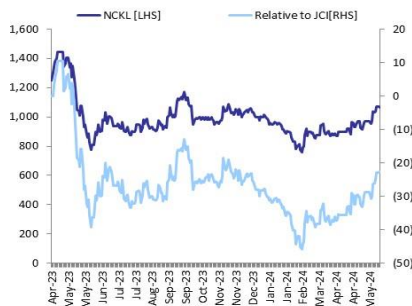


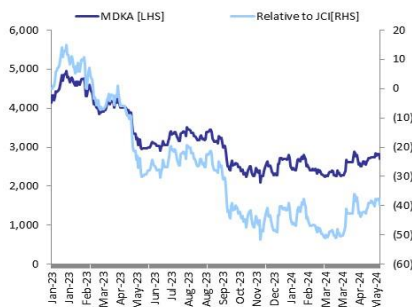
Overweight

(Maintained)

NCKL relative to JCI Index



MDKA relative to JCI Index



Source: Bloomberg

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Metal Mining

Better earnings prospect from possible price bottoming

- We believe the supply surplus may be buffered by demand from batteries and SS; our FY24-25F Ni price assumptions at US\$18k/17.5k/t
- We see NPI demand remaining robust as global SS demand is expected to grow by 5%, implying 9.5% higher nickel demand in FY24F.
- We resume coverage with an OW rating as we expect market balances to stabilize; our pecking order: NCKL> MDKA> MBMA> ANTM> INCO

LME Nickel: supply risk prevails, but steady demand may buffer downside

The recent LME nickel price rally was attributable to the banning of Russian metal listings on the LME, which was followed by the riots in New Caledonia. Nonetheless, supply risk prevails as additional class-1 products from intermediary conversions and capacity growth in China and Indonesia is expected to keep class-1 products in a surplus for a longer period. However, as demand from the battery sector is set to grow from 17% in 2024 to 20% in 2026, we believe prices would only decline as much as the majority of the producer's cost. Thus, we reinstate our LME nickel price assumption at US\$18,000/17,500 per tonne in FY24-25.

Better prospects for class-2 products

Along with the decline in the NPI price to its bottom at US\$11,000/ton, Indonesia's 1Q24 output slightly dipped to 353kt (-1.5% qoq). However, we believe there is sustained demand from China as global nickel demand is expected to grow by +5%, implying +9.5% growth in nickel demand in FY24F, based on WoodMac's estimate. Along with robust output growth to 2.2Mt, we see more balanced supply-demand dynamics for NPI, significantly lower than the oversupply of 200kt in 2023.

Expect earnings to improve in 2Q24, particularly for INCO

1Q24 earnings misses were largely caused by delayed RKAB issuances that caused sales to lag (i.e., NCKL/MBMA/ANTM's ore) combined with slumping nickel prices at an average of US\$16,600/ton (vs. consensus FY24 est. of US\$17,600/ton). However, as 2Q24 LME price improved to US\$18,650/ton, we expect 2Q earnings to improve as some sales are carried over from 1Q24. We expect INCO to post the strongest earnings growth followed by ANTM.

Resume coverage with an OW rating; pecking order: ore > NPI > LME

We resume our sector coverage with an OW rating as we see a positive demand trajectory for NPI from strong stainless-steel consumption to drive better market balances. Amid the strong profitability of ore margins and the lingering RKAB issuances delay, we prefer companies that have an exposure to ore sales in their revenue mix (i.e., NCKL: 15%/ANTM: 14%). Our next preference is on the low-cost NPI producers over Class-1 (LME pegged) producers as we prefer producers with earnings visibility and as LME-pegged producers are exposed to a higher downside risk of the oversupply of class-1 products. **Thus, our pecking order is: NCKL> MDKA> MBMA> ANTM> INCO.**

Company	Ticker	Rec	Target Price	Market Cap.	P/E (x)		P/BV (x)		ROE (%)
			(Rp)	(RpBn)	2024F	2025F	2024F	2025F	2025F
Trimegah Bangun Persada	NCKL IJ	BUY	1,300	67,200.0	13.2	10.2	2.5	2.1	20.6
Merdeka Copper Gold	MDKA IJ	BUY	3,100	66,077.1	74.8	59.8	3.8	3.6	6.0
Merdeka Battery Materials	MBMA IJ	BUY	700	66,957.2	87.2	36.9	2.6	2.5	6.7
Aneka Tambang	ANTM IJ	BUY	2,000	35,926.0	12.4	13.9	1.2	1.1	8.2
Vale	INCO IJ	BUY	6,100	47,792.2	21.6	22.2	1.1	1.1	4.4

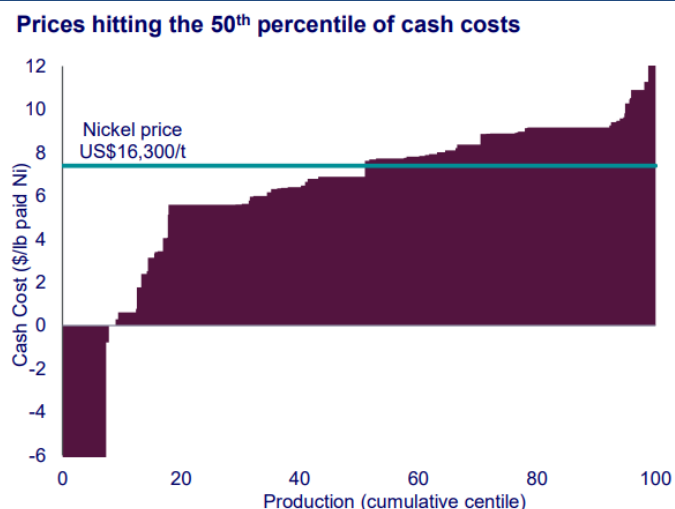
LME Nickel downside risk still prominent

The recent surge in nickel prices, reaching an 8-month high of US\$21,500 per ton, was instigated by the US and UK's prohibition of Russian metal listings on the LME followed by the riots in New Caledonia that sparked worries on ore supply as Indonesia's RKAB delays persist. This was exacerbated by China's NFRA initiative to accumulate c.200kt of NPI (containing 20kt of Ni metal), alongside the closure of Ravensthorpe's smelter in Western Australia.

However, at this juncture, we believe the LME nickel price poses some downside risk as: 1) there is a growing surplus of class-1 products from expanding capacity in China and Indonesia, coupled with ongoing inventory accumulation in exchanges, signaling tepid demand, and 2) further RKAB approvals would relax the tightening market.

Our analysis, based on the producer's cash cost curve, suggests that the February price decline to US\$15,700/ton represents the current floor as only c.45-50% of producers remain profitable at this level, where an elongated period would result in even more smelter closures. Therefore, **we reinstate our projection for the FY24-25F LME price at US\$18,000/ton and US\$17,500/ton**, slightly above the consensus at c.US\$17,600/ton, as we price in recent events that had caused short-term supply tightness.

Exhibit 1. Cash cost curve.

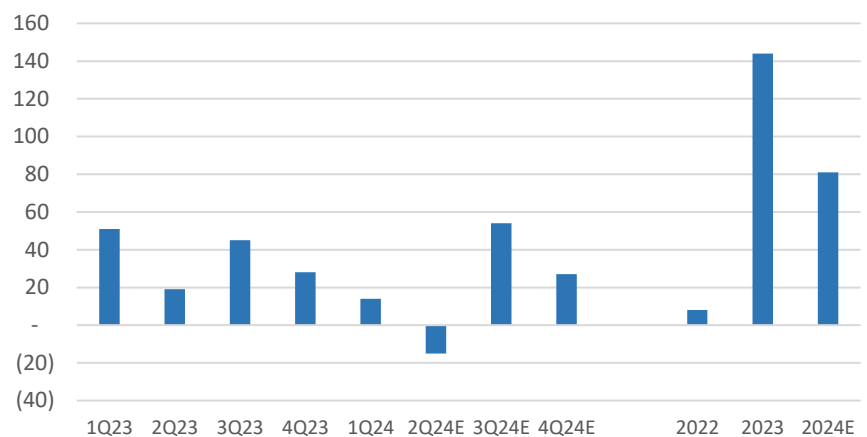


Source: Woodmac

A series of events affecting supply

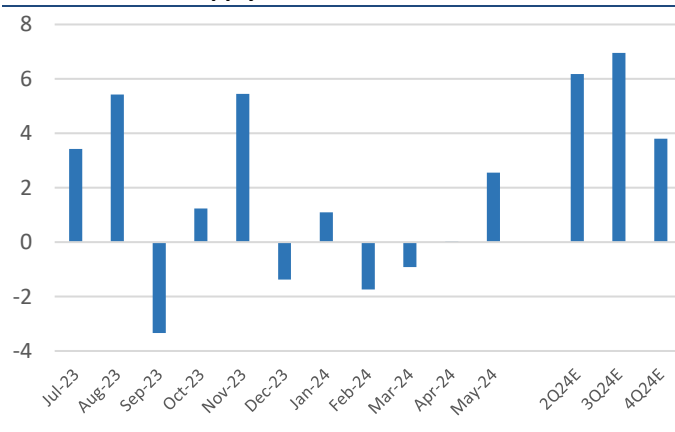
The recent surge in nickel prices, up by +13% to US\$21,500 per ton, started when the US and UK prohibited Russian metals (Nickel, Aluminum, Copper) from being listed and sold on the LME and CME starting from April 13, 2024, which was further exacerbated by riots in New Caledonia, the 3rd largest nickel producer, adding supply risk of ore exports after Indonesia's RKAB delays persist.

Despite the perception of harsher sanctions this time around, particularly given Russia's significant presence in the LME (accounting for approximately 36% of total inventory as of Mar24), we believe the impact would be minimal as inventories would alternatively flow to the SHFE, limiting upside risk, whereby Norilsk Nickel, Russia's largest nickel producer, has adjusted its metal sales strategy, reducing its reliance on the EU market (from 47% to 24%) and increasing its focus on Asia (from 31% to 54%) in 2023.

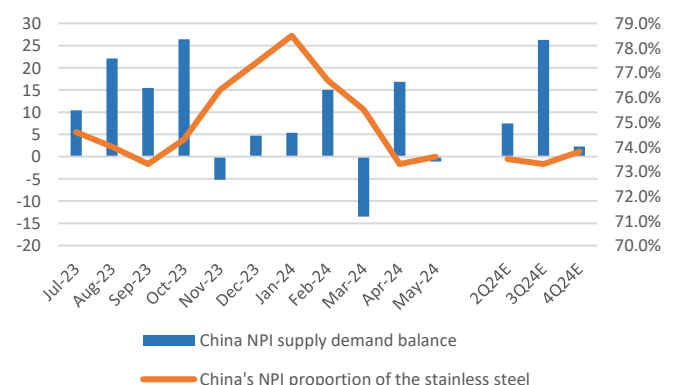
Exhibit 2. Global Supply & Demand of Primary Nickel


Source: SMM

Furthermore, New Caledonia has declared a state of emergency as the riot caused several casualties with the indigenous Kanak protesting the decision to allow more French residents to vote in local elections. Despite it being the 3rd largest ore producer after Indonesia and the Philippines, its contribution to global nickel supply has diminished over the past couple of years due to higher operating costs in the midst of declining nickel prices where its 3 main producers: Glencore, Eramet, and Prony Resources required 1.5bn euros in short-term financing to continue its operation. However, as of 1Q24, Glencore undertook maintenance and care at its Koniambo mine after a decade of unprofitable operations, with plans of selling the asset. Meanwhile, Eramet has suspended operations in SLN as it does not plan to cover further losses. Thus, we believe the supply risk has been incorporated as news on closures were announced in February 2024.

