

Vale Indonesia Tbk (INCO IJ)

ASP Lebih Tinggi di Tengah Penurunan Produksi

Company Report | March 04, 2022

BUY

Target Price (IDR)	6,250
Consensus Price (IDR)	6,214
TP to Consensus Price	+0.6%
Potential Upside	+15.7%

Shares Data

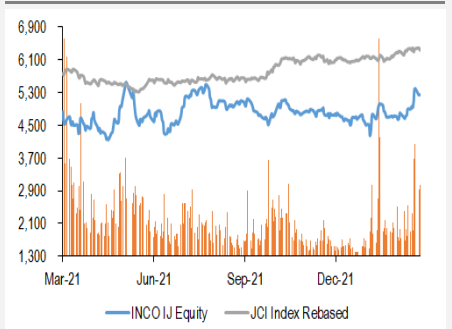
Last Price (IDR)	5,400
Price Date as of	Mar. 4, 2022
52 wk Range (Hi/Lo)	5,625 / 4,110
Free Float (%)	20.5
Outstanding Shares (mn)	9,936
Market Cap (IDR bn)	53,159
Market Cap (USD mn)	3,694
Avg. Trd Vol - 3M (mn)	15.5
Avg. Trd Val - 3M (bn)	75.5
Foreign Ownership (%)	98.7%

Basic Materials

Metal Mining

Bloomberg	INCO IJ
Reuters	INCO.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	12.2%	11.0%	9.6%	-10.6%
Rel. Ret.	7.8%	8.6%	5.3%	-18.6%

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INCO mencatatkan total pendapatan sebesar USD953,2 juta (+24,6% YoY) di FY21, dengan kenaikan ASP menyeimbangkan penurunan volume Produksi dan Penjualan. EBITDA juga tumbuh 47,8% YoY, mendorong laba bersih FY21 menjadi USD165,8 juta (+100,2% YoY). Dengan harga nikel diperkirakan tetap tinggi di 2022 dan produksi yang stabil, kami melanjutkan rekomendasi BUY untuk INCO dengan TP lebih tinggi sebesar IDR6.250/saham.

Kenaikan ASP Melebihi Lonjakan Biaya Produksi

- INCO mencatatkan pendapatan USD266,7 juta di 4Q21 (-0,5% QoQ), mendorong total pendapatan FY21 menjadi USD953,2 juta (+24,6% YoY). ASP perusahaan lebih tinggi di 2021 dengan rata-rata USD14.209/ton; naik 36,3% yoy dibandingkan USD10.498/ton di 2020.
- Namun, penurunan volume produksi menyebabkan penggunaan HSFO, Diesel, dan Batubara yang lebih rendah, membantu INCO mengendalikan biaya produksi, di tengah kenaikan harga komoditas. Harga rerata HSFO, Diesel dan Batubara masing-masing naik 42%/28%/62%.
- Dengan itu, EBITDA naik 47,8% yoy ke USD380,7 juta di 2021 (vs USD257,5 juta di 2020). Selain itu, meskipun mencatatkan laba bersih yang relatif rendah pada 4Q21 sebesar USD42,9 juta (-33% QoQ); INCO masih mencatatkan pertumbuhan laba bersih yang kuat di FY21 menjadi USD165,8 juta (+100,2% YoY).

Volume Produksi dan Penjualan Lebih Rendah

- Total produksi nikel matte INCO mencapai 65.388 ton di FY21; penurunan 9,5% dibandingkan 72.237 pada FY20. Di 4Q21, produksi jatuh menjadi 17.015 ton (-6,6% QoQ); karena dimulainya proyek rebuilding Furnace 4 pada Desember 2021 setelah beberapa kali ditunda.
- Secara volume penjualan, INCO juga turun menjadi 66.615 ton (-8,6% YoY) di FY21.

Harga Nikel akan Terus Naik di 2022

- Harga nikel secara global terus naik selama setahun terakhir, dengan harga acuan LME melampaui USD25.000/ton pada Februari 2022; didorong tensi geopolitik antara Rusia dan Ukraina. Rusia berkontribusi sekitar 6% bagi suplai nikel dunia, yang dapat menyebabkan gangguan pasokan.

