EQUITY RESEARCH · INDONESIA NICKEL MINING

PT Vale Indonesia Tbk. (INCO IJ)

2Q26 / 1H26 Earnings Flash · Consolidated · 30 July 2026

1H26 Results · BROADLY IN-LINE · SHARP EARNINGS RECOVERY

Sharp earnings recovery: nickel price and cost gains lift 1H net profit fourfold

Revenue +27% yoy to USD543.1Mn | EBITDA +113% yoy to USD196.0Mn | Operating Profit to USD134.1Mn | Net Profit +314% yoy to USD104.4Mn

Revenue (2Q26)	Operating Profit (2Q26)	EBITDA (2Q26)	Net Profit (2Q26)
USD290.4Mn	USD88.6Mn	USD116.0Mn	USD60.8Mn
+15% QoQ	+94% QoQ	+45% QoQ	+39% QoQ

KEY TAKEAWAYS

- 1H26 revenue rose **27% YoY to USD543.1Mn** (2Q26 +15% QoQ), tracking 39% of FY26F consensus with a stronger second half expected. The recovery was **price and volume led**: the realized nickel matte price climbed **21% YoY to USD14,491/t**, while 2Q26 matte production rebounded **19% QoQ to 16,153t** after the Furnace 3 rebuild completed in June. Ore sales ramped sharply, with Pomalaa up almost fivefold QoQ and Bahodopi saprolite at 1.96mn wmt in 1H, diversifying the revenue base.
- **EBITDA more than doubled YoY to USD196.0Mn, with margin expanding to 36.1% from 21.6%**; 2Q26 EBITDA rose 45% QoQ to USD116.0Mn. The swing reflects operating leverage on higher prices plus **cost discipline, with 2Q26 unit cash cost easing to USD10,005/t** from USD10,382/t in 1Q26. Gross profit jumped fivefold YoY to USD152.3Mn (28.0% margin) and operating profit reached USD134.1Mn versus near breakeven a year ago.
- **Net profit surged to USD104.4Mn in 1H26, more than four times the USD25.2Mn a year ago**, with 2Q26 up 39% QoQ to USD60.8Mn. This already covers **about 50% of the FY26F consensus of USD207.5Mn**, leaving earnings on pace. The 1H25 base was depressed by a trough 2Q25 and included one-off gains, so the underlying operational improvement is the real driver.
- The full year hinges on the **second-half production ramp** now that Furnace 3 is back online, the continued ore ramp at Bahodopi and Pomalaa, and the **Sambalagi HPAL project** (MHP for EV batteries) advancing after its autoclave delivery. Nickel price is the key swing factor. On valuation, INCO screens at **8.8x forward P/E, below its historical band**, though the low multiple largely reflects the sharp earnings recovery rather than a de-rating. Verdict: broadly in-line, with strong recovery momentum.

INCOME STATEMENT · USD Mn, Consolidated

(USD Mn)	2Q25	1Q26	2Q26	QoQ%	YoY%	1H25	1H26	YoY%
Revenue	220.2	252.7	290.4	+15%	+32%	426.7	543.1	+27%
Gross Profit	10.6	56.7	95.5	+68%	+798%	30.2	152.3	+405%
Operating Profit	(0.1)	45.6	88.6	+94%	*n.m*	6.2	134.1	*n.m*
EBITDA	**43.0**	**80.0**	**116.0**	**+45%**	**+170%**	**92.0**	**196.0**	**+113%**
Net Profit	**3.5**	**43.6**	**60.8**	**+39%**	***n.m***	**25.2**	**104.4**	**+314%**

MARGIN

(Ratio %)	2Q25	1Q26	2Q26	QoQ pp	YoY pp	1H25	1H26	YoY pp
Gross Margin	4.8%	22.5%	32.9%	+10.4pp	+28.1pp	7.1%	28.0%	+20.9pp
Operating Margin	-0.1%	18.0%	30.5%	+12.5pp	+30.6pp	1.5%	24.7%	+23.2pp
EBITDA Margin	19.5%	31.6%	40.0%	+8.4pp	+20.5pp	21.6%	36.1%	+14.5pp
Net Profit Margin	1.6%	17.3%	20.9%	+3.6pp	+19.3pp	5.9%	19.2%	+13.3pp

