ANALYST
**David Coates**

AUTHORISATION
**Todd Lewis**

RECOMMENDATION (unchanged)

**BUY**

*See key risks on Page 5.

PRICE

**A$1.035**

TARGET (12 MONTHS)

**A$1.450** (unchanged)

| **Expected return** | |
|---|---|
| Capital growth | **40.1%** |
| Dividend yield | **1.9%** |
| Total expected return | **42.0%** |

**Sector**

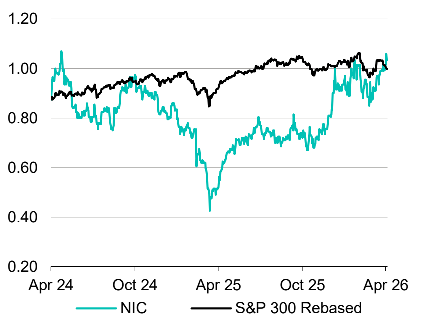
**Diversified Metals & Mining**

| **Capital structure & trading data** | |
|---|---|
| Enterprise value | **$5,476m** |
| Market cap | **$4,494m** |
| Issued capital | **4,342m** |
| Free float | **55%** |
| Avg. daily val. (52wk) | **$10.3m** |
| 12 month price range | **A$0.54-1.10** |

**Price performance**

| | (1m) | (3m) | (12m) |
|---|---|---|---|
| **Price (A$)** | 0.88 | 0.92 | 0.57 |
| **Absolute (%)** | 18.3 | 13.1 | 83.2 |
| **Rel market (%)** | 15.8 | 15.7 | 76.5 |

**Share price (A$/sh) vs. XKO**




Source: IRESS

# NICKEL INDUSTRIES LIMITED (NIC)

## Don't miss the next 40%

### March quarter 2026

NIC produced 30,264t of contained Ni in NPI (BPe 31,060t), with 24,211t attributable (BPe 24,848t). Cash costs were in-line our forecast at US$10,453/t Ni (BPe US$10,432/t) but 4% higher QoQ on lower nickel grades and higher electricity costs. Attributable production from the HNC HPAL plant was 2,153t (BPe 2,167t), continuing to operate above nameplate capacity. HPAL costs of US$10,182/t were up 22% QoQ but 10% below our forecast, where we had made conservative allowances for higher sulphur and ore costs. The Hengjaya Mine rebounded strongly, with ore sales of 3.0Mt (vs BPe 2.9Mt), recovering from the permit delays of the December quarter.

NIC reported consolidated EBITDA of US$135.6m (vs BPe US$116.3m and up 164% QoQ), comprising US$85.8m from RKEF operations, US$29.0m from the HM and US$20.7m from the HNC HPAL plant. NIC ended the quarter with cash and equivalents of US$212m (from US$361m QoQ) after making the final US$46m payment for the ENC HPAL, paying accrued mine standby costs and working capital builds on ore stockpiles ahead of mining restrictions at upstream operations.

### Nickel price leverage on show, HPAL to come

Our key takeaway is the nickel price leverage demonstrated with this result. RKEF operations stood out, where EBITDA was up 145% from US$35m to US$86m, driven almost entirely by NPI pricing (up 19%) rather than volume (down 4%). HNI and RNI, which were loss-making in December, both turned profitable in March. HPAL margins lifted, with EBITDA per tonne up 20% on a 15% increase in price and after a 22% QoQ cost increase. Combined with the re-start at Hengjaya, NIC delivered its best quarter of earnings since December 2023. It also highlights the earnings growth power of HPAL, where production is lifting from ~8.5kt in CY25 to 19kt in CY26 and to 46kt in CY27. At current EBITDA margins of US$10,000/t that implies ~US$380m of attributable EBITDA growth from HPAL alone (vs CY25 EBITDA attr. US$217m).

### Investment thesis: TP $1.45 (unchanged)

EPS changes in this report are: CY26: -14%; CY27: -1%; CY28: +3% on trimmed production, higher costs and a higher AUD:USD exchange rate. NIC offers nickel price leverage and diversified margin exposure across an integrated value chain. Retain Buy, our $1.45/sh Target Price is unchanged.

