

BUY

(Maintain)

Last Price (Rp)	985		
Target Price (Rp)	1,400		
Previous Target Price (Rp)	▼ 2,100		
Upside/Downside	+42.1%		
No. of Shares (mn)	7,448		
Mkt Cap (Rpbn/US\$m)	7,336/454		
Avg, Daily T/O (Rpbn/US\$m)	24.2/1.5		
Free Float (%)	28.9		
Major Shareholder (%)	Inalum 65.0		
EPS Consensus (Rp)	2024F	2025F	2026F
BRIDS	111.6	123.5	169.2
Consensus	16.9	36.6	n.a
BRIDS/Cons (%)	560.6	237.4	237.4

TINS relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Hasan Barakwan

(62-21) 5091 4100 ext. 3530

hasan.barakwan@brids.co.id

Timah (TINS)

Expect a major turnaround in FY24F from improving tin mining practices

- TINS sets an optimistic FY24 production target of 30k tons (+100% yoy) of tin metal; we forecast a more conservative 26k tons (+69.5% yoy).
- We expect TINS to benefit from the current intensifying oversight of tin mining activities in Pangkal Pinang and Bangka Belitung.
- We reiterate our Buy recommendation with a lower TP of Rp1,400 as we apply lower LT tin price at US\$25k/t (Prev: US\$30k/t).

Expect production and sales volume to jump in FY24F

TINS aims to produce 30k tons of tin metal in FY24, representing an ambitious a +100% yoy vs. 15,340 metric tons of tin metal produced in FY23. The company's commitment to enhancing production and improving performance is evident in its large Rp700bn capex budget for this year, of which 70% will be allocated to rejuvenating mining equipment. Although we believe there will be a gradual improvement in TINS' production, the 1Q24 production may still be relatively low given delays in RKAB approval. For 1Q24, we forecast production is still below 6k tons before being ramped up in the following quarters. Thus, we forecast a more conservative FY24F production of 26k tons.

Improvements in the tin mining industry will benefit TINS financially

The Indonesian govt has intensified its oversight of tin mining activities in Pangkal Pinang and Bangka Belitung. This move is expected to enhance mining practices, making it more feasible for TINS to acquire tin ore from local mining partners at better prices. Additionally, the stricter control over mining has impacted the supply of tin, contributing to the increase in the LME tin price since early FY24 and is now stabilizing at over US\$30k/t. Given these conditions, we expect TINS to book earnings improvement, with FY24F net profit projected to reach Rp831bn, a significant recovery from FY23 net loss of Rp450bn. Our FY24F earnings est. is based on the following assumptions: ASP of US\$27k/t, sales volume of 26kt and cash cost of US\$22.9k/t.

Reiterate Buy with a lower DCF-based TP of Rp1,400

While we acknowledge the significant risk to TINS' financials posed by the resurgence of illegal mining practices, we also observe a more rigorous crackdown on such activities. We anticipate that these efforts will have a lasting impact on improving tin mining practices in Indonesia. As a result, we reiterate our Buy rating on TINS, with a lower DCF based target price of Rp1,400 as we apply lower LT price at US\$25k/t (Prev: US\$30k/t) to anticipate potential more supply influx in the future.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	12,504	8,392	11,831	12,640	14,915
EBITDA (Rpbn)	681	257	1,014	1,089	1,419
EBITDA Growth (%)	(76.5)	(62.2)	294.7	7.4	30.3
Net Profit (Rpbn)	1,041	(450)	831	920	1,260
EPS (Rp)	139.8	(60.4)	111.6	123.5	169.2
EPS Growth (%)	(20.1)	(143.2)	(284.9)	10.6	37.0
BVPS (Rp)	945.5	838.1	970.6	1,038.3	1,145.7
PER (x)	7.0	n/m	8.8	8.0	5.8
PBV (x)	1.0	1.2	1.0	0.9	0.9
EV/EBITDA	12.9	32.4	8.0	7.1	5.1

Source: TINS, BRIDS Estimates

Exhibit 1. TINS earnings 2024F sensitivity analysis

		Sales Volume (in tons)								
		22,000	23,000	24,000	25,000	26,000	27,000	28,000	29,000	30,000
ASP (in US\$/t)	31,000	785	857	928	1,000	1,071	1,142	1,214	1,285	1,356
	30,000	735	804	873	942	1,011	1,080	1,149	1,218	1,287
	29,000	684	751	818	884	951	1,018	1,085	1,151	1,218
	28,000	633	698	762	827	891	956	1,020	1,085	1,149
	27,000	583	645	707	769	831	894	956	1,018	1,080
	26,000	532	592	652	712	772	831	891	951	1,011
	25,000	481	539	597	654	712	769	827	884	942
	24,000	431	486	541	597	652	707	762	818	873
	23,000	380	433	486	539	592	645	698	751	804

