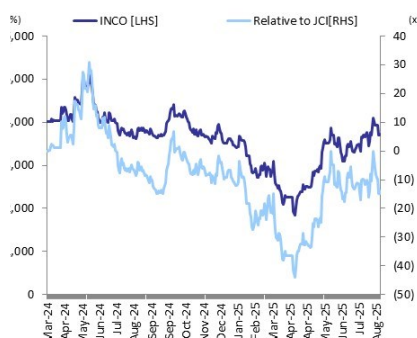


Buy

(Maintained)

Last Price (Rp)	3,720
Target Price (Rp)	4,700
Previous Target Price (Rp)	3,300
Upside/Downside	+26.3%
No. of Shares (mn)	10,540
Mkt Cap (Rpbn/US\$mn)	39,208/2,414
Avg, Daily T/O (Rpbn/US\$mn)	59.4/3.7
Free Float (%)	20.1
Major Shareholder (%)	
Mind ID	34.0
Vale Canada	33.9
EPS Consensus (US\$cents)	
	2025F 2026F 2027F
BRIDS	1.0 1.6 2.7
Consensus	0.8 1.6 2.4
BRIDS/Cons (%)	22.8 0.5 13.6

INCO relative to JCI Index



Source: Bloomberg

Vale Indonesia (INCO IJ)

On Track for Growth Acceleration

- We expect INCO's revenue and earnings growth to accelerate in 2H25 and FY26, supported by higher nickel matte payability & ore production.
- HPAL projects remain on track for 4Q26 commissioning, with upside risk of an earlier timeline.
- We raised FY25 EPS est. by +25% but slightly trimmed FY26-27; reiterate Buy rating with a higher SOTP-based TP of Rp4,700.

Growth drivers aplenty for 2H25 and FY26

Following the approval of RKAB (of 2.2mn wmt of saprolite ore), INCO expects ore volume production from the Bahodopi block to be evenly split in 3Q-4Q25, at an estimated 1.0-1.2 mn wmt per quarter. Management further indicated that it has locked in premium pricing for the ore at \$25/ton (vs. HPM prices) until Dec25, translating to potential revenue uplift of US\$56mn in 2H25. In nickel matte segment, following the decision to accelerate maintenance into 1H25, INCO is set to deliver 35.6k tonnes in 2H25 (vs. 1H25: 35.6k tonnes, +2% yoy), including the schedule for electric furnace-3 rebuild in 4Q25. Furthermore, it confirmed that the agreement with buyers to increase nickel matte's payability to 82%.

Key growth projects are on schedule

INCO reaffirmed its commissioning plan for the HPAL projects in 4Q26, but management sees the potential to accelerate the mechanical completion of the plant from 4Q26 to 3Q26. Meanwhile, Pomala's mining operation is slated for 3Q26, with potential acceleration into 1Q-2Q26. The company spent US\$226mn on capex in 1H25, with US\$241mn budgeted for 2H25 and US\$750mn and US\$907mn in FY26 and FY27, respectively, to fund growth projects.

Forecast revisions

We raised our FY25 net profit forecast by 25% to account for higher payability and nickel ore premium, but slightly trimmed our FY26 and FY27 estimates (by -6% and -1%, respectively) to reflect the company's latest capex assumptions.

Reiterate Buy rating with higher TP of Rp4,700

We reiterate Buy rating on INCO on the back of attractive growth and projects, with a higher SOTP-based TP of Rp4,700, which reflects higher revenue and EBITDA forecasts from the nickel matte and ore businesses. Key risks are weaker nickel price, project delays, and RKAB delays.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (US\$mn)	1,232	950	1,010	1,255	1,662
EBITDA (US\$mn)	498	237	300	426	609
Net Profit (US\$mn)	274	58	104	170	287
EPS (US\$cents)	2.8	0.5	1.0	1.6	2.7
BVPS (US\$cents)	25.8	25.9	26.7	28.1	30.3
PER (x)	8.3	41.8	23.3	14.2	8.4
PBV (x)	0.9	0.9	0.9	0.8	0.8
EV/EBITDA	3.2	7.3	6.9	6.0	3.9

Source: INCO, BRIDS Estimates

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Exhibit 1. INCO forecast revision

INCO in US\$m	2025F		2026F		2027F		Changes		
	Old	New	Old	New	Old	New	2025F	2026F	2027F
Revenue	935	1,010	1,180	1,255	1,529	1,662	8.1%	6.4%	8.7%
Gross profit	108	131	240	242	381	437	21.7%	0.7%	14.8%
EBITDA	267	300	401	426	543	609	12.2%	6.1%	12.1%
Net profit	83	104	181	170	290	287	24.8%	-6.3%	-0.9%
Gross margin	11.6%	13.0%	20.3%	19.3%	24.9%	26.3%			
EBITDA margin	28.6%	29.6%	34.0%	33.9%	35.5%	36.6%			
Net margin	8.9%	10.2%	15.3%	13.5%	19.0%	17.3%			

