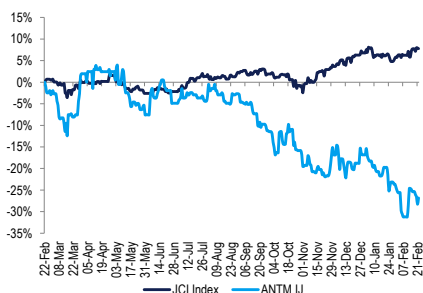


## Stock Data

Target price	Rp1,800
Prior TP	Rp2,100
Current price	Rp1,500
Upside/downside	+20%
Shares outstanding (mn)	24,031
Market cap (Rp bn)	36,046
Free float	35%
Avg. 6m daily T/O (Rp bn)	75

## Price Performance

	3M	6M	12M
Absolute	-6.5%	-23.3%	-26.8%
Relative to JCI	-12.8%	-29.3%	-34.6%
52w low/high (Rp)	1,410 – 2,130		



## Major Shareholders

Mineral Industri Indonesia	65.0%
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## An attractive bottom-up play; re-iterate Buy

- We estimate ANTM to record Rp628bn NP in 4Q23F (-35% qoq), below cons. estimates (93%) despite ~Rp500bn gain from HKCBL transaction.
- Overhang remains with potential MSCI exclusion in May-24 in addition to late RKAB approval which may lead to lower ore sales in 1Q24F.
- However, valuation is relatively attractive at 11x FY24F P/E, especially compared to other miners amid soft nickel price. Maintain Buy rating.

### 4Q23F NP of Rp628bn (-35% qoq), driven by gain from HKCBL deal

We expect ANTM to record Rp628bn NP in 4Q23F (-35% qoq, Fig. 1), ending FY23F at Rp3.5tr NP, which are below consensus expectation (93%) amid soft nickel ore volume & ASP in 4Q23 but was offset by the gain from HKCBL transaction. ANTM's 4Q23 operational data release indicated that nickel ore sales volume declined by 27% qoq to 2.3mn wmt in 4Q23, albeit we expect the decline to be partly cushioned by higher ASP of US\$40/wmt in 4Q23 (+2% qoq), thanks to the dollar premium above benchmark price (HPM), particularly in the month of Oct-23. FeNi sales volume recovered by +70% qoq to 6kt, while gold sales volume also improved by +12% qoq (Fig. 2), which all helped to cushion the decline in ore sales volume.

### Overhang remains with MSCI exclusion and late RKAB approval

We think there could still be share price overhang with potential MSCI index exclusion in May-24 review, in addition to potential impairment related FeNi assets, albeit the latter cannot be confirmed and are less certain. Moreover, 1Q24F nickel-ore sales volume may also disappoint, due to late RKAB approval (mid-Feb), but we expect ANTM to catch-up with their nickel ore production and sales target starting 2Q24F onwards, for up to 18mn wmt in FY24F (vs. 11.7mn wmt in 23F), albeit we conservatively expect 14mn wmt in FY24F (+20% yoy). As such, potential weakness post 1Q24F result and MSCI exclusion is a good entry point to accumulate. So far, ANTM has managed to book a premium to HPM during 4Q23 and we expect this to continue; premium now stood at US\$5/wmt, based on our checks.

### Maintain Buy rating with a reduced TP of Rp1,800/share

Maintain our Buy rating with a reduced TP of Rp1,800/share (previously from Rp2,100/share) as we lower our FY24F/25F forecast by 14% each (Fig. 4) while our target multiples of 13x FY24F P/E remain unchanged. Re-rating catalysts include: higher LME nickel price driven by potential U.S sanctions on Russian metals (c.5% of global refined nickel supply), which may trigger short-covering, given massive traders' short-positions (Fig. 6), and Rp1tr provision reversal from Budi Said case. Downside risks are MSCI exclusion and below-than-expected 4Q23F and 1Q24F earnings vs. cons.

