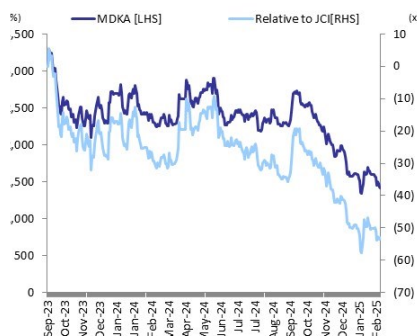


Buy

(Maintained)

Last Price (Rp)	1,420
Target Price (Rp)	2,400
Previous Target Price (Rp)	2,600
Upside/Downside	+69.0%
No. of Shares (mn)	24,111
Mkt Cap (Rpbn/US\$mn)	34,237/2,104
Avg, Daily T/O (Rpbn/US\$mn)	84.3/5.2
Free Float (%)	50.5
Major Shareholder (%)	18.3
Saratoga Investama	
Mitra Daya Mustika	12.9
EPS Consensus (US\$cents)	
	2024F 2025F 2026F
BRIDS	(0.2) 0.3 0.5
Consensus	0.0 0.1 0.6
BRIDS/Cons (%)	0.0 226.1 (24.4)

MDKA relative to JCI Index



Source: Bloomberg

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Merdeka Copper Gold (MDKA IJ)

4Q24 operational improved, though FY25 might be another challenging year

- Despite positive yoy growth in FY24, we expect gold and copper production to diminish in FY25 as the life of mine comes to an end.
- The Pani gold project is key towards the continuation of revenue for MDKA.
- We adjusted our FY24-26F earnings forecasts by +89%/-41%/-20% and TP to Rp2,400; reiterate Buy rating on upsides from growth projects.

Gold segment supported by price, burdened by depleting mine

In 4Q24, MDKA's gold revenue grew +17% qoq to c.US\$84mn, driving FY24 revenue to c.US\$272mn, +3% yoy. The main contributor to the segment was the robust gold ASP that reached new highs in 4Q24 at US\$2,672/Oz, +11% qoq, and averaged US\$2,371/Oz in FY24, +22% yoy. Meanwhile, sales volume slowed to 108.5k Oz in FY24, -17% yoy, and cash cost grew by +21% yoy in FY24. Due to a stronger ASP hike, the cash margin managed to expand to US\$1,697/Oz in 4Q24 and US\$1,354/Oz in FY24. However, FY25's guidance might indicate a weaker outlook as production is set at 100-110k Oz, -5% to -13% lower than FY24A, while cash cost/AISC is projected to grow by +18%/+27%. Thus, we expect TB Gold's revenue contribution to diminish from c.12% in FY24 to c.9% in FY25.

Wetar mine will soon end mining operation

4Q24 Copper sales decreased -38% qoq to 3.1kt due to a high base in 3Q24 from carryover sales. However, cash cost decreased noticeably by -54% qoq, caused by higher mining activity with a higher ore grade of 1.7% (vs. 1.4% in 3Q24), which brought its cash margin to US\$5.6k/Oz. In 3Q25, Wetar will cease its mining activity, though leaching and recovery will continue until 1Q27, as it nears the end of its mine life. Thus, FY25 production guidance fell to 11-13kt, with lower cash cost/AISC of US\$3.5-4.4k/t and US\$5.3-6.2k/t, -24%/-21% yoy. We estimate its revenue contribution will also fall from c.6% in FY24 to c.4% in FY25.

Future project updates are key to sustainability

By the end of FY24, the Pani gold project was 33% complete and is expected to begin production in early FY26, just in time for a transition from TB Gold and Wetar's declining output. The latest resource update was released in Mar24, with contained gold of 6.9Moz. However, another update is due in 1Q25 that will detail both its resource and reserve. On the other hand, the TB Copper project will also release an updated PFS in 2Q25, which includes plans for open-pit mining, a substantially larger ore reserve, and higher SLC throughput.

