

Vale Indonesia

BUY (unchanged)

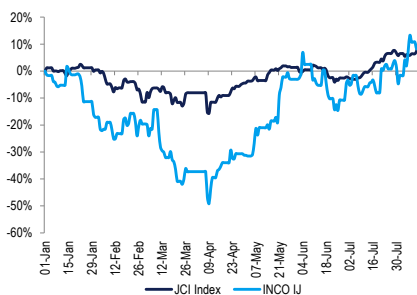
Company update | Metals | INCO IJ | 12 August 2025

Stock Data

Target price	Rp5,200
Prior TP	Rp4,500
Current price	Rp3,920
Upside/downside	+33%
Shares outstanding (mn)	10,540
Market cap (Rp bn)	41,316
Free float	20%
Avg. 6m daily T/O (Rp bn)	69

Price Performance

	3M	6M	12M
Absolute	37.1%	38.5%	1.8%
Relative to JCI	23.0%	21.3%	-5.0%
52w low/high (Rp)	1,840 – 4,400		



Major Shareholders

Mineral Industri Indonesia (MIND ID)	34.2%
Vale Canada Limited	34.1%
Sumitomo Metal mining	11.5%

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Consensus has yet pricing-in full fledge nickel ore sales in FY26F

- Our backward calculation on FY26F consensus net profit (c.US\$160mn) revealed that consensus has yet pricing-in full fledge ore sales (Fig. 1).
- However, there are several scenarios that might occur, which include the potential timeline delay and partial RKAB quota approval.
- Nevertheless, we revised our FY25F/26F/27F by +13%/+15%/+31% and upgrade our TP to Rp5,200/share; Maintain our Buy rating.

Consensus has yet pricing-in full-fledge ore sales in FY26F

Our backward calculation on FY26F consensus' NP forecast showcased that consensus has yet pricing in full-fledge ore sales – i.e. 17mn ore sales (7mn saprolite & 10mn limonite). Based on our estimates, consensus is only expecting around 14mn blended ore sales. However, as majority of profitability will be contributed from saprolite ore, consensus NP could be achieved even by assuming no limonite ore sales in FY26F, as long as 7mn saprolite ore sales could be realized. Nevertheless, we think significant delay in HPAL is less probable given track-record of Huayou's previous HPAL execution in Indonesia – i.e. Huayue Nickel Cobalt (HNC) and Huafei which were on-track and reached full nameplate capacity within one-year.

Biggest risks are RKAB quota approval in FY26F

We think biggest downside risks to INCO's nickel ore sales is RKAB quota approval for FY26F. However, since quota is given per mining block, we calculated several scenarios in FY26F such as partial approval for only 1 or 2 mining blocks out of three existing blocks. Our calculation (Fig. 3) indicates that consensus NP forecast could be achieved by only selling saprolite sales in both Bahodopi & Pomalaa, with limonite sales acting as an upside to consensus NP forecast. However, partial quota approval such as in only Bahodopi/Pomalaa/Sorowako will yield -25%/-23%/-72% downside to consensus NP forecast in FY26F, respectively. Additionally, if only Sorowako that didn't obtain any quota approval, downside is relatively limited as NP would still beat consensus' forecast as per our estimates.

