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Nickel Industries Ltd (NIC)

Resilient start bodes well for CY24

Recommendation
Buy (unchanged)

Price
\$0.95
Target (12 months)
\$1.54 (previously \$1.50)

Sector
Materials
Expected Return

Capital growth **62.1%**

Dividend yield **8.4%**

Total expected return **70.5%**
Company Data & Ratios

Enterprise value **\$4,763m**

Market cap **\$4,072m**

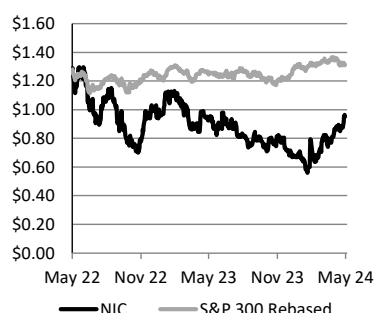
Issued capital **4,286m**

Free float **54%**

Avg. daily val. (52wk) **\$8.8m**

12 month price range **\$0.54-\$0.99**
Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.81	0.60	0.95
Absolute (%)	17.3	58.3	0.0
Rel market (%)	21.2	57.7	-3.8

Absolute Price


SOURCE: IRESS

March 2024 quarter report

NIC announced March quarter production from its Rotary Kiln Electric Furnace (RKEF) operations of 31,840t contained Ni (BP_e 32,003t), with 25,472t attributable (BP_e 25,602t). Production was lower qoq due to industry-wide delays to the issuance of mining permits. This impacted mining production from NIC's Hengjaya Mine and necessitated the drawdown of higher-cost, lower-grade stockpiles at NIC's RKEF operations. Despite this, cash costs were below our forecast at US\$9,446/t (BP_e US\$10,942/t). In addition, Mixed Hydroxide Precipitate (MHP) production increased by 16% to 2,120t (BP_e 1,935t) which ramped up towards nameplate capacity. Cash and receivables dropped to US\$1,018m from US\$1,303m, including cash of US\$553m (from US\$779m qoq). During the quarter, NIC drew down on ~US\$160m debt, paid US\$316m in consideration for an additional 13.75% in the Excelsior Nickel Cobalt (ENC) HPAL project and distributed US\$70m in dividends.

Tailwinds into CY24

NIC reported group EBITDA of US\$70.3m (down 48% from US\$135.4m qoq). The result was in line with expectations (BP_e US\$70.9m) and guidance of US\$65-US\$75m which was revised lower during the quarter due to the mine permitting delays. Once resolved, performance lifted and EBITDA for the month of March of US\$41M was 58% of the total quarterly EBITDA. Combined with input costs remaining low and NPI prices improving, the outlook is positive for the June quarter.

Investment thesis – Buy, TP\$1.54/sh (from Buy,TP\$1.50/sh)

EPS changes in this report are: CY24: +72%; CY25: +7%; and CY26: +1%. Our NPV-based valuation lifts 3% to \$1.54/sh on lower costs, minor production increases and a lower AUD:USD exchange rate. NIC is one of the world's largest listed nickel producers and one of few that offers diversified exposure across a range of nickel products and markets. It continues to trade on undemanding valuation multiples, offers a supportive (unfranked) dividend and has demonstrated its ability to make money through the nickel price cycle. Retain Buy.

Earnings Forecast

Year ending 31 December	2023a	2024e	2025e	2026e
Sales (US\$m)	1,880	1,940	2,205	2,304
EBITDA (US\$m)	403	602	675	698
Attributable NPAT (reported) (US\$m)	122	263	316	340
Attributable NPAT (reported) (A\$m)	183	397	452	485
EPS (adjusted) (Acps)	5.4	9.3	10.5	11.3
EPS growth (%)	-37%	72%	14%	7%
PER (x)	17.7	10.3	9.0	8.4
FCF Yield (%)	-43%	0%	12%	20%
EV/EBITDA (x)	7.7	5.2	4.6	4.5
Dividend (Acps)	4.5	8.0	5.0	6.0
Yield (%)	4.7%	8.4%	5.3%	6.3%
Franking (%)	0%	0%	0%	0%
ROE (%)	9%	14%	16%	16%

SOURCE: BELL POTTER SECURITIES ESTIMATES

Resilient start bodes well for CY24

March 2024 quarterly report

NIC released its March 2024 quarter report, announcing production and costs from its RKEF lines at the Hengjaya (HNI), Ranger (RNI), Angel (ANI) and Oracle (ONI) Nickel Projects, at the Indonesia Morowali Industrial Park (IMIP) and Indonesia Weda Bay Industrial Park (IWIP) in Indonesia.

