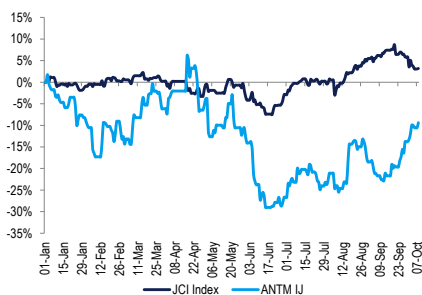


## Stock Data

Target price	Rp1,750
Prior TP	Rp1,750
Current price	Rp1,525
Upside/downside	+15%
Shares outstanding (mn)	24,031
Market cap (Rp bn)	36,647
Free float	35%
Avg. 6m daily T/O (Rp bn)	134

## Price Performance

	3M	6M	12M
Absolute	11.7%	-8.7%	-15.7%
Relative to JCI	7.5%	-12.4%	-25.4%
52w low/high (Rp)	1,210 – 1,850		



## Major Shareholders

Mineral Industri Indonesia	65.0%
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## Unlocking Gag Nickel value via JLMI smelter acquisition

- ANTM purchased 30% stake in Jiu Long Metal Industry (JLMI, 28ktpa NPI smelter) for US\$103mn while Tsingshan retains remaining stake.
- In exchange for the minority stake in JLMI, ANTM received nickel ore offtake agreement of 3mn wmt ore p.a. for the next three years.
- We think the impact to P&L shall be muted in the short-term, but the transaction is necessary in order to retain Gag Nickel license (CCoW).

## Overview on 30% stake purchase in JLMI; 3-4 years payback period

ANTM via its 100% wholly-owned subsidiary, PT Gag Nickel (PTGN) is set to purchase 30% minority stake in Jiu Long Metal Industry - 28ktpa NPI smelter located in Weda Bay area (IWIP) while the remaining 70% stake is retained by Tsingshan. The smelter has been operating since 2020 and has a similar cash cost to other smelter in IWIP which is around US\$10-11k/t based on our checks. Hence, our calculation indicates 3-4 years payback period from the investment if we take into account free-cash flow (FCF) from the nickel ore sales (Fig. 2).

## Limited P&amp;L impact from ore offtake in the ST, FY25F at soonest

By doing 30% stake purchase, ANTM obtained an ore supply agreement to JLMI smelter of around 3mn wmt for the next 3-years which could be further extended by the end of three years. However, since Gag Nickel itself has been supplying 3mn wmt ore p.a. to non-JLMI based on the latest run-rate, net volume impact shall be limited as these 3mn wmt ore would only be re-allocated from other 3<sup>rd</sup> party to newly-purchased JLMI. However, ANTM mentioned that it could raise its volume by addl. 1mn ore, albeit subject to RKAB approval in FY25F, on top of the aforementioned volume.

## PT Gag Nickel (PTGN) CCoW's downstream requirement is met

We think long-term impact from the transaction is a positive as Gag Nickel is one of the last nickel mine with contract of work (CCoW) license and needs to be converted to IUPK at the time of expiry in 2047 which will require an investment into downstream project. The investment into JLMI did meet the downstream requirement, eliminating further potential capex spending for greenfield project. Greenfield project could've yielded negative NPV, owing to low NPI profitability, absence of tax holiday, and ANTM's track-record in P3FH's 13.5ktpa FeNi plant (6-8 years completion vs. 1-2 years typically).

## Maintain Buy rating with an unchanged TP of Rp1,750/share

We fine-tuned our FY24F/25F/26F NP forecast by +3%/+1%/+1% to take into account recent development in 3Q24F, c.30% stake purchase & ore offtake agreement. Our TP and Buy rating are kept unchanged given limited change in our NP forecast, ANTM is currently trading at 13x FY24F P/E. Downside risks are execution & operational risk from the ore offtake agreement.

Financial Summary (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Revenue	45,930	41,048	55,839	54,996	53,162
EBITDA	4,800	4,086	3,687	4,722	4,518
Net profit	3,821	3,078	2,758	3,464	3,336
EPS growth	105%	-19%	-10%	26%	-4%
ROE	16%	10%	9%	11%	11%
PER (x)	9.6	11.9	13.2	10.5	10.9
EV/EBITDA (x)	7.3	7.3	8.8	6.4	6.6
Dividend yield	3%	5%	8%	8%	9%
IPS vs. consensus			109%	113%	93%

Source: Company, Indo Premier

Share price closing as of: 8 October 2024

**Other key details from the transaction**

ANTM is set to receive prepayment or commitment fee of US\$5/wmt on its ore offtake agreement or equivalent to US\$45mn (US\$5/wmt @ 3mn ore wmt sales for three-years), which is set to be deducted for every ore sales made & delivered to JLMI. This is favorable for ANTM as its upfront cash outflow could be minimized in the beginning whilst providing guarantee that JLMI would offtake ANTM's nickel ore from Gag Nikel.

