

Merdeka Battery Materials

BUY (unchanged)

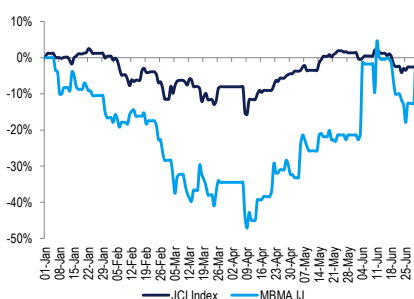
Company update | MBMA IJ | 1 July 2025

Stock Data

Target price	Rp560
Prior TP	Rp560
Current price	Rp438
Upside/downside	+28%
Shares outstanding (mn)	107,995
Market cap (Rp bn)	47,302
Free float	29%
Avg. 6m daily T/O (Rp bn)	139

Price Performance

	3M	6M	12M
Absolute	46.0%	-4.4%	-32.6%
Relative to JCI	39.8%	-2.0%	-29.5%
52w low/high (Rp)	242 – 655		



Major Shareholders

Merdeka Energi Nusantara	49.9%
Garibaldi Thohir	11.1%
Huayong International Limited	7.6%

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1Q25 results: lower qoq EBITDA from drop in cash margin

- MBMA reported US\$32mn EBITDA in 1Q25 (-35% qoq/+20% yoy), below ours/consensus numbers at 14%/15% IPS/consensus.
- Combination of higher ore cash costs on B40 implementation & lower RKEF volume due to maintenance led to lower-than-expected EBITDA.
- Nevertheless, we still expect EBITDA delivery to be skewed to 2H25F following the commencement of AIM project. Maintain Buy rating.

1Q25 results: below ours and consensus estimates

MBMA reported US\$32mn EBITDA in 1Q25 (-35% qoq/+20% yoy), which came below ours/consensus estimates at 14%/15% IPS/consensus, respectively. As a result, MBMA also recorded a net loss of US\$3mn. Revenue came at US\$366mn (-21% qoq/-18% yoy) from combination of slightly lower NPI price qoq, lower NPI volume due to maintenance, and lower ASP for both saprolite and limonite. As we pointed out in our operational data [report](#) along with lower LME in 1Q25, this has also led to ASP decline in nickel ore, while at the same time, cash cost significantly rose, primarily driven by B40 implementation. Hence, such combinations of these factors have led to the decline in cash margin (Fig. 2) and eventually EBITDA on qoq basis.

Operational data summary: soft operational results across the board

MBMA recorded lower NPI production/sales volume qoq (-13%) due to maintenance; while ASP also slightly declined to US\$11.6k/t (-3% qoq), leading to a lower cash margin (-17% qoq). Similarly, saprolite & limonite cash margin significantly declined on qoq basis by -78%/-74% to US\$1.3/wmt and US\$2.2/wmt, respectively. This was primarily driven by the rise in cash costs with saprolite cash costs now stood at US\$24.6/wmt (+14% qoq) while limonite cash costs stood at US\$12.7/wmt (+40% qoq), driven by B40 implementation while ASP declined by -6% qoq for saprolite and -17% qoq for limonite. On nickel-matte, production & sales volume were declining on qoq basis (-20%/-17%, respectively) as a part of strategic decision from unfavourable nickel matte pricing.

Maintain Buy rating with an unchanged TP of Rp560/share

We kept our NP forecast and TP of Rp560/share unchanged as we think EBITDA and NP delivery will be more back-loaded in 2H25F once AIM project set to commence. We maintain our Buy rating as we expect MBMA's volume growth story shall be reflected in share price performance especially after the commencement of AIM project in 2H25F.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	1,328	1,845	1,889	2,050	2,725
EBITDA	104	168	228	453	1,006
Net profit	7	23	43	239	631
EPS growth	-68%	229%	90%	452%	164%
ROE	0%	1%	3%	13%	26%
PER (x)	252.5	76.8	40.4	7.3	2.8
EV/EBITDA (x)	18.8	13.0	9.6	4.4	1.5
Dividend yield	N/A	N/A	N/A	N/A	N/A
IPS vs. consensus			59%	125%	na

