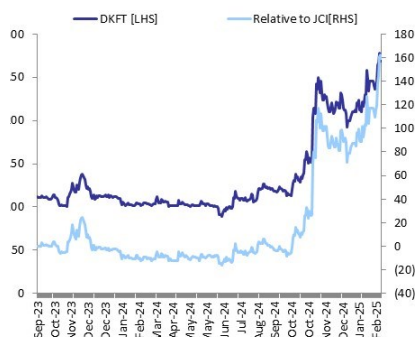


## Not Rated

Last Price (Rp)	276
Target Price (Rp)	n/a
Previous Target Price (Rp)	n/a
Upside/Downside	n/a
No. of Shares (mn)	5,638
Mkt Cap (Rpbn/US\$mn)	1,511/92
Avg, Daily T/O (Rpbn/US\$mn)	10.1/0.6
Free Float (%)	33.4
Major Shareholder (%)	
Jinsheng Mining	61.6
Hamidjaja Kiki	2.5
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	n/a n/a n/a
Consensus	n/a n/a n/a
BRIDS/Cons (%)	n/a n/a n/a

### DKFT 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

## Central Omega Resources (DKFT IJ)

### An Agile Miner Ready to Reap Profits

- Prod/sales posted CAGR 53%/43% since 2021, reaching 2.9wmt/2.6wmt in FY24, and is aiming for RKAB revision to further increase production.
- Based on latest statement, its reserve stood at 14.3wmt, equal to 3-5 years of operation, though it still has premium ore grade of up to 2.1%.
- DKFT owns a 10ktpa FeNi BF, but is dormant due to high coke prices, making it uneconomical, though it is mulling over a heap leach plant.

#### Expansion mode is underway

In the past 4 years, DKFT recorded a production/sales CAGR of +52%/+43%, and in FY24, it managed to reach a production/sales of 2.9/2.6wmt, above the company's guidance of 2.2/2.2wmt, despite RKAB issues throughout the year. For the period of 2025-26, DKFT has set a base production target of 2.9wmt, though it has the ambition to gradually expand beyond 7wmt, subject to RKAB approvals. DKFT's sales consist of c.25% limonite and c.75% saprolite, implying an ASP of c.US\$16/wmt for limonite and US\$40/wmt for saprolite, with a blended ASP of US\$34/wmt in 9M24, posting a GPM/OPM/NPM of 43%/24%/30%. A big chunk of its ore sales goes through traders, though it also sells directly to NCKL (HJF, MSP), MBMA (BSI, CSI), and smelters in IMIP.

#### Limited ore reserve clouds longevity

Based on the company's financial statement, DKFT's reserve stood at c.14.3wmt, which equals to a mine life of 4.9 years at base target and 3 years at max capacity. As it stands, the reserve can be a cause of concern. However, explorations and drillings are underway to increase its base reserve, which should be updated periodically. Furthermore, DKFT's ore grade averages at 1.6%-1.7%, while it still has areas with grades of 2%-2.1%, which could be sold at a premium.

#### An idle smelter in the balance sheet

Under its subsidiary CORII, DKFT owns a blast furnace with a capacity of 100kt in FeNi or c.10ktpa in nickel content. The furnace has started producing in 2018 but was then terminated in 2021 due to rising coke price, which made it uneconomical to operate. At this juncture, CORII is left with Rp724bn debt maturing in 2031, (w/ a special interest rate of 0.5% p.a.) whereby the company has reserved cash through investment in debt securities worth Rp538bn per 9M24. Nonetheless, there might be risk of impairments, though the value should not be sizeable, according to management.

#### Rough calculations for FY25 earnings

Under the assumption of 0%/10%/20%/30% increase in FY25 ore sales ranging from 2.9wmt to 3.8wmt, using 9M24's ASP of US\$34/wmt, our rough estimate arrives at an EPS of Rp69/78/88/97 per share. Though it implies a forward PE of 2.9x-4.0x (versus peers' of 13.0x), downside risks are its limited reserve and mine life.

