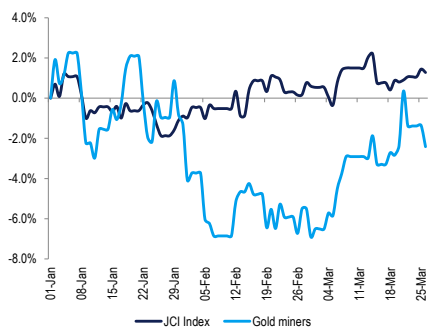


Sector Update | 26 March 2024

Sector Index Performance

	3M	6M	12M
Absolute	-1.0%	-17.3%	-24.4%
Relative to JCI	-2.8%	-22.6%	-34.2%



Summary Valuation Metrics

P/E (x)	2023F	2024F	2025F
ANTM IJ	11.5	12.1	10.8
MDKA IJ	N/A	87.4	48.2
UNTR IJ	4.3	5.1	5.6

EV/EBITDA (x)	2023F	2024F	2025F
ANTM IJ	7.4	6.7	6.0
MDKA IJ	17.0	11.3	9.9
UNTR IJ	1.9	2.0	1.7

Div. Yield	2023F	2024F	2025F
ANTM IJ	4.8%	4.3%	4.1%
MDKA IJ	N/A	N/A	N/A
UNTR IJ	30.2%	10.0%	8.6%

Ryan Winipta

PT Indo Premier Sekuritas
ryan.winipta@ipc.co.id
+62 21 5088 7168 ext.718

Reggie Parengkuan

PT Indo Premier Sekuritas
reggie.parengkuan@ipc.co.id
+62 21 5088 7168 ext.714

Long-term gold price uptrend may sustain; MDKA is the prime beneficiary

- Gold price (+5% YTD) has continuously reached an all-time-high level, trading above US\$2.2k/oz at peak, post Fed's dovish comment.
- We think U.S debt situation, i.e. lower DXY in addition to robust gold demand & geopolitical risk could pave way for continuous uptrend.
- There are limited investable pure-play gold miners in JCI, but MDKA (Buy) has the highest exposure to gold price in our coverage.

Drivers behind Gold price reaching all-time high level

While The Fed's Jerome Powell dovish commentary during FOMC meeting (i.e. 75bps potential rate-cut in FY24F) may have triggered gold price rally to another all-time high of US\$2.2k/oz, we think there are structural catalyst that may have led to recent uptrend in gold prices. In our previous [report](#) on gold, we initially argued that higher bond-yield and strong US dollar may have constrained the upside in gold prices, as per historical observations (Fig. 2). While the argument stayed true for US dollar (Fig. 3), correlation with gold prices has de-coupled for bond-yield (Fig. 1) as the elevated bond-yield may have reflected the concern over U.S fiscal and debt situation – i.e. higher M2, debt to GDP (Fig. 4-5) rather than the interest-rate expectation that typically lead to gold price movement.

Would the gold price at least sustain at this level?

Yes, in our view; despite the fast-paced narrative-shift on interest-rate expectations (market tilting between higher for longer and rate-cuts), gold price has remained resilient and in spite of the c.13% yoy decline in Gold ETF's holdings (Fig. 7) that previously had positive correlation with gold price. Potential Fed's pivot, that often followed by lower dollar index (DXY, Fig. 8), boosted by ETF inflow is the catalyst for another rally.

Limited investable gold miners; MDKA has the highest exposure

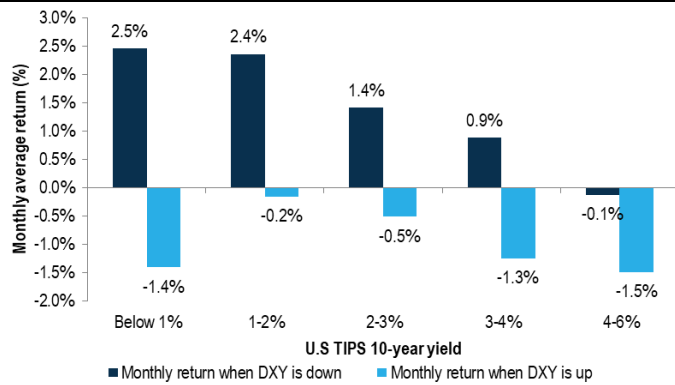
MDKA is set to benefit from higher gold price (1% change in gold ASP resulted to 0.4%/5% change in FY24F EBITDA/EPS); we kept our MDKA gold ASP FY24F/25F forecast of US\$2k/oz as c.28kt (23-28% of volume) is hedged at US\$1.9k/oz. We think its share price should catch-up with movement of junior gold & copper miners peers that have performed positively YTD (+7% on average). **UNTR** is also one of the beneficiaries of higher gold prices, but the impact to EPS is relatively limited (Fig. 9). **ANTM** gold-trading volume may be at risks as high gold price may negatively affect volume, but our checks suggest volume has remained robust in 1Q24F-to-date. We maintain sector Neutral rating on soft 1Q24F earnings result.

