

5 April 2022
Tins mining, Equity

Price IDR. 1925
Target Price IDR. 2460
JKSE Index 7,123.38

Investment Consideration

Production to increase

In 2021, TINS produced 24,670 tons of tin ore, down -38% yoy. 54% came from offshore, while 46% came from onshore mining. Tin metal production was 26,465 tons, down -42% yoy. TINS also recorded a tin metal sales decrease to 19,059 tons down -52% yoy. The average selling price increased significantly 89% YoY to USD/ton 32,619 compared to USD/tons 17,215 in 2020. The decline in tin ore production is caused by the Covid-19 pandemic and slower onshore tin mining. In 2022, TINS is targeting production of 35,000 tons or up 42% yoy, boosted by offshore with reduced onshore production as cost of mining offshore is cheaper than onshore. In line with the significantly higher tin selling price, we upgrade our tin price forecast for 2022 to an average USD 35,000/MT, while 2023's tin price is expected to be lower than the current price. Going forward, TINS has anticipated future volatility in tin prices by adopting lower-cost mining technologies such as Ausmelt which will start commissioning in April 2022 and production in 2H 2022. We expect revenue and profit this year to rise significantly on the back of the higher tin price and lower production costs.

Profit improves

TINS is on track to improve financial health and reduce interest expenses. In 2021, TINS' plan to de-leverage to reduce interest payments worked, with bank debt reduced to IDR 1,5 trillion compared to IDR 3,8 trillion in 2020. TINS' bond and ijarah non current portion as of 2021 amounted to IDR. 806 billion compared to IDR.2,093 trillion in 2020. TINS bottom line has improved to a net profit of IDR 1.3 trillion compared to the previous year's net loss of -IDR 341 billion. The improvement in the bottom line was caused by lower cost of raw materials (tin ore) down -59% yoy inline with significantly lower tin ore production in 2021. We estimate continued positive profit in 2022F due to lower production costs and a higher ASP.

Valuation: 28% upside

We upgrade our target price for TINS within one year of IDR. 2,460 / share or trading at 6x PER, With 28% upside, our recommendation is BUY. .

Profit and Loss (IDR. in bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Revenues	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)
Gross Profit	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)
Operating Income	135	(76)	217	2.239	5.883	4.995	4.209
Other Income	64	(646)	(487)	(511)	(633)	(627)	(667)
Profit Before Tax	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)
Net Income	132	(611)	(341)	1.303	3.675	3.058	2.478
EPS	18	(82)	(46)	175	493	411	333
EBITDA	1.148	907	1.168	2.904	6.344	5.479	4.797

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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TradingView

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, 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 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

