INDOPREMIER

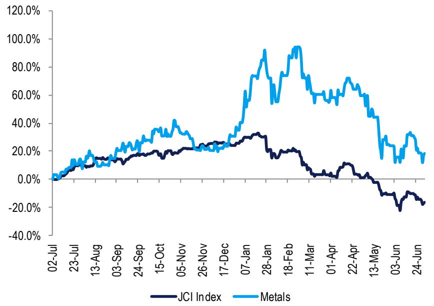
Metals & Energy

OVERWEIGHT *(unchanged)*

Sector update | 3 July 2026

Sector Index Performance

	3M	6M	12M
Absolute	-27.6%	-12.4%	18.3%
Relative to JCI	-7.5%	21.2%	34.9%



Summary Valuation Metrics

P/E (x)	2026F	2027F	2028F
ANTM IJ	5.7	5.9	5.9
ADMR IJ	7.5	6.1	5.1
INCO IJ	37.7	9.0	5.5
MDKA IJ	143.3	27.7	5.1
NCKL IJ	4.0	3.6	3.6

EV/EBITDA (x)	2026F	2027F	2028F
ANTM IJ	3.4	3.1	2.9
ADMR IJ	6.8	5.6	5.1
INCO IJ	10.0	4.5	3.2
MDKA IJ	6.0	4.7	2.8
NCKL IJ	3.7	3.1	2.8

Div. Yield	2026F	2027F	2028F
ANTM IJ	8.2%	13.2%	12.8%
ADMR IJ	2.0%	3.7%	4.5%
INCO IJ	N/A	N/A	N/A
MDKA IJ	N/A	N/A	N/A
NCKL IJ	5.3%	12.4%	13.8%

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Jun26 recap: hawkish Fed and higher DXY led to lower commodity price

- Commodity prices declined in Jun26 by 1-19% mom, mainly due to Fed's hawkish stance along with potential RKAB quota increase.
- DXY traded above 100, as a result of central banks' hawkish stance, despite the Jun26 NFP provide a slight relief to rate-hike expectations.
- Brent oil has declined to US$70/bbl level following the US-Iran peace-deal; however, we view current oil prices are too low.

Hawkish Fed, US-Iran peace-deal, and domestic policy affected prices

Commodity prices across the board declined by 1-19% mom, driven by a combination of: 1) the Fed's hawkish stance amid a robust job market and US CPI data, 2) the potential increase in the nickel RKAB quota, and 3) the US-Iran peace-deal, as both Newcastle and ICI weekly prices have started to decline since the end of Jun26, followed by Brent oil prices, which currently trade at ~US$70/bbl level. The movement in commodity prices could also be explained by DXY, which has shot up above 100. Nevertheless, we think the Fed may remain hawkish in the short-term, as the after-effects of higher energy prices may persist in the upcoming months, with energy having been the biggest contributor to higher US CPI.

War-proxy commodities have also declined; sulphur lags

Aside from Brent oil, prices of other war-proxy commodities such as aluminium (-19% mom) have also declined. As ADMR has yet to make any aluminium sales in 1H26F, FY26F aluminium ASP is likely to land at the lower end of the 2026 price range — around ~US$3k/t vs. the US$3.7k/t peak. Meanwhile, on the HPAL side, sulphur costs are likely to stay elevated, as price adjustments lag behind other commodities like oil and aluminium, given there's no financial market for sulphur. That said, our discussions with HPAL players indicate that only a few transactions occurred at the peak price of US$1.2k/t, with 2Q26F average costs likely skewing toward US$900–1k/t.

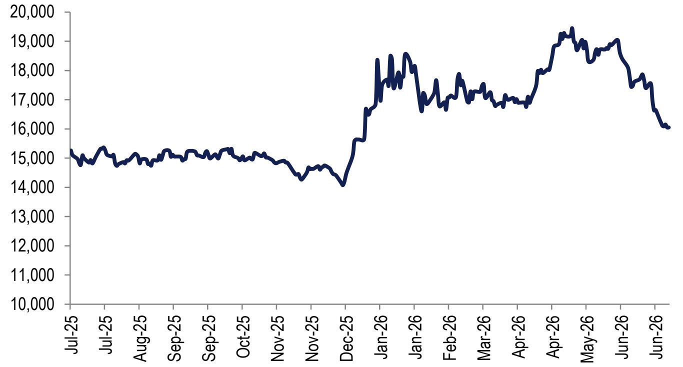
All eyes on upcoming policy: RKAB quota increase

With chatter surrounding several policies – including the gross-split scheme for mining and the royalty increase – likely already behind market focus, we think the market is now awaiting ESDM's decision on the RKAB quota increase. Among the miners under our coverage, INCO is proposing an additional nickel ore quota, as its HPAL project in Pomalaa is nearing completion in 3Q26F, along with ADMR (met coal) and UNTR & ITMG on thermal coal. Other miners are also likely to propose additional quotas; however, we think the impact will be less significant, as their existing RKAB quotas have already met their initial expectations and mining plans. Our channel checks indicate that ESDM is more likely to raise the nickel RKAB quota to a maximum of 320–330mn wmt, versus the rumored 360mn wmt. Hence, we think nickel ore supply-demand will likely be more balanced than before, which may put some pressure on ore prices and LME nickel prices.

