ASP Tailwinds Spark Earnings Turnaround

13 July 2026

MDKA delivered a stellar 1Q26 performance with USD57.5 mn net profit (vs. -USD27.3 mn loss in 4Q25). The reversal was propelled by stronger ASP across its gold, copper, and nickel portfolios, which more than offset softer production volumes at Tujuh Bukit and Wetar. Revenue grew +23.5% YoY to USD620.3 mn, while gross and EBITDA margins widened sharply to 35.1% and 40.3% respectively, aided mainly by lower cash costs. Looking ahead, we expect the momentum to extend into FY26/27F; driven by continued ramp-up of the Pani project, sustained commodity tailwinds, and normalizing operating costs, we forecast net profit to reach USD239 mn in FY26. We reiterate our BUY rating with a TP of IDR3,100/share (20.6% upside).

MDKA IJ	BUY
Sector	Metals
Price at 10 July 2026 (IDR)	2,570
Price target (IDR)	3,100
Upside/Downside (%)	20.6

Stock Information

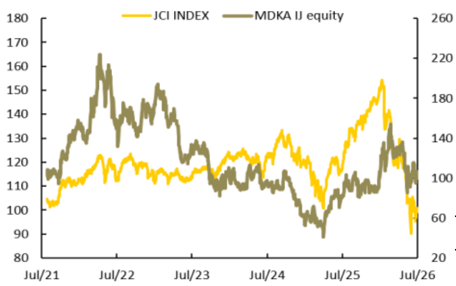
MDKA is an Indonesian mining company producing gold, silver, copper, and essential minerals, with operations spanning Tujuh Bukit, Wetar, Pani Gold, and Merdeka Battery Materials in Konawe.

Market cap (IDR bn)	62,896
Shares outstanding (mn)	24,473
52-week range (IDR)	2,010-3,960
3M average daily vol. ('000)	84,888
3M average daily val. (IDR mn)	232,962

Shareholders (%)

Public	50.6
PT Saratoga Investama Sedaya	19.4
PT Mitra Daya Mustika	11.9
Garibaldi Thohir	7.5
PT Suwarna Arta Mandiri	5.5
Others	5.2

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	(4.1)	(20.8)	(20.9)

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Back to Black: Earnings Turnaround

MDKA returned to profitability in 1Q26, generating a net profit of USD57.5 mn against a -USD27.3 mn net loss in the preceding quarter, representing 24.1%/33.4% of ours/cons full-year estimate. Revenue climbed to USD 620.3 mn—up +2.1% QoQ and +23.5% YoY—which represents 19.8% of our full-year projection and 19.3% of consensus. This financial recovery was underpinned by a global commodity rally, which spiked pricing across the company's core metals. At Tujuh Bukit, gold ASP jumped +31.0% QoQ to USD4,841/oz, complemented by a +63.1% QoQ with sales volume of 24,470 oz. Notably, the gold segment booked its maiden contribution from the Pani Gold mine (via MDKA's subsidiary, EMAS), which commenced its initial production and sales phase this year. Although its initial numbers remained modest at 1,818 oz produced and 516 oz sold, it commanded a premium ASP of USD5,123/oz, contributing USD2 mn to 1Q26 consolidated top-line. Meanwhile, at Wetar, copper ASP advanced to USD5.7/lb (from USD4.8/lb in 4Q25), tracking a global rally triggered by the US-Iran conflict.

Margins Expand Sharply on ASP Strength and Cost Efficiency

The top-line uplift flowed straight through to profitability. Gross profit rose to USD218 mn, with the gross margin expanding sharply to 35.1% (compared to 8.3% in 4Q25 and 11.5% in 1Q25). EBITDA climbed to USD250 mn, lifting the EBITDA margin to 40.3% (vs. 12.9% in 4Q25 and 17.6% in 1Q25). This operational outperformance was mirrored by a near-tripling in gold mining margins to USD4,156/oz (+129.9% QoQ, +127.7% YoY) from USD1,808/oz in 4Q25, further optimized by a steep drop in cash costs to USD685/oz (down from USD1,887/oz in the prior quarter). This remarkable margin expansion confirms that 1Q26 earnings growth was fundamentally a story of favorable pricing power and heightened cost efficiency rather than mere production volume expansion.

