

14 November 2023
Tins mining, Equity

SELL

Price IDR. 645
Target Price IDR. 635
JKSE Index 6868.655

Investment Consideration

9M23 Production declined

In 9M23, tin production declined by -23% YoY, with tin ore production dropping to 11,201 MT, tin metal sales volume decreasing by -28% YoY to 11,100 MT, and tin metal production volume decreasing by -18% YoY to 11,540 MT. This aligns with the 23% decrease in the average selling price of tin metal, reaching USD27,017 per MT compared to USD35,026 per MT in the previous year. The decline in sales was also accompanied by a decrease in TINS exports in 3Q23 compared to 2Q23, attributed to a stronger US currency, slow recovery of the Chinese economy, and weak tin demand due to high LME inventories. Looking ahead, higher production volumes are anticipated, aligning with the company's production targets.

3Q23 bottom line down -205% QoQ

In 3Q23, TINS' net profit fell significantly to IDR -103.7 billion, marking a -205% QoQ decrease. This was driven by a -25% QoQ decline in revenue to IDR 1.81 trillion, influenced by weak demand and a lower ASP. The weakened ASP was a result of global demand weakness and ample stock on the LME. The bottom line decline was further impacted by a +5% QoQ increase in operating expenses. Based on the 9M23 results, the revenue target for 2023-2024 is revised, forecasting a -18% CAGR growth compared to 2022FY due to unfavorable fluctuations in the average selling price of tin and demand. Despite market fluctuations, TINS' focus on low-cost tin ore production is expected to enhance profit margins, navigating volatility in tin selling prices and uncertainties regarding demand strength.

Valuation: -2% downside

Based on 9M23 results, our one-year target price for TINS is revised to IDR 635 per share, or a EV/EBITDA of 6.17x, indicating a -2% downside potential. Our recommendation turns to SELL.

Financial ratio highlights	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Revenues growth (%)	20%	75%	-21%	-4%	-14%	-38%	9%	14%
Net profit growth (%)	-74%	-562%	-44%	-483%	-20%	-112%	-88%	-550%
Operating Margin (%)	1%	0%	1%	15%	11%	-1%	1%	2%
NET Profit margin (%)	1%	-3%	-2%	9%	8%	-2%	0%	1%
Debt/ Total equity (x)	1.00	2.07	1.19	0.37	0.17	0.10	0.11	0.10
Debt Ratio (x)	0.60	0.74	0.66	0.57	0.46	0.43	0.45	0.44



Stock Code TINS IJ
Bloomberg code TINS IJ
Market cap (IDR.bn) 4880
52-Week High (IDR) 1480
52-Week Low (IDR) 645
6-m Avg Daily. Val (IDR) 881
Free Float (%) 35

Major Shareholders (%)
INALUM 65%
Public 35%

USD/IDR-YE
2022A 15592
2023F (Avg) 15600

Key Indicators 2024F
DER (x) 0.11
Debt ratio (x) 0.45

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Company Profile

PT Timah Tbk, established on August 2nd, 1976, is a state-owned enterprise engaged in tin mining and listed on the Indonesian Stock Exchange since 1995. TINS' activities include mining, trading, transportation, and services. Operating primarily as a holding company, it oversees tin mining, operations, and marketing services. TINS has four main business segments: tin mining, non-tin mining, downstream tin products, and other businesses. The company, based in Pangkalpinang, Bangka Belitung Province, holds 128 IUP mining licenses, covering 473,303 hectares. Approximately 95% of sales are from exports, with the remaining 5% from domestic sales. The Company operates 6 furnaces and owns various dredgers to support production.

