

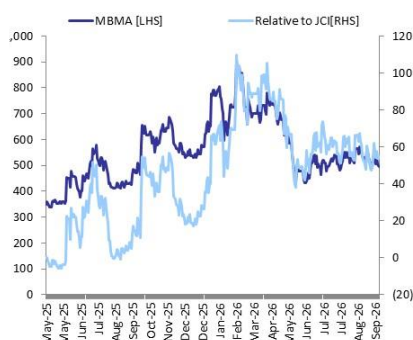
Buy

(Maintained)

Tactical (3M): N

Last Price (Rp)	496
Target Price (Rp)	710
Previous TP (Rp)	880
Upside/Downside	+43.1%
No. of Shares (mn)	107,995
Mkt Cap (Rpbn/US\$m)	53,566/2,980
Avg, Daily T/O (Rpbn/US\$m)	85.1/4.7
Free Float (%)	26.8
Major Shareholder (%)	
PT MERDEKA ENERGI	50.4
HUAYONG INTERNATIONAL	7.6
PT ALAM PERMAI	5.5
EPS Consensus (US\$cents)	
	2026F 2027F 2028F
BRIDS	0.1 0.1 0.1
Consensus	0.1 0.2 0.6
BRIDS/Cons (%)	3.6 (33.0) (76.7)

MBMA relative to JCI Index



Source: Bloomberg

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Merdeka Battery Materials (MBMA)

In-line 1H26 EBITDA; Stronger Ore Margin Cushion Downstream Pressure Ahead of HPAL Ramp-Up

- MBMA delivered an in-line 1H26 EBITDA on stronger ore margins, while net profit was softer than expected.
- Ore monetization and HPAL ramp-up should drive the next leg of growth, despite continued pressure in downstream margins.
- We maintain Buy but cut our TP to Rp710 as our lower nickel price and higher costs assumptions weigh on FY27F-28F earnings.

Stronger Ore Margins Offset Weaker Downstream Performance

MBMA reported 2Q26 revenue of US\$592.6mn (+30% q-q; +127% y-y), bringing 1H26 revenue to US\$1.05bn (+67% y-y), below our/ consensus estimate (39%/ 40% of FY26F). EBITDA rose to US\$167.5mn (+17% q-q; +269% y-y), with 1H26 EBITDA at US\$310.6mn (+306% y-y), in line with our/ consensus estimate (52%/ 49% of FY26F). Net profit reached US\$24.5mn (-18% q-q), bringing 1H26 net profit to US\$54.4mn (+830% y-y), below our estimate and consensus at 35% and 33% of FY26F, respectively. Saprolite cash margin rose to US\$26.7/wmt, while Limonite reached US\$10.4/wmt, offset by weaker NPI and HGNM margins.

HPAL Ramp-Up to Drive Growth, Downstream Economics Remain Mixed

Looking ahead, MBMA's earnings will increasingly be driven by the integration of its nickel ecosystem and HPAL ramp-up. Saprolite economics remain attractive, with cash margin potentially reaching ~43-45% of saprolite ASP through 2H26F, while expanded infrastructure now provides up to 60mn wmtpa of installed capacity, comprising 15mn wmtpa of saprolite and 45mn wmtpa of limonite. However, utilization remains dependent on mining quota availability. Downstream, HGNM cash margin turned negative at US\$542/tNi in 2Q26, although mgmt. does not plan to halt operations near term as end-to-end saprolite-to-NPI-to-HGNM economics remain attractive. The FY27F HGNM contract may not be renewed, however, with operations becoming more selective. SLNC has started slurry pumping and is expected to ramp up in 4Q26-1Q27.

Maintain Buy, Lower TP to Rp710 on Weaker Medium-Term Outlook

We lower our SOTP-based TP to Rp710/share (vs Rp880 previously), while maintaining Buy, reflecting lower FY26-28F earnings estimates on weaker commodity price assumptions and higher operating costs. FY26F EBITDA is raised by 3.2%, but FY27F-28F EBITDA is cut by 38.9%/45.9%, while FY26-28F net profit is trimmed by 34.2%/63.9%/68.6%, mainly on lower downstream ASP assumptions and higher costs. For HPAL, elevated sulphur prices at US\$900-1,100/t remain a key margin risk as capacity ramps up. Key risks are nickel price volatility, further downstream margin compression, high sulphur costs, limited ore quota availability, and HPAL ramp-up delays.

