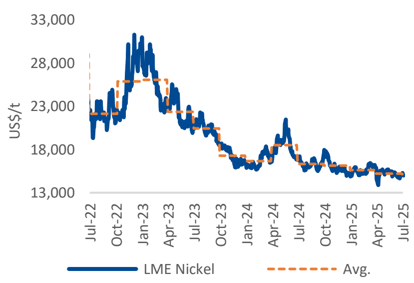
Neutral

(Maintained)

LME Nickel (US$/t)



Source: SMM, Bloomberg

Metal Mining

Ore Premium Reversal in Jul25; 2H25 Outlook Hinges on Supply, Restocking and RKAB Approvals

- **Nickel ore price has risen +19% YTD, while NPI declined -2%, pressuring non-integrated mines from inventory stocking at thin margins.**
- **Despite recent reversal of nickel ore premium trend, 2H25 outlook hinges on supply addition, restocking season and RKAB approval.**
- **We reiterate our Neutral rating on the sector and continue to favor ore over MHP and NPI; INCO and MBMA are our current top picks.**

Ore premium has finally reversed on weak demand

After a strong uptrend throughout 2024, the nickel ore premium continued to rise in 2025, peaking at US$26.8/wmt in June before declining in Jul25 amid a cooldown in the benchmark HPM price, which followed the weakening LME price. YTD, ore prices have risen by +19% despite NPI price declining by -2%. This divergence has caused margin pressure on non-integrated smelters and further disincentivize it from restocking amid thin to negative margins.

Upside vs. downside risk potentials

We believe that the ore premium may have reached its peak, where a reversal in price is inevitable, at least in the short term due to: 1) the continuous decline of the NPI price that almost returned to its bottom in Jan25 of US$11k/ton, on the back of a sluggish SS restocking demand, 2) the anticipation of additional RKAB release in Jul-Aug25 to potentially add supply in 2H25, supported by better weather conditions and quota upgrades. Nonetheless, we also see potential upside risk on the premium from: 1) the traditional peak restocking season in China between Sept-Oct25, known as the golden September, silver October, and 2) MEMR's consideration to revert RKAB issuance from 3 years to an annual basis, which could add the overhang toward future domestic supply in an already tight market.

Maintain Neutral on the sector with top picks of MBMA and INCO

At this juncture, we continue to favor Ore> MHP> NPI> Matte as ore profitability is still attractive despite declining trends. Meanwhile, we prefer MHP over NPI given stronger cash margin per tonne, and rank Matte at the bottom of our preference due to its pricing against a currently weak LME nickel price. Our pecking order is: MBMA> INCO> BRMS> NCKL> ANTM> MDKA> TINS based on the prospect of incoming catalysts. We prefer MBMA due to backloaded performance after smelter maintenance in 1H25, and the start of AIM project in 2H25, and INCO due to the possibility of a payability upgrade and stronger ore sales of c.2mn wmt, subject to RKAB approval.

BRI Danareksa Sekuritas Analysts

Timothy Wijaya
(62-21) 5091 4100 ext. 3504
timothy.wijaya@brids.co.id

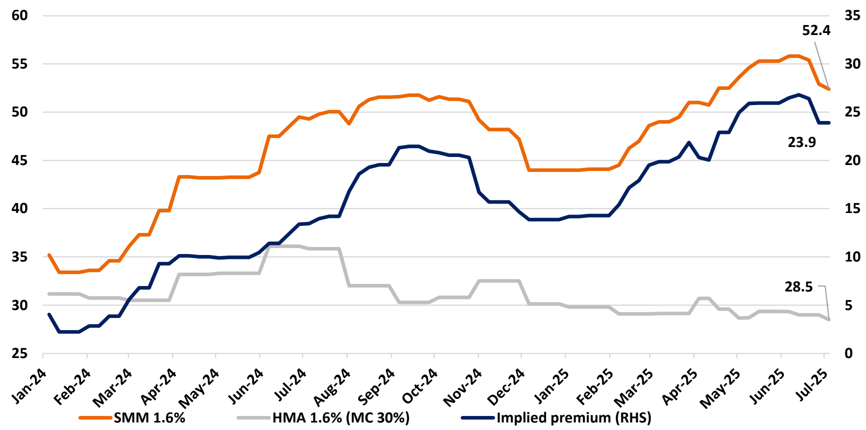
Naura Reyhan Muchlis
(62-21) 5091 4100 ext. 3507
naura.muchlis@brids.co.id