Rekomendasi BUY dengan TP Lebih Tinggi

- Kami melanjutkan rekomendasi BUY untuk INCO, dengan TP yang naik menjadi IDR6.250/saham; kenaikan 19% dibandingkan TP kami sebelumnya. TP kami mencerminkan EV/EBITDA 6,1x. Resiko rekomendasi kami termasuk: 1) Penurunan harga nikel global karena faktor eksternal; 2) Volume produksi yang lebih rendah dari perkiraan; dan 3) Harga energi terus melonjak.

Vale Indonesia Tbk | Summary

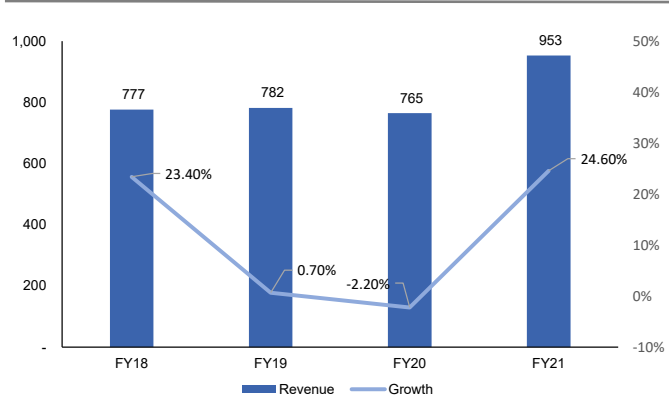
	2021A	2022E	2023F	2024F
Revenue (USD mn)	953	1,094	1,177	1,212
Growth (%)	24.6%	14.8%	7.6%	3.0%
EBITDA (USD mn)	557	688	480	500
Net Profit (USD mn)	163	260	284	293
EPS (IDR)	241	381	412	425
Growth (%)	-5.1%	44.3%	100.2%	58.4%
P/E (x)	19.4x	16.3x	15.0x	14.6x
P/BV (x)	1.5x	1.8x	1.6x	1.4x
EV/EBITDA (x)	5.7x	6.1x	8.8x	8.4x
ROE (%)	7.6%	10.7%	10.4%	9.7%
DER (%)	14.8%	12.1%	13.1%	10.8%
Net Debt (USD mn)	-504	-654	-744	-805

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

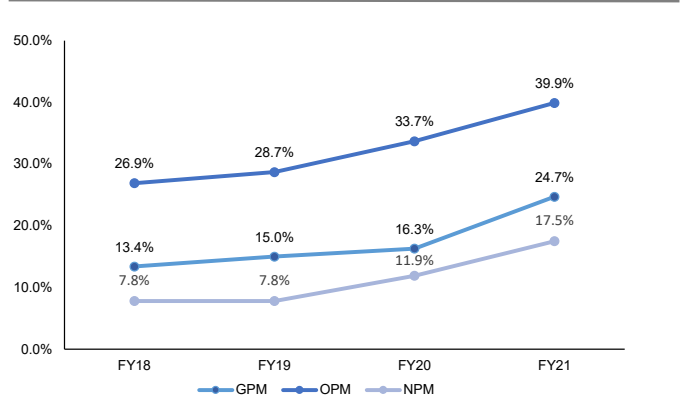
Performance Highlights

Revenue Growth (IDR Mn)



