

INCO PT Vale Indonesia Tbk

Expansion Drives Value

- **FY25 production remained resilient at 72.0kt (+1.0% YoY) despite Furnace 3 rebuild, with additional upside from growing saprolite ore sales (2.32mn wmt).**
- **Earnings held firm with revenue at USD990mn (+4% YoY) and net profit up 32% YoY, supported by cost efficiency (cash cost USD9,339/t, lowest in 4 years).**
- **Nickel outlook remains supportive (USD17,000–18,000/t in 2026) on structural supply tightness and strong EV-driven demand.**
- **Reiterate BUY on INCO with TP Rp6,300; near-term risks from cost inflation and rising leverage amid aggressive capex cycle.**

Resilient Production Amid Maintenance Cycle

INCO delivered a resilient operational performance in FY25, with nickel matte production reaching 72.0kt (+1.0% YoY), supported by stable plant reliability and improved output efficiency. Despite a softer 4Q25 production of 17.1kt (-12% QoQ; -8% YoY) due to the planned Furnace 3 rebuild commencing in November 2025, full-year output still exceeded FY24 levels, highlighting effective operational management amid maintenance cycles. In parallel, the Company continued to diversify its revenue base through saprolite ore sales, which reached 2.32mn wmt in FY25, primarily driven by the Bahodopi block (2.02mn wmt), partially offset by limited contribution from Pomalaa (0.30mn wmt) pending full-scale operations in 2026. Meanwhile, nickel matte deliveries edged up to 73.1kt (+0.6% YoY), reflecting stable demand and supporting overall production monetization.

Earnings Resilient Despite Softer Prices

The company recorded solid earnings resilience despite a weaker pricing environment, with average realized nickel matte prices declining to USD12,157/t (-7% YoY). Nonetheless, revenue grew to USD990.2mn (+4% YoY), supported by higher delivery volumes and improved payability terms effective since mid-2025. EBITDA remained stable at USD228.2mn (+0.3% YoY), although 4Q25 EBITDA declined to USD61.9mn (-17% QoQ), in line with lower production. Cost discipline remained a key highlight, with unit cash costs improving to USD9,339/t (-0.4% YoY), marking the lowest level in four years despite ongoing major maintenance. This, combined with operational improvements, drove net profit up to USD76.1mn (+32% YoY). The Company also strengthened its growth outlook, ramping up capex by to USD485.9mn (+46% YoY), while maintaining a solid cash position of USD376.3mn, providing ample buffer to fund ongoing expansion projects and sustain long-term production growth.

Nickel Market Supported by Structural Tightness

Nickel prices remain elevated, with LME futures trading around USD17,100/t, slightly easing from recent highs of ~USD17,350/t but still reflecting structural tightness in the market. Supply-side risks remain tilted to the upside, driven by Indonesia's proposed export tax and ongoing logistical disruptions in key shipping routes, while medium-term supply visibility is gradually improving as Vale Base Metals reported a 13% increase in reserves and resources in 2025 and regional initiatives such as the IndoPhil Nickel Corridor aim to strengthen integrated supply chains. On the demand side, fundamentals remain robust, underpinned by sustained growth in EV batteries, renewable energy storage, and stainless-steel demand, with China still dominating global trade flows despite ongoing diversification across Asia. Against this backdrop, we expect nickel prices to remain firm in the near term, averaging USD17,000–18,000/t in 2026.

Reiterate BUY with Strong Growth Visibility

We reiterate our **BUY** on INCO with a **higher target price of Rp6,300**, implying 9.5x FY26F EV/EBITDA (in line with its 5-year average), supported by resilient operations and strong long-term growth visibility from its HPAL projects. We now incorporate higher cost assumptions, with cash costs expected to rise to ~USD10,300/t, reflecting upward pressure from coal and global oil prices amid heightened geopolitical tensions. INCO is entering a capex-intensive phase, targeting USD1.0–1.2bn in external funding over the next two years—supported by a recently secured USD500mn sustainability-linked loan and potential bond issuance—to fund mine development ((Bahodopi, Pomalaa, Sorowako) and downstream expansion. While this may temporarily increase leverage, we view balance sheet risk as manageable given solid EBITDA generation and liquidity. **Key risks:** weaker nickel prices, elevated cost inflation, and potential delays in project execution.

