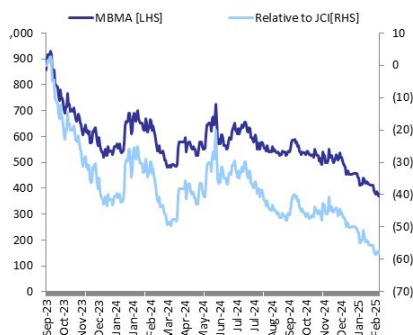


Buy

(Maintained)

Last Price (Rp)	376
Target Price (Rp)	530
Previous Target Price (Rp)	560
Upside/Downside	+41.0%
No. of Shares (mn)	107,995
Mkt Cap (Rpbn/US\$mn)	40,606/2,495
Avg, Daily T/O (Rpbn/US\$mn)	27.3/1.7
Free Float (%)	28.6
Major Shareholder (%)	49.9
PT MERDEKA	
Thohir Gribaldi	11.1
EPS Consensus (US\$cents)	
	2024F 2025F 2026F
BRIDS	0.0 0.1 0.1
Consensus	0.0 0.1 0.2
BRIDS/Cons (%)	0.0 (17.7) (35.6)

MBMA relative to JCI Index



Source: Bloomberg

Merdeka Battery Materials (MBMA IJ)

Growth is imminent, subject to AIM's delivery

- Management targets flattish NPI/HGNM output in FY25, but it could potentially suspend HGNM production if it is not economically feasible.
- SCM's limonite ore production is poised to grow by +24%-49% in FY25, which will be sold to ESG HPAL and Meiming after FPP is ready in 2H25.
- We lowered our FY24-26F earnings forecasts by -14%/-35%/-26% and TP to Rp530; reiterate Buy rating on upsides from growth projects.

Possible matte production suspension

4Q24 NPI performance excelled as cash margin rose to its highest since 1Q23 at US\$1,850/t, supported by declining cash cost of -7% qoq, at US\$10k/t. We believe the decline was due to the overhaul in BSI smelter, which made it more efficient. Furthermore, the weaker LME price has also subdued ore price as material cost. On the other hand, its nickel matte facility recorded a weaker negative cash margin of US\$1,083/t from the decline in LME price, bringing FY24 cash margin to only US\$223/t, -73% yoy. Moving into FY25, MBMA has guided for similar production and cash cost as in FY24 for both NPI and HGNM, though it guides that, should the matte facility's margin remain unattractive, production could possibly be suspended and restarted when prices improve.

Solid growth from SCM mine

SCM has expanded its mining operation as limonite ore production grew from 4mt in FY23 to 10.1mt in FY24. Following a larger scale operation, its cash cost also decreased -14% yoy to US\$10.4/wmt, well below the guided US\$12/wmt. Thus, its cash margin improved by +20% yoy to US\$6.1/wmt. In FY25, management guided for a production of 12.5-15mt, +24%-49% yoy, to fulfill additional demand from newly operating HPALs. By Dec24, MBMA's JV with GEM, ESG HPAL, commenced phase-1 of production in Dec24 at 20ktpa, while phase-2 of 10ktpa is expected to follow suit in 1Q25. At the moment, the HPAL feeds ore from a FPP in IMIP, though it will switch to SCM's slurry pipe in 2H25.

AIM project's process and progress

AIM has 4 interconnected plants that feed off from 1mtpa of pyrite ore sent from Wetar. As per 4Q24, [1] the pyrite plant processed 147kt of pyrite ore and produced 110kt concentrate for [2] the acid plant, which had produced 165kt of acid and 225kt of steam used in HPALs. The calcine residue is then processed in [3] the chloride plant, which had produced wet iron pellets, and in Jan25 have extracted its first sponge copper. Finally, [4] the copper cathode plant, which extracts copper, gold, and silver, is scheduled to complete by 1H25.

