

**Buy**

Price (Mar 21 <sup>th</sup> , 25)	296
Target Price	525
Potential Upside	77.46%
Market Cap	34.78 T
Number of Share	108.00 B
52w Lo/Hi	270 / 725

Source : IDX | Phintraco Sekuritas Research  
| as of Mar 21<sup>st</sup>, 2025

**IHSG vs MBMA**



Source : IDX

<b>Shareholder</b>	<b>%</b>
PT Merdeka Energi Nusantara	50.04
Public	34.94
Huayong International Limited	7.55
PT Alam Permai	5.43

Source : Company | as of fin. statement FY2023

**EPS Consensus vs Forecast**

	AT	Consensus*	%Diff
2024F	0.0012	0.0013	-7.7%
2025F	0.001	0.001	-

Source : \*marketscreener | as of Mar 21<sup>st</sup>, 2025

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**PT Merdeka Battery Materials Tbk**

(MBMA.JK / MBMA.IJ)

**Transforming Nickel Production for Sustainable Long-Term Profitability**

**In the third quarter of 2024 (3Q24), MBMA faced challenges with lowered production and negative margins in High-Grade Nickel Matte (HGNM).** During this quarter, MBMA's revenue decreased to USD 458.16 million (-4.04% QoQ from USD 477.43 million in 2Q24). Net profit dropped by -61.8% QoQ, to USD 13.78 million in 3Q24 (vs. USD 36.12 million in 2Q24). This issue arises from a significant decrease in the High-Grade Nickel Matte (HGNM) margin, which fell by -125.60% QoQ to USD -469/tonne in 3Q24 (vs. USD 1.83/tonne in 2Q24), along with total production of 12.98 tonnes, Average Selling Price (ASP) of USD 13.35/tonne, and All-In-Sustaining Cost (AISC) of USD 13.83/tonne. Conversely, the Nickel Pig Iron (NPI) margin slightly increased by +1.44% QoQ to USD 1.27/tonne in 3Q24 (vs. USD 1.25/tonne in 2Q24), in line with the increase in Average Selling Price (ASP) to USD 12.04/tonne and All-In-Sustaining Cost (AISC) of USD 10.96/tonne. However, the growth in Nickel Pig Iron (NPI) margin was accompanied by a decline in the production of both High-Grade Nickel Matte (HGNM) and Nickel Pig Iron (NPI). The total production of Nickel Pig Iron (NPI) decreased by -6.06% QoQ to 20.56 tonnes in 3Q24, resulting in a reduction in sales to 18.90 tonnes in 3Q24 (-9.34% from 20.85 tonnes in 2Q24). The realization of Nickel Pig Iron (NPI) and High-Grade Nickel Matte (HGNM) production in 3Q24 decreased compared to 2Q24 due to furnace repairs on one of the two RKEF Smelter lines (BSID).

**Mining exploration has consistently increased to achieve the demands of High-Pressure Acid Leach (HPAL) operations.** The presence of High-Pressure Acid Leach (HPAL) plants at PT ESG ("PT ESG New Energy Material") and PT Meiming ("PT Meiming New Energy Material") in 4Q24 will drive SCM Mine to ramp up its operational aggressiveness to fulfil the additional demand for limonite ore in 2025, amounting to 9.0 million wmt per year. Hence, limonite ore production increased by +131.25% YoY to 3.7 million wmt in 3Q24 (vs. 1.6 million wmt in 3Q23).

**Opportunity to provide batteries for electric vehicles (EVs).** MBMA's Acid Iron Metal (AIM) plant has produced 164,985 tonnes of acid and 225,036 tonnes of steam and successfully produced the first sponge copper in 4Q24. The chloride metal plant is currently commissioning, whereas the copper cathode plant is nearing completion in 4Q24. MBMA's two High-Pressure Acid Leach (HPAL) plants with GEM Co., Ltd. are ready to produce Mixed Hydroxide Precipitate (MHP) optimally in 2025. In our view, this advancement will allow MBMA to maintain its market share and revenue streams through enhanced downstream operational capabilities, acquisition of nickel processing facilities, product diversification, and expansive nickel ore resources.