Financial Summary (US\$ mn)	2021A	2022A	2023F	2024F	2025F
Revenue	38,446	45,930	41,344	40,998	40,137
EBITDA	3,629	4,800	4,909	5,024	5,508
Net profit	1,862	3,821	3,476	3,304	3,690
EPS growth	62%	105%	-9%	-5%	12%
ROE	9%	16%	14%	12%	13%
PER (x)	19.4	9.4	10.4	10.9	9.8
EV/EBITDA (x)	10.2	7.2	6.6	5.9	5.3
Dividend yield	1%	3%	5%	5%	5%
IPS vs. consensus			93%	98%	106%

Source: Company, Indo Premier

Share price closing as of: 22 February 2024

Fig. 1: ANTM 4Q23F preview

ANTM.U Rp bn	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23F	FY23F 1st take	FY23 vs. Cons	FY23 Cons
Revenue	9,747	9,026	14,910	12,247	11,593	10,068	9,238	10,445	41,344	101%	40,931
GP	2,448	1,582	1,958	2,223	2,850	1,391	1,857	1,148	7,246	93%	7,754
EBIT	1,618	(153)	1,277	1,200	1,911	415	1,019	288	3,633	91%	3,978
EBITDA	1,817	52	1,477	1,410	2,118	881	1,376	534	4,909	97%	5,075
NP	1,465	61	1,101	1,194	1,663	227	959	628	3,476	93%	3,719
<b>Growth % qoq</b>											
Revenue	-19%	-7%	65%	-18%	-5%	-13%	-8%	13%			
GP	100%	-35%	24%	14%	28%	-51%	33%	-38%			
EBIT	314%	-109%	-933%	-6%	59%	-78%	146%	-72%			
EBITDA	196%	-97%	2725%	-5%	50%	-58%	56%	-61%			
NP	869%	-96%	1719%	8%	39%	-86%	323%	-35%			
<b>Profitability %</b>											
GP	25%	18%	13%	18%	25%	14%	20%	11%			
EBIT	17%	-2%	9%	10%	16%	4%	11%	3%			
EBITDA	19%	1%	10%	12%	18%	9%	15%	5%			
NP	15%	1%	7%	10%	14%	2%	10%	6%			

Source: Company data, Indo Premier estimates

Fig. 2: ANTM's 4Q23 operational data and estimated ASP

Sales volume		1Q23	2Q23	3Q23	4Q23	QoQ %
Gold	'000 t oz	232	202	191	214	12%
Ferronickel	'000 t Ni	4.3	6.3	3.5	6.0	70%
Nickel ore	'000 w mt	3,440	2,827	3,146	2,299	-27%
Bauxite ore	'000 w mt	84	371	534	511	-4%
Silver	'000 t oz	72	72	84	67	-20%
Alumina	'000 ton	33	39	36	38	4%
ASP		1Q23	2Q23	3Q23	4Q23F	QoQ %
Gold	US\$/t oz	1,983	2,095	2,024	2,067	2%
Ferronickel	US\$/t Ni	18,460	14,220	14,050	12,750	-9%
Nickel ore	US\$/w mt	57	45	39	40	2%
Bauxite ore	US\$/w mt	24	21	20	20	2%
Silver	US\$/t oz	22	23	24	23	-5%
Alumina	US\$/ton	588	572	572	570	0%

Source: Company data, Indo Premier

We expect contribution of Weda Bay Nickel (WBN) to ANTM's to be around Rp74bn in 4Q23 (-75% qoq), based on actual earnings release by Eramet SA (c.38% stake in WBN). While nickel ore sales volume improved significantly to 9.7mn wmt (+17% qoq), we expect Eramet's NP and margin to be hit by soft nickel ore and NPI price in addition to potential below-the-line items, albeit undisclosed.

### HKCBL transaction

In Dec-23, ANTM sold its 49% ownership stake in SDA (Sumberdaya Arindo, nickel-mining subsidiary) to Hongkong CBL (HKCBL, subsidiary of Contemporary Brup Lygend Co. Ltd or CATL) for a value of US\$417mn or Rp6.3tr. In addition, ANTM also sold its shares in FHT (industrial park) for 10% to HKCBL for a value of US\$52mn or Rp781bn. These two transactions

were a confirmation of CATL investment into Indonesia's EV-battery supply-chain in which ANTM would have a direct involvement on the upstream and mid-stream level (i.e. nickel mining & HPAL) and indirect involvement on the downstream level through its 25% stake in IBC (i.e. precursor, cathode, cells, and recycling, Fig. 3).

Going forward, ANTM would use internal cash flow and ~Rp7tr proceeds from HKCBL transaction to finance the construction of RKEF and HPAL in proportion to their ownership and equity portion.