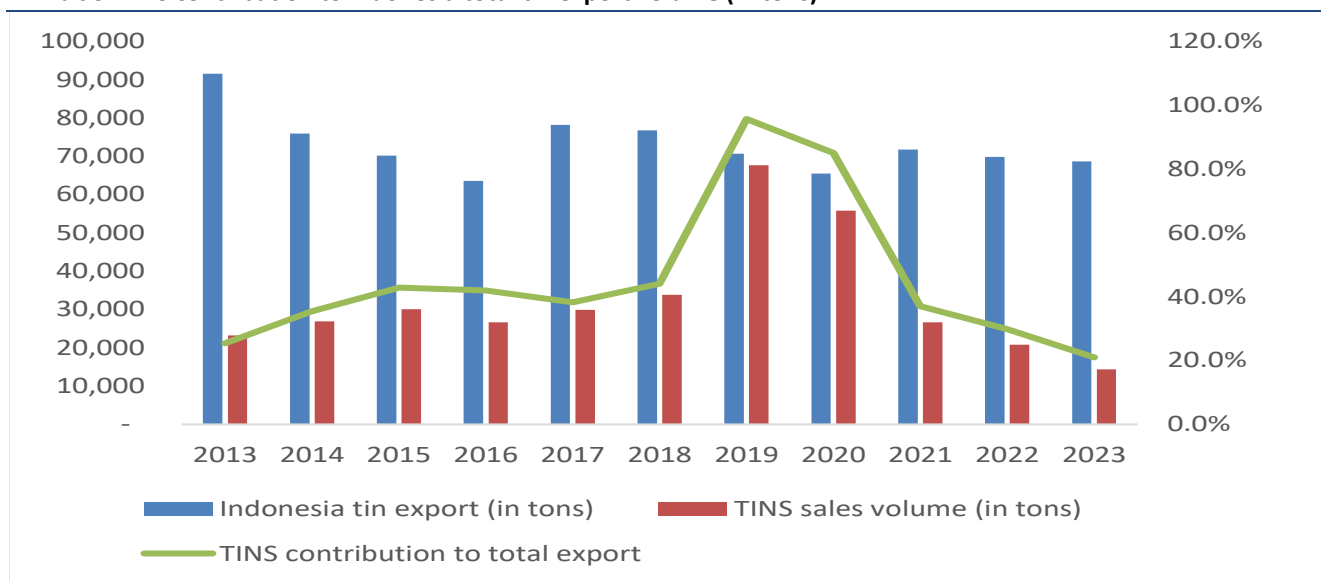
Source: Company BRIDS Estimates

Exhibit 2. TINS PE 2024F sensitivity analysis

		Sales Volume (in tons)								
		22,000	23,000	24,000	25,000	26,000	27,000	28,000	29,000	30,000
ASP (in US\$/t)	31,000	9.3	8.6	7.9	7.3	6.9	6.4	6.0	5.7	5.4
	30,000	10.0	9.1	8.4	7.8	7.3	6.8	6.4	6.0	5.7
	29,000	10.7	9.8	9.0	8.3	7.7	7.2	6.8	6.4	6.0
	28,000	11.6	10.5	9.6	8.9	8.2	7.7	7.2	6.8	6.4
	27,000	12.6	11.4	10.4	9.5	8.8	8.2	7.7	7.2	6.8
	26,000	13.8	12.4	11.3	10.3	9.5	8.8	8.2	7.7	7.3
	25,000	15.2	13.6	12.3	11.2	10.3	9.5	8.9	8.3	7.8
	24,000	17.0	15.1	13.6	12.3	11.3	10.4	9.6	9.0	8.4
	23,000	19.3	16.9	15.1	13.6	12.4	11.4	10.5	9.8	9.1

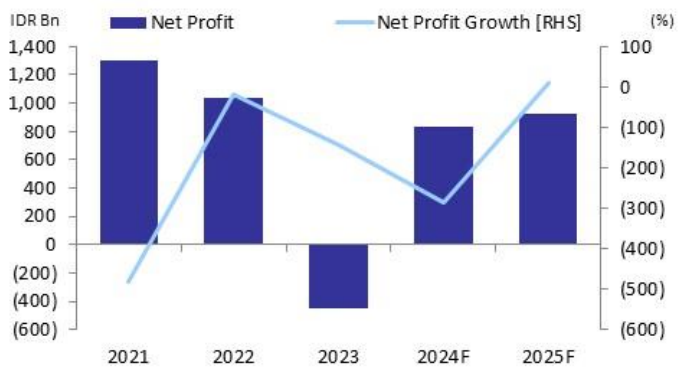
Source: Company BRIDS Estimates

Exhibit 3. TINS contribution to Indonesia total tin export volume (in tons)



