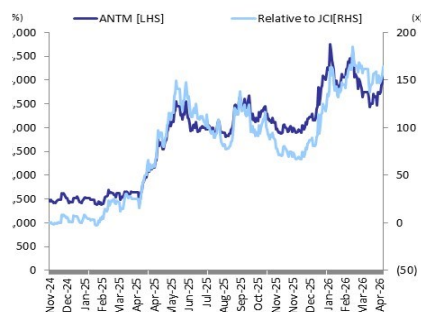


# Overweight

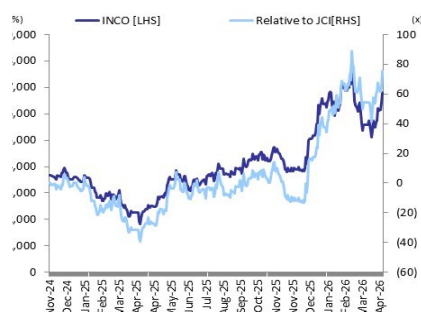
(Maintained)

Tactical (3M): **OW**

## ANTM relative to JCI Index



## INCO relative to JCI Index



Source: Bloomberg

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## Metal Mining

### Revised 2026 HPM Reshapes Nickel Ore Economics

- Latest MEMR decree shifts nickel ore HPM to a multi-variable formula, lifting the regulatory floor and narrowing the gap.
- Upstream miners gain pricing power, while downstream ore buyers face higher feedstock cost and royalty-base risk.
- We continue to prefer upstream ore-levered names, with **ANTM > INCO > NCKL > MBMA** as our top picks.

#### HPM 2026 Marks a Structural Reset in Nickel Ore Pricing

The issuance of MoEMR Decree No.144.K/MB.01/MEM.B/2026, effective 15 April 2026, marks the most substantive revision to Indonesia's nickel ore pricing regime since HPM was introduced. Unlike Decree 268/2025, which linked nickel ore HPM solely to nickel grade (%Ni x CF x HMA Ni), the new framework adopts a multi-component formula that explicitly incorporates iron, cobalt, and chromium by-products, with additional adjustments for moisture content. This materially narrows the gap between regulated and economic value. Meanwhile, the increase in baseline Correction Factor to 30% at 1.6% Ni (vs 20% at 1.9% Ni previously), effectively lifts the ore floor price across the grade curve, signaling a clearer policy push to enhance state take and strengthen domestic miners' bargaining position.

#### By-Product Credits Drive Ore Divergence

The most important feature of HPM 2026 is its by-product credit structure, which creates differentiated economic outcomes for saprolite and limonite rather than treating laterite ore uniformly by nickel grade alone. For saprolite, typically at around 1.6% Ni and Fe at or below 35%, the revised formula allows iron to contribute through 30% CF on lateritic iron ore HMA, lifting ore value beyond the nickel component alone. For limonite, where Ni is usually 1.0–1.3% and Fe often exceeds 35%, iron is generally excluded, but cobalt can still provide support when Co content is above the 0.05% threshold. In our view HPM 2026 makes the regulated benchmark more relevant as an effective transaction floor, particularly for lower-grade ore where historical smelter discounts have been deepest.

#### Upstream Miners Remain Potential Beneficiaries

From a sector perspective, the government is the clearest beneficiary of the new HPM, as the revised framework strengthens pricing discipline, broadens the fiscal base, and reduces the scope for aggressive underpricing in related-party transactions. At the corporate level, we see upstream ore sellers as the primary winners, given their greatest leverage to a higher regulated floor price, particularly in a tightening physical market. Within this framework, we retain our sector picks as follows: **ANTM > INCO > NCKL > MBMA** as its upstream benefits should partly offset downstream cost exposure, while downstream earnings risk remains selective and mainly tied to ore self-sufficiency, transfer-pricing structure, and pass-through ability.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2026F
					2026F	2027F	2026F	2027F	
Aneka Tambang	ANTM IJ	BUY	4,800	97,564.9	11.0	9.9	2.5	2.5	24.2
Vale	INCO IJ	BUY	8,000	71,407.0	18.2	14.6	1.5	1.4	8.5
Trimegah Bangun Persada	NCKL IJ	BUY	1,800	73,825.4	6.2	5.6	1.6	1.3	28.5
Merdeka Battery Materials	MBMA IJ	BUY	880	73,825.4	28.3	12.8	2.8	2.3	10.5