### Earnings estimates

| **Year ending 31 December** | **2025a** | **2026e** | **2027e** | **2028e** |
|---|---|---|---|---|
| Sales (US$m) | 1,649 | 2,035 | 2,918 | 3,099 |
| EBITDA (US$m) | 238 | 604 | 972 | 1,079 |
| Attributable NPAT (reported) (US$m) | (57) | 226 | 563 | 674 |
| Attributable NPAT (reported) (A$m) | (88) | 314 | 793 | 963 |
| EPS (adjusted) (A¢ps) | (1.8) | 7.2 | 18.3 | 22.2 |
| EPS growth (%) | nm | nm | 152% | 21% |
| PER (x) | nm | 14.3 | 5.7 | 4.7 |
| FCF Yield (%) | 5% | 12% | 23% | 28% |
| EV/EBITDA (x) | 16.4 | 6.5 | 4.0 | 3.6 |
| Dividend (A¢ps) | - | 2.0 | 10.0 | 12.0 |
| Yield (%) | 0.0% | 1.9% | 9.7% | 11.6% |
| Franking (%) | 0% | 0% | 0% | 0% |

Source: Bell Potter Securities estimates

# Don’t miss the next 40%

NIC released its March 2026 quarter report, announcing production and costs from its Rotary Kiln Electric Furnace (RKEF) operations, producing Nickel Pig Iron (NPI); its Hengjaya Mine (HM), producing laterite nickel ore and its 10% interest in the Huayue Nickel Cobalt (HNC) HPAL (High Pressure Acid Leach) project which is currently producing ~80ktpa nickel in Mixed Hydroxide Precipitate (MHP, 100% basis). All assets are in Indonesia.

Key metrics from the March 2026 quarter are summarised below:

**Figure 1: NIC quarterly production summary**

| | Mar-25 Actual | Jun-25 Actual | Sep-25 Actual | Dec-25 Actual | Mar-26 Actual | Mar-26 Bpe | Variance % qoq | Variance % Bpe |
|---|---|---|---|---|---|---|---|---|
| **RKEF nickel production** | | | | | | | | |
| Contained nickel (t) | 31,793 | 30,463 | 31,148 | 31,562 | **30,264** | **31,060** | -4% | -3% |
| Contained nickel (t, attributable) | 25,434 | 24,370 | 24,918 | 25,250 | **24,211** | **24,848** | -4% | -3% |
| Cash Cost (US$/t Ni) | $9,896 | $10,348 | $9,846 | $10,088 | **$10,453** | **$10,432** | 4% | 0% |
| **HPAL nickel production** | | | | | | | | |
| Contained nickel (t, attributable) | 2,118 | 2,075 | 2,166 | 2,144 | **2,153** | **2,967** | 0% | -27% |
| Cash Cost (US$/t Ni, BPe) | 7,197 | $7,881 | $7,610 | $8,371 | **$10,182** | **$11,306** | 22% | -10% |
| **Hengjaya Mine** | | | | | | | | |
| Ore sales (t) | 2,840,966 | 3,021,678 | 3,094,230 | 945,631 | **3,042,663** | **2,900,000** | 222% | 5% |
| Mine OPEX (US$/t) | $11.70 | $12.50 | $14.60 | $40.40 | **$15.70** | **$13.00** | -61% | 21% |
| Avg price received (US$/t) | $22.60 | $26.20 | $25.23 | $24.60 | **$25.21** | **$28.69** | 2% | -12% |

Source: Company data and Bell Potter Securities estimates

## Refinancing sends positive signal with better terms

Subsequent to quarter end, NIC executed a US$450m unsecured syndicated loan facility to refinance US$398m of existing bank loans. The new facility provides lower interest costs, more lenient leverage covenants, reduced amortisation payments and extends maturities. Post-refinancing net debt is approximately US$994m.

Beyond providing greater balance sheet flexibility over the short and medium term, the debt is unsecured and charges a lower coupon than the facilities it replaces. We view this as a further endorsement of NIC’s business model and assets.

The new loans are also structured to incentivise de-leveraging, which we view as positive. With the ENC HPAL plant and the HM mining operations ramping up, we expect NIC to prioritise balance sheet de-leveraging through 2026 and 2027 – likely also viewed positively by the market.

## Customer diversification and pricing premium

NIC is also preparing to register ENC's nickel cathodes on both the London Metal Exchange and Shanghai Futures Exchange post ramp-up. This would improve product liquidity, add a pricing premium and broaden NIC’s customer base.

