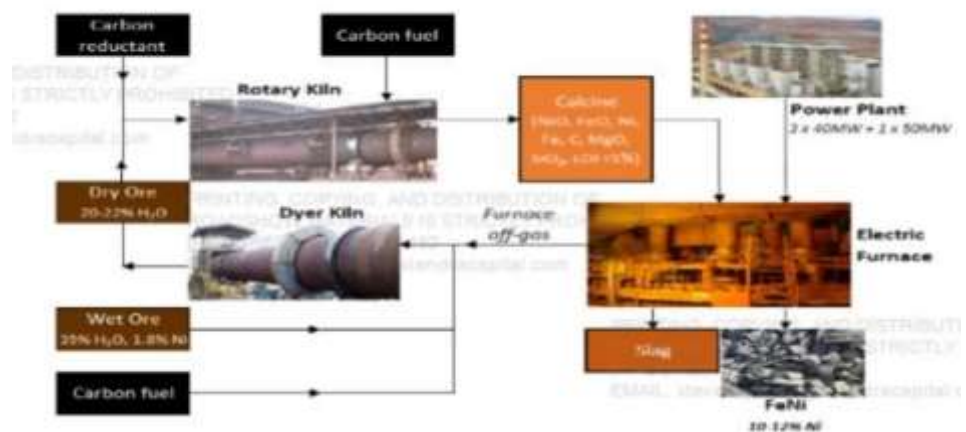
**Exhibit 3. FeNi production volume (in tons)**



Source: BRIDS, NCKL

The company also has a 35% investment in KPS, which is a subsidiary entity of Lygend that operates the Phase II RKEF KPS Project. The Phase II RKEF KPS Project involves the construction of a new ferronickel production facility consisting of 12 production lines using RKEF technology and construction is expected to begin in the second quarter of 2023. After the completion of the Phase II RKEF PPP Project, the KPS is expected to have production capacity of 185,000 tons of ferronickel per year. Full production is expected to start in the second quarter of 2025.

**Exhibit 4. RKEF production process**



Source: NCKL

## Slag and Tailings

For its HPAL business, NCKL utilizes the HPL dry tailings method, which is deemed to be more effective than the wet tailings storage and deepwater tailings disposal alternatives, as it avoids the risks posed by wet tailings storage and the potential environmental and social damage when these facilities fail. While for its RKEF, as part of the Reduce-Reuse-Recycle policy, the company also sends nickel slag, which is a by-product of nickel ore smelting, to PT Hijau Lestari Perkasa, an affiliate of the company's Controlling Shareholder, to produce a raw material substitute for ready-mix concrete and tile construction, such as paving blocks, bricks and other precast concrete.