Production

From its RKEF operations, production was in-line with guidance that was revised lower during the quarter due to industry-wide delays to the issuance of mining permits. The delay impacted mining production from NIC's Hengjaya Mine and necessitated the drawdown of higher-cost, lower-grade stockpiles at NIC's RKEF operations.

NIC produced 31,840t contained Ni (BP_e 32,003t), with 25,472t attributable (BP_e 25,602t). Cash costs were below our forecast at US\$9,446/t (BP_e US\$10,942/t). These figures exclude 2,120t of MHP production (BP_e 1,935t) which ramped up towards nameplate capacity during the quarter.

Despite the production disruptions, production grew by 27% vs the pc_p, inclusive of the new HPAL production. NIC continues to deliver the aggressive production growth that is one of the key tenets of our investment thesis.

Costs and sales

Costs were 6% lower overall at the RKEF operations as a result of lower nickel ore costs. This was offset by lower weighted average contract NPI pricing for the March quarter, which dropped 10% to US\$11,149/t. This pricing approximated 67% of our estimated average LME nickel price for the quarter of US\$16,584/t. Overall, margins contracted from US\$2,473/t to US\$1,472/t qoq

Compressed margins and lower production resulted in EBITDA from the RKEF operations dropping 43% to US\$48.2m from US\$85.1m qoq. Sales from the Hengjaya Mine were suspended until 21 February. In March, record monthly sales of 840kt were achieved, equivalent to a ~10Mtpa annualised run-rate. Mine EBITDA was restricted to US\$15.1m.

Combined with a US\$8.3m contribution of US\$6.9m from the HPAL operations, group EBITDA dropped to US\$70.3m (BP_e US\$70.9m) from US\$135.4m qoq.

The result again demonstrated the strategic advantages of NIC's diversified product mix and flexibility. With NPI margins much stronger than matte margins this quarter, the decision was made to cease matte production and produce NPI. The new HNC HPAL operations contributed ~6% of production but ~13% of nickel production EBITDA.

Table 1 - NIC quarterly production summary

	Mar-23 Actual	Jun-23 Actual	Sep-23 Actual	Dec-23 Actual	Mar-24 Actual	Mar-24 BP est.	Variance qoq %	Variance vs BP _e %
RKEF nickel production								
Contained nickel (t)	26,665	32,558	33,852	34,450	31,840	32,003	-8%	-1%
Contained nickel (t, attributable)	21,332	25,032	27,082	27,560	25,472	25,602	-8%	-1%
Costs								
Cash costs (US\$/t Ni)	\$13,801	\$12,135	\$10,198	\$10,048	\$9,446	\$10,942	-6%	-14%
All-In-Cost (US\$/t Ni)	\$13,882	\$12,275	\$10,841	\$10,814	\$10,451	\$11,808	-3%	-11%
HPAL nickel production								
Contained nickel (t, attributable)	0	0	1,410	1,823	2,120	1,935	16%	10%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES * NOT DISCLOSED, BP ESTIMATES ONLY

During the quarter NIC lifted its interest in the Excelsior Nickel Cobalt (ENC) HPAL project to 27.5% with the acquisition of a further 13.75% share for US\$316m. Construction continues to advance and production is expected to commence in the December quarter of 2025.

Cash and receivables dropped to US\$1,018m from US\$1,303m, including cash of US\$553m (from US\$779m qoq). During the quarter, NIC drew down on ~US\$160m debt, paid US\$316m in consideration for an additional 13.75% in the ENC project and distributed US\$70m in dividends.

Changes to our forecasts

With this update, we make the following changes to our modelled assumptions:

- Lower our forecast operating costs across the RKEF operations on performance to date and lower than expected ore prices and energy costs;
- Update for our latest commodity price and exchange rate forecasts, which include a 1% cut to our CY24 nickel price and a 3% cut to our CY24 AUD:USD exchange rate; and
- Increase our forecast production for both the Hengjaya Mine and for NIC's RKEF processing lines, reversing some of the more conservative assumptions we made with the March 2024 quarter guidance downgrade.

