Equity Research – Company Update

Wednesday, 12 August 2026

Buy

(Maintained)

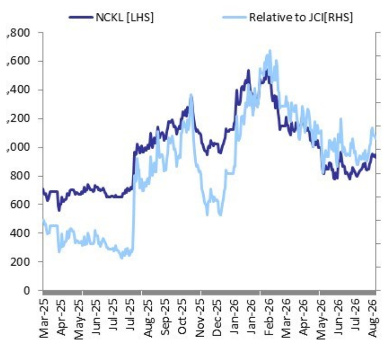
Tactical (3M): **N**

Last Price (Rp)	915
Target Price (Rp)	1,300
Previous TP (Rp)	*1,300*
Upside/Downside	+42.1%
No. of Shares (mn)	63,099
Mkt Cap (Rpbn/US$mn)	57,735 /3,232
Avg, Daily T/O (Rpbn/US$mn)	74.1/4.2
Free Float (%)	13.8
Major Shareholder (%)	
Harita Jayaraya	79.8
Citibank Hongkong SA	6.3

EPS Consensus (Rp)

	2026F	2027F	2028F
BRIDS	174.5	195.4	205.8
Consensus	182.7	202.1	222.9
BRIDS/Cons (%)	(4.5)	(3.3)	(7.7)

NCKL relative to JCI Index



Source: Bloomberg

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Mining Segment Leads Growth; KPS Ramp-Up to Drive 2H26F Earnings

- **2Q26 earnings were in line with revenue of +47.7% y-y on stronger mining volumes, despite cost pressures.**
- **Raise FY26/27F net profit estimates by 2.7%/8.0%, mainly on higher saprolite ASP and NPI volumes from KPS Phase 3.**
- **Maintain Buy at Rp1,300 TP, with KPS ramp-up and HPAL normalization supporting 2H26F earnings.**

2Q26 Growth Led by Mining, Processing Still Under Pressure

NCKL delivered a solid 2Q26, with revenue of Rp10.3tr (+51.1% q-q; +47.7% y-y) and net profit of Rp3.1tr (+14.4% q-q; +26.9% y-y), bringing 1H26 revenue/net profit to Rp17.1tr/Rp5.8tr respectively. This represents 53%/54% of our FY26F estimates and 48%/53% of consensus, keeping earnings broadly in line with expectations. The quarterly improvements were driven by higher nickel ore (+101.0% q-q; +142.2% y-y) supported by stronger ore sales volumes and ASPs, alongside higher RKEF sales volumes (+16.6% q-q/+18.7% y-y) following KPS' ramp-up. However, margins remained pressured by higher royalty, diesel and processing costs, particularly sulfur.

KPS Ramp-Up and HPAL Normalization to Support 2H26F Earnings

Looking ahead, we see 2H26 earnings to be supported by KPS Phase 3 ramp-up toward ~150kt contained Ni of FY26F output, alongside normalization of HPAL volumes. Mgmt. maintained its combined HPL/ONC sales target at ~120kt contained Ni, with 1-2 vessels of 2Q26 shipments carried over into 3Q26F, providing potential volume uplift in the quarter. The higher HPM formula should provide a full-quarter uplift to mining margins from 3Q26, although we expect higher sulfur costs to increasingly flow through as inventory buffers deplete. Hence, we view 2H26F as a volume and associate-earnings recovery story, rather than broad-based margin expansion.

Maintain Buy Rating with Unchanged TP of Rp1,300.

We raise our FY26F/27F revenue estimates by 5.6%/6.3% to Rp34.1tr/Rp36.5tr and net profit by 2.7%/8.0% to Rp11.0tr/Rp12.3tr, mainly reflecting higher saprolite ASP and NPI volumes, partly offset by lower nickel/NPI prices and higher costs. For FY28F, revenue rises 5.2%, while net profit remains broadly unchanged at Rp13.0tr. We retain our Buy rating and unchanged Rp1,300 TP based on our SOTP valuation, implying 2026F P/E of 7.4x (mean std.dev 3 years). However, we believe the earnings upside is insufficient to change our SOTP valuation, given project execution risks, prolonged sulfur cost pressures, and RKAB uncertainty.