Source: Company, Indo Premier

Share price closing as of: 30 June 2025

Fig. 1: 1Q25 financial results

MBMA 1Q25 results	1Q25	1Q24	% yoy	4Q24	% qoq	IPS FY25F	% of IPS	Cons FY25F	% of cons
Revenues	366	444	-18%	465	-21%	1,889	19%	1,680	22%
Cost of revenues	(347)	(426)	-19%	(430)	-19%	(1,708)	20%	(1,509)	23%
Gross profit	19	18	6%	35	-46%	180	10%	171	11%
Gross profit margin (%)	5.2%	4.0%		7%		10%		10%	
Operating expenses	(7)	(7)	-1%	(13)	-45%	(57)	13%	(32)	23%
EBIT	12	10	10%	21	-46%	124	9%	140	8%
EBIT margin (%)	3%	2%		5%		7%		8%	
Depreciation	20	16	26%	28	-27%	104	20%	68	30%
EBITDA	32	27	20%	49	-35%	228	14%	208	15%
EBITDA margin (%)	9%	6%		11%		12%		12%	
Finance income	2	2	-5%	2	0%	6	27%		
Finance costs	(3)	(2)	55%	(1)	131%	(9)	32%		
Profit from JV/Asso	1	0	57977%	(0)	-534%	9	6%		
Other inc. (exp.)	(3)	3	-211%	4	-167%	0	N/A		
Profit before tax	8	13	-39%	26	-69%	130	6%	124	6%
Income tax	(2)	(3)	-36%	(6)	-73%	(22)	8%		
Tax rate (%)	22%	21%		25%		17%			
Minorities	(10)	(6)	48%	(15)	-37%	(64)	15%		
Net profit	(3)	4	-194%	4	-180%	43	-8%	42	-8%
Net margin (%)	-1%	1%		1%		2%			
Core profit	(1)	2	-175%	1	-213%	43	-3%		

Source: Company data, Bloomberg, Indo Premier

Fig. 2: 1Q25 operational data summary

Operational summary	1Q25	1Q24	% yoy	4Q24	% qoq	IPS FY25F	% of IPS
Nickel pig iron							
NPI production (ton)	16,297	20,900	-22%	18,823	-13%	82,000	20%
NPI sales (ton)	16,297	21,621	-25%	18,831	-13%	82,000	20%
NPI ASP (US\$/t)	11,582	11,055	5%	11,887	-3%	11,650	99%
NPI cash cost (US\$/t)	10,053	10,107	-1%	10,037	0%	10,650	94%
Cash margin (US\$/t)	1,529	948	61%	1,850	-17%	1,000	153%
High-grade nickel matte							
HGNM production (ton)	9,525	12,041	-21%	11,893	-20%	53,000	18%
HGNM sales (ton)	10,000	14,404	-31%	12,005	-17%	53,000	19%
HGNM ASP (US\$/t)	13,473	13,673	-1%	13,229	2%	13,600	99%
HGNM cash costs (US\$/t)	13,230	13,120	1%	14,312	-8%	13,600	97%
Cash margin (US\$/t)	243	553	-56%	(1,083)	-122%	0	N/A
Nickel ore							
Saprolite sales (mn w mt)	1.3	1.1	18%	1.4	-7%	4.8	27%
Saprolite ASP (US\$/w mt)	25.8	28.0	-8%	27.4	-6%	29.0	89%
Limonite sales (w mt)	2.1	0.6	237%	4.1	-49%	10.0	21%
Limonite ASP (US\$/w mt)	14.9	13.0	15%	17.9	-17%	15.0	99%

