

Anchored by ASP, Capacity Surge on the Horizon

22 May 2026



INCO IJ	BUY
Sector	Metal Mining
Price at 21 May 2026 (IDR)	4,670
Price target (IDR)	5,600
Upside/Downside (%)	19.9

Stock Information

Vale Indonesia is one of the country's largest nickel miners, controlling a 113,551-hectare concession across three key blocks: Bahodopi, Pomalaa, and Sorowako. With USD7.2 bn investment, INCO is advancing Indonesia's downstream nickel potential while enhancing operational capabilities.

Market cap (IDR bn)	49,221
Shares outstanding (mn)	10,540
52-week range (IDR)	3,050-7,900
3M average daily vol. ('000)	24,986
3M average daily val. (IDR mn)	154,083

Shareholders (%)

PT Mineral Industri Indonesia	34.0
Vale Canada Limited	33.9
Public	20.6
Sumitomo Metal Mining Co Ltd.	11.5

Stock Performance



	1M	3M	12M
Performance (%)	(28.6)	(28.8)	44.4

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INCO delivered solid YoY top-line growth in 1Q26, with revenue reaching USD253 mn (-11.3% QoQ, +22.3% YoY), as stronger nickel matte ASP of USD14,213/ton (+15.5% QoQ, +19.1% YoY) and nickel ore sales contributions from Bahodopi and Pomalaa blocks more than offset the impact of a production decline to 13,620 tons (-20.1% QoQ, -20.0% YoY), attributable to early-year RKAB approval delays and Furnace 3 reconstruction. Margins also saw improvements, with gross and net margins expanding to 22.5% and 17.3%, and net profit reaching USD44 mn (+84.7% QoQ, +100.1% YoY). EBITDA climbed to USD82 mn, lifting the EBITDA margin to 32.6%. Production recovery remains on track toward the FY26F target of 67,645 tons, backed by Furnace 3's completion and firmer LME nickel prices. The JV HPAL ramp-up is progressing as planned — Pomalaa by 3Q26, Sambalagi by 4Q26, and Sorowako by 2Q27. For FY26-27F, revenue is projected at USD1,395-1,799 mn (+40.8%/+29.0% YoY), with improving margins and net profit of USD207 mn in FY26F. We maintain our BUY recommendation with a TP of IDR5,600/share.

ASP strength compensates for softer volumes

A higher nickel matte ASP of USD14,213/ton (+15.5% QoQ, +19.1% YoY) drove INCO's 1Q26 revenue to USD253 mn (-11.3% QoQ, +22.3% YoY), even as nickel matte production slipped to 13,620 tons (-20.1% QoQ, -20.0% YoY) due to early-year RKAB approval delays and Furnace 3 reconstruction works. Supplementary revenue from nickel ore sales at the Bahodopi (886 kWMT) and Pomalaa (89 kWMT) blocks provided further revenue support. Note that INCO's 1Q26 top line came in below KBVS and consensus FY26F estimates by 18.1% and 18.0%, respectively.

Margin expansion reflects pricing power

Profitability improved significantly across the board. Gross margin widened to 22.5% in 1Q26, up from 13.1% in 4Q25 and 9.4% in 1Q25, while operating margin strengthened to 18.9% (4Q25: 3.4%; 1Q25: 5.6%). EBITDA advanced from USD52 mn in 4Q25 to USD82 mn in 1Q26, with the EBITDA margin expanding to 32.6%. Net profit surged to USD44 mn (+84.7% QoQ, +100.1% YoY), yielding a net margin of 17.3% (4Q25: 8.3%; 1Q25: 10.6%), though this remained below KBVS and consensus FY26F estimates of 21.0% and 19.8%.