**Exhibit 5. Dry Stack Tailings**



Source: Various

**Exhibit 6. Slag which is already converted into bricks**



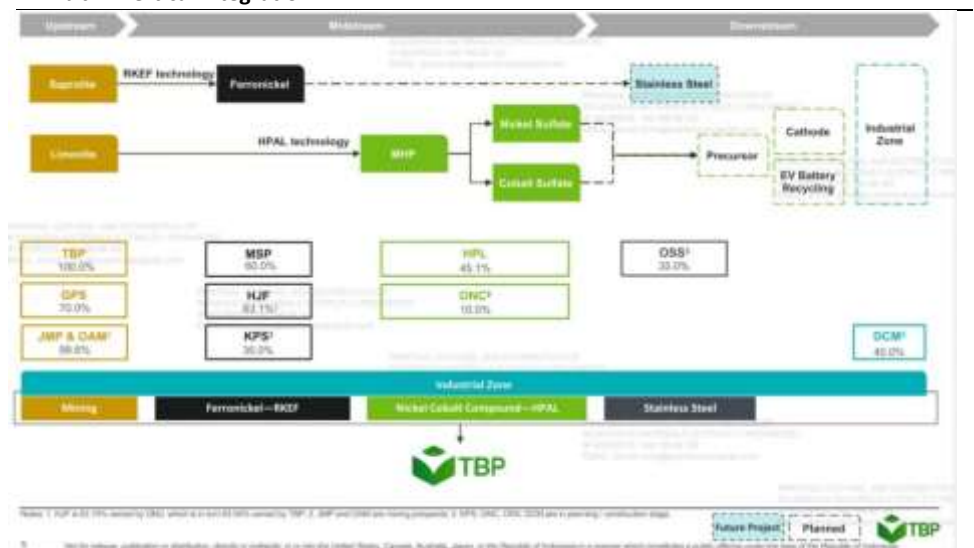
Source: Various

## Expect transformation into an integrated nickel play

With regard to ferronickel processing operations, the company intends to continue to deepen the integration of the company's value chain which includes upstream nickel mining and downstream nickel processing as well as stainless steel production to achieve operational efficiency and reduce the company's production costs. The stainless steel production will be operated by NCKL's associate company in which the company has a 35% stake.

The company's vertical integration will not stop there as NCKL is also seeking to build a downstream nickel investment portfolio and expand further downstream into the production of stainless steel and/or the precursor or cathode battery materials and battery recycling. To achieve this, the company intends to leverage the expertise and experience of the downstream investment companies, HPL and ONC, which will have the know-how and technical expertise to produce nickel-cobalt compounds and nickel sulfate and cobalt sulfate under the HPAL Project, as well as PT OSS, which will have the technical know-how to produce stainless steel.

**Exhibit 7. Vertical integration**

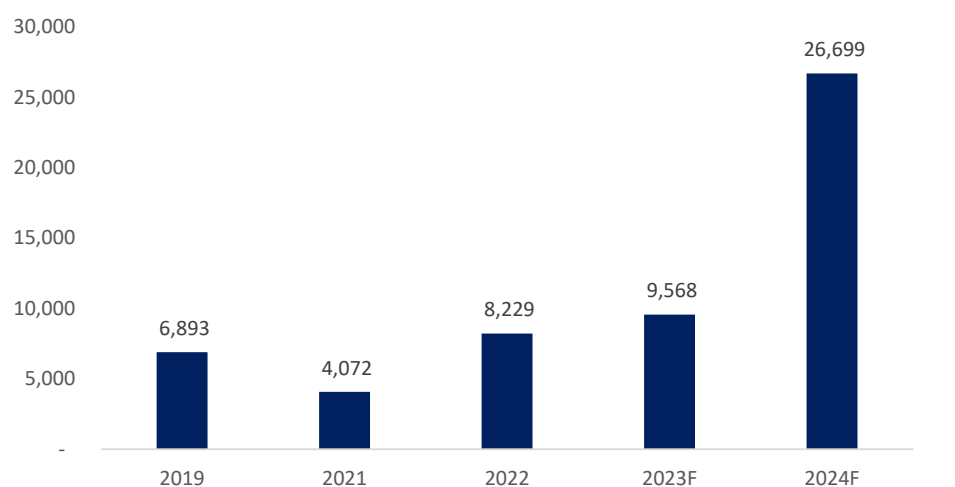


## Financial Highlights

### Higher FeNi Capacity in 2023 as a revenues booster

The company currently operates a FeNi smelter with capacity of 25k tons through MSP, and its historical utilization rate stands at around 100%. From this MSP FeNi plant, we expect the company to generate revenues of IDR9.6 tn in 2023 with the assumption of a nickel price at USD19k/ton and price payability at 80% of the LME. However, in 2024, NCKL's FeNi revenues are expected to almost triple to IDR26.7 tn as its second FeNi plant with capacity of 95k tons, through HJF, will be fully operational.