Fig. 1: Inverted U.S TIPS 10-year yield (to reflect price) vs. Gold price



Source: Bloomberg, Indo Premier

Fig. 2: Gold price amid high DXY and 10-year yield



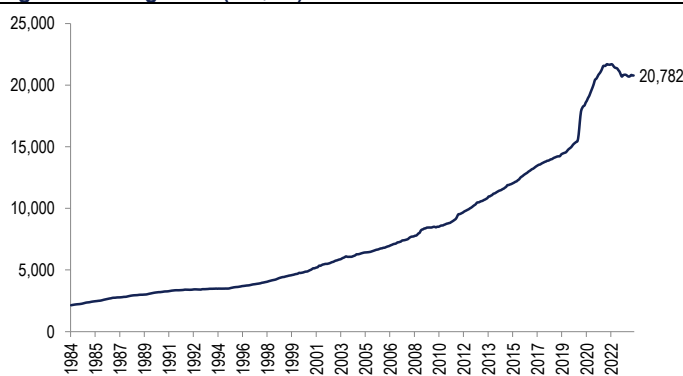
Source: Bloomberg, World Gold Council, Indo Premier

Fig. 3: Gold price vs Dollar Index (DXY)



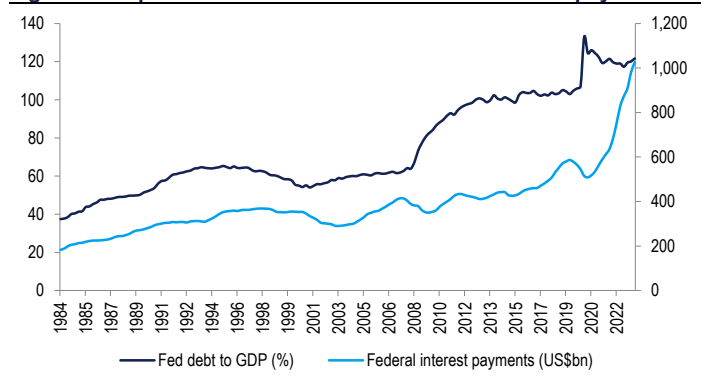
Source: Bloomberg, Indo Premier

Fig. 4: U.S M2 growth (US\$bn)



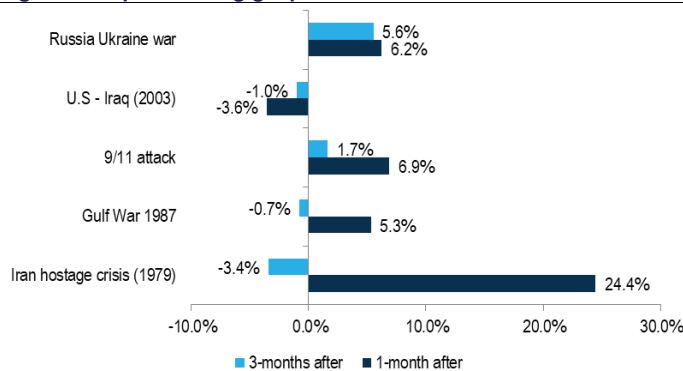
Source: Bloomberg, Indo Premier

Fig. 5: Gold price vs. U.S debt to GDP and interest-rate payment



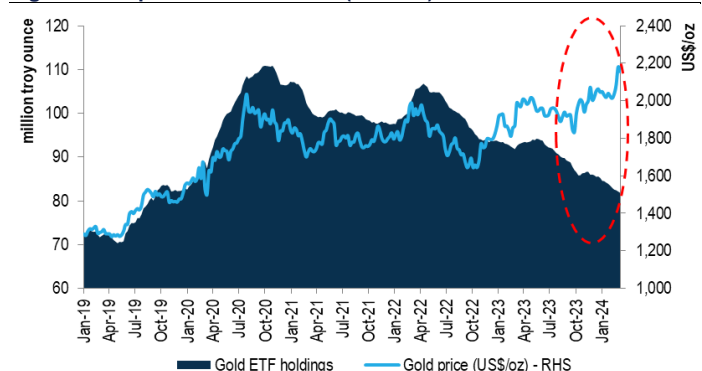
Source: Bloomberg, Indo Premier

Fig. 6: Gold price during geopolitical tension



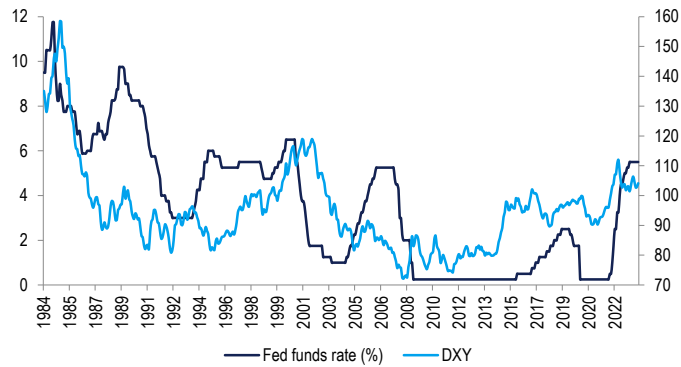
Source: Bloomberg, Indo Premier

Fig. 7: Gold price vs. ETF inflow (outflow)