Sphere Corp's acquisition of a 10% interest in ENC at a US$2.4b project valuation is a significant milestone. As one of only five key accredited suppliers to SpaceX, it is a strong endorsement of the quality of the ENC nickel cathode, its traceability, and is the first offtake agreement for ENC material into Western markets.

## Changes to our forecasts

Beyond updating for the March quarter 2026 production and cost report, we make the following changes to our modelled assumptions:

- Make allowances for higher operating costs across NIC's operations, particularly at the HPAL operations, where higher sulphur costs are feeding into higher acid costs, a major consumable;
- Pushed back our ramp-up schedule for the ENC HPAL plant, reflecting a later ramp-up than we had previously forecast;
- Updated for NIC's debt restructure, which has extended the maturities of its debt stack, lowered interest rates and reduced quarterly amortisation payments;
- Updated for our latest nickel price forecasts, which includes a 4% increase for CY26 , offset by a higher exchange rate; and
- Update for NIC's latest net cash position and capital structure and roll our model forward.

These changes result in a 7% cut to our forecast CY26 EBITDA (attr.) and 14% cut to EPS (Ac). The changes have no impact on our (rounded) NPV-based target price, which remains $1.45/sh.

Our updated forecasts are summarised in the table below:

**Figure 2: Changes to our earnings estimates**

| | Previous | | | New | | | Change | | |
|---|---|---|---|---|---|---|---|---|---|
| Year ending 30 June | 2026e | 2027e | 2028e | 2026e | 2027e | 2028e | 2026e | 2027e | 2028e |
| **Prices & currency** | | | | | | | | | |
| Nickel price (US$/t) | 16,755 | 20,393 | 21,584 | **17,455** | **20,393** | **21,584** | 4% | 0% | 0% |
| US$/A$ | 0.67 | 0.69 | 0.70 | **0.72** | **0.71** | **0.70** | 7% | 3% | 0% |
| **Production & costs** | | | | | | | | | |
| Ore mined (Mt) | 14.300 | 17.200 | 17.200 | **14.543** | **17.200** | **17.200** | 2% | 0% | 0% |
| RKEF nickel (t, attributable) | 107,476 | 112,628 | 112,628 | **106,971** | **112,628** | **112,628** | 0% | 0% | 0% |
| Cash costs (US$/t Ni) | 10,587 | 11,755 | 12,154 | **10,665** | **11,755** | **12,154** | 1% | 0% | 0% |
| HPAL nickel (t, attributable) | 31,717 | 46,062 | 46,062 | **19,095** | **46,853** | **46,853** | -40% | 2% | 2% |
| Cash costs (US$/t Ni) | 9,934 | 8,586 | 9,331 | **10,985** | **8,586** | **9,331** | 11% | 0% | 0% |
| **Earnings & valuation** | | | | | | | | | |
| Revenue (consolidated, US$m) | 2,203 | 2,902 | 3,082 | **2,035** | **2,918** | **3,099** | -8% | 1% | 1% |
| EBITDA (consolidated, US$m) | 637 | 966 | 1,072 | **604** | **972** | **1,079** | -5% | 1% | 1% |
| EBITDA (attributable, US$m) | 534 | 842 | 933 | **494** | **848** | **940** | -7% | 1% | 1% |
| **NPAT (consolidated, US$m)** | 314 | 641 | 757 | **302** | **653** | **779** | -4% | 2% | 3% |
| NPAT (attributable, US$m) | 246 | 551 | 652 | **226** | **563** | **674** | -8% | 2% | 3% |
| EPS (reported) (Acps) | 8.4 | 18.4 | 21.4 | **7.2** | **18.3** | **22.2** | -14% | -1% | 3% |
| PER (x) | 16.6 | 4.3 | 4.1 | **14.3** | **5.7** | **4.7** | (2.3) | 1.4 | 0.6 |
| EPS growth (%) | nm | 118% | 17% | **nm** | **152%** | **21%** | nm | 35% | 5% |
| DPS (Acps) | 4.0 | 10.0 | 11.0 | **2.0** | **10.0** | **12.0** | -50% | 0% | 9% |
| Yield | 5.3% | 13.2% | 13.2% | **1.9%** | **9.7%** | **11.6%** | -3% | -4% | -2% |
| NPV (A$/sh) | 1.30 | 1.44 | 1.61 | **1.35** | **1.44** | **1.61** | 4% | 0% | 0% |
| **Price Target ($/sh)** | | 1.45 | | | **1.45** | | | 0% | |