Exhibit 3. China Supply & Demand of Nickel Sulfate


Source: SMM

Exhibit 4. China High-Grade NPI Supply-Demand Balance


Source: SMM

Be wary of a persisting market imbalance

According to WoodMac, the surplus of class-1 nickel products is expected to escalate significantly, from c.40kt in FY23 to c.100kt in FY24 and 150kt in FY26. This trend is driven by the conversion of class-2 products in Indonesia into class-1 materials, alongside the expected addition of more HPAL capacity in FY25-26, resulting in higher sulphate and class-1 production.

To address this challenge, major Chinese producers such as Tsingshan, Huayou, GEM, and CNGR have undertaken initiatives to convert sulphate into cathodes and list their products on both the LME and SHFE. However, this move has contributed to the inventory glut in exchanges, exerting downward pressure on global nickel benchmark prices.

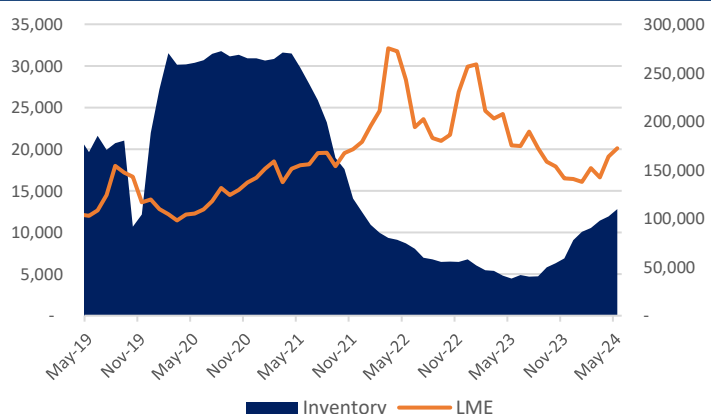
Exhibit 5. Global Hydrometallurgical Intermediate Projects timeline 2021-2025

Project	Product	Production Process	Annual Capacity/ 1,000mt (Ni)	Commissioning Schedules
QMB New Energy Materials	MHP	HPAL	75	Production in Nov22 and 2nd phase prediction in 3Q24
Zhongqing New Energy	Matte	OSBF	60	Phase I Nov22, Phase II in 2024 and Phase III in 2025
Lygend OBI Nickel and Cobalt Project in Indonesia - Phase III	MHP	HPAL	60	3Q-2024E
Tsingshan Group, Zhenshi Group Weidabei Project	MHP	HPAL	30	2025E
Huafei Nickel-Cobalt	MHP	HPAL	120	2Q24
PT. Ceria	MHP	HPAL	40	2026E
Chengtun Mining + Extension	Matte	Nickel Matte	40	1Q-2025E
Dowstone + Indonesia Huadi	Matte	RKEF	20	3Q-2025E
Huayou and Vale	MHP	HPAL	60	2026
Huashan Nickel Cobalt	MHP	HPAL	120	1Q-2025E
Weda Bay (Phase I)	MHP	HPAL	20	2026
Weda Bay (Phase II)	MHP	HPAL	42	2026
Weiming Group+Indigo	Matte	Nickel Matte	40	2025
Hanrui Cobalt	Matte	Nickel Matte	60	2025
GEM	Matte	Nickel Matte	50	2025
New wet-process intermediate product capacity 2024-2026E: 1.000mt in Nickel content			412	
New high-grade nickel matte capacity 2024-2026E: 1.000mt in Nickel content			210	

Source: SMM

Thus, we believe in the long-run that the physical market balance of oversupply outweighs the sentiment from the macroeconomic narrative as particularly evident in the significant increase in LME inventory, which has surged by over +23% YTD and more than doubled since reaching its lowest point in Sep-23. Nonetheless, we also believe that the battery sector is rapidly evolving and improving and is estimated to represent 20% of global demand in 2026 from 17% in 2024, according to WoodMac. Thus, should LME prices fall, we believe they would only fall to the majority's production cost as anything below would trigger closures and bring down the overproduction.

Exhibit 6. LME price and total exchange inventory



Source: Bloomberg, BRIDS

The NPI price may have found its bottom

Strong 1Q24 GDP growth of +5.3% yoy and positive manufacturing PMI readings have bolstered the growth outlook for China's stainless steel market with production set to grow by +4% y-y to 38.4Mt in FY24F, according to WoodMac. Meanwhile, Indonesia trails second at 5.3Mt as higher utilization from Delong Obsidian should lift production by +21% y-y.

Conversely, Europe's stainless steel production outlook remains subdued, with output expected to remain flat at 6.1Mt due to weakening demand. The region has also been impacted by increased competition from cheaper imports from Asia, which has eroded their market share. Additionally, recent strikes in Spain and Finland have further hindered production. Overall, global stainless steel production is poised to grow by +5% to 61.7Mt, based on Woodmac's estimate accompanied by a corresponding increase in nickel consumption of 2.2Mt, marking a significant uptick of +9.5% yoy.

Exhibit 7. Global nickel consumption in stainless steel

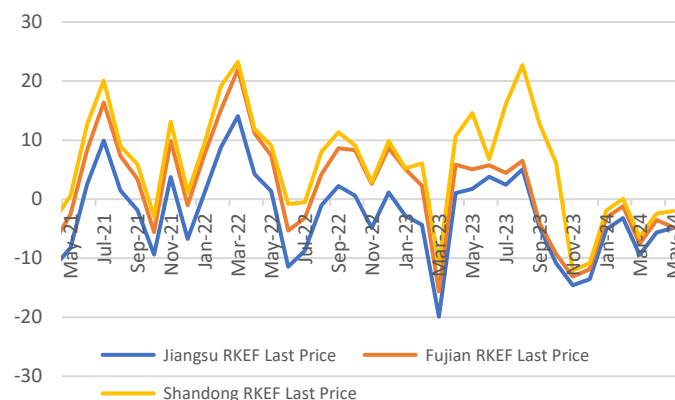
	2023	1Q24	2Q24	3Q24	4Q24	FY24	1Q25	2Q25	3Q25	4Q25	FY25
Stainless steel	2,020	502	547	574	589	2,212	571	615	624	627	2,437
Non-stainless	1,148	306	317	320	330	1,273	346	354	352	362	1,414
Alloy steel	91	24	24	23	24	95	25	25	24	25	99
Non-ferrous alloys	245	63	64	64	65	256	67	67	66	68	268
Plating	175	45	45	45	45	180	46	46	46	47	185
Battery precursors	494	136	146	151	157	590	168	176	177	182	703
Foundry	66	17	17	17	18	69	18	18	17	18	71
Other	77	21	21	20	21	83	22	22	22	22	88
Total	3,168	808	864	894	919	3,485	917	969	976	989	3,851

Source: WoodMac, BRIDS

Meanwhile, 1Q24 data indicates Indonesian NPI production volume reached 353,700 tonnes (-1.5% qoq), whilst China's output stood at 82,200 tonnes, (-14.1% qoq). China's reduced output can be attributed to lower utilization rates, as some producers are operating at a loss, whereas Indonesia's output has remained relatively stable due to its cash cost advantage.

With NPI prices stable at c.US\$11,500/ton, we anticipate that Indonesia and China combined will produce c.1.7Mt of NPI in FY24 based on the annualized 1Q production. Assuming a 20% scrap use for stainless steel production, implied demand would also amount to 1.7Mt, which is equal to our production assumption.

Exhibit 8. China RKEF Margin



Source: Bloomberg

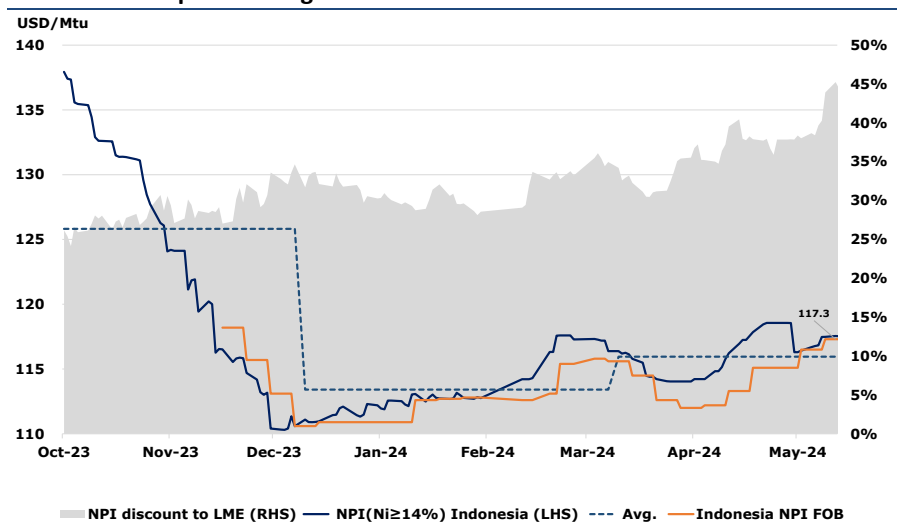
We believe the supply and demand dynamics are noticeably tighter vs. the 200kt surplus observed in FY23. However, we believe this would not pose an immediate risk of deficit, as there are additional supplies that could enter the market if prices were to rise beyond c.US\$12,500/ton, which is the breakeven point for Chinese smelters. Furthermore, in the event of a drop in LME prices, there would be less incentive for NPI conversion, resulting in higher NPI output and thereby helping to maintain relatively stable prices, which is the likely scenario. **Thus, our base assumption for the FY24-25F NPI price stands at US\$11,500/ton and US\$12,000/ton.**

Exhibit 9. 2024 Indonesia NPI Production Commencement Schedule

Project	Status	Annual Capacity/ 10.000mt (Ni Content)	# line	Schedule
IWIP	Pending	22,000	12	8 lines estimated for 2024 commissioning
Virtue Dragon phase III	Pending	19,500	25	3rd phase: 25 lines pending, 8 to launch in 2024
East Kalimantan steel	Pending	15,200	16	Feb 2024: 2 lines to start, 14 lines pending
Huabao	Pending	14,400	12	4 lines operating in 2024, 8 lines awaiting commissioning
Lygend + Harita	Pending	14,400	12	End 2024: 4 lines expected, 8 by mid-2025
NPI capacity to be commissioned (Optimistic forecast)		85,500	77	

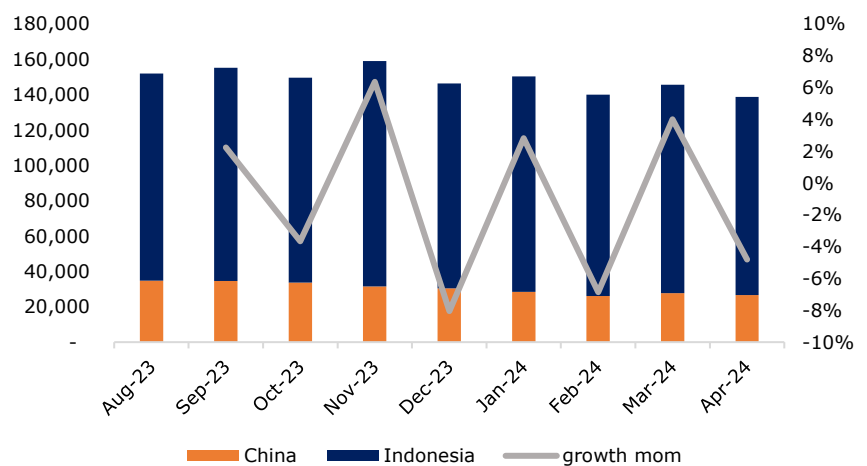
Source: SMM

Exhibit 10. NPI price average



Source: Bloomberg, BRIDS

Exhibit 11. Indonesia and China's NPI output



Source: SMM, BRIDS

Reinstate sector coverage with an overweight rating

The underperformance of 1Q23 earnings was primarily linked to two key factors: the decline in commodity prices and delays in the issuance of RKAB approvals. The LME price in 1Q24 averaged US\$16,600/ton, which is lower than the consensus estimate of US\$17,600/ton. Moreover, the late approval of RKABs, predominantly in February-March, resulted in reduced sales volumes for companies such as ANTM and NCKL. This confluence of events likely contributed to the earnings miss observed during this period.

