

Buy

(Maintained)

Last Price (Rp)	745		
Target Price (Rp)	1,500		
Previous Target Price (Rp)	▲ 1,400		
Upside/Downside	+101.3%		
No. of Shares (mn)	63,099		
Mkt Cap (Rpbn/US\$m)	47,008/2,872		
Avg, Daily T/O (Rpbn/US\$m)	10.1/0.6		
Free Float (%)	13.5		
Major Shareholder (%)			
Harita Jayaraya PT	86.5		
Pt Citra Duta Jaya Makmur	0.9		
EPS Consensus (Rp)			
	2024F	2025F	2026F
BRIDS	100.7	137.2	151.9
Consensus	94.3	120.5	153.3
BRIDS/Cons (%)	6.7	13.9	(0.9)

NCKL relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Timothy Wijaya

(62-21) 5091 4100 ext. 3504
timothy.wijaya@brids.co.id

Naura Reyhan Muchlis

(62-21) 5091 4100 ext. 3507
naura.muchlis@brids.co.id

Trimegah Bangun Persada (NCKL IJ)

Additional 10% stake in ONC lifts FY25 earnings

- NCKL bought a 10% stake for Rp2.1tr, growing its income from JV to Rp3.2tr/ Rp3.3tr in FY25/ 26F.
- We raised our FY25/26F forecast by +9.7%/+9.1% on the back of a stronger income from JV and a growing ore contribution.
- Reiterate our Buy rating with a higher TP of Rp1,500. Key risks to our call include lower nickel prices and a lower utilization rate.

Earnings boost from ONC stake purchase

On the 13th of Dec24, NCKL disclosed an additional 10% stake purchase in ONC from Li Yuen for Rp2.1tr. This marks NCKL's second purchase, having initially purchased a 10% stake in FY21 for Rp628bn. The source of funding for the acquisition was gained through the repurposing of IPO proceeds amounting to Rp1.6tr. Thus, at 20% ownership, NCKL will recognize ONC's profit as profits from associates. Furthermore, combined with its ownership in HPL, NCKL effectively owns 37,800 tons of HPAL refining capacity.

FY25-26F forecast upgrades post ONC acquisition

We revised our FY25/26F share in profit of associates to Rp3.2tr/Rp3.3tr (from Rp2.2tr/Rp2.2tr), effectively raising our net profit estimate to Rp8.7tr/9.6tr (from: Rp7.9tr/Rp9.6tr). The increase of c.Rp1tr in profit of associates is attributable to the inclusion of ONC's earnings after the additional 10% stake purchase, where we estimate ONC to record a FY25-26 NP of Rp4.7tr, assuming a 100% utilization rate and MHP ASP of US\$12.3k/ton (vs. MHP avg. price of US\$12.8k/ton in Jan'25).

Risks on RKAB limitation

Recently, the Director General of mineral and coal issued a statement regarding a possible cut of nickel ore quota should companies miss the guidelines given by the government regarding post-mining reclamation and environmental management. Currently, over 200mn tonnes of quota have been approved, though the ministry is looking to limit the quota to prevent an oversupply of ore. Based on the news, we believe that a reduction in release quota is unlikely to occur as the outcome would be catastrophic to the industry that is consuming more ore than ever along with growing HPAL smelters and rising demand for limonite ore. Should a reduction of quota be exercised, we believe MBMA and NCKL will be the most affected companies as it still purchases c.55% and c.30% of its ore through a 3rd party, which are prone to premium pricing.

Reiterate our Buy rating with an upgraded TP of Rp1,500

We reiterate our Buy rating in view of strong earnings growth of 31% yoy, derived from increased capacity from ONC and KPS, paired with its solid cash cost and increasing ore sales. Thus, we upgraded our TP to Rp1,500 based on our SOTP valuation method and DCF on each project. Our TP implies an FY25F PE of 11x vs. the current 5.4x 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	10,074	11,158
Net Profit (Rpbn)	4,667	5,619	6,354	8,655	9,582
EPS (Rp)	74.0	89.1	100.7	137.2	151.9
BVPS (Rp)	150.3	372.4	446.4	553.3	664.0
PER (x)	10.1	8.4	7.4	5.4	4.9
PBV (x)	5.0	2.0	1.7	1.3	1.1
Dividend yield (%)	3.9	3.0	3.6	4.1	5.5