Source: Bell Potter Securities

## Upcoming catalysts

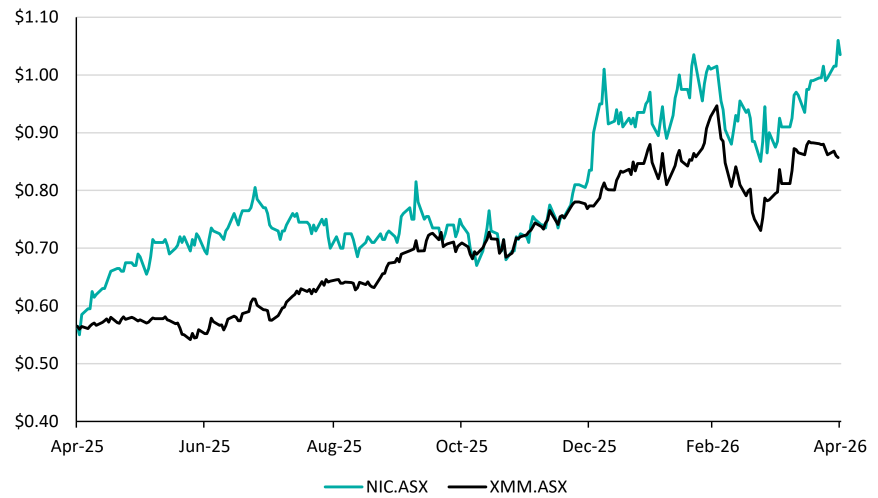
Upcoming catalysts for NIC include:

- Construction of the ENC HPAL plant, which is progressing towards commissioning in mid-CY26. Targeted to reach nameplate production by end October 2026;
- Increase in NIC's ore sales volume permit (RKAB) from the recently approved 14.3Mtpa to 19Mtpa in CY27, to allow full ramp-up of the Hengjaya Mine;
- Sampala Project feasibility study and approval anticipated in the June quarter 2026, enabling the establishment of a new mining business unit;
- Release of NIC's June 2026 quarter production and cost report, expected in late July 2026;
- Registration of ENC HPAL nickel cathode on the London Metal Exchange and Shanghai Futures Exchange, improving pricing and customer diversity; and
- Balance sheet de-leveraging as ENC HPAL ramps up, following NIC's debt re-financing on more favourable terms post quarter-end.

## Share price performance vs ASX Mining Index

Relative performance chart below:

**Figure 3: NIC relative share price performance vs XMM**




Source: IRESS, Bell Potter Securities

# Nickel Industries Limited (NIC)

## BUSINESS OVERVIEW

Nickel Industries Limited (NIC) was formed in 2007 and listed on the ASX in 2018 as Nickel Mines Ltd. It is a vertically integrated nickel producer with production assets spanning nickel ore mining, Nickel Pig Iron (NPI) production and nickel Mixed Hydroxide Precipitate (MHP) production. This is via several Rotary Kiln Electric Furnace (RKEF) processing lines across two Industrial Parks (the IMIP and IWIP) in Indonesia. It also has a 10% interest in the Huayue Nickel Cobalt (HNC) High Pressure Acid Leach (HPAL) project which is in production and a 46% interest in the Excelsior Nickel Cobalt (ENC) HPAL project which will commence production in 2026.

## VALUATION METHOD

Our 12-month forward equity valuation for NIC incorporates DCF models of its attributable interests in the Hengjaya laterite nickel ore mine (HM), its 80% interests in the Hengjaya, Ranger, Angel and Oracle Nickel Rotary Kiln Electric Furnace (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 46% 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

Risks to an investment in NIC 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.

**Pandemic 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 that could be put in place to combat a pandemic could pose 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.

| RECOMMENDATION (unchanged) | PRICE | TARGET (12 MONTHS) |
|---|---|---|
| **Buy** | **A$1.035** | **A$1.450** (unchanged) |

## Table 1: Financial summary

| | | |
|---|---|---|
| **Date** | **30/04/2026** | **Bell Potter Securities** |
| **Price** | **$1.04** | **David Coates (dcoates@bellpotter.com.au) +61 2 8224 2887** |
| **Target price:** | **$1.45** | |

