

# Global nickel update

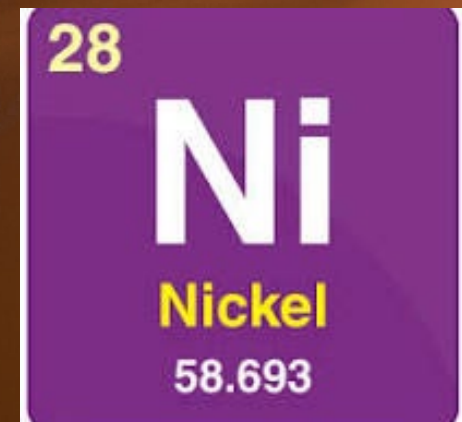
## All eyes on Indonesia

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Macquarie Bank Ltd | London

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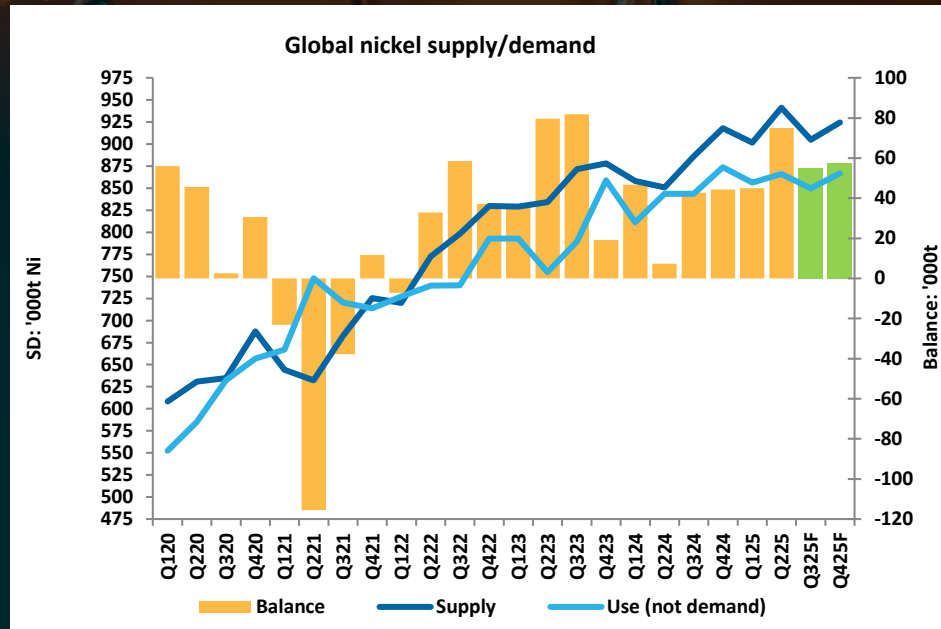


# Nickel summary

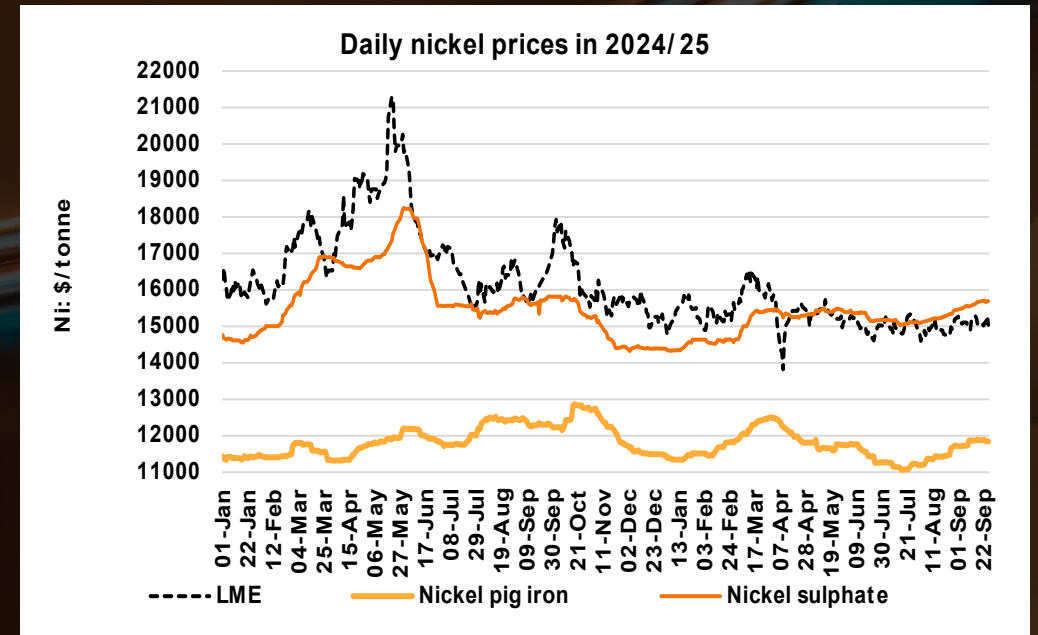
- Indonesian nickel supply dominates - still lots of Indonesian supply growth possible, especially from HPAL projects
- Ongoing mining clampdowns a potential supply disruption threat at end-25/early-26
- Chinese stockpiling and cost curve supports LME prices near \$15,000/tonne in 2025/26
- Battery demand growth downgraded due to substitution trends
- Stainless steel remains primary nickel growth driver with strong medium-term demand projected
- Over-supply remains the base case..but this could change

