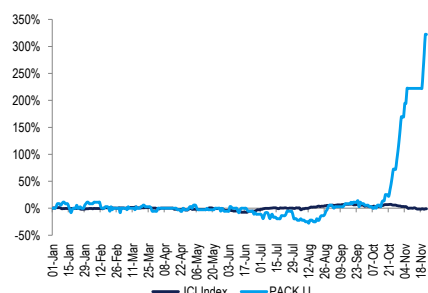


Stock Data

Target price	N/A
Prior TP	N/A
Current price	Rp424
Upside/downside	N/A
Shares outstanding (mn)	1,540
Market cap (Rp bn)	653
Free float	20%
Avg. 6m daily T/O (Rp bn)	0

Price Performance

	3M	6M	12M
Absolute	1,046%	1,078%	1,078%
Relative to JCI	1,049%	1,070%	1,073%
52w low/high (Rp)	26 – 424		



Major Shareholders

Eco Energi Perkasa	48.9%
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Pioneer in Indonesia nickel assets backdoor listing

- In Oct24, Eco Energi Perkasa (EEP) acquired c.49% stake in Solusi Kemasan Digital (PACK), a packaging company listed in IDX.
- EEP's ultimate beneficial owner is presumably CNGR Group, a Chinese precursor manufacturer company with c.23% market-share globally.
- PACK is currently seeking approval in EGMS (30th Dec) for pre-emptive rights issue of up to 100bn shares (vs. 1.6bn shares outstanding).

Overview on CNGR Advanced Material & Indonesian operations

CNGR Advanced Material is a Chinese-based ternary precursor/pCAM (i.e. intermediate products prior to EV battery) manufacturer company with presence in China, Indonesia, Morocco, and Finland. In terms of market-share, it claims to have #1 market-share in ternary precursor globally with c.23% market share as of 2022, with several players such as GEM also competing in the space. In Indonesia, it currently has several operating nickel-refining assets producing nickel-matte (intermediate product for pCAM) such as RKEF (12 lines) and OESBF (2 lines), which would be exported to China and then converted into pCAM materials. Along the value-chain, CNGR also owns minority stake in nickel-mining.

EGMS agenda: change of business & RI plan for assets injections

We think CNGR is currently doing a backdoor-listing via PACK IJ as: 1) new BOD and BOC candidates' experiences are related to PT Zhong Tsing New Energy (entity of CNGR), and 2) PACK is seeking shareholders' approval to expand the company's business lines related into metals and nickel trade – which resembles CNGR's assets portfolio in Indonesia. Furthermore, PACK is seeking approval in EGMS (30th Dec) to conduct pre-emptive rights issue of up to 100bn shares (vs. 1.6bn shares outstanding) within the next 12 months. Existing shareholders that chose not to subscribe to the RI will be diluted by c.98% with RI ratio of 1:63 between old & new shares.

FY25F indicative: Rp5.3tr revenue & Rp346bn NP

PACK indicates that net revenue by FY25F should reach around Rp5.3tr with an NP of Rp346bn (implying c.7% net margin), generated by the assets that is being injected using the RI proceeds. Our reverse-calculation on revenue based on nickel matte price of c.US\$13k-14k/t indicates a capacity of 25ktpa and matches capacity of 2 lines of either OESBF/RKEF. However, more details shall be available once the prospectus is out.

PACK is not investable for now, but it may become sizable in future

Market capitalization currently stood below US\$50mn with very little daily turnover (below Rp1bn per day). However, should CNGR existing assets (Fig. 1) be injected into PACK, NP could reach c.US\$160mn or Rp2.5tr, in which if we apply 8x P/E, based on average peers, market-capitalization shall be around Rp20tr vs. Rp653bn currently. Although, it is yet to be confirmed that all of these assets would be injected to PACK.