Key Financial Highlights

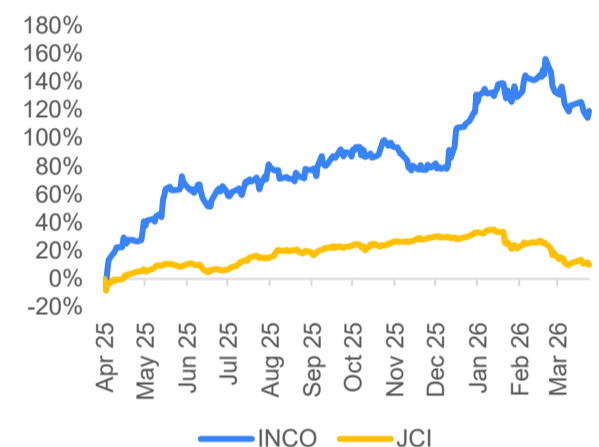
Key Metrics	2023	2024	2025	2026F	2027F
Revenue (USD mn)	1,232	950	990	1,312	1,854
EBITDA (USD mn)	428	222	228	427	766
Net Profit (USD mn)	274	58	76	215	472
EPS Growth (%)	39.6	-78.0	36.8	182.7	119.6
P/E (x)	10.89	41.57	39.87	18.70	8.52
P/BV (x)	1.17	0.88	1.09	1.33	1.15
EV/EBITDA (x)	4.38	9.33	13.82	7.08	4.84

BUY

Stock Information (as of March 31, 2026)

Last Price (Rp)	5,350
Target Price (Rp)	6,300
Potential Upside	17.8%
Previous TP (Rp)	5,500
Market Cap (Rp tn)	56.4
52 Week Range (Rp)	7,900 – 1,825
Free Float	20.4%
Share Out. (bn)	10.5

1-Year Stock Performance Comparison vs JCI



Shareholders

INCO's Shareholders	%
MIND ID	34.00
Vale Canada Limited	33.88
Public	20.40
Sumitomo Metal Mining	11.48

Company Description

INCO's Company Profile
PT Vale Indonesia Tbk is an Indonesia-based company, which is engaged in nickel mining and processing in Indonesia. The Company's integrated nickel mining and processing project in Morowali Regency, Central Sulawesi consists of a mining area in Bahodopi and a processing plant with Rotary Kiln-Electric Furnace (RKEF) technology in Sambalagi.

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Figure 1. INCO's 12M25 Financial Results

Key Metrics (USD mn)	12M25	12M24	YoY	4Q25	3Q25	QoQ	4Q24	YoY
Revenue	990	950	4%	285	279	2%	242	18%
Gross Profit	111	108	3%	37	43	-14%	28	32%
Gross Margin	11.2%	11.4%		13.0%	15.4%		11.6%	
Operating Profit	59	74	-20%	10	34	-71%	15	-33%
Operating Margin	6.0%	7.8%		3.5%	12.2%		6.2%	
Net Profit	76	58	31%	24	27	-11%	7	243%
Net Margin	7.7%	6.1%		8.4%	9.7%		2.9%	
Nickel Matte Production (t)	72,027	71,311	1%	17,052	19,391	-12%	18,528	-8%
Nickel Ore Sales (wmt)	2,316,023	N.A	N.A	1,419,759	748,773	90%	N.A	N.A
Nickel Matte Deliveries (t)	73,039	72,625	1%	18,418	19,557	-6%	19,196	-4%
ASP (USD/ton)	12,157	13,086	-7%	12,308	12,272	0%	12,597	-2%

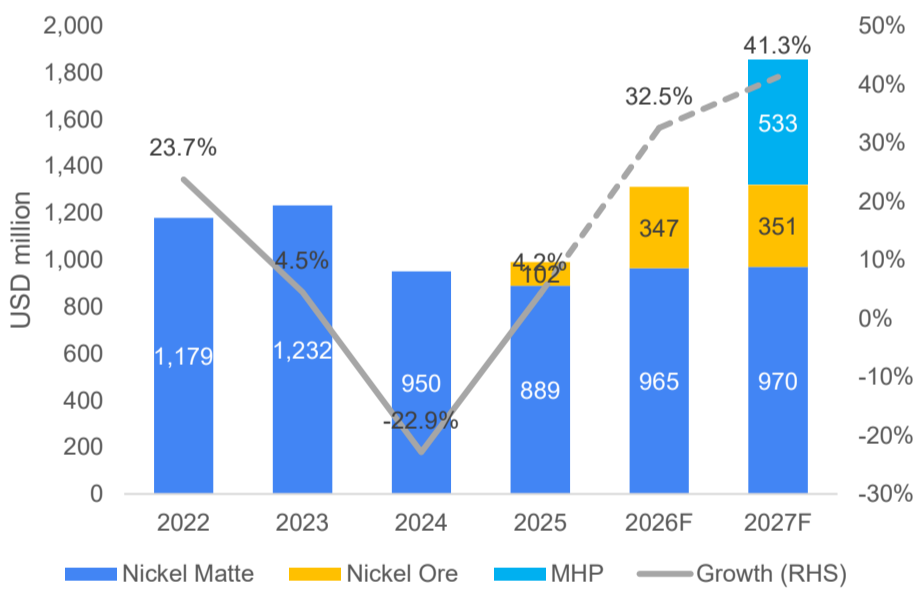
Source: Company, Ajaib Research

Figure 2. INCO's Earnings Revision

Key Metrics (USD mn)	2026F		2027F		Changes	
	Old	New	Old	New	2026F	2027F
Revenue	1,110	1,312	1,655	1,854	18.2%	12.0%
EBITDA	401	427	796	766	6.5%	-3.8%
Net Profit	125	215	412	477	72.1%	15.7%

