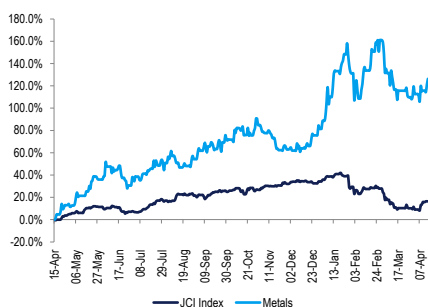


Sector update | 15 April 2026

Sector Index Performance

	3M	6M	12M
Absolute	-2.0%	25.8%	126.3%
Relative to JCI	14.2%	32.8%	109.9%



Summary Valuation Metrics

P/E (x)	2026F	2027F	2028F
ANTM IJ	35.0	9.8	9.9
INCO IJ	56.3	16.7	7.8
MBMA IJ	122.1	16.6	10.3
EV/EBITDA (x)	2026F	2027F	2028F
ANTM IJ	6.0	5.7	5.4
INCO IJ	15.5	7.7	4.4
MBMA IJ	24.2	8.3	5.5
Div. Yield	2026F	2027F	2028F
ANTM IJ	5.7%	7.7%	7.6%
INCO IJ	N/A	N/A	N/A
MBMA IJ	N/A	N/A	N/A

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What's next for Indonesia Nickel?

- As our ceasefire/peace ideas ([report](#)) has played out in the short-term; we think several key developments below are worth watching out.
- We think LME nickel price is set to rise on a combination of: 1) further supply disruption from HPAL, 2) lower DXY, and 3) new HPM formula.
- Nevertheless, we remain cautiously optimistic as demand likely to be hit given elevated energy prices, but may be offset by even lower supply.

#1 – China's sulphuric acid export ban; potential disruption in HPALs

China has recently announced its plan to ban sulphuric acid export starting May26 (c.10% global seaborne supply), which shall affected production output for several base-metals, incl. copper, mixed-hydroxide-precipitate (MHP), among others. Specifically, on MHP/HPAL, around 75-85% of sulphur/sulphuric acid used in HPALs are imported from Middle-East, which is now currently being disrupted as traffic from Strait of Hormuz has yet to normalize. Nevertheless, as we pointed out previously, even if the Strait opens up normally starting today, production will take time to gradually recovers and considering the lag delivery time, would mean that physical sulphur supply is likely to be disrupted for another 3-6 months. In addition, outside of availability of sulphur itself, prices have gone up from US\$525/t in early-FY26F to US\$910/t currently (+73% YTD). This could easily raise sulphuric acid costs from 35-40% of total MHP cash costs to around ~65-70% cash costs. At this rate, cash margin on MHP is likely to be closer to US\$2-3k/t vs. up to US\$8-9k/t in Feb26, according to our channel-check (Fig. 1). Around ~450kt MHP capacity are now at risk, which accounts for roughly c.10-15% of global supply.

#2 – New HPM formula, effective immediately on April 15th, 2026

In addition to sulphuric acid export ban, the new HPM formula is set to raise limonite ore price HPM from US\$18/wmt previously to US\$35-40/wmt, subject to grade, cobalt content, etc. The changes vs. previous formula were mainly on correction factor (CF; Fig. 2), along with incorporation of cobalt (Co), iron (Fe), and chromium (Cr) into the HPM formula. Note that impact to saprolite ore is minimal as market price is already trading above new HPM price. We listed impacts on miners under our coverage in Fig. 3.

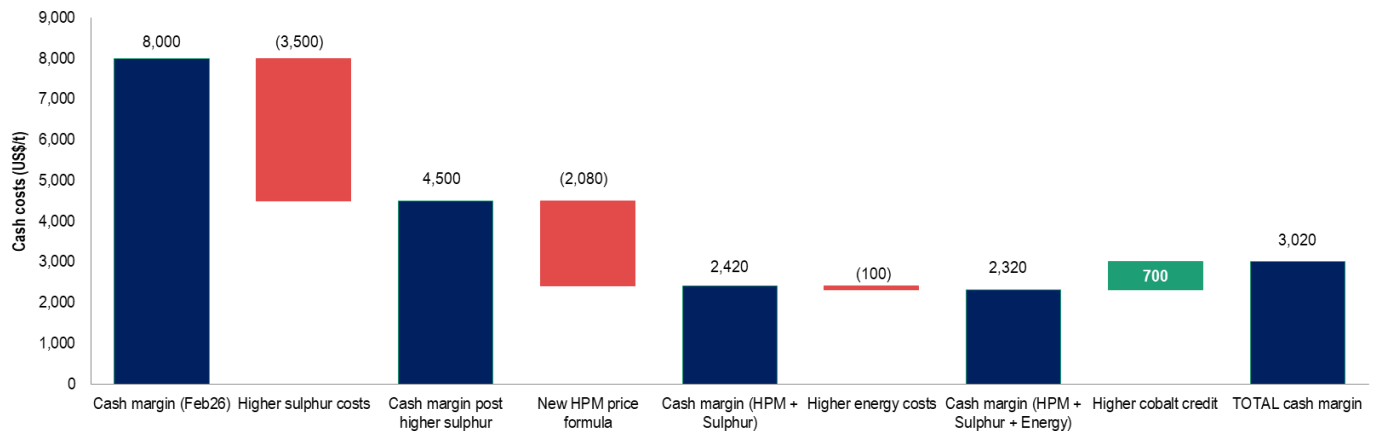
#3 – Supply-chain recovery, lower DXY all pointing out to higher LME