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

Year end 31 December	Previous			New			Change		
	Dec-24	Dec-25	Dec-26	Dec-24	Dec-25	Dec-26	Dec-24	Dec-25	Dec-26
Prices & currency									
Nickel price (US\$/t)	18,243	19,621	20,503	17,980	19,621	20,503	-1%	0%	0%
US\$/A\$	0.68	0.70	0.70	0.66	0.70	0.70	-3%	0%	0%
Production & costs									
Ore mined (t)	7,725,000	9,100,000	9,100,000	8,025,000	9,100,000	9,100,000	4%	0%	0%
Nickel in ore (t)	54,738	65,250	65,250	54,738	65,250	65,250	0%	0%	0%
RKEF NPI production (t)	1,044,615	1,044,615	1,044,615	1,070,124	1,044,615	1,044,615	2%	0%	0%
Contained nickel (t)	139,885	141,263	141,263	142,038	141,263	141,263	2%	0%	0%
Contained nickel (t, attributable)	113,456	114,558	114,558	115,215	114,558	114,558	2%	0%	0%
Cash costs (US\$/t Ni)	11,037	11,546	11,840	9,717	11,341	11,840	-12%	-2%	0%
Earnings & valuation									
Revenue (consolidated, US\$m)	1,953	2,205	2,304	1,940	2,205	2,304	-1%	0%	0%
EBITDA (consolidated, US\$m)	450	646	698	602	675	698	34%	5%	0%
EBITDA (attributable, US\$m)	378	524	566	499	547	566	32%	4%	0%
NPAT (consolidated, US\$m)	216	388	440	352	416	442	63%	7%	0%
NPAT (attributable, US\$m)	157	295	338	263	316	340	68%	7%	1%
EPS (reported) (Acps)	5.4	9.8	11.3	9.3	10.5	11.3	72%	7%	1%
PER (x)	17.7	9.7	8.4	10.3	9.0	8.4	(7.4)	(0.7)	(0.0)
EPS growth (%)	0%	83%	15%	72%	14%	7%	72%	-69%	-7%
DPS (Acps)	5.0	5.0	6.0	8.0	5.0	6.0	60%	0%	0%
Yield	5.3%	5.3%	6.3%	8.4%	5.3%	6.3%	3%	0%	0%
NPV (A\$/sh)	1.25	1.50	1.55	1.20	1.54	1.65	-5%	3%	7%
Price Target (A\$/sh)		1.50			1.54			3%	

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

The changes to our operational forecasts lift CY24 EBITDA by 34% and CY24 EPS by 72% (benefitting from our lower exchange rate forecast). EPS for CY25 and CY26 are up 7% and 1% respectively. Our NPV-based target price benefits from our earnings upgrades, partially offset by the increase in net debt. Our target price is up 3% to \$1.54/sh (from \$1.50/sh).

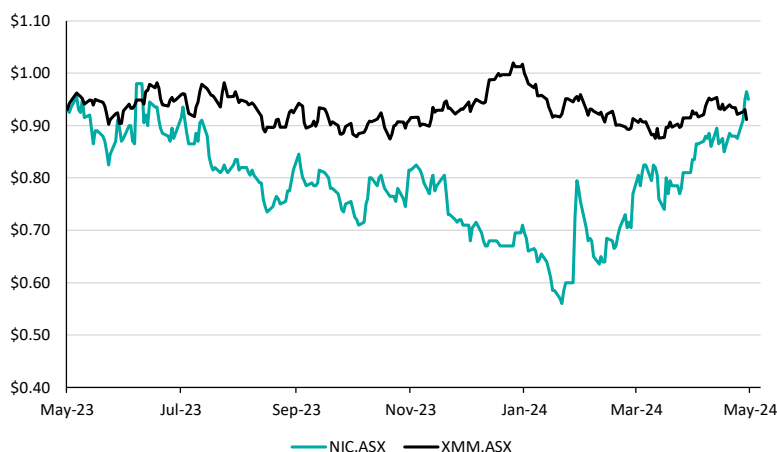
Upcoming catalysts

Upcoming catalysts for NIC include:

- Updates on Nickel Pig Iron (NPI) pricing and market outlook – key near-term earnings and cash flow drivers for NIC;
- Ongoing sales of nickel matte production and associated payabilities, giving NIC exposure to the Class 1 nickel market;
- Payment of the scheduled investment instalments for the ENC HPAL project of: US\$380m by 1 October 2024 to lift NIC's ownership to 44%; followed by two further instalments of US\$126.5m in July and October 2025 to lift NIC's interest to 55%;
- The release of NIC's June 2024 quarterly report, expected in late July 2024;
- Construction updates for the ENC HPAL plant, which is scheduled to commence production in the December quarter of 2025;
- The potential sale of NIC's option over a further 20% interest in the ENC HPAL project (over and above its targeted 55% interest);
- Update on qualification of potential sales of nickel cathode from the ENC HPAL project (under construction) to a leading Western space and aeronautical company;
- Progress updates for the Hengjaya Mine, where production ramp-up of limonite nickel ore sales are increasing in CY24 following the completion of the new haul road; and
- Exploration and development updates on the Siduarsi Nickel-Cobalt project in Papua province, Indonesia, for which a maiden Resource is anticipated in early 1HCY24.