Fig. 3: ANTM's involvement in battery supply-chain

	Direct involvement			Indirect involvement (IBC)				
	Mining	RKEF and Industrial Park	HPAL	Battery Materials		Battery Cell	Recycling	
JV Co	SDA	FHT	TBA	TBA		TBA	TBA	
Product	Nickel ore	NPI	MHP	Nickel sulphate	Precursor	Cathode active material	Battery cell and modules	Battery recycling
Indicative annual capacity	10mn w mt ore: - 7mn w mt saprolite - 3mn w mt limonite	88kt	55kt	16ktpa	30ktpa	30ktpa	15GWh	20kt
Scheme	Subsidiary divestment	Subsidiary divestment	New JVCo establishment	New JVCo establishment		New JVCo establishment	New JVCo establishment	
Structure	ANTM 51% HKCBL 49%	ANTM 40% HKCBL 60%	ANTM 30% HKCBL 70%	IBC 30% HKCBL 70%		IBC 30% SGCBL 30%	IBC 40% HKCBL 60%	
Indicative COD	2023	2027	2028	2028		2029	2029	

Source: Company data, Indo Premier estimates

### Maintain our Buy rating with a reduced TP of Rp1,800/share

We upgraded our FY23F NP forecast by 2% to take into account ~Rp500bn gain from HKCBL transaction and 4Q23 operational data release in FY23. For 24F/25F, we fine-tuned our NP forecast by -14%/-14%, respectively, as we lower our ferronickel and nickel-ore price assumptions by 5-16% taking into account recent supply-demand development on LME nickel ([report](#)) and NPI price ([report](#)).

However, we increase our nickel ore sales volume by 12% in 24F/25F to 14mn wmt, in-line with ANTM's management direction to further increase nickel-ore sales volume starting from FY24F onwards. Aside from nickel ore, we conservatively reduced our FeNi sales volume by 25%/27% to 24/28kt, respectively, as we take into account potential delay in the newly-installed 13.5ktpa capacity by FeNi Haltim while lowering our Pomalaa's FeNi base-case volume from 24ktpa to 20ktpa, in-line with the achievement in FY23.

Re-rating catalysts include: 1) higher LME nickel price, driven by potential U.S sanctions on Russian metals, 2) ~Rp1tr provision reversal on Budi Said's case in FY24F, 3) higher nickel-ore sales volume growth, and 4) prolonged RKAB approval beyond Mar-24, in which ANTM could benefit from, thanks to higher dollar premium to benchmark price (HPM).

Our channel-check also suggest that current dollar premium now stood at US\$5/wmt for saprolite-ore, while the premium already decline from up to US\$15-20/wmt at the peak of RKAB issue in Aug-23 to Oct-23 and now to low-to-mid single-digit.

However, we think there could still be overhang on ANTM's share price with potential MSCI standard-cap index exclusion on the next MSCI review in May-24, in addition to potential impairment related to ferronickel assets,

albeit the latter cannot be confirmed and are less certain. Moreover, 1Q24F nickel-ore sales volume may also disappoint, due to late RKAB approval (mid-Feb), but we expect ANTM to catch-up with their nickel ore production and sales target starting 2Q24F onwards. As such, potential weakness post 1Q24F result and MSCI exclusion is a good entry point to accumulate.

As such, we maintain our Buy rating but reduced our target price to Rp1,800/share based on 13x FY24F target P/E (unchanged) as we lower our FY24F NP.

Fig. 4: ANTM old vs new forecast

ANTM Rp bn	New forecast				Old forecast			Forecast change			Consensus			Indo Premier vs Consensus		
	2022A	2023F	2024F	2025F	2023F	2024F	2025F	2023F	2024F	2025F	2023F	2024F	2025F	2023F	2024F	2025F
Revenues	45,930	41,344	40,998	40,137	41,193	44,181	45,698	0%	-7%	-12%	40,931	43,027	43,384	101%	95%	93%
Gross profit	8,211	7,246	7,270	7,790	7,255	8,018	8,682	0%	-9%	-10%	7,754	7,443	7,924	93%	98%	98%
Operating profit	3,942	3,633	3,714	4,160	3,664	4,185	4,716	-1%	-11%	-12%	3,978	3,532	3,838	91%	105%	108%
EBITDA	4,800	4,909	5,024	5,508	4,546	5,090	5,650	8%	-1%	-3%	5,075	4,653	4,801	97%	108%	115%
NPAT	3,821	3,476	3,304	3,690	3,423	3,864	4,293	2%	-14%	-14%	3,719	3,368	3,494	93%	98%	106%
<b>%y-y</b>																
Revenues		-10%	-1%	-2%	-10%	7%	na				-11%	5%	1%			
Gross profit		-12%	0%	7%	-12%	11%	na				-6%	-4%	6%			
Operating profit		-8%	2%	12%	-7%	14%	na				1%	-11%	9%			
EBITDA		2%	2%	10%	-5%	12%	na				6%	-8%	3%			
NPAT		-9%	-5%	12%	-10%	13%	na				-3%	-9%	4%			
Gross margin	17.9%	17.5%	17.7%	19.4%	17.6%	18.1%	na	-0.1%	-0.4%	na	18.9%	17.3%	18.3%	-1.4%	0.4%	1.1%
Operating margin	8.6%	8.8%	9.1%	10.4%	8.9%	9.5%	na	-0.1%	-0.4%	na	9.7%	8.2%	8.8%	-0.9%	0.8%	1.5%
EBITDA margin	10.5%	11.9%	12.3%	13.7%	11.0%	11.5%	na	0.8%	0.7%	na	12.4%	10.8%	11.1%	-0.5%	1.4%	2.7%
NPAT margin	8.3%	8.4%	8.1%	9.2%	8.3%	8.7%	na	0.1%	-0.7%	na	9.1%	7.8%	8.1%	-0.7%	0.2%	1.1%