Company Structure

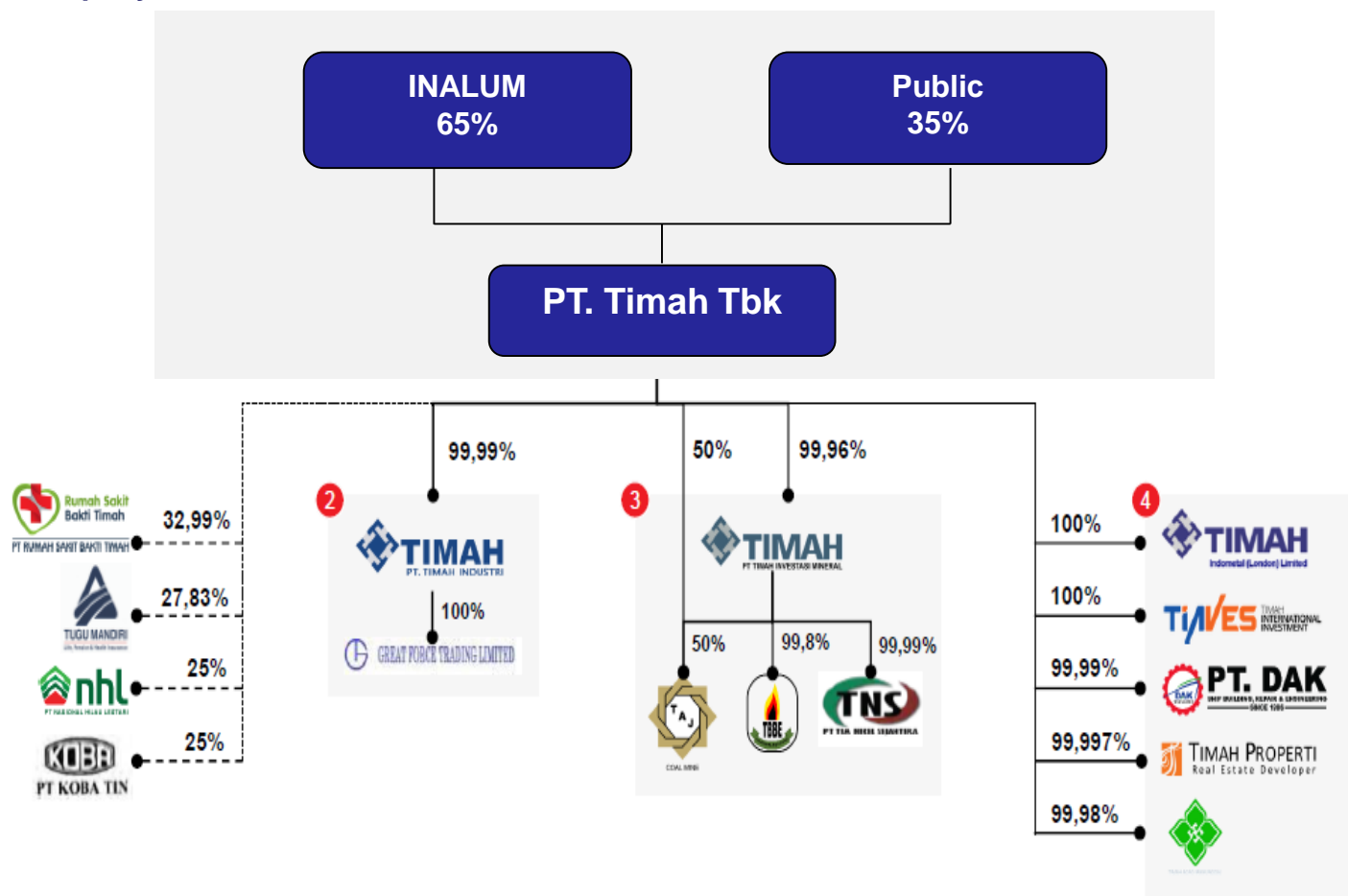


Chart: Tin metal production vs sales metal (Mtons) yoy

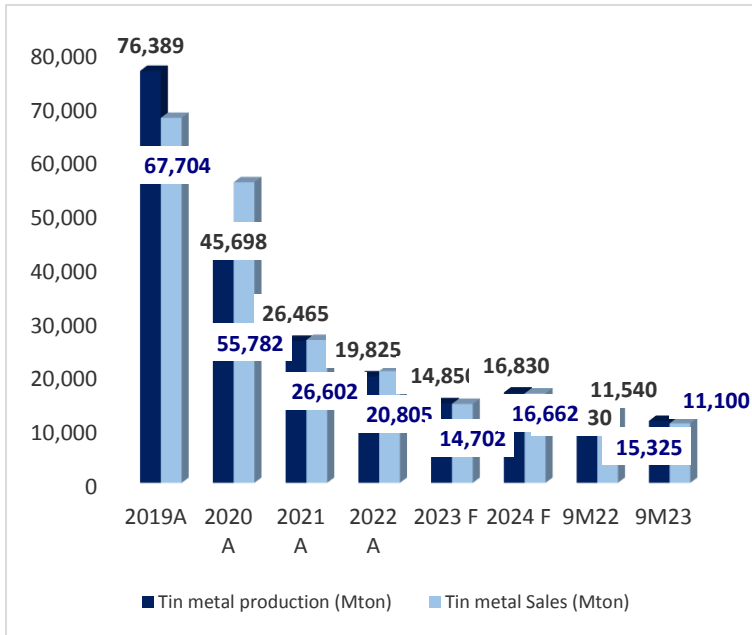


