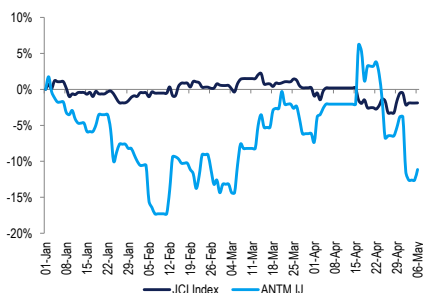


## Stock Data

Target price	Rp1,750
Prior TP	Rp1,800
Current price	Rp1,515
Upside/downside	+16%
Shares outstanding (mn)	24,031
Market cap (Rp bn)	36,407
Free float	35%
Avg. 6m daily T/O (Rp bn)	96

## Price Performance

	3M	6M	12M
Absolute	-0.7%	-8.5%	-25.7%
Relative to JCI	0.8%	-13.6%	-30.9%
52w low/high (Rp)	1,410 – 2,110		



## Major Shareholders

Mineral Industri Indonesia	65.0%
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## Ryan Winipta

PT Indo Premier Sekuritas  
ryan.winipta@ipc.co.id  
+62 21 5088 7168 ext. 718

## Reggie Parengkuan

PT Indo Premier Sekuritas  
reggie.parengkuan@ipc.co.id  
+62 21 5088 7168 ext. 714

## Over the hump but delay on RKAB underpin our earnings downgrade

- ANTM has yet to obtained approval for three of its eight mining block (IUP), equivalent to c.5mn wmt production per annum vs. 20mn target.
- As a result, we lower our ore sales volume to 12mn wmt in FY24F (from 14mn) to take into account the delayed RKAB issue into our forecast.
- We still like ANTM's earnings momentum starting 2Q24F; Maintain our Buy rating with lower TP of Rp1,750/share.

### 1Q24 takeaways: the worst is already over

We think the worst is already over for ANTM as the delayed RKAB issue has affected its operational performance in 1Q24 with limited nickel ore sales, 0 sales of FeNi and bauxite ore, in addition to low nickel-ore ASP (US\$33/wmt) as a result of lower LME nickel price. Starting 2Q24F, we expect significant improvement in nickel-ore sales volume, better nickel ore ASP (Fig. 3), volume recovery in both FeNi and bauxite ore, in addition to relatively resilient gold-trading volume.

### Key drivers are: gold volume, RKAB approval, and LME price

Few key factors to consider are: 1) the approval progress for ANTM's three remaining mining blocks (IUP) – our check indicates c.35% of FY24F ore quota in Indonesia is yet to be approved, meaning this is not entirely a company-specific issue, 2) resiliency in gold-trading volume, with Apr-24 sales relatively comparable with ANTM's run-rate in 1Q24F, and 3) further upside in LME nickel price as higher LME price would translated into higher nickel-ore ASP, albeit with a 1-2 month lag to benchmark price (HPM).

### Lower our FY24F/25F NP forecast by 14%/3%

However, we think management guidance of achieving 18.8mn nickel-ore sales volume is no longer realistic given the uncertainty in RKAB approval in addition to soft 1Q24 achievement. As a result, we lower our nickel ore sales volume forecast to 12mn (from previously 14mn) and slightly lower our ore ASP and bauxite ore sales forecast (Fig. 2). Thus, our FY24F/25F NP forecast was lowered by 14%/3%, respectively.

### Maintain Buy rating with a lower TP of Rp1,750/share

We maintain our Buy rating but lower our TP to Rp1,750/share (from Rp1,800/share) to take into account our lower NP forecast in FY24F/25F. Our TP is based on 1-year forward P/E multiple of 13x P/E (unchanged). We still like ANTM's earnings momentum starting 2Q24F in addition to our preference for LME nickel ([report](#)), which we think has more upside than NPI/Sulphate. Downside risks include lower than expected nickel demand, and no progress on RKAB approval.

Financial Summary (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Revenue	45,930	41,048	43,751	41,240	46,402
EBITDA	4,800	4,086	3,769	4,695	4,829
Net profit	3,821	3,078	2,779	3,389	3,497
EPS growth	105%	-19%	-10%	22%	3%
ROE	16%	10%	9%	10%	10%
PER (x)	9.5	11.8	13.1	10.7	10.4
EV/EBITDA (x)	7.3	7.3	7.9	5.8	5.3
Dividend yield	3%	5%	4%	4%	5%
IPS vs. consensus			109%	101%	109%

Source: Company, Indo Premier

Share price closing as of: 6 May 2024

**Key takeaways from 1Q24 earnings call:**

- ANTM has yet to obtain the RKAB for three out of eight mining blocks (IUP), namely SDA, NDA, and North Konawe. These three blocks would be equivalent to c.5mn production per annum.
- FeNi cash costs guidance is set at US\$14k/t. 1Q24 cash costs is around US\$12k/t but this still excludes royalty and other associated costs related to sales, given 0 sales in 1Q24.
- ANTM has started to sell FeNi in Apr-24, but expect a lag between production and sales of around 1-2kt.
- On nickel ore, ANTM has managed to obtain US\$1-3 premium above benchmark nickel price (HPM), and has locked the premium on some of their contracts/volumes.
- During 1Q, ANTM's gold-trading margin is lower at c.5% due to increased proportion of gold buybacks – as ANTM act as the last-standing buyer for gold bars, and tighter trading spread as competitors are lowering their spread.
- **Recap of 1Q24 cash costs:**
  - Nickel ore: US\$15-20/wmt
  - Gold mining: US\$1,600-1,700/oz
  - FeNi: US\$12k/t (excl. royalty & expenses associated to sales).
- On the plan to switch the electricity sources to PLN grid, ANTM has a target completion of end-of-Sep-24, and is set to come online by 4Q24F.

