

IPO Report

Stock Information

Book building Period	15 Mar – 24 Mar
Public offering Period	5 Apr – 10 Apr
Listing on IDX	12 Apr
IPO Price (IDR)	1,220/1,250

Free Float (%)	18%
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Shareholder Structure:

PT Harita Jayaraya	81.18
Public	17.91
Others	0.91

Company Background

Part of the HARITA GROUP, Trimegah Bangun Persada Tbk (NCKL), engages in nickel ore mining and processing. The company's headquarters and production facilities are located in Kawasi Village, Obi District, South Halmahera Regency, North Maluku.

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Here Comes the New Challenger

PT Trimegah Bangun Persada (NCKL) is a vertically integrated nickel company mainly operating on Obi Island. As of 2022, it operates two nickel ore mines and two smelters: a rotary-kiln-electric furnace (RKEF) smelter (production capacity: 25ktpa) and an HPAL smelter (37ktpa). NCKL targets to increase its FeNi production capacity to 219ktpa in 2025F and its HPAL smelter's capacity to 120ktpa in 2024F. Valuation-wise, we believe that NCKL has a slightly premium valuation to its peers (17.3x – 17.8x FY22 P/E) while trading at a 2.6%-5.1% premium to its average industry multiple.

IPO proceeds allocation. PT Trimegah Bangun Persada (NCKL) is a vertically integrated nickel company mainly operating on Obi Island. As of 2022, it operates two nickel ore mines and two smelters: a rotary-kiln-electric furnace (RKEF) smelter (production capacity: 25ktpa) and an HPAL smelter (37ktpa). With a bookbuilding range of IDR 1,220 – Rp 1,250 per share, NCKL might raise IDR14.8tn-IDR15.1tn in its IPO. NCKL will issue 12.1bn new shares, equivalent to 18.0% of its issued and paid-up capital. The planned proceeds allocation is as follows: 1) 28% will be used for debt repayment, 2) 2% will be used as Capex, 3) 32% will be used for subsidiary investment, including to fund its RKEF and HPAL project, 4) and the rest will be used as working capital.

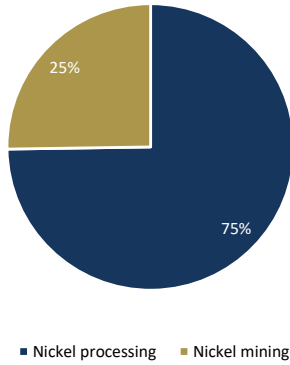
Huge expansion plan. NCKL targets to increase its FeNi production capacity to 219ktpa; its 9ktpa and 185ktpa RKEF projects will commence production activities in 2Q23 and 2Q25, respectively. Meanwhile, the development of NCKL's HPAL smelter will be divided into three stages; the first stage (37ktpa) is completed and is currently running at full capacity. The second stage (18ktpa, total: 55ktpa) is expected to commence production activities in 1Q23. For the third stage, NCKL expects additional production of 65ktpa from Lygend's (NCKL's partner) subsidiary, ONC (in which NCKL holds a 10% stake) starting in 1Q24, which should help boost NCKL's total HPAL capacity to 120ktpa. Assuming all projects come online, NCKL will become one of the biggest refined nickel producers in Indonesia.

Slightly premium valuation to industry average (17.3x – 17.8x FY22 P/E). As of 11M22, NCKL had booked a net profit of IDR 4.3tn (+239.6% YoY). If NCKL's net profit is annualized, with shares outstanding of 55mn, our valuation for NCKL is 17.3x – 17.8x FY22 P/E, while trading at a 2.6%-5.1% premium to its average industry multiple.

Stock informations

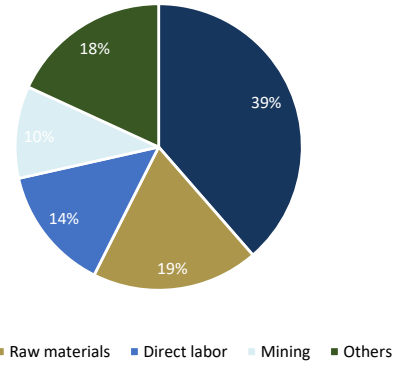
Y/E Dec	19A	20A	21A	9M21	9M22
Revenue (IDR bn)	6,893	4,072	8,229	6,401	7,358
Gross Profit (IDR bn)	3,707	1,957	4,514	3,502	3,760
Operating Profit (IDR bn)	2,496	1,242	3,567	2,710	3,409
EBITDA (IDR bn)	2,924	1,712	4,240	3,251	6,067
Net Profit (IDR bn)	1,169	284	1,969	900	3,605
EPS (IDR)	21	5	36	16	65
EBITDA Margin (%)	42.4	42.0	51.5	50.8	82.5
Net Margin (%)	17.0	7.0	23.9	14.1	49.0

