

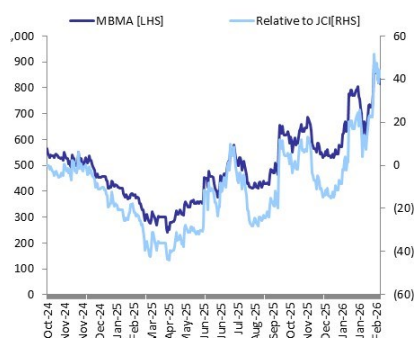
# Buy

(Maintained)

Tactical (3M): **OW**

Last Price (Rp)	770		
Target Price (Rp)	940		
Previous TP (Rp)	490		
Upside/Downside	+22.1%		
No. of Shares (mn)	107,995		
Mkt Cap (Rpbn/US\$m)	83,156/4,933		
Avg, Daily T/O (Rpbn/US\$m)	232.8/13.8		
Free Float (%)	36.9		
<b>Major Shareholder (%)</b>			
PT MERDEKA ENERGI	50.0		
HUAYONG INTERNATIONAL	7.6		
PT ALAM PERMAI	5.5		
<b>EPS Consensus (US\$cents)</b>			
	2025F	2026F	2027F
BRIDS	0.0	0.2	0.4
Consensus	0.0	0.1	0.3
BRIDS/Cons (%)	5.7	20.5	52.2

## MBMA relative to JCI Index



Source: Bloomberg

## BRI Danareksa Sekuritas Analysts

### Andhika Audrey

(62-21) 5091 4100 ext. 3504

andhika.nugroho@brids.co.id

### Naura Reyhan Muchlis

(62-21) 5091 4100 ext. 3507

naura.muchlis@brids.co.id

# Merdeka Battery Materials (MBMA)

## Earnings Acceleration on Stronger Monetization and Downstream Execution

- **RKAB approval remains pending, though mgmt. expects downstream ore needs of ~23mn wmt to be secured.**
- **We lift FY26F-27F net profit by 135-47%, driven by higher HGNM volume and stronger nickel price assumptions.**
- **We maintain Buy with a higher TP of Rp940, supported by stronger FY26F-27F earnings trajectory and expanding EBITDA earnings.**

### All eyes on RKAB Approval

In our latest discussion with mgmt., MBMA indicated that official RKAB approval from MEMR has yet to be received. Nonetheless, management remains confident that downstream ore requirements of c.23mn wmt will be secured, comprising 7–8mn wmt of saprolite and 10–15mn wmt of limonite. For FY26F, the key priority will shift toward cash flow stabilization, particularly amid the planned overhaul of 1–2 RKEF lines. Operationally, this implies softer seasonality in 1H26F, with production and earnings momentum expected to recover in 2H26F.

### Operational update and strategic development

Mgmt. highlighted that its HGNM operation has resumed under a more favorable contract structure with improved payability of ~90% from LME (vs. 88% previously), supporting incremental margin expansion. From the upstream side, effective 1<sup>st</sup> January 2026, limonite will be sold at market-based pricing of ~US\$20/wmt (grade 1.15%), with estimated margins of US\$10-11/wmt. On downstream side, MBMA plans to consolidate ESG (3Q26F) and SLNC (2H26F) after four consecutive quarters of positive EBITDA, requiring ~US\$100mn and ~US\$300mn respectively with funding from internal cash flow. Overall, these developments reinforce MBMA's strategy to enhance vertical integration, strengthen margin resilience, and accelerate downstream monetization across the nickel value chain.

### Maintain Buy rating with a higher TP of Rp940.

We raise our forecast for MBMA, incorporating a base-case nickel price assumption of US\$17.5k/t in FY26F, higher HGNM volume of 50kt Ni in FY26F, and a more optimal HPAL contribution. As a result, we now project Net Profit to reach US\$176mn in FY26F (+47% y-y) and US\$379 in FY27F, with EBITDA margin expanding to 22.6%-26.2%. We set a higher TP of Rp940 based on SOTP, implying FY26F EV/EBITDA of 8.7x (c.-1std.dev 3-year average of 21.2x). Key downside risks include nickel price normalization, HPAL projects execution delays and RKAB uncertainty.

### Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (US\$m)	1,328	1,845	1,404	2,726	2,879
EBITDA (US\$m)	97	163	207	646	758
EBITDA Growth (%)	102.6	67.1	27.5	211.5	17.4
Net Profit (US\$m)	7	23	37	176	379
EPS (US\$cents)	0.0	0.0	0.0	0.2	0.4
EPS Growth (%)	(68.0)	228.8	63.7	372.7	115.2
BVPS (US\$cents)	1.4	1.4	1.5	1.6	2.0
PER (x)	712.0	216.5	139.3	29.5	13.0
PBV (x)	3.2	3.2	3.3	2.9	2.3
EV/EBITDA	52.7	31.7	25.8	8.3	6.5

Source: MBMA, BRIDS Estimates

### Forecast revision

We revise our forecasts to reflect higher nickel price assumptions and stronger downstream contribution, particularly from HGNM, alongside more disciplined cost control. As a result, we have lifted our FY26F net profit estimate to US\$176mn (vs. US\$75mn previously), while FY27F net profit estimate increases to US\$379mn (vs. US\$259mn). FY25F's earnings are slightly adjusted to US\$37mn (vs. US\$36mn).

Revenue is now projected at US\$2,726mn in FY26F (+33.1% y-y) and US\$2,879mn in FY27F (+27.1% y-y), driven by higher HGNM volume 50kt in FY26F (vs. 40kt previously), improved ASP assumptions nickel price at US\$17.5k/t in FY26F and US\$17.7k/t in FY27F, and initial HPAL contribution. We revise EBITDA to US\$646mn in FY26F and US\$758mn in FY27F, implying EBITDA margin expansion to 22.6%–26.2%, reflecting operating leverage and improved product mix.

#### Exhibit 1. Forecast changes summary

MBMA in US\$m	Forecast Changes								
	2025F		2026F		2027F		Changes		
	Old	New	Old	New	Old	New	2025F	2026F	2027F
Revenue	1,710	1,404	2,048	2,726	2,265	2,879	-17.9%	33.1%	27.1%
Gross profit	185	156	311	638	512	756	-15.8%	105.2%	47.6%
EBITDA	122	207	388	646	585	758	70.0%	66.5%	29.6%
Net profit	36	37	75	176	259	379	3.6%	135.0%	46.5%
Gross margin	10.8%	11.1%	15.2%	23.4%	22.6%	26.2%			
EBITDA margin	7.1%	14.8%	18.9%	23.7%	25.8%	26.3%			
Net margin	2.1%	2.7%	3.7%	6.5%	11.4%	13.2%			
<b>Major Assumption</b>									
Nickel price LME	15,500	15,206	16,500	17,500	16,500	17,700	-1.9%	6.1%	7.3%
NPI prod (t/Ni)	83,500	73,871	70,000	73,000	70,000	73,000	-11.5%	4.3%	4.3%
HGNM prod (t/Ni)	52,500	19,998	50,000	40,000	50,000	40,000	-61.9%	-20.0%	-20.0%
Saprolite (m/wmt)	7	7	7	8	7	10	7.7%	23.1%	53.8%
Limonite (m/wmt)	14	15	14	25	14	26	8.9%	85.2%	94.4%
NPI ASP (US\$/tNi)	11,500	11,430	11,500	11,500	11,500	11,700	-0.6%	0.0%	1.7%
HGNM ASP (US\$/tNi)	13,601	13,601	13,500	15,750	13,500	15,930	0.0%	16.7%	18.0%
Saprolite ASP (US\$/wmt)	30	30	30	59	30	56	0.2%	95.1%	86.9%
Limonite ASP (US\$/wmt)	17	15	17	24	17	24	-10.0%	41.2%	41.2%

in US\$m	BRIDS vs. Cons								
	2025F		2026F		2027F		BRIDS/Cons		
	BRIDS	Cons	BRIDS	Cons	BRIDS	Cons	2025F	2026F	2027F
Revenue	1,404	1,490	2,726	2,478	2,879	2,914	94.2%	110.0%	98.8%
Gross profit	156	165	638	393	756	568	94.5%	162.5%	132.9%
EBITDA	207	193	646	479	758	673	107.3%	134.9%	112.8%
Net profit	37	35	176	146	379	249	105.3%	120.8%	152.2%
Gross margin	11.1%	11.1%	23.4%	15.8%	26.2%	19.5%			
EBITDA margin	14.8%	13.0%	23.7%	19.3%	26.3%	23.1%			
Net margin	2.7%	2.4%	6.5%	5.9%	13.2%	8.6%			

