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Nickel Industries Ltd (NIC)

High margin growth in CY25

Recommendation
Buy (unchanged)
Price
$0.76
Target (12 months)
$1.47 (previously $1.39)
Risk
Speculative

Sector

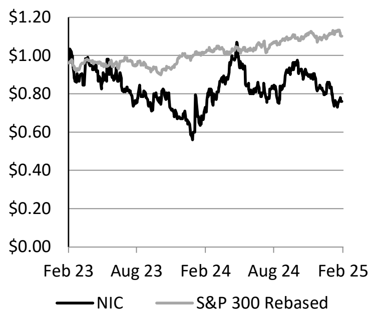
Materials

Expected Return	
Capital growth	**93%**
Dividend yield	**5%**
Total expected return	**98%**
Company Data & Ratios	
Enterprise value	**$4,488m**
Market cap	**$3,260m**
Issued capital	**4,290m**
Free float	**54%**
Avg. daily val. (52wk)	**$6.8m**
12 month price range	**$0.67 - $1.085**

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	0.86	0.93	0.67
Absolute (%)	-11.6	-17.8	14.3
Rel market (%)	-10.5	-17.1	5.9

Absolute Price



SOURCE: IRESS

CY24 financial result

NIC reported a CY24 financial result which included an unexpected non-cash writedown of US$236.6m (pre-tax) to the carrying values of NIC's older HNI and RNI processing plants. This is due to a combination of reduced operating margins in CY24 and lower nickel price forecasts applied in asset impairment tests. The impairment resulted in a statutory loss of US$189.8m for CY24. Adjusting for this, NIC achieved underlying EBITDA of US$297m (BPe US$330m) and underlying NPAT of US$15m (vs BPe US$100m). A final dividend of A1.5cps was declared (vs BPe A2.5cps) for total CY24 distributions of A4.0cps (vs BPe 5.0cps, 4.5cps for CY23). At end CY24, NIC had net debt of US$832m, comprising debt of US$1.05B and cash of US$222.5m (vs US$66.2m at end CY23). During CY24 NIC invested ~US$750m in CAPEX and acquisitions (mostly the ENC HPAL project) and distributed US$143m in dividends.

Delivering growth in CY25

While the impairment was unexpected and the underlying result a miss vs our forecasts, the fundamentals of NIC's operations and outlook remain strong. Operating cash flow of US$281m (up 23% from US$230m in CY23) was driven by increased production offsetting a 14% drop in the nickel pig iron price yoy. Key milestones approaching in CY25 are the final payments for the Excelsior Nickel Cobalt (ENC) project of US$126.5m in July and October 2025. Between current cash reserves and operating cash flow (which we forecast to grow in CY25) NIC is well positioned to implement its aggressive growth objectives, including ramping up ore production from 9Mtpa to 19Mtpa and commencement of production from the ENC HPAL plant.

Investment thesis – Buy, TP$1.47/sh (from Buy,TP$1.39/sh)

EPS changes in this report are: CY25: -23%; CY26: -6%; and CY27: -6%. Our NPV-based valuation lifts 6% to $1.47/sh as model roll-forward is partially offset by higher costs. NIC continues to generate positive cash flows in a tough nickel market and is set to deliver major growth milestones in CY25 across its highest margin nickel operations. We retain our Buy recommendation.

Earnings Forecast

Year ending 31 December	2024a	2025e	2026e	2027e
Sales (US$m)	1,744	2,064	3,607	3,840
EBITDA (US$m)	297	483	1,121	1,167
Attributable NPAT (reported) (US$m)	(169)	122	488	549
Attributable NPAT (reported) (A$m)	(256)	196	751	796
EPS (adjusted) (A¢ps)	2.4	4.6	17.5	18.6
EPS growth (%)	-211%	nm	283%	6%
PER (x)	nm	16.6	4.3	4.1
FCF Yield (%)	0%	14%	42%	45%
EV/EBITDA (x)	9.6	5.9	2.6	2.5
Dividend (A¢ps)	4.0	4.0	10.0	10.0
Yield (%)	5.3%	5.3%	13.2%	13.2%
Franking (%)	0%	0%	0%	0%
ROE (%)	-8%	9%	35%	35%

