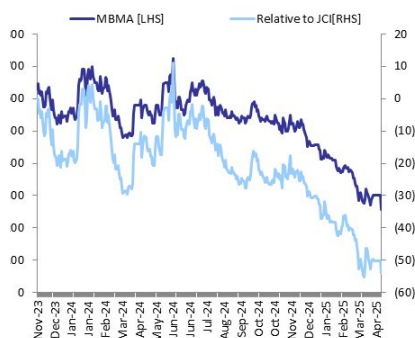


Buy

(Maintained)

Last Price (Rp)	256
Target Price (Rp)	490
Previous Target Price (Rp)	530
Upside/Downside	+91.4%
No. of Shares (mn)	107,995
Mkt Cap (Rpbn/US\$mn)	27,647/1,639
Avg, Daily T/O (Rpbn/US\$mn)	24.7/1.5
Free Float (%)	28.6
Major Shareholder (%)	49.9
PT MERDEKA	
Thohir Gribaldi	11.1
EPS Consensus (US\$cents)	
	2025F 2026F 2027F
BRIDS	0.0 0.1 0.3
Consensus	0.1 0.2 n/a
BRIDS/Cons (%)	(78.2) (65.4) (n.a)

MBMA 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

Merdeka Battery Materials (MBMA IJ) Shutting down HNMI for the Greater Good; Trimming Our Est. on Lower Output Assumptions

- FY24 result beat estimates as 4Q24 saw a turnaround to profitability of US\$4.3mn from favorable commodity prices.
- HNMI is temporarily shut down as it is loss making at current prices. The plant will operate subject to favorable pricing and contracts.
- We lowered our FY25-27F earnings forecasts by -74%/-46%/-6% and TP to Rp490; reiterate Buy rating on upsides from growth projects.

FY24 result beat estimate

MBMA recorded a net profit of US\$4.3mn in 4Q24 after posting a slight loss in the previous quarter, resulting in a FY24 NP of US\$22.8mn, +230% yoy, which was above ours/cons estimate at 112%/108% of FY24 est.. Meanwhile, 4Q24 revenue was relatively flat at US\$465mn, +1.5% qoq, whilst FY24 revenue stood at US\$1.8bn, +39% yoy, reaching 100%/100% of ours/cons estimate. The driver of profitability in 4Q24 was an improvement of NPI margin by +46% qoq to US\$1,850/ton, and margin improvement from ore sales, where saprolite/limonite margin grew by +16%/+65% to US\$5.8/wmt and US\$8.9/wmt respectively.

Operation halt for HNMI due to unfavorable price

In 2025, MBMA have stopped production on HNMI, its 50ktpa high grade nickel matte converter, as the smelter is loss making as a result of a weakening LME nickel price, whilst input costs (NPI) have continued to push upwards. Moving forward, HNMI will only operate after it secured contracts, generally short-term at c.6 months. However, looking at a persistently weak LME nickel price, the shutdown of HNMI is the wiser choice as we estimate a negative cash margin of US\$1,7k/ton should it continue running at current prices. On the other hand, continued shutdown of the plant could risk an impairment.

Trimming our forecast

As a result of the shutdown in HNMI, we have trimmed our FY25-27F revenue/earnings by -24%/-20%/-19% and -74%/-46%/-6% respectively. We have also lowered our assumptions of AIM's utilization from 50% to 25% as delays persist in plant commissioning phase and HGNM utilization to 25% due to unfavorable market pricing. Furthermore, we increased our minority interest estimate that is similar to FY24 levels, which prompted significant earnings decline from our previous estimate.

Maintain Buy rating with a slightly lower TP of Rp490

We lowered our DCF-based TP to Rp490 to reflect our lower forecast. 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	2023A	2024A	2025F	2026F	2027F
Revenue (US\$mn)	1,328	1,845	1,740	2,048	2,265
EBITDA (US\$mn)	97	163	222	388	585
Net Profit (US\$mn)	7	23	24	75	259
EPS (US\$cents)	0.0	0.0	0.0	0.1	0.2
BVPS (US\$cents)	1.4	1.4	1.5	1.5	1.8
PER (x)	236.6	72.0	69.7	21.9	6.3
PBV (x)	1.1	1.1	1.0	1.0	0.9
EV/EBITDA	18.9	11.5	9.5	5.4	3.1

