ANALYST
David Coates
AUTHORISATION
Todd Lewis

RECOMMENDATION (unchanged)
BUY
*See key risks on Page 6.

PRICE
A$0.775

TARGET (12 MONTHS)
A$1.450 (unchanged)

Expected return	
Capital growth	**87.1%**
Dividend yield	**0.0%**
Total expected return	**87.1%**

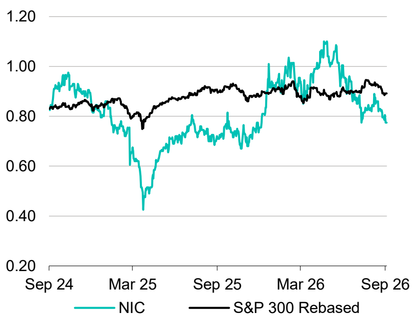
Sector
Materials

Capital structure & trading data	
Enterprise value	**A$4,791m**
Market cap	**A$3,365m**
Issued capital	**4,342m**
Free float	**55%**
Avg. daily val. (52wk)	**A$11.8m**
12 month price range	**A$0.66-1.13**

Price performance

	(1m)	**(3m)**	**(12m)**
Price (A$)	0.85	0.96	0.71
Absolute (%)	-8.3	-18.8	9.2
Rel market (%)	-4.4	-17.7	9.8

Share price (A$/sh) vs. XKO



Source: IRESS

NICKEL INDUSTRIES LTD (NIC)

No clouds. Maybe a nickel lining.

HNC ramp-up restricted by water supply

NIC reported that low rainfall is impacting water supply in Central Sulawesi and interrupting the ramp-up of the 46%-owned Excelsior Nickel Cobalt (ENC) HPAL project. Rainfall at NIC's nearby Hengjaya Mine (HM) was <4mm in August vs a historical average of 222mm. Prior to the dry conditions, ENC had reached ~50% of nameplate capacity within four weeks of commissioning. Should water supply constraints persist, ENC is expected to run at ~30% of nameplate until water availability normalises. The wet season is late and inherently hard to predict, but normalisation is anticipated by December 2026.

Mining achieves record ore sales

Conversely, the dry conditions have supported mining and haulage productivity at the Hengjaya Mine, which achieved 3.1Mwmt of nickel ore sales in July and August, including a record 1.6Mwmt in August 2026. This is tracking ahead of our prior forecast, which we incrementally increase from here, noting the current 14.3Mt RKAB sales permit cap. NIC's RKEF operations continue unaffected by the water shortage.

Any material disruption may be offset by higher prices

LME and SHFE nickel stocks are currently elevated, providing a buffer into a tightening nickel market, according to forecasts from the International Nickel Study Group (INSG) and other data feeds we monitor. However, any material production curtailments in Indonesia (~65% of global production) have potential to have a disproportionate impact on nickel pricing and market balance due to the lack of alternative sources to provide a supply response. The earnings cuts of our updated production forecasts (-3% attributable EBITDA, -7% attributable NPAT) would be more than offset by a ~3% increase in our nickel price forecasts.

Investment thesis: TP $1.45 (unchanged)

EPS changes in this report are: CY26: -10%; CY27: 0%; CY28: 0% as we update for a revised production outlook and higher price realisations. NIC is one of the world's largest listed nickel producers and offers exposure across a range of nickel products and markets. It has a track record of maintaining margins through low nickel prices, benefitting from its diversified product suite and margin exposure across an integrated value chain. We retain our Buy recommendation and TP$1.45/sh.

Earnings estimates

Year ending 31 December	**2025a**	**2026e**	**2027e**	**2028e**
Sales (US$m)	1,649	1,975	2,954	3,388
EBITDA (US$m)	238	526	942	1,147
Attributable NPAT (reported) (US$m)	(57)	152	552	755
Attributable NPAT (reported) (A$m)	(88)	210	778	1,079
EPS (adjusted) (A¢ps)	(1.8)	4.8	17.9	24.9
EPS growth (%)	nm	nm	270%	39%
PER (x)	nm	16.0	4.3	3.1
FCF Yield (%)	7%	13%	30%	40%
EV/EBITDA (x)	14.3	6.5	3.6	3.0
Dividend (A¢ps)	-	-	6.0	12.0
Yield (%)	0.0%	0.0%	7.7%	15.5%
Year ending 31 December	2025a	2026e	2027e	2028e

Source: Bell Potter Securities estimates

No clouds. Maybe a nickel lining.