Source: BRIDS Estimates

## Operational Highlights and 4Q25E Preview

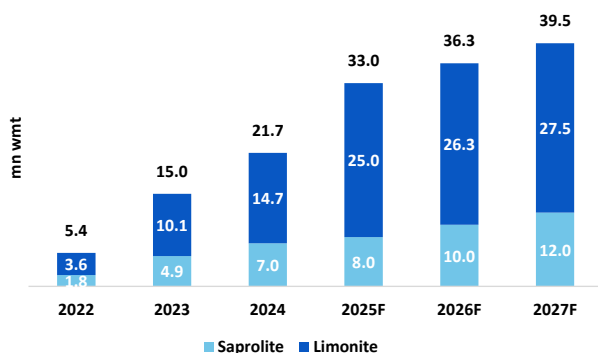
On the 4Q25 operational report, MBMA demonstrated a solid recovery following the RKEF overhaul, with NPI production rising to 21k tNi (+6% q-q). This drove cash margin expansion to US\$2.3k/tNi (+3.4 q-q; +23.8% y-y), reflecting improved cost efficiency and stronger operating leverage. The HGNM segment also resumed operations in 4Q25, lifting FY25 cash margin to US\$444/tNi (+99% y-y). We view this re-start as an incremental catalyst to top-line growth while reinforcing overall margin resilience. We estimate 4Q25E revenue at US\$469mn (+0.8% y-y), above consensus of US\$346mn, while 4Q25E net profit is projected at US\$12mn (vs. consensus US\$9mn). This could bring FY25F cumulative net profit to US\$37mn (See Exh. 2).

**Exhibit 2. MBMA's 4Q25E and FY25F Preview Highlights**

MBMA (US\$ Mn)	4Q24	3Q25	4Q25E	q-q (%)	y-y (%)	FY24	FY25F	y-y (%)	4Q25F Cons	q-q (%)	FY25F Cons	y-y (%)
Revenue	465	307	469	52.5	0.8	1,845	1,404	-23.9	346	12.6	1,490	-19.2
Gross profit	35	43	64	47.9	82.8	114	156	36.5	55	28.8	165	44.4
Operating profit	21	33	35	8.7	65.8	80	104	30.1	44	35.1	108	35.5
Net profit	4	19	12	-38.4	177.8	23	37	63.7	9	-55.8	35	55.5
GPM	7%	14%	14%			6%	11%					
OPM	5%	11%	8%			4%	7%					
NPM	1%	6%	3%			1%	3%					

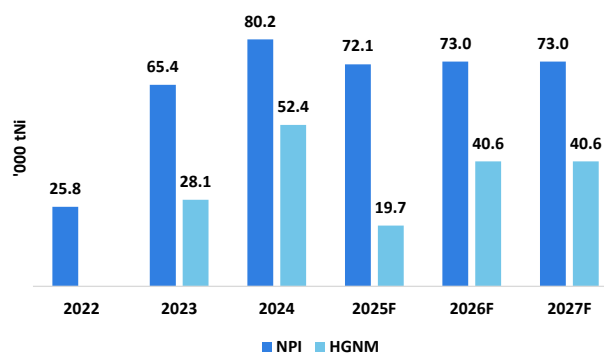
Source: Bloomberg, BRIDS

**Exhibit 3. Nickel Ore Production Estimates**



Source: Company, BRIDS Estimates

**Exhibit 4. NPI and HGNM Sales Volume Trend**



Source: Company, BRIDS Estimates

**Exhibit 5. Valuation Table**

DCF	EV (US\$ mn)	Valuation
SCM	2,178	DCF
RKEF (BSI, CSI, ZHN, HNMI)	1,140	
HPAL (ESG, Meiming, CATL)	1,393	
AIM	1,668	
Total	6,380	
Net (debt)/cash	-	403
Shares outstanding (Bn shares)		108
<b>Target price (IDR/sh)</b>		<b>940</b>

