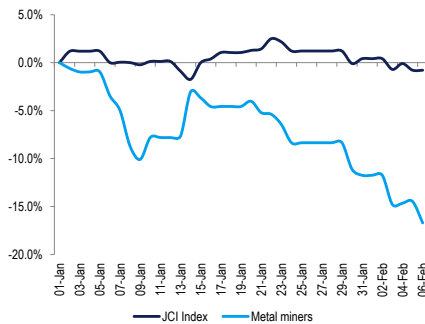


Sector Index Performance

	3M	6M	12M
Absolute	-27.1%	-26.7%	-29.8%
Relative to JCI	-22.3%	-24.1%	-26.9%



Summary Valuation Metrics

P/E (x)	2024F	2025F	2026F
ADMR IJ	5.2	5.6	4.3
ANTM IJ	11.1	10.8	11.0
HRUM IJ	5.4	5.5	4.2
INCO IJ	32.2	23.1	8.3
MBMA IJ	158.3	73.1	11.6
MDKA IJ	N/A	N/A	66.8
NCKL IJ	6.2	5.5	4.7
EV/EBITDA (x)	2024F	2025F	2026F
ADMR IJ	5.5	6.7	5.9
ANTM IJ	6.1	5.4	5.4
HRUM IJ	3.8	4.9	3.2
INCO IJ	4.9	5.8	3.3
MBMA IJ	23.6	16.0	8.4
MDKA IJ	15.0	12.3	7.4
NCKL IJ	4.7	4.1	3.5
Div. Yield	2024F	2025F	2026F
ADMR IJ	N/A	N/A	N/A
ANTM IJ	7.8%	6.8%	6.9%
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	4.0%	4.9%	5.5%

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4Q24F preview: another soft quarter with the exception of ANTM

- LME nickel price declined by -4% qoq in 4Q24F on higher LME warehouse stocks, although NPI ASP slightly improved by +2% qoq.
- Lower ore premium has led to an improvement in RKEF cash costs in general, but NP delivery was soft qoq for miners under our coverage.
- Only ANTM & NCKL are expected to beat consensus on their FY24F result. We re-iterate ANTM as our top pick in the sector.

4Q24F ASP review: higher NPI ASP, lower LME nickel price

China's nickel pig iron (NPI) price slightly trended higher by +2% on qoq basis to US\$12.3k/t in 4Q24F in spite of soft China economy, while LME nickel price were lower by 4% qoq to US\$16.1k/t on higher LME warehouse stocks (Fig. 2) along with the change in EV narrative post U.S election. As a result, nickel ore benchmark price (HPM) also trended lower by -5% to ~US\$33/wmt in 4Q24. Additionally, dollar premium to benchmark price (4Q24: US\$5-15/wmt) were lower vs. 3Q24 (up to US\$25/wmt), albeit has remain elevated despite higher RKAB quota approval during 4Q24 until now, based on our channel check.

Read-through from NIC & MBMA: better cash costs on lower ore price

Both Nickel Industries Ltd (NIC) and MBMA has reported their 4Q24 operational data, and was relatively in-line with market price movement as: 1) cash costs trended lower by 3% qoq to around US\$10-10.5k/t as ore premium declined in 4Q24, 2) slightly higher NPI ASP (+2-3% qoq), in-line with China NPI price movement, while 3) MBMA's high-grade nickel matte (HGNM) reported US\$1k/t negative cash margin as matte price trended lower in 4Q24F, which was also in-line with LME nickel price trending down.

Softer NP delivery is expected given current commodity cycle

We expect NP delivery to remain soft on qoq basis given unfavourable commodity cycle with the exception of **ANTM & NCKL**, which are expected to beat FY24F consensus forecast by c.31% and c.13%, respectively, while other miners under our coverage would deliver below consensus net profit as per our estimates (Fig. 1). For ANTM, the primary key highlight in 4Q24F would be on the strong gold sales volume (+21% qoq) – an industry-wide trend, and higher nickel ore volume (+12% qoq). On NCKL, we think the beat was primarily driven by the lag in consensus earnings upgrade post 9M24 result release (NP was a beat at 90% consensus).

