

23 May 2022  
Tins mining, Equity

Price IDR. 1,745  
Target Price IDR. 2,460  
JKSE Index 6,865.938

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**Stock Code**  
**Bloomberg code** TINS IJ  
**Market cap (IDR.bn)** 13550  
**52-Week High (IDR)** 1925  
**52-Week Low (IDR)** 1240  
**6-m Avg Daily. Val (IDR)** 1470  
**Free Float (%)** 35

**Major Shareholders (%)**  
**INALUM** 65%  
**Public** 35%

**USD/IDR-YE**  
**2021A** 14263  
**2020F (Avg)** 14350

**Key Indicators** 2022F  
**DER (x)** 0.13  
**Debt ratio (x)** 0.38

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### BUY

#### Investment Consideration

#### 1Q22 profit up significantly

TINS posted a net profit of IDR 601.5 billion or a significant increase of 5,715% yoy compared to 1Q21's IDR 10.3 billion. The increase is due to a higher tin price, but also lower operating costs. The higher tin price in 1Q22 meant record revenue of IDR 4.4 trillion or an increase of 80% compared to 1Q21. Tin ore production in 1Q22 was 4,508 tons or down 11% compared to the same period last year production of 5,037 tons. Of this, 35% or 1,583 tons came from onshore mining, while the remaining 65% or 2,925 tons came from offshore mining. 1Q22 tin metal production fell by 8% to 4,820 tons from 1Q21's 5,220 tons. 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 and this will help to maintain profit margins. We maintain our 2022 tin production, revenue & profit targets.

#### Leverage decrease continues

TINS continues to reduce debt and therefore interest expenses. TINS' bond and ijarah non current portion as of 1Q22 amounted to IDR 806 billion compared to IDR 2,093 trillion in 2020. TINS' debt to equity in 1Q22 has reduced to 0.20X compared to 1Q21's 1.05X. We expect a continued downtrend of interest expenses in 2022F due to the lower leverage.

#### Valuation: 41% upside

We maintain our target price for TINS within one year of IDR. 2,460 / share or trading at 6x PER, With 41% upside, our recommendation is maintained as BUY.

Profit and Loss (IDR. in bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
<b>Revenues</b>	11.017	19.303	15.216	14.607	21.095	20.884	22.245
Cost of Revenues	(9.943)	(18.167)	(14.096)	(11.173)	(13.524)	(14.218)	(16.257)
<b>Gross Profit</b>	1.074	1.136	1.120	3.434	7.571	6.666	5.988
Operating Expenses	(939)	(1.212)	(902)	(1.195)	(1.688)	(1.671)	(1.780)
<b>Operating Income</b>	135	(76)	217	2.239	5.883	4.995	4.209
Other Income	64	(646)	(487)	(511)	(633)	(627)	(667)
<b>Profit Before Tax</b>	199	(722)	(270)	1.729	5.251	4.369	3.541
Tax Expense	(15)	114	(67)	(425)	(1.575)	(1.311)	(1.062)
Minority Interest	0,010	0,000	0,003	(0,048)	(0,069)	(0,069)	(0,073)
<b>Net Income</b>	132	(611)	(341)	1.303	3.675	3.058	2.478
<b>EPS</b>	18	(82)	(46)	175	493	411	333
<b>EBITDA</b>	1.148	907	1.168	2.904	6.344	5.479	4.797

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 activity 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 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 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