**Exhibit 8. NCKL Revenues trend**



Source: NCKL, BRIDS

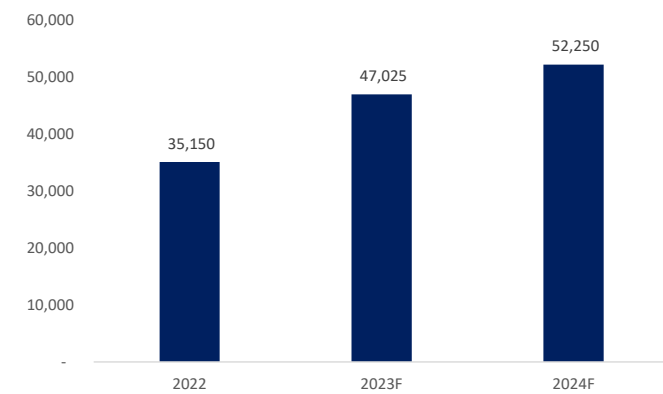
We believe the FeNi sales volume will increase to 96k tons in 2023 before reaching its optimum operational level in 2024.

### Improving income from associates from HPL

NCKL's associate company that operates its HPAL business, HPL, will improve its capacity through the HPAL Phase II project by another 18k tons of nickel and 2.25k tons of cobalt per annum in 1Q23. We expect its HPL nickel production to improve to 47k tons in 2023F before it reaches optimal capacity in 2024F. As the company's HPAL facility output is already converted into nickel sulphate, we have used 100% LME payability since 2023. We believe NCKL's income from associates will reach IDR3.3 tn in 2024 (+54% yoy).

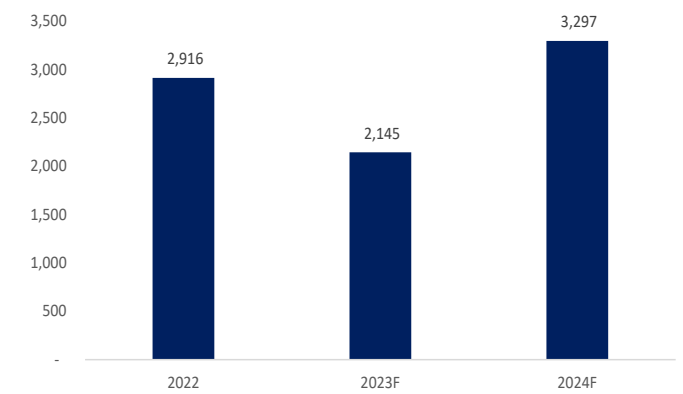
Furthermore, we expect NCKL's income from associates to improve further in 2025 onwards as its RKEF FeNi, through KPS (35% stake) with capacity of 185k tons, will be fully operational in 2Q25.

**Exhibit 9. HPL nickel production volume (in tons)**



Source: Nickel Institutue

**Exhibit 10. Income from associates (in IDR bn)**

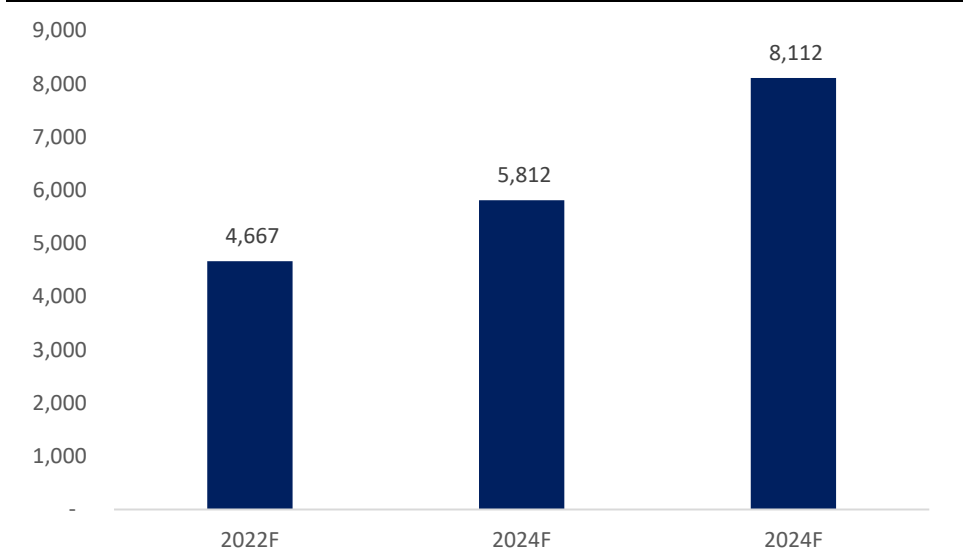


Source: Nickel Institute

### Brighter earnings outlook in 2022 onwards

With higher revenues from improving FeNi sales volume and higher income from associates from HPL, we believe NCKL's earnings will grow 24.5% yoy to IDR5.8 tn in 2023 and then increase further to IDR8.1 tn in 2024F. With a brighter earnings outlook, we believe the company will be able to distribute more dividends, in-line with its improving earnings. The company is committed to a payout of about 30%.

