

11 May 2021
Tins mining, Equity

Price IDR. 1825
Target Price IDR. 2005
JKSE Index 5975,79



Stock Code TINS IJ
Bloomberg code TINS IJ
Market cap (IDR.bn) 13440
52-Week High (IDR) 2540
52-Week Low (IDR) 444
6-m Avg Daily. Val (IDR) 1485
Free Float (%) 35

Major Shareholders (%)
INALUM 65%
Public 35%

USD/IDR-YE
2020A 14050
2020F (Avg) 14198

Key Indicators 2021F
DER (x) 1.11
Debt ratio (x) 0.64

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Investment Consideration

Production declines

In 1Q21, TINS produced 5,025 tons of tin ore, down -67% yoy. 61% came from offshore, while the remaining 39% came from onshore mining. The offshore produced increased 25% yoy compared to an onshore decrease of -85%. Tin metal production was 5,220 tons, down -63% yoy. TINS also recorded a tin sales decrease to 5,912 tons down -66% yoy. The average selling price increased significantly to USD/ton 24,968 compared to USD/tons 16,703 in 1Q20. We believe the decline in tin ore production especially from onshore mining was caused by weather as we expected. We maintain our 2021F target tin ore production of 30,000 tons which is down -24,5% YoY and tin metal production of 34,000 tons or -25,6% YoY due to the weather and also to help maintain a higher tin price. Although the tin selling price increased significantly during 1Q21, we maintain our tin price forecast for 2021 at an average USD 17,000/MT, we maintain our forecast for revenue this year to be lower by -24% YoY.

Profit Improvement

TINS is on track to improve their financial health and reduce interest expenses. During 2020, TINS de-leveraged to reduce interest payments. As a result, in 1Q21, TINS managed to reduce bank debt to IDR 3,6 trillion compared to IDR 4.22 trillion in 2020FY. TINS' bottom line has improved to a net profit of IDR 10,34 billion compared to the previous year's net loss - IDR 413 billion. The improvement in the bottom line was caused by lower cost of raw materials (tin ore) down -70% yoy inline with significantly lower tin ore production in 1Q21. For 2021, we maintain our profit target, as we maintain our production and price targets