SOURCE: BELL POTTER SECURITIES ESTIMATES

High margin growth in CY25

CY24 financial result

CY24 financial result which included an unexpected non-cash writedown of US$236.6m (pre-tax) to the carrying values of NIC's older HNI and RNI processing plants. Adjusting for this, the result was still a miss compared with our forecasts.

Key metrics included consolidated revenue of US$1,745m (vs BPe US$1,671m, down 7% yoy), consolidated EBITDA of US$297m (vs BPe US$330m, down 26% yoy) and consolidated reported NLAT of US$190m (vs BPe NPAT US$100m). Adjusting for the impairment, NIC reported underlying consolidated NPAT of US$14.7m.

NIC ended CY24 with cash of US$222.5m and gross debt of US$1,055m, for net debt of US$832m (from net debt of US66m at end CY23).

NIC declared a final dividend of A1.5cps for total CY24 dividends of A4.0cps (vs BPe A5.0cps for the full year) and an unfranked dividend yield of 5.3%.

The highlight of the result, in our view, is the maintenance of positive operating cash flows and fair EBITDA margins through a low in the commodity price cycle. This is due to NIC's low-cost operations and diversified product mix across the nickel production value chain: from ore mining production to downstream nickel products. NIC will reach key milestones this year with the aggressive growth of class 1 nickel production as the Excelsior Nickel Cobalt (ENC) high pressure acid leach (HPAL) project commences production in 3QCY25.

Key metrics are summarised in the table below.

Table 1 - NIC financial result summary

Financials (Consolidated basis)	Dec-22 Actual	Dec-23 Actual	Dec-24 Actual	Dec-24 BPe	Variance vs BPe	Variance vs pcp
Revenue (US$m)	1217.0	**1880.1**	**1744.5**	**1671.1**	4%	-7%
EBITDA (US$m)	334.6	**403.3**	**296.8**	**329.9**	-10%	-26%
NPAT consolidated (US$m)	209.4	**176.2**	**-189.8**	**99.6**	-291%	-208%
NPAT attributable (US$m)	159.0	**121.6**	**-168.6**	**75.9**	-322%	-239%
EPS attributable (Ac/sh)	8.5	**5.4**	**-6.0**	**2.7**	-322%	-211%
Dividend (Ac/sh)	0.040	**0.045**	**0.040**	**0.050**	-20%	-11%
Free cash flow (US$m)	-366.97	**-923.33**	**-7.51**	**-214.9**	-97%	-99%
Cash balance (US$m)	144.2	**284.1**	**222.5**	**27.8**	700%	-71%
Debt (US$m)	559.3	**845.0**	**1054.6**	**945.0**	12%	25%
Production, costs, prices						
Ni in NPI (t, Consolidated)	70,079	**131,126**	**135,604**	**135,604**	0%	3%
Ni in NPI (t, Attributable)	55,993	**104,240**	**110,151**	**110,151**	0%	6%
AIC (US$/t)	$13,483	**$11,503**	**$10,281**	**$10,281**	0%	-11%
Nickel price (US$/t)	$26,819	**$21,494**	**$16,321**	**$16,321**	0%	-24%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Changes to our forecasts

Beyond updating for the CY24 financial results, we make the following changes to our modelled assumptions:

- Marginally increase our RKEF cash costs, based on reported costs ahead of our calculations;
- Lower our CY25 dividend forecast from A5.0cps to A4.0cps; and
- Update for NIC's latest net cash position and capital structure and roll our model forward.

