

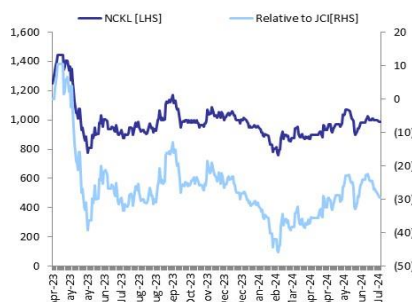
# Overweight

(Maintained)

## TINS relative to JCI Index



## NCKL relative to JCI Index



Source: Bloomberg

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# Metal Mining

## 2Q24 preview: Strong qoq earnings growth on higher ASP, expect 1H24 to be mixed

- We estimate the sector's 2Q earnings to proliferate on the back of a stronger ASP and volume, yet still leading to a slightly below 1H.
- We expect TINS to be the best performer in 2Q24 as its ASP and volume improve, while NCKL has the least growth as it already had a solid 1Q24
- We reiterate our Overweight rating on the sector with TINS and NCKL as our top picks due to their stronger earnings visibility.

## 2Q24 preview: a solid quarter in the cards

We expect metal companies under our coverage to benefit from higher commodity prices, with tin, copper, gold, and nickel up by +23%/+16%/+13%/+11% qoq, respectively. Improved sales volumes following a slow first quarter (e.g., ANTM, MBMA) should also bolster revenue growth. Overall, we anticipate 2Q24 revenue growth to be in line with expectations at +33% yoy/+18% qoq, achieving 51%/50% of our/cons estimates. On the cost side, we have observed increases in saprolite ore/coal/oil prices of +17%/+7%/+2% qoq, which may slightly elevate overall cash costs. We estimate 2Q24 net profit to rise by +94% yoy/+183% qoq, slightly below our/cons FY24F estimate at 41%. Despite this, we expect our 2Q24 NP estimate to contribute c.30% to the FY24F.

## 2Q24 earnings potential outperformers: TINS, ANTM, INCO

We expect TINS to show stronger earnings growth than its peers as we estimate its 2Q24 net profit to reach c. Rp370bn, +11.5x qoq, driven by stable cash costs and rising tin prices. We anticipate ANTM and INCO to deliver solid 2Q24 results driven by ANTM's FeNi inventory sales from 1Q24 (2Q24 vol: 7-7.5kt) combined with improved ore sales (3.5Mt) in 2Q24, and INCO should see expanding cash margins (to US\$4.5-5k/t) from higher LME price (2Q24 avg. :US\$18.5k/t), despite challenges such as fuel costs and maintenance affecting sales volume (see our report [here](#)). Conversely, we expect NCKL to report moderate earnings growth of +17% qoq post a solid 1Q24. However, potential upsides may arise from HPL's contribution, driven by a significant +22% qoq increase in MHP price. Overall, we estimate 1H24 earnings for TINS/ANTM/INCO to form 69%/59%/33% of cons. est. while MBMA/MDKA should show an expected qoq improvement but are likely to still be below cons. estimate at 26%/-72%.

## Maintain Overweight on the sector with unchanged top pick of NCKL

We anticipate a quiet nickel market in 2H24 as demand growth for stainless steel is expected to have peaked during the summer season. Thus, we expect the benchmark price to be rangebound with lower volatility as the ongoing increase in exchange inventory levels should limit further price increases. We maintain our Overweight rating for the sector, with pecking orders as follows: TINS>NCKL>MBMA> MDKA>ANTM>INCO. NCKL remains our nickel top pick due to its strong operational performance and robust earnings visibility. Additionally, we favor TINS given the tight global supply stemming from reduced Vietnam exports to China and limited Indonesian exports.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2025F
					2024F	2025F	2024F	2025F	
Timah	TINS IJ	BUY	1,400	7,224.3	8.3	7.5	1.0	0.9	13.1
Trimegah Bangun Persada	NCKL IJ	BUY	1,300	62,152.1	12.2	9.4	2.3	1.9	22.4
Merdeka Battery Materials	MBMA IJ	BUY	700	68,037.1	87.6	37.1	2.7	2.5	6.9
Merdeka Copper Gold	MDKA IJ	BUY	3,100	59,224.6	250.6	140.4	3.4	3.3	2.4
Aneka Tambang	ANTM IJ	BUY	2,000	32,321.4	11.2	12.5	1.1	1.0	8.3
Vale Indonesia	INCO IJ	BUY	5,700	39,545.3	25.8	26.4	1.0	0.9	3.6