**Using the Sum-of-the-Parts (SOTP) valuation method, with a required rate of return of 9.96% and a Terminal Growth of 4.89%,** we estimate MBMA's fair value at Rp525 (implying 32.17x/2.2x expected P/E and P/BV). This positive outlook is driven by the expected additional sales of more than 25,000 tonnes of Mixed Hydroxide Precipitate (MHP), cost efficiency, and optimization of mining explorations. Furthermore, MBMA plans to issue 10.79 billion shares via private placement for working capital needs. Potential risks: 1) fluctuations in nickel prices, 2) possible delays in expansion, 3) nickel royalty policy of 15%.

Table 1. MBMA 3Q24 operational highlights

PT Merdeka Battery Materials Tbk					
Operational Highlights					
	3Q24	2Q24	3Q23	QoQ	YoY
<b>Nickel Pig Iron (NPI)</b>					
NPI Production (in tonne)	20,557	21,882	21,738	-6.06%	-5.43%
NPI Sales (in tonne)	18,900	20,846	22,831	-9.34%	-17.22%
NPI ASP (USD/tonne)	12,041	11,536	13,193	4.38%	-8.73%
NPI AISC (USD/tonne)	10,961	10,370	11,616	5.70%	-5.64%
NPI Margin (USD/tonne)	1,265	1,247	1,577	1.44%	-19.78%
<b>High Grade Nickel Matte (HGNM)</b>					
HGNM Production (in tonne)	12,979	13,402	13,210	-3.16%	-1.75%
HGNM Sales (in tonne)	13,192	12,804	13,394	3.03%	-1.51%
HGNM ASP (USD/tonne)	13,350	14,819	16,346	-9.91%	-18.33%
HGNM AISC (USD/tonne)	13,830	13,016	15,154	6.25%	-8.74%
HGNM Margin (USD/tonne)	(469)	1,832	1,192	-125.60%	<i>n.m</i>
<b>Limonite Ore</b>					
Limonite Ore Production (in mn wmt)	3.7	1.8	1.6	105.56%	131.25%
Limonite Ore Sales (in mn wmt)	3.5	2.9	-	20.69%	<i>n.m</i>
Limonite Ore ASP (USD/wmt)	15.3	16.5	17.0	-7.27%	-10.00%
<b>Saprolite Ore</b>					
Saprolite Ore Production (in mn wmt)	1.0	0.4	0.2	150.00%	400.00%
Saprolite Ore Sales (in mn wmt)	1.2	1.2	-	<i>n.m</i>	<i>n.m</i>
Saprolite Ore ASP (USD/wmt)	28.8	30.2	33.0	-4.64%	-12.73%

Source : Company | Phintraco Sekuritas Research

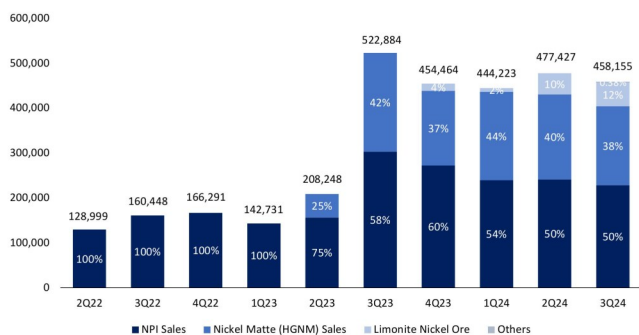
Table 2. SOTP Valuation

MBMA SOTP Valuation	EV	MBMA's stake	Adjusted EV
<b>Mine</b>			
SCM	2642	51.00%	1348
<b>RKEF Plant</b>			
CSID	599	50.10%	300
BSID	592	50.10%	297
ZHN	676	50.10%	339
<b>Nickel Matte Converter</b>			
HNMI	562	60.00%	337
<b>HPAL Development Plan</b>			
JV with GEM	499	55.00%	274
JV with CATL	591	67.00%	396
JV with SLNC	511	50.10%	256
<b>Development Project</b>			
AIM Project	426	80.00%	341
<b>Total Enterprise Value</b>			3887
Net Debt (Cash) - FY24E			-407
<b>Equity Value</b>			3480
Outstanding Shares			107995
<b>Target Price (in USD)</b>			0.032
<b>Target Price (in IDR)</b>			525