The net impacts of these changes are summarised in the table below:

Table 2 - Changes to our CY forecasts

	Previous			New			Change		
Year end 31 December	Dec-24	Dec-25	Dec-26	Dec-24	Dec-25	Dec-26	Dec-24	Dec-25	Dec-26
Prices & currency									
Nickel price (US$/t)	18,298	20,282	20,944	**18,298**	**20,282**	**20,944**	0%	0%	0%
US$/A$	0.62	0.65	0.69	**0.62**	**0.65**	**0.69**	0%	0%	0%
Production & costs									
Ore mined (t)	11,850,000	11,800,000	11,800,000	**11,850,000**	**11,800,000**	**11,800,000**	0%	0%	0%
Nickel in ore (t)	129,600	129,600	129,600	**129,600**	**129,600**	**129,600**	0%	0%	0%
RKEF NPI production (t)	109,844	111,028	112,628	**109,844**	**111,028**	**112,628**	0%	0%	0%
Contained nickel (t)	11,415	11,682	12,126	**11,601**	**11,859**	**12,400**	2%	2%	2%
Contained nickel (t, attributable)	13,997	49,235	51,600	**13,997**	**49,235**	**51,600**	0%	0%	0%
Cash costs (US$/t Ni)	10,143	10,397	10,657	**10,143**	**10,397**	**10,657**	0%	0%	0%
Earnings & valuation									
Revenue (consolidated, US$m)	2,064	3,607	3,840	**2,064**	**3,607**	**3,840**	0%	0%	0%
EBITDA (consolidated, US$m)	508	1,145	1,205	**483**	**1,121**	**1,167**	-5%	-2%	-3%
EBITDA (attributable, US$m)	397	794	819	**377**	**774**	**799**	-5%	-2%	-3%
NPAT (consolidated, US$m)	231	806	906	**191**	**771**	**856**	-18%	-4%	-5%
NPAT (attributable, US$m)	157	518	585	**122**	**488**	**549**	-23%	-6%	-6%
EPS (reported) (Acps)	5.9	18.6	19.8	**4.6**	**17.5**	**18.6**	-23%	-6%	-6%
PER (x)	12.8	4.1	3.8	**16.6**	**4.3**	**4.1**	3.8	0.3	0.3
EPS growth (%)	120%	214%	6%	**nm**	**283%**	**6%**	nm	69%	0%
DPS (Acps)	5.0	10.0	10.0	**4.0**	**10.0**	**10.0**	-20%	0%	0%
Yield	6.6%	13.2%	13.2%	**5.3%**	**13.2%**	**13.2%**	-1%	0%	0%
NPV (A$/sh)	0.97	1.39	1.62	**1.38**	**1.47**	**1.61**	43%	5%	0%
Price Target (A$/sh)		1.39			**1.47**			6%	

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Slightly higher costs result in the following EPS changes: CY25: -23%; CY26: -6%; and CY27: -6%. NIC continues to trade on an undemanding EV/EBITDA multiple of 5.9x for CY25 and 3.8x for CY26 (attributable basis) an unfranked dividend yield of ~5%, all at a low point in the commodity price cycle.

