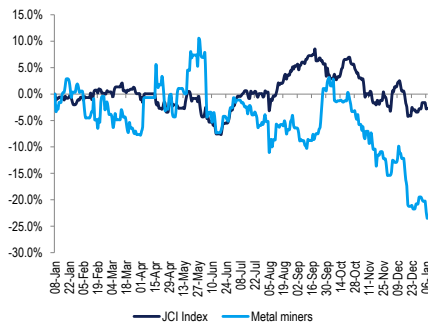


Sector Index Performance

	3M	6M	12M
Absolute	-25.6%	-22.5%	-23.5%
Relative to JCI	-20.0%	-20.2%	-20.8%



Summary Valuation Metrics

P/E (x)	2024F	2025F	2026F
ADMR IJ	6.9	6.7	5.3
ANTM IJ	11.5	9.4	9.6
HRUM IJ	6.6	6.7	5.1
INCO IJ	38.0	27.3	9.8
MBMA IJ	110.0	25.4	15.3
MDKA IJ	N/A	217.9	40.1
NCKL IJ	7.2	6.2	5.4
EV/EBITDA (x)	2024F	2025F	2026F
ADMR IJ	6.1	6.8	6.3
ANTM IJ	5.9	4.5	4.4
HRUM IJ	4.2	5.3	3.5
INCO IJ	6.3	7.0	4.0
MBMA IJ	21.4	9.7	7.0
MDKA IJ	11.4	7.6	6.0
NCKL IJ	5.4	4.7	4.0
Div. Yield	2024F	2025F	2026F
ADMR IJ	N/A	N/A	N/A
ANTM IJ	8.9%	6.5%	7.9%
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	3.5%	4.2%	4.8%

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Nickel price lacks catalyst as market narrative shifts from EV to fossil-fuel

- We maintain our bearish outlook on LME nickel price following lacklustre growth from EV demand, albeit price may have bottomed out.
- Speculators' positioning is close to an all-time low, but we think any short-squeeze driven rally would be short-lived due to soft demand.
- We prefer names with bottom-up story such as ANTM (Buy, Rp2,000/sh TP) as our top pick in the metals space.

Nickel: LME price have bottomed out but lack tangible catalysts

LME nickel price have fallen below US\$15k/t (-5% in FY24) driven by narrative-shift from electric-vehicle (EV) to fossil-fuel with overall nickel demand expected to only grow by +4% yoy, substantial increase in inventory level (Fig. 6), and existing oversupply issue in NPI/FeNi & incoming HPAL projects starting FY25F onwards (Fig. 9). While we think the price has already bottomed out, as indicated by speculators positioning that are close to an all-time low (Fig. 5), we view that LME price lacks substantial catalysts for a structural rally. Additionally, any potential rally driven by short-squeeze shall be short-lived as it may not be matched with demand growth that could structurally solve the oversupply issue.

Decelerating growth in China also underpins our bearish stance

We reiterated our bearish stance on metals space due to China facing balance-sheet recession ([report](#)), while India (+7% GDP growth annually) is not big enough to fully replace the gap left by China. Thus, we think any structural price rally in metals prices are less likely. However, we think precious metals such as gold & silver shall to continue to outperform, there are limited investable names under our coverage, especially with MDKA share price no longer correlated with gold price (Fig. 10), whilst its global junior peers remain correlated. Our preference: gold > copper > nickel.

2025 theme: narrative shift from EV, stronger dollar, and tariff

Post-Trump victory, markets' narrative has shifted from EV-related metals (i.e. lithium, cobalt, nickel) & renewables to fossil-fuels related assets. This has also led auto OEMs to scale back their EV initiatives, while EV metals have all had the worst performance in FY24 (Fig. 3) with no imminent demand recovery within FY25F, in our view. Moreover, lingering concern on tariff imposition from Trump along with stronger DXY shall also led to another year of underperformance in metals, albeit price volatility may occur from potential short-squeeze on supply-disruptions, uptrend/downtrend in DXY, etc. Hence, we maintain our Neutral stance on the metals sector.

