

BUY

12 May 2023
Tins mining, Equity

Price IDR. 975
Target Price IDR. 1610
JKSE Index 6724.964

Investment Consideration

1Q23 tin production down -18% YoY

1Q23 tin production down -18% YoY. In 1Q23, TINS production volume fell -18% YoY to 3,970 tons. Sales volume also decreased by -26% YoY to 4,246 tons. Tin ore production volume decreased -8% YoY to 4,139 tons. We maintain our production target despite the 1Q23 results as the company remains optimistic with their 2023 target to grow volume +18% CAGR in the next 2 years. Going forward, we expect higher production volume, in line with company production targets.

1Q23 revenue down -51% YoY

As of 1Q23, TINS' revenue decreased -51% as sales volume was down -26% and the average selling price (ASP) during 1Q23 was also down -39% YoY to USD 26,573/ton compared to USD 43,667/ton in 1Q22. The weaker ASP was due to weak global demand. Net profit also declined -92% YoY despite a decrease in operating expenses of -9% compared to 1Q22 and a decrease in finance cost by -2% YoY. We maintain our revenue target during 2023-2024 of flat growth. Low-cost tin ore production from offshore mining will continue to be the main focus which will help to improve profit margins despite volatility in tin selling prices and uncertainties over the strength of demand.

Leverage decrease continues

Although TINS' operation cash flow in 1Q23 decreased by -88% YoY, total interest bearing debt in 1Q23 also decreased by -22% YoY to IDR 2.87 trillion due to a decrease in bank loans which declined by -21.6% YoY in 1Q23 to IDR 1.44 trillion. Bond debt also decreased -56.6% YoY to IDR 806 billion. We expect a continued downward trend of interest expenses in 2023F due to the lower liabilities.

Valuation: 65% upside

As TINS remain optimistic with their 2023 target, we maintain our target price for TINS within one year at IDR. 1,610 / share or trading at 7.02x PER, With 65% upside, our recommendation is maintained as BUY.

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TradingView

Stock Code TINS IJ
Bloomberg code TINS IJ
Market cap (IDR.bn) 7410
52-Week High (IDR) 2040
52-Week Low (IDR) 935
6-m Avg Daily. Val (IDR) 1060
Free Float (%) 35

Major Shareholders (%)
INALUM 65%
Public 35%

USD/IDR-YE
2022A 15592
2020F (Avg) 14700

Key Indicators 2024F
DER (x) 0.02
Debt ratio (x) 0.26

Analyst: Revita Dhiah Anggrainy
revita.anggrainy@binaartha.com

Financial ratio highlights	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Revenues growth (%)	20%	75%	-21%	-4%	-14%	5%	-3%	8%
Net profit growth (%)	-74%	-562%	-44%	-483%	-20%	62%	-3%	8%
Operating Margin (%)	1%	0%	1%	15%	11%	17%	17%	17%
NET Profit margin (%)	1%	-3%	-2%	9%	8%	13%	13%	13%
Debt/ Total equity (x)	1.00	2.07	1.19	0.37	0.17	0.08	0.02	(0.03)
Debt Ratio (x)	0.60	0.74	0.66	0.57	0.46	0.36	0.26	0.22

Company Profile

PT Timah Tbk was established on August 2nd, 1976. It is a state-owned enterprise engaged in tin mining and has been listed on the Indonesian Stock Exchange since 1995. TINS' scope of activities includes mining, trading, transportation and services. The company's main activity is as a holding company that performs tin mining, operations, and marketing services for the group. TINS has four businesses including Tin mining, non-tin mining, downstream Tin products and other businesses. The company has several subsidiaries either directly or indirectly engaged in the mining, industry, trading, transportation and other services related to the mining business, as well as businesses in the construction sector, property, hospital services and agro-industrial enterprises. The company has diversified its business into non-tin mining to maintain the performance of the company during the fluctuations of the tin business. The company is located in Pangkalpinang, Bangka Belitung Province. As of 2016, the company owns 128 IUP mining licenses with a total area of 473,303 Ha. Tin exploration activity has been conducted for more than 50 years and is now being expanded to increase resources. Around 95% of the company's sales come from exports while the rest are from domestic sales. For smelting, the Company operates 6 furnaces located in Kundur, Kepri and Mentok, Bangka. To Support Production, as of 31 December 2016, the Company owned 6 dredgers, 18 cutter suction dredgers and 3 stripping dredgers.