Production recovery and HPAL ramp-up progressing as planned

We expect INCO to accelerate output in the quarters ahead, with FY26F target of 67,645 tons, supported by the completion of Furnace 3's rebuild by end-1H26 and higher LME nickel prices that should continue to lift ASPs. The JV HPAL ramp-up remains on schedule: Pomalaa is now anticipated in 3Q26 — ahead of the prior 4Q26 estimate — Sambalagi in 4Q26, and Sorowako is expected to commence operations in 2Q27, bringing total integrated capacity to 240 ktpa. Pomalaa's limonite ore offers a structural cost advantage, with MgO content of approximately 1.7% — well below the market average of ~3.0% — enabling more efficient sulfur consumption at a time when input prices are under pressure from geopolitical headwinds.

Compelling growth trajectory

We project INCO's FY26-27F revenue at USD1,395 mn / USD1,799 mn (+40.8% / +29.0% YoY) with five-year CAGR of 5.8%, indicating stable growth trends. Gross profit margin is expected to rise to 22.1% / 34.8% (vs. 2025: 11.2%), while EBITDA is forecast at USD423 mn / USD747 mn with margins of 30.3% / 41.5%. Net profit is projected at USD207 mn / USD486 mn, supported by higher ASPs and operational efficiencies.

BUY with TP at IDR5,600/ share

We reiterate our BUY recommendation with a target price of IDR5,600/share, implying FY26F EV/EBITDA of 7.5x and P/E of 16.8x. The investment case is supported by production recovery; firmer nickel prices; growing ore sales contributions; and meaningful medium-term upside from HPAL integration. Key risks to monitor include nickel price volatility; further RKAB approval delays; rising fuel and sulfur costs; potential export duties; windfall taxes; and uncertainties relating to sales through export agencies.

Exhibit 1: Key Statistics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Revenue (USD mn)	950	990	1,395	1,799	1,818
EBITDA (USD mn)	237	224	423	747	778
Net profit (USD mn)	58	76	207	489	513
EPS (IDR)	87	119	334	805	856
ROE (%)	2.2	2.8	7.2	15.1	13.8
ROA (%)	1.9	2.3	6.0	12.5	11.4
PER (x)	41.0	43.5	14.0	5.8	5.5
PBV (x)	0.9	1.2	1.0	0.8	0.7
EV/EBITDA (x)	7.2	13.1	6.2	3.3	2.9
Net gearing (x)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)

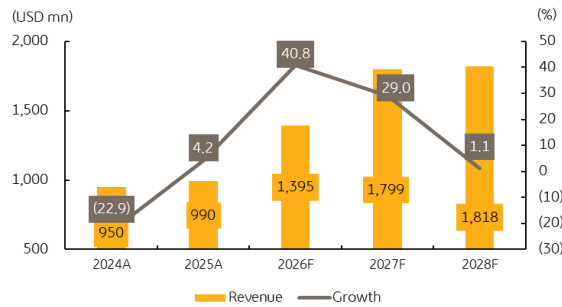
Source: Company, KBVS Research

Exhibit 2: 1Q26 Result

Vale Indonesia (USD mn)	1Q25	4Q25	1Q26	qoq (%)	yoy (%)	1Q26/KBVS (%)	1Q26/Cons (%)
Revenue	207	285	253	(11.3)	22.3	18.1	18.0
Gross profit	20	37	57	51.8	190.8	18.4	17.0
Operating profit	12	10	48	388.6	311.9	20.4	16.8
EBITDA	53	52	82	58.4	55.7	21.8	17.3
Net profit	22	24	44	84.7	100.1	21.0	19.8
Gross profit margin (%)	9.4	13.1	22.5	-	-	-	-
Operating profit margin (%)	5.6	3.4	18.9	-	-	-	-
EBITDA margin (%)	25.6	18.2	32.6	-	-	-	-
Net profit margin (%)	10.6	8.3	17.3	-	-	-	-
Nickel matte production	17,027	17,052	13,620	(20.1)	(20.0)	-	-
Nickel matte sales	17,096	18,418	13,727	(25.5)	(19.7)	-	-
ASP (USD/ton)	11,932	12,308	14,213	15.5	19.1	-	-

