



PT Vale Indonesia Tbk

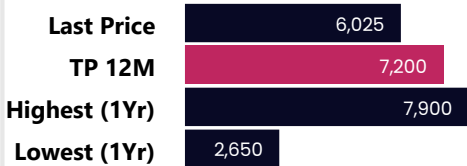
Solid Margins, Strong Outlook

Published on 12 May 2026

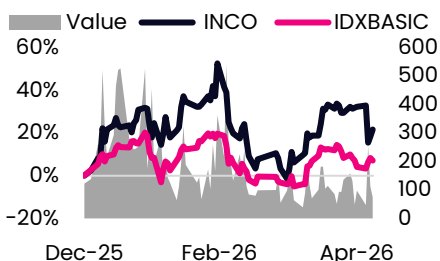
Team Coverage Kiwoom Research

Stock Rate
Industry Neutral**Fair Value**
vs. Last Price **IDR 7,200**
19.50%**Stock Data**
Ticker Code INCO
Sub Sector Metals & Mineral
Sector Basic MaterialsMarket Cap (IDR Tn) 63.50
Shares Issued (Bn) 10.54
AVG 3M Turnover (IDR Bn) 145.48

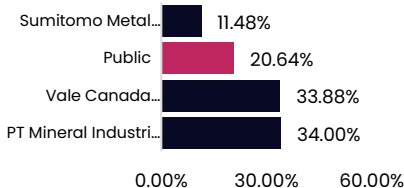
Price (IDR)



Price Performance, YTD (%) Turnover (Bn)



Shareholders Composition

**ESG Rating** **5.82**
Environmental 5.35
Social 6.50
Governance 5.74

Source: Bloomberg

INCO concluded FY25 with solid performance, demonstrating resilient profitability amidst sectoral dynamics. Total revenue for the year reached USD 990mn, reflecting a steady 4% y/y growth. This top-line achievement was bolstered by the contribution of the Nickel Ore segment, which generated USD 102mn in revenue, successfully offsetting a slight dip in the core Nickel Matte revenue, which stood at USD 889mn (-6% y/y). On the profitability front, the company maintained efficiency by booking a gross profit of USD 111mn, yielding a Gross Profit Margin (GPM) of 11.20%. At the bottom line, INCO posted an impressive 32% y/y growth in net profit to USD 76mn. This translates to an EPS of IDR 120, an NPM of 7.68%, and an improved ROE of 2.74%.

Entering the final quarter, margin quality remained well-preserved amid positive operational momentum. Revenue in 4Q25 stood at USD 285mn (+2% q/q, +18% y/y). The company successfully recorded solid margin expansion during the period, with GPM reaching 13.12% and EBITDA margin at 15.10%. This healthy margin profile allowed INCO to secure a quarterly net income of USD 24mn (+261% y/y). On the balance sheet front, the company's financial fundamentals continue to strengthen; total equity grew by 2% y/y to USD 2,775mn, in tandem with total assets expanding by 5% y/y to reach USD 3,346mn.

Looking ahead, INCO's growth trajectory is heavily supported by cost efficiencies and on-track strategic project execution. We believe the company is positioned to push nickel matte cash costs below the USD 10,000/ton mark in 2026, aided by the competitive advantage of its hydropower energy sources and adequate buffer inventories. Furthermore, the company has secured an RKAB quota of ~8.1 million wmt (focusing on 5–6 million wmt of saprolite ore). Medium-term growth catalysts are also highly visible through the acceleration of HPAL smelter projects; the Pomalaa project is projected to be completed ahead of schedule with targeted commercial operations in 3Q26, followed by Bahodopi in 4Q26.

Key Takeaways

- **Solid FY25 Earnings Growth.** Supported by revenue diversification from the Nickel Ore segment (USD 102mn), INCO's total revenue grew 4% y/y to USD 990mn, which successfully drove its net profit up by 32% y/y to hit USD 76mn.
- **Strong HPAL Expansion Visibility.** All three HPAL projects are running on schedule and within budget. The Pomalaa HPAL construction is even expected to commence operations earlier in 3Q26, providing exceptional clarity on long-term growth catalysts.
- **Resilient Cost Efficiency.** Amid uncertainties surrounding sulfur and geopolitical fuel prices, the target of maintaining cash costs below USD 10,000/ton in 2026 appears achievable, supported by hydropower utilization and acid-sourcing diversification initiatives.

Recommendation: "BUY"

We recommend a "BUY" call with a Target Price (TP) of **IDR 7,200**. This TP is derived using a blended valuation approach. Our target implies a 19.50% upside potential from the last closing price of IDR 6,025 (as of 11 May 26). Current valuations are highly attractive, trading at a 2026F EV/EBITDA of 8.87x and a P/BV of 1.45x. **Downside risks include:** potential RKAB quota revisions, sulfur/fuel cost escalation due to geopolitical tensions, and broader volatility in global nickel prices.