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x) 2025F	P/E (x) 2026F	P/BV (x) 2025F	P/BV (x) 2026F	ROE (%) 2026F
Merdeka Battery Materials	MBMA IJ	BUY	490	48,381.9	128.6	40.4	1.9	1.8	4.6
Vale	INCO IJ	BUY	3,300	34,991.0	22.1	12.1	0.8	0.7	6.2
Bumi Resources Minerals	BRMS IJ	BUY	480	57,847.9	77.4	61.6	2.9	2.8	4.6
Trimegah Bangun Persada	NCKL IJ	BUY	1,500	41,329.6	4.4	4.1	1.1	0.9	24.1
Aneka Tambang	ANTM IJ	BUY	3,000	70,410.1	10.8	12.7	2.1	1.9	15.6
Merdeka Copper Gold	MDKA IJ	BUY	2,400	50,903.8	51.4	27.5	3.2	2.9	11.1
Timah	TINS IJ	BUY	1,300	7,559.5	8.4	9.5	1.0	0.9	9.7

Ore premium reversal is inevitable

Nickel ore premium has been on a strong uptrend throughout 2024 with a brief pause in Nov24-Jan25 due to RKAB relaxation. However, prices continue to soar in 2025 and reached its peak in Jun25 at US$26.8/wmt. Recent decline in premium was also due to the decline in benchmark HPM price that tracks the weakened LME price.

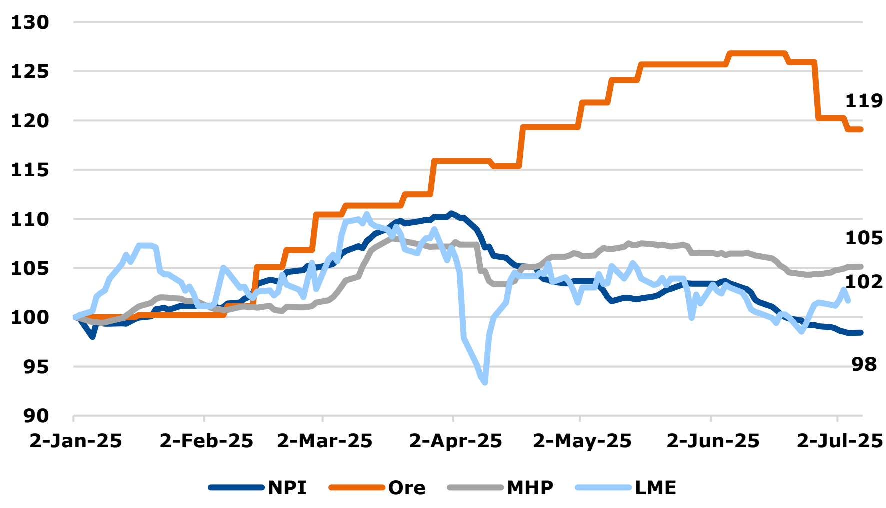
Exhibit 1. Indonesian nickel ore benchmark price (US$/wmt)



Source: SMM, BRIDS

We believe that ore premium may have reached its peak, where a reversal in price is inevitable, at least in the short term due to 1) the continuous decline of NPI price that almost returned to its bottom in Jan25 of US$11k/ton, on the back of a sluggish SS restocking demand. 2) the anticipation of additional RKAB release in Jul-Aug25 to potentially add supply in 2H25, supported by better weather condition and quota upgrades.