Company Structure

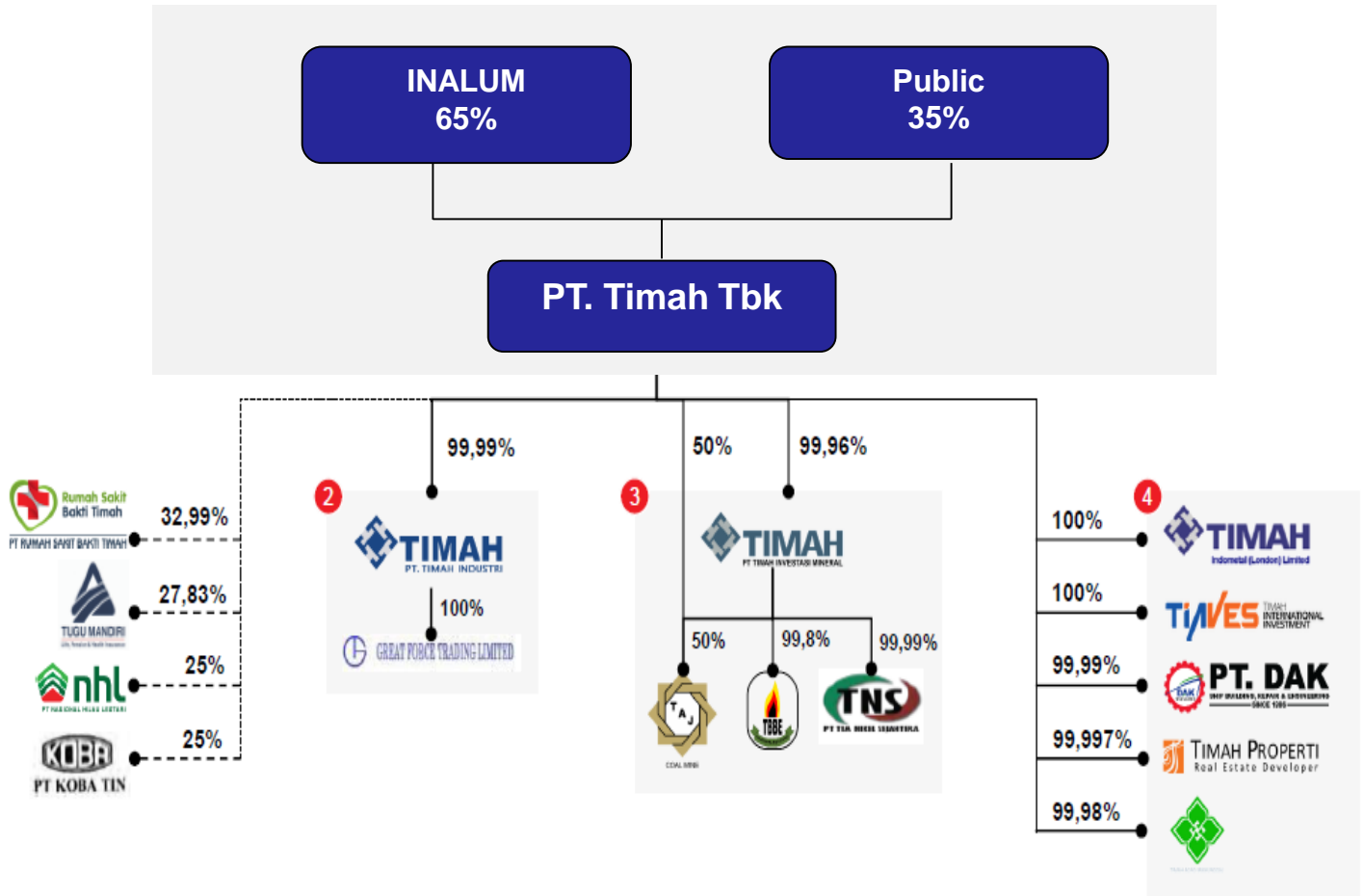


Chart: Tin metal production vs sales metal (Mtons) yoy

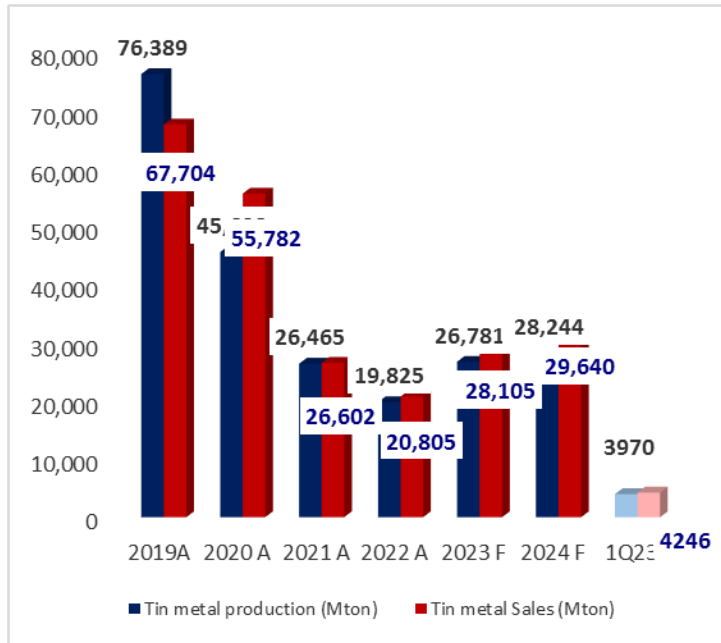