Key Financials

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Revenue (IDRbn)	26,965	29,633	34,054	36,497	37,540
EBITDA (IDRbn)	9,074	10,469	11,801	13,545	14,266
EBITDA Growth (%)	9.4	15.4	12.7	14.8	5.3
Net profit (IDRbn)	6,380	8,952	11,010	12,331	12,983
EPS (IDR)	101.1	141.9	174.5	195.4	205.8
EPS growth (%)	13.5	40.3	23.0	12.0	5.3
DPS (IDR)	26.7	30.3	42.6	52.3	58.6
PER (x)	9.0	6.4	5.2	4.7	4.4
Dividend yield (%)	2.9	3.3	4.7	5.8	6.4
EV/EBITDA (x)	6.6	5.6	4.9	4.2	3.8

Source: NCKL, BRIDS Estimates

Exhibit 1. NCKL 2Q26 Result

NCKL	2Q26	1Q26	2Q25	q-q (%)	y-y (%)	6M26	6M25	y-y (%)	A/E	A/C
PROFIT & LOSS (IDRbn)										
Revenue	**10,287**	**6,810**	**6,967**	***51.1***	***47.7***	**17,097**	**14,095**	***21.3***	**50%**	**48%**
Cost of revenue	(7,431)	(5,442)	(4,329)	*36.6*	*71.7*	(12,873)	(9,355)	*37.6*		
Gross profit	**2,856**	**1,368**	**2,639**	***108.8***	***8.2***	**4,224**	**4,740**	***(10.9)***		
Operating expenses	(328)	(333)	(279)	*(1.7)*	*17.4*	(661)	(613)	*7.8*		
Operating profit	**2,529**	**1,035**	**2,360**	***144.4***	***7.2***	**3,563**	**4,127**	***(13.7)***	**36%**	**34%**
EBITDA	**3,037**	**1,520**	**2,838**	***99.8***	***7.0***	**4,557**	**5,069**	***(10.1)***	**39%**	**36%**
Other income/(expense)	191	(56)	(344)	*N/A*	*(155.4)*	135	(272)	*(149.7)*		
Share in profit of associates	1,208	2,152	1,236	*(43.9)*	*(2.3)*	3,360	1,874	*79.3*		
Pre-tax profit	**3,927**	**3,131**	**3,252**	***25.4***	***20.8***	**7,058**	**5,729**	***23.2***		
Taxes	(514)	(220)	(271)	*134.0*	*89.4*	(734)	(474)	*54.7*		
Non-controlling interests	(311)	(200)	(535)	*55.7*	*(41.9)*	(511)	(1,153)	*(55.7)*		
Net profit	**3,102**	**2,712**	**2,445**	***14.4***	***26.9***	**5,814**	**4,102**	***41.7***	**53%**	**53%**
Core profit	**1,704**	**615**	**1,553**	***176.9***	***9.7***	**2,319**	**2,500**	***(7.2)***		
Margins (%)										
Gross	27.8	20.1	37.9			24.7	33.6			
EBIT	24.6	15.2	33.9			20.8	29.3			
EBITDA	29.5	22.3	40.7			26.7	36.0			
Net	30.2	39.8	35.1			34.0	29.1			

Source: NCKL, BRIDS

2Q26 Revenue growth was primarily mining driven

NCKL reported 2Q26 consolidated revenue of Rp10.3tr (+51.1% q-q; +47.7% y-y), bringing 1H26 revenue to Rp17.1tr (+21.3% y-y), broadly in line with our FY26F estimate at 50% and consensus at 48%. The growth was primarily driven by nickel mining segment, with revenue rising to Rp4.5tr (+101% q-q; +142% y-y), supported by higher ore sales following additional KPS production lines and stronger ore ASPs. In contrast, nickel processing revenue grew a more moderate 27% q-q and 13.8% y-y, while 1H26 revenue declined 6% due to HGF's scheduled overhaul in 1Q26 and lower HPAL shipments. The latter was partly attributed to maintenance activities and shipment carry-over, while operations started normalizing 2Q26. Overall, the revenue mix shifted toward mining which accounted for the majority of the 2Q26 sequential and y-y growth.

