KIWOOM SEKURITAS INDONESIA

Published 07 August 2026

PT Vale Indonesia (INCO) Tbk

Solid Operational Discipline and Substantial Margin Expansion in 1H26

Exceptional earnings momentum in 1H26. Total revenue reached USD 543 mn (+27% y/y). Gross profit grew significantly to USD 152 mn (+405% y/y), lifting the gross profit margin to 28.04%. Operational efficiency remained intact on a yearly basis, with operating profit at USD 146 mn (+1194% y/y) and EBITDA at USD 216 mn (+133% y/y), resulting in an EBITDA margin of 39.80%. Meanwhile, net income posted a massive 313% y/y growth to USD 104 mn. This stellar top-line realization was predominantly anchored by the Nickel Matte segment contributing USD 401 mn, while the Nickel Ore segment saw massive growth to USD 142 mn (+2840% y/y). Furthermore, the company's solid operational discipline and increasing capacity provide a robust foundation to create sustainable value amidst dynamic market conditions.

Robust operational trajectory. INCO achieved 16,153 tons of nickel matte production in 2Q26, reflecting a 19% q/q increase. This brought the total 1H26 nickel matte production to 29,773 tons. This growth was primarily driven by a stronger operational performance following the completion of the Electric Furnace 3 Rebuild project in June 2026. Nickel ore sales also recorded solid growth, with the Bahodopi block booking 1.07 million wmt of saprolite ore sales in 2Q26. Meanwhile, the Pomalaa block recorded a significant increase in ore sales to 496 thousand wmt in 2Q26. Notably, the operational outperformance was sustained by an improvement in the average realized price of nickel matte to USD 14,765 per ton (+4% q/q).

KEY TAKEAWAYS:

- **Surging Nickel Ore Contribution.** The Nickel Ore segment exhibited explosive growth, with 1H26 revenue skyrocketing by 2840% y/y to USD 142 mn, driven by robust sales volumes.
- **Resilient Cost Structure.** Despite rising global energy prices for HSFO, diesel, and coal, the 2Q26 cash cost for nickel matte improved to USD 10,005 per ton, reflecting strict cost discipline and operational efficiency.
- **Solid Operational Execution.** Reached 29,773 tons of nickel matte production, driven by the completion of the Electric Furnace 3 Rebuild project in June 2026.

RECOMMENDATION "BUY"

We maintain our **BUY** recommendation based on our EV/EBITDA-based valuation. Applying a target multiple of 7.9x to our base amount of USD 481 mn, we arrive at a **12-month target price of IDR 6,300**. This presents a compelling **15.60% upside potential** from the last close of IDR 5,450 (as of 6 Aug 26). Valuations reflect the growth pipeline, trading at a 2026F EV/EBITDA of 7.7x and a 2026F P/E of 14.60x. Downside risks include: 1) Geopolitical situations impacting global energy markets; 2) Upward trends in energy costs such as HSFO, diesel, and coal; 3) Weaker nickel price.

FINANCIAL HIGHLIGHTS

End 31 Dec	2023A	2024A	2025A	2026F	2027F	2028F
Revenue (USD Mn)	1,232	950	990	1,433	1,719	1,994
Net Profit (USD Mn)	274	58	76	261	298	356
EBITDA Margin (%)	35.21%	23.35%	17.81%	33.54%	32.24%	31.35%
NPM (%)	22.26%	6.06%	7.68%	18.21%	17.35%	17.85%
ROE (%)	10.70%	2.11%	2.74%	8.66%	9.23%	10.17%
EV/EBITDA (x)	5.3	7.7	16.4	7.7	6.6	5.6
P/BV (x)	1.2	0.9	1.2	1.3	1.2	1.1
Dividend Yield (%)	2.02%	0.00%	1.06%	0.60%	2.05%	2.35%

Source: Company, KSI Research estimates.