KEY POINTS – PRODUCTION UPDATE

- Restricted water supply is impacting the ramp-up of the 46%-owned Excelsior Nickel Cobalt (ENC) HPAL project.
- Should the constraints persist, ENC is expected to run at ~30% of nameplate until water availability normalises. We estimate an EBITDA impact of ~US$30m.
- Conversely, ore sales have achieved record levels in July and August. Combined with higher payabilities we estimate a positive offset of ~$18m.
- NIC's aggressive growth profile is driven by organic growth over CY27-CY28.

HNC ramp-up restricted by water supply

NIC recently reported that low rainfall is impacting water supply in Central Sulawesi and interrupting the ramp-up of the 46%-owned Excelsior Nickel Cobalt (ENC) HPAL project. Rainfall at NIC's nearby Hengjaya Mine (HM) was <4mm in August vs a historical average of 222mm.

Prior to the dry conditions, ENC had reached ~50% of nameplate capacity within four weeks of commissioning. Should water supply constraints persist, ENC is expected to run at ~30% of nameplate until water availability normalises. The wet season is late and inherently hard to predict, but normalisation is anticipated by December 2026.

In a positive development, ENC has received an exemption from the MHP export restriction introduced earlier this year, removing a perceived permitting risk overhang. This had been flagged as a likely outcome and clears the path for sales permits covering ENC's full product suite (MHP, nickel/cobalt cathode and sulphate).

A nickel lining? Any material disruption likely offset by higher prices

LME and SHFE nickel stocks are currently elevated, providing a buffer into a tightening nickel market, according to forecasts from the International Nickel Study Group (INSG) and other data feeds we monitor. However, any material production curtailments in Indonesia (~65% of global production) have potential to have a disproportionate impact on nickel pricing and market balance due to the lack of alternative sources to provide a supply response.

The earnings cuts of our updated forecasts (-3% attributable EBITDA, -7% attributable NPAT) are more than offset by a ~3% increase in our nickel price forecasts.

Figure 1: NIC – nickel price sensitivity

	Base case			Ni price +5%			% change		
	2026e	2027e	2028e	2026e	2027e	2028e	2026e	2027e	2028e
Nickel price (US$/t)	17,919	20,393	21,584	18,815	21,412	22,663	5%	5%	5%
Revenue (consolidated,US$m)	1,975	2,954	3,388	2,030	3,102	3,557	3%	5%	5%
EBITDA (consolidated,US$m)	526	942	1,147	584	1,083	1,309	11%	15%	14%
EBITDA (attributable,US$m)	443	827	1,017	491	948	1,157	11%	15%	14%
NPAT (consolidated, US$m)	213	635	854	264	766	1,004	24%	21%	18%
NPAT (attributable, US$m)	152	552	755	194	664	885	28%	20%	17%
EPS (reported) (Acps)	4.8	17.9	24.9	6.2	21.5	29.1	28%	20%	17%

Source: Bell Potter Securities estimates

Mining achieves record ore sales

Conversely, the dry conditions have supported mining and haulage productivity at the Hengjaya Mine, which achieved 3.1Mwmt of nickel ore sales in July and August, including a record 1.6Mwmt in August 2026. This is tracking ahead of our prior forecast, which we incrementally increase from here, noting the current 14.3Mt RKAB sales permit cap. NIC's RKEF operations continue unaffected by the water shortage.

The HM achieved 3.1Mwmt of nickel ore sales in July/August including a record 1.6Mwmt in August. This drove EBITDA of US$53.2m for the two months (including a record US$28.2m in August). Combined July/August Adjusted EBITDA from operations was ~US$90m – excluding any ENC contribution (commercial sales not commenced).

Company specific catalysts to drive growth

A key tenet of our investment thesis in NIC is the aggressive production growth profile outlined for its nickel ore mining and HPAL operations.

To illustrate this, we have run the current spot price (~US$16,500/t), plus our current estimated payabilities and nickel ore prices and kept them flat (real terms) from 2HCY26 to end CY28. This strips out any price growth from our financial forecasts, leaving just the benefit of NIC's production growth as we currently forecast it.