**Fig. 1: New vs Old forecast**

ANTM Rp bn	New forecast				Old forecast			Forecast change			Consensus			Indo Premier vs Consensus		
	2023A	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenues	41,048	43,751	41,240	46,402	40,998	40,137	na	7%	3%	na	51,371	53,874	43,305	85%	77%	107%
Gross profit	6,315	5,868	6,831	7,075	7,270	7,790	na	-19%	-12%	na	6,858	7,776	6,851	86%	88%	103%
Operating profit	2,617	2,285	3,203	3,240	3,714	4,160	na	-38%	-23%	na	2,324	2,805	2,927	98%	114%	111%
EBITDA	4,086	3,769	4,695	4,829	5,024	5,508	na	-25%	-15%	na	3,549	4,029	4,112	106%	117%	117%
NPAT	3,078	2,779	3,389	3,497	3,304	3,590	na	-16%	-6%	na	2,542	3,369	3,204	109%	101%	109%
<b>%y-y</b>																
Revenues		7%	-6%	13%	0%	-2%	na				25%	5%	-20%			
Gross profit		-7%	16%	4%	15%	7%	na				9%	13%	-12%			
Operating profit		-13%	40%	1%	42%	12%	na				-11%	21%	4%			
EBITDA		-8%	25%	3%	23%	10%	na				-13%	14%	2%			
NPAT		-10%	22%	3%	7%	9%	na				-17%	33%	-5%			
Gross margin	15.4%	13.4%	16.6%	15.2%	17.7%	19.4%	na	-4.3%	-2.8%	na	13.4%	14.4%	15.8%	0.1%	2.1%	-0.6%
Operating margin	6.4%	5.2%	7.8%	7.0%	9.1%	10.4%	na	-3.8%	-2.6%	na	4.5%	5.2%	6.8%	0.7%	2.6%	0.2%
EBITDA margin	10.0%	8.6%	11.4%	10.4%	12.3%	13.7%	na	-3.6%	-2.3%	na	6.9%	7.5%	9.5%	1.7%	3.9%	0.9%
NPAT margin	7.5%	6.4%	8.2%	7.5%	8.1%	8.9%	na	-1.7%	-0.7%	na	4.9%	6.3%	7.4%	1.4%	2.0%	0.1%

Source: Bloomberg, Indo Premier

Fig. 2: ANTM key operational data changes

Basis		Old			New			Change (%)		
		FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Sales volume										
FeNi	kt Ni	15.2	17.7	na	19.0	20.3	20.8	25%	14%	na
Nickel ore	mn w mt	14.0	17.0	na	12.0	15.5	15.5	-14%	-9%	na
Gold	000 toz	789	749	na	857	749	900	9%	0%	na
CGA	k ton	164	164	na	164	164	164	0%	0%	na
Silver	000 toz	296	296	na	296	296	296	0%	0%	na
Bauxite ore	mn w mt	1.8	1.8	na	1.0	1.8	1.8	-43%	0%	na
Average selling price (ASP)										
FeNi	US\$/ton	13,000	13,250	na	13,000	13,250	13,250	0%	0%	na
Nickel ore	US\$/w mt	40.0	38.0	na	39.2	38.0	38.0	-2%	0%	na
CGA	US\$/oz	789	749	na	857	749	900	9%	0%	na
CGA	US\$/ton	628	628	na	651	651	651	4%	4%	na
Silver	US\$/oz	21.8	22.3	na	21.6	22.0	22.0	-1%	-1%	na
Bauxite ore	US\$/w mt	22.1	22.1	na	24.2	24.2	24.2	10%	10%	na

Source: Bloomberg, Indo Premier

Fig. 3: Peers comparison table

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	8.8	8.6	6.8	7.4	8.2	7.4	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	1,750	13.1	10.7	10.4	7.9	5.8	5.3	4.2%	3.8%	4.7%
HRUM IJ	Harum Energy	Buy	1,450	9.2	9.7	7.7	7.0	6.5	4.5	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Hold	4,250	34.5	130.4	133.1	10.2	13.1	10.8	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	188.2	78.6	52.4	12.7	9.7	8.1	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,050	8.9	7.2	N/A	5.9	4.5	N/A	2.9%	3.4%	N/A