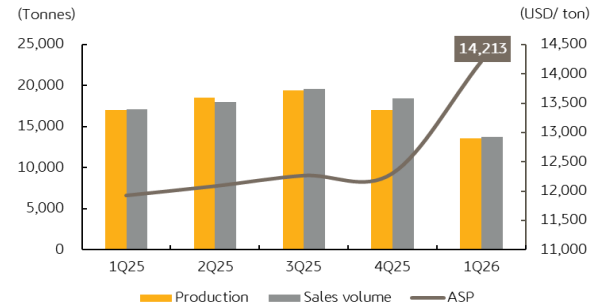
Source: Company, KBVS Research

Exhibit 3. Revenue and growth



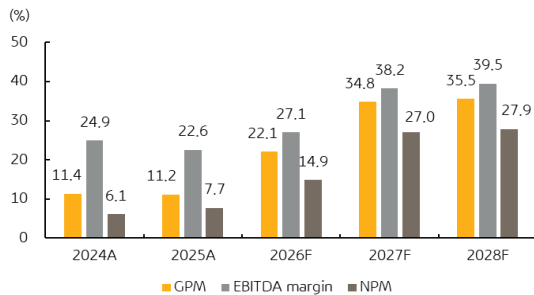
Source: KBVS Research

Exhibit 4. Nickel matte production and sales volume



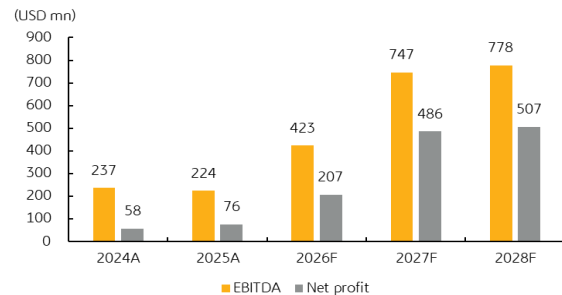
Source: KBVS Research

Exhibit 5. Profitability margins



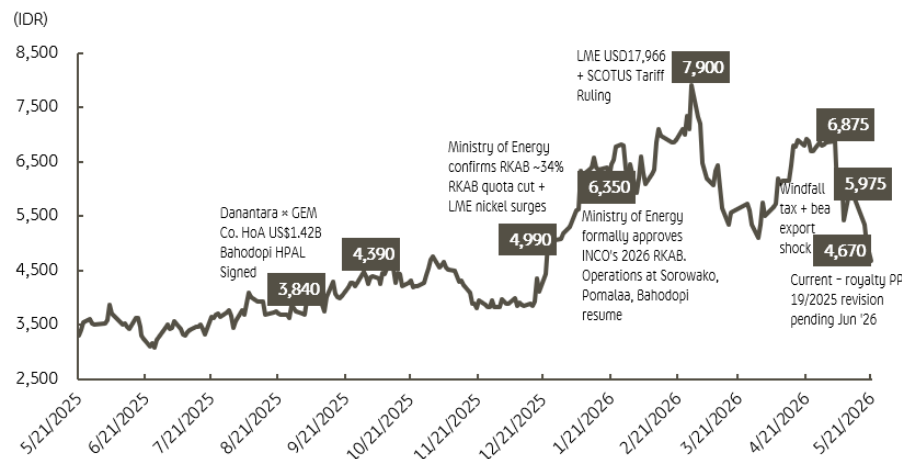
Source: KBVS Research

Exhibit 6. EBITDA and earnings forecasts



Source: KBVS Research

Exhibit 7. INCO's share price during 1 year



Source: Bloomberg, KBVS Research

Exhibit 8. Peer comparable

Ticker	Market cap (IDR tn)	EPS growth (%)		P/E (x)		P/BV (x)		EV/EBITDA (x)		ROE (%)	
		26F	27F	26F	27F	26F	27F	26F	27F	26F	27F
ANTM	72.8	30.8	5.9	7.7	7.3	1.8	1.6	5.1	4.8	24.8	23.8
NCKL	50.8	33.1	11.9	4.6	4.1	1.1	0.9	5.2	5.1	26.6	25.3
INCO	49.2	181.0	139.5	16.5	6.9	1.1	1.0	8.3	4.4	7.2	15.1
MBMA	47.5	627.2	104.6	12.5	6.2	1.4	1.2	5.2	7.5	10.6	17.6
HRUM	9.5	225.6	51.4	4.4	3.1	0.5	0.5	4.7	3.5	11.4	14.7
<i>Sector</i>		194.9	57.8	9.7	6.1	1.4	1.2	5.8	5.3	18.0	20.6

Source: Bloomberg, KBVS Research

Exhibit 9: Profit & loss summary

Year End Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Revenue	950	990	1,395	1,799	1,818
COGS	(842)	(879)	(1,087)	(1,173)	(1,172)
Gross profit	108	111	308	626	646
Operating expenses	(38)	(52)	(73)	(95)	(96)
EBIT	70	59	235	531	550
EBITDA	237	224	423	747	778
Pre-tax profit	74	95	233	522	547
Net profit	58	76	207	489	513
EPS	55	72	197	461	481
EPS growth (%)	(78.1)	36.8	181.0	139.5	5.7

Source: Company, KBVS Research

Exhibit 10: Balance sheet

Year End Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Cash and cash equivalent	675	376	282	340	557
Receivables	84	74	111	144	145
Others	97	107	108	139	140
Total current assets	1,005	749	699	837	1,057
Fixed assets	1,975	2,313	2,589	2,973	3,260