Source : Company | Phintraco Sekuritas Research

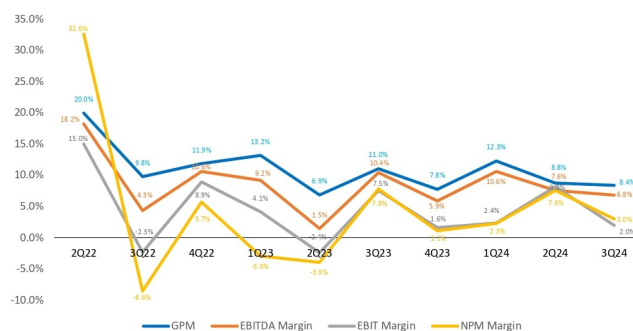
# Performance Highlight

Figure 1. Quarterly Revenue



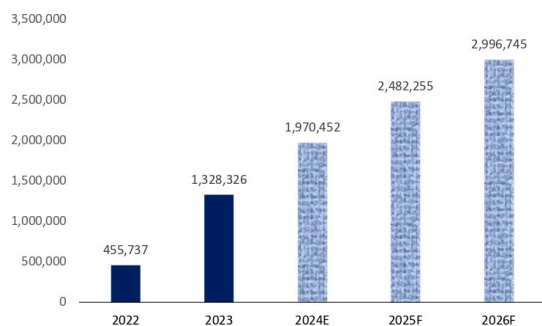
Source : Company | Phintraco Sekuritas Research

Figure 2. Quarterly Margin Ratios



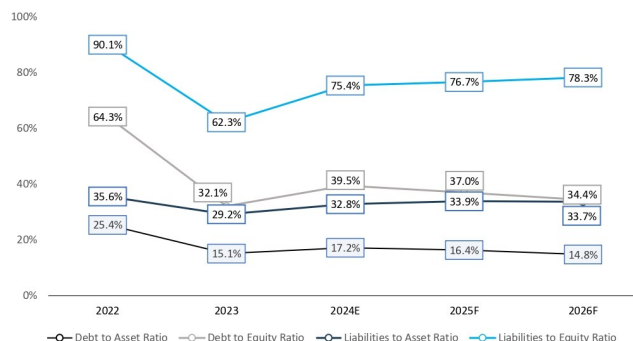
Source : Company | Phintraco Sekuritas Research

Figure 3. Expected Revenue

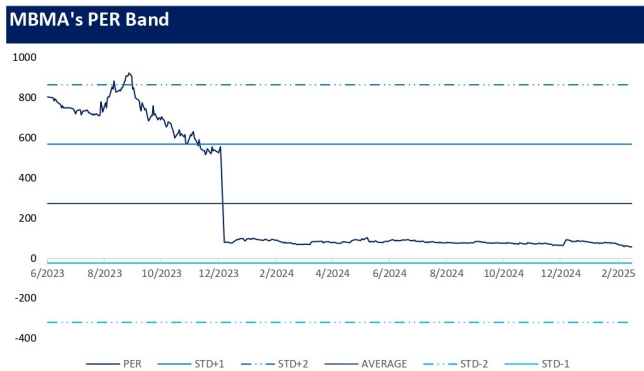


Source : Company | Phintraco Sekuritas Research

Figure 4. Leverage Ratios



Source : Company | Phintraco Sekuritas Research



Source : Company | Phintraco Sekuritas Research



Source : Company | Phintraco Sekuritas Research

## Key Financial Figures

(in million of USD)