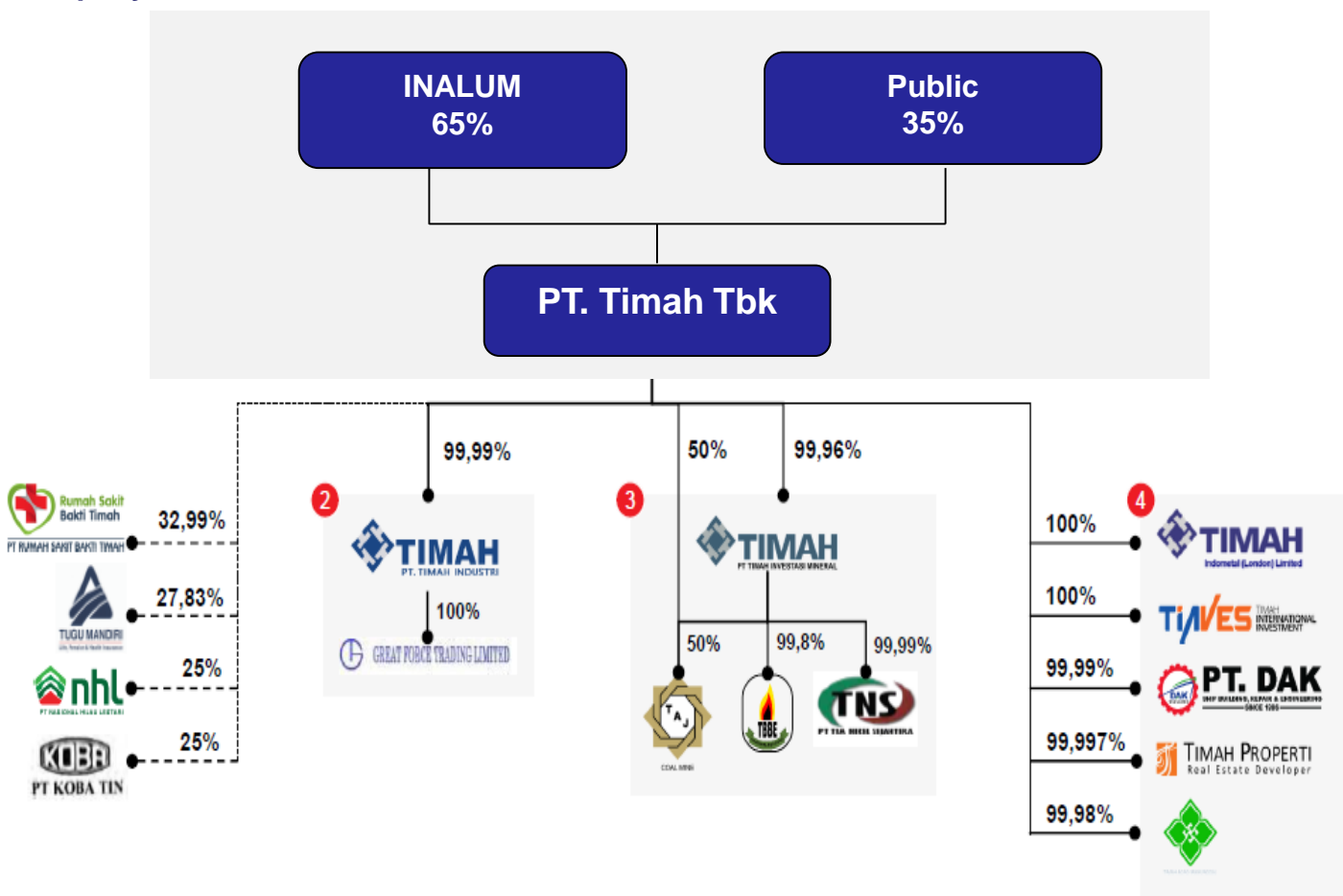


Chart: Tin metal production vs sales metal (Mtons) yoy

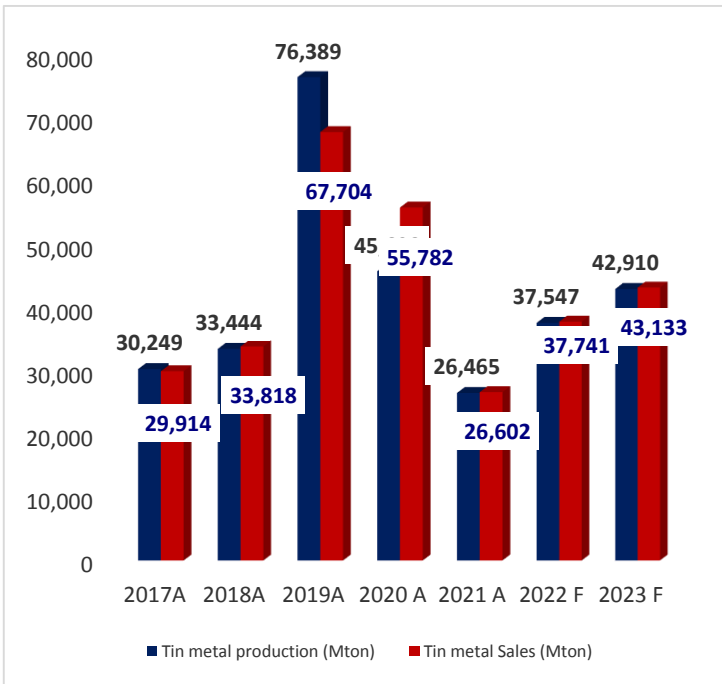