Margin recovered sequentially, with stronger mining contribution supporting 2H26F outlook

Gross profit increased to Rp2.9tr (+108% q-q), lifting gross margin to 27.8% (vs 1Q26: 20.1%), supported by stronger mining contribution and higher realized prices. Nevertheless, 1H26 gross margin declined to 24.7% (vs 1Q26: 33.6%), reflecting higher royalty and energy-related costs, while processing profitability remained pressured by elevated input costs. Operationally FeNi sales increased 37.1% y-y in 1H26, driven by higher KPS output, while saprolite and limonite sales rose 67.7% and 34.2% y-y respectively, with higher ASPs providing further support. Looking ahead, we expect mining momentum to remain supportive in 2H26F as KPS Phase 3 ramps up toward ~150kt Ni of FY26F output. HPAL volumes should also normalize, with 1-2 vessels carried over from 2Q26 expected to be realized in 3Q26F, although higher input costs remain a constraint on further margin expansion.

Exhibit 2. NCKL Estimates Revision

NCKL	2026F			2027F			2028F		
(Rpbn)	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	32,253	34,054	**5.6%**	34,337	36,497	**6.3%**	35,677	37,540	**5.2%**
Gross margin	*32.9%*	*33.6%*		*35.2%*	*36.5%*		*38.5%*	*37.4%*	
EBITDA	11,007	11,801	**7.2%**	12,373	13,545	**9.5%**	14,023	14,266	**1.7%**
EBITDA margin	*34.1%*	*34.7%*		*36.0%*	*37.1%*		*39.3%*	*38.0%*	
Net profit	10,725	11,010	**2.7%**	11,421	12,331	**8.0%**	13,035	12,983	**-0.4%**
Net margin	*33.3%*	*32.3%*		*33.3%*	*33.8%*		*36.5%*	*34.6%*	
Operational Assumptions	**Old**	**New**	**Change**	**Old**	**New**	**Change**	**Old**	**New**	**Change**
LME Nickel Price (US$/t)	18,500	17,500	**-5.4%**	18,500	17,500	**-5.4%**	19,000	17,500	**-7.9%**
NPI Price (US$/t)	13,135	12,600	**-4.1%**	13,135	12,600	**-4.1%**	13,490	12,600	**-6.6%**
Saprolite sales volume (mn wmt)	14.3	14.0	**-1.9%**	15.8	16.5	**4.3%**	16.9	16.7	**-0.9%**
Limonite sales (mn wmt)	18.3	18.3	**0.2%**	18.3	18.3	**0.2%**	18.3	18.3	**0.2%**
NPI sales volume (t)	237,867	251,630	**5.8%**	263,647	295,611	**12.1%**	281,962	300,277	**6.5%**
MHP/Sulfate sales volume (t)	129,289	129,289	**0.0%**	129,289	129,289	**0.0%**	132,095	132,095	**0.0%**
Saprolite ASP (US$/t)	34.6	42.8	**23.8%**	34.6	40.3	**16.5%**	35.6	40.3	**13.3%**
Limonite ASP (US$/t)	18.6	18.4	**-1.3%**	18.6	17.3	**-7.1%**	19.1	17.3	**-9.5%**
NPI ASP (US$/t)	12,544	12,033	**-4.1%**	12,544	12,033	**-4.1%**	12,883	12,033	**-6.6%**
MHP ASP net cobalt credit (US$/t)	14,929	14,122	**-5.4%**	14,929	14,122	**-5.4%**	15,332	14,122	**-7.9%**
Saprolite cash cost (US$/wmt)	16.5	17.0	**3.0%**	17.3	17.0	**-1.7%**	18.2	17.0	**-6.6%**
Limonite cash cost (US$/wmt)	6.5	7.0	**7.7%**	6.5	7.0	**7.7%**	6.5	7.0	**7.7%**
NPI cash cost (US$/t)	9,100	10,000	**9.9%**	8,918	9,700	**8.8%**	8,740	9,506	**8.8%**
MHP net cobalt credit cash cost (US$/t)	3,937	4,017	**2.0%**	3,969	4,048	**2.0%**	3,962	4,041	**2.0%**
Saprolite cash margin (US$/wmt)	18.1	25.8	**42.8%**	17.3	23.3	**34.8%**	17.4	23.3	**34.0%**
Limonite cash margin (US$/wmt)	12.1	11.4	**-6.1%**	12.1	10.3	**-15.0%**	12.6	10.3	**-18.4%**
NPI cash margin (US$/t)	3,444	2,033	**-41.0%**	3,626	2,333	**-35.6%**	4,144	2,527	**-39.0%**
MHP net cobalt credit cash margin (US$/t)	10,992	10,105	**-8.1%**	10,960	10,074	**-8.1%**	11,371	10,081	**-11.3%**