Chart: Tin offshore and onshore production (tons) yoy

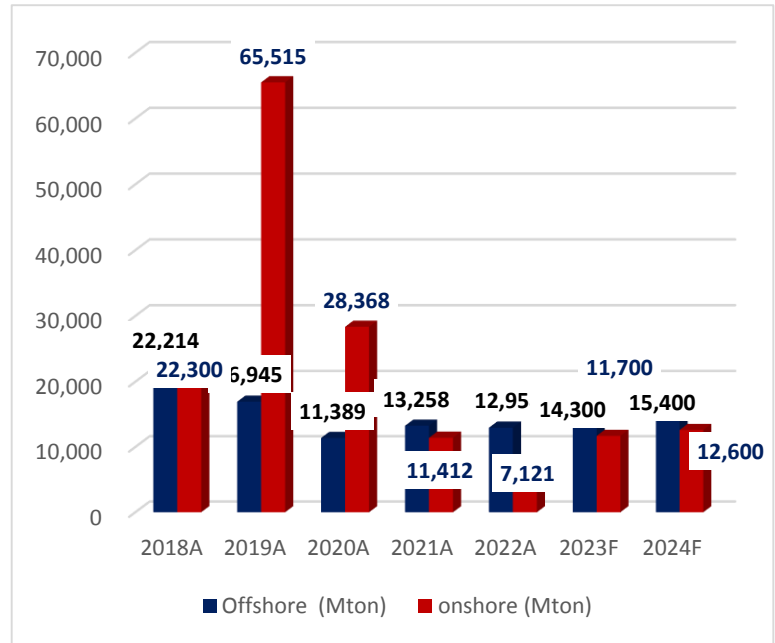


Chart: TINS Average selling price (ASP) yoy (USD/Mton)

