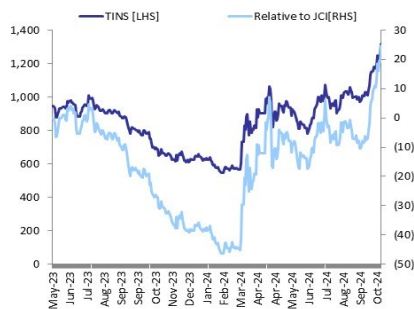


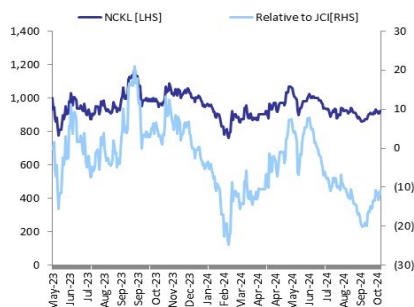
# Overweight

(Maintained)

## TINS relative to JCI Index



## NCKL relative to JCI Index



Source: Bloomberg

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# Metal Mining

## 3Q24 preview: expect a slower quarter, but a majority beat in 9M24 due to low expectations

- We estimate the sector's 3Q24 earnings to fall back on lower ASP, though they may still beat estimates due to low expectations.
- We expect TINS to be the best performer in 3Q24 amid stable ASP with improvements in volume, while NCKL could be the strongest nickel play.
- We reiterate our Overweight rating on the sector with TINS and NCKL as top picks due to a stronger earnings visibility.

## 3Q24 preview: an expected weaker quarter, but 9M24 may outperform

Throughout 3Q24, the majority of the base metal prices under our coverage have retreated due to the continued weak industrial and manufacturing activity in China. Notably, LME nickel prices have decreased by -12% qoq, while NPI prices have increased by +3% qoq. As a result, we anticipate a challenging quarter for the sector, with estimated revenue and net profits changes of +11%/-21% qoq. Consequently, our forecasts for 9M24 suggest yoy growth of +23% in revenue, but a decrease of -21% in net profit. Yet, we believe our/cons estimate has been conservative, which resulted in an outperformance in 9M24 where our estimates have reached c.80%/80% of our and c.79%/79% of cons estimates, respectively.

## 3Q24 earnings potential outperformers: TINS, NCKL

We continue to expect an outperformance from TINS amid 3Q24 LME Tin price average of US\$31,700/t, -1.9% qoq. Sales volume for TINS is expected to increase to c.5 kt, +5% qoq, bolstered by improved production output and stronger profitability due to reduced cash costs from the operation of TSL Ausmelt. In the nickel sector, we forecast NCKL to achieve solid earnings of c. Rp1.7tr, -5% qoq. While this reflects a slight decrease, it positions NCKL more favorably compared to the sector average, which we expect to experience declines of -21% qoq. Based on our projections, NCKL's earnings for 9M24 could reach Rp4.5tr, amounting to 86%/85% of our/cons estimate which would warrant a potential earnings upgrade. Despite a decline in MHP and sulfate prices of -7%/-9% over the quarter, NCKL's performance should still remain robust as NPI price had improved by +3% qoq, alongside increased limonite sales to ONC that commenced between May and Aug24.

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

Following subdued demand in 3Q24 from the stainless-steel sector and an uptick in domestic ore supply, we anticipate a temporary correction in NPI prices as we approach year-end where demand for restocking has subsided. Consequently, we expect the benchmark NPI price to remain rangebound between US\$11,500 and US\$12,000/t. Nonetheless, we maintain an **Overweight** rating on the sector. Our preferences are as follows: TINS> NCKL> ANTM> MBMA> MDKA> INCO. NCKL remains our top pick in the nickel category due to its strong operational performance and robust earnings visibility. Additionally, we favor TINS, which is supported by a tightening global supply resulting from decreased ore exports from Myanmar to China. Furthermore, we have upgraded ANTM on our pecking order due to the anticipation of a stronger nickel contribution in 4Q24 from improved ore ASP.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%)
					2024F	2025F	2024F	2025F	
Timah	TINS IJ	BUY	1,400	9,793.8	11.3	10.2	1.4	1.3	13.1
Trimegah Bangun Persada	NCKL IJ	BUY	1,300	58,050.7	11.4	8.8	2.2	1.8	22.4
Aneka Tambang	ANTM IJ	BUY	2,000	37,608.1	13.0	14.5	1.2	1.2	8.3
Merdeka Battery Materials	MBMA IJ	BUY	650	58,317.5	98.7	32.6	2.4	2.2	7.1
Merdeka Copper Gold	MDKA IJ	BUY	3,000	62,161.4	940.5	39.5	3.7	3.4	9.0
Vale	INCO IJ	BUY	5,700	43,845.5	28.1	28.8	1.0	1.0	3.6

