

Vale Indonesia (INCO): IDR 3,870 – SELL (from HOLD), SSI TP: IDR 3,400; Cons. TP: IDR 4,775



3Q24 Results: 30 October 2024			QoQ	YoY	YoY	9M24/	9M24/			
(USDmn)	3Q23	2Q24	3Q24	(%)	(%)	9M23	9M24	(%)	SSI (%)	Cons. (%)
Revenue	279	249	230	(7.6)	(17.6)	938	709	(24.5)	74.9	74.3
Gross Profit	66	41	19	(55.2)	(72.0)	287	80	(72.1)	94.2	57.3
Operating Profit	59	34	6	(81.6)	(89.5)	252	55	(78.1)	81.9	48.5
EBITDA	104	76	48	(36.0)	(53.6)	381	180	(52.7)	75.7	63.3
Net Profit	30	31	14	(55.5)	(54.6)	238	51	(78.6)	67.0	56.4
Key Ratios										
GPM (%)	23.8	16.7	8.1	-	-	30.6	11.3	-	-	-
OPM (%)	21.3	13.7	2.7	-	-	26.9	7.8	-	-	-
EBITDA Margin (%)	37.4	30.4	21.0	-	-	40.6	25.5	-	-	-
NPM (%)	10.9	12.5	6.0	-	-	25.4	7.2	-	-	-

Peer Comparables

Ticker	Rating	Market Cap. (IDR Tn)	Last Price (IDR)	Target Price (IDR)	2024F					
					EPS Gwt. (%)	PER (x)	PBV (x)	EV/EBITDA (x)	ROE (%)	
MBMA	N.R	56	520	N.R	563.0	35.1	2.3	16.4	6.4	
NCKL	BUY	56	890	1,200	(6.0)	10.2	2.1	8.0	21.5	
INCO	SELL	41	3,870	3,400	(66.9)	38.6	1.0	7.0	3.8	
ANTM	BUY	39	1,630	1,800	(23.6)	16.7	1.3	10.1	7.9	
HRUM	BUY	16	1,200	1,600	5.8	9.6	1.0	4.3	11.1	
Sector		208.5			133.0	23.6	1.7	10.2	10.6	

SWOT Analysis of The Results (SSI: Below, Cons: Below)

Strength

Positive growth in 3Q24 production (to 18,008 tons; +8.6% QoQ, +0.3% YoY) and sales volumes (17,749 tons; +1.0% QoQ, +3% YoY), driven by improvement in average nickel ore grade to 1.79% (+4% QoQ) thanks to increased calcine output

Weakness

Considerable decline in 3Q24 earnings due to decreased ASP to USD 12,948/ton (-8.9% QoQ, -20.1% YoY), which led to cash margin reduction to USD 2,974/ton (-31.0% QoQ, -51.8% YoY); low cash margins resulted in OPM drop to 2.7% (-1,100 bps QoQ, -1,860 bps YoY)

Opportunity

INCO's pilot ore sales program (subject to RKAB approval) and planned commercialization of its RKEF and HPAL smelters (2026F) could serve as positive catalysts for future earnings growth; severe market underperformance could provide investors with buying opportunities

Threat

Global oversupply issue, weak demand outlook for stainless steel in China, and LFP battery ramp-up signal further pressure on prices; lack of growth catalyst and disappointing margins prompt us to cut our call to SELL with TP of IDR 3,400, reflecting 34.0x 2025F P/E; this may cause continued market underperformance

Relative Performance vs JCI