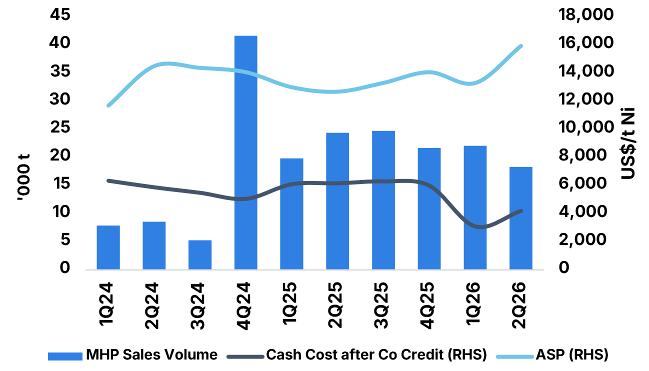
Source: NCKL, BRIDS Estimates

Earnings Outlook

We revise our FY26-28F estimates following NCKL's 2Q26 results and mgmt. discussion, mainly reflecting 1) stronger mining realization, with saprolite ASP revised up 23.8% to US$42.8/t, partly offset by a 1.9% reduction in sales volume, 2) higher NPI sales volume following KPS Phase 3 ramp-up, with FY26F NPI sales raised 5.8% to 251.6kt, while lower NPI and nickel price assumptions and higher processing costs limit earnings flow through, and 3) a more balanced HPAL outlook, with MHP/Sulphate sales volume maintained at 129.3kt as 1-2 vessels carried over from 2Q26 are expected to be realized in 3Q26F. These changes lift our FY26F revenue and net profit estimates by 5.6% and 2.7% to Rp34.1tr and Rp11.0tr, respectively.

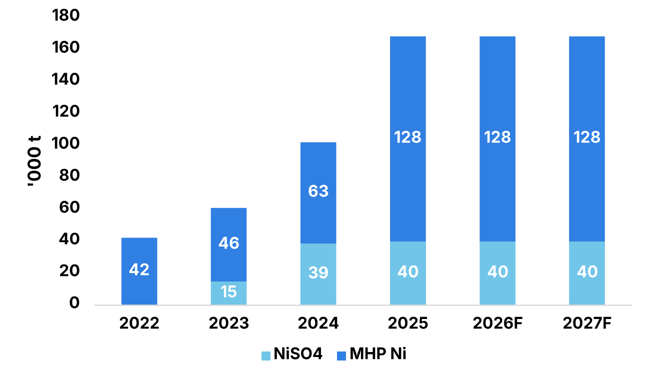
We expect earnings to remain supported into FY27F-28F as KPS Phase 3 ramps up toward ~150kt contained Ni in FY26F, with higher utilization providing further contribution to NCKL's mining and associate earnings. We see longer-term earnings support from KPS reaching full nameplate capacity, CKM-related cost efficiencies, and potential sulfur cost normalization, although we expect near-term margin expansion to remain constrained by elevated input costs.