**Exhibit 11. Net income trend**



Source: BRIDS, Wood Mackenzie

## Valuation

We value NCKL using the sum-of-the-parts method, and arrive at a TP of IDR1,400, offering 40.7% potential upside from the current share price. We assume a long-term nickel price at USD19k/ton with WACC of 11.5%. We believe the OSS and other down-streaming projects will create additional potential upside to our valuation when the company officially announces its project plans.

**Exhibit 12. Valuation**

| Assets                                   | Adjusted ownership value (in USD mn) |
|------------------------------------------|--------------------------------------|
| Mining                                   | 969                                  |
| MSP                                      | 336                                  |
| HJF                                      | 1,979                                |
| KPS                                      | 1,696                                |
| HPL                                      | 772                                  |
| ONC                                      | 205                                  |
| <b>Total</b>                             | <b>5,957</b>                         |
| Debt/ (Net cash)                         | (229)                                |
| <b>Net Value</b>                         | <b>6,186</b>                         |
| <i>Outstanding shares (in mn shares)</i> | <i>63,098</i>                        |
| Equity Value (IDR/sh)                    | 1,422                                |
| <b>Target Price (IDR/sh)</b>             | <b>1,400</b>                         |

Source: BRIDS, NCKL

**Exhibit 13. Peers Comparison**

|                        | Market cap | PER (x) |       | EV/EBITDA (x) |       | PBV (x) |       | ROE (%) |       |
|------------------------|------------|---------|-------|---------------|-------|---------|-------|---------|-------|
|                        | (USDMn)    | 2023F   | 2024F | 2023F         | 2024F | 2023F   | 2024F | 2023F   | 2024F |
| Metals mining          |            |         |       |               |       |         |       |         |       |
| Merdeka Copper Gold    | 6,643      | 45.92   | 30.61 | 17.20         | 12.23 | 5.20    | 4.37  | 10.73   | 13.74 |
| Vale Indonesia         | 4,357      | 16.87   | 15.66 | 7.51          | 7.16  | 1.75    | 1.51  | 10.36   | 9.90  |
| Aneka Tambang          | 3,392      | 12.84   | 11.27 | 7.86          | 6.65  | 1.96    | 1.77  | 15.07   | 15.50 |
| Zhejiang Huayou Cobalt | 12,949     | 11.35   | 8.45  | 8.54          | 6.60  | 2.58    | 1.91  | 25.51   | 25.01 |
| Sumitomo Metal Mining  | 11,249     | 8.97    | 10.89 | 8.30          | 9.64  | 0.91    | 0.88  | 10.61   | 7.47  |
| Nickel Mines Limited   | 1,815      | 5.94    | 6.98  | 4.44          | 4.10  | 1.03    | 0.95  | 20.89   | 18.00 |
| CNGR Advanced Material | 6,612      | 13.62   | 9.74  | 12.96         | 8.57  | 2.95    | 2.26  | 20.62   | 22.90 |
| AGNICO EAGLE MINES LTD | 25,740     | 30.15   | 25.59 | 8.93          | 8.34  | 1.46    | 1.44  | 6.07    | 6.34  |
| NEWCREST MINING LTD    | 17,708     | 22.38   | 22.61 | 8.90          | 8.95  | 1.50    | 1.42  | 6.41    | 6.32  |
| Average                | 10,052     | 18.7    | 15.8  | 9.4           | 8.0   | 2.2     | 1.8   | 14.0    | 13.9  |

Source: BRIDS, Bloomberg

## **Key Risks**

### **Nickel price fluctuations**

Current and future changes in the supply and demand for nickel, nickel products and other related products can affect nickel price trends. In recent years, market prices for nickel, nickel products and related products have fluctuated at various levels. Any significant reduction in the price of nickel, nickel products and related products could have an adverse and material impact on the company's business, financial condition, results of operations and prospects.