Source: Bloomberg, Indo Premier

Fig. 8: Fed Funds Rate vs DXY



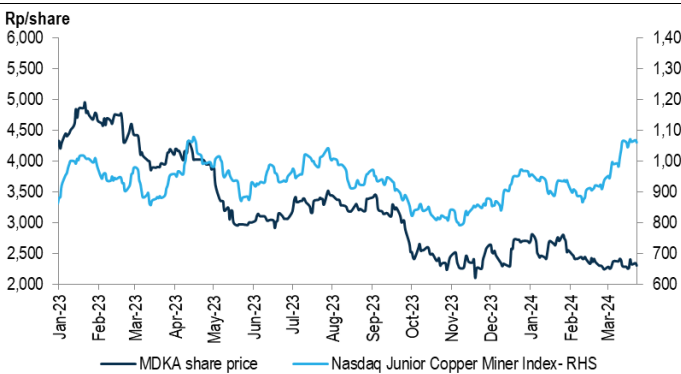
Source: Bloomberg, Indo Premier

Fig. 9: Gold price assumptions and impact to EBITDA/EPS

Sensitivity to gold px	Gold price	FY24F earnings		FY24F EBITDA	
		MDKA	UNTR	MDKA	UNTR
+2	2.0%	10.8%	0.1%	0.8%	0.1%
+1	1.0%	5.4%	0.1%	0.4%	0.1%
Base	0.0%	0.0%	0.0%	0.0%	0.0%
-1	-1.0%	-5.4%	-0.1%	-0.4%	-0.1%
-2	-2.0%	-10.8%	-0.1%	-0.8%	-0.1%

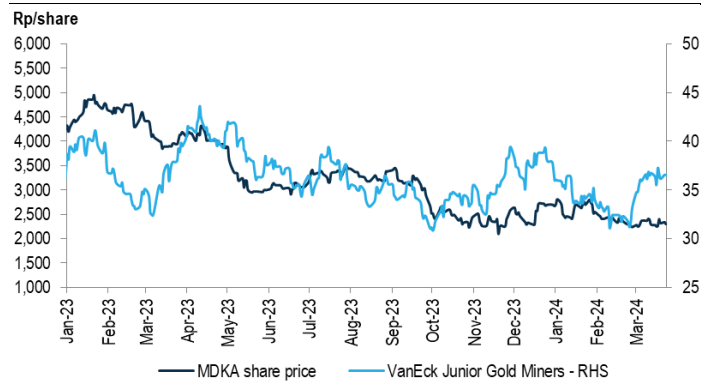
Source: Bloomberg, Indo Premier

Fig. 10: MDKA vs junior copper miners



Source: Bloomberg, Indo Premier

Fig. 11: MDKA vs junior gold miners



Source: Bloomberg, Indo Premier

Fig. 12: MDKA's share price vs. gold price



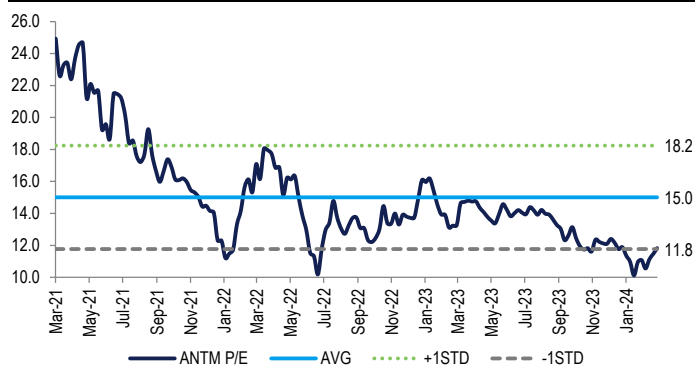
Source: Bloomberg, Indo Premier

Fig. 13: ANTM's share price vs. gold price



Source: Bloomberg, Indo Premier

Fig. 14: ANTM's 1-year forward P/E band



Source: Bloomberg, Indo Premier

Fig. 15: MDKA's 1-year forward EV/EBITDA band



Source: Bloomberg, Indo Premier

Fig. 16: Peers comparison table

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				23F	24F	25F	23F	24F	25F	23F	24F	25F
ANTM IJ	Aneka Tambang	Buy	1,800	11.5	12.1	10.8	7.4	6.7	6.0	4.8%	4.3%	4.1%
MDKA IJ	Merdeka Copper Gold	Buy	3,200	N/A	87.4	48.2	17.0	11.3	9.9	N/A	N/A	N/A
UNTR IJ	United Tractors	Buy	24,000	4.3	5.1	5.6	1.9	2.0	1.7	30.2%	10.0%	8.6%

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

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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