Chart: Tin offshore and onshore production (tons) yoy

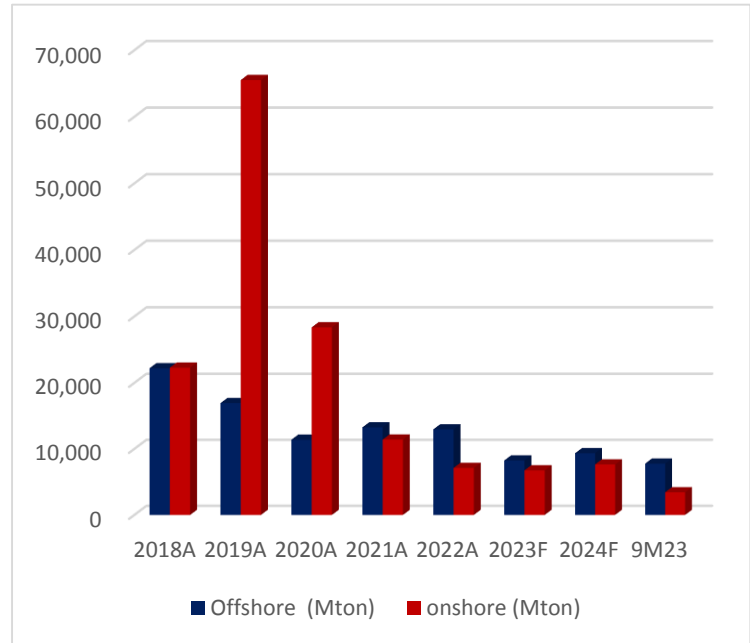


Chart: TINS Average selling price (ASP) yoy (USD/Mton)