Financial Summary (Rp bn)	2019A	2020A	2021A	2022A	2023A
Revenue	N/A	N/A	36	44	53
EBITDA	N/A	N/A	(2)	7	9
Net profit	N/A	N/A	(5)	2	2
EPS growth	N/A	N/A	N/A	N/A	N/A
ROE	N/A	N/A	-170%	36%	4%
PER (x)	N/A	N/A	(8.7)	19.9	17.8
EV/EBITDA (x)	N/A	N/A	(279.7)	97.6	75.7

Source: Company, Indo Premier

Share price closing as of: 10 December 2024

CNGR Indonesia overview

Through several subsidiaries, CNGR currently owns several nickel-refining assets in Indonesia, which include 12 lines of RKEF, located in Weda Bay Industrial Park & North Morowali (formerly owned by Virtue Dragon), 50ktpa electrolytic nickel (c.99% pure Ni grade), 2 lines of OESBF (oxygen-enriched side blowing furnace), in addition to minority stake in nickel-mining assets and several assets (OESBF) under development. In total, we estimated CNGR to own c.200ktpa nickel-refining capacity of nickel-matte in Indonesia at the moment.

If we calculated the overall revenue of all of these existing assets, it shall reach around US\$2.9bn or Rp45tr p.a. with an estimated NPAT of US\$160mn or Rp2.5tr, by conservatively assuming net margin of US\$1k/t for nickel-matte vs. current margin of ~US\$2k/t, to take into account potential minority interest from its partner – which is unknown at the moment. Thus, if we apply 8x P/E, which was at the lower-end of the average nickel peers in Indonesia (Fig. 2), market-capitalization shall be around Rp20tr vs. Rp653bn currently, albeit to do such assets injection, several rounds of capital call might be required for the financing.

Furthermore, it is also yet to be confirmed on whether CNGR would inject all of these assets into PACK, or a possibility of doing several backdoor-listing via other -company, in our view.

Fig. 1: CNGR assets in Indonesia

Location	Type	lines
Morow ali	Electrolytic nickel	N/A
Weda Bay	Rotary kiln electric furnace (RKEF)	4
North Morow ali	Rotary kiln electric furnace (RKEF)	8
Morow ali	Oxygen-enriched side blowing furnace (OESBF)	2
Total operating assets		14

Source: Company data, Petromindo, Bloomberg, Indo Premier

Fig. 2: Nickel players peers valuation

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				24F	25F	26F	24F	25F	26F	24F	25F	26F
ANTM IJ	Aneka Tambang	Buy	2,000	11.7	9.5	9.7	6.0	4.6	4.5	8.8%	6.4%	7.9%
HRUM IJ	Harum Energy	Hold	1,450	7.4	7.5	5.8	4.6	5.6	3.8	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Buy	5,850	26.7	24.9	36.4	5.7	6.4	6.9	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	635	131.3	30.3	18.3	25.0	11.2	8.1	N/A	N/A	N/A
NCKL IJ	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: Company data, Bloomberg, Indo Premier estimates

Fig. 3: PACK new BOD/BOC candidates

Name	Candidate position	Nationality	Age	Educational background		Working experience	
Magdalena Veronika	President Director	Indonesian	35	2012	Pharmacist Professional Education University of Indonesia	2021 - present	Director of Public Relation PT Zhong Tsing New Energy
						2020 - 2021	Director PT Pacific Resources
						2020 - 2021	Director PT Amyra Dinamika Selaras
						2018 - 2020	Deputy General Manager PT Anugerah Surya Pratama
						2017- 2018	Manager of General Affairs PT Wanxiang Nickel Indoensia
Frans Raida	Director	Indonesian	35	2018	Master of Accounting Kings Own Institute	2016 - 2017	Assistant General Manager PT. Wanxiang Nickel Indonesia
						2024 - present	Project Coordinator PT Eco Energi Perkasa
						2022 - 2024	Project Officer PT Zhongtsing New Energy
						2021-2022	Human Resources and General Affairs Coordinator PT Anugerah Karya Tambang
						2012	Bachelor of Civil Engineering Beihang University
Fu Pei Wen	President Commissioner	China	43	2011	Master of Business Administration Jiao Tong University	2021 - present	General Manager PT Eco Energi Perkasa
						2015 - 2019	General Manager Wanxiang Nickel Co. Ltd.
						2006 -2016	General Manager Indonesia BaoSteel Resources
						2023 - present	Commissioner Pertamina Gas Niaga
						2021 - 2024	Head of Organization and Administration ESDM
Endang Sutisna	Independent Commissioner	Indonesian	60	1989	Bachelor of State Administration Universitas Padjajaran	2019 - 2022	Commissioner Pertamina Retail
						2016 - 2021	Head of General Bureau ESDM
						2014 - 2016	Secretary of ESDM HR Development Agency ESDM
						2013 - 2014	Head of Personnel Section of ESDM HR ESDM
						2009 - 2013	Head of General Section of HR ESDM
						2007 - 2009	Head of Employee Development ESDM
						2002 - 2007	Head of Personnel Transfer ESDM
						2001 - 2002	Head of Budget Planning ESDM
						2000 - 2001	Head of Equipment Subdivision ESDM

