

Trimegah Bangun Persada (NCKL): IDR 835 – BUY, SSI TP: IDR 1,200; Cons. TP: IDR 1,250

3Q24 Results: 21 November 2024

(IDR Bn)	3Q23	2Q24	3Q24	QoQ (%)	YoY (%)	YoY 9M23	9M24	YoY (%)	9M24/ SSI (%)	9M24/ Cons. (%)
Revenue	7,057	6,770	7,575	11.9	7.3	17,300	20,378	17.8	71.3	78.1
Gross Profit	2,635	2,205	2,840	28.8	7.8	6,134	6,663	8.6	72.8	83.4
Operating Profit	2,334	1,860	2,522	35.5	8.0	5,081	5,626	10.7	75.7	89.7
EBITDA	2,654	2,303	2,961	28.6	11.5	5,978	6,931	15.9	73.4	92.2
Net Profit	1,719	1,805	2,033	12.6	18.2	4,465	4,839	8.4	74.3	90.5
Key Ratios										
GPM (%)	37.3	32.6	37.5	-	-	35.5	32.7	-	-	-
OPM (%)	33.1	27.5	33.3	-	-	29.4	27.6	-	-	-
EBITDA Margin (%)	37.6	34.0	39.1	-	-	34.6	34.0	-	-	-
NPM (%)	24.4	26.7	26.8	-	-	25.8	23.7	-	-	-

Our take on the results (Bottom-line SSI: In-line, Cons: Above)

- On 3Q24 top-line, strong nickel mining segment (17.5% of revenue) of IDR 1.3tn (+60.2% QoQ, +71.4% YoY) was supported by higher limonite sales of 5.08mn wmt (+69.3% QoQ, +103.2% YoY) amidst declining nickel prices (3Q24 avg: USD 16,259/ton, -20.1% YoY).
- On the cost front, NCKL manage to improve its margins across the board with 3Q24 EBITDA margin having expanded to 39.1% (+510 bps QoQ, +150 bps YoY) on higher FeNi cash margin of USD 3,990/ton (+19.8% QoQ, +14.3% YoY) due to improved efficiencies, helped by raised FeNi production to 32.4 kton (+3.0% YoY), bringing 9M24 volumes to 95.8 kton (+39% YoY), 6.5% above NCKL's name-plate capacity.
- Looking ahead, NCKL is advancing its operations with the construction of a new RKEF plant, featuring four production lines and FeNi capacity of 60 ktons/year. The project is 77% complete, with operations expected to commence in 1Q25.
- Supported by strong nickel ore sales and significant capacity expansion from RKEF projects, we retain our positive view on NCKL, particularly given that consensus will be revising up earnings. Our TP of IDR 1,200 reflects 8.6x P/E FY25F and 44% upside potential. BUY. Risks to our call: declining LME nickel prices due to over supplies and global economic slowdown, negatively affecting cash margins and earnings.

Peer Comparables

Company Ticker	Rating	Market Cap. (IDR Tn)	Last Price (IDR)	Target Price (IDR)	2024F				
					EPS Gwt. (%)	PE (x)	PBV (x)	EV/EBITDA (x)	ROE (%)
MBMA IJ	N.R	59	550	N.R	563.0	35.1	2.3	16.4	6.4
NCKL IJ	BUY	53	835	1,200	(6.0)	10.2	2.1	8.0	21.5
INCO IJ	SELL	39	3,660	3,400	(66.9)	27.0	0.9	6.8	3.4
ANTM IJ	BUY	35	1,450	1,800	(23.6)	16.4	1.3	10.0	7.9
HRUM IJ	SELL	15	1,130	1,100	(38.2)	12.0	1.2	5.3	7.6
Sector		200.8			145.1	22.0	1.7	10.4	10.1

Relative Performance vs JCI

