BINA ARTHA SEKURITAS

Berizin dan Diawasi oleh **Otoritas Jasa Keuangan**

Equity Research
PT Vale Indonesia Tbk

BUY

2 July 2026
Nickle Mining, Equity

Price	**IDR**	**4,330**
Target Price	**IDR**	**6,780**
JKSE Index		**5,695.12**



Stock Code	
Bloomberg code	**INCO IJ**
Market cap (IDR.bn)	**45,640**
52-Week High (IDR)	**7,900**
52-Week Low (IDR)	**3,300**
Free Float (%)	**20.52%**
Major Shareholders (%)	
Vale Canada ltd	**33.88%**
Sumitomo Metal Mining Ltd	**11.48%**
PT Mineral Industri Indonesia (Persero)	**34.00%**
Public	**21.18%**
USD/IDR-YE	
2025A	**16,720**
2026F (Avg)	**17,056**

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Investment Consideration

New Revenue Streams Support Long-Term Growth

- PT Vale Indonesia Tbk (INCO) delivered a mixed set of results in 1Q26, with lower production and sales volumes due to scheduled operational adjustments. However, stronger nickel prices and improving profitability helped offset the impact of weaker volumes. Revenue reached USD253 million, declining 11.3% QoQ but increasing 22.3% YoY, primarily supported by higher realized nickel prices.
- Nickel matte production declined 20% QoQ to 13,620 tons of nickel (tNi), mainly reflecting the scheduled rebuild of Furnace 3. Consequently, nickel matte sales also fell 25% QoQ to 13,727 tNi.
- A key development in 2026 was the commencement of operations across three mining blocks: Sorowako, Bahodopi, and Pomalaa. These operations produce both saprolite and limonite nickel ore, creating a new revenue stream alongside the company's traditional nickel matte business. During the quarter, the Bahodopi block sold 886,094 wet metric tons (wmt) of saprolite and limonite ore, while the Pomalaa block contributed 88,983 wmt.
- The average realized selling price of nickel matte increased 15% QoQ to USD14,213 per ton, helping offset lower production volumes and supporting earnings recovery.
- Looking ahead, we expect stronger revenue performance during 2026 as LME nickel prices rebounded to USD19,635 per ton in May 2026, which should translate into higher realized prices beginning in 2Q26.
- Despite lower first-quarter production, management reaffirmed its confidence in achieving the FY2026 nickel matte production target of 67,645 tons.

Q1 2026 Results: Higher Nickel Prices Drive Margin Expansion

- Despite softer operating volumes, profitability improved significantly, supported by stronger nickel prices and disciplined cost management.
- EBITDA increased 29% QoQ to USD80 million, while net profit surged 85% QoQ to USD44 million. Net profit margin improved to 17.3% in 1Q26, reflecting stronger operating leverage.
- Cost of revenue increased 4.8% YoY but declined 20.8% QoQ, mainly due to lower production activity. Fuel consumption fell 23% YoY, partially offsetting a substantial 263% YoY increase in royalty expenses following the implementation of the revised royalty framework.
- Cash cost per ton of nickel matte increased 8% QoQ to USD10,382, mainly reflecting lower production utilization during the Furnace 3 maintenance period and higher energy-related input costs.
- Looking ahead, management expects cash costs to improve as production normalizes following the completion of Furnace 3 maintenance, although operating costs will remain sensitive to fluctuations in oil prices and broader commodity markets.
- We expect margins to improve further throughout 2026, supported by production normalization, continued cost discipline, and higher average nickel prices.

