

13 April 2023
Tins mining, Equity

Price IDR. 1005
Target Price IDR. 1610
JKSE Index 6778.860

BUY

Investment Consideration

2022 profit down 20%

In 2022, TINS posted a net profit of IDR 1,041 trillion, down by -20% YoY compared to 2021's IDR 1.3 trillion. The decrease is the result of a decrease in operating performance as tin ore production fell -19% YoY to 20,079 tons. Tin metal production volume also fell -25% YoY to 19,825 tons. In addition, sales volume of tin metal also decreased by -22% YoY to 20,805 tons. We revise our production target based on the 2022 results, to +18% CAGR growth in the next 2 years. Going forward, we expect higher production volume, in line with company production targets. 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 average selling prices and uncertainties over the strength of demand.

Leverage decrease continues

Although TINS' operation cash flow decreased by -23% YoY, total interest bearing debt in 2022 also decreased by -41% YoY to IDR 3 trillion due to a decrease in bank loans which declined by -51.7% YoY in 2022 to IDR 1.57 trillion. Bond debt also decreased -56.5% YoY to IDR 806 billion. We expect a continued downward trend of interest expenses in 2023F due to the lower liabilities.

Valuation: 60% upside

We revise our target price for TINS within one year to IDR. 1,610 / share or trading at 7.02x PER, With an 60% upside, our recommendation is BUY.

Financial ratio 2018A 2019A 2020A 2021A 2022A 2023F 2024F highlights

Revenues growth (%)	20%	75%	-21%	-4%	-14%	7%	-1%
Net profit growth (%)	-74%	-562%	-44%	-483%	-20%	64%	-1%
Operating Margin (%)	1%	0%	1%	15%	11%	17%	17%
NET Profit margin (%)	1%	-3%	-2%	9%	8%	13%	13%
Debt/ Total equity (x)	1,00	2,07	1,19	0,37	0,17	0,08	0,02
Debt Ratio (x)	0,60	0,74	0,66	0,57	0,46	0,34	0,24

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TradingView

Stock Code TINS IJ
Bloomberg code TINS IJ
Market cap (IDR.bn) 7480
52-Week High (IDR) 2070
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) 14900

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

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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 business 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