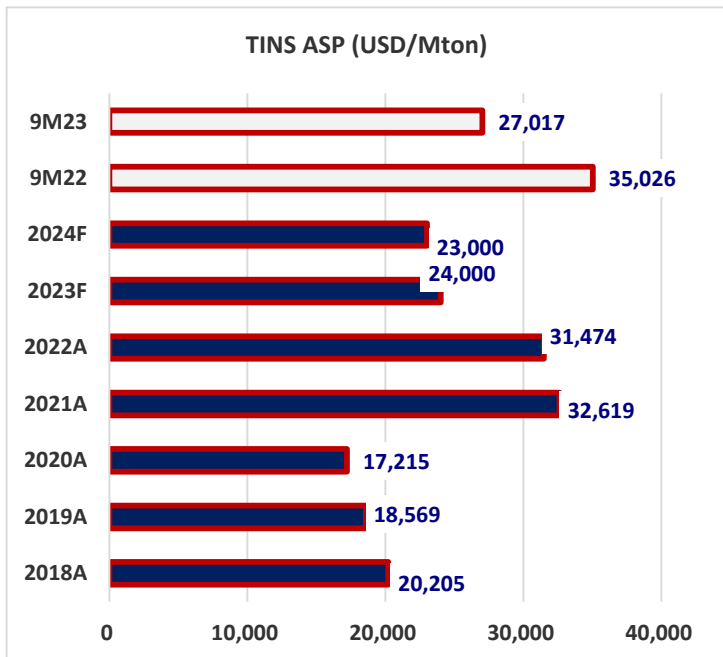
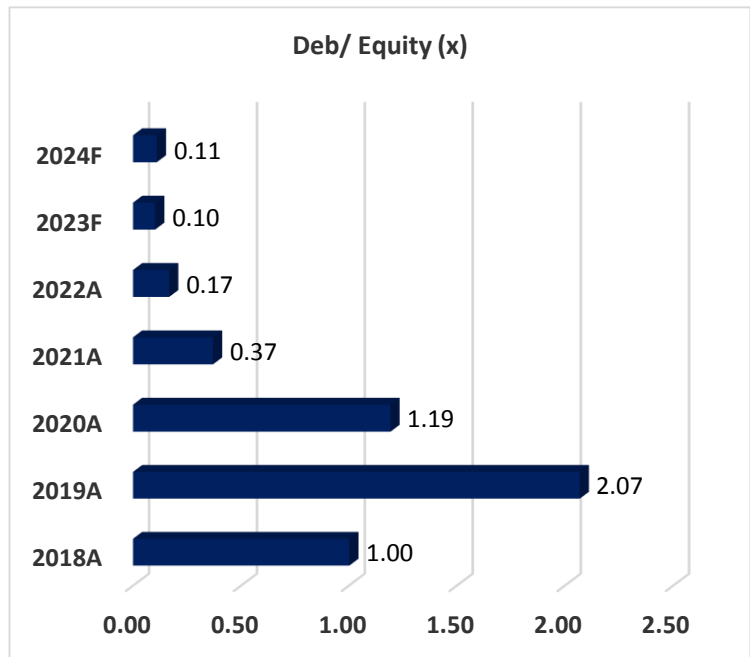


Chart: TINS Total Debt to Equity ratio yoy (x)



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	7,805	8,506	9,717
Cost of Revenues	(9,943)	(18,167)	(14,096)	(11,173)	(9,978)	(7,102)	(7,656)	(8,745)
Gross Profit	1,074	1,136	1,120	3,434	2,526	702	851	972
Operating Expenses	(939)	(1,212)	(902)	(1,195)	(1,123)	(780)	(766)	(777)
Operating Income	135	(76)	217	2,239	1,403	(78)	85	194
Other Income	64	(646)	(487)	(511)	3	(98)	(106)	(98)
Profit Before Tax	199	(722)	(270)	1,729	1,407	(176)	(21)	97
Tax Expense	(15)	114	(67)	(425)	(365)	53	6	(29)
Minority Interest	0.010	0.000	0.003	(0.048)	(0.079)	(0.148)	(0.162)	(0.185)
Net Income	132	(611)	(341)	1,303	1,041	(123)	(15)	68
EPS	18	(82)	(46)	175	140	(17)	(2)	9
EBITDA	1,148	907	1,168	2,904	2,343	682	934	1,065

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	881	1,268	757
Trade Account Receivable	1,920	1,620	1,198	1,871	985	577	932	719
inventory	4,108	6,501	2,881	3,106	2,910	2,335	2,307	2,156
Other current asset	1,904	2,290	1,480	665	530	1,171	1,276	1,458
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	4,964	5,783	5,090
Fixed Asset	3,100	3,601	3,436	3,448	3,513	3,419	3,829	4,250
other long term asset	3,104	4,453	4,524	3,819	3,919	3,512	2,552	2,915
Total non current Asset	6,204	8,054	7,960	7,267	7,432	6,931	6,381	7,165
Total Asset	15,221	20,361	14,518	14,691	13,067	11,896	12,164	12,255
Trade Account Payable	1,322	1,969	885	886	764	428	699	958
Short Term bank loans	4,664	8,791	3,802	1,533	374	695	745	695
liabilities directly associated with assets classified for sale	137	85	47	0	0	0	0	0
short term bond payable						806	806	0
Other short term liabilities	513	1,113	1,132	3,266	1,410	1,313	1,195	1,652
Total current liabilities	6,635	11,958	5,865	5,686	2,547	3,241	3,445	3,305
bond and sukuk ijarah	1,500	2,093	2,093	806	806	0	0	0
other long term liabilities	937	1,052	1,619	1,891	2,672	1,902	1,982	2,145
Total long term/ non current liabilities	2,437	3,145	3,712	2,697	3,478	1,902	1,982	2,145
Total Liabilities	9,072	15,103	9,578	8,383	6,025	5,143	5,427	5,451
non controlling interest	0	0	0	0	0	0	0	0
Total Equities	6,148	5,258	4,940	6,308	7,042	6,752	6,737	6,804
Total Liabilities & Equity	15,221	20,361	14,518	14,691	13,067	11,896	12,164	12,255

