Buy

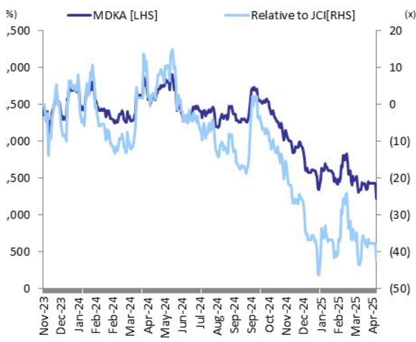
(Maintained)

Last Price (Rp)	**1,220**
Target Price (Rp)	**2,400**
Previous Target Price (Rp)	***2,400***
Upside/Downside	**+96.7%**
No. of Shares (mn)	**24,111**
Mkt Cap (Rpbn/US$mn)	**29,415/1,744**
Avg, Daily T/O (Rpbn/US$mn)	**94.7/5.6**
Free Float (%)	**51.0**
Major Shareholder (%)	
Saratoga Investama	**18.5**
Mitra Daya Mustika	**11.9**

EPS Consensus (US$cents)

	2025F	**2026F**	**2027F**
BRIDS	0.3	0.5	0.7
Consensus	0.1	0.5	n/a
BRIDS/Cons (%)	**153.0**	**(5.5)**	**n/a**

MDKA 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 Copper Gold (MDKA IJ)

Anticipating Pani Gold to Boost Earnings, but Lowering Estimates on Weaker MBMA Outlook

- **MDKA recorded strong earnings of US$11.3mn in 4Q24 that was supported by strong Gold ASP and lower Copper cash cost.**
- **Pani gold's timeline is intact, with expected commissioning by late FY25.**
- **We revised our FY25-27F earnings by -43%/-10%/0%, maintaining our TP at Rp2,400; reiterate Buy rating on upsides from growth projects.**

Despite a strong result, FY24 still posted a net loss

MDKA's 4Q24 net profit reached US$11.3mn, though FY24 results were still at a net loss of -US$55.8mn. Meanwhile, 4Q24 revenue slightly declined to US$572mn, -0.4% qoq, while FY24 revenue managed to grow by +31% yoy to US$2.2bn, reaching 101%/100% of our/cons FY24 estimate. MDKA recorded a positive 4Q earnings result that was supported by widening cash margin for both copper and gold by +240%/+17% qoq, which was driven by Gold's growing ASP to US$2,672. Meanwhile, its copper margin grew as cash cost declined by -54% qoq to US$3,593/ton.

Positive updates from TB copper and Pani gold project

MDKA has extended the TB copper oxide gold mine up to FY30, which will be further elaborated in the upcoming PFS by the end of Apr25. With the extension of mine life, TB copper will obtain prolonged cash flow before moving into the SLC mine which requires a higher capex. On the other hand, the Pani gold project is progressing in line with mgmt.' timeline, achieving 46% completion by 1Q25 and is set to commission in late FY25.

Maintain Buy rating with an unchanged TP of Rp2,400

We adjusted our FY25-27F earnings estimates by -43%/-10%/0% as we lower our assumptions for MBMA, while maintaining existing assumptions for its gold and copper operations. We maintain our Buy rating on valuation upsides from key growth projects. Key risks include higher cash cost, lower ASP, and project delays. We did not lower our TP as the decrease in MBMA's EV in our SOTP is not significant enough to reduce MDKA's TP.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (US$mn)	1,707	2,239	2,101	2,397	2,397
EBITDA (US$mn)	242	329	473	644	649
Net Profit (US$mn)	(21)	(56)	62	116	168
EPS (US$cents)	(0.1)	(0.2)	0.3	0.5	0.7
BVPS (US$cents)	3.8	3.8	4.0	4.5	4.5
PER (x)	n/m	n/m	28.6	15.3	10.5
PBV (x)	1.9	1.9	1.8	1.6	1.6
EV/EBITDA	12.1	9.5	6.4	4.7	4.5