Source: MBMA, BRIDS Estimates

Exhibit 1. MBMA FY24 results

Merdeka battery materials

MBMA	4Q23	3Q24	4Q24	q-q (%)	y-y (%)	FY23	FY24	y-y (%)
PROFIT & LOSS (USDmn)								
Revenue	454.5	458.2	464.9	1.5	2.3	1,328.3	1,844.7	38.9
Cost of revenue	(438.4)	(442.0)	(430.1)	(2.7)	(1.9)	(1,250.8)	(1,730.6)	38.4
Gross profit	16.1	16.2	34.7	114.6	116.2	77.5	114.1	47.3
Operating expenses	(8.8)	(7.2)	(13.4)	86.3	52.0	(29.9)	(34.3)	14.6
Operating profit	7.3	9.0	21.4	137.2	193.8	47.6	79.8	67.8
EBITDA	26.8	31.4	48.6	54.6	81.4	97.4	162.9	67.3
Other income/(expense)	(1.0)	5.0	4.5	(8.8)	n.a.	(14.1)	10.3	n.a.
Pre-tax profit	6.3	14.0	25.9	85.4	313.1	33.5	90.1	169.2
Taxes	0.2	(0.2)	(6.4)	3,464.4	n.a.	(0.2)	(10.6)	6,354.4
Non-controlling interests	(0.2)	(15.7)	(15.1)	(3.6)	6,117.7	(26.4)	(56.7)	114.9
Net profit	6.2	(1.9)	4.3	n.a.	(30.7)	6.9	22.8	229.9
Margins (%)								
Gross margin	3.5	3.5	7.5			5.8	6.2	
EBITDA margin	5.9	6.9	10.4			7.3	8.8	
Op. margin	1.6	2.0	4.6			3.6	4.3	
Net margin	1.4	(0.4)	0.9			0.5	1.2	

Source: Company, BRIDS

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

Source: BRIDS estimates

Exhibit 2. Earnings estimates revision

in US\$mn	2025F		2026F		2027F		Changes		
	Old	New	Old	New	Old	New	2024	2025	2026
Revenue	2,286	1,740	2,548	2,048	2,794	2,265	-23.9%	-19.6%	-18.9%
Gross profit	219	146	324	311	544	512	-33.3%	-3.8%	-5.9%
Operating profit	185	119	286	279	503	476	-35.9%	-2.5%	-5.4%
Net profit	89	24	139	75	275	259	-73.6%	-46.3%	-5.7%

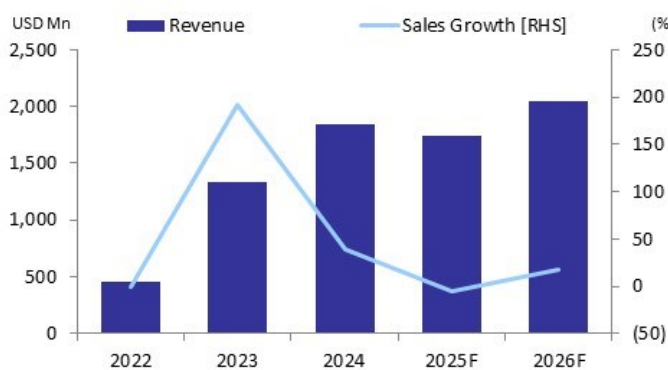
Source: Company, BRIDS estimates

Exhibit 3. Valuation Summary Table

DCF	EV (US\$ mn)	Valuation
SCM	1,072	DCF
RKEF (BSI, CSI, ZHN, HNMI)	762	
HPAL (ESG, Meiming, CATL)	1,134	
AIM	808	
Total	3,775	
Net (debt)/cash	- 470	
Shares outstanding (Bn shares)	108	
Target price (IDR/sh)	490	