**PROFIT AND LOSS**

| Year ending 31 Dec. | Unit | 2024a | 2025a | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|
| Revenue | US$m | 1,744.5 | 1,649.1 | 2,034.9 | 2,918.1 | 3,099.0 |
| Expense | US$m | (1,447.6) | (1,411.2) | (1,431.1) | (1,946.5) | (2,020.4) |
| **EBITDA** | **US$m** | **296.8** | **237.9** | **603.7** | **971.6** | **1,078.6** |
| Depreciation | US$m | (128.0) | (115.3) | (134.0) | (142.3) | (135.5) |
| EBIT | US$m | 168.8 | 122.6 | 469.7 | 829.4 | 943.0 |
| Net interest expense | US$m | (78.5) | (98.7) | (89.2) | (80.0) | (53.8) |
| Unrealised gains (Impairments) | US$m | (236.6) | (8.1) | - | - | - |
| Other | US$m | (27.2) | (22.5) | (34.2) | (35.0) | (43.7) |
| **PBT** | **US$m** | **(173.5)** | **(6.7)** | **346.3** | **714.4** | **845.5** |
| Tax expense | US$m | (16.3) | (34.5) | (44.5) | (61.5) | (66.4) |
| Consolidated profit (loss) for the year | US$m | (189.8) | (41.2) | 301.8 | 652.9 | 779.2 |
| Non-Controlling Interest | US$m | (21.2) | 15.9 | 76.0 | 89.9 | 105.1 |
| **Attributable NPAT (reported)** | **US$m** | **(168.6)** | **(57.1)** | **225.7** | **563.0** | **674.1** |
| NPAT (attributable, underlying) | US$m | 68.0 | (49.0) | 225.7 | 563.0 | 674.1 |

**CASH FLOW**

| Year ending 31 Dec. | Unit | 2024a | 2025a | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|
| **OPERATING CASHFLOW** | | | | | | |
| Receipts | US$m | 1,805.7 | 1,682.6 | 2,039.4 | 2,785.6 | 3,071.9 |
| Payments | US$m | (1,481.8) | (1,477.3) | (1,386.0) | (1,843.4) | (2,005.7) |
| Tax | US$m | (55.3) | (23.2) | (68.7) | (79.5) | (105.2) |
| Net interest | US$m | 14.2 | 6.4 | (89.2) | (80.0) | (53.8) |
| Other | US$m | (1.5) | (0.6) | - | - | - |
| **Operating cash flow** | **US$m** | **281.4** | **187.9** | **495.5** | **782.7** | **907.2** |
| **INVESTING CASHFLOW** | | | | | | |
| Property, plant and equipment | US$m | (54.2) | (14.0) | (96.9) | (34.8) | (34.8) |
| Mine development | US$m | (3.7) | (2.1) | - | - | - |
| Exploration & evaluation | US$m | (18.4) | (21.9) | - | - | - |
| Other | US$m | (212.6) | (2.1) | - | - | - |
| **Investing cash flow** | **US$m** | **(288.9)** | **(40.2)** | **(96.9)** | **(34.8)** | **(34.8)** |
| *Free Cash Flow* | *US$m* | *(7.5)* | *147.8* | *398.6* | *747.9* | *872.4* |
| **FINANCING CASHFLOW** | | | | | | |
| Share issues/(buy-backs) | US$m | - | - | - | - | - |
| Debt proceeds | US$m | 454.8 | 780.9 | 450.0 | - | - |
| Debt repayments | US$m | (252.7) | (627.1) | (461.0) | (290.0) | (388.0) |
| Distributions to non-controlling interests | US$m | (31.4) | (32.7) | - | - | - |
| Dividends | US$m | (142.7) | (17.0) | (62.4) | (308.2) | (364.6) |
| Other | US$m | (91.9) | (134.8) | - | - | - |
| **Financing cash flow** | **US$m** | **(64.0)** | **(30.7)** | **(73.4)** | **(598.2)** | **(752.6)** |
| *Change in cash* | *US$m* | *(71.5)* | *117.0* | *325.2* | *149.7* | *119.8* |

