

## BUY (Maintained)

Target Price (IDR)	2,700
Potential Upside (%)	25.5

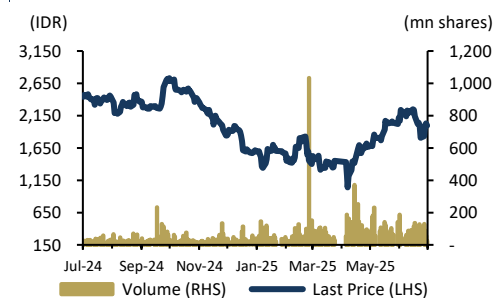
### Stock Information

Last Price (IDR)	2,150
Market Cap. (IDR tn / USD bn)	50.7/3.2
52-Weeks High/Low (IDR)	2,870/1,040
3M Avg. Daily Value (IDR bn)	197.0
Free Float (%)	49.5
<b>Shareholders (%):</b>	
Public	49.5
PT Saratoga Investama Sedaya	20.3
PT Mitra Daya Mustika	11.9
Garibaldi Thohir	7.5
PT Suwarna Arta Mandiri	5.5
Others	5.3

### Stock Performance

(%)	YTD	1M	3M	12M
Absolute	28.2	0.0	44.8	(15.2)
JCI Return	(2.5)	(2.0)	6.0	(4.1)
Relative	30.7	2.0	38.7	(11.1)

### Stock Price & Volumes, 12M



### Company Background

Listed in 2015, MDKA, owned by Provident and SRTG, has one of the largest copper and nickel resources in the world. It is a diversified mining and downstream company with 2024 gold production of 36.8koz, 3.0kt of copper, and 26.3kt of nickel (NPI), supported by key assets in East Java, Maluku, Sulawesi, and North Maluku.

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## Gold & Nickel Projects to Drive 2026-27F Growth

**Backed by gold performance, 1Q25 EBITDA came in line with ours and cons.** In 1Q25, MDKA booked EBITDA of USD 89mn (+57% YoY), in line with our estimate (26.9%) and consensus (19.6%), driven by stellar gold performance with EBITDA reaching USD 67.2mn (+142.2% YoY) and higher cash margin of USD 1,825 per oz (+75.3% YoY). MDKA saw increased gold ASP to USD 2,757 per oz (+30.9% YoY) and solid sales volumes of 37Koz (+38.2% YoY), supported by higher stacked grade of 0.44g/t (1Q24: 0.40g/t), making it the largest contributor to MDKA's EBITDA (62%). This was followed by NPI with EBITDA of USD 27mn (30.5%).

### Mixed outlook in the coming quarters due to higher government royalties.

Looking ahead, we expect MDKA's cash costs to increase from 2Q25 onwards, following the introduction of new royalty scheme for coal and minerals. Gold royalty rate will rise to 16% (from 10%), assuming gold prices remain above USD 3,000 per oz. Additionally, MDKA's gold and copper production numbers are expected to decline in the upcoming quarters due to lower ore grades. On a more positive note, earnings are expected to receive an EBITDA boost amounting to USD 30mn in 2H25 from the commencement of AIM project (acid for HPAL smelter) in Morowali, Central Sulawesi.

### Copper, gold and nickel smelter projects to drive mid-to-long term outlook.

MDKA is actively de-risking its TB Copper project (Banyuwangi, East Java) having increased the SLC operation ore reserve for early production to 6mn tons (up from 4mn tons), with the pre-FS announcement now delayed to 2H25. For the Pani Gold Project (Gorontalo, North Sulawesi), heap leach operations are expected to begin commissioning in 4Q25, with the first gold pour anticipated in 1Q26 (MDKA expects contribution of 80koz in 2026F from the project). On the HPAL projects, ESG HPAL Train B (Morowali) is projected to come online in 2Q25, transitioning to SCM FPP in 2H25 (currently operating with IMIP's FPP). Meanwhile, the SLNC HPAL smelter plant was 14.4% complete in 1Q25 with the project commissioning schedule on track for 2H26.

**BUY on turnaround story in 2026-27F with TP of IDR 2,700 (25.5% upside).** We reiterate BUY on MDKA with SOTP-based TP of IDR 2,700, implying 26F P/E of 15.9x and 25.5% upside. MDKA is projected to post 2025F net loss of USD 11mn, followed by a solid bottom-line rebound to USD 196mn net profit in 2026F, supported by the commissioning of Pani Gold Project and continued strong gold prices. In addition, we see additional catalyst stemming from the TB copper underground project PFS, expected in 2H25. Key risks to our call: 1) weaker-than-expected commodity prices, 2) regulatory shifts, and 3) execution risks.

### Forecasts and Valuations (@ IDR 2,150 per share)

Y/E Dec	23A	24A	25F	26F	27F
Revenue (USD Mn)	1,707	2,239	1,965	2,654	2,791
EBITDA (USD Mn)	249	334	362	689	886
EV/EBITDA (x)	24.3	19.0	12.4	6.3	3.6
Net Profit (USD Mn)	(21)	(56)	(11)	196	378
Net Profit Growth (%)	n.m.	n.m.	n.m.	n.m.	92.5
EPS (IDR)	(13)	(34)	(7)	126	242
P/E Ratio (x)	n.m.	n.m.	n.m.	16.3	8.5
BVPS (IDR)	1,691	1,758	2,030	2,428	3,195
P/BV Ratio (x)	1.8	1.7	1.0	0.8	0.6
DPS (IDR)	-	-	-	-	-
ROAE (%)	n.m.	n.m.	n.m.	5.7	8.6
ROAA (%)	n.m.	n.m.	n.m.	3.4	6.2
Interest Coverage (x)	1.2	1.1	1.4	3.9	19.3
Net Gearing (x)	0.5	0.4	0.5	0.4	0.3

## Results Update

Figure 1. MDKA's 1Q25 Results

1Q25 Results: 7 July 2025 (USDMn)	1Q24	4Q24	1Q25	QoQ (%)	YoY (%)	3M25/ SSI (%)
Revenue	541	571	502	(12.1)	(7.2)	22.8
Gross Profit	33	58	58	(0.9)	73.3	18.0
Operating Profit	21	40	43	8.0	111.5	26.4
EBITDA	56	108	89	(17.7)	56.8	26.9
Net Profit	(15)	11	(4)	n.m.	n.m.	n.m.
<b>Key Ratios</b>						
GPM (%)	6.2	10.2	11.5	-	-	-
OPM (%)	3.8	7.0	8.6	-	-	-
EBITDA Margin (%)	10.4	18.8	17.6	-	-	-
NPM (%)	(2.8)	2.0	(0.7)	-	-	-