Re-iterate ANTM (Buy) as our top pick

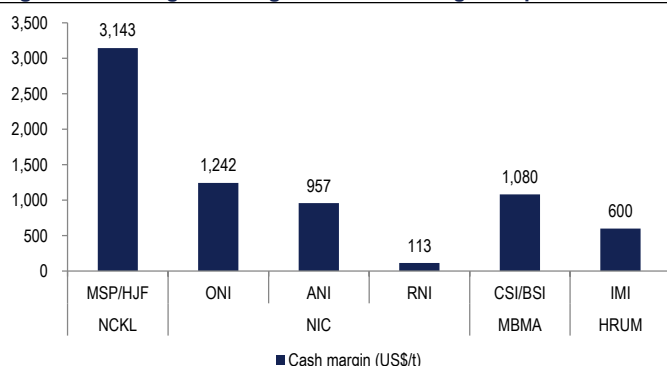
Based on local fund positioning and foreign outflow from stocks under our coverage during Nov24-Dec24 (JCI Index: -6%), MDKA has been the underperformer (-33%), driven by its below consensus 3Q24 result, weaker currency environment, and high-base ownership from both foreign & local during China stimulus commodity rally in Sep24. Furthermore, chatter on MSCI exclusion (possible exclusion at Rp1,400-1,700/share range, current price: Rp1,510/share) have also resulted in overhang. Meanwhile, ANTM has been favoured by both local and foreign investors during the period owing to its volume growth and nickel ore premium story ([report](#)), which we think is going to sustain, underpinning our decision to re-iterate ANTM (TP: Rp2,000/share) as our top pick.

Nickel supply-demand balance

Nickel market ended 2024 with three consecutive years of market surplus, owing to inflow from newly opened cathode capacity in China in addition to fast-track approval of LME brand. However, with two years of moratorium of Indonesia's new RKEF capacity already in-place, we expect limited addition in NPI/FeNi capacity in FY25F onwards aside from those that have been already announced. Furthermore, with NPI prices is currently hovering just above US\$11k/t while the dollar premium above benchmark price remains elevated at around ~US\$15/wmt along with structural grade depletion, current pricing environment would remain challenging for non-integrated players (Fig. 1).

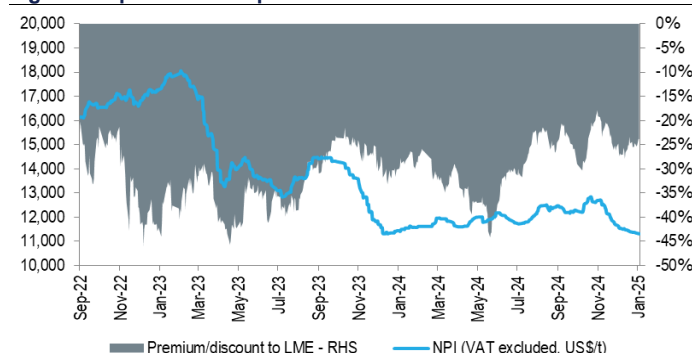
Thus, any significant price improvement in NPI shall lead to an increase in NPI/FeNi production in Indonesia, which shall limit the upside for any rally. On the demand side, we expect stainless steel production to grow by +4% yoy in FY25F vs. +5% yoy in 9M24, on the back of organic growth in China, India, and EU. But, on the EV side, we expect it to grow by +9% yoy vs +4% yoy in FY24 on better EV sales in EU & US. Recent bearish narrative on EVs post Trump victory along with decelerating growth in China due to higher popularity of iron-based battery (LFP) and softer economic growth, underpins our assumption for lower demand growth in EV on yearly basis.

Fig. 1: Cash margin of integrated vs non-integrated producers



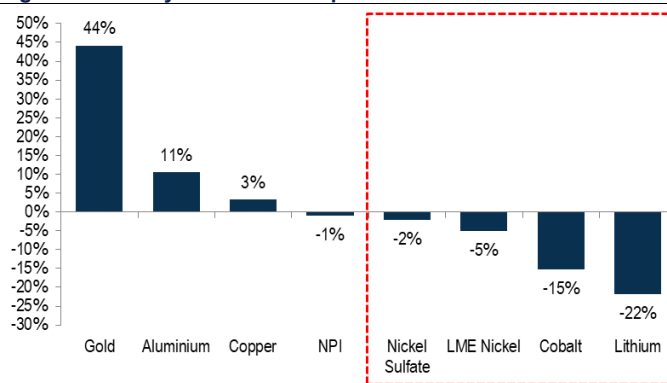
Source: Company data, Indo Premier

Fig. 2: NPI price vs LME price



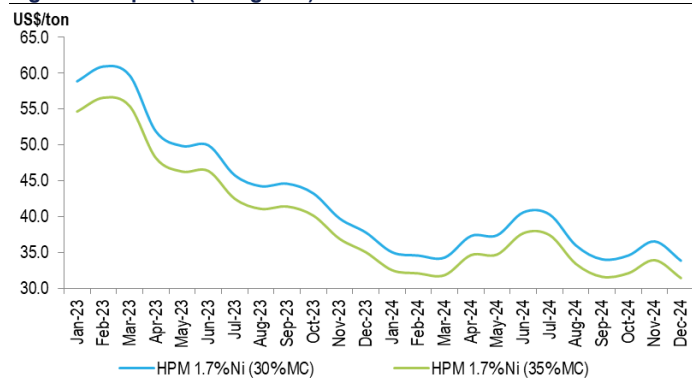
Source: Bloomberg, Shanghai Metal Market, Indo Premier