**BALANCE SHEET**

| Year ending 31 Dec. | Unit | 2024a | 2025a | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| Cash & short term investments | US$m | 222.5 | 356.8 | 681.9 | 831.6 | 951.4 |
| Accounts receivable | US$m | 395.1 | 349.0 | 344.4 | 476.9 | 504.0 |
| Property, plant & equipment | US$m | 1,572.7 | 1,484.1 | 1,447.0 | 1,339.5 | 1,238.8 |
| Mine development expenditure | US$m | - | - | - | - | - |
| Exploration & evaluation | US$m | 56.2 | 77.4 | 77.4 | 77.4 | 77.4 |
| Other | US$m | 1,649.8 | 1,997.2 | 2,015.3 | 2,015.3 | 2,015.3 |
| **Total assets** | US$m | **3,896.2** | **4,264.4** | **4,565.9** | **4,740.7** | **4,786.8** |
| **LIABILITIES** | | | | | | |
| Accounts payable | US$m | 194.8 | 241.1 | 286.2 | 389.3 | 404.1 |
| Income tax payable | US$m | 21.6 | 16.5 | 44.5 | 61.5 | 66.4 |
| Borrowings | US$m | 1,054.6 | 1,226.1 | 1,215.1 | 925.1 | 537.1 |
| Other | US$m | 77.1 | 322.2 | 322.2 | 322.2 | 322.2 |
| Total liabilities | US$m | **1,348.0** | **1,805.9** | **1,868.1** | **1,698.1** | **1,329.8** |
| **SHAREHOLDER'S EQUITY** | | | | | | |
| Share capital | US$m | 2,035.2 | 2,059.4 | 2,059.4 | 2,059.4 | 2,059.4 |
| Reserves | US$m | 19.1 | 19.8 | 19.8 | 19.8 | 19.8 |
| Retained earnings | US$m | 61.7 | (36.1) | 127.3 | 382.0 | 691.5 |
| **Total equity to NIC holders** | **US$m** | **2,116.0** | **2,043.1** | **2,206.4** | **2,461.2** | **2,770.6** |
| Non-controlling interest | US$m | 432.2 | 415.4 | 491.5 | 581.4 | 686.4 |
| **Total equity** | **US$m** | **2,548.2** | **2,458.5** | **2,697.9** | **3,042.5** | **3,457.0** |
| Weighted average shares | m | 4,286.9 | 4,334.9 | 4,340.9 | 4,340.9 | 4,340.9 |

**CAPITAL STRUCTURE**

| | | | |
|---|---|---|---|
| Shares on issue | m | | 4,341.9 |
| Other | m | | 0.0 |
| **Total shares on issue** | **m** | | **4,341.9** |
| **Share price** | **A$/sh** | | **1.035** |
| Market capitalisation | A$m | | 4,493.9 |
| Net cash | A$m | | -994.2 |
| **Enterprise value (undiluted)** | **A$m** | | **5,488.1** |
| Options outstanding (m) | m | (wtd avg ex. price $0.00 per share) | 8.2 |
| Options (in the money) | m | | 8.2 |
| Issued shares (diluted for options) | m | | 4,350.2 |
| Market capitalisation (diluted) | A$m | | 4,502.4 |
| Net cash + options | A$m | | -994.2 |
| **Enterprise value (diluted)** | **A$m** | | **5,496.6** |

**MAJOR SHAREHOLDERS**

| Shareholder | % | m |
|---|---|---|
| Shanghai Decent (SDI) | 21.7% | 942.5 |
| PT United Tractors (conditional placement) | 19.7% | 857.0 |
| L1 Capital | 10.4% | 453.4 |
| BlackRock Investment Management | 5.0% | 217.1 |
| Tanito Group (PT Karunia) | 4.3% | 187.6 |