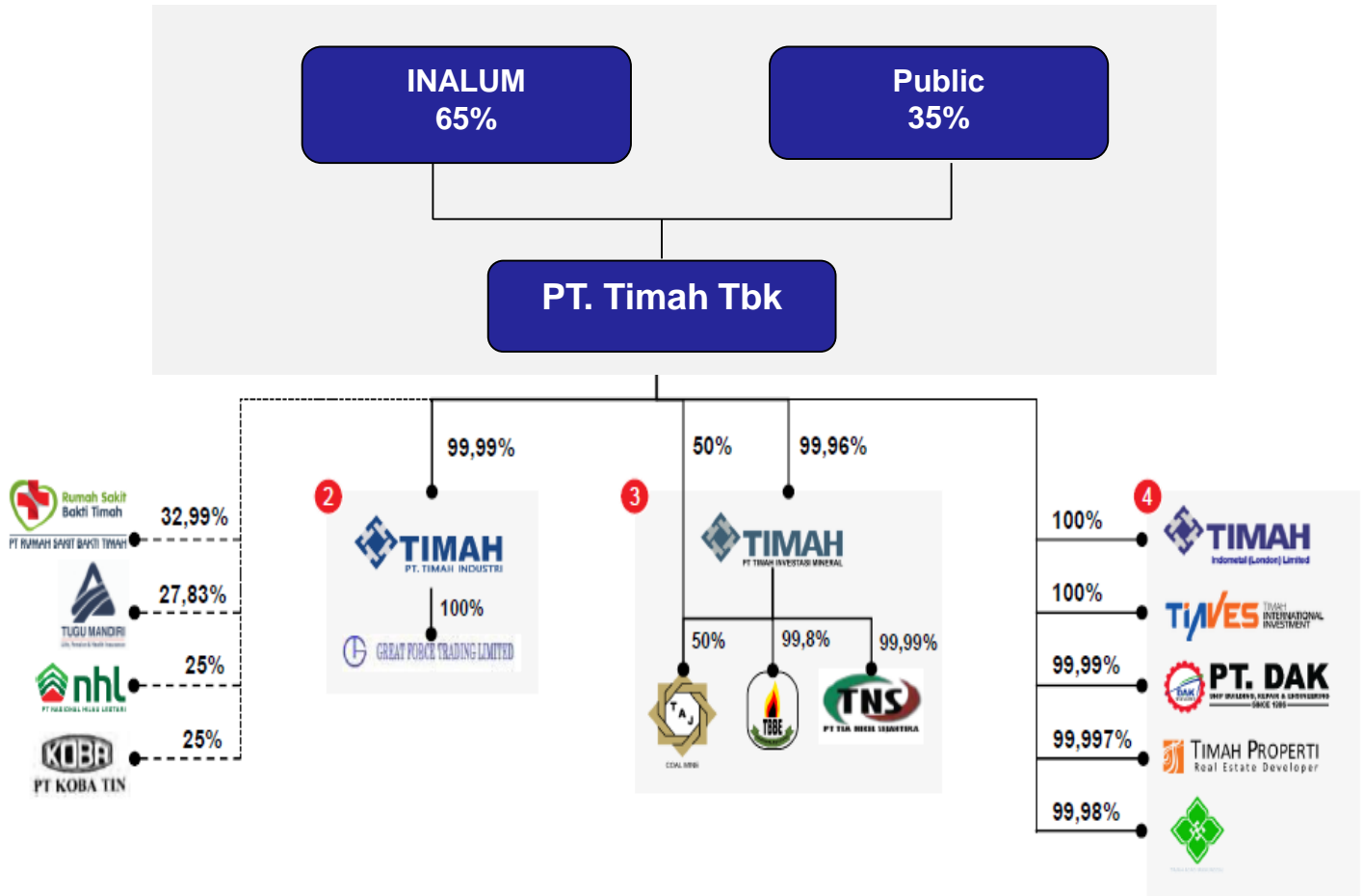


Chart: Tin metal production vs sales metal (Mtons) yoy

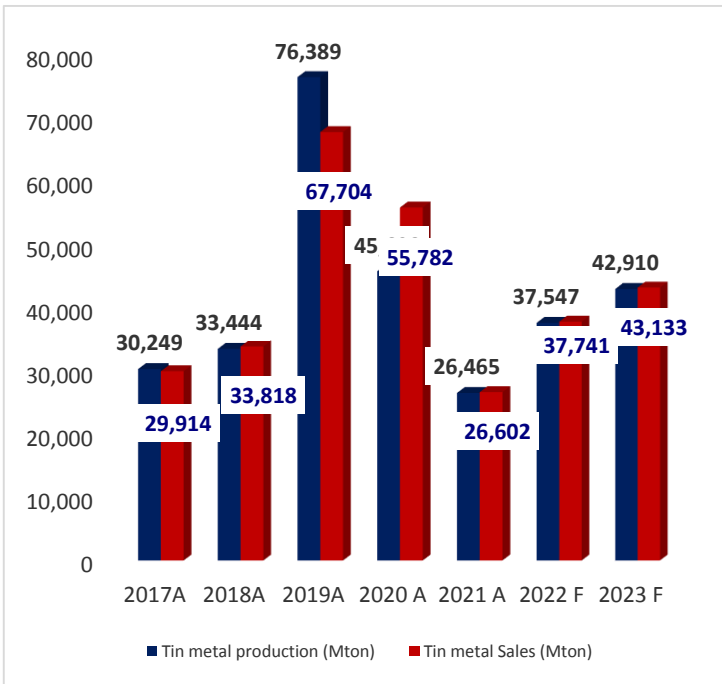