Maintain Buy rating with a lower TP of Rp2,400

We adjusted our FY24-26F earnings estimates by +89%/-41%/-20% as we lower our assumptions based on FY25 guidance and included discounts on growth projects. 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)	870	1,707	2,218	2,647	2,896
EBITDA (US\$mn)	235	242	308	471	572
Net Profit (US\$mn)	58	(21)	(39)	80	111
EPS (US\$cents)	0.2	(0.1)	(0.2)	0.3	0.5
BVPS (US\$cents)	4.1	3.8	4.2	4.6	5.0
PER (x)	36.5	-108.7	-55.4	26.8	19.2
PBV (x)	2.1	2.3	2.1	1.9	1.7
EV/EBITDA	13.6	13.6	10.9	7.3	6.0

Source: MDKA, BRIDS Estimates

Exhibit 1. MDKA 4Q24 operational results

Profit & Loss	4Q23	3Q24	4Q24	q-q (%)	yoy (%)	FY23	FY24	y-y (%)	% of 24F	% of Cons
Revenue (MBMA)	454	458	456	-0.5%	0.3%	1,328	1,836	38.2%	102.5	96.1
Revenue (MDKA)	537	574	568	-1.0%	5.8%	1,707	2,235	31.0%	100.8	100.4
Operational data	4Q23	3Q24	4Q24	q-q (%)	yoy (%)	FY23	FY24	y-y (%)		
Gold production (oz)	29,507	30,522	35,824	17.4%	21.4%	138,666	115,867	-16.4%		
Gold sales (oz)	31,173	27,778	29,056	4.6%	-6.8%	129,875	108,471	-16.5%		
Gold ASP (USD/oz)	1,931	2,406	2,672	11.1%	38.4%	1,939	2,371	22.3%		
Gold cash cost (USD/oz)	1,016	952	975	2.4%	-4.0%	842	1,017	20.8%		
Gold cash margin	915	1,454	1,697	16.7%	85.5%	1,097	1,354	23.4%		
Copper production (t)	3,397	3,811	3,419	-10.3%	0.6%	12,706	13,902	9.4%		
Copper sales (t)	2,206	4,970	3,101	-37.6%	40.6%	13,218	14,411	9.0%		
Copper ASP (USD/t)	8,169	9,392	9,215	-1.9%	12.8%	8,578	9,014	5.1%		
Copper cash cost (USD/t)	7,077	7,738	3,593	-53.6%	-49.2%	8,245	5,798	-29.7%		
Copper cash margin	1,092	1,653	5,622	240.0%	414.7%	333	3,216	866.4%		
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)	12,099	12,041	11,887	-1.3%	-1.8%	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	1,325	1,265	1,850	46.2%	39.6%	1,442	1,301	-9.8%		
Matte production (t)	12,684	12,979	11,893	-8.4%	-6.2%	30,332	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	13,440	13,229	-1.6%	-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	- 380	- 1,083	185.0%		837	223	-73.4%		
Limonite ore production (k wmt)	1,600	3,700	3,400	-8.1%	112.5%	4,000	10,100	152.5%		
Limonite ore sales (k wmt)	900	3,450	4,100	18.8%	355.6%	947	11,000	1061.6%		
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 (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%		
Sapolite ore production (k wmt)	2,027	1,040	3,000	188.5%	48.0%	2,300	4,927	114.2%		
Sapolite ore sales (k wmt)	700	1,190	1,400	17.6%	100.0%	800	4,985	523.1%		
Sapolite ore ASP (USD/t)	34.3	28.8	27.4	-4.9%	-20.1%	34.6	29.1	-15.9%		
Sapolite ore cash cost	28.0	23.8	21.6	-9.2%	-22.9%	28.7	23.4	-18.5%		
Sapolite cash margin	6.3	5.0	5.8	16.0%	-7.9%	5.9	5.7	-3.4%		

