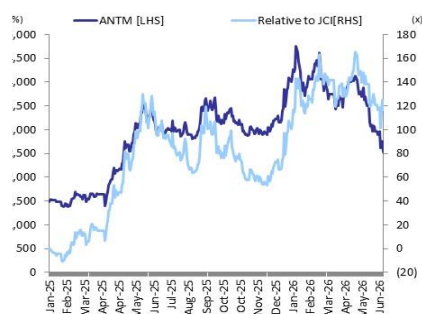


# Overweight

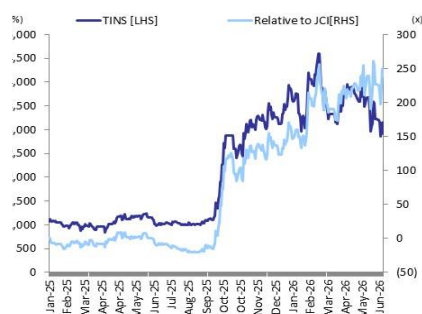
(Maintained)

Tactical (3M): N

## ANTM relative to JCI Index



## TINS relative to JCI Index



Source: Bloomberg

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# Metal Mining

## Moderating Regulatory Risks

- We believe the regulatory risks for the sector are moderating as the punitive proposals are becoming more accommodative.
- Single-SOE exporter (DSI) remains a key overhang as goods ownership, pricing, settlement and implementation remain unclear.
- We prefer ANTM and TINS, given limited exposure to DSI, resilient demand drivers, and improving earnings visibility.

### A stack of domestic overhang capped the sector in 1H26

Despite the strong fundamentals, Indonesian metal names spent 1H26 under a cluster of policy noises namely: proposed royalty revision ([prev report](#)), HPM reset, changes into gross split system, and the one-door export scheme (BUMN Eksporter/ PT DSI) which raised questions over prices realization. Together these compressed sector multiples even as commodity price held firm.

### The government has since defused most of them.

We see recent policy developments to have become more constructive. Following an 8<sup>th</sup> June coordination meeting between parliament and the government, Energy Minister Bahlil Lahadalia confirmed that the gross-split scheme will remain exclusive to oil & gas, removing a key overhang for mining names. He also signaled a more flexible, price-linked RKAB approach, while the royalty revision was postponed pending a revised formula. With the most punitive proposals now delayed and production quotas becoming more supportive, we believe regulatory risks have moderated.

### One overhang stays live and it is structural

The remaining uncertainty lies in Permendag 17/2026, which from 1<sup>st</sup> January 2027 channels ferroalloy exports through PT DSI. We believe NPI falls within scope, as it is classified under the ferronickel HS category (7202.60), while nickel matte and HPAL intermediates remain excluded. However, critical implementation details remain unresolved, including ownership structure, pricing methodology, title transfer, settlement mechanisms, and DSI's formal appointment. Although PP 24/2026 accommodates multiple models, the absence of commercial clarity keeps the regulatory overhang in place.

### Top picks: ANTM and TINS, insulated from DSI mechanism.

We prefer names with limited exposure to the evolving export framework. ANTM (Buy, TP Rp4,800) derives more than half of earnings from royalty-free domestic gold trading, while exports contribute only ~2.5% of revenue. Meanwhile, anticipated RKAB additions should support volume growth in 2H26F. TINS (Buy, TP Rp4,500) sits entirely outside the three commodities covered by the single-door export policy, giving it zero DSI exposure. With potentially royalty risks easing and structural demand from solder and semiconductors intact, its risk reward remains attractive.