BALANCE SHEET	FY22	FY23	FY24E	FY25F	FY26F
<b>Asset</b>					
Cash	280	290	300	276	282
Trade Receivables	68	121	198	243	297
Inventories	79	288	368	502	582
Other Current Assets	42	85	79	78	85
<b>Total Current Assets</b>	<b>469</b>	<b>784</b>	<b>944</b>	<b>1,099</b>	<b>1,246</b>
Fixed Assets - Net	918	1,414	1,331	1,806	1,855
Other Non-Current Assets	1,035	1,065	1,348	1,269	1,308
<b>Total Non-Current Assets</b>	<b>1,952</b>	<b>2,479</b>	<b>2,679</b>	<b>3,075</b>	<b>3,163</b>
<b>Liabilities</b>					
Trade Payables	110	262	323	449	516
Short Term Borrowings (Loans)	20	2	35	33	0.62
Other Current Liabilities	35	94	138	174	207
<b>Total Current Liabilities</b>	<b>164</b>	<b>358</b>	<b>495</b>	<b>656</b>	<b>723</b>
Long Term Borrowings (Loans)	595	490	588	650	651
Other Non-Current Liabilities	102	105	106	109	112
<b>Total Non-Current Liabilities</b>	<b>698</b>	<b>595</b>	<b>695</b>	<b>758</b>	<b>763</b>
<b>Equity</b>					
Total Equity	957	1,532	1,577	1,844	1,897
Minority Interest	602	778	857	915	1,027

Source : Company | Phintraco Sekuritas Research

(in million of USD)

INCOME STATEMENT	FY22	FY23	FY24E	FY25F	FY26F
Revenue	456	1,328	1,970	2,482	2,997
<i>Growth</i>		191.47%	48.34%	25.97%	20.73%
Cost of Revenue (exc. D&A)	395	1,202	1,673	2,186	2,592
<b>Gross Profit</b>	<b>61</b>	<b>126</b>	<b>297</b>	<b>296</b>	<b>405</b>
<i>GPM</i>	13.42%	9.49%	15.08%	11.94%	13.51%
EBITDA	48	97	255	248	343
<i>EBITDA Margin</i>	10.55%	7.33%	12.92%	10.01%	11.46%
EBIT	30	48	150	105	198
<i>EBIT Margin</i>	6.69%	3.58%	7.59%	4.25%	6.60%
Profit Before Tax	37	33	138	92	183
<i>EBT Margin</i>	8.2%	2.5%	7.0%	3.7%	6.1%
Profit After Tax	38	33	124	83	165
<i>NPM</i>	8.3%	2.5%	6.3%	3.3%	5.5%
Minority Interest	(16)	(26)	(79)	(58)	(112)
<b>Net Profit</b>	<b>22</b>	<b>7</b>	<b>45</b>	<b>24</b>	<b>53</b>

Source : Company | Phintraco Sekuritas Research

(in million of USD)

CASH FLOW	FY22	FY23	FY24E	FY25F	FY26F
<b>Cash Flow from Operating</b>					
Net Income	38	33	124	83	165
Depreciation & Amortization	24	55	371	224	288
Working Capital	(45)	(16)	(42)	(15)	(32)
Others	20	(95)	28	(2)	(43)
<b>Net-CFFO</b>	<b>37</b>	<b>(22)</b>	<b>481</b>	<b>290</b>	<b>378</b>
<b>Cash Flow from Investing</b>					
Capital Expenditure	(1475)	(547)	(280)	(692)	(330)
Others	(501)	(35)	(291)	72	(46)
<b>Net-CFFI</b>	<b>(1976)</b>	<b>(582)</b>	<b>(571)</b>	<b>(620)</b>	<b>(376)</b>
<b>Cash Flow from Financing</b>					
Borrowings	595	(105)	98	62	1
Others	102	3	1	2	3
Equity	1521	717	0	243	0
<b>Net-CFFF</b>	<b>2219</b>	<b>614</b>	<b>99</b>	<b>307</b>	<b>4</b>