Momentum Set to Continue

For FY26/27F, we forecast revenue of USD3,131 mn and USD3,739 mn (+65.2% and +19.4% YoY, respectively), driven primarily by the steady scale-up of the Pani Gold project, structural cost normalization, and sustained pricing tailwinds from the broader commodity rally. We project EBITDA to rise to USD1,105 mn in FY26 and USD1,574 mn in FY27F, implying robust margins of 35.3% and 42.1%. At the bottom line, we expect an FY26 net profit of USD239 mn, marking a clean turnaround from the USD62 mn net loss booked in FY25.

Maintain BUY with TP of IDR3,100 per share.

We maintain our BUY rating on MDKA with a target price of IDR3,100/share, implying 20.6% upside. Our valuation, derived using a SOTP methodology, reflects 7.4x FY26 EV/EBITDA and 18.7x P/E. Key catalysts include: 1) sustained ASP strength across key metals, and 2) structural production ramp-up at the Pani Gold Project (63.3%-owned by MDKA). Downside risks to watch include: 1) sharp correction in commodity prices, particularly gold, on the back of hawkish Fed policy; 2) delays in RKAB approval; 3) rising interest rate environment, and 4) adverse FX translation effects due to currency volatility.

Exhibit 1: Key statistics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Revenue (USD mn)	2,239	1,895	3,131	3,739	4,270
EBITDA (USD mn)	329	373	1,105	1,574	1,787
Net profit (USD mn)	(56)	(62)	239	400	487
EPS (IDR)	(36)	(42)	166	284	351
ROE (%)	(2.0)	(2.1)	7.9	11.9	12.5
ROA (%)	(1.1)	(1.1)	4.1	6.4	7.0
PER (x)	(44.3)	(54.2)	15.5	9.0	7.3
EV/EBITDA (x)	17.4	19.3	6.8	4.8	4.2
Net gearing (x)	0.4	0.5	0.5	0.4	0.4

Source: Company, KBVS Research

Exhibit 2: 1Q26 Result

Merdeka Copper Gold (MDKA) (USD mn)	1Q25	4Q25	1Q26	qoq (%)	yoy (%)	1Q26/ KBVS (%)	1Q26/ Cons' (%)
Revenue	502	608	620.3	2.1	23.5	19.8	19.3
Gross profit	58	50	218	332.0	277.2	21.8	25.2
Operating profit	43	25	194	682.4	347.8	22.2	25.7
EBITDA	89	78	250	219.6	182.0	22.6	25.9
Net profit	(4)	(27.3)	57.5	(310.4)	n.a	24.1	33.4
Gross profit margin (%)	*11.5*	*8.3*	*35.1*	-	-	-	-
Operating profit margin (%)	*8.6*	*4.1*	*31.4*	-	-	-	-
EBITDA margin (%)	*17.6*	*12.9*	*40.3*	-	-	-	-
Net profit margin (%)	*(0.7)*	*(4.5)*	*9.3*	-	-	-	-

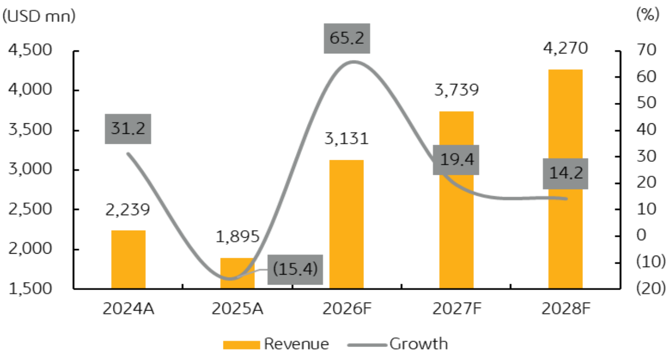
Sources: Company, Bloomberg, KBVS Research