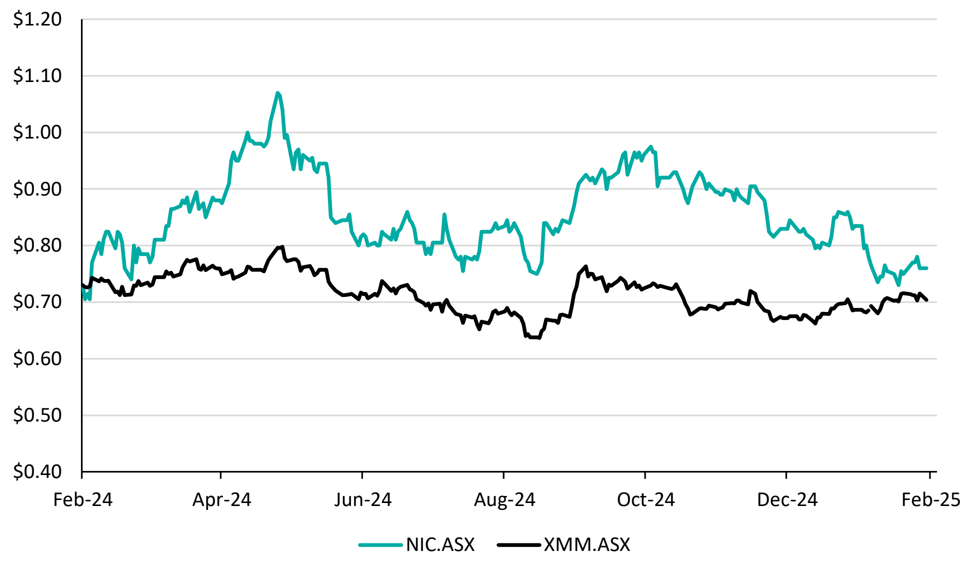
Upcoming catalysts

Upcoming catalysts for NIC include:

- Release of NIC's March quarter production and cost report, expected in late April 2025;
- Construction updates for the ENC HPAL plant, which is progressing ahead of its scheduled commissioning target of October 2025;
- Confirmation of receipt of increased ore sales permits by October, to match the ongoing ramp-up of the Hengjaya Mine through CY25;
- Update on qualification of potential sales of nickel cathode from the ENC HPAL project (under construction) to third party customers, diversifying NIC's customer base;
- Payment of the final scheduled investment instalments for the ENC HPAL project of: US$126.5m in each of July and October 2025 to lift NIC's interest to 55%;
- The potential sale of NIC's option over a further 20% interest in the ENC HPAL project (over and above its targeted 55% interest); and
- Exploration and development updates on the Sampala and Siduarsi Nickel-Cobalt laterite ore projects.

NIC vs the ASX Metals and Mining Index

Figure 1 - NIC relative share price performance vs ASX Metals and Mining Index (XMM)



SOURCE: IRESS

Nickel Industries Limited (NIC)

Company description: fully integrated NPI producer

Nickel Industries Limited ('Nickel Industries or 'NIC') was formed in 2007 and listed on the ASX in 2018 as Nickel Mines Ltd. Its operations are focused in Indonesia, where it holds an 80% interest four Rotary Kiln Electric Furnace (RKEF) NPI production lines (the two Hengjaya lines and the two Ranger lines), an 80% interest in the Oracle Nickel Project, comprising four new generation RKEF NPI production lines, a 10% interest in the Huayue Nickel Cobalt (HNC) HPAL project and a 55% interest in the Excelsior Nickel Cobalt (ENC) HPAL project which is under construction. All these projects are within the Indonesia Morowali Industrial Park (IMIP), a fully integrated stainless steel production facility in Central Sulawesi, Indonesia and in partnership with Shanghai Decent Investments (SDI) a subsidiary of Tsingshan Group, the world's largest stainless steel producer.

NIC also holds an 80% interest in the Angel Nickel Project, comprising four new generation RKEF NPI production lines currently in production within the Indonesia Weda Bay Industrial Park (IWIP) on Halmahera Island in Indonesia.

NIC also holds an 80% interest in Hengjaya Mine ('HM'), a high-grade, long-life nickel laterite deposit, in close proximity to the IMIP. The HM produces Direct Shipping Ore (DSO), the bulk of which is sold into the IMIP facility.

Investment thesis – Buy, TP$1.47/sh (from Buy,TP$1.39/sh)

EPS changes in this report are: CY25: -23%; CY26: -6%; and CY27: -6%. Our NPV-based valuation lifts 6% to $1.47/sh as model roll-forward is partially offset by higher costs. NIC continues to generate positive cash flows in a tough nickel market and is set to deliver major growth milestones in CY25 across its highest margin nickel operations. We retain our Buy recommendation.