Figure 2:

		Flat spot prices and payabilities			YoY growth		
	2025a	2026e	2027e	2028e	2026e	2027e	2028e
Nickel price (US$/t)	15,166	16,955	16,553	16,967	12%	-2%	3%
Revenue (consolidated,US$m)	1,649	1,895	2,707	3,071	15%	43%	13%
EBITDA (consolidated,US$m)	238	413	662	768	74%	60%	16%
EBITDA (attributable,US$m)	217	349	590	690	61%	69%	17%
NPAT (consolidated, US$m)	(41)	109	366	494	nm	235%	35%
NPAT (attributable, US$m)	(57)	67	328	448	nm	392%	37%
EPS (reported) (Acps)	(1.9)	2.3	11.1	15.2	nm	392%	37%

Source: Bell Potter Securities estimates

The analysis shows substantial EBITDA growth over the forecast period. We highlight that this is even more aggressive on an attributable basis, reflecting both the ramp-up and NIC's increased ownership of the higher margin HPAL operations.

CONSERVATIVE ASSUMPTIONS LIKELY UNDERCALL CY28 EBITDA

We point out that our current forecasts are conservative.

Figure 3: BP nickel ore sales and HPAL production forecasts

	CY26e	CY27e	CY28e
Ore sales (Mt)	14.5	17.2	17.2
HPAL Ni (kt)	13.7	48.4	60.3

Source: Bell Potter Securities estimates

Ore sales:

We have constrained our CY26 ore sales forecasts to approximate the current RKAB permit of 14.3Mt. There is upside to 19Mtpa (+31%) should an application to lift to that rate be successful (regulatory response expected 2HCY26). NIC's annualised mining run-rate of ~18.6Mtpa reported over July-August 2026 demonstrates this target could be met. For CY27-28, we allow for increased ore sales but await formal approval of the RKAB before attributing the full ~19Mtpa run-rate.

Sampala yet to be incorporated into our forecasts:

The development plan for Sampala outlines 14Mtpa of limonite ore production for HPAL production and unspecified additional volumes of saprolite ore for RKEF production. Development is underway and once approvals are received it is on track to potentially double nickel ore production (100% basis). NIC currently holds a 42% interest in Sampala, giving exposure to a further leg of growth from CY27.

HPAL production ahead of nameplate:

Our forecasts for the ENC HPAL approximate the ~72ktpa Nieq nameplate (100%-basis) and NIC's 46% ownership. Meanwhile, the operating HNC HPAL has consistently operated at 25-30% above its 60ktpa Nieq nameplate.

We also apply very conservative ramp-up assumptions (~7ktpa) of the additional 17ktpa Nieq attributable to NIC following the recent deals to acquire interests in the CNE and TMI HPAL projects, set to commence production from ~start CY28

Combined, these could add a further 15-20kt Nieq (13-18%) to our CY28 HPAL production forecast. In financial terms, this upside in ore sales and HPAL production would add 20-25% EBITDA growth in CY28, applying these assumptions.

Changes to our forecasts

We have updated our forecasts to reflect the latest production update and short term guidance from NIC, making minor changes to our modelled assumptions, including:

- Modelling a more conservative ramp-up from the ENC HPAL;
- Offsetting this with marginal increases to our ore mining and sales volumes;
- Minor increases to payabilities, reflecting current market conditions;

Our updated forecasts are summarised in the table below:

Figure 4: 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$/t)	17,919	20,393	21,584	**17,919**	**20,393**	**21,584**	0%	0%	0%
US$/A$	0.72	0.71	0.70	**0.72**	**0.71**	**0.70**	0%	0%	0%
Production & costs									
Ore mined (Mt)	14.326	17.200	17.200	**14.526**	**17.200**	**17.200**	1%	0%	0%
RKEF nickel (t, attributable)	103,024	112,628	112,628	**103,024**	**112,628**	**112,628**	0%	0%	0%
Cash costs (US$/t Ni)	11,781	11,798	12,154	**11,781**	**11,798**	**12,154**	0%	0%	0%
HPAL nickel (t, attributable)	18,856	50,215	60,303	**13,714**	**48,435**	**60,303**	-27%	-4%	0%
Cash costs (US$/t Ni)	11,364	8,586	9,331	**11,364**	**8,586**	**9,331**	0%	0%	0%
Earnings & valuation									
Revenue (consolidated, US$m)	2,077	2,989	3,388	**1,975**	**2,954**	**3,388**	-5%	-1%	0%
EBITDA (consolidated, US$m)	538	954	1,147	**526**	**942**	**1,147**	-2%	-1%	0%
EBITDA (attributable, US$m)	456	839	1,017	**443**	**827**	**1,017**	-3%	-1%	0%
NPAT (consolidated, US$m)	223	647	855	**213**	**635**	**854**	-5%	-2%	0%
NPAT (attributable, US$m)	163	564	756	**152**	**552**	**755**	-7%	-2%	0%
EPS (reported) (Acps)	5.2	18.3	24.9	**4.8**	**17.9**	**24.9**	-7%	-2%	0%
PER (x)	16.6	4.3	4.1	**16.0**	**4.3**	**3.1**	(0.6)	0.0	(1.0)
EPS growth (%)	nm	252%	36%	**nm**	**270%**	**39%**	nm	18%	3%
DPS (Acps)	-	6.0	12.0	**-**	**6.0**	**12.0**	na	0%	0%
Yield	5.3%	13.2%	13.2%	**0.0%**	**7.7%**	**15.5%**	-5%	-5%	2%
NPV (A$/sh)	1.28	1.45	1.65	**1.27**	**1.44**	**1.64**	0%	0%	-1%
Price Target ($/sh)		1.45			**1.45**			0%	

