



PT Vale Indonesia Tbk

Margins Shine Amid Muted Volumes

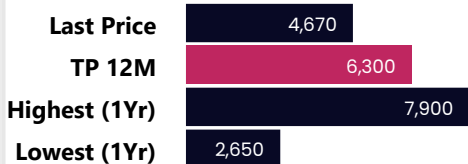
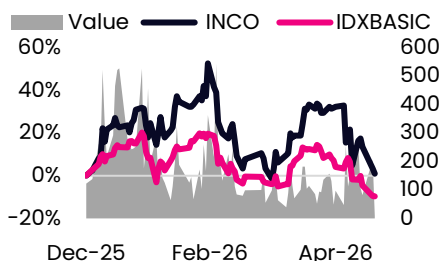
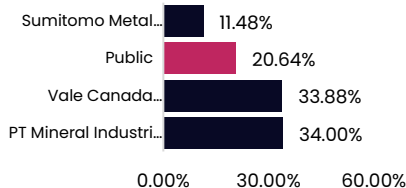
Published on 22 May 2026

**Adrian Djie**Equity Research Analyst
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Industry**BUY**
Neutral**Fair Value**
vs. Last Price**IDR 6,300**
34.90%**Stock Data**

Ticker Code	INCO
Sub Sector	Metals & Mineral
Sector	Basic Materials

Market Cap (IDR Tn)	49.22
Shares Issued (Bn)	10.54
AVG 3M Turnover (IDR Bn)	144.16

Price (IDR)

**Price Performance, YTD (%) Turnover (Bn)****Shareholders Composition****ESG Rating**

Environmental	5.35
Social	6.50
Governance	5.74

Source: Bloomberg

INCO delivered a robust performance in 1Q26. Total revenue reached USD 253mn (+22% y/y, -11% q/q). Revenue moderated quarter over quarter, reflecting the lower sequential sales volume, but grew year on year supported by higher average selling prices that compensated for this volume decline. Gross profit grew significantly to USD 57mn (+191% y/y), lifting the gross profit margin to 22.46% on the back of normalized operating expenses. Operational efficiency remained intact on a yearly basis, with operating profit at USD 42mn (+286% y/y) and EBITDA at USD 77mn (+47% y/y), resulting in an EBITDA margin of 30.43%. While net income posted a strong 100% y/y growth to USD 44mn.

From an operational standpoint, 1Q26 volumes were muted due to the scheduled rebuilding of the nickel matte furnace and a brief delay in the RKAB quota approval, which temporarily halted mining operations across all concessions in early January. Consequently, nickel matte sales volume dropped to 13,727 tons (-25% q/q), and saprolite ore volume declined to 0.98 million wmt (-31% q/q). However, this volume contraction was comfortably offset by a 15% q/q increase in nickel matte ASP (USD 14,213/ton). While the nickel matte cash cost ticked up slightly to USD 10,382/ton (+8% q/q).

Looking ahead, we expect INCO to accelerate production in the upcoming quarters to fully capitalize on elevated global nickel prices. With the RKAB approval finalized in mid-January, the company is well-positioned to optimize its secured 8.1 million wmt combined nickel ore quota. Management's strategy to direct 5–6 million wmt of this specific allowance toward saprolite should diversify revenue and enhance profitability. Separately, the company's Sorowako operation remains fully supported to catch up to its full-year nickel matte production target of 67,645 tons.

Key Takeaways

- **Stellar 1Q26 Profitability.** Despite lower sales volumes, net income surged by 100% y/y to USD 44mn driven by robust ASPs across all segments.
- **Margin Expansion.** GPM and EBITDA margins expanded significantly to 22.46% and 30.43%, respectively.
- **Production Catch-up in 2Q26.** Following the resolution of the RKAB delay and the ongoing furnace rebuild. We anticipate an operational rebound as the company aims to fulfill its 8.1 million wmt ore quota and push matte volumes higher.

Recommendation: "BUY"

We maintain our "BUY" recommendation but adjust our fair value estimate to reflect current market realities. Our valuation is derived through the EV/EBITDA method. By applying a more conservative target multiple of 7.93x to account for the unfavorable broader market conditions, we determine a revised **12-month target price of IDR 6,300 (from IDR 7,200)**. This presents a **34.90% upside potential** from the last close of IDR 4,670 (as of 21 May 26). Downside risks include: prolonged cash cost elevation above the USD 10,000/ton target, global nickel price volatility, and potential delays in the ongoing HPAL developments.