Maintain ANTM as our top pick on the sector

We maintain ANTM as our top pick in the metals sector, following a strong NP delivery in 4Q24F, sustained gold trading volume, and nickel ore volume growth in FY25F (guidance: +56-80% yoy growth vs. FY24 achievement). However, we maintain our Neutral stance on the sector as without any bottom-up/company-specific story, we think the overall sector is unattractive, albeit valuation has become cheaper (Fig. 7) post the sell-off since Nov24. Upside risk is aggressive fiscal stimulus from China to boost economy & metals' demand, while the biggest downside risks would be royalty rate increase, global minimum tax (GMT) implementation, and softer demand growth.

4Q24F earnings preview:

ANTM – We expect ANTM to report Rp1.5tr core NP in 4Q24F (vs. Rp650bn in 3Q24) driven by higher ore-sales volume qoq at 2.6mn wmt (+12% qoq), gold-trading sales volume (+21% qoq) & higher gold ASP as gold price averaged around US\$2.6k/oz during 4Q24F (+8% qoq). In FY24F we expect ANTM's NP to beat consensus estimates at 131% of FY24F consensus forecast (more details on our ANTM [report](#))

ADMR – We expect ADMR to report US\$81mn NP in 4Q24F (-3% qoq) due to decline in ASP as Australian hard-coking coal (HCC) price declined by -3% qoq and flattish sales volume on qoq basis of 1.2mn ton amid logistical issues – flooding in Barito river, in 4Q24F ([report](#)). In FY24F, ADMR's NP is expected to come below consensus estimates at 94% of FY24F as consensus has yet to adjust their NP estimates amidst lower HCC price in 4Q24 (average: US\$206/t, -3% qoq).

MDKA – We expect MDKA to book slight net loss in 4Q24F of around US\$0.6mn vs. US\$55mn net loss in 3Q24, primarily driven by the improvement in Wetar's cash costs of US\$1.6/lb vs. US\$3.5/lb in 3Q24, higher gold ASP from TB-Oxide gold mine (+11% qoq), albeit this would potentially offset by negative cash margin in MBMA's HGNM in addition to higher interest expenses from additional bonds issuance and the start of AIM operation during the quarter, which shall also generate higher interest expenses.

MBMA – We expect MBMA to report net profit breakeven in 4Q24F (vs. US\$2mn net loss), primarily driven by high-grade nickel matte (HGNM) negative cash margin (US\$1k/t) in 4Q24F. Nonetheless, on the positive side, MBMA booked higher cash margin from its NPI business thanks to lower cash costs (-7% qoq). Ore sales volume has also improved on qoq basis by +15% and +18% qoq for saprolite (1.4mn wmt) and limonite (4.1mn wmt) in addition to lower cash costs potentially due to operating leverage. We expect FY24F NP of around US\$18mn to come below consensus forecast (85% consensus), albeit the nominal difference would be only around US\$3mn between our forecast & consensus.

INCO – We expect INCO to report US\$18mn NP in 4Q24F (+29% qoq) as we expect slightly higher sales volume of 18.5kt (+4% qoq), based on higher offtake volume announced by Vale SA in their 4Q24 sales report although it is set to be offset by lower LME nickel price (-4% qoq). The improvement on qoq basis is also driven by the fact that 3Q24 is a low-base for INCO's NP due to 10% profit-sharing portion spill-over that were supposed to be booked in 2Q24 but instead were booked in 3Q24. Nonetheless, NP delivery remains lacklustre vs. consensus estimates as we expect FY24F NP to come below consensus estimates at 87% FY24F consensus forecast.

NCKL – We expect NCKL to report Rp1.9tr NP in 4Q24F (flat qoq), primarily driven by higher FeNi ASP (+2% qoq), although this would be offset by lower associate income as MHP and NiSO4 price declined by -6% and -5% qoq and at the same time, cash cost is estimated to rise on higher sulphuric acid costs as sulphur price went up, as per our discussion with company. Impact from ONC NP contribution being recorded as an associate income would also be limited in 4Q24F as the transaction have only just occurred in late Dec24, and would only start generating associate income to NCKL starting 1Q25F and onwards. Overall, we still expect NCKL to record Rp6.8tr NP in FY24F, higher than consensus estimates of Rp6tr (113% of consensus).