However, the YTD price stands at US\$17,350/ton, whereby the 2Q24 QTD prices have risen by +12% to US\$18,650/ton, implying the 2Q figures should be better considering some sales will be carried over from 1Q24 (ANTM's FeNi, NCKL's MHP and ores, and MBMA's ores).

Exhibit 12. 1Q results vs consensus

1Q24 (In Rpb)	ANTM	% target	% cons	NCKL	% target	% cons
Revenue	8,621	21%	17%	6,034	23%	22%
Cost of revenue	(8,370)			(4,417)		
Gross profit	251			1,618		
Operating expenses	(742)			(374)		
Operating profit	(491)	-16%	-22%	1,244	18%	18%
EBITDA	(107)	-3%	-3%	1,667	22%	19%
Other income/(expense)	577			(135)		
Pre-tax profit	86			1,483		
Taxes	125			(192)		
Non-controlling interests	(28)			(290)		
Net profit	238	8%	10%	1,001	20%	17%

Source: Company, BRIDS estimate

We note that ore sales have recorded the highest profitability in 1Q24 compared to NPI and Class-1 products (at 40-68% vs. 8-22% and 4-46%) due to the pricing mechanism that is based on the LME. Furthermore, the unexpected RKAB delays persisted in May, which led to premium selling prices from the benchmark. As we expect ore sales' superior profitability to be sustained in 2Q24 onwards, we prefer companies that have the largest exposure of ore sales in their revenue mix (NCKL: 15%/ ANTM: 14%/ MBMA: 8%)

After the ore producers, we prefer the low-cost NPI producers (NCKL: 85%/ MBMA: 53%/ ANTM: 10%) over LME pegged producers (INCO: 100%/ MBMA: 39%/ NCKL). Despite the latter's better profitability in 1Q24, we opt to take the conservative approach on companies with higher earnings visibility as LME-pegged producers are exposed to higher downside risk on the oversupply of class-1 products. **Thus, our pecking order is: NCKL>MDKA>MBMA>ANTM >INCO**

Exhibit 13. 1Q cash margin by product

1Q24	ANTM	MBMA	NCKL	NIC
Ore (Saprolite)				
ASP	34	31	33	
Cash cost	15-20	10	12	
Cash margin	14-19	21	21	
Cash margin (%)	41%-59%	68%	64%	
Class-2				
	FeNi	NPI	FeNi	NPI
ASP		11,055	11,208	11,084
Cash cost		10,223	8,692	9,446
Cash margin	No Sales	832	2,516	1,638
Cash margin (%)		8%	22%	15%
Intermediary/Class-1				
		Matte	MHP	
ASP		13,673	11,691	
Cash cost		13,162	6,346	
Cash margin		511	5,345	
Cash margin (%)		4%	46%	
		Sulfate		
ASP			12,789	
Cash cost			8,724	
Cash margin			4,065	
Cash margin (%)			32%	
Avg. 1Q24 price				
LME avg.		\$16,641		
NPI avg.		\$11,341		

Source: SMM, BRIDS

Buy

(Maintained)

Last Price (Rp)	1,065
Target Price (Rp)	1,300
Previous Target Price (Rp)	1,400
Upside/Downside	+22.1%
No. of Shares (mn)	63,099
Mkt Cap (Rpbn/US\$mn)	67,200/4,183
Avg, Daily T/O (Rpbn/US\$mn)	28.1/1.8
Free Float (%)	13.5
Major Shareholder (%)	
Harita Jayaraya PT	86.5
Pt Citra Duta Jaya Makmur	0.9
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	80.4 104.5 120.9
Consensus	92.1 131.1 159.9
BRIDS/Cons (%)	(12.6) (20.3) (24.3)

NCKL relative to JCI Index



Source: Bloomberg

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Trimegah Bangun Persada (NCKL)

A stronghold in the storm

- We expect 2Q24 earnings to see upside from higher volume (ONC) and stronger ASP (LME and NPI).
- The upcoming RI could provide earnings growth if dilution is capped at 9.5% as earnings from ONC may boost profits by 11%/17% in FY24-25F.
- We resume coverage with a Buy rating and a lower TP of Rp1,300. Key risks include lower nickel prices and project delays.

A better 2Q24 is on the cards

NCKL's 1Q24 earnings were weaker-than-expected as revenue and net profit missed estimates, coming in at Rp6tn/1tn, +26.1%/-26.9% yoy, reaching 22%/17% of consensus estimates, mainly reflecting the declining FeNi ASP at US\$11,208/ton (-7.8% q-q) despite growing FeNi, Nickel and cobalt sulfate sales of 31.6kt/7.7kt/945t (+1.7%/+7.2%/+20.1% qoq). However, we expect a brighter 2Q24 and 2H24 as ONC have started production, while benchmark prices at the LME and NPI have slightly improved by +12.1%/+2.2% qtd.

New projects are progressing as scheduled

ONC started the operation on its 1st HPAL line in late March, and NCKL expects the 2nd and 3rd lines to operate by Jun and Aug23 with a target of 20-30k in FY24. Meanwhile, the construction of KPS' 1st line is underway, reaching 33% progress with COD expected in early FY25. However, the second and third phase are pending subject to market conditions. Thus, we only factor in 60kt from the planned 185ktpa.

Mixed views on the upcoming rights issuance

NCKL's corporate action appears vague to us as further clarity is required on the prospective strategic investor and potential dilution. We believe the plan to increase ONC's stake from 10% to 40% remains the company's main objective in order to recognize its earnings, which would increase net profit by +11%/+17% to IDR5.6tn/7.7tn from an increase of profits from associates by +48%/+97% to IDR2.2tn/3.2tn in FY24-25F. Based on our estimates, the rights issuance would be earnings accretive if the exercise price is above Rp950, the dilution is below 11%, and the funds collected are solely for ONC at Rp6.2tn (assuming capex/ton of US\$20,000/ton). However, should the dilution exceed 11%, earnings could decline by -3.5% to -15%.

Maintain Buy with a lower SOTP-based TP of Rp1,300

We resume our coverage on NCKL with a Buy rating and a lower TP of Rp1,300 despite higher LME/NPI prices of US\$18,000/14,000/ton as we factor in KPS' 2nd and 3rd phase delay into our DCF valuation. Key risks to our call include lower nickel prices, a lower utilization rate, and further project execution delays.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	9,568	23,858	25,728	27,952	29,026
EBITDA (Rpbn)	4,039	7,087	6,901	8,980	10,173
EBITDA Growth (%)	11.5	75.5	(2.6)	30.1	13.3
Net Profit (Rpbn)	4,667	5,619	5,075	6,596	7,631
EPS (Rp)	74.0	89.1	80.4	104.5	120.9
EPS Growth (%)	137.1	20.4	(9.7)	30.0	15.7
BVPS (Rp)	150.3	372.4	426.1	506.5	596.1
DPS (Rp)	28.8	22.2	26.7	24.1	31.4
PER (x)	14.4	12.0	13.2	10.2	8.8
PBV (x)	7.1	2.9	2.5	2.1	1.8
Dividen yield (%)	2.7	2.1	2.5	2.3	2.9
EV/EBITDA	18.4	9.9	9.6	7.1	6.0

Source: NCKL, BRIDS Estimates

Exhibit 1. SOTP valuation

DCF	EV (IDRbn)	Valuation
Mining	29,012	DCF (WACC 9.9%)
MSP (57%)	4,806	
HJF (63%)	26,101	
HPL (45.1%)	15,114	
ONC (10%)	3,377	
KPS (35%)	1,948	
Total	80,358	
Net (debt)/cash	1,585	
Shares outstanding (Bn shares)	63	
Target price (IDR/sh)	1,300	
Price assumptions	FY24E	FY24E
LME Nickel	18,000	17,500
NPI	11,500	12,000

Source: Company, BRIDS Estimates

Exhibit 2. Sensitivity between RI price and EPS growth

	RI exercise price (Rp)							
Funds required (Rp bn)	6.2	950	1,000	1,050	1,100	1,150	1,200	1,250
Outstanding shares (Bn)	63.1	63.1	63.1	63.1	63.1	63.1	63.1	63.1
Addtl. shares required (Bn)	6.6	6.2	5.9	5.7	5.4	5.2	5.0	5.0
Dillution effect (%)	10.4%	9.9%	9.4%	9.0%	8.6%	8.2%	7.9%	7.9%
EPS growth (FY24E) (%)	0.5%	1.0%	1.5%	1.9%	2.2%	2.6%	2.9%	2.9%
EPS growth (FY25E) (%)	6.4%	6.9%	7.4%	7.8%	8.2%	8.5%	8.9%	8.9%

	Base	10.4%	9.9%	9.4%	9.0%	8.6%	8.2%	7.9%
FY24E	5,075	5,634	5,634	5,634	5,634	5,634	5,634	5,634
FY25E	6,613	7,769	7,769	7,769	7,769	7,769	7,769	7,769
Outstanding shares	63.1	69.7	69.3	69.0	68.8	68.5	68.3	68.1
EPS 24E	80.4	80.9	81.3	81.6	81.9	82.2	82.5	82.7
EPS 25E	104.8	111.5	112.0	112.5	113.0	113.4	113.7	114.1

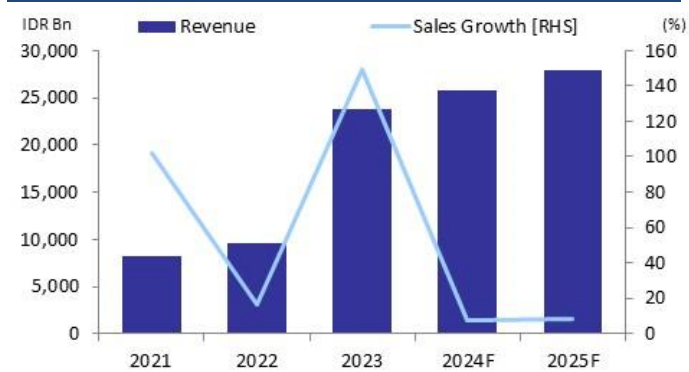
Source: Company, BRIDS Estimates

Exhibit 3. Sensitivity between dilution and EPS growth

	Base	10%	15%	20%	25%	30%
FY24E	5,075	5,634	5,634	5,634	5,634	5,634
FY25E	6,613	7,769	7,769	7,769	7,769	7,769
Outstanding shares	63.1	69.4	72.6	75.7	78.9	82.0
EPS 24E	80.4	81.2	77.6	74.4	71.4	68.7
EPS 25E	104.8	111.9	107.1	102.6	98.5	94.7
EPS growth (FY24E)	0.0%	0.9%	-3.5%	-7.5%	-11.2%	-14.6%
EPS growth (FY25E)	0.0%	6.8%	2.1%	-2.1%	-6.0%	-9.6%