Chart: Tin offshorer and onshore production (tons) yoy

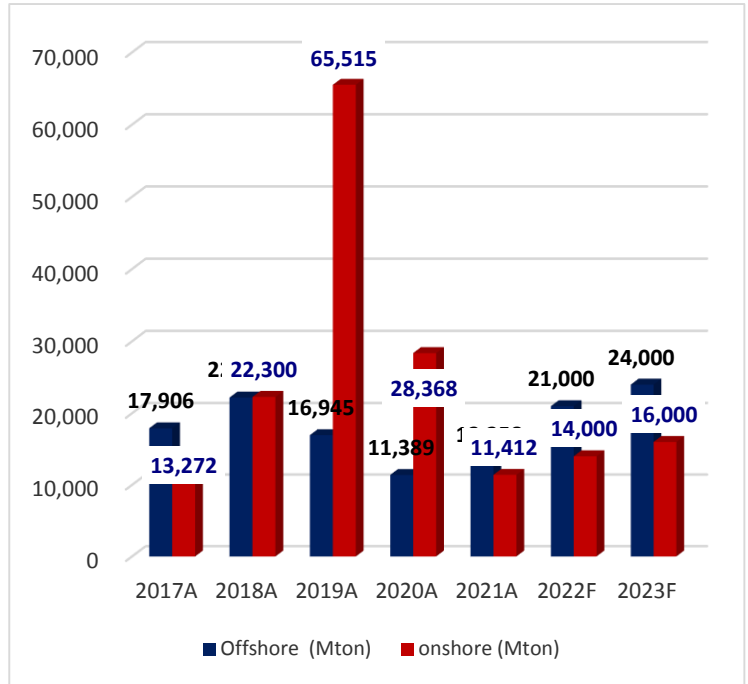


Chart: TINS Average selling price (ASP) yoy (USD/Mton)

