

Neutral

(Downgraded)

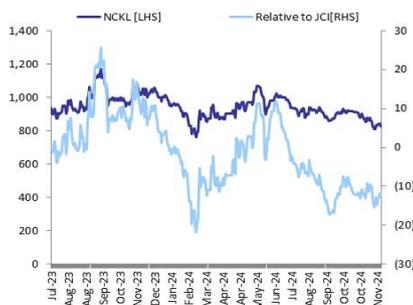
Metal Mining

FY25F Outlook: Growth from a low base; lowering sector's rating to Neutral on flattish price outlook

TINS relative to JCI Index



NCKL relative to JCI Index



Source: Bloomberg

- Our order of preference on nickel still stands with Ore> NPI> LME, where we expect ore premium to fall but remain tight.
- With limited addition of RKEF capacity and closures of plants ex-Indonesia, we expect the oversupply of class-2 products to subside.
- We downgraded our sector rating to Neutral from OW, with a pecking order of: TINS> NCKL> ANTM> MBMA> MDKA> INCO.

Tight ore supply might persist, and market is prone to disruptions

Indonesian nickel ore supply should improve in FY25 as production quotas reset, thus reducing premiums previously driven by RKAB approval delays. However, we believe risks remain due to a declining approved ore quota and non-producing applications, which could create supply gaps. Despite this, we estimate ore premiums should stabilize below US\$10/wmt in FY25, with saprolite ore prices expected to remain in the US\$28-32/wmt range. Overall, we project ore production from our companies under coverage to grow by +28% YoY in FY25, supporting margin expansion for miners.

NPI: buoyed by SS demand, expect a flattish year

According to WoodMac, global stainless production is set to grow by +5.5-6.0% in FY25-26 to 66.2Mt/69.9Mt, which is projected to increase primary nickel consumption for SS by +7.6% to 2.3Mt/2.5Mt. China, Indonesia, and Russia will remain the backbone for growth in the stainless-steel sector through capacity additions. With limited RKEF capacity addition, followed by closures of ex-Indonesia smelters, we should expect a reduction in the oversupply of class-2 products. Therefore, we reiterate our previous NPI price assumption of US\$12,000/ton in FY25.

LME: pressured by inventory glut, excessive supply, weakening demand

LME and SHFE nickel inventories have increased by +134% YTD, reflecting tepid demand from end users, as Chinese sulphate producers are refining excess products into nickel metal to be delivered on the exchange. WoodMac estimates that class-1 supply is set to grow by +26% from FY23 levels, which we believe is exacerbated by Indonesian intermediary products. On the demand side, based on estimates by EIU, EV sales growth is expected to slow down globally by +16% yoy in FY25 compared to a CAGR of +53% in the past 5 years. Looking at the current supply glut, we expect a worsening oversupply for class-1 products and believe that LME nickel prices will remain pressured at US\$16,500/ton.

Downgrading the sector to Neutral

We have downgraded the sector's rating to Neutral, as we expect nickel and tin prices to remain flat in FY25 due to rising supply outpacing soft demand, particularly in China. Despite this, we expect companies under our coverage to deliver positive earnings growth in FY25, as FY24 has established a low base for earnings due to delayed RKAB approvals. We forecast strong revenue and net profit growth of 6.7% and 54.8% yoy in FY25. **Our pecking order is TINS >NCKL >ANTM >MBMA >MDKA >INCO.**

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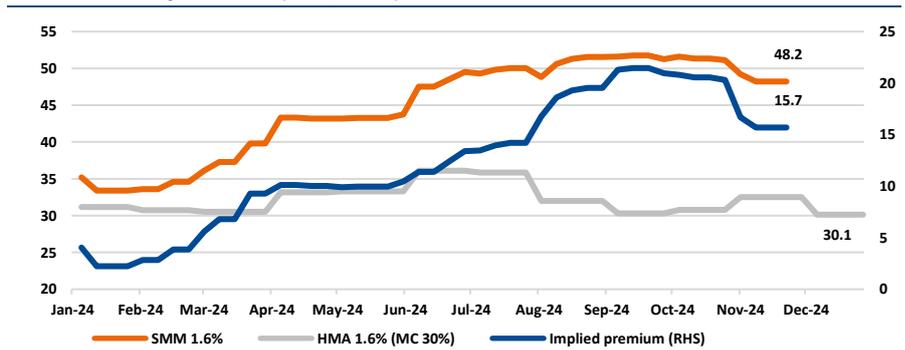
Company	Ticker	Rec	Target	Market	P/E (x)		P/BV (x)		ROE (%)
			Price (Rp)	Cap. (RpBn)	2024F	2025F	2024F	2025F	2025F
Timah	TINS IJ	BUY	2,300	7,782.9	5.6	4.8	1.0	0.9	20.0
Trimegah Bangun Persada	NCKL IJ	BUY	1,400	52,056.3	8.2	6.6	1.8	1.5	25.3
Aneka Tambang	ANTM IJ	BUY	2,000	33,883.4	11.3	9.2	1.1	1.0	11.7
Merdeka Battery Materials	MBMA IJ	BUY	560	54,537.7	145.7	24.9	2.2	2.0	8.5
Merdeka Copper Gold	MDKA IJ	BUY	2,600	45,030.3	1,483.2	20.8	2.6	2.3	11.9
Vale	INCO IJ	HOLD	3,900	37,415.0	33.1	26.8	0.9	0.9	3.4

Tight ore supply might persist and prone to disruptions

Following a volatile nickel ore market in FY24, characterized by rising premiums due to delays in RKAB approvals, industry players are anticipating an improvement in Indonesian ore supply in FY25. As production quotas are reset at the start of each year, this should gradually reduce premiums. Miners who were previously constrained by unapproved quotas in early FY24 are now expected to operate at full capacity, contributing to a more stable market environment.

However, we believe there is a moderate risk that ore prices will continue to stay at a premium as the latest report shows that the **approved ore quota is on a downward trend of 272mn in FY24, 247mn in FY25, and 199mn in FY26.** Furthermore, out of the 396 applications that have been submitted, 267 applications are approved, but 74 of them have not started production. Thus, the actual production output should be less than the reported numbers, leaving gaps for a possible deficit. Note that the estimated annual ore demand currently stands at c.220-240mn wmt. Should there be delays in RKAB approvals in FY25/26, premiums may likely to increase again.

Exhibit 1. Ore price YTD (US\$/wmt)



Source: SMM, BRIDS

There is also a risk of unpredictable weather patterns that could disrupt mining activities and ore shipments, potentially keeping prices elevated seasonally. Thus, we think imports from the Philippines are likely to continue in the following years. Nonetheless, **we expect premiums should still fall**, as current levels are not sustainable along with gradual supply growth that is expected to come from recently approved mines. Thus, we expect premiums to stabilize **below US\$10/wmt in FY25.**

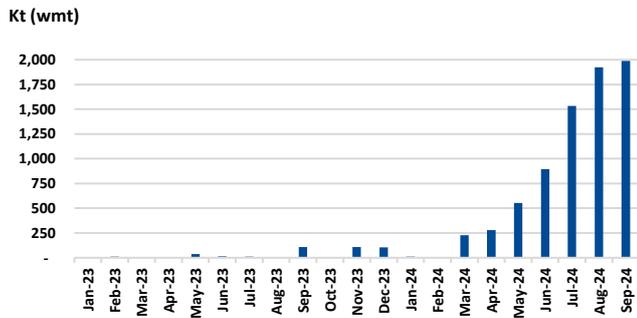
Exhibit 2. LME price and calculation of ore price

	LME nickel				
	16,000	16,500	17,000	17,500	18,000
Sapolite 1.6% MC 35%	28.3	29.2	30.1	30.9	31.8
Sapolite 1.7% MC 35%	31.8	32.8	33.8	34.8	35.8
Sapolite 1.8% MC 35%	35.6	36.7	37.8	38.9	40.0

Source: APNI, BRIDS

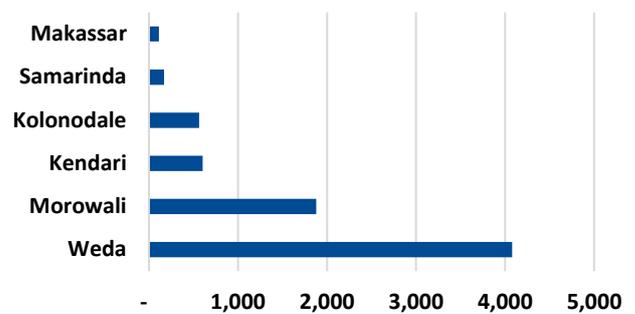
We believe that sapolite ore prices will remain rangebound at US\$28-32/wmt in FY25, as pricing mechanisms are tied to the LME nickel price. On this note, we expect ANTM's FY25 ore ASP to decline slightly due to the softening ore premium from US\$7-18/wmt in 4Q24. Meanwhile, integrated miners such as NCKL, MBMA, and INCO should be largely insulated from price changes, as they are eliminated within their business segments.

Exhibit 3. Nickel ore imported from the Philippines



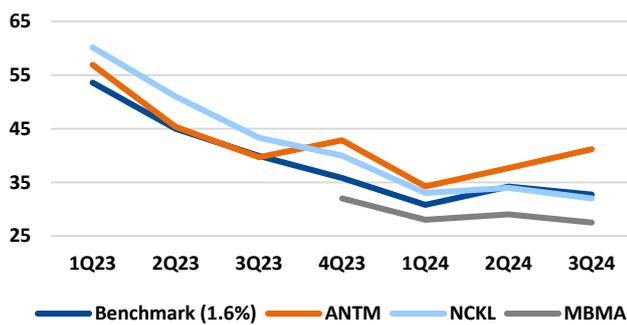
Source: BPS, BRIDS

Exhibit 4. Imported nickel ore destination (k wmt)



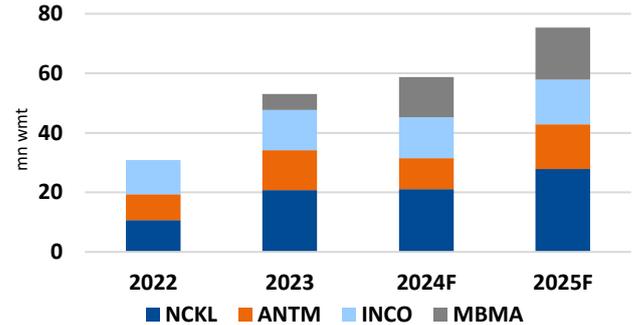
Source: BPS, BRIDS

Exhibit 5. Nickel ore ASP vs. benchmark (US\$/wmt)



Source: Company, BRIDS

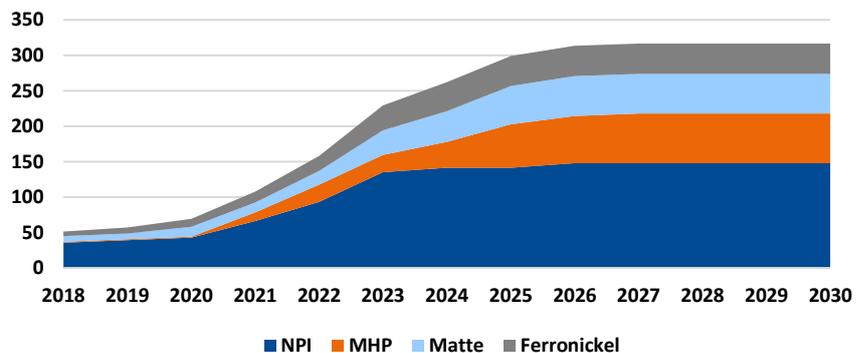
Exhibit 6. Nickel ore production by listed companies



Source: SMM, BRIDS

On the other hand, we project a +28% yoy growth in ore production volume for all miners under our coverage, rising to 75mn wmt in FY25 from 59mn wmt in FY24. This growth stems from RKAB approvals (ANTM/INCO) and capacity additions (NCKL/MBMA). As ore profitability remains superior to that of downstream products, we expect overall margin expansion in FY25.

Exhibit 7. Indonesian nickel ore production and forecasted demand



Source: Bloomberg, BRIDS

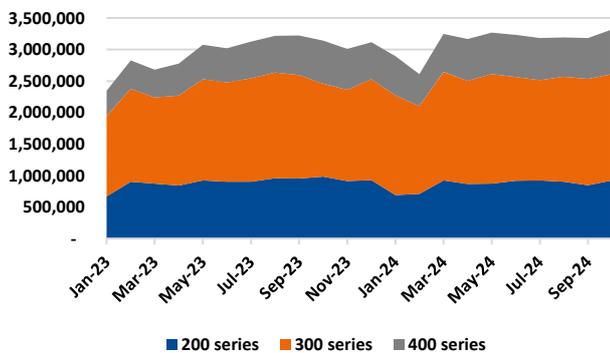
NPI: buoyed by SS demand, expect a flattish year

NPI prices remained robust with a YTD avg. of US\$11,875/ton after bottoming out at US\$11,100/ton in Jan24 followed by a gradual improvement, reaching its peak of US\$12,800/ton in Oct24. Much of this year’s price growth can be attributable to 1) the scarcity of Indonesian ore due to delayed RKAB approvals, which led to inflated raw material cost for smelters, and 2) restocking needs in the stainless-steel sector during 2Q24 and 3Q24 that boosted seasonal demand.

According to WoodMac, global stainless production is set to grow by +5.5-6.0% in FY25-26 to 66.2Mt/69.9Mt, which will increase primary nickel consumption for SS by +7.6% to 2.3Mt/2.5Mt. China, Indonesia, and Russia will remain the backbone for growth in the stainless-steel sector through capacity additions.

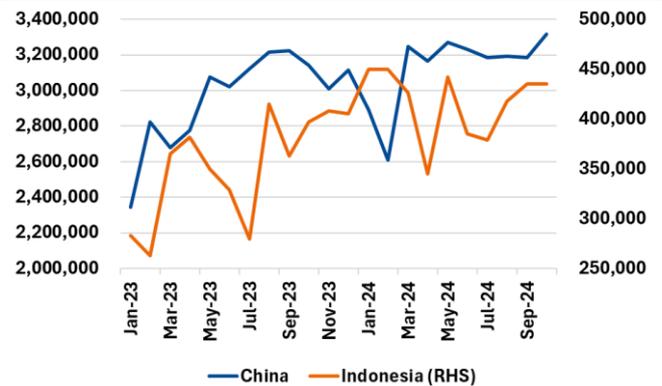
As of 10M24, China’s stainless-steel production grew to 31.3Mt, +6.3% yoy, and is anticipated to continue growing at a similar rate in FY25-26 (based on WoodMac’s estimate). When broken down by segment, we found that its 300 series grew by +7.7% yoy, which has a higher nickel content of 8-12%, while the production of 200 series fell by -3.7% yoy, which has a lower nickel content of 4-6%. On the other hand, due to the operation of Delong’s SS plant, Indonesia’s SS production also grew notably by +21.5% yoy in 10M24 to 4.2Mt. Combined with China’s production, 10M24 SS production totals 35.5Mt, +7.9% yoy, covering 57% of global SS production.