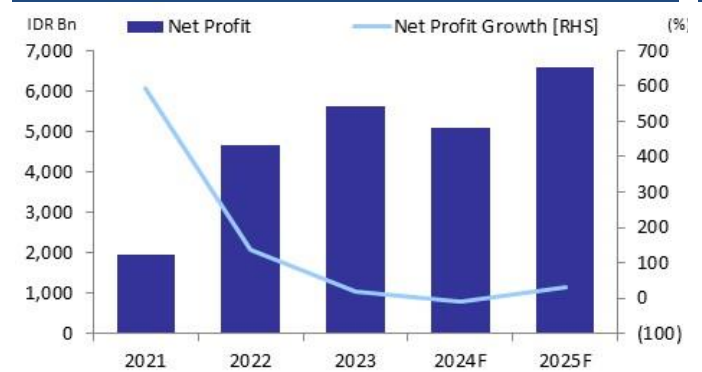
Source: Company, BRIDS Estimates

Exhibit 4. Revenue and Growth



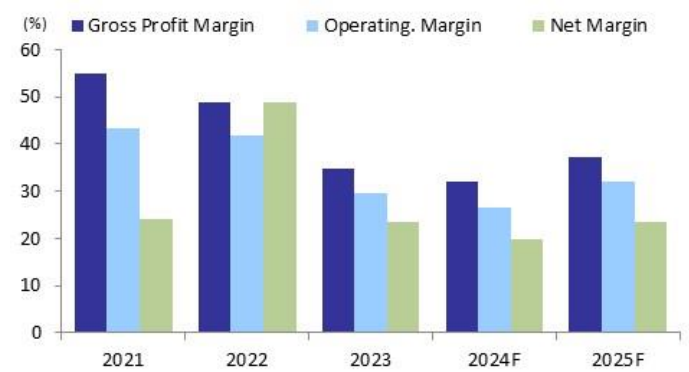
Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



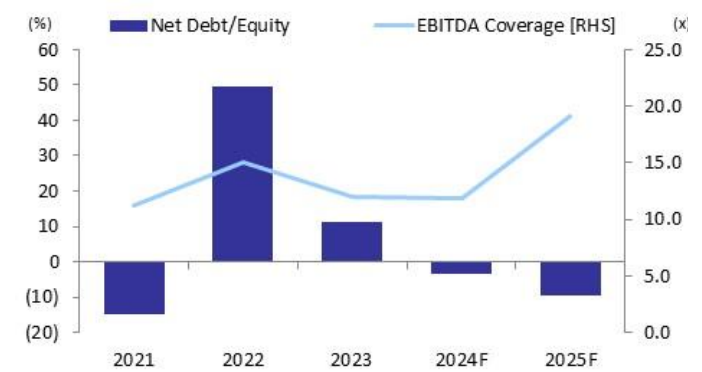
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	9,568	23,858	25,728	27,952	29,026
COGS	(4,893)	(15,582)	(17,533)	(17,543)	(17,359)
Gross profit	4,675	8,276	8,196	10,409	11,666
EBITDA	4,039	7,087	6,901	8,980	10,173
Oper. profit	3,984	7,024	6,838	8,917	10,110
Interest income	19	164	59	112	126
Interest expense	(269)	(591)	(582)	(470)	(358)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	2,916	1,578	1,458	1,620	1,894
Other Income (Expenses)	0	0	0	0	0
Pre-tax profit	6,650	8,175	7,774	10,179	11,772
Income tax	(812)	(1,107)	(1,389)	(1,883)	(2,173)
Minority interest	78	(1,449)	(1,309)	(1,701)	(1,968)
Net profit	4,667	5,619	5,075	6,596	7,631
Core Net Profit	5,915	5,619	5,075	6,596	7,631

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,277	3,935	7,449	8,388	9,792
Receivables	427	1,343	664	713	736
Inventory	4,087	5,504	5,396	5,399	5,342
Other Curr. Asset	543	978	978	978	978
Fixed assets - Net	20,668	22,350	23,359	24,299	25,168
Other non-curr.asset	7,603	11,180	10,448	12,068	13,962
Total asset	34,605	45,289	48,294	51,845	55,980
ST Debt	0	432	432	432	432
Payables	4,515	5,477	5,387	5,299	5,213
Other Curr. Liabilities	5,694	3,397	3,884	3,950	4,018
Long Term Debt	8,309	6,751	6,000	4,500	3,000
Other LT. Liabilities	1,858	840	809	809	809
Total Liabilities	20,376	16,897	16,512	14,990	13,473
Shareholder's Funds	9,484	23,497	26,887	31,960	37,612
Minority interests	4,745	4,895	4,895	4,895	4,895
Total Equity & Liabilities	34,605	45,289	48,294	51,845	55,980

Exhibit 10. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	4,667	5,619	5,075	6,596	7,631
Depreciation and Amort.	524	1,270	991	1,061	1,131
Change in Working Capital	(1,736)	(1,815)	787	(52)	33
Other Oper. Cash Flow	2,506	(8,036)	666	(1,642)	(1,912)
Operating Cash Flow	5,961	(2,962)	7,519	5,962	6,883
Capex	(10,241)	(3,208)	(2,059)	(2,112)	(2,126)
Others Inv. Cash Flow	19	164	59	112	126
Investing Cash Flow	(10,222)	(3,044)	(2,000)	(2,000)	(2,000)
Net change in debt	2,940	120	(319)	(1,500)	(1,500)
New Capital	7,335	9,942	0	0	0
Dividend payment	(1,819)	(1,400)	(1,686)	(1,523)	(1,979)
Other Fin. Cash Flow	(5,496)	2	0	0	0
Financing Cash Flow	2,960	8,664	(2,004)	(3,023)	(3,479)
Net Change in Cash	(1,301)	2,658	3,514	939	1,404
Cash - begin of the year	2,578	1,277	3,935	7,449	8,388
Cash - end of the year	1,277	3,935	7,449	8,388	9,792

Exhibit 11. Key Ratio

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	16.3	149.4	7.8	8.6	3.8
EBITDA	11.5	75.5	(2.6)	30.1	13.3
Operating profit	11.7	76.3	(2.6)	30.4	13.4
Net profit	137.1	20.4	(9.7)	30.0	15.7
Profitability (%)					
Gross margin	48.9	34.7	31.9	37.2	40.2
EBITDA margin	42.2	29.7	26.8	32.1	35.0
Operating margin	41.6	29.4	26.6	31.9	34.8
Net margin	48.8	23.6	19.7	23.6	26.3
ROAA	16.8	14.1	10.8	13.2	14.2
ROAE	61.7	34.1	20.1	22.4	21.9
Leverage					
Net Gearing (x)	0.5	0.1	0.0	(0.1)	(0.1)
Interest Coverage (x)	14.8	11.9	11.8	19.0	28.3

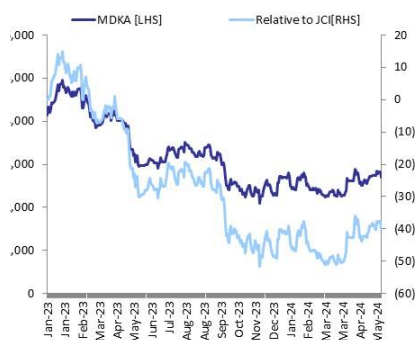
Source : NCKL, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	2,700
Target Price (Rp)	3,100
Previous Target Price (Rp)	4,380
Upside/Downside	+14.8%
No. of Shares (mn)	24,111
Mkt Cap (Rpbn/US\$m)	675,099/4,052
Avg, Daily T/O (Rpbn/US\$m)	140.5/8.7
Free Float (%)	51.0
Major Shareholder (%)	
Saratoga Investama	18.3
Mitra Daya Mustika	12.9
EPS Consensus (US\$cents)	
	2024F 2025F 2026F
BRIDS	0.2 0.3 0.2
Consensus	0.1 0.5 1.0
BRIDS/Cons (%)	124.6 (43.8) (78.2)

MDKA relative to JCI Index



Source: Bloomberg

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Merdeka Copper Gold (MDKA)

Promising signs from the Gold and Copper segment, better earnings momentum in 2Q24

- We foresee stronger earnings momentum for MDKA into 2Q24 as its corresponding commodity prices have improved.
- Pani and TB copper is undergoing exploration as planned, with additional resource conversion to increase confidence in supply.
- We resume coverage with a Buy rating and TP of Rp3,100. Key risks include lower commodity prices, lower utilization, and project delays.

Slight improvements in 1Q24 from Copper and Gold

1Q24 revenue from Copper and Gold segment reached US\$95.4mn, +17.1% qoq, equal to c.18% of consolidated revenue, driven by higher Gold and Copper ASP (+9.1%/+2.3% qoq) and higher copper sales volume of 4.3kt (+95.5% qoq) due to delayed sales in 4Q23. Cash margin improved with gold reaching US\$627/Oz, +41.2% qoq, while Copper turned profitable after 5 quarters of deficit at US\$218/ton, with EBIT estimated to reach c.US\$17.6mn (+163% qoq). On a consolidated basis, 1Q revenue/EBIT is estimated to reach US\$540mn (+0.5% qoq) and US\$43mn (+27.7% qoq), below consensus at 24%/21%.

Catching up with consensus est. in 2Q24 on strong copper and gold prices

Looking at the stronger gold and copper prices in 2Q24, which have rallied +12.5%/+13.5% qtd, we expect MDKA's 2Q24 revenue to be flat at c.US\$94mn (-1.5% qoq) as copper sales volume normalizes at 3.5kt/quarter. However, we expect to see EBIT margin expansion from c.19% to c.23% assuming flat gold AISC and factoring in a higher copper AISC, as guided by the mgmt. On a consolidated basis, we expect it to post revenue/EBIT of c.US\$514mn/59mn, which should bring its 1H24 performance to 47%/50% of consensus estimates.

Project updates: Pani and TB progressing as scheduled

MDKA published FS on the Pani project in Mar-24, entailing production planned for early FY26 at an initial rate of 140k Oz before growing to a peak of 500k Oz per annum following carbon-in-leach expansion in FY29 (these are in-line with previous indications). Meanwhile, TB copper continues drilling with the announcement of a +71% increase in indicated resources of 313mt converted from inferred resources. Currently, TB's total resources still stand at 1.7bt containing 8.2Mt of copper and 27.9Moz of gold.