Chart: Tin offshorer and onshore production (tons) yoy

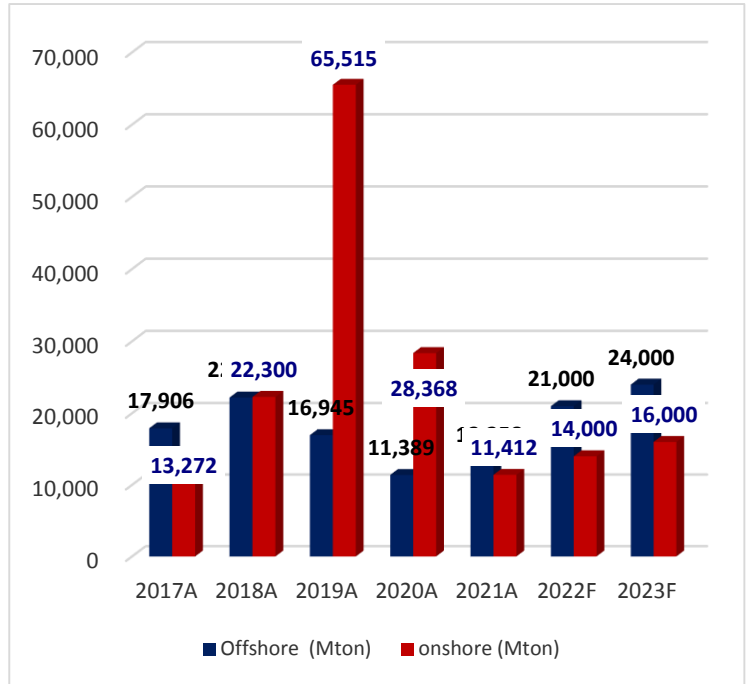


Chart: TINS Average selling price (ASP) yoy (USD/Mton)