### **Significant reclamation, rehabilitation and mine closure liability risks**

The government sets operational and reclamation standards for all aspects of open pit mining operations. The company has developed reclamation, rehabilitation and mine closure strategies for the company's concession areas. The reclamation process is carried out in stages. Mining expenses and liabilities for future cash disbursement estimates for reclamation, rehabilitation and closure have been recorded. As more disturbed areas are used for mining to increase production, the company also incurs new costs for future rehabilitation.

### **Regulation risks**

The mining business is a very regulated business where the regulations are subject to further changes.

## Company Profile

### Obi island integrated nickel miner

NCKL is a pure nickel company with upstream and downstream capabilities which has more than 10 years of operational experience in Obi Island, Indonesia. The focus of the company is to become an integrated nickel mining and processing company. The company's operational activities which consist of upstream nickel mining and downstream nickel smelting are mainly based on Obi Island, Indonesia.

NCKL owns and operates two active nickel laterite mining projects with an area of 4,247.00 hectares in Kawasi which is operated by the company and 1,276.99 hectares in Loji operated by GPS, both of which are located on Obi Island, North Maluku province, Indonesia so that the total mining area is 5,523.99 hectares. In addition, the company's subsidiaries have two prospects for nickel mining, namely OAM with an area of 1,775.40 hectares in Tabuji-Lauwi and JMP with an area of 1,884.84 hectares in Jikodolong, both of which are located on Obi Island. As of September 30, 2022, mineral resources deposits have been determined to be located in the company's two active mining projects, the Kawasi Mine and the Loji Mine, as well as the company's currently developing Jikodolong Prospect.

### Supported by a strong and experienced management team

The company also has an experienced management team with decades of experience in the nickel industry and mining sector.

#### Board of Directors

| Position           | Name                                                                                                               | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| President Director | <br><b>Roy Arman Arfandy</b>    | <b>Roy Arman Arfandy</b> was appointed as the President Director of the company in December 2022. He began his professional career in the banking industry, spanning more than 25 years, with his last position as President Director. He has served as an Executive Officer of Harita Group since January 2020. He holds a Bachelor's Degree in Engineering from Hasanuddin University, Makassar, and participates actively in several organizations, such as the Association of Indonesian Chinese Communities, and the Alumni Association of Hasanuddin University, and is a board member of the Happy Hearts Foundation Indonesia.     |
| Finance Director   | <br><b>Suparsin Darmo Liwan</b> | <b>Suparsin Darmo Liwan</b> was appointed as the Finance Director in December 2022. He has extensive experience in finance, namely in Auditing, Accounting, and Corporate Finance & Investor Relations, both on a national and worldwide scale. He served as a Chief Financial Officer of PT Halmahera Persada Lygend since 2018, a pioneer producer of raw materials for electric vehicle batteries in Indonesia which is an associate company of PT Trimegah Bangun Persada Tbk. He holds a Bachelor's Degree from the University of Tarumanegara. In addition, he is certified as a CMA (Certified Management Accountant) issued by the |