Sources: Company, SSI Research

1Q25 EBIT saw considerable YoY surge, driven by strong gold performance (including higher sales volumes), 30.9% YoY rise in ASP, and 75.3% increase in cash margin to USD 1,825/oz

Figure 2. MDKA's Operational Data

	1Q24	4Q24	1Q25	QoQ (%)	YoY (%)
<b>Gold</b>					
Revenue (USDmn)	56	78	101	30.7	80.9
EBITDA (USDmn)	17	41	53	29.0	216.9
Sales Volumes (oz)	26,633	29,056	36,796	26.6	38.2
ASP (USD/oz)	2,106	2,672	2,757	3.2	30.9
Cash cost (USD/oz)	1,479	1,260	1,319	4.7	(10.8)
Cash margin (USD/oz)	1,041	1,697	1,825	7.5	75.3
<b>Copper</b>					
Revenue (USDmn)	36	29	27	(5.2)	(24.8)
EBITDA (USDmn)	4	17	9	(48.5)	99.7
Sales Volumes (ton)	4,313	3,101	2,975	(4.1)	(31.0)
ASP (USD/ton)	8,338	9,196	9,086	(1.2)	9.0
Cash cost (USD/ton)	5,874	3,586	6,072	69.3	3.4
Cash margin (USD/ton)	1,041	5,610	3,014	(46.3)	189.5
<b>RKEF-CSI, BSI, &amp; HNI</b>					
Revenue (USDmn)	239	224	189	(15.7)	(21.0)
EBITDA (USDmn)	20	35	25	(28.5)	21.6
Sales Volumes (ton)	21,621	18,831	16,297	(13.5)	(24.6)
ASP (USD/ton)	11,055	11,887	11,582	(2.6)	4.8
Cash cost (USD/ton)	10,107	10,037	10,053	0.2	(0.5)
Cash margin (USD/ton)	948	1,850	1,529	(17.4)	61.3
<b>Matte converter- HNMI</b>					
Revenue (USDmn)	197	159	135	(15.2)	(31.6)
EBITDA (USDmn)	8	(13)	2	(118.7)	(69.5)
Sales Volumes (ton)	14,404	12,005	10,000	(16.7)	(30.6)
ASP (USD/ton)	13,673	13,229	13,473	1.8	(1.5)
Cash cost (USD/ton)	13,120	14,312	13,230	(7.6)	0.8
Cash margin (USD/ton)	553	(1,083)	243	(122.4)	(56.1)

Sources: Company, SSI Research

Copper EBITDA fell 48.5% QoQ in 1Q25 due to lower output at Wetar (Southwest Maluku) as the company's first train underwent overhaul and maintenance; the second train is scheduled for overhaul in 2H25

**Figure 3. Peer Comparables**

Ticker	Market	EPS Growth (%)	P/E (x)	2026F		ROE (%)
	Cap. (IDRTn)			P/BV (x)	EV/EBITDA (x)	
AMMN	607	n.m.	114.0	6.6	20.0	6.0
ANTM	70	(3.1)	11.0	1.9	6.8	18.1
BRMS	58	43.7	31.1	2.3	21.2	2.7
<b>MDKA</b>	<b>51</b>	<b>n.m.</b>	<b>16.3</b>	<b>0.9</b>	<b>6.3</b>	<b>5.7</b>
NCKL	41	10.6	5.1	1.0	4.4	20.6
INCO	35	55.6	14.7	0.7	6.0	4.8
HRUM	11	350.0	5.5	0.7	11.6	3.3
<b>Sector</b>	<b>874</b>	<b>9.7</b>	<b>84.0</b>	<b>5.0</b>	<b>16.8</b>	<b>7.3</b>

Sources: Company, SSI Research, Bloomberg

*MDKA is trading at an attractive 62.5% discount to the sector's 2026F EV/EBITDA average (6.3x vs. industry's 16.8x)*

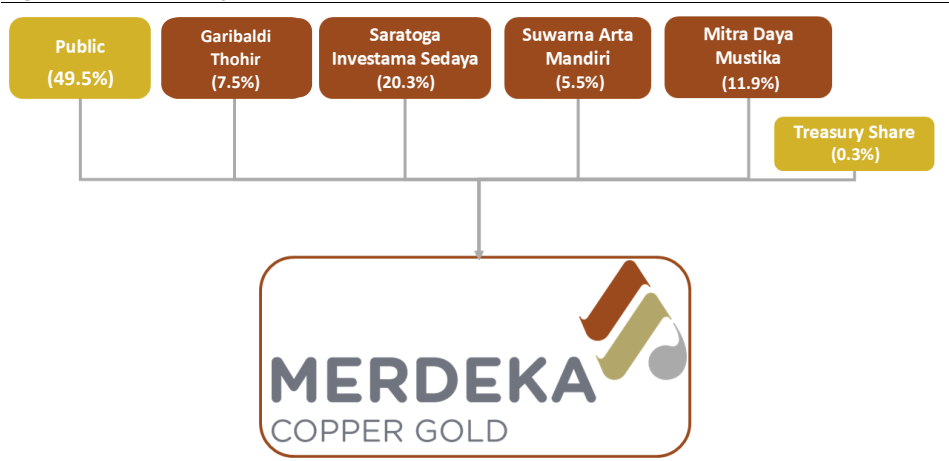
Appendix

BUSINESS OVERVIEW

Established on 5 September 2012 as PT Merdeka Serasi Jaya, MDKA rebranded to PT Merdeka Copper Gold on 22 December 2014 to reflect its aspirations of becoming a publicly listed, regionally influential mining company. Since its IPO on 19 June 2015, Merdeka has evolved from a single-asset gold project into a diversified Indonesian mining group. Through its subsidiaries, the company is engaged in the exploration, mining, and production of gold, silver, copper, and nickel, with operations spanning across three Indonesian islands. Additionally, Merdeka provides industrial and mining services, metal trading, leasing, and consulting. Committed to world-class ESG standards, the company integrates sustainability into every facet of its operations, aiming to create lasting value for stakeholders and communities.

