

Trimegah Bangun Persada

BUY (unchanged)

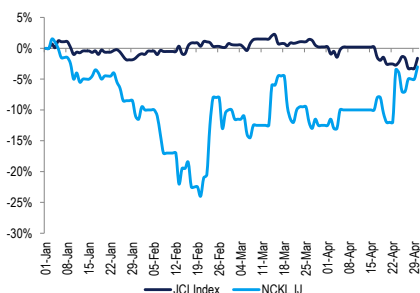
Company Update | Metals | NCKL IJ | 30 April 2024

Stock Data

Target price	Rp1,100
Prior TP	Rp1,100
Current price	Rp970
Upside/downside	+13%
Shares outstanding (mn)	63,099
Market cap (Rp bn)	61,206
Free float	13%
Avg. 6m daily T/O (Rp bn)	21

Price Performance

	3M	6M	12M
Absolute	9.0%	-1.0%	-31.0%
Relative to JCI	7.9%	-8.4%	-36.4%
52w low/high (Rp)	760 – 1,405		



Major Shareholders

Harita Jayaraya	86.5%
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1Q24 result: below from lower NPI/FeNi margin qoq

- NCKL reported Rp1tr in 1Q24 (-13% qoq/-27% yoy), below ours and consensus FY24F forecast (15% IPS/consensus).
- Lower NP qoq was primarily driven by lower FeNi price on qoq basis (-6% qoq) leading to lower FeNi margin in 1Q24.
- We maintain our Buy rating and left our TP unchanged for now as we await for more details on earnings call (2nd of May).

1Q24 review: below consensus on lower FeNi margin

NCKL reported 1Q24's NP of Rp1tr (-13% qoq/-27% yoy) which was below ours and consensus forecast (15% IPS/consensus) presumably driven by lower NPI/FeNi prices in 1Q24 (-6% qoq) which was partly cushioned by higher associate income, primarily from HPL (45%-owned HPAL plant) of Rp277bn (+37% qoq) as we expect HPL has been able to benefit from higher MHP/NiSO₄ price (YTD +17%/+27%) vs. 4Q23. Opex remained flattish qoq with no extraordinary items below operating line (Fig. 1).

Expect better 2Q24F on better NPI/MHP prices

We think the overall result is somewhat expected given the soft prices environment in 1Q24, particularly on the significant decline in FeNi prices. As such, we expect NCKL to deliver better NP in 2Q24F onwards, owing to higher NPI and MHP prices in 2Q24F-to-date by +9% and +14% on qoq basis, respectively (Fig. 3) albeit this might be partly offset by higher ore prices (Fig. 4) and higher cash costs for NPI/FeNi operation as LME nickel price rallied to US\$19k/t as of latest (from US\$15k/t); note that benchmark price (HPM) is linked to LME and only c.70% nickel-ore is sourced internally.

Is consensus earnings downgrade imminent?

With 1Q24 earnings significantly below ours/consensus expectation, we think there could be at least c.10% earnings downgrade in FY24F earnings, especially if we take into account YTD soft NPI prices of US\$11.7k/t vs. our FeNi price forecast of US\$12.5k/t in FY24F. However, we have observed that slight recovery in stainless-steel demand (1Q demand: +8% yoy) has been able to positively affect NPI/FeNi prices, now at an uptrend and trading at US\$12k/t as of latest. Thus, we maintain our NPI/FeNi price forecast of US\$12.5k/t in FY24F.