#### Key Financials

Year to 31 Dec	2021A	2022A	2023A	9M23A	9M24A
Revenue (Rpbn)	1,394	777	812	496	961
EBITDA (Rpbn)	(78)	214	200	125	313
Net Profit (Rpbn)	(186)	59	63	68	289
EPS (Rp)	(34.0)	10.7	11.4	12.4	52.5
BVPS (Rp)	89.2	99.9	110.9	112.2	129.7
PER (x)	(8.4)	26.6	25.0	30.6	7.2
PBV (x)	3.2	2.8	2.6	2.5	2.2
EV/EBITDA	n/a	0.0	0.0	n/a	n/a

Source: DKFT, BRIDS, Bloomberg

**Exhibit 1. 9M24 financial and operational result**
**Central Omega Resources**

DKFT	3Q23	2Q24	3Q24	q-q (%)	yoy (%)	9M23	9M24	y-y (%)
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**PROFIT & LOSS (Rpbn)**

<b>Revenue</b>	<b>229</b>	<b>362</b>	<b>519</b>	<b>43.6</b>	<b>126.9</b>	<b>496</b>	<b>961</b>	<b>93.8</b>
Cost of revenue	(134)	(209)	(319)	52.1	137.3	(251)	(541)	115.7
<b>Gross profit</b>	<b>95</b>	<b>152</b>	<b>201</b>	<b>31.8</b>	<b>112.1</b>	<b>245</b>	<b>419</b>	<b>71.3</b>
Operating expenses	(70)	(65)	(60)	(6.8)	(13.2)	(193)	(186)	(3.8)
<b>Operating profit</b>	<b>25</b>	<b>87</b>	<b>140</b>	<b>60.5</b>	<b>460.5</b>	<b>52</b>	<b>234</b>	<b>350.6</b>
<b>EBITDA</b>	<b>50</b>	<b>112</b>	<b>168</b>	<b>49.2</b>	<b>232.0</b>	<b>124</b>	<b>312</b>	<b>150.6</b>
Other income/(expense)	(11)	151	(62)	(141.0)	470.0	7	95	1,166.5
<b>Pre-tax profit</b>	<b>14</b>	<b>238</b>	<b>78</b>	<b>(67.0)</b>	<b>453.2</b>	<b>59</b>	<b>329</b>	<b>453.6</b>
Taxes	(6)	(37)	(17)	(54.4)	201.4	(20)	(43)	112.0
Non-controlling interests	18	(85)	77	(190.5)	316.8	29	3	(88.0)
<b>Net profit attributable to parent</b>	<b>27</b>	<b>116</b>	<b>138</b>	<b>19.1</b>	<b>412.8</b>	<b>68</b>	<b>289</b>	<b>324.7</b>

**Margins (%)**

Gross margin	41.4	42.1	38.7			49.4	43.7
EBITDA margin	22.0	31.0	32.3			25.1	32.4
Op. margin	10.9	24.2	27.0			10.5	24.3
Net margin	11.8	32.1	26.6			13.7	30.1

Operational data	4Q23	3Q24	4Q24	q-q (%)	yoy (%)	9M23	9M24	y-y (%)	FY23	FY24	y-y (%)
Ore production	568,070	1,026,318	1,205,789	<b>17.5%</b>	<b>112.3%</b>	716,609	1,746,749	<b>143.8%</b>	1,284,679	2,952,538	<b>129.8%</b>
Ore sales	548,637	1,036,103	852,903	<b>-17.7%</b>	<b>55.5%</b>	719,949	1,745,010	<b>142.4%</b>	1,268,586	2,597,913	<b>104.8%</b>
Implied ASP	37.8	31.6				45.2	34.3	-24.1%	42.0		
Implied cash cost	24.1	19.6				23.0	14.7	-35.9%	23.5		
<b>Ore cash margin</b>	<b>13.7</b>	<b>12.0</b>				<b>22.2</b>	<b>19.6</b>	<b>-11.8%</b>	<b>18.5</b>		

Source: Company, BRIDS

DKFT recorded robust revenue contribution of Rp519bn in 3Q24, +44% qoq, driven by solid 3Q sales volume of 1mn wmt (vs. 1H24: 709k wmt). Due to rapid prod/sales growth of 144%/142% yoy, 9M24 revenue reached Rp961bn, +94% yoy. Furthermore, its operating expenses remained flattish at Rp186bn, -4% yoy, which brought Gross/EBITDA/Net margin to 44%/32%/30%.