*Merdeka Copper Gold Tbk (MDKA), is a metal mining company...*

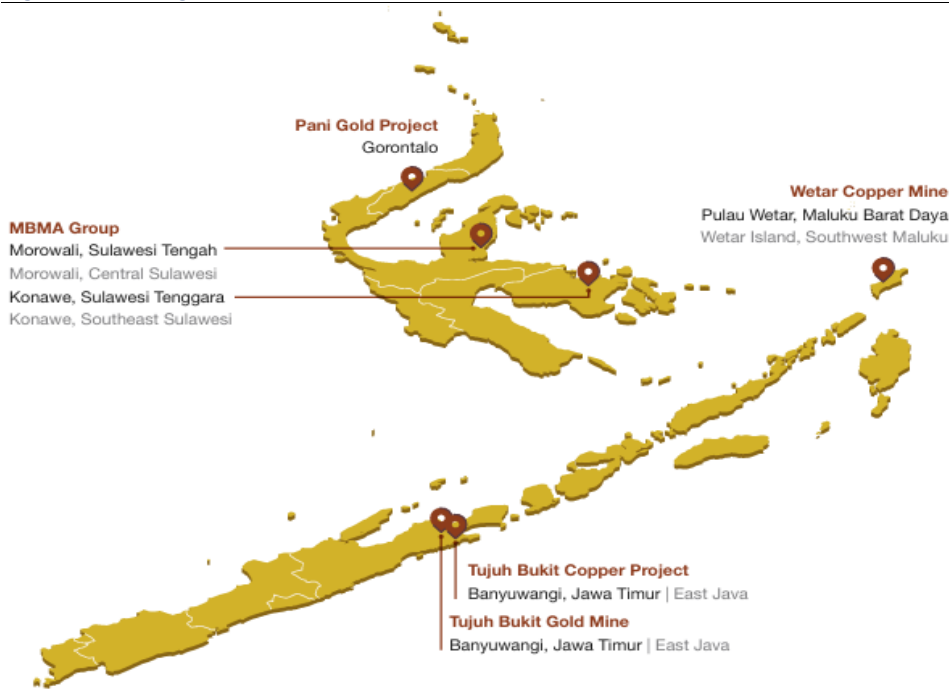
Figure 4. Ownership Structure



*...with prominent shareholders such as SRTG (19.4%) and Mitra Daya Mustika (11.9%)*

Sources: Company, SSI Research

Figure 5. Mining Assets



*MDKA’s assets span across East Java (Tujuh Bukit – Gold & Copper), Sulawesi (Wetar – Copper; AIM & MBMA – Nickel), and Gorontalo (Pani – Gold), covering key resources such as gold, copper, and nickel*

Sources: Company, SSI Research

**Well-diversified portfolio.** Merdeka’s portfolio includes key assets such as the Tujuh Bukit Gold Mine, Tujuh Bukit Copper Project, Wetar Copper Mine, Pani Gold Project, and the MBMA Group. MBMA plays a vital role in global EV battery value chain through its integrated nickel operations—including SCM Mine, RKEF smelters, nickel matte converter, and future HPAL facilities. In partnership with Tsingshan and GEM, MBMA also leads AIM Operation, which utilizes residual ore from Wetar to support resource optimization. As of end-2023, MDKA’s commercial operations covered multiple entities including BSI, BTR, BKP, CSID, BSID, ZHN, HNMI, and SCM. Throughout 2024, Merdeka achieved various milestones across major projects, reaffirming its position as a leading mining group with long-term growth potential in critical materials.

*AIM leverages pyrite and residual ores from Wetar to produce acid and sponge copper, enhancing overall resources recovery and waste utilizations*

Figure 6. Gold Reserves and Resources

Gold	Reserves		
	Unit (mn tons)	Grade (g/t)	Gold (koz)
Tujuh Bukit Gold	43.5	0.4	530
Tujuh Bukit Copper	289.3	0.7	6,032
Wetar (AIM)	19.1	0.5	312
Pani Gold Project	77.5	0.8	1,939
Total			8,813

Gold	Resources		
	Unit (mn tons)	Grade (g/t)	Gold (koz)
Tujuh Bukit Gold	121.3	0.3	1,323
Tujuh Bukit Copper	1,767.4	0.5	28,345
Wetar (Barite)	0.6	1.6	31
Wetar (VMS)	3.8	0.7	80
Wetar (AIM)	21.9	0.5	337
Pani Gold Project	292.4	0.8	7,034
Total			37,151

Sources: Company, SSI Research

*Despite its modest contribution, Wetar (AIM, Barite, VMS) supports site integration, while Tujuh Bukit Gold while Tujuh Bukit Gold (Banyuwangi, East Java) adds another 43.5mn tons in reserves and 121.3mn tons in resources*

**Figure 7. Copper Reserves and Resources**

Copper	Unit (mn tons)	Reserves Grade (%)	Copper (ktons)
Wetar (Heap Leach)	1.4	2.2	30
Wetar (AIM)	19.1	1.2	229
Tujuh Bukit Copper	289.3	0.6	1,591
<b>Total</b>			<b>1,851</b>
Copper	Unit (mn tons)	Resources (Mdmt) Grade (%)	Copper (ktons)
Wetar (VMS)	3.8	2.1	78
Wetar (AIM)	24.2	1.0	247
Tujuh Bukit Copper	1,767.4	0.5	8,314.0
<b>Total</b>			<b>8,639</b>

Sources: Company, SSI Research

*MDKA holds 309.8mn tons of copper reserves and 1,795.4mn tons of resources, primarily from Tujuh Bukit Copper, with supporting volumes from Wetar's heap leach and AIM operations*

**Figure 8. Silver Reserves and Resources**

Silver	Unit (mn tons)	Resources Grade (g/t)	Silver (Moz)
Tujuh Bukit Gold	43.5	21.9	30.6
Tujuh Bukit Copper	289.3	1.2	11.1
Pani Gold	77.5	1.2	3.0
Wetar (AIM)	19.1	20.7	12.7
<b>Total</b>			<b>57.4</b>
Silver	Unit (mn tons)	Resources Grade (g/t)	Silver (Moz)
Tujuh Bukit Gold	121.3	18.3	71.2
Wetar (Barite)	0.6	52.5	1.0
Wetar (VMS)	3.8	33.9	4.1
Wetar (AIM)	21.9	20.0	14.0
<b>Total</b>			<b>90</b>

Sources: Company, SSI Research

*MDKA's total silver reserves and resources amount to 57.4 Moz and 90 Moz, respectively, anchored by Tujuh Bukit and Wetar (AIM), with high grades at the Barite and VMS zones offering additional upsides*

**Tujuh Bukit as MDKA's key gold asset.** Operated by PT Bumi Suksesindo (BSI), a subsidiary of MDKA, the Tujuh Bukit gold mine is an open-pit heap leach operation located in Sumberagung, Banyuwangi, East Java, approximately 65 km southeast of the city. The mine has been in operation since 2016, with first gold production achieved in 2017, and is recognized as one of the largest primary gold mines in Indonesia. It operates under an IUP-OP permit covering 4,998 ha, of which only 992 ha are utilized.