**FINANCIAL RATIOS**

| Year ending 31 Dec. | Unit | 2024a | 2025a | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|
| **VALUATION** | | | | | | |
| Attributable NPAT | US$m | (168.6) | (57.1) | 225.7 | 563.0 | 674.1 |
| Attributable NPAT | A$m | (255.5) | (88.5) | 314.0 | 792.9 | 963.0 |
| Reported EPS | USc/sh | 1.6 | (1.1) | 5.2 | 13.0 | 15.5 |
| Reported EPS | Ac/sh | (6.0) | (2.0) | 7.2 | 18.3 | 22.2 |
| Adjusted EPS | Ac/sh | 2.4 | (1.8) | 7.2 | 18.3 | 22.2 |
| EPS growth | % | -211% | nm | nm | 152% | 21% |
| PER [1] | x | nm | nm | 14.3x | 5.7x | 4.7x |
| DPS | Ac/sh | 4.0 | - | 2.0 | 10.0 | 12.0 |
| Franking | % | 0% | 0% | 0% | 0% | 0% |
| Yield | % | 3.9% | 0.0% | 1.9% | 9.7% | 11.6% |
| FCF/share | Ac/sh | (0.3) | 5.3 | 12.8 | 24.3 | 28.7 |
| FCF yield | % | 0% | 5% | 12% | 23% | 28% |
| P/FCFPS | x | -389.7x | 19.6x | 8.1x | 4.3x | 3.6x |
| EV/EBITDA | x | 13.2x | 16.4x | 6.5x | 4.0x | 3.6x |
| EBITDA margin | % | 17% | 14% | 30% | 33% | 35% |
| EBIT margin | % | 10% | 7% | 23% | 28% | 30% |
| Return on assets | % | -5% | -1% | 7% | 14% | 16% |
| Return on equity | % | -8% | -2% | 14% | 28% | 30% |
| **LIQUIDITY & LEVERAGE** | | | | | | |
| Net debt (cash) | $m | 832 | 869 | 657 | 217 | (290) |
| ND / E | % | 39% | 43% | 30% | 9% | -10% |
| ND / (ND + E) | % | 28% | 30% | 23% | 8% | -12% |
| Attr. EBITDA / Interest | x | 3.5x | 2.2x | 5.5x | 10.6x | 17.5x |

**ATTRIBUTABLE DATA - NICKEL MINES LTD**

| Year ending 31 Dec. | Unit | 2024a | 2025a | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|
| Revenues | US$m | 1,581.1 | 1,511.0 | 2,013.6 | 2,914.7 | 3,069.8 |
| EBITDA | US$m | 276.1 | 216.6 | 494.4 | 847.5 | 939.6 |
| NPAT | US$m | (168.6) | (57.1) | 225.7 | 563.0 | 674.1 |
| Net distributable cash flow | US$m | (64.4) | 105.3 | 292.7 | 134.7 | 107.8 |
| EV/EBITDA | x | 13.1 | 16.3 | 8.0 | 4.6 | 4.1 |
| PER | x | nm | nm | 14.3 | 5.7 | 4.7 |
| P/FCF | x | nm | nm | nm | 23.7 | 29.2 |

**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 | 2024a | 2025a | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|
| Nickel | US$/lb | $7.40 | $6.88 | $7.92 | $9.25 | $9.79 |
| Nickel | US$/t | $16,321 | $15,166 | $17,455 | $20,393 | $21,584 |
| **Currency** | | | | | | |
| AUD:USD | | 0.66 | 0.64 | 0.72 | 0.71 | 0.70 |

**ASSUMPTIONS - Production & costs**

| Year ending 31 Dec. | Unit | 2024a | 2025a | 2026e | 2027e | 2028e |
|---|---|---|---|---|---|---|
| **Hengjaya Mine** | | | | | | |
| Ore mined | Mwmt | 9.377 | 9.903 | 14.543 | 17.200 | 17.200 |
| Ore grade | % Ni | 1.7% | 1.8% | 1.8% | 1.8% | 1.8% |
| Nickel in ore | t Ni | 99,060 | 84,859 | 120,907 | 129,600 | 129,600 |
| Nickel in ore (attributable) | t Ni | 79,248 | 67,887 | 96,726 | 103,680 | 103,680 |
| **RKEF + HPAL ops** | | | | | | |
| NPI production | t | 1,046,625 | 1,060,000 | 1,060,000 | 1,064,000 | 1,064,000 |
| NPI nickel (attributable) | t Ni | 110,151 | 108,476 | 106,971 | 112,628 | 112,628 |
| HPAL nickel (attributable) | t Ni | 8,341 | 8,503 | 19,095 | 46,853 | 46,853 |
| **Costs** | | | | | | |
| RKEF costs | US$/t Ni | $10,243 | $10,024 | $10,665 | $11,755 | $12,154 |
| HPAL costs | US$/t Ni | $8,949 | $7,809 | $10,985 | $8,586 | $9,331 |