Financial Highlights

End 31 Dec	2023A	2024A	2025A	2026F	2027F	2028F
Revenue (USD Mn)	1,232	950	990	1,433	1,719	1,994
Net Profit (USD Mn)	274	58	76	261	298	356
EBITDA Margin	35.21%	23.35%	17.81%	33.54%	32.24%	31.35%
NPM	22.26%	6.07%	7.68%	18.21%	17.35%	17.85%
ROE	10.70%	2.11%	2.74%	8.66%	9.23%	10.17%
EV/EBITDA (x)	5.3	7.7	16.4	8.9	7.6	6.5
P/BV (x)	1.2	0.9	1.2	1.4	1.3	1.2
Dividend Yield	0.00%	1.46%	0.70%	1.80%	2.06%	2.45%

Source: Company and KSI Research



INCO FY25 Equity Update

Published on 12 May 2026

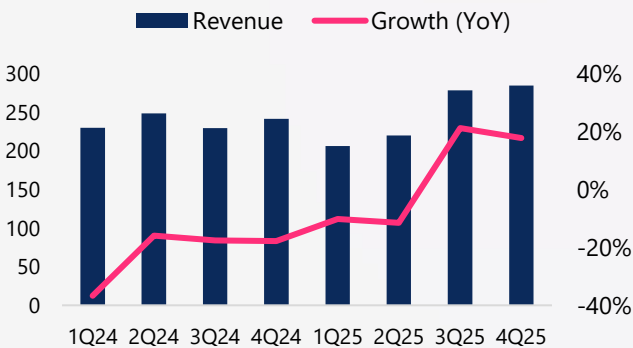


Performance Overview

USD Mn	FY24	FY25	yoy	Quarters			qoq	yoy
				4Q24	3Q25	4Q25		
Revenue Segment								
Nickel Matte	950	889	-6%	242	240	227	-5%	-6%
Nickel Ore	0	102	N/A	0	39	58	50%	N/A
Revenue	950	990	4%	242	279	285	2%	18%
Gross Profit	108	111	2%	28	43	37	-14%	33%
Operating Profit	64	44	-32%	10	33	-3	-110%	-132%
EBITDA	222	176	-21%	52	76	43	-43%	-17%
Net Income	58	76	32%	7	27	24	-11%	261%
EPS (Full IDR)	88	120	36%	10	43	38	-11%	274%
Liabilities	444	571	29%	444	491	571	16%	29%
Equity	2,733	2,775	2%	2733	2754	2775	1%	2%
Asset	3,177	3,346	5%	3177	3245	3346	3%	5%
GPM %	11.39%	11.20%	0%	11.57%	15.55%	13.12%	-2%	2%
OPM%	6.76%	4.44%	-2%	4.13%	11.95%	-1.12%	-13%	-5%
NPM %	6.07%	7.68%	2%	2.75%	9.69%	8.43%	-1%	6%
EBITDA Margin %	23.35%	17.81%	-6%	21.49%	27.27%	15.10%	-12%	-6%
ROE %	2%	3%	1%	0%	1%	1%	0%	1%
ROA %	2%	2%	0%	0%	1%	1%	0%	1%

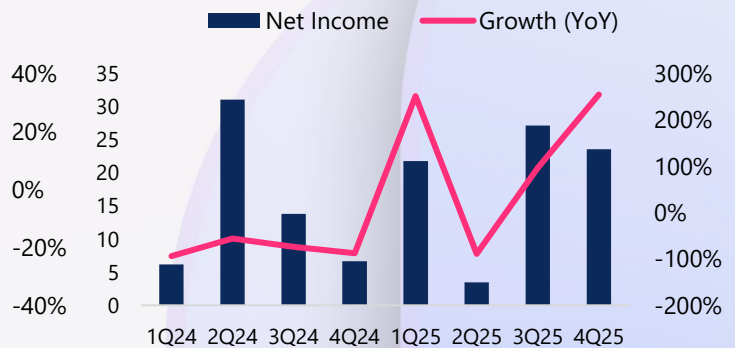
Source: Company and KSI Research

Revenue (USD Mn) vs Growth



Source: Company and KSI Research

Net Income (USD Mn) vs Growth



Source: Company and KSI Research



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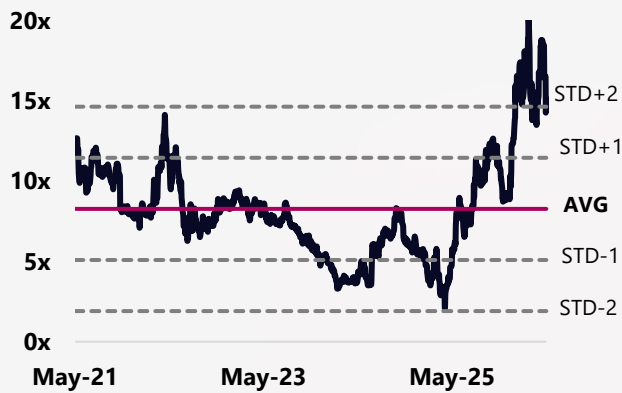


