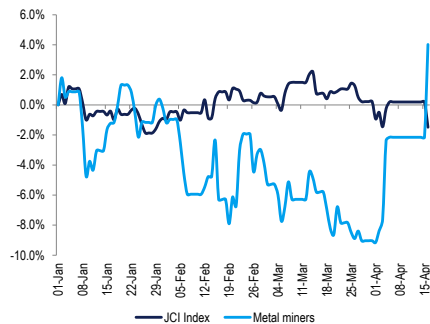


Sector Index Performance

	3M	6M	12M
Absolute	5.7%	-3.0%	-2.1%
Relative to JCI	6.6%	-6.9%	-7.7%



Summary Valuation Metrics

P/E (x)	2024F	2025F	2026F
ADMR IJ	9.5	9.2	7.2
ANTM IJ	13.2	11.8	N/A
HRUM IJ	47.0	27.1	N/A
INCO IJ	35.4	133.7	136.5
MBMA IJ	45.7	19.7	15.6
MDKA IJ	206.1	86.1	57.4
NCKL IJ	8.7	7.1	N/A

EV/EBITDA (x)	2024F	2025F	2026F
ADMR IJ	7.9	8.6	7.7
ANTM IJ	7.4	6.6	N/A
HRUM IJ	31.3	20.9	N/A
INCO IJ	10.5	13.4	11.0
MBMA IJ	15.3	9.2	7.5
MDKA IJ	13.6	10.3	8.6
NCKL IJ	5.8	4.4	N/A

Div. Yield	2024F	2025F	2026F
ADMR IJ	N/A	N/A	N/A
ANTM IJ	4.0%	3.8%	N/A
HRUM IJ	N/A	N/A	N/A
INCO IJ	N/A	N/A	N/A
MBMA IJ	N/A	N/A	N/A
MDKA IJ	N/A	N/A	N/A
NCKL IJ	2.9%	3.4%	N/A

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## Nickel: limited impact from sanctions; though we expect rising ore prices

- LME nickel price hits US\$19k/t on intraday in Monday after US & UK imposed delivery sanctions on Russian nickel (i.e. Norilsk).
- Russian nickel made up c.36% of nickel inventory in LME-warehouse, but it remained uninterrupted for now, limiting the price impact.
- Indonesian nickel ore price, on the other hand, now trades at low-teens dollar premium above HPM (Fig. 8), **ANTM** is poised to benefit.

### Sanctions on Russian metal sparked only a short-lived rally in LME

US and UK have imposed a fresh sanction on Russian metals (i.e. nickel, copper, and aluminium) by banning deliveries of the metals to LME. LME price rallied as much as c.8% post market open to US\$19k/t but erased most of the gains at closing yesterday (c.+1%) as the upside to such sanctions would be limited given that: 1) old inventory of Russian metals currently sitting in LME warehouse (c.36% of total inventory) is uninterrupted – as only nickel after 13 April is prohibited for delivery to LME, 2) limited import-export activity between US/UK and Russia, while 3) COT traders' net-short position is down to 7kt (from 24kt at peak) and was not triggering any immediate short-covering activities (Fig. 1 & 2).

### China economy improved but supply addition outpaced demand

China's positive economic data – i.e. 5.3% GDP growth vs. 4.8% consensus, and industrial production activity up by 6.1% yoy in 1Q – did not result in any increase in nickel-related products such as #300 stainless steel prices (Fig. 3) and NPI/FeNi prices (Fig. 4) as both prices were relatively flattish YTD. While demand was relatively robust particularly for household goods and manufacturing, the NPI supply addition from Indonesia and China (1Q24: +7%, Fig. 6), seems to outweigh demand improvement, limiting the upside in NPI prices. Note that Chinese RKEF cash-costs have also come down to US\$12k/t, limiting the price re-rating upside from costs-support angle (Fig. 9). The only upside to NPI is potential NPI conversion to nickel-matte owing to the recent rise in LME prices.