Key Financials

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Revenue (US\$m)	1,845	1,435	2,543	2,604	2,727
EBITDA (US\$m)	163	219	480	481	491
EBITDA Growth (%)	67.1	34.3	119.7	0.3	2.0
Net Profit (US\$m)	23	30	112	145	151
EPS (US\$cents)	0.0	0.0	0.1	0.1	0.1
EPS Growth (%)	228.8	29.8	278.4	29.3	4.5
BVPS (US\$cents)	1.4	1.5	1.6	1.7	1.8
PER (x)	130.8	100.8	26.6	20.6	19.7
PBV (x)	1.9	1.9	1.8	1.6	1.5
EV/EBITDA	19.7	14.1	8.1	7.7	7.2

Source: MBMA, BRIDS Estimates

Exhibit 1. MBMA 2Q26 Financial Result

MBMA (US\$ Mn)	2Q25	1Q26	2Q26	q-q (%)	y-y (%)	6M25	6M26	y-y (%)	% of FY26F	% of Cons
Revenue	261.6	455.1	592.6	30.2	126.6	627.7	1,047.8	66.9	39.1	39.6
Cost of revenue	(231.1)	(330.3)	(443.3)	34.2	91.8	(578.4)	(773.6)	33.8		
Gross profit	30.5	124.8	149.3	19.6	390.2	49.3	274.1	455.7		
Operating expenses	(6.1)	(11.4)	(11.2)	(1.9)	82.8	(13.5)	(22.7)	68.1		
Operating profit	24.3	113.4	138.1	21.8	467.7	35.9	251.5	601.4	51.1	46.0
EBITDA	45.5	143.1	167.5	17.1	268.5	76.6	310.6	305.7	51.6	49.2
Other income/(expense)	(1.0)	(17.6)	(50.9)	188.6	4,985.1	(4.6)	(68.6)	1,380.6		
Pre-tax profit	23.3	95.7	87.2	(9.0)	273.8	31.2	182.9	485.8		
Taxes	(1.0)	(13.8)	(19.7)	42.8	1,960.6	(2.7)	(33.5)	1,134.1		
Non-controlling interests	(13.1)	(52.0)	(43.0)	(17.3)	229.2	(22.7)	(95.0)	319.2		
Net profit	9.3	29.9	24.5	(18.2)	163.0	5.9	54.4	830.1	34.5	32.8
Margins (%)										
Gross margin	11.6	27.4	25.2			7.9	26.2			
EBITDA margin	17.4	31.4	28.3			12.2	29.6			
Op. margin	9.3	24.9	23.3			5.7	24.0			
Net margin	3.6	6.6	4.1			0.9	5.2			

Source: MBMA, BRIDS

Exhibit 2. MBMA 2Q26 Operational Result

Operational data	2Q25	1Q26	2Q26	q-q (%)	y-y (%)	6M25	6M26	y-y (%)	% of FY26F
NPI production (t)	16,748	19,990	19,505	-2.4%	16.5%	33,045	39,495	19.5%	54.1%
NPI sales (t)	16,748	19,991	19,505	-2.4%	16.5%	33,045	39,496	19.5%	54.1%
NPI ASP (USD/t)	11,502	13,489	14,671	8.8%	27.6%	11,541	14,671	27.1%	104.8%
NPI cash cost (USD/t)	9,719	9,507	12,690	33.5%	30.6%	9,884	12,690	28.4%	110.3%
NPI Cash Margin	1,783	3,982	1,981	-50.3%	11.1%	1,658	1,981	19.5%	79.2%
Matte production (t)	-	10,361	9,165	-11.5%	n/a	9,525	19,526	105.0%	48.8%
Matte sales (t)	754	8,056	10,457	29.8%	1286.9%	10,754	18,513	72.1%	45.6%
Matte ASP (USD/t)	12,624	15,349	15,811	3.0%	25.2%	13,413	15,811	17.9%	105.8%
Matte cash cost (USD/t)	n/a	14,029	16,354	16.6%	n/a	n/a	16,354	n/a	124.3%
Matte cash margin	n/a	1,320	- 543	-141.1%	n/a	n/a	- 543	n/a	-30.5%
Limonite ore production (Mn wmt)	2.5	5.4	4.7	-13.0%	88.0%	4.3	10.1	134.9%	40.4%
Limonite ore sales (Mn wmt)	2.8	4.8	3.3	-31.3%	17.9%	4.9	8.1	65.3%	32.4%
Limonite ore ASP (USD/t)	15.4	20.2	26.1	29.2%	69.5%	15.2	26.1	71.9%	118.6%
Limonite ore cash cost + haulage (USD/)	10.9	10.1	15.7	55.4%	44.0%	11.7	15.7	34.7%	130.8%
Limonite cash margin	4.5	10.1	10.4	3.0%	131.1%	3.5	10.4	194.4%	104.0%
Sapolite ore production (Mn wmt)	1.2	2.3	2.9	26.1%	141.7%	2.5	5.2	108.0%	65.0%
Sapolite ore sales (Mn wmt)	1.5	1.9	2.3	21.1%	53.3%	2.8	4.2	50.0%	55.3%
Sapolite ore ASP (USD/t)	25.0	28.5	58.9	106.7%	135.6%	25.4	58.9	132.2%	114.8%
Sapolite ore cash cost + haulage (USD/)	24.0	24.5	32.2	31.4%	34.2%	24.3	32.2	32.4%	111.0%
Sapolite cash margin	1.0	4.0	26.7	567.5%	2570.0%	1.1	26.7	2420.2%	119.7%