Maintain Buy with a SOTP-based TP of Rp3,100

We resume our coverage with a Buy rating and a lower TP of Rp3,100 as we factor in the latest Pani PFS results and assumed Gold/ Copper/ Nickel prices of US\$2.1k/ US\$9.5k/ US\$18k for FY24F and US\$2k/ US\$9k/ US\$18k for the LT prices, respectively. Key risks to our call include lower commodity prices, a lower utilization rate, and project execution delays.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (US\$m)	870	1,707	2,165	2,156	2,118
EBITDA (US\$m)	235	242	309	319	292
Net Profit (US\$m)	58	(21)	55	69	53
EPS (US\$cents)	0.2	(0.1)	0.2	0.3	0.2
BVPS (US\$cents)	4.1	3.8	4.4	4.7	4.9
PER (x)	70.4	n/m	74.8	59.8	77.2
PBV (x)	4.1	4.4	3.8	3.6	3.4
EV/EBITDA	22.0	21.8	17.0	15.9	16.8

Source: MDKA, BRIDS Estimates

Exhibit 1. SOTP valuation

Projects	EV (USDmn)	Valuation method
TB Gold + Wetar	222	DCF (WACC 9.5%)
TB Porphyry	2,205	DCF (WACC 9.5%)
Pani	1,239	DCF (WACC 9.5%)
MBMA	2,002	SOTP
Total EV	5,667	
Net cash/(debt)	(1,072)	
Shares outstanding (Mn shares)	24,473	
Target price (IDR/sh)	3,100	

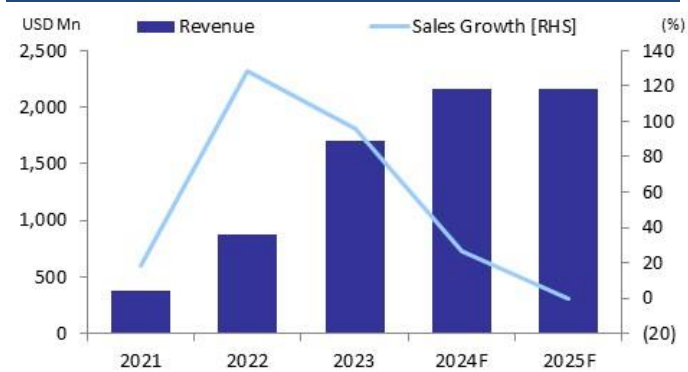
Source: Company, BRIDS Estimates

Exhibit 2. 1Q24 operational data

Operational data	1Q23	4Q23	1Q24	q-q (%)	y-y (%)	3M23	3M24	y-y (%)
Gold production (oz)	25,830	29,507	24,139	-18.2%	-6.5%	25,830	24,139	-6.5%
Gold sales (oz)	19,996	31,173	26,633	-14.6%	33.2%	19,996	26,633	33.2%
Gold ASP (USD/oz)	1,887	1,931	2,106	9.1%	11.6%	1,887	2,106	11.6%
Gold AISC (USD/oz)	1,263	1,487	1,479	-0.5%	17.1%	1,263	1,479	17.1%
Gold cash margin	624	444	627	41.2%	0.5%	624	627	0.5%
Copper production (t)	4,053	3,397	3,046	-10.3%	-24.8%	4,053	3,046	-24.8%
Copper sales (t)	3,603	2,206	4,313	95.5%	19.7%	3,603	4,313	19.7%
Copper ASP (USD/t)	8,799	8,169	8,353	2.3%	-5.1%	8,799	8,353	-5.1%
Copper AISC (USD/lb)	10,670	11,398	8,135	-28.6%	-23.8%	10,670	8,135	-23.8%
Copper cash margin	-	1,871	218	-106.8%	-111.7%	-	218	-111.7%
NPI production (t)	9,368	22,141	20,900	-5.6%	123.1%	9,368	20,900	123.1%
NPI sales (t)	8,170	22,472	21,621	-3.8%	164.6%	8,170	21,621	164.6%
NPI ASP (USD/t)	17,470	12,099	11,055	-8.6%	-36.7%	17,470	11,055	-36.7%
NPI AISC (USD/t)	15,436	10,909	10,223	-6.3%	-33.8%	15,436	10,223	-33.8%
NPI Cash Margin	2,034	1,190	832	-30.1%	-59.1%	2,034	832	-59.1%
Matte production (t)	-	12,684	12,041	-5.1%		-	12,041	
Matte sales (t)	-	11,700	14,404	23.1%		-	14,404	
Matte ASP (USD/t)	-	14,216	13,673	-3.8%		-	13,673	
Matte AISC (USD/t)	-	14,199	13,162	-7.3%		-	13,162	
Matte cash margin	-	17	511	2905.9%		-	511	
Limonite ore production (kwmt)	-	947	1,200	26.7%		-	1,200	
Limonite ore sales (kwmt)	-	947	623	-34.2%		-	623	
Limonite ore ASP (USD/t)	-	17	13	-23.5%		-	13	

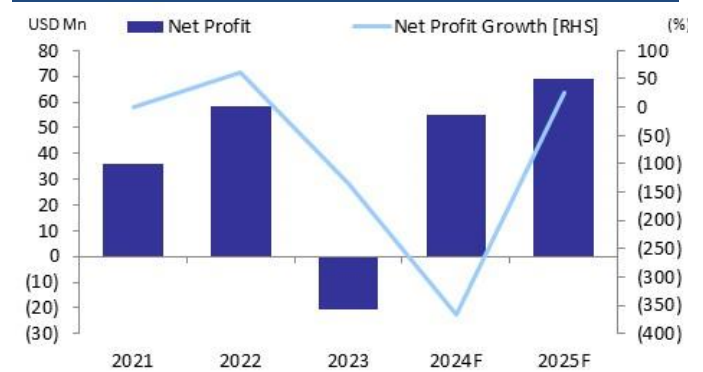
Source: Company

Exhibit 3. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 4. Net Profit and Growth



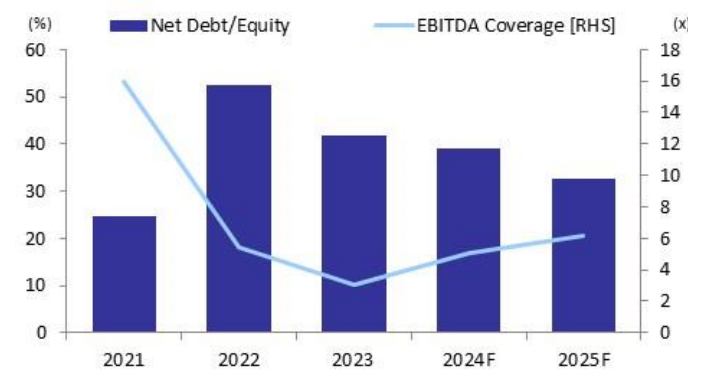
Source: Company, BRIDS Estimates

Exhibit 5. Margins



Source: Company, BRIDS Estimates

Exhibit 6. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 7. Income Statement

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Revenue	870	1,707	2,165	2,156	2,118
COGS	(705)	(1,561)	(1,955)	(1,936)	(1,926)
Gross profit	165	146	210	220	192
EBITDA	235	242	309	319	292
Oper. profit	112	97	145	155	129
Interest income	2	12	4	4	1
Interest expense	(43)	(79)	(61)	(52)	(44)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	20	(17)	(10)	(10)	(10)
Pre-tax profit	90	12	78	98	76
Income tax	(25)	(7)	(17)	(22)	(17)
Minority interest	(6)	(26)	(6)	(8)	(6)
Net profit	58	(21)	55	69	53
Core Net Profit	58	(21)	55	69	53

Exhibit 8. Balance Sheet

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	444	519	97	90	99
Receivables	76	123	126	126	123
Inventory	251	444	435	431	428
Other Curr. Asset	125	122	64	65	65
Fixed assets - Net	0	0	0	0	0
Other non-curr.asset	2,981	3,757	3,905	3,809	3,706
Total asset	3,877	4,964	4,628	4,520	4,422
ST Debt	334	453	349	224	173
Payables	110	304	259	256	255
Other Curr. Liabilities	161	153	153	153	153
Long Term Debt	1,171	1,223	888	838	738
Other LT. Liabilities	76	67	63	64	65
Total Liabilities	1,852	2,200	1,712	1,535	1,384
Shareholder's Funds	1,003	927	1,078	1,147	1,200
Minority interests	1,022	1,837	1,837	1,837	1,837
Total Equity & Liabilities	3,877	4,964	4,628	4,520	4,422

Exhibit 9. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	58	(21)	55	69	53
Depreciation and Amort.	124	145	164	164	164
Change in Working Capital	(108)	(105)	(39)	2	3
Other Oper. Cash Flow	(472)	(93)	66	(5)	2
Operating Cash Flow	(399)	(74)	246	230	222
Capex	(1,758)	(767)	(330)	(63)	(63)
Others Inv. Cash Flow	78	(6)	9	0	0
Investing Cash Flow	(1,680)	(773)	(320)	(63)	(63)
Net change in debt	1,127	171	(439)	(175)	(150)
New Capital	1,187	760	97	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	23	(9)	(4)	1	1
Financing Cash Flow	2,337	922	(347)	(174)	(150)
Net Change in Cash	258	75	(421)	(8)	9
Cash - begin of the year	185	444	519	97	90
Cash - end of the year	444	519	97	90	99

Exhibit 10. Key Ratio

Year to 31 Dec	2021A	2022A	2023F	2024F	2025F
Growth (%)					
Sales	128.3	96.2	26.8	(0.4)	(1.7)
EBITDA	13.7	2.6	28.0	3.2	(8.3)
Operating profit	22.8	(13.3)	50.0	6.8	(17.0)
Net profit	61.7	(135.4)	(366.0)	25.1	(22.5)
Profitability (%)					
Gross margin	18.9	8.5	9.7	10.2	9.1
EBITDA margin	27.1	14.2	14.3	14.8	13.8
Operating margin	12.8	5.7	6.7	7.2	6.1
Net margin	6.7	(1.2)	2.5	3.2	2.5
ROAA	2.3	(0.5)	1.1	1.5	1.2
ROAE	6.6	(2.1)	5.5	6.2	4.5
Leverage					
Net Gearing (x)	0.5	0.4	0.4	0.3	0.3
Interest Coverage (x)	2.6	1.2	2.4	3.0	2.9

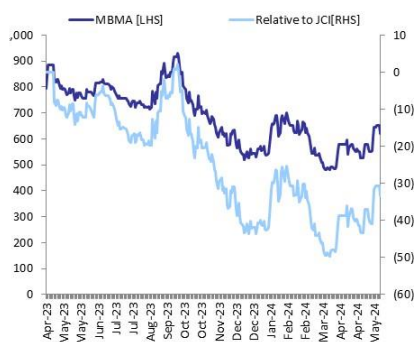
Source : MDKA, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	620
Target Price (Rp)	700
Previous Target Price (Rp)	910
Upside/Downside	+12.9%
No. of Shares (mn)	107,995
Mkt Cap (Rpbn/US\$m)	66,957/4,168
Avg, Daily T/O (Rpbn/US\$m)	42.5/2.6
Free Float (%)	28.5
Major Shareholder (%)	
PT Merdeka Energi Nusantara	50.0
Thohir Gribaldi	6.33
EPS Consensus (US\$cents)	
	2024F 2025F 2026F
BRIDS	0.0 0.1 0.2
Consensus	0.1 0.2 0.3
BRIDS/Cons (%)	(55.7) (47.7) (48.2)

MBMA relative to JCI Index



Source: Bloomberg

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Merdeka Battery Materials (MBMA)

On-track project progress, with better earnings momentum ahead

- We expect 2Q24 profitability to improve on better Ni prices and to strengthen further in 2H24 (vs. 1H24) as AIM commences production.
- MBM's ESG HPAL secured funding for its construction through bank loans and project financing that temporarily dilutes its ownership.
- We resume coverage with a Buy rating and a lower TP of Rp700. Key risks include lower nickel prices, lower utilization and project delays.

Expect 2Q23 performance to slightly improve

MBMA's 1Q24 revenue reached US\$444mn, -2.2% qoq, due to lower NPI sales, -3.8% qoq, and limonite ore sales, -34.2% qoq, along with lower ASP for NPI (-8.6% qoq), Matte (-3.8% qoq), and Limonite (-23.5% qoq). Consequently, revenue is below consensus estimates at 22.5% with a lower EBIT of c.US\$25.4mn, -5.9% qoq. However, we expect 2Q24 to slightly improve as LME/NPI prices have risen by +8.9%/+2.2% over the quarter, on top of a backlog in limonite ore sales volume of c.4-4.4wmt that should provide an uplift to its profitability with estimated 2Q24F revenue/EBIT of US\$420mn (-5% qoq) and US\$38mn (+48% qoq).