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	69,208.6	7.6	7.0	1.8	1.8	24.8
Bumi Resources Minerals	BRMS IJ	BUY	1,100	73,727.7	40.6	31.5	3.2	2.9	8.2
Vale	INCO IJ	BUY	8,000	49,642.4	11.3	8.8	1.0	0.9	8.9
Merdeka Battery Materials	MBMA IJ	BUY	880	48,597.9	16.2	7.5	1.6	1.3	10.5
Trimegah Bangun Persada	NCKL IJ	BUY	1,300	51,740.9	4.8	4.5	1.1	0.9	25.1
Timah	TINS IJ	BUY	4,500	24,354.2	7.2	7.0	2.2	1.8	34.1

**Exhibit 1. Ferroalloy Products Subject to Export Routing Through State Exporter (PT DSI)**

No	HS Code	Product Description	Export Eligibility
1	ex 7202.11.00 / ex 7202.19.00	Ferromanganese (Mn ≥60%)	<b>1 Jun 2026 - 31 Dec 2026:</b>  Export with mandatory Surveyor Report (LS); permitted only by (1) BUMN Ekspor holding IUP Khusus Pengangkutan & Penjualan; or (2) companies with IUP/IUPK /IUI, routed through BUMN Ekspor.  <b>From 1 Jan 2027:</b>  Export with mandatory LS; permitted only by (1) BUMN Ekspor holding IUP Khusus Pengangkutan & Penjualan; or (2) government-designated companies holding IUPK Operasi Produksi.
2	ex 7202.29.00	Ferrosilicon alloy (Fe ≥75%)	
3	ex 7202.30.00	Ferrosilicon manganese (Mn ≥60%)	
4	ex 7202.41.00 / ex 7202.49.00	Ferrochromium alloy (Cr ≥75%)	
5	ex 7202.60.00	Ferronickel (FeNi) lumps/ingots (Ni ≥8%)	
6	ex 7202.60.00	FeNi luppen, nuggets, sponge FeNi (Ni ≥4%)	
7	ex 7202.60.00	FeNi luppen, nuggets, sponge FeNi (2% ≤ Ni < 4%; Fe ≥75%)	
8	ex 7202.70.00	Ferromolybdenum (Fe ≥75%)	
9	ex 7202.80.00	Ferrotungsten / Ferrosilico-tungsten (Fe ≥75%)	
10	ex 7202.91.00	Ferrotitanium (Ti ≥65%)	
11	ex 7202.91.00	Ferrosilico-titanium (Fe ≥75%)	
12	ex 7202.92.00	Ferrovandium (Fe ≥75%)	

Source: MoT No.17/2026, BRIDS

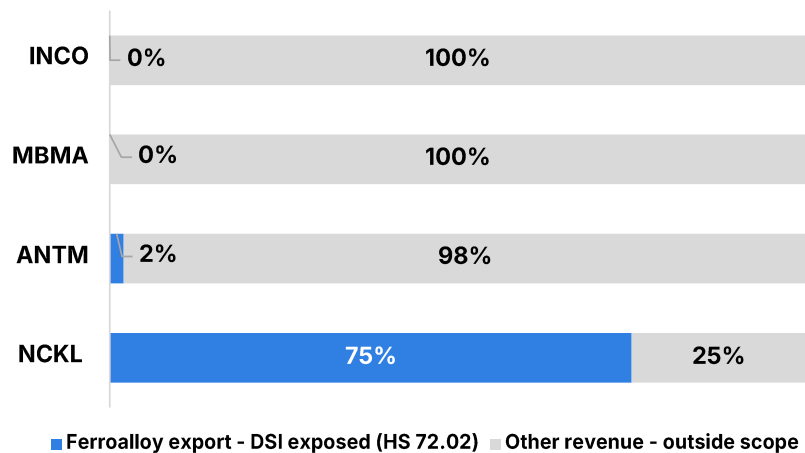
**Exhibit 2. Strategic Ferroalloy Commodities**

HS Code	Product Description	1 Jun 2026 – 31 Dec 2026	From 1 Jan 2027
7202.50.00	Ferro-silico-chromium	Export permitted without Surveyor Report (LS); export activity must be reported to State Exporter (BUMN Export)	Export only through State Exporter (BUMN Export)
7202.93.00	Ferroniobium	Export permitted without Surveyor Report (LS); export activity must be reported to State Exporter (BUMN Export)	Export only through State Exporter (BUMN Export)
7202.99.00	Other Ferroalloys	Export permitted without Surveyor Report (LS); export activity must be reported to State Exporter (BUMN Export)	Export only through State Exporter (BUMN Export)