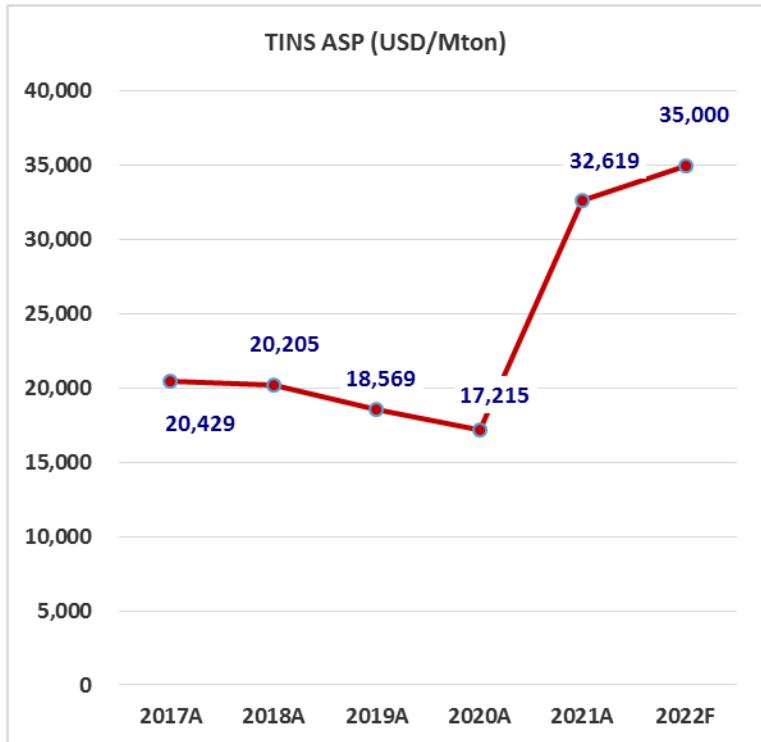
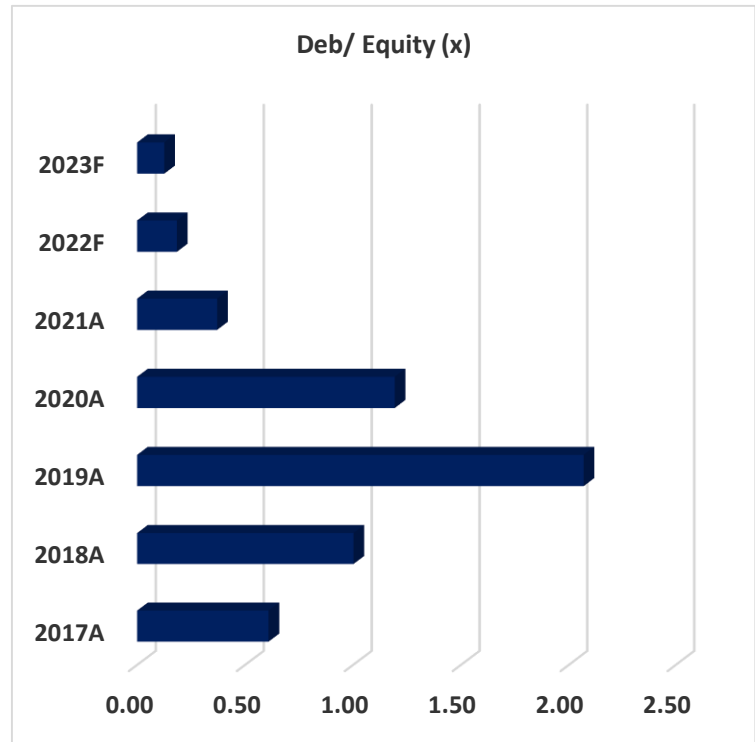


Chart: TINS Total Debt to Equity ratio yoy (x)