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\$1.54/sh (from Buy, TP\$1.50/sh)

EPS changes in this report are: CY24: +72%; CY25: +7%; and CY26: +1%. Our NPV-based valuation lifts 3% to \$1.54/sh on lower costs, minor production increases and a lower AUD:USD exchange rate. NIC is one of the world's largest listed nickel producers and one of few that offers diversified exposure across a range of nickel products and markets. It continues to trade on undemanding valuation multiples, offers a supportive (unfranked) dividend and has demonstrated its ability to make money through the nickel price cycle. Retain Buy.

Valuation: \$1.54/sh

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

We have constructed a discounted cash flow (DCF) model for NIC's attributable interest in these RKEF lines that are in production at Tsingshan's IMIP facility and a DCF calculation for NIC's current 80% interest (declining to 49% in 2028) in the Hengjaya laterite nickel ore mine.

We also include a risk-adjusted, NPV-based valuation for NIC's 80% interest in the Angel Nickel Industry (ANI) project, its 80% interest in the Oracle Nickel Project (ONI), its 10% interest in the HNC HPAL plant and 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. Following the latest update, our valuation stands at \$1.54/sh.

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 3 May 2024

Recommendation

Buy

Price

\$0.95

Target (12 months)

\$1.54

Table 3 - Financial summary

PROFIT AND LOSS							FINANCIAL RATIOS						
Year ending 31 Dec.	Unit	2022a	2023a	2024e	2025e	2026e	Year ending 31 Dec.	Unit	2022a	2023a	2024e	2025e	2026e
Revenue	US\$m	1,217.0	1,880.1	1,939.7	2,205.4	2,304.0	VALUATION						
Expense	US\$m	(882.4)	(1,476.8)	(1,338.1)	(1,530.2)	(1,605.9)	Attributable NPAT	US\$m	159.0	121.6	262.6	316.5	339.7
EBITDA	US\$m	334.6	403.3	601.5	675.2	698.1	Attributable NPAT	A\$m	228.3	183.0	396.7	452.1	485.3
Depreciation	US\$m	(66.6)	(111.7)	(118.9)	(118.5)	(118.5)	Reported EPS	US\$/sh	5.9	3.6	6.1	7.4	7.9
EBIT	US\$m	268.0	291.7	482.7	556.7	579.7	Reported EPS	Ac/sh	8.5	5.4	9.3	10.5	11.3
Net interest expense	US\$m	(32.8)	(55.6)	(64.6)	(67.6)	(56.3)	Adjusted EPS	Ac/sh	8.5	5.4	9.3	10.5	11.3
Unrealised gains (Impairments)	US\$m	-	-	-	-	-	EPS growth	%	17%	-37%	72%	14%	7%
Other	US\$m	(18.2)	(32.8)	(39.5)	(44.5)	(46.6)	PER ¹	x	11.2x	17.7x	10.3x	9.0x	8.4x
PBT	US\$m	217.0	203.3	378.6	444.6	476.8	DPS	Ac/sh	4.0	4.5	8.0	5.0	6.0
Tax expense	US\$m	(7.7)	(27.1)	(26.4)	(28.8)	(35.1)	Franking	%	0%	0%	0%	0%	0%
Consolidated profit (loss) for the year	US\$m	209.4	176.2	352.1	415.8	441.6	Yield	%	4.2%	4.7%	8.4%	5.3%	6.3%
Non-Controlling Interest	US\$m	50.4	54.6	89.5	99.3	101.9	FCF/share	Ac/sh	(19.7)	(40.8)	(0.3)	11.0	18.6
Attributable NPAT (reported)	US\$m	159.0	121.6	262.6	316.5	339.7	FCF yield	%	-21%	-43%	0%	12%	20%
NPAT (underlying)	US\$m	159.0	121.6	262.6	316.5	339.7	P/FCFPS	x	-4.8x	-2.3x	-358.4x	8.7x	5.1x
							EV/EBITDA	x	9.3x	7.7x	5.2x	4.6x	4.5x
							EBITDA margin	%	27%	21%	31%	31%	30%
							EBIT margin	%	22%	16%	25%	25%	25%
							Return on assets	%	9%	5%	8%	9%	9%
							Return on equity	%	18%	9%	14%	16%	16%