|                                                   |                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                   |                                                                                                                | Institute of Certified Management Accountants Australia and Professional Financial Modeler from the International Financial Modelling Institute.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Director of Operations                            | <br><b>Younsel Evand Roos</b> | <b>Younsel Evand Roos</b> was appointed as the Director of Operations in December 2022. He has more than 32 years of experience holding several key positions as a Director, Senior Mine Engineer in the mining industry, as well as General Manager of mining in Harita Group. He received a Degree in Mining Engineering from the Institute of Technology in Bandung.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Director of Sustainability                        | <br><b>Lim Sian Choo</b>      | Appointed as the Director of Sustainability in December 2022, <b>Lim Sian Choo</b> is the Chief Sustainability Officer of the company in the agriculture industry and an active participant and member in the Roundtable on Sustainable Palm Oil (RSPO) and their working groups and committee including the Emissions Reduction Working Group, Human Rights Working Group, Peatland Working Group, and Standards Standing Committee since 2013. She received her Bachelor of Commerce and Administration Degree from Victoria University, Wellington, New Zealand, and is a Member of the Malaysian Institute of Accountants.                                                                                                                                                                                                                                                                                                                                                   |
| Director of HSE (Health, Safety, and Environment) | <br><b>Tonny H. Gultom</b>  | <b>Tonny Gultom</b> was appointed as the Director of Health, Safety, and Environment (HSE) in December 2022. He holds the position as the head of the HSE Department in the company's subsidiaries and associates of Trimegah Bangun Persada. He also held various key positions as Senior Manager of Environmental Affairs in other mining industries, both in national and worldwide companies. He also held several specialist positions including as Hydrogeologist, Hydrologist Environmental Specialist, and Capacity Building Specialist in Waseco/Iwaco BV, SNC Lavalin International Inc. for the Canadian International Development Agency project. He holds an executive professional engineer (EPE/IPU) competency certificate from the Indonesia Institution of Engineers. He received Engineer Profession issued by the Institute Technology of Bandung (2021), a Post Graduate Degree in Hydrology Engineering from the UNESCO-IHE, Delft The Netherlands (1991). |
| Director of External Relations                    | <br><b>Stevi Thomas C.</b>  | <b>Stevi Thomas C.</b> was appointed as the Director of External Relations in December 2022. He has more than 20 years of experience in managing external relations. He is also President Commissioner at some subsidiary companies, namely PT Megah Surya Pertiwi and PT Obira Mitra Jaya. Previously, he undertook External Relations in handling mining companies, especially in Community Development and Empowerment, Land Management, Government Relations, and other External Relations. He was also the External Relations Director and Deputy General Manager for Community, Security, and Facility Management. He received a Masters of Business Administration (MBA) degree from the Management Business Institute of Institute Technology Bandung (SBM ITB).                                                                                                                                                                                                         |

### **Board of Commissioners**

| Position                 | Name                                                                                                          | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| President Commissioner   | <br><b>Donald J Hermanus</b> | Appointed as the President Commissioner in December 2022, <b>Donald J Hermanus</b> has more than two decades of professional experience in the extractive industry, especially the mining industry. Previously he held several key positions in subsidiary companies namely as President Director of PT Obira Mitra Jaya and PT Halmahera Jaya Feronikel, Director of PT Megah Surya Pertiwi, and Commissioner of PT Gane Permai Sentosa and PT Jikodolong Megah Pertiwi. Currently, he holds several key positions at coal mining companies owned by Harita Group, namely Director for PT Energi Nusa Mandiri, President Director of PT Pesona Khatulistiwa Nusantara, as well as Director at PT Marina Bara Lestari. He received a Bachelor in Law degree from the University of Tarumanegara, Jakarta 2020. |
| Independent Commissioner | <br><b>Darjoto Setyawan</b>  | Appointed as the Independent Commissioner in December 2022, <b>Darjoto Setyawan</b> has more than 39 years of professional experience in various positions. He previously held several key positions as President Director of the Health Services Sector, President Commissioner of Financial Technology (Fintech), Independent commissioner of Life Insurance, Advisor of Digital and Artificial Intelligence company in Singapore, as well as Independent Commissioner of PT Cita Mineral Investindo Tbk (Harita Group). He received a Master of Management from Prasetya Mulya Institute of Management in 1994.                                                                                                                                                                                             |
| Independent Commissioner | <br><b>Suryadi Sasmita</b> | <b>Suryadi Sasmita</b> was appointed as an Independent Commissioner in January 2023. He is currently a President Director of PT Indonesia Wacoal and served as President Director and President Commissioner in several other companies. He also actively serves in several organizations, including as a Vice Chairman of APINDO (Asosiasi Pengusaha Indonesia), Deputy for Fiscal and Public Affairs of KADIN Indonesia (Kamar Dagang Industri), as well as on the Council Board at HIPINDO (Himpunan Peritel dan Penyewa Perbelanjaan Indonesia).                                                                                                                                                                                                                                                           |