Source: Company data, Indo Premier estimates

Fig. 5: Change in our operational assumptions

Basis		Old			New			Change (%)		
		FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
<b>Sales volume</b>										
FeNi	kt Ni	20.1	32.2	38.7	20.1	24.2	28.2	0%	-25%	-27%
Nickel ore	mn w mt	11.7	12.5	12.5	11.7	14.0	17.0	0%	12%	36%
Gold	000 toz	840	749	749	840	789	749	0%	5%	0%
CGA	k ton	146	169	169	146	169	169	0%	0%	0%
Silver	000 toz	296	296	296	296	296	296	0%	0%	0%
Bauxite ore	mn w mt	1.5	1.8	1.8	1.5	1.8	1.8	0%	0%	0%
<b>Average selling price (ASP)</b>										
FeNi	US\$/ton	14,654	13,750	14,000	14,654	13,000	13,250	0%	-5%	-5%
Nickel ore	US\$/w mt	46.0	45.0	45.0	46.0	40.0	38.0	0%	-11%	-16%
CGA	US\$/oz	840	749	749	840	789	749	0%	5%	0%
CGA	US\$/ton	575	628	628	575	628	628	0%	0%	0%
Silver	US\$/oz	23.2	21.8	22.3	23.2	21.8	22.3	0%	0%	0%
Bauxite ore	US\$/w mt	20.2	22.1	22.1	20.2	22.1	22.1	0%	0%	0%

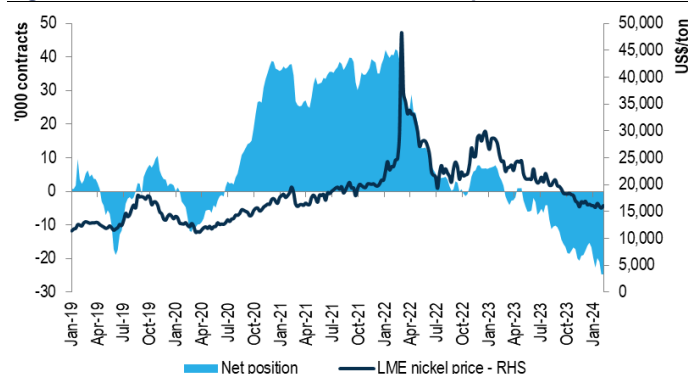
Source: Company data, Indo Premier estimates

### Key takeaways group call with Aneka Tambang (25-Jan, 2024):

- FeNi's cash costs improved significantly in 4Q23, following the reduction in energy costs (i.e. coal & diesel, which accounts for c.50% of cash costs). Despite the ASP decline in 4Q23, ANTM were still able to book positive net margin, albeit this was partly offset by lower volume (owing to lower ore grade).
- Towards end FY24F, ANTM plans to shift from internal coal & diesel plant to PLN (c.6-7 cents per kWh), which are able to reduce 25-30% cash costs.

- There are no further indicative impairment on NHM along with other associates/JVs owned by ANTM so far, while the provision reversal from Budi Said cases (~Rp1tr) would be dependent on the legal case decision.
- Similar to other miners, ANTM has yet to obtain RKAB approval and have yet to made any nickel ore sales to any 3rd party as per latest update.
- Nickel ore production in FY24F is expected to be above 15mn wmt (including the ore used for ANTM's internal FeNi smelter). However, FeNi production from Pomalaa is expected to hover ~20ktpa vs. 24-25ktpa normal rate on lower ore grade.
- ANTM is set to build 88ktpa NPI smelter and 55ktpa HPAL smelter with CBL. There is a consideration to install the converter into nickel-matte but nothing is determined yet at this point; NPI smelter is expected to start construction by FY24F with an indicative commencement by FY27F.
- For HPAL, the completion timeline would be at FY28F, and is currently in the process of obtaining AMDAL license. Note that ANTM would use the HPAL design from ENFI (similar to NCKL, HNC, and Ramu).

