

**HOLD**

30 November 2022  
Tins mining, Equity

Price IDR. 1275  
Target Price IDR. 1520  
JKSE Index 7,008.441

#### Investment Consideration

##### 9M22 profit up 87%

In 9M22, TINS posted a net profit of IDR 1,146 trillion which is up by 87% YoY compared to 9M21's IDR 611 billion. The increase is due to a higher tin price, but also lower operating costs and lower finance costs. Tin ore production in 9M22 was 14,502 tons, down by -19% compared to the same period last year when TINS produced 17,929 tons. Of the tin ore produced, 35% or 3,829 tons came from onshore mining, while the remaining 65% or 6,072 tons came from offshore mining. 9M22 tin metal production decreased by 26% to 14,1300 tons from 9M21's 19,120 tons. We revise our production target based on the 9M22 results due to lower demand caused by the current geopolitical tensions. 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.

##### Leverage decrease continues

Although TINS' net debt to equity in 9M22 has increased to 0.25X compared to 1H22's 0.16X due to an increase in short-term bank loans in 9M22, total Liabilities in 9M22 decreased by -27% to IDR. 6.1 trillion compared to IDR. 8.4 trillion in 2021A. We expect a continued downward trend of interest expenses in 2022F due to the lower liabilities.

##### Valuation: 19% upside

We revise our target price for TINS within one year of IDR. 1,520 / share or trading at 4,9x PER, With an 19% upside, our recommendation is HOLD.

	2018A	2019A	2020A	2021A	2022F	2023F	2024F
<b>Financial ratio highlights</b>							
Revenues growth (%)	20%	75%	-21%	-4%	-13%	41%	-2%
Net profit growth (%)	-74%	-562%	-44%	-483%	33%	33%	-2%
Operating Margin (%)	1%	0%	1%	15%	18%	17%	17%
NET Profit margin (%)	1%	-3%	-2%	9%	14%	13%	13%
Debt/ Total equity (x)	1.00	2.07	1.19	0.37	0.23	0.13	0.07
Debt Ratio (x)	0.60	0.74	0.66	0.57	0.42	0.39	0.30

Stock Code  
Bloomberg code TINS IJ  
Market cap (IDR.bn) 9570  
52-Week High (IDR) 2070  
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) 15600

Key Indicators 2023F  
DER (x) 0.13  
Debt ratio (x) 0.39

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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