STOCK RATING

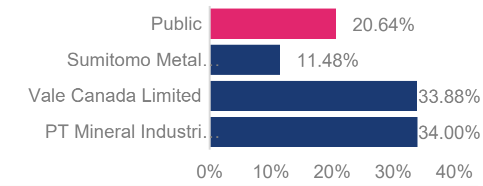
BUY

MAINTAINED

TP 12M (IDR)	6,300
vs. Last Price	+15.60%
Previous TP	*IDR 6,300*

Ticker	INCO
Sub-Sector	Metals & Mineral
Last Price (IDR)	5,450
Market Cap (IDR Tn)	57.44
Shares Issued (Bn)	10.54
AVG 3M Turnover (Bn)	107.50

SHAREHOLDER STRUCTURE



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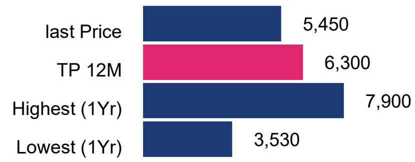
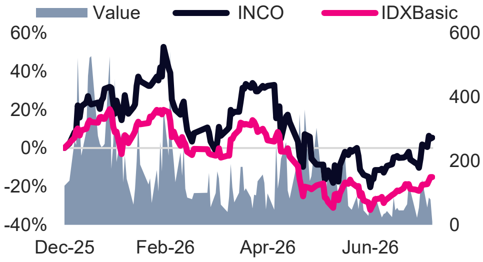
Price (IDR)



Price Performance, YTD(%), Turnover(Bn)



ESG Rating

Environmental	5.78
Social	6.13
Governance	6.13

PERFORMANCE OVERVIEW

Robust Top-Line, Stellar Bottom-Line

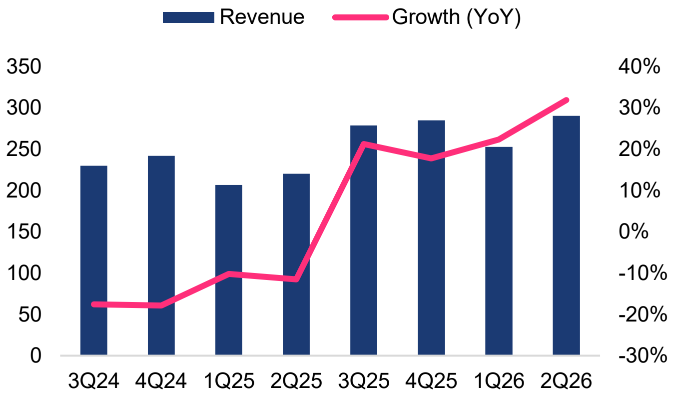
IDR Bn	6M25	6M26	yoy	2Q25	1Q26	Quarters 2Q26	qoq	yoy
Revenue Segment								
Nickel Matte	422	401	-5%	218	195	206	5%	-6%
Nickel Ore	5	142	2840%	2	58	85	47%	3578%
Revenue	427	543	27%	220	253	290	15%	32%
Gross Profit	30	152	405%	11	57	96	68%	797%
Operating Profit	11	146	1194%	0	42	105	149%	24202%
EBITDA	93	216	133%	40	77	139	81%	245%
Net Income	25	104	313%	3	44	61	39%	1662%
EPS (Full IDR)	40	173	332%	5	72	101	39%	1740%
Liabilities	443	552	25%	443	522	552	6%	25%
Equity	2,727	2,831	4%	2,727	2,818	2,831	0%	4%
Asset	3,170	3,383	7%	3,170	3,340	3,383	1%	7%
GPM %	7.07%	28.04%	21%	4.84%	22.46%	32.90%	10%	28%
OPM%	2.65%	26.97%	24%	0.20%	16.62%	35.98%	19%	36%
NPM %	5.92%	19.22%	13%	1.57%	17.26%	20.93%	4%	19%
EBITDA Margin %	21.70%	39.80%	18%	18.28%	30.43%	47.86%	17%	30%
ROE %	2%	5%	4%	2%	3%	5%	2%	3%
ROA %	1%	5%	3%	1%	3%	5%	2%	4%