Maintain Buy with an unchanged SOTP-based TP of Rp1,100

We maintain our forecast and left our TP unchanged for now as we await more details from earnings call on 2nd of May with operational data also yet to be disclosed. NCKL is currently trading at 7.5x FY24F. Risks are weaker NPI/FeNi price and project delays.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	8,229	9,568	24,202	30,422	32,497
EBITDA	4,226	4,355	8,543	12,857	14,485
Net profit	1,969	4,667	6,115	8,507	9,570
EPS growth	593%	137%	31%	39%	12%
ROE	35%	49%	25%	27%	25%
PER (x)	32.1	13.5	10.3	7.4	6.6
EV/EBITDA (x)	15.9	16.8	7.4	4.7	3.8
Dividend yield	0%	3%	0%	3%	4%
IPS vs. consensus			107%	107%	100%

Source: Company, Indo Premier

Share price closing as of: 30 April 2024

Fig. 1: 1Q24 financial result summary

NCKL 1Q24 results	1Q24	1Q23	% yoy	4Q23	% qoq	IPS FY24F	% of IPS	Cons FY24F	% of cons
Revenues	6,034	4,786	26%	6,558	-8%	28,100	21%	27,415	22%
Cost of revenues	(4,417)	(3,220)	37%	(4,416)	0%	(17,962)	25%	(18,327)	24%
Gross profit	1,618	1,567	3%	2,142	-24%	10,137	16%	9,088	18%
Gross profit margin (%)	27%	33%		33%		36%		33%	
Operating expenses	(374)	(394)	-5%	(393)	-5%	(1,350)	28%	(1,710)	22%
EBIT	1,244	1,172	6%	1,749	-29%	8,787	14%	7,378	17%
EBIT margin (%)	21%	24%		27%		31%		27%	
Depreciation & amortization	419	204	106%	359	17%	1,208	35%	1,273	33%
EBITDA	1,663	1,376	21%	2,108	-21%	9,996	17%	8,651	19%
EBITDA margin (%)	28%	29%		32%		36%			
Finance income	43	7	495%	45	-5%	190	23%		
Finance costs	(223)	(91)	145%	(194)	15%	(399)	56%		
Share in profit of associates	277	522	-47%	202	37%	1,185	23%		
Others	142	194	-27%	(158)	-190%	300	47%		
Profit before tax	1,483	1,805	-18%	1,644	-10%	10,064	15%	8,984	17%
Income tax benefits (expens)	(192)	(306)	-37%	(242)	-21%	(1,126)	17%		
Tax rate (%)	13%	17%		15%		11%			
Minorities	(290)	(130)	122%	(248)	17%	(2,276)	13%		
Net profit	1,001	1,368	-27%	1,154	-13%	6,661	15%	6,510	15%
Net margin (%)	17%	29%		18%		24%		24%	

Source: Bloomberg, Company Data, Indo Premier

Fig. 2: Peers valuation table

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				24F	25F	26F	24F	25F	26F	24F	25F	26F
ADMIR IJ	Adaro Minerals Indonesia	Buy	1,650	8.8	8.6	6.8	7.4	8.2	7.4	N/A	N/A	N/A
ANTM IJ	Aneka Tambang	Buy	1,800	9.3	8.6	N/A	4.9	4.3	N/A	3.9%	5.4%	N/A
HRUM IJ	Harum Energy	Buy	1,450	9.4	9.9	7.9	7.1	6.6	4.5	N/A	N/A	N/A
INCO IJ	Vale Indonesia	Hold	4,250	34.2	129.2	131.9	10.1	13.0	10.7	N/A	N/A	N/A
MBMA IJ	Merdeka Battery Materials	Buy	700	42.3	18.2	14.4	14.3	8.6	7.0	N/A	N/A	N/A
MDKA IJ	Merdeka Copper Gold	Buy	3,100	188.2	78.6	52.4	12.7	9.7	8.1	N/A	N/A	N/A
NCKL IJ	Trimegah Bangun Persada	Buy	1,050	9.2	7.5	N/A	6.1	4.7	N/A	2.8%	3.3%	N/A

Source: Bloomberg, Company Data, Indo Premier; IPS forecast for metal miners under our coverage, Bloomberg forecast for non-rated.