## Exhibit 1. 2Q24 and 1H24 Preview – Metal Mining Sector

Metal mining sector (US\$Mn)	1Q24	2Q24E	yoy	qoq	1H23	1H24E	yoy	%1H24 to FY24E	%1H24 to Cons	FY24E	yoy	FY24 Cons	yoy
Revenue	2,286	2,689	33%	18%	3,955	4,975	26%	51%	50%	9,833	8%	9,994	10%
Gross profit	210	407	20%	94%	826	617	-25%	39%	37%	1,582	2%	1,684	8%
Operating profit	98	292	44%	199%	559	389	-30%	37%	35%	1,048	-2%	1,098	3%
Net profit	76	215	94%	183%	408	291	-29%	41%	41%	709	-12%	718	-10%
GPM	9.2%	15.1%			20.9%	12.4%				16.1%		16.9%	
OPM	4.3%	10.8%			14.1%	7.8%				10.7%		11.0%	
NPM	3.3%	8.0%			10.3%	5.9%				7.2%		7.2%	

Source: Company, BRIDS Estimates

## Exhibit 2. 2Q24 Earnings Preview

	Revenue		qoq		yoy	1H to FY24 target (%)	Net profit		qoq		yoy	1H to FY24 target (%)
US\$Mn	2Q24E	1Q24	(%)	2Q23	(%)		2Q24E	1Q24	(%)	2Q23	(%)	
NCKL*	6,283	6,034	4.1%	5,456	15.1%	48%	1,169	1,001	16.7%	1,376	-15.1%	43%
MBMA	471	444	6.0%	208	126.0%	51%	13.0	3.7	255.8%	(13)	203.2%	35%
MDKA	562	541	3.9%	306	83.8%	51%	5.0	(15.2)	132.8%	(52)	109.5%	-68%
ANTM*	13,998	8,621	62.4%	10,068	39.0%	55%	1,161	238	386.9%	227	412.1%	48%
INCO	235	230	2.2%	296	-20.6%	48%	31	6	396.3%	70	-56.4%	39%
TINS	2,737	2,057	33.1%	2,398	14.1%	42%	370	30	1151.3%	(34)	1186.3%	46%

\*in Rpbm

	Cash margin (USD/t)		qoq
Assumption	2Q24E	1Q24	(%)
NCKL	2,699	2,516	7.3%
MBMA-NPI	911	948	-3.9%
MBMA-Matte	919	553	66.1%
ANTM	1,000	-	n/a
INCO	2,465	1,105	123.0%

Source: Company, BRIDS Estimates

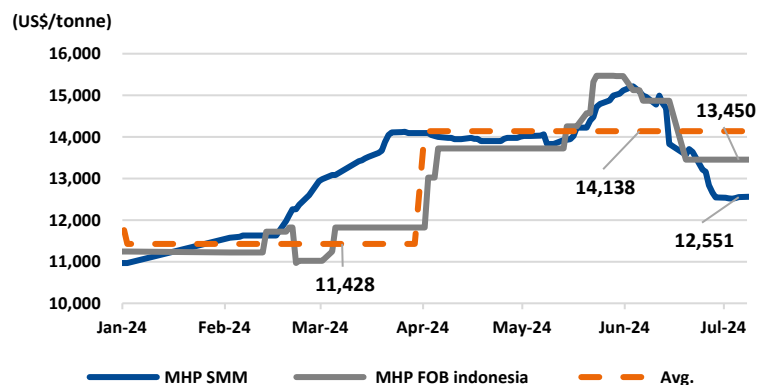
## Exhibit 3. Commodity Price Changes

	Avg. price		qoq
US\$/t	1Q24	2Q24E	(%)
LME Nickel	16,641	18,496	11.1%
NPI	11,415	11,690	2.4%
MHP	11,559	14,099	22.0%
Saprolite	32	37	16.8%
LME Tin	26,245	32,304	23.1%
Gold*	2,072	2,338	12.8%
Copper	8,540	9,873	15.6%
Newc coal	127	136	7.3%
Brent Oil	82	83	1.5%