Note that there is Rp95bn in 9M24 other income, which was mainly derived from a one-off Rp93bn debt relief from CORII's parent company following the discontinuation of its blast furnace and the departure of its Chinese partner, Macrolink. Thus, 9M24 net profit grew +325% yoy to Rp289bn.

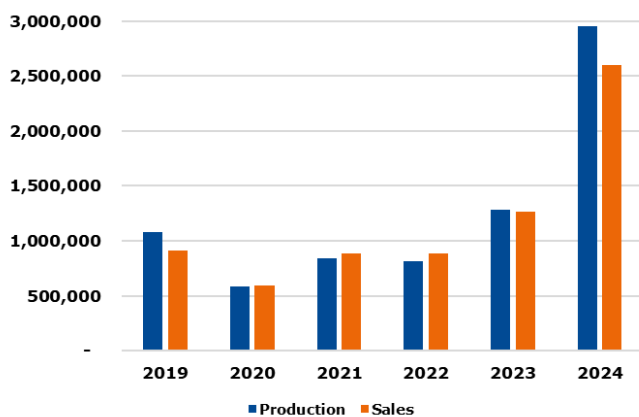
Based on the announced FY24 production/sales of 2.9mn wmt and 2.6mn wmt, 4Q24 production grew +18% qoq, whilst sales declined -18% qoq, which might indicate a weaker top line and higher COGS, possibly eroding 4Q profits.

**Exhibit 3. DKFT's 9M24 reserve estimate (mt)**

IUP	Location	Total reserve	Accumulated production	Residual reserve
Bumi Konawe Abadi	N. Konawe	8,955,825	7,147,820	1,808,005
Mulia Pacific Resources	N. Morowali	10,679,052	3,661,179	7,017,873
Itamara Nusantara	N. Morowali	9,390,000	2,671,760	6,718,240
<b>Total</b>		<b>29,024,877</b>	<b>13,480,759</b>	<b>15,544,118</b>

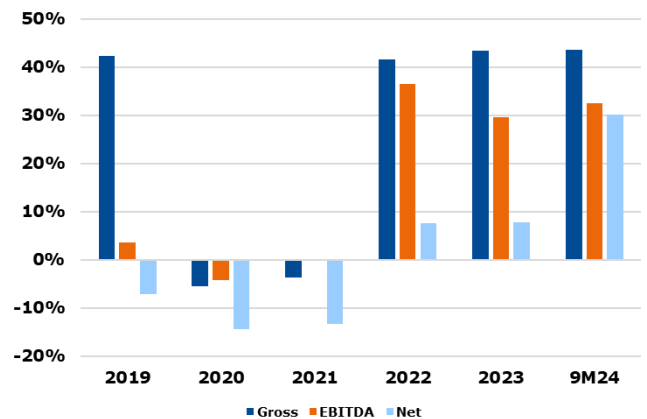
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Exhibit 4. DKFT's Nickel ore production/sales (mt)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 5. DKFT's Gross, EBITDA, Net margin



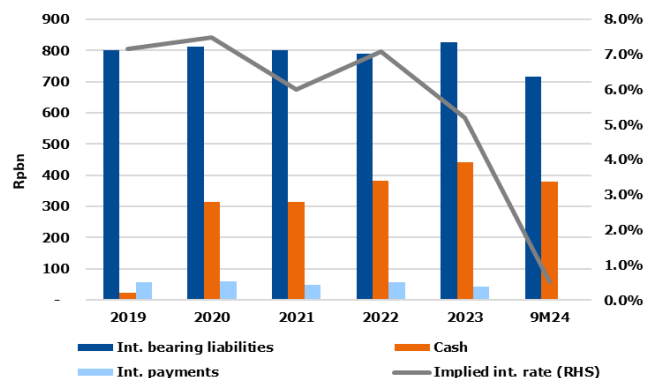
Source: Company, BRIDS

Exhibit 6. DKFT's P/BV Band (5-year)



