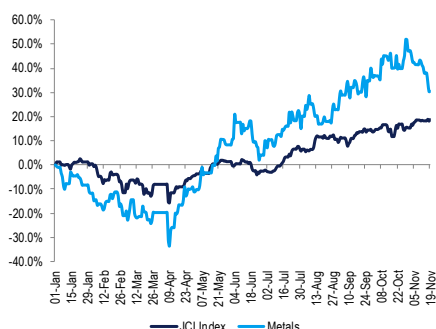


Sector update | 20 November 2025

Sector Index Performance

	3M	6M	12M
Absolute	10.6%	28.3%	19.3%
Relative to JCI	3.7%	9.8%	2.4%



Summary Valuation Metrics

	2025F	2026F	2027F
P/E (x)			
ANTM IJ	10.2	11.4	12.2
MBMA IJ	169.8	20.6	11.3
INCO IJ	28.9	13.0	5.9
EV/EBITDA (x)			
ANTM IJ	6.3	7.4	7.8
MBMA IJ	22.3	8.6	5.8
INCO IJ	8.0	5.5	3.5
Div. Yield			
ANTM IJ	5%	7%	7%
MBMA IJ	N/A	N/A	N/A
INCO IJ	N/A	N/A	N/A

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Five key questions on Indonesia Nickel

- With the exception of Liberation Day, LME nickel price is now trading at US\$14.4k/t (-4% YTD) – 5-year low since 2020 (Covid-19 period).
- The decline has occurred in spite of: 1) moratorium of smelters, and 2) nickel ore scarcity; leading to c.30% NPI capacity producing at a loss.
- Ore & intermediates prices have been moving differently with saprolite ore trading at premium (+US\$25/wmt) & uptrend in MHP (+21% YTD).

#1 – Will moratorium of nickel smelter provide short-term upside?

No, but likely in the medium term. Government has released PP 28/2025, which prohibits granting *Izin Usaha Industri* (IUI) for MHP (hydrometallurgy) and NPI/FeNi/Ni Matte (pyro metallurgy), unless it produces nickel sulfate (NiSO₄) or precursor, cathode, etc (for HPAL); and stainless-steel (RKEF). However, our check indicates that smelters under construction are likely to be exempted from the policy; thus, incremental impact from moratorium would only be +ve to nickel prices in the medium-term, rather than in the short-term, as it would only affect upcoming supply within 2-3 years time.

#2 – Why government plans to cut RKAB quota for nickel ore?

Ministry of Energy and Mineral Resources (ESDM) stated that current production run-rate YTD are well below RKAB quota approval of c.320mn wmt in FY25F; hence, the cut in RKAB quota is considered rational by ESDM. We think this could become a downside risk to miners/smelters; albeit market reaction still considers massive cut in quota to be less likely given the muted reaction in underlying nickel prices - LME price still trending down despite potential supply tightness from lower production.

#3 – How should we think about nickel ore (saprolite) premium?

We think nickel ore premium is likely to stay elevated at least until 1H26F, given the potential delay in RKAB quota approval and weather-related issues as production are likely to be disrupted from seasonally higher rainfall during 1H. We are now expecting saprolite ore premium to at least average around US\$20/wmt in FY26F for 1.6% grade vs. US\$25-26/wmt currently (Fig. 5).

#4 – How likely are export-tax for nickel intermediates products?

Likely, but not certain. We have seen similar plan in 2021; i.e. imposing c.2-3% export tax to NPI/FeNi, in an effort to push for down-streaming & preserve resources/reserves, albeit the plan was eventually being scrapped. However, we think export tax policy is not needed for NPI/FeNi given the low profitability (c.30% NPI producers producing at loss) and limited supply addition; but may be imposed to other intermediaries such as MHP, given its potential downstream to NiSO₄.