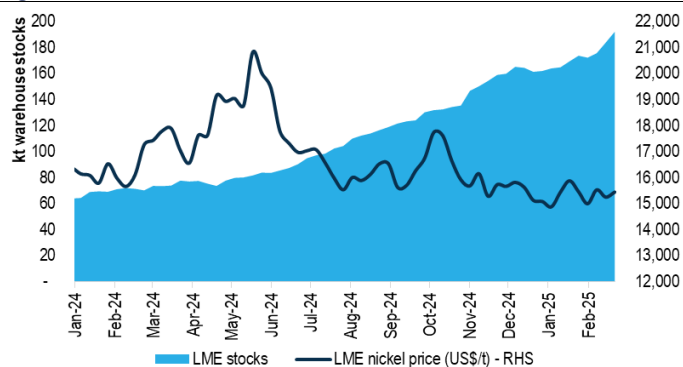
HRUM – We expect HRUM to report US\$17mn NP in 4Q24F (-48% qoq), primarily driven by higher minority interest post Tsingshan transaction, although on operational basis, we expect NPI cash margin to improve to US\$1.8k/t on slightly higher NPI ASP and lower cash costs. For HGNM, we expect cash margin to remain similar qoq at around US\$2.5k/t despite slightly lower HGNM price as cash costs shall improve on lower ore price. For FY24F, we expect HRUM to deliver NP of US\$69mn, which is still below consensus forecast at 87% of FY24F forecast.

Fig. 1: 4Q24F earnings preview

Net profit (US\$ mn/Rp bn)	3Q24	4Q24	qoq (%)	FY24F	Consensus	FY24F vs consensus
In US\$ mn						
INCO	14	18	29%	69	79	87%
HRUM	33	17	-48%	87	107	81%
MDKA	(55)	(0)	na	(67)	(30)	na
MBMA	(2)	0	na	18	21	85%
ADMR	84	81	-3%	414	441	94%
In Rp bn						
ANTM	651	1,520	134%	3,721	2,838	131%
NCKL	2,033	1,982	-3%	6,821	6,039	113%

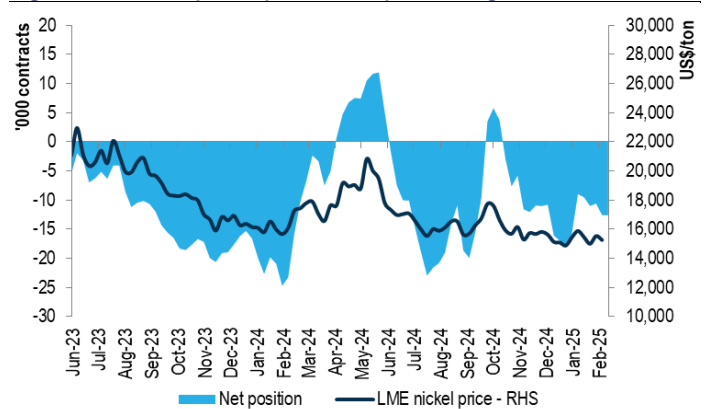
Source: Bloomberg, Company data, Indo Premier estimates