*The Tujuh Bukit gold mine has been operating since 2017 under 4,998 ha permit, of which only 992 ha are currently utilized*



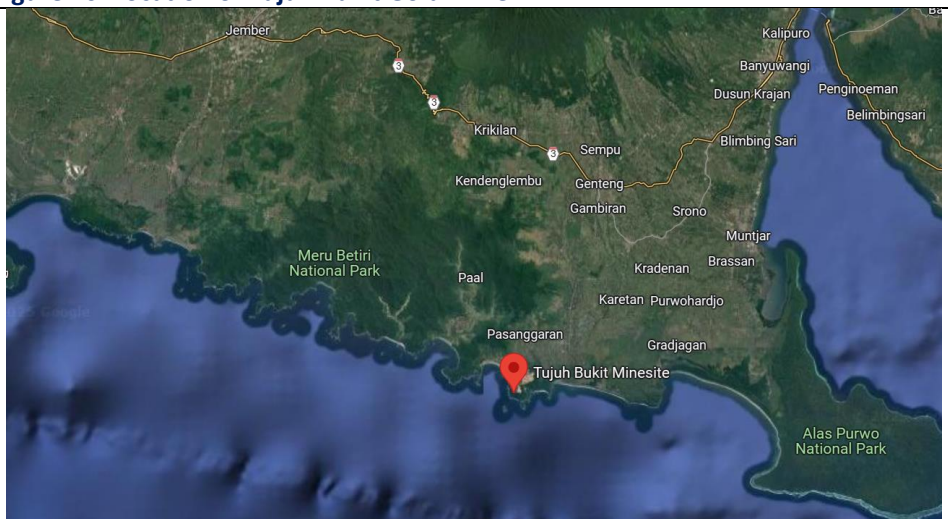
**Figure 9. Tujuh Bukit Gold Mine**



Sources: Company, SSI Research

*An open-pit, heap leach operation, Tujuh Bukit gold mine, producing 25.5 koz of gold in 1Q25 at AISC of USD 1,319/oz, is located...*

**Figure 10. Location of Tujuh Bukit Gold Mine**



Sources: Company, SSI Research

*... in Sumberagung, Banyuwangi, East Java, around 65 km southeast of Banyuwangi*

**World class copper underground asset.** Located directly beneath the Tujuh Bukit gold mine in Sumberagung, Banyuwangi, East Java, the Tujuh Bukit Copper Project is one of the world's largest undeveloped copper deposits, wholly owned by Merdeka Copper Gold (MDKA). Since 2018, MDKA has invested over USD 200mn into detailed feasibility efforts, including 1,890 meters of exploration, extensive drilling, geological modeling, technical assessments, and a Pre-Feasibility Study (PFS) completed in May 2023. At full capacity, the project is expected to process 24 mtpa, producing over 110kt of copper and 350koz of gold per year for more than 30 years. As of March 2024, the latest Mineral Resources Estimate (MRE) shows a resource upgrade, with total resources rising from 1,706 to 1,738mn tons and indicated resources increasing from 442 to 755 million tons, now containing 8.2mn tons of copper and 27.9mn ounces of gold. With most of the planned sublevel cave now within indicated category, further underground drilling is no longer required. Going forward, drilling will be focused on surface targets to validate oxide gold-silver zones and identify near-surface copper-gold sulfide resources, potentially accelerating early-stage production.

*Tujuh Bukit Copper Project hosts 1,738 mn tons of resources containing 8.2 Mt of copper and 27.9 Moz of gold, with plans to process 24 Mtpa over the mine's lifetime (30+ years)*

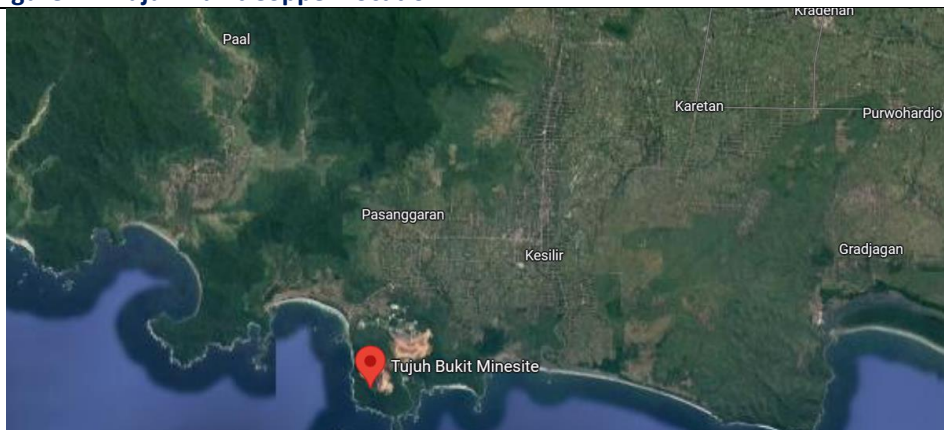
**Figure 11. Tujuh Bukit Copper Project**



Sources: Company, SSI Research

*Tujuh Bukit Copper Project, one of the world's largest undeveloped copper deposits, is located in...*

**Figure 12. Tujuh Bukit Copper Location**



Sources: Company, SSI Research

*... beneath Tujuh Bukit gold mine in Sumberagung, Banyuwangi, East Java, within MDKA's 4,998 ha IUP-OP area*

**Sustainable production and downstream integration.** Located on Wetar Island, Southwest Maluku, the Wetar copper mine, operated by PT Batutua Kharisma Permai (BKP) and PT Batutua Tembaga Raya (BTR), was acquired by MDKA in 2018. The mine uses conventional open-pit methods and sulphide heap leach process to extract copper, gold, and pyrite from volcanogenic massive sulphide (VMS) ore bodies. Committed to sustainability, BKP-BTR implements a closed-loop water system sourced from the Lurang River under government license, supported by continuous environmental monitoring and progressive land reclamation. The mine also plays a vital role in local development by providing electricity and clean water to nearby villages, employing over 65% of its workforce from surrounding communities, and supporting local procurement and community programs, including skills training and small business development. To unlock additional value from low-recovery ore and pyrite, MDKA launched the Acid, Iron, Metal (AIM) Project through a joint venture with Eternal Tsingshan Group. Located in IMIP, Central Sulawesi, the AIM facility will process residual ore into sulphuric acid, copper sponge, iron pellets, copper cathodes, lead-zinc hydroxides, and gold-silver doré—extending Wetar's mine life and supporting MDKA's downstream integration into the EV battery supply chain.