In our payback period calculation, we calculated only the net additional ore volume that could be realized, which is only 1mn addl. volume, from raising its existing production capacity of 3mn ore to 4mn ore (Fig. 2), albeit these volumes are subject to RKAB approval in FY25F. Meanwhile, the acquisition value of around US\$12k/t is not necessarily attractive vs. previous acquisition made by other nickel company such as HRUM and NIC (<US\$10k/t), however, we think the appropriate way to look at the deal is through calculating the net impact from doing the transaction, and also taking into account the need for ANTM in having downstream portfolio in order to retain their license for PT Gag Nikel (PTGN).

Hence, with the elimination of capex spending for financially non-attractive project from IRR and NPV standpoint – especially with ANTM's track record in building smelter (i.e. timeline delay, potential cost overrun), the transaction shall be the best outcome for ANTM, in our view.

**Fig. 1: Current vs. future nickel ore sales from PT Gag Nikel (PTGN)**

In mn wmt	Current	FY25F onwards
Other 3rd party	3.0	1.0
JLMI (Tsingshan)	0.0	3.0

Source: Company data, Indo Premier

**Fig. 2: Payback period calculation (assumed US\$1.3k/t cash margin for NPI)**

In US\$ mn, unless otherwise	2024F	2025F	2026F	2027F	2028F	2029F
<b>RKEF only</b>						
Acquisition value	(103)					
Attributable EBITDA		11	11	11	12	12
<b>Nickel ore</b>						
Net additional ore volume (mn w mt)		1	1	1	1	1
ASP (US\$/w mt)		40	40	40	40	40
Cash costs (US\$/w mt)		16	16	16	16	16
<b>Margin (US\$/w mt)</b>		<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>
RKEF EBITDA (US\$ mn)		11	11	11	12	12
Ore EBITDA (US\$ mn)		24	24	24	24	24
Prepayment	45	(15)	(15)	(15)		
Tax		(5)	(5)	(5)	(5)	(5)
<b>Free cash flow (FCF)</b>	<b>(58)</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>30</b>	<b>31</b>
Cumulative FCF (US\$ mn)	(58)	(43)	(28)	(13)	17	48
					Payback	

Source: Bloomberg, Indo Premier

Fig. 3: Old vs New forecast

ANTM Rp bn	New forecast			Forecast change			Consensus			IPS vs Consensus		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenues	55,839	54,996	53,162	4%	0%	0%	47,641	52,076	54,740	117%	106%	97%
Gross profit	5,398	6,479	6,285	5%	0%	0%	5,988	7,457	8,216	90%	87%	76%
Operating profit	2,158	3,184	2,882	11%	0%	0%	2,103	3,068	3,507	103%	104%	82%
EBITDA	3,687	4,722	4,518	6%	0%	0%	3,334	4,394	5,018	111%	107%	90%
NPAT	2,758	3,464	3,336	3%	1%	1%	2,520	3,064	3,602	109%	113%	93%
<b>%y-y</b>												
Revenues	36%	-2%	-3%				16%	9%	5%			
Gross profit	-15%	20%	-3%				-5%	25%	10%			
Operating profit	-18%	48%	-10%				-20%	46%	14%			
EBITDA	-10%	28%	-4%				-18%	32%	14%			
NPAT	-10%	26%	-4%				-18%	22%	18%			
Gross margin	9.7%	11.8%	11.8%	0.0%	0.0%	na	12.6%	14.3%	15.0%	-2.9%	-2.5%	-3.2%
Operating margin	3.9%	5.8%	5.4%	0.2%	0.0%	na	4.4%	5.9%	6.4%	-0.5%	-0.1%	-1.0%
EBITDA margin	6.6%	8.6%	8.5%	0.1%	0.0%	na	7.0%	8.4%	9.2%	-0.4%	0.1%	-0.7%
NPAT margin	4.9%	6.3%	6.3%	0.0%	0.1%	na	5.3%	5.9%	6.6%	-0.4%	0.4%	-0.3%

Source: Bloomberg, Indo Premier

Fig. 4: Operational data assumptions change

Basis		Old			New			Change (%)		
		FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Sales volume										
FeNi	kt Ni	17.8	20.3	20.8	17.9	20.3	20.8	0%	0%	0%
Nickel ore	mn w mt	9.0	12.0	12.0	8.5	12.0	12.0	-6%	0%	0%
Gold	000 toz	1,135	1,082	1,031	1,185	1,082	1,031	4%	0%	0%
CGA	k ton	164	164	164	164	164	164	0%	0%	0%
Silver	000 toz	270	245	235	270	245	235	0%	0%	0%
Bauxite ore	mn w mt	0.0	1.8	1.8	0.0	1.8	1.8	0%	0%	0%
Average selling price (ASP)										
FeNi	US\$/ton	13,500	13,250	13,250	13,500	13,250	13,250	0%	0%	0%
Nickel ore	US\$/w mt	35.0	37.0	37.0	37.0	37.0	37.0	6%	0%	0%
Gold	US\$/oz	1,135	1,082	1,031	1,185	1,082	1,031	4%	0%	0%
CGA	US\$/ton	651	651	651	651	651	651	0%	0%	0%
Silver	US\$/oz	21.6	22.0	22.0	21.6	22.0	22.0	0%	0%	0%
Bauxite ore	US\$/w mt	24.2	24.2	24.2	24.2	24.2	24.2	0%	0%	0%

