Earnings Growth on New Gold Mine

2 October 2026

MDKA posted 1H26 revenue of USD1.4 bn (+64.1% YoY), supported by higher realized metal prices and stronger SCM ore sales, while net profit recovered to USD102 mn despite softer quarterly earnings on higher other expenses. Pani's ramp-up and stronger SCM mining margins should support 2H26 earnings growth. We raise our FY26F revenue forecast to USD3.15 bn on higher Pani production and copper price assumptions. We maintain BUY and raise our target price to IDR3,300/share from IDR3,100/share, implying 15.8% upside and 5.5x forward EV/EBITDA, with Pani's ramp-up and project development progress as key catalysts.

MDKA IJ	BUY
Sector	Metal Mining
Price 2 Oct '26 (IDR)	2,850
Price target (IDR)	3,300
Upside/Downside (%)	15.8

Stock Information

MDKA is an Indonesian mining company producing gold, silver, copper, and essential minerals, with operations spanning Tujuh Bukit, Wetar, Pani Gold, and Merdeka Battery Materials in Konawe.

Market cap (IDR bn)	69,748
Shares outstanding (mn)	24,473
52-week range (IDR)	2,050 – 3,960
3M average daily vol. ('000)	37,128
3M average daily val. (IDR mn)	106,674

Shareholders (%)

Public	50.6
PT Saratoga Investama Sedaya	19.4
PT Mitra Daya Mustika	11.9
Garibaldi Thohir	7.5
PT Suwarna Arta Mandiri	5.5
Others	5.2

Stock Performance

Source: Bloomberg

	1M	3M	12M
Performance	(1.0)	12.2	34.4

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Strong revenue growth, but quarterly earnings softened

MDKA posted 2Q26 revenue of USD782 mn (+26.1% QoQ; +121.9% YoY), bringing 1H26 revenue to USD1.4 bn (+64.1% YoY), below expectations at 44.8% of our FY26F estimate and 41.6% of cons. Quarterly EBITDA increased to USD262 mn (+5.0% QoQ; +199.5% YoY), while net profit declined to USD44 mn (-23.2% QoQ), reflecting higher other expenses of USD57.2 mn vs. USD12.0 mn in 1Q26. Nevertheless, 1H26 EBITDA rose 190.7% YoY to USD512 mn, while net profit recovered to USD102 mn from a USD16 mn net loss in 1H25.

Higher reliazed prices and SCM ore sales supported 1H26 performance

Tujuh Bukit's gold ASP rose 59.6% YoY to USD4,674/oz from USD2,929/oz in 1H25, while Wetar's copper ASP increased 38.6% YoY to USD5.8/lb. MBMA also supported performance through SCM's higher ore sales volumes and stronger mining margins. Limonite's volume sales increased 66% YoY to 8.2 mn wmt, with ASP rising 49% YoY to USD22.6/wmt, while saprolite's volume sales grew 48% YoY to 4.2 mn wmt, with ASP increasing 78% YoY to USD45.2/wmt. Stronger realized prices across core metals and higher SCM ore sales helped offset softer production volumes at Tujuh Bukit and Wetar.

Pani ramp-up to strengthen MDKA's earnings outlook

Pani commenced gold production in Feb '26 and recorded 1H26 gold sales of 6,955 oz at an ASP of USD4,437/oz, adding a new revenue stream to MDKA. We expect its contribution to increase in 2H26F as mining rates, stacking volumes, and recoveries improve. We raise our FY26F Pani gold production forecast to 52k oz (see our EMAS report). We also raise our copper price assumption to USD13,300/tonne while maintaining our gold price assumption at USD4,500/oz, bringing our FY26F revenue forecast to USD3.15 bn. However, we lower our FY26F net profit forecast to USD221 mn from USD239 mn to incorporate EMAS' one-off Hong Kong listing expenses previously excluded from our forecast, alongside higher FX losses.