Maintain sector Overweight rating

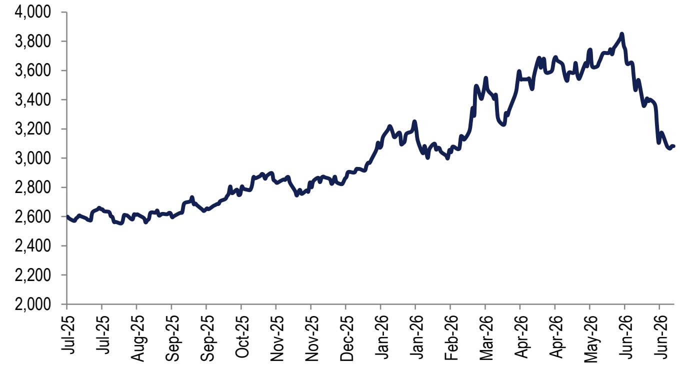
We re-iterate our sector Overweight rating as we view regulation uncertainties as priced-in into share prices. Meanwhile, while US CPI likely to remain elevated in the coming months, we view this as temporary and think commodity prices shall remain robust over the medium to long-term. We like MDKA & INCO as our top picks on the sector, driven by profitability turnaround for the former and EPS growth story for the latter.

Fig. 1: LME nickel price (US$/t)



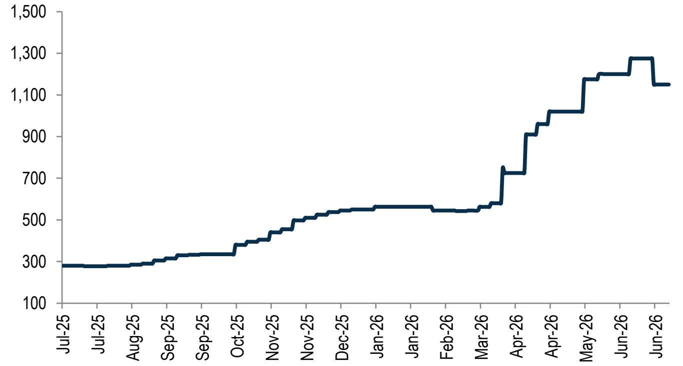
Source: Bloomberg, Indo Premier

Fig. 2: LME aluminium price



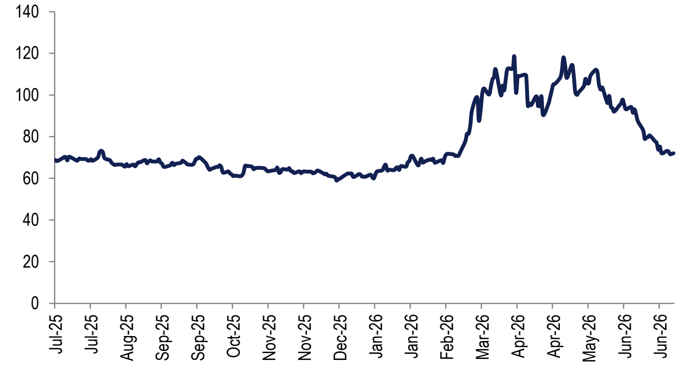
Source: Bloomberg, Indo Premier

Fig. 3: Sulphur price



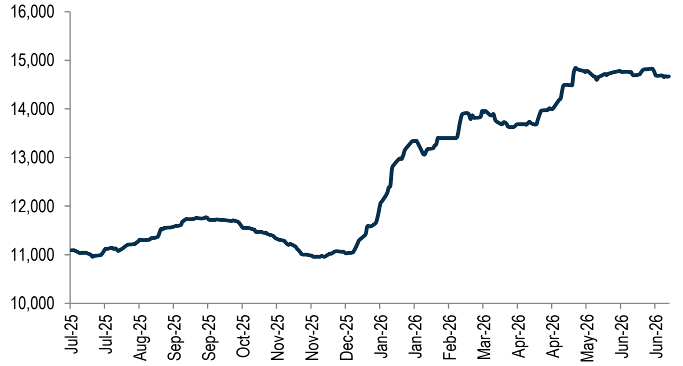
Source: Bloomberg, Indo Premier

Fig. 4: Brent oil price



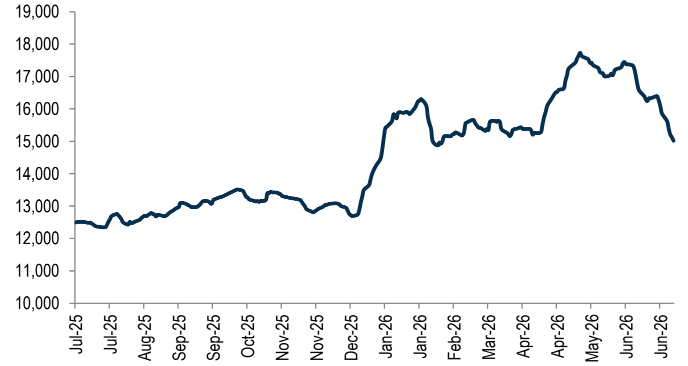
Source: Bloomberg, Indo Premier

Fig. 5: NPI price



Source: Bloomberg, Indo Premier

Fig. 6: MHP price



Source: Bloomberg, 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

ANALYSTS CERTIFICATION

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