Exhibit 8. China’s SS production by type



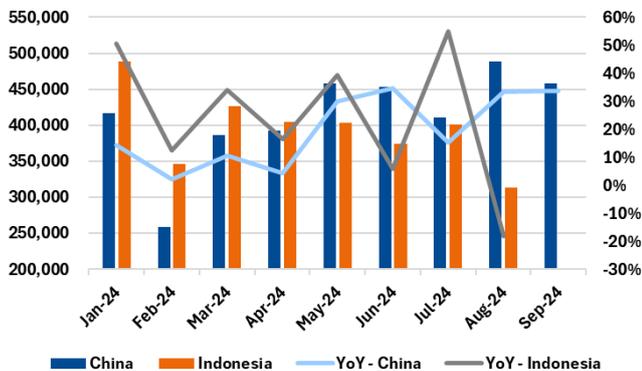
Source: Mysteel, BRIDS

Exhibit 9. SS production by China and Indonesia



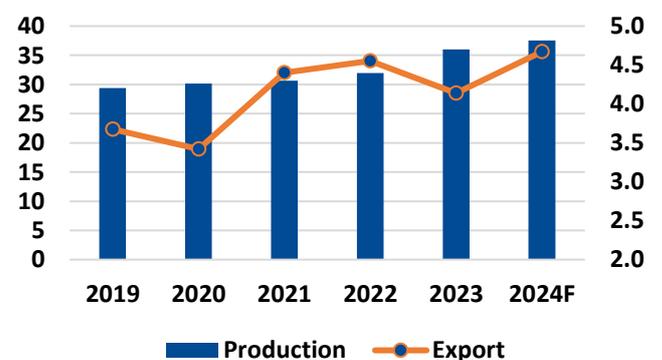
Source: Mysteel, BRIDS

Exhibit 10. China and Indonesia export YoY growth



Source: Mysteel, BRIDS

Exhibit 11. China’s SS production and export (Mt)



Source: SteelOrbis, BRIDS

We reiterate our previous NPI price assumption of US\$12,000/ton in FY25, though we think it is likely that it will trade between the range of US\$11,500-12,500/ton. Our analysis, based on the producer's cash cost in 9M24 suggests that some integrated Indonesian NPIs are producing at an average cost of c.US\$10.5-11k/ton, while non-integrated producers are producing upwards of US\$12-12.5k/ton. We believe the ore premium reflects most of the cost difference, where we found that cost savings could reach up to US\$1.3-1.4k/ton should premiums cease to exist, which is similar to the difference between integrated and non-integrated miners. Thus, we believe downside risk on NPI price should be capped at c.US\$11,000/ton, similar to when NPI bottomed out in Jan24.

Exhibit 12. Nickel ore cost simulation

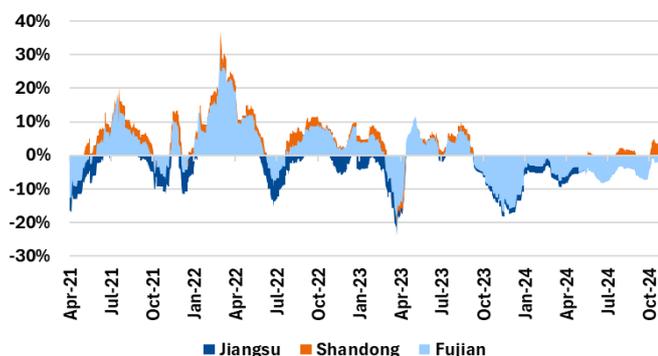
Grade	Moisture	Ore req. / ton
1.60%	35%	96
1.70%		90
1.80%		85

Ore req. / ton	Ore price	Premium	Cost/ton	Changes
96	30	0	2,885	(1,442)
		5	3,365	(962)
		10	3,846	(481)
		15	4,327	-
90	30	0	2,715	(1,357)
		5	3,167	(905)
		10	3,620	(452)
		15	4,072	-
85	30	0	2,564	(1,282)
		5	2,991	(855)
		10	3,419	(427)
		15	3,846	-

Source: BRIDS estimate

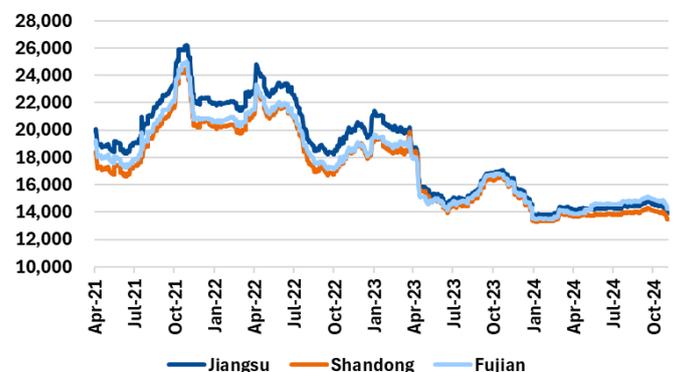
However, when compared with Chinese smelters' YTD cash cost of c.US\$14,100/ton, we believe the downside to prices remains limited, as further pressure on prices would continue to reduce production. Note that China's production compared to total production has diminished from 26% (36kt/month) in Jan23 to 16% (25kt/month) in Oct24, as lower prices have forced several smelters to reduce production volume.

Exhibit 13. Chinese RKEF profit margin



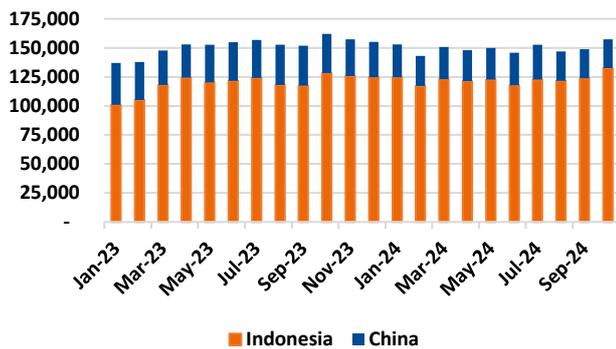
Source: Mysteel, BRIDS

Exhibit 14. Chinese RKEF cash cost (US\$/t)



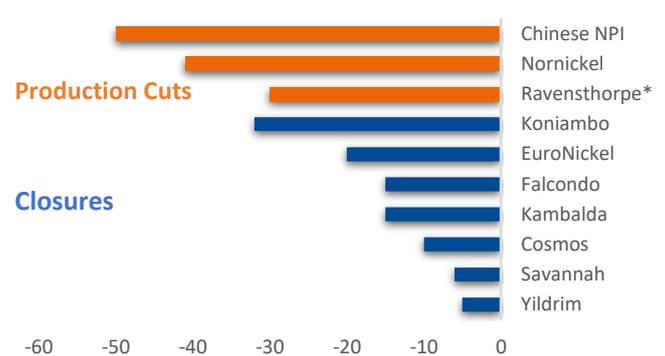
Source: SteelOrbis, BRIDS

Exhibit 15. NPI/FeNi production in China and Indonesia



Source: Mysteel, BRIDS

Exhibit 16. Production cut and closures in FY24 (kt)



* MHP

Source: SteelOrbis, BRIDS

Meanwhile, RKEF smelter addition significantly slowed down in FY24, as currently there are c.40 RKEF smelters out of 44 nickel smelters in operation. Within the pipeline disclosed by MEMR, there are 19 projects under construction and 7 projects ongoing feasibility study, where most of future projects are HPAL instead of RKEF. **Thus, we expect a reduction in the oversupply of class-2 products as SS demand gradually grows, while supply growth from Indonesia has become limited, and ex-Indonesia capacity has declined.**

Exhibit 17. Project pipelines in listed company

Listed Cos.	RKEF	HPAL	Description
ANTM	88	55	IBC JV w/ CBL consortium
NCKL	185	-	KPS RKEF phase 2 & 3
INCO	-	240	Pomalaa, Bahodopi, and Sorowako HPAL
MBMA	-	115	ESG HPAL, Meiming HPAL, and CATL HPAL
HRUM	-	67	BSE HPAL
UNTR	15	72	Stargate RKEF and ENC HPAL
Total capacity addition	288	549	

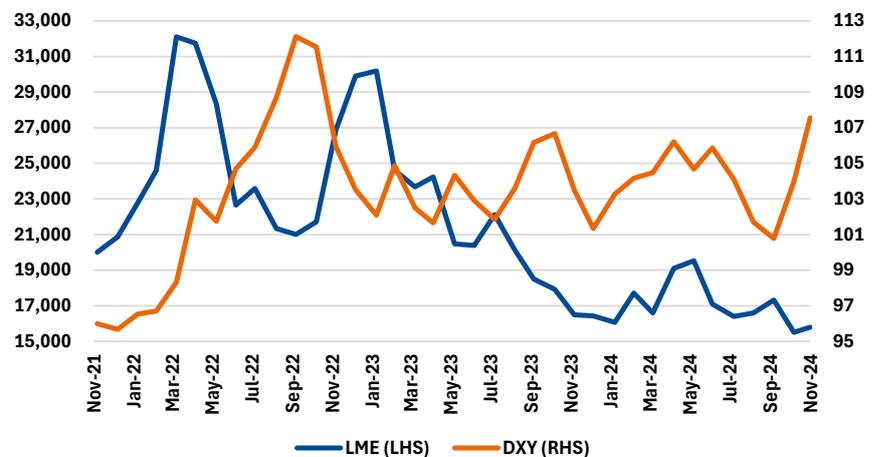
Source: Companies, BRIDS

Based on project pipeline planned by listed companies, there is an additional 288kt of NPI/FeNi output, whilst MHP production is +90% higher at 549kt. Therefore, **we believe price pressure on intermediary and class-1 products will be stronger than class-2 products moving forward.**

LME: pressured by inventory glut, excessive supply, and weakening demand

LME nickel price reached its lowest YTD price of US\$15,500/ton in Nov24, driven by the Trump trade rally as the Republicans achieved a red sweep of the House and Senate. The Fed’s comment on a slower path of rate cuts has also supported the stronger dollar, which drove the DXY’s spike to its highest in 12 months at 106.8. Nonetheless, its YTD price averages US\$17,000/ton, -21% yoy, where most of its gain occurred in 1H24 due to a protest in New Caledonia that led to the closure of several smelters and the tightness of supply from RKAB approval delays in Indonesia.

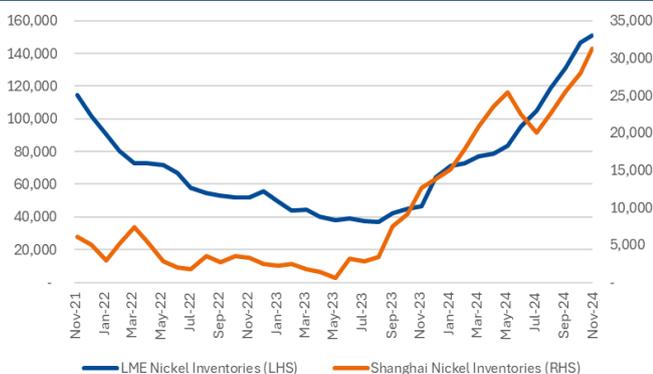
Exhibit 18. LME nickel price and DXY (US\$)



Source: Bloomberg

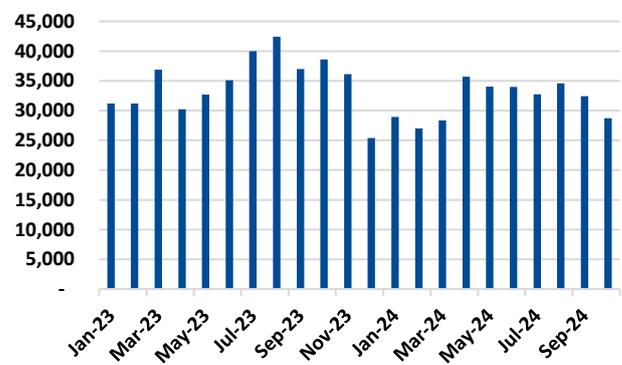
However, inventory in both SHFE and LME remains on the rise, growing by +134% YTD and +209% yoy, signaling an excessive supply flowing into the market. **WoodMac estimates that Class 1 supply is set to grow by +29% in FY26 from FY23 levels**, which are derived from the refining of excess Chinese nickel sulphate into nickel metals, as China accounts for 74% of global nickel sulphate production. Moving forward, additional intermediary products from Indonesia could exacerbate sulphate production, which in turn would give more pressure to nickel metal supply.

Exhibit 19. LME + SHFE nickel inventory (mt)



Source: Bloomberg

Exhibit 20. China nickel sulfate production (mt)

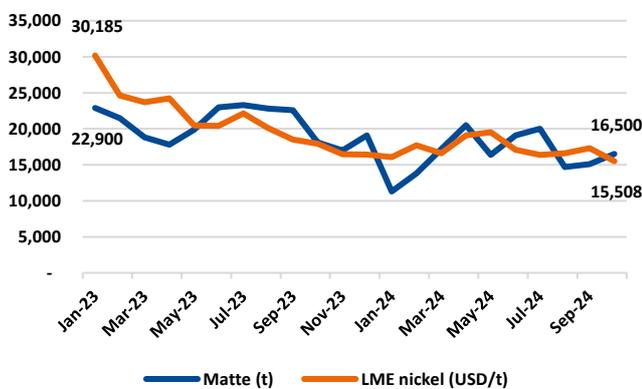


Source: SMM, Mysteel, BRIDS

Indonesian MHP production run rate have risen by +93% yoy to 34.5kt/month in Oct24 as more HPAL is completed, where NCKL's ONC and MBMA's ESG being the latest addition in 2H24, with more scheduled in FY26-FY28. Yet, looking at NCKL's 9M24 MHP cash cost of US\$5,900/ton after cobalt credit, we believe there is still plenty of room for profitability despite a declining trend in MHP price to US\$12,000/ton. Despite this, it is more than likely that MHP price could fall further along with the expected additional MHP output from Indonesia.

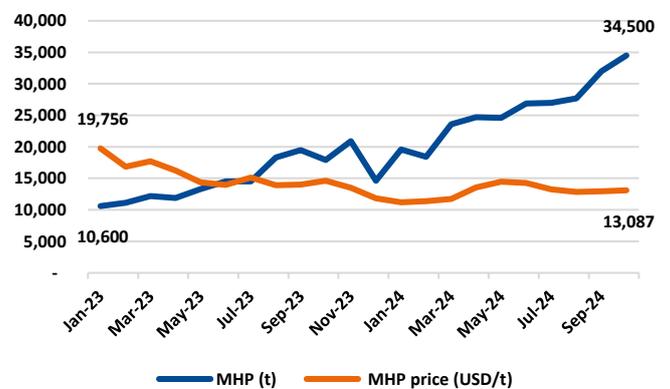
On the other hand, nickel matte production has been stagnant in the same period, as Matte prices are directly pegged towards the LME price based on a payability %. With an average payability of 82%, Matte ASP stood at US\$12,750/ton which is still profitable for Matte producer (INCO), but not for NPI to Matte converter (MBMA) as the cost of purchasing NPI is higher.

Exhibit 21. Indonesian nickel matte monthly production



Source: Mysteel, BRIDS

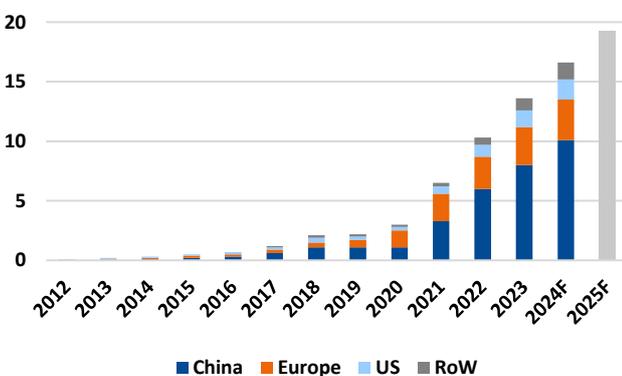
Exhibit 22. Indonesian MHP monthly production



Source: Mysteel, BRIDS

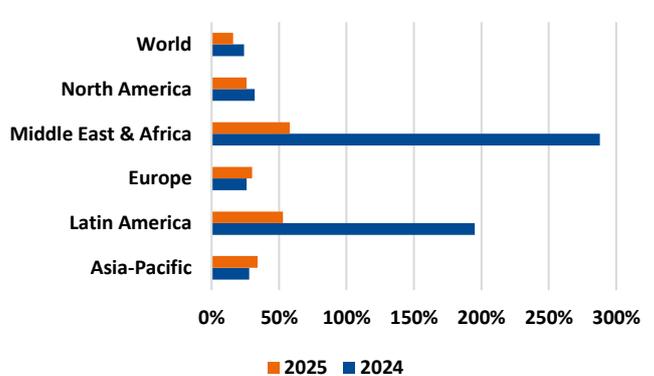
On the demand side, based on estimates by EIU, EV sales growth is expected to slow down globally, rising by +16% yoy in FY25 compared to a CAGR of +53% in the past 5 years. Although EV sales growth is still stronger than the expected new-vehicle sales growth of 2.3% yoy in FY25, the EV market is facing slower growth in market share, along with subsidies that have been toned down by many countries. Furthermore, the likely continuation of intensifying trade wars will slow down EV penetration, as prices are likely to rise on tariffs.