\*US\$/oz

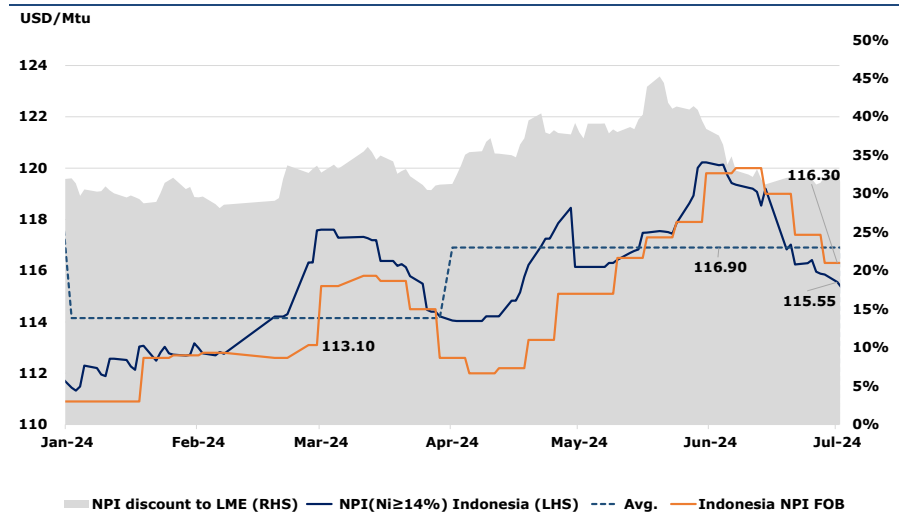
Source: Various Sources, BRIDS Estimates