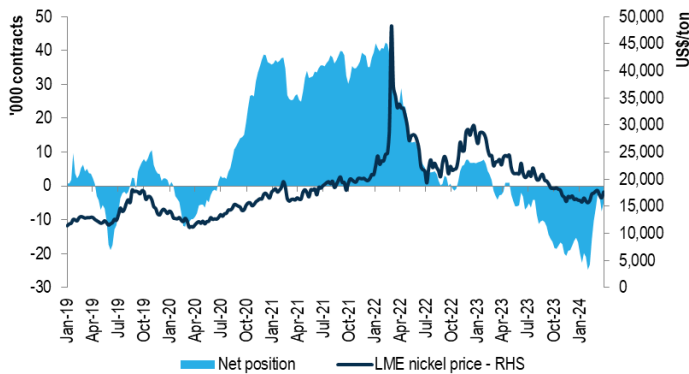
### Nickel ore price is set to be on the rise with higher premium and HPM

As LME nickel price went up quite significantly YTD (+8%, Fig. 7), nickel ore benchmark price (HPM) is set to increase starting Apr-24 and 2Q24F onwards, as the ore benchmark price lags actual LME price data by 1-2 months. In addition to higher HPM, our channel-check with traders have indicated that dollar premium to HPM currently stood at US\$10-12/wmt starting early Apr-24 (Fig. 8) due to RKAB issues with only c.65% of quota approved. We think **ANTM** is poised to benefit from higher ore price + premium to HPM as they have started selling at premium since 4Q23.

### Prefer LME nickel over NPI/Sulphate on potential sentiment tailwinds

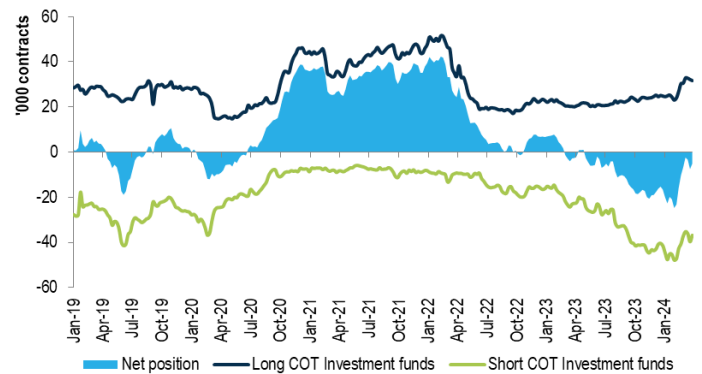
We prefer LME nickel over NPI/FeNi and battery-grade nickel (sulphate) given the former's potential tailwinds as: 1) LME nickel price are more macro-driven and likely to follow the movement of other industrial metals (i.e. copper & aluminium), in comparison to NPI/FeNi & sulphate, and 2) potential demand improvement, coming from higher defence spending, as c.15% nickel-demand is used for plating/alloys, raw material for aviation and war equipment. We like **ANTM** and **HRUM** as our key nickel top pick.