Source: MoT No.17/2026, BRIDS

**Why we believe NPI falls within the DSI export framework?**

NPI does not carry standalone HS code; commercially and statistically it clears custom as ferronickel under HS 7202.60, the same sub-heading as conventional FeNi, making it squarely subject to the DSI single-window regime from 1<sup>st</sup> Jan 2027. Permendag 17/2026 Annex I Item No.5 (ferronickel lumps/ingots, ≥8% Ni) captures mainstream Indonesian RKEF-produced NPI, which typically grades at 10-15% Ni, without needing to invoke the lower-grade sponge provisions under Items No.6-7. By contrast, nickel matte (HS 7501) and HPAL intermediates such as MHP sit outside HS chapter 72 entirely, as neither is an iron-based alloy, leaving DSI regulatory exposure concentrated among ferronickel/NPI exporters and away from matte or battery-material producers.

**Exhibit 3. DSI exposure by issuer, ferroalloy exports (HS 7202) as % of total revenue**


Source: Company FS FY25, MoT No.17/2026, BRIDS

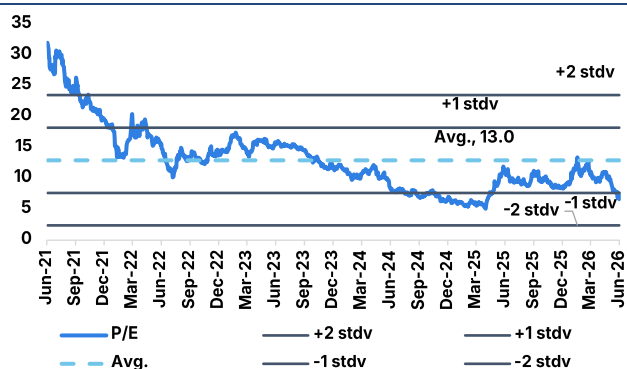
### Potential Exposure to DSI

The market tends to lump the three ferroalloy producers together as equally exposed to the single-channel export regime (Permendag No. 17/2026), whereas actual exposure is sharply differentiated and, in our view, mispriced. Per FY25, NCKL is pure-play exposure: Rp22.5tr (~76% of revenue) comes from NPI that is 100% exported (Lygend Rp13.3tr, Glencore Rp5.6tr, Ningbo Lygend Rp2.1tr) all falling under HS ex 7202.60 which from 1<sup>st</sup> Jan 2027 may only be exported through PT DSI. By contrast, ANTM's exposure is thin (ferronickel exports of just Rp2.1tr, or ~2.5% of revenue; the top line is dominated by gold), while MBMA's direct exposure is nil, all of its NPI (US\$821mn) is sold domestically to smelters within IMIP (ITSS, QFF, IGCN), and its sole export, nickel matte to Mercuria (US\$122mn), falls under HS 75.01, outside the regulation's scope.

### And what are the implications?

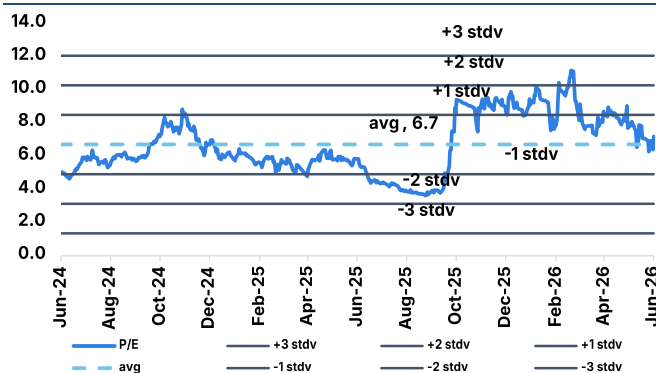
The heaviest, most direct impact falls on NCKL. It currently exports NPI straight to end-buyers (Lygend, Glencore) on payment-against-documents terms, keeping its cash cycle fast. From 1<sup>st</sup> Jan 2027, if PT DSI acts as principal rather than mere administrative intermediary, NCKL must sell to DSI first, lengthening its cash-conversion cycle and, critically shifting counterparty risk from high-quality international buyers to a single untested SOE. The PP 24/2026 exemption pathway looks designed for ex-CCoW IUPK holders, not Harita's ordinary IUP, so we judge ~76% of revenue likely stays under the DSI scheme. MBMA (Buy, TP Rp880) sits at the opposite end: with all NPI sold domestically, it bears only second-order risk, should DSI's cost friction at its export-oriented IMIP buyers be passed back upstream as lower purchase prices. INCO, finally, is structurally insulated: 1) its export slate is nickel matte (HS 7501) and, 2) prospectively, MHP from its HPAL projects neither falling within the ferroalloy scope of MoT No.17/2026.