Source: Bloomberg, Indo Premier

Income Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net revenue	45,930	41,048	43,751	41,240	46,402
Cost of sales	(37,720)	(34,733)	(37,883)	(34,409)	(39,326)
<b>Gross profit</b>	<b>8,211</b>	<b>6,315</b>	<b>5,868</b>	<b>6,831</b>	<b>7,075</b>
SG&A Expenses	(4,269)	(3,698)	(3,583)	(3,628)	(3,835)
<b>Operating profit</b>	<b>3,942</b>	<b>2,617</b>	<b>2,285</b>	<b>3,203</b>	<b>3,240</b>
Net interest	(296)	(43)	168	230	323
Income from associates	931	947	909	912	920
Others	638	334	200	0	0
<b>Pre-tax income</b>	<b>5,215</b>	<b>3,854</b>	<b>3,562</b>	<b>4,344</b>	<b>4,483</b>
Income tax	(1,394)	(777)	(784)	(956)	(986)
Minority interest	(0)	(0)	0	0	0
<b>Net income</b>	<b>3,821</b>	<b>3,078</b>	<b>2,779</b>	<b>3,389</b>	<b>3,497</b>

Balance Sheet (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	4,476	9,209	8,936	11,234	13,085
Receivable	1,833	1,094	1,166	1,099	1,237
Inventory	2,906	3,470	3,785	3,438	3,929
Other current assets	2,480	6,291	6,271	6,271	6,271
<b>Total current assets</b>	<b>11,695</b>	<b>20,065</b>	<b>20,158</b>	<b>22,042</b>	<b>24,521</b>
Fixed assets	16,472	16,183	15,914	15,636	15,262
Other non-current assets	5,471	6,604	7,764	8,091	8,600
<b>Total non-current assets</b>	<b>21,942</b>	<b>22,787</b>	<b>23,677</b>	<b>23,726</b>	<b>23,862</b>
<b>Total assets</b>	<b>33,637</b>	<b>42,851</b>	<b>43,835</b>	<b>45,768</b>	<b>48,383</b>
ST loans	189	1,002	500	500	500
Payable	1,302	1,550	1,690	1,535	1,755
Other payables	0	0	0	0	0
Current portion of LT loans	0	0	0	0	0
Other current liabilities	4,481	6,025	3,771	3,740	4,210
<b>Total current liab.</b>	<b>5,972</b>	<b>8,576</b>	<b>5,961</b>	<b>5,775</b>	<b>6,464</b>
Long term loans	2,082	881	1,506	1,506	1,506
Other LT liab.	1,871	2,228	3,963	4,083	4,206
<b>Total non-current liabilities</b>	<b>3,954</b>	<b>3,109</b>	<b>5,469</b>	<b>5,589</b>	<b>5,712</b>
<b>Total liabilities</b>	<b>9,925</b>	<b>11,686</b>	<b>11,430</b>	<b>11,363</b>	<b>12,176</b>
Equity	6,338	12,099	12,099	12,099	12,099
Retained earnings	13,143	14,390	15,629	17,629	19,431
Minority interest	4,232	4,677	4,677	4,677	4,677
<b>Total SHE + minority int.</b>	<b>23,712</b>	<b>31,166</b>	<b>32,405</b>	<b>34,405</b>	<b>36,207</b>
<b>Total liabilities &amp; equity</b>	<b>33,637</b>	<b>42,851</b>	<b>43,835</b>	<b>45,768</b>	<b>48,383</b>

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net income	3,517	3,410	2,334	3,447	3,456
Depr. & amortization	858	1,469	1,489	1,497	1,593
Changes in working capital	167	(2,118)	(1,779)	234	(30)
Others	0	0	0	0	0
<b>Cash flow from operating</b>	<b>4,542</b>	<b>2,761</b>	<b>2,044</b>	<b>5,178</b>	<b>5,019</b>
Capital expenditure	(432)	(1,297)	(1,162)	(1,162)	(1,162)
Others	(916)	(600)	886	(329)	(312)
<b>Cash flow from investing</b>	<b>(1,348)</b>	<b>(1,897)</b>	<b>(276)</b>	<b>(1,491)</b>	<b>(1,474)</b>
Loans	(2,860)	(507)	(502)	0	0
Equity	4	6,206	0	0	0
Dividends	(931)	(1,910)	(1,539)	(1,389)	(1,694)
Others	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(3,787)</b>	<b>3,789</b>	<b>(2,041)</b>	<b>(1,389)</b>	<b>(1,694)</b>
<b>Changes in cash</b>	<b>(594)</b>	<b>4,652</b>	<b>(273)</b>	<b>2,298</b>	<b>1,851</b>

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	18%	15%	13%	17%	15%
Operating margin	9%	6%	5%	8%	7%
Pre-tax margin	11%	9%	8%	11%	10%
Net margin	8%	7%	6%	8%	8%
ROA	11%	7%	6%	7%	7%
ROE	16%	10%	9%	10%	10%
Acct. receivables TO (days)	25.1	37.5	37.5	37.5	37.5
Inventory TO (days)	13.0	10.0	10.0	10.0	10.0
Payable TO (days)	29.0	22.4	22.4	22.4	22.4
Debt to equity	0.1	0.1	0.1	0.1	0.1
Interest coverage ratio (x)	10.3	12.2	11.2	17.0	17.2
Net gearing	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)

Source: Company, Indo Premier