

# Vale Indonesia Tbk. (INCO)

## Pendapatan Meningkat Meskipun Tekanan Harga Nikel Terus Berlanjut

Vale Indonesia Tbk (INCO) melaporkan peningkatan pendapatan sebesar 10,9% YoY (Rp 14,2 triliun vs Rp 12,8 triliun) di 9M23 meskipun harga jual rata-rata turun 6% YoY dari USD19.703 per ton menjadi USD18.596 per ton. Laba bersih juga tercatat mengalami kenaikan sebesar 36,7% YoY (Rp 3,3 triliun vs. Rp 2,4 triliun) dengan margin laba bersih meningkat dari 19,1% menjadi 23,6%.

### Produksi meningkat seiring INCO mengejar target produksi tahunan

- INCO membukukan peningkatan produksi nikel matte sebesar 17,6% di 9M23 (51.644 ton vs. 43.907 ton).
- Angka ini sedikit tertinggal dari yang diperlukan untuk mencapai target produksi tahunan sebesar 70.000 ton, namun perusahaan optimis bahwa target tersebut akan tercapai.
- Volume penjualan juga meningkat sebesar 13,7% menjadi 50,435 ton pada 9M23 dari 44,347 ton pada 9M22; seluruh penjualan dilakukan ke Vale Canada Limited & Sumitomo Metal Mining.

### Strategi pengendalian biaya membuahkan hasil

- Meskipun terjadi peningkatan volume produksi yang besar, beban pokok pendapatan INCO meningkat relatif lebih kecil hanya 6% (USD 650,9 juta vs USD 614,7 juta).
- Salah satu strategi pengendalian biaya adalah dengan beralih ke batu bara sebagai sumber energi utama. Batu bara sangat fleksibel untuk digunakan, dan dengan menurunnya harga batu bara, maka batu bara menjadi pilihan sumber energi yang paling hemat biaya.
- INCO juga terus berupaya untuk mengurangi intensitas penggunaan energi per ton nikel yang diproduksi lewat penggunaan batu bara dengan nilai kalori yang berbeda secara optimal.

### Berjalan menuju divestasi

- INCO telah menjalin kesepakatan dengan MIND ID, perusahaan milik pemerintah, untuk mengizinkan MIND ID membeli 14% saham INCO melalui penandatanganan Nota Kesepahaman (Head of Agreement/ HoA).
- Dengan demikian, hal ini akan membuat MIND ID sebagai pemegang saham terbesar di INCO dengan kepemilikan 34%, mengungguli Vale Base Metals Limited yang memiliki saham 33,9% dan Sumitomo Metal Mining Co, Ltd yang memiliki saham 11,5%.
- Manuver ini diperlukan untuk memenuhi persyaratan divestasi di Indonesia, sehingga memungkinkan INCO untuk mendapatkan perpanjangan konsesi dan perizinan perusahaan.
- Harga untuk 14% saham ini masih dinegosiasikan antara MIND ID dan Vale, dan diharapkan dapat mencapai kesepakatan mengenai valuasi dalam waktu 2 bulan kedepan.

### Rekomendasi OVERWEIGHT dengan TP Rp 5.000

- NHKS Research merekomendasikan OVERWEIGHT untuk INCO, dengan target harga Rp5.000. Hal ini mencerminkan rasio PE 12,25x yang setara dengan SD -2 band INCO selama 1 tahun. Harga saat ini diperdagangkan pada rasio PE 11,0x.
- Risiko: 1) Berlanjutnya surplus nikel 2) Perlambatan ekonomi China 3) Penundaan proses divestasi

### Vale Indonesia Tbk. | Summary (IDR bn)

in IDR bn	2022A	2023E	2024F	2025F
Revenue	17,543	18,291	17,376	17,550
Revenue growth	28.6%	4.3%	-5.0%	1.0%
Net profit	2,942	4,118	3,092	3,128
EPS (IDR)	296	414	311	315
Net Profit growth	24.0%	40.0%	-24.9%	1.2%
NPM	16.8%	22.5%	17.8%	17.8%
ROE	8.8%	10.8%	7.5%	7.1%
ROA	7.7%	9.5%	6.6%	6.2%
P/E	14.9x	10.6x	14.2x	14.0x
P/BV	1.2x	1.1x	1.0x	1.0x
EV/EBITDA	5.3x	4.2x	4.5x	3.7x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## Overweight

