INDOPREMIER

Vale Indonesia

BUY *(unchanged)*

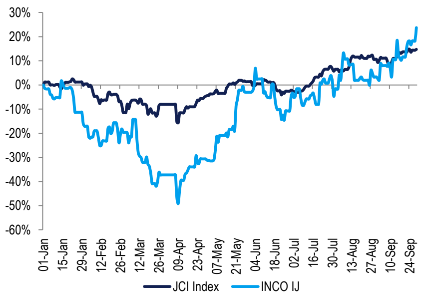
Company update | Metals | INCO IJ | 29 October 2025

Stock Data

Target price	**Rp5,200**
Prior TP	*Rp5,200*
Current price	Rp4,540
Upside/downside	*+15%*
Shares outstanding (mn)	10,540
Market cap (Rp bn)	47,851
Free float	20%
Avg. 6m daily T/O (Rp bn)	53

Price Performance

	3M	6M	12M
Absolute	20.7%	80.9%	13.8%
Relative to JCI	13.5%	59.9%	6.4%
52w low/high (Rp)			1,840 – 4,540



Major Shareholders

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

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3Q25 results: optically below; but pick-up in 4Q shall result on in-line FY

- INCO reported US$52mn NP in 9M25 (-10% yoy), which came optically below ours/consensus forecast at 64%/61%, respectively.
- However, 3Q25 NP stood at US$27mn (vs. US$1mn in 2Q25), driven by nickel-ore sales and higher matte payability (from 78% to 82%).
- We maintain our NP estimates for now as we await details from earnings call; Maintain Buy rating with unchanged TP of Rp5,200/share.

3Q25/9M25 review: optically below but in-line with consensus

INCO reported US$52mn NP in 9M25 (-10% yoy) which came optically below ours/consensus estimates at 64%/61%, respectively. We think the result shall be seen as in-line given the additional ore sales in 4Q25F, which shall improve INCO's overall profitability and NP. Albeit, such improvement in ore sales would be partially offset by lower nickel-matte sales volume due to scheduled furnace maintenance. 3Q25 NP stood at US$27mn, a significant improvement qoq (2Q25: US$1mn NP), driven by higher nickel-matte payability (from 78% to 82%) which was effective per 3Q25, in addition to nickel-ore sales of c.750kt in 3Q25 after obtaining RKAB quota of 2.2mn wmt in Jul25. Revenue improved by +27% qoq as a result, while GP also improved to US$43mn (vs US$11mn in 2Q25). Opex was relatively flattish qoq at US$9mn while there are no extraordinary items below operating line, leading to an NP achievement of US$27mn.

Segmental: first quarter of significant nickel ore sales

INCO delivered c.750k wmt of nickel ore in 3Q25 with an ASP of US$51.6/wmt which marks the first quarter of significant nickel-ore sales for INCO after obtaining 2.2mn wmt quota in Jul25. Nickel-matte sales volume improved by +9% qoq to 19.6kt with an ASP of US$12.3k/t, or equivalent to 82% matte payability, in-line with the new agreement between INCO and offtake buyers. Production cash costs also slightly improved by 1% qoq to US$9.3k/t thanks to lower fuel & coal prices. As there was no breakdown yet between nickel-ore and matte cash-costs, we estimated INCO's nickel-ore cash costs ex-royalty of US$10.5/wmt or around US$18/wmt (including royalty) in 3Q25.

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

We maintain our Buy rating with an unchanged TP of Rp5,200/share, as we think the result shall be seen as in-line given potential ore sales in 4Q25F, albeit it shall be offset by lower nickel-matte sales volume due to scheduled maintenance in the next quarter. 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)	10.0	47.6	33.8	15.1	6.9
EV/EBITDA (x)	4.1	8.8	9.5	6.3	4.0
Dividend yield	2%	0%	1%	0%	0%
IPS vs. consensus			95%	116%	158%

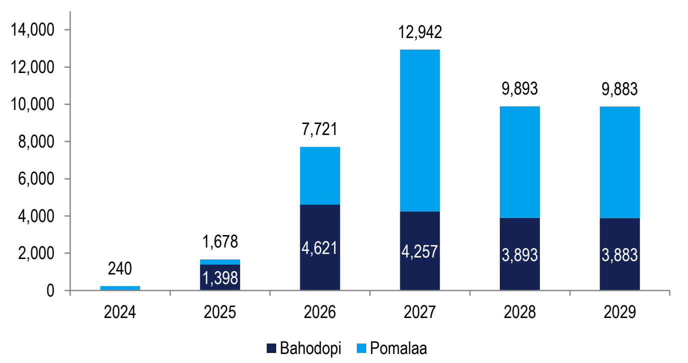
Source: Company, Indo Premier *Share price closing as of: 29 October 2025*

