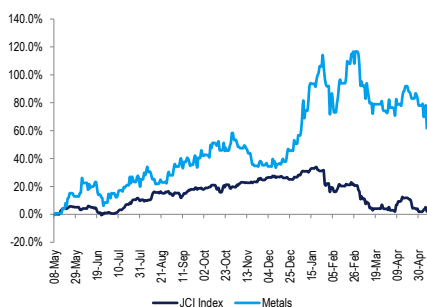


Sector update | 11 May 2026

### Sector Index Performance

	3M	6M	12M
Absolute	-10.1%	9.6%	61.7%
Relative to JCI	3.3%	26.0%	59.6%



### Summary Valuation Metrics

	2024F	2025F	2026F
<b>P/E (x)</b>			
ANTM IJ	35.0	9.0	9.1
EMAS IJ	31.1	15.1	6.0
INCO IJ	44.9	13.3	6.3
MBMA IJ	11.9	7.4	7.7
MDKA IJ	149.7	29.0	5.3
<b>EV/EBITDA (x)</b>			
ANTM IJ	5.5	5.2	4.9
EMAS IJ	20.2	10.8	4.8
INCO IJ	12.1	6.2	3.6
MBMA IJ	6.2	4.0	3.5
MDKA IJ	6.2	4.8	2.9
<b>Div. Yield</b>			
ANTM IJ	6.2%	8.3%	8.3%
EMAS 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

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## ESDM to raise commodities royalty rates; another headwind for the sector

- ESDM plans to raise royalty rate to capture windfall from higher commodities prices, based on public consultation to industry players.
- Miners' share price went down by c.6-15% after the announcement; the planned increase was a surprise to the market and industry players.
- Note that windfall and export tax from MoF also remains a possibility on top of the potential royalty increase; ANTM least affected by the policy.

### Overview on MEMR public consultation meeting on royalty rate

Ministry of Energy and Mineral Resources (ESDM) plans to impose an increase in royalty rates across several commodities – i.e. nickel ore, gold, copper, tin, etc. Potential increase in tin royalty likely to be the most severe (from 10% to 20% at current tin price level), followed by gold (16% to 19%) and copper cathode (from 7% to 10%); while nickel ore set to only increase by approx. 1%. If the royalty rate increases are imposed. Potential impact to NP was around 1-10% to miners under our coverage (Fig.6); assuming the policy take into effect starting Jun26F onwards. ESDM has also stated that such policy won't be implemented retroactively.

### Share price reaction reflects further concern, not just royalty rate

Despite relatively minimal impact to NP, miners' share price went down significantly by c.6-15% on Friday post-announcement. Hence, we think the knee-jerk reaction from the market was seemingly overdone by solely judging the earnings impact alone. However, note that such plan to increase royalty was relatively a surprise, and are not equivalent recent discussion on imposing windfall and export tax ([report](#)). In the scenario windfall and export tax is also applied, this would add further earnings downgrade by c.2-30% to miners under our coverage. This is why we think the market reaction is relatively negative; in addition to local funds' already heavy positioning towards commodity due to its nature as US\$ earners.

### Windfall & export tax from MoF remains a possibility

Few investors' feedback was mainly on whether there's going to be an export tax on top of royalty increase. We think it remains a possibility, given that royalty payment is collected by ESDM in the form of non-tax revenue (PNBP), while windfall & export tax policy are initiated by Ministry of Finance (MoF). Export tax is also likely to be implemented on nickel-intermediates products (i.e. NPI/FeNi, MHP, nickel-matte) rather than upstream products (i.e. ore) as majority of nickel smelters are operating under Izin Usaha Industri (IUI) aside from few exceptions – i.e. less than 10 smelters, including ANTM's FeNi smelter and INCO's nickel-matte. Additionally, there will be no incremental downside to gold miners, at current moment, as 15% export tax is already imposed since Dec25 while domestic demand remains robust, limiting the need for export.

### ANTM is the safest pick; given limited earnings impact from future policy

Major overhang still lingers at this point; despite we felt the share price decline was relatively overdone, in our view. We think ANTM would remain the safest pick for now, as the impact from potential royalty increase is likely to be muted; while export tax shall also have very limited impact to its FY26F earnings. However, share price may also remain under pressure from the industry headwinds. Downside risks include export/windfall taxes.