Source: Company, Bloomberg

Exhibit 7. DKFT's Total debt, cash, and avg. interest rate



Source: Company, BRIDS

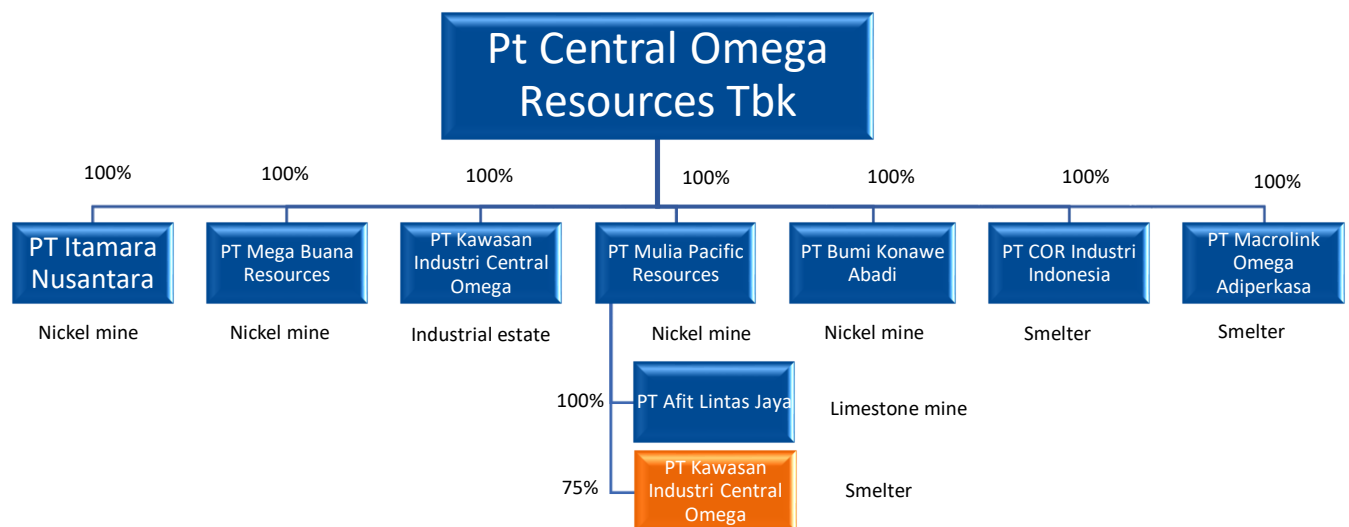
### Company profile

PT Central Omega Resources Tbk (DKFT) is an Indonesian-based company specializing in nickel ore mining and processing. Established in 1995 as PT Duta Kirana Finance, the company shifted its focus to the mining sector in 2008, adopting its current name to reflect this transition. The company has been listed in the Indonesian Stock Exchange since 1997.

The company's primary operations are located in North Morowali Regency, Central Sulawesi, where it manages both mining and smelting activities. The phase I nickel smelter in this region has a production capacity of 100,000 tons per annum of ferronickel (FeNi). Additionally, the company holds mining business licenses (IUP) for nickel production in North Konawe Regency, Southeast Sulawesi.

Through its subsidiaries, PT Central Omega Resources Tbk is also involved in the processing, refining, and trading of nickel ores. The company is preparing the construction of a phase II smelter project to further enhance its processing capabilities.

Exhibit 8. DKFT corporate structure



Source: Company

Exhibit 9. Peers comparable

Ticker	Current price (Rp)	TP (Rp)	Up/down side	Rating	Current PE (x)		Implied PE (x)		Current PB (x)		ROE (%)	
					2025E	2026E	2025E	2026E	2025E	2026E	2025E	2026E
<b>Metal mining</b>					<b>13.5</b>	<b>10.2</b>	<b>20.4</b>	<b>15.7</b>	<b>1.0</b>	<b>0.9</b>	<b>10%</b>	<b>13%</b>
TINS	990	2,300	132.3%	BUY	4.5	5.0	10.6	11.7	0.8	0.8	19%	15%
NCKL	620	1,400	125.8%	BUY	4.5	4.1	10.2	9.2	1.1	0.9	27%	25%
MDKA	1,670	2,400	43.7%	BUY	23.1	19.7	33.2	28.3	1.3	1.3	2%	9%
ANTM	1,395	2,000	43.4%	BUY	9.1	8.5	13.0	12.2	1.0	1.0	10%	12%
MBMA	390	530	35.9%	BUY	19.1	14.0	26.0	19.0	1.1	1.0	0%	12%
INCO	2,780	3,900	40.3%	HOLD	20.9	9.9	29.3	13.9	0.7	0.7	3%	7%