Fig. 6: LME COT Investment Funds' net-short position



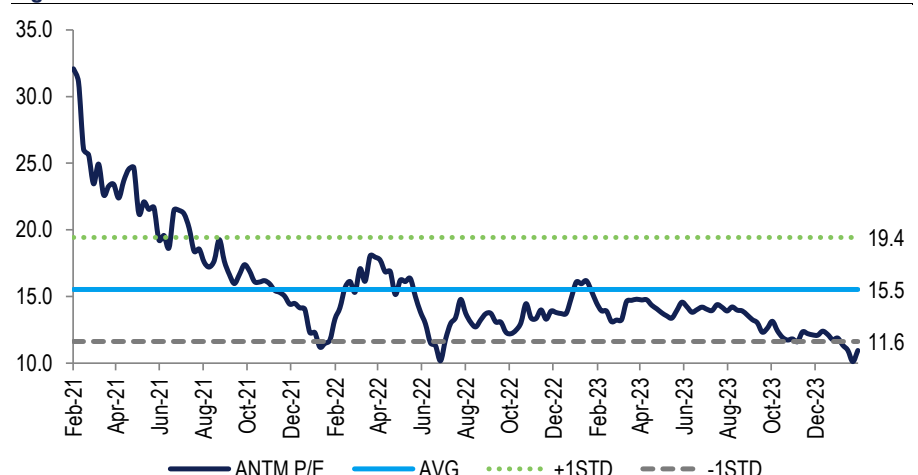
Source: Company data, Indo Premier

Fig. 7: ANTM share price vs LME nickel price



Source: Company data, Indo Premier

Fig. 8: Valuation band



Source: Company, Indo Premier

Fig. 9: Peers comparison table

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				23F	24F	25F	23F	24F	25F	23F	24F	25F
ADMRI J	Adaro Minerals Indonesia	Buy	1,650	9.9	9.7	9.9	8.5	8.6	7.8	N/A	N/A	N/A
ANTM J	Aneka Tambang	Buy	1,800	10.4	10.9	9.8	6.6	5.9	5.3	5.3%	4.8%	4.6%
HRUM J	Harum Energy	Buy	1,750	7.5	8.7	7.3	2.9	6.0	5.1	N/A	N/A	N/A
INCO J*	Vale Indonesia	Hold	4,250	9.4	31.3	118.2	3.8	9.3	12.1	N/A	N/A	N/A
MBMA J	Merdeka Battery Materials	Buy	750	373.1	31.1	16.4	42.7	13.7	9.3	N/A	N/A	N/A
MDKA J	Merdeka Copper Gold	Buy	3,000	N/A	92.0	50.7	17.7	11.6	10.2	N/A	N/A	N/A
NCKL J	Trimegah Bangun Persada	Buy	1,250	9.8	8.2	7.5	7.0	5.0	4.2	N/A	3.1%	3.7%

Source: Bloomberg, Indo Premier

INCO\*: FY23A/24F/25F

Income Statement (US\$ mn)	2021A	2022A	2023F	2024F	2025F
Net revenue	38,446	45,930	41,344	40,998	40,137
Cost of sales	(32,087)	(37,720)	(34,099)	(33,729)	(32,347)
<b>Gross profit</b>	<b>6,359</b>	<b>8,211</b>	<b>7,246</b>	<b>7,270</b>	<b>7,790</b>
SG&A Expenses	(3,621)	(4,269)	(3,613)	(3,556)	(3,630)
<b>Operating profit</b>	<b>2,738</b>	<b>3,942</b>	<b>3,633</b>	<b>3,714</b>	<b>4,160</b>
Net interest	(269)	(296)	(202)	(194)	(150)
Income from associates	453	931	771	716	721
Others	122	638	255	0	0
<b>Pre-tax income</b>	<b>3,044</b>	<b>5,215</b>	<b>4,457</b>	<b>4,236</b>	<b>4,731</b>
Income tax	(1,182)	(1,394)	(980)	(932)	(1,041)
Minority interest	(0)	(0)	0	0	0
<b>Net income</b>	<b>1,862</b>	<b>3,821</b>	<b>3,476</b>	<b>3,304</b>	<b>3,690</b>