Source : Company, KSI Research

Operational	2Q25	1Q26	Quarters 2Q26	qoq	yoy
Nickel Matte Production (ton)	18,557	13,620	16,153	19%	-13%
Nickel Matte Sales (ton)	18,023	13,727	13,932	1%	-23%
ASP (USD/ton)	12,091	14,213	14,765	4%	22%

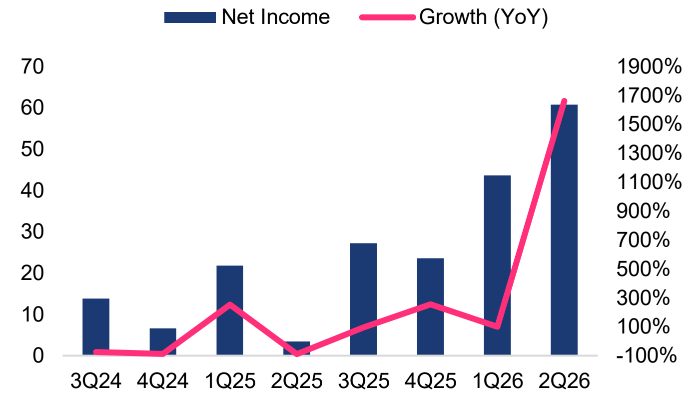
Source : Company, KSI Research

Revenue (USD Mn) vs Growth



Source : Company, KSI Research

Net Income (USD Mn) vs Growth



Source : Company, KSI Research

VALUATION

TP Maintained at IDR 6,300; Rated BUY

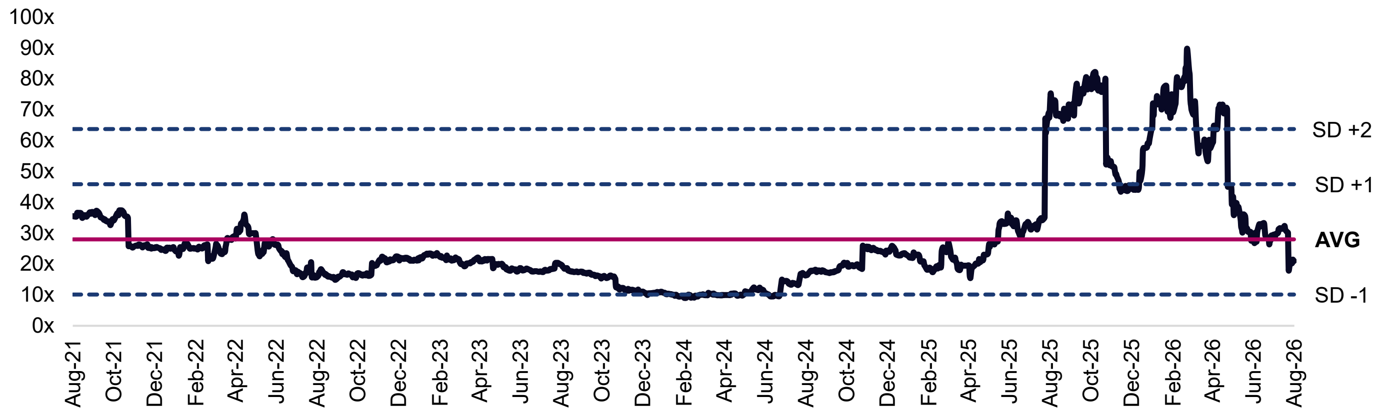
BUY TP 12M: IDR 6,300

vs. Last Price (IDR 5,450, 6 Aug 2026): +15.60% upside | Previous TP: IDR 6,300

MULTIPLE VALUATION

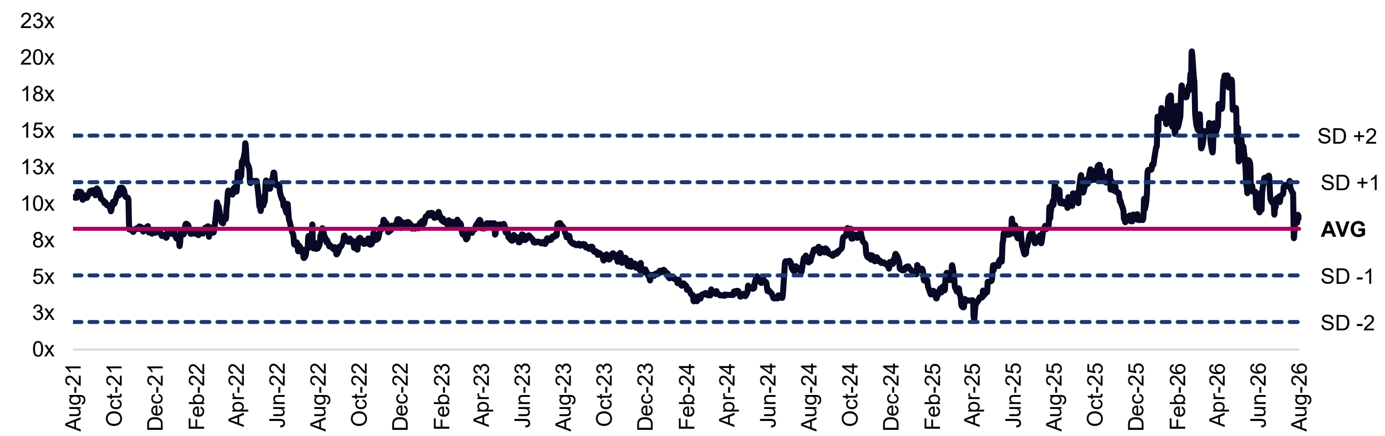
Valuation	Base Amount	Target Multiple	Value (USD Mn)	Weight (%)	The Value of the firm
EV/EBITDA	481	7.9x	3,811	100%	3,811
				Assumption USD	17,428
				Total Value (IDR Mn)	**66,415,839**
				Share (Mn)	10,540
				Intrinsic Value (IDR)	6,301
				Target Price (IDR)	**6,300**
				Last Price (6 Aug 26)	IDR 5,450
				Potential Upside (%)	**15.60%**

HISTORICAL PE 5Y



Source : Bloomberg, KSI Research

HISTORICAL EV/EBITDA 5Y



Source : Bloomberg, KSI Research

FINANCIAL EXHIBITS

Income Statement, Balance Sheet & Cash Flow

Income Statement (USD Mn)