**VALUATION**

| | | | | | | |
|---|---|---|---|---|---|---|
| **Ordinary shares (m)** | | | | | | **4,341.9** |
| Options in the money (m) | | | | | | 8.2 |
| **Total shares diluted (m)** | | | | | | **4,350.2** |
| **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) | 599.0 | 0.14 | 670.8 | 0.15 | 686.0 | 0.16 |
| ANI RKEF (NPV12) | 1,209.4 | 0.28 | 1,291.5 | 0.30 | 1,307.9 | 0.30 |
| ONI RKEF (NPV12) | 1,186.1 | 0.27 | 1,258.1 | 0.29 | 1,257.1 | 0.29 |
| Hengjaya Mine (NPV12) | 977.8 | 0.23 | 1,072.0 | 0.25 | 1,095.6 | 0.25 |
| HNC HPAL (NPV12) | 760.8 | 0.18 | 771.0 | 0.18 | 803.3 | 0.19 |
| ENC HPAL (NPV12) | 2,471.3 | 0.57 | 2,471.3 | 0.57 | 2,471.3 | 0.57 |
| Other exploration | 560.0 | 0.13 | 560.0 | 0.13 | 560.0 | 0.13 |
| Corporate overheads | (891.6) | (0.21) | (975.9) | (0.22) | (1,062.6) | (0.24) |
| Subtotal (EV) | 6,872.7 | 1.58 | 7,118.8 | 1.64 | 7,118.7 | 1.64 |
| Net cash (debt) | (994.2) | (0.23) | (869.4) | (0.20) | (93.5) | (0.02) |
| **Total (undiluted)** | **5,878.5** | **1.35** | **6,249.4** | **1.44** | **7,025.2** | **1.62** |
| Dilutive effect of options | | (0.00) | | (0.00) | | (0.00) |
| Add cash from options | - | - | - | - | - | - |
| **Total (diluted)** | **5,878.5** | **1.35** | **6,249.4** | **1.44** | **7,025.2** | **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. |

## RESEARCH TEAM

| STAFF MEMBER | TITLE/SECTOR | PHONE | @bellpotter.com.au |
|---|---|---|---|
| Chris Savage | Head of Research Industrials | 612 8224 2835 | csavage |
| Stuart Howe | Deputy Head of Research Resources | 613 9325 1856 | showe |
| Rob Crookston | Head of Strategy | 612 8224 2813 | rcrookston |
| Paul Basha | Strategy | 612 8224 2862 | pbasha |
| **ANALYSTS** | | | |
| John Hester | Healthcare | 612 8224 2871 | jhester |
| Martyn Jacobs | Healthcare | 613 9235 1683 | mjacobs |
| Thomas Wakim | Healthcare | 612 8224 2815 | twakim |
| Brenton Anderson | Healthcare | 613 9235 1807 | banderson |
| Michael Ardrey | Industrials | 613 9256 8782 | mardrey |
| Leo Armati | Industrials | 612 8224 2846 | larmati |
| Joseph House | Industrials | 613 9325 1624 | jhouse |
| Baxter Kirk | Industrials | 613 9235 1625 | bkirk |
| Hayden Nicholson | Industrials | 613 9235 1757 | hnicholson |
| Chami Ratnapala | Industrials | 612 8224 2845 | cratnapala |
| Jonathan Snape | Industrials | 613 9235 1601 | jsnape |
| Ritesh Varma | Industrials | 613 9235 1658 | rvarma |
| Andy MacFarlane | Real Estate | 612 8224 2843 | amacfarlane |
| Michael Armstrong | Real Estate | 612 8224 2827 | marmstrong |
| Regan Burrows | Resources | 618 9236 7677 | rburrows |
| David Coates | Resources | 612 8224 2887 | dcoates |
| Todd Lewis | Resources | 618 9326 7672 | tlewis |
| James Williamson | Resources | 613 9235 1692 | jwilliamson |
| Andrew Ho | Associate Analyst | 613 9235 1953 | aho |
| Evelyn Murdoch | Associate Analyst | 612 8224 2849 | emurdoch |

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**AUSTRALIA**

**Bell Potter Securities Limited**

ABN 25 006 390 772
Level 29, 101 Collins Street, Melbourne
Victoria, 3000

**T** +61 3 9256 8700
**bellpotter.com.au**

**HONG KONG**

**Bell Potter Securities (HK) Limited**

Room 1601, 16/F, Prosperity Tower
39 Queens Road Central
Hong Kong, 0000

**T** +852 3750 8400

**USA**

**Bell Potter Securities (US) LLC**

Floor 39, 444 Madison Avenue
New York NY 10022, U.S.A

**T** +1 917 819 1410

**UNITED KINGDOM**

**Bell Potter Securities (UK) Limited**

16 Berkeley Street, London
England W1J 8DZ United Kingdom

**T** +44 7734 2929

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