Fig. 2: LME warehouse stocks



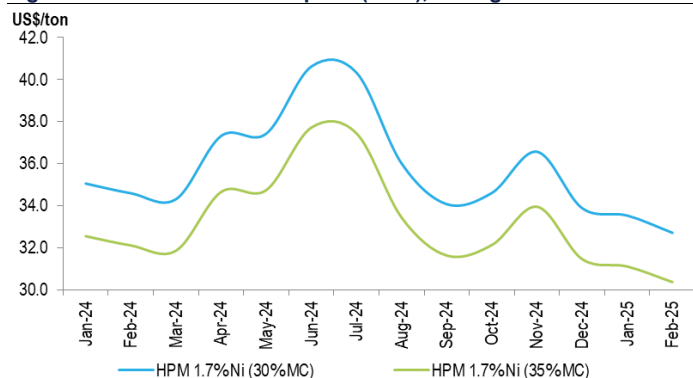
Source: Bloomberg, Indo Premier

Fig. 3: LME nickel price speculators' positioning



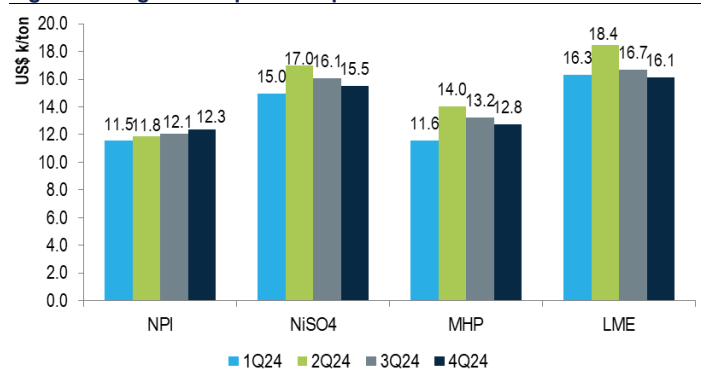
Source: Bloomberg, Indo Premier

Fig. 4: Nickel ore benchmark price (HPM), 1.7% grade 35% moisture



Source: Bloomberg, Indo Premier

Fig. 5: Average nickel products price in 4Q24



Source: Bloomberg, Indo Premier

Fig. 6: Nickel Industries Ltd (NIC) – Quarterly result

Nickel Industries Ltd - NPI/LGNM smelters						
Sales volume (kt)	1Q24	2Q24	3Q24	4Q24		qoq %
Hengjaya Nickel (HNI)*	5,046	4,564	4,452	4,470		0%
Ranger Nickel (RNI)	4,554	4,356	4,220	4,606		9%
Angel Nickel (ANI)	11,561	11,296	10,512	10,683		2%
Oracle Nickel (ONI)	11,599	12,057	12,082	12,362		2%
Total	32,760	32,273	31,266	32,121		3%
ASP (US\$/t)	1Q24	2Q24	3Q24	4Q24		qoq %
Hengjaya Nickel (HNI)*	11,554	11,534	11,899	11,765		-1%
Ranger Nickel (RNI)	11,081	11,461	11,907	11,768		-1%
Angel Nickel (ANI)	10,907	11,278	11,742	12,112		3%
Oracle Nickel (ONI)	11,239	11,463	11,609	11,774		1%
RKEF ASP	11,075	11,387	11,708	11,904		2%
Cash costs (US\$/t)	1Q24	2Q24	3Q24	4Q24		qoq %
Hengjaya Nickel (HNI)*	10,320	11,131	11,629	11,239		-3%
Ranger Nickel (RNI)	10,342	11,309	11,794	11,387		-3%
Angel Nickel (ANI)	8,797	9,071	10,785	10,396		-4%
Oracle Nickel (ONI)	9,411	9,914	10,367	10,200		-2%
RKEF cash costs	9,308	9,790	10,755	10,473		-3%
Cash margin per ton	1Q24	2Q24	3Q24	4Q24		qoq %
Hengjaya Nickel (HNI)*	1,234	403	270	526		95%
Ranger Nickel (RNI)	739	152	113	381		237%
Angel Nickel (ANI)	2,110	2,207	957	1,716		79%
Oracle Nickel (ONI)	1,828	1,549	1,242	1,574		27%
RKEF cash margin	1,767	1,598	953	1,430		50%
EBITDA per ton	1Q24	2Q24	3Q24	4Q24		qoq %
Hengjaya Nickel (HNI)*	638	(200)	1,828	(1,177)		-164%
Ranger Nickel (RNI)	458	(273)	1,141	(327)		-129%
Angel Nickel (ANI)	1,915	2,276	1,542	1,478		-4%
Oracle Nickel (ONI)	1,792	1,510	2,784	1,054		-62%
RKEF EBITDA	1,472	1,296	1,919	687		-64%

Source: Bloomberg, Company data, Indo Premier estimates

Fig. 7: Companies under our coverage & recommendation

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	1,500	5.2	5.6	4.3	5.5	6.7	5.9	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	2,000	11.1	10.8	11.0	6.1	5.4	5.4	7.8%	6.8%	6.9%
HRUM IJ	Harum Energy	Hold	1,450	5.4	5.5	4.2	3.8	4.9	3.2	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Buy	5,000	32.2	23.1	8.3	4.9	5.8	3.3	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	560	158.3	73.1	11.6	23.6	16.0	8.4	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	3,100	N/A	N/A	66.8	15.0	12.3	7.4	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,100	6.2	5.5	4.7	4.7	4.1	3.5	4.0%	4.9%	5.5%

Source: Bloomberg, Company data, 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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