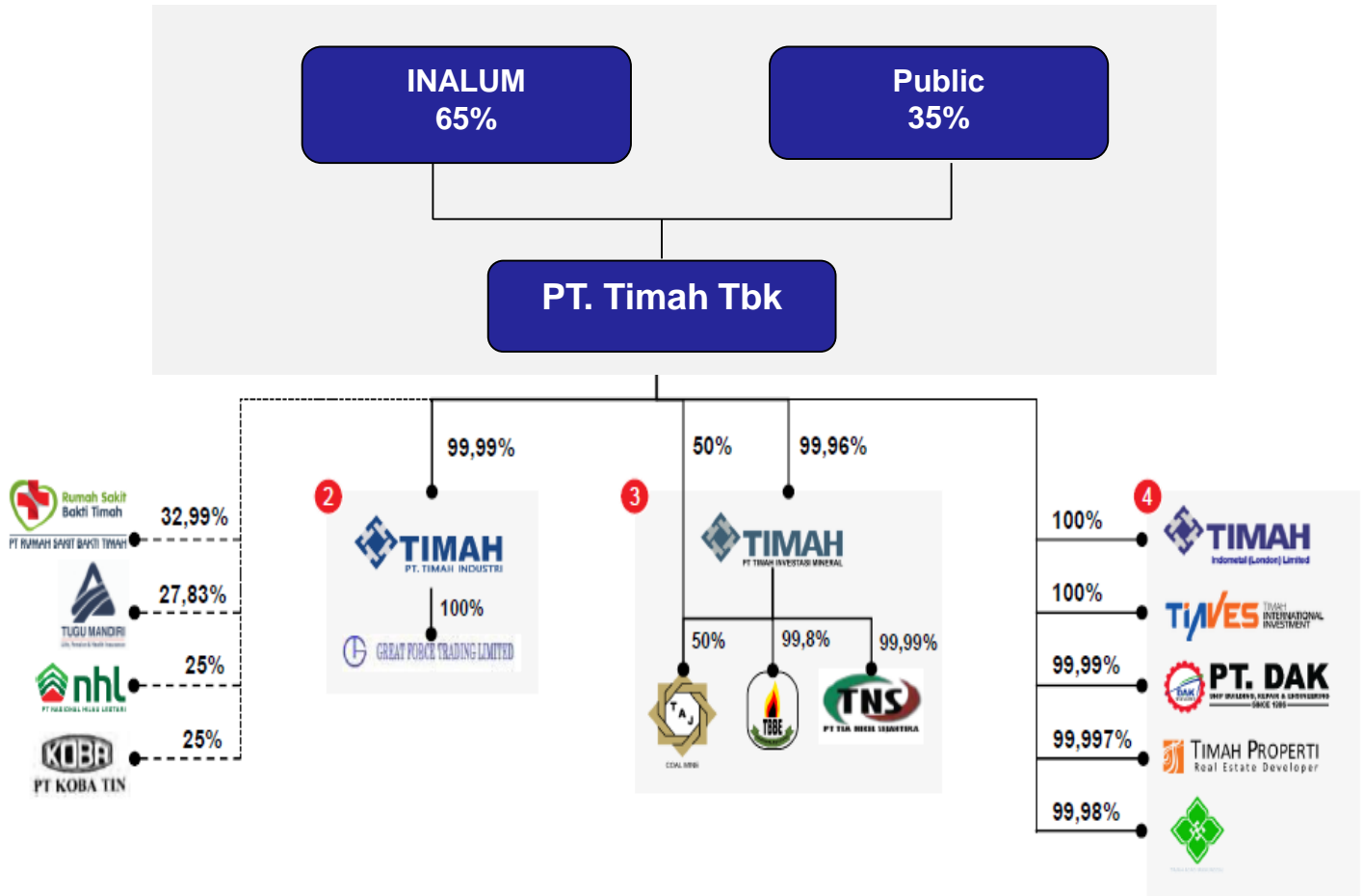


Chart: Tin metal production vs sales metal (Mtons) yoy

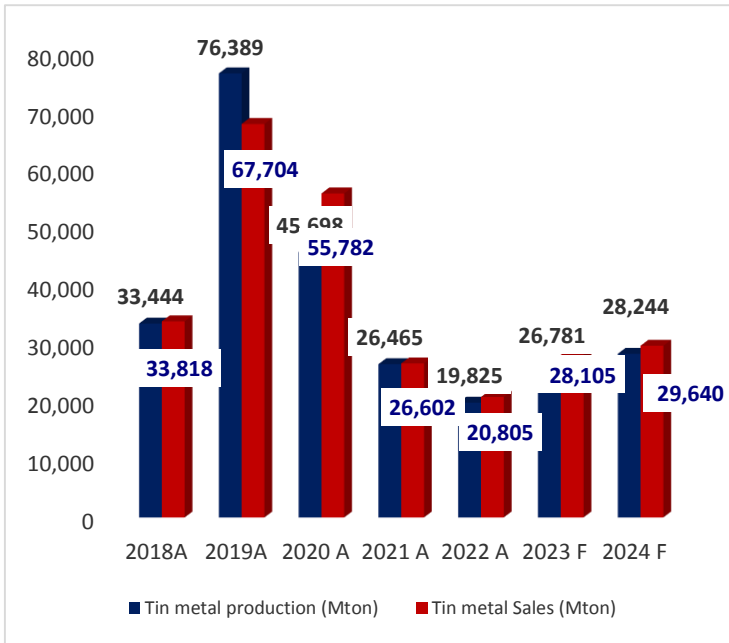


Chart: Tin offshore and onshore production (tons) yoy

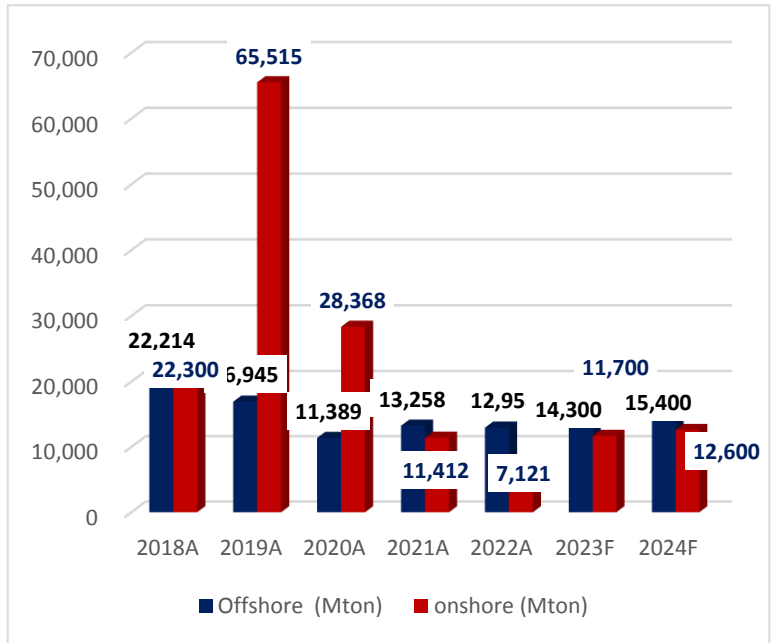


Chart: TINS Average selling price (ASP) yoy (USD/Mton)