Target Price (IDR)	5,000
Consensus Price (IDR)	6,057
TP to Consensus Price	-17.5%
Potential Upside	+13.4%

### Shares data

Last Price (IDR)	4,410
Price date as of	December 4, 2023
52 wk range (Hi/Lo)	7,750 / 4,350
Free float (%)	20.6%
Outstanding sh. (mn)	9,936
Market Cap (IDR bn)	43,719
Market Cap (USD mn)	2,818
Avg. Trd Vol - 3M (mn)	14.2
Foreign Ownership	78.96

### Mining

#### Metal

Bloomberg	INCO IJ
Reuters	INCO.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-37.9%	-10.5%	-25.6%	-40.4%
Rel. Ret.	-41.4%	-15.0%	-27.2%	-41.5%

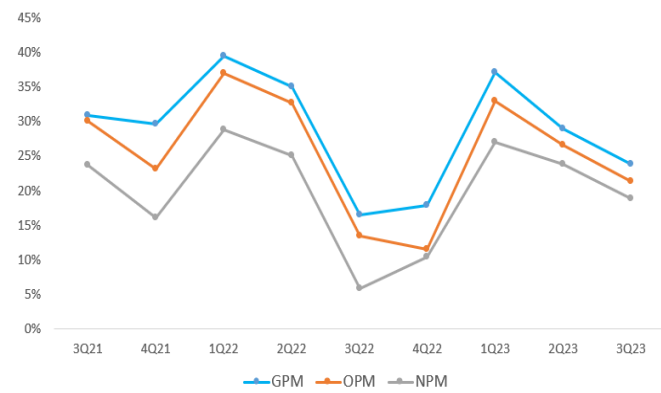
### Axell Ebenhaezer - Mining & Property