We remain positive on commodity sector, particularly on the medium to long-term period, as with either stagflation scenario or recovery scenario, DXY is set to weaken, which is positive for commodity price especially LME nickel. Moreover, tailwind from sulphuric acid shortage is likely to lead to lower production from HPALs, and hence higher LME nickel price. Key downside risks would be additional RKAB quota approval once nickel price hits certain threshold (likely around US\$20k/t), in our view.

Remain cautiously optimistic on Indo Nickel; ANTM remains a laggard

Given the fragility and unpredictability of US-Iran war, we remain cautiously optimistic on the sector, with **INCO** set to become the main beneficiary from all of these key developments and is partially cushioned given its longer-than average inventory level on sulphur (until Oct26 vs. 1-2 months industry inventory average), followed by **ANTM** and **MBMA**. We think ANTM remains a big laggard in the sector with positive qoq net profit growth in 1Q26F. Downside risks include higher than expected energy-costs, following the recent increase in industrial diesel price & sulphur availability.

Fig. 1: Cash margin breakdown (pre-war vs. current condition)



Source: Bloomberg, Company data, Indo Premier

Fig. 2: Correction factor (CF) on Nickel, old vs new formula

Ni Grade	Old CF	New CF
0.9%	10.0%	23.0%
1.0%	11.0%	24.0%
1.1%	12.0%	25.0%
1.2%	13.0%	26.0%
1.3%	14.0%	27.0%
1.4%	15.0%	28.0%
1.5%	16.0%	29.0%
1.6%	17.0%	30.0%
1.7%	18.0%	31.0%
1.8%	19.0%	32.0%
1.9%	20.0%	33.0%
2.0%	21.0%	34.0%

Source: ESDM, Indo Premier

Fig. 3: Impact from new HPM formula to miners under our coverage

	Saprolite	Limonite	Other impact	Impact to FY26F NP
MBMA	As an integrated player, MBMA is selling their saprolite ore at HPM price. With an increase in HPM from -US\$30/w mt initially to US\$55-60/w mt, saprolite margin is set to increase despite partially offset by higher royalty payment	Similarly, MBMA is selling their limonite ore to 3rd party and their integrated smelters at market price. Given that new HPM is above current market price, limonite margin is also set to increase.	Due to its integrated nature of its operation, corporate income tax (CIT) is set to increase as more margin are being pocketed on the mining side, rather than on the processing/smeltering (which is still eligible for 0% tax holiday scheme)	5%
NCKL	As an integrated player, NCKL is selling their saprolite ore at HPM price. With an increase in HPM from -US\$30/w mt initially to US\$55-60/w mt, saprolite margin is set to increase despite partially offset by higher royalty payment.	Similarly, NCKL is selling their limonite to their integrated smelters at market price. Given that new HPM is above current market price, limonite margin is also set to increase.	With more margin being pocketed on the mining side, which is now consolidated on NCKL's P&L vs. HPMAL (recorded as associate income), the net impact shall be positive.	6%
INCO	Neutral impact as current saprolite price is already above new HPM.	INCO's limonite would be sold at HPM + premium (market price). Positive impact to earnings	Impact shall be smaller in FY26F as INCO only obtained smaller RKAB quota for limonite, albeit this is subject to mid-year upward revision	13%
ANTM	Neutral impact as current saprolite price is already above new HPM. Royalty payment is also already based on ASP			
HRUM	Note that PT Position is selling their saprolite to IMI/WMI at market price.	Negative impact as per FY26F, HRUM's BSE HPMAL would still need to procure limonite ore from 3rd party sources		-4%

Source: Bloomberg, Company data, Indo Premier

Fig. 4: Example of the increase in HPM using old vs. new formula

Merdeka Battery Materials (MBMA)	Grade			HMA - US\$/wmt			Old HPM (US\$/wmt)	HPM (US\$/wmt)	Change (US\$/wmt)
	Ni (%)	Co (%)	Fe (%)	Ni	Co	Fe			
Limonite (resources)	1.11%	0.10%	43.80%	17,092	55,848	1.55	13.7	38.5	24.9
Saprolite (resources)	1.56%	0.04%	16.89%	17,092	55,848	1.55	29.9	55.4	25.5
Limonite (reserves)									
- Proved	1.15%	0.11%	45.21%	17,092	55,848	1.55	14.2	40.5	26.4
- Probable	1.09%	0.10%	43.32%	17,092	55,848	1.55	12.3	36.9	24.6
Saprolite (reserves)									
- Proved	1.61%	0.04%	16.17%	17,092	55,848	1.55	30.8	58.5	27.7
- Probable	1.59%	0.04%	17.20%	17,092	55,848	1.55	30.4	56.4	26.0

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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