Source: Company, BRIDS Estimates

**Exhibit 10. Income Statement**

Year to 31 Dec (Rpbn)	2021A	2022A	2023A	9M23A	9M24A
<b>Revenue</b>	<b>1,394</b>	<b>777</b>	<b>812</b>	<b>496</b>	<b>961</b>
COGS	(1,445)	(454)	(460)	(251)	(541)
<b>Gross profit</b>	<b>(51)</b>	<b>324</b>	<b>352</b>	<b>245</b>	<b>419</b>
<b>EBITDA</b>	<b>(78)</b>	<b>214</b>	<b>200</b>	<b>125</b>	<b>313</b>
<b>Oper. profit</b>	<b>(182)</b>	<b>105</b>	<b>87</b>	<b>52</b>	<b>234</b>
Interest income	5	14	31	22	21
Interest expense	(48)	(56)	(53)	(43)	(4)
Forex Gain/(Loss)	(22)	(16)	12	15	(20)
Income From Assoc. Co's	0	(1)	(0)	0	0
Other Income (Expenses)	(6)	22	(20)	13	97
<b>Pre-tax profit</b>	<b>(254)</b>	<b>69</b>	<b>58</b>	<b>59</b>	<b>329</b>
Income tax	(87)	(42)	(27)	(20)	(43)
Minority interest	156	31	32	29	3
<b>Net profit</b>	<b>(165)</b>	<b>59</b>	<b>63</b>	<b>68</b>	<b>289</b>
<b>Core Net Profit</b>	<b>(165)</b>	<b>58</b>	<b>63</b>	<b>68</b>	<b>289</b>

**Exhibit 11. Balance Sheet**

Year to 31 Dec (Rpbn)	2021A	2022A	2023A	9M23A	9M24A
Cash & cash equivalent	355	514	460	630	399
Receivables	33	124	101	37	41
Inventory	156	97	109	60	100
Other Curr. Asset	372	435	449	464	479
Fixed assets - Net	1,194	1,071	1,140	1,195	1,065
Other non-curr.asset	134	137	308	137	605
<b>Total asset</b>	<b>2,244</b>	<b>2,378</b>	<b>2,568</b>	<b>2,523</b>	<b>2,689</b>
ST Debt	0	0	0	0	0
Payables	305	407	459	453	429
Other Curr. Liabilities	717	669	710	725	685
Long Term Debt	800	788	804	788	695
Other LT. Liabilities	63	128	176	128	176
<b>Total Liabilities</b>	<b>1,885</b>	<b>1,992</b>	<b>2,149</b>	<b>2,094</b>	<b>1,984</b>
Shareholder's Funds	488	547	611	619	715
Minority interests	(129)	(161)	(193)	(190)	(10)
<b>Total Equity &amp; Liabilities</b>	<b>2,244</b>	<b>2,378</b>	<b>2,568</b>	<b>2,523</b>	<b>2,689</b>