Maintain Buy rating with higher TP of Rp5,200/share

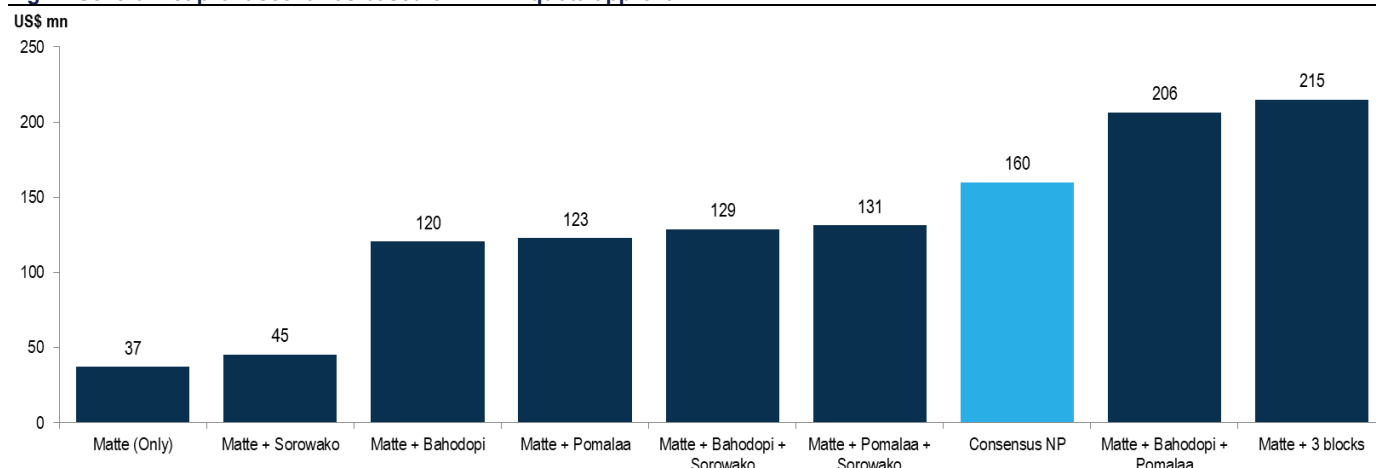
We raised our FY25F/26F/27F NP forecast by +13%/+15%/+31%, respectively, as we adjust our nickel-matte payability (from 78% to 82% of LME price) effective in 2H25F, and we raise our nickel ore sales volume (Fig. 4) amidst recent RKAB approval in FY25F with up to ~US\$25/wmt guaranteed premium as a result of recent offtake agreement with buyers. As a result, we raised our TP to Rp5,200/share, implying 17x FY26F P/E and maintain our Buy rating. Downside risks are RKAB quota approval, execution risks, and lower ore premium.

Financial Summary (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Revenue	1,232	950	1,015	1,325	1,785
EBITDA	499	238	261	468	837
Net profit	274	58	81	182	398
EPS growth	37%	-79%	41%	123%	119%
ROE	9%	2%	2%	4%	8%
PER (x)	8.7	41.1	29.2	13.1	6.0
EV/EBITDA (x)	3.4	7.2	8.0	5.5	3.5
Dividend yield	3%	0%	1%	0%	0%
IPS vs. consensus			95%	116%	158%

Source: Company, Indo Premier

Share price closing as of: 12 August 2025

Fig. 1: Several net profit scenarios based on RKAB quota approval



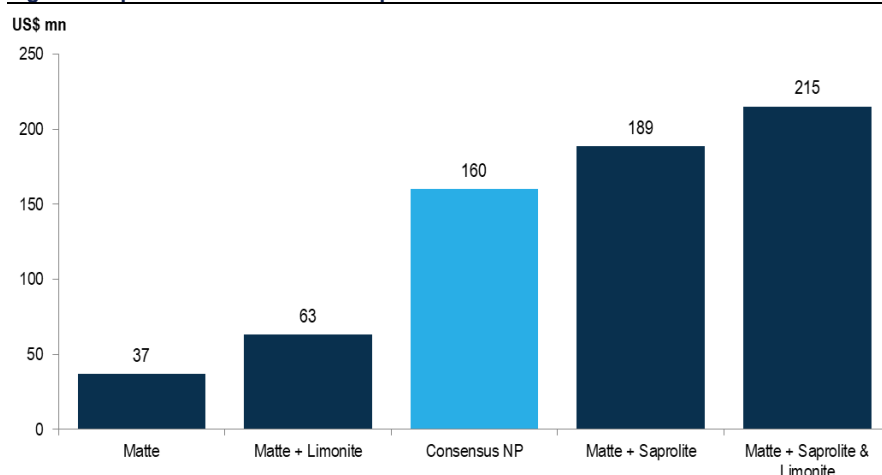
Source: Bloomberg, Company data, Indo Premier estimates