Exhibit 2. Changes in nickel products prices

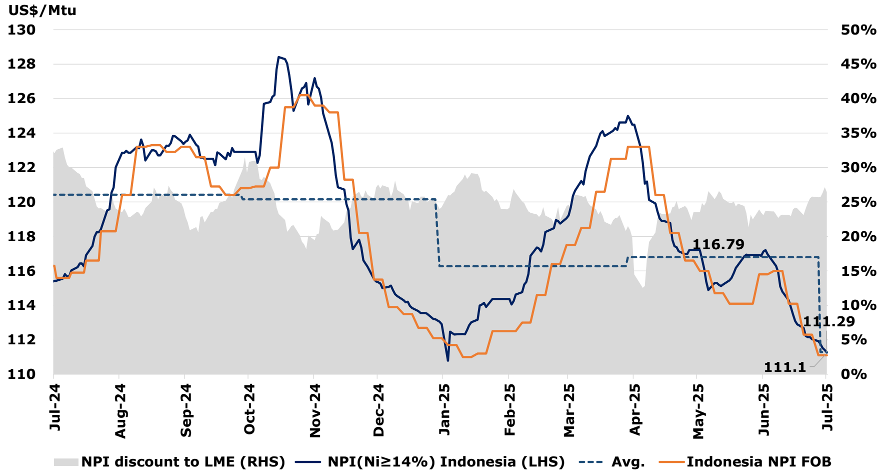


Source: SMM, APNI, Bloomberg, BRIDS

YTD, ore prices have risen by +19% despite NPI price declining by -2%. This divergence has caused margin pressure on non-integrated smelters and further disincentivize it from restocking amid thin to negative margins.

Nonetheless, we also see potential upside risk on premium from: 1) traditional peak restocking season in China between Sept-Oct25, or known as the golden September, silver October, and 2) MEMR's consideration to revert RKAB issuance from 3 years to annual basis, which could add the overhang toward future domestic supply in an already tight market.

Exhibit 3. NPI Price

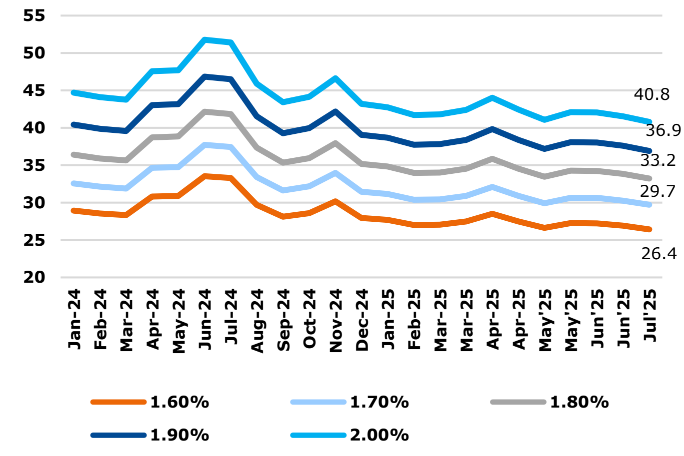


Source: SMM, BRIDS

Exhibit 4. Stainless steel cold rolled coil (CRC) Price

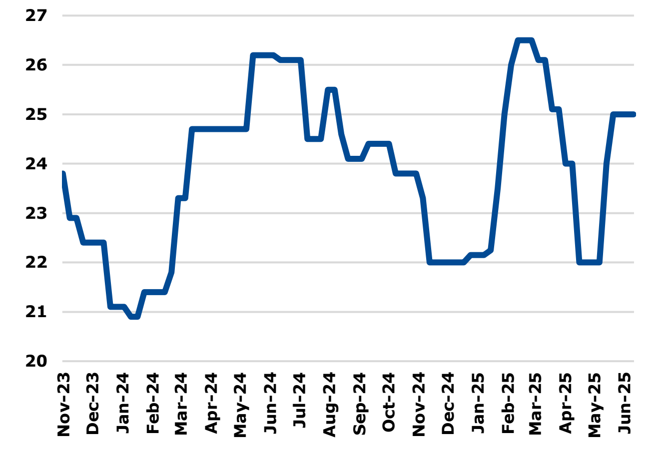
Source: Mysteel

Exhibit 5. Saprolite ore benchmark price (US$/wmt)



Source: SMM, BRIDS

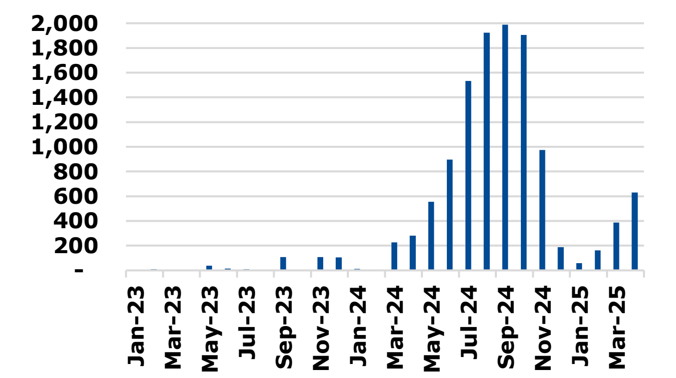
Exhibit 6. Limonite ore price 1.2% (US$/wmt)