# Over-supply remains the base case

Ongoing surpluses since 2022



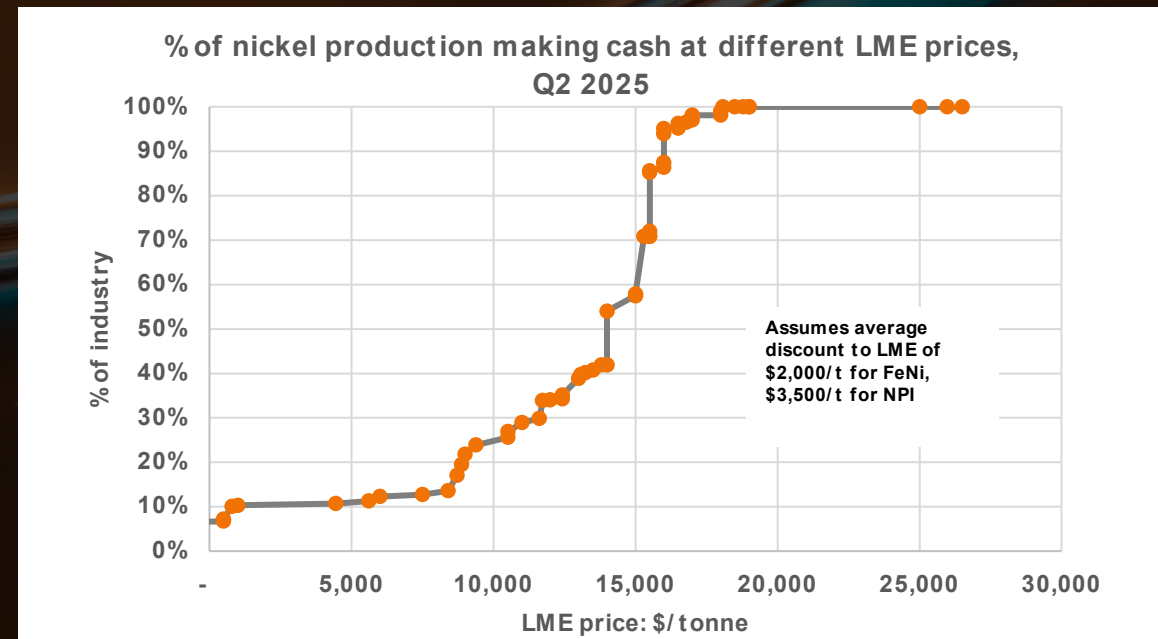
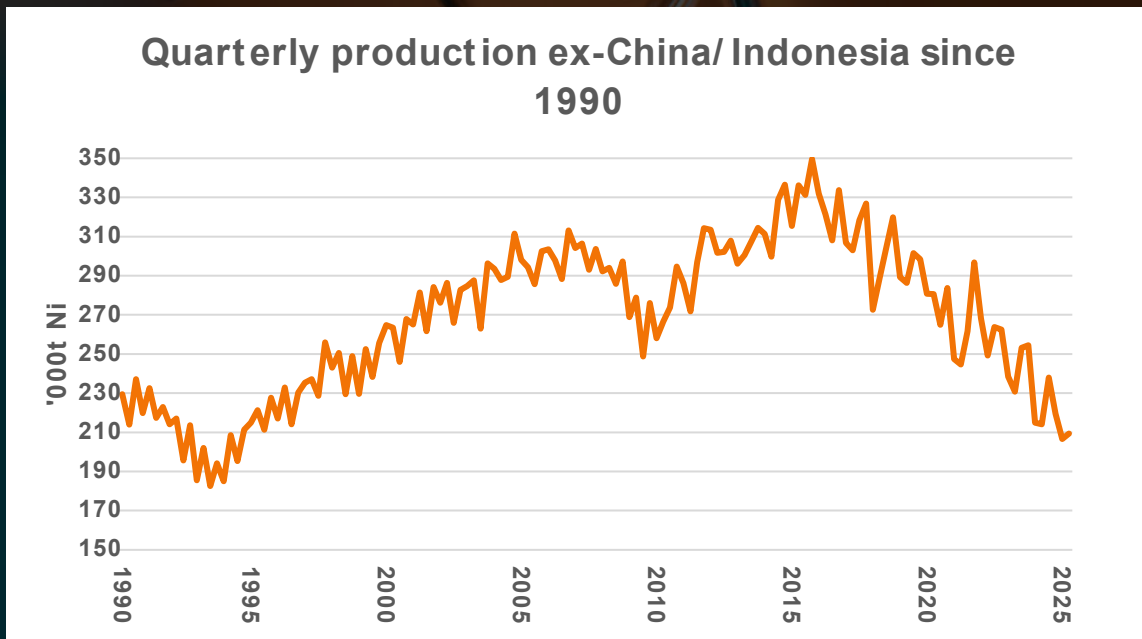
LME prices appear to have found a floor around \$15,000/t