Valuation: $1.47/sh

Our 12-month forward NIC valuation incorporates DCF models of its attributable interests in the Hengjaya laterite nickel ore mine (HM), its 80% interests in the Hengjaya Nickel RKEF lines, the Ranger Nickel RKEF lines, Angel Nickel RKEF lines and Oracle Nickel RKEF lines.

We also include an NPV-based valuation for NIC's 10% interest in in the HNC HPAL plant and a risk-adjusted NPV-based valuation for the ENC HPAL plant, which is currently under construction and in which NIC will hold a 55% interest.

We also include a notional value for other exploration and development projects, an estimate of corporate overhead costs and NIC's last reported net cash position. Our valuation is calculated on a fully diluted basis.

Risks

Key risks to our investment case include (but are not limited to):

- **Funding and capital management risks:** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments and managing debt repayments. Exploration and development companies with no sales revenues are reliant on access to equity markets and debt financing to fund the advancement and development of their projects.
- **Operating and development risks:** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single mine company. Development of mining assets may be subject to receiving permits, approvals timelines or weather events, causing delays to commissioning and commercial production.
- **COVID-19 risks:** Mining companies rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.
- **Operating and capital cost fluctuations:** The cost and availability of exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour costs as well as access to, and availability of, technical skills, operating equipment and consumables.
- **Commodity price and exchange rate fluctuations:** The future earnings and valuations of exploration, development and producing Resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Resource growth and mine life extensions:** The viability of future operations and the earnings forecasts and valuations reliant upon them may depend upon resource and reserve growth to extend mine lives, which is in turn dependent upon exploration success, of which there are no guarantees.
- **Regulatory changes risks:** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies. NIC's assets are located in Sulawesi, Indonesia, which has in the past implemented regulatory changes related to mining project ownership, fiscal terms and mineral export requirements.
- **Geopolitical risks:** Mining companies' assets are subject to geopolitical risks, arising from events in, and outside, the jurisdictions they operate in.
- **Sovereign risks:** Mining companies' assets are subject to the sovereign risks of the jurisdiction within which they are operating. NIC's assets are in Indonesia, a G20 country with one of the largest economies in SE Asia. Its sovereign debt is rated investment grade by the major ratings agencies.
- **Corporate/M&A risks:** Risks associated with M&A activity including differences between the entity's and the market's perception of value associated with completed transactions. NIC is the junior partner co-investing in production assets with a large, privately owned Chinese company. The strength and cohesiveness of this relationship over the long term has the potential to both add and reduce value to the partnership. A mitigating factor in this respect has been the +20% holding in NIC equity.

Nickel Industries Ltd
as at 24 February 2025

Recommendation	Buy, Speculative
Price	$0.76
Target (12 months)	$1.47

Table 3 - Financial summary

PROFIT AND LOSS

Year ending 31 Dec.	Unit	2023a	2024a	2025e	2026e	2027e
Revenue	US$m	1,880.1	1,744.5	2,064.0	3,606.5	3,840.3
Expense	US$m	(1,476.8)	(1,447.6)	(1,581.4)	(2,485.9)	(2,673.4)
EBITDA	**US$m**	**403.3**	**296.8**	**482.5**	**1,120.6**	**1,167.0**
Depreciation	US$m	(111.7)	(128.0)	(137.3)	(188.8)	(173.6)
EBIT	US$m	291.7	168.8	345.2	931.8	993.3
Net interest expense	US$m	(55.6)	(78.5)	(93.1)	(83.8)	(56.8)
Unrealised gains (Impairments)	US$m	-	(236.6)	-	-	-
Other	US$m	(32.8)	(27.2)	(23.1)	(34.5)	(36.0)
PBT	**US$m**	**203.3**	**(173.5)**	**229.0**	**813.5**	**900.5**
Tax expense	US$m	(27.1)	(16.3)	(38.4)	(42.1)	(44.2)
Consolidated profit (loss) for the year	US$m	176.2	(189.8)	190.6	771.5	856.4
Non-Controlling Interest	US$m	54.6	(21.2)	69.1	283.5	307.1
Attributable NPAT (reported)	**US$m**	**121.6**	**(168.6)**	**121.5**	**488.0**	**549.3**
NPAT (attributable, underlying)	US$m	121.6	68.0	121.5	488.0	549.3