#### Exhibit 14. Income Statement

| Year to 31 Dec (IDRbn)  | 2021A        | 2022A        | 2023F         | 2024F         | 2025F         |
|-------------------------|--------------|--------------|---------------|---------------|---------------|
| <b>Revenue</b>          | <b>8,229</b> | <b>9,568</b> | <b>26,699</b> | <b>27,607</b> | <b>27,884</b> |
| COGS                    | (3,715)      | (4,893)      | (17,216)      | (18,057)      | (17,722)      |
| <b>Gross profit</b>     | <b>4,514</b> | <b>4,675</b> | <b>9,483</b>  | <b>9,549</b>  | <b>10,162</b> |
| <b>EBITDA</b>           | <b>4,209</b> | <b>4,482</b> | <b>9,783</b>  | <b>9,855</b>  | <b>9,941</b>  |
| <b>Oper. profit</b>     | <b>3,567</b> | <b>3,984</b> | <b>8,613</b>  | <b>8,643</b>  | <b>8,687</b>  |
| Interest income         | 17           | 19           | 38            | 95            | 321           |
| Interest expense        | (323)        | (294)        | (327)         | (278)         | (229)         |
| Forex Gain/(Loss)       | 0            | 0            | -             | -             | -             |
| Income From Assoc. Co's | 715          | 2,916        | 2,145         | 3,297         | 3,785         |
| Other Income (Expenses) | (1,294)      | (1,223)      | -             | -             | -             |
| <b>Pre-tax profit</b>   | <b>2,682</b> | <b>5,401</b> | <b>10,470</b> | <b>11,758</b> | <b>12,564</b> |
| Income tax              | (605)        | (812)        | (1,082)       | (1,015)       | (1,054)       |
| Minority interest       | (108)        | 78           | (3,576)       | (2,630)       | (2,537)       |
| <b>Net profit</b>       | <b>1,969</b> | <b>4,667</b> | <b>5,812</b>  | <b>8,112</b>  | <b>8,974</b>  |
| <b>Core Net Profit</b>  | <b>1,969</b> | <b>4,667</b> | <b>5,812</b>  | <b>8,112</b>  | <b>8,974</b>  |

#### Exhibit 15. Balance Sheet

| Year to 31 Dec (IDRbn)                | 2021A         | 2022A         | 2023F         | 2024F         | 2025F         |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash & cash equivalent                | 2,578         | 1,277         | 9,512         | 10,704        | 12,979        |
| Receivables                           | 212           | 381           | 219           | 227           | 229           |
| Inventory                             | 1,300         | 4,087         | 5,120         | 5,294         | 5,348         |
| Other Curr. Asset                     | 683           | 589           | 2,558         | 2,645         | 2,672         |
| Fixed assets - Net                    | 10,972        | 20,668        | 22,937        | 22,695        | 22,411        |
| Other non-curr.asset                  | 5,257         | 7,603         | 9,428         | 9,800         | 10,196        |
| <b>Total asset</b>                    | <b>21,002</b> | <b>34,605</b> | <b>49,776</b> | <b>51,366</b> | <b>53,834</b> |
| ST Debt                               | 4,335         | 117           | 2,753         | 980           | 980           |
| Payables                              | 2,384         | 4,515         | 1,887         | 1,979         | 1,942         |
| Other Curr. Liabilities               | 1,986         | 5,577         | 8,536         | 7,706         | 7,637         |
| Long Term Debt                        | 1,151         | 8,309         | 6,531         | 5,551         | 4,571         |
| Other LT. Liabilities                 | 1,605         | 1,858         | 1,910         | 1,964         | 2,019         |
| <b>Total Liabilities</b>              | <b>11,460</b> | <b>20,376</b> | <b>21,617</b> | <b>18,180</b> | <b>17,150</b> |
| Shareholder's Funds                   | 5,641         | 9,484         | 23,319        | 28,249        | 31,648        |
| Minority interests                    | 3,901         | 4,745         | 4,840         | 4,937         | 5,036         |
| <b>Total Equity &amp; Liabilities</b> | <b>21,002</b> | <b>34,605</b> | <b>49,776</b> | <b>51,366</b> | <b>53,834</b> |