# Despite large cuts, still lots of losses by remaining nickel producers

Over 500ktpa of non-Indonesian/Chinese cuts

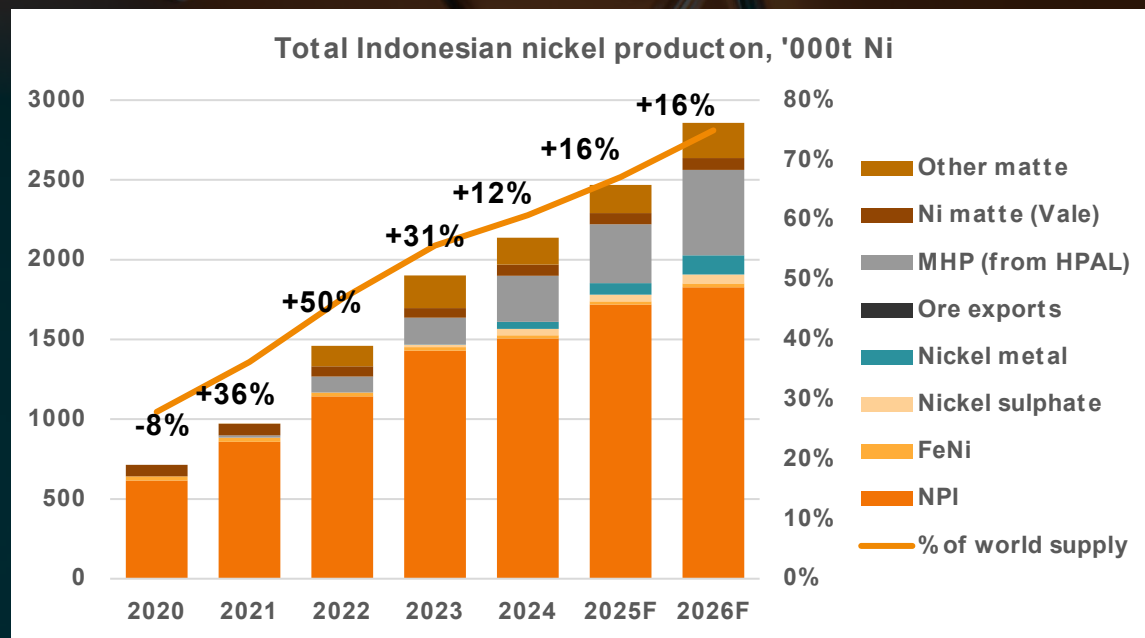
40% of industry cash flow negative at LME \$15,000/t equivalent



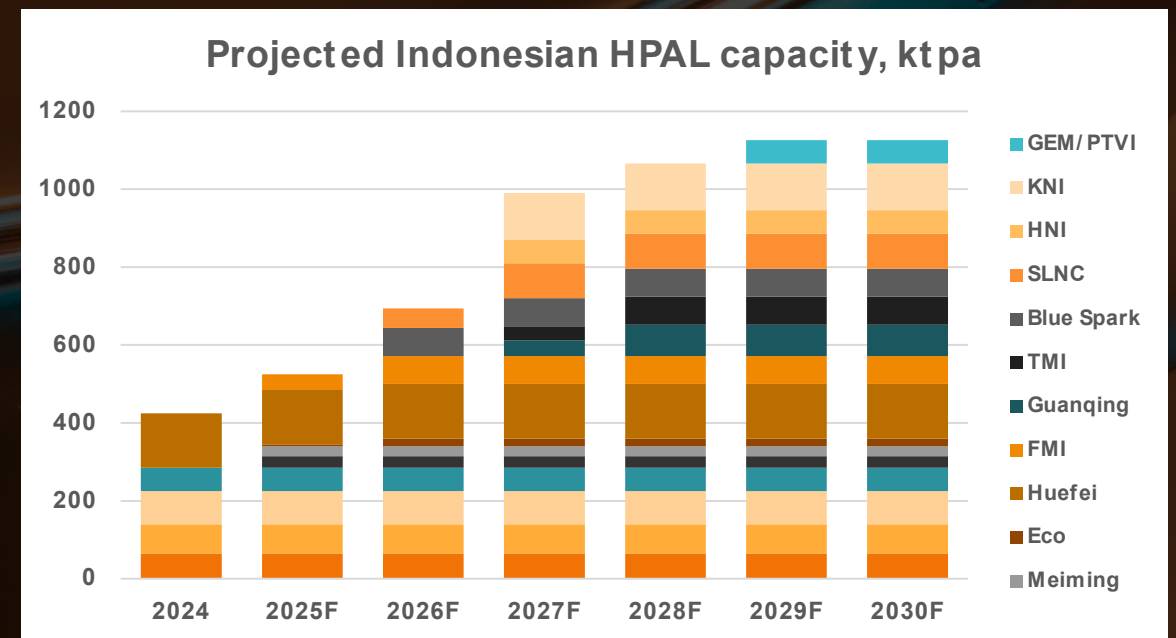
Source: INSG, Company reports, LME, SMM, Ferroalloy.net, Macquarie Strategy, October 2025