Exhibit 3. MHP sales volume, ASP and Cash Cost (q-q)



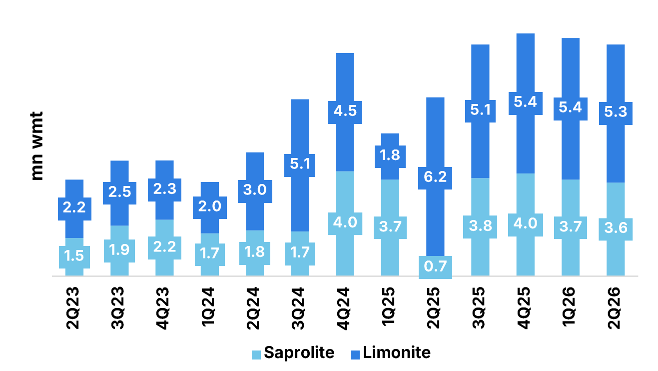
Source: NCKL, BRIDS

Exhibit 4. MHP and Sulfate sales volume ests.



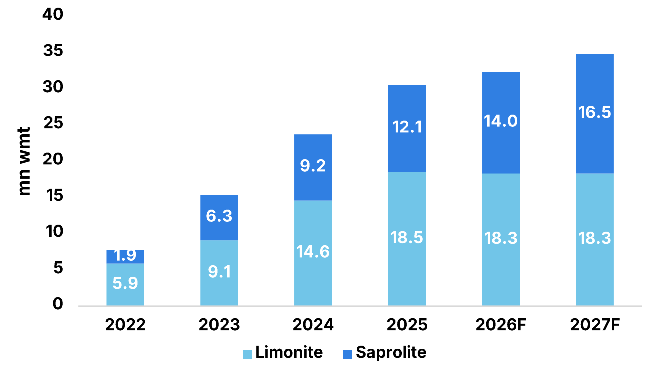
Source: NCKL, BRIDS Estimates

Exhibit 5. Ore sales volume (q-q)



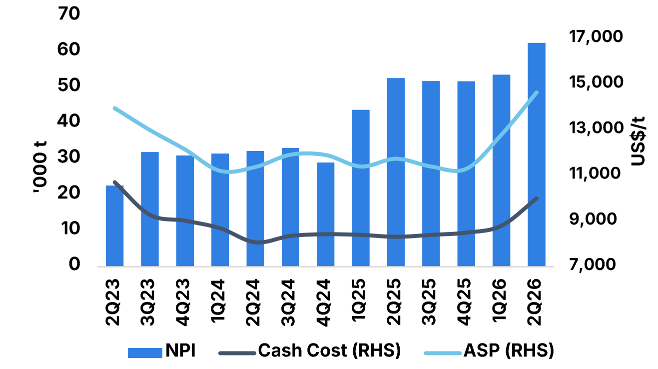
Source: NCKL, BRIDS

Exhibit 6. Ore sales volume ests.



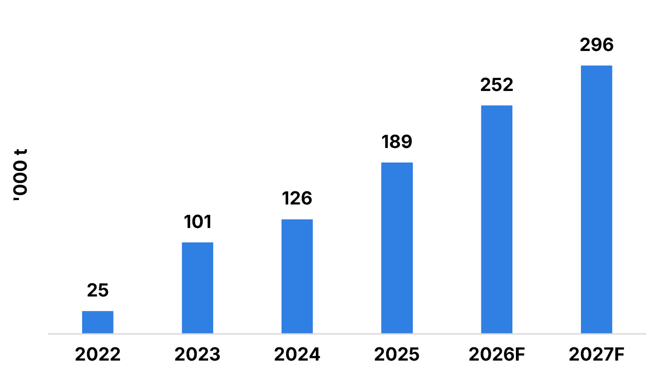
Source: NCKL, BRIDS Estimates

Exhibit 7. NPI sales volume (q-q)



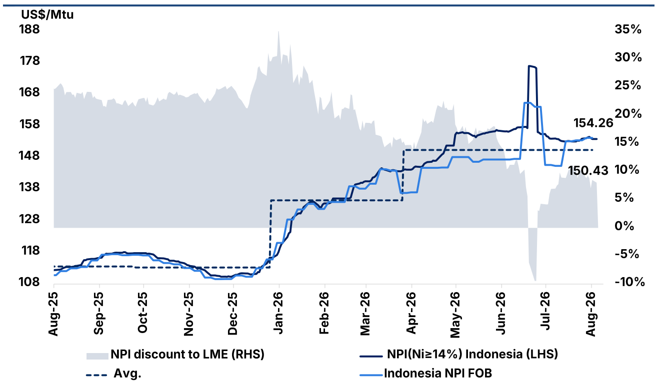
Source: NCKL, BRIDS

Exhibit 8. NPI sales volume ests.



