

# Trimegah Bangun Persada Tbk (NCKL)

## Strongest Quarterly Performance Since IPO

PT Trimegah Bangun Persada recorded IDR 7.5 trillion in revenue and IDR 2 trillion in net income for 3Q24, representing an 11.9% and 12.6% QoQ increase respectively. This is the highest quarterly net income the company has achieved since their IPO. For the period 9M24, revenue totals to IDR 20.4 trillion (+17.8% YoY) and net income equals to IDR 4.8 trillion (+8.4% YoY). This strong quarter can be attributed to higher than expected production & sales volumes and a 3% QoQ increase in Nickel Pig Iron (NPI) market price.

### Limonite ore sales volume surges, ferronickel & MHP follow suit

- NCKL reported a 47.8% YoY increase in limonite sales volume for 9M24. This growth is caused by the company selling ores to its new HPAL plant under PT ONC, in which it owns a 10% stake.
- Likewise, ferronickel production and sales volume both jumped by 39% YoY in 9M24, exceeding the nameplate capacity by 6%. This is driven by having the HJF smelter at 100% production capacity for the entire year.
- MHP Ni production volume also soared by 47% YoY in 9M24, exceeding nameplate capacity by a massive 23%. Most of this increase is used to produce Nickel Sulfate (NiSO<sub>4</sub>), which itself saw a 217% YoY rise in production volume.

### Scaling up continues

- In line with its continued down-streaming efforts (hilirisasi), NCKL carried out their first sale of Electrolytic Cobalt (EC) in August 2024, amounting to 180 tons.
- Made using the company's MHP product, NCKL has an EC production capacity of 6,000 tons.
- Moving forward, NCKL can choose whether to produce EC or CoSO<sub>4</sub> depending on which product has the higher margin at the time. For 9M24, EC has an average cash margin of USD 13,739/ton, higher than CoSO<sub>4</sub> which has an average cash margin of USD 8,011/ton.
- NCKL's new RKEF plant under PT KPS is still under construction, with 77% of the first phase already completed and on schedule for commercial operation in 1Q25.
- Once all three phases are completed, this new plant will increase the company's ferronickel annual production capacity from 120,000 tons to 305,000 tons.
- NCKL's newest nickel mine, PT GTS, is currently in the preparation phase and is expected to start operation in 1H25.

### Macro factors pivotal in the long term

- China is, by far, the world's biggest consumer of nickel. While the government has recently announced a few economic stimulus to jumpstart its flailing economy and also signaled further support next year, there is still a lot of uncertainty regarding its economic recovery.
- Add to that the election of Donald Trump to a second term as US president, and now there are even more doubts regarding China's economic future since he promised to impose massive tariffs on the Asian powerhouse.
- A prolonged sluggish Chinese economy may cause demand for nickel to remain dampened, making it more difficult for nickel prices to rebound after last year's slump.
- There is also the possibility that Trump will roll back Biden's electric vehicle (EV) mandate, potentially further slowing down nickel demand growth and worsening the oversupply issue.

### BUY Recommendation with TP at IDR 1,030

- We maintain our BUY recommendation for NCKL with an adjusted target price of IDR 1,030. This represents a PE ratio of 10.68x, which is equivalent to the company's 1-Yr PE mean. Price is currently trading at a PE ratio of 8.74x.
- Risks: 1) Weak Chinese economy 2) Trump killing the EV mandate 3) Nickel price fluctuations

### Trimegah Bangun Persada Tbk | Summary (IDR bn)

in IDR bn	2023A	2024E	2025F	2026F
Revenue	23,857	27,826	31,999	32,639
Revenue growth	149.3%	16.6%	15.0%	2.0%
Net profit	5,618	6,808	7,961	8,202
EPS (IDR)	90	110	128	132
Net Profit growth	20.4%	21.2%	16.9%	3.0%
NPM	23.5%	24.5%	24.9%	25.1%
ROE	19.8%	19.4%	19.5%	17.5%
ROA	12.4%	12.5%	12.9%	11.8%
P/E	11.1x	0.0x	0.0x	0.0x
P/BV	2.2x	0.0x	0.0x	0.0x
EV/EBITDA	8.9x	0.7x	0.3x	-0.1x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Update | Dec 02, 2024