Other non-current assets	197	283	283	283	283
Total assets	3,177	3,346	3,571	4,092	4,599
ST. debt	6	3	4	4	5
Payables	74	319	238	257	256
Other current liabilities	184	40	139	154	154
Total current liabilities	263	362	381	415	415
LT. debt	2	0	0	0	0
Other non current liabilities	178	208	208	208	208
Total liabilities	444	571	589	624	624
Minority interest	0	0	0	0	0
Total Equity	2,733	2,775	2,982	3,469	3,976

Source: Company, KBVS Research

Exhibit 11: Cash flow

Year End Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Net profit	58	76	207	486	507
Depreciation and amortization	158	132	143	156	167
Changes in working capital	51	58	(27)	(45)	(3)
Operating cash flow	266	267	323	597	671
Capital expenditure	(437)	(471)	(418)	(540)	(454)
Others	1	(86)	0	0	0
Investing cash flow	(437)	(557)	(418)	(540)	(454)
Net - borrowing	(1)	(5)	0	1	0
Other financing	36	31	0	0	0
Financing cash flow	146	(8)	0	1	0
Net - cash flow	(24)	(298)	(95)	58	217
Cash at beginning	699	675	376	282	340
Cash at ending	675	376	282	340	557

Source: Company, KBVS Research

Exhibit 12: Ratio analysis

Year End Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Revenue	(22.9)	4.2	40.8	29.0	1.1
Gross profit	(68.8)	2.4	177.9	103.3	3.2
EBIT	(78.5)	(16.2)	n.a	126.5	3.6
EBITDA	(52.4)	(5.6)	89.2	76.4	4.2
Net profit	(78.9)	31.7	172.5	134.6	4.3
Profitability (%)					
Gross margin	11.4	11.2	22.1	34.8	35.5
EBIT margin	7.4	5.9	16.8	29.5	30.3
EBITDA margin	24.9	22.6	30.3	41.5	42.8
Net margin	6.1	7.7	14.9	27.0	27.9
ROE	2.2	2.8	7.2	15.1	13.6
ROA	1.9	2.3	6.0	12.7	11.7
Solvency (x)					
Current ratio	3.8	2.1	1.8	2.0	2.5
Quick ratio	2.9	1.2	1.0	1.2	1.7
Interest coverage	31.9	25.9	43.7	67.2	63.8
Net gearing	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)

Source: Company, KBVS Research

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