Source: Bell Potter Securities

These changes result in EPS changes of CY26: -7%; CY27: -2%; CY28: 0%. Our (rounded) NPV-based target price is unchanged at $1.45/sh.

Upcoming catalysts

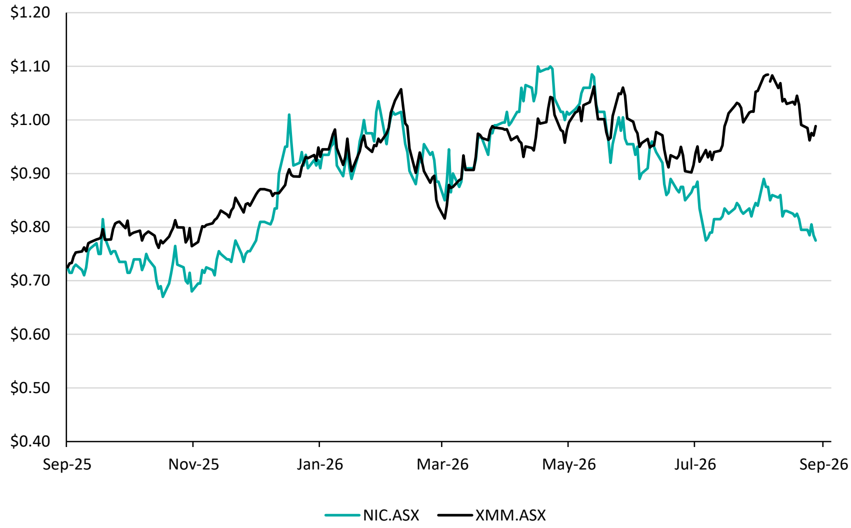
Upcoming catalysts for NIC include:

- Commissioning updates for the ENC HPAL plant, which is now underway, targeting a ramp-up to nameplate production around start CY27;
- Release of NIC's September quarter 2026 report, expected in late October 2026;
- Increase in NIC's ore sales volume permit (RKAB) from the recently approved 14.3Mtpa to 19Mtpa by end CY26;
- Sampala Project feasibility study has been submitted and is advancing through permitting processes. Approval is anticipated in 2HCY26, enabling the establishment of a new mining business unit;
- 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 5: 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) **Buy**

PRICE **A$0.775**

TARGET (12 MONTHS) **A$1.450** (unchanged)

Table 1: Financial summary

Date	20/09/2026	Bell Potter Securities
Price	$0.78	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$m	1,744.5	1,649.1	1,975.5	2,953.9	3,387.9
Expense	US$m	(1,447.6)	(1,411.2)	(1,449.7)	(2,012.2)	(2,240.6)
EBITDA	**US$m**	**296.8**	**237.9**	**525.8**	**941.7**	**1,147.3**
Depreciation	US$m	(128.0)	(115.3)	(126.6)	(139.8)	(141.1)
EBIT	US$m	168.8	122.6	399.2	802.0	1,006.2
Net interest expense	US$m	(78.5)	(98.7)	(89.2)	(80.5)	(52.6)
Unrealised gains (Impairments)	US$m	(236.6)	(8.1)	-	-	-
Other	US$m	(27.2)	(22.5)	(51.5)	(35.6)	(43.8)
PBT	**US$m**	**(173.5)**	**(6.7)**	**258.5**	**685.9**	**909.8**
Tax expense	US$m	(16.3)	(34.5)	(46.0)	(50.7)	(55.6)
Consolidated profit (loss) for the year	US$m	(189.8)	(41.2)	212.5	635.2	854.2
Non-Controlling Interest	US$m	(21.2)	15.9	60.9	83.0	98.9
Attributable NPAT (reported)	**US$m**	**(168.6)**	**(57.1)**	**151.6**	**552.1**	**755.3**
NPAT (attributable, underlying)	US$m	68.0	(49.0)	151.6	552.1	755.3