Exhibit 3: Operational numbers

Operational numbers	Unit	1Q25	4Q25	1Q26	QoQ (%)	YoY (%)
TB Gold						
Production	oz	25,481	27,195	24,835	(8.7)	(2.5)
Sales	oz	36,796	15,004	24,470	63.1	(33.5)
ASP	USD/ oz	2,757	3,695	4,841	31.0	75.6
Cash cost	USD/ oz	932	1,887	685	(63.7)	(26.5)
Cash margin	USD/ oz	1,825	1,808	4,156	129.9	127.7
Copper						
Production	t	2,381	2,990	2,112	(29.4)	(11.3)
Sales	t	2,975	3,443	1,923	(44.1)	(35.4)
ASP	USD/ lb	4.1	4.8	5.7	20.0	38.3
Cash cost	USD/ lb	2.8	2.7	3.0	9.9	8.7
Cash margin	USD/ lb	1.4	2.0	3.7	81.3	168.6

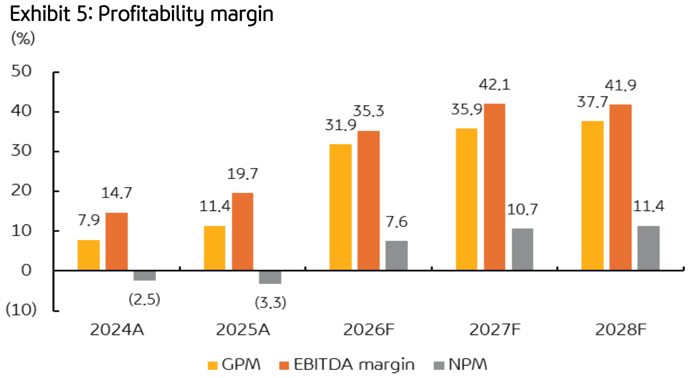
Sources: Company, Bloomberg, KBVS Research

Exhibit 4: Revenue and growth



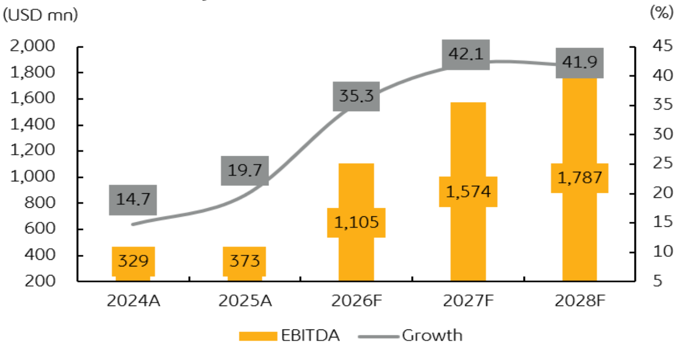
Sources: Company, Bloomberg, KBVS Research

Exhibit 5: Profitability margin



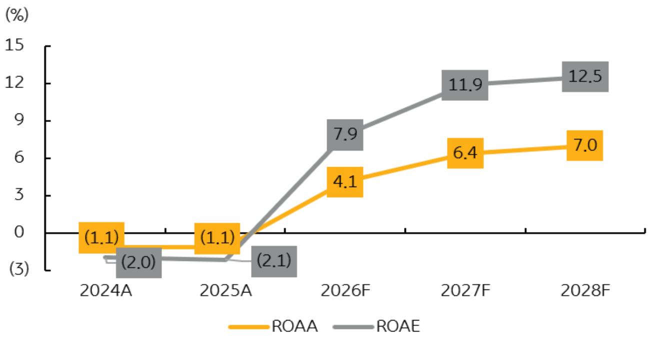
Sources: Company, Bloomberg, KBVS Research