Maintain Buy rating with a slightly lower TP of Rp530

We lowered our FY24-26F earnings estimates by -14%/-35%/-26% as we adjust our assumptions based on FY25 guidance and potential delays in AIM contribution. We maintain our **Buy** rating on valuation upsides from key growth projects. Key risks include a higher cash cost, lower ASP, and project delays.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (US\$mn)	456	1,328	1,836	2,286	2,548
EBITDA (US\$mn)	48	97	117	290	391
Net Profit (US\$mn)	22	7	20	89	139
EPS (US\$cents)	0.0	0.0	0.0	0.1	0.1
BVPS (US\$cents)	0.9	1.4	1.4	1.5	1.6
PER (x)	115.2	360.1	123.0	28.1	17.9
PBV (x)	2.6	1.6	1.6	1.5	1.4
EV/EBITDA	58.9	27.7	24.4	10.3	7.7

Source: MBMA, BRIDS Estimates

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

Exhibit 1. MBMA 4Q24 operational results

Operational data	4Q23	3Q24	4Q24	q-q (%)	y-y (%)	FY23	FY24	y-y (%)
NPI production (t)	22,141	20,557	18,823	-8.4%	-15.0%	65,117	82,161	26.2%
NPI sales (t)	22,472	18,900	18,831	-0.4%	-16.2%	64,526	80,199	24.3%
NPI ASP (USD/t)	12,097	12,041	11,887	-1.3%	-1.7%	13,537	11,608	-14.2%
NPI cash cost (USD/t)	10,774	10,776	10,037	-6.9%	-6.8%	12,095	10,307	-14.8%
NPI Cash Margin	1,323	1,265	1,850	46.2%	39.8%	1,442	1,301	-9.8%
Matte production (t)	12,684	12,979	11,893	-8.4%	-6.2%	30,333	50,315	65.9%
Matte sales (t)	11,700	13,192	12,005	-9.0%	2.6%	28,130	52,406	86.3%
Matte ASP (USD/t)	14,216	13,350	13,229	-0.9%	-6.9%	15,592	13,770	-11.7%
Matte cash cost (USD/t)	14,183	13,820	14,312	3.6%	0.9%	14,755	13,547	-8.2%
Matte cash margin	33	- 470	- 1,083	130.4%		837	223	-73.4%
Limonite ore production (Mn wmt)	1.6	3.7	3.4	-8.1%	112.5%	4.0	10.1	152.9%
Limonite ore sales (Mn wmt)	0.9	3.5	4.1	18.8%	332.9%	0.9	11.0	1065.7%
Limonite ore ASP (USD/t)	17.2	15.3	17.9	17.0%	4.1%	17.2	16.5	-4.1%
Limonite ore cash cost + haulage (USD/t)	10.2	9.9	9.0	-9.1%	-11.8%	12.1	10.4	-14.0%
Limonite cash margin	7.0	5.4	8.9	64.8%	27.1%	5.1	6.1	19.6%
Saprolite ore production (Mn wmt)	1.4	1.0	3.0	200.0%	114.3%	2.3	4.9	113.0%
Saprolite ore sales (Mn wmt)	0.7	1.2	1.4	16.7%	100.0%	0.8	4.9	512.5%
Saprolite ore ASP (USD/t)	34.3	28.8	27.4	-4.9%	-20.1%	34.6	29.1	-15.9%
Saprolite ore cash cost + haulage (USD/t)	28.0	23.8	21.6	-9.2%	-22.9%	28.7	23.4	-18.5%
Saprolite cash margin	6.3	5.0	5.8	16.0%	-7.9%	5.9	5.7	-3.4%

Source: Company, BRIDS

Exhibit 2. MBMA 4Q24 Forecast

	9M24A	3Q24A	4Q24F	% QoQ	FY23A	FY24F	% YoY
Revenue	1,380	458	456	0%	1,328	1,836	38%
NPI	707	228	224	-2%	874	931	7%
Matte	564	177	159	-10%	439	723	65%
Limonite ore	107	52	73	41%	16	181	1037%
COGS	- 1,300	- 442	- 461	4%	- 1,251	- 1,761	41%
Gross profit	79	16	5	-130%	77	74	-4%
Opex	- 21	- 7	- 7	0%	- 30	- 28	-6%
EBIT	58	9	12	-234%	48	46	-2%
D&A	56	22	14	-37%	50	70	40%
EBITDA	114	31	2	-94%	97	116	19%