Fig. 2: Old vs New forecast

INCO	New forecast			Forecast change			Consensus			Indo Premier vs Consensus		
US\$ mn	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenues	1,002	1,325	1,785	4%	12%	21%	975	1,195	1,512	103%	111%	118%
Gross profit	114	310	652	1%	20%	36%	131	225	344	87%	138%	189%
Operating profit	83	273	610	1%	22%	39%	103	203	344	80%	134%	177%
EBITDA	261	468	837	0%	13%	28%	273	395	551	95%	118%	152%
NPAT	81	182	398	13%	15%	31%	86	157	251	95%	116%	158%
%/oy												
Revenues	5%	32%	35%				-21%	23%	27%			
Gross profit	5%	172%	110%				-62%	72%	53%			
Operating profit	19%	229%	123%				-68%	97%	69%			
EBITDA	10%	79%	79%				-45%	45%	39%			
NPAT	41%	123%	119%				-69%	83%	60%			
Gross margin	11.4%	23.4%	36.5%				13.4%	18.8%	22.8%			
Operating margin	8.3%	20.6%	34.2%				10.6%	17.0%	22.8%			
EBITDA margin	26.0%	35.3%	46.9%				28.0%	33.1%	36.4%			
NPAT margin	8.1%	13.7%	22.3%				8.8%	13.1%	16.6%			

Source: Bloomberg, Indo Premier

Fig. 3: Net profit scenarios based on products sold



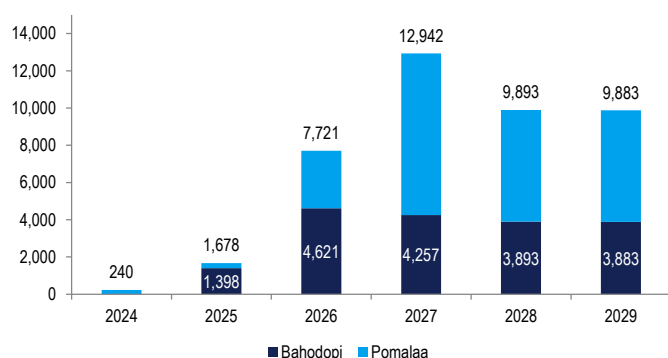
Source: Bloomberg, Company data, Indo Premier estimates

Fig. 4: Key operational data changes

INCO IJ	Old			New			Change (%)		
US\$ mn	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Production volume (kt)	71.2	73.0	73.0	71.2	73.0	73.0	0%	0%	0%
Sales volume (kt)	71.2	72.0	72.0	71.2	72.0	72.0	0%	0%	0%
LME nickel price - US\$/ton	16,000	16,000	15,500	15,250	15,500	15,500	-5%	-3%	0%
Average selling price - US\$/ton	12,459	12,459	12,070	12,353	12,710	12,710	-1%	2%	5%
High sulfur fuel oil (HSFO) - US\$/bbl	85.0	85.0	85.0	84.0	85.0	85.0	-1%	0%	0%
High sulfur diesel (HSD) - US\$/bbl	0.8	0.8	0.8	0.8	0.8	0.8	4%	0%	0%
Coal price - US\$/ton	165	150	150	148	142.5	142.5	-10%	-5%	-5%
Saprolite sales volume - mn w mt	1.9	6.5	9.8	2.5	7.0	11.3	32%	8%	15%
Limonite sales volume - mn w mt	0.0	3.0	17.5	0.0	3.0	21.0	0%	0%	20%
Saprolite ASP - US\$/w mt	42.0	38.0	38.0	54.0	53.0	53.0	29%	39%	39%
Limonite ASP - US\$/w mt	13.0	13.0	13.0	13.0	13.0	13.0	0%	0%	0%