# Supply growth is still all about Indonesia

Indonesia has gone from 30% of global supply in 2020 to almost 70% this year and 75% next year



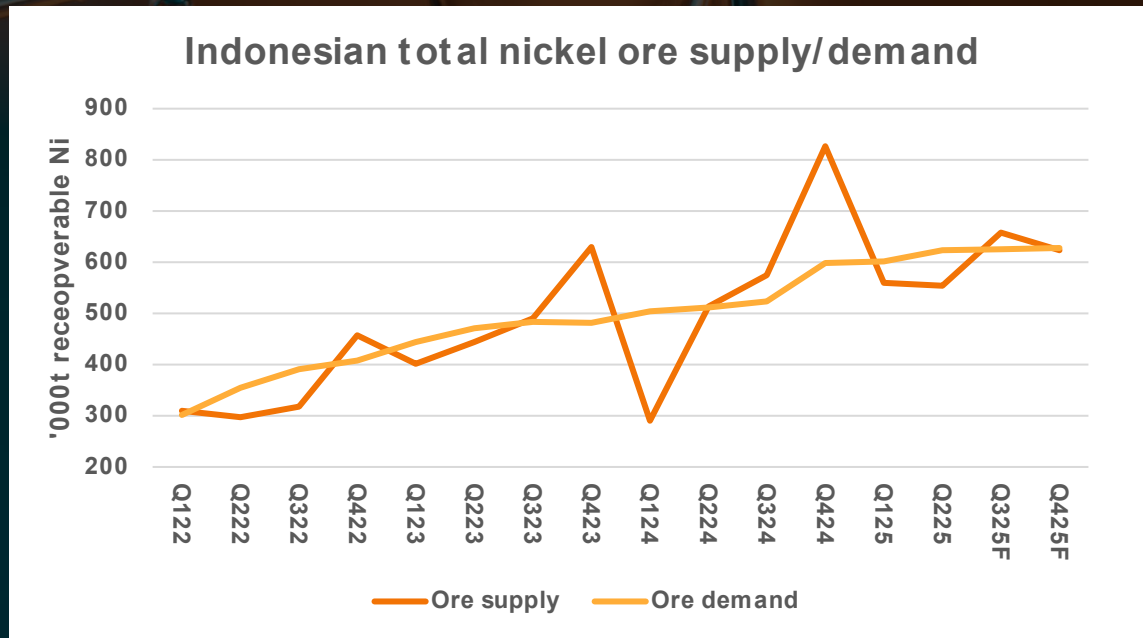
Still large capacity additions in the works



Source: Company reports, CRU, Ferroalloy.net, Macquarie Strategy, October 2025

# Risks to Indonesian ore supply growth

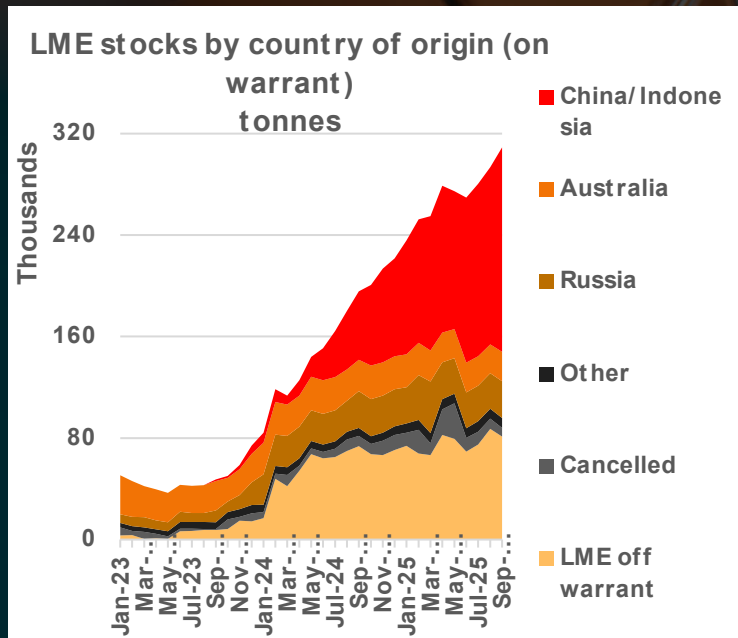
## Indonesian ore supply volatility



- Ore supply has been volatile with delays in issuing mine permits slowing growth in H1 2025
- New one year permit (RKAB) system in 2026 could cause delays
- Major clampdown on non-adherence to existing permits could lead to suspensions, seizure of mines and large fines in rest of 2025
- Average ore grades declining sharply (from 1.8% Ni 3 years ago to 1.5% currently)
- Ore imports from Philippines could rise

