

PT Mineral Industri Indonesia (2250228D IJ)

FUNDAMENTAL VIEW ¹

As of 02 Dec 2024

- We expect PT Mineral Industri Indonesia's (MIND ID) strategic importance and policy role to the Government of Indonesia (GoI) to strengthen in line with the GoI's downstream push and green energy transition efforts.
- We expect MIND ID's credit metrics to improve meaningfully from FY25 onwards as strong commodity prices (barring coal and nickel), capacity additions, and healthy dividend income from key joint venture PT Freeport Indonesia (PTFI) could offset high capex.
- Mining regulatory risk remains a concern, though MIND ID's large diversified scale of operations could partly limit such risks.
- A potential IPO of its aluminium business within the next 3-5 years could boost financial flexibility.

RISKS & CATALYSTS

As of 02 Dec 2024

- MIND ID is subjected to unanticipated changes in mining policies that raise operational and regulatory uncertainties.
- MIND ID is exposed to commodity price fluctuations that could hurt sales price realizations and profitability.
- Capex typically remains elevated, pressurizing its free cash flow generation and leverage.
- MIND ID faces material asset concentration risk for its coal, gold and tin segments.

KEY METRICS

As of 02 Dec 2024

IDR BN	FY21	FY22	FY23	LTM 9M23	LTM 9M24
Debt to Book Cap	52.0%	44.6%	41.6%	41.5%	38.0%
Net Debt to Book Cap	29.6%	27.1%	24.5%	25.3%	23.7%
Debt/Total Equity	108.3%	80.5%	71.2%	70.9%	61.4%
Debt/Total Assets	46.1%	38.7%	35.6%	35.4%	31.6%
Gross Leverage	4.7x	3.5x	7.0x	6.2x	6.0x
Net Leverage	2.7x	2.1x	4.1x	3.8x	3.7x
Interest Coverage	3.2x	3.9x	2.2x	2.3x	2.2x
EBITDA Margin	21.5%	19.9%	12.3%	12.3%	11.8%

BUSINESS DESCRIPTION

As of 02 Dec 2024

- MIND ID is an unlisted Indonesian state-owned holding company of various Indonesian mining operators.
- Key subsidiaries include: 1) Bukit Asam: Coal mining, processing, and sale of coal; 2) Timah: Tin mining, processing, and sale of downstream products; 3) Aneka Tambang (Antam): Mining, processing, and sale of gold products, nickel, ferronickel, bauxite and chemical grade alumina; 4) Inalum: Production of aluminium.
- Key unconsolidated joint ventures and associates include: 1) PT Freeport Indonesia (PTFI): Mining, processing and sale of copper, gold and silver. MIND ID aims to raise its stake in PTFI to 71% from a current 51% in the medium-to-long term; 2) PT Vale Indonesia (PTVI): Mining and processing of nickel. MIND ID has a current 34% stake in PTVI.

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