Figure 1. Revenue breakdown



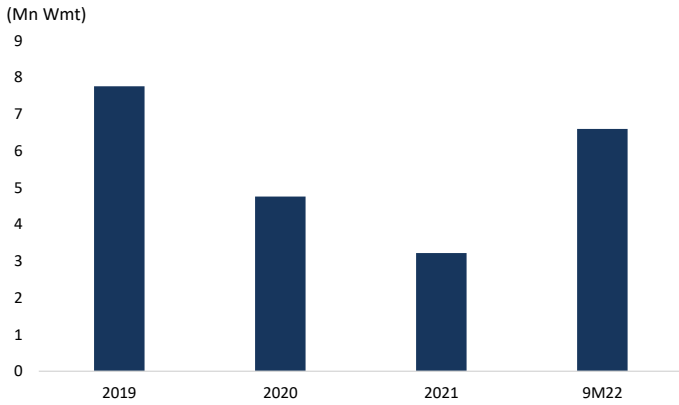
Source: Company data, SSI Research

Figure 2. COGS breakdown



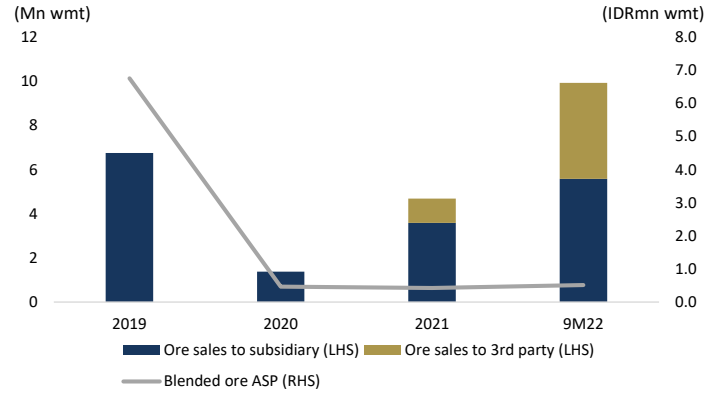
Source: Company data, SSI Research

Figure 3. Nickel ore production volume trend



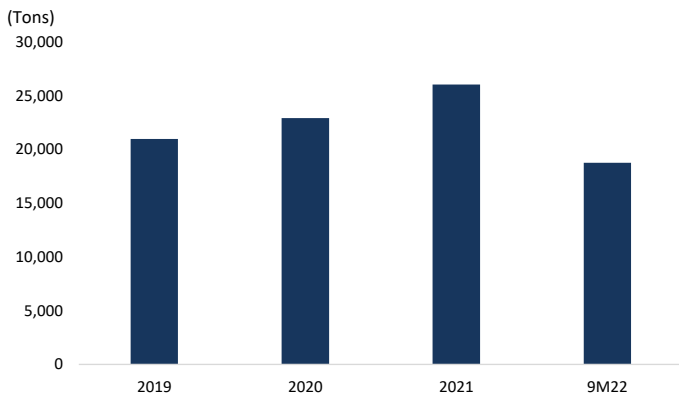
Source: Company data, SSI Research

Figure 4. Nickel ore sales volume trend



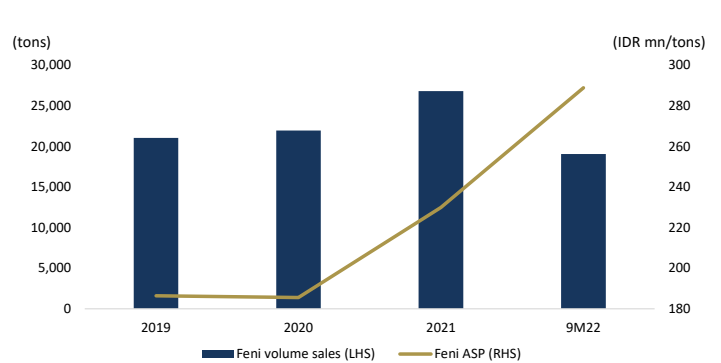
Source: Company data, SSI Research

Figure 5. Feni production trend



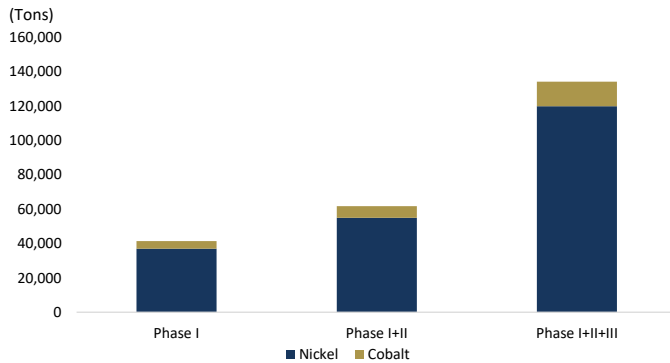
Source: Company data, SSI Research

Figure 6. Feni sales volume trend



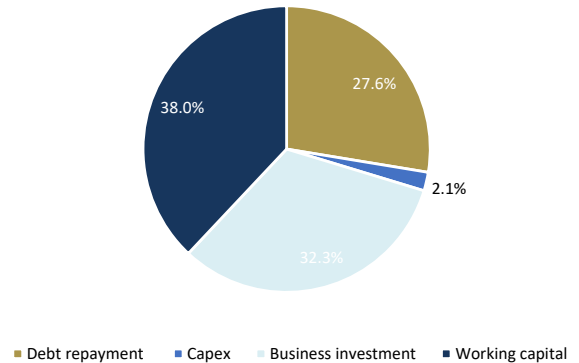
Source: Company data, SSI Research

Figure 7. HPAL project capacity trend



Source: Company data, SSI Research

Figure 8. IPO proceed breakdown



Source: Company data, SSI Research

Figure 9. Mine reserve & nickel contain summary

	Reserve (mn wmt)	Nickel contain (%)
Loji mine	52	
Saprolite	14	1.7
Limonite	38	1.1
Kawasi mine	108	
Saprolite	38	1.8
Limonite	71	1.1
Jikodolong	8	
Saprolite	4	1.7
Limonite	5	1.1
Total	169	1.3

Source: Company data, SSI Research

Figure 10. Mine reserve & nickel contain summary

Subsidiary	NCKL's ownership	Product	Capacity	Start construction	Commisioning
RKEF project					
PT Megah Surya Pertiwi (MSP)	60.0%	Feni	25,000	1Q15	1Q17
PT Halmahera Jaya Feronikel (HJF)	63.1%	Feni	9,000	1Q21	2Q23
PT Karunia Permal Sentosa (KPS)	35.0%	Feni	185,000	2Q23	2Q25
HPAL project I					
PT Halmahera Persada Lygend (HPL)	45.1%	MHP	37,000	1Q19	4Q21
		Convert to sulphate plant			
		Nickel sulphate	37,000		
		Cobalt sulphate	4,500	4Q20	1Q23
HPAL project II					
PT Halmahera Persada Lygend (HPL)	45.1%	MHP	18,000	3Q21	1Q23
		Convert to sulphate plant			
		Nickel sulphate	18,000		