Source: Company, BRIDS estimates

Exhibit 3. MBMA FY25 Guidance

Operational data	FY23A	FY24A	FY25 Guidance	FY25 % YoY
NPI production (t)	65,117	82,161	80,000-87,000	-2.6% to 5.9%
NPI cash cost (USD/t)	12,095	10,307	<11,000	6.7%
NPI AISC (USD/t)	12,252	10,483	<11,200	6.8%
Matte production (t)	30,333	50,315	50,000-55,000	-0.6% to 9.3%
Matte cash cost (USD/t)	14,755	13,547	<13,500	-0.3%
Matte AISC (USD/t)	14,807	13,576	<13,500	-0.6%
Limonite ore production (mn wmt)	4.0	10.1	12.5-15.0	23.8% to 48.5%
Limonite ore cash cost (USD/t)	12.1	10.4	<11	5.8%
Saprolite ore production (mn wmt)	2.3	4.9	6.0-7.0	22.4% to 42.9%
Saprolite ore cash cost	28.7	23.4	<23	-1.7%
MHP production (t)			25,000-30,000	
MHP cash cost (USD/t)			<9,000	

Source: Company, BRIDS

Exhibit 4. Earnings estimates revision

in US\$mn	2024F		2025F		2026F		Changes		
	Old	New	Old	New	Old	New	2024	2025	2026
Revenue	1,791	1,836	2,426	2,286	2,598	2,548	2.5%	-5.8%	-1.9%
Gross profit	99	75	374	219	451	324	-24.3%	-41.6%	-28.2%
Operating profit	72	47	339	185	413	286	-34.3%	-45.4%	-30.7%
Net profit	24	20	138	89	188	139	-13.9%	-35.4%	-26.0%

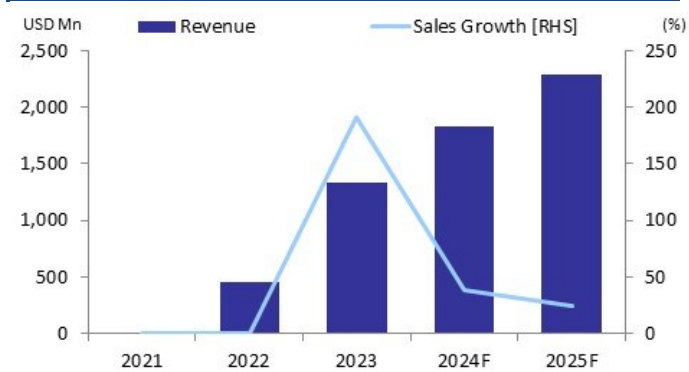
Source: Company, BRIDS estimates

Exhibit 5. Valuation Summary Table

DCF	EV (US\$ mn)	Valuation
SCM	1,096	DCF
RKEF (BSI, CSI, ZHN, HNMI)	902	
HPAL (ESG, Meiming, CATL)	1,198	
AIM	823	
Total	4,018	
Net (debt)/cash	-	
Shares outstanding (Bn shares)	108	
Target price (IDR/sh)	530	

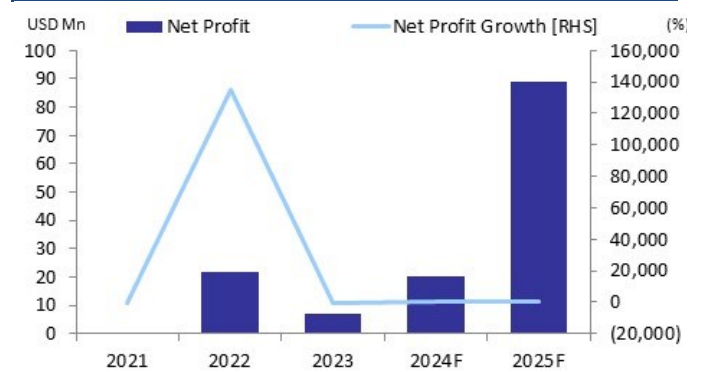
Source: BRIDS Estimates

Exhibit 6. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 7. Net Profit and Growth