## Exhibit 4. MHP price



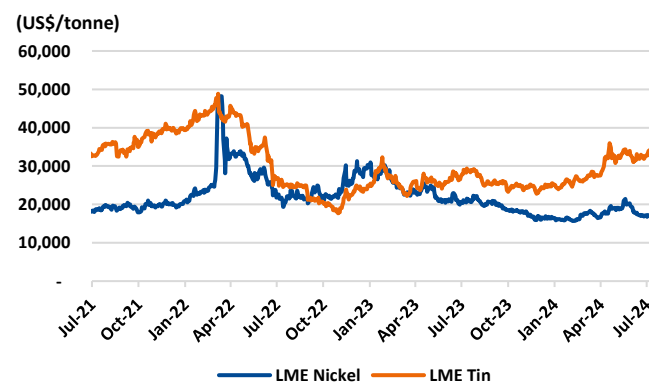
Source: SMM, BRIDS

Exhibit 5. NPI price average



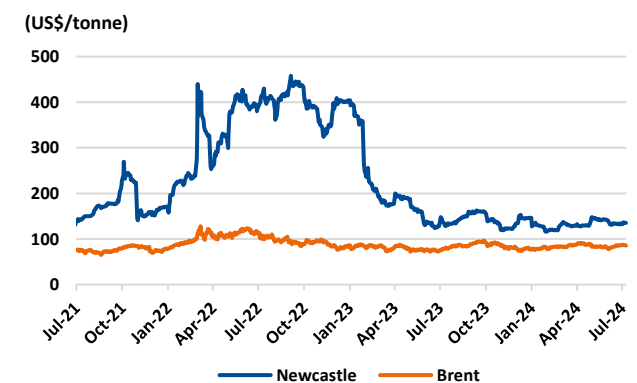
Source: SMM, BRIDS

Exhibit 6. LME nickel and tin prices



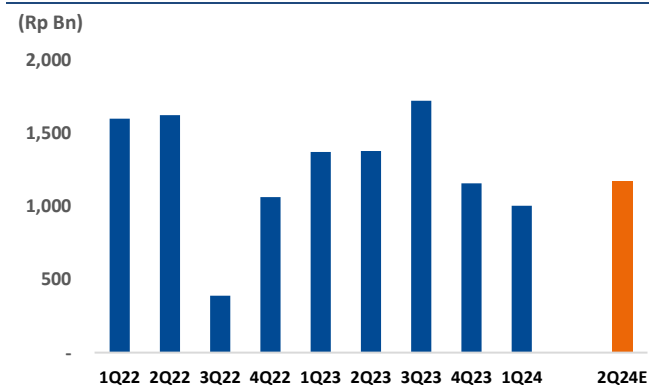
Source: Bloomberg, BRIDS

Exhibit 7. Coal and oil prices



Source: Bloomberg, BRIDS

Exhibit 8. NCKL's quarterly net profits



Source: Company, BRIDS Estimates

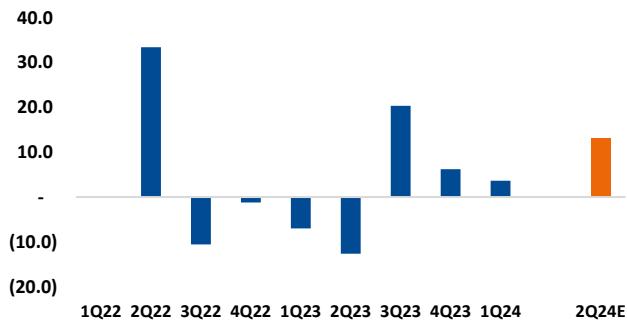
Exhibit 9. MDKA's quarterly net profits



Source: Company, BRIDS Estimates

Exhibit 10. MBMA's quarterly net profits

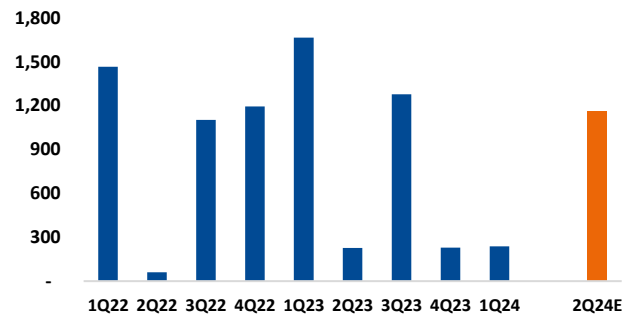
(US\$ Mn)



Source: Company, BRIDS Estimates

Exhibit 11. ANTM's quarterly net profits

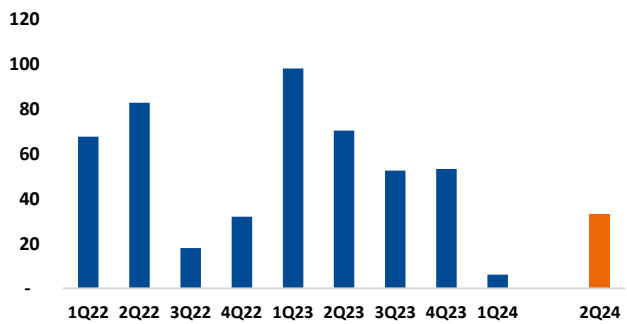
(Rp Bn)



Source: Company, BRIDS Estimates

Exhibit 12. INCO's quarterly net profits

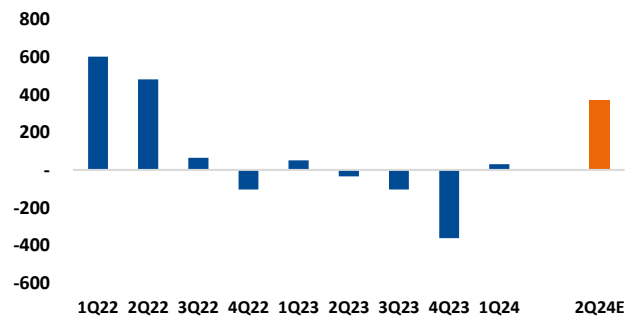
(US\$ Mn)