Regulation Update

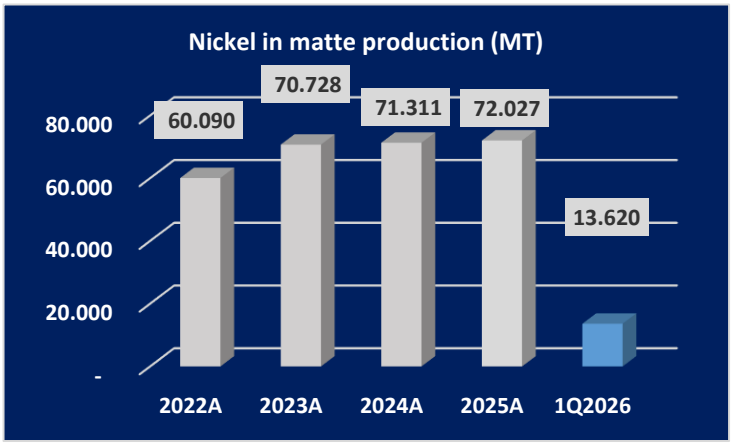
- Management continues to evaluate the potential impact of Indonesia's revised mineral royalty framework and the proposed nickel export duty and windfall tax, both of which remain subject to final government approval.
- Under Government Regulation (PP) No. 19/2025, nickel ore royalties are applied on a progressive basis, ranging from 14% to 19% depending on the prevailing Harga Mineral Acuan (HMA), with the highest rate applicable when HMA reaches or exceeds USD31,000 per ton.
- For processed nickel products, royalties range from 5%–7% for Nickel Pig Iron (NPI) and 4%–6% for ferronickel.
- Meanwhile, low-grade nickel ore containing up to 1.5% nickel and supplied to Indonesia's domestic EV battery industry remains eligible for a preferential 2% royalty rate, subject to regulatory requirements. Ore sales that do not qualify under the EV battery scheme are generally subject to the standard progressive royalty framework.
- Although regulatory uncertainty remains an overhang, the proposed additional royalty adjustments, nickel export duty, and windfall tax have been temporarily postponed while the government seeks a more balanced approach between maximizing state revenue and maintaining industry competitiveness.

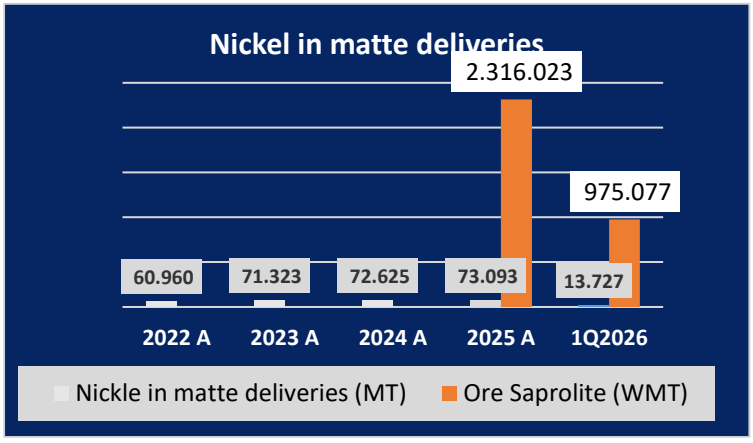
Valuation: Maintain Buy, TP IDR 6,780 (56.5% upside)

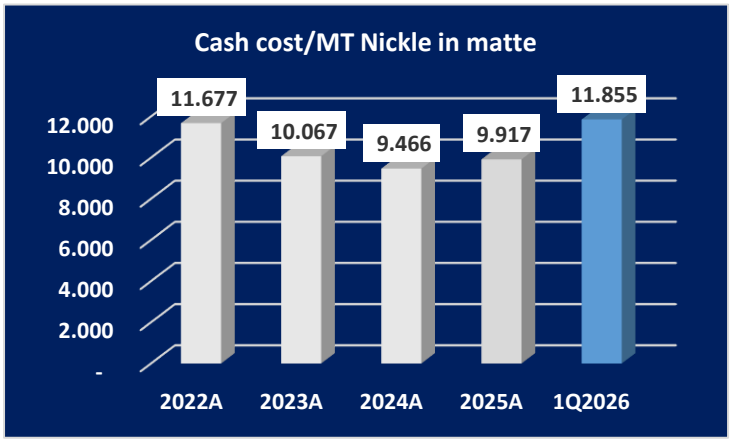
- We maintain our BUY recommendation on INCO with a revised 12-month target price of IDR6,780, implying 56.5% upside from the current share price.
- Our valuation is based on a target 2027F EV/EBITDA multiple of 9.1x, supported by improving nickel prices, the normalization of production following Furnace 3 maintenance, and additional long-term growth from the company's new mining operations in Bahodopi and Pomalaa.