Source: MBMA, BRIDS

Exhibit 3. Earnings Estimates Revision

MBMA in US\$m	Forecast Changes								
	2026F		2027F		2028F		Changes		
	Old	New	Old	New	Old	New	2026F	2027F	2028F
Revenue	2,416	2,543	2,874	2,604	3,108	2,727	5.2%	-9.4%	-12.3%
Gross profit	396	433	722	435	835	448	9.3%	-39.7%	-46.4%
EBITDA	465	480	788	481	907	491	3.2%	-38.9%	-45.9%
Net profit	170	112	401	145	482	151	-34.2%	-63.9%	-68.6%
Gross margin	16.4%	17.0%	25.1%	16.7%	26.9%	16.4%			
EBITDA margin	19.2%	18.9%	27.4%	18.5%	29.2%	18.0%			
Net margin	7.0%	4.4%	14.0%	5.6%	15.5%	5.5%			

Source: MBMA, BRIDS Estimates

Exhibit 4. Key Assumptions

Metrics	Major Assumption								
	2026F		2027F		2028F		Changes		
	Old	New	Old	New	Old	New	2026F	2027F	2028F
Nickel price LME	17,500	16,600	17,500	16,766	17,500	16,934	-5.1%	-4.2%	-3.2%
NPI prod (t/Ni)	75,000	73,000	75,000	73,730	75,000	74,467	-2.7%	-1.7%	-0.7%
HGNM prod (t/Ni)	45,000	40,000	45,000	40,000	45,000	40,000	-11.1%	-11.1%	-11.1%
Saprolite (m/wmt)	8	8	10	10	12	12	0.0%	0.0%	0.0%
Limonite (m/wmt)	20	25	21	25	28	28	25.0%	19.0%	-1.8%
NPI ASP (US\$/tNi)	11,500	14,000	11,700	14,014	12,500	14,028	21.7%	19.8%	12.2%
HGNM ASP (US\$/tNi)	15,750	14,940	15,750	15,089	15,750	15,240	-5.1%	-4.2%	-3.2%
Saprolite ASP (US\$/wmt)	59	60	59	60	59	60	1.7%	1.7%	1.7%
Limonite ASP (US\$/wmt)	24	22	25	22	25	22	-8.3%	-12.0%	-12.0%

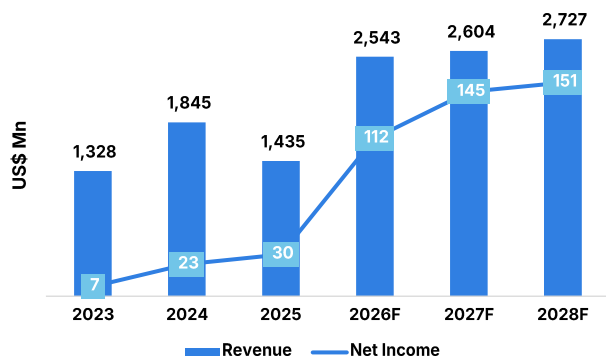
Source: MBMA, BRIDS Estimates

Exhibit 5. Valuation Summary Table

DCF	EV (US\$ mn)	Valuation
SCM	1,587	DCF
RKEF (BSI, CSI, ZHN, HNMI)	739	
HPAL (ESG, Meiming, CATL)	970	
AIM	1,649	
Total	4,945	
Net (debt)/cash	-	695
Shares outstanding (Bn shares)		108
Target price (IDR/sh)	710	