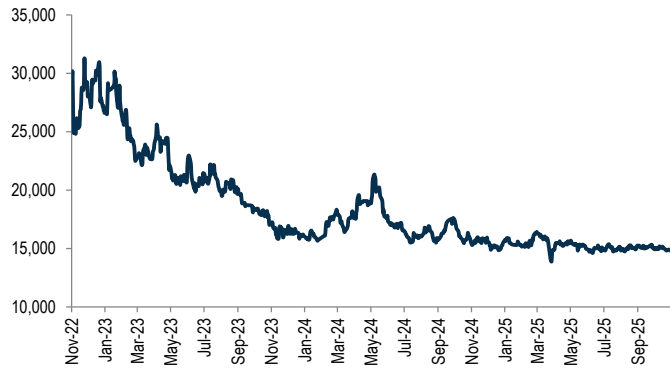
#5 – Has LME nickel price bottomed out?

Downside may persist, in our view; while LME have been trading below cost curve in the past two-years, speculators positioning are net-long, which may indicate limited incremental buying to support prices. However, we think LME price may only affect INCO, as intermediates products and ore prices are relatively unaffected and not trading in parallel with LME price (Fig. 2-6).

Maintain sector Overweight stance with MBMA as top pick

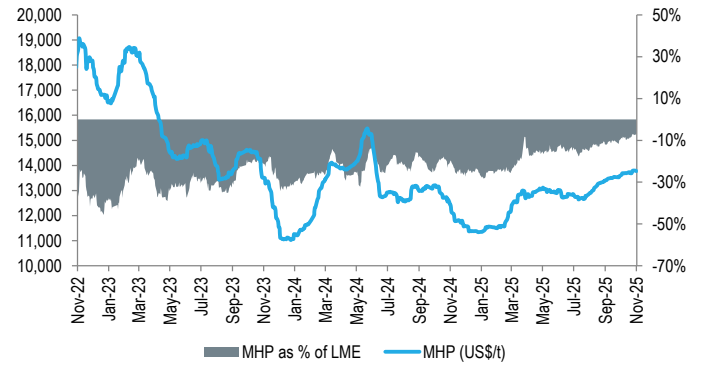
We maintain our sector Overweight with MBMA as top pick due to its bottom-up story (EBITDA +173% yoy in FY26F) with recent weakness in the share prices presents as a buying opportunity. Downside risks include lower than expected RKAB approval for listed miners.

