



Buy

Price (May 15 th , 25)	2,840
Target Price	3,560
Potential Upside	25.36%
Market Cap	30.14 T
Number of Share	10.54 B
52w Lo/Hi	1,825 / 5,300

Source : IDX | Phintraco Sekuritas Research
| as of May 15th, 2025

IHSG vs INCO



Source : IDX

Shareholder	%
PT Mineral Industri Indonesia (Persero)	34.00
Vale Canada Limited	33.88
Public	20.64
Sumitomo Metal Mining Co., Ltd	11.48

Source : Company | as of fin. statement FY2024

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2025F	0.01	0.01	0.00%
2026F	0.013	0.011	+20.4%

Source : Bloomberg | as of May 15th, 2025

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PT Vale Indonesia Tbk

(INCO.JK / INCO.IJ)

Initial Ore Sales Offset by Lower Nickel Matte ASP

INCO reported a net profit of US\$21.80 million in 1Q25 (+228% QoQ; +252% YoY). This result was driven by gains from a fair value assessment of a call option related to the HPAL project (IGP Pomalaa). A positive contribution also came from the initial sale of nickel ore, which generated revenue of US\$2.54 million in 1Q25. However, total revenue declined to US\$206.53 million (-14.60% QoQ; -10.18% YoY). The decrease was attributed to a 10.94% QoQ drop in nickel matte sales volume to 17,096 tons (vs. 19,196 tons in 4Q24), along with a lower average selling price (ASP), which fell to US\$11,932/ton (-5.28% QoQ from US\$12,597/ton in 4Q24). Nickel matte production saw a drop of 8.10% QoQ to 17,027 tons in 1Q25 (vs. 18,528 tons in 4Q24).

Cash costs improved in line with lower energy expenses. Despite the weaker nickel prices on the London Metal Exchange (LME) affecting the ASP, INCO successfully implemented significant cost-control measures in 1Q25, reducing its cash cost by 5.31% QoQ to US\$8,501/ton (vs. US\$8,978/ton in 4Q24). The reduction was primarily supported by lower High Sulphur Fuel Oil (HSFO) consumption to 319,536 barrels (-5.04% QoQ from 336,513 barrels in 4Q24), alongside a 2.84% QoQ drop in HSFO prices to US\$84.60/barrel (vs. US\$87.07/barrel in 4Q24). Coal consumption also declined to 118,018 tons (-2.55% QoQ from 121,104 tons), with prices falling to US\$161.49/wmt (vs. US\$182.11/wmt). Conversely, diesel consumption rose significantly to 18,614 kiloliters (+21.51% QoQ from 15,319 kiloliters), priced at US\$0.79/liter.

Focus on initiating nickel ore sales and diversifying downstream products.

INCO is taking strategic steps to start nickel ore sales as part of its efforts to strengthen its commercial strategy. The company has received approval for the revised 2024 Work Plan and Budget (RKAB) and plans to submit the 2025 RKAB to support the enhancement of future operational performance. Furthermore, the Indonesia Growth Project (IGP) in Pomalaa, Morowali, and Sorowako is expected to begin producing Ferronickel (FeNi) and Mixed Hydroxide Precipitate (MHP) by 2026. These initiatives will drive INCO's sustainable growth and reinforce its strategic position within the global nickel industry ecosystem.

Using the Sum-of-the-Parts (SOTP) valuation method, with a required rate of return of 8.78% and a terminal growth rate of 1.46%, we estimate the fair value of INCO's fair value at IDR 3,560 per share (implying 32.67x / 0.82x expected P/E and P/BV). This positive outlook is supported by improved cash cost efficiency and product diversification. Downside risks include: 1) fluctuations in nickel prices, and 2) potential delays in the HPAL and RKEF projects.