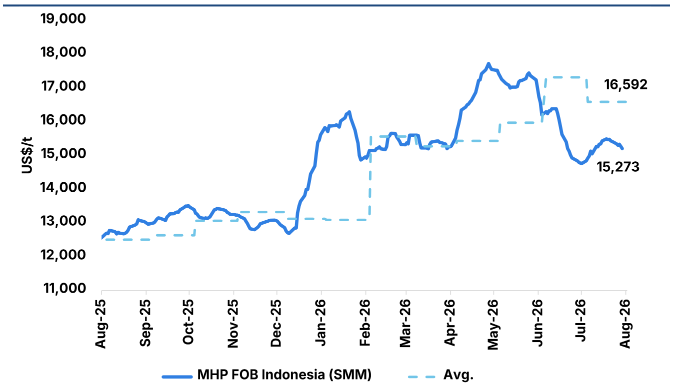
Source: NCKL, BRIDS Estimates

Exhibit 9. NPI Prices Continue to Recover on Narrower LME Discount



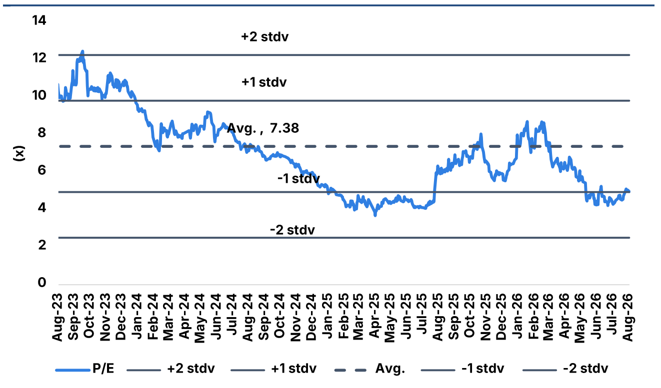
Source: Bloomberg, BRIDS

Exhibit 10. MHP Price Lag NPI, Remaining Below Historical Average



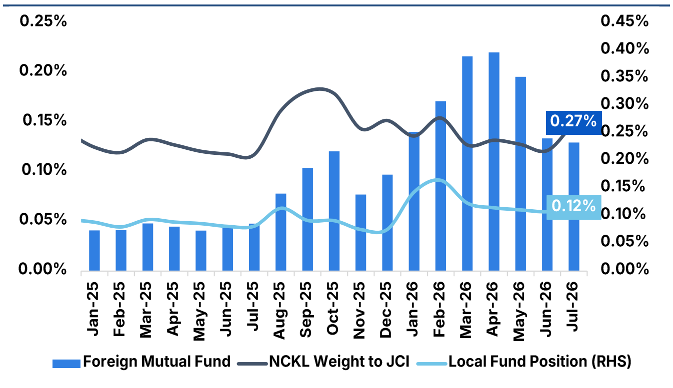
Source: Metal.com, BRIDS

Exhibit 11. NCKL 3-year forward P/E



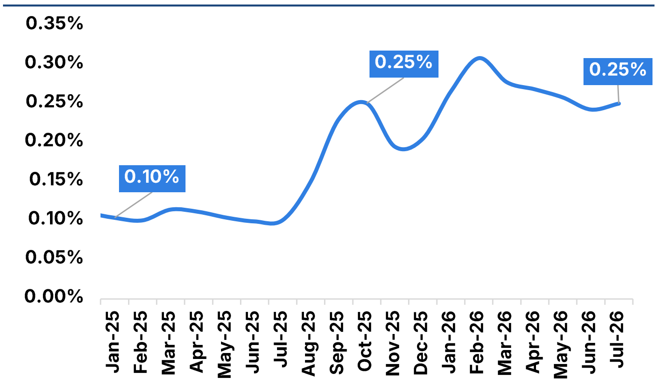
Source: Bloomberg, BRIDS

Exhibit 12. NCKL's domestic fund positioning



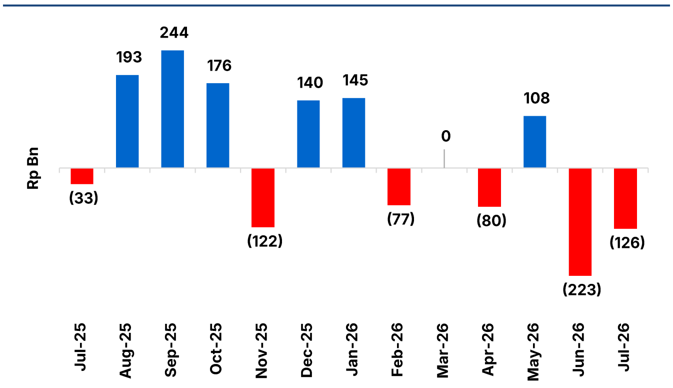
Source: KSEI, BRIDS

Exhibit 13. NCKL's foreign ownership exc. corporate



Source: KSEI, BRIDS

Exhibit 14. NCKL's monthly foreign flow (Rpbn)



Source: KSEI, BRIDS

Exhibit 15. Peers comparable

Ticker	Company	Company	Mkt.Cap (USD mn.)	PE 26F	PE 27F	EV/EBITDA 26F	EV/EBITDA 27F	ROA 26F	ROA 27F	ROE 26F	ROE 27F
NCKL IJ	**NCKL IJ Equity**	**TRIMEGAH BANGUN PERSADA TBK**	**3,301**	**5.0**	**4.5**	**5.0**	**4.5**	**16.3**	**16.5**	**27.0**	**24.9**