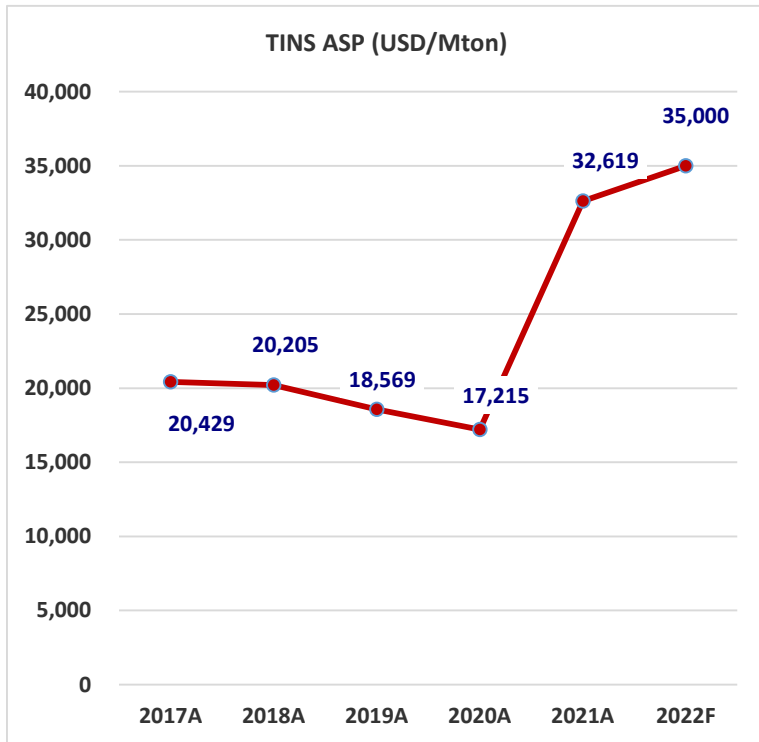
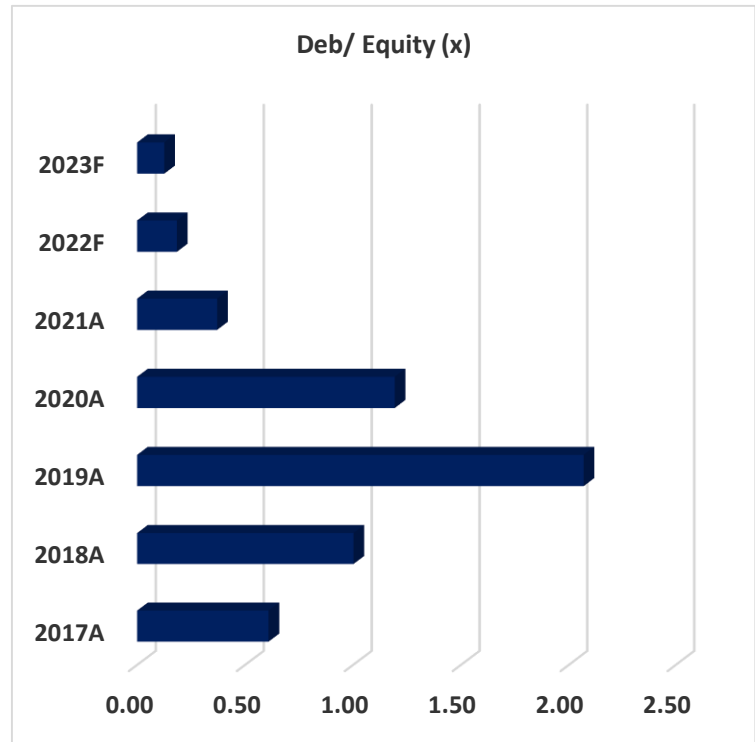


Chart: TINS Total Debt to Equity ratio yoy (x)



Profit and Loss yoy

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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
Current Asset	9.017	12.307	6.557	7.424	9.727	12.000	13.459
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
Total non current Asset	6.204	8.054	7.960	7.267	8.717	8.878	9.902
Total Asset	15.221	20.361	14.518	14.691	18.443	20.877	23.361
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
Total current liabilities	6.635	11.958	5.865	5.686	5.643	5.039	4.914
bond and sukuk ijarah	1.500	2.093	2.093	806	806	806	806
other long term liabilities	937	1.061	1.616	1.891	2.039	2.019	2.150
Total long term/ non current liabilities	2.437	3.145	3.712	2.697	2.836	2.816	2.947
Total Liabilities	9.072	15.103	9.578	8.383	8.479	7.855	7.861
non controlling interest	0	0	0	0	0	0	0
Total Equities	6.148	5.258	4.940	6.308	9.964	13.022	15.500
Total Liabilities & Equity	15.221	20.361	14.518	14.691	18.443	20.877	23.361

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)
Cash From Operating Activities	1334	3055	(664)	2049	3114	1525	2305
Fixed asset	(1199)	(1320)	(727)	(748)	(669)	(1139)	(1569)
other long term asset	(687)	(1349)	10	625	(1666)	55	(576)
cash from investing activities	(1886)	(2669)	(718)	(123)	(2335)	(1084)	(2145)
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
cash from financing activities	(21)	429	590	(950)	121	(20)	131
Net Changes in Cash	(573)	815	(792)	975	900	420	291
Beginning Balance	1357	785	1599	807	1782	2682	3103
Ending balance	785	1599	807	1782	2682	3103	3393

Ratio Highlights

Ratio Highlights	2018 A	2019 A	2020 A	2021 A	2022 F	2023 F	2024 F
Growth (%)							
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%
Profitability (%)							
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%
Liquidity							
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
Solvability							
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
Per Share data (Rp)							
BVS	826	706	663	847	1.338	1.748	2.081
EPS	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.

**RESEARCH TEAM
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