CASH FLOW

Year ending 31 Dec.	Unit	2023a	2024a	2025e	2026e	2027e
OPERATING CASHFLOW						
Receipts	US$m	1,763.1	1,805.7	2,100.0	3,375.2	3,805.3
Payments	US$m	(1,485.2)	(1,481.8)	(1,459.9)	(2,305.0)	(2,635.9)
Tax	US$m	(56.4)	(55.3)	(39.5)	(72.9)	(78.1)
Net interest	US$m	11.7	14.2	(93.1)	(83.8)	(56.8)
Other	US$m	(3.5)	(1.5)	-	-	-
Operating cash flow	**US$m**	**229.8**	**281.4**	**507.5**	**913.4**	**1,034.5**
INVESTING CASHFLOW						
Property, plant and equipment	US$m	(19.1)	(54.2)	(230.3)	(29.7)	(17.3)
Mine development	US$m	(179.9)	(3.7)	-	-	-
Exploration & evaluation	US$m	(24.9)	(18.4)	-	-	-
Other	US$m	(929.2)	(212.6)	-	-	-
Investing cash flow	**US$m**	**(1,153.1)**	**(288.9)**	**(230.3)**	**(29.7)**	**(17.3)**
Free Cash Flow	*US$m*	*(923.3)*	*(7.5)*	*277.3*	*883.7*	*1,017.2*
FINANCING CASHFLOW						
Share issues/(buy-backs)	US$m	828.9	-	-	-	-
Debt proceeds	US$m	580.5	454.8	-	-	-
Debt repayments	US$m	(315.5)	(252.7)	(25.0)	(150.0)	(200.0)
Distributions to non-controlling interests	US$m	(38.9)	(31.4)	-	-	-
Dividends	US$m	(85.6)	(142.7)	(106.4)	(278.8)	(296.0)
Other	US$m	91.6	(91.9)	-	-	-
Financing cash flow	**US$m**	**1,061.2**	**(64.0)**	**(131.4)**	**(428.8)**	**(496.0)**
Change in cash	*US$m*	*137.8*	*(71.5)*	*145.9*	*454.9*	*521.2*

BALANCE SHEET

Year ending 31 Dec.	Unit	2023a	2024a	2025e	2026e	2027e
ASSETS						
Cash & short term investments	US$m	778.8	222.5	368.3	823.2	1,344.4
Accounts receivable	US$m	429.9	395.1	359.1	590.5	625.5
Property, plant & equipment	US$m	1,836.8	1,572.7	1,665.6	1,506.5	1,350.2
Mine development expenditure	US$m	-	-	-	-	-
Exploration & evaluation	US$m	24.9	56.2	56.2	56.2	56.2
Other	US$m	1,001.0	1,649.8	1,649.8	1,649.8	1,649.8
Total assets	US$m	**4,071.3**	**3,896.2**	**4,099.0**	**4,626.2**	**5,026.2**
LIABILITIES						
Accounts payable	US$m	192.8	194.8	316.3	497.2	534.7
Income tax payable	US$m	26.1	21.6	38.4	42.1	44.2
Borrowings	US$m	845.0	1,054.6	1,029.6	879.6	679.6
Other	US$m	100.8	77.1	82.4	82.4	82.4
Total liabilities	US$m	**1,164.7**	**1,348.0**	**1,466.6**	**1,501.2**	**1,340.7**
SHAREHOLDER'S EQUITY						
Share capital	US$m	2,032.9	2,035.2	2,035.2	2,035.2	2,035.2
Reserves	US$m	19.1	19.1	19.1	19.1	19.1
Retained earnings	US$m	373.1	61.7	76.9	286.0	539.3
Total equity to NIC holders	**US$m**	**2,425.1**	**2,116.0**	**2,131.2**	**2,340.3**	**2,593.6**
Non-controlling interest	US$m	481.6	432.2	501.3	784.7	1,091.8
Total equity	**US$m**	**2,906.6**	**2,548.2**	**2,632.4**	**3,125.1**	**3,685.4**
Weighted average shares	m	3,407.1	4,286.9	4,289.8	4,289.8	4,289.8