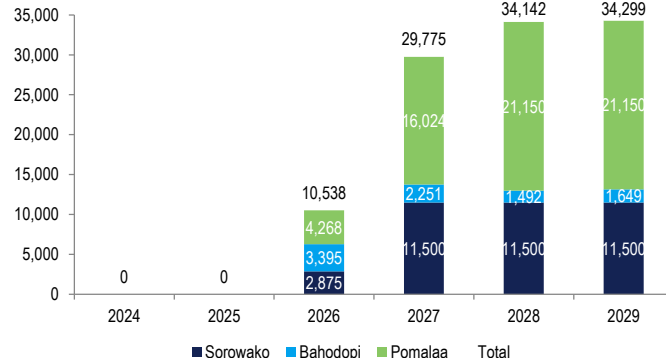
Source: Bloomberg, Indo Premier

Fig. 5: INCO's saprolite ore sales volume guidance



Source: Bloomberg, Indo Premier

Fig. 6: INCO's limonite ore sales volume guidance



Source: Bloomberg, Indo Premier

Fig. 7: Peers valuation 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	Alam Tri Minerals	Buy	1,500	9.8	6.4	4.9	10.1	7.6	6.2	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	3,900	9.7	10.8	11.6	6.0	6.9	7.4	5.3%	7.7%	6.9%
HRUM IJ	Harum Energy	Buy	1,050	9.9	7.8	6.8	4.0	2.8	2.0	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Buy	5,200	29.2	13.1	6.0	8.0	5.5	3.5	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	560	75.8	13.7	5.2	16.3	7.8	3.0	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	2,400	N/A	17.8	12.4	12.2	7.1	5.8	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,100	6.1	4.9	4.9	4.5	3.7	3.2	4.2%	4.9%	6.1%

Source: Bloomberg, Company Data, Indo Premier estimates

Income Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net revenue	1,232	950	1,015	1,325	1,785
Cost of sales	(885)	(842)	(901)	(1,015)	(1,133)
Gross profit	347	108	114	310	652
SG&A Expenses	(22)	(38)	(31)	(37)	(41)
Operating profit	325	70	83	273	610
Net interest	26	29	19	(14)	(44)
Others	2	(25)	14	0	0
Pre-tax income	353	74	116	259	567
Income tax	(78)	(16)	(26)	(57)	(125)
Minority interest	0	0	0	0	0
Profit-sharing payment	0	0	(9)	(20)	(44)
Net income	274	58	81	182	398

Balance Sheet (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalent	699	675	429	292	195
Receivable	102	84	90	118	158
Inventory	156	149	159	179	200
Other current assets	77	97	15	18	22
Total current assets	1,033	1,005	693	606	575
Fixed assets	1,696	1,975	2,524	3,139	3,879
Other non-current assets	197	197	197	337	408
Total non-current assets	1,893	2,172	2,721	3,476	4,287
Total assets	2,926	3,177	3,414	4,082	4,862

ST loans	0	0	0	0	0
Payable	141	171	183	206	230
Other payables	0	0	0	0	0
Current portion of LT loans	0	0	0	0	0
Other current liabilities	76	93	87	81	89
Total current liab.	217	263	270	286	319
Long term loans	0	0	150	500	750
Other LT liab.	145	180	205	305	361
Total non-current liabilities	145	180	355	805	1,111
Total liabilities	361	444	625	1,091	1,429

Equity	414	526	526	526	526
Retained earnings	2,150	2,207	2,263	2,465	2,907
Minority interest	0	0	0	0	0
Total SHE + minority int.	2,565	2,733	2,789	2,991	3,433
Total liabilities & equity	2,926	3,177	3,414	4,082	4,862

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2023A	2024A	2025F	2026F	2027F
Net income	244	15	174	62	372
Depr. & amortization	174	168	178	195	226
Changes in working capital	75	67	(5)	(34)	(34)
Others	0	0	0	0	0
Cash flow from operating	492	250	347	222	564
Capital expenditure	(319)	(448)	(727)	(809)	(966)
Others	(47)	63	25	100	56
Cash flow from investing	(366)	(384)	(702)	(709)	(911)
Loans	3	(1)	144	350	250
Equity	(0)	111	0	0	0
Dividends	(60)	(1)	(35)	0	0
Others	0	0	0	0	0
Cash flow from financing	(57)	110	110	350	250
Changes in cash	69	(24)	(246)	(137)	(96)

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	28%	11%	11%	23%	37%
Operating margin	26%	7%	8%	21%	34%
Pre-tax margin	29%	8%	11%	20%	32%
Net margin	22%	6%	8%	14%	22%
ROA	9%	2%	2%	4%	8%
ROE	9%	2%	2%	4%	8%
Acct. receivables TO (days)	12.1	11.3	11.3	11.3	11.3
Inventory TO (days)	5.7	5.7	5.7	5.7	5.7
Payable TO (days)	6.3	4.9	4.9	4.9	4.9
Debt to equity	0.0	0.0	0.1	0.2	0.2
Interest coverage ratio (x)	32.2	9.4	9.0	9.5	11.9
Net gearing	(0.3)	(0.2)	(0.1)	0.1	0.2

Source: Company, Indo Premier