**Fig. 1: Proposed change in copper concentrate royalty rate**

Existing		Proposed	
HMA	Tariff	HMA	Tariff
< 7,000	7.0%	< 7,000	9.0%
7,000 < HMA < 8,500	7.5%	7,000 < HMA < 10,000	11.0%
8,500 < HMA < 10,000	8.0%	10,000 < HMA < 13,000	12.0%
> 10,000	10.0%	> 13,000	13.0%

Source: Ministry of Energy & Mineral Resources (ESDM), Indo Premier

**Fig. 2: Proposed change in copper cathode royalty rate**

Existing		Proposed	
HMA	Tariff	HMA	Tariff
< 7,000	4%	< 7,000	7%
7,000 < HMA < 8,500	5%	7,000 < HMA < 10,000	8%
8,500 < HMA < 10,000	6%	10,000 < HMA < 13,000	9%
> 10,000	7%	> 13,000	10%

Source: Ministry of Energy & Mineral Resources (ESDM), Indo Premier

**Fig. 3: Proposed change in gold royalty rate**

Existing		Proposed	
HMA	Tariff	HMA	Tariff
< 1,800	7%	< 2,500	14%
1,800 < HMA < 2,000	10%	2,500 < HMA < 3,000	15%
2,000 < HMA < 2,200	11%	3,000 < HMA < 3,500	16%
2,200 < HMA < 2,500	12%	3,500 < HMA < 4,000	17%
2,500 < HMA < 2,700	14%	4,000 < HMA < 4,500	18%
2,700 < HMA < 3,000	15%	4,500 < HMA < 5,000	19%
> 3,000	16%	> 5,000	20%

Source: Ministry of Energy & Mineral Resources (ESDM), Indo Premier

**Fig. 4: Proposed change in tin royalty rate**

Existing		Proposed	
HMA	Tariff	HMA	Tariff
< 20,000	3.0%	< 20,000	5.0%
20,000 < HMA < 30,000	5.0%	20,000 < HMA < 30,000	7.5%
30,000 < HMA < 40,000	7.5%	30,000 < HMA < 35,000	10.0%
> 40,000	10.0%	35,000 < HMA < 40,000	12.5%
		40,000 < HMA < 45,000	15.0%
		45,000 < HMA < 50,000	17.5%
		> 50,000	20.0%

Source: Ministry of Energy & Mineral Resources (ESDM), Indo Premier

**Fig. 5: Proposed change in nickel ore royalty rate**

Existing		Proposed	
HMA	Tariff	HMA	Tariff
< 18,000	14%	< 16,000	14%
18,000 < HMA < 21,000	15%	16,000 < HMA < 18,000	15%
21,000 < HMA < 24,000	16%	18,000 < HMA < 20,000	16%
24,000 < HMA < 31,000	18%	20,000 < HMA < 22,000	17%
> 31,000	19%	22,000 < HMA < 26,000	18%
		> 26,000	19%

Source: Ministry of Energy & Mineral Resources (ESDM), Indo Premier

Fig. 6: Summary of potential impact from royalty increase (vs. consensus estimates)

Company	Product	Volume (t/oz)	ASP (US\$)	Royalty increase		NP impact vs. cons**
				Addl. %	Nominal	
ANTM (Rp bn)	Nickel ore	14,000,000	70	1%	99.5	-0.8%
	Gold	900	4,800	3%	1.3	
INCO (US\$mn)	Nickel ore	8,000,000	65	1%	3.0	-1.1%
MBMA (US\$mn)	Saprolite	8,000,000	60	1%	2.8	-1.4%
	Limonite	20,000,000	32	1%	3.7	
NCKL (Rp bn)	Saprolite	10,500,000	60	1%	63.9	-0.8%
	Limonite	16,500,000	32	1%	53.6	
HRUM (US\$mn)	Nickel ore	6,000,000	60	1%	2.1	-0.9%
MDKA (US\$mn)	Copper	4,000	12,500	3%	0.9	-9.8%
	Gold	85,000	4,800	3%	7.1	
	Silver	850,000	75	1%	0.4	
	EMAS*				4.8	
	MBMA*				3.3	
EMAS (US\$mn)	Gold	90,000	4,800	3%	7.6	-3.8%
	Silver	150,000	75	1%	0.1	

\*Consolidating MBMA & EMAS impact to MDKA

\*\*Calculation based on after-tax impact to NP

Source: Bloomberg, Company data, Indo Premier estimates; based on current HMA

## 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

## ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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