							LIQUIDITY & LEVERAGE						
							Net debt (cash)	\$m	415	66	301	122	(254)
							ND / E	%	32%	3%	12%	5%	-9%
							ND / (ND + E)	%	24%	3%	11%	4%	-10%
							Attr. EBITDA / Interest	x	8.4x	6.2x	7.7x	8.1x	10.1x
							ATTRIBUTABLE DATA - NICKEL MINES LTD						
							Year ending 31 Dec.	Unit	2022a	2023a	2024e	2025e	2026e
							Revenues	US\$m	1,070.6	1,665.5	1,770.1	2,011.9	2,092.3
							EBITDA	US\$m	273.9	344.0	498.6	547.1	566.2
							NPAT	US\$m	159.0	121.6	262.6	316.5	339.7
							Net distributable cash flow	US\$m	5.6	124.1	(207.4)	115.8	203.9
							EV/EBITDA	x	12.1	9.2	6.3	6.1	5.9
							PER	x	11.2	17.7	10.3	9.0	8.4
							P/FCF	x	nm	nm	nm	24.6	14.0
							ORE RESERVE AND MINERAL RESOURCE						
							Hengjaya Nickel Mine (HM)						
							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	2022a	2023a	2024e	2025e	2026e
							Nickel	US\$/lb	\$12.17	\$9.75	\$8.16	\$8.90	\$9.30
							Nickel	US\$/t	\$26,819	\$21,494	\$17,980	\$19,621	\$20,503
							Currency						
							AUD:USD		0.70	0.66	0.66	0.70	0.70
							ASSUMPTIONS - Production & costs						
							Year ending 31 Dec.	Unit	2022a	2023a	2024e	2025e	2026e
							Hengjaya Mine						
							Ore mined	wmt	3,782,554	5,900,588	8,025,000	9,100,000	9,100,000
							Ore grade	% Ni	1.7%	1.5%	1.5%	1.5%	1.5%
							Nickel in ore	t Ni	45,838	53,164	54,738	65,250	65,250
							Nickel in ore (attributable)	t Ni	36,670	42,532	43,790	52,200	52,200
							RKEF + HPAL ops						
							NPI production	t	509,127	970,209	1,070,124	1,044,615	1,044,615
							Contained nickel (100%)	t Ni	70,079	131,126	142,038	141,263	141,263
							Contained nickel (attributable)	t Ni	55,993	104,240	115,215	114,558	114,558
							Costs						
							Cash costs	US\$/t Ni	\$13,387	\$11,402	\$9,717	\$11,341	\$11,840
							All-in-Costs (AIC)	US\$/t Ni	\$13,483	\$11,503	\$9,783	\$11,409	\$11,909
							VALUATION						
							Ordinary shares (m)						4,285.8
							Options in the money (m)						-
							Total shares diluted (m)						4,285.8
							Valuation						
							Sum-of-the-parts						
							IMIP RKEF (NPV12)	A\$m	1,107.7	0.26	1,057.9	0.25	1,096.1
							ANI RKEF (NPV12)	A\$/sh	1,598.4	0.37	1,667.9	0.39	1,682.6
							ONI RKEF (NPV12)	A\$m	748.2	0.17	1,465.0	0.34	1,804.9
							Hengjaya Mine (NPV12)	A\$/sh	339.7	0.08	381.5	0.09	386.3
							HNC HPAL (NPV12)	A\$/sh	123.7	0.03	512.1	0.12	522.7
							ENC HPAL (NPV12)	A\$/sh	2,281.2	0.53	2,281.2	0.53	2,281.2
							Other exploration	A\$/sh	600.0	0.14	600.0	0.14	600.0
							Corporate overheads	(978.9)	(0.23)	(1,071.9)	(0.25)	(1,168.2)	(0.27)
							Subtotal (EV)	A\$/sh	5,819.9	1.36	6,893.6	1.61	7,205.7
							Net cash (debt)	(691.3)	(0.16)	(300.7)	(0.07)	(122.1)	(0.03)
							Total (undiluted)		5,128.6	1.20	6,592.9	1.54	7,083.7
							Dilutive effect of options		-	-	-	-	-
							Add cash from options		-	-	-	-	-
							Total (diluted)		5,128.6	1.20	6,592.9	1.54	7,083.7
							MAJOR SHAREHOLDERS						
							Shareholder						
							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

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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