*Operated by BKP and BTR, the Wetar copper mine in Southwest Maluku, utilizes a closed-loop water system sourced from the Lurang River*



**Figure 13. Wetar Mine**



Sources: Company, SSI Research

Acquired in 2018, Wetar mine, using open-pit and sulphide heap leach methods to extract copper, gold, and pyrite from VMS ore bodies, is located in...

**Figure 14. Wetar Mine Location**



Sources: Company, SSI Research

... Lurang Village, North Wetar District, Southwest Maluku, with access to water from the Lurang River and port infrastructure for ore transport and supplies

**Vertically integrated nickel player with scalable assets.** PT Merdeka Battery Materials Tbk (MBMA) is a key player in the nickel value chain, engaged in nickel mining, smelting, and the production of battery materials. Established in 2022 and listed on the Indonesia Stock Exchange (IDX: MBMA), MBMA became a vertically integrated Indonesian company following significant acquisitions in 2022 and 2023. The company now boasts: 1) SCM Mine, one of the world's largest nickel resources located in Central Sulawesi, 2) an RKEF smelter and Nickel Matte converter, and 3) the Acid, Iron, Metal (AIM) project. Additionally, MBMA plans to develop multiple HPAL processing plants in partnership with leading battery material companies, positioning itself to become the largest HPAL producer in Indonesia with an adjusted ownership of 205 Kton in total MHP capacity.

MBMA is MDKA's subsidiary engaged in nickel mining, smelting, and production of stainless steel and battery materials

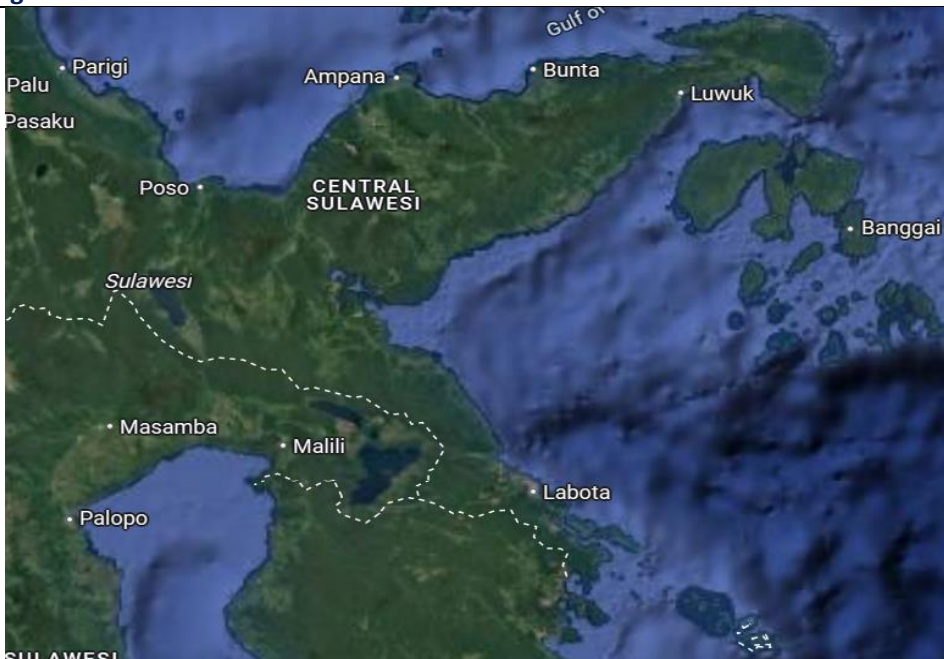
**Figure 15. MBMA's Operation**



Sources: Company, SSI Research

*Operational since December 2023, MBMA's HNMI matte converter in IMIP, Sulawesi, processes NPI into high-grade nickel matte using high-temperature tapping*

**Figure 16. MBMA's Concession Area**



Sources: Company, SSI Research

*MBMA's nickel assets are primarily located in Central Sulawesi, including the SCM Mine and AIM Project in IMIP, with additional operations in North Konawe Industrial Park (Southeast Sulawesi) and Obi Island (South Halmahera)*

**Figure 17. MDKA's Board of Commissioners**

		Position	Years of Experience
	Edwin Soeryadjaya has been the President Commissioner of PT Merdeka Copper Gold Tbk since 2016, after serving as Vice President Commissioner from 2014. A USC Business graduate (1974), he has over 40 years of experience across sectors including automotive, mining, and finance. He also holds top roles at Saratoga, Adaro, Tower Bersama, and Interra Resources.	<b>President Commissioner</b>	<b>50+</b>
	Budi Bowoleksono has served as Independent Commissioner of PT Merdeka Copper Gold Tbk since January 2020. With more than 34 years of experience in Indonesia's Foreign Ministry, he held the position of Ambassador to the U.S. and undertook various international roles. He is also an Independent Commissioner at PT Adaro Energy Indonesia Tbk and PT Adaro Minerals Indonesia Tbk.	<b>Independent Commissioner</b>	<b>41+</b>
	Tang Honghui joined PT Merdeka Copper Gold Tbk as a Commissioner in June 2022. He earned a PhD in Non-Ferrous Metallurgy from Central South University in 2021 and brings over 15 years of expertise in precursor production, nickel ore processing, wastewater recycling, and waste management. He is Vice President of Guangdong Brup Recycling and held prior leadership roles in R&D.	<b>Independent Commissioner</b>	<b>17+</b>
	Muhamad Munir was appointed Independent Commissioner of PT Merdeka Copper Gold Tbk in July 2020. He holds Master's and Doctorate degrees in Business Management from Bina Nusantara University (2017, 2020) and brings over 40 years of military leadership experience, including roles as Deputy Army Chief of Staff, Kostrad Commander, and Secretary General of Wantannas.	<b>Independent Commissioner</b>	<b>40+</b>
	Yoke Candra assumed the role of Commissioner at PT Merdeka Copper Gold Tbk in January 2022. He earned Chemical Engineering degree from ITS (1999) and a Master's in Marketing Management from Universitas Airlangga (2008). Backed by more than 20 years of experience, his background spans leadership in state-owned firms, regional consultancy, and business associations in East Java.	<b>Director</b>	<b>20+</b>

