

8 September 2022  
Tins mining, Equity

Price IDR. 1,505  
Target Price IDR. 2,110  
JKSE Index 7,261.205



**BUY**

### Investment Consideration

#### 1H22 profit up significantly

In 1H22, TINS posted a net profit of IDR 1,08 trillion or up by 301% yoy compared to 1H21's IDR 270 billion. The increase is due to a higher tin price, but also lower operating costs. Tin ore production in 1H22 was 9,901 tons or down -14% compared to the same period last year when production was 11,457 tons. Of this, 39% or 3,829 tons came from onshore mining, while the remaining 61% or 6,072 tons came from offshore mining. 1H22 tin metal production fell by -26% to 8,805 tons from 1H21's 11,915 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 improve profit margins. We maintain our 2022 tin production, revenue & profit targets.

#### Leverage decrease continues

TINS continues to reduce debt and therefore interest expenses. TINS' net debt to equity in 1H22 has reduced to 0.16X compared to 1H21's 0.20X. Total Liabilities in 1H22 decreased -13% to IDR. 7.3 trillion compared to IDR. 8.4 trillion in 2021A. Bank loans and bonds payable in 1H22 decreased to IDR. 3,6 trillion from previously IDR. 5,1 trillion. We expect a continued downtrend of interest expenses in 2022F due to the lower leverage.

#### Valuation: 40% upside

We forecast a target price for TINS within one year of IDR. 2,110 / share or trading at 5,7x PER, With 40% upside, our recommendation is maintained as BUY.

Stock Code  
Bloomberg code TINS IJ  
Market cap (IDR.bn) 11430  
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) 14900

Key Indicators 2023F  
DER (x) 0.11  
Debt ratio (x) 0.39

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Financial ratio highlights	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Revenues growth (%)	20%	75%	-21%	-4%	45%	1%	7%
Net profit growth (%)	-74%	-562%	-44%	-483%	121%	-5%	7%
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	0.20	0.11	0.06
Debt Ratio (x)	0.60	0.74	0.66	0.57	0.46	0.39	0.34