**Exhibit 16. Cash Flow**

| Year to 31 Dec (IDRbn)     | 2021A          | 2022A           | 2023F          | 2024F          | 2025F          |
|----------------------------|----------------|-----------------|----------------|----------------|----------------|
| Net income                 | 1,969          | 4,667           | 5,812          | 8,112          | 8,974          |
| Depreciation and Amort.    | 642            | 498             | 1,170          | 1,212          | 1,254          |
| Change in Working Capital  | 651            | (598)           | (1,513)        | (1,007)        | (188)          |
| Other Oper. Cash Flow      | 308            | 3,458           | (997)          | -              | -              |
| <b>Operating Cash Flow</b> | <b>3,569</b>   | <b>8,025</b>    | <b>4,471</b>   | <b>8,317</b>   | <b>10,040</b>  |
| Capex                      | 2,997          | (10,196)        | (3,439)        | (969)          | (969)          |
| Others Inv. Cash Flow      | (3,632)        | (2,343)         | (1,825)        | (372)          | (396)          |
| <b>Investing Cash Flow</b> | <b>(635)</b>   | <b>(12,539)</b> | <b>(5,264)</b> | <b>(1,341)</b> | <b>(1,365)</b> |
| Net change in debt         | (1,442)        | 3,193           | 910            | (2,699)        | (924)          |
| New Capital                | 40             | 6,619           | 10,000         | -              | -              |
| Other Fin. Cash Flow       | (946)          | (6,599)         | 3,930          | 5,027          | 3,497          |
| <b>Financing Cash Flow</b> | <b>(2,348)</b> | <b>3,213</b>    | <b>9,028</b>   | <b>(5,784)</b> | <b>(6,401)</b> |
| <b>Net Change in Cash</b>  | <b>585</b>     | <b>(1,301)</b>  | <b>8,235</b>   | <b>1,192</b>   | <b>2,274</b>   |
| Cash - begin of the year   | 1,993          | 2,578           | 1,277          | 9,512          | 10,704         |
| Cash - end of the year     | 2,578          | 1,277           | 9,512          | 10,704         | 12,979         |

**Exhibit 17. Key Ratios**

| Year to 31 Dec           | 2021A | 2022A | 2023F | 2024F | 2025F |
|--------------------------|-------|-------|-------|-------|-------|
| <b>Growth (%)</b>        |       |       |       |       |       |
| Sales                    | 102.1 | 16.3  | 179.0 | 3.4   | 1.0   |
| EBITDA                   | 153.8 | 6.5   | 118.3 | 0.7   | 0.9   |
| Operating profit         | 187.1 | 11.7  | 116.2 | 0.4   | 0.5   |
| Net profit               | 592.6 | 137.1 | 24.5  | 39.6  | 10.6  |
| <b>Profitability (%)</b> |       |       |       |       |       |
| Gross margin             | 54.9  | 48.9  | 35.5  | 34.6  | 36.4  |
| EBITDA margin            | 51.1  | 46.8  | 36.6  | 35.7  | 35.7  |
| Operating margin         | 43.3  | 41.6  | 32.3  | 31.3  | 31.2  |
| Net margin               | 23.9  | 48.8  | 21.8  | 29.4  | 32.2  |
| ROAA                     | 9.5   | 16.8  | 13.8  | 16.0  | 17.1  |
| ROAE                     | 41.2  | 61.7  | 35.4  | 31.5  | 30.0  |
| <b>Leverage</b>          |       |       |       |       |       |
| Net Gearing (x)          | 0.3   | 0.1   | (0.6) | (0.9) | (1.2) |
| Interest Coverage (x)    | 11.0  | 13.5  | 26.4  | 31.1  | 38.0  |

Source : NCKL, Danareksa Estimates

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