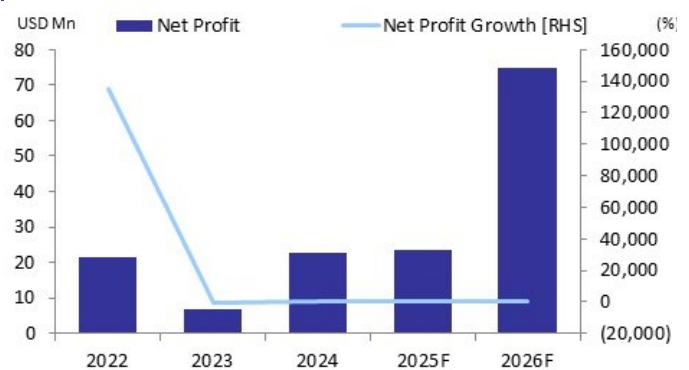
Source: BRIDS Estimates

Exhibit 4. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



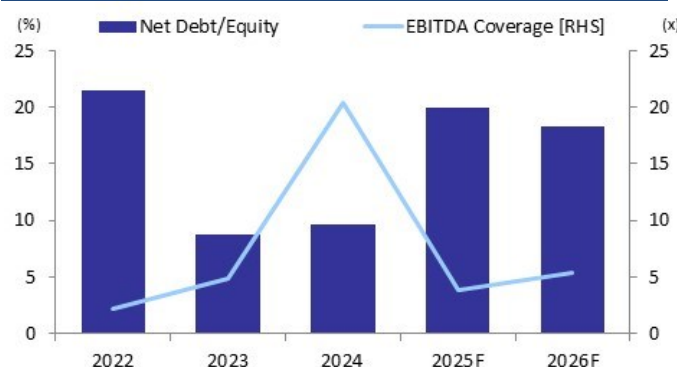
Source: Company, BRIDS Estimates

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)	2023A	2024A	2025F	2026F	2027F
Revenue	1,328	1,845	1,740	2,048	2,265
COGS	(1,251)	(1,731)	(1,594)	(1,736)	(1,753)
Gross profit	77	114	146	311	512
EBITDA	97	163	222	388	585
Oper. profit	48	80	119	279	476
Interest income	6	7	6	5	3
Interest expense	(20)	(8)	(58)	(72)	(59)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	0	12	0	0	0
Pre-tax profit	33	90	67	212	420
Income tax	0	(11)	(8)	(25)	(49)
Minority interest	(26)	(57)	(35)	(112)	(111)
Net profit	7	23	24	75	259
Core Net Profit	7	23	24	75	259

Exhibit 9. Balance Sheet

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	290	244	210	147	250
Receivables	121	182	146	171	189
Inventory	288	275	283	333	368
Other Curr. Asset	85	103	103	103	103
Fixed assets - Net	0	0	0	0	0
Other non-curr.asset	2,479	2,631	2,749	2,762	2,726
Total asset	3,263	3,435	3,491	3,516	3,635
ST Debt	2	80	125	125	125
Payables	262	200	232	273	302
Other Curr. Liabilities	94	94	94	94	94
Long Term Debt	490	390	559	468	299
Other LT. Liabilities	105	107	107	107	107
Total Liabilities	954	871	1,118	1,068	929
Shareholder's Funds	1,532	1,555	1,578	1,653	1,912
Minority interests	778	795	795	795	795
Total Equity & Liabilities	3,263	3,220	3,491	3,516	3,635

Exhibit 10. Cash Flow

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Net income	7	23	24	75	259
Depreciation and Amort.	50	83	104	109	109
Change in Working Capital	(68)	(110)	61	(34)	(24)
Other Oper. Cash Flow	(56)	(26)	0	0	0
Operating Cash Flow	(67)	(30)	188	149	344
Capex	(542)	(227)	(222)	(122)	(72)
Others Inv. Cash Flow	0	0	0	0	0
Investing Cash Flow	(542)	(227)	(222)	(122)	(72)
Net change in debt	(124)	194	0	(91)	(169)
New Capital	743	17	0	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	0	0	0	0	0
Financing Cash Flow	619	211	0	(91)	(169)
Net Change in Cash	10	(46)	(34)	(64)	103
Cash - begin of the year	280	290	244	210	147
Cash - end of the year	290	244	210	147	250

Exhibit 11. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	191.5	38.9	(5.7)	17.7	10.6
EBITDA	102.6	67.1	36.5	74.6	50.9
Operating profit	55.9	67.8	48.6	135.3	70.6
Net profit	(68.0)	228.8	3.2	218.1	246.9
Profitability (%)					
Gross margin	5.8	6.2	8.4	15.2	22.6
EBITDA margin	7.3	8.8	12.8	18.9	25.8
Operating margin	3.6	4.3	6.8	13.6	21.0
Net margin	0.5	1.2	1.4	3.7	11.5
ROAA	0.2	0.7	0.7	2.1	7.3
ROAE	0.6	1.5	1.5	4.6	14.6
Leverage					
Net Gearing (x)	0.1	0.1	0.2	0.2	0.1
Interest Coverage (x)	2.4	10.0	2.1	3.9	8.0

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
Ehrlich 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.