Source : Company | Phintraco Sekuritas Research

RATIOS	FY22	FY23	FY24E	FY25F	FY26F
<b>Profitability Ratio (%)</b>					
GPM	13.42%	9.49%	15.08%	11.94%	13.51%
OPM (EBITDA Margin)	10.55%	7.33%	12.92%	10.01%	11.46%
NPM	8.30%	2.51%	6.30%	3.33%	5.49%
ROA	0.89%	0.21%	1.24%	0.58%	1.20%
ROE	2.25%	0.46%	2.85%	1.31%	2.78%
ROIC	0.89%	0.20%	1.31%	0.58%	1.24%
<b>Activity Ratio (X)</b>					
Inventory Turnover	5.00	4.18	4.55	4.36	4.45
Days of Inventory	73.00	87.34	80.17	83.76	81.96
Receivable Turnover	7.10	11.14	10.40	10.76	10.58
Days of Receivables	51.40	32.76	35.09	33.93	34.51
Payable Turnover	5.97	4.59	5.19	4.87	5.02
Days of Payables	61.11	79.59	70.35	74.97	72.66
Cash Operating Cycle	63.29	40.51	44.91	42.71	43.81
<b>Leverage Ratio (%)</b>					
Debt to Asset Ratio	25.41%	15.09%	17.19%	16.36%	14.78%
Debt to Equity Ratio	64.30%	32.14%	39.50%	37.02%	34.35%
Liabilities to Asset Ratio	35.60%	29.22%	32.83%	33.89%	33.69%
Liabilities to Equity Ratio	90.09%	62.25%	75.44%	76.69%	78.33%
<b>Liquidity Ratio (X)</b>					
Current Ratio	2.85	2.19	1.91	1.67	1.72
Quick Ratio	2.37	1.39	1.16	0.91	0.92
Cash Ratio	1.70	0.81	0.61	0.42	0.39
<b>Price Ratio</b>					
P/E (X)	-	731	31	27	14
P/B (X)	-	3.35	2.55	1.49	1.27
P/R (X)	-	4.25	1.61	0.87	0.74
Price per Share	-	560	458	328	328
Average Market Price	-	736	571	355	355
OS (in million)	107995	107995	107995	107995	107995
EPS (USD) (Annualized)	0.0002	0.0001	0.0012	0.001	0.002
EPS (IDR) (Annualized)	3.11	1.01	18.70	13.06	24.88
BVPS (USD)	0.01	0.01	0.01	0.01	0.02
BVPS (IDR)	138.41	219.75	223.69	238.43	278.86
RPS (USD)	0.00	0.01	0.02	0.02	0.03
RPS (IDR)	65.91	190.56	284.28	375.34	453.14
EV/EBITDA (X)	6.89	60.06	31.08	7.48	7.94

Source : Company | Phintraco Sekuritas Research

## Glossarium

CFFO	: <i>Cash Flow from Operating</i>
CFFI	: <i>Cash Flow from Investing</i>
CFFF	: <i>Cash Flow from Financing</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation &amp; Amortization</i>
EBIT	: <i>Earning Before Interes &amp; Tax</i>
EBT	: <i>Earning Before Tax</i>
GPM	: <i>Gross Profit Margin</i>
OPM	: <i>Operating Profit Margin</i>
NPM	: <i>Net Profit Margin</i>
ROA	: <i>Return on Asset</i>
ROE	: <i>Return on Equity</i>
ROIC	: <i>Return on Invested Capital</i>
P/E	: <i>Price-to-Earnings</i>
P/B	: <i>Price-to-Book</i>
P/R	: <i>Price-to-Revenue</i>
OS	: <i>Ordinary Shares</i>
EPS	: <i>Earning per Share</i>
BVPS	: <i>Book Value per Share</i>
RPS	: <i>Revenue per Share</i>
EV/EBITDA	: <i>Enterprise Value to Earnings Before Interest, Taxes, Depreciation &amp; Amortization</i>



# PHINTRACO SEKURITAS

## Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of  $> +10\%$  over the next 12 months.
- Hold : The stock is expected to give total return of  $> 0\%$  to  $\leq +10\%$  over the next 12 months.
- Sell : The stock is expected to give total return of  $< 0\%$  over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

## PHINTRACO SEKURITAS

Kantor Cabang & Mitra GI BEI



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