CASH FLOW

Year ending 31 Dec.	Unit	2024a	2025a	2026e	2027e	2028e
OPERATING CASHFLOW						
Receipts	US$m	1,805.7	1,682.6	1,989.0	2,807.2	3,322.8
Payments	US$m	(1,481.8)	(1,477.3)	(1,400.9)	(1,899.7)	(2,194.9)
Tax	US$m	(55.3)	(23.2)	(62.0)	(81.6)	(94.5)
Net interest	US$m	14.2	6.4	(89.2)	(80.5)	(52.6)
Other	US$m	(1.5)	(0.6)	(24.0)	-	-
Operating cash flow	**US$m**	**281.4**	**187.9**	**412.9**	**745.4**	**980.7**
INVESTING CASHFLOW						
Property, plant and equipment	US$m	(54.2)	(14.0)	(100.9)	(36.4)	(34.8)
Mine development	US$m	(3.7)	(2.1)	-	-	-
Exploration & evaluation	US$m	(18.4)	(21.9)	-	-	-
Other	US$m	(212.6)	(2.1)	-	-	-
Investing cash flow	**US$m**	**(288.9)**	**(40.2)**	**(100.9)**	**(36.4)**	**(34.8)**
Free Cash Flow	*US$m*	*(7.5)*	*147.8*	*312.0*	*709.0*	*945.9*
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$m	(142.7)	(17.0)	-	(184.9)	(364.6)
Other	US$m	(91.9)	(134.8)	-	-	-
Financing cash flow	**US$m**	**(64.0)**	**(30.7)**	**(11.0)**	**(474.9)**	**(752.6)**
Change in cash	*US$m*	*(71.5)*	*117.0*	*301.0*	*234.1*	*193.3*

BALANCE SHEET

Year ending 31 Dec.	Unit	2024a	2025a	2026e	2027e	2028e
ASSETS						
Cash & short term investments	US$m	222.5	356.8	657.7	891.8	1,085.2
Accounts receivable	US$m	395.1	349.0	335.5	482.2	547.3
Property, plant & equipment	US$m	1,572.7	1,484.1	1,458.4	1,355.0	1,248.7
Mine development expenditure	US$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$m	**3,896.2**	**4,264.4**	**4,544.2**	**4,821.8**	**4,973.9**
LIABILITIES						
Accounts payable	US$m	194.8	241.1	289.9	402.4	448.1
Income tax payable	US$m	21.6	16.5	46.0	50.7	55.6
Borrowings	US$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**	**1,873.2**	**1,700.5**	**1,363.1**
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$m	61.7	(36.1)	115.5	482.7	873.3
Total equity to NIC holders	**US$m**	**2,116.0**	**2,043.1**	**2,194.6**	**2,561.8**	**2,952.5**
Non-controlling interest	US$m	432.2	415.4	476.4	559.4	658.4
Total equity	**US$m**	**2,548.2**	**2,458.5**	**2,671.0**	**3,121.3**	**3,610.8**
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$/sh**		**0.775**
Market capitalisation	A$m		3,365.0
Net cash	A$m		-1,411.4
Enterprise value (undiluted)	**A$m**		**4,776.4**
Options outstanding (m)	m	(wtd avg ex. price $0.00 per share)	12.4
Options (in the money)	m		12.4
Issued shares (diluted for options)	m		4,354.3
Market capitalisation (diluted)	A$m		3,374.6
Net cash + options	A$m		-1,411.4
Enterprise value (diluted)	**A$m**		**4,786.0**

