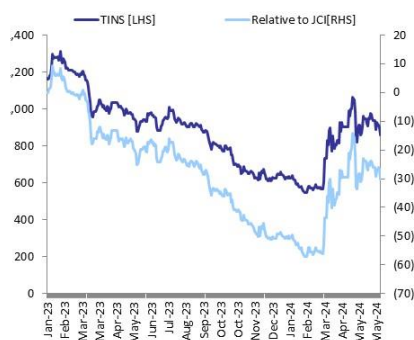


# Buy

(Maintained)

Last Price (Rp)	860
Target Price (Rp)	1,400
Previous Target Price (Rp)	1,400
Upside/Downside	+62.8%
No. of Shares (mn)	7,448
Mkt Cap (Rpbn/US\$mn)	6,405/395
Avg, Daily T/O (Rpbn/US\$mn)	35.6/2.2
Free Float (%)	28.9
Major Shareholder (%)	
Inalum	65.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	116.2 128.8 136.7
Consensus	39.3 73.2 59.8
BRIDS/Cons (%)	195.7 76.0 128.6

## TINS relative to JCI Index



Source: Bloomberg

# Timah (TINS IJ)

## Expect a positive 2Q24 outlook fueled by strong LME tin prices

- The LME tin price is up +24% QTD to an average US\$32.4k/t due to supply constraints from China, Myanmar, and Indonesia.
- We expect TINS' 2Q24 earnings to improve considerably, driven by higher ASP and continued robust cash cost management.
- We resume our coverage with a Buy rating and an unchanged TP of Rp1,400. Key risks are lower tin prices, sales, and higher cash costs.

### Supply constraints worsened in Apr24

The LME tin price has strengthened noticeably to an average of US\$32,400/ton, up +24% QTD (vs. the 1Q avg. of US\$26,250/ton) on the back of: 1) a comprehensive environmental inspection in Yunnan (China) where the resumption timeline is still unclear; 2) delayed tin export quotes from Indonesia; and 3) uncertainties on the resumption of Myanmar's tin mine in Wa state, where its inventories are thought to be critically low post the production halt in Aug23. Consequently, overseas supply ran thin with China's Jan-Apr24 imports down by -4.7% yoy to 70.6Mt with a sharp drop in Apr24 of -55% mom to 10.2Mt.

### Better 2Q24 earnings on the horizon

We remain conservative on TINS' production/sales volume as the Apr-May24 output may lag due to lower productivity due to longer holidays. Thus, we estimate TINS' 2Q24 output at c.5kt (vs. 4.5kt in 1Q24). However, we expect revenue and earnings to improve with an expanding cash margin (at c.US\$10-11k/t), hence overturning the weak 1Q24 revenue/ net profit (of only Rp2tn/30bn, reaching only 17%/3.5% of consensus FY24F).

### On the road to sustainable cash cost recovery

The government's initiatives to curb illegal mining practices on the island since 2022 have been noteworthy, with the deployment of task forces to deter unsanctioned activities at mining sites. Furthermore, the government's decision to delay the issuance of RKAB to only c.46kt in FY24 (vs. c.110kt in FY22-23) has disincentivized illegal miners, as it effectively cuts off their channels to sell ores. This has allowed TINS to record a lower cash cost of US\$17,250/t (-18% yoy) in 1Q24, which we expect to be sustainable given persisting conditions.

### Maintain Buy with a DCF-based TP of Rp1,400

We resume our coverage with an unchanged Buy rating and TP of Rp1,400 (factoring in the LT tin price of US\$26k/ton, cash cost of US\$20.5k/ton, and FY24 sales volume of 27kt). Key risks to our call include lower tin prices, lower production/sales volume, and higher cash costs.

### Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	12,504	8,392	11,551	13,651	13,651
EBITDA (Rpbn)	2,129	403	1,765	1,875	1,875
Net Profit (Rpbn)	1,041	(450)	866	959	1,018
EPS (Rp)	139.8	(60.4)	116.2	128.8	136.7
BVPS (Rp)	945.5	838.1	936.2	1,030.2	1,128.3
DPS (Rp)	(61.2)	(42.0)	(18.1)	(34.9)	(38.6)
PER (x)	6.1	n/m	7.4	6.7	6.3
PBV (x)	0.9	1.0	0.9	0.8	0.8
Dividen yield (%)	(7.1)	(4.9)	(2.1)	(4.1)	(4.5)
EV/EBITDA	3.7	18.4	4.2	3.6	3.0

Source: TINS, BRIDS Estimates

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## Exhibit 1. DCF valuation and assumptions

DCF valuation		Assumption	
Enterprise value	11,476	ASP	27,000
Net cash/(debt)	(1,570)	Cash cost	21,000
<b>Equity value</b>	<b>9,906</b>	Cash margin	6,000
# share outstanding	7.4	Production	22,000
<b>Rounded TP</b>	<b>1,400</b>		

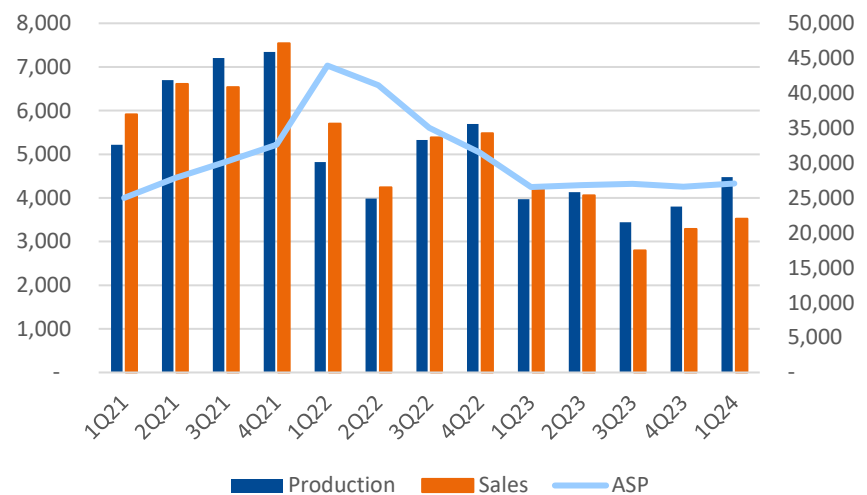
Source: BRIDS Estimates

## Exhibit 2. TINS FY24F earnings sensitivity vs. tin price

	Sales Volume (in tons)									
	845	20,000	20,500	21,000	21,500	22,000	22,500	23,000	23,500	24,000
ASP (in US\$/t)	25,000	146	178	209	241	272	304	336	367	399
	25,500	276	311	346	381	416	450	485	520	555
	26,000	406	444	482	521	559	597	635	673	711
	26,500	536	578	619	660	702	743	784	826	867
	27,000	666	711	756	800	845	889	934	979	1,023
	27,500	797	844	892	940	988	1,036	1,084	1,131	1,179
	28,000	927	978	1,029	1,080	1,131	1,182	1,233	1,284	1,335
	28,500	1,057	1,111	1,165	1,220	1,274	1,328	1,383	1,437	1,492
	29,000	1,187	1,244	1,302	1,360	1,417	1,475	1,532	1,590	1,648