On-track progress for ESG (HPAL) and AIM commissioning

PT ESG, MBMA's HPAL JV with GEM, has reached 17% construction completion per 1Q24, still on-target for scheduled commissioning in late FY24. After securing a US\$490mn loan for the construction, MBMA also entered into a project financing agreement, which dilutes its ownership in MIA, its investment vehicle in PT ESG to 45%/55% (between MBM and Arniko, a regional investor based in Singapore). Thus, ESG's financial performance will not be consolidated into the company's books. However, MBM was granted a call option to regain its ownership back to 100% after 1 year of operation and 4 consecutive EBITDA positive quarters. Meanwhile, the AIM project has commenced an initial shipment of acid produced from train-1 and expects train-2 to commission (acid and chloride plants) in 2Q24. AIM's copper cathode plant is under construction with expected commissioning in 2H24.

Resume coverage with a Buy rating and a lower SOTP-based TP of IDR700

We maintain our Buy rating on MBMA with a lower SOTP-based TP of IDR700 as we factor in a lower NAV for HPAL 1 & 2 to US\$1.6bn from US\$4.2bn due to our assumption of smaller capacity of 30kt and 60kt compared to previously at 2x120kt. Key risks to our call include lower nickel prices, a lower utilization rate, and project execution delays.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (US\$m)	456	1,328	1,808	1,888	2,021
EBITDA (US\$m)	48	97	174	345	456
EBITDA Growth (%)	(892.9)	102.6	79.0	97.8	32.3
Net Profit (US\$m)	22	7	48	113	168
EPS (US\$cents)	0.0	0.0	0.0	0.1	0.2
EPS Growth (%)	134.7	(68.0)	589.9	136.2	48.7
BVPS (US\$cents)	0.9	1.4	1.5	1.6	1.7
DPS (US\$cents)	0.0	0.0	0.0	0.0	0.0
PER (x)	192.4	601.5	87.2	36.9	24.8
PBV (x)	4.4	2.7	2.6	2.5	2.2
Dividen yield (%)	0.0	0.0	0.0	0.0	0.0
EV/EBITDA	93.7	44.9	25.9	13.3	10.0

Source: MBMA, BRIDS Estimates

Exhibit 1. SOTP valuation

DCF	EV (US\$ mn)	Valuation
SCM	1,424	DCF (WACC 10%)
RKEF (BSI, CSI, ZHN, HNMI)	1,246	
HPAL 1 (ESG)	571	
HPAL 2 (CATL)	1,128	
AIM	633	
Total	5,001	
Net (debt)/cash	- 334	
Shares outstanding (Bn shares)	108	
Target price (IDR/sh)	700	

Price assumptions	FY24E	FY24E
LME Nickel	18,000	17,500
NPI	11,500	12,000
Production Capacity	FY24E	FY24E
NPI	85,000	85,000
Matte	50,000	50,000

Source: Company, BRIDS Estimates

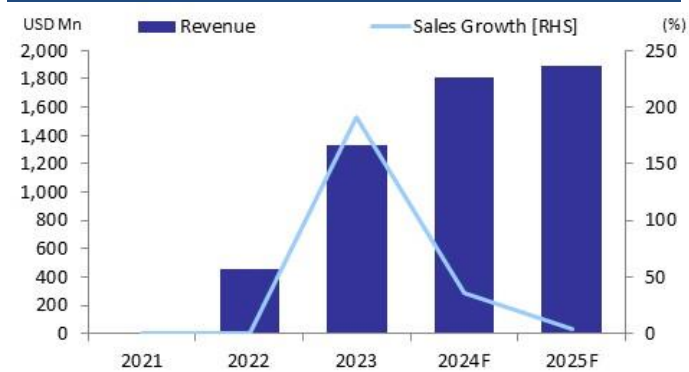
Exhibit 2. 1Q24 operational data

Profit & Loss	1Q23	4Q23	1Q24	q-q (%)
Revenue	143	454	444	-2.2%

Operational data	1Q23	4Q23	1Q24	q-q (%)
NPI production (t)	9,368	22,141	20,900	-5.6%
NPI sales (t)	8,170	22,472	21,621	-3.8%
NPI ASP (USD/t)	17,470	12,099	11,055	-8.6%
NPI AISC (USD/t)	15,436	10,909	10,223	-6.3%
NPI Cash Margin	2,034	1,190	832	-30.1%
Matte production (t)		12,684	12,041	-5.1%
Matte sales (t)		11,700	14,404	23.1%
Matte ASP (USD/t)		14,216	13,673	-3.8%
Matte AISC (USD/t)		14,199	13,162	-7.3%
Matte cash margin		17	511	2905.9%
Limonite ore production (kwmt)		1.6	1.2	-25.0%
Limonite ore sales (kwmt)		0.9	1.1	16.1%
Limonite ore ASP (USD/t)		17	13	-23.5%

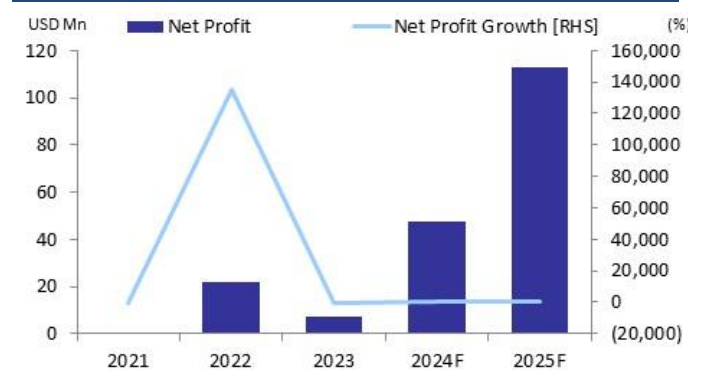
Source: Company

Exhibit 3. Revenue and Growth



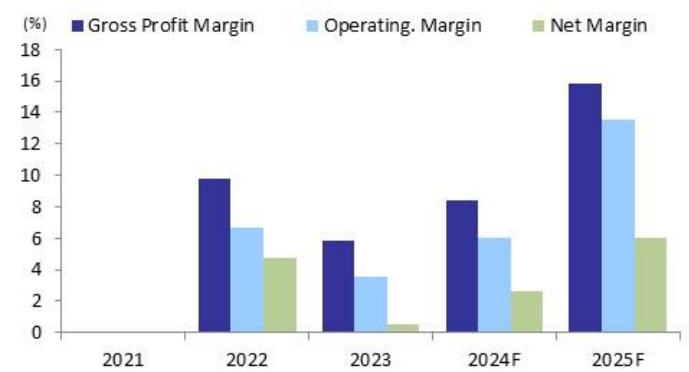
Source: Company, BRIDS Estimates

Exhibit 4. Net Profit and Growth



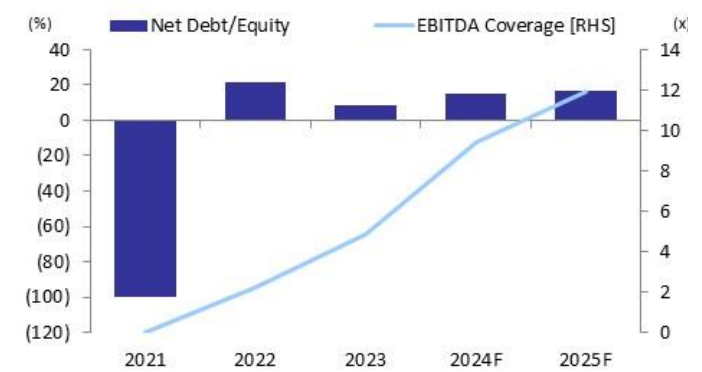
Source: Company, BRIDS Estimates

Exhibit 5. Margins



Source: Company, BRIDS Estimates

Exhibit 6. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 7. Income Statement

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Revenue	456	1,328	1,808	1,888	2,021
COGS	(411)	(1,251)	(1,656)	(1,589)	(1,607)
Gross profit	44	77	152	299	414
EBITDA	48	97	174	345	456
Oper. profit	30	48	109	255	366
Interest income	0	6	6	2	6
Interest expense	(22)	(20)	(19)	(29)	(33)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	1	0	0	0	0
Other Income (Expenses)	27	0	0	0	0
Pre-tax profit	37	33	97	228	339
Income tax	0	0	(10)	(23)	(34)
Minority interest	(16)	(26)	(39)	(92)	(137)
Net profit	22	7	48	113	168
Core Net Profit	22	7	48	113	168

Exhibit 8. Balance Sheet

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	280	290	108	299	391
Receivables	68	121	125	131	140
Inventory	79	288	248	259	277
Other Curr. Asset	42	85	85	85	85
Fixed assets - Net	0	0	0	0	0
Other non-curr.asset	1,952	2,479	2,669	2,834	2,999
Total asset	2,422	3,263	3,235	3,608	3,893
ST Debt	20	2	2	2	2
Payables	110	262	223	233	249
Other Curr. Liabilities	35	94	94	94	94
Long Term Debt	595	490	454	704	804
Other LT. Liabilities	102	105	105	105	105
Total Liabilities	862	954	878	1,138	1,254
Shareholder's Funds	957	1,532	1,580	1,693	1,860
Minority interests	602	778	778	778	778
Total Equity & Liabilities	2,422	3,263	3,235	3,608	3,893

Exhibit 9. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	22	7	48	113	168
Depreciation and Amort.	18	50	65	90	90
Change in Working Capital	(77)	(68)	(4)	(7)	(11)
Other Oper. Cash Flow	(361)	(56)	0	0	0
Operating Cash Flow	(399)	(67)	109	196	247
Capex	(1,469)	(542)	(255)	(255)	(255)
Others Inv. Cash Flow	0	0	0	0	0
Investing Cash Flow	(1,469)	(542)	(255)	(255)	(255)
Net change in debt	610	(124)	(36)	250	100
New Capital	1,539	743	0	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	(2)	0	0	0	0
Financing Cash Flow	2,148	619	(36)	250	100
Net Change in Cash	280	10	(182)	191	92
Cash - begin of the year	0	280	290	108	299
Cash - end of the year	280	290	108	299	391

Exhibit 10. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	0.0	191.5	36.1	4.4	7.0
EBITDA	(892,9)	102.6	79.0	97.8	32.3
Operating profit	(566,6)	55.9	129.9	133.1	43.7
Net profit	134,7	(68.0)	589.9	136.2	48.7
Profitability (%)					
Gross margin	9.7	5.8	8.4	15.8	20.5
EBITDA margin	10.5	7.3	9.6	18.3	22.6
Operating margin	6.7	3.6	6.0	13.5	18.1
Net margin	4.8	0.5	2.6	6.0	8.3
ROAA	1.8	0.2	1.5	3.3	4.5
ROAE	4.5	0.6	3.1	6.9	9.5
Leverage					
Net Gearing (x)	0.2	0.1	0.1	0.2	0.2
Interest Coverage (x)	1.4	2.4	5.9	8.8	11.1

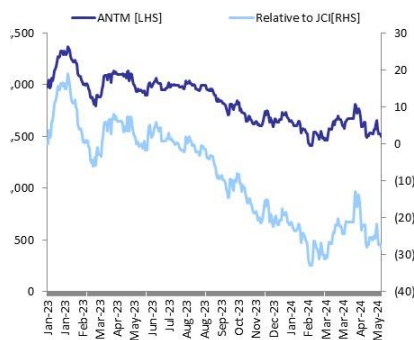
Source : MBMA, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	1,495
Target Price (Rp)	2,000
Previous Target Price (Rp)	2,100
Upside/Downside	+33.8%
No. of Shares (mn)	24,031
Mkt Cap (Rpbn/US\$mn)	35,926/2,236
Avg, Daily T/O (Rpbn/US\$mn)	87.5/5.4
Free Float (%)	34.9
Major Shareholder (%)	
Mind ID	65.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	120.3 107.7 100.9
Consensus	112.3 143.6 169.5
BRIDS/Cons (%)	7.2 (25.0) (40.5)

ANTM relative to JCI Index



Source: Bloomberg

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Aneka Tambang (ANTM)

Lowering our expectations

- ANTM's 1Q24 earnings were a big miss due to weak nickel ore sales coupled with the lingering overhang from delays in RKAB approval.
- Pomalaa's smelter is looking to switch its energy source to PLN's grid, which could decrease its cash costs by c.15-20%, expected in 4Q24.
- Maintain Buy on ANTM with a lower TP of Rp2,000. Key risks include lower commodity prices, lower utilization, and project delays.