Valuation: 9,9% upside

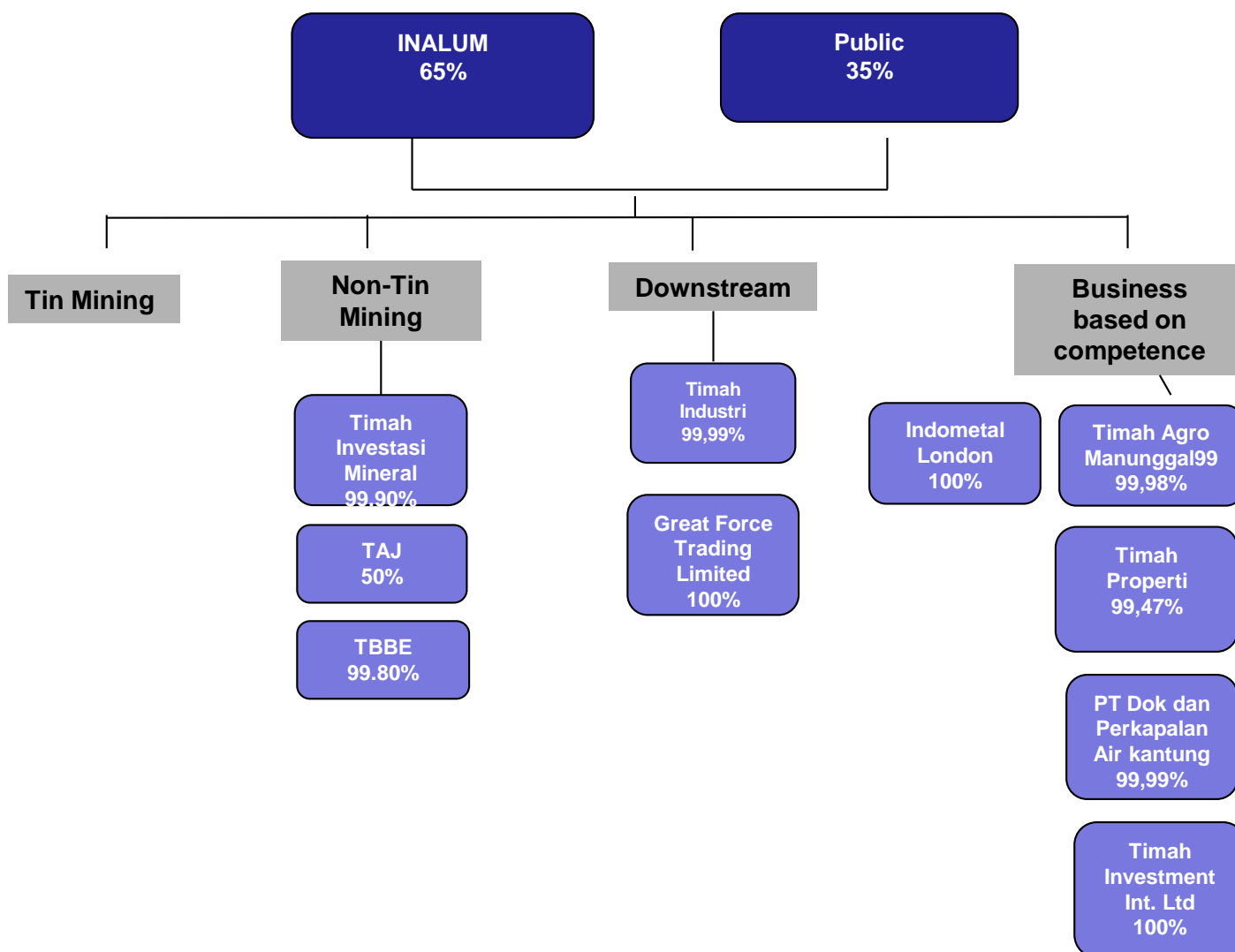
We maintain our target price for TINS within one year of IDR. 2,005 / share or trading at 17x EV/EBITDA, it has increased 14% since our last TINS update on March 2021. With 9,9% upside left, our recommendation is HOLD.

Profit and Loss (IDR. in bn)	2018A	2019A	2020A	2021F	2022F
Revenues	11.017	19.303	15.216	11.570	15.706
Cost of Revenues	(9.943)	(18.167)	(14.096)	(10.644)	(14.450)
Gross Profit	1.074	1.136	1.120	926	1.257
Operating Expenses	(939)	(1.212)	(902)	(694)	(942)
Operating Income	135	(76)	217	231	314
Other Income	64	(646)	(487)	(347)	(157)
Profit Before Tax	199	(722)	(270)	(116)	157
Tax Expense	(15)	114	(67)	35	(47)
Minority Interest	0,010	0,000	0,003	(0,220)	(0,298)
Net Income	132	(611)	(341)	(86)	105
EPS	18	(82)	(46)	(11)	14
EBITDA	1.148	907	1.160	1.161	1.449

Company Profile

PT Timah (Persero) 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 activity includes mining, trading, transportations and services. The company’s main activity is as a holding company that performs tin mining, operations, and marketing services for the group. Based on Business pillars, TINS has four business pillars 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 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 performances of the company during tin business fluctuations. The company is domiciled in Pangkalpinang, Bangka Belitung Province. As of 2016, the company owned 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 export sales 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 As of 2017