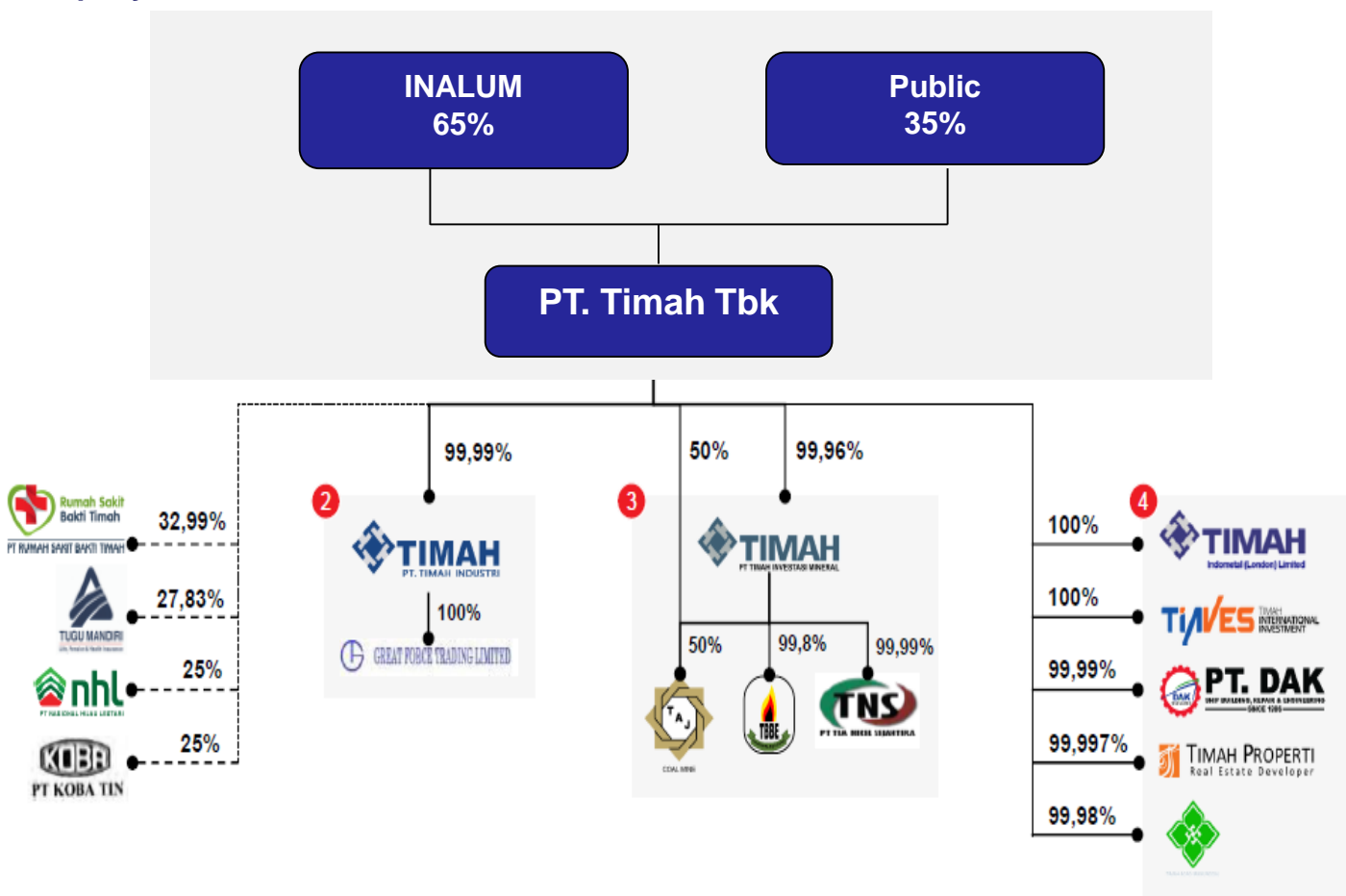


Chart: Tin metal production vs sales metal (Mtons) yoy

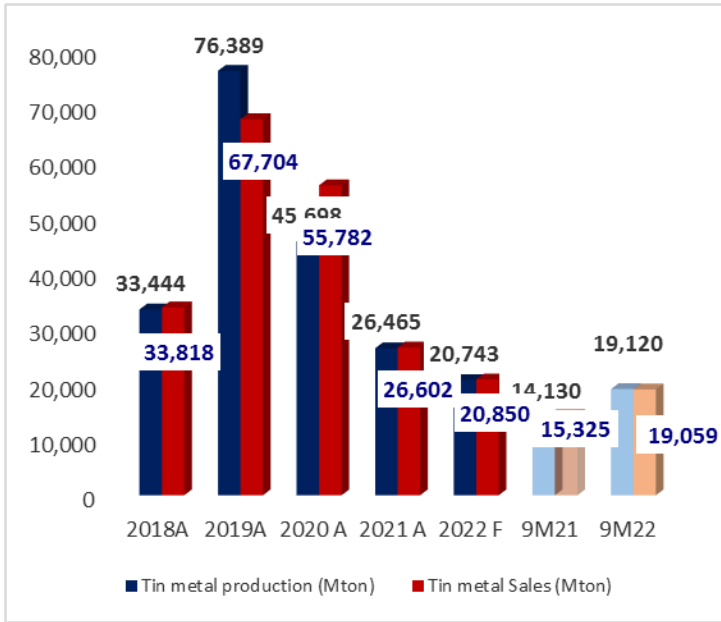


Chart: Tin offshorer and onshore production (tons) yoy