Source: SMM, BRIDS

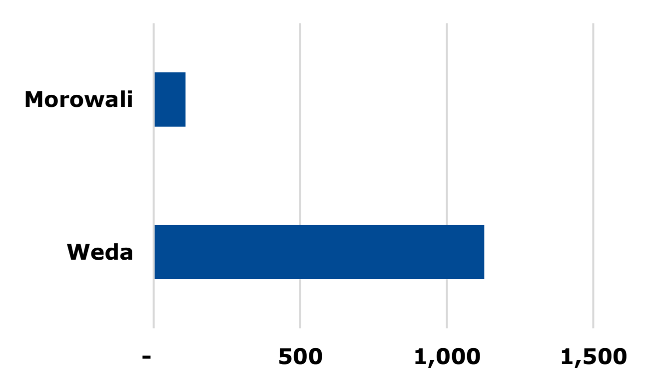
Ore supply tightness has created another wave of imports from the Philippines, China, and Solomon Islands amounting to 1.2 million tonnes. Following previous trends, imports should continue to rise until 3Q25 due to the tightness and high premium in the domestic market.

Exhibit 7. Indonesia's Nickel Ore Import volume (Kt)



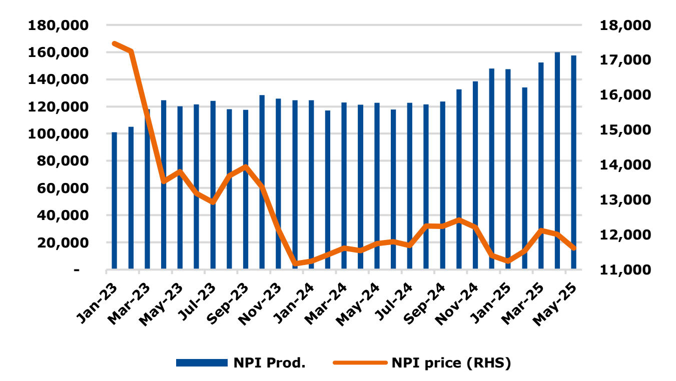
Source: BPS, BRIDS

Exhibit 8. Ore imports destination (Kt)