**Fig. 1: LME nickel price and COT position**



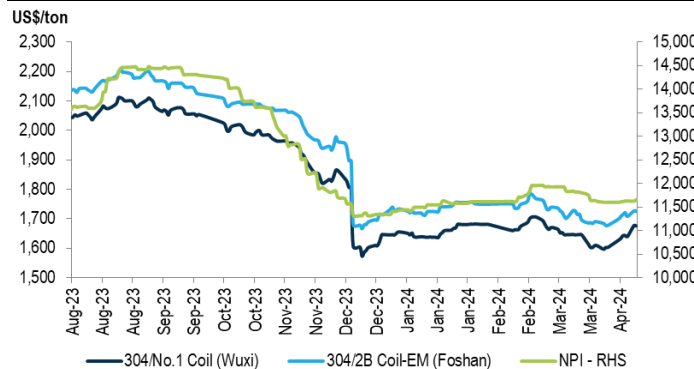
Source: Bloomberg, LME, Indo Premier

**Fig. 2: COT traders' long and short position**



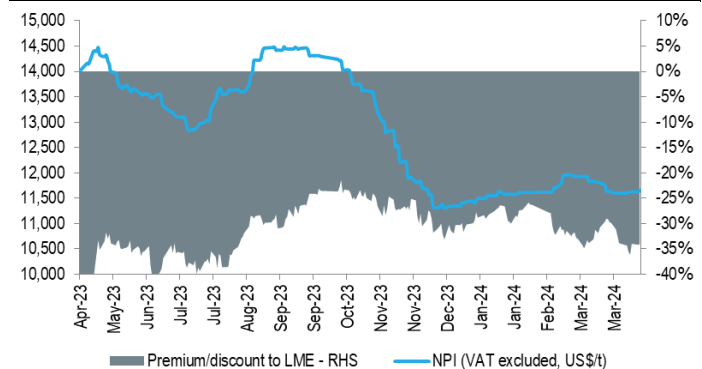
Source: Bloomberg, LME, Indo Premier

**Fig. 3: Stainless steel #300 series price**



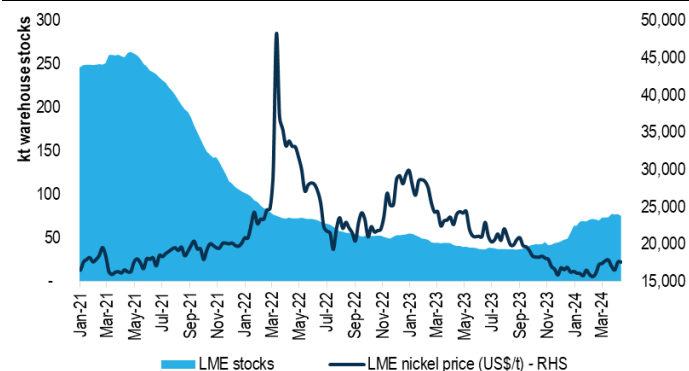
Source: Bloomberg, Indo Premier

**Fig. 4: NPI price and discount to LME prices**



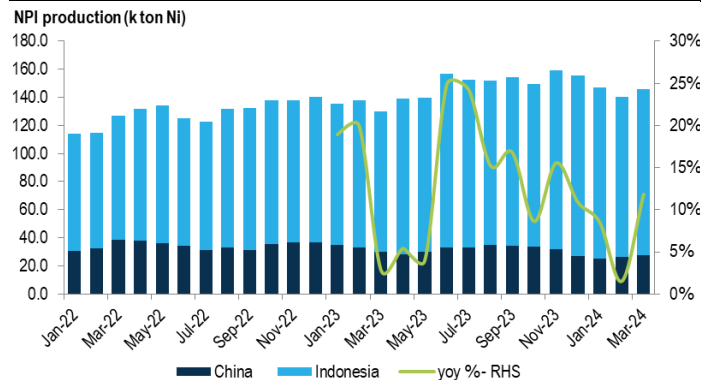
Source: Bloomberg, Indo Premier

**Fig. 5: LME nickel price & inventory**



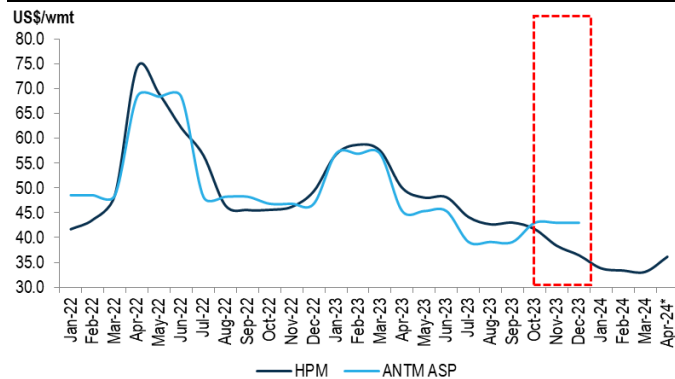
Source: Shanghai Metal Market, Bloomberg, Indo Premier

