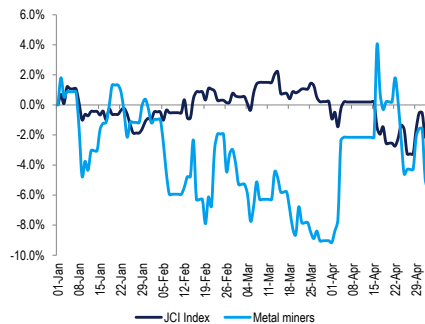


Sector Index Performance

	3M	6M	12M
Absolute	-4.6%	-5.8%	-27.4%
Relative to JCI	-3.7%	-11.5%	-31.6%



Summary Valuation Metrics

P/E (x)	2024F	2025F	2026F
ADMR IJ	8.7	8.5	6.7
ANTM IJ	8.4	7.9	7.0
HRUM IJ	9.2	9.6	7.7
INCO IJ	32.7	123.7	126.3
MBMA IJ	40.3	17.4	13.7
MDKA IJ	183.2	76.6	51.0
NCKL IJ	8.7	7.0	N/A

EV/EBITDA (x)	2024F	2025F	2026F
ADMR IJ	7.4	8.1	7.4
ANTM IJ	4.3	3.8	2.9
HRUM IJ	7.0	6.5	4.5
INCO IJ	9.7	12.6	10.3
MBMA IJ	13.7	8.2	6.7
MDKA IJ	12.5	9.6	8.0
NCKL IJ	5.7	4.4	N/A

Div. Yield	2024F	2025F	2026F
ADMR IJ	N/A	N/A	N/A
ANTM IJ	4.3%	5.9%	6.4%
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%	3.5%	N/A

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## 1Q24 recap: soft results shall provide buying opportunity

- Only 3 out of 7 listed metal miners under our coverage reported their 1Q: ANTM & NCKL (below consensus), and ADMR (in-line).
- However, we expect MDKA, MBMA, HRUM, INCO (under limited review) to also report soft 1Q24 on the back of lower commodity price.
- We think market is yet to price-in the elevated commodity price and 2Q24F earnings momentum, maintain sector Overweight.

### 1Q24 review: ANTM & NCKL below consensus, ADMR in-line

ANTM ([report](#)) & NCKL ([report](#)) both reported 1Q24 NP that were below consensus expectation while ADMR result was in-line ([report](#)). On nickel space, the soft 1Q24 earnings was primarily driven by lower commodity price (NPI, MHP/NiSO<sub>4</sub>, LME, Fig. 2), in addition to delayed mining-quota (RKAB) approval. Hard coking-coal (HCC) prices, on the other hand, remain elevated at above US\$300/t for majority of 1Q, resulting in relatively robust ADMR earnings, which was in-line with consensus expectation.

### 1Q24F preview for other four miners under limited review

Based on Nickel Industries' 1Q result that operates in Morowali and Weda Bay industrial park, we expect **MBMA** (Morowali) and **HRUM**'s (Weda Bay) NPI smelter to report a similar result with cash margin down by 25-33% qoq on lower ASP (Fig. 3). Concurrently, with LME nickel price (1-month lag) declining by 11% qoq in 1Q, we expect **INCO** to report weak earnings of US\$20mn (16% consensus). All in all, we expect all four miners to report below consensus earnings achievement in 1Q (Fig. 1).

### Share price and commodity price disconnect is an opportunity

ANTM & INCO share prices which correlated with LME nickel price are currently trading at much lower level when LME was at ~US\$18-19k/t range in the past (Fig. 4 & 5). While such event may reflect the concern on RKAB (for ANTM) and divestment (for INCO), we think this may also reflect market scepticism on the sustainability of higher commodity price. This provides an opportunity as consensus may need to make upward adjustment into their earnings as we expect commodity price to remain elevated.

### Market expectation is already relatively low for commodity names

We've seen the biggest consensus earnings downgrade in MDKA, INCO, ANTM by 61%, 34%, 30% YTD, respectively, and across the board for miners under our coverage (Fig. 6) with the exception of ADMR. This is positive as markets' expectation on these names are already low and shall result in higher possibility of earnings beat in upcoming quarters. Moreover, 2Q24F-to-date so far has shown stronger commodity price & less external issues (i.e. RKAB) vs. 1Q24 (Fig. 2), providing a stronger 2Q24 outlook.