A big earnings miss in 1Q24

ANTM recorded 1Q24 revenue of Rp8.6tn, -15.1% qoq, or below consensus estimates at 16.9% due to the delays in RKAB approval which resulted in no ferronickel sales and limited nickel ore sales of 1wmt, way below the company's guidance of 18wmt. Consequently, net profit stood at Rp238bn, +4.1% qoq, reaching 9.5% of consensus estimates.

Lowering our FY24F forecast as the RKAB overhang lingers

ANTM has received RKAB approval for 6 of its mining licenses, namely 1 gold license, 1 bauxite license, and 3 nickel licenses in Pomalaa, N. Maluku and Gag Island. However, as of mid-May24, ANTM also has 3 unapproved RKAB for the SDA, NKA and N. Konawe nickel mines, which produce more than 5wmt annually (NKA and SDA are the concessions reserved for EV battery projects with the CBL and LG consortium). Thus, due to the ore supply shortfall, we lower our FY24F sales volume assumption to 12wmt (from 15wmt prev.), +2.5% yoy, which brings down our FY24F revenue/net profit to Rp40.9tn/2.9tn.

Finding the silver lining: some possible upside in earnings

We note a couple of initiatives that pose upside to earnings, namely: 1) the switch in power generation for the Pomalaa smelter to PLN's grid (from the current coal and diesel plant), scheduled in 4Q24. This is estimated to reduce electricity tariffs by c.-40% from Rp1,700/kwh to Rp990/kwh, and hence cash costs could fall considerably by c.15-20% to an estimated US\$11,500-12,000/ton. And 2) aggressive exploration of its nickel concession with the aim to convert its vast resources into reserves, as apparent from the higher capex allocation of Rp1tn compared to Rp290bn in 2023. More notably, ANTM has the right to monetize any resources converted within the SDA concession area within 3 years after the divestment deal in Dec-23.

Resume coverage with a Buy rating and lower TP of Rp2,000

We resume coverage with a Buy rating and a lower TP of Rp2,000 based on FY24F PE of 16.6x, equal to -0.5x std of its forward PE band, as we factor in lower nickel ore sales volume. Key risks to our call include lower nickel prices, a lower utilization rate, and project execution delays.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	45,930	41,048	40,979	46,355	46,833
EBITDA (Rpbn)	4,756	4,022	4,203	3,834	3,620
EBITDA Growth (%)	32.4	(15.4)	4.5	(8.8)	(5.6)
Net Profit (Rpbn)	3,821	3,078	2,892	2,588	2,424
EPS (Rp)	159.0	128.1	120.3	107.7	100.9
EPS Growth (%)	105.2	(19.5)	(6.0)	(10.5)	(6.3)
BVPS (Rp)	986.7	1,275.2	1,267.9	1,316.0	1,363.5
DPS (Rp)	33.0	63.6	0.0	0.0	0.0
PER (x)	9.4	11.7	12.4	13.9	14.8
PBV (x)	1.5	1.2	1.2	1.1	1.1
Dividen yield (%)	2.2	4.3	0.0	0.0	0.0
EV/EBITDA	7.1	7.1	6.9	7.5	7.7

Source: ANTM, BRIDS Estimates

Exhibit 1. PE Band



Source: Company, BRIDS Estimates

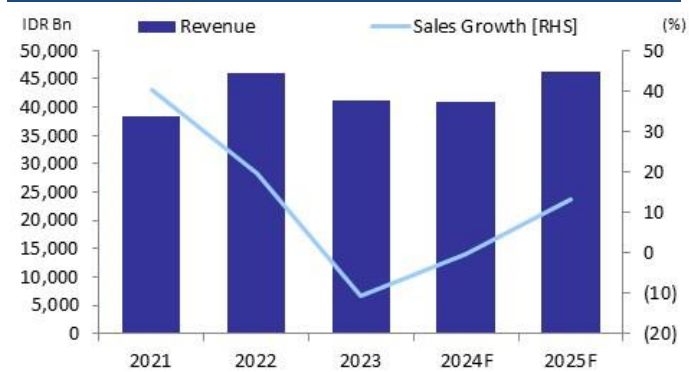
Exhibit 2. 1Q24 operational data

Operational data	1Q23	4Q23	1Q24	q-q (%)	y-y (%)
Gold production (Kg)	304	300	166	(44.7)	(45.4)
Gold sales (Kg)	7,223	6,669	7,112	6.6	(1.5)
Ferronickel production (Ton)	5,437	5,686	4,789	(15.8)	(11.9)
Ferronickel sales (Ton)	4,287	6,006	-	(100.0)	
Nickel ore production (Kton)	3,410	2,772	1,440	(48.1)	(57.8)
Nickel ore sales (Kton)	3,440	2,299	1,000	(56.5)	(70.9)
Bauxite production (Kton)	-	596,985	153,000	(74.4)	
Bauxite sales (Kton)	-	511,297	-	(100.0)	
Alumina production (Kton)	-	46,416	24,753	(46.7)	
Alumina sales (Kton)	33,069	37,887	38,862	2.6	17.5

Source: Company

Source: Company

Exhibit 3. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 4. Net Profit and Growth



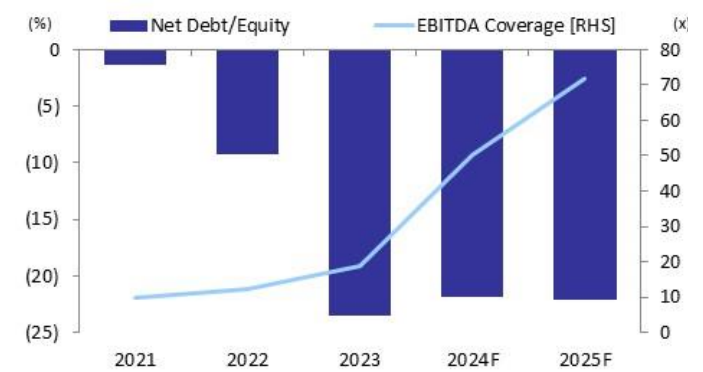
Source: Company, BRIDS Estimates

Exhibit 5. Margins



Source: Company, BRIDS Estimates

Exhibit 6. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 7. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	45,930	41,048	40,979	46,355	46,833
COGS	(37,720)	(34,733)	(34,018)	(39,615)	(40,151)
Gross profit	8,211	6,315	6,962	6,741	6,682
EBITDA	4,756	4,022	4,203	3,834	3,620
Oper. profit	3,942	2,617	3,108	2,723	2,493
Interest income	85	172	354	320	294
Interest expense	(381)	(215)	(84)	(54)	(8)
Forex Gain/(Loss)	564	(221)	(221)	(221)	(221)
Income From Assoc. Co's	931	947	500	500	500
Other Income (Expenses)	74	555	50	50	50
Pre-tax profit	5,215	3,854	3,707	3,318	3,108
Income tax	(1,394)	(777)	(816)	(730)	(684)
Minority interest	0	0	0	0	0
Net profit	3,821	3,078	2,892	2,588	2,424
Core Net Profit	3,257	3,299	3,113	2,810	2,646

Exhibit 8. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	4,476	9,209	8,317	7,655	7,706
Receivables	2,346	1,489	1,973	2,198	2,238
Inventory	2,906	3,470	2,993	3,486	3,533
Other Curr. Asset	1,966	5,897	6,192	6,501	6,826
Fixed assets - Net	16,472	16,183	15,728	15,257	14,770
Other non-curr.asset	5,471	6,604	6,851	7,125	7,430
Total asset	33,637	42,851	42,053	42,222	42,503
ST Debt	189	1,002	0	0	0
Payables	1,780	2,000	1,581	1,779	1,811
Other Curr. Liabilities	4,003	5,575	5,644	5,466	5,294
Long Term Debt	2,082	881	1,548	622	(303)
Other LT. Liabilities	1,871	2,228	2,355	2,477	2,608
Total Liabilities	9,925	11,686	11,127	10,345	9,409
Shareholder's Funds	23,712	30,643	30,469	31,624	32,766
Minority interests	0	522	457	253	328
Total Equity & Liabilities	33,637	42,851	42,053	42,222	42,503

Exhibit 9. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	3,821	3,078	2,892	2,588	2,424
Depreciation and Amort.	756	1,966	1,095	1,110	1,126
Change in Working Capital	(334)	786	(400)	(493)	(27)
Other Oper. Cash Flow	(644)	(3,398)	(399)	(441)	(476)
Operating Cash Flow	3,599	2,432	3,187	2,764	3,048
Capex	(402)	(1,574)	(536)	(536)	(536)
Others Inv. Cash Flow	0	0	0	0	0
Investing Cash Flow	(402)	(1,574)	(536)	(536)	(536)
Net change in debt	(2,863)	(501)	(412)	(1,253)	(1,253)
New Capital	4	6,206	(54)	(192)	87
Dividend payment	(931)	(1,910)	(3,078)	(1,446)	(1,294)
Other Fin. Cash Flow	(19)	80	0	0	0
Financing Cash Flow	(3,809)	3,875	(3,543)	(2,891)	(2,460)
Net Change in Cash	(613)	4,732	(892)	(662)	52
Cash - begin of the year	5,089	4,476	9,209	8,317	7,655
Cash - end of the year	4,476	9,209	8,317	7,655	7,706

Exhibit 10. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	19.5	(10.6)	(0.2)	13.1	1.0
EBITDA	32.4	(15.4)	4.5	(8.8)	(5.6)
Operating profit	44.0	(33.6)	18.8	(12.4)	(8.5)
Net profit	105.2	(19.5)	(6.0)	(10.5)	(6.3)
Profitability (%)					
Gross margin	17.9	15.4	17.0	14.5	14.3
EBITDA margin	10.4	9.8	10.3	8.3	7.7
Operating margin	8.6	6.4	7.6	5.9	5.3
Net margin	8.3	7.5	7.1	5.6	5.2
ROAA	11.5	8.0	6.8	6.1	5.7
ROAE	17.2	11.3	9.5	8.3	7.5
Leverage					
Net Gearing (x)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Interest Coverage (x)	10.3	12.2	37.2	50.9	316.7

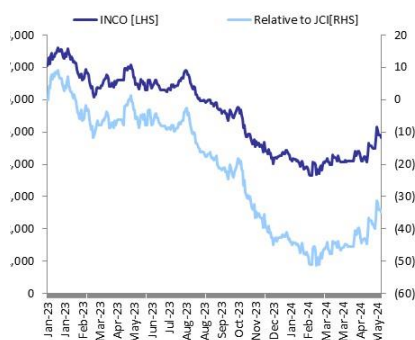
Source : ANTM, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	4,810
Target Price (Rp)	6,100
Previous Target Price (Rp)	6,500
Upside/Downside	+26.8%
No. of Shares (mn)	9,936
Mkt Cap (Rpbn/US\$mn)	47,794/2,975
Avg, Daily T/O (Rpbn/US\$mn)	90.6/5.6
Free Float (%)	20.6
Major Shareholder (%)	
Vale Canada Ltd	43.8
Inalum	20.0
EPS Consensus (US\$cents)	
	2024F 2025F 2026F
BRIDS	1.4 1.4 1.3
Consensus	1.4 1.7 1.9
BRIDS/Cons (%)	(1.2) (20.6) (29.3)

INCO relative to JCI Index



Source: Bloomberg

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Vale Indonesia (INCO)

Riding on the LME Nickel price momentum

- INCO's 1Q24 revenue may decline 23% qoq due to a lower LME price of US\$16,600/ton, though this should be well expected by the consensus.
- We value INCO's growth projects at Rp2,200/share; expect ST share price momentum to be aided by positive sentiment on the Ni price.
- We resume our coverage with a Buy rating and a TP of Rp6,100. Key risks include lower nickel prices, lower utilization, and project delays.