**Fig. 6: Indonesia & China's NPI supply addition**



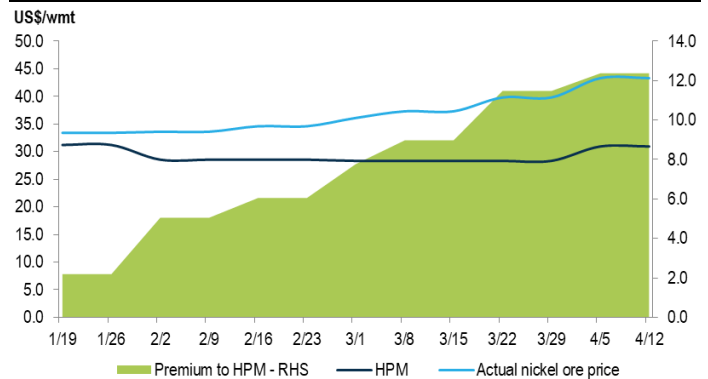
Source: Bloomberg, Indo Premier

**Fig. 7: ANTM nickel ore ASP and HPM**



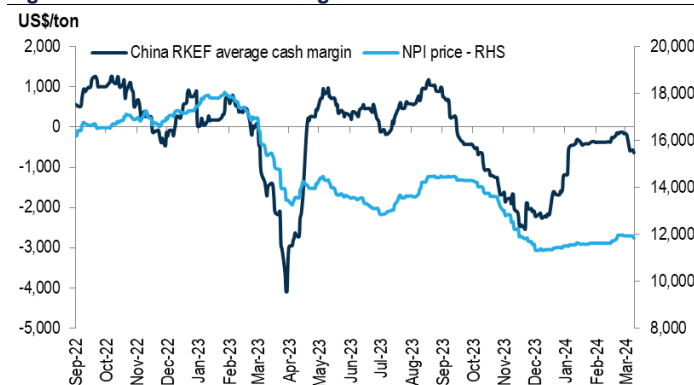
Source: Bloomberg, Indo Premier

**Fig. 8: HPM and nickel ore market price (1.6% grade, 35% MC)**



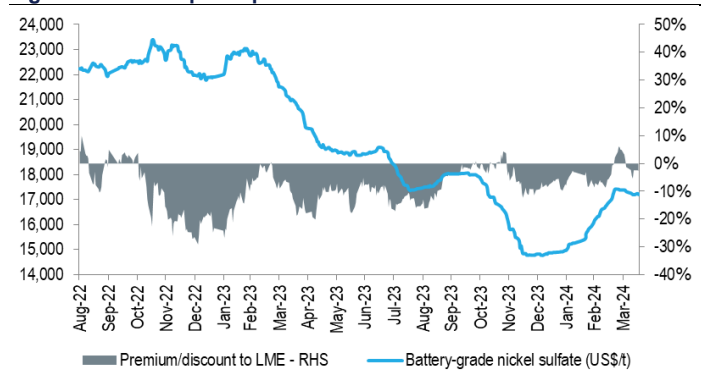
Source: Bloomberg, Shanghai Metal, Indo Premier

**Fig. 9: China's RKEF cash margin**



Source: Bloomberg, Company data, Indo Premier

**Fig. 10: Nickel sulphate price**



Source: Bloomberg, SMM, Indo Premier

**Fig. 11: Peers comparison**

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				24F	25F	26F	24F	25F	26F	24F	25F	26F
ADMR IJ	Adaro Minerals Indonesia	Buy	1,650	9.5	9.2	7.2	7.9	8.6	7.7	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	1,800	13.2	11.8	N/A	7.4	6.6	N/A	4.0%	3.8%	N/A
HRUM IJ	Harum Energy	Buy	1,800	47.0	27.1	N/A	31.3	20.9	N/A	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Hold	4,250	35.4	133.7	136.5	10.5	13.4	11.0	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	700	45.7	19.7	15.6	15.3	9.2	7.5	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	3,100	206.1	86.1	57.4	13.6	10.3	8.6	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,100	8.7	7.1	N/A	5.8	4.4	N/A	2.9%	3.4%	N/A

Source: Company data, Bloomberg, Indo Premier estimates

## SECTOR RATINGS

- OVERWEIGHT** : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL** : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT** : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

## COMPANY RATINGS

- 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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