## Buy

Target Price (IDR)	1,030
Consensus Price (IDR)	1,258
TP to Consensus Price	-18.1%
Potential Upside	+21.9%

### Shares data

Last Price (IDR)	845
Price date as of	28 Nov 2024
52 wk range (Hi/Lo)	1,085 / 760
Free float (%)	16.0
Outstanding sh. (mn)	63,098
Market Cap (IDR bn)	53,317
Market Cap (USD mn)	3,374
Avg. Trd Vol - 3M (mn)	12.03
Foreign Ownership	2.53%

### Mining

### Metal

Bloomberg	NCKL IJ
Reuters	NCKL.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-16%	-5%	-10%	-20%
Rel. Ret.	-15%	1%	-4%	-22%

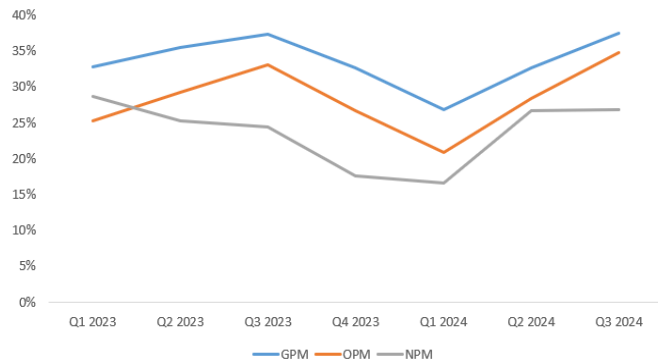
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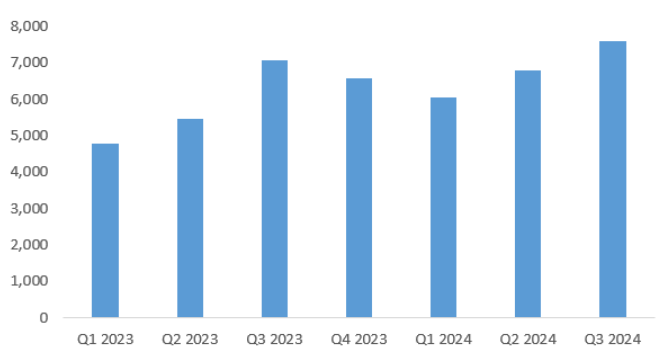
## Performance Highlights in Charts