Table 1. INCO 1Q25 operational highlights

PT Vale Indonesia Tbk						
Operational Highlights						
	1Q25	4Q24	QoQ	3M25	3M24	YoY
Nickel Matte						
Nickel Matte Production (metric tonnes)	17,027	18,528	-8.10%	17,027	18,199	-6.44%
Nickel Matte Sales (metric tonnes)	17,096	19,196	-10.94%	17,096	18,175	-5.94%
Nickel Matte ASP (USD/tonne)	11,932	12,597	-5.28%	11,932	12,651	-5.68%
Fuel & Lubricants						
HSFO Volume (barrels)	319,536	336,513	-5.04%	319,536	425,301	-24.87%
HSFO ASP (USD/barrel)	84.60	87.07	-2.84%	84.60	85.63	-1.20%
Diesel Volume (kilolitres)	18,614	15,319	21.51%	18,614	18,473	0.76%
Diesel ASP (USD/litre)	0.79	0.78	1.28%	0.78	0.84	-7.14%
Coal						
Coal Volume (tonnes)	118,018	121,104	-2.55%	118,018	117,115	0.77%
Coal ASP (USD/wet metric ton)	161.49	182.11	-11.32%	161.50	176.85	-8.68%

Source : Company | Phintraco Sekuritas Research

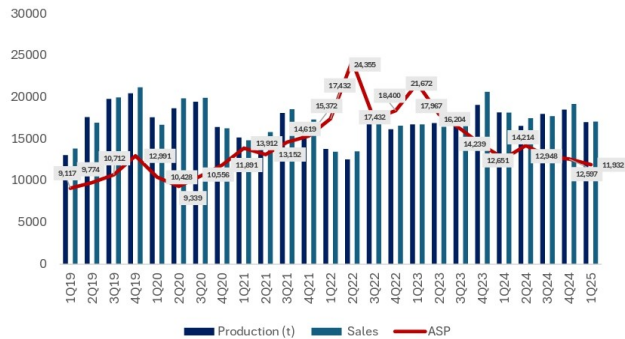
Table 2. SOTP Valuation

INCO SOTP Valuation	EV	INCO's stake	Adjusted EV
Blok Sorowako			
Nickel Matte Converter	1,692	100%	1,692
HPAL (JV with Huayou)	699	30%	210
IGP Pomalaa			
HPAL (JV with Huayou & Ford)	801	30%	240
IGP Morowali			
HPAL (JV with GEM Co., Ltd)	1,552	30%	466
RKEF (JV with TISCO & Xinhai)	690	49%	338
Total Enterprise Value			2,946
Net Debt (Cash) - FY24			(675)
Equity Value			2,271
Outstanding Shares			10,540
Target Price (in USD)			0.22
Target Price (in IDR)			3,560

Source : Company | Phintraco Sekuritas Research

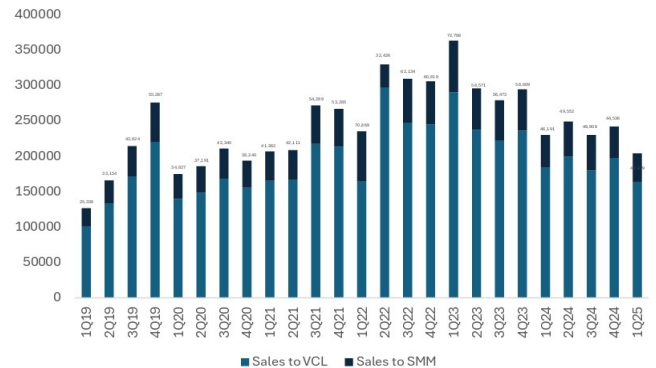
Performance Highlight

Figure 1. Nickel Matte Production & Sales (Quarterly)



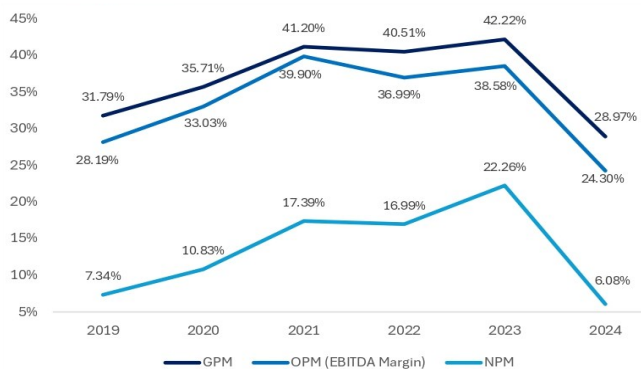
Source: Company | Phintraco Sekuritas Research