Source: MDKA, BRIDS Estimates

Exhibit 1. MDKA 4Q operational results

Merdeka Copper Gold								
MDKA	**4Q23**	**3Q24**	**4Q24**	**q-q (%)**	**yoy (%)**	**FY23**	**FY24**	**y-y (%)**
PROFIT & LOSS (US$mn)								
Revenue	**536.6**	**573.7**	**571.5**	**(0.4)**	**6.5**	**1,706.8**	**2,239.0**	**31.2**
Cost of revenue	(509.5)	(544.3)	(513.3)	(5.7)	0.7	(1,561.1)	(2,062.7)	32.1
Gross profit	**27.1**	**29.5**	**58.2**	**97.6**	**115.0**	**145.7**	**176.4**	**21.1**
Operating expenses	(10.8)	(12.8)	(18.0)	40.0	66.5	(48.9)	(57.4)	17.2
Operating profit	**16.3**	**16.6**	**40.2**	**142.0**	**147.2**	**96.7**	**119.0**	**23.0**
EBITDA	**59.5**	**71.7**	**107.6**	**50.1**	**81.0**	**241.5**	**329.3**	**36.3**
Other income/(expense)	(9.1)	(63.3)	2.0	(103.2)	n.a.	(84.4)	(97.3)	15.3
Pre-tax profit	**7.2**	**(46.7)**	**42.3**	**n.a.**	**486.7**	**12.3**	**21.7**	**75.6**
Taxes	2.3	6.5	(12.8)	n.a.	n.a.	(6.7)	(11.9)	77.7
Non-controlling interests	(6.4)	(14.4)	(18.2)	26.4	182.3	(26.3)	(65.6)	149.1
Net profit	**3.1**	**(54.5)**	**11.3**	**n.a.**	**261.4**	**(20.7)**	**(55.8)**	**169.9**
Margins (%)								
Gross margin	5.0	5.1	10.2			8.5	7.9	
EBITDA margin	11.1	12.5	18.8			14.2	14.7	
Op. margin	3.0	2.9	7.0			5.7	5.3	
Net margin	0.6	(9.5)	2.0			(1.2)	(2.5)	

Source: Company, BRIDS

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%**

Source: BRIDS estimates

Exhibit 2. Earnings estimates revision

	2025F		2026F		2027F		Changes		
in US$mn	Old	New	Old	New	Old	New	2024	2025	2026
Revenue	2,424	2,101	2,561	2,397	2,397	2,397	-13.3%	-6.4%	0.0%
Gross profit	397	285	479	441	436	436	-28.2%	-7.9%	0.0%
EBITDA	522	473	619	644	649	649	-9.4%	4.1%	0.0%
Net profit	109	62	128	116	168	168	-43.2%	-9.7%	0.0%
Gross margin	16.4%	13.6%	18.7%	18.4%	18.2%	18.2%			
EBITDA margin	21.5%	22.5%	24.2%	26.9%	27.1%	27.1%			
Net margin	4.5%	2.9%	5.0%	4.8%	7.0%	7.0%			

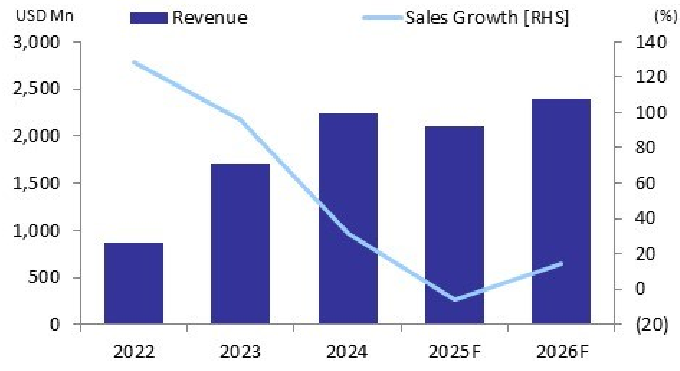
Source: Company, BRIDS estimates

Exhibit 3. Valuation Summary Table

Projects	**EV (US$mn)**	**Valuation method**
TB Gold + Wetar	381	
TB Porphiry	1,235	DCF (WACC 9.4%)
Pani	1,633	
MBMA	1,511	SOTP
Total EV	**4,760**	
Net cash/(debt)	(1,183)	
Shares outstanding (Mn shares)	24,473	
Target price (IDR/sh)	**2,400**	