Exhibit 23. EV sales growth



Source: IEA

Exhibit 24. FY25 EV sales to slow down



Source: EIU

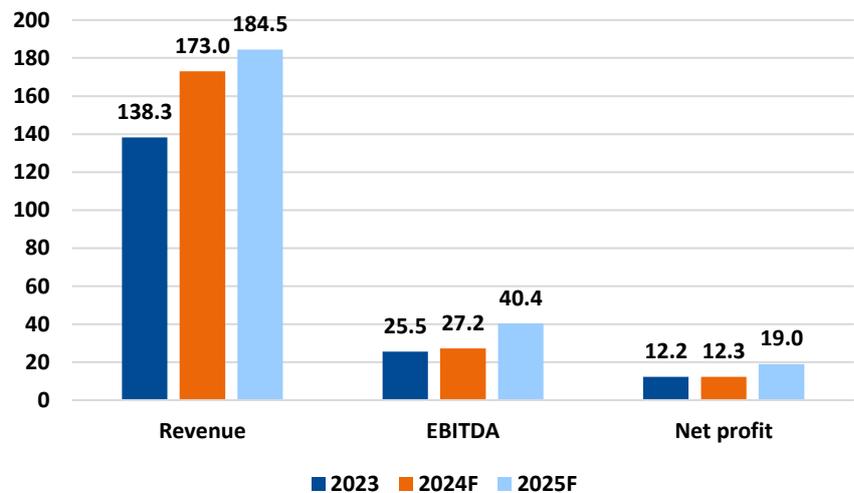
Looking at the current supply glut, we continue to expect a worsening oversupply for class-1 products in FY25-26 and believe **that LME nickel price will remain pressured at US\$16,500/ton.**

Downgrading the sector to Neutral

We have downgraded the metal mining sector to Neutral from Overweight, as we estimate that nickel and tin prices will stay flat in FY25F due to a continued increase in supply that is stronger than demand, especially in China.

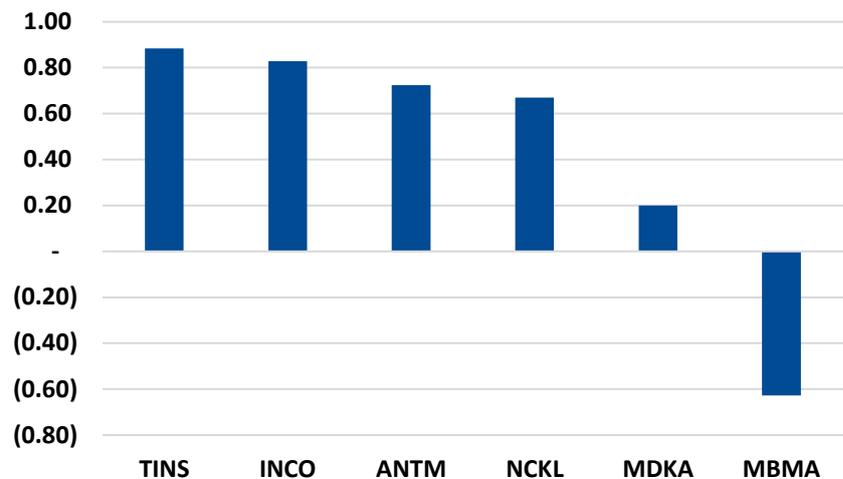
We continue to expect companies under our coverage to deliver positive earnings growth in FY25, as FY24 has established a low base for earnings due to delayed RKAB approvals. Therefore, we still estimate a robust revenue/net profit growth of 6.7%/54.8% yoy. The strong earnings growth is driven by MDKA/MBMA (+6700%/+475%), which are expected to record significant growth upon the operation of its ESG HPAL and AIM projects. Meanwhile, revenue growth is significantly slower due to an expected decline of -18% from ANTM in FY25F, as we expect its exceptionally robust gold sales to moderate next year. Excluding these instances, **revenue and net profit growth is estimated at +14%/+23% yoy. Our sector pecking order is as follows: TINS> NCKL> ANTM> MBMA> MDKA> INCO.**

Exhibit 25. Sectoral revenue/EBITDA/profit (in Rptr)



Source: Company, BRIDS estimate

Exhibit 26. Correlation between NPM and corresponding commodity prices



Source: Company, BRIDS estimate

Exhibit 27. Sector forecast

BRIDS (Rp bn)	FY23	FY24	FY25	FY24 %	FY25 %
Revenue				YoY growth	
TINS	8,392	11,310	11,612	34.8%	2.7%
INCO	18,777	14,800	14,960	-21.2%	1.1%
MBMA	20,240	28,656	38,816	41.6%	35.5%
NCKL	23,858	26,997	27,951	13.2%	3.5%
MDKA	26,016	34,672	44,784	33.3%	29.2%
ANTM	41,048	56,553	46,383	37.8%	-18.0%
Sector rev.	138,331	172,988	184,506	25.1%	6.7%
EBITDA					
TINS	403	2,926	3,014	626.1%	3.0%
INCO	7,590	3,792	4,176	-50.0%	10.1%
MBMA	1,478	2,192	7,088	48.3%	223.4%
NCKL	8,294	9,131	11,085	10.1%	21.4%
MDKA	3,688	4,576	9,408	24.1%	105.6%
ANTM	4,022	4,589	5,603	14.1%	22.1%
Sector EBITDA	25,476	27,206	40,374	6.8%	48.4%
Net profit					
TINS	(450)	1,385	1,623	n.a.	17.2%
INCO	4,176	1,136	1,424	-72.8%	25.4%
MBMA	107	384	2,208	259.9%	475.0%
NCKL	5,619	6,354	7,892	13.1%	24.2%
MDKA	(320)	32	2,176	n.a.	6700.0%
ANTM	3,078	3,001	3,700	-2.5%	23.3%
Sector Net profit	12,210	12,292	19,023	0.7%	54.8%

Source: Company, BRIDS estimate

Buy

(Maintained)

Last Price (Rp)	1,520		
Target Price (Rp)	2,300		
Previous Target Price (Rp)	2,300		
Upside/Downside	+120.1%		
No. of Shares (mn)	7,448		
Mkt Cap (Rpbn/US\$m)	7,783/489		
Avg, Daily T/O (Rpbn/US\$m)	41.2/2.6		
Free Float (%)	28.9		
Major Shareholder (%)	Inalum 65.0		
EPS Consensus (Rp)	2024F	2025F	2026F
BRIDS	186.0	217.9	197.3
Consensus	186.0	263.9	198.1
BRIDS/Cons (%)	0.0	(17.4)	(0.4)

TINS relative to JCI Index



Source: Bloomberg

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FY25 Outlook: Maintaining operational excellence is the key growth driver

- China recorded strong tin production in October as Myanmar's tin ore export rebounded and exports from Indonesia continue to grow.
- We slightly cut FY25F tin price assumption to US\$28,000/ton, resulting in a slight decline of TINS' revenue/net profit to Rp11.6tr/1.6tr.
- We reiterate our BUY rating on stronger earnings prospects with a TP of Rp2,300. Key risks are lower tin prices, sales, and higher cash costs.

Oct24 Tin data update: strong inventory recovery in China

China's tin ore import surged +93% mom to 15kt in October, with notable imports from Myanmar that grew +339% mom at 6.1kt. However, note that Myanmar's Aug-Sep24 ore exports to China were relatively weak at 2.9kt/1.4kt, which could explain the skewed volume in Oct24. Nonetheless, China's domestic refined tin production grew +52% to 16.2kt. The mom growth was significant, but the Sep24 figure was unusually low at 10.6kt compared to the monthly average of 15kt. On the other hand, Indonesian refined tin exports to China also grew +25% to 2.3kt. We believe the growth in production and imports to China in Oct24 has made the LME Tin price weaker, falling below the US\$28k/ton mark last seen in July'24.

Maintaining our expectation

We continue to believe that TINS will excel in FY25F from improved operational performance seen throughout FY24, where cash costs have consistently stayed below US\$18k/ton (from: US\$21k/ton in FY23), while ore production has also improved to 15.2kt in 9M24, +36% yoy. However, looking at the constant strong export of tin to China, we have lowered our FY25F tin price assumption to US\$28k/ton (from: US\$29.5k/ton), which resulted in a lower revenue/net profit of -5.1%/-17.4% in FY25F to Rp11.6tr/Rp1.6tr.

Maintain Buy with a DCF-based TP of Rp2,300

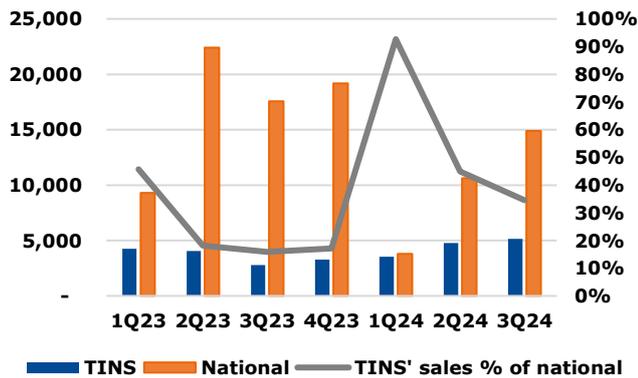
Despite our downgrade in FY25 earnings, we maintain our Buy rating with a DCF-based TP of Rp2,300. TINS currently trades at 4.8x FY25F PE and 2.3x FY25F EV/EBITDA, which lies at -1x std of its 5-yr EV/EBITDA band. Key risks to our call include lower tin prices, lower sales volume, and higher cash costs.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	12,504	8,392	11,310	11,612	11,197
EBITDA (Rpbn)	2,129	403	2,926	3,014	2,721
Net Profit (Rpbn)	1,041	(450)	1,385	1,623	1,470
EPS (Rp)	139.8	(60.4)	186.0	217.9	197.3
BVPS (Rp)	945.5	838.1	1,006.0	1,168.0	1,300.0
DPS (Rp)	61.2	42.0	18.1	55.8	65.4
PER (x)	7.5	n/m	5.6	4.8	5.3
PBV (x)	1.1	1.2	1.0	0.9	0.8
Dividen yield (%)	5.9	4.0	1.7	5.3	6.3
EV/EBITDA	4.3	21.8	2.8	2.3	2.1

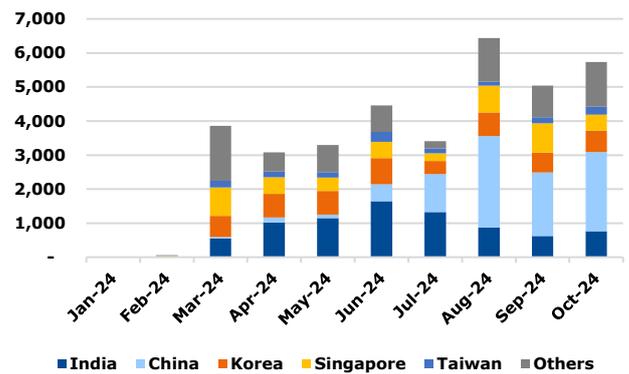
Source: TINS, BRIDS Estimates

Exhibit 1. TINS vs. national export volume



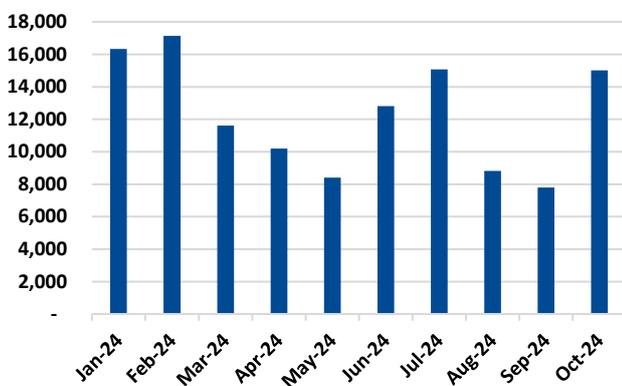
Source: Company, BRIDS

Exhibit 2. Indonesia's tin export destination



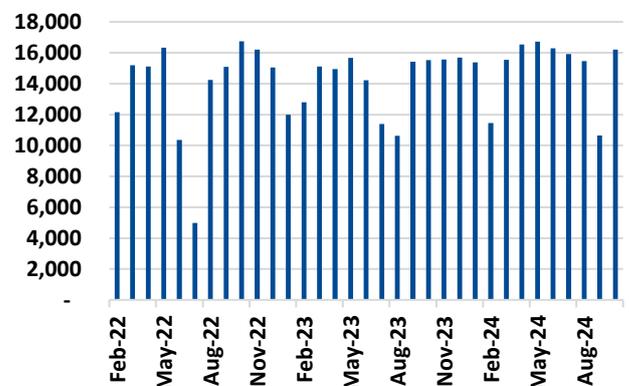
Source: Company, BRIDS

Exhibit 3. China's tin ore imports



Source: Company, BRIDS

Exhibit 4. China's refined tin production



Source: Company, BRIDS

Exhibit 5. Forecast changes

TINS (Rpbn)	2024E			2025E			2026E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	11,310	11,310	0.0%	12,234	11,612	-5.1%	11,197	11,197	0.0%
Gross margin	28.2%	28.2%		31.1%	28.5%		26.6%	26.6%	
EBITDA	2,926	2,926	0.0%	3,453	3,014	-12.7%	2,721	2,721	0.0%
EBITDA margin	25.9%	25.9%		28.2%	26.0%		24.3%	24.3%	
Net profit	1,385	1,385	0.0%	1,965	1,623	-17.4%	1,476	1,470	-0.4%
Net margin	12.2%	12.2%		16.1%	14.0%		13.2%	13.1%	
Production	20,000	20,000	0.0%	22,000	22,000	0.0%	22,000	22,000	0.0%
Sales	18,800	18,800	0.0%	20,680	20,680	0.0%	20,680	20,680	0.0%
ASP	30,000	30,000	0.0%	29,500	28,000	-5.1%	27,000	27,000	0.0%
Cash cost	17,250	17,250	0.0%	17,000	17,000	0.0%	17,000	17,000	0.0%

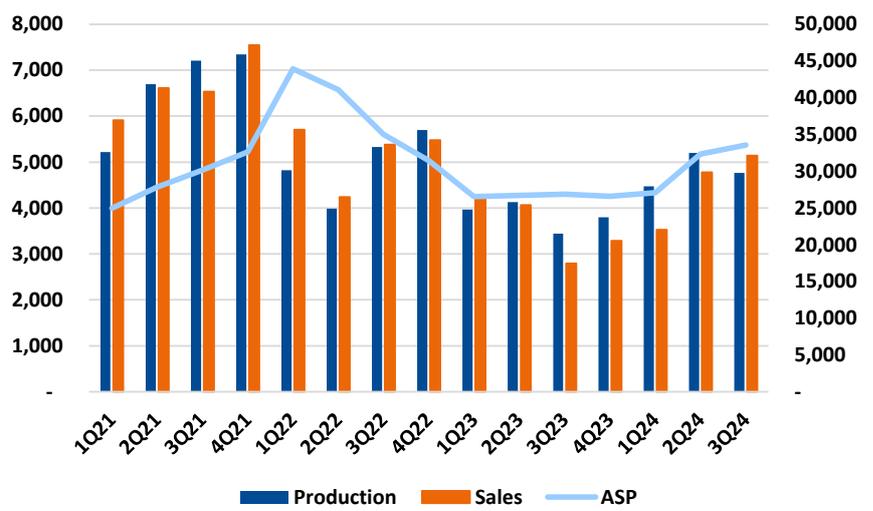
Source: BRIDS Estimates

Exhibit 6. TINS DCF valuation and assumptions

LT Assumption		DCF valuation (Rpbn)	
ASP (US\$)	28,000	Enterprise value	17,822
Cash cost (US\$/wmt)	17,000	Net cash/(debt)	(1,111)
Cash margin	11,000	Equity value	16,711
Production (Mt)	22,000	# share outstanding	7.4
		Rounded TP (Rp)	2,300