Figure 2. Sales to Related Parties (in Million of US\$)



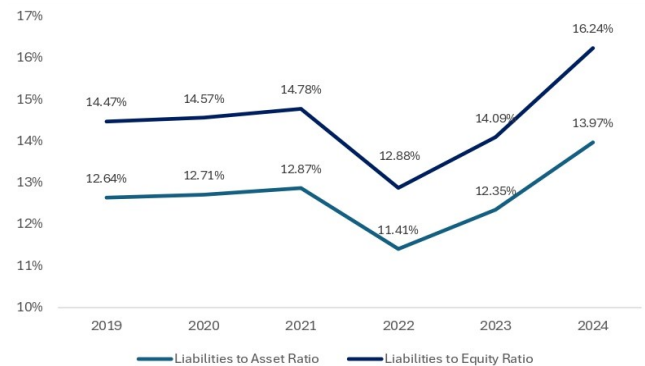
Source: Company | Phintraco Sekuritas Research

Figure 3. Margin Ratios



Source: Company | Phintraco Sekuritas Research

Figure 4. Leverage Ratios



Source: Company | Phintraco Sekuritas Research

INCO's PER Band



Source: Company | Phintraco Sekuritas Research

INCO's PBV Band



Source: Company | Phintraco Sekuritas Research

Key Financial Figures

(in Million of US\$)

INCOME STATEMENT	FY22	FY23	FY24	FY25F	FY26F
Revenue	1,179	1,232	950	969	1,011
<i>Growth</i>	23.7%	4.5%	-22.9%	2.0%	4.3%
Cost of Revenue	702	712	675	671	676
Gross Profit	478	520	275	299	334
<i>GPM</i>	40.5%	42.2%	29.0%	30.8%	33.1%
EBITDA	436	475	231	267	299
<i>EBITDA Margin</i>	37.0%	38.6%	24.3%	27.6%	29.6%
EBIT	272	302	64	84	58
<i>EBIT Margin</i>	23.1%	24.5%	6.7%	8.7%	5.8%
Profit Before Tax	276	353	74	91	179
<i>EBT Margin</i>	23.4%	28.6%	7.8%	9.3%	17.7%
Net Profit After Tax	200	274	58	71	140
<i>NPM Margin</i>	17.0%	22.3%	6.1%	7.3%	13.8%

Source: Company | Phintraco Sekuritas Research

(in Million of US\$)

BALANCE SHEET	FY22	FY23	FY24	FY25F	FY26F
Asset					
Cash	634	699	675	440	234
Account Receivable	141	102	84	99	98
Inventories	156	156	149	175	170
Other Current Assets	59	77	97	91	89
Total Current Assets	990	1,033	1,005	805	590
Fixed Assets - Net	1,550	1,696	1,975	2,183	2,570
Other Non-Current Assets	118	197	197	256	250
Total Non-Current Assets	1,668	1,893	2,172	2,439	2,819
Liabilities					
Trade Payables	116	141	171	139	143
Lease Liabilities	2	6	6	18	12
Other Non-Current Liabilities	58	70	87	63	66
Total Current Liabilities	175	217	263	221	222
Total Non-Current Liabilities	128	145	180	219	245
Equity					
Total Equity	2,355	2,565	2,733	2,803	2,943

Source: Company | Phintraco Sekuritas Research

(in Million of US\$)