## 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

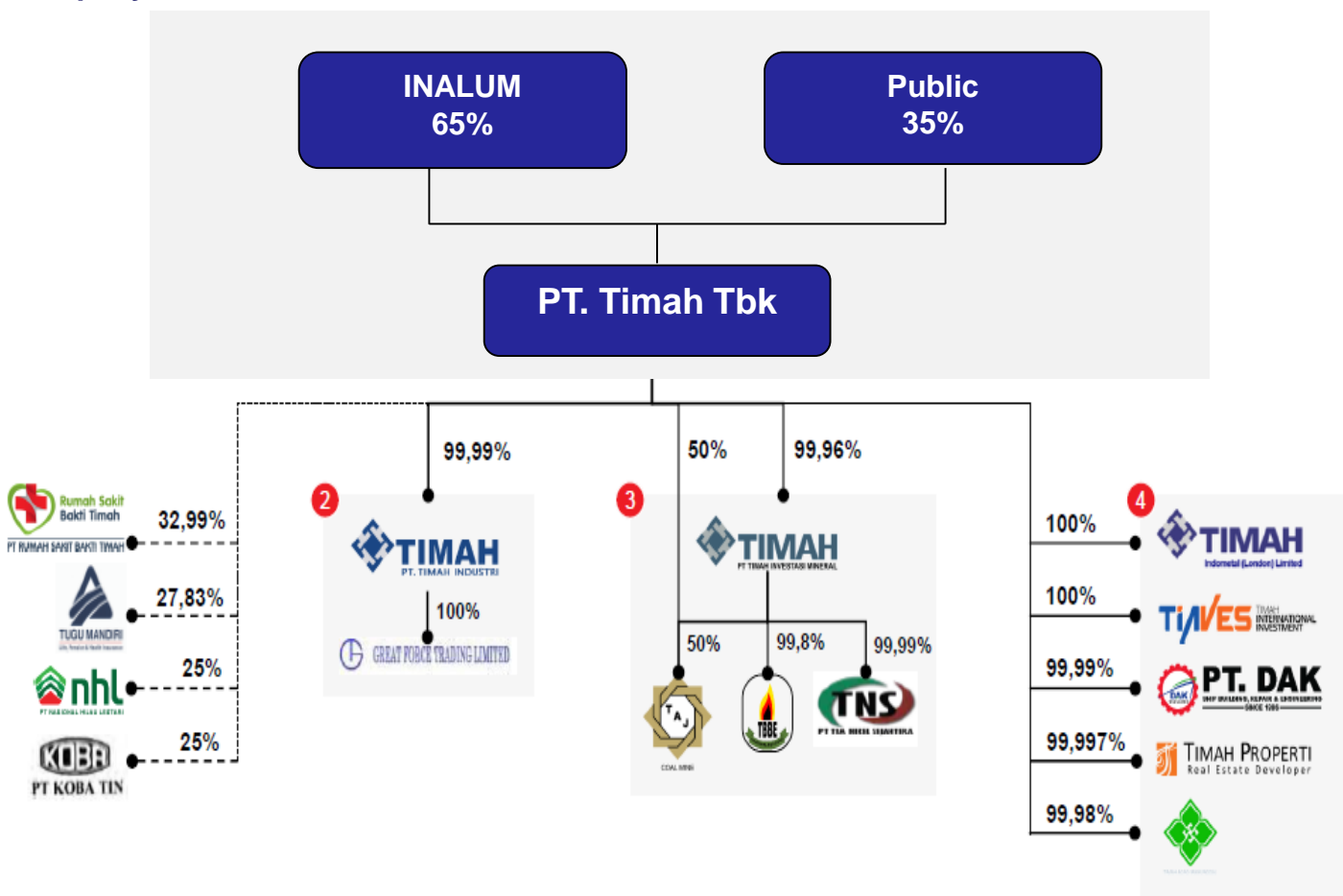


Chart: Tin metal production vs sales metal (Mtons) yoy

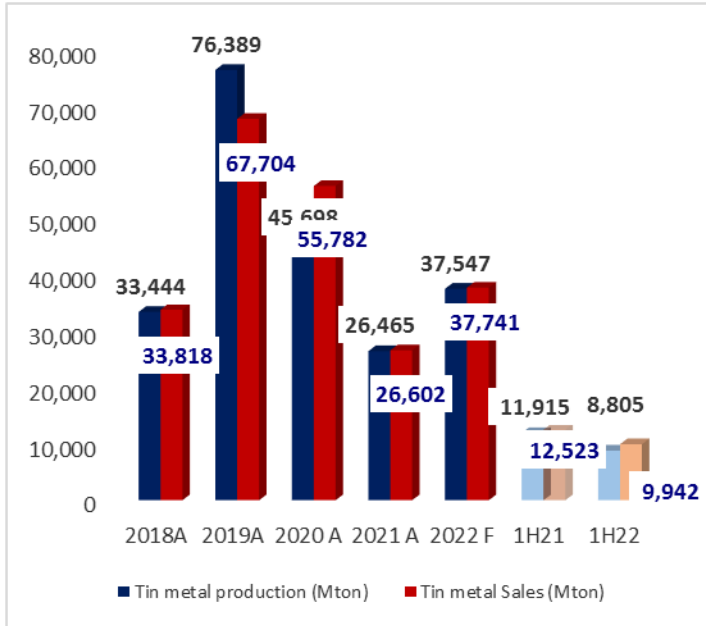