Source: Company, BRIDS estimates

Exhibit 2. MDKA 4Q24 Forecast

	9M24A	3Q24A	4Q24F	% QoQ	FY23A	FY24F	% YoY
Revenue	1,668	574	568	-1%	1,707	2,235	31%
Gold	189	71	84	17%	265	272	3%
Copper	101	47	29	-39%	113	130	15%
NPI	693	228	224	-2%	874	917	5%
Matte	574	177	159	-10%	439	733	67%
Limonite ore	111	52	73	41%	16	184	1059%
COGS	- 1,549	- 544	- 527	-3%	- 1,561	- 2,077	33%
Gross profit	118	29	41	39%	146	159	9%
Opex	- 39	- 13	- 13	1%	- 49	- 52	7%
EBIT	79	17	28	68%	97	107	10%
D&A	143	55	49	-11%	145	192	33%
EBITDA	222	72	77	7%	242	299	24%

Source: Company, BRIDS estimates

Exhibit 3. MDKA FY25 Guidance

Operational data	FY23A	FY24A	FY25 Guidance	FY25 % YoY
Gold production (oz)	138,666	115,867	100,000-110,000	-13.7% to -5.1%
Gold cash cost (USD/oz)	842	1,017	1,100-1,200	18.0%
Gold AISC (USD/oz)	1,212	1,337	1,500-1,700	27.2%
Copper production (t)	12,706	13,902	11,000-13,000	-20.9% to -6.5%
Copper cash cost (USD/t)	8,245	5,798	3,500-4,400	-24.1%
Copper AISC (USD/t)	11,861	7,892	5,300-6,200	-21.4%
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\$m	2024F		2025F		2026F		Changes		
	Old	New	Old	New	Old	New	2024	2025	2026
Revenue	1,707	2,218	2,799	2,647	2,926	2,896	29.9%	-5.5%	-1.0%
Gross profit	146	167	473	340	516	436	14.9%	-28.2%	-15.5%
EBITDA	242	308	588	471	647	572	27.4%	-20.0%	-11.6%
Net profit	(21)	(39)	136	80	138	111	89.7%	-41.4%	-19.7%
Gross margin	8.5%	7.5%	16.9%	12.8%	17.6%	15.0%			
EBITDA margin	14.2%	13.9%	21.0%	17.8%	22.1%	19.7%			
Net margin	-1.2%	-1.8%	4.9%	3.0%	4.7%	3.8%			

Source: Company, BRIDS estimates

Exhibit 5. Valuation Summary Table

Projects	EV (US\$m)	Valuation method
TB Gold + Wetar	350	DCF (WACC 9.4%)
TB Porphyry	1,235	
Pani	1,691	
MBMA	1,607	SOTP
Total EV	4,882	
Net cash/(debt)	(1,236)	
Shares outstanding (Mn shares)	24,473	
Target price (IDR/sh)	2,400	

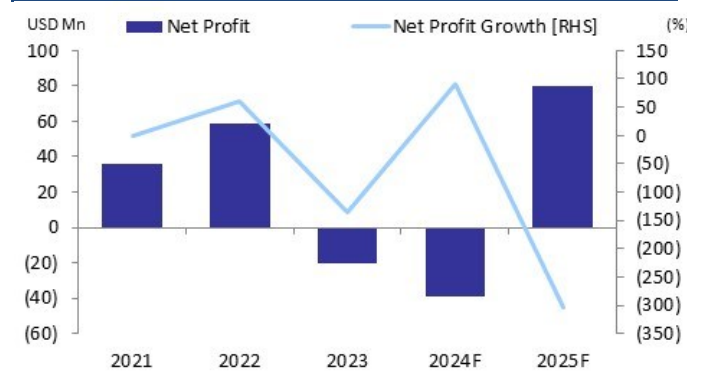
Source: BRIDS Estimates

Exhibit 6. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 7. Net Profit and Growth