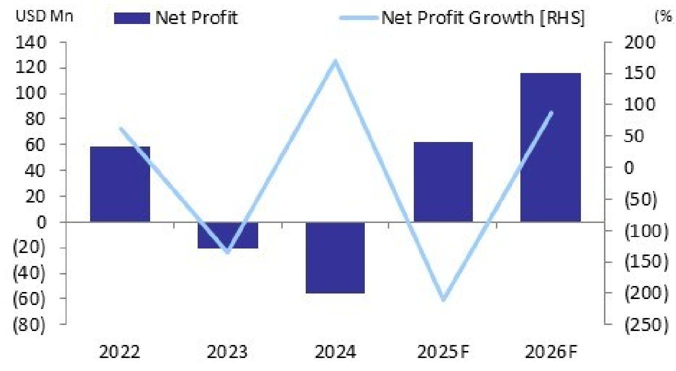
Source: BRIDS Estimates

Exhibit 4. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth

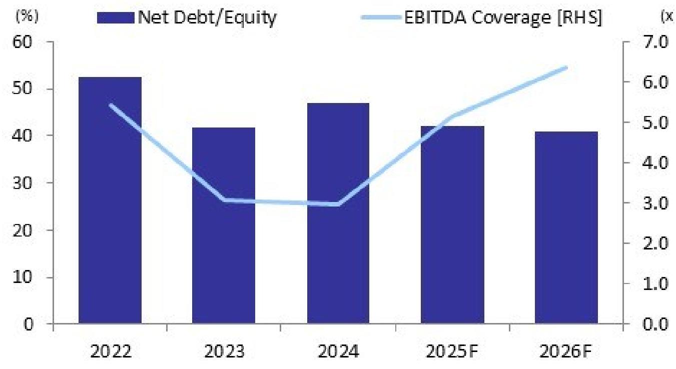


Source: Company, BRIDS Estimates

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	**1,707**	**2,239**	**2,101**	**2,397**	**2,397**
COGS	(1,561)	(2,063)	(1,816)	(1,955)	(1,960)
Gross profit	**146**	**176**	**285**	**441**	**436**
EBITDA	**242**	**329**	**473**	**644**	**649**
Oper. profit	**97**	**119**	**235**	**384**	**379**
Interest income	12	11	13	12	3
Interest expense	(79)	(111)	(92)	(102)	(79)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co’s	0	0	0	0	0
Other Income (Expenses)	(17)	3	3	3	3
Pre-tax profit	**12**	**22**	**159**	**296**	**306**
Income tax	(7)	(12)	(35)	(65)	0
Minority interest	(26)	(66)	(62)	(116)	(138)
Net profit	**(21)**	**(56)**	**62**	**116**	**168**
Core Net Profit	**(21)**	**(56)**	**62**	**116**	**168**

Exhibit 9. Balance Sheet

Year to 31 Dec (US$mn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	519	451	124	250	38
Receivables	123	184	144	164	164
Inventory	444	454	395	425	427
Other Curr. Asset	122	139	106	106	106
Fixed assets - Net	0	0	0	0	0
Other non-curr.asset	3,757	4,009	4,077	4,173	4,060
Total asset	**4,964**	**5,237**	**4,845**	**5,119**	**4,795**
ST Debt	453	691	249	387	62
Payables	304	239	239	257	258
Other Curr. Liabilities	153	182	182	182	182
Long Term Debt	1,223	1,127	1,131	1,131	1,131
Other LT. Liabilities	67	81	64	64	65
Total Liabilities	**2,200**	**2,320**	**1,864**	**2,022**	**1,698**
Shareholder'sFunds	927	922	986	1,102	1,102
Minority interests	1,837	1,994	1,994	1,995	1,995
Total Equity & Liabilities	**4,964**	**5,237**	**4,845**	**5,119**	**4,795**

Exhibit 10. Cash Flow

Year to 31 Dec (US$mn)	2023A	2024A	2025F	2026F	2027F
Net income	(21)	(56)	62	116	168
Depreciation and Amort.	145	210	238	260	0
Change in Working Capital	(105)	(135)	99	(32)	0
OtherOper. Cash Flow	(93)	105	33	0	0
Operating Cash Flow	**(74)**	**124**	**432**	**344**	**168**
Capex	(767)	(464)	(407)	(357)	113
Others Inv. Cash Flow	(6)	(92)	101	0	0
Investing Cash Flow	**(773)**	**(556)**	**(306)**	**(357)**	**113**
Net change in debt	171	142	(439)	139	(326)
New Capital	760	208	2	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	(9)	14	(17)	1	1
Financing Cash Flow	**922**	**364**	**(454)**	**139**	**(325)**
Net Change in Cash	**75**	**(68)**	**(327)**	**126**	**(44)**
Cash - begin of the year	444	519	451	124	250
Cash - end of the year	519	451	124	250	38

Exhibit 11. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	96.2	31.2	(6.2)	14.1	0.0
EBITDA	2.6	36.3	43.6	36.2	0.8
Operating profit	(13.3)	23.0	97.1	63.6	(1.3)
Net profit	(135.4)	170.0	(211.0)	86.7	45.5
Profitability (%)					
Gross margin	8.5	7.9	13.6	18.4	18.2
EBITDA margin	14.2	14.7	22.5	26.9	27.1
Operating margin	5.7	5.3	11.2	16.0	15.8
Net margin	(1.2)	(2.5)	2.9	4.8	7.0
ROAA	(0.5)	(1.1)	1.2	2.3	3.4
ROAE	(2.1)	(6.0)	6.5	11.1	15.3
Leverage					
Net Gearing (x)	0.4	0.5	0.4	0.4	0.4
Interest Coverage (x)	1.2	1.1	2.6	3.8	4.8

Source : MDKA, 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
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