Fig. 1: LME nickel price



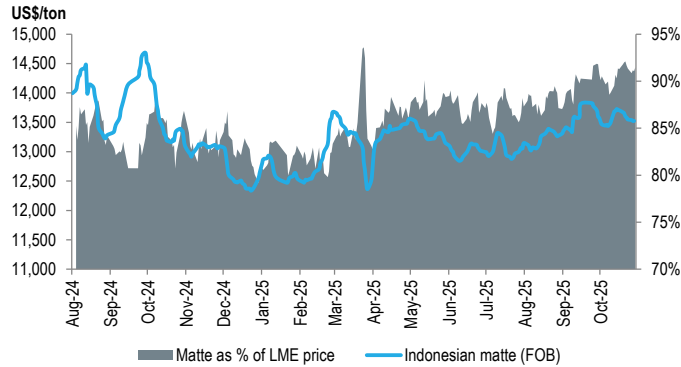
Source: Company, Indo Premier

Fig. 2: MHP price



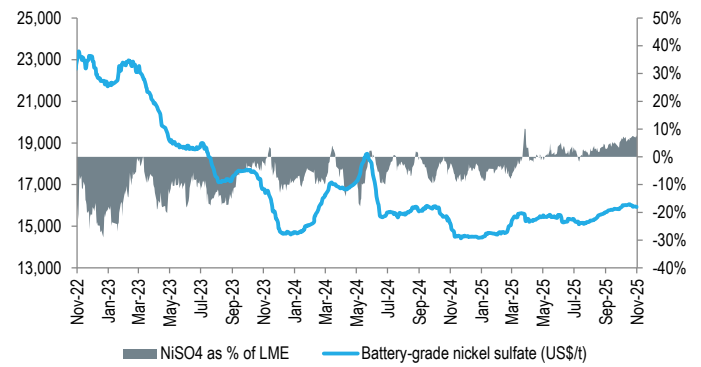
Source: Indo Premier

Fig. 3: Nickel matte price



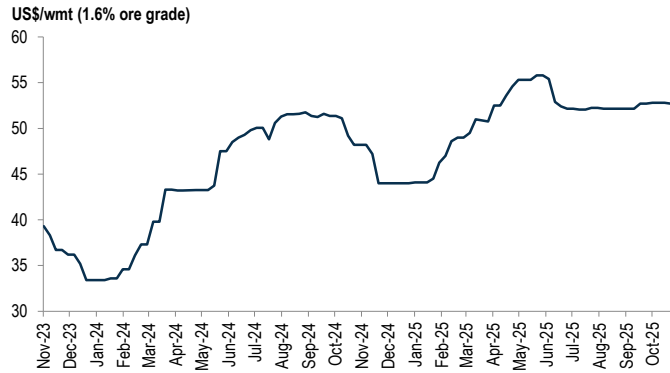
Source: Company, Indo Premier

Fig. 4: NiSO4 price



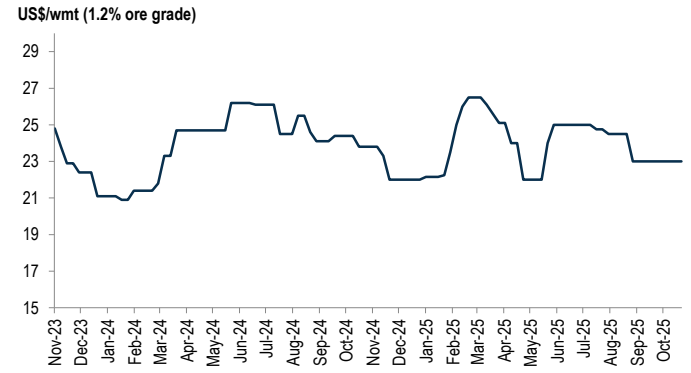
Source: Indo Premier

Fig. 5: Nickel ore price (1.6% Ni)



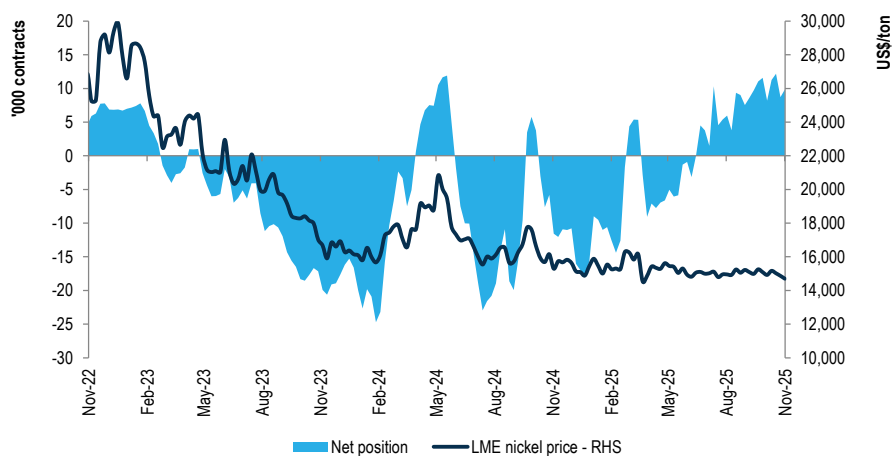
Source: Company, Indo Premier

Fig. 6: Nickel ore price (1.2% Ni)



Source: Indo Premier

Fig. 7: LME fund positioning



Source: Company, 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

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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