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	8,229	9,568	24,202	30,422	32,497
Cost of sales	(3,715)	(4,893)	(15,459)	(17,423)	(17,888)
Gross profit	4,514	4,675	8,744	12,999	14,608
SG&A Expenses	(960)	(890)	(1,350)	(1,350)	(1,391)
Operating profit	3,554	3,785	7,394	11,649	13,218
Net interest	(307)	(275)	(341)	(209)	(105)
Income from associates	715	2,916	1,695	1,128	1,193
Others	13	224	324	300	200
Pre-tax income	3,975	6,650	9,071	12,867	14,506
Income tax	(605)	(812)	(1,052)	(1,457)	(1,590)
Minority interest	(1,402)	(1,170)	(1,904)	(2,904)	(3,346)
Net income	1,969	4,667	6,115	8,507	9,570

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	2,578	1,277	7,589	9,710	15,451
Receivable	149	181	1,412	1,775	1,896
Inventory	1,300	4,087	5,582	6,292	6,460
Other current assets	746	788	736	736	736
Total current assets	4,772	6,334	15,319	18,512	24,542
Fixed assets	10,972	20,668	20,436	20,478	20,461
Other non-current assets	5,257	7,603	10,636	14,535	15,696
Total non-current assets	16,230	28,271	31,072	35,014	36,157
Total assets	21,002	34,605	46,391	53,526	60,699

ST loans	0	0	0	0	0
Payable	2,384	4,515	5,153	5,808	5,963
Other payables	0	0	0	0	0
Current portion of LT loans	4,335	1,690	0	0	0
Other current liabilities	1,985	4,004	3,714	3,714	3,714
Total current liab.	8,704	10,209	8,867	9,522	9,677
Long term loans	1,151	8,309	7,442	7,250	7,250
Other LT liab.	1,605	1,858	600	600	600
Total non-current liabilities	2,756	10,167	8,042	7,850	7,850
Total liabilities	11,459	20,376	16,909	17,371	17,526

Equity	362	6,981	16,688	16,688	16,688
Retained earnings	4,265	1,617	7,732	14,404	21,422
Minority interest	4,915	5,631	5,062	5,062	5,062
Total SHE + minority int.	9,542	14,229	29,482	36,155	43,172
Total liabilities & equity	21,002	34,605	46,391	53,526	60,699

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net income	2,552	4,613	6,083	8,507	9,570
Depr. & amortization	672	570	1,150	1,208	1,267
Changes in working capital	452	1,391	(2,310)	(417)	(134)
Others	0	0	0	0	0
Cash flow from operating	3,676	6,574	4,923	9,297	10,703
Capital expenditure	2,968	(10,265)	(918)	(1,250)	(1,250)
Others	(3,556)	(2,256)	(3,015)	(3,900)	(1,160)
Cash flow from investing	(588)	(12,521)	(3,934)	(5,150)	(2,410)
Loans	(1,597)	4,630	(3,815)	(192)	0
Equity	(906)	1,835	9,139	0	0
Dividends	0	(1,819)	0	(1,834)	(2,552)
Others	0	0	0	0	0
Cash flow from financing	(2,503)	4,646	5,324	(2,027)	(2,552)
Changes in cash	585	(1,301)	6,313	2,121	5,740

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	55%	49%	36%	43%	45%
Operating margin	43%	40%	31%	38%	41%
Pre-tax margin	48%	69%	37%	42%	45%
Net margin	24%	49%	25%	28%	29%
ROA	9%	13%	13%	16%	16%
ROE	35%	49%	25%	27%	25%
Acct. receivables TO (days)	55.3	52.7	17.1	17.1	17.1
Inventory TO (days)	2.9	1.2	2.8	2.8	2.8
Payable TO (days)	1.6	1.1	3.0	3.0	3.0
Debt to equity	1.2	1.2	0.3	0.2	0.2
Interest coverage ratio (x)	13.1	14.8	16.9	32.2	36.3
Net gearing	0.7	1.1	(0.0)	(0.1)	(0.2)

Source: Company, Indo Premier

INVESTMENT 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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