Source: BRIDS Estimates

**Exhibit 6. MBMA EV/EBITDA Band (3-year)**



Source: Bloomberg, BRIDS Estimates

## Exhibit 7. Peers comparable (Indonesian Metal Mining)

Date	Company	Company	Mkt.Cap (Rpbn)	PE		PB		ROA		ROE	
				25F	26F	25F	26F	25F	26F	25F	26F
MBMA IJ	MBMA IJ Equity	MERDEKA BATTERY MINERALS TBK PT	83,156	139.3	29.5	3.3	2.9	1.1	4.9	2.4	10.5
ANTM IJ	ANTM IJ Equity	ANEKA TAMBANG TBK	105,976	13.5	11.8	3.0	2.6	16.6	17.1	23.3	23.6
INCO IJ	INCO IJ Equity	VALE INDONESIA TBK	75,886	55.2	18.3	1.7	1.6	2.6	7.4	3.1	8.9
MDKA IJ	MDKA IJ Equity	MERDEKA COPPER GOLD TBK PT	89,571	288.3	45.5	5.9	5.2	0.4	2.3	2.1	12.2
NCKL IJ	NCKL IJ Equity	TRIMEGAH BANGUN PERSADA TBK	86,130	9.8	7.2	2.3	1.8	15.9	19.3	25.8	28.5
TINS IJ	TINS IJ Equity	TIMAH TBK PT	31,653	24.9	10.7	3.8	3.0	9.7	19.9	16.2	31.3
<b>Average.</b>				<b>88.5</b>	<b>20.5</b>	<b>3.3</b>	<b>2.9</b>	<b>7.7</b>	<b>11.8</b>	<b>12.2</b>	<b>19.2</b>

Source: Bloomberg, BRIDS

## Exhibit 8. Peers comparable (Global Metal Mining)

Date	Company	Company	Mkt.Cap (USD mn.)	PE		PB		ROA		ROE	
				25F	26F	25F	26F	25F	26F	25F	26F
BHP AU	BHP AU Equity	BHP GROUP LTD	213,146	19.9	15.9	4.3	3.7	11.2	11.1	22.9	24.9
GLEN LC	GLEN LC Equity	GLENORE PLC	84,137	42.0	17.7	2.2	2.1	0.9	4.0	4.7	12.2
AAL LN	AAL LN Equity	ANGLO AMERICAN PLC	56,739	78.5	27.7	2.8	2.7	1.2	3.1	3.0	6.3
603799 CH	603799 CH Equity	ZHEJIANG HUAYOU COBALT CO -A	21,549	22.4	16.7	3.1	2.7	4.8	6.0	14.6	17.1
LUN CN	LUN CN Equity	LUNDIN MINING CORP	26,067	40.3	26.5	4.1	3.5	8.8	8.4	13.6	14.5
5713 JT	5713 JT Equity	SUMITOMO METAL MINING CO LTD	24,117	77.6	26.8	1.9	1.8	1.0	N/A	2.5	6.2
S32 AU	S32 AU Equity	SOUTH32 LTD	15,094	20.6	16.2	1.6	1.6	6.4	7.4	7.9	9.7
NIC AU	NIC AU Equity	NICKEL INDUSTRIES LTD	3,122	34.9	12.0	1.4	1.3	2.0	7.7	2.4	11.8
NIKLM PM	NIKLM PM Equity	NICKEL ASIA CORP	1,266	12.2	10.6	1.3	1.2	12.0	13.1	16.1	17.0
<b>Average.</b>				<b>38.7</b>	<b>18.9</b>	<b>2.5</b>	<b>2.3</b>	<b>5.4</b>	<b>7.6</b>	<b>9.7</b>	<b>13.3</b>

Source: Bloomberg, BRIDS

**Exhibit 9. Income Statement**

Year to 31 Dec (US\$m)	2023A	2024A	2025F	2026F	2027F
<b>Revenue</b>	<b>1,328</b>	<b>1,845</b>	<b>1,404</b>	<b>2,726</b>	<b>2,879</b>
COGS	(1,251)	(1,731)	(1,248)	(2,088)	(2,123)
<b>Gross profit</b>	<b>77</b>	<b>114</b>	<b>156</b>	<b>638</b>	<b>756</b>
<b>EBITDA</b>	<b>97</b>	<b>163</b>	<b>207</b>	<b>646</b>	<b>758</b>
<b>Oper. profit</b>	<b>48</b>	<b>80</b>	<b>104</b>	<b>537</b>	<b>649</b>
Interest income	6	7	6	6	4
Interest expense	(20)	(8)	(25)	(44)	(39)
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
<b>Pre-tax profit</b>	<b>33</b>	<b>90</b>	<b>85</b>	<b>500</b>	<b>614</b>
Income tax	0	(11)	(10)	(59)	(72)
Minority interest	(26)	(57)	(37)	(264)	(163)
<b>Net profit</b>	<b>7</b>	<b>23</b>	<b>37</b>	<b>176</b>	<b>379</b>
<b>Core Net Profit</b>	<b>7</b>	<b>23</b>	<b>37</b>	<b>176</b>	<b>379</b>