CAPITAL STRUCTURE

Shares on issue	m	4,289.8
Other	m	0.0
Total shares on issue	**m**	**4,289.8**
Share price	**A$/sh**	**0.760**
Market capitalisation	A$m	3,260.3
Net cash	A$m	-1,227.3
Enterprise value (undiluted)	**A$m**	**4,487.6**
Options outstanding (m)	m	0.0
Options (in the money)	m	0.0
Issued shares (diluted for options)	m	4,289.8
Market capitalisation (diluted)	A$m	3,260.3
Net cash + options	A$m	-1,227.3
Enterprise value (diluted)	**A$m**	**4,487.6**

MAJOR SHAREHOLDERS

Shareholder	%	m
Shanghai Decent (SDI)	22.7%	972.8
PT United Tractors (conditional placement)	20.0%	857.0
Tanito Group (PT Karunia)	8.5%	366.1
L1 Capital	5.7%	245.9
BlackRock Investment Management	5.1%	217.1

FINANCIAL RATIOS

Year ending 31 Dec.	Unit	2023a	2024a	2025e	2026e	2027e
VALUATION						
Attributable NPAT	US$m	121.6	(168.6)	121.5	488.0	549.3
Attributable NPAT	A$m	183.0	(255.6)	196.0	750.8	796.1
Reported EPS	USc/sh	3.6	1.6	2.8	11.4	12.8
Reported EPS	Ac/sh	5.4	(6.0)	4.6	17.5	18.6
Adjusted EPS	Ac/sh	5.4	2.4	4.6	17.5	18.6
EPS growth	%	-37%	-211%	nm	283%	6%
PER [1]	x	14.1x	nm	16.6x	4.3x	4.1x
DPS	Ac/sh	4.5	4.0	4.0	10.0	10.0
Franking	%	0%	0%	0%	0%	0%
Yield	%	5.9%	5.3%	5.3%	13.2%	13.2%
FCF/share	Ac/sh	(40.8)	(0.3)	10.4	31.7	34.4
FCF yield	%	-54%	0%	14%	42%	45%
P/FCFPS	x	-1.9x	-286.1x	7.3x	2.4x	2.2x
EV/EBITDA	x	7.1x	9.6x	5.9x	2.6x	2.5x
EBITDA margin	%	21%	17%	23%	31%	30%
EBIT margin	%	16%	10%	17%	26%	26%
Return on assets	%	5%	-5%	5%	18%	18%
Return on equity	%	9%	-8%	9%	35%	35%
LIQUIDITY & LEVERAGE						
Net debt (cash)	$m	66	832	798	193	(528)
ND / E	%	3%	39%	37%	8%	-20%
ND / (ND + E)	%	3%	28%	27%	8%	-26%
Attr. EBITDA / Interest	x	6.2x	3.3x	4.0x	9.2x	14.1x