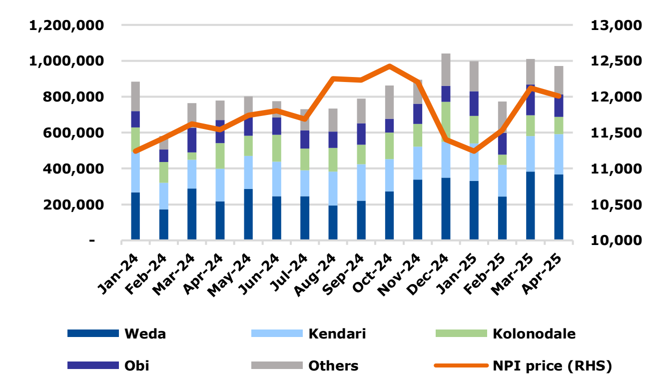
Source: BPS, BRIDS

Exhibit 9. Indonesia's monthly NPI production



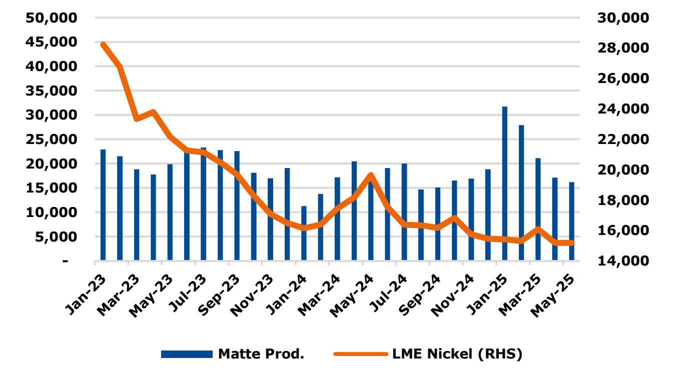
Source: BPS, BRIDS

Exhibit 10. Indonesia's monthly NPI export



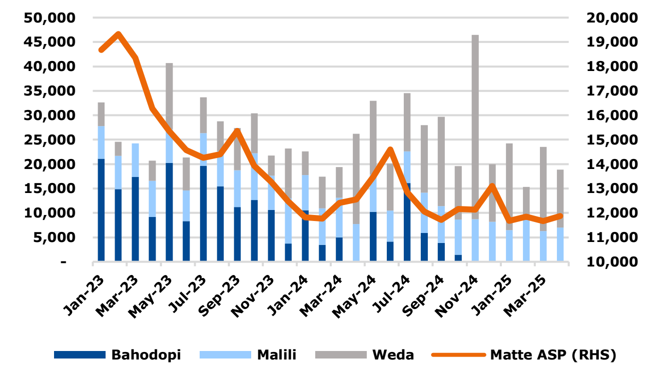
Source: BPS, BRIDS

Exhibit 11. Indonesia's monthly Matte production



Source: BPS, BRIDS

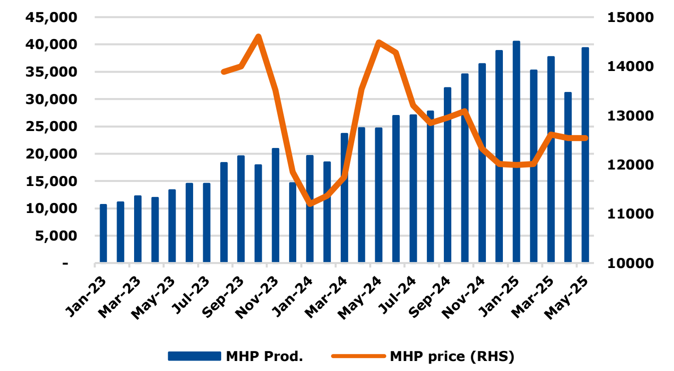
Exhibit 12. Indonesia's monthly Matte export



Source: BPS, BRIDS

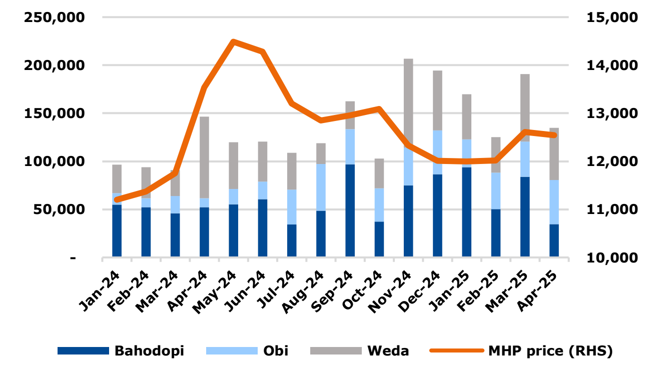
With new capacities being added to produce nickel matte, 5M25 production grew +44% YoY, though it has seen a declining trend since the start of the year, due to depressed LME nickel price. Consequently, matte export declined -4% YoY, and some NPI to matte converter have been shut down, resulting in stronger NPI 5M25 output of +23% YoY and exports of +25% YoY. Meanwhile, MHP production remained robust, where 5M25 production grew by 66% YoY, and 4M25 exports grew at 45% YoY, as more MHP capacities are being added to the market.

Exhibit 13. Indonesia's monthly MHP production



Source: BPS, BRIDS

Exhibit 14. Indonesia's monthly MHP export



Source: BPS, BRIDS

At this juncture, we continue to favor Ore> MHP> NPI> Matte as ore profitability is still attractive despite declining trends. Meanwhile, we prefer MHP over NPI given stronger cash margin per tonne, and rank Matte at the bottom of our preference due to its pricing against a currently weak LME nickel price. Our pecking order is: MBMA> INCO> BRMS> NCKL> ANTM> MDKA> TINS based on the prospect of incoming catalysts. We prefer MBMA due to backloaded performance after smelter maintenance in 1H25, and the start of AIM project in 2H25, and INCO due to the possibility of a payability upgrade and stronger ore sales of c.2mn wmt, subject to RKAB approval.

BRI Danareksa Equity Research Team		
Erindra Krisnawan, CFA	Head of EQR, Strategy, Automotive, Telco, Technology	erindra.krisnawan@brids.co.id
Timothy Wijaya	Metal, Coal, and Oil & Gas	timothy.wijaya@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Cement, Tollroad	ismail.suweleh@brids.co.id
Christy Halim	Consumer, Retailers	christy.halim@brids.co.id
Kafi Ananta Azhari	Research Associate, Co-coverage (Telco, Technology)	kafi.azhari@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

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
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@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