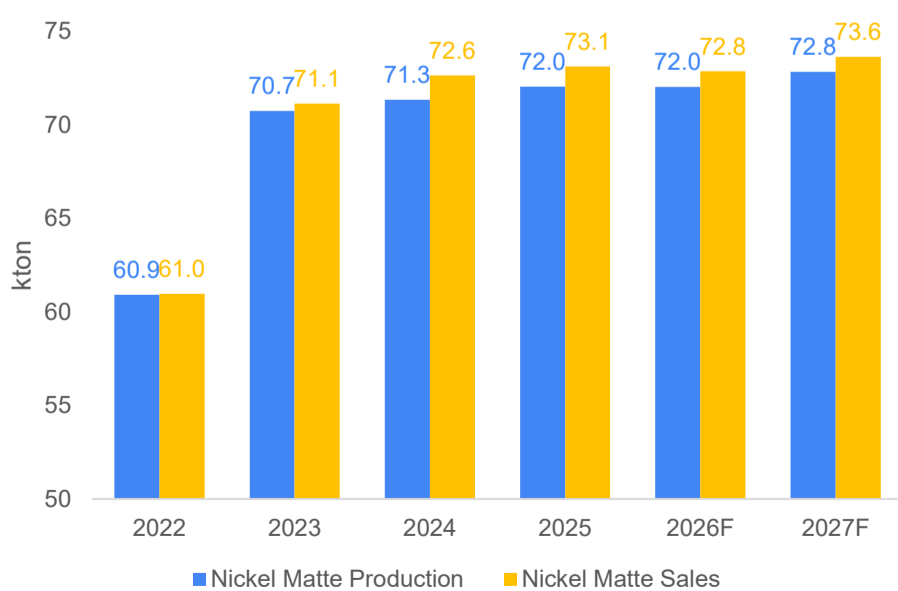
Source: Ajaib Research

Figure 3. INCO's Revenue Breakdown Projections



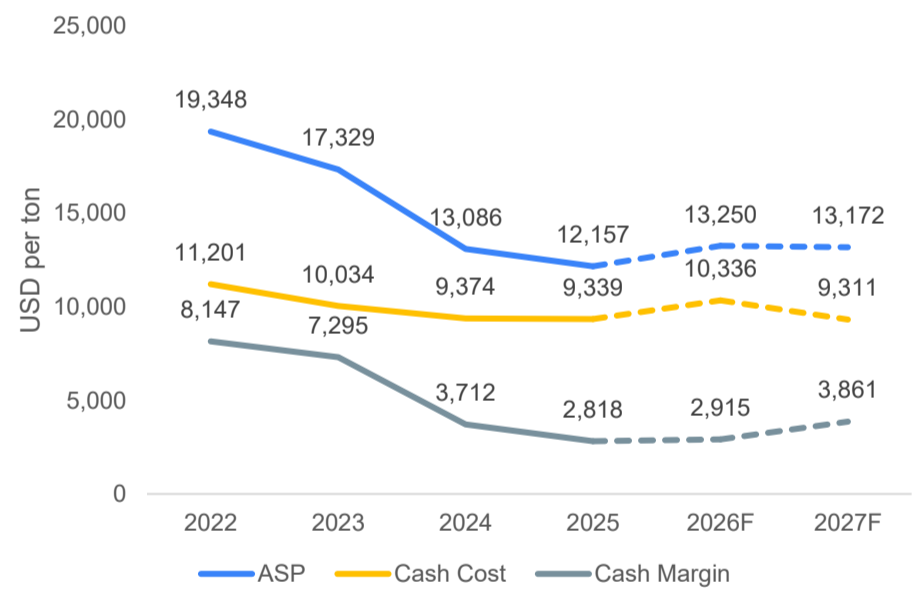
Source: Company, Ajaib Research

Figure 5. INCO's Nickel Matte Production & Sales Projections



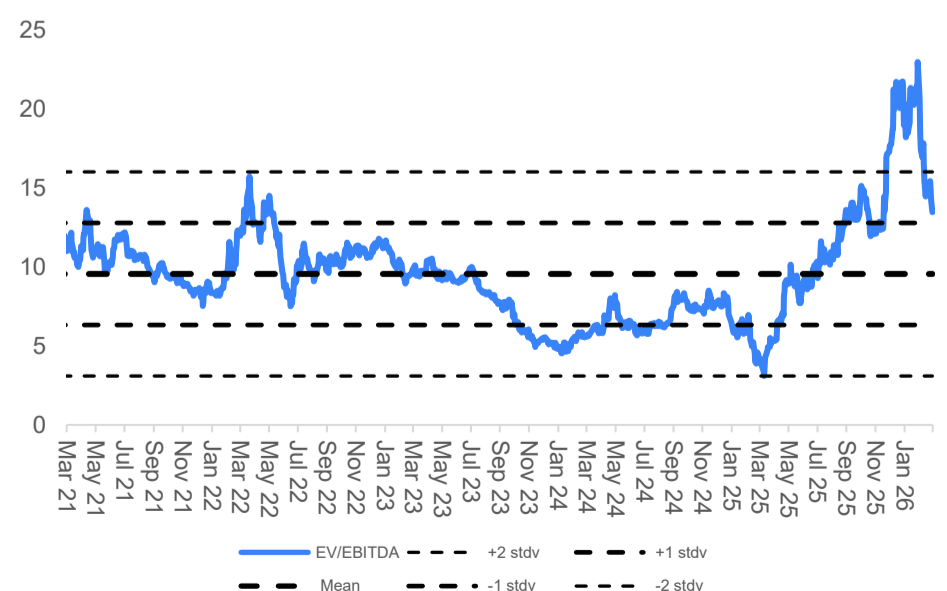
Source: Company, Ajaib Research

Figure 4. INCO's ASP & Cash Cost Projections



Source: Company, Ajaib Research

Figure 6. INCO's 5-Years EV/EBITDA Band



Source: Bloomberg, Ajaib Research

Financial Statement

Income Statement (USD mn)	2023	2024	2025	2026F	2027F	Balance Sheet (USD mn)	2023	2024	2025	2026F	2027F
Revenue	1,232	950	990	1,312	1,854	Cash & equivalents	699	675	376	435	925
Cost of revenue	-885	-842	-879	-941	-1,165	Receivables	102	84	74	101	102
Gross Profit	347	108	111	372	689	Inventories	156	149	192	155	156
OpEx	-45	-44	-69	-95	-96	Others	77	97	107	109	111
Operating Profit	302	64	41	277	593	Total Current Assets	1,033	1,005	749	801	1,293
EBITDA	428	222	228	427	766	Fixed Assets	1,696	1,975	2,313	3,011	3,746
Other Income (Expenses)	25	-19	24	0	0	Other Non-Current Assets	197	197	283	283	283
Net Interest Expense	26	29	29	-9	-6	Total Non-Current Assets	1,893	2,172	2,596	3,294	4,029
Pre-tax profit	353	74	95	267	587	Total Assets	2,926	3,177	3,346	4,095	5,321
Income Tax	-78	-16	-18	-52	-115	ST. Bank loan	6	6	3	0	0
NPAT	274	58	76	215	472	Payables	141	171	204	200	248
Net Profit	274	58	76	215	472	Other current Liability	70	87	155	186	189
EPS (Rp)	396	87	119	337	740	Total Current Liability	217	263	362	386	437