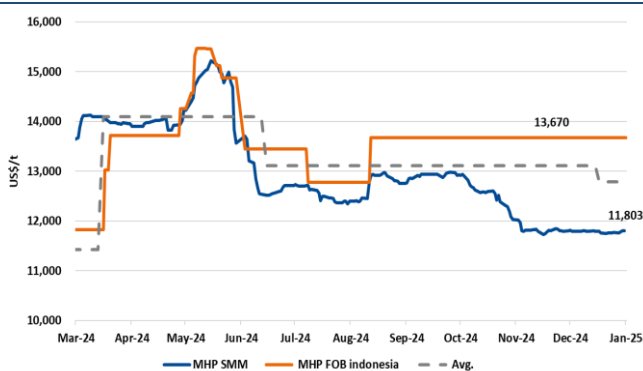
Source: NCKL, BRIDS Estimates

Exhibit 1. NCKL Forecast changes

NCKL (Rpbn)	2025F			2026F			2027F		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	27,951	27,951	0.0%	29,026	29,026	0.0%	29,033	29,033	0.0%
Gross margin	37.5%	37.5%		39.8%	39.8%		39.8%	39.8%	
EBITDA	10,001	10,074	0.7%	11,085	11,158	0.7%	9,959	9,959	0.0%
EBITDA margin	35.8%	47.1%		38.2%	34.8%		34.3%	38.4%	
Net profit	7,892	8,655	9.7%	8,787	9,582	9.1%	9,666	9,666	0.0%
Net margin	28.2%	31.0%		30.3%	33.0%		33.3%	33.3%	

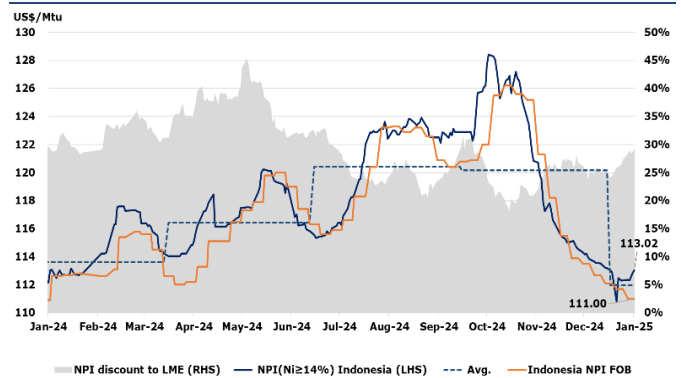
Source: BRIDS Estimates

Exhibit 2. MHP price



Source: SMM, BRIDS

Exhibit 3. NPI price



Source: SMM, BRIDS

Exhibit 4. SOTP valuation

DCF	EV (IDRbn)	Valuation
Mining	25,150	DCF (WACC 10.1%)
MSP (57%)	5,239	
HJF (63%)	27,655	
HPL (45.1%)	18,243	
ONC (20%)	8,306	
KPS (35%)	2,756	
Total	87,348	
Net (debt)/cash	1,998	
Shares outstanding (Bn shares)	63	
Target price (IDR/sh)	1,500	

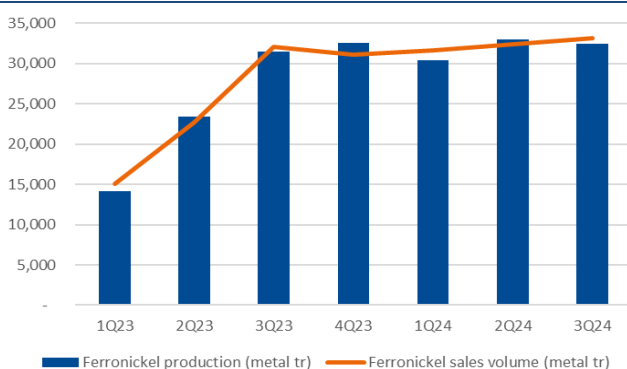
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 5. NCKL's P/B Band (12-month)



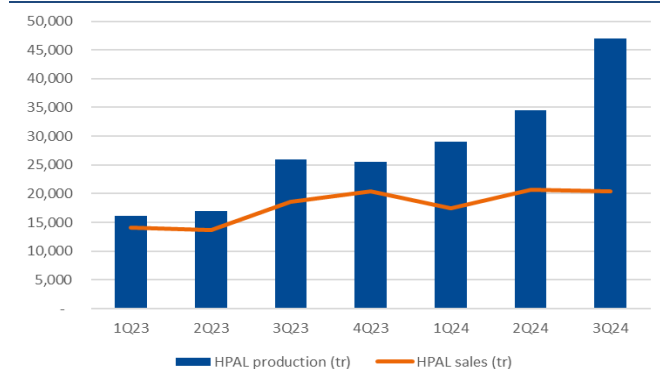
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 6. Quarterly NPI production and sales



Source: Company, BRIDS

Exhibit 7. Quarterly MHP production and sales



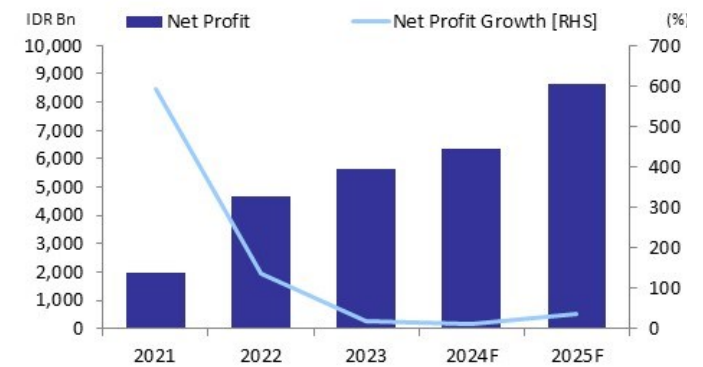
Source: Company, BRIDS

Exhibit 8. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 9. Net Profit and Growth