Year-End	2023A	2024A	2025A	2026F	2027F	2028F
Revenue	**1,232**	**950**	**990**	**1,433**	**1,719**	**1,994**
Cost of Revenue	885	842	879	1,043	1,244	1,434
Gross Profit	**347**	**108**	**111**	**389**	**475**	**561**
Operating Income	**308**	**64**	**44**	**302**	**370**	**439**
EBITDA	**434**	**222**	**176**	**481**	**554**	**625**
Income Before Tax	331	95	73	325	379	443
Tax Expenses	78	16	18	72	83	97
Minority Interest	-	-	-	-	-	-
Net Income	**274**	**58**	**76**	**261**	**298**	**356**
EPS (IDR)	**391**	**88**	**120**	**431**	**493**	**589**

Balance Sheet (USD Mn)

Year-End	2023A	2024A	2025A	2026F	2027F	2028F
Cash and cash Equivalents	699	675	376	100	164	300
Account Receivables	102	84	74	117	141	158
Inventories	156	149	192	199	226	262
Fixed Asset	1,696	1,975	2,313	2,543	2,628	2,653
Other Assets	274	294	390	565	677	786
Total Asset	**2,926**	**3,177**	**3,346**	**3,524**	**3,836**	**4,160**
S-T liabilities	6	6	3	9	11	12
Other S-T liabilities	211	258	359	293	384	439
L-T liabilities	3	2	0	0	0	0
Other L-T liabilities	142	178	208	208	208	208
Total Liabilities	**361**	**444**	**571**	**511**	**603**	**660**
Total Equity	**2,565**	**2,733**	**2,775**	**3,013**	**3,233**	**3,500**
BVPS (IDR)	**3,660**	**4,175**	**4,394**	**4,982**	**5,346**	**5,787**