Source: Company data, Indo Premier

Income Statement (Rp bn)	2019A	2020A	2021A	2022A	2023A
Net revenue	N/A	N/A	36	44	53
Cost of sales	N/A	N/A	(30)	(32)	(37)
Gross profit	N/A	N/A	6	12	16
SG&A Expenses	N/A	N/A	(11)	(8)	(11)
Operating profit	N/A	N/A	(5)	4	5
Net interest	N/A	N/A	(1)	(1)	(2)
Forex gain/(loss)	N/A	N/A	0	0	0
Others	N/A	N/A	(0)	(0)	0
Pre-tax income	N/A	N/A	(6)	3	3
Income tax	N/A	N/A	1	(1)	(1)
Minority interest	N/A	N/A	0	0	0
Net income	N/A	N/A	(5)	2	2

Balance Sheet (Rp bn)	2019A	2020A	2021A	2022A	2023A
Cash & equivalent	N/A	N/A	0	1	7
Receivable	N/A	N/A	2	6	10
Inventory	N/A	N/A	1	2	7
Other current assets	N/A	N/A	2	2	12
Total current assets	N/A	N/A	5	10	35
Fixed assets	N/A	N/A	26	27	28
Other non-current assets	N/A	N/A	6	7	14
Total non-current assets	N/A	N/A	31	33	42
Total assets	N/A	N/A	37	44	77
Payable	N/A	N/A	15	21	8
Current portion of LT loans	N/A	N/A	4	4	7
Other payables	N/A	N/A	1	1	4
Total current liab.	N/A	N/A	19	26	19
Long term loans	N/A	N/A	14	11	2
Other LT liab.	N/A	N/A	1	1	1
Total non-current liabilities	N/A	N/A	15	12	3
Total liabilities	N/A	N/A	34	38	22
Equity	N/A	N/A	11	12	59
Retained earnings	N/A	N/A	(9)	(7)	(4)
Others	N/A	N/A	0	0	0
Total SHE + minority int.	N/A	N/A	3	6	55
Total liabilities & equity	N/A	N/A	37	44	77

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2019A	2020A	2021A	2022A	2023A
Net income	N/A	N/A	(5)	2	2
Depr. & amortization	N/A	N/A	2	3	4
Changes in working capital	N/A	N/A	0	1	(22)
Others	N/A	N/A	4	2	(11)
Cash flow from operating	N/A	N/A	2	8	(27)
Capital expenditure	N/A	N/A	(3)	(5)	(7)
Others	N/A	N/A	0	0	0
Cash flow from investing	N/A	N/A	(3)	(5)	(7)
Loans	N/A	N/A	(3)	(3)	(7)
Equity	N/A	N/A	4	1	47
Dividends	N/A	N/A	0	0	0
Others	N/A	N/A	0	0	0
Cash flow from financing	N/A	N/A	1	(2)	40
Changes in cash	N/A	N/A	(0)	1	6

Key Ratios	2019A	2020A	2021A	2022A	2023A
Gross margin	N/A	N/A	16%	27%	30%
Operating margin	N/A	N/A	-13%	9%	10%
Pre-tax margin	N/A	N/A	-17%	6%	5%
Net margin	N/A	N/A	-13%	5%	4%
ROA	N/A	N/A	-13%	5%	3%
ROE	N/A	N/A	-170%	36%	4%
Acct. receivables TO (days)	N/A	N/A	16.4	7.1	5.1
Inventory TO (days)	N/A	N/A	32.2	15.5	5.6
Payable TO (days)	N/A	N/A	2.1	1.6	4.8
Debt to equity	N/A	N/A	6.5	2.7	0.2
Interest coverage ratio (x)	N/A	N/A	1.6	(4.9)	(3.9)
Net gearing	N/A	N/A	(6.5)	(2.6)	(0.1)

Source: Company, Indo Premier