Sources: Company, SSI Research



**Figure 18. MDKA's Board of Directors**

		Position	Years of Experience
	Albert Saputro took on the role of President Director at PT Merdeka Copper Gold Tbk in May 2021. He holds Bachelor of Commerce in Accounting and Finance from the University of Sydney (2005) and brings extensive experience in investment and capital markets, including positions at Saratoga, Deutsche Verdhana, Macquarie, and Jardine Matheson.	<b>President Director</b>	<b>15+</b>
	Jason Laurence Greive stepped into the role of Vice President Director at PT Merdeka Copper Gold Tbk in April 2023. A qualified metallurgist with over 25 years in international mining, he has led large-scale operations across corporate and site levels. His past roles include COO of Red 5, Managing Director at Nexus Minerals, and senior posts at Barrick, Rio Tinto, and Evolution Mining.	<b>Vice President Director</b>	<b>11+</b>
	Andrew Phillip Starkey has served as Director of PT Merdeka Copper Gold Tbk since January 2022. With over 25 years in infrastructure and natural resources across Asia-Pacific, he leads the company's strategic planning and project development. He previously held senior roles at Pierfront Capital, Presidio, Macquarie, and Goldman Sachs. He holds degrees from the University of Melbourne and INSEAD and is both a Chartered Accountant and CFA charterholder	<b>Director</b>	<b>25+</b>
	David Thomas Fowler has served as Director of PT Merdeka Copper Gold Tbk since December 2014. An Australian national with over 25 years in the mineral resources sector, he brings expertise in finance, operations, and project development. His previous roles span Arthur Andersen, Eltin, Western Metal, and Orosur Mining. He holds a Business degree from Curtin University and a postgraduate diploma in finance from the Securities Institute of Australia	<b>Director</b>	<b>25+</b>
	Hardi Wijaya Liong has served as Director of PT Merdeka Copper Gold Tbk since December 2014. A Universitas Trisakti accounting graduate (1993), he started his career at Arthur Andersen Jakarta, then held senior roles at Citigroup Indonesia. He later joined Provident Group and currently holds leadership positions at Tower Bersama and Provident Capital Indonesia.	<b>Director</b>	<b>11+</b>

Sources: Company, SSI Research

# Merdeka Copper Gold

Bloomberg: MDKA.IJ | Reuters: MDKA.JK

Metal Mining Sector

16 July 2025

JCI Index 7,140

Cont'd		Position	Years of Experience
	Gavin Arnold Caudle has served as Director of PT Merdeka Copper Gold Tbk since June 2016. An Australian national and Chartered Accountant, he holds a Commerce degree from the University of Western Australia (1988) and has over 20 years in finance. His background includes roles at Arthur Andersen, Citigroup Indonesia, and Saratoga. He is currently Director of Provident Capital Partners and Non-Executive Director at Sihayo Gold.	Director	20+
	Titien Supeno has served as Director of PT Merdeka Copper Gold Tbk since May 2021. She earned degrees in Management from Universitas Trisakti and completed executive programs at INSEAD and Colorado State University. With more than 20 years in human capital leadership, she has held senior roles at Anugerah Pharmindo and HM Sampoerna. She also holds board positions at Sulawesi Cahaya Mineral, Mitra Pinasthika Mustika, and its subsidiaries	Director	20+
	Chrisanthus Supriyo took office as Director of PT Merdeka Copper Gold Tbk in January 2022. A Universitas Diponegoro economics graduate (1983), he brings over 40 years of experience in accounting and finance across multiple sectors, including mining. His career spans roles at Atlantic Richfield, Dual Perkasa Offshore, JOB Pertamina–Bow Valley, Patra Drilling, and Wahana Makmur Sejati.	Director	40+

Sources: Company, SSI Research

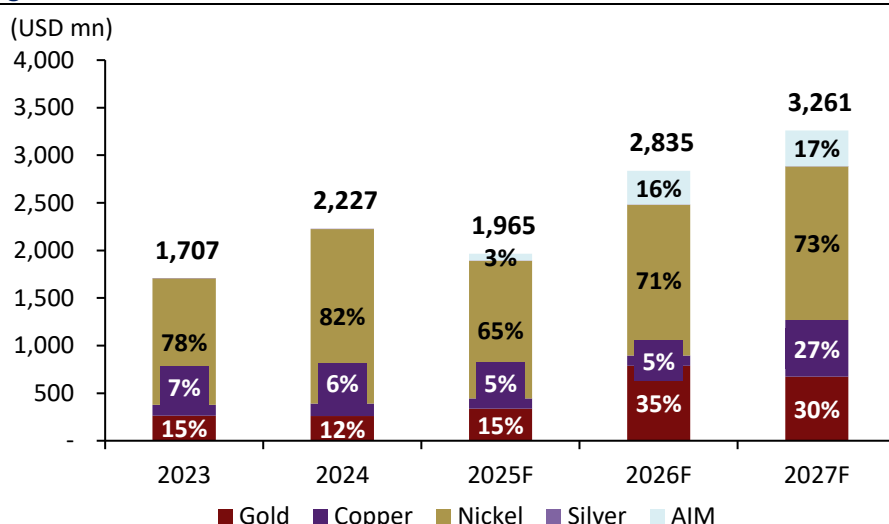


## FINANCIAL OVERVIEW

MDKA is projected to book 2025F revenue of USD 2.0bn (-12.2% YoY). Gold is expected to contribute USD 330mn (+80.9% YoY), supported by strong 1Q25 performance. Throughout the quarter, MDKA's gold sales volumes reached 36,796 oz (+38.2% YoY), with ASP at USD 2,757 per oz and cash margin expanding to USD 1,825 per oz. However, performance may normalize in the following quarters; copper revenue is projected to decline 18.7% YoY to USD 107mn, with 2Q25 production expected to be slightly lower QoQ due to timing of ore extraction, although ore stacking is expected to improve in 2Q-3Q25. Additionally, the introduction of the new royalty rate has negatively impacted earnings performance. On a more positive note, the decline will be partially offset by USD 71mn in additional revenue from AIM project. Nickel remains the dominant contributor, with projected revenue of USD 1.4bn, accounting for 65% of total revenue, supported by ramp-up progress at SCM and the commissioning of PT ESG's Train B.