Fig. 3: EV-battery related metals performance in FY24



Source: Bloomberg, Indo Premier

Fig. 4: HPM price (1.7% grade)

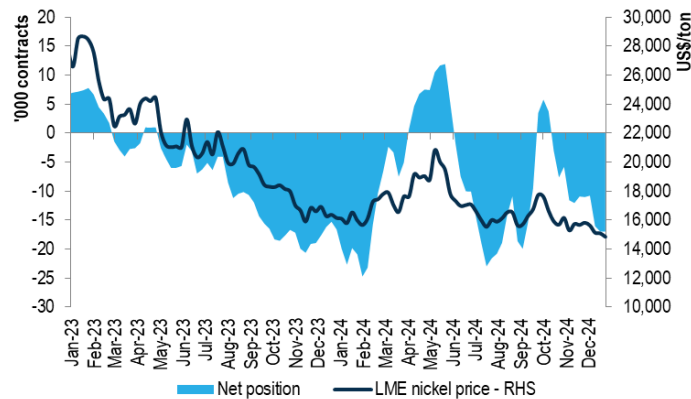


Source: APNI, Indo Premier

In summary, we expect market surplus of around ~140kt in FY25F, and LME nickel price to hover around US\$15-16k/t level within the year. However, from tactical standpoint, we think speculators' net-short positioning on the LME shall enable potential trading opportunity should any supply-disruption occurs from short-squeeze driven rally. Another indicator that we think might

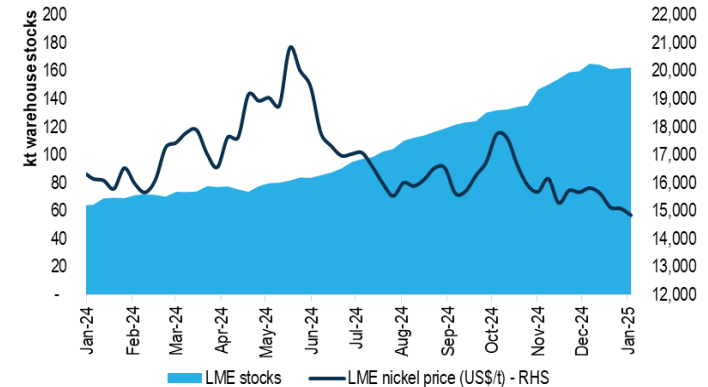
be useful is speculators' positioning on the US\$, as overly-bullish positioning on the dollar might translated into limited upside for US\$ but limited downside for metals – DXY and metals price are inversely correlated (Fig. 8).