						LT. Debt	3	2	0	500	1,200
						Other LT Liabilities	142	178	208	250	254
						Total Non-Current Liability	145	180	208	750	1,454
						Total Liability	361	444	571	1,136	1,891
						Retained Earnings	2,150	2,207	2,249	2,432	2,904
						Others	414	526	526	526	526
						Total Equity	2,565	2,733	2,775	2,958	3,431
						Total LiabilitiesEquity	2,926	3,177	3,346	4,095	5,321
						Key Ratios (%)	2023	2024	2025	2026F	2027F
						Gross Profit Margin	28.2	11.4	11.2	28.3	37.2
						Operating Margin	24.5	6.7	4.2	21.1	32.0
						EBITDA Margin	34.7	23.3	17.6	32.5	41.3
						Pre-Tax Margin	28.6	7.8	9.5	20.4	31.7
						Net Profit Margin	22.3	6.1	7.7	16.4	25.5
						Debt to Equity	0.3	0.3	0.1	16.9	35.0
						Net Gearing	-26.9	-24.4	-13.4	2.2	8.0

Source: Company, Ajaib Research

Rating for Sectors:

Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

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 ≤ +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”

Analyst Certification:

The lead analyst(s) who prepared this equity research report confirm that the opinions stated herein genuinely represent their personal perspectives regarding all the securities or issuers discussed. Additionally, the analyst(s) assert that their remuneration was not, is not, and will not be tied, either directly or indirectly, to any specific recommendations or viewpoints presented in this report.

PREPARED BY AJAIB RESEARCH TEAM



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