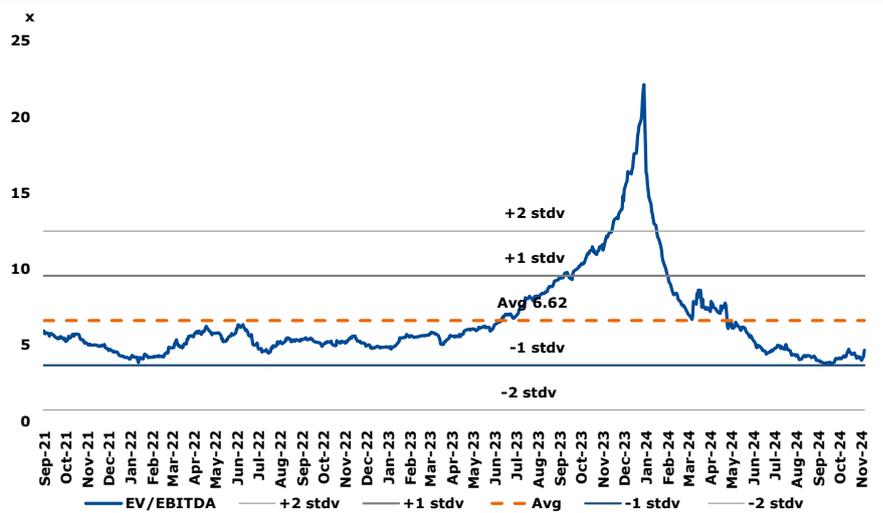
Source: BRIDS Estimates

Exhibit 7. TINS production and sales volume



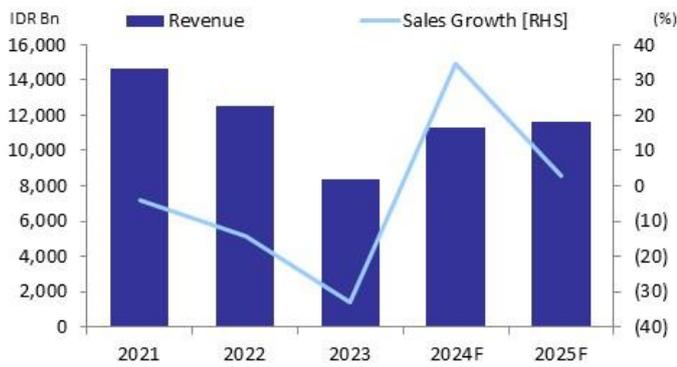
Source: Company

Exhibit 8. TINS EV/EBITDA band



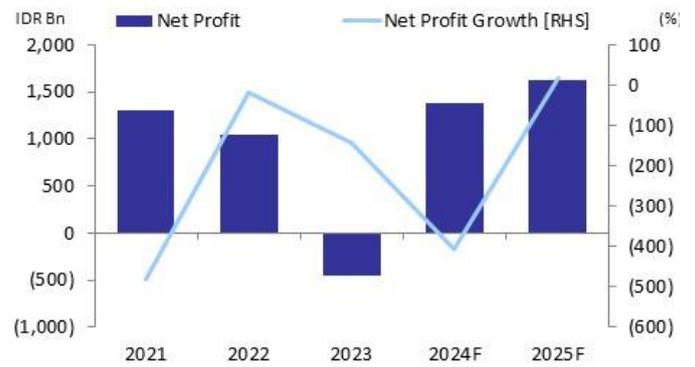
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 9. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 10. Net Profit and Growth



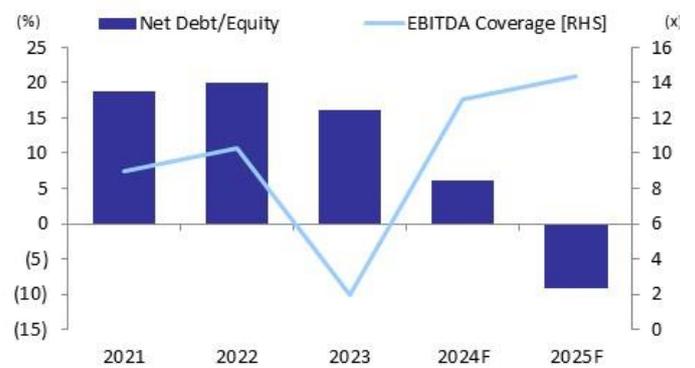
Source: Company, BRIDS Estimates

Exhibit 11. Margins



Source: Company, BRIDS Estimates

Exhibit 12. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 13. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	12,504	8,392	11,310	11,612	11,197
COGS	(9,978)	(7,926)	(8,121)	(8,306)	(8,223)
Gross profit	2,526	466	3,189	3,306	2,974
EBITDA	2,129	403	2,926	3,014	2,721
Oper. profit	1,403	(526)	2,126	2,214	1,921
Interest income	22	21	46	51	83
Interest expense	(207)	(205)	(224)	(210)	(146)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	11	28	20	20	20
Other Income (Expenses)	178	235	(65)	0	0
Pre-tax profit	1,407	(447)	1,903	2,075	1,879
Income tax	(365)	(3)	(518)	(452)	(409)
Minority interest	0	0	0	0	0
Net profit	1,041	(450)	1,385	1,623	1,470
Core Net Profit	1,041	(450)	1,385	1,623	1,470

Exhibit 14. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,209	1,527	1,688	2,772	3,179
Receivables	1,007	870	1,152	1,180	1,141
Inventory	2,910	2,523	2,670	2,731	2,704
Other Curr. Asset	508	600	600	600	600
Fixed assets - Net	3,513	3,161	3,143	3,020	2,853
Other non-curr.asset	3,919	4,173	4,189	4,206	4,223
Total asset	13,067	12,853	13,442	14,509	14,700
ST Debt	374	1,259	959	859	759
Payables	764	865	890	910	901
Other Curr. Liabilities	1,410	1,858	1,548	1,551	1,554
Long Term Debt	2,245	1,269	1,194	1,119	418
Other LT. Liabilities	1,233	1,360	1,359	1,371	1,386
Total Liabilities	6,025	6,611	5,949	5,810	5,017
Shareholder's Funds	7,042	6,242	7,492	8,699	9,682
Minority interests	0	0	0	0	0
Total Equity & Liabilities	13,067	12,853	13,442	14,509	14,700

Exhibit 15. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,041	(450)	1,385	1,623	1,470
Depreciation and Amort.	726	929	800	800	800
Change in Working Capital	962	672	(404)	(69)	58
Other Oper. Cash Flow	(890)	(619)	(15)	(1)	1
Operating Cash Flow	1,840	533	1,766	2,352	2,328
Capex	(791)	(578)	(782)	(678)	(633)
Others Inv. Cash Flow	0	0	0	0	0
Investing Cash Flow	(791)	(578)	(782)	(678)	(633)
Net change in debt	(1,314)	712	(688)	(175)	(801)
New Capital	148	(37)	0	0	0
Dividend payment	(456)	(312)	(135)	(415)	(487)
Other Fin. Cash Flow	0	0	0	0	0
Financing Cash Flow	(1,622)	362	(823)	(590)	(1,288)
Net Change in Cash	(573)	317	162	1,084	408
Cash - begin of the year	1,782	1,209	1,527	1,688	2,772
Cash - end of the year	1,209	1,527	1,688	2,772	3,179

Exhibit 16. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	(14.4)	(32.9)	34.8	2.7	(3.6)
EBITDA	(30.5)	(81.1)	625.2	3.0	(9.7)
Operating profit	(37.3)	(137.5)	(504.1)	4.2	(13.2)
Net profit	(20.1)	(143.2)	(408.0)	17.2	(9.4)
Profitability (%)					
Gross margin	20.2	5.6	28.2	28.5	26.6
EBITDA margin	17.0	4.8	25.9	26.0	24.3
Operating margin	11.2	(6.3)	18.8	19.1	17.2
Net margin	8.3	(5.4)	12.2	14.0	13.1
ROAA	7.5	(3.5)	10.5	11.6	10.1
ROAE	15.6	(6.8)	20.2	20.0	16.0
Leverage					
Net Gearing (x)	0.2	0.2	0.1	(0.1)	(0.2)
Interest Coverage (x)	6.8	(2.6)	9.5	10.5	13.2

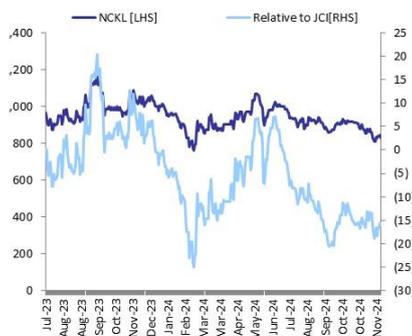
Source: TINS, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	825	
Target Price (Rp)	1,400	
Previous Target Price (Rp)	1,400	
Upside/Downside	+69.7%	
No. of Shares (mn)	63,099	
Mkt Cap (Rpbn/US\$m)	52,056/3,274	
Avg, Daily T/O (Rpbn/US\$m)	13.2/0.8	
Free Float (%)	13.5	
Major Shareholder (%)		
Harita Jayaraya PT	86.5	
Pt Citra Duta Jaya Makmur	0.9	
EPS Consensus (Rp)	2024F	2025F
BRIDS	100.7	125.1
Consensus	90.1	116.4
BRIDS/Cons (%)	11.8	7.5
	2026F	(9.6)

NCKL relative to JCI Index



Source: Bloomberg

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Trimegah Bangun Persada (NCKL IJ)

Robust growth in FY25

- Additional Rp1tr earnings contribution from ONC should NCKL increase another 10% stake in FY25F, pushing earnings growth to Rp8.8tr
- Robust MHP cash margin of 62% and FeNi of 30% vs. peers of 9-12% should go unnoticed as cost efficiency remains NCKL's strong suit.
- Reiterate our Buy rating with a TP of Rp1,400. Key risks to our call include lower nickel prices and a lower utilization rate.

Potential earnings bump from ONC

Based on 3Q financial statements, NCKL's 10% stake in ONC has been revalued from Rp628bn to Rp2.1tr, bearing a Rp1.4tr unrealized gain on investment due to the profitability of the HPAL smelter. On the other hand, NCKL has obtained approval from EGMS to utilize Rp1.6tr in unused IPO proceeds to purchase additional share ownership in an associated refining company, which is likely to be ONC. Thus, with ONC's latest valuation of Rp21tr, NCKL is able to acquire an additional c.7.5% stake in ONC. Should NCKL use internal cash to increase its stake to 20%, it would be able to recognize ONC's profits into its income statement, which could add c.Rp1tr annually, based on our calculations. This addition would increase FY25 earnings by +12.7%, raising net profits to Rp8.8tr.

Unbeatable margins should be appreciated

As of 3Q24, nickel ore is no longer the best-yielding product sold by NCKL as MHP and its newly produced electrolyte cobalt's cash margin both stood at 62% vs. saprolite ore at 59% and limonite ore at 56%. HPAL's MHP cash cost consistently declined from US\$7,700/ton in 1Q23 to US\$5,500/ton in 3Q24 despite cobalt prices declining by -36% during the same period. Furthermore, its FeNi cash margin of 30%, or US\$3.5k/ton, is nothing short of an achievement, as its peers are producing at a considerably lower cash margin of 9-12%, or c.US\$1-1.7k/ton. Thus, we believe its edge over cost efficiency is worth considering as payback periods on each investment are noticeably shorter.

Reiterate our Buy rating with a TP of Rp1,400

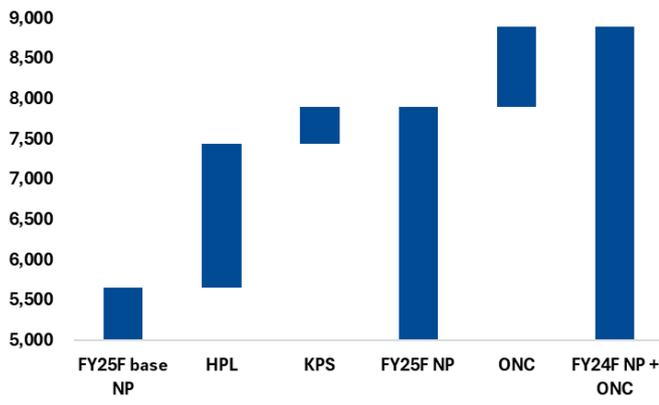
We reiterate our Buy rating in view of strong prospects from KPS contribution, solid cash costs on all projects, and increasing ore sales contribution with a TP of Rp1,400 based on our SOTP valuation method and DCF on each project. Our TP implies FY25F PE of 11x vs. the current 6.5x FY25 PE. Key risks 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)	9,568	23,858	26,997	27,951	29,026
EBITDA (Rpbn)	4,508	8,294	9,131	10,001	11,085
Net Profit (Rpbn)	4,667	5,619	6,354	7,892	8,787
EPS (Rp)	74.0	89.1	100.7	125.1	139.3
BVPS (Rp)	150.3	372.4	446.4	541.2	643.0
PER (x)	11.2	9.3	8.2	6.6	5.9
PBV (x)	5.5	2.2	1.8	1.5	1.3
Dividen yield (%)	3.5	2.7	3.2	3.7	4.5

Source: NCKL, BRIDS Estimates

Exhibit 1. ONC addition to FY25 earnings



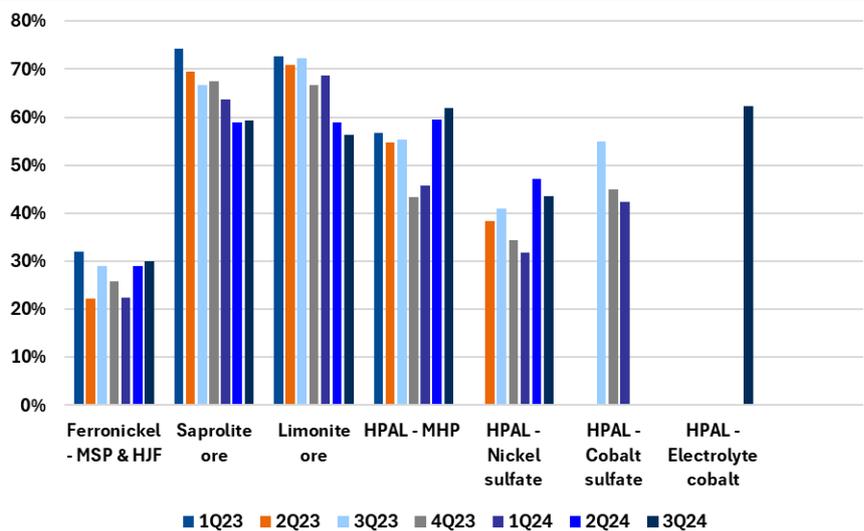
Source: Company, BRIDS

Exhibit 2. NCKL's P/E Band (12-month)



Source: Company, BRIDS

Exhibit 3. Quarterly margins



Source: Company, BRIDS estimate

Exhibit 4. SOTP table

DCF	EV (IDRbn)	Valuation
Mining	25,115	DCF (WACC 10.1%)
MSP (57%)	5,369	
HJF (63%)	28,314	
HPL (45.1%)	18,213	
ONC (10%)	4,144	
KPS (35%)	2,746	
Total	83,902	
Net (debt)/cash	3,214	
Shares outstanding (Bn shares)	63	
Target price (IDR/sh)	1,400	