### Exhibit 1. 3Q24 and 9M24 Preview – Metal Mining Sector

Metal mining sector (US\$Mn)	2Q24	3Q24E	qoq	yoy	9M23	9M24E	yoy	%9M24 to FY24E	%9M24 to Cons	FY24E	yoy	FY24 Cons	yoy
Revenue	2,794	3,093	11%	53%	6,625	8,169	23%	80%	79%	10,203	12%	10,309	14%
Gross profit	444	421	-5%	24%	1,322	1,074	-19%	71%	66%	1,517	-3%	1,627	4%
Operating profit	332	309	-7%	53%	942	739	-22%	73%	67%	1,012	-5%	1,108	4%
Net profit	268	212	-21%	91%	701	556	-21%	80%	79%	698	-13%	703	-12%
GPM	15.9%	13.6%			20.0%	13.2%				14.9%		15.8%	
OPM	11.9%	10.0%			14.2%	9.0%				9.9%		10.8%	
NPM	9.6%	6.9%			10.6%	6.8%				6.8%		6.8%	

Source: Company, BRIDS Estimates

### Exhibit 2. 3Q24 Earnings Preview

US\$Mn	Revenue			qoq (%)	yoy (%)	9M to FY24 target (%)	9M to cons target (%)	Net profit			qoq (%)	yoy (%)	9M to FY24 target (%)	9M to cons target (%)
	3Q23	2Q24	3Q24E					3Q23	2Q24	3Q24E				
NCKL*	7,057	6,770	6,900	1.9%	-2.2%	74%	75%	1,719	1,806	1,713	-5.1%	-0.4%	86%	85%
MBMA	523	477	460	-3.6%	-12.0%	78%	74%	20	16.6	9.3	-44.1%	-54.4%	78%	64%
MDKA	650	553	553	0.1%	-14.9%	76%	76%	25	2.7	(0.1)	-104.3%	-100.5%	-266%	-103%
ANTM*	9,238	14,569	19,358	32.9%	109.5%	91%	89%	1,278	1,312	757	-42.3%	-40.8%	80%	96%
INCO	279	249	219	-11.8%	-21.3%	72%	73%	53	31	17	-44.3%	-67.1%	58%	60%
TINS*	1,808	3,155	3,104	-1.6%	71.7%	72%	77%	(104)	405	458	13.1%	-541.5%	103%	77%

\*in Rpbn

Source: Company, BRIDS Estimates

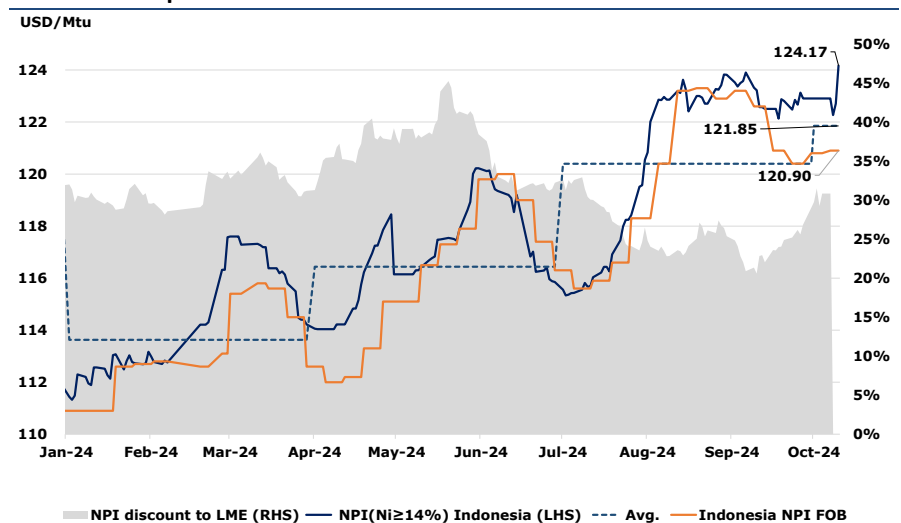
### Exhibit 3. Commodity Price Changes

US\$/t	Avg. price		qoq (%)
	2Q24	3Q24	
LME Nickel	18,496	16,288	-11.9%
NPI	11,690	12,040	3.0%
MHP	14,097	13,099	-7.1%
Saprolite	37	35	-5.7%
Tin	32,304	31,692	-1.9%
Gold*	2,338	2,477	5.9%
Copper	9,873	9,340	-5.4%
Newc coal	85	79	-7.4%
Brent Oil	136	140	3.1%