Chart: Tin offshorer and onshore production (tons) yoy

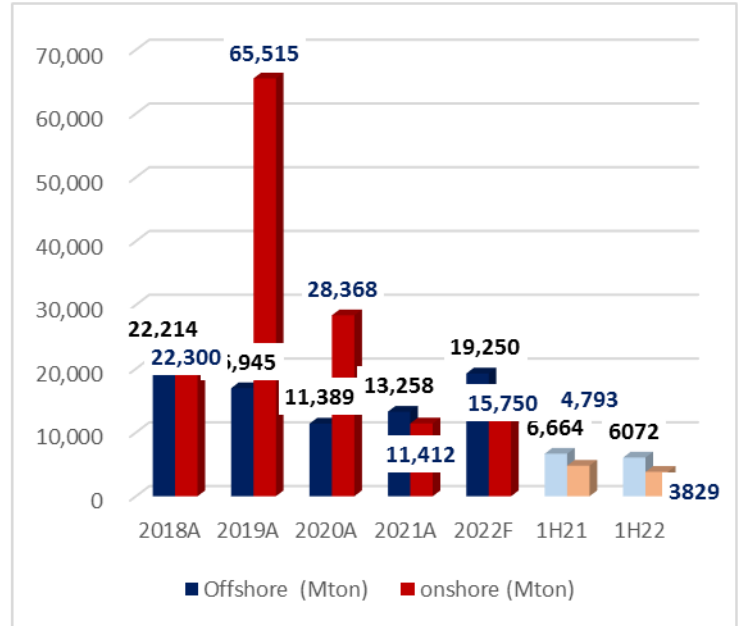


Chart: TINS Average selling price (ASP) yoy (USD/Mton)

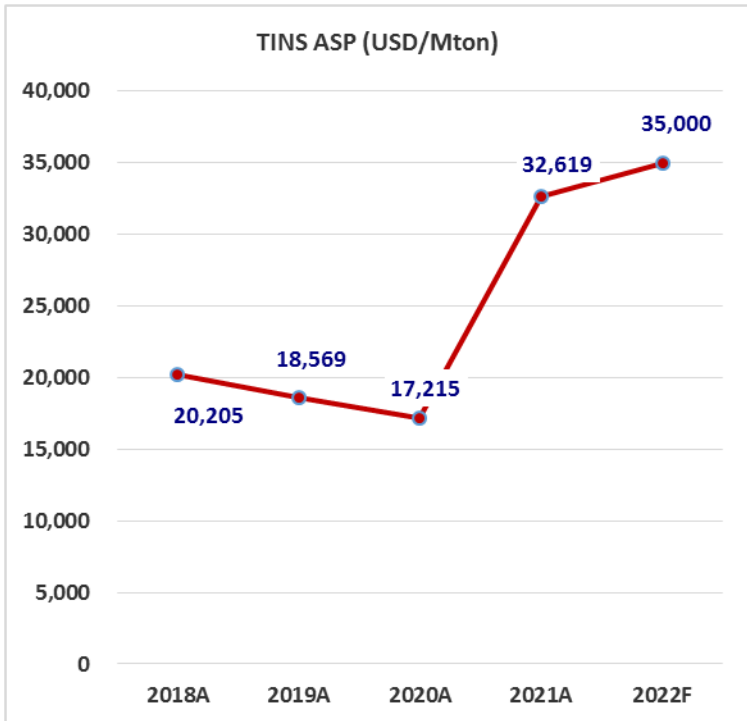
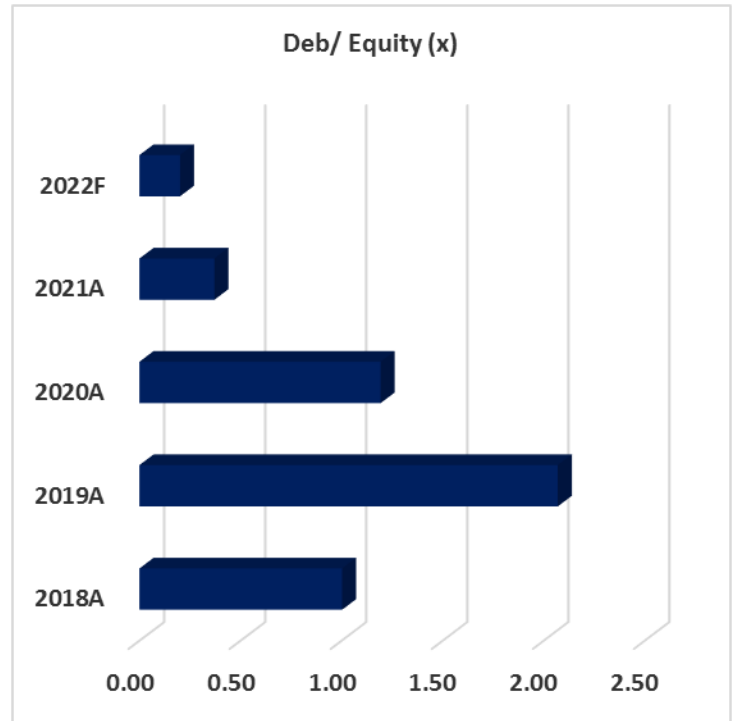