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	7.7	6.6	5.6
P/BV (x)	1.2	0.9	1.2	1.3	1.2	1.1
Dividend Yield	2.02%	0.00%	1.06%	0.60%	2.05%	2.35%

Source: Company and KSI Research



Performance Overview

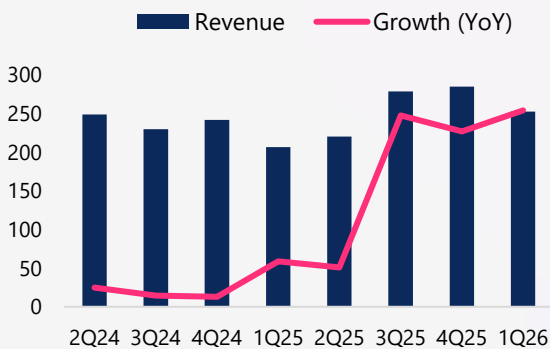
USD Mn	3M25	3M26	yoy	Quarters			qoq	yoy
				1Q25	4Q25	1Q26		
Revenue Segment								
Nickel Matte	204	195	-4%	204	227	195	-14%	-4%
Nickel Ore	3	58	2170%	3	58	58	-1%	2170%
Revenue	207	253	22%	207	285	253	-11%	22%
Gross Profit	20	57	191%	20	37	57	52%	191%
Operating Profit	11	42	286%	11	-3	42	1420%	286%
EBITDA	52	77	47%	52	43	77	79%	47%
Net Income	22	44	100%	22	24	44	82%	100%
EPS (Full IDR)	35	72	109%	35	38	72	90%	109%
Liabilities	426	522	23%	426	571	522	-9%	23%
Equity	2757	2818	2%	2757	2775	2818	2%	2%
Asset	3182	3340	5%	3182	3346	3340	0%	5%
GPM %	9.45%	22.46%	13%	9.45%	13.12%	22.46%	9%	13%
OPM%	5.27%	16.62%	11%	5.27%	-1.12%	16.62%	18%	11%
NPM %	10.56%	17.26%	7%	10.56%	8.43%	17.26%	9%	7%
EBITDA Margin %	25.35%	30.43%	5%	25.35%	15.10%	30.43%	15%	5%
ROE %	3%	4%	1%	3%	3%	4%	1%	1%
ROA %	2%	3%	1%	2%	2%	3%	1%	1%

Source: Company and KSI Research

Production Performance	Quarters				
	1Q25	4Q25	1Q26	qoq	yoy
Nickel Matte Production (ton)	17027	17052	13620	-20%	-20%
Nickel Matte Sales (ton)	17096	18418	13727	-25%	-20%
ASP (USD/ton)	11932	12308	14213	15%	19%