Source: company

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

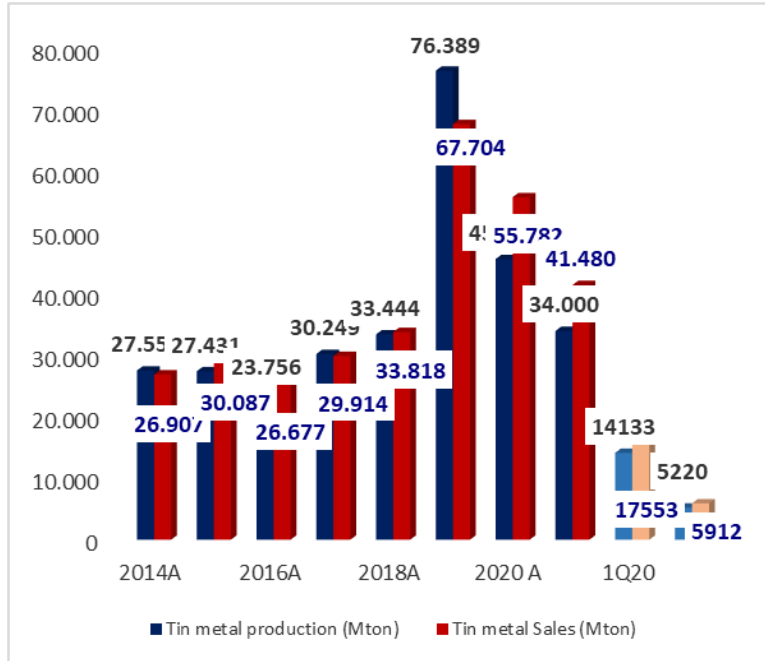


Chart: Tin offshorer and onshore production (tons) yoy

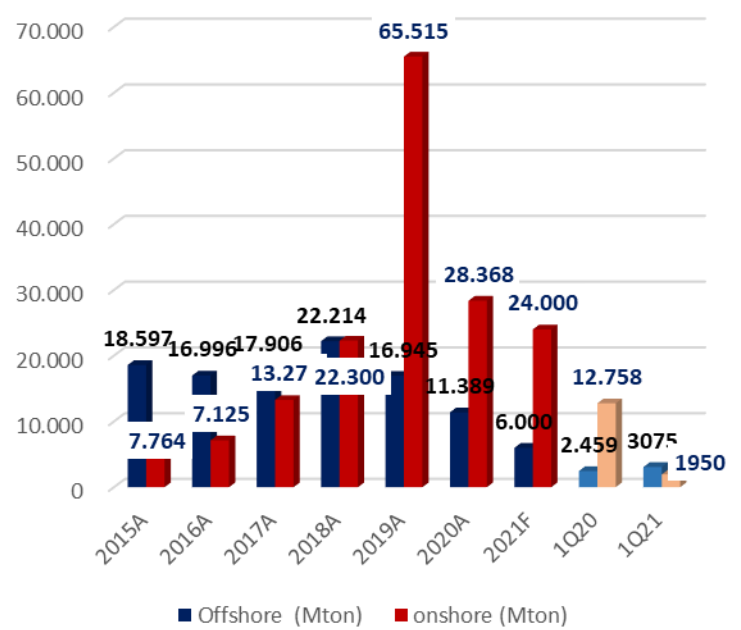


Chart: TINS Average selling price (ASP) yoy (USD/Mton)