Balance Sheet (US\$ mn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	5,089	4,476	7,021	9,393	10,187
Receivable	1,448	1,833	919	911	892
Inventory	3,107	2,906	3,031	2,998	2,875
Other current assets	2,084	2,480	1,753	1,694	1,694
<b>Total current assets</b>	<b>11,728</b>	<b>11,695</b>	<b>12,724</b>	<b>14,996</b>	<b>15,648</b>
Fixed assets	16,864	16,472	16,538	16,571	16,570
Other non-current assets	4,324	5,471	5,459	5,844	6,023
<b>Total non-current assets</b>	<b>21,188</b>	<b>21,942</b>	<b>21,997</b>	<b>22,415</b>	<b>22,593</b>
<b>Total assets</b>	<b>32,916</b>	<b>33,637</b>	<b>34,721</b>	<b>37,411</b>	<b>38,241</b>

ST loans	1,089	189	1,320	1,320	1,320
Payable	1,399	1,302	1,042	1,031	988
Other payables	0	0	0	0	0
Current portion of LT loans	0	0	0	0	0
Other current liabilities	4,074	4,481	3,219	3,219	1,931
<b>Total current liab.</b>	<b>6,562</b>	<b>5,972</b>	<b>5,581</b>	<b>5,569</b>	<b>4,239</b>
Long term loans	3,703	2,082	1,672	1,672	1,672
Other LT liab.	1,813	1,871	2,190	3,326	3,447
<b>Total non-current liabilities</b>	<b>5,517</b>	<b>3,954</b>	<b>3,862</b>	<b>4,998</b>	<b>5,120</b>
<b>Total liabilities</b>	<b>12,079</b>	<b>9,925</b>	<b>9,443</b>	<b>10,567</b>	<b>9,359</b>

Equity	6,338	6,338	6,338	6,338	6,338
Retained earnings	10,272	13,143	14,708	16,274	18,312
Minority interest	4,228	4,232	4,232	4,232	4,232
<b>Total SHE + minority int.</b>	<b>20,837</b>	<b>23,712</b>	<b>25,278</b>	<b>26,844</b>	<b>28,882</b>
<b>Total liabilities &amp; equity</b>	<b>32,916</b>	<b>33,637</b>	<b>34,721</b>	<b>37,411</b>	<b>38,241</b>

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2021A	2022A	2023F	2024F	2025F
Net income	2,471	3,517	3,470	3,096	3,501
Depr. & amortization	891	858	1,286	1,319	1,353
Changes in working capital	(414)	167	647	88	(980)
Others	0	0	0	0	0
<b>Cash flow from operating</b>	<b>2,948</b>	<b>4,542</b>	<b>5,403</b>	<b>4,503</b>	<b>3,875</b>
Capital expenditure	609	(432)	(1,357)	(1,306)	(1,306)
Others	(651)	(916)	423	913	(122)
<b>Cash flow from investing</b>	<b>(41)</b>	<b>(1,348)</b>	<b>(933)</b>	<b>(393)</b>	<b>(1,429)</b>
Loans	(1,738)	(2,860)	(15)	0	0
Equity	312	4	0	0	0
Dividends	(402)	(931)	(1,910)	(1,738)	(1,652)
Others	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(1,828)</b>	<b>(3,787)</b>	<b>(1,925)</b>	<b>(1,738)</b>	<b>(1,652)</b>
<b>Changes in cash</b>	<b>1,079</b>	<b>(594)</b>	<b>2,544</b>	<b>2,372</b>	<b>794</b>

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	17%	18%	18%	18%	19%
Operating margin	7%	9%	9%	9%	10%
Pre-tax margin	8%	11%	11%	10%	12%
Net margin	5%	8%	8%	8%	9%
ROA	6%	11%	10%	9%	10%
ROE	9%	16%	14%	12%	13%
Acct. receivables TO (days)	26.6	25.1	45.0	45.0	45.0
Inventory TO (days)	10.3	13.0	11.3	11.3	11.3
Payable TO (days)	22.9	29.0	32.7	32.7	32.7
Debt to equity	0.3	0.1	0.1	0.1	0.1
Interest coverage ratio (x)	7.6	10.3	10.5	9.3	10.4
Net gearing	0.0	(0.1)	(0.2)	(0.2)	(0.2)

Source: Company, Indo Premier