ATTRIBUTABLE DATA - NICKEL MINES LTD

Year ending 31 Dec.	Unit	2023a	2024a	2025e	2026e	2027e
Revenues	US$m	1,661.0	1,589.1	1,933.5	2,843.9	2,998.0
EBITDA	US$m	342.5	259.3	376.6	774.3	798.6
NPAT	US$m	121.6	(168.6)	121.5	488.0	549.3
Net distributable cash flow	US$m	124.1	(64.4)	131.3	409.4	469.1
EV/EBITDA	x	8.7	11.4	7.4	3.8	3.9
PER	x	14.1	nm	16.6	4.3	4.1
P/FCF	x	nm	nm	nm	5.2	4.8

ORE RESERVE AND MINERAL RESOURCE

Hengjaya Nickel Mine (HM)	Mdmt	% Ni	t Ni
Mineral Resources			
Measured	20.000	1.30%	260,000
Indicated	109.000	1.30%	1,417,000
Inferred	56.000	1.30%	728,000
Total	**185.000**	**1.30%**	**2,405,000**

ASSUMPTIONS - Prices

Year ending 31 Dec. (avg)	Unit	2023a	2024a	2025e	2026e	2027e
Nickel	US$/lb	$9.75	$7.40	$8.30	$9.20	$9.50
Nickel	US$/t	$21,494	$16,321	$18,298	$20,282	$20,944
Currency						
AUD:USD		0.66	0.66	0.62	0.65	0.69

ASSUMPTIONS - Production & costs

Year ending 31 Dec.	Unit	2023a	2024a	2025e	2026e	2027e
Hengjaya Mine						
Ore mined	wmt	5,755,588	9,377,089	########	11,800,000	11,800,000
Ore grade	% Ni	1.6%	1.7%	1.8%	1.8%	1.8%
Nickel in ore	t Ni	52,238	99,060	129,600	129,600	129,600
Nickel in ore (attributable)	t Ni	41,790	79,248	103,680	103,680	103,680
RKEF + HPAL ops						
NPI production	t	970,209	1,046,625	1,060,000	1,060,000	1,064,000
NPI nickel (attributable)	t Ni	104,240	110,151	109,844	111,028	112,628
HPAL nickel (attributable)	t Ni	3,233	8,341	13,997	49,235	51,600
Costs						
RKEF costs	US$/t Ni	$11,503	$10,281	$11,601	$11,859	$12,400
HPAL costs	US$/t Ni	$10,424	$9,453	$10,143	$10,397	$10,657

VALUATION

Ordinary shares (m)	**4,289.8**
Options in the money (m)	-
Total shares diluted (m)	**4,289.8**

Valuation	**Current**		**+12 months**		**+24 months**	
Sum-of-the-parts	**A$m**	**A$/sh**	**A$m**	**A$/sh**	**A$m**	**A$/sh**
IMIP RKEF (NPV12)	528.1	0.12	594.2	0.14	595.7	0.14
ANI RKEF (NPV12)	1,318.7	0.31	1,341.3	0.31	1,338.7	0.31
ONI RKEF (NPV12)	1,271.8	0.30	1,304.7	0.30	1,278.3	0.30
Hengjaya Mine (NPV12)	696.9	0.16	647.5	0.15	603.1	0.14
HNC HPAL (NPV12)	605.2	0.14	614.7	0.14	612.2	0.14
ENC HPAL (NPV12)	3,240.4	0.76	3,240.4	0.76	3,240.4	0.76
Other exploration	450.0	0.10	450.0	0.10	450.0	0.10
Corporate overheads	(976.4)	(0.23)	(1,069.2)	(0.25)	(1,165.2)	(0.27)
Subtotal (EV)	7,134.6	1.66	7,123.5	1.66	6,953.1	1.62
Net cash (debt)	(1,227.3)	(0.29)	(832.1)	(0.19)	(56.3)	(0.01)
Total (undiluted)	**5,907.2**	**1.38**	**6,291.4**	**1.47**	**6,896.8**	**1.61**
Dilutive effect of options		-		-		-
Add cash from options	-	-	-	-	-	-
Total (diluted)	**5,907.2**	**1.38**	**6,291.4**	**1.47**	**6,896.8**	**1.61**

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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