Maintain BUY; raise target price to IDR3,300/ share

We maintain BUY and raise our SOTP-based target price to IDR3,300/sh from IDR3,100/sh, implying 15.8% upside from the current price of IDR2,850/sh and a forward EV/EBITDA multiple of 5.5x. Pani's production ramp-up, steady earnings contributions from Tujuh Bukit, and stronger SCM mining margins underpin our positive 2H26F outlook. Key catalysts include: 1) higher production and sales at Pani; 2) sustained metal prices and mining margins; and 3) progress on Pani's CIL development. Key risks include: 1) weaker commodity prices and higher costs; 2) ramp-up delays and water supply disruptions at nickel operations; and 3) regulatory uncertainty and exchange rate volatility.

Exhibit 1: Key statistics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Revenue (USD mn)	2,239	1,895	3,153	3,862	4,841
EBITDA (USD mn)	329	373	1,123	1,678	2,273
Net profit (USD mn)	(56)	(62)	221	415	648
EPS (IDR)	(36)	(42)	159	323	547
ROE (%)	(2.0)	(2.1)	7.4	12.4	16.0
ROA (%)	(1.1)	(1.1)	3.8	6.7	9.1
PER (x)	(44.3)	(54.2)	18.0	8.8	5.2
EV/EBITDA (x)	17.4	19.3	6.9	4.5	3.2
Net gearing (x)	0.4	0.5	0.5	0.5	0.3

Sources: Company, KBVS Research

Financial highlights

Exhibit 2: Results and operational numbers 1H26

Merdeka Copper Gold (MDKA) (USD mn)	2Q25	1Q26	2Q26	qoq (%)	yoy (%)	1H25	1H26	yoy (%)	1H26/ KBVS (%)	1H26/ Cons' (%)
Revenue	352	620	782	26.1	121.9	855	1,402	64.1	44.8	41.6
Gross profit	48	218	216	(0.6)	348.2	106	434	309.5	43.5	46.2
Operating profit	35	194	203	4.3	472.0	79	397	403.6	45.4	52.4
EBITDA	88	250	262	5.0	199.5	176	512	190.7	46.4	49.8
Net profit	(12)	57	44	(23.2)	n.a	(16)	102	n.a	42.6	55.3
Gross profit margin (%)	*13.7*	*35.1*	*27.7*	-	-	*12.4*	*30.9*	-	-	-
Operating profit margin (%)	*10.1*	*31.4*	*25.9*	-	-	*9.2*	*28.3*	-	-	-
EBITDA margin (%)	*24.9*	*40.3*	*33.5*	-	-	*20.6*	*36.5*	-	-	-
Net profit margin (%)	*n.a*	*9.3*	*5.6*	-	-	*n.a*	*7.2*	-	-	-
Operational numbers										
Gold (Tujuh Bukit)										
Production (ton)	25,143	24,835	24,567	(1.1)	(2.3)	50,624	49,402	(2.4)	-	-
Sales (ton)	22,739	24,470	30,135	23.2	32.5	59,535	54,606	(8.3)	-	-
ASP (USD/ oz)	3,207	4,841	4,539	(6.2)	41.5	2,929	4,674	59.6	-	-
Copper										
Production (ton)	1,854	2,112	1,484	(29.7)	(20.0)	4,235	3,596	(15.1)	-	-
Sales (ton)	1,742	1,923	1,924	0.1	10.4	4,717	3,847	(18.4)	-	-
ASP (USD/ lb)	4.2	5.7	5.8	2.1	37.8	4.2	5.8	38.6	-	-

Sources: Company, KBVS Research

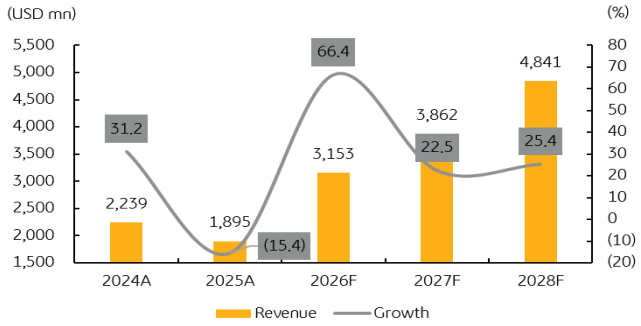
Exhibit 3: Earnings changes

(USD mn)	New			Old			Changes (%)		
	26F	27F	28F	26F	27F	28F	26F	27F	28F
Revenues	3,153	3,862	4,841	3,131	3,739	4,270	0.7	3.3	13.4
Gross profit	1,017	1,448	2,107	998	1,341	1,608	1.9	7.9	31.1
EBITDA	1,123	1,678	2,273	1,105	1,574	1,787	1.7	6.6	27.2
EBIT	893	1,297	1,918	875	1,195	1,441	2.1	8.5	33.1
Net profit	221	415	648	239	400	487	(7.5)	3.7	33.1