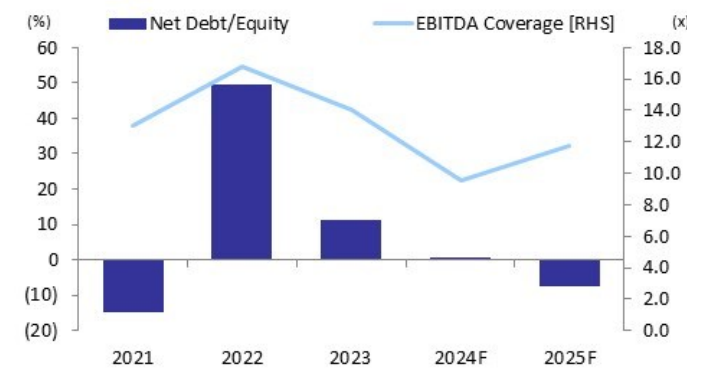
Source: Company, BRIDS Estimates

Exhibit 10. Margins



Source: Company, BRIDS Estimates

Exhibit 11. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 12. 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	10,074	11,158
Oper. profit	3,984	7,024	7,631	8,940	9,954
Interest income	19	164	216	241	229
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	3,188	3,268
Other Income (Expenses)	0	0	0	0	0
Pre-tax profit	6,650	8,175	8,900	11,515	12,641
Income tax	(812)	(1,107)	(1,103)	(1,332)	(1,500)
Minority interest	78	(1,449)	(1,442)	(1,527)	(1,560)
Net profit	4,667	5,619	6,354	8,655	9,582
Core Net Profit	5,915	5,619	6,354	8,655	9,582

Exhibit 13. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,277	3,935	8,765	11,450	14,776
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	24,950	25,816	26,612
Other non-curr.asset	7,603	11,180	10,997	13,239	15,561
Total asset	34,605	45,289	51,946	57,573	64,041
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	34,915	41,900
Minority interests	4,745	4,895	4,895	4,895	4,895
Total Equity & Liabilities	34,605	45,289	51,946	57,573	64,041

Exhibit 14. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	4,667	5,619	6,354	8,655	9,582
Depreciation and Amort.	524	1,270	1,500	1,134	1,204
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	7,691	8,422
Capex	(10,241)	(3,208)	(4,316)	(2,241)	(2,229)
Others Inv. Cash Flow	19	164	216	241	229
Investing Cash Flow	(10,222)	(3,044)	(4,100)	(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)	(2,597)
Other Fin. Cash Flow	(5,496)	2	0	0	0
Financing Cash Flow	2,960	8,664	369	(3,006)	(3,097)
Net Change in Cash	(1,301)	2,658	4,831	2,685	3,325
Cash - begin of the year	2,578	1,277	3,935	8,765	11,450
Cash - end of the year	1,277	3,935	8,765	11,450	14,776

Exhibit 15. 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	10.3	10.8
Operating profit	11.7	76.3	8.6	17.2	11.3
Net profit	137.1	20.4	13.1	36.2	10.7
Profitability (%)					
Gross margin	48.9	34.7	33.0	37.5	39.8
EBITDA margin	47.1	34.8	33.8	36.0	38.4
Operating margin	41.6	29.4	28.3	32.0	34.3
Net margin	48.8	23.6	23.5	31.0	33.0
ROAA	16.8	14.1	13.1	15.8	15.8
ROAE	61.7	34.1	24.6	27.4	24.9
Leverage					
Net Gearing (x)	0.5	0.1	0.0	(0.1)	(0.1)
Interest Coverage (x)	14.8	11.9	8.0	10.5	12.3

Source: NCKL, BRIDS Estimates

BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	erindra.krisnawan@brids.co.id
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	natalia.sutanto@brids.co.id
Niko Margaronis	Telco, Tower, Technology, Media	niko.margaronis@brids.co.id
Timothy Wijaya	Metal, Oil and Gas	timothy.wijaya@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	ismail.suweleh@brids.co.id
Richard Jerry Tambayong	Automotive, Cement, Infrastructure	richard.jerry@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Kafi Ananta Azhari	Research Associate	kafi.azhari@brids.co.id

BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team

Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrliech Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Yunita Nababan	Institutional Sales Associate	yunita@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Christy Halim	Institutional Sales Associate	christy.halim@brids.co.id
Jason Joseph	Institutional Sales Associate	jason.joseph@brids.co.id

BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

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

Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.