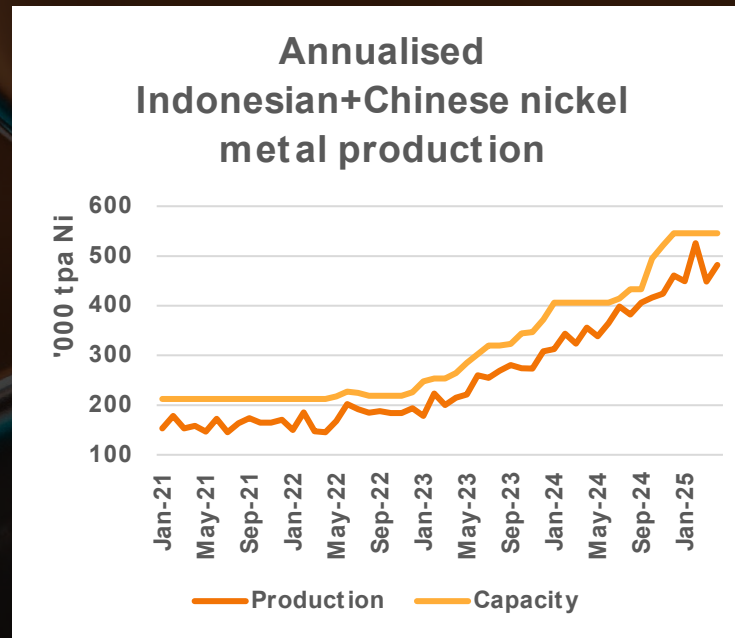
# Too much class 1, reflecting previous profitability of switching NPI furnaces to matte and recently surging HPAL capacity