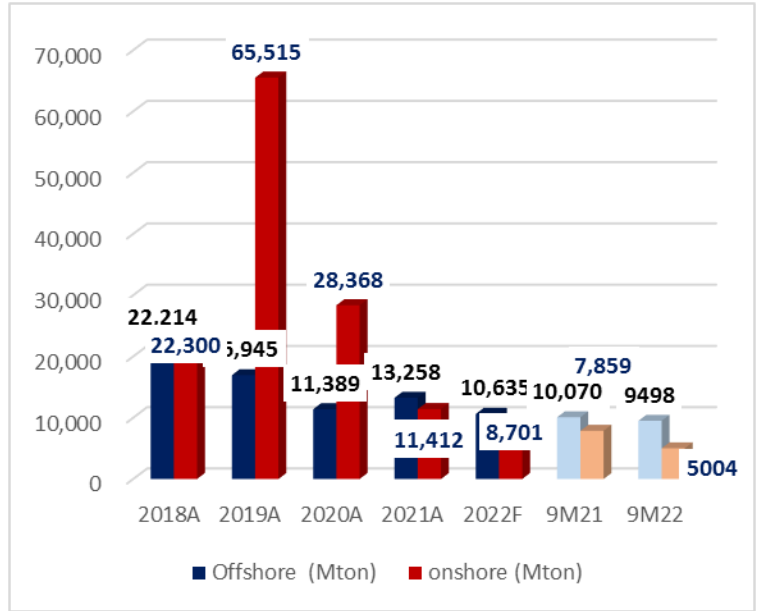


Chart: TINS Average selling price (ASP) yoy (USD/Mton)

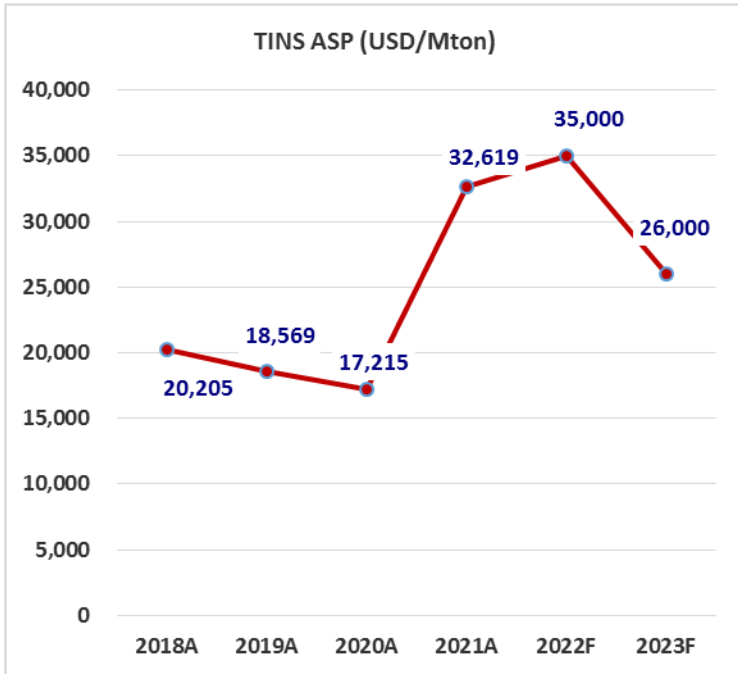
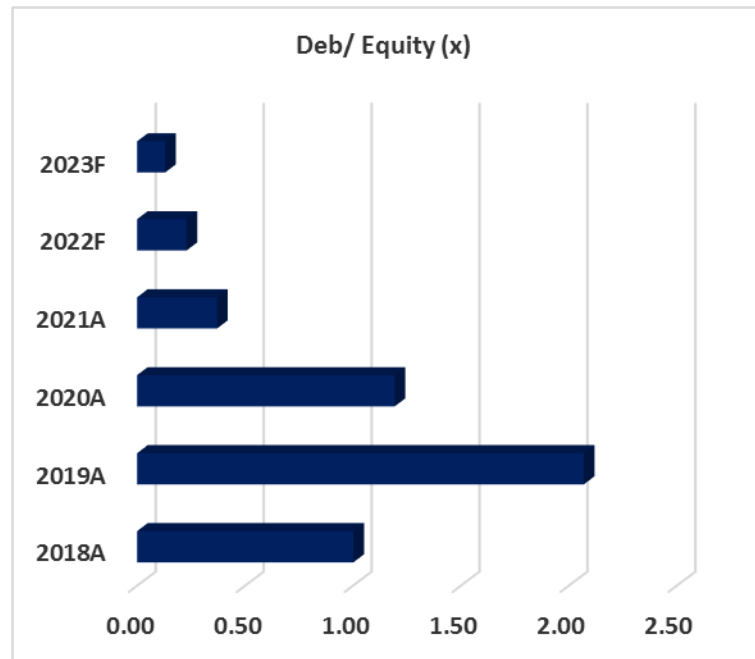