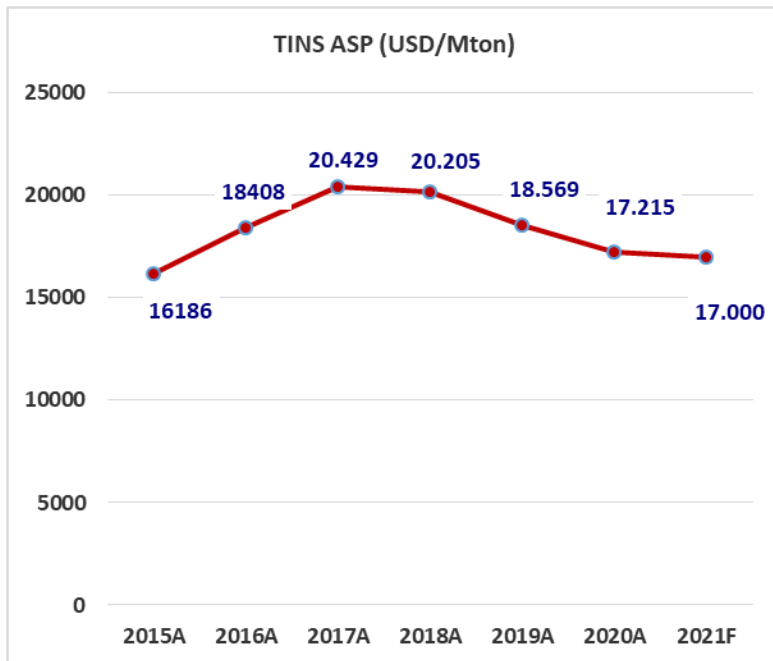
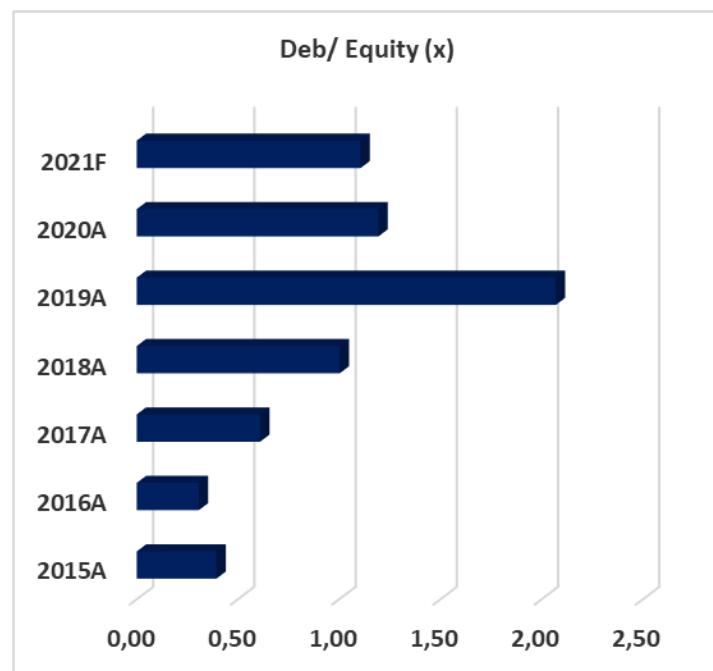


Chart: TINS Debt to Equity ratio yoy (x)



Profit and Loss (IDR. in bn) yoy

Profit and Loss (IDR. in bn)	2017A	2018A	2019A	2020A	2021F	2022F
Revenues	9.217	11.017	19.303	15.216	11.570	15.706
Cost of Revenues	(7.692)	(9.943)	(18.167)	(14.096)	(10.644)	(14.450)
Gross Profit	1.526	1.074	1.136	1.120	926	1.257
Operating Expenses	(795)	(939)	(1.212)	(902)	(694)	(942)
Operating Income	731	135	(76)	217	231	314
Other Income	(15)	64	(646)	(487)	(347)	(157)
Profit Before Tax	716	199	(722)	(270)	(116)	157
Tax Expense	(207)	(15)	114	(67)	35	(47)
NIAT	509	184	(609)	(336)	(81)	110
Loss after tax from discontinued operations	(6)	(52)	(3)	(4)	(4)	(5)
Minority Interest	0,013	0,010	0,000	0,003	(0,220)	(0,298)
Net Income	502	132	(611)	(341)	(86)	105
EPS	67	18	(82)	(46)	(11)	14
EBITDA	1.432	1.148	907	1.160	1.161	1.449