Valuation

We assign a **"BUY"** call for INCO. Our fair value estimate is constructed through a blended valuation approach, utilizing an equal 50/50 weighting between the Discounted Cash Flow (DCF) and EV/EBITDA methods. Consequently, we determine a **12-month target price of IDR 7,200**, presenting a **19.50% upside potential** from the last close of IDR 6,025. This target incorporates an applied multiple of 11.5x for EV/EBITDA.

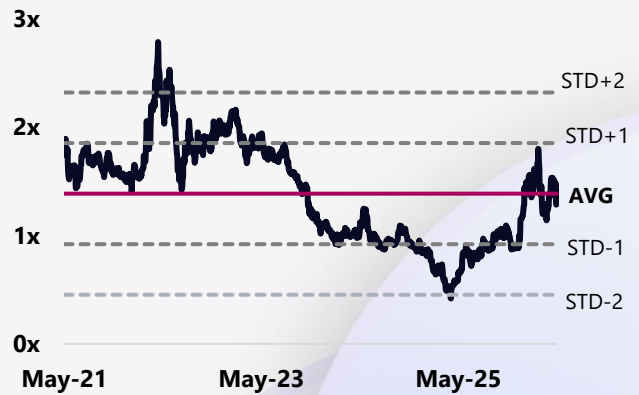
Blended Valuation	Base Amount	Target Multiple	Value (USD Mn)	Weight (%)	The Value of the firm
EV/EBITDA	481	11.5x	5,512	50%	2,756
DCF	3,197	1x	3,197	50%	1,599
Total Value (IDR Mn)					75,893,843
Share (Mn)					10,539.78
Intrinsic Value (IDR)					7,201
Target Price (IDR)					7,200
Last Price (11 May 26)					IDR 6,025
Potential Upside (%)					19.50%

Historical EV/EBITDA – 5Y



Source: Company and KSI Research

Historical PBV – 5Y



Source: Company and KSI Research

Peer Comparison

Ticker	M.Cap (Tn)	1W	1M	3M	6M	1Y	YTD	PBV	PE	ROE	DER
INCO IJ	57.2	-7.7%	10.5%	3.7%	40.2%	125.3%	22.2%	1.3x	39.2x	3.5%	0.2x
Average								2.7x	47.5x	8.7%	1.5x
NCKL IJ	67.5	2.4%	-4.9%	-17.7%	-4.9%	63.4%	-4.9%	1.9x	8.4x	25.2%	0.4x
MBMA IJ	69.7	-4.4%	-7.2%	4.9%	0.0%	82.2%	13.2%	2.6x	140.4x	1.9%	0.9x
MDKA IJ	78.6	-0.6%	1.6%	12.6%	32.6%	73.1%	40.8%	5.5x	-	-7.2%	3.5x
NIKL PM	20.2	1.0%	12.7%	13.2%	55.6%	107.3%	33.9%	1.8x	11.7x	16.4%	0.6x
000060 CH	91.5	19.7%	33.1%	17.6%	49.6%	80.2%	38.1%	1.7x	29.4x	7.4%	2.0x

Source : Bloomberg & KSI Research



INCO FY25 Equity Update

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Financial Highlight (USD Mn)

Income Statement

Year-End	2023A	2024A	2025A	2026F	2027F	2028F
Revenue	1,232	950	990	1,433	1,719	1,994
Cost of Revenue	885	842	879	1,043	1,244	1,434
Gross Profit	347	108	111	389	475	561
Operating Income	308	64	44	302	370	439
EBITDA	434	222	176	481	554	625
Income Before Tax	331	95	73	325	379	443
Tax Expenses	78	16	18	72	83	97
Minority Interest	-	-	-	-	-	-
Net Income	274	58	76	261	298	356
EPS (IDR)	391	88	120	431	493	589

Balance Sheet

Year-End	2023A	2024A	2025A	2026F	2027F	2028F
Cash and cash Equivalents	699	675	376	100	164	300
Account Receivables	102	84	74	117	141	158
Inventories	156	149	192	199	226	262
Fixed Asset	1,696	1,975	2,313	2,543	2,628	2,653
Other Assets	274	294	390	565	677	786
Total Asset	2,926	3,177	3,346	3,524	3,836	4,160
S-T liabilities	6	6	3	9	11	12
Other S-T liabilities	211	258	359	293	384	439
L-T liabilities	3	2	0	0	0	0
Other L-T liabilities	142	178	208	208	208	208
Total Liabilities	361	444	571	511	603	660
Total Equity	2,565	2,733	2,775	3,013	3,233	3,500
BVPS (IDR)	3,660	4,175	4,394	4,982	5,346	5,787