*Earnings may face pressure in the upcoming quarters due to operational disruptions and higher royalty costs; however, new project launches are expected to offset the fall and bolster earnings*

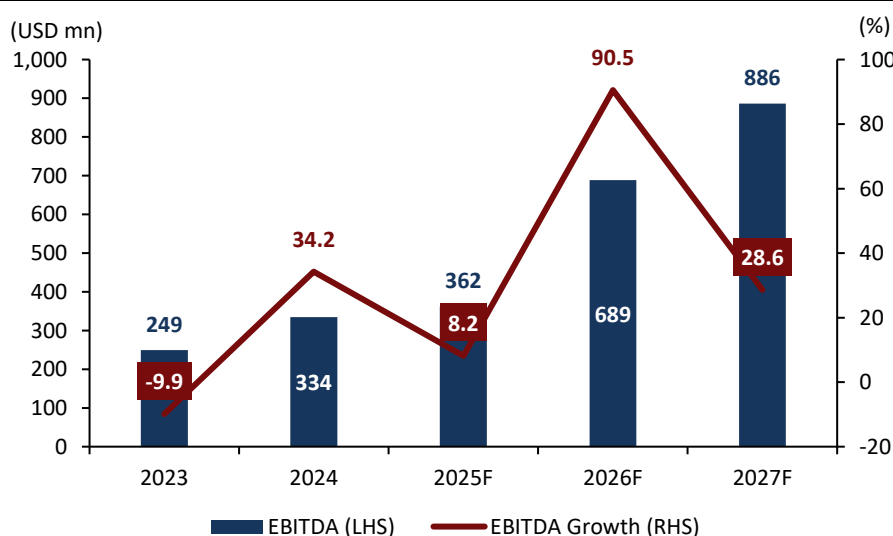
**Figure 19. MDKA's Revenue Contribution**



*Nickel is expected to remain the largest contributor over the next three years, driven by the commencement of new HPAL project and ramp-up of SCM mine (Morowali)*

Sources: Company, SSI Research

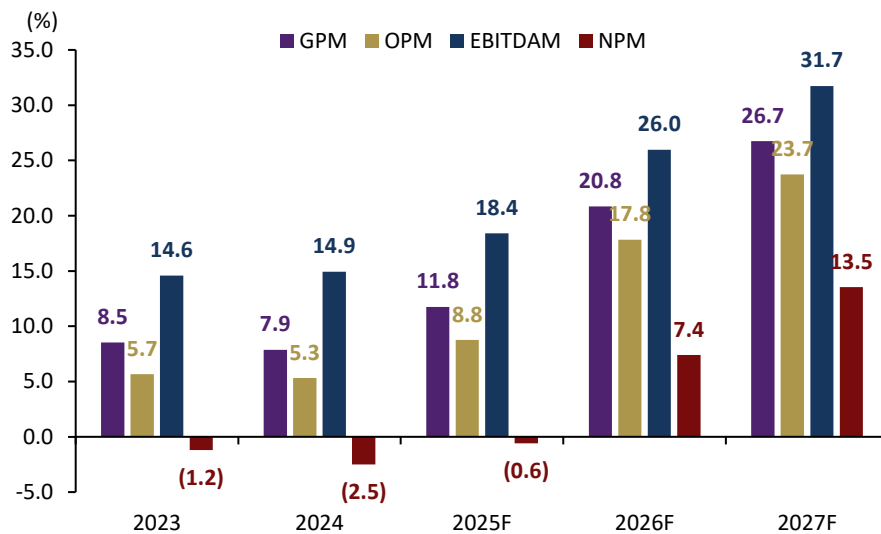
**Figure 20. EBITDA Growth**



*EBITDA is projected to surge 90% YoY in 2026F, largely driven by the first full-year contribution from Pani gold project, which begins commissioning in 4Q25 and is expected to deliver its first gold pour in 1Q26*

Sources: Company, SSI Research

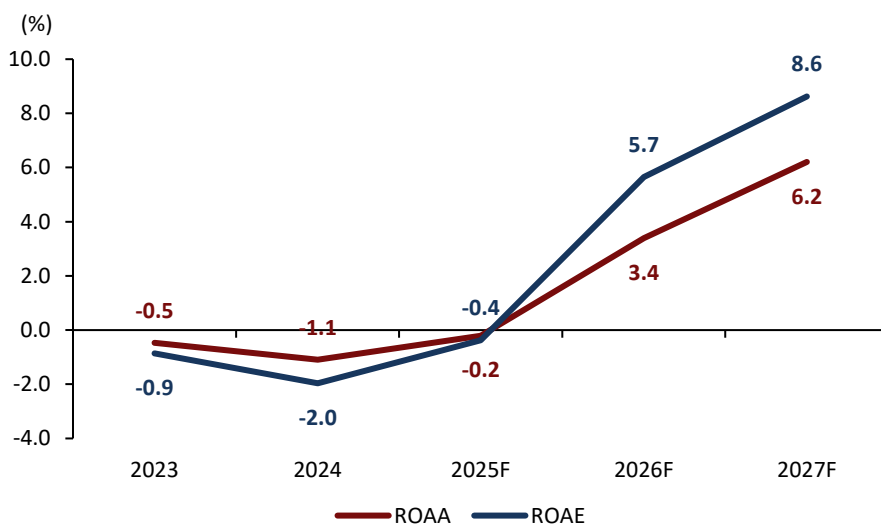
**Figure 21. Profitability Margins**



Sources: Company, SSI Research

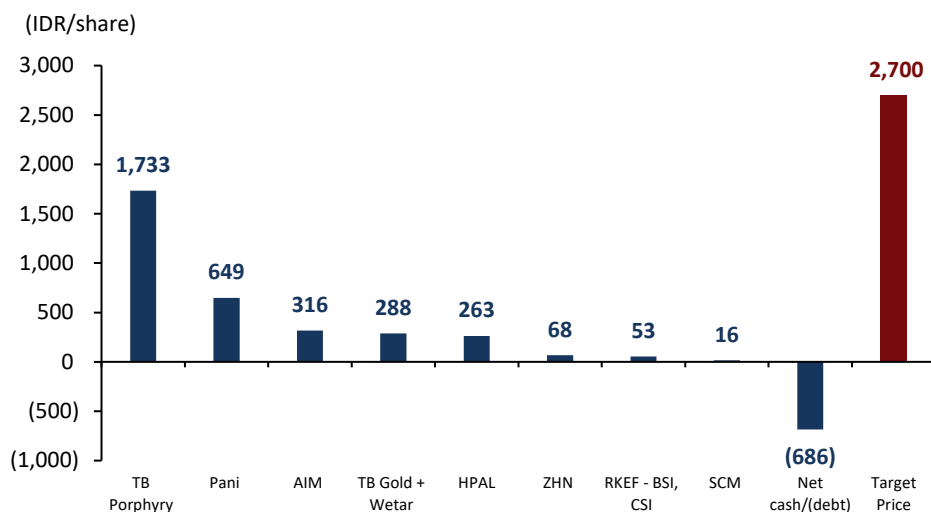
*Profitability margins to improve in FY26-27F, driven by cost efficiencies, higher-value product mix, and increasing contribution from downstream assets*