CASH FLOW	FY22	FY23	FY24	FY25F	FY26F
Cash Flow from Operating					
Net Income	200	274	58	71	140
Depreciation & Amortization	143	126	158	142	194
Working Capital	-32	71	77	-97	13
Others	11	-8	-26	20	-4
Net-CFFO	322	463	266	135	342
Cash Flow from Investing					
Capital Expenditure	(173)	(271)	(437)	(349)	(581)
Others	(1)	(79)	1	(60)	6
Net-CFFI	(175)	(350)	(437)	(409)	(574)
Cash Flow from Financing					
Chg in Long-Term Liabilities	1	(1)	(1)	7	5
Chg in Other Non-Current Liabilities	(22)	17	36	32	21
Equity	(0)	(65)	110	0	0
Net-CFFF	(22)	(48)	146	39	26
NET CASH FLOW	126	65	(24)	(235)	(206)

Source: Company | Phintraco Sekuritas Research

RATIOS	FY22	FY23	FY24	FY25F	FY26F
Profitability Ratio (%)					
GPM	40.51%	42.22%	28.97%	30.81%	33.09%
OPM (EBITDA Margin)	36.99%	38.58%	24.30%	27.58%	29.62%
NPM	16.99%	22.26%	6.08%	7.29%	13.80%
ROA	7.54%	9.38%	1.82%	2.18%	4.09%
ROE	8.51%	10.70%	2.11%	2.18%	4.09%
ROIC	5.13%	6.44%	1.23%	19.44%	18.34%
Activity Ratio (X)					
Inventory Turnover	4.50	4.57	4.54	3.84	3.99
Days of Inventory	81.02	79.94	80.32	95.08	91.52
Receivables Turnover	8.34	12.10	11.26	9.77	10.36
Days of Receivables	43.75	30.16	32.41	37.35	35.23
Payables Turnover	6.07	5.06	3.95	4.81	4.72
Days of Payables	60.13	72.19	92.31	75.81	77.34
Cash Operating Cycle	64.64	37.91	20.42	56.62	49.42
Leverage Ratio (%)					
Liabilities to Asset Ratio	11.41%	12.35%	13.97%	13.57%	13.69%
Liabilities to Equity Ratio	12.88%	14.09%	16.24%	15.70%	15.86%
Liquidity Ratio (X)					
Current Ratio	5.65	4.77	3.81	3.64	2.66
Quick Ratio	4.76	4.05	3.25	2.85	1.89
Cash Ratio	3.62	3.22	2.56	1.99	1.05
Price Ratio					
P/E (X)	22.93	10.27	49.84	32.67	16.30
P/BV (X)	1.95	1.10	1.05	0.82	0.77
P/R (X)	3.90	2.29	3.03	2.38	2.25
Price per share	7,100	4,310	4,370	3,560	3,560
OS	10,079	10,079	10,540	10,540	10,540
EPS (USD)	0.02	0.03	0.01	0.01	0.01
EPS (IDR)	310	420	88	109	218
BVPS (USD)	0.23	0.25	0.26	0.27	0.28
BVPS (IDR)	3,638	3,923	4,149	4,322	4,607
RPS (USD)	0.12	0.12	0.09	0.09	0.10
RPS (IDR)	1,822	1,885	1,443	1,495	1,583
EV/EBITDA	9.08	4.46	9.54	6.99	6.81
Dividends					
DPS (USD)	0.01	-	-	-	-
DPS (IDR)	89.61	-	-	-	-
DPR	30%	-	-	-	-
Dividend Yield	0.01	-	-	-	-

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 & Amortization</i>
EBIT	: <i>Earning Before Interes & Tax</i>
EBT	: <i>Earning Before Tax</i>
GPM	: <i>Gross 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>
EPS	: <i>Earning per Share</i>
BVPS	: <i>Book Value per Share</i>
RPS	: <i>Revenue per Share</i>
PER	: <i>Price to Earning Ratio</i>
PBV	: <i>Price to Book Value</i>
P / R	: <i>Price to Revenue Ratio</i>
DPS	: <i>Dividend per Share</i>
DPR	: <i>Dividend Payout Ratio</i>
EV	: <i>Enterprise Value</i>



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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"

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Kantor Cabang & Mitra GI BEI



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