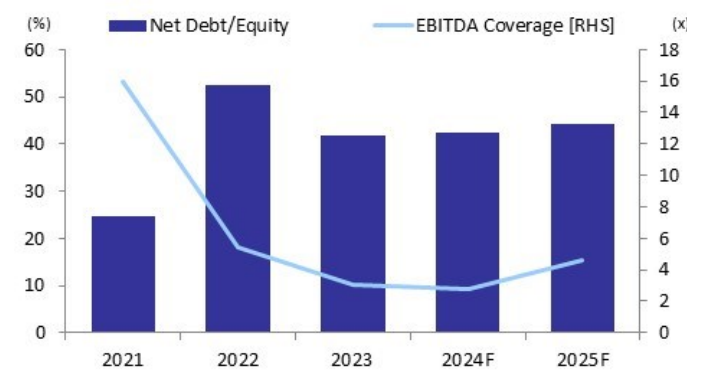
Source: Company, BRIDS Estimates

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	870	1,707	2,218	2,647	2,896
COGS	(705)	(1,561)	(2,050)	(2,307)	(2,461)
Gross profit	165	146	167	340	436
EBITDA	235	242	308	471	572
Oper. profit	112	97	116	278	368
Interest income	2	12	12	14	8
Interest expense	(43)	(79)	(110)	(101)	(112)
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	13	186	259
Income tax	(25)	(7)	(3)	(41)	(57)
Minority interest	(6)	(26)	(49)	(65)	(91)
Net profit	58	(21)	(39)	80	111
Core Net Profit	58	(21)	(39)	80	111

Exhibit 11. Balance Sheet

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	444	519	277	71	234
Receivables	76	123	129	154	169
Inventory	251	444	456	513	547
Other Curr. Asset	125	122	114	115	115
Fixed assets - Net	0	0	0	0	0
Other non-curr.asset	2,981	3,757	3,837	3,958	4,017
Total asset	3,877	4,964	4,813	4,811	5,082
ST Debt	334	453	641	245	384
Payables	110	304	272	306	326
Other Curr. Liabilities	161	153	115	115	115
Long Term Debt	1,171	1,223	852	1,131	1,131
Other LT. Liabilities	76	67	63	64	65
Total Liabilities	1,852	2,200	1,942	1,861	2,021
Shareholder's Funds	1,003	927	1,034	1,114	1,225
Minority interests	1,022	1,837	1,837	1,837	1,837
Total Equity & Liabilities	3,877	4,964	4,813	4,811	5,082

Exhibit 12. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	58	(21)	(39)	80	111
Depreciation and Amort.	124	145	192	193	204
Change in Working Capital	(108)	(105)	(51)	(48)	(28)
Other Oper. Cash Flow	(472)	(93)	71	(1)	0
Operating Cash Flow	(399)	(74)	173	223	286
Capex	(1,758)	(767)	(382)	(313)	(263)
Others Inv. Cash Flow	78	(6)	9	0	0
Investing Cash Flow	(1,680)	(773)	(373)	(313)	(263)
Net change in debt	1,127	171	(184)	(116)	139
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	(42)	(115)	139
Net Change in Cash	258	75	(242)	(205)	162
Cash - begin of the year	185	444	519	277	71
Cash - end of the year	444	519	277	71	234

Exhibit 13. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	128.3	96.2	29.9	19.3	9.4
EBITDA	13.7	2.6	27.4	53.0	21.4
Operating profit	22.8	(13.3)	19.7	140.2	32.4
Net profit	61.7	(135.4)	89.7	(303.7)	39.1
Profitability (%)					
Gross margin	18.9	8.5	7.5	12.8	15.0
EBITDA margin	27.1	14.2	13.9	17.8	19.7
Operating margin	12.8	5.7	5.2	10.5	12.7
Net margin	6.7	(1.2)	(1.8)	3.0	3.8
ROAA	2.3	(0.5)	(0.8)	1.7	2.2
ROAE	6.6	(2.1)	(4.0)	7.4	9.5
Leverage					
Net Gearing (x)	0.5	0.4	0.4	0.4	0.4
Interest Coverage (x)	2.6	1.2	1.0	2.7	3.3

Source: MDKA, 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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