### Maintain sector Overweight; MDKA & ANTM as top pick

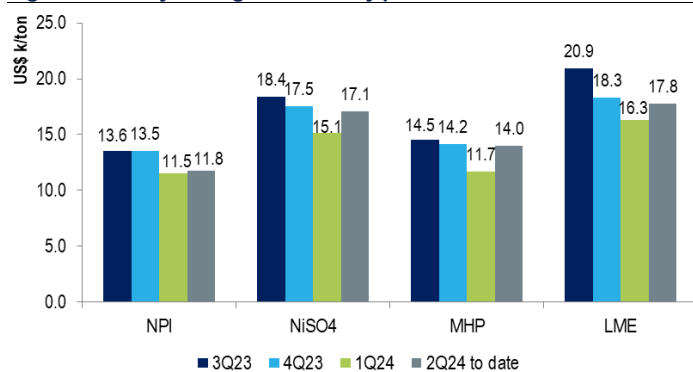
We maintain our sector Overweight rating with MDKA & ANTM as our top pick; we like **MDKA** due to its exposure to gold & copper, which we have higher preference over nickel, and **ANTM** on its earnings momentum post soft 1Q24 result, starting 2Q24F onwards. Downside risks include lower than expected demand, and further supply addition to LME-system coming from Indonesia. We also maintain our preference for gold > copper > LME nickel > nickel sulphate/NPI.

Fig. 1: 1Q24 review & 1Q24F preview for those under limited review

In US\$ mn	1Q24 NP	Consensus	1Q24 as % consensus	Downgrade/upgrade
<b>Already reported</b>				
ADMIR	115	438	26%	Already in-line with consensus, downgrade/upgrade not imminent
NCKL*	1,001	6,510	15%	Potential earnings downgrade from consensus
ANTM*	238	3,032	8%	Consensus have already downgraded c.15% since 1Q result
<b>Under limited review</b>				
INCO	20	129	16%	Expect only slight downgrade given higher LME price in 2Q24F
MDKA	5	26	17%	Relatively in-line with better upcoming 2Q performance from MBMA & higher gold & copper price
MBMA	5	135	4%	Potential earnings downgrade from consensus
HRUM	27	175	15%	Potential earnings downgrade from consensus

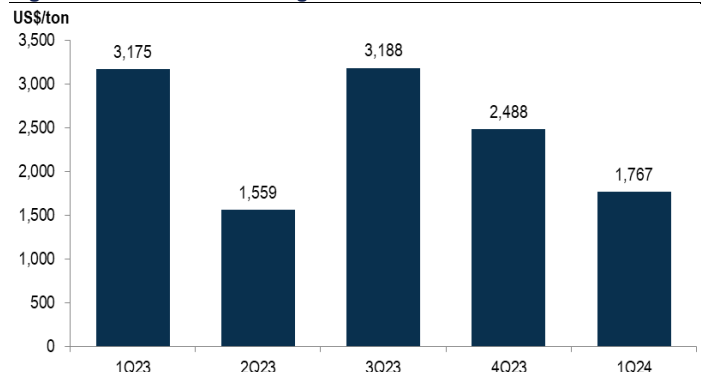
Source: Company data, Bloomberg, Indo Premier estimates

Fig. 2: Quarterly average commodity price



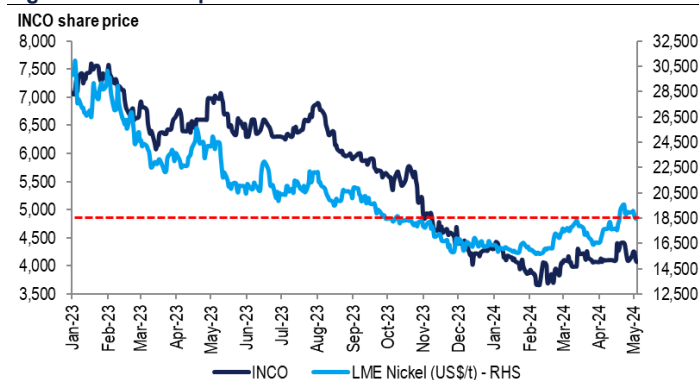
Source: Bloomberg, Shanghai Metal Market, Indo Premier