\*US\$/oz

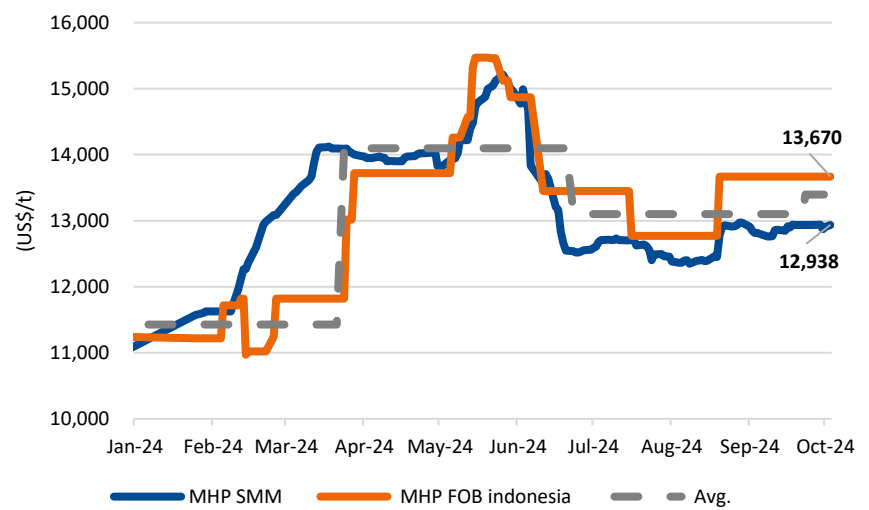
Source: Company, BRIDS Estimates

### Exhibit 4. NPI price



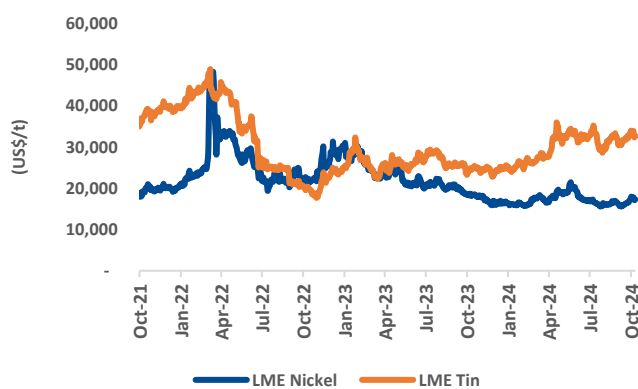
Source: SMM, BRIDS

Exhibit 5. MHP price



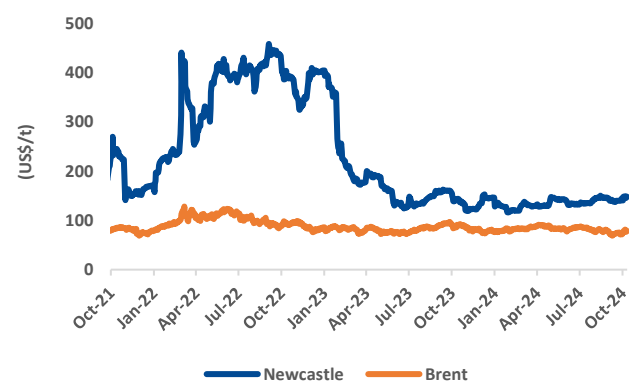
Source: SMM, BRIDS

Exhibit 6. LME nickel and tin price



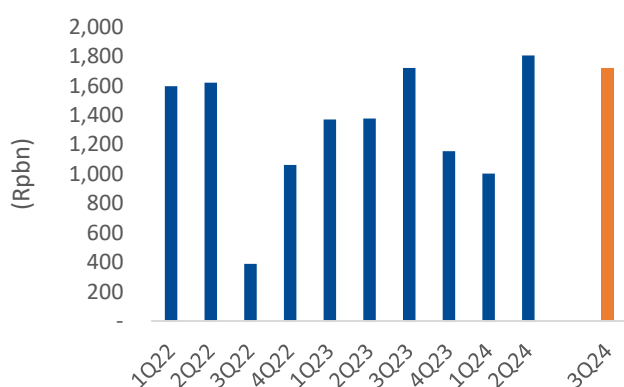
Source: Bloomberg, BRIDS

Exhibit 7. Coal and oil price



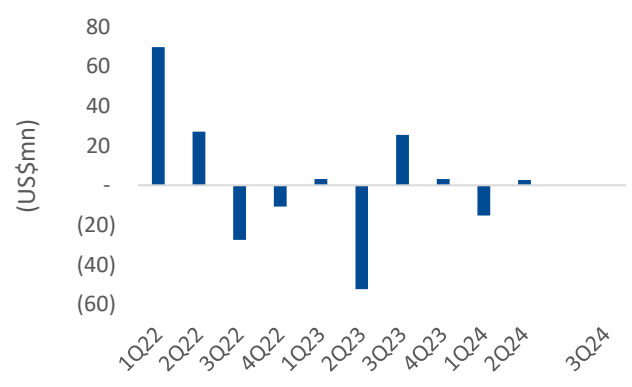
Source: Bloomberg, BRIDS

Exhibit 8. NCKL's quarterly net profits



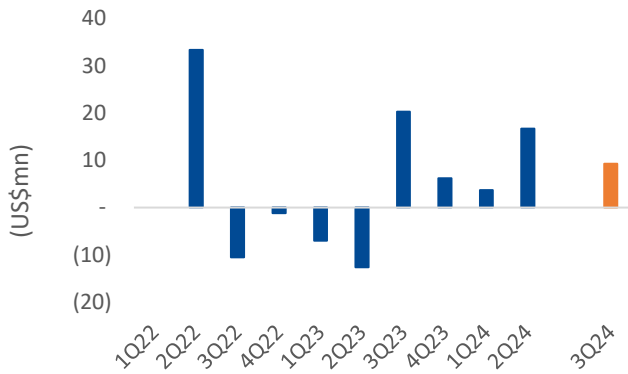
Source: Company, Brids Estimates