Cash Flow Statement (USD Mn)

Year-End	2023A	2024A	2025A	2026F	2027F	2028F
Net Income	274	58	76	261	298	356
Depreciation	126	158	132	179	185	186
Change in working capital	59	51	58	(164)	9	(29)
Others	(4)	(1)	0	-	-	-
Operating cash flow	**455**	**265**	**267**	**276**	**492**	**514**
Capital expenditure	(271)	(437)	(471)	(409)	(270)	(211)
Others	(79)	1	(86)	(126)	(82)	(79)
Investing cash flow	**(350)**	**(437)**	**(557)**	**(535)**	**(352)**	**(290)**
Dividend paid	(60)	-	(35)	(23)	(78)	(89)
Net change in debt	3	(1)	(5)	6	1	1
Others	17	148	31	-	-	-
Financing cash flow	**(40)**	**147**	**(8)**	**(17)**	**(77)**	**(88)**
Change in cash	**65**	**(24)**	**(298)**	**(276)**	**64**	**136**
Beginning cash balance	634	699	675	376	100	164
Ending cash balance	699	675	376	100	164	300

Source: Company, KSI Research estimates

FINANCIAL RATIOS

Growth, Margins & Multiples

Key Ratios	2023A	2024A	2025A	2026F	2027F	2028F
Revenue Growth	4%	-23%	4%	45%	20%	16%
Gross Profit Growth	11%	-69%	2%	251%	22%	18%
Operating Profit Growth	12%	-79%	-32%	587%	22%	19%
EBITDA Growth	4%	-49%	-21%	172%	15%	13%
Net Income Growth	37%	-79%	32%	243%	14%	19%
EPS Growth	37%	-78%	32%	243%	14%	19%
Gross margin (%)	28%	11%	11%	27%	28%	28%
EBITDA margin (%)	35%	23%	18%	34%	32%	31%
EBIT margin (%)	25%	7%	4%	21%	21%	22%
Pretax margin (%)	27%	10%	7%	23%	22%	22%
Net margin (%)	22%	6%	8%	18%	17%	18%
ROE (%)	11%	2%	3%	9%	9%	10%
ROA (%)	9%	2%	2%	7%	8%	9%
Current ratio (x)	4.77	3.81	2.07	1.89	1.82	2.08
Cash Ratio (%)	322%	256%	104%	33%	42%	66%
AP turnover (days)	74	101	136	89	98	98
AR turnover (days)	30	32	27	30	30	29
Inventory turnover (days)	64	64	80	69	66	67
Dividend Yield (%)	2.02%	0.00%	1.06%	0.60%	2.05%	2.35%
DER (x)	0.14	0.16	0.21	0.17	0.19	0.19
PE (x)	10.86	41.11	42.96	14.60	12.77	10.70
PBV (x)	1.16	0.87	1.18	1.26	1.18	1.09
P/Sales (x)	2.42	2.49	3.30	2.66	2.22	1.91
EV/EBITDA (x)	5.27	7.67	16.42	7.74	6.60	5.63

Source: Company, KSI Research estimates

Rating Guide, Disclaimer & Contact

KIWOOM SEKURITAS GUIDE TO SECTOR / STOCK RATINGS

SECTOR / INDUSTRY

OVERWEIGHT	Sector & Industry outlook has potential and good condition
NEUTRAL	Sector & Industry outlook stable or tends to be stagnant
UNDERWEIGHT	Sector & Industry outlook has challenges and bad condition

STOCK

BUY	Performance > +15% over the next 12 months (ex-dividend)
TRADING BUY	Performance +5% to +15%, minor to medium term
HOLD	Performance -10% to +15% over the next 12 months (ex-dividend)
SELL	Performance < -15% over the next 12 months (ex-dividend)
TRADING SELL	Performance -5% to -15%, minor to medium term
NOT RATED	Stock not within regular research coverage

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