Big rise in LME metal stocks of Indonesian/Chinese origin since 2024

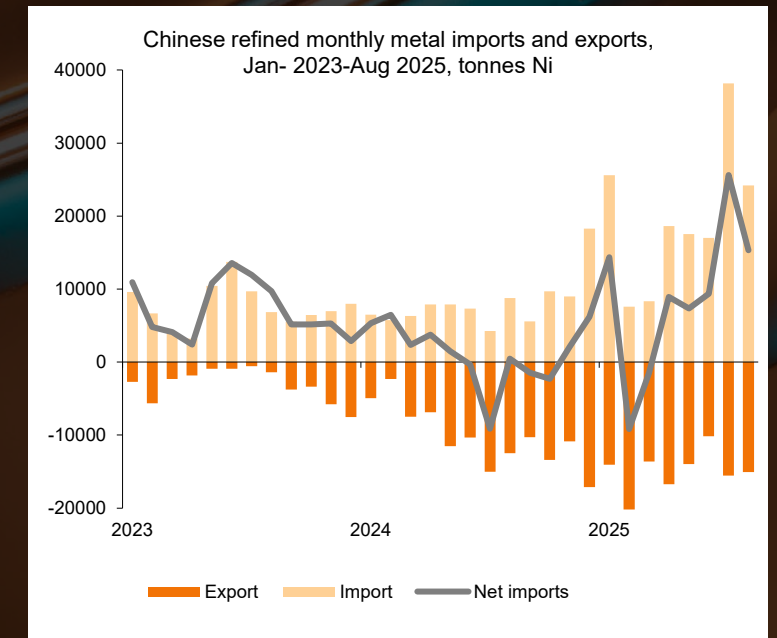


Source: LME, Mysteel, TDM, Macquarie Strategy, October 2025

Over 300ktpa of new refining production since 2023

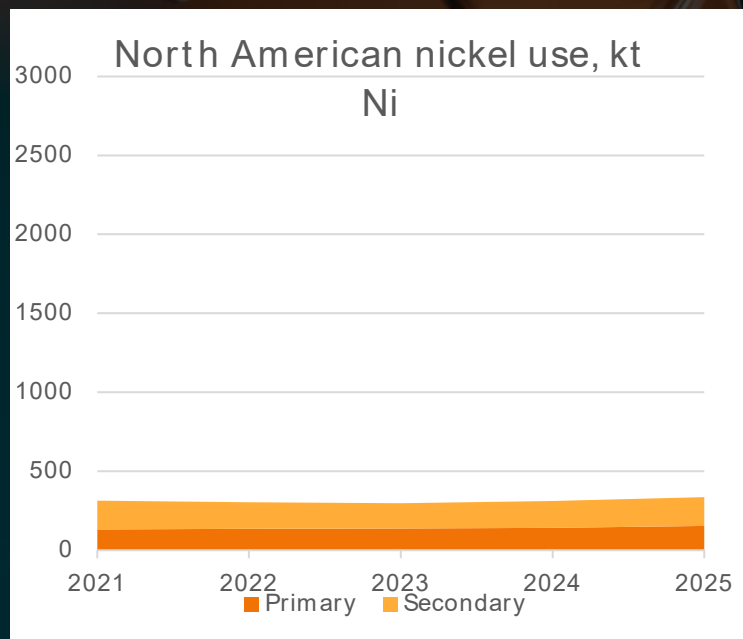


Significant rise in Chinese net imports since late-2025 suggest Chinese stocking of 150kt+

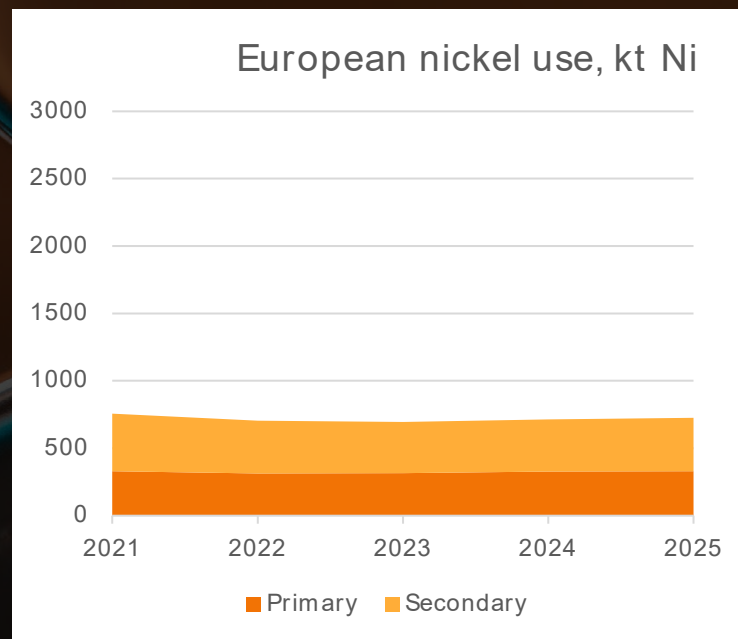


# The dominance of China and Indonesia in primary nickel use: 75% of total primary use in 2024. Partly due to low recycling rates

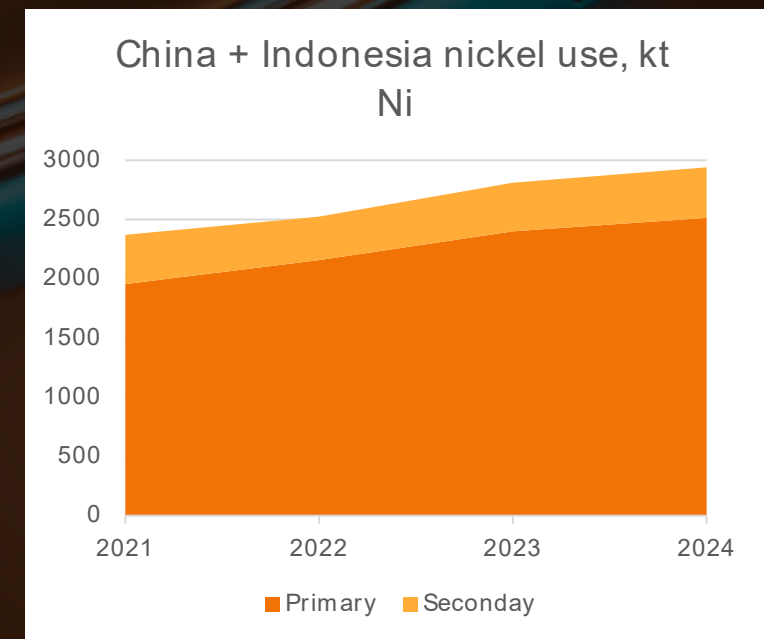
55 % of North American nickel units from recycling; 335kt total Ni in 2025