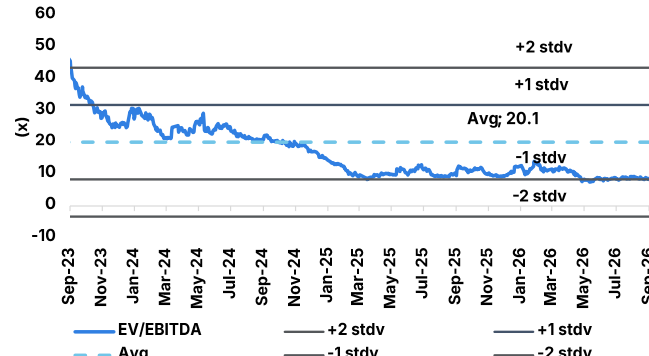
Source: MBMA, BRIDS Estimates

Exhibit 6. Revenue and Net Profit Growth



Source: MBMA, BRIDS Estimates

Exhibit 7. EV/EBITDA 3-year Band



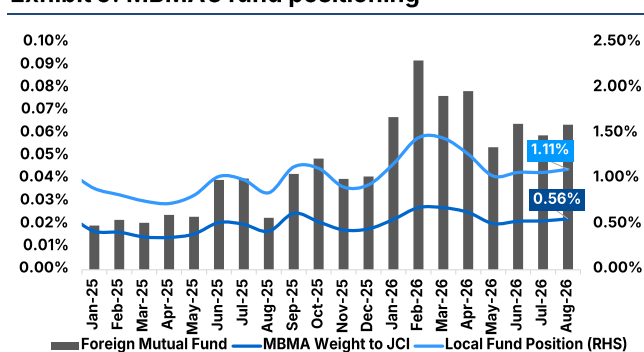
Source: Bloomberg, BRIDS Estimates

Exhibit 8. Peers comparable

Ticker	Company	Mkt.Cap (USD mn.)	PE		EV/EBITDA		ROA		ROE	
			26F	27F	26F	27F	26F	27F	26F	27F
MBMA IJ	MERDEKA BATTERY MATERIALS TBK	3,007	26.6	20.6	8.1	7.7	2.8	3.4	6.8	8.2
ANTM IJ	ANTAM PERSERO TBK PT	4,322	7.0	6.6	4.8	4.2	18.7	18.8	26.5	25.6
INCO IJ	VALE INDONESIA TBK	2,746	12.2	6.8	5.7	3.6	6.2	9.6	7.5	12.5
MDKA IJ	MERDEKA COPPER GOLD TBK PT	4,183	27.1	18.0	8.0	6.2	3.2	5.2	15.2	16.4
NCKL IJ	TRIMEGAH BANGUN PERSADA TBK	3,180	4.7	4.2	5.0	4.1	17.1	16.9	27.2	25.3
TINS IJ	PT TIMAH (PERSERO) TBK	1,957	7.3	6.7	N/A	N/A	26.5	23.8	40.5	35.2
Domestic Average			14.2	10.5	6.3	5.2	12.4	12.9	20.6	20.5
BHP AU	BHP GROUP LTD	217,024	16.7	17.0	7.0	7.2	9.8	10.0	24.3	22.6
GLEN LC	GLENCORE PLC	87,175	11.9	12.0	5.6	5.2	4.9	4.5	17.6	15.9
AAL LN	ANGLO AMERICAN PLC	63,054	32.7	21.2	9.1	6.7	1.8	4.5	8.9	10.2
603799 CH	ZHEJIANG HUAYOU COBALT CO -A	9,990	8.4	6.5	6.4	4.6	5.7	6.2	15.0	16.4
LUN CN	LUNDIN MINING CORP	21,044	19.6	17.1	8.6	7.5	9.6	8.7	15.6	15.2
5713 JT	SUMITOMO METAL MINING CO LTD	17,734	17.7	10.5	16.4	12.8	4.5	6.4	7.2	11.4
S32 AU	SOUTH32 LTD	15,644	15.2	14.5	6.8	6.2	7.8	8.2	10.7	10.2
NIC AU	NICKEL INDUSTRIES LTD	2,488	15.9	6.1	7.9	4.8	4.3	9.8	7.5	16.2
NIKL PM	NICKEL ASIA CORP	909	7.4	6.7	3.5	2.9	15.5	14.2	17.3	17.1
Global Average			16.2	12.4	7.9	6.4	7.1	8.1	13.8	15.0
Average.			15.4	11.6	7.3	6.0	9.2	10.0	16.5	17.2