Fig. 3: NIC's RKEF cash margin declined in 1Q24



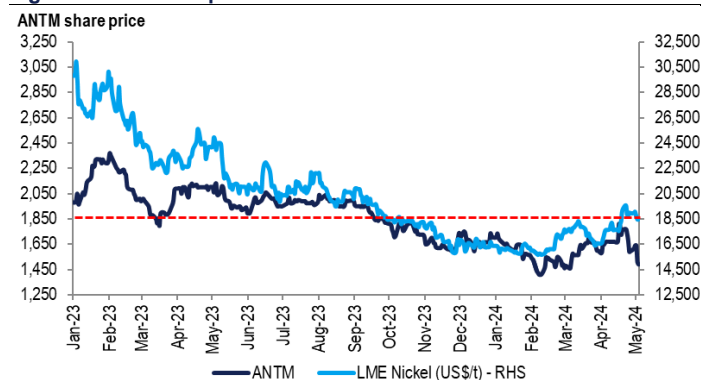
Source: Company data, Indo Premier

Fig. 4: INCO share price & LME



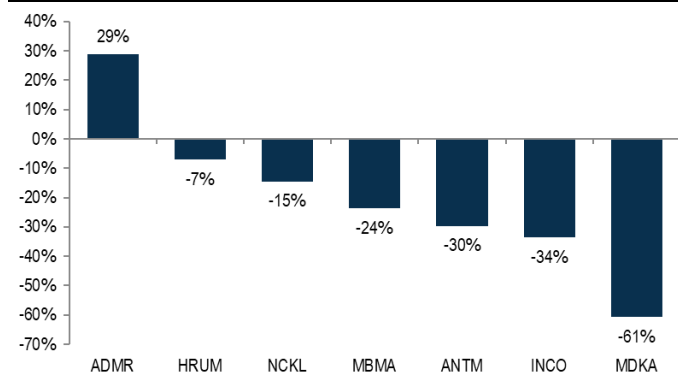
Source: Bloomberg, Shanghai Metal Market, Indo Premier

Fig. 5: ANTM share price & LME



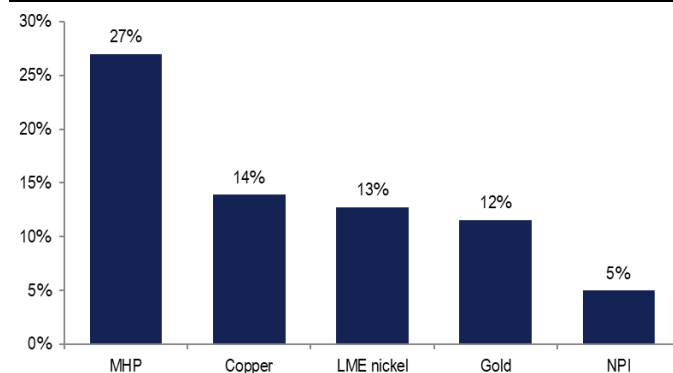
Source: Company data, Indo Premier

**Fig. 6: Consensus earnings downgrade YTD (%)**



Source: Bloomberg, Indo Premier

**Fig. 7: YTD commodity price performance**



Source: Company data, Indo Premier

**Fig. 8: 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	8.7	8.5	6.7	7.4	8.1	7.4	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	1,800	8.4	7.9	7.0	4.3	3.8	2.9	4.3%	5.9%	6.4%
HRUM IJ	Harum Energy	Buy	1,450	9.2	9.6	7.7	7.0	6.5	4.5	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Hold	4,250	32.7	123.7	126.3	9.7	12.6	10.3	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	700	40.3	17.4	13.7	13.7	8.2	6.7	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	3,100	183.2	76.6	51.0	12.5	9.6	8.0	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,050	8.7	7.0	N/A	5.7	4.4	N/A	2.9%	3.5%	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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