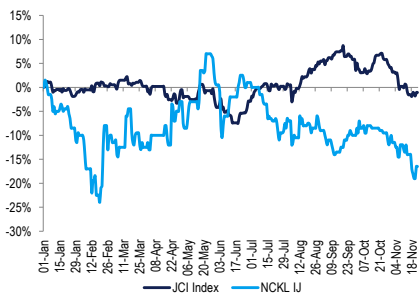


Stock Data

Target price	Rp1,100
Prior TP	Rp1,050
Current price	Rp840
Upside/downside	+31%
Shares outstanding (mn)	63,099
Market cap (Rp bn)	53,003
Free float	15%
Avg. 6m daily T/O (Rp bn)	11

Price Performance

	3M	6M	12M
Absolute	-8.2%	-21.1%	-18.0%
Relative to JCI	-3.5%	-22.1%	-21.4%
52w low/high (Rp)	760 – 1,070		



Major Shareholders

Harita Jayaraya	86.5%
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Higher ore sales to lift FY25F earnings growth; re-iterate Buy rating

- Higher limonite & saprolite ore sales is set to lift FY25F NP growth to +16% yoy, following ONC’s full contribution and KPS commencement.
- Additional c.10% stake in ONC HPAL would contribute additional Rp500bn to NCKL P&L (FY25F NP: Rp7.6tr; c.6% addl. to EPS)
- We re-iterate our Buy rating with higher SOTP-based TP of Rp1,100/share. NCKL currently trades at 7x FY25F P/E.

Key takeaways from 3Q24 earnings call

Management re-iterated its ongoing plan to purchase additional stake in Obi Nickel Cobalt (ONC) HPAL, which we think is at least set to be conducted in 1Q25F following its audited FS’ six months validity from Sep24. Albeit the price/valuation is yet to be disclosed, addl. 10% stake (i.e. equity-method) as opposed to fair-value method for the existing 10% stake. Additionally, KPS 60ktpa FeNi capacity is set commence their operation by 1Q25F, while their ONC HPAL has been fully ramped-up since Aug24, which shall boost limonite sales volume on qoq & yoy basis starting 4Q24F.

Saprolite & limonite ore sales is set to be earnings growth driver

We expect NCKL to record limonite ore sales volume of 17mn wmt in FY25F (+19% yoy) following higher MHP sales volume as FY25F will mark ONC HPAL’s full contribution at their nameplate capacity (60ktpa). Similarly, we expect saprolite ore sales volume to also grow by +26% yoy in FY25F, following the commencement of KPS’ FeNi by 1Q25F (we estimated c.35kt production in FY25F vs. 60ktpa nameplate capacity). Note that NCKL sourced c.100% of their limonite ore from their existing nickel mine, unlike saprolite ore (70% from internal, 30% from 3rd party).

ONC stake purchase shall help to remove overhang

We previously argued that share price has relatively trended sideways given the share price overhang related to ONC stake purchase in addition to negative sentiment on the sector owing to soft price environment. We think recent overhang could be removed once details on ONC valuation is disclosed along with the additional associate income to P&L. Our sensitivity analysis indicated that per addl. 10% ONC stake would positively contributes ~Rp500bn to NCKL’s P&L in FY25F.

Maintain Buy rating with higher TP of Rp1,100/share

We upgrade our FY24F-26F forecast by +15%/+3%/+5%, respectively, on the back of higher saprolite and limonite ore sales along with lower FeNi cash costs & associate income from KPS starting FY25F and hence upgrade our SOTP based TP to Rp1,100/share (from Rp1,050/share previously) Downside risks are weaker NPI/FeNi price, and project delays.