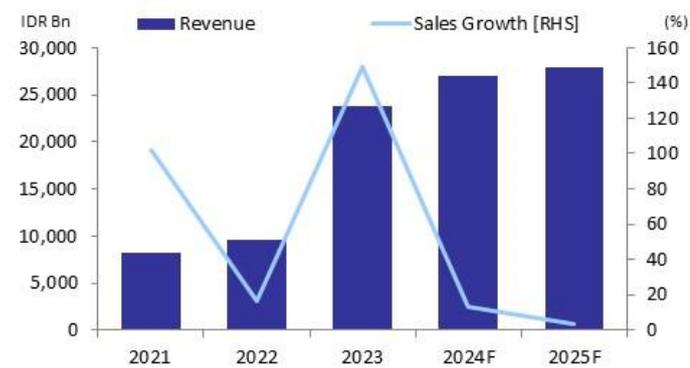
Source: Company, BRIDS estimate

Exhibit 5. NCKL 3Q24 earnings summary

Trimegah Bangun Persada												
NCKL	3Q23	2Q24	3Q24	q-q (%)	y-y (%)	9M23	9M24	y-y (%)	% of 24E BRIDS	% of FY24E Cons	Target	Cons
PROFIT & LOSS (IDRbn)												
Revenue	7,057	6,770	7,575	11.9	7.3	17,300	20,378	17.8	75.5%	78.1%	26,997	26,081
Cost of revenue	(4,422)	(4,565)	(4,734)	3.7	7.1	(11,166)	(13,716)	22.8				
Gross profit	2,635	2,205	2,840	28.8	7.8	6,134	6,663	8.6				
Operating expenses	(301)	(344)	(319)	(7.3)	6.0	(1,053)	(1,037)	(1.6)				
Operating profit	2,334	1,860	2,522	35.5	8.0	5,081	5,626	10.7	73.7%	88.7%	7,631	6,343
EBITDA	2,671	2,303	2,960	28.5	10.8	5,978	6,931	15.9	69.3%	85.6%	10,001	8,097
Other income/(expense)	331	643	727	13.1	119.7	1,376	1,609	16.9				
Pre-tax profit	2,739	2,503	2,811	12.3	2.6	6,532	6,798	4.1				
Taxes	(281)	(252)	(348)	38.1	23.9	(866)	(792)	(8.5)				
Non-controlling interests	(739)	(446)	(431)	(3.5)	(41.7)	(1,201)	(1,167)	(2.9)				
Net profit	1,719	1,805	2,033	12.6	18.2	4,465	4,839	8.4	76.2%	90.1%	6,354	5,372
Margins (%)												
Gross	37.3	32.6	37.5			35.5	32.7					
EBIT	33.1	27.5	33.3			29.4	27.6					
Net	24.4	26.7	26.8			25.8	23.7					
Operational data												
	3Q23	2Q24	3Q24	q-q (%)	y-y (%)	9M23	9M24	y-y (%)				
FeNi production	31,444	32,980	32,399	(1.8)	3.0	68,994	95,813	38.9				
Feni sales	32,029	32,353	33,178	2.5	3.6	69,785	97,177	39.3				
FeNi ASP	13,005	11,379	11,921	4.8	(8.3)	14,835	11,508	(22.4)				
FeNi cash cost	9,283	8,074	8,355	3.5	(10.0)	10,421	8,365	(19.7)				
Cash margin	3,722	3,305	3,566	7.9	(4.2)	4,414	3,143	(28.8)				
MHP production	16,889	21,618	12,309	(43.1)	(27.1)	46,891	50,643	8.0				
MHP sales*	10,928	8,595	7,888	(8.2)	(27.8)	34,897	24,382	(30.1)				
MHP ASP	13,379	14,505	14,381	(0.9)	7.5	15,743	13,405	(14.9)				
MHP cash cost	5,970	5,880	5,488	(6.7)	(8.1)	6,824	5,897	(13.6)				
Cash margin	7,409	8,625	8,893	3.1	20.0	8,919	7,508	(15.8)				
Ni Sulfate production	6,490	9,864	9,947	0.8	53.3	9,287	29,475	217.4				
Ni Sulfate sales	6,244	11,213	9,896	(11.7)	58.5	7,534	28,874	283.2				
Ni Sulfate ASP	15,538	15,677	14,054	(10.4)	(9.6)	15,782	14,344	(9.1)				
Ni Sulfate cash cost	9,176	8,279	7,935	(4.2)	(13.5)	9,564	8,309	(13.1)				
Cash margin	6,362	7,398	6,119	(17.3)	(3.8)	6,218	6,035	(2.9)				
Co Sulfate production	818	829	361	(56.5)	(55.9)	818	2,133	160.8				
Co Sulfate sales	271	-	12	#DIV/0!	(95.6)	271	957	253.1				
Co Sulfate ASP	23,274	-	-	#DIV/0!	(100.0)	23,274	17,031	(26.8)				
Co Sulfate cash cost	10,509	8,262	-	(100.0)	(100.0)	10,509	9,020	(14.2)				
Cash margin	12,765	- 8,262	-	(100.0)	(100.0)	12,765	8,011	(37.2)				
EC production			238				238					
EC sales			180				180					
EC ASP			22,047				22,047					
EC cash cost			8,308				8,308					
Cash margin	-	-	13,739	#DIV/0!	#DIV/0!	-	13,739	#DIV/0!				
Saprolite production	1.5	1.4	1.1	(17.4)	(26.0)	4.4	4.4	0.5				
Saprolite sales	1.9	1.8	1.7	(2.3)	(11.3)	4.1	5.1	24.2				
Saprolite ASP	43.3	34.0	32.0	(5.9)	(26.1)	49.0	33.0	(32.7)				
Saprolite cash cost	14.4	14.0	13.0	(7.1)	(9.7)	15.0	13.0	(13.3)				
Cash margin	28.9	20.0	19.0	(5.0)	(34.3)	34.0	20.0	(41.2)				
Limonite production	3.6	3.4	4.5	31.1	24.2	10.1	11.9	17.6				
Limonite sales	2.5	3.0	5.1	69.3	103.2	6.8	10.1	47.8				
Limonite ASP	21.7	17.0	16.0	(5.9)	(26.3)	24.0	16.0	(33.3)				
Limonite cash cost	6.0	7.0	7.0	-	16.7	7.0	6.0	(14.3)				
Cash margin	15.7	10.0	9.0	(10.0)	(42.7)	17.0	10.0	(41.2)				

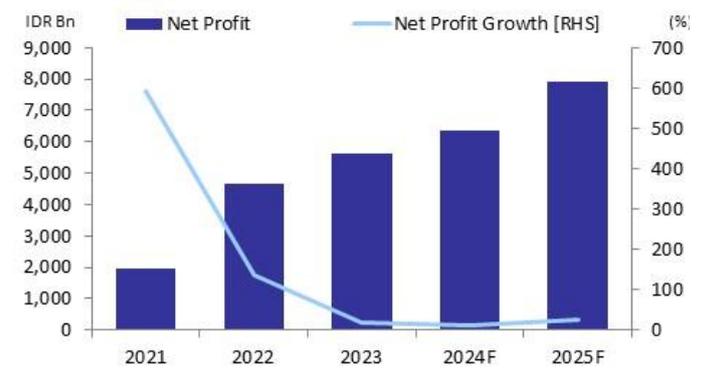
Source: Company, BRIDS Estimates

Exhibit 6. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 7. Net Profit and Growth



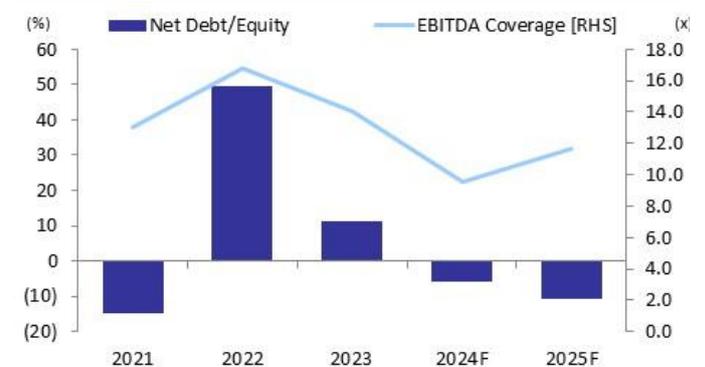
Source: Company, BRIDS Estimates

Exhibit 8. Margins



Source: Company, BRIDS Estimates

Exhibit 9. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 10. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	9,568	23,858	26,997	27,951	29,026
COGS	(4,893)	(15,582)	(18,081)	(17,473)	(17,475)
Gross profit	4,675	8,276	8,915	10,478	11,551
EBITDA	4,508	8,294	9,131	10,001	11,085
Oper. profit	3,984	7,024	7,631	8,940	9,954
Interest income	19	164	216	299	254
Interest expense	(269)	(591)	(954)	(855)	(810)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	2,916	1,578	2,007	2,242	2,322
Other Income (Expenses)	0	0	0	0	0
Pre-tax profit	6,650	8,175	8,900	10,627	11,721
Income tax	(812)	(1,107)	(1,103)	(1,341)	(1,504)
Minority interest	78	(1,449)	(1,442)	(1,393)	(1,430)
Net profit	4,667	5,619	6,354	7,892	8,787
Core Net Profit	5,915	5,619	6,354	7,892	8,787

Exhibit 11. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,277	3,935	10,865	12,714	15,399
Receivables	427	1,343	692	713	736
Inventory	4,087	5,504	5,565	5,377	5,378
Other Curr. Asset	543	978	978	978	978
Fixed assets - Net	20,668	22,350	22,850	23,789	24,659
Other non-curr.asset	7,603	11,180	10,997	13,239	15,561
Total asset	34,605	45,289	51,946	56,810	62,712
ST Debt	0	432	0	0	0
Payables	4,515	5,477	5,387	5,299	5,213
Other Curr. Liabilities	5,694	3,397	3,690	3,156	3,224
Long Term Debt	8,309	6,751	9,000	8,500	8,000
Other LT. Liabilities	1,858	840	809	809	809
Total Liabilities	20,376	16,897	18,886	17,764	17,246
Shareholder's Funds	9,484	23,497	28,166	34,152	40,571
Minority interests	4,745	4,895	4,895	4,895	4,895
Total Equity & Liabilities	34,605	45,289	51,946	56,810	62,712

Exhibit 12. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	4,667	5,619	6,354	7,892	8,787
Depreciation and Amort.	524	1,270	1,500	1,061	1,131
Change in Working Capital	(1,736)	(1,815)	590	166	(24)
Other Oper. Cash Flow	2,506	(8,036)	117	(2,264)	(2,340)
Operating Cash Flow	5,961	(2,962)	8,562	6,855	7,553
Capex	(10,241)	(3,208)	(2,216)	(2,299)	(2,254)
Others Inv. Cash Flow	19	164	216	299	254
Investing Cash Flow	(10,222)	(3,044)	(2,000)	(2,000)	(2,000)
Net change in debt	2,940	120	2,055	(1,100)	(500)
New Capital	7,335	9,942	0	0	0
Dividend payment	(1,819)	(1,400)	(1,686)	(1,906)	(2,368)
Other Fin. Cash Flow	(5,496)	2	0	0	0
Financing Cash Flow	2,960	8,664	369	(3,006)	(2,868)
Net Change in Cash	(1,301)	2,658	6,931	1,848	2,685
Cash - begin of the year	2,578	1,277	3,935	10,865	12,714
Cash - end of the year	1,277	3,935	10,865	12,714	15,399

Exhibit 13. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	16.3	149.4	13.2	3.5	3.8
EBITDA	7.1	84.0	10.1	9.5	10.8
Operating profit	11.7	76.3	8.6	17.2	11.3
Net profit	137.1	20.4	13.1	24.2	11.3
Profitability (%)					
Gross margin	48.9	34.7	33.0	37.5	39.8
EBITDA margin	47.1	34.8	33.8	35.8	38.2
Operating margin	41.6	29.4	28.3	32.0	34.3
Net margin	48.8	23.6	23.5	28.2	30.3
ROAA	16.8	14.1	13.1	14.5	14.7
ROAE	61.7	34.1	24.6	25.3	23.5
Leverage					
Net Gearing (x)	0.5	0.1	(0.1)	(0.1)	(0.2)
Interest Coverage (x)	14.8	11.9	8.0	10.5	12.3

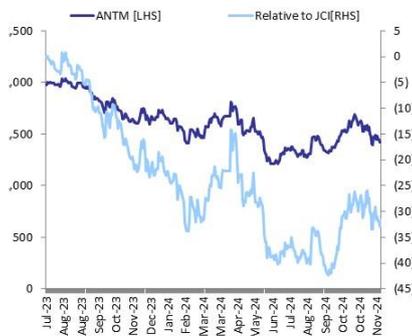
Source: NCKL, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	1,410
Target Price (Rp)	2,000
Previous Target Price (Rp)	2,000
Upside/Downside	+41.8%
No. of Shares (mn)	24,031
Mkt Cap (Rpbn/US\$mn)	33,883/2,131
Avg, Daily T/O (Rpbn/US\$mn)	120.5/7.6
Free Float (%)	34.9
Major Shareholder (%)	
MIND ID	65.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	124.9 154.0 163.3
Consensus	114.8 144.6 177.5
BRIDS/Cons (%)	8.8 6.5 (8.0)

ANTM relative to JCI Index



Source: Bloomberg

Aneka Tambang (ANTM IJ)

Upbeat outlook on a stronger FY25 operation

- We expect higher nickel ore sales of 13mn wmt, along with cost efficiencies in RKEF to improve profitability in FY25 onwards.
- We expect ANTM’s gold sales to remain robust despite recent pullback in prices, amid possible margin expansion from Freeport’s gold offtake.
- Maintain a Buy rating with an unchanged TP of Rp2,000. Key risks include lower commodity prices, lower utilization, and project delays.

Anchoring expectation in ore sales

We anticipate stronger nickel ore sales volume from ANTM in FY25, with a production/sales volume target of 15mn/13mn wmt, growing +25%/+48% yoy. Furthermore, ANTM has commenced the use of PLN’s electricity grid for Pomalaa RKEF, which is expected to decrease cash cost by -8.3% to US\$11k/ton. Overall, we expect revenue contribution from the nickel segment to grow from 15.8% in FY24F to 23.9% in FY25F, which in turn would increase EBITDA/Net profit margin by 40pps/35pps to 12.1%/10.0%.

Gold sales remains robust; possible margin upside from Freeport offtake

ANTM recorded strong 3Q24 gold sales of 12.6 tons, +42% qoq, and is expected to continue posting strong sales volume as demand from wholesalers has remained firm despite the recent pullback in gold prices. Though we expect a lower sales volume of 28 tons in FY25F (from 37 tons in FY24F), we expect trading margins to improve upon offtake of gold bullion from Freeport due to the discounted price it shall receive vs. the premium over imported bullion.

Reiterate our Buy rating with a TP of Rp2,000

We reiterate our Buy rating with an unchanged TP of Rp2,000 based on FY25F PE of 13x (vs. 16x PE previously), equal to -0.5x std of its 3-yr mean forward PE band. Key risks to our view 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	56,553	46,383	47,593
EBITDA (Rpbn)	4,756	4,022	4,589	5,603	5,754
Net Profit (Rpbn)	3,821	3,078	3,001	3,700	3,925
EPS (Rp)	159.0	128.1	124.9	154.0	163.3
BVPS (Rp)	986.7	1,275.2	1,272.5	1,364.5	1,451.4
PER (x)	8.9	11.0	11.3	9.2	8.6
PBV (x)	1.4	1.1	1.1	1.0	1.0
Dividen yield (%)	2.7	5.6	9.1	4.4	5.5
EV/EBITDA	6.7	6.6	6.0	4.3	3.6

Source: ANTM, BRIDS Estimates

BRI Danareksa Sekuritas Analysts

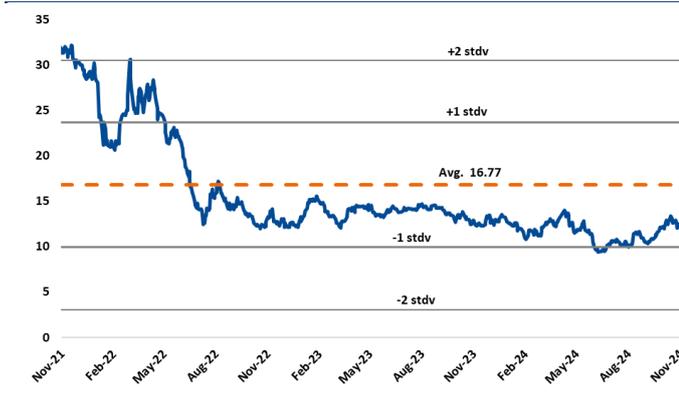
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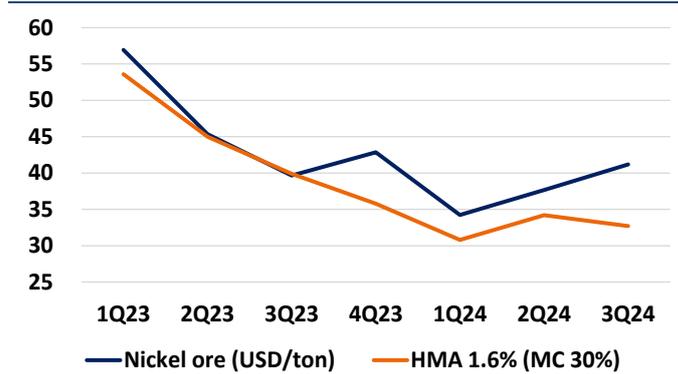
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Exhibit 1. ANTM P/E Band (3-year)



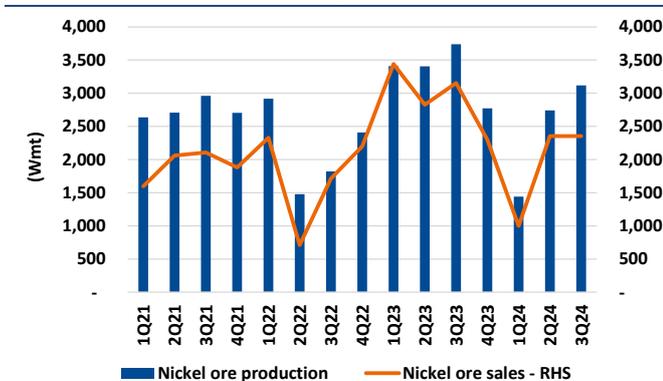
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 2. ANTM's nickel ore ASP vs. benchmark