Chart: TINS Total Debt to Equity ratio yoy (x)



## Profit and Loss yoy

Profit and Loss (IDR. in bn)	2018A	2019A	2020A	2021F	2022F	2023F	2024F
Revenues	11,017	19,303	15,216	14,607	12,711	17,927	17,499
Cost of Revenues	(9,943)	(18,167)	(14,096)	(11,173)	(9,661)	(13,804)	(13,474)
<b>Gross Profit</b>	<b>1,074</b>	<b>1,136</b>	<b>1,120</b>	<b>3,434</b>	<b>3,051</b>	<b>4,123</b>	<b>4,025</b>
Operating Expenses	(939)	(1,212)	(902)	(1,195)	(763)	(1,076)	(1,050)
<b>Operating Income</b>	<b>135</b>	<b>(76)</b>	<b>217</b>	<b>2,239</b>	<b>2,288</b>	<b>3,048</b>	<b>2,975</b>
Other Income	64	(646)	(487)	(511)	(127)	(179)	(175)
<b>Profit Before Tax</b>	<b>199</b>	<b>(722)</b>	<b>(270)</b>	<b>1,729</b>	<b>2,161</b>	<b>2,868</b>	<b>2,800</b>
Tax Expense	(15)	114	(67)	(425)	(432)	(574)	(560)
Minority Interest	0.010	0.000	0.003	(0.048)	(0.242)	(0.341)	(0.332)
<b>Net Income</b>	<b>132</b>	<b>(611)</b>	<b>(341)</b>	<b>1,303</b>	<b>1,728</b>	<b>2,294</b>	<b>2,239</b>
EPS	18	(82)	(46)	175	232	308	301
<b>EBITDA</b>	<b>1,148</b>	<b>907</b>	<b>1,168</b>	<b>2,732</b>	<b>3,045</b>	<b>3,875</b>	<b>3,879</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	2,278	2,915	3,663
Trade Account Receivable	1,920	1,620	1,198	1,871	1,219	1,719	1,678
inventory	4,108	6,501	2,881	3,106	2,779	3,782	3,692
Other current asset	1,904	2,290	1,480	665	890	1,076	1,050
asset classified as held for sale	299	297	191	0	11	21	32
<b>Current Asset</b>	<b>9,017</b>	<b>12,307</b>	<b>6,557</b>	<b>7,424</b>	<b>7,176</b>	<b>9,512</b>	<b>10,114</b>
Fixed Asset	3,100	3,601	3,436	3,448	3,402	3,810	4,267
other long term asset	3,104	4,453	4,524	3,819	3,178	3,585	3,500
<b>Total non current Asset</b>	<b>6,204</b>	<b>8,054</b>	<b>7,960</b>	<b>7,267</b>	<b>6,580</b>	<b>7,395</b>	<b>7,767</b>
<b>Total Asset</b>	<b>15,221</b>	<b>20,361</b>	<b>14,518</b>	<b>14,691</b>	<b>13,755</b>	<b>16,908</b>	<b>17,881</b>
Trade Account Payable	1,322	1,969	885	886	1,080	1,621	1,486
Short Term bank loans	4,664	8,791	3,802	1,533	1,033	533	33
liabilities directly associated with assets classified for sale	137	85	47	0	(1)	(1)	(2)
Other short term liabilities	513	1,113	1,132	3,266	1,128	1,613	1,225
<b>Total current liabilities</b>	<b>6,635</b>	<b>11,958</b>	<b>5,865</b>	<b>5,686</b>	<b>3,240</b>	<b>3,767</b>	<b>2,743</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	1,052	1,619	1,891	1,692	2,023	1,781
<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>2,498</b>	<b>2,829</b>	<b>2,587</b>
<b>Total Liabilities</b>	<b>9,072</b>	<b>15,103</b>	<b>9,578</b>	<b>8,383</b>	<b>5,738</b>	<b>6,596</b>	<b>5,330</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>8,017</b>	<b>10,311</b>	<b>12,550</b>
<b>Total Liabilities &amp; Equity</b>	<b>15,221</b>	<b>20,361</b>	<b>14,518</b>	<b>14,691</b>	<b>13,755</b>	<b>16,908</b>	<b>17,881</b>