Financial Summary (Rp bn)	2021A	2022A	2023A	2024F	2025F
Revenue	9,568	23,858	28,117	28,392	28,776
EBITDA	4,355	8,113	9,348	10,060	10,630
Net profit	4,667	5,619	6,625	7,676	8,865
EPS growth	137%	20%	18%	16%	15%
ROE	49%	24%	23%	22%	22%
PER (x)	11.4	9.4	8.0	6.9	6.0
EV/EBITDA (x)	14.5	7.1	6.0	5.2	4.5
Dividend yield	3%	3%	3%	4%	4%
IPS vs. consensus			114%	103%	86%

Source: Company, Indo Premier

Share price closing as of: 26 November 2024

Fig. 1: Old vs new NP forecast

NCKL (Rp bn)	New forecast			Forecast change			Consensus			IPS vs. Consensus		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenues	28,117	28,392	28,776	5%	-1%	-2%	26,481	28,955	34,463	106%	98%	83%
Gross profit	9,354	10,005	10,554	9%	-6%	-3%	8,329	9,601	12,560	112%	104%	84%
Operating profit	8,004	8,655	9,164	12%	-7%	-3%	6,646	8,086	10,433	120%	107%	88%
EBITDA	9,348	10,060	10,630	10%	-6%	-2%	8,401	9,865	11,841	111%	102%	90%
NPAT	6,625	7,676	8,865	15%	3%	5%	5,801	7,468	10,331	114%	103%	86%
%y-y												
Revenues	194%	1%	1%				177%	9%	19%			
Gross profit	100%	7%	5%				78%	15%	31%			
Operating profit	111%	8%	6%				76%	22%	29%			
EBITDA	115%	8%	6%				93%	17%	20%			
NPAT	18%	16%	15%				24%	29%	38%			
Gross margin	33.3%	35.2%	36.7%	1.1%	-1.9%	na				33.3%	35.2%	36.7%
Operating margin	28.5%	30.5%	31.8%	1.6%	-1.8%	na				28.5%	30.5%	31.8%
EBITDA margin	33.2%	35.4%	36.9%	1.3%	-1.7%	na				33.2%	35.4%	36.9%
NPAT margin	23.6%	27.0%	30.8%	1.9%	1.1%	na				23.6%	27.0%	30.8%

Source: Bloomberg, Company Data, Indo Premier

Fig. 2: Key operational data assumptions

Key assumptions	Old			New			Change (%)		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Combined RKEF									
Sales volume (ton)	127,999	125,000	127,000	129,177	125,000	127,000	1%	0%	0%
ASP (US\$/t)	11,474	12,250	12,250	11,581	11,900	11,900	1%	-3%	-3%
Cash costs (US\$/t)	8,315	8,700	8,700	8,366	8,500	8,500	1%	-2%	-2%
HPL - HPAL									
MHP									
Sales volume (ton)	21,686	38,500	38,500	21,686	38,500	38,500	0%	0%	0%
ASP (US\$/t)	12,475	13,000	13,000	13,223	13,500	13,500	6%	4%	4%
Cash costs (US\$/t)	7,480	7,500	7,500	7,215	7,000	7,000	-4%	-7%	-7%
Cash costs (US\$/t), net byp.	6,123	6,180	6,180	5,881	5,680	5,680	-4%	-8%	-8%
Nickel sulphate (NiSO4)									
Sales volume (ton)	39,478	16,500	16,500	39,478	16,500	16,500	0%	0%	0%
ASP (US\$/t)	14,260	14,500	14,500	14,075	14,500	14,500	-1%	0%	0%
Cash costs (US\$/t)	8,484	8,680	8,680	8,179	8,180	8,180	-4%	-6%	-6%

Source: Bloomberg, Company Data, Indo Premier

Fig. 3: Peers valuation table

Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
			24F	25F	26F	24F	25F	26F	24F	25F	26F
Adaro Minerals Indonesia	Buy	1,650	8.1	7.8	6.2	6.9	7.6	7.0	N/A	N/A	N/A
Aneka Tambang	Buy	2,000	11.7	9.5	9.7	6.0	4.6	4.5	8.8%	6.4%	7.9%
Harum Energy	Hold	1,450	7.4	7.5	5.8	4.6	5.6	3.8	N/A	N/A	N/A
Vale Indonesia	Buy	5,850	26.7	24.9	36.4	5.7	6.4	6.9	N/A	N/A	N/A
Merdeka Battery Materials	Buy	635	131.3	30.3	18.3	25.0	11.2	8.1	N/A	N/A	N/A
Merdeka Copper Gold	Buy	3,100	N/A	288.6	53.1	13.7	9.0	7.0	N/A	N/A	N/A
Trimegah Bangun Persada	Buy	1,100	8.0	6.9	6.0	6.0	5.2	4.5	3.2%	3.7%	4.3%

Source: Bloomberg, Company Data, Indo Premier; IPS forecast for metal miners under our coverage, Bloomberg forecast for non-rated.