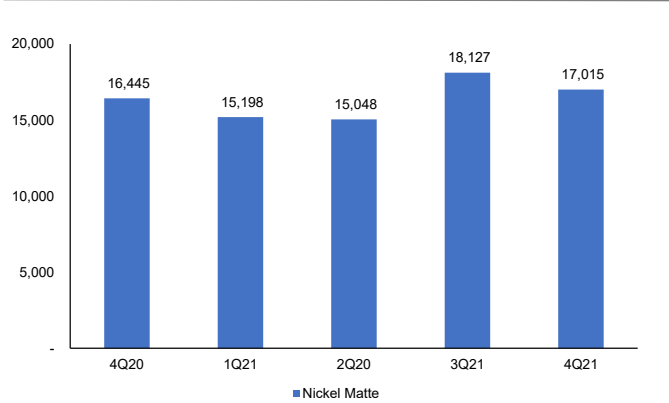
Source: Bloomberg, NHKSI Research

Margin Ratios



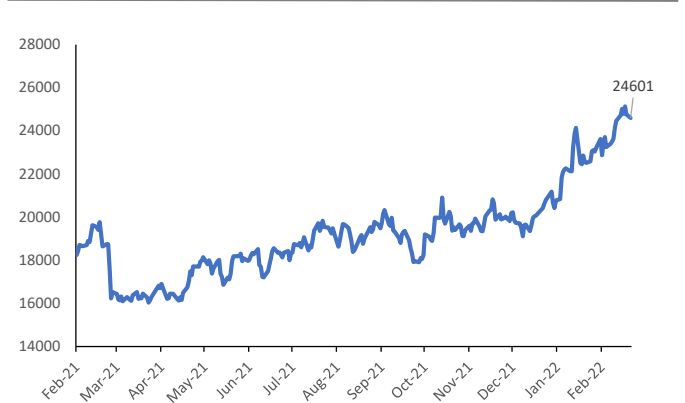
Source: Bloomberg, NHKSI Research

Nickel Production (Tons)



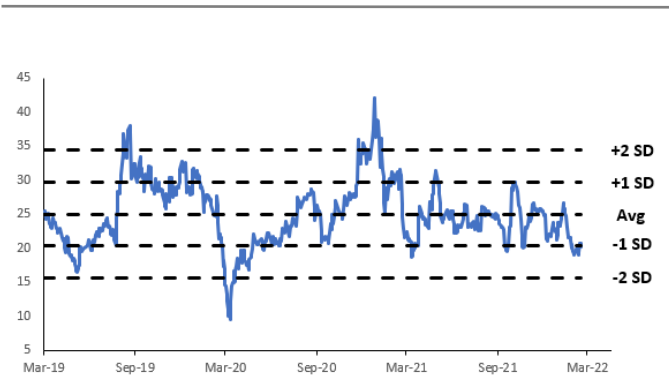
Source: Company Data, NHKSI Research

LME Nickel Price (USD / Ton)



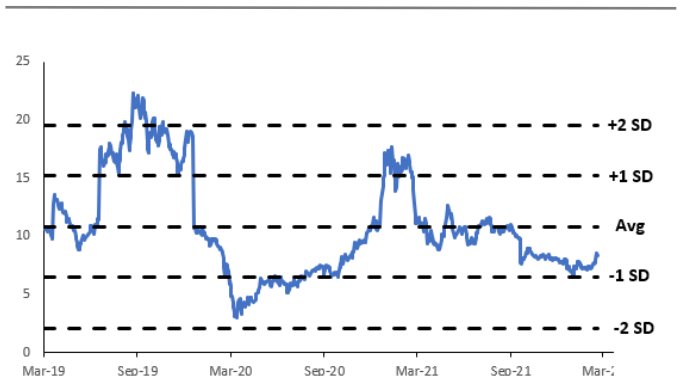
Source: Bloomberg, NHKSI Research

Blended Forward P/E Ratio



Source: Bloomberg, NHKSI Research

EV/ EBITDA Ratio



Source: Bloomberg, NHKSI Research

Financial Summary

INCOME STATEMENT

(USD mn)	2021/12A	2022/12E	2023/12F	2024/12F
Revenue	953	1,094	1,177	1,212
<i>Growth</i>	24.6%	14.8%	7.6%	3.0%
COGS	(718)	(728)	(783)	(807)
Gross Profit	235	366	393	405
<i>Gross Margin</i>	24.7%	33.4%	33.4%	33.4%
Operating Expenses	(14)	(13)	(14)	(14)
EBIT	221	353	379	391
<i>EBIT Margin</i>	23.2%	32.3%	32.3%	32.3%
Depreciation	335	335	100	109
EBITDA	557	688	480	500
<i>EBITDA Margin</i>	58.4%	62.9%	40.9%	41.3%
Interest Expenses	(6)	(6)	-	-
EBT	218	347	380	391
Income Tax	(55)	(88)	(96)	(99)
Minority Interest	-	-	-	-
Net Profit	163	260	284	293
<i>Growth</i>	104.0%	59.5%	9.3%	2.9%
<i>Net Profit Margin</i>	17.1%	23.7%	24.1%	24.1%