55% of European nickel units from recycling; 725kt total Ni use in 2025

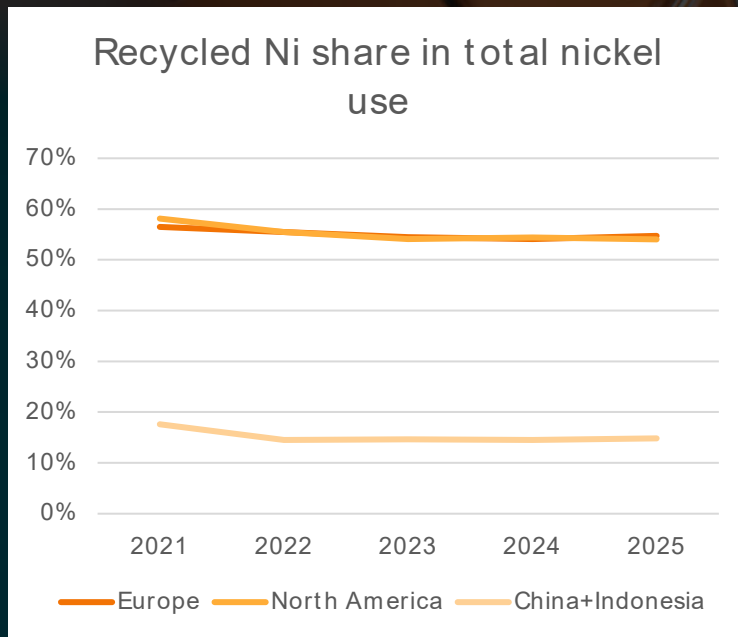


Only 15% of China/Indonesian nickel units from recycling; almost 3mt total Ni use in 2025

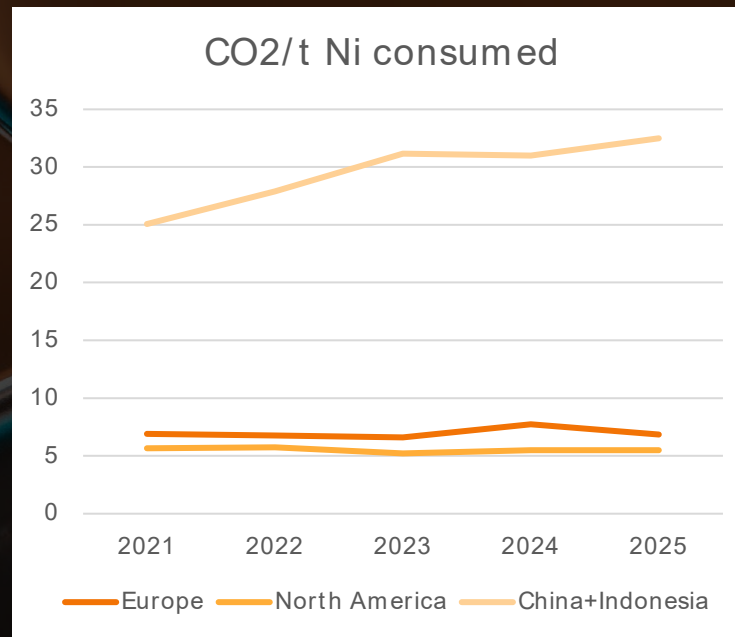


# Due to high primary use and dominance of high CO2 nickel pig iron, China and Indonesia account for most of CO2 generated by the nickel industry

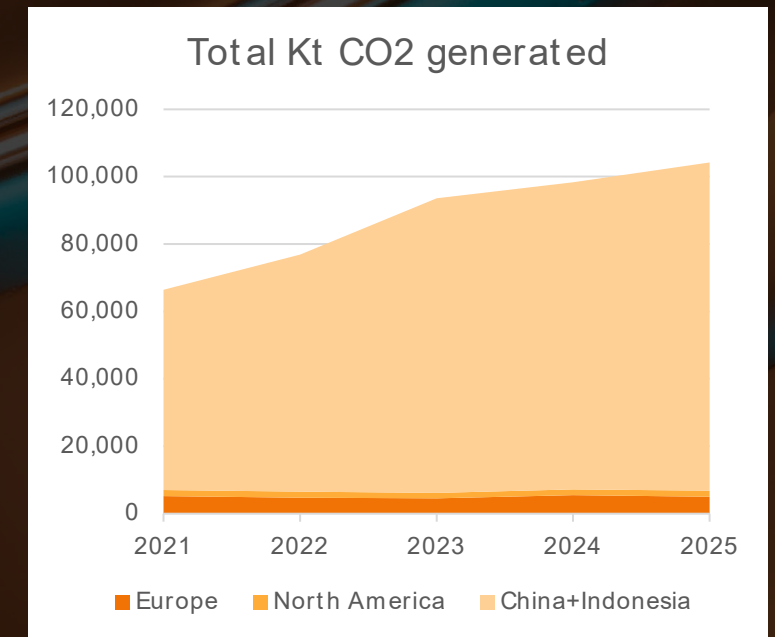
Low recycling rates reflect low levels of Chinese use 20-30 years ago