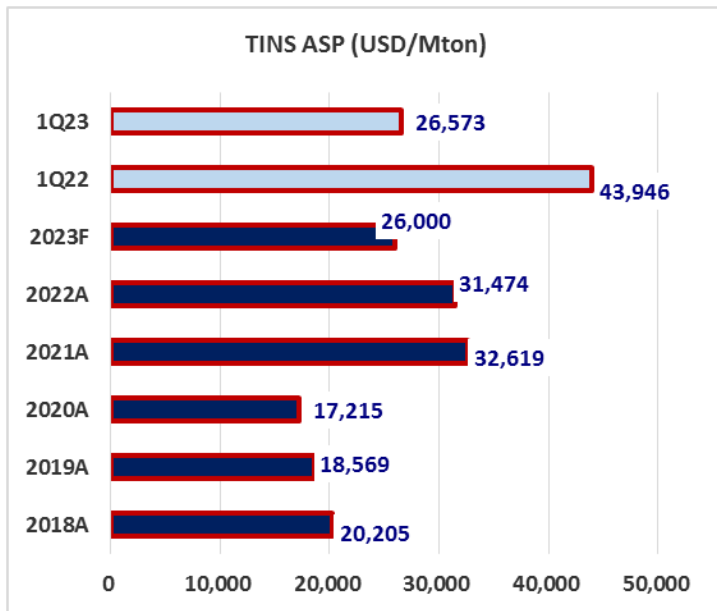
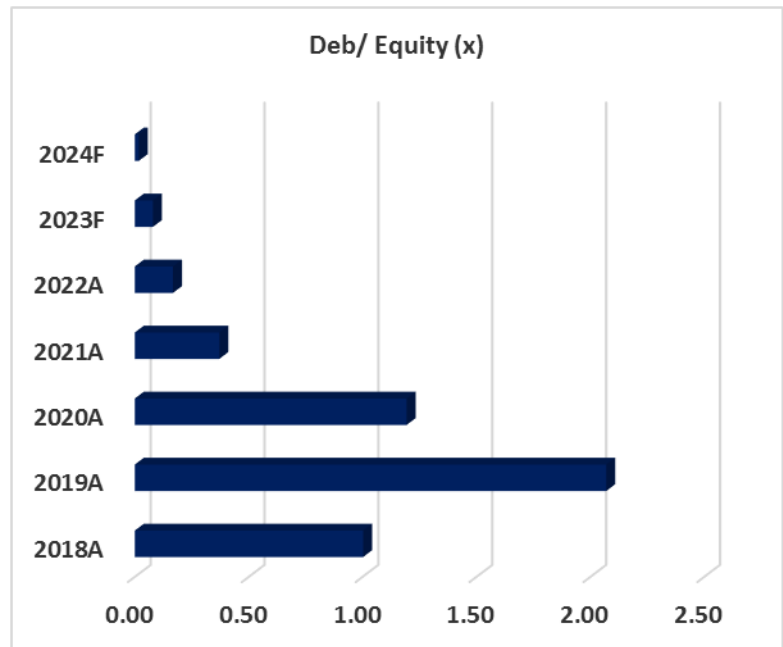


Chart: TINS Total Debt to Equity ratio yoy (x)



Profit and Loss yoy

Profit and Loss (IDR. in bn)	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Revenues	11.017	19.303	15.216	14.607	12.504	13.155	12.775	13.825
Cost of Revenues	(9.943)	(18.167)	(14.096)	(11.173)	(9.978)	(10.130)	(9.836)	(10.646)
Gross Profit	1.074	1.136	1.120	3.434	2.526	3.026	2.938	3.180
Operating Expenses	(939)	(1.212)	(902)	(1.195)	(1.123)	(789)	(766)	(830)
Operating Income	135	(76)	217	2.239	1.403	2.236	2.172	2.350
Other Income	64	(646)	(487)	(511)	3	(132)	(128)	(138)
Profit Before Tax	199	(722)	(270)	1.729	1.407	2.105	2.044	2.212
Tax Expense	(15)	114	(67)	(425)	(365)	(421)	(409)	(442)
Minority Interest	0,010	0,000	0,003	(0,048)	(0,079)	(0,250)	(0,243)	(0,263)
Net Income	132	(611)	(341)	1.303	1.041	1.684	1.635	1.769
EPS	18	(82)	(46)	175	140	226	220	238
EBITDA	1.148	907	1.168	2.732	2.221	2.890	2.881	3.035

Balance Sheet yoy

Balance Sheet (IDR. in bn)	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Cash and cash equivalent	785	1.599	807	1.782	1.209	2143	2428	2795
Trade Account Receivable	1.920	1.620	1.198	1.871	985	1.261	1.225	1.364
inventory	4.108	6.501	2.881	3.106	2.910	2.775	2.695	2.946
Other current asset	1.904	2.290	1.480	665	530	526	511	553
asset classified as held for sale	299	297	191	0	0	0	0	0
Current Asset	9.017	12.307	6.557	7.424	5.635	6.706	6.859	7.658
Fixed Asset	3.100	3.601	3.436	3.448	3.513	3.934	4.406	4.891
other long term asset	3.104	4.453	4.524	3.819	3.919	2.631	2.555	2.765
Total non current Asset	6.204	8.054	7.960	7.267	7.432	6.565	6.961	7.656
Total Asset	15.221	20.361	14.518	14.691	13.067	13.272	13.821	15.314
Trade Account Payable	1.322	1.969	885	886	764	1.189	1.085	1.212
Short Term bank loans	4.664	8.791	3.802	1.533	374	-126	-626	-1.126
liabilities directly associated with assets classified for sale	137	85	47	0	0	0	0	0
Other short term liabilities	513	1.113	1.132	3.266	1.410	1.184	894	968
Total current liabilities	6.635	11.958	5.865	5.686	2.547	2.247	1.353	1.054
bond and sukuk ijarah	1.500	2.093	2.093	806	806	806	806	806
other long term liabilities	937	1.052	1.619	1.891	2.672	1.660	1.468	1.491
Total long term/ non current liabilities	2.437	3.145	3.712	2.697	3.478	2.466	2.274	2.297
Total Liabilities	9.072	15.103	9.578	8.383	6.025	4.713	3.627	3.351
non controlling interest	0	0	0	0	0	0	0	0
Total Equities	6.148	5.258	4.940	6.308	7.042	8.559	10.194	11.963
Total Liabilities & Equity	15.221	20.361	14.518	14.691	13.067	13.272	13.821	15.314