1Q24 expectations well priced in; possible lower qoq revenue

With an average LME price of US\$16.6k/ton in 1Q24, we expect INCO to post revenue of c.US\$226mn, -23% qoq, derived from a lower ASP of c.US\$12,950/ton and production of 17.5kt. However, we believe the result will be well expected. Overall, we estimate FY24-25F core profit of US\$137/118mn, or relatively in-line with the consensus figures of US\$132/171mn as we assume a slightly higher LME price assumption of US\$18k/17.5k/ton vs consensus at c.US\$17.6k/ton, but having also factored in the profit-sharing scheme in 2H24.

Mining license extended with a caveat

On 13 May24, INCO received its license extension to IUPK, which will be valid until 2025 with a possibility to extend by 2x10 years to 2045 subject to applicable regulations. Although this lifts a major overhang, we believe the regulation poses downside risk on earnings as INCO is now subject to a 10% profit sharing scheme with the government taking immediate effect, on top of the existing 2% royalty from sales. We estimate the scheme will reduce FY24-25F core profit by -4%/ -8% from our base case forecast.

Ongoing divestment and RI plan; expect a neutral impact on operations

INCO's share divestment to MIND ID (to 34% from 20%) is awaiting approval from OJK and is expected to be done by the end of 2Q24. This will be followed by a rights issuance of 603mn shares, equal to 6.07% of the outstanding shares, whereby MIND ID will be subscribing to VCL, SMM, and Vale Japan's portion to fully achieve the 20% threshold. Following the divestment, MIND ID is entitled to appoint the CEO and Chief HR officer, while Vale will maintain its COO and Sustainability Officer, which we expect to have only a minimal impact on operations.

Maintain Buy with a SOTP-based TP of Rp6,100

We maintain our Buy rating on INCO with a TP of Rp6,100 as we factor in the 10% profit sharing scheme starting in 2H24 (we assume FY24-26F and LT nickel prices of US\$18k/17.5k/ton and US\$18k/ton, and have taken into account upcoming projects in our SOTP valuation). Key risks to our call include lower nickel prices, a lower utilization rate, and project execution delays.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (US\$mn)	1,179	1,232	983	956	983
EBITDA (US\$mn)	458	498	328	311	341
Net Profit (US\$mn)	200	274	137	118	134
EPS (US\$cents)	2.0	2.8	1.4	1.4	1.3
BVPS (US\$cents)	23.7	25.8	26.2	28.2	30.4
DPS (US\$cents)	0.6	0.7	1.0	0.9	0.5
PER (x)	14.8	10.8	21.6	22.2	22.3
PBV (x)	1.3	1.2	1.1	1.1	1.1
Dividen yield (%)	2.0	2.4	3.3	1.7	1.4
EV/EBITDA	5.1	4.6	7.1	7.2	6.4

Source: INCO, BRIDS Estimates

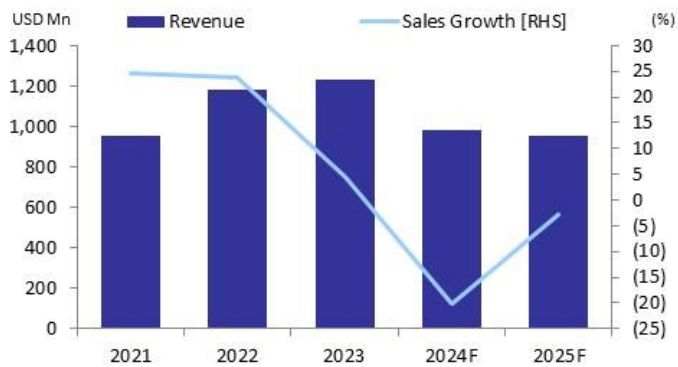
Exhibit 1. SOTP valuation

Valuation		DCF (WACC 11.2%)
Nickel matte	1,793	
Bahodopi RKEF	374	
Pomala HPAL	747	
Sorowako HPAL	225	
Total EV	3,139	
Net Debt (cash)	(658)	
Equity value	3,797	
TP in IDR	6,100	

Price assumptions	FY24E	FY25E
LME Nickel	18,000	17,500
Production	70,000	70,000

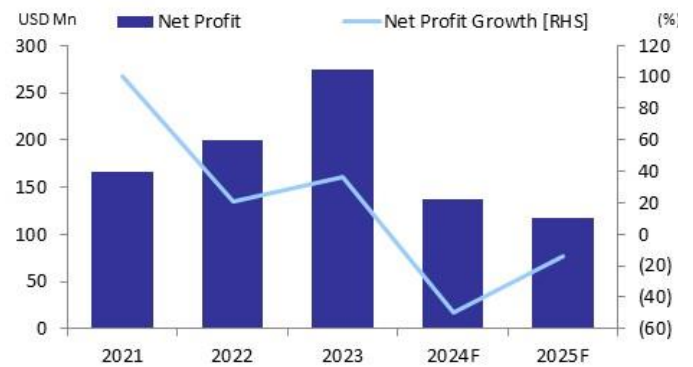
Source: Company, BRIDS Estimates

Exhibit 2. Revenue and Growth



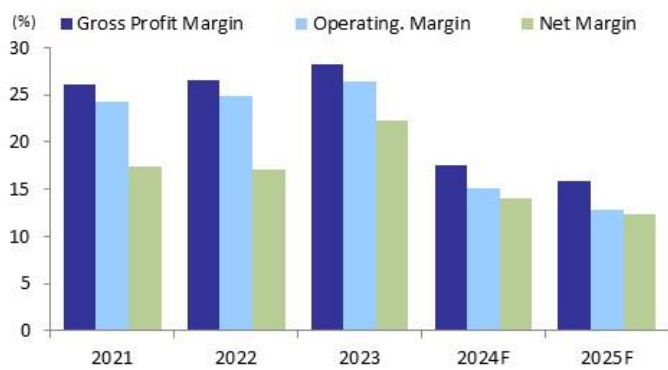
Source: Company, BRIDS Estimates

Exhibit 3. Net Profit and Growth



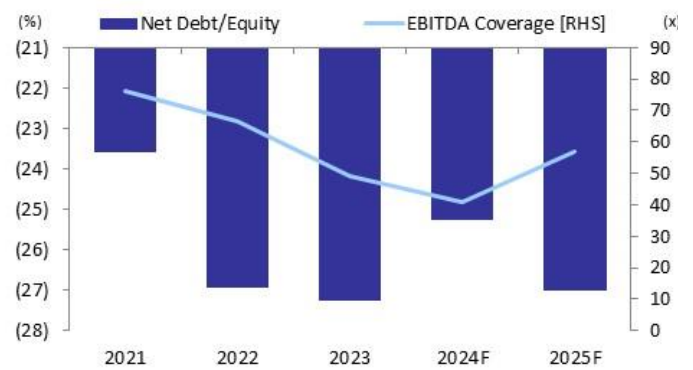
Source: Company, BRIDS Estimates

Exhibit 4. Margins



Source: Company, BRIDS Estimates

Exhibit 5. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 6. Income Statement

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Revenue	1,179	1,232	983	956	983
COGS	(866)	(885)	(811)	(804)	(806)
Gross profit	314	347	172	151	176
EBITDA	458	498	328	311	341
Oper. profit	294	325	148	122	145
Interest income	11	36	35	33	36
Interest expense	(7)	(10)	(8)	(5)	(5)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(22)	2	2	2	2
Pre-tax profit	276	353	176	151	177
Income tax	(75)	(78)	(39)	(33)	(39)
Minority interest	0	0	0	0	0
Net profit	200	274	137	118	138
Core Net Profit	200	274	137	118	138

Exhibit 7. Balance Sheet

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	634	699	657	722	801
Receivables	141	102	94	0	94
Inventory	156	156	163	155	154
Other Curr. Asset	59	77	61	59	61
Fixed assets - Net	1,550	1,696	1,711	1,714	1,715
Other non-curr.asset	118	197	189	0	213
Total asset	2,658	2,926	2,875	2,940	3,038
ST Debt	0	0	0	0	0
Payables	116	141	116	0	115
Other Curr. Liabilities	59	76	64	0	64
Long Term Debt	0	0	0	0	0
Other LT. Liabilities	128	145	94	0	94
Total Liabilities	303	361	273	269	272
Shareholder's Funds	2,355	2,565	2,602	0	2,766
Minority interests	0	0	0	0	0
Total Equity & Liabilities	2,658	2,926	2,875	2,940	3,038

Exhibit 8. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	200	274	137	118	138
Depreciation and Amort.	164	173	181	188	196
Change in Working Capital	(51)	(22)	28	5	(5)
Other Oper. Cash Flow	37	47	(43)	6	2
Operating Cash Flow	351	473	302	317	331
Capex	(195)	(319)	(197)	(191)	(197)
Others Inv. Cash Flow	(23)	(31)	(10)	(11)	(13)
Investing Cash Flow	(218)	(350)	(207)	(202)	(209)
Net change in debt	0	0	0	0	0
New Capital	60	8	0	0	0
Dividend payment	(60)	(73)	(99)	(50)	(43)
Other Fin. Cash Flow	(6)	6	(37)	0	0
Financing Cash Flow	(7)	(58)	(137)	(50)	(43)
Net Change in Cash	126	65	(41)	64	79
Cash - begin of the year	508	634	699	657	722
Cash - end of the year	634	699	657	722	801

Exhibit 9. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	23.7	4.5	(20.2)	(2.8)	2.9
EBITDA	17.8	8.7	(34.0)	(5.5)	9.7
Operating profit	27.1	10.6	(54.6)	(17.2)	18.3
Net profit	20.9	36.9	(49.9)	(14.1)	16.9
Profitability (%)					
Gross margin	26.6	28.2	17.5	15.8	17.9
EBITDA margin	38.8	40.4	33.4	32.5	34.7
Operating margin	24.9	26.4	15.0	12.8	14.7
Net margin	17.0	22.3	14.0	12.3	14.0
ROAA	7.8	9.8	4.7	4.1	4.6
ROAE	8.9	11.2	5.3	4.5	5.1
Leverage					
Net Gearing (x)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)
Interest Coverage (x)	42.6	32.2	18.5	22.4	26.5

Source : INCO, BRIDS Estimates

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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