**Exhibit 1. Key Differences Between Indonesia's Nickel Ore HPM Regimes: MoEMR Decree 268/2025 vs 144/2026**

Aspect	HPM Old Regime – MoEMR Decree No. 268/2025	HPM New Regime – MoEMR Decree No. 144/2026
<b>Core nickel ore formula</b>	Nickel ore HPM was calculated as %Ni × CF × Nickel HMA.	Nickel ore HPM is now calculated as [(%Ni × nickel ore CF × nickel HMA) + (%Fe × iron by-product CF × iron ore HMA × 100) + (%Co × cobalt by-product CF × cobalt HMA) + (%Cr × chrome by-product CF × chrome ore HMA × 100)] × (1-MC).
<b>Pricing basis / unit</b>	Expressed in US\$/DMT for nickel ore.	Expressed in US\$/wmt for nickel ore, with moisture content directly embedded through (1-MC).
<b>CF starting point</b>	CF was anchored at 20% for 1.9% Ni, with CF moving up or down by 1% for every 0.1% change in Ni grade.	CF is now anchored at 30% for 1.6% Ni, with the same 1% change for every 0.1% movement in Ni grade.
<b>By-product recognition</b>	No explicit by-product crediting mechanism in the nickel ore formula.	Explicit credit now applies to Fe, Co, and Cr. Iron is counted when Fe ≤ 35%, cobalt when Co ≥ 0.05%, while chromium is also included directly. CFs are set at 30% for Fe, 30% for Co, and 10% for Cr.
<b>Moisture content treatment</b>	Moisture was not embedded in the nickel ore HPM formula.	Moisture content is now directly incorporated through the (1-MC) factor.
<b>Regulatory function of HPM</b>	HPM functioned as a floor price. If the contract price was below HPM, the HPM still applied for tax calculation and as the base for production royalty.	Decree 144/2026 is a revision to Decree 268/2025, meaning the same floor-price function remains attached to the revised HPM framework.

Source: MoEMR, BRIDS

**Exhibit 2. Illustrative Pricing Comparison for Limonite (1.2%) and Saprolite (1.6%)**
**Key Assumption:**

HMA Ni = US\$17,000/wmt

Cobalt = US\$50,000/dmt

Ni 1.2% (Limonite)		Ni 1.6% (Saprolite)	
HPM 2025		HPM 2025	
%Ni	1.20%	%Ni	1.60%
CF (Base 20% at 1.9%; 1.2% = 20% - 7x1%)	13%	CF (Base 20% at 1.9%; 1.6% = 20% - 3x1%)	17%
HMA Ni (US\$/t)	17,000	HMA Ni (US\$/t)	17,000
Calculation: 0.012 × 0.13 × 16,934	26.5	Calculation: 0.016 × 0.17 × HMA Ni	46.2
<b>HPM 2025 (US\$/dmt)</b>	<b>26.5</b>	<b>HPM 2025 (US\$/dmt)</b>	<b>46.2</b>
HPM 2026		HPM 2026	
Ni Component: 0.012 × 0.26 × HMA (CF: 30% base at 1.6%; 1.2% = 30% - 4x1%) (US\$)	53.0	Ni Component: 0.016 × 0.30 × HMA (US\$)	81.6
35% ==> not credited	0.0	Fe Component: 0.12 × 0.30 × 0.95 × 100 (US\$) (Fe=12% ≤35% ==> credited)	3.4
Co Component: 0.0008 × 0.30 × 55,853 (Co=0.08% ≥ 0.05% => credited) (US\$)	12.0	Co Component: Co = 0.02% < 0.05% ==> not credited	0.0
Cr Component: 0.002 × 0.10 × 0.20 × 100	0.0	Cr Component: 0.005 × 0.10 × 0.20 × 100	0.01
Subtotal (dry basis)	65.0	Subtotal (dry basis)	85.0
MC Adjustment: x (1-0.35)	x 0.65	MC Adjustment: x (1-0.28)	x 0.72
<b>HPM 2026 (US\$/wmt)</b>	<b>42.3</b>	<b>HPM 2026 (US\$/wmt)</b>	<b>61.2</b>

Source: MoEMR, BRIDS

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<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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