### NCKL Quarterly Profit Margins | 1Q23 - 3Q24



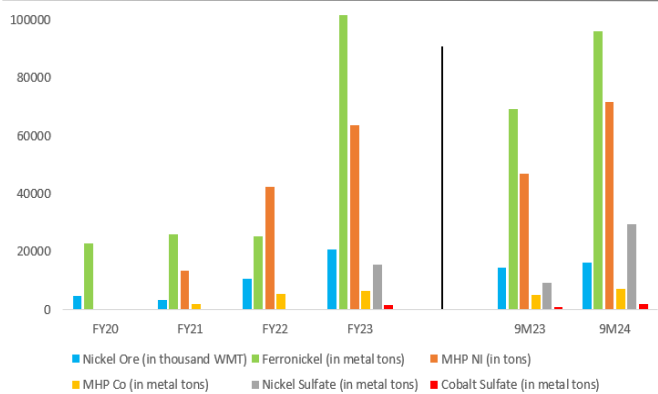
Source: Company Data, NHKSI Research

### NCKL Quarterly Net Revenue | 1Q23 - 3Q24



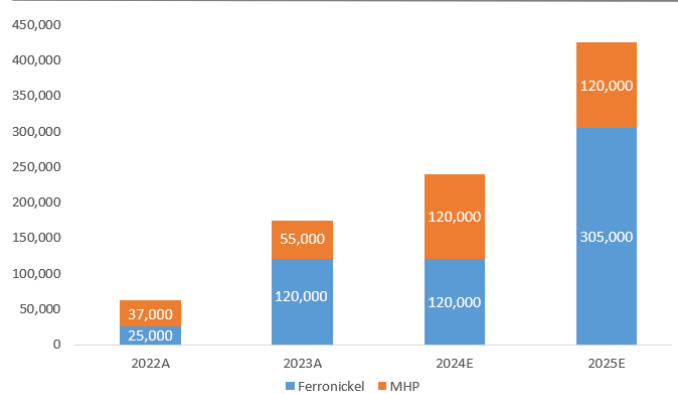
Source: Company Data, NHKSI Research

### NCKL Production Volume | FY20 - 9M24



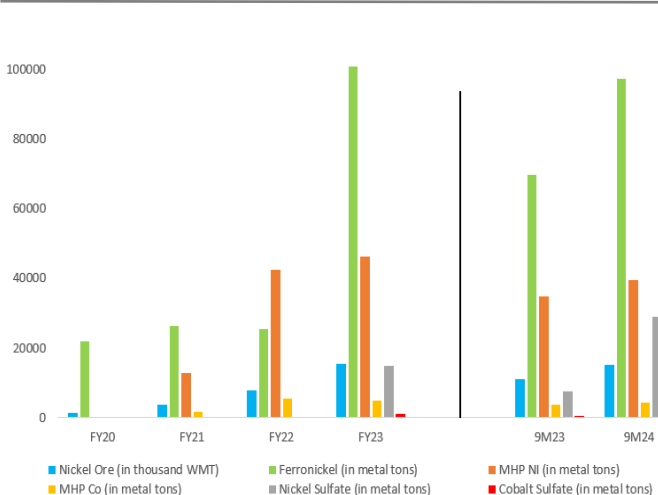
Source: Company Data, NHKSI Research

### NCKL Production Capacity (Tons) | FY22A - FY25E



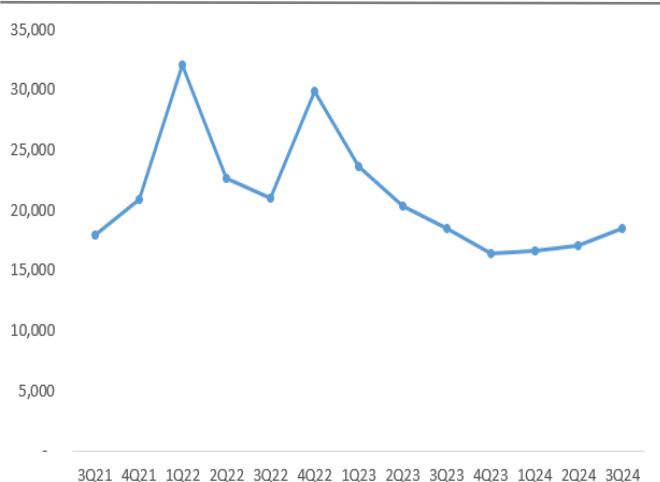
Source: Company Data, NHKSI Research

### NCKL Sales Volume | FY20 - 9M24



Source: Company Data, NHKSI Research

### LME Nickel Spot Price (USD/Ton) | 3Q21 - 3Q24



Source: Bloomberg, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2023/12F	2024/12F	2025/12F	2026/12F
Revenue	23,857	27,826	31,999	32,639
Growth	149.3%	16.6%	15.0%	2.0%
COGS	15,582	18,478	21,440	21,868
Gross Profit	8,276	9,348	10,560	10,771
Gross Margin	34.7%	33.6%	33.0%	33.0%
Operating Expenses	1,391	1,139	1,265	1,202
EBIT	6,885	8,208	9,295	9,569
EBIT Margin	28.9%	29.5%	29.0%	29.3%
Depreciation	1,303	1,698	1,468	1,628
EBITDA	8,188	9,907	10,762	11,196
EBITDA Margin	34.3%	35.6%	33.6%	34.3%
Interest Expenses	474	642	558	600
EBT	8,175	9,462	10,566	10,831
Income Tax	(1,108)	(1,055)	(1,082)	(1,068)
Minority Interest	(1,449)	(1,598)	(1,523)	(1,561)
Net Profit	5,618	6,808	7,961	8,202
Growth	20.4%	21.2%	16.9%	3.0%
Net Profit Margin	23.5%	24.5%	24.9%	25.1%

### BALANCE SHEET

(IDR bn)	2023/12F	2024/12F	2025/12F	2026/12F
Cash	3,935	10,298	14,247	19,656
Receivables	1,243	2,038	2,367	2,402
Inventories	5,504	4,891	5,286	5,590
Total Current Assets	11,759	18,147	22,900	28,748
Net Fixed Assets	22,968	23,842	24,354	24,359
Other Non Current Assets	10,562	12,661	14,602	16,118