Source: Company, Bloomberg

Exhibit 4. Net profit and Growth



Source: Company, BRIDS Estimates

Exhibit 5. Valuation Summary

FCF	=	11,161.5
Terminal Value	=	0.0
Enterprise value	=	11,161.5
Net debt	=	751.1
Value of equity	=	10,410.4
No of shares (billion)	=	7.4
Price per share	=	1,397.8
Rounded (TP)	=	1,400.0

Source: Company, BRIDS Estimates

Exhibit 6. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	12,504	8,392	11,831	12,640	14,915
COGS	(9,978)	(7,926)	(9,601)	(10,258)	(12,051)
Gross profit	2,526	466	2,230	2,383	2,864
EBITDA	681	257	1,014	1,089	1,419
Oper. profit	1,403	(526)	1,014	1,089	1,419
Interest income	22	21	31	43	52
Interest expense	(207)	(205)	(219)	(219)	(219)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	11	28	0	0	0
Other Income (Expenses)	178	235	0	0	0
Pre-tax profit	1,407	(447)	826	914	1,252
Income tax	(365)	(3)	5	6	8
Minority interest	0	0	0	0	0
Net profit	1,041	(450)	831	920	1,260
Core Net Profit	998	(451)	831	920	1,260

Exhibit 7. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,209	1,527	2,169	2,577	3,056
Receivables	1,007	870	1,226	1,255	1,481
Inventory	2,910	2,523	2,971	3,204	3,753
Other Curr. Asset	508	600	862	922	1,066
Fixed assets - Net	3,513	3,161	3,177	3,134	3,067
Other non-curr.asset	3,919	4,173	2,999	3,109	3,290
Total asset	13,067	12,853	13,404	14,201	15,713
ST Debt	374	1,259	2,500	2,500	2,500
Payables	764	865	1,578	1,686	1,981
Other Curr. Liabilities	1,410	1,858	378	397	476
Long Term Debt	2,245	1,269	420	420	420
Other LT. Liabilities	1,233	1,360	1,298	1,465	1,802
Total Liabilities	6,025	6,611	6,174	6,468	7,180
Shareholder's Funds	7,042	6,242	7,229	7,733	8,533
Minority interests	0	0	0	0	0
Total Equity & Liabilities	13,067	12,853	13,404	14,201	15,713

Exhibit 8. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,041	(450)	831	920	1,260
Depreciation and Amort.	(734)	778	824	850	873
Change in Working Capital	245	241	(597)	(207)	(586)
Other Oper. Cash Flow	1,029	1,173	(314)	144	134
Operating Cash Flow	1,581	1,742	745	1,707	1,681
Capex	(823)	(648)	(800)	(800)	(800)
Others Inv. Cash Flow	(319)	(169)	299	136	276
Investing Cash Flow	(1,142)	(816)	(501)	(664)	(524)
Net change in debt	(350)	(91)	393	0	0
New Capital	0	0	0	0	0
Other Fin. Cash Flow	(207)	(205)	(219)	(219)	(219)
Financing Cash Flow	(1,013)	(609)	399	(634)	(679)
Net Change in Cash	(573)	317	642	408	479
Cash - begin of the year	1,782	1,209	1,527	2,169	2,577
Cash - end of the year	1,209	1,527	2,169	2,577	3,056

Exhibit 9. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2024F	2026F
Growth (%)					
Sales	(14.4)	(32.9)	41.0	6.8	18.0
EBITDA	(76.5)	(62.2)	294.7	7.4	30.3
Operating profit	(37.3)	(137.5)	(292.8)	7.4	30.3
Net profit	(20.1)	(143.2)	(284.9)	10.6	37.0
Profitability (%)					
Gross margin	20.2	5.6	18.9	18.9	19.2
EBITDA margin	5.4	3.1	8.6	8.6	9.5
Operating margin	11.2	(6.3)	8.6	8.6	9.5
Net margin	8.3	(5.4)	7.0	7.3	8.4
ROAA	7.5	(3.5)	6.3	6.7	8.4
ROAE	15.6	(6.8)	12.3	12.3	15.5
Leverage					
Net Gearing (x)	0.2	0.2	0.1	0.0	0.0
Interest Coverage (x)	6.8	(2.6)	4.6	5.0	6.5

Source : TINS, BRIDS Estimates

BRI Danareksa Equity Research Team

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	erindra.krisnawan@brids.co.id
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	natalia.sutanto@brids.co.id
Niko Margaronis	Telco, Tower, Technology, Media	niko.margaronis@brids.co.id
Hasan Barakwan	Metal, Oil and Gas	hasan.barakwan@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	ismail.suweleh@brids.co.id
Richard Jerry, CFA	Automotive, Cement	richard.jerry@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Christian Immanuel Sitorus	Research Associate	christian.sitorus@brids.co.id

BRI Danareksa Economic Research Team

Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team

Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrlich Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Yunita Nababan	Institutional Sales Associate	yunita@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Christy Halim	Institutional Sales Associate	christy.halim@brids.co.id
Jason Joseph	Institutional Sales Associate	jason.joseph@brids.co.id

BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.