Exhibit 9. MDKA's quarterly net profits



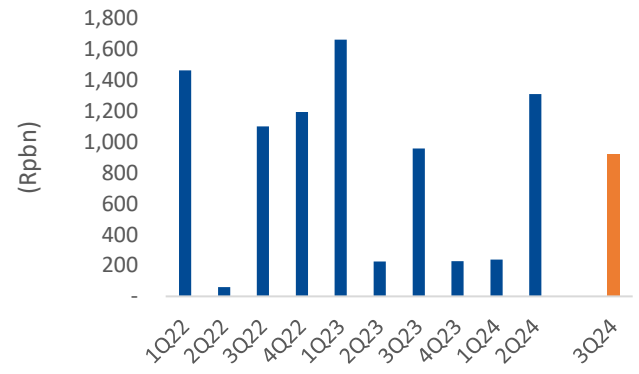
Source: Company, Brids Estimates

**Exhibit 10. MBMA's quarterly net profits**



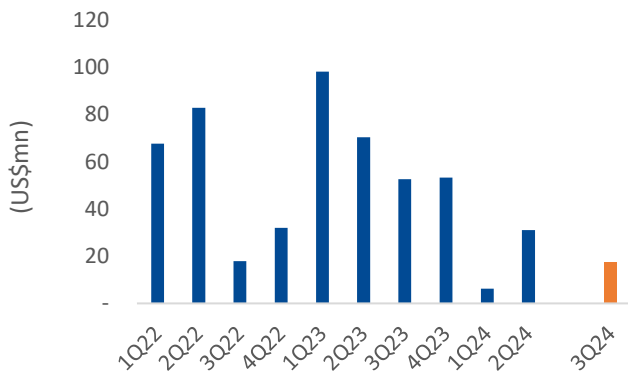
Source: Company, Bids Estimates

**Exhibit 11. ANTM's quarterly net profits**



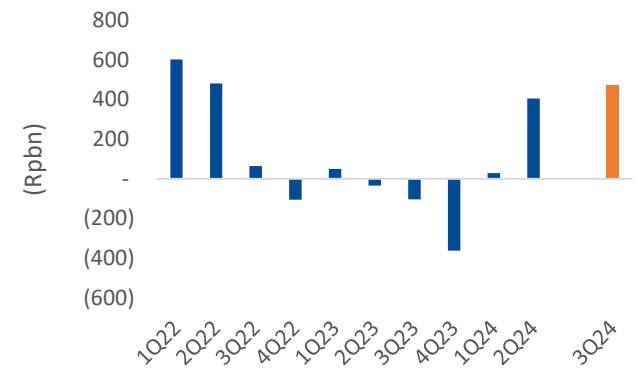
Source: Company, Bids Estimates

**Exhibit 12. INCO's quarterly net profits**



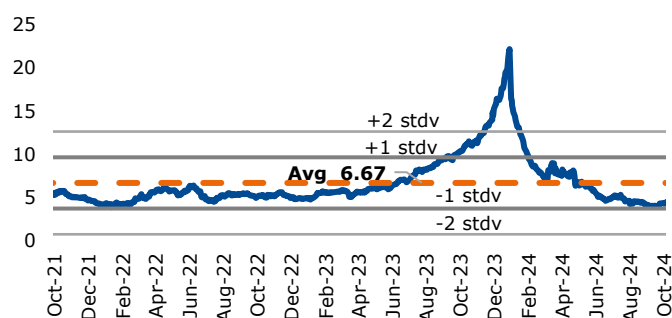
Source: Company, Bids Estimates

**Exhibit 13. TINS's quarterly net profits**



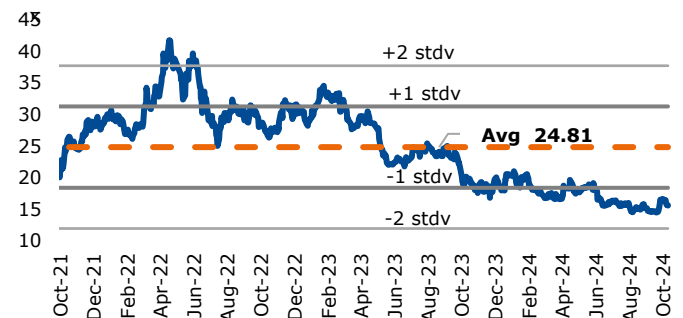
Source: Company, Bids Estimates