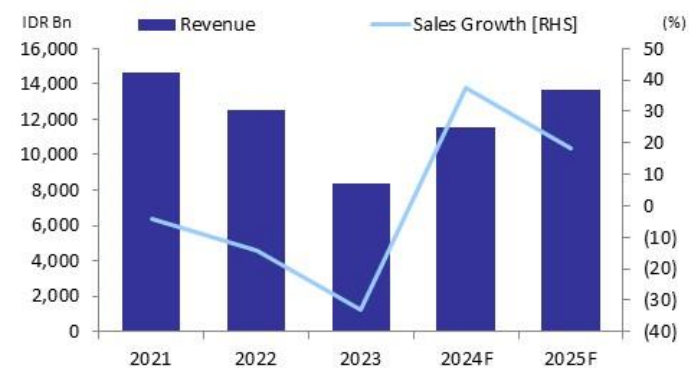
Source: BRIDS Estimates

## Exhibit 3. TINS production and sales volume



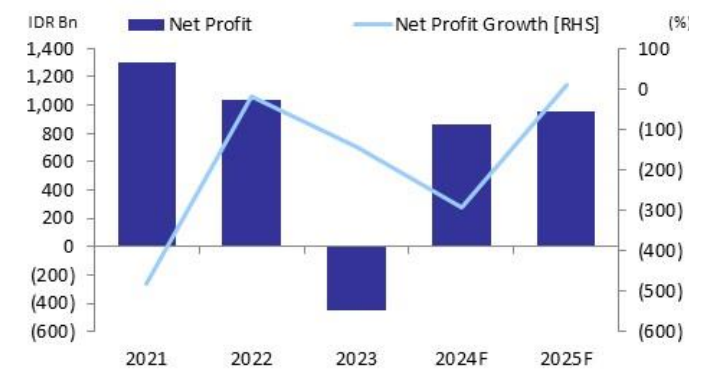
Source: Company

**Exhibit 4. Revenue and Growth**



Source: Company, BRIDS Estimates

**Exhibit 5. Net Profit and Growth**



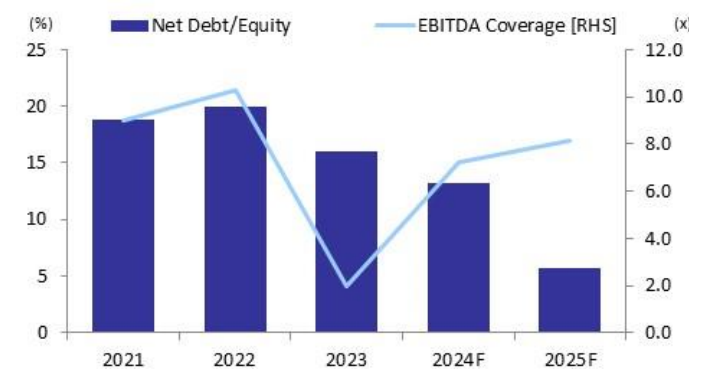
Source: Company, BRIDS Estimates

**Exhibit 6. Margins**



Source: Company, BRIDS Estimates

**Exhibit 7. Gearing Level**



Source: Company, BRIDS Estimates

**Exhibit 8. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>12,504</b>	<b>8,392</b>	<b>11,551</b>	<b>13,651</b>	<b>13,651</b>
COGS	(9,978)	(7,926)	(9,009)	(10,767)	(10,767)
<b>Gross profit</b>	<b>2,526</b>	<b>466</b>	<b>2,542</b>	<b>2,884</b>	<b>2,884</b>
<b>EBITDA</b>	<b>2,129</b>	<b>403</b>	<b>1,765</b>	<b>1,875</b>	<b>1,875</b>
<b>Oper. profit</b>	<b>1,403</b>	<b>(526)</b>	<b>1,265</b>	<b>1,375</b>	<b>1,375</b>
Interest income	22	21	26	21	26
Interest expense	(207)	(205)	(245)	(230)	(160)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	11	28	30	30	30
Other Income (Expenses)	178	235	25	25	25
<b>Pre-tax profit</b>	<b>1,407</b>	<b>(447)</b>	<b>1,101</b>	<b>1,222</b>	<b>1,297</b>
Income tax	(365)	(3)	(236)	(262)	(279)
Minority interest	0	0	0	0	0
<b>Net profit</b>	<b>1,041</b>	<b>(450)</b>	<b>866</b>	<b>959</b>	<b>1,018</b>
<b>Core Net Profit</b>	<b>1,041</b>	<b>(450)</b>	<b>866</b>	<b>959</b>	<b>1,018</b>