Cash Flow yoy

Cash Flow (IDR. in bn)	2018 A	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
+ Net Income	132	-611	-341	1.303	1.041	1.684	1.635	1.769
+Depreciation	562	819	811	817	726	733	821	842
- Change in WC	640	2.847	-1.135	-71	-1.923	-438	-762	-731
Cash From Operating Activities	1.334	3.055	-664	2.049	-155	1.979	1.693	1.881
capex	-1.199	-1.320	-646	-829	-791	-1.154	-1.293	-1.327
other long term asset	-687	-1.349	-71	705	-101	1.288	76	-210
cash from investing activities	-1.886	-2.669	-718	-123	-892	134	-1.216	-1.537
bond & suku ijarah	0	593	0	-1.287	0	0	0	0
other long term liabilities	25	115	568	271	781	-1.012	-192	23
Equity	-45	-279	22	65	-308	-167	0	0
cash from financing activities	-1.886	-2.669	-718	-123	-892	134	-1.216	-1.537
Net Changes in Cash	-573	815	-792	975	-573	934	285	367
Beginning Balance	1.357	785	1.599	807	1.782	1.209	2.143	2.428
Ending balance	785	1.599	807	1.782	1.209	2.143	2.428	2.795

Ratio Highlights

Ratio Highlights	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Growth (%)								
Revenues	19,52%	75,21%	-21,17%	-4,00%	-14,40%	5,21%	-2,89%	8,23%
OP	-81,57%	-156,38%	-386,31%	929,80%	-37,33%	59,36%	-2,89%	8,23%
EBITDA	-19,84%	-21,01%	28,78%	133,88%	-18,69%	30,11%	-0,31%	5,35%
Net profit	-73,67%	-562,06%	-44,28%	-482,50%	-20,06%	61,66%	-2,89%	8,23%
EPS	-73,67%	-562,06%	-44,28%	-482,50%	-20,06%	61,66%	-2,89%	8,23%
Profitability (%)								
Operating Margin	1,22%	-0,39%	1,43%	15,33%	11,22%	17,00%	17,00%	17,00%
EBITDA margin	10,42%	4,70%	7,68%	18,70%	17,76%	21,96%	22,55%	21,95%
NET Profit margin	1,20%	-3,17%	-2,24%	8,92%	8,33%	12,80%	12,80%	12,80%
ROA	0,87%	-3,00%	-2,35%	8,87%	7,97%	15,13%	14,35%	14,13%
ROE	2,15%	-11,63%	-6,89%	20,65%	14,79%	19,67%	16,04%	14,79%
Liquidity								
Current Ratio (X)	1,36	1,03	1,12	1,31	2,21	2,03	3,28	4,62
Cash Ratio	0,12	0,13	0,14	0,31	0,47	0,95	1,80	2,65
Solvability								
Debt/ Total equity (x)	1,00	2,07	1,19	0,37	0,17	0,08	0,02	-0,03
Int. Coverage (x)	0,56	-0,92	-0,44	10,29	16,60	43,12	158,41	-96,14
Debt Ratio	0,60	0,74	0,66	0,57	0,46	0,36	0,26	0,22
Per Share data (Rp)								
BVS	826	706	663	847	945	1.149	1.369	1.606
EPS	17,76	-82,08	-45,73	174,92	139,84	226,06	219,52	237,57

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-20%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

**RESEARCH TEAM
(62-21) 520-6678 ext.612**

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