INCO IJ	INCO IJ Equity	VALE INDONESIA TBK	3,186	14.6	7.9	7.3	4.3	6.2	9.9	7.3	12.3
ANTM IJ	ANTM IJ Equity	ANTAM PERSERO TBK PT	4,244	7.2	6.6	5.1	4.4	18.4	18.5	26.0	25.9
BHP AU	BHP AU Equity	BHP GROUP LTD	227,908	17.9	17.9	7.5	7.7	9.8	10.5	24.4	23.3
GLEN LC	GLEN LC Equity	GLENCORE PLC	90,211	13.2	13.5	6.1	5.7	4.9	4.5	16.3	15.7
AAL LN	AAL LN Equity	ANGLO AMERICAN PLC	64,349	33.9	22.3	9.6	7.2	2.3	4.6	10.3	13.2
603799 CH	603799 CH Equity	ZHEJIANG HUAYOU COBALT CO -A	12,934	9.8	7.9	7.0	5.3	6.4	7.0	16.4	17.7
LUN CN	LUN CN Equity	LUNDIN MINING CORP	23,124	21.1	18.8	9.3	8.3	10.3	9.2	16.4	17.6
5713 JT	5713 JT Equity	SUMITOMO METAL MINING CO LTD	18,404	18.8	12.5	17.1	9.1	4.5	6.4	7.2	10.2
S32 AU	S32 AU Equity	SOUTH32 LTD	16,125	15.8	13.5	7.4	6.8	7.8	8.9	10.7	11.6
NIC AU	NIC AU Equity	NICKEL INDUSTRIES LTD	2,560	14.9	6.5	8.0	4.6	5.0	10.1	7.2	17.4
			Average.	**16.0**	**12.3**	**8.0**	**6.1**	**8.2**	**9.3**	**14.4**	**16.5**