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	9,568	23,858	28,117	28,392	28,776
Cost of sales	(4,893)	(15,582)	(18,763)	(18,388)	(18,221)
Gross profit	4,675	8,276	9,354	10,005	10,554
SG&A Expenses	(890)	(1,446)	(1,350)	(1,350)	(1,391)
Operating profit	3,785	6,830	8,004	8,655	9,164
Net interest	(275)	(427)	(714)	(560)	(560)
Income from associates	2,916	1,578	2,123	2,312	3,293
Others	224	194	180	300	300
Pre-tax income	6,650	8,175	9,593	10,707	12,197
Income tax	(812)	(1,107)	(987)	(1,124)	(1,378)
Minority interest	(1,170)	(1,449)	(1,982)	(1,907)	(1,954)
Net income	4,667	5,619	6,625	7,676	8,865

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	1,277	3,935	4,952	7,861	12,300
Receivable	181	1,243	1,953	1,972	1,998
Inventory	4,087	5,504	5,212	5,108	5,062
Other current assets	788	1,078	1,256	1,256	1,256
Total current assets	6,334	11,759	13,373	16,196	20,616
Fixed assets	20,668	22,350	22,255	22,100	21,884
Other non-current assets	7,603	11,180	15,147	17,271	19,583
Total non-current assets	28,271	33,530	37,403	39,371	41,467
Total assets	34,605	45,289	50,775	55,567	62,083
ST loans	0	432	793	0	0
Payable	4,515	5,477	5,212	5,108	5,062
Other payables	0	0	0	0	0
Current portion of LT loans	1,690	1,371	0	0	0
Other current liabilities	4,004	2,026	3,380	3,380	3,380
Total current liab.	10,209	9,306	9,385	8,488	8,442
Long term loans	8,309	6,781	7,250	7,250	7,250
Other LT liab.	1,858	809	809	809	809
Total non-current liabilities	10,167	7,591	8,059	8,059	8,059
Total liabilities	20,376	16,897	17,444	16,547	16,501
Equity	6,981	16,677	16,677	16,677	16,677
Retained earnings	1,617	5,838	10,777	16,466	23,029
Minority interest	5,631	5,876	5,876	5,876	5,876
Total SHE + minority int.	14,229	28,392	33,331	39,020	45,582
Total liabilities & equity	34,605	45,289	50,775	55,567	62,083

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net income	4,613	5,936	6,639	7,676	8,865
Depr. & amortization	570	1,283	1,344	1,405	1,466
Changes in working capital	1,391	(4,083)	514	(19)	(27)
Others	0	0	0	0	0
Cash flow from operating	6,574	3,137	8,497	9,062	10,305
Capital expenditure	(10,265)	(2,965)	(1,250)	(1,250)	(1,250)
Others	(2,256)	(3,383)	(4,001)	(2,123)	(2,312)
Cash flow from investing	(12,521)	(6,348)	(5,251)	(3,373)	(3,562)
Loans	4,630	(2,672)	(542)	(793)	0
Equity	1,835	9,942	0	0	0
Dividends	(1,819)	(1,400)	(1,686)	(1,987)	(2,303)
Others	0	0	0	0	0
Cash flow from financing	4,646	5,869	(2,228)	(2,780)	(2,303)
Changes in cash	(1,301)	2,658	1,018	2,909	4,439

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	49%	35%	33%	35%	37%
Operating margin	40%	29%	28%	30%	32%
Pre-tax margin	69%	34%	34%	38%	42%
Net margin	49%	24%	24%	27%	31%
ROA	13%	12%	13%	14%	14%
ROE	49%	24%	23%	22%	22%
Acct. receivables TO (days)	52.7	19.2	14.4	14.4	14.4
Inventory TO (days)	1.2	2.8	3.6	3.6	3.6
Payable TO (days)	1.1	2.8	3.6	3.6	3.6
Debt to equity	1.2	0.4	0.3	0.2	0.2
Interest coverage ratio (x)	14.8	13.7	10.3	11.8	12.4
Net gearing	1.1	0.2	0.1	(0.0)	(0.1)

Source: Company, Indo Premier

INVESTMENT 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

ANALYSTS CERTIFICATION

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