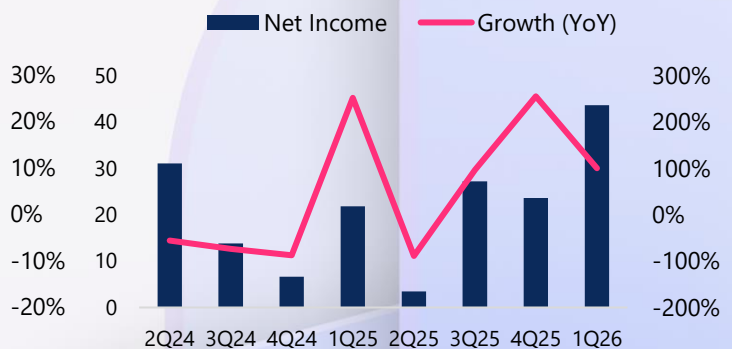
Source: Company and KSI Research

Revenue (USD Mn) vs Growth



Source: Company and KSI Research

Net Income (USD Mn) vs Growth



Source: Company and KSI Research



INCO Equity Update 1Q26

Published on 22 May 2026

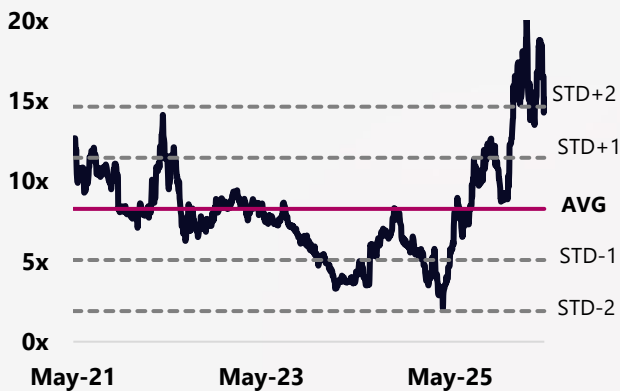


Valuation

We maintain our "BUY" rating to INCO. We revise our target price downwards to IDR 6,300 (from IDR 7,200) as we apply a more conservative target multiple to reflect the currently unfavorable broader market conditions. Our fair value estimate is derived using the EV/EBITDA methodology. Based on this approach and utilizing a lower target multiple of 7.93x, we set INCO's **12-month target price at IDR 6,300, offering a potential upside of 34.90%** from its last closing price of IDR 4,670 (as of 21 May 26).

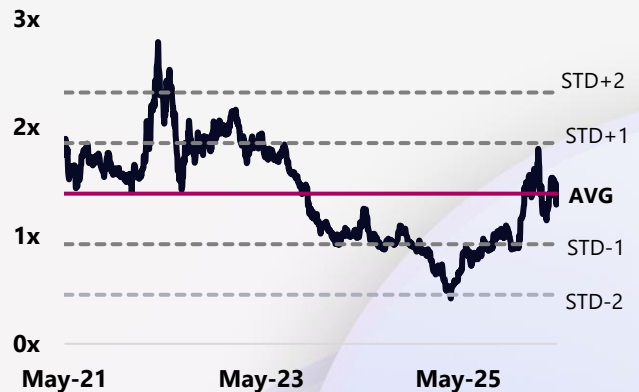
Valuation	Base Amount	Target Multiple	Value (USD Mn)	Weight (%)	The Value of the firm
EV/EBITDA	481	7.9x	3,811	100%	3,811
					Assumption USD 17,428
					Total Value (IDR Mn) 66,415,839
					Share (Mn) 10,539.78
					Intrinsic Value (IDR) 6,301
					Target Price (IDR) 6,300
					Last Price (21 May 26) IDR 4,670
					Potential Upside (%) 34.90%

Historical EV/EBITDA – 5Y



Source: Company and KSI Research

Historical PBV – 5Y



Source: Company and KSI Research

Peer Comparison

Ticker	M.Cap (Tn)	PRICE (IDR)	1W	1M	3M	6M	1Y	YTD	PBV	PE	ROE	DER
INCO IJ	49.2	4670	-16.9%	-29.0%	-29.3%	23.9%	45.7%	-5.7%	1.0x	29.3x	3.5%	0.2x
<i>Average</i>									2.0x	36.7x	8.8%	1.5x
NCKL IJ	51.1	815	-19.0%	-28.0%	-45.1%	-16.5%	21.0%	-28.0%	1.4x	6.4x	25.2%	0.4x
MBMA IJ	49.0	440	-22.4%	-35.6%	-46.9%	-18.9%	29.0%	-20.4%	1.7x	102.4x	1.9%	0.9x
MDKA IJ	60.9	2180	-9.2%	-27.1%	-30.9%	9.3%	22.2%	8.8%	3.8x	-	-7.2%	3.5x
NIKL PM	18.8	1362	-3.9%	-4.9%	-12.7%	32.5%	101.2%	24.4%	1.7x	10.9x	16.8%	0.5x
000060 CH	81.8	17877	-4.5%	3.8%	0.0%	40.0%	60.2%	20.9%	1.6x	27.3x	7.4%	2.0x

Source : Bloomberg & KSI Research



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



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	14.60	12.77	10.70
PBV (x)	1.16	0.87	1.18	1.26	1.18	1.09
P/Sales (x)	2.42	2.49	3.30	2.66	2.22	1.91
EV/EBITDA (x)	5.27	7.67	16.42	7.74	6.60	5.63

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)



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