## Profit and Loss yoy

Profit and Loss (IDR. in bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
<b>Revenues</b>	<b>11.017</b>	<b>19.303</b>	<b>15.216</b>	<b>14.607</b>	<b>21.095</b>	<b>20.884</b>	<b>22.245</b>
Cost of Revenues	(9.943)	(18.167)	(14.096)	(11.173)	(13.524)	(14.218)	(16.257)
<b>Gross Profit</b>	<b>1.074</b>	<b>1.136</b>	<b>1.120</b>	<b>3.434</b>	<b>7.571</b>	<b>6.666</b>	<b>5.988</b>
Operating Expenses	(939)	(1.212)	(902)	(1.195)	(1.688)	(1.671)	(1.780)
<b>Operating Income</b>	<b>135</b>	<b>(76)</b>	<b>217</b>	<b>2.239</b>	<b>5.883</b>	<b>4.995</b>	<b>4.209</b>
Other Income	64	(646)	(487)	(511)	(633)	(627)	(667)
<b>Profit Before Tax</b>	<b>199</b>	<b>(722)</b>	<b>(270)</b>	<b>1.729</b>	<b>5.251</b>	<b>4.369</b>	<b>3.541</b>
Tax Expense	(15)	114	(67)	(425)	(1.575)	(1.311)	(1.062)
Minority Interest	0,010	0,000	0,003	(0,048)	(0,069)	(0,069)	(0,073)
<b>Net Income</b>	<b>132</b>	<b>(611)</b>	<b>(341)</b>	<b>1.303</b>	<b>3.675</b>	<b>3.058</b>	<b>2.478</b>
EPS	18	(82)	(46)	175	493	411	333
<b>EBITDA</b>	<b>1.148</b>	<b>907</b>	<b>1.168</b>	<b>2.904</b>	<b>6.344</b>	<b>5.479</b>	<b>4.797</b>

## Balance Sheet yoy

Balance Sheet (IDR. in bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Cash and cash equivalent	785	1.599	807	1.782	2.682	3.103	3.393
Trade Account Receivable	1.920	1.620	1.198	1.871	1.734	1.716	1.828
inventory	4.108	6.501	2.881	3.106	2.779	4.674	5.790
Other current asset	1.904	2.290	1.480	665	2.531	2.506	2.447
asset classified as held for sale	299	297	191	0	0	0	0
<b>Current Asset</b>	<b>9.017</b>	<b>12.307</b>	<b>6.557</b>	<b>7.424</b>	<b>9.727</b>	<b>12.000</b>	<b>13.459</b>
Fixed Asset	3.100	3.601	3.517	3.448	3.232	3.448	3.896
other long term asset	3.104	4.453	4.443	3.819	5.485	5.430	6.006
<b>Total non current Asset</b>	<b>6.204</b>	<b>8.054</b>	<b>7.960</b>	<b>7.267</b>	<b>8.717</b>	<b>8.878</b>	<b>9.902</b>
<b>Total Asset</b>	<b>15.221</b>	<b>20.361</b>	<b>14.518</b>	<b>14.691</b>	<b>18.443</b>	<b>20.877</b>	<b>23.361</b>
Trade Account Payable	1.322	1.969	885	886	1.445	2.117	2.133
Short Term bank loans	4.664	8.791	3.802	1.533	1.033	833	333
liabilities directly associated with assets classified for sale	137	85	47	0	0	0	0
Other short term liabilities	513	1.113	1.132	3.266	3.164	2.088	2.447
<b>Total current liabilities</b>	<b>6.635</b>	<b>11.958</b>	<b>5.865</b>	<b>5.686</b>	<b>5.643</b>	<b>5.039</b>	<b>4.914</b>
<b>bond and sukuk ijarah</b>	<b>1.500</b>	<b>2.093</b>	<b>2.093</b>	<b>806</b>	<b>806</b>	<b>806</b>	<b>806</b>
other long term liabilities	937	1.061	1.616	1.891	2.039	2.019	2.150
<b>Total long term/ non current liabilities</b>	<b>2.437</b>	<b>3.145</b>	<b>3.712</b>	<b>2.697</b>	<b>2.836</b>	<b>2.816</b>	<b>2.947</b>
<b>Total Liabilities</b>	<b>9.072</b>	<b>15.103</b>	<b>9.578</b>	<b>8.383</b>	<b>8.479</b>	<b>7.855</b>	<b>7.861</b>
non controlling interest	0	0	0	0	0	0	0
<b>Total Equities</b>	<b>6.148</b>	<b>5.258</b>	<b>4.940</b>	<b>6.308</b>	<b>9.964</b>	<b>13.022</b>	<b>15.500</b>
<b>Total Liabilities &amp; Equity</b>	<b>15.221</b>	<b>20.361</b>	<b>14.518</b>	<b>14.691</b>	<b>18.443</b>	<b>20.877</b>	<b>23.361</b>