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	(123)	(15)	68
+Depreciation	562	819	811	817	726	733	821	842
- Change in WC	640	2,847	(1,135)	(71)	(1,923)	1,037	(229)	43
Cash From Operating Activities	1,334	3,055	(664)	2,049	(155)	1,646	577	953
capex	(1,199)	(1,320)	(646)	(829)	(791)	(639)	(1,231)	(1,264)
other long term asset	(687)	(1,349)	(71)	705	(101)	407	960	(363)
cash from investing activities	(1,886)	(2,669)	(718)	(123)	(892)	(232)	(271)	(1,627)
bond & suku ijarah	0	593	0	(1,287)	0	(806)	0	0
other long term liabilities	25	115	568	271	781	(770)	80	163
Equity	(45)	(279)	22	65	(308)	(167)	0	0
cash from financing activities	(1,886)	(2,669)	(718)	(123)	(892)	(232)	(271)	(1,627)
Net Changes in Cash	(573)	815	(792)	975	(573)	(328)	386	(511)
Beginning Balance	1,357	785	1,599	807	1,782	1,209	881	1,268
Ending balance	785	1,599	807	1,782	1,209	881	1,268	757

Ratio Highlights

Ratio Highlights	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Growth (%)								
Revenues	19.52%	75.21%	-21.17%	-4.00%	-14.40%	-37.58%	8.99%	14.23%
OP	-81.57%	-156.38%	-386.31%	929.80%	-37.33%	-105.56%	-208.99%	128.47%
EBITDA	-19.84%	-21.01%	28.78%	148.66%	-19.31%	-70.88%	36.78%	14.05%
Net profit	-73.67%	-562.06%	-44.28%	-482.50%	-20.06%	-111.81%	-87.79%	-549.95%
EPS	-73.67%	-562.06%	-44.28%	-482.50%	-20.06%	-111.81%	-87.79%	-549.95%
Profitability (%)								
Operating Margin	1.22%	-0.39%	1.43%	15.33%	11.22%	-1.00%	1.00%	2.00%
EBITDA margin	10.42%	4.70%	7.68%	19.88%	18.74%	8.74%	10.97%	10.96%
NET Profit margin	1.20%	-3.17%	-2.24%	8.92%	8.33%	-1.58%	-0.18%	0.70%
ROA	0.87%	-3.00%	-2.35%	8.87%	7.97%	-1.12%	-0.14%	0.59%
ROE	2.15%	-11.63%	-6.89%	20.65%	14.79%	-1.82%	-0.22%	0.99%
Liquidity								
Current Ratio (X)	1.36	1.03	1.12	1.31	2.21	1.26	1.31	1.31
Cash Ratio	0.12	0.13	0.14	0.31	0.47	0.27	0.37	0.23
Solvability								
Debt/ Total equity (x)	1.00	2.07	1.19	0.37	0.17	0.10	0.11	0.10
Int. Coverage (x)	0.56	-0.92	-0.44	5.07	6.79	-1.44	-0.16	0.79
Debt Ratio	0.60	0.74	0.66	0.57	0.46	0.43	0.45	0.44
Per Share data (Rp)								
BVS	826	706	663	847	945	907	905	914
EPS	17.76	-82.08	-45.73	174.92	139.84	-16.52	-2.02	9.08

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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