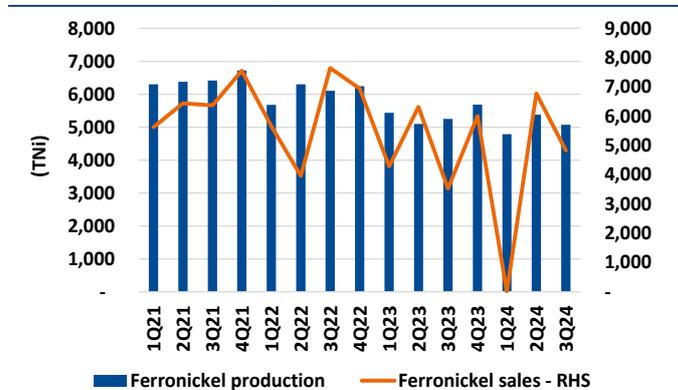
Source: Company, BRIDS

Exhibit 3. ANTM's Nickel Ore production and sales volume



Source: Company, BRIDS

Exhibit 4. ANTM's FeNi production and sales volume (Ton)



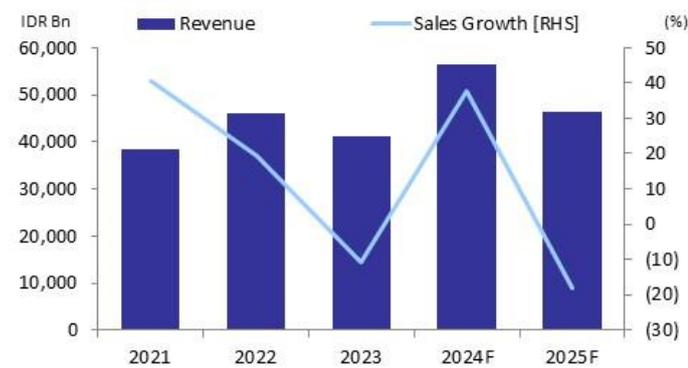
Source: Company, BRIDS

Exhibit 5. ANTM's Gold production and sales volume (Kg)



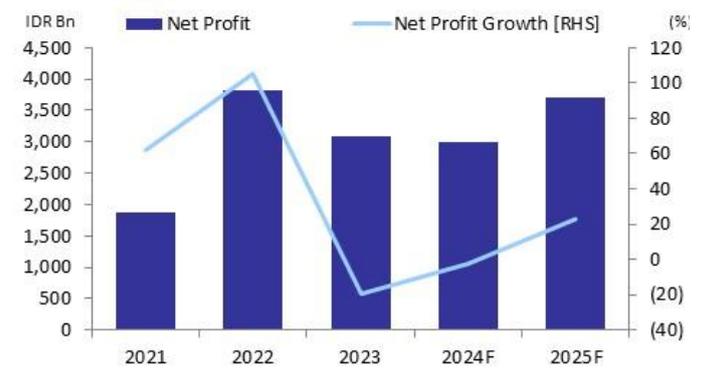
Source: Company, BRIDS

Exhibit 6. Revenue and Growth



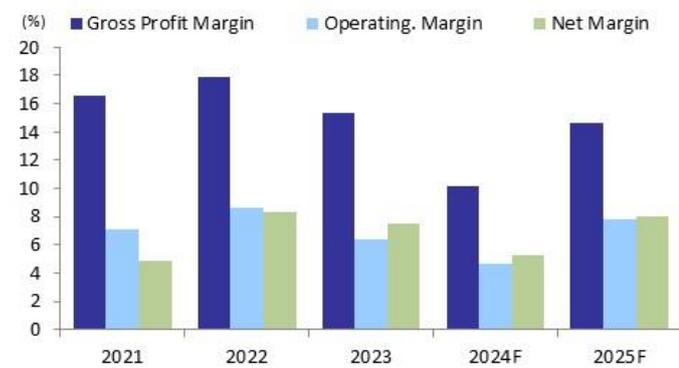
Source: Company, BRIDS Estimates

Exhibit 7. Net Profit and Growth



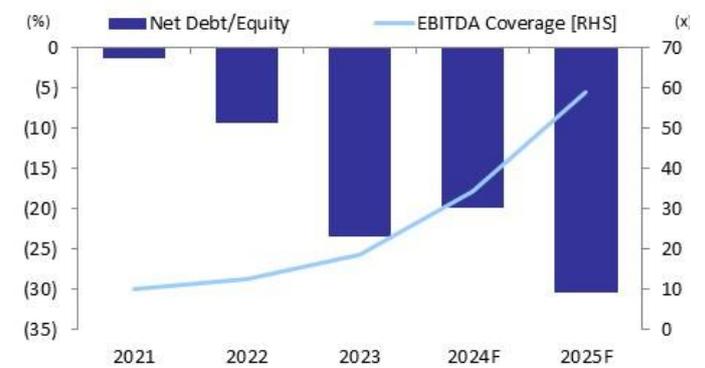
Source: Company, BRIDS Estimates

Exhibit 8. Margins



Source: Company, BRIDS Estimates

Exhibit 9. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 10. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	45,930	41,048	56,553	46,383	47,593
COGS	(37,720)	(34,733)	(50,782)	(39,607)	(40,375)
Gross profit	8,211	6,315	5,771	6,777	7,218
EBITDA	4,756	4,022	4,589	5,603	5,754
Oper. profit	3,942	2,617	2,661	3,646	3,767
Interest income	85	172	354	280	422
Interest expense	(381)	(215)	(134)	(95)	(78)
Forex Gain/(Loss)	564	(221)	200	0	0
Income From Assoc. Co's	931	947	480	720	720
Other Income (Expenses)	74	555	100	75	75
Pre-tax profit	5,215	3,854	3,660	4,626	4,906
Income tax	(1,394)	(777)	(659)	(925)	(981)
Minority interest	0	0	0	0	0
Net profit	3,821	3,078	3,001	3,700	3,925
Core Net Profit	3,257	3,299	2,801	3,700	3,925

Exhibit 11. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	4,476	9,209	7,274	10,968	13,848
Receivables	2,346	1,489	2,565	2,199	2,267
Inventory	2,906	3,470	4,468	3,485	3,553
Other Curr. Asset	1,966	5,897	6,192	6,501	6,826
Fixed assets - Net	16,472	16,183	14,895	13,577	12,230
Other non-curr.asset	5,471	6,604	6,851	7,125	7,430
Total asset	33,637	42,851	42,244	43,855	46,154
ST Debt	189	1,002	605	500	400
Payables	1,780	2,000	2,132	1,779	1,818
Other Curr. Liabilities	4,003	5,575	5,615	5,646	5,801
Long Term Debt	2,082	881	500	400	300
Other LT. Liabilities	1,871	2,228	2,355	2,477	2,608
Total Liabilities	9,925	11,686	11,207	10,802	10,927
Shareholder's Funds	23,712	30,643	30,579	32,791	34,878
Minority interests	0	522	459	263	349
Total Equity & Liabilities	33,637	42,851	42,244	43,855	46,154

Exhibit 12. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	3,821	3,078	3,001	3,700	3,925
Depreciation and Amort.	756	1,966	1,928	1,957	1,986
Change in Working Capital	(334)	786	(1,917)	1,023	(68)
Other Oper. Cash Flow	(644)	(3,398)	(399)	(441)	(476)
Operating Cash Flow	3,599	2,432	2,613	6,239	5,368
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)	(883)	(325)	(200)
New Capital	4	6,206	(52)	(184)	99
Dividend payment	(931)	(1,910)	(3,078)	(1,501)	(1,850)
Other Fin. Cash Flow	(19)	80	0	0	0
Financing Cash Flow	(3,809)	3,875	(4,012)	(2,010)	(1,951)
Net Change in Cash	(613)	4,732	(1,935)	3,694	2,881
Cash - begin of the year	5,089	4,476	9,209	7,274	10,968
Cash - end of the year	4,476	9,209	7,274	10,968	13,848

Exhibit 13. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	19.5	(10.6)	37.8	(18.0)	2.6
EBITDA	32.4	(15.4)	14.1	22.1	2.7
Operating profit	44.0	(33.6)	1.7	37.0	3.3
Net profit	105.2	(19.5)	(2.5)	23.3	6.1
Profitability (%)					
Gross margin	17.9	15.4	10.2	14.6	15.2
EBITDA margin	10.4	9.8	8.1	12.1	12.1
Operating margin	8.6	6.4	4.7	7.9	7.9
Net margin	8.3	7.5	5.3	8.0	8.2
ROAA	11.5	8.0	7.1	8.6	8.7
ROAE	17.2	11.3	9.8	11.7	11.6
Leverage					
Net Gearing (x)	(0.1)	(0.2)	(0.2)	(0.3)	(0.4)
Interest Coverage (x)	10.3	12.2	19.8	38.4	48.3

Source: ANTM, BRIDS Estimates

Buy

(Maintained)

Merdeka Battery Materials (MBMA IJ) Cautious on LME, but optimistic on earnings growth from AIM and ESG HPAL

Last Price (Rp)	505
Target Price (Rp)	560
Previous Target Price (Rp)	650
Upside/Downside	+10.9%

No. of Shares (mn)	107,995
Mkt Cap (Rpbn/US\$m)	54,538/3,430
Avg, Daily T/O (Rpbn/US\$m)	36.3/2.3
Free Float (%)	28.5

Major Shareholder (%)	
PT. Merdeka Energi Nusantara	50.0

EPS Consensus (US\$cents)			
	2024F	2025F	2026F
BRIDS	0.0	0.1	0.2
Consensus	0.0	0.1	0.2
BRIDS/Cons (%)	0.0	27.4	(12.9)

- We are cautious on MBMA's high-grade nickel matte smelter as it has started producing at a loss in 3Q24, which is likely to continue in 4Q24.
- MBMA's FY25 growth catalyst lies in its ESG HPAL and AIM project, set to operate in 1Q25.
- We revised our FY24-26F NP forecasts by -38%/+20%/+27% and trimmed our TP to Rp560 but maintained our Buy rating.

Huge exposure to LME price

Roughly 50% of MBMA's revenue is tied to the LME Nickel price (Limonite ore, Matte, and MHP), which we expect will be under pressure due to the influx of intermediary and class-1 products in the next couple of years. Thus, we believe that MBMA's high-grade nickel matte will face adversaries in the coming quarters as the conversion from NPI to Matte might not be profitable should the LME price remain at current levels. Nonetheless, we expect its limonite ore and NPI sales to more than offset its losses from HNMI.

Growth projects as catalyst for earnings growth

MBMA's incoming projects, ESG HPAL and AIM project, have been well anticipated as they provide the company with a stronger profitability outlook compared to existing projects. Consequently, we are expecting stronger earnings growth in FY25-26F with expanding GPM to 15%/17% (from 5.5% in FY24F) and NPM to 5.7%/7.2% (from 1.3% in FY24F). Ultimately, we expect earnings to grow from a low base of US\$24mn in FY24F to US\$138mn/188mn in FY25-26F.

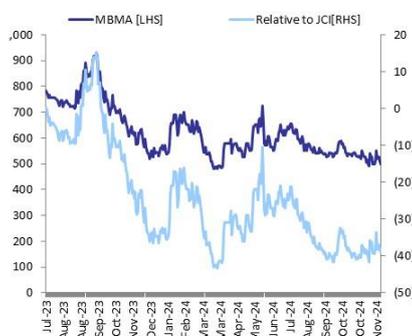
Weaker expectation for 3Q24 earnings

Based on its 3Q operational activity data, we conclude that its high-grade nickel matte converter is producing at a negative cash margin of -US\$390/ton due to a weaker LME price (-12% qoq), whilst the NPI price has strengthened (+3% qoq) in the same period. Thus, we expect revenue to decline to US\$458mn, -4% qoq, whilst net profit is estimated to decline to US\$4.7mn, -72% qoq, with 9M24 revenue/net profit achievements at US\$1.38bn/25mn. Looking at the stagnating LME nickel price QTD, we have revised our FY24F revenue/NP by 0.7%/-37.9% to US\$1.8bn/US\$24mn. Nonetheless, we upgraded FY25-26E revenue figures by +7%/9% and NP by +20%/+27% to include earnings contributions from the AIM project and ESG HPAL.

Maintaining Buy rating with a lower TP of Rp560

Despite an increase in our FY25-26F earnings, we have downgraded our target price to Rp560 as we adjusted for a lower LME nickel price assumption to US\$16,500/ton (from US\$17,500/ton), as well as increasing RKEF cash cost to US\$11,000/ton (from US\$10,250/ton). Key risks include higher cash costs, lower ASP, and project delays.

MBMA relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (US\$m)	456	1,328	1,791	2,426	2,598
EBITDA (US\$m)	48	97	137	443	518
Net Profit (US\$m)	22	7	24	138	188
EPS (US\$cents)	0.0	0.0	0.0	0.1	0.2
BVPS (US\$cents)	0.9	1.4	1.4	1.6	1.7
PER (x)	158.3	495.0	145.7	24.9	18.2
PBV (x)	3.6	2.2	2.2	2.0	1.8
EV/EBITDA	78.3	37.3	27.7	8.8	7.5

Source: MBMA, BRIDS Estimates

Exhibit 1. Forecast changes

in US\$m	2024F		2025F		2026F		Changes		
	Old	New	Old	New	Old	New	2024	2025	2026
Revenue	1,778	1,791	2,266	2,426	2,383	2,598	0.7%	7.1%	9.0%
Gross profit	135	99	349	374	429	451	-26.7%	7.2%	5.2%
Operating profit	109	72	316	339	394	413	-33.5%	7.3%	4.8%
Net profit	38	24	115	138	148	188	-37.9%	19.7%	26.9%

Source: BRIDS estimates

Exhibit 2. MBMA 3Q24 operational result

Operational data	3Q23	2Q24	3Q24	q-q (%)	y-y (%)	9M23	9M24	y-y (%)
NPI production (t)	21,738	21,882	20,557	-6.1%	-5.4%	42,976	63,338	47.4%
NPI sales (t)	22,831	20,846	18,900	-9.3%	-17.2%	42,054	61,368	45.9%
NPI ASP (USD/t)	13,193	11,536	12,041	4.4%	-8.7%	14,267	11,522	-19.2%
NPI cash cost (USD/t)	11,616	10,370	10,961	5.7%	-5.6%	12,958	10,514	-18.9%
NPI Cash Margin	1,577	1,166	1,080	-7.4%	-31.5%	1,309	1,008	-23.0%
Matte production (t)	13,210	13,402	12,979	-3.2%	-1.7%	27,589	38,422	39.3%
Matte sales (t)	13,394	12,805	13,192	3.0%	-1.5%	16,430	40,401	145.9%
Matte ASP (USD/t)	16,346	14,819	13,440	-9.3%	-17.8%	16,503	13,960	-15.4%
Matte cash cost (USD/t)	15,154	13,016	13,830	6.3%	-8.7%	15,247	13,337	-12.5%
Matte cash margin	1,192	1,803	- 390	-121.6%	-132.7%	1,256	623	-50.4%
Limonite ore production (Mn wmt)	1.6	1.8	3.7	105.6%	131.3%	2.0	6.7	236.6%
Limonite ore sales (Mn wmt)		2.9	3.5	20.3%			6.9	
Limonite ore ASP (USD/t)		16.5	15.1	-8.5%			15.5	
Limonite ore cash cost + haulage (USD/t)		3.0	3.0	0.0%		-	3.0	
Limonite cash margin		13.5	12.1	-10.4%				