Source: Bloomberg, BRIDS

Exhibit 16. Income Statement

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Revenue	**26,965**	**29,633**	**34,054**	**36,497**	**37,540**
COGS	(18,518)	(19,941)	(22,610)	(23,181)	(23,512)
Gross profit	**8,447**	**9,691**	**11,444**	**13,316**	**14,028**
EBITDA	**9,074**	**10,469**	**11,801**	**13,545**	**14,266**
Oper. profit	**7,166**	**8,385**	**9,986**	**11,753**	**12,420**
Interest income	246	260	120	138	154
Interest expense	(755)	(581)	(576)	(495)	(483)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	2,013	4,091	7,161	7,404	7,717
Other Income (Expenses)	0	0	0	0	0
Pre-tax profit	**8,671**	**12,155**	**16,691**	**18,801**	**19,808**
Income tax	(958)	(1,185)	(1,400)	(1,674)	(1,776)
Minority interest	(1,333)	(2,019)	(4,282)	(4,795)	(5,049)
Net profit	**6,380**	**8,952**	**11,010**	**12,331**	**12,983**
Core Net Profit	**6,380**	**8,952**	**11,010**	**12,331**	**12,983**

Exhibit 17. Balance Sheet

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Cash & cash equivalent	6,486	6,016	6,900	7,702	9,695
Receivables	1,574	1,971	2,033	2,176	2,296
Inventory	5,158	5,876	6,255	6,413	6,505
Other Curr. Asset	246	296	296	296	296
Fixed assets - Net	22,533	22,549	21,834	21,042	20,196
Other non-curr.asset	16,256	25,062	32,749	40,144	47,851
Total asset	**52,254**	**61,770**	**70,067**	**77,774**	**86,839**
ST Debt	0	0	0	0	0
Payables	3,535	3,934	3,881	3,829	3,779
Other Curr. Liabilities	2,319	2,723	2,386	1,917	1,749
Long Term Debt	9,130	7,514	7,800	7,000	7,000
Other LT. Liabilities	816	844	844	844	844
Total Liabilities	**15,800**	**15,014**	**14,911**	**13,590**	**13,372**
Shareholder's Funds	30,486	38,650	47,050	56,078	65,362
Minority interests	5,968	8,106	8,106	8,106	8,106
Total Equity & Liabilities	**52,254**	**61,770**	**70,067**	**77,774**	**86,839**

Exhibit 18. Cash Flow

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Net income	6,380	8,952	11,010	12,331	12,983
Depreciation and Amort.	1,908	2,084	1,815	1,791	1,846
Change in Working Capital	(579)	(551)	(441)	(301)	(212)
OtherOper. Cash Flow	(6,920)	(8,800)	(7,866)	(7,415)	(7,726)
Operating Cash Flow	**789**	**1,685**	**4,518**	**6,405**	**6,892**
Capex	(2,423)	(2,344)	(1,065)	(1,138)	(1,154)
Others Inv. Cash Flow	246	260	120	138	154
Investing Cash Flow	**(2,176)**	**(2,083)**	**(945)**	**(1,000)**	**(1,000)**
Net change in debt	2,257	(1,422)	(80)	(1,300)	(200)
New Capital	1,827	3,250	76	0	0
Dividend payment	(1,686)	(1,914)	(2,685)	(3,303)	(3,699)
Other Fin. Cash Flow	1,542	14	0	0	0
Financing Cash Flow	**3,940**	**(71)**	**(2,690)**	**(4,603)**	**(3,899)**
Net Change in Cash	**2,552**	**(470)**	**883**	**802**	**1,993**
Cash - begin of the year	3,935	6,486	6,016	6,900	7,702
Cash - end of the year	6,486	6,016	6,900	7,702	9,695

Exhibit 19. Key Ratio

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Sales	13.0	9.9	14.9	7.2	2.9
EBITDA	9.4	15.4	12.7	14.8	5.3
Operating profit	2.0	17.0	19.1	17.7	5.7
Net profit	13.5	40.3	23.0	12.0	5.3
Profitability (%)					
Gross margin	31.3	32.7	33.6	36.5	37.4
EBITDA margin	33.7	35.3	34.7	37.1	38.0
Operating margin	26.6	28.3	29.3	32.2	33.1
Net margin	23.7	30.2	32.3	33.8	34.6
ROAA	13.1	15.7	16.7	16.7	15.8
ROAE	23.6	25.9	25.7	23.9	21.4
Leverage					
Net Gearing (x)	0.1	0.0	0.0	0.0	0.0
Interest Coverage (x)	9.5	14.4	17.3	23.7	25.7

Source: NCKL, 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