**Exhibit 12. Cash Flow**

Year to 31 Dec (Rpbn)	2021A	2022A	2023A	9M23A	9M24A
Net income	(186)	59	63	68	289
Depreciation and Amort.	104	108	112	73	79
Change in Working Capital	n/a	n/a	n/a	n/a	n/a
Other Oper. Cash Flow	n/a	n/a	n/a	n/a	n/a
<b>Operating Cash Flow</b>	<b>361</b>	<b>264</b>	<b>203</b>	<b>296</b>	<b>542</b>
Capex	(10)	(34)	(114)	(210)	(157)
Others Inv. Cash Flow	(40)	(120)	(55)	(55)	(333)
<b>Investing Cash Flow</b>	<b>(50)</b>	<b>(154)</b>	<b>(169)</b>	<b>(264)</b>	<b>(490)</b>
Net change in debt	(5)	0	32	35	(109)
New Capital	0	0	0	4	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	(36)	(42)	(7)	(10)	(3)
<b>Financing Cash Flow</b>	<b>(41)</b>	<b>(42)</b>	<b>25</b>	<b>29</b>	<b>(113)</b>
<b>Net Change in Cash</b>	<b>270</b>	<b>68</b>	<b>58</b>	<b>61</b>	<b>(61)</b>
Cash - begin of the year	42	314	382	382	440
Cash - end of the year	314	382	440	443	379

**Exhibit 13. Key Ratio**

Year to 31 Dec	2021A	2022A	2023A	9M23A	9M24A
<b>Growth (%)</b>					
Sales	22.1	(44.2)	4.4	(7.4)	93.8
EBITDA	(2,309.6)	n/a	(6.6)	(31.5)	149.6
Operating profit	(48.8)	n/a	(17.0)	(47.0)	350.6
Net profit	(12.6)	n/a	7.1	20.4	324.7
<b>Profitability (%)</b>					
Gross margin	(3.6)	41.6	43.4	49.4	43.7
EBITDA margin	(5.6)	27.5	24.6	25.3	32.6
Operating margin	(13.1)	13.5	10.8	10.5	24.3
Net margin	(13.3)	7.5	7.7	13.7	30.1
ROAA	(7.7)	2.5	2.5	2.1	8.3
ROAE	(32.0)	11.3	10.8	8.8	32.6
<b>Leverage</b>					
Net Gearing (x)	1.2	0.7	0.8	0.4	0.4
Interest Coverage (x)	(3.8)	1.9	1.6	1.2	63.3

Source: DKFT, BRIDS, Bloomberg

**BRI Danareksa Equity Research Team**

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

**BRI Danareksa Economic Research Team**

Helmy Kristanto	Chief Economist, Macro Strategy	<a href="mailto:helmy.kristanto@brids.co.id">helmy.kristanto@brids.co.id</a>
Dr. Telisa Aulia Falianty	Senior Advisor	<a href="mailto:telisa.falianty@brids.co.id">telisa.falianty@brids.co.id</a>
Kefas Sidauruk	Economist	<a href="mailto:kefas.sidauruk@brids.co.id">kefas.sidauruk@brids.co.id</a>

**BRI Danareksa Institutional Equity Sales Team**

Yofi Lasini	Head of Institutional Sales and Dealing	<a href="mailto:yofi.lasini@brids.co.id">yofi.lasini@brids.co.id</a>
Novrita Endah Putrianti	Institutional Sales Unit Head	<a href="mailto:novrita.putrianti@brids.co.id">novrita.putrianti@brids.co.id</a>
Ehrlicch Suhartono	Institutional Sales Associate	<a href="mailto:ehrliech@brids.co.id">ehrliech@brids.co.id</a>
Yunita Nababan	Institutional Sales Associate	<a href="mailto:yunita@brids.co.id">yunita@brids.co.id</a>
Adeline Solaiman	Institutional Sales Associate	<a href="mailto:adeline.solaiman@brids.co.id">adeline.solaiman@brids.co.id</a>
Andreas Kenny	Institutional Sales Associate	<a href="mailto:andreas.kenny@brids.co.id">andreas.kenny@brids.co.id</a>
Christy Halim	Institutional Sales Associate	<a href="mailto:christy.halim@brids.co.id">christy.halim@brids.co.id</a>
Jason Joseph	Institutional Sales Associate	<a href="mailto:jason.joseph@brids.co.id">jason.joseph@brids.co.id</a>

**BRI Danareksa Sales Traders**

Mitcha Sondakh	Head of Sales Trader	<a href="mailto:mitcha.sondakh@brids.co.id">mitcha.sondakh@brids.co.id</a>
Suryanti Salim	Sales Trader	<a href="mailto:suryanti.salim@brids.co.id">suryanti.salim@brids.co.id</a>

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<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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