Total Assets	45,289	54,650	61,856	69,224
Payables	6,204	4,685	5,286	5,469
ST Debt	1,803	2,366	2,543	2,734
LT Debt	6,781	9,428	9,844	10,736
Total Liabilities	16,897	19,607	21,038	22,456
Capital Stock	6,310	6,310	6,310	6,311
Retained Earnings	5,838	10,968	16,727	22,506
Shareholders' Equity	28,392	35,043	40,818	46,768

### CASH FLOW STATEMENT

(IDR bn)	2023/12F	2024/12F	2025/12F	2026/12F
Operating Cash Flow	6,273	7,037	8,361	8,611
Investing Cash Flow	(6,676)	(1,005)	(3,200)	(1,632)
Financing Cash Flow	3,106	470	(1,193)	(1,502)
Net Changes in Cash	2,658	6,363	3,949	5,409

### PROFITABILITY & STABILITY

	2023/12F	2024/12F	2025/12F	2026/12F
ROE	19.8%	19.4%	19.5%	17.5%
ROA	12.4%	12.5%	12.9%	11.8%
Inventory Turnover	2.0	3.8	4.1	3.9
Days Inventory Outstanding	182.9	96.6	90.0	93.3
Receivables Turnover	13.4	13.7	13.5	13.6
Account Receivable Days	27.2	26.7	27.0	26.9
Dividend Yield	1.6%	3.1%	2.8%	2.5%
Payout Ratio	17.3%	28.7%	22.3%	19.7%
DER	0.30	0.34	0.30	0.29
Current Ratio	1.26	1.94	2.25	2.72
Quick Ratio	1.01	1.62	1.92	2.39
DAR	0.19	0.22	0.20	0.19
Total Shares (mn)	63,098	63,098	63,098	63,098
Share Price (IDR)	1,000	1,030	1,030	1,030
Market Cap (IDR tn)	63.10	64.99	64.99	64.99

### VALUATION INDEX

	2023/12F	2024/12F	2025/12F	2026/12F
Price/Earnings	11.1x	9.4x	8.0x	7.8x
Price/Book Value	2.2x	1.9x	1.6x	1.4x
EV/EBITDA	8.9x	7.2x	6.3x	5.7x
EV (IDR bn)	72,642	71,580	68,125	63,848
BVPS (IDR)	450.0	555.4	646.9	741.2
Basic EPS (IDR)	90.5	109.6	128.2	132.1

### TOP OWNERSHIP

Shareholders	%
PT Harita Jayaraya	84.68
Public	15.32

By Geography	
Indonesia	97.5
United States	0.78
Luxembourg	0.51

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%

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