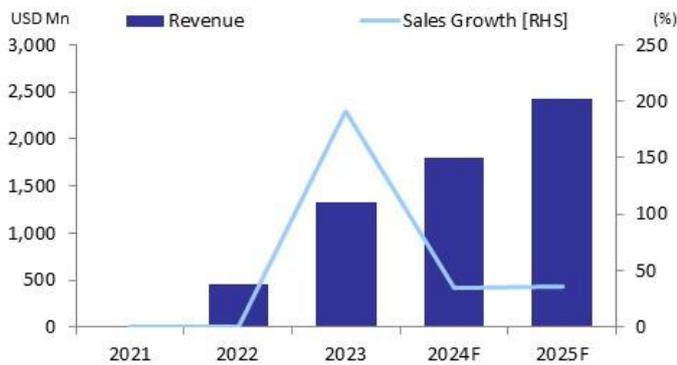
Source: Company, BRIDS

Exhibit 3. MBMA Valuation summary

DCF	EV (US\$ mn)	Valuation
SCM	1,139	DCF
RKEF (BSI, CSI, ZHN, HNMI)	1,004	
HPAL (ESG, Meiming, CATL)	1,174	
AIM	842	
Total	4,159	
Net (debt)/cash	-	
Shares outstanding (Bn shares)		108
Target price (IDR/sh)		560

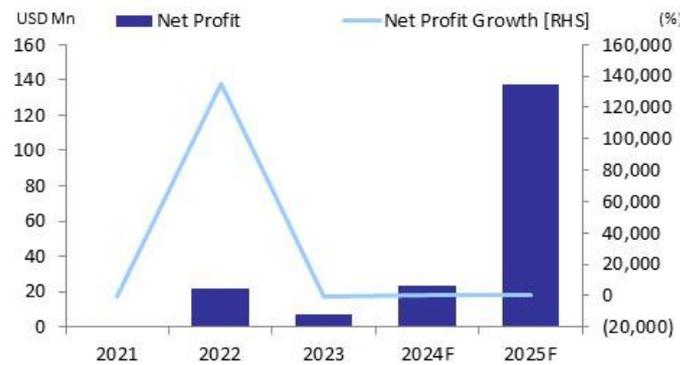
Source: BRIDS Estimates

Exhibit 4. Revenue and Growth



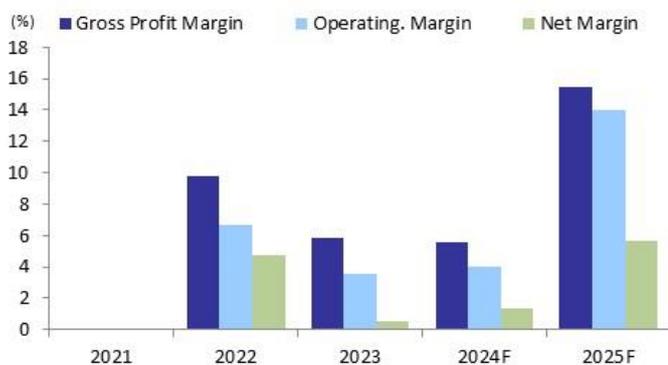
Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



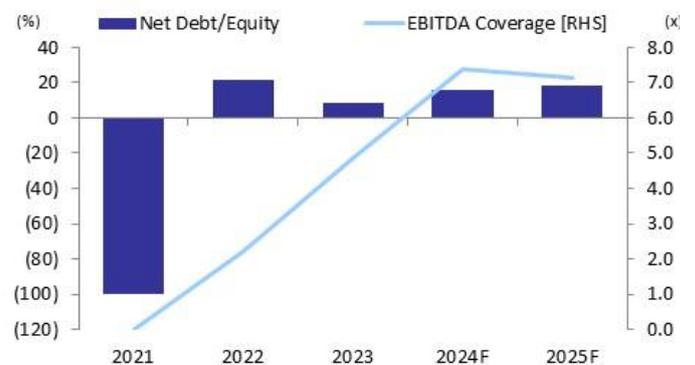
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Revenue	456	1,328	1,791	2,426	2,598
COGS	(411)	(1,251)	(1,692)	(2,052)	(2,147)
Gross profit	44	77	99	374	451
EBITDA	48	97	137	443	518
Oper. profit	30	48	72	339	413
Interest income	0	6	6	2	5
Interest expense	(22)	(20)	(19)	(62)	(70)
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	59	278	348
Income tax	0	0	(6)	(28)	(35)
Minority interest	(16)	(26)	(30)	(113)	(125)
Net profit	22	7	24	138	188
Core Net Profit	22	7	24	138	188

Exhibit 9. Balance Sheet

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	280	290	85	256	365
Receivables	68	121	124	168	179
Inventory	79	288	245	332	356
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	3,209	3,675	3,984
ST Debt	20	2	2	2	2
Payables	110	262	221	299	320
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	876	1,204	1,326
Shareholder's Funds	957	1,532	1,555	1,693	1,881
Minority interests	602	778	778	778	778
Total Equity & Liabilities	2,422	3,263	3,209	3,675	3,984

Exhibit 10. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	22	7	24	138	188
Depreciation and Amort.	18	50	65	105	105
Change in Working Capital	(77)	(68)	(2)	(52)	(14)
Other Oper. Cash Flow	(361)	(56)	0	0	0
Operating Cash Flow	(399)	(67)	86	190	279
Capex	(1,469)	(542)	(255)	(270)	(270)
Others Inv. Cash Flow	0	0	0	0	0
Investing Cash Flow	(1,469)	(542)	(255)	(270)	(270)
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	(205)	170	109
Cash - begin of the year	0	280	290	85	256
Cash - end of the year	280	290	85	256	365

Exhibit 11. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	0.0	191.5	34.8	35.5	7.1
EBITDA	(892,9)	102.6	40.9	223.1	16.8
Operating profit	(566,6)	55.9	51.8	369.0	21.9
Net profit	134,7	(68.0)	239.8	484.6	36.7
Profitability (%)					
Gross margin	9.7	5.8	5.5	15.4	17.4
EBITDA margin	10.5	7.3	7.7	18.3	19.9
Operating margin	6.7	3.6	4.0	14.0	15.9
Net margin	4.8	0.5	1.3	5.7	7.2
ROAA	1.8	0.2	0.7	4.0	4.9
ROAE	4.5	0.6	1.5	8.5	10.5
Leverage					
Net Gearing (x)	0.2	0.1	0.2	0.2	0.2
Interest Coverage (x)	1.4	2.4	3.9	5.4	5.9

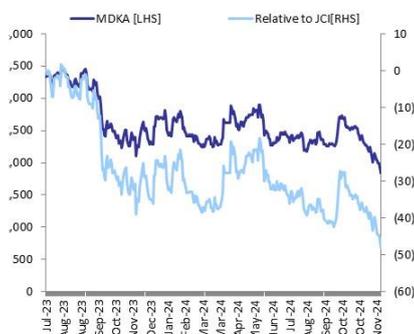
Source: MBMA, BRIDS Estimates

Buy

(Maintained)

Last Price (Rp)	1,840		
Target Price (Rp)	2,600		
Previous Target Price (Rp)	3,000		
Upside/Downside	+41.3%		
No. of Shares (mn)	24,111		
Mkt Cap (Rpbn/US\$m)	44,364/2,790		
Avg, Daily T/O (Rpbn/US\$m)	84.0/5.3		
Free Float (%)	50.7		
Major Shareholder (%)	18.3		
Saratoga Investama			
Mitra Daya Mustika	12.9		
EPS Consensus (US\$cents)			
	2024F	2025F	2026F
BRIDS	0.0	0.6	0.6
Consensus	0.0	0.3	0.7
BRIDS/Cons (%)	0.0	85.4	(19.4)

MDKA relative to JCI Index



Source: Bloomberg

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Merdeka Copper Gold (MDKA IJ)

A challenging 3Q24 dragged by Wetar and MBMA

- MDKA's 3Q24 revenue preview showed slight growth as Gold/Copper sales improved by +11%/+145% qoq.
- Yet, Wetar's AISC inflated by +28% qoq, resulting in a negative cash margin and is unlikely to reach breakeven as previously anticipated.
- We revised our FY24-26F forecasts by -52%/+25%/+8% and trimmed our TP to Rp2,600; reiterate Buy rating on upsides from growth projects.

Robust sales in 3Q24 from TB Copper

MDKA's 3Q24 operational data indicated slight improvements in revenue to US\$575mn, +4.0% qoq, driven by robust Gold sales of +11% qoq to 27.7k Oz, which brought 3Q gold revenue to c.US\$66.8mn, +18% qoq. Furthermore, Wetar also booked strong sales growth of +145% qoq, driving its 3Q24 revenue to US\$46.7mn, +148% qoq. The increase in the copper and gold segments was enough to offset the decline in MBMA's revenue, estimated to decrease by -4.3% qoq to US\$457mn, due to weaker NPI and Matte sales/ASP.

The future of Wetar: a function of AIM

Despite posting a strong sales volume of 4,970 ton in 3Q24, its AISC has inflated to US\$9,6k/ton, +28% qoq, resulting in a negative cash margin of -US\$220/ton (from: US\$1,761/ton). Note that despite posting positive a cash margin in 2Q24, Wetar still booked a net loss of -US\$1.7mn due to elevated depreciation and amortization expense. Thus, we believe Wetar's 3Q24 net profit would post a significantly higher net loss due to those expenses, and is therefore unlikely to reach breakeven in FY24, as previously mentioned by management. As Wetar's life of mine comes to an end, we believe its attractiveness comes from sales of Pyrite ore to AIM, as it has already done 10 shipments of ore to AIM in 3Q24.

More upbeat on Gold

TB gold project has performed better than the copper segment as AISC was noticeably lowered by -20.7% qoq to US\$1,183/Oz, bringing cash margin to US\$1,223/Oz, +58.8% qoq. Furthermore, MDKA has confirmed the extension of TB Gold's life of mine by another 3 years to FY29, with further potential addition upon the completion of its drilling results. The extension of mine life was possible due to optimization in pit designs and mining schedules. We believe this addition is crucial for MDKA as it provides cash flow before Pani and TB Copper's commencement in FY26-27.

Maintain Buy rating with a lower TP of Rp2,600

We cut our FY24F net profit estimates by -52% and our TP to Rp2,600, as we expect a weaker MBMA performance in 2H24 from declining nickel prices, as well as a lower LT nickel price of US\$18,000/t (from: US\$18,500/t). On the other hand, we have factored in earnings from AIM and ESG HPAL in FY25-26F, which resulted in net profit growth of +25%/+8% to US\$136mn/138mn for MDKA. We maintain our Buy rating on valuation upsides from key growth projects. Key risks include higher cash costs, lower ASP, and project delays.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (US\$m)	870	1,707	2,167	2,799	2,926
EBITDA (US\$m)	235	242	286	588	647
Net Profit (US\$m)	58	(21)	2	136	138
EPS (US\$cents)	0.2	(0.1)	0.0	0.6	0.6
BVPS (US\$cents)	4.1	3.8	4.4	4.9	5.5
PER (x)	48.5	n/m	1,483.2	20.8	20.5
PBV (x)	2.8	3.1	2.6	2.3	2.1
EV/EBITDA	16.5	16.5	14.1	7.1	6.6

Source: MDKA, BRIDS Estimates

Exhibit 1. Forecast changes

in US\$m	2024F		2025F		2026F		Changes		
	Old	New	Old	New	Old	New	2024	2025	2026
Revenue	2,085	2,167	2,424	2,799	2,561	2,926	3.9%	15.5%	14.3%
Gross profit	201	173	397	473	479	516	-13.9%	19.1%	7.7%
EBITDA	316	286	522	588	619	647	-9.6%	12.7%	4.4%
Net profit	4	2	109	136	128	138	-52.3%	24.9%	7.9%
Gross margin	9.6%	8.0%	16.4%	16.9%	18.7%	17.6%			
EBITDA margin	15.2%	13.2%	21.5%	21.0%	24.2%	22.1%			
Net margin	0.2%	0.1%	4.5%	4.9%	5.0%	4.7%			

Source: BRIDS estimates

Exhibit 2. MDKA 3Q operational result

Operational data	3Q23	2Q24	3Q24	q-q (%)	yoy (%)	9M23	9M24	y-y (%)
Gold production (oz)	44,882	25,382	30,522	20.3%	-32.0%	64,277	49,521	-23.0%
Gold sales (oz)	49,162	25,004	27,778	11.1%	-43.5%	49,540	51,637	4.2%
Gold ASP (USD/oz)	1,946	2,262	2,406	6.4%	23.6%	1,937	2,182	12.6%
Gold AISC (USD/oz)	1,147	1,492	1,183	-20.7%	3.1%	1,141	1,482	29.9%
Gold cash margin	799	770	1,223	58.8%	53.1%	796	700	-12.1%
Copper production (t)	2,128	3,626	3,811	5.1%	79.1%	7,181	6,672	-7.1%
Copper sales (t)	3,136	2,027	4,970	145.2%	58.5%	7,876	6,340	-19.5%
Copper ASP (USD/t)	8,444	9,279	9,392	1.2%	11.2%	8,047	8,640	7.4%
Copper AISC (USD/t)	16,049	7,518	9,612	27.9%	-40.1%	10,736	7,824	-27.1%
Copper cash margin	-7,605	1,761	-220	-112.5%	-97.1%	2,690	815	-130.3%
NPI production (t)	21,738	21,882	20,557	-6.1%	-5.4%	21,238	42,782	101.4%
NPI sales (t)	22,831	20,846	18,900	-9.3%	-17.2%	19,223	42,467	120.9%
NPI ASP (USD/t)	13,193	11,536	12,041	4.4%	-8.7%	15,543	11,291	-27.4%
NPI AISC (USD/t)	11,616	10,370	10,961	5.7%	-5.6%	14,336	10,297	-28.2%
NPI Cash Margin	1,577	1,166	1,080	-7.4%	-31.5%	1,207	994	-17.6%
Matte production (t)	13,210	13,402	12,979	-3.2%	-1.7%	4,438	25,443	473.3%
Matte sales (t)	13,394	12,804	13,192	3.0%	-1.5%	3,036	27,208	796.2%
Matte ASP (USD/t)	16,346	14,819	13,440	-9.3%	-17.8%	17,423	14,212	-18.4%
Matte AISC (USD/t)	15,154	13,016	13,830	6.3%	-8.7%	15,524	13,085	-15.7%
Matte cash margin	1,192	1,803	-390	-121.6%	-132.7%	1,899	1,127	-40.7%
Limonite ore production (kwmt)	1,600	1,800	3,700	105.6%	131.3%	-	2,992	
Limonite ore sales (kwmt)	-	2,860	3,450	20.6%	-	-	3,483	
Limonite ore ASP (USD/t)	-	17	15	-8.5%	-	-	16	
Limonite ore AISC (USD/t)	-	3	3	0.0%	-	-	9	
Limonite cash margin	-	14	12	-10.4%	-	-	7	

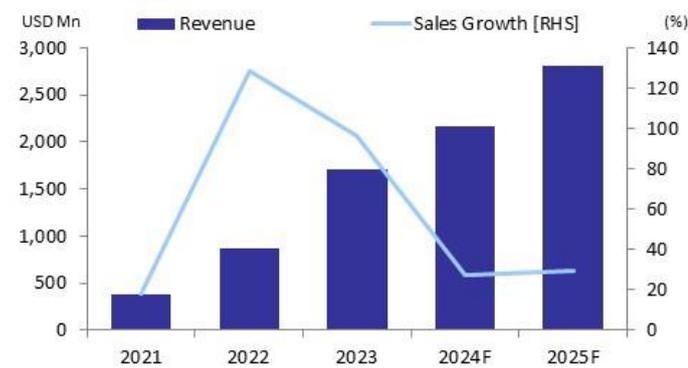
Source: Company, Consensus, BRIDS estimates

Exhibit 3. Valuation Summary Table

Projects	EV (US\$m)	Valuation method
TB Gold + Wetar	363	
TB Porphyry	2,172	DCF (WACC 9.4%)
Pani	991	
MBMA	1,673	SOTP
Total EV	5,199	
Net cash/(debt)	(1,282)	
Shares outstanding (Mn shares)	24,473	
Target price (IDR/sh)	2,600	