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OPERATIONAL PERFORMANCE · Nickel

Key Metric	Unit	1Q26	2Q26	QoQ%	1H25	1H26	YoY%
Nickel matte production	t	13,620	16,153	+19%	35,584	29,773	-16%
Nickel matte deliveries	t	13,727	13,932	+1%	35,119	27,659	-21%
Realized matte price	USD/t	14,213	14,765	+4%	12,014	14,491	+21%
Matte unit cash cost	USD/t	10,382	10,005	-4%	8,944	10,190	+14%
Bahodopi ore sales	k wmt	886	1,075	+21%	—	1,961	*n.m*
Pomalaa ore sales	k wmt	89	496	+457%	147	585	+296%

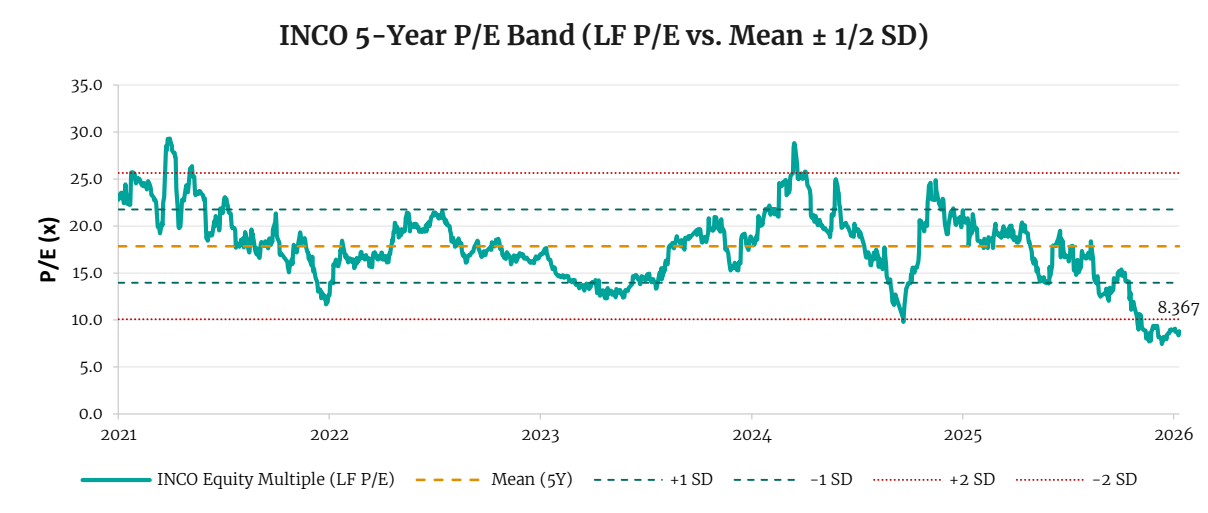
1H26 ACTUAL vs. BLOOMBERG CONSENSUS · % OF FY26F

Metric (USD Mn)	1H26	FY26F Cons.	% of FY26F	Assessment
Revenue	543.1	1,397.0	39%	**Behind***
Operating Income	134.1	263.3	51%	On track
EBITDA	196.0	461.8	42%	**Behind***
Net Profit	104.4	207.5	50%	On track

*Straight-line pace is ~50% at the half-year. Net profit and operating income are on pace; revenue and EBITDA sit below pace but a stronger second half is expected as Furnace 3 (rebuilt in June) lifts production and the Bahodopi/Pomalaa ore ramp continues. * below straight-line pace.*

Source: Company, Bloomberg, Aldiracita Research

VALUATION · INCO 5-YEAR P/E BAND



Current forward P/E of ~8.8x sits well below the 5-year mean of 17.9x and below -2SD. The optically low multiple largely reflects the sharp recovery in forward earnings (the 5-year mean is inflated by years of depressed, trough-level profits) rather than a de-rating; it screens inexpensive if the earnings rebound proves durable. Source: Bloomberg.

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