Fig. 1: 3Q25/9M25 financial data summary

INCO 9M25 results	9M25	9M24	% yoy	3Q25	3Q24	% yoy	2Q25	% qoq	IPS FY25F	% of IPS	Cons FY25F	% of cons
Revenues	705	709	0%	279	230	21%	220	27%	1,015	70%	988	71%
Cost of revenues	(632)	(628)	1%	(235)	(211)	11%	(210)	12%	(901)	70%	(864)	73%
Gross profit	**73**	**80**	**-8%**	**43**	**19**	**133%**	**11**	**307%**	**114**	**65%**	**124**	**59%**
Gross profit margin (%)	10%	11%		16%	8%		5%		11%		13%	
Operating expenses	(25)	(22)	14%	(9)	(8)	15%	(8)	19%	(31)	80%	(27)	92%
EBIT	**49**	**59**	**-17%**	**34**	**11**	**221%**	**3**	**1039%**	**83**	**59%**	**97**	**50%**
EBIT margin (%)	7%	8%		12%	5%		1%		8%		10%	
Depreciation & amortization	123	125	-2%	42	42	0%	40	6%	178	69%	172	71%
EBITDA	**172**	**184**	**-7%**	**76**	**53**	**45%**	**43**	**79%**	**261**	**66%**	**269**	**64%**
EBITDA margin (%)	24%	26%		27%	23%		19%		26%		27%	
Finance income	22	27	-21%	6	9	-31%	8	-18%	28	76%		N/A
Finance costs	(6)	(6)	2%	(2)	(2)	-14%	(2)	-3%	(9)	66%		N/A
Other inc. (exp.)	14	(13)	-204%	0	5	-97%	(1)	-122%	14	98%		N/A
Profit before tax	**78**	**67**	**17%**	**39**	**22**	**74%**	**8**	**388%**	**116**	**67%**	**115**	**68%**
Income tax	(20)	(12)	63%	(9)	(5)	75%	(4)	108%	(26)	77%		N/A
Tax rate (%)	25%	18%		22%	22%		52%		22%			
Minorities & PNBP	(6)	4	-261%	(3)	4	-183%	(3)	8%	(9)	64%		N/A
Net profit	**52**	**58**	**-10%**	**27**	**21**	**29%**	**1**	**2538%**	**81**	**64%**	**85**	**61%**
Net margin (%)	7%	8%		10%	9%		0%		8%			
Core profit	**42**	**69**	**-39%**	**27**	**17**	**57%**	**1**	**1887%**	**71**	**60%**		

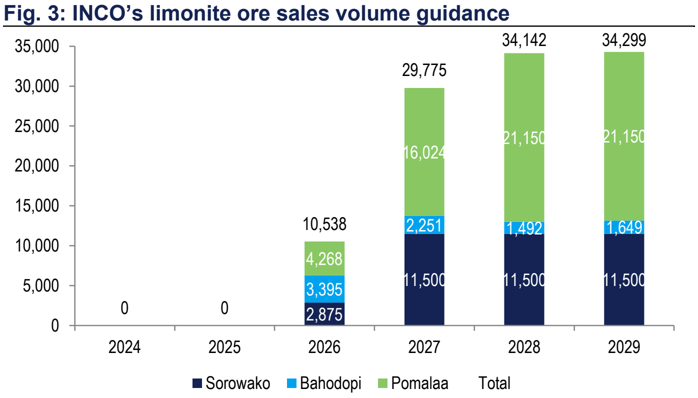
Source: Bloomberg, Company data, Indo Premier estimates

Fig. 2: INCO's saprolite ore sales volume guidance



Source: Bloomberg, Indo Premier

Fig. 3: INCO's limonite ore sales volume guidance



Source: Bloomberg, Indo Premier

Fig. 4: Peers valuation table

Ticker	Company	Rating	Target price (Rp/share)	P/E 25F	P/E 26F	P/E 27F	EV/EBITDA 25F	EV/EBITDA 26F	EV/EBITDA 27F	Dividend yield (%) 25F	Dividend yield (%) 26F	Dividend yield (%) 27F
ADMR IJ	Alam Tri Minerals	Buy	1,300	9.5	6.2	4.8	9.9	7.5	6.1	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	3,900	10.9	12.1	13.0	6.8	7.9	8.4	4.7%	6.9%	6.2%
HRUM IJ	Harum Energy	Buy	1,050	12.3	11.0	8.5	5.6	3.9	1.7	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Buy	5,200	33.8	15.1	6.9	9.5	6.3	4.0	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	560	187.9	22.8	12.5	24.5	9.4	6.4	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	2,400	N/A	N/A	44.8	13.1	7.4	5.6	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,100	8.0	7.6	7.5	6.7	6.4	6.1	2.6%	3.7%	4.0%

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