## Cash Flow yoy

Cash Flow (IDR. in bn)	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
+ Net Income	132	(611)	(341)	1,303	1,728	2,294	2,239
+Depreciation	562	819	811	817	749	907	1,016
- Change in WC	640	2,847	(1,135)	(71)	(1,702)	(1,173)	(877)
<b>Cash From Operating Activities</b>	<b>1,334</b>	<b>3,055</b>	<b>(664)</b>	<b>2,049</b>	<b>775</b>	<b>2,028</b>	<b>2,378</b>
capex	(1,199)	(1,320)	(646)	(829)	(703)	(1,315)	(1,473)
other long term asset	(687)	(1,349)	(71)	705	641	(408)	86
<b>cash from investing activities</b>	<b>(1,886)</b>	<b>(2,669)</b>	<b>(718)</b>	<b>(123)</b>	<b>(62)</b>	<b>(1,723)</b>	<b>(1,388)</b>
<b>bond &amp; suku ijarah</b>	<b>0</b>	<b>593</b>	<b>0</b>	<b>(1,287)</b>	<b>0</b>	<b>0</b>	<b>0</b>
other long term liabilities	25	115	568	271	(199)	332	(242)
Equity	(45)	(279)	22	65	(19)	0	0
<b>cash from financing activities</b>	<b>(1,886)</b>	<b>(2,669)</b>	<b>(718)</b>	<b>(123)</b>	<b>(62)</b>	<b>(1,723)</b>	<b>(1,388)</b>
Net Changes in Cash	(573)	815	(792)	975	495	637	748
<b>Beginning Balance</b>	<b>1,357</b>	<b>785</b>	<b>1,599</b>	<b>807</b>	<b>1,782</b>	<b>2,278</b>	<b>2,915</b>
<b>Ending balance</b>	<b>785</b>	<b>1,599</b>	<b>807</b>	<b>1,782</b>	<b>2,278</b>	<b>2,915</b>	<b>3,663</b>

## Ratio Highlights

Ratio Highlights	2018A	2019A	2020A	2021A	2022F	2023F	2024F
<b>Growth (%)</b>							
Revenues	19.52%	75.21%	-21.17%	-4.00%	-12.98%	41.03%	-2.39%
OP	-81.57%	-156.38%	-386.31%	929.80%	2.17%	33.20%	-2.39%
EBITDA	-19.84%	-21.01%	28.78%	133.88%	11.49%	27.24%	0.12%
Net profit	-73.67%	-562.06%	-44.28%	-482.50%	32.64%	32.74%	-2.39%
EPS	-73.67%	-562.06%	-44.28%	-482.50%	32.64%	32.74%	-2.39%
<b>Profitability (%)</b>							
Operating Margin	1.22%	-0.39%	1.43%	15.33%	18.00%	17.00%	17.00%
EBITDA margin	10.42%	4.70%	7.68%	18.70%	23.96%	21.62%	22.17%
NET Profit margin	1.20%	-3.17%	-2.24%	8.92%	13.59%	12.80%	12.80%
ROA	0.87%	-3.00%	-2.35%	8.87%	15.06%	16.39%	15.75%
ROE	2.15%	-11.63%	-6.89%	20.65%	21.55%	22.25%	17.84%
<b>Liquidity</b>							
Current Ratio (X)	1.36	1.03	1.12	1.31	1.51	1.75	2.35
Cash Ratio	0.12	0.13	0.14	0.31	0.70	0.77	1.34
<b>Solvability</b>							
Debt/ Total equity (x)	1.00	2.07	1.19	0.37	0.23	0.13	0.07
Int. Coverage (x)	0.56	-0.92	-0.44	10.29	16.36	29.82	46.44
Debt Ratio	0.60	0.74	0.66	0.57	0.42	0.39	0.30
<b>Per Share data (Rp)</b>							
<b>BVS</b>	<b>826</b>	<b>706</b>	<b>663</b>	<b>847</b>	<b>1,076</b>	<b>1,384</b>	<b>1,685</b>
<b>EPS</b>	<b>17.76</b>	<b>-82.08</b>	<b>-45.73</b>	<b>174.92</b>	<b>232.02</b>	<b>307.99</b>	<b>300.64</b>

**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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