Cash Flow Statement

Year-End	2023A	2024A	2025A	2026F	2027F	2028F
Net Income	274	58	76	261	298	356
Depreciation	126	158	132	179	185	186
Change in working capital	59	51	58	(164)	9	(29)
Others	0	(0)	0	-	-	-
Operating cash flow	459	266	267	276	492	514
Capital expenditure	(271)	(437)	(471)	(409)	(270)	(211)
Others	(79)	1	(86)	(126)	(82)	(79)
Investing cash flow	(350)	(437)	(557)	(535)	(352)	(290)
Dividend paid	(60)	0	(35)	(23)	(78)	(89)
Net change in debt	3	(1)	(5)	6	1	1
Others	13	147	32	-	-	-
Financing cash flow	(44)	146	(8)	(17)	(77)	(88)
Change in cash	65	(24)	(298)	(276)	64	136
Beginning cash balance	634	699	675	376	100	164
Ending cash balance	699	675	376	100	164	300

Source: Company and KSI Research



INCO FY25 Equity Update

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Financial Ratios

Margin Ratio (%)	2023A	2024A	2025A	2026F	2027F	2028F
GPM	28.2%	11.4%	11.2%	27.2%	27.6%	28.1%
OPM	25.0%	6.8%	4.4%	21.1%	21.5%	22.0%
NPM	22.3%	6.1%	7.7%	18.2%	17.3%	17.9%
EBITDA M	35.2%	23.3%	17.8%	33.5%	32.2%	31.3%
Key Ratios (%)	2023A	2024A	2025A	2026F	2027F	2028F
Revenue Growth	4%	-23%	4%	45%	20%	16%
Gross Profit Growth	11%	-69%	2%	251%	22%	18%
Operating Profit Growth	12%	-79%	-32%	587%	22%	19%
EBITDA Growth	4%	-49%	-21%	172%	15%	13%
Net Income Growth	37%	-79%	32%	243%	14%	19%
EPS Growth (Full USD)	37%	-79%	32%	243%	14%	19%
Gross margin (%)	28%	11%	11%	27%	28%	28%
EBITDA margin (%)	35%	23%	18%	34%	32%	31%
EBIT margin (%)	25%	7%	4%	21%	21%	22%
Pretax margin (%)	27%	10%	7%	23%	22%	22%
Net margin (%)	22%	6%	8%	18%	17%	18%
ROE (%)	11%	2%	3%	9%	9%	10%
ROA (%)	9%	2%	2%	7%	8%	9%
Current ratio (x)	4.77	3.81	2.07	1.89	1.82	2.08
Cash Ratio (%)	322%	256%	104%	33%	42%	66%
AP turnover (days)	74.04	100.90	135.94	88.63	98.49	97.69
AR turnover (days)	30.2	32.4	27.2	29.9	29.8	29.0
Inventory turnover (days)	64.3	64.4	79.7	69.5	66.2	66.8
Dividend Yield (%)	0.00%	1.46%	0.70%	1.80%	2.06%	2.45%
DER (x)	0.14	0.16	0.21	0.17	0.19	0.19
PE (x)	10.86	41.07	42.96	16.69	14.60	12.23
PBV (x)	1.16	0.87	1.18	1.45	1.35	1.24
P/Sales (x)	2.42	2.49	3.30	3.04	2.53	2.18
EV/EBITDA (x)	5.27	7.67	16.42	8.87	7.58	6.51

Source: Company and KSI Research



Kiwoom Sekuritas Guide to Sector/Industry/Stock Ratings Sector/Industry

OVERWEIGHT : Sector & Industry Outlook has potential and good condition
NEUTRAL : Sector & Industry Outlook Stable or tend to be stagnant
UNDERWEIGHT : Sector & Industry Outlook has challenges and bad condition

Stock

BUY : Stock Performance > +15% Over the next 12 month (excluding dividend)
TRADING BUY : Stock Performance, range between +5% to +15% Minor to Medium Term
HOLD : Stock Performance, range between -10% to +15% Over the next 12 month (excluding dividend)
SELL : Stock Performance > -15% Over the next 12 month (excluding dividend)
TRADING SELL : Stock Performance, range between -5% to -15% Minor to Medium Term
NOT RATED : Stock is not within regular research coverage Over the next 12 month (excluding dividend)



HEAD OFFICE

Treasury Tower 27th Floor Unit A, District 8 Kawasan SCBD Lot 28,
Jl.Jend.Sudirman Kav 52-53, Jakarta Selatan 12190
Tel : (021) 5010 5800
Fax : (021) 5010 5820
Email : cs@kiwoom.co.id

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