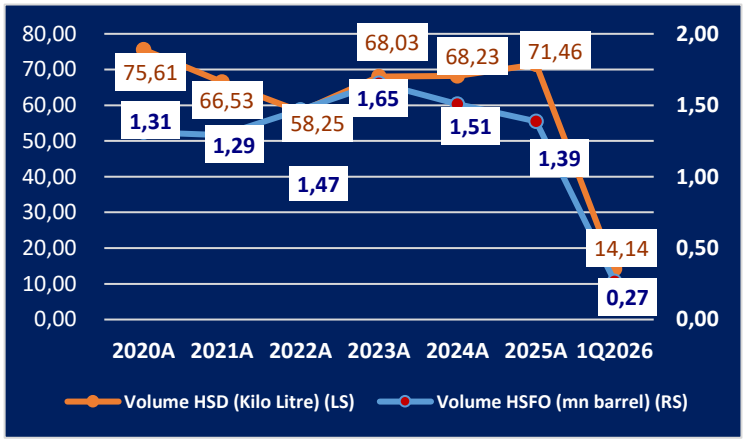
Ratio Highlight	2021 A	2022 A	2023 A	2024 A	2025 A	2026 F	2027 F
Sales (USD Mn)	953,2	1.179,5	1.232,3	950,4	990,2	1.205,8	1.314,9
EBITDA (USD Mn)	383,3	447,1	536,3	249,6	273,3	439,0	487,6
Net Profit (USD Mn)	165,8	200,4	274,3	57,8	76,1	185,9	213,1
Operating Margin	23%	23%	25%	7%	4%	14%	15%
EBITDA margin	40%	38%	44%	26%	28%	36%	37%
NET Profit margin	17%	17%	22%	6%	8%	15%	16%
EV/EBITDA (x)	8,0	9,3	4,6	8,4	12,9	10,0	9,1
PER (x)	19,7	22,4	10,2	40,2	43,9	21,9	19,1
Tot. debt/ Tot. Equity(x)	0,15	0,13	0,14	0,16	0,21	0,19	0,22

INCO Operation Performance









Income Statement QoQ

Income Statement (USD.Mn)	1Q2025	1Q2026	YoY	4Q2025	QoQ
Revenues	**206,53**	**252,66**	**22,3%**	**284,81**	**-11,3%**
COGS	-187,01	-195,93	4,8%	-247,44	-20,8%
Gross Profit	**19,51**	**56,74**	**190,8%**	**37,37**	**51,8%**
Operating expense	-13,15	-11,19	-15,0%	-39,78	-71,9%
Operating Profit	**6,36**	**45,55**	**616,2%**	**-2,41**	**-1991,7%**
Other income	22,55	1,01	-95,5%	18,94	-94,7%
Pretax income(PBT)	**28,91**	**46,57**	**61,1%**	**16,53**	**181,8%**
taxes	-7,11	-2,95	-58,5%	1,26	-334,2%
Net Profit	**21,80**	**43,61**	**100,1%**	**23,62**	**84,7%**
EPS (USD)	**0,0022**	**0,0044**	**100,1%**	**0,0019**	**125,6%**
EBITDA	**28,91**	**81,46**	**181,8%**	**189,24**	**-57,0%**
GPM	**9,4%**	**22,5%**		**13,1%**	
OPM	**3,1%**	**18,0%**		**-0,8%**	
NPM	**10,6%**	**17,3%**		**8,3%**	

Source: Binaartha and company

Income Statement

Income Statement (USD Mn)	2020 A	2021 A	2022 A	2023 A	2024 A	2025 A	2026 F	2027 F
Revenues	**765**	**953**	**1.179**	**1.232**	**950**	**990**	**1.206**	**1.315**
COGS	(640)	(718)	(866)	(885)	(842)	(879)	(979)	(1.055)
Gross Profit	**124**	**235**	**314**	**347**	**108**	**111**	**227**	**260**
Operating expense	(21)	(12)	(42)	(45)	(44)	(69)	(60)	(66)
Operating Profit	**104**	**223**	**272**	**302**	**64**	**41**	**166**	**194**
Other income	1	(2)	4	50	10	53	65	71
Pretax income(PBT)	**105**	**221**	**276**	**353**	**74**	**95**	**231**	**265**
taxes	(22)	(55)	(75)	(78)	(16)	(18)	(45)	(52)
Net Profit	**83**	**166**	**200**	**274**	**58**	**76**	**186**	**213**
EPS (USD)	0,0083	0,0167	0,0202	0,0276	0,0055	0,0072	0,0177	0,0202
EBITDA	**257**	**383**	**447**	**536**	**250**	**273**	**439**	**488**