## Cash Flow yoy

Cash Flow (IDR. in bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
+ Net Income	132	(611)	(341)	1303	3675	3058	2478
+Depreciation	562	819	811	817	885	923	1121
- Change in WC	640	2847	(1135)	(71)	(1446)	(2457)	(1294)
<b>Cash From Operating Activities</b>	<b>1334</b>	<b>3055</b>	<b>(664)</b>	<b>2049</b>	<b>3114</b>	<b>1525</b>	<b>2305</b>
Fixed asset	(1199)	(1320)	(727)	(748)	(669)	(1139)	(1569)
other long term asset	(687)	(1349)	10	625	(1666)	55	(576)
<b>cash from investing activities</b>	<b>(1886)</b>	<b>(2669)</b>	<b>(718)</b>	<b>(123)</b>	<b>(2335)</b>	<b>(1084)</b>	<b>(2145)</b>
bond	0	593	0	(1287)	0	0	0
sukuk ijarah	0	0	0	0	0	0	0
other long term liabilities	25	115	568	271	140	(20)	131
Equity	(45)	(279)	22	65	(19)	0	0
<b>cash from financing activities</b>	<b>(21)</b>	<b>429</b>	<b>590</b>	<b>(950)</b>	<b>121</b>	<b>(20)</b>	<b>131</b>
Net Changes in Cash	(573)	815	(792)	975	900	420	291
<b>Beginning Balance</b>	<b>1357</b>	<b>785</b>	<b>1599</b>	<b>807</b>	<b>1782</b>	<b>2682</b>	<b>3103</b>
<b>Ending balance</b>	<b>785</b>	<b>1599</b>	<b>807</b>	<b>1782</b>	<b>2682</b>	<b>3103</b>	<b>3393</b>

## Ratio Highlights

Ratio Highlights	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
<b>Growth (%)</b>							
Revenues	19,52%	75,21%	-21,17%	-4,00%	44,42%	-1,00%	6,52%
OP	-81,57%	-156,38%	-386,31%	929,80%	162,73%	-15,10%	-15,75%
EBITDA	-19,84%	-21,01%	28,78%	148,66%	118,43%	-13,62%	-12,45%
Net profit	-73,67%	-562,06%	-44,28%	-482,50%	182,08%	-16,80%	-18,95%
EPS	-73,67%	-562,06%	-44,28%	-482,50%	182,08%	-16,80%	-18,95%
<b>Profitability (%)</b>							
Operating Margin	1,22%	-0,39%	1,43%	15,33%	27,89%	23,92%	18,92%
EBITDA margin	10,42%	4,70%	7,68%	19,88%	30,07%	26,24%	21,56%
NET Profit margin	1,20%	-3,17%	-2,24%	8,92%	17,42%	14,64%	11,14%
ROA	0,87%	-3,00%	-2,35%	8,87%	23,32%	17,20%	12,41%
ROE	2,15%	-11,63%	-6,89%	20,65%	36,88%	23,48%	15,99%
<b>Liquidity</b>							
Current Ratio (X)	1,36	1,03	1,12	1,31	1,25	1,77	2,05
Cash Ratio	0,12	0,13	0,14	0,31	0,48	0,62	0,69
<b>Solvability</b>							
Debt/ Total equity (x)	1,00	2,07	1,19	0,37	0,18	0,13	0,07
Int. Coverage (x)	0,56	-0,92	-0,44	5,07	27,69	25,85	30,15
Debt Ratio	0,60	0,74	0,66	0,57	0,46	0,38	0,34
<b>Per Share data (Rp)</b>							
<b>BVS</b>	826	706	663	847	1.338	1.748	2.081
<b>EPS</b>	17,76	-82,08	-45,73	174,92	493,43	410,54	332,75

**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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