(021) 5088 9133

Axell.Ebenhaezer@nhsec.co.id

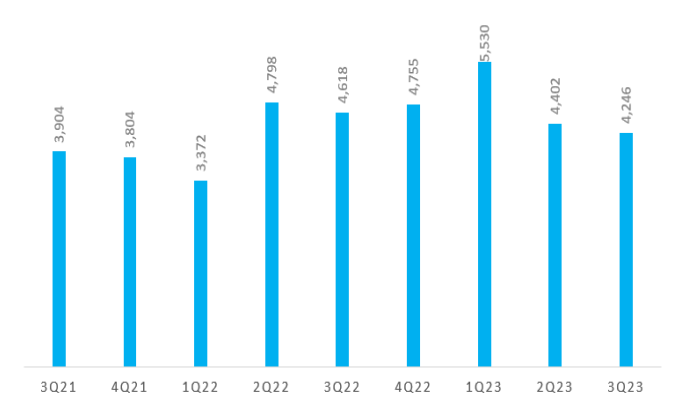
## Performance Highlights in Charts

### INCO Quarterly Profit Margins | 3Q21 - 3Q23



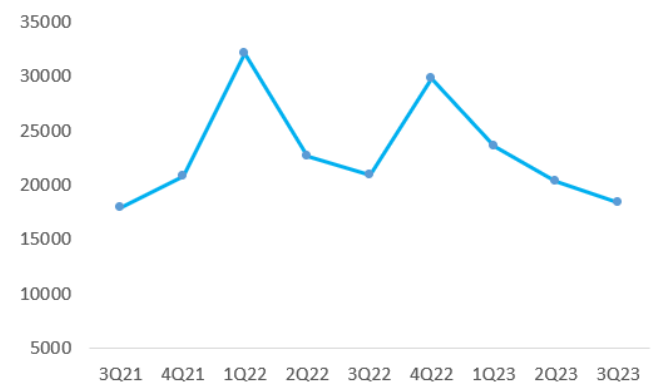
Source: Company Data, NHKSI Research

### INCO Quarterly Net Revenue | 3Q21 - 3Q23



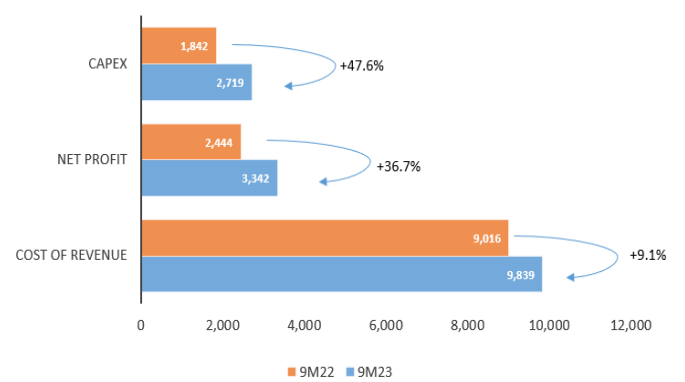
Source: Company Data, NHKSI Research

### LME Nickel Cash (USD/Mt) | 3Q21 - 3Q23



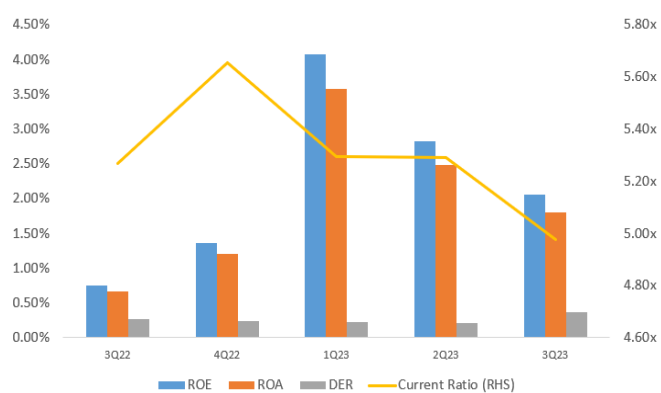
Source: Company Data, NHKSI Research

### INCO Financial Highlights (IDR Bn) | 9M22 vs 9M23



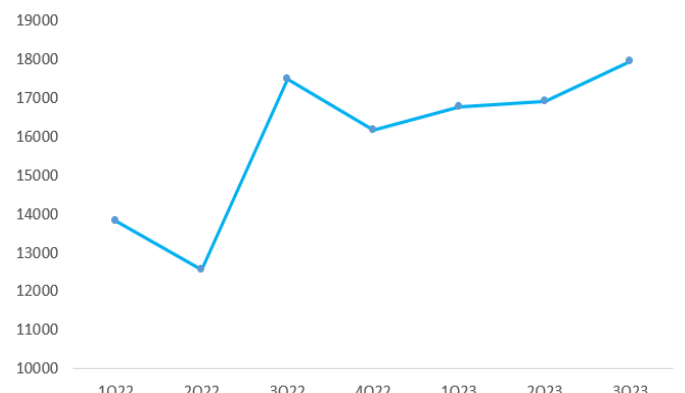
Source: Company Data, NHKSI Research

### INCO Selected Financial Ratios | 3Q22 - 3Q23



Source: Company Data, NHKSI Research

### INCO Quarterly Nickel Production (Metric Tons) | 1Q22 - 3Q23



Source: Company Data, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
<b>Revenue</b>	<b>17,543</b>	<b>18,291</b>	<b>17,376</b>	<b>17,550</b>
<i>Growth</i>	28.6%	4.3%	-5.0%	1.0%
COGS	12,924	12,935	12,896	13,044
<b>Gross Profit</b>	<b>4,620</b>	<b>5,355</b>	<b>4,480</b>	<b>4,506</b>
<i>Gross Margin</i>	26.3%	29.3%	25.8%	25.7%
Operating Expenses	(635)	(566)	(510)	(513)
<b>EBIT</b>	<b>3,985</b>	<b>4,787</b>	<b>3,970</b>	<b>3,993</b>
<i>EBIT Margin</i>	22.7%	26.2%	22.8%	22.8%
Depreciation	2,443	2,803	2,811	3,580
<b>EBITDA</b>	<b>6,428</b>	<b>7,590</b>	<b>6,782</b>	<b>7,573</b>
<i>EBITDA Margin</i>	36.6%	41.5%	39.0%	43.2%
<b>EBT</b>	<b>4,050</b>	<b>5,225</b>	<b>4,093</b>	<b>4,134</b>
Income Tax	1,109	1,106	1,001	1,006
Minority Interest	-	-	-	-
<b>Net Profit</b>	<b>2,942</b>	<b>4,118</b>	<b>3,092</b>	<b>3,128</b>
<i>Growth</i>	24.0%	40.0%	-24.9%	1.2%
<i>Net Profit Margin</i>	16.8%	22.5%	17.8%	17.8%