Fig. 5: COT speculators' positioning



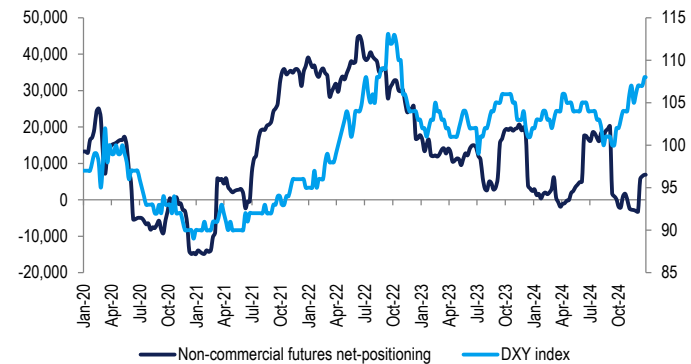
Source: Bloomberg, LME, Indo Premier

Fig. 6: LME warehouse inventory



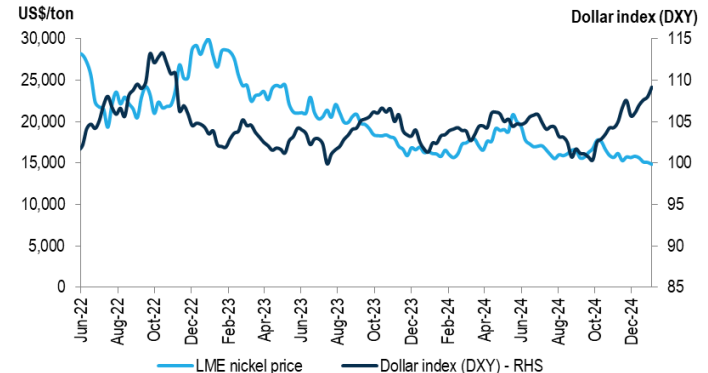
Source: Bloomberg, LME, Indo Premier

Fig. 7: US\$ speculators' positioning



Source: Bloomberg, Indo Premier

Fig. 8: DXY and LME nickel price



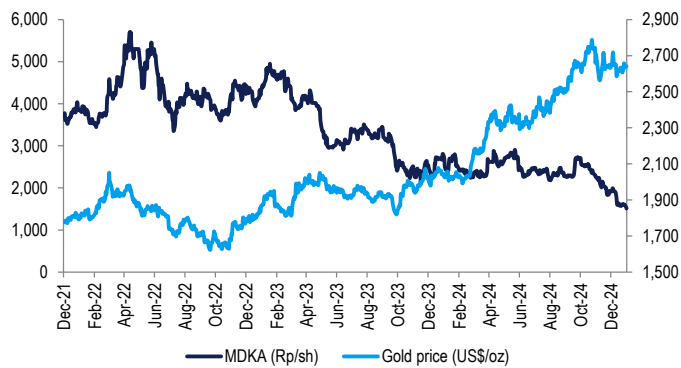
Source: Bloomberg, LME, Indo Premier

Fig. 9: Incoming HPAL projects in Indonesia

HPAL timeline	Capacity (ktpa)	1H25	2H25	1H26	2H26	1H27	2H27	2028
Halmahera Persada Lygend (HPL)	55,000							Currently operating
Huayue Nickel Cobalt	60,000							Currently operating
QMB New Materials	60,000							Currently operating
PT Huafei	120,000							Currently operating
Obi Nickel Cobalt (ONC)	65,000							Currently operating
GEM-MBM HPAL	30,000							
Meiming New Energy Material	25,000							
CATL-MBM HPAL	60,000							
Blue Sparkling Energy (BSE)	67,000							
Pomalaa (INCO)	120,000							
Excelsior Nickel Cobalt (ENC)	67,000							
Sorowako (INCO)	60,000							
HKCBL - ANTM	55,000							
GEM-Vale Indonesia (Sambalagi)	60,000							
PT Ceria Kobalt Indotama*	110,900							

Source: Bloomberg, Indo Premier

Fig. 10: MDKA share price vs gold price



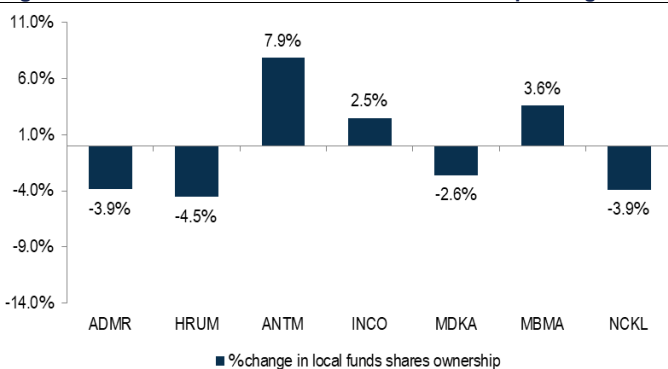
Source: Bloomberg, Indo Premier

Fig. 11: Nasdaq global junior gold miners vs. gold price



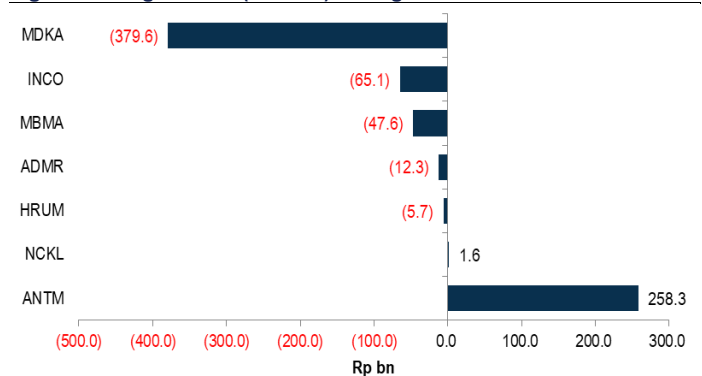
Source: Bloomberg, Indo Premier

Fig. 12: Nov and Dec24 local fund shares ownership changes



Source: Bloomberg, Indo Premier

Fig. 13: Foreign inflow (outflow) during Nov and Dec24



Source: Bloomberg, Indo Premier

Fig. 14: 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	6.9	6.7	5.3	6.1	6.8	6.3	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	2,000	11.5	9.4	9.6	5.9	4.5	4.4	8.9%	6.5%	7.9%
HRUM IJ	Harum Energy	Hold	1,450	6.6	6.7	5.1	4.2	5.3	3.5	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Buy	5,000	38.0	27.3	9.8	6.3	7.0	4.0	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	635	110.0	25.4	15.3	21.4	9.7	7.0	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	3,100	N/A	217.9	40.1	11.4	7.6	6.0	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,100	7.2	6.2	5.4	5.4	4.7	4.0	3.5%	4.2%	4.8%

Source: Bloomberg, Indo Premier

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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