Statement of Financial Statement

(USD in Mn)	2020 A	2021 A	2022 A	2023 A	2024 A	2025 A	2026 F	2027 F
Cash and cash equivalent	389	508	634	699	675	376	244	306
Restricted cash	10	-	-	-	-	-	-	-
Short term investment	-	-	-	-	-	-	-	-
Trade Account Receivable	60	102	141	102	84	74	89	97
Inventory	144	162	156	156	149	192	193	219
Other current asset	93	64	59	77	97	107	110	132
Current Asset	696	837	990	1.033	1.005	749	636	755
Net Fixed Asset	1.479	1.519	1.550	1.696	1.975	2.313	2.465	2.627
Other long term asset	140	117	118	197	197	283	297	350
Total non current Asset	1.619	1.636	1.668	1.893	2.172	2.596	2.762	2.976
Total Asset	2.315	2.473	2.658	2.926	3.177	3.346	3.398	3.731
Trade Account Payable	113	122	116	141	171	319	248	310
Other Short term liablities	48	46	59	76	93	44	73	83
Total current liabilities	161	168	175	217	263	362	320	392
Long term borrowings	-	-	-	-	-	-	-	-
Provision for asset retirement	57	77	71	77	123	153	155	204
Other Long term liabilities	77	72	57	67	58	55	73	73
Total long term/ non current liabilities	134	150	128	145	180	208	229	277
Total Liabilities	294	318	303	361	444	571	549	669
Total Equities	2.020	2.154	2.355	2.565	2.733	2.775	2.849	3.062
Total Liabilities and equity	2.315	2.473	2.658	2.926	3.177	3.346	3.398	3.731

Cash Flow

Cash Flow (USD in mn)	2021A	2022A	2023A	2024A	2025A	2026F	2027F
+ Net Income	166	200	274	58	76	186	213
Depreciation	158	164	174	168	170	-	96
- Change in WC	(13)	(21)	63	51	56	(61)	15
Cash From Operating Activities	310	344	511	277	302	125	325
capex	(197)	(195)	(319)	(448)	(508)	(152)	(258)
other non current asset	22	(1)	(79)	1	(86)	(14)	(53)
Cash from investing activities	(175)	(196)	(398)	(447)	(595)	(166)	(310)
Long term borrowing	-	-	-	-	-	-	-
Provision for asset retirement	21	(6)	6	45	31	2	48
other long term liabilities	(5)	(15)	10	(10)	(3)	18	(0)
Equity	(32)	(0)	(65)	110	(34)	(112)	(0)
cash from financing activities	(15)	(22)	(48)	146	(6)	(92)	48
Net Changes in Cash	120	126	65	(24)	(298)	(133)	62
Beginning Balance	389	508	634	699	675	376	244
Ending balance	508	634	699	675	376	244	306

Ratio Highlights

Ratio Highlight	2021 A	2022 A	2023 A	2024 A	2025 A	2026 F	2027 F
Growth (% YoY)							
Sales	25%	24%	4%	-23%	4%	22%	9%
OP	115%	22%	11%	-79%	-35%	302%	17%
EBITDA	49%	17%	20%	-53%	9%	61%	11%
NP	100%	21%	37%	-79%	32%	144%	15%
EPS	100%	21%	37%	-80%	32%	144%	15%
Profitability (%)							
Operating Margin	23%	23%	25%	7%	4%	14%	15%
EBITDA margin	40%	38%	44%	26%	28%	36%	37%
NET Profit margin	17,39%	16,99%	22,26%	6,08%	7,68%	15,42%	16,21%
ROA	6,70%	7,54%	9,38%	1,82%	2,27%	5,47%	5,71%
ROE	7,70%	8,51%	10,70%	2,11%	2,74%	6,53%	6,96%
Solvability							
Tot. debt/ Tot. Equity (x)	0,15	0,13	0,14	0,16	0,21	0,19	0,22
int coverage (x)	43,79	39,42	29,92	8,60	4,79	19,01	18,69
Liquidity							
Current Ratio (X)	4,97	5,65	4,77	3,81	2,07	1,98	1,92
Per Share data							
EPS (USD)	0,0167	0,0202	0,0276	0,0055	0,0072	0,0177	0,0202
EV/EBITDA (x)	8,0	9,3	4,6	8,4	12,9	10,0	9,1
PER (x)	19,7	22,4	10,2	40,2	43,9	21,9	19,1
PBV (x)	1,51	1,90	1,10	0,85	1,20	1,43	1,33

Stock Ratings:
Buy : a recommendation to purchase the security with upside potential of **11.00% or greater**
Hold : a recommendation to neither buy nor sell a security with upside potential of **5.50%-10.99%.**
Sell : a recommendation to close out a long position in a security with upside potential **below 5.49%.**

RESEARCH TEAM
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