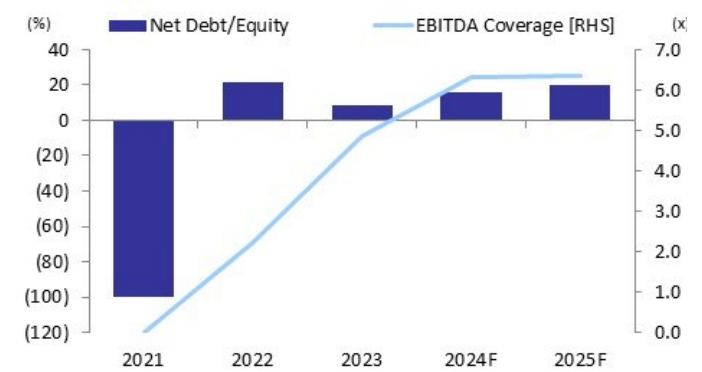
Source: Company, BRIDS Estimates

Exhibit 8. Margins



Source: Company, BRIDS Estimates

Exhibit 9. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 10. Income Statement

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Revenue	456	1,328	1,836	2,286	2,548
COGS	(411)	(1,251)	(1,761)	(2,067)	(2,224)
Gross profit	44	77	75	219	324
EBITDA	48	97	117	290	391
Oper. profit	30	48	47	185	286
Interest income	0	6	6	2	4
Interest expense	(22)	(20)	(19)	(46)	(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	35	141	221
Income tax	0	0	(3)	(14)	(22)
Minority interest	(16)	(26)	(11)	(38)	(60)
Net profit	22	7	20	89	139
Core Net Profit	22	7	20	89	139

Exhibit 11. Balance Sheet

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	280	290	83	220	273
Receivables	68	121	127	158	176
Inventory	79	288	251	313	349
Other Curr. Asset	42	85	85	85	85
Fixed assets - Net	0	0	0	0	0
Other non-curr.asset	1,952	2,479	2,664	2,829	2,994
Total asset	2,422	3,263	3,211	3,606	3,877
ST Debt	20	2	2	2	2
Payables	110	262	226	282	314
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	882	1,187	1,319
Shareholder's Funds	957	1,532	1,552	1,641	1,780
Minority interests	602	778	778	778	778
Total Equity & Liabilities	2,422	3,263	3,211	3,606	3,877

Exhibit 12. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	22	7	20	89	139
Depreciation and Amort.	18	50	70	105	105
Change in Working Capital	(77)	(68)	(6)	(37)	(22)
Other Oper. Cash Flow	(361)	(56)	0	0	0
Operating Cash Flow	(399)	(67)	84	157	223
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	(207)	137	53
Cash - begin of the year	0	280	290	83	220
Cash - end of the year	280	290	83	220	273

Exhibit 13. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	0.0	191.5	38.2	24.5	11.5
EBITDA	n/a	102.6	20.6	146.8	35.0
Operating profit	n/a	55.9	(0.3)	290.3	54.6
Net profit	n/a	(68.0)	192.7	338.4	56.6
Profitability (%)					
Gross margin	9.7	5.8	4.1	9.6	12.7
EBITDA margin	10.5	7.3	6.4	12.7	15.4
Operating margin	6.7	3.6	2.6	8.1	11.2
Net margin	4.8	0.5	1.1	3.9	5.5
ROAA	1.8	0.2	0.6	2.6	3.7
ROAE	4.5	0.6	1.3	5.6	8.1
Leverage					
Net Gearing (x)	0.2	0.1	0.2	0.2	0.2
Interest Coverage (x)	1.4	2.4	2.6	4.1	4.1

Source : MBMA, 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, CFA	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
Ehrlicch 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.