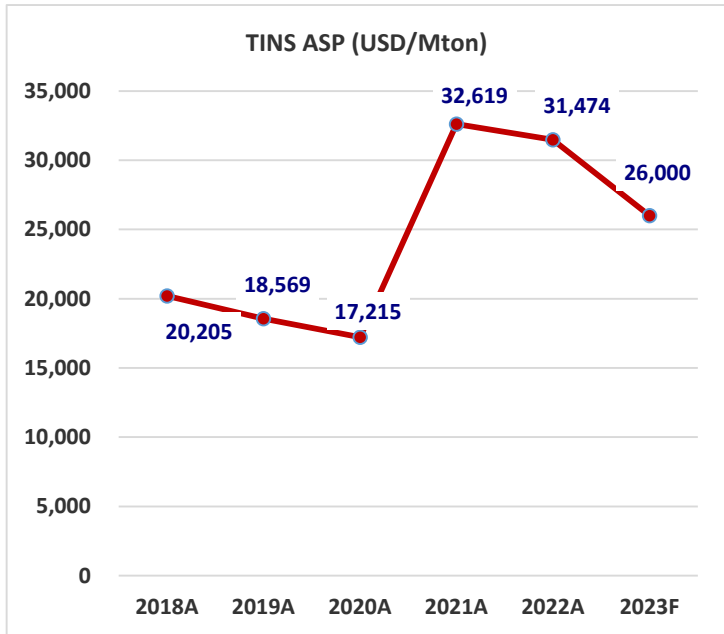
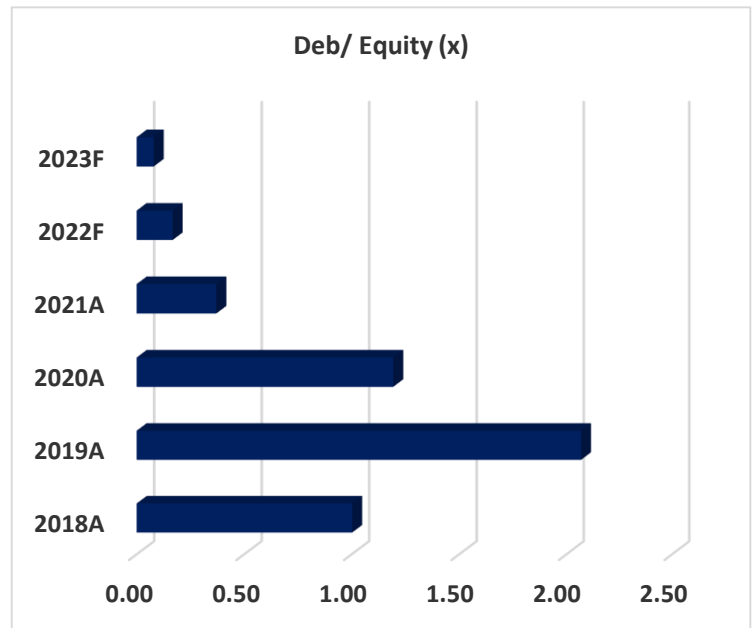


Chart: TINS Total Debt to Equity ratio yoy (x)



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.

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