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



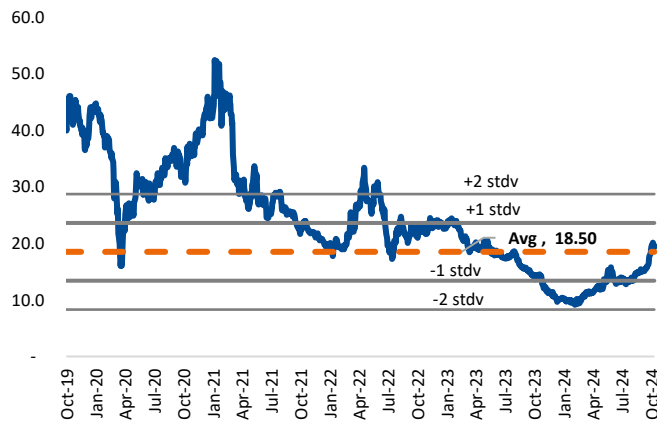
Source: Company, Bids Estimates

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



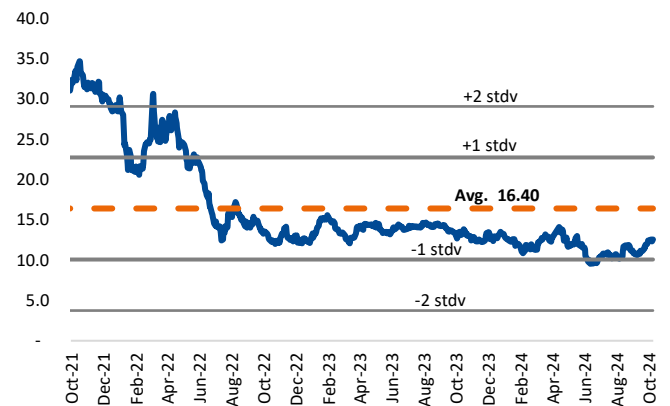
Source: Company, Bids Estimates

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



Source: Company, Bids Estimates

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



Source: Company, Bids Estimates

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<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
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