Sources: Company, KBVS Research

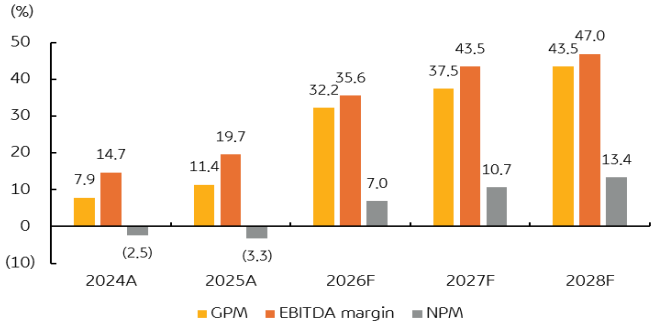
Sources: Bloomberg, KBVS Research

Exhibit 4: Revenue and growth



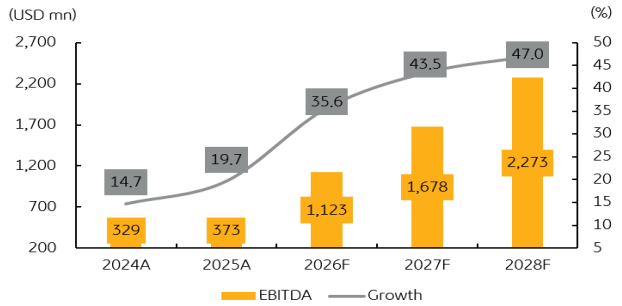
Sources: Company, KBVS Research

Exhibit 5: Profitability margin



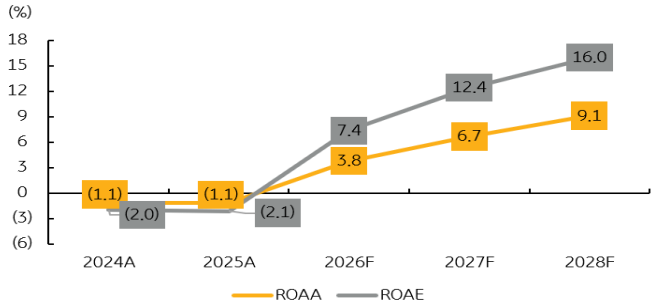
Sources: Company, KBVS Research

Exhibit 6: EBITDA and growth



Sources: Company, KBVS Research

Exhibit 7: ROAA and ROAE



Sources: Company, KBVS Research

Exhibit 8: Peer comparable

Ticker	Market cap (USD mn)	EPS growth (%)		P/E (x)		P/BV (x)		EV/EBITDA (x)		ROE (%)	
		26F	27F	26F	27F	26F	27F	26F	27F	26F	27F
MDKA	**3,892**	**n.a**	**103.3**	**20.8**	**10.2**	**4.6**	**3.0**	**7.5**	**4.9**	**7.4**	**12.4**
ANTM	4,211	48.3	5.7	7.1	6.7	1.8	1.7	4.9	4.7	26.6	25.6
BRMS	4,509	24.0	99.4	n.a	31.8	3.5	3.2	35.4	23.7	5.8	8.7
INCO	2,452	196.6	79.5	11.6	6.7	0.8	0.7	5.2	3.4	7.3	12.2
NCKL	2,975	32.4	10.2	4.5	4.1	1.1	1.0	5.3	4.8	27.2	25.0
HRUM	619	219.9	28.0	5.7	4.2	0.0	0.6	5.0	4.6	9.4	12.6
Sector		*55.0*	*59.9*	*8.4*	*13.0*	*2.5*	*2.0*	*12.9*	*9.2*	*14.6*	*16.5*