Exhibit 6: EBITDA and growth



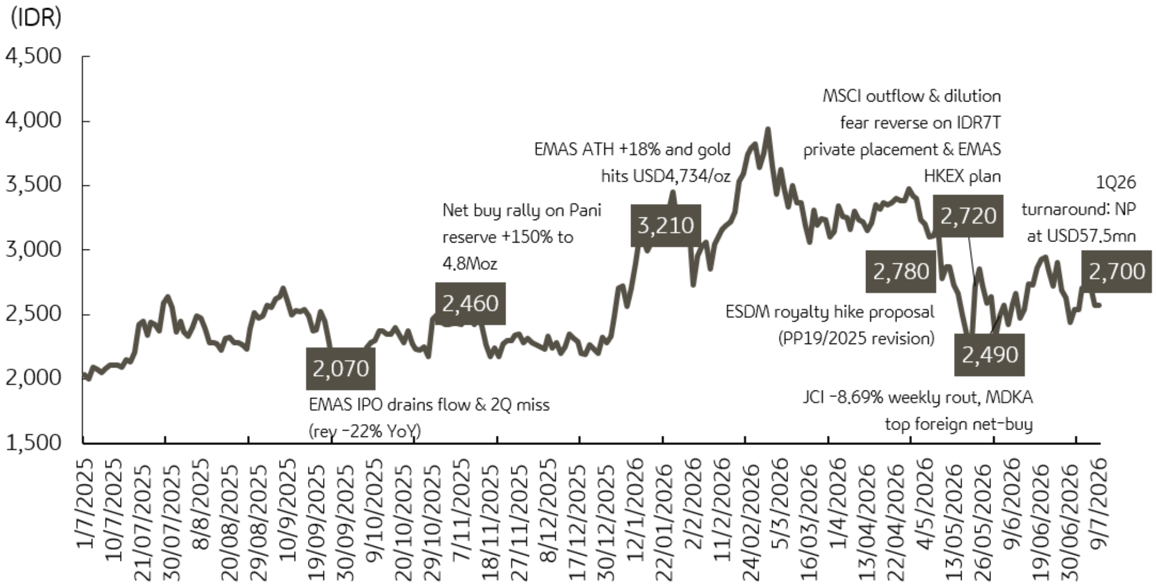
Sources: Company, Bloomberg, KBVS Research

Exhibit 7: ROA and ROE



Sources: Company, Bloomberg, KBVS Research

Exhibit 8: Price performance, 1 year



Source: Bloomberg, KBVS Research

Exhibit 9: Peer comparable

Ticker	Market cap (IDR tn)	EPS growth (%)		P/E (x)		P/BV (x)		EV/EBITDA (x)		ROE (%)	
		26F	27F	26F	27F	26F	27F	26F	27F	26F	27F
BRMS	71.6	89.4	38.0	96.3	69.8	7.8	6.9	50.7	38.6	8.4	10.4
ANTM	69.7	53.8	(1.3)	7.0	6.4	1.7	1.6	4.7	4.5	25.9	25.8
MDKA	**62.9**	**n.a**	**71.0**	**15.5**	**9.0**	**3.7**	**2.6**	**6.8**	**4.8**	**7.9**	**11.9**
INCO	49.4	234.6	74.9	11.8	6.8	0.9	0.8	5.5	3.7	7.2	11.8
NCKL	50.2	36.3	13.2	4.4	3.9	1.1	0.9	4.9	4.7	27.3	25.3
HRUM	10.1	260.6	53.6	4.6	3.0	0.5	0.5	4.1	2.6	10.5	16.0
Sector		*128.7*	*44.0*	*28.3*	*20.1*	*2.9*	*2.5*	*15.3*	*11.5*	*12.7*	*15.7*