Dominance of nickel pig iron leads to high average CO2 use in China/Indonesia



Total CO2 generated is hugely higher in China/Indonesia

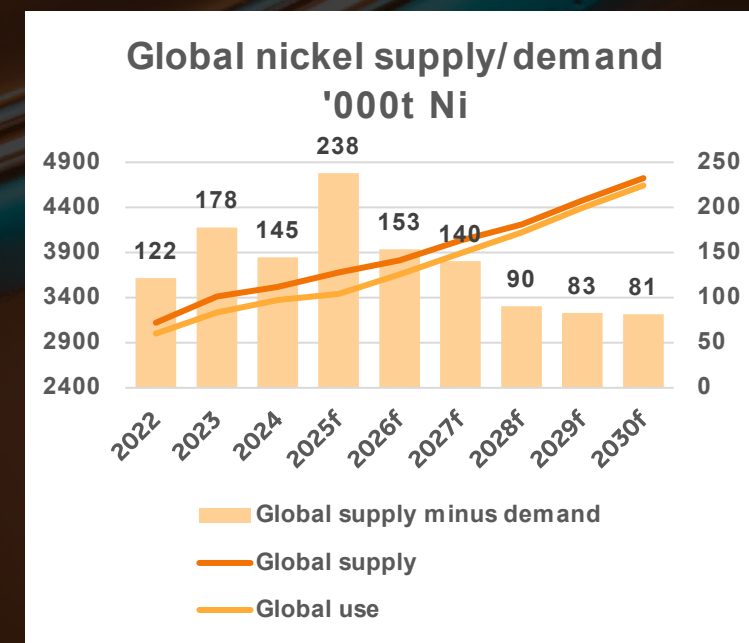
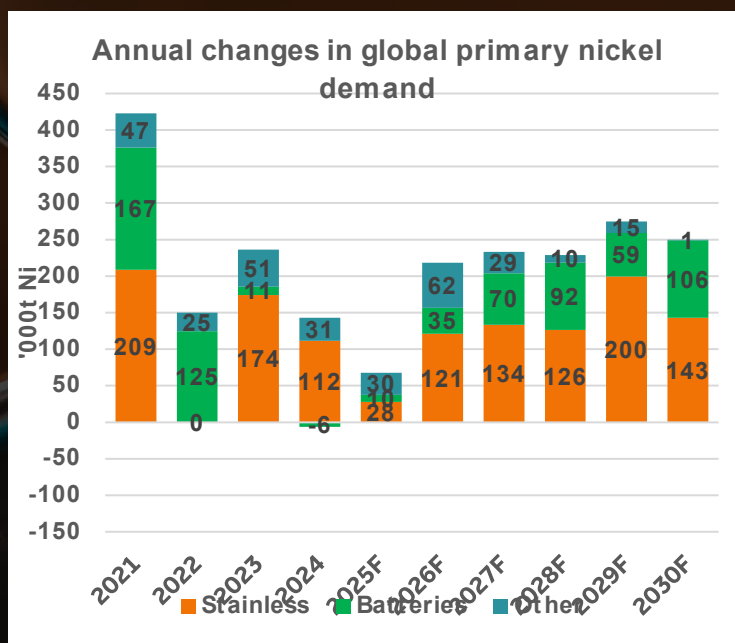
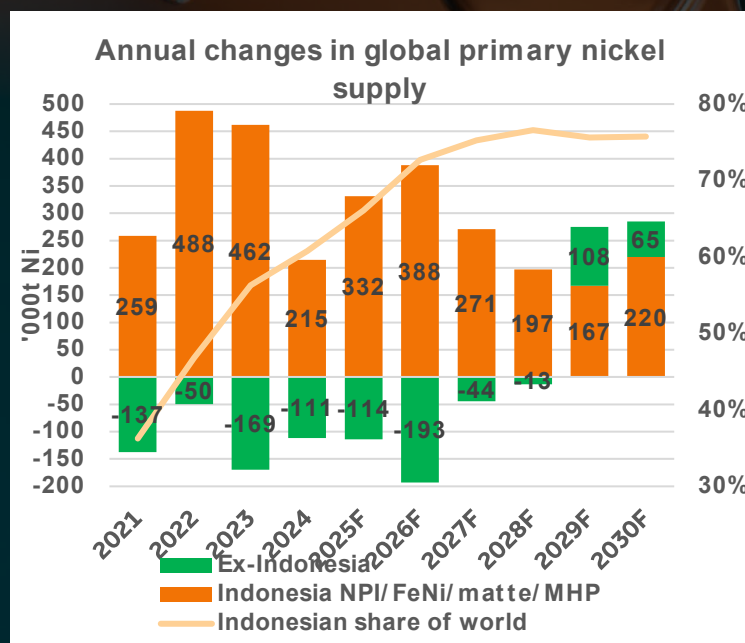


In summary – still too much planned supply, despite projected strong demand growth rates of 5.5% a year from 2024-2030, way higher than other base metals

Indonesia continue to dominate supply growth

Stainless the main growth driver but nickel in batteries not dead yet

Base case is surplus, but things could change



Source: CRU, INSG, Macquarie Strategy, October 2025

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