		Cobalt sulphate	2,250	3Q21	4Q23
HPAL project II					
PT Obi Nickel Cobalt (ONC)	10.0%	MHP	65,000	2Q22	1Q24

Source: Company data, SSI Research

Figure 10. Refined nickel project in Indonesia

	ANTM	INCO	HRUM	MDKA	NCKL
Current capacity					
Feni (tons)	27,000				25,000
Nickel in matte (tons)		75,000			
NPI (tons)			28,000	38,000	
MHP (tons)					37,000
Future projects					
Feni (tons)	13,500	73,000			194,000
Nickel in matte (tons)	80,000				
NPI (tons)			50,000	50,000	
MHP (tons)		180,000			83,000
Sub total					
Feni (tons)	40,500	73,000	0	0	219,000
Nickel in matte (tons)	80,000	75,000	0	0	0
NPI (tons)	0	0	78,000	88,000	0
MHP (tons)	0	180,000	0	0	120,000

Source: Company data, SSI Research

Figure 11. Peers Comparison

Company Name	Company Ticker	Market Cap (IDR Tn)	PER (x)		EV/EBITDA (x)		PBV (x)		ROE (%)		ROA	
			2022F	2023F	2022F	2023F	2022	2023	2022	2023	2022	2023
IGO LTD	IGO AU	6,293	6.0	5.9	5.8	5.2	2.0	1.6	37.0	32.7	24.8	24.7
BHP GROUP LTD	BHP AU	154,339	10.3	10.5	5.4	5.3	3.4	3.1	33.3	31.8	17.7	18.9
NICKEL INDUSTRIE	NIC AU	1,797	5.8	7.0	3.9	3.5	1.0	0.9	21.2	17.9	15.0	11.7
LUNDIN MINING CO	LUN CN	4,533	12.6	9.6	4.7	4.2	0.9	0.8	7.2	8.4	3.3	4.5
NORILSK NICKEL	GMKN RM	29,451	5.6	6.5	4.3	4.1	5.8	4.5	112.3	74.3	45.8	34.5
GLENORE PLC	GLEN LN	70,899	6.2	6.8	3.6	3.6	1.5	1.4	22.4	18.7	8.7	7.4
MERDEKA COPPER GOLD*	MDKA IJ	6,305	78.6	57.9	21.8	17.2	3.7	3.5	4.7	6.1	2.5	3.3
ANEKA TAMBANG TBK*	ANTM IJ	2,892	15.7	14.0	11.6	9.9	2.6	2.3	16.4	16.4	10.3	10.3
VALE INDONESIA TBK*	INCO IJ	3,943	20.5	12.9	7.9	5.5	1.7	1.5	7.7	8.5	6.7	7.5
HARUM ENERGY*	HRUM IJ	1,350	7.8	10.5	2.9	4.6	2.5	2.2	31.8	21.4	29.9	20.2
Average			16.9	14.2	7.2	6.3	2.5	2.2	29.4	23.6	16.5	14.3

Source: Bloomberg, SSI research

*SSI Estimate

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