Source: Bloomberg, KBVS Research

Exhibit 10: Profit & loss summary

Year end of Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Revenue	**2,239**	**1,895**	**3,131**	**3,739**	**4,270**
CoGS	(2,063)	(1,678)	(2,133)	(2,398)	(2,662)
Gross profit	**176**	**216**	**998**	**1,341**	**1,608**
Operating expenses	(57)	(70)	(122)	(146)	(167)
Operating profit	**119**	**147**	**875**	**1,195**	**1,441**
EBITDA	**329**	**373**	**1,105**	**1,574**	**1,787**
Finance income	11	12	13	15	20
Finance costs	(118)	(129)	(178)	(190)	(194)
Pre-tax profit	**22**	**32**	**710**	**1,020**	**1,267**
Income tax	(12)	(16)	(142)	(204)	(253)
Profit for period	**10**	**16**	**568**	**816**	**1,014**
Minority interest	(66)	(78)	(330)	(416)	(527)
Net profit	**(56)**	**(62)**	**239**	**400**	**487**

Source: Company, KBVS Research

Exhibit 11: Balance sheet

Year end of Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Cash and cash equivalent	451	355	371	430	573
Receivables	184	338	360	379	409
Inventories	454	422	497	526	547
Total current assets	**1,228**	**1,400**	**1,513**	**1,559**	**1,606**
Fixed asset	1,945	2,243	2,607	3,097	3,742
Mining properties	645	872	892	924	962
Exploration and valuation assets	552	338	368	398	428
Total assets	**5,237**	**5,707**	**5,945**	**6,556**	**7,317**
ST. debt	691	567	520	571	613
Payables	239	215	281	348	408
Total current liabilities	**1,112**	**1,120**	**1,139**	**1,257**	**1,360**
LT. debt	1,033	1,494	1,498	1,533	1,614
Total liabilities	**2,320**	**2,783**	**2,810**	**2,958**	**3,142**
Minority interest	1,994	2,133	2,124	2,187	2,277
Total Equity	**2,917**	**2,925**	**3,135**	**3,598**	**4,175**

Source: Company, KBVS Research

Exhibit 12: Cash flow

Year end of Dec (USD mn)	2024A	2025A	2026F	2027F	2028F
Net profit	(56)	(62)	239	400	487
Depreciation and amortization	210	226	230	379	346
Change in working capital	(137)	(157)	(32)	20	8
Operating cash flow	**123**	**71**	**582**	**861**	**988**
PPE - gross	(335)	(435)	(517)	(785)	(897)
Mining properties - gross	(107)	(298)	(97)	(116)	(132)
Investing cash flow	**(561)**	**(570)**	**(500)**	**(945)**	**(1,059)**
Net - borrowing	141	337	(43)	86	124
Others	14	(7)	5	(5)	0
Financing cash flow	**364**	**400**	**(66)**	**144**	**214**
Net cash flow	(68)	(96)	16	60	143
Cash at beginning	519	451	355	371	430
Cash at ending	**451**	**355**	**371**	**430**	**573**

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

Year end of Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Revenue	31.2	(15.4)	65.2	19.4	14.2
Gross profit	21.1	22.7	360.9	34.4	19.9
EBIT	23.0	23.3	496.6	36.5	20.6
EBITDA	36.4	13.1	196.6	42.4	13.5
Net profit	169.9	11.3	n.a	67.5	21.7
Profitability (%)					
Gross margin	7.9	11.4	31.9	35.9	37.7
EBIT margin	5.3	7.7	28.0	32.0	33.7
EBITDA margin	14.7	19.7	35.3	42.1	41.9
Net margin	(2.5)	(3.3)	7.6	10.7	11.4
ROE	(2.0)	(2.1)	7.9	11.9	12.5
ROA	(1.1)	(1.1)	4.1	6.4	7.0
Solvency (x)					
Current ratio	1.1	1.2	1.3	1.2	1.2
Cash ratio	0.4	0.3	0.3	0.3	0.4
Net gearing	0.4	0.5	0.5	0.4	0.4

Source: Company, KBVS Research

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