Source: Bloomberg, Indo Premier

Fig. 5: 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	9.2	8.9	7.0	7.7	8.4	7.6	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	1,750	13.3	10.6	11.0	8.8	6.4	6.7	8.4%	7.5%	9.5%
HRUM IJ	Harum Energy	Buy	1,450	9.1	9.2	7.1	5.3	6.3	4.2	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Buy	5,850	30.2	28.1	41.2	6.8	7.3	7.8	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	700	51.8	21.4	15.6	17.8	10.2	7.9	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	3,100	N/A	215.7	87.9	13.6	10.0	8.2	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,100	10.1	7.6	6.8	7.2	5.3	4.8	3.0%	3.0%	3.9%

Source: Bloomberg, Indo Premier

Income Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net revenue	45,930	41,048	55,839	54,996	53,162
Cost of sales	(37,720)	(34,733)	(50,441)	(48,517)	(46,877)
<b>Gross profit</b>	<b>8,211</b>	<b>6,315</b>	<b>5,398</b>	<b>6,479</b>	<b>6,285</b>
SG&A Expenses	(4,269)	(3,698)	(3,241)	(3,295)	(3,403)
<b>Operating profit</b>	<b>3,942</b>	<b>2,617</b>	<b>2,158</b>	<b>3,184</b>	<b>2,882</b>
Net interest	(296)	(43)	300	289	364
Income from associates	931	947	702	769	814
Others	638	334	100	0	0
<b>Pre-tax income</b>	<b>5,215</b>	<b>3,854</b>	<b>3,260</b>	<b>4,242</b>	<b>4,060</b>
Income tax	(1,394)	(777)	(502)	(779)	(724)
Minority interest	(0)	(0)	0	0	0
<b>Net income</b>	<b>3,821</b>	<b>3,078</b>	<b>2,758</b>	<b>3,464</b>	<b>3,336</b>

Balance Sheet (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	4,476	9,209	6,258	8,556	8,695
Receivable	1,833	1,094	1,489	1,466	1,417
Inventory	2,906	3,470	5,040	4,847	4,683
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>19,056</b>	<b>21,140</b>	<b>21,067</b>
Fixed assets	16,472	16,183	15,914	15,636	15,262
Other non-current assets	5,471	6,604	7,866	8,117	8,330
<b>Total non-current assets</b>	<b>21,942</b>	<b>22,787</b>	<b>23,779</b>	<b>23,753</b>	<b>23,592</b>
<b>Total assets</b>	<b>33,637</b>	<b>42,851</b>	<b>42,836</b>	<b>44,893</b>	<b>44,659</b>

ST loans	189	1,002	500	500	500
Payable	1,302	1,550	2,250	2,165	2,091
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	5,088	4,932
<b>Total current liab.</b>	<b>5,972</b>	<b>8,576</b>	<b>6,521</b>	<b>7,753</b>	<b>7,523</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>11,990</b>	<b>13,341</b>	<b>13,235</b>

Equity	6,338	12,099	12,099	12,099	12,099
Retained earnings	13,143	14,390	14,070	14,776	14,648
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>30,846</b>	<b>31,552</b>	<b>31,424</b>
<b>Total liabilities &amp; equity</b>	<b>33,637</b>	<b>42,851</b>	<b>42,836</b>	<b>44,893</b>	<b>44,659</b>

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2022A	2023A	2024F	2025F	2026F
Net income	3,517	3,410	2,005	3,739	3,353
Depr. & amortization	858	1,469	1,489	1,497	1,593
Changes in working capital	167	(2,118)	(2,796)	1,193	13
Others	0	0	0	0	0
<b>Cash flow from operating</b>	<b>4,542</b>	<b>2,761</b>	<b>698</b>	<b>6,429</b>	<b>4,959</b>
Capital expenditure	(432)	(1,297)	(1,162)	(1,162)	(1,162)
Others	(916)	(600)	1,092	(211)	(194)
<b>Cash flow from investing</b>	<b>(1,348)</b>	<b>(1,897)</b>	<b>(69)</b>	<b>(1,373)</b>	<b>(1,356)</b>
Loans	(2,860)	(507)	(502)	0	0
Equity	4	6,206	0	0	0
Dividends	(931)	(1,910)	(3,078)	(2,758)	(3,464)
Others	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(3,787)</b>	<b>3,789</b>	<b>(3,580)</b>	<b>(2,758)</b>	<b>(3,464)</b>
<b>Changes in cash</b>	<b>(594)</b>	<b>4,652</b>	<b>(2,951)</b>	<b>2,298</b>	<b>139</b>

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	18%	15%	10%	12%	12%
Operating margin	9%	6%	4%	6%	5%
Pre-tax margin	11%	9%	6%	8%	8%
Net margin	8%	7%	5%	6%	6%
ROA	11%	7%	6%	8%	7%
ROE	16%	10%	9%	11%	11%
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	10.6	16.9	15.3
Net gearing	(0.1)	(0.2)	(0.1)	(0.2)	(0.2)

Source: Company, Indo Premier