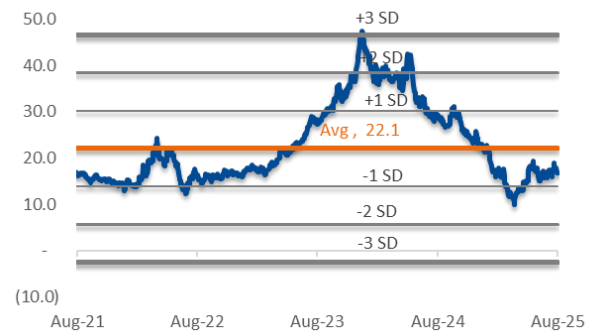
Source: BRIDS Estimates

Exhibit 2. INCO's Valuation

Valuation		
Nickel matte & ore	1,695	10x FY26E PE DCF (WACC 14.7%)
Bahodopi HPAL	267	
Pomala HPAL	666	
Sorowako HPAL	177	
Total EV	2,805	
Net Debt (cash)	(337)	
Equity value	3,142	
TP in IDR	4,700	

Source: BRIDS Estimates

Exhibit 3. INCO's P/E band (5-year)



Source: Company, BRIDS

Exhibit 4. Income Statement

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Revenue	1,232	950	1,010	1,255	1,662
COGS	(885)	(842)	(879)	(1,013)	(1,224)
Gross profit	347	108	131	242	437
EBITDA	498	237	300	426	609
Oper. profit	325	70	106	202	376
Interest income	36	36	34	29	5
Interest expense	(10)	(7)	(8)	(16)	(16)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	2	(25)	2	2	3
Pre-tax profit	353	74	133	217	368
Income tax	(78)	(16)	(29)	(48)	(81)
Minority interest	0	0	0	0	0
Net profit	274	58	104	170	287
Core Net Profit	274	58	104	170	287

Exhibit 5. Balance Sheet

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	699	675	587	110	265
Receivables	102	84	97	120	159
Inventory	156	149	165	181	215
Other Curr. Asset	77	97	63	78	103
Fixed assets - Net	1,696	1,975	2,286	2,879	2,896
Other non-curr.asset	197	197	172	200	241
Total asset	2,926	3,177	3,370	3,568	3,879
ST Debt	0	0	0	0	0
Payables	141	171	125	144	174
Other Curr. Liabilities	76	93	67	80	103
Long Term Debt	0	0	250	250	250
Other LT. Liabilities	145	180	109	136	158
Total Liabilities	361	444	551	611	686
Shareholder's Funds	2,565	2,733	2,819	2,957	3,194
Minority interests	0	0	0	0	0
Total Equity & Liabilities	2,926	3,177	3,370	3,568	3,879

Exhibit 6. Cash Flow

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Net income	274	58	104	170	287
Depreciation and Amort.	173	167	194	223	232
Change in Working Capital	(22)	3	20	(43)	(72)
Other Oper. Cash Flow	47	22	(55)	16	18
Operating Cash Flow	473	250	262	365	466
Capex	(319)	(447)	(505)	(816)	(249)
Others Inv. Cash Flow	(31)	17	(9)	(10)	(10)
Investing Cash Flow	(350)	(429)	(514)	(825)	(260)
Net change in debt	0	0	250	0	0
New Capital	(4)	7	0	0	0
Dividend payment	(60)	0	(17)	(31)	(51)
Other Fin. Cash Flow	6	45	(69)	14	0
Financing Cash Flow	(58)	52	164	(17)	(50)
Net Change in Cash	65	(127)	(88)	(477)	156
Cash - begin of the year	634	699	675	587	110
Cash - end of the year	699	675	587	110	265

Exhibit 7. Key Ratio

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	4.5	(22.9)	6.3	24.2	32.4
EBITDA	8.7	(52.4)	26.3	42.1	43.0
Operating profit	10.6	(78.5)	50.8	91.7	86.1
Net profit	36.9	(78.9)	79.3	63.7	69.5
Profitability (%)					
Gross margin	28.2	11.4	13.0	19.3	26.3
EBITDA margin	40.4	24.9	29.6	33.9	36.6
Operating margin	26.4	7.4	10.4	16.1	22.7
Net margin	22.3	6.1	10.2	13.5	17.3
ROAA	9.8	1.9	3.2	4.9	7.7
ROAE	11.2	2.2	3.7	5.9	9.3
Leverage					
Net Gearing (x)	(0.3)	(0.2)	(0.1)	0.0	0.0
Interest Coverage (x)	32.2	9.4	13.0	12.4	23.2

Source: INCO, 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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