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$m	(168.6)	(57.1)	151.6	552.1	755.3
Attributable NPAT	A$m	(255.5)	(88.5)	210.2	777.6	1,079.0
Reported EPS	USc/sh	1.6	(1.1)	3.5	12.7	17.4
Reported EPS	Ac/sh	(6.0)	(2.0)	4.8	17.9	24.9
Adjusted EPS	Ac/sh	2.4	(1.8)	4.8	17.9	24.9
EPS growth	%	-211%	nm	nm	270%	39%
PER [1]	x	nm	nm	16.0x	4.3x	3.1x
DPS	Ac/sh	4.0	-	-	6.0	12.0
Franking	%	0%	0%	0%	0%	0%
Yield	%	5.2%	0.0%	0.0%	7.7%	15.5%
FCF/share	Ac/sh	(0.3)	5.3	10.0	23.0	31.1
FCF yield	%	0%	7%	13%	30%	40%
P/FCFPS	x	-291.8x	14.7x	7.8x	3.4x	2.5x
EV/EBITDA	x	11.5x	14.3x	6.5x	3.6x	3.0x
EBITDA margin	%	17%	14%	27%	32%	34%
EBIT margin	%	10%	7%	20%	27%	30%
Return on assets	%	-5%	-1%	5%	14%	17%
Return on equity	%	-8%	-2%	10%	27%	31%
LIQUIDITY & LEVERAGE						
Net debt (cash)	$m	832	869	681	157	(424)
ND / E	%	39%	43%	31%	6%	-14%
ND / (ND + E)	%	28%	30%	24%	6%	-17%
Attr. EBITDA / Interest	x	3.5x	2.2x	5.0x	10.3x	19.3x

ATTRIBUTABLE DATA - NICKEL MINES LTD

Year ending 31 Dec.	Unit	2024a	2025a	2026e	2027e	2028e
Revenues	US$m	1,581.1	1,511.0	2,028.3	3,008.1	3,416.2
EBITDA	US$m	276.1	216.6	442.8	826.6	1,016.5
NPAT	US$m	(168.6)	(57.1)	151.6	552.1	755.3
Net distributable cash flow	US$m	(64.4)	105.3	270.9	210.7	174.0
EV/EBITDA	x	11.4	14.2	7.8	4.1	3.3
PER	x	nm	nm	16.0	4.3	3.1
P/FCF	x	nm	nm	nm	11.3	13.5

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	$8.13	$9.25	$9.79
Nickel	US$/t	$16,321	$15,166	$17,919	$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	14.526	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	121,046	129,600	129,600
Nickel in ore (attributable)	t Ni	79,248	67,887	96,836	103,680	103,680
RKEF + HPAL ops						
NPI production	t	1,046,625	1,060,000	1,048,000	1,064,000	1,064,000
NPI nickel (attributable)	t Ni	110,151	108,476	103,024	112,628	112,628
HPAL nickel (attributable)	t Ni	8,341	8,503	13,714	48,435	60,303
Costs						
RKEF costs	US$/t Ni	$10,243	$10,024	$11,781	$11,798	$12,154
HPAL costs	US$/t Ni	$8,949	$7,809	$11,364	$8,586	$9,331

VALUATION

Ordinary shares (m)						**4,341.9**
Options in the money (m)						12.4
Total shares diluted (m)						**4,354.3**
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)	593.1	0.14	664.2	0.15	680.1	0.16
ANI RKEF (NPV12)	1,174.4	0.27	1,252.2	0.29	1,308.1	0.30
ONI RKEF (NPV12)	1,154.5	0.27	1,222.8	0.28	1,257.2	0.29
Hengjaya Mine (NPV12)	590.2	0.14	637.9	0.15	608.5	0.14
HNC HPAL (NPV12)	772.9	0.18	784.6	0.18	804.4	0.19
ENC HPAL (NPV12)	3,198.3	0.74	3,198.3	0.74	3,198.3	0.74
Other exploration	370.0	0.09	370.0	0.09	370.0	0.09
Corporate overheads	(891.6)	(0.21)	(975.9)	(0.22)	(1,062.6)	(0.24)
Subtotal (EV)	6,961.8	1.60	7,154.2	1.65	7,164.0	1.65
Net cash (debt)	(1,411.4)	(0.33)	(869.4)	(0.20)	(33.3)	(0.01)
Total (undiluted)	**5,550.4**	**1.28**	**6,284.8**	**1.45**	**7,130.8**	**1.64**
Dilutive effect of options		(0.00)		(0.00)		(0.00)
Add cash from options	-	-	-	-	-	-
Total (diluted)	**5,550.4**	**1.27**	**6,284.8**	**1.44**	**7,130.8**	**1.64**

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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