**Exhibit 4. ANTM's P/E 5-years band**



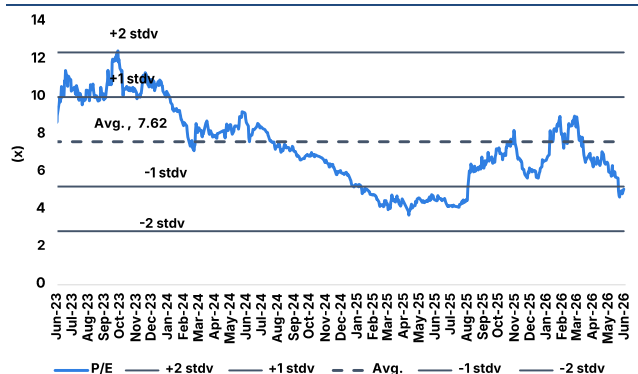
Source: Bloomberg, BRIDS Estimates

**Exhibit 5. TINS's P/E 2-years band**



Source: Bloomberg, BRIDS Estimates

**Exhibit 6. NCKL's P/E 3-years band**



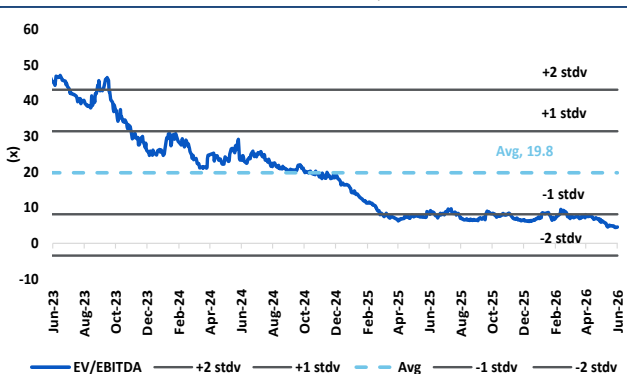
Source: Bloomberg, BRIDS Estimates

**Exhibit 7. INCO's P/E 5-years band**



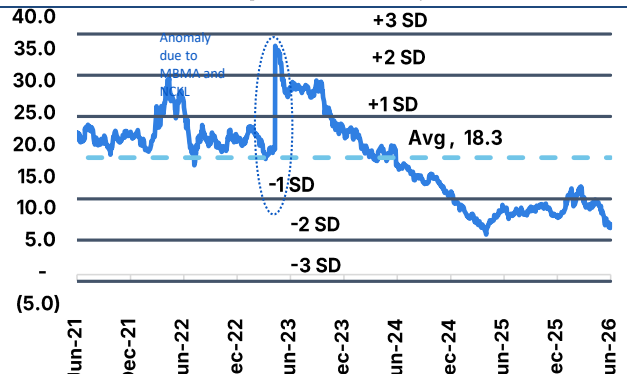
Source: Bloomberg, BRIDS Estimates

**Exhibit 8. MBMA's EV/EBITDA 2-years band**



Source: Bloomberg, BRIDS Estimates

**Exhibit 9. Metal mining sector P/E 5-year band**



Source: Bloomberg, BRIDS Estimates

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<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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