Source: BRIDS Estimates

Exhibit 4. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



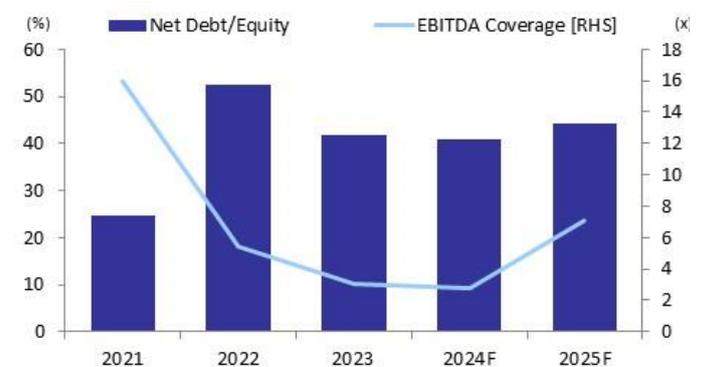
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Revenue	870	1,707	2,167	2,799	2,926
COGS	(705)	(1,561)	(1,994)	(2,327)	(2,411)
Gross profit	165	146	173	473	516
EBITDA	235	242	286	588	647
Oper. profit	112	97	119	403	443
Interest income	2	12	12	14	8
Interest expense	(43)	(79)	(102)	(83)	(68)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	20	(17)	(5)	(5)	(5)
Pre-tax profit	90	12	24	329	377
Income tax	(25)	(7)	(5)	(72)	(83)
Minority interest	(6)	(26)	(17)	(121)	(156)
Net profit	58	(21)	2	136	138
Core Net Profit	58	(21)	2	136	138

Exhibit 9. Balance Sheet

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	444	519	278	(138)	(424)
Receivables	76	123	126	163	170
Inventory	251	444	443	517	536
Other Curr. Asset	125	122	114	115	115
Fixed assets - Net	0	0	0	0	0
Other non-curr.asset	2,981	3,757	3,862	4,090	4,299
Total asset	3,877	4,964	4,824	4,747	4,697
ST Debt	334	453	499	374	273
Payables	110	304	264	308	319
Other Curr. Liabilities	161	153	115	115	115
Long Term Debt	1,171	1,223	971	838	738
Other LT. Liabilities	76	67	63	64	65
Total Liabilities	1,852	2,200	1,912	1,699	1,511
Shareholder's Funds	1,003	927	1,075	1,211	1,349
Minority interests	1,022	1,837	1,837	1,837	1,837
Total Equity & Liabilities	3,877	4,964	4,824	4,747	4,697

Exhibit 10. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	58	(21)	2	136	138
Depreciation and Amort.	124	145	167	185	204
Change in Working Capital	(108)	(105)	(43)	(67)	(15)
Other Oper. Cash Flow	(472)	(93)	71	(1)	0
Operating Cash Flow	(399)	(74)	197	254	327
Capex	(1,758)	(767)	(382)	(413)	(413)
Others Inv. Cash Flow	78	(6)	9	0	0
Investing Cash Flow	(1,680)	(773)	(373)	(413)	(413)
Net change in debt	1,127	171	(206)	(258)	(200)
New Capital	1,187	760	146	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	23	(9)	(4)	1	1
Financing Cash Flow	2,337	922	(64)	(257)	(200)
Net Change in Cash	258	75	(240)	(416)	(286)
Cash - begin of the year	185	444	519	278	(138)
Cash - end of the year	444	519	278	(138)	(424)

Exhibit 11. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	128.3	96.2	27.0	29.2	4.5
EBITDA	13.7	2.6	18.3	105.9	9.9
Operating profit	22.8	(13.3)	22.9	238.7	9.8
Net profit	61.7	(135.4)	(109.2)	7,028.4	1.5
Profitability (%)					
Gross margin	18.9	8.5	8.0	16.9	17.6
EBITDA margin	27.1	14.2	13.2	21.0	22.1
Operating margin	12.8	5.7	5.5	14.4	15.1
Net margin	6.7	(1.2)	0.1	4.9	4.7
ROAA	2.3	(0.5)	0.0	2.8	2.9
ROAE	6.6	(2.1)	0.2	11.9	10.8
Leverage					
Net Gearing (x)	0.5	0.4	0.4	0.4	0.5
Interest Coverage (x)	2.6	1.2	1.2	4.9	6.5

Source: MDKA, BRIDS Estimates

Hold

(Downgraded)

Vale Indonesia (INCO IJ)

FY25 Outlook: pressure from weak LME nickel price may persist

Last Price (Rp)	3,550
Target Price (Rp)	3,900
Previous Target Price (Rp)	5,700
Upside/Downside	+9.9%
No. of Shares (mn)	9,936
Mkt Cap (Rpbn/US\$mn)	35,274/2,218
Avg, Daily T/O (Rpbn/US\$mn)	64.2/4.0
Free Float (%)	20.1
Major Shareholder (%)	
Vale Canada Ltd	43.8
Inalum	20.0
EPS Consensus (US\$cents)	
	2024F 2025F 2026F
BRIDS	0.7 0.8 1.8
Consensus	0.8 1.2 1.6
BRIDS/Cons (%)	(15.6) (30.6) 10.0

- We cut FY24-25F earnings by -25%/-29% due to the lower expected LME nickel price of US\$16,500/ton.
- We have factored in recently announced 60ktpa Sambalagi HPAL in our SOTP, replacing Bahodopi RKEF that was postponed earlier this year.
- We downgrade our rating to Hold as we lower our SOTP-based TP of Rp3,900. Key risks include lower nickel prices and lower utilization rate.

Challenging environment due to weak LME nickel price outlook

As we downgraded our LME nickel price to US\$16,500/ton, we believe INCO is facing a challenging outlook as the LME price is likely to remain at its current level in the medium term due to the influx of intermediaries and class-1 products. Thus, we have revised our FY24-26E earnings by -25%/-29%/+19% to US\$71mn/US\$89mn/US\$297mn. We upgraded our FY26E earnings on the prospect of nickel ore sales of 14mn wmt, which is expected to ramp up starting FY25.

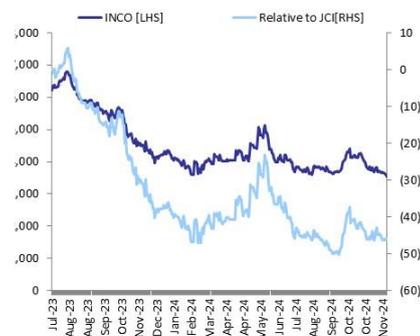
Further clarity on INCO's huge ore reserve

INCO has announced the Sambalagi HPAL project with GEM to replace the Bahodopi RKEF project that was postponed due to the abundance of class-2 products. Sambalagi HPAL will be 60ktpa, and we assume INCO's stake at 30%, similar to its other HPAL JVs. Consequently, we have factored in the project in our SOTP, replacing the RKEF project.

Downgraded to a Hold rating as we lowered our DCF-based TP to Rp3,900

We downgraded our rating to Hold and lowered our SOTP-based TP to Rp3,900 as we trimmed our LME nickel price assumption to US\$16,500/ton (from US\$18,000/ton) and employed an 11.1x FY25F PE multiple on its nickel matte business, equal to its -1.5x standard 5-year PE band. Key risks to our call include lower nickel prices, a lower utilization rate, and project execution delays.

INCO relative to JCI Index



Source: Bloomberg

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (US\$mn)	1,179	1,232	925	935	1,180
EBITDA (US\$mn)	458	498	237	261	395
Net Profit (US\$mn)	200	274	71	88	185
EPS (US\$cents)	2.0	2.8	0.7	0.8	1.8
BVPS (US\$cents)	23.7	25.8	24.1	24.7	26.1
PER (x)	11.1	8.1	33.1	26.8	12.7
PBV (x)	0.9	0.9	0.9	0.9	0.9
EV/EBITDA	3.5	3.1	7.4	6.7	4.3

Source: INCO, BRIDS Estimates

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Exhibit 1. Forecast changes

in US\$mn	2024F		2025F		2026F		Changes		
	Old	New	Old	New	Old	New	2024F	2025F	2026F
Revenue	969	925	1,015	935	1,338	1,180	-4.5%	-7.9%	-11.8%
Gross profit	114	84	160	111	323	243	-26.6%	-30.7%	-24.7%
EBITDA	93	237	134	261	289	395	155.7%	94.8%	36.9%
Net profit	94	71	126	88	249	185	-24.6%	-30.3%	-25.6%
Gross margin	11.8%	9.1%	15.8%	11.9%	24.1%	20.6%			
EBITDA margin	9.6%	25.6%	13.2%	28.0%	21.6%	33.5%			
Net margin	9.7%	7.7%	12.4%	9.4%	18.6%	15.7%			

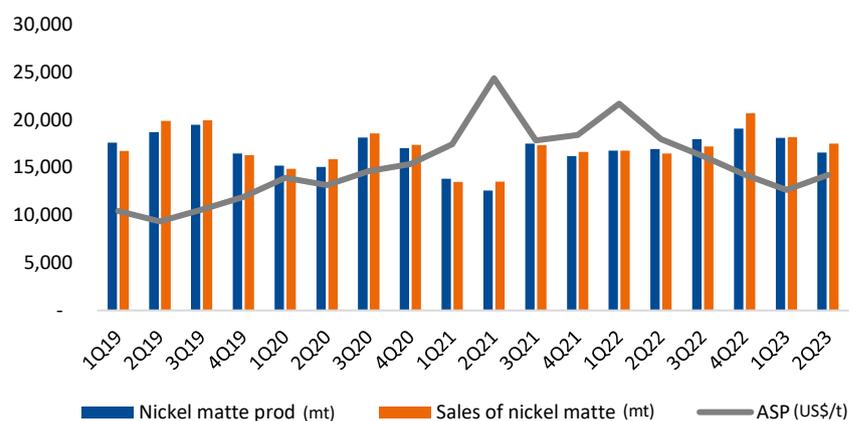
Source: Company, BRIDS Estimates

Exhibit 2. DCF valuation

Valuation		
Nickel matte	974	11.1x FY25E PE
Sambalagi HPAL	229	
Pomala HPAL	620	DCF (WACC 11.5%)
Sorowako HPAL	177	
Total EV	2,001	
Net Debt (cash)	(601)	
Equity value	2,602	
TP in IDR	3,900	

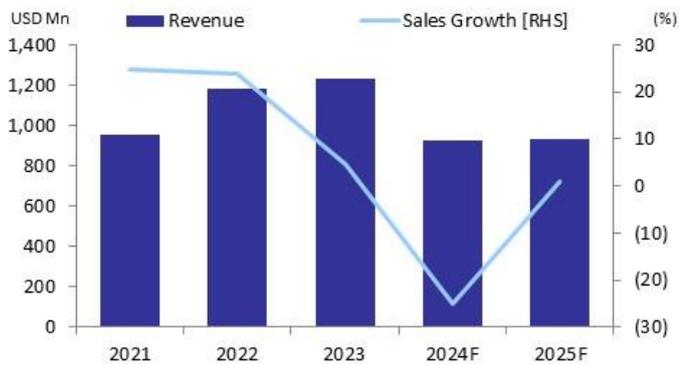
Source: BRIDS Estimates

Exhibit 3. INCO Production, Sales, and ASP trend



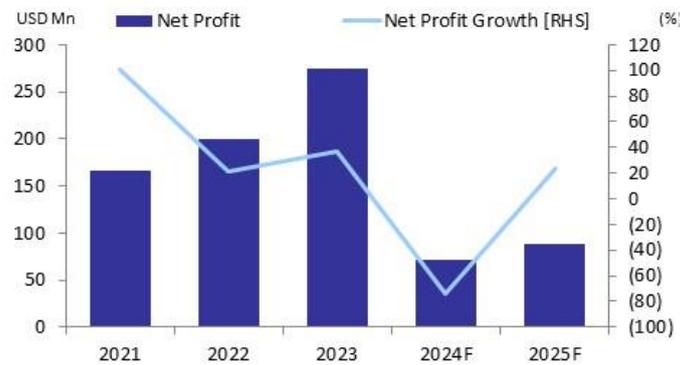
Source: Company, BRIDS

Exhibit 4. Revenue and Growth



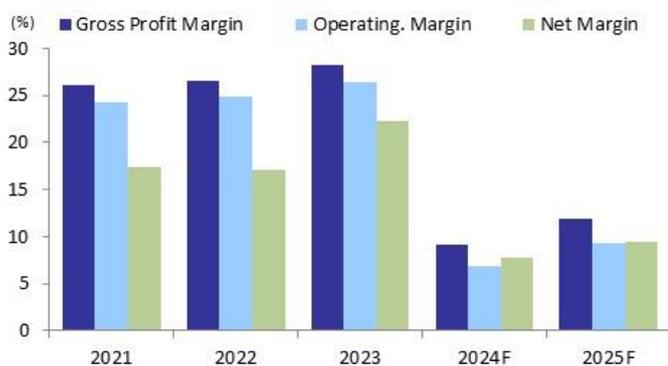
Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



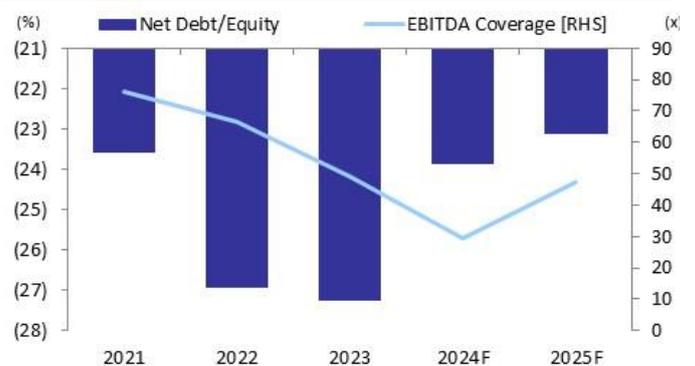
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Revenue	1,179	1,232	925	935	1,180
COGS	(866)	(885)	(841)	(824)	(937)
Gross profit	314	347	84	111	243
EBITDA	458	498	237	261	395
Oper. profit	294	325	63	86	211
Interest income	11	36	35	30	30
Interest expense	(7)	(10)	(8)	(6)	(6)
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	91	113	238
Income tax	(75)	(78)	(20)	(25)	(52)
Minority interest	0	0	0	0	0
Net profit	200	274	71	88	185
Core Net Profit	200	274	71	88	185

Exhibit 9. Balance Sheet

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	634	699	606	601	667
Receivables	141	102	89	90	113
Inventory	156	156	166	160	169
Other Curr. Asset	59	77	57	58	73
Fixed assets - Net	1,550	1,696	1,707	1,765	1,818
Other non-curr.asset	118	197	184	197	228
Total asset	2,658	2,926	2,809	2,870	3,068
ST Debt	0	0	0	0	0
Payables	116	141	120	117	133
Other Curr. Liabilities	59	76	62	62	75
Long Term Debt	0	0	0	0	0
Other LT. Liabilities	128	145	90	92	107
Total Liabilities	303	361	273	272	316
Shareholder's Funds	2,355	2,565	2,536	2,598	2,752
Minority interests	0	0	0	0	0
Total Equity & Liabilities	2,658	2,926	2,809	2,870	3,068

Exhibit 10. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	200	274	71	88	185
Depreciation and Amort.	164	173	174	175	184
Change in Working Capital	(51)	(22)	38	(2)	(43)
Other Oper. Cash Flow	37	47	(43)	3	19
Operating Cash Flow	351	473	239	264	345
Capex	(195)	(319)	(185)	(234)	(236)
Others Inv. Cash Flow	(23)	(31)	(10)	(11)	(13)
Investing Cash Flow	(218)	(350)	(195)	(245)	(249)
Net change in debt	0	0	0	0	0
New Capital	60	8	0	0	0
Dividend payment	(60)	(73)	(99)	(26)	(32)
Other Fin. Cash Flow	(6)	6	(38)	1	1
Financing Cash Flow	(7)	(58)	(137)	(24)	(31)
Net Change in Cash	126	65	(93)	(5)	66
Cash - begin of the year	508	634	699	606	601
Cash - end of the year	634	699	606	601	667

Exhibit 11. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	23.7	4.5	(24.9)	1.1	26.3
EBITDA	17.8	8.7	(52.5)	10.5	51.2
Operating profit	27.1	10.6	(80.7)	37.3	145.2
Net profit	20.9	36.9	(74.0)	23.3	111.2
Profitability (%)					
Gross margin	26.6	28.2	9.1	11.9	20.6
EBITDA margin	38.8	40.4	25.6	28.0	33.5
Operating margin	24.9	26.4	6.8	9.2	17.9
Net margin	17.0	22.3	7.7	9.4	15.7
ROAA	7.8	9.8	2.5	3.1	6.2
ROAE	8.9	11.2	2.8	3.4	6.9
Leverage					
Net Gearing (x)	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)
Interest Coverage (x)	42.6	32.2	7.9	15.6	37.1

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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