**Exhibit 10. Balance Sheet**

Year to 31 Dec (US\$m)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	290	244	261	186	417
Receivables	121	182	118	227	239
Inventory	288	275	228	443	468
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
<b>Total asset</b>	<b>3,263</b>	<b>3,435</b>	<b>3,460</b>	<b>3,722</b>	<b>3,953</b>
ST Debt	2	80	125	125	125
Payables	262	200	187	364	384
Other Curr. Liabilities	94	140	94	94	94
Long Term Debt	490	390	559	468	299
Other LT. Liabilities	105	277	107	107	107
<b>Total Liabilities</b>	<b>954</b>	<b>1,086</b>	<b>1,074</b>	<b>1,159</b>	<b>1,010</b>
Shareholder's Funds	1,532	1,555	1,592	1,768	2,147
Minority interests	778	795	795	795	795
<b>Total Equity &amp; Liabilities</b>	<b>3,263</b>	<b>3,435</b>	<b>3,460</b>	<b>3,722</b>	<b>3,953</b>

**Exhibit 11. Cash Flow**

Year to 31 Dec (US\$mn)	2023A	2024A	2025F	2026F	2027F
Net income	7	23	37	176	379
Depreciation and Amort.	50	83	104	109	109
Change in Working Capital	(68)	(110)	98	(147)	(17)
Other Oper. Cash Flow	(56)	(26)	0	0	0
<b>Operating Cash Flow</b>	<b>(67)</b>	<b>(30)</b>	<b>239</b>	<b>138</b>	<b>472</b>
Capex	(542)	(227)	(222)	(122)	(72)
Others Inv. Cash Flow	0	0	0	0	0
<b>Investing Cash Flow</b>	<b>(542)</b>	<b>(227)</b>	<b>(222)</b>	<b>(122)</b>	<b>(72)</b>
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
<b>Financing Cash Flow</b>	<b>619</b>	<b>211</b>	<b>0</b>	<b>(91)</b>	<b>(169)</b>
<b>Net Change in Cash</b>	<b>10</b>	<b>(46)</b>	<b>17</b>	<b>(75)</b>	<b>230</b>
Cash - begin of the year	280	290	244	261	186
Cash - end of the year	290	244	261	186	417

**Exhibit 12. Key Ratio**

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth (%)</b>					
Sales	191.5	38.9	(23.9)	94.3	5.6
EBITDA	102.6	67.1	27.5	211.5	17.4
Operating profit	55.9	67.8	30.1	417.2	20.9
Net profit	(68.0)	228.8	63.7	372.7	115.2
<b>Profitability (%)</b>					
Gross margin	5.8	6.2	11.1	23.4	26.2
EBITDA margin	7.3	8.8	14.8	23.7	26.3
Operating margin	3.6	4.3	7.4	19.7	22.5
Net margin	0.5	1.2	2.7	6.5	13.2
ROAA	0.2	0.7	1.1	4.9	9.9
ROAE	0.6	1.5	2.4	10.5	19.4
<b>Leverage</b>					
Net Gearing (x)	0.1	0.1	0.2	0.2	0.0
Interest Coverage (x)	2.4	10.0	4.2	12.3	16.5

Source: MBMA, BRIDS Estimates

## BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of EQR, Strategy, Automotive, Coal	<a href="mailto:erindra.krisnawan@brids.co.id">erindra.krisnawan@brids.co.id</a>
Victor Stefano	Banks, Poultry	<a href="mailto:victor.stefano@brids.co.id">victor.stefano@brids.co.id</a>
Christy Halim	Consumer, Retailers	<a href="mailto:christy.halim@brids.co.id">christy.halim@brids.co.id</a>
Andhika Audrey Eko Nugroho	Metal Mining, Oil & Gas	<a href="mailto:andhika.nugroho@brids.co.id">andhika.nugroho@brids.co.id</a>
Kafi Ananta Azhari	Telco, Technology	<a href="mailto:kafi.azhari@brids.co.id">kafi.azhari@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>

## 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>
Relindya Yuriswari S.	Economist	<a href="mailto:relindya.salehaningtyas@brids.co.id">relindya.salehaningtyas@brids.co.id</a>
Ebenezer Mesotuhu Harefa	Junior Economist	<a href="mailto:ebenezer.harefa@brids.co.id">ebenezer.harefa@brids.co.id</a>

## BRI Danareksa Institutional Equity Sales Team

Novrita Endah Putrianti	Institutional Sales Unit Head	<a href="mailto:novrita.putrianti@brids.co.id">novrita.putrianti@brids.co.id</a>
Ehrlichech Suhartono	Institutional Sales Associate	<a href="mailto:ehrliech@brids.co.id">ehrliech@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>
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>

## INVESTMENT RATING

<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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