Source: Company, BRIDS Estimates

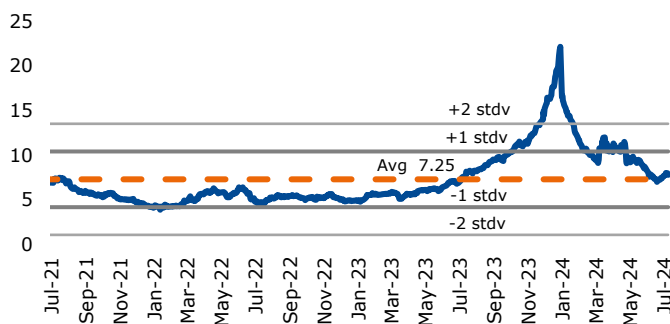
Exhibit 13. TINS's quarterly net profits

(Rp Bn)



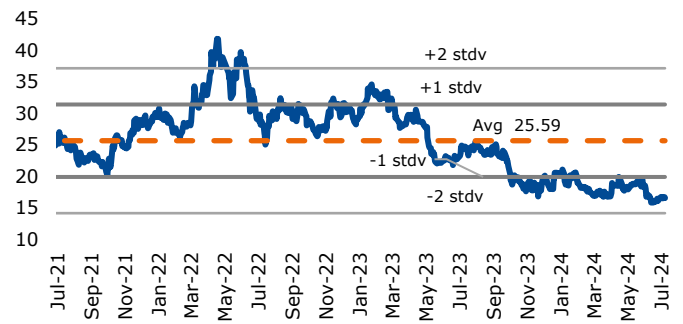
Source: Company, BRIDS Estimates

Exhibit 14. TINS EV/EBITDA Band chart (3-year)



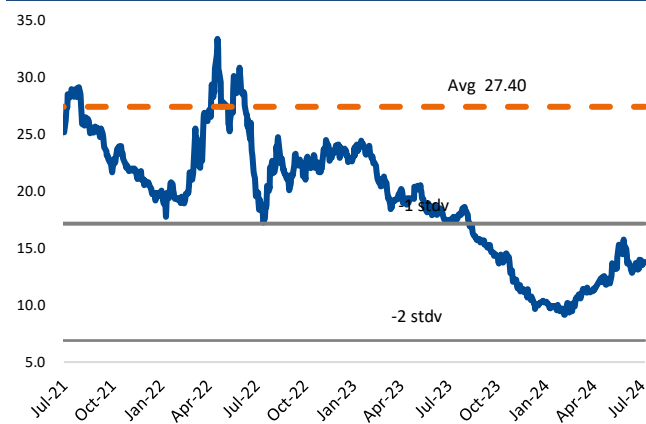
Source: Company, BRIDS Estimates

Exhibit 15. MDKA EV/EBITDA band chart (3-year)



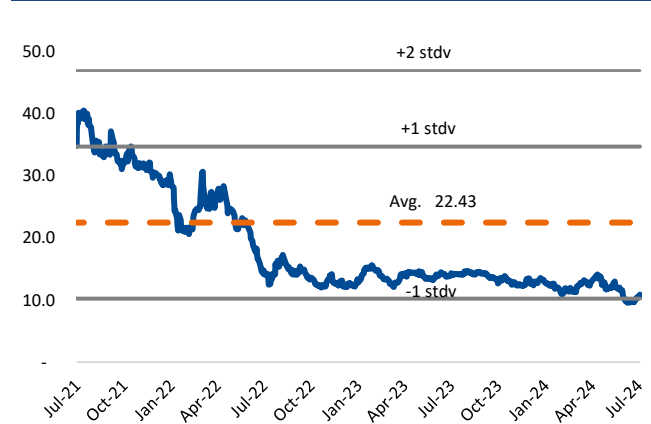
Source: Company, BRIDS Estimates

**Exhibit 16. INCO P/E Band chart (3-year)**



Source: Company, BRIDS Estimates

**Exhibit 17. ANTM P/E Band chart (3-year)**



Source: Company, BRIDS Estimates

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

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