Sources: Company, KBVS Research

Financial tables

Exhibit 9: Profit and Loss

Year end Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Revenue	**2,239**	**1,895**	**3,153**	**3,862**	**4,841**
CoGS	(2,063)	(1,678)	(2,136)	(2,414)	(2,734)
Gross profit	**176**	**216**	**1,017**	**1,448**	**2,107**
Operating expenses	(57)	(70)	(123)	(151)	(189)
Operating profit	**119**	**147**	**893**	**1,297**	**1,918**
EBITDA	**329**	**373**	**1,123**	**1,678**	**2,273**
Finance income	11	12	11	13	25
Pre-tax profit	**22**	**32**	**657**	**1,057**	**1,686**
Income tax	(12)	(16)	(131)	(211)	(337)
Profit for period	**10**	**16**	**526**	**846**	**1,349**
Minority interest	(66)	(78)	(305)	(431)	(701)
Net profit	**(56)**	**(62)**	**221**	**415**	**648**

Source: Company, KBVS Research

Exhibit 10: Balance Sheet

Year end Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Cash and cash equivalent	451	355	309	378	702
Receivables	184	338	363	391	464
Inventories	454	422	497	529	562
Total current assets	**1,228**	**1,400**	**1,454**	**1,522**	**1,804**
Fixed asset	1,945	2,243	2,610	3,124	3,882
Mining properties	645	872	893	928	982
Exploration and valuation assets	552	338	368	398	428
Total assets	**5,237**	**5,707**	**5,890**	**6,551**	**7,676**
ST. debt	691	567	520	571	613
Payables	239	215	281	351	419
Total current liabilities	**1,112**	**1,120**	**1,139**	**1,260**	**1,371**
LT. debt	1,033	1,494	1,498	1,533	1,614
Total liabilities	**2,320**	**2,783**	**2,811**	**2,961**	**3,153**
Minority interest	1,994	2,133	2,086	2,182	2,467
Total Equity	**2,917**	**2,925**	**3,080**	**3,590**	**4,522**

Source: Company, KBVS Research

Exhibit 11: Cash Flow

Year end Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Net profit	**(56)**	**(62)**	**221**	**415**	**648**
Depreciation and amortization	210	226	230	382	355
Change in working capital	(137)	(157)	(35)	9	(36)
Operating cash flow	**123**	**71**	**562**	**867**	**1,113**
PPE - gross	(335)	(435)	(520)	(811)	(1,017)
Mining properties - gross	(107)	(298)	(98)	(120)	(150)
Investing cash flow	**(561)**	**(570)**	**(504)**	**(975)**	**(1,197)**
Net - borrowing	141	337	(43)	86	124
Others	14	(7)	5	(5)	0
Financing cash flow	**364**	**400**	**(104)**	**177**	**408**
Net cash flow	(68)	(96)	(46)	69	324
Cash at beginning	519	451	355	309	378
Cash at ending	**451**	**355**	**309**	**378**	**702**

Source: Company, KBVS Research

Exhibit 12: Key Performance Metrics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Revenue	31.2	(15.4)	66.4	22.5	25.4
Gross profit	21.1	22.7	369.7	42.4	45.6
EBIT	23.0	23.3	509.0	45.1	47.9
EBITDA	36.4	13.1	201.5	49.4	35.5
Net profit	169.9	11.3	n.a	87.8	56.2
Profitability (%)					
Gross margin	7.9	11.4	32.2	37.5	43.5
EBIT margin	5.3	7.7	28.3	33.6	39.6
EBITDA margin	14.7	19.7	35.6	43.5	47.0
Net margin	(2.5)	(3.3)	7.0	10.7	13.4
ROE	(2.0)	(2.1)	7.4	12.4	16.0
ROA	(1.1)	(1.1)	3.8	6.7	9.1
Solvency (x)					
Current ratio	1.1	1.2	1.3	1.2	1.3
Cash ratio	0.4	0.3	0.3	0.3	0.5
Interest coverage	2.8	2.9	6.3	8.8	11.7

Source: Company, KBVS Research

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