Chart: TINS Total Debt to Equity ratio yoy (x)



## Profit and Loss yoy

Profit and Loss (IDR. in bn)	2018A	2019A	2020A	2021F	2022F	2023F	2024F
<b>Revenues</b>	<b>11,017</b>	<b>19,303</b>	<b>15,216</b>	<b>14,607</b>	<b>21,202</b>	<b>21,514</b>	<b>22,933</b>
Cost of Revenues	(9,943)	(18,167)	(14,096)	(11,173)	(16,114)	(16,565)	(17,658)
<b>Gross Profit</b>	<b>1,074</b>	<b>1,136</b>	<b>1,120</b>	<b>3,434</b>	<b>5,089</b>	<b>4,948</b>	<b>5,274</b>
Operating Expenses	(939)	(1,212)	(902)	(1,195)	(1,272)	(1,291)	(1,376)
<b>Operating Income</b>	<b>135</b>	<b>(76)</b>	<b>217</b>	<b>2,239</b>	<b>3,816</b>	<b>3,657</b>	<b>3,899</b>
Other Income	64	(646)	(487)	(511)	(212)	(215)	(229)
<b>Profit Before Tax</b>	<b>199</b>	<b>(722)</b>	<b>(270)</b>	<b>1,729</b>	<b>3,604</b>	<b>3,442</b>	<b>3,669</b>
Tax Expense	(15)	114	(67)	(425)	(721)	(688)	(734)
Minority Interest	0.010	0.000	0.003	(0.048)	(0.403)	(0.409)	(0.436)
<b>Net Income</b>	<b>132</b>	<b>(611)</b>	<b>(341)</b>	<b>1,303</b>	<b>2,883</b>	<b>2,753</b>	<b>2,934</b>
<b>EPS</b>	<b>18</b>	<b>(82)</b>	<b>(46)</b>	<b>175</b>	<b>387</b>	<b>370</b>	<b>394</b>
<b>EBITDA</b>	<b>1,148</b>	<b>907</b>	<b>1,168</b>	<b>2,732</b>	<b>4,625</b>	<b>4,542</b>	<b>4,863</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	3,497	4,835	6,009
Trade Account Receivable	1,920	1,620	1,198	1,871	1,743	1,945	2,073
inventory	4,108	6,501	2,881	3,106	3,223	3,358	3,628
Other current asset	1,904	2,290	1,480	665	1,060	1,076	1,147
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>9,533</b>	<b>11,235</b>	<b>12,889</b>
Fixed Asset	3,100	3,601	3,436	3,448	3,463	3,913	4,422
other long term asset	3,104	4,453	4,524	3,819	4,028	4,303	5,045
<b>Total non current Asset</b>	<b>6,204</b>	<b>8,054</b>	<b>7,960</b>	<b>7,267</b>	<b>7,492</b>	<b>8,216</b>	<b>9,467</b>
<b>Total Asset</b>	<b>15,221</b>	<b>20,361</b>	<b>14,518</b>	<b>14,691</b>	<b>17,024</b>	<b>19,451</b>	<b>22,356</b>
Trade Account Payable	1,322	1,969	885	886	2,091	2,181	2,388
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	1,881	1,936	2,064
<b>Total current liabilities</b>	<b>6,635</b>	<b>11,958</b>	<b>5,865</b>	<b>5,686</b>	<b>5,005</b>	<b>4,649</b>	<b>4,483</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	2,041	2,071	2,207
<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>2,847</b>	<b>2,877</b>	<b>3,013</b>
<b>Total Liabilities</b>	<b>9,072</b>	<b>15,103</b>	<b>9,578</b>	<b>8,383</b>	<b>7,852</b>	<b>7,526</b>	<b>7,497</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>9,172</b>	<b>11,925</b>	<b>14,859</b>
<b>Total Liabilities &amp; Equity</b>	<b>15,221</b>	<b>20,361</b>	<b>14,518</b>	<b>14,691</b>	<b>17,024</b>	<b>19,451</b>	<b>22,356</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	2,883	2,753	2,934
+Depreciation	562	819	811	817	885	1,000	1,131
- Change in WC	640	2,847	(1,135)	(71)	(1,075)	(720)	(646)
<b>Cash From Operating Activities</b>	<b>1,334</b>	<b>3,055</b>	<b>(664)</b>	<b>2,049</b>	<b>2,693</b>	<b>3,033</b>	<b>3,419</b>
capex	(1,199)	(1,320)	(646)	(829)	(900)	(1,451)	(1,639)
other long term asset	(687)	(1,349)	(71)	705	(210)	(274)	(742)
<b>cash from investing activities</b>	<b>(1,886)</b>	<b>(2,669)</b>	<b>(718)</b>	<b>(123)</b>	<b>(1,110)</b>	<b>(1,725)</b>	<b>(2,382)</b>
bond & suku ijarah	0	593	0	(1,287)	0	0	0
other long term liabilities	25	115	568	271	150	30	137
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>(1,110)</b>	<b>(1,725)</b>	<b>(2,382)</b>
Net Changes in Cash	(573)	815	(792)	975	1,714	1,338	1,174
<b>Beginning Balance</b>	<b>1,357</b>	<b>785</b>	<b>1,599</b>	<b>807</b>	<b>1,782</b>	<b>3,497</b>	<b>4,835</b>
<b>Ending balance</b>	<b>785</b>	<b>1,599</b>	<b>807</b>	<b>1,782</b>	<b>3,497</b>	<b>4,835</b>	<b>6,009</b>