**Figure 22. ROE & ROA**



Sources: Company, SSI Research

*In 2024-25F, ROE and ROA saw some weakness, driven by net losses from higher financing and depreciation, as well as start-up costs from newly ramped-up assets*

**Figure 23. SOTP Breakdown**

Sources: Company, SSI Research

**Figure 24. Impact of 2026F gold price on net profit**

	-10%	-5%	Base	+5%	+10%
Price (USD/oz)	3,069	3,230	3,400	3,570	3,749
Net Profit (USDmn)	171	183	196	209	223

Source: SSI Research

For every 5% increase in the gold price, net profit is expected to rise by ~6.6%

**Figure 25. Impact of 2026F nickel price on net profit**

	-10%	-5%	Base	+5%	+10%
Price (USD/tonne)	13,989	14,725	15,500	16,275	17,089
Net Profit (USDmn)	137	166	196	227	259

Source: SSI Research

A 5% increase in nickel price is expected to lift net profit by ~15.8%

# Merdeka Copper Gold

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Metal Mining Sector

16 July 2025



JCI Index 7,140

## Key Financial Figures

Profit and Loss					
Y/E Dec (USD Mn)	23A	24A	25F	26F	27F
Revenue	1,707	2,239	1,965	2,654	2,791
COGS	(1,561)	(2,063)	(1,709)	(2,102)	(2,238)
Gross Profit	146	176	231	553	747
Operating Expenses	(49)	(57)	(59)	(80)	(84)
Operating Profit	97	119	172	473	663
EBITDA	249	334	362	689	886
Interest Income	12	11	10	9	11
Interest Expenses	(79)	(111)	(127)	(123)	(34)
Other Income/Expenses	(17)	3	-	-	-
Pre-tax Income	12	22	55	360	640
Income Taxes	(7)	(12)	(30)	(79)	(141)
Net Profit	6	10	25	281	499
Minority Interest	26	66	37	84	121
NPATMI	(21)	(56)	(11)	196	378

We expect strong 2026F net profit growth of USD 196mn, as higher gold margin and expanding nickel capacity should help offset weaker copper output

Balance Sheet					
Y/E Dec (USD Mn)	23A	24A	25F	26F	27F
Cash and Cash Equivalent	519	451	562	633	610
Account Receivable	123	184	162	218	229
Inventories	444	454	398	489	521
Others	122	139	138	138	138
Total Current Assets	1,207	1,228	1,260	1,479	1,499
Net Fixed Assets	1,767	1,945	2,118	2,382	2,287
Net Mine Properties	595	645	689	730	768
Exploration and Evaluation Assets	525	552	656	722	787
Other Assets	869	868	760	763	762
Total Assets	4,964	5,237	5,483	6,076	6,102
Account Payables	304	239	140	173	184
ST Debt	453	691	619	596	187
Other ST Liabilities	153	182	217	217	217
Total Current Liabilities	909	1,112	977	986	588
LT Debt	1,223	1,127	1,247	1,210	439
Other LT Liabilities	67	81	95	95	95
Total Liabilities	2,200	2,320	2,319	2,291	1,122
Minority Interest	1,837	1,994	2,164	2,588	3,406
Total Equity	2,764	2,917	3,164	3,785	4,980

2025F exploration and Evaluation assets to rise 18.8% YoY, reflecting higher capex related to Pani gold ramp-up, early-stage development at Tujuh Bukit Copper, and downstream investments in AIM and HPAL projects

# Merdeka Copper Gold

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Cash Flow					
Y/E Dec (USD Mn)	23A	24A	25F	26F	27F
Net Profit	(21)	(56)	(11)	196	378
D&A	152	215	189	215	223
Changes in Working Capital	(105)	(135)	(20)	(116)	(32)
Others	(93)	105	42	(3)	2
<b>Operating Cash Flow</b>	<b>(66)</b>	<b>129</b>	<b>200</b>	<b>292</b>	<b>571</b>
Capital Expenditure	(774)	(469)	(511)	(586)	(231)
Change in Other Assets	(6)	(92)	101	-	-
<b>Investing Cash Flow</b>	<b>(780)</b>	<b>(561)</b>	<b>(410)</b>	<b>(586)</b>	<b>(231)</b>
Change in Debt	171	142	49	(60)	(1,180)
Other Financing	751	222	273	425	817
<b>Financing Cash Flow</b>	<b>921</b>	<b>364</b>	<b>321</b>	<b>365</b>	<b>(363)</b>
<b>Net - Cash Flow</b>	<b>75</b>	<b>(68)</b>	<b>111</b>	<b>71</b>	<b>(23)</b>
<b>Cash at beginning</b>	<b>444</b>	<b>519</b>	<b>451</b>	<b>562</b>	<b>633</b>
<b>Cash at ending</b>	<b>519</b>	<b>451</b>	<b>562</b>	<b>633</b>	<b>610</b>

Most cash outflow in 2025F will be allocated to finance capex for Pani Gold and Tujuh Bukit Copper development, downstream projects (AIM and HPAL), and scheduled debt repayments

Key Ratios					
Y/E Dec	23A	24A	25F	26F	27F
Gross Profit Margin (%)	8.5	7.9	11.8	20.8	26.7
Operating Profit Margin (%)	5.7	5.3	8.8	17.8	23.7
EBITDA Margin (%)	14.6	14.9	18.4	26.0	31.7
Pre-Tax Margin (%)	0.7	1.0	2.8	13.5	22.9
Net Profit Margin (%)	(1.2)	(2.5)	(0.6)	7.4	13.5
Revenue Growth (%)	96.2	31.2	(12.2)	35.0	5.2
EBITDA Growth (%)	(9.9)	34.2	8.2	90.5	28.6
Net Gearing (x)	0.4	0.5	0.4	0.3	0.0

Negative revenue growth in 2025F is attributed to lower copper and nickel prices, driven by timing issues in ore extractions at Wetar and weaker nickel production during ramp-up phases

Major Assumptions					
Y/E Dec	23A	24A	25F	26F	27F
Gold sales volumes (toz)	129,867	108,471	105,000	266,000	282,000
Copper sales volumes (ton)	13,217	14,411	11,403	11,403	31,000
NPI sales volumes (ton)	65,117	80,200	80,000	80,000	80,000
Global nickel price assumption (USD/ton)	21,474	16,812	15,200	15,500	16,000
Global copper price assumption (USD/ton)	8,478	9,147	9,400	9,603	9,603

2026F gold sales volumes are expected to spike, driven by production from Pani gold Project (first gold pour in 1Q26) and early-stage output from Tujuh Bukit Copper, which contains significant gold by-products



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