**Exhibit 9. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,209	1,527	1,229	1,542	1,872
Receivables	1,007	870	1,175	1,376	1,376
Inventory	2,910	2,523	2,962	3,540	3,540
Other Curr. Asset	508	600	600	600	600
Fixed assets - Net	3,513	3,161	2,865	2,488	2,088
Other non-curr.asset	3,919	4,173	4,189	4,206	4,223
<b>Total asset</b>	<b>13,067</b>	<b>12,853</b>	<b>13,020</b>	<b>13,752</b>	<b>13,699</b>
ST Debt	374	1,259	959	859	759
Payables	764	865	987	1,180	1,180
Other Curr. Liabilities	1,410	1,858	1,548	1,551	1,554
Long Term Debt	2,245	1,269	1,194	1,119	418
Other LT. Liabilities	1,233	1,360	1,359	1,371	1,386
<b>Total Liabilities</b>	<b>6,025</b>	<b>6,611</b>	<b>6,047</b>	<b>6,079</b>	<b>5,296</b>
Shareholder's Funds	7,042	6,242	6,973	7,673	8,403
Minority interests	0	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>13,067</b>	<b>12,853</b>	<b>13,020</b>	<b>13,752</b>	<b>13,699</b>

**Exhibit 10. Cash Flow**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,041	(450)	866	959	1,018
Depreciation and Amort.	726	929	500	500	500
Change in Working Capital	962	672	(622)	(587)	0
Other Oper. Cash Flow	(890)	(619)	(15)	(1)	1
<b>Operating Cash Flow</b>	<b>1,840</b>	<b>533</b>	<b>729</b>	<b>871</b>	<b>1,519</b>
Capex	(791)	(578)	(204)	(123)	(100)
Others Inv. Cash Flow	0	0	0	0	0
<b>Investing Cash Flow</b>	<b>(791)</b>	<b>(578)</b>	<b>(204)</b>	<b>(123)</b>	<b>(100)</b>
Net change in debt	(1,314)	712	(688)	(175)	(801)
New Capital	148	(37)	0	0	0
Dividend payment	(456)	(312)	(135)	(260)	(288)
Other Fin. Cash Flow	0	0	0	0	0
<b>Financing Cash Flow</b>	<b>(1,622)</b>	<b>362</b>	<b>(823)</b>	<b>(435)</b>	<b>(1,089)</b>
<b>Net Change in Cash</b>	<b>(573)</b>	<b>317</b>	<b>(298)</b>	<b>314</b>	<b>330</b>
Cash - begin of the year	1,782	1,209	1,527	1,229	1,542
Cash - end of the year	1,209	1,527	1,229	1,542	1,872

**Exhibit 11. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
Sales	(14.4)	(32.9)	37.6	18.2	0.0
EBITDA	(30.5)	(81.1)	337.5	6.2	0.0
Operating profit	(37.3)	(137.5)	(340.5)	8.7	0.0
Net profit	(20.1)	(143.2)	(292.5)	10.8	6.1
<b>Profitability (%)</b>					
Gross margin	20.2	5.6	22.0	21.1	21.1
EBITDA margin	17.0	4.8	15.3	13.7	13.7
Operating margin	11.2	(6.3)	11.0	10.1	10.1
Net margin	8.3	(5.4)	7.5	7.0	7.5
ROAA	7.5	(3.5)	6.7	7.2	7.4
ROAE	15.6	(6.8)	13.1	13.1	12.7
<b>Leverage</b>					
Net Gearing (x)	0.2	0.2	0.1	0.1	(0.1)
Interest Coverage (x)	6.8	(2.6)	5.2	6.0	8.6

Source : TINS, BRIDS Estimates

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

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