## Ratio Highlights

Ratio Highlights	2018A	2019A	2020A	2021A	2022F	2023F	2024F
<b>Growth (%)</b>							
Revenues	19.52%	75.21%	-21.17%	-4.00%	45.15%	1.47%	6.60%
OP	-81.57%	-156.38%	-386.31%	929.80%	70.43%	-4.17%	6.60%
EBITDA	-19.84%	-21.01%	28.78%	133.88%	69.32%	-1.80%	7.07%
Net profit	-73.67%	-562.06%	-44.28%	-482.50%	121.27%	-4.50%	6.60%
EPS	-73.67%	-562.06%	-44.28%	-482.50%	121.27%	-4.50%	6.60%
<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%	21.81%	21.11%	21.21%
NET Profit margin	1.20%	-3.17%	-2.24%	8.92%	13.60%	12.80%	12.80%
ROA	0.87%	-3.00%	-2.35%	8.87%	20.26%	17.97%	17.21%
ROE	2.15%	-11.63%	-6.89%	20.65%	31.43%	23.08%	19.75%
<b>Liquidity</b>							
Current Ratio (X)	1.36	1.03	1.12	1.31	1.35	1.53	1.69
Cash Ratio	0.12	0.13	0.14	0.31	0.70	1.04	1.34
<b>Solvability</b>							
Debt/ Total equity (x)	1.00	2.07	1.19	0.37	0.20	0.11	0.06
Int. Coverage (x)	0.56	-0.92	-0.44	10.29	27.28	35.78	60.86
Debt Ratio	0.60	0.74	0.66	0.57	0.46	0.39	0.34
<b>Per Share data (Rp)</b>							
BVS	826	706	663	847	1,232	1,601	1,995
EPS	17.76	-82.08	-45.73	174.92	387.05	369.62	394.01

**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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