Source: Company data, Bloomberg, Indo Premier

Fig. 3: Peers comparison table

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				25F	26F	27F	25F	26F	27F	25F	26F	27F
ADMR IJ	Adaro Minerals Indonesia	Buy	1,500	8.9	5.8	4.5	9.4	7.1	5.9	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	3,900	11.1	12.4	13.3	7.0	8.1	8.6	4.7%	6.8%	6.1%
HRUM IJ	Harum Energy	Buy	1,050	10.8	8.6	7.5	4.3	3.0	2.1	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Buy	3,650	29.3	13.4	7.0	7.0	5.0	3.1	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	560	65.4	11.8	4.5	14.3	6.8	2.6	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	2,400	N/A	16.1	11.2	11.4	6.6	5.5	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,100	6.0	4.8	4.8	4.4	3.6	3.2	4.3%	5.0%	6.2%

Source: Bloomberg, Indo Premier

Income Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net revenue	1,328	1,845	1,889	2,050	2,725
Cost of sales	(1,251)	(1,731)	(1,708)	(1,646)	(2,188)
Gross profit	77	114	180	405	972
SG&A Expenses	(30)	(34)	(57)	(62)	(82)
Operating profit	48	80	124	343	890
Net interest	(15)	(1)	(3)	(15)	(19)
Others	0	12	9	73	43
Pre-tax income	33	90	130	401	915
Income tax	(0)	(11)	(22)	(33)	(57)
Minority interest	(26)	(57)	(64)	(129)	(227)
Net income	7	23	43	239	631

Balance Sheet (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	290	244	315	314	516
Receivable	119	179	210	228	303
Inventory	288	275	285	274	365
Other current assets	87	106	106	106	106
Total current assets	784	804	916	922	1,290
Fixed assets	1,414	1,582	1,611	1,673	1,730
Other non-current assets	1,065	1,049	1,029	1,001	974
Total non-current assets	2,479	2,631	2,639	2,674	2,704
Total assets	3,263	3,435	3,555	3,596	3,994

ST loans	0	77	0	0	0
Payable	262	200	214	206	274
Other payables	0	0	0	0	0
Current portion of LT loans	2	47	0	0	0
Other current liabilities	94	95	95	95	95
Total current liab.	358	419	308	301	368
Long term loans	486	532	718	529	227
Other LT liab.	109	134	136	136	136
Total non-current liabilities	595	667	854	664	363
Total liabilities	954	1,086	1,162	965	731

Equity	1,505	1,505	1,505	1,505	1,505
Retained earnings	27	50	93	332	963
Minority interest	777	794	794	794	794
Total SHE + minority int.	2,309	2,349	2,393	2,631	3,263
Total liabilities & equity	3,263	3,435	3,555	3,596	3,994

Cash Flow Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net income	(64)	46	43	239	631
Depr. & amortization	56	88	104	110	116
Changes in working capital	(57)	(118)	(27)	(15)	(98)
Others	0	0	0	0	0
Cash flow from operating	(64)	16	121	333	649
Capital expenditure	(548)	(233)	(112)	(145)	(145)
Others	2	(38)	0	0	0
Cash flow from investing	(547)	(271)	(112)	(145)	(145)
Loans	(123)	192	63	(190)	(302)
Equity	743	17	0	0	0
Dividends	0	0	0	0	0
Others	0	0	0	0	0
Cash flow from financing	620	208	63	(190)	(302)
Changes in cash	10	(46)	71	(1)	203

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	6%	6%	10%	20%	36%
Operating margin	4%	4%	7%	17%	33%
Pre-tax margin	3%	5%	7%	20%	34%
Net margin	1%	1%	2%	12%	23%
ROA	0%	1%	1%	7%	16%
ROE	0%	1%	3%	13%	26%
Acct. receivables TO (days)	11.1	10.3	9.0	9.0	9.0
Inventory TO (days)	4.3	6.3	6.0	6.0	6.0
Payable TO (days)	4.8	8.7	8.0	8.0	8.0
Debt to equity	0.3	0.4	0.5	0.3	0.1
Interest coverage ratio (x)	5.2	21.1	24.3	21.3	40.3
Net gearing	0.1	0.3	0.3	0.1	(0.1)

Source: Company, Indo Premier