Balance Sheet (IDR. in bn) yoy

Balance Sheet (IDR. in bn)	2017A	2018A	2019A	2020A	2021F	2022F
Cash and cash equivalent	1.357	785	1.599	807	606	700
Trade Account Receivable	1.514	1.920	1.620	1.198	1.268	1.291
inventory	2.509	4.108	6.501	2.881	2.158	2.890
Other current asset	1.264	1.904	2.290	1.480	1.388	1.257
asset classified as held for sale	352	299	297	191	201	212
Current Asset	6.997	9.017	12.307	6.557	5.621	6.349
Fixed Asset	2.462	3.100	3.601	3.436	3.540	3.361
other long term asset	2.417	3.104	4.453	4.524	4.512	4.712
Total non current Asset	4.879	6.204	8.054	7.960	8.053	8.072
Total Asset	11.876	15.221	20.361	14.518	13.673	14.421
Trade Account Payable	733	1.322	1.969	885	1.080	1.549
Short Term bank loans	2.192	4.664	8.791	3.802	3.302	2.802
liabilities directly associated with assets classified for sale	95	137	85	47	46	46
Other short term liabilities	382	513	1.113	1.132	1.157	1.414
Total current liabilities	3.403	6.635	11.958	5.865	5.586	5.811
bond	1.200	1.200	1.793	1.793	1.793	1.793
sukuk ijarah	300	300	300	300	300	300
other long term liabilities	912	937	1.061	1.616	1.122	1.521
Total long term/ non current liabilities	2.412	2.437	3.145	3.712	3.207	3.605
Total Liabilities	5.815	9.072	15.103	9.578	8.792	9.415
non controlling interest	0	0	0	0	0	0
Total Equities	6.061	6.148	5.258	4.940	4.881	5.006
Total Liabilities & Equity	11.876	15.221	20.361	14.518	13.673	14.421

Cash Flow (IDR. In bn) yoy

Cash Flow (IDR. in bn)	2017A	2018A	2019A	2020A	2021F	2022F
+ Net Income	502	132	(611)	(341)	(86)	105
+Depreciation	497	562	819	803	870	920
- Change in WC	(624)	640	2847	(1135)	455	(409)
Cash From Operating Activities	375	1334	3055	(673)	1239	617
capex	(738)	(1199)	(1320)	(638)	(974)	(741)
other long term asset	(327)	(687)	(1349)	(71)	12	(200)
cash from investing activities	(1066)	(1886)	(2669)	(710)	(962)	(940)
bond	1200	0	593	0	0	0
sukuk ijarah	300	0	0	0	0	0
other long term liabilities	79	25	115	568	(506)	398
Equity	(95)	(45)	(279)	22	27	20
cash from financing activities	1484	(21)	429	590	(479)	418
Net Changes in Cash	794	(573)	815	(792)	(202)	95
Beginning Balance	564	1357	785	1599	807	606
Ending balance	1357	785	1599	807	606	700

Ratio Highlights

Ratio Highlights	2017A	2018A	2019A	2020A	2021F	2022F
Growth (%)						
Revenues	32,27%	19,52%	75,21%	-21,17%	-23,96%	35,75%
OP	46,84%	-81,57%	-156,38%	-386,31%	6,41%	35,75%
EBITDA	35,53%	-19,84%	-21,01%	27,92%	0,10%	24,78%
Net profit	99,51%	-73,67%	-562,06%	-44,28%	-74,86%	-222,67%
EPS	99,51%	-73,67%	-562,06%	-44,28%	-74,86%	-222,67%
Profitability (%)						
Operating Margin	7,93%	1,22%	-0,39%	1,43%	2,00%	2,00%
EBITDA margin	15,54%	10,42%	4,70%	7,62%	10,04%	9,23%
NET Profit margin	5,45%	1,20%	-3,17%	-2,24%	-0,74%	0,67%
ROA	4,23%	0,87%	-3,00%	-2,35%	-0,63%	0,73%
ROE	8,29%	2,15%	-11,63%	-6,89%	-1,75%	2,10%
Liquidity						
Current Ratio (X)	2,06	1,36	1,03	1,12	1,01	1,09
Cash Ratio	0,40	0,12	0,13	0,14	0,11	0,12
Solvability						
Debt/ Total equity (x)	0,61	1,00	2,07	1,19	1,11	0,98
Int. Coverage (x)	3,57	0,56	-0,92	-0,44	-0,30	0,45
Debt Ratio	0,49	0,60	0,74	0,66	0,64	0,65
Per Share data (Rp)						
BVS	814	826	706	663	655	672
EPS	67,46	17,76	-82,08	-45,73	-11,50	14,10

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.

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