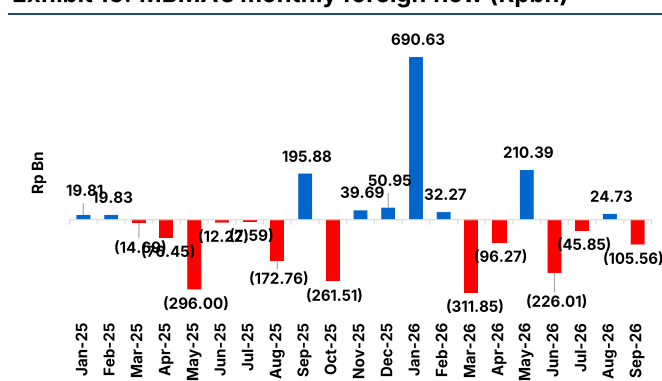
sSource: Bloomberg, BRIDS

Exhibit 9. MBMA's fund positioning



Source: Bloomberg, BRIDS Estimates

Exhibit 10. MBMA's monthly foreign flow (Rpbn)



Source: Bloomberg, BRIDS Estimates

Exhibit 11. Income Statement

Year to 31 Dec (US\$mn)	2024A	2025A	2026F	2027F	2028F
Revenue	1,845	1,435	2,543	2,604	2,727
COGS	(1,731)	(1,268)	(2,110)	(2,169)	(2,279)
Gross profit	114	166	433	435	448
EBITDA	163	219	480	481	491
Oper. profit	80	131	370	371	381
Interest income	7	7	5	9	9
Interest expense	(8)	(21)	(63)	(57)	(51)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	11	0	0	0
Other Income (Expenses)	12	(15)	0	0	0
Pre-tax profit	90	113	313	324	339
Income tax	(11)	(12)	(34)	(35)	(36)
Minority interest	(57)	(71)	(168)	(145)	(151)
Net profit	23	30	112	145	151
Core Net Profit	23	30	112	145	151

Exhibit 12. Balance Sheet

Year to 31 Dec (US\$mn)	2024A	2025A	2026F	2027F	2028F
Cash & cash equivalent	244	193	328	327	388
Receivables	182	295	429	439	459
Inventory	275	232	509	521	546
Other Curr. Asset	103	185	174	174	174
Fixed assets - Net	0	0	0	0	0
Other non-curr.asset	2,631	2,830	2,843	2,805	2,768
Total asset	3,435	3,735	4,282	4,266	4,334
ST Debt	80	78	454	454	454
Payables	200	204	405	413	431
Other Curr. Liabilities	140	278	101	101	101
Long Term Debt	390	277	763	594	494
Other LT. Liabilities	277	551	99	99	99
Total Liabilities	1,086	1,387	1,822	1,661	1,579
Shareholder's Funds	1,555	1,584	1,695	1,840	1,991
Minority interests	795	764	764	764	764
Total Equity & Liabilities	3,435	3,735	4,282	4,266	4,334

Exhibit 13. Cash Flow

Year to 31 Dec (US\$mn)	2024A	2025A	2026F	2027F	2028F
Net income	23	30	112	145	151
Depreciation and Amort.	83	87	110	110	0
Change in Working Capital	(110)	(110)	(209)	(14)	0
Other Oper. Cash Flow	(26)	(33)	(5)	0	42
Operating Cash Flow	(30)	(26)	8	241	193
Capex	(227)	(256)	(122)	(72)	0
Others Inv. Cash Flow	0	0	0	0	9
Investing Cash Flow	(227)	(256)	(122)	(72)	9
Net change in debt	194	261	250	(169)	0
New Capital	17	(31)	0	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	0	0	0	0	(51)
Financing Cash Flow	211	230	250	(169)	(51)
Net Change in Cash	(46)	(52)	135	(1)	151
Cash - begin of the year	290	244	193	328	327
Cash - end of the year	244	193	328	327	388

Exhibit 14. Key Ratio

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Sales	38.9	(22.2)	77.2	2.4	4.7
EBITDA	67.1	34.3	119.7	0.3	2.0
Operating profit	67.8	64.4	182.3	0.2	2.5
Net profit	228.8	29.8	278.4	29.3	4.5
Profitability (%)					
Gross margin	6.2	11.6	17.0	16.7	16.4
EBITDA margin	8.8	15.2	18.9	18.5	18.0
Operating margin	4.3	9.1	14.6	14.3	14.0
Net margin	1.2	2.1	4.4	5.6	5.5
ROAA	0.7	0.8	2.8	3.4	3.5
ROAE	1.5	1.9	6.8	8.2	7.9
Leverage					
Net Gearing (x)	0.1	0.0	0.4	0.3	0.2
Interest Coverage (x)	10.0	6.4	5.9	6.6	7.4

Source: MBMA, BRIDS Estimates

Equity Research – Company Update

Tuesday, 29 September 2026

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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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