PROFITABILITY & STABILITY

	2021/12A	2022/12E	2023/12F	2024/12F
ROE	7.6%	10.7%	10.4%	9.7%
ROA	6.8%	10.0%	9.8%	9.1%
ROIC	7.7%	10.9%	10.4%	9.7%
Cash Dividend (IDR bn)	-	-	-	-
Dividend Yield	-	-	-	-
Payout Ratio	-	-	-	-
DER	14.8%	12.1%	13.1%	10.8%
Net Gearing	1.7%	0.0%	0.0%	0.0%
LT Debt to Equity	0.2%	0.0%	0.0%	0.0%
Capitalization Ratio	0.2%	0.0%	0.0%	0.0%
Equity Ratio	87.2%	89.2%	88.4%	90.2%
Debt Ratio	0.2%	0.0%	0.0%	0.0%
Financial Leverage	214.9%	204.6%	198.7%	204.2%
Current Ratio	496.7%	648.8%	534.8%	644.1%
Par Value (IDR)	25	25	25	25
Total Shares (mn)	9,936	9,936	9,936	9,936
Share Price (IDR)	4,680	6,250	6,850	7,050
Market Cap (IDR tn)	46.5	62.1	68.1	70.1

BALANCE SHEET

(USD mn)	2021/12A	2022/12E	2023/12F	2024/12F
Cash	508	654	744	805
Receivables	102	86	106	101
Inventories	162	149	185	159
Total Current Assets	837	967	1,116	1,147
Net Fixed Assets	1,519	1,622	1,850	2,081
Other Non Current Asset	117	122	119	120
Total Assets	2,472	2,710	3,085	3,349
Payables	122	111	115	95
ST Bank Loan	1	-	-	-
LT Debt	3	-	-	-
Total Liabilities	318	293	357	328
Capital Stock & APIC	414	414	414	414
Retained Earnings	1,740	2,003	2,314	2,607
Total Equity	2,154	2,417	2,728	3,021

VALUATION INDEX

	2021/12A	2022/12E	2023/12F	2024/12F
Price/Earnings	19.4x	16.4x	16.6x	16.6x
Price/Book Value	1.5x	1.8x	1.7x	1.6x
Price/Sales	3.4x	3.9x	4.0x	4.0x
PE/EPS Growth	0.2x	0.3x	1.8x	5.7x
EV/EBITDA	5.7x	6.2x	9.7x	9.6x
EV/EBIT	14.4x	12.1x	12.3x	12.3x
EV (IDR bn)	45,999	61,448	67,320	69,246
Sales CAGR (3-Yr)	17.7%	20.2%	14.8%	15.7%
EPS CAGR (3-Yr)	42.4%	46.9%	19.7%	3.7%
Basic EPS (IDR)	241	381	412	425
Diluted EPS (IDR)	241	381	412	425
BVPS (IDR)	3,128	3,509	3,961	4,386
Sales PS (IDR)	1,384	1,588	1,708	1,760
DPS (IDR)	N/A	N/A	N/A	N/A

CASH FLOW STATEMENT

(USD mn)	2021/12A	2022/12E	2023/12F	2024/12F
Operating Cash Flow	509	593	385	402
Investing Cash Flow	(180)	(198)	(346)	(364)
Financing Cash Flow	(34)	(5)	51	24
Net Changes in Cash	294	389	89	62

TOP OWNERSHIP

By Geography	% Shareholders	%
Canada	51.5 Vale SA	43.8
Unknown	23.5 Inalum	20.0
Japan	18.5 Sumitomo Metal	15.0
Others	6.5 Others	21.2

Source: Company Data, NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to +15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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