### BALANCE SHEET

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Cash	9,832	12,303	13,706	15,797
Receivables	2,192	1,695	1,912	2,107
Inventories	2,415	2,725	2,640	2,822
<b>Total Current Assets</b>	<b>15,349</b>	<b>17,657</b>	<b>19,407</b>	<b>21,724</b>
Net Fixed Assets	24,034	25,437	26,940	27,976
Other Non Current Assets	1,837	2,355	2,153	1,895
<b>Total Assets</b>	<b>41,219</b>	<b>45,449</b>	<b>48,501</b>	<b>51,594</b>
Payables	2,272	3,116	3,008	3,182
ST Debt	28	81	46	56
LT Debt	61	63	71	77
<b>Total Liabilities</b>	<b>4,704</b>	<b>5,726</b>	<b>6,013</b>	<b>6,383</b>
Capital Stock	2,115	2,112	2,112	2,112
Retained Earnings	30,093	33,311	36,077	38,800
<b>Shareholders' Equity</b>	<b>36,516</b>	<b>39,723</b>	<b>42,489</b>	<b>45,212</b>

### CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Operating Cash Flow	5,188	7,507	6,033	7,078
Investing Cash Flow	(3,272)	(4,162)	(4,315)	(4,616)
Financing Cash Flow	(20)	(901)	(309)	(363)
<b>Net Changes in Cash</b>	<b>1,853</b>	<b>2,454</b>	<b>1,403</b>	<b>2,091</b>

### PROFITABILITY & STABILITY

	2022/12A	2023/12F	2024/12F	2025/12F
ROE	8.8%	10.8%	7.5%	7.1%
ROA	7.7%	9.5%	6.6%	6.2%
Inventory Turnover	7.3	6.7	6.6	6.2
Days Inventory Outstanding	50.2	54.4	55.5	58.7
Receivables Turnover	8.3	10.3	9.1	8.3
Account Receivable Days	43.7	35.6	40.2	43.8
Dividend Yield (%)	0.0%	2.0%	0.7%	0.9%
Payout Ratio (%)	0.0%	21.4%	10.6%	12.9%
DER	0.2%	0.4%	0.3%	0.3%
Current Ratio	5.7	4.8	5.0	5.2
Quick Ratio	4.5	4.1	4.2	4.5
DAR	0%	0%	0%	0%
Total Shares (mn)	9,936	9,936	9,936	9,936
Share Price (IDR)	4,410	4,410	4,410	4,410
Market Cap (IDR tn)	43.8	43.8	43.8	43.8

### VALUATION INDEX

	2022/12A	2023/12F	2024/12F	2025/12F
Price/Earnings	14.9x	10.6x	14.2x	14.0x
Price/Book Value	1.2x	1.1x	1.0x	1.0x
EV/EBITDA	5.3x	4.2x	4.5x	3.7x
EV (IDR bn)	34,075	31,658	30,229	28,154
BVPS (IDR)	3,675	3,998	4,276	4,550
Basic EPS (IDR)	296	414	311	315

### TOP OWNERSHIP

Shareholders	%
Vale Canada Limited	43.79
PT Mineral Industri Indonesia	20.00
Sumitomo Metal Mining Co. Ltd	15.03

By Geography	
Canada	52.68
Indonesia	21.04
Japan	18.90

Source: Company Data, Bloomberg, 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%

### DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia