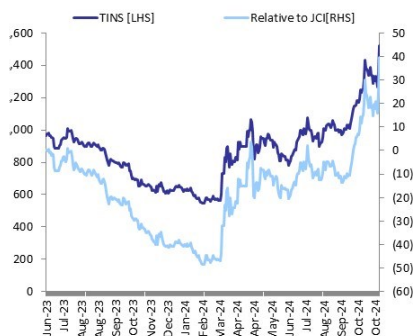


# Buy

(Maintained)

Last Price (Rp)	1,520
Target Price (Rp)	2,300
Previous Target Price (Rp)	1,400
Upside/Downside	+51.5%
No. of Shares (mn)	7,448
Mkt Cap (Rpbn/US\$mn)	11,321/719
Avg, Daily T/O (Rpbn/US\$mn)	39.3/2.5
Free Float (%)	28.9
Major Shareholder (%)	
Inalum	65.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	186.0 263.9 198.1
Consensus	152.9 244.9 242.3
BRIDS/Cons (%)	21.6 7.7 (18.2)

## TINS relative to JCI Index



Source: Bloomberg

## BRI Danareksa Sekuritas Analysts

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# Timah (TINS IJ)

## Upgrading FY24-25F est. post 3Q24 earnings beat

- TINS' 3Q24 performance beat our estimate due to stronger ASP and lower cash cost.
- We revised up our production/sales and ASP estimates, which increased our FY24-25F net profit est. by +59.9%/104.9% to Rp1.4tr/Rp1.9tr.
- We reiterate our BUY rating on stronger earnings prospects with higher TP of Rp2,300. Key risks are lower tin prices, sales, and higher cash costs.

### 3Q24: Strong net profit, despite lower revenue, due to COGS efficiency

TINS' 3Q24 revenue slightly declined to Rp3tr, -3.6% qoq, with 9M24 totaling Rp8.3tr, +29.4% yoy, reaching 72%/76% of our/cons estimates. During the quarter, we saw COGS improvement of -8% qoq, which could be attributed to the operation of TSL Ausmelt, bringing 3Q EBIT to Rp732bn, +19% qoq. However, TINS recorded an unexpected impairment of Rp45.5bn on one of its dredgers in Singkep that is no longer operational. Furthermore, it also recognized a forex loss of Rp30bn. Nonetheless, its core profit still grew to Rp560bn in 3Q24, +48% qoq, bringing 9M24 net profit to Rp909bn, reaching 105%/79% of our/cons estimates.

### FY24-26F forecast upgrades on more upbeat outlook

On the operational side, we decreased our production/sales estimates by -9%/-15% in FY24 and -19%/-23% in FY25. However, we increased our ASP assumption by 11% to US\$30k/ton in FY24 and by 13.5% to US\$29.5k/ton in FY25. Furthermore, we decreased our cash cost assumptions by -18%/-17% in FY24-25. Thus, our cash margin assumption grew significantly by +113%/+127% in FY24-25. Thus, though our revenue assumption declined by 2%/10% in FY24-25, we expect margin expansion in EBITDA and net profit levels by 66%/84% and 60%/105%, respectively, which brings our new net profit target of Rp1.4tr for FY24 and Rp1.9tr for FY25.

### On the road to sustainable cash cost recovery

We have increased our ASP assumption due to the persistently strong LME Tin price that has hovered above US\$30k/ton since 2Q24. We believe tin prices should remain elevated due to the declining rate of ore exports from Myanmar to China, which has lowered Chinese tin smelter utilization rates and output. On the other hand, we have lowered cash cost assumptions due to its robust 9M24 cost management, which we expect to sustain in the following year as TSL Ausmelt goes full steam.

### Maintain Buy with an upgraded DCF-based TP of Rp2,300

We maintain our Buy rating with an upgraded DCF-based TP of Rp2,300. TINS currently trades at 5.8x FY25F PE and 3.0x FY25F EV/EBITDA, which lies at -1x std of its 5-yr EV/EBITDA band. Key risks to our call include lower tin prices, lower sales volume, and higher cash costs.

### Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	12,504	8,392	11,310	12,234	11,197
EBITDA (Rpbn)	2,129	403	2,926	3,453	2,721
Net Profit (Rpbn)	1,041	(450)	1,385	1,965	1,476
EPS (Rp)	139.8	(60.4)	186.0	263.9	198.1
BVPS (Rp)	945.5	838.1	1,006.0	1,214.0	1,333.0
DPS (Rp)	(61.2)	(42.0)	(18.1)	(55.8)	(79.2)
PER (x)	10.9	n/m	8.2	5.8	7.7
PBV (x)	1.6	1.8	1.5	1.3	1.1
Dividen yield (%)	(4.0)	(2.8)	(1.2)	(3.7)	(5.2)
EV/EBITDA	6.0	30.5	4.0	3.0	3.3

Source: TINS, BRIDS Estimates

### Exhibit 1. TINS 3Q24 earnings summary

PT Timah										
TINS	3Q23	2Q24	3Q24	q-q (%)	y-y (%)	9M23	9M24	y-y (%)	% of 24F	% of Cons
<b>PROFIT &amp; LOSS (Rpbn)</b>										
Revenue	1,808	3,155	3,043	(3.6)	68.3	6,377	8,255	29.4	71.5%	76.3%
Cost of revenue	(1,631)	(2,237)	(2,057)	(8.0)	26.1	(5,793)	(6,055)	4.5		
Gross profit	177	919	986	7.3	456.6	584	2,200	276.5		
Operating expenses	(264)	(301)	(254)	(15.6)	(4.0)	(758)	(781)	3.0		
Operating profit	(87)	618	732	18.5	n/a	(174)	1,419	n/a	112.2%	78.6%
EBITDA	133	848	938	10.6	607.4	456	2,087	358.1	118.2%	88.6%
Other income/(expense)	(18)	(26)	(119)	353.0	552.9	111	(166)	(249.7)		
Pre-tax profit	(106)	592	613	3.7	n/a	(63)	1,254	n/a		
Taxes	2	(187)	(139)	(25.6)	n/a	(24)	(345)	1,310.3		
Net profit	(104)	405	474	17.1	n/a	(87)	909	n/a	105.0%	78.8%
Core profit	(124)	379	560			(319)	866			
<b>Margins (%)</b>										
Gross	9.8	29.1	32.4			9.2	26.7			
EBIT	(4.8)	19.6	24.1			(2.7)	17.2			
EBITDA	7.3	26.9	30.8			7.1	25.3			
Net	(5.7)	12.8	15.6			(1.4)	11.0			

Source: Company

### Exhibit 2. TINS DCF valuation and assumptions

Assumption		DCF valuation (Rpbn)	
ASP (US\$)	30,000	Enterprise value	18,149
Cash cost (US\$/wmt)	17,250	Net cash/(debt)	(1,111)
Cash margin	12,750	Equity value	17,038
Production (Mt)	20,000	# share outstanding	7.4
		<b>Rounded TP (Rp)</b>	<b>2,300</b>

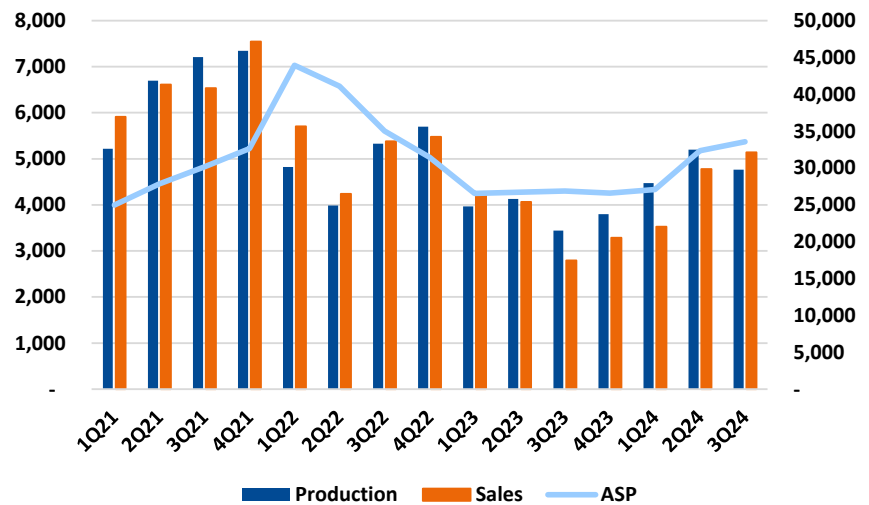
Source: BRIDS Estimates

### Exhibit 3. TINS Forecast changes summary

TINS (Rpbn)	2024E			2025E			2026E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	11,551	11,310	-2.1%	13,651	12,234	-10.4%	13,651	11,197	-18.0%
Gross margin	22.0%	28.2%		21.1%	31.1%		21.1%	26.6%	
EBITDA	1,765	2,926	65.8%	1,875	3,453	84.2%	1,875	2,721	45.1%
EBITDA margin	15.3%	25.9%		13.7%	28.2%		13.7%	24.3%	
Net profit	866	1,385	59.9%	959	1,965	104.9%	1,018	1,476	45.0%
Net margin	7.5%	12.2%		7.0%	16.1%		7.5%	13.2%	
Production	22,000	20,000	-9.1%	27,000	22,000	-18.5%	27,000	22,000	-18.5%
Sales	22,000	18,800	-14.5%	27,000	20,680	-23.4%	27,000	20,680	-23.4%
ASP	27,000	30,000	11.1%	26,000	29,500	13.5%	26,000	27,000	3.8%
Cash cost	21,000	17,250	-17.9%	20,500	17,000	-17.1%	20,500	17,000	-17.1%

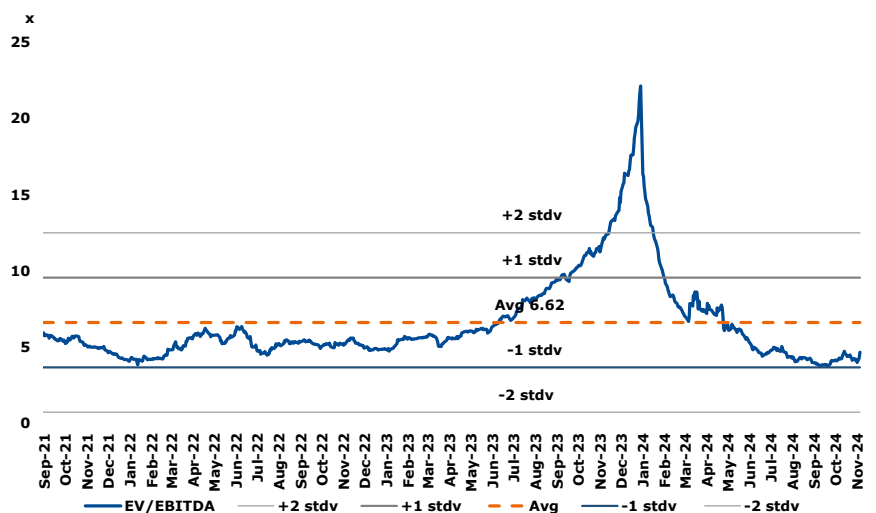
Source: BRIDS Estimates

Exhibit 4. TINS production and sales volume



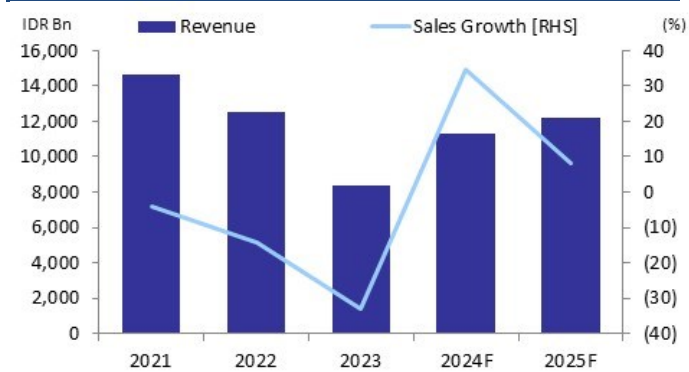
Source: Company

Exhibit 5. TINS EV/EBITDA band



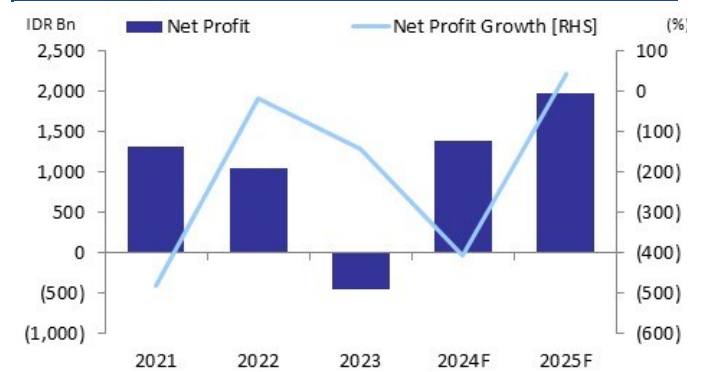
Source: Company, Bloomberg, BRIDS Estimates

## Exhibit 6. Revenue and Growth



Source: Company, BRIDS Estimates

## Exhibit 7. Net Profit and Growth



Source: Company, BRIDS Estimates

## Exhibit 8. Margins



Source: Company, BRIDS Estimates

## Exhibit 9. Gearing Level



Source: Company, BRIDS Estimates

**Exhibit 10. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>12,504</b>	<b>8,392</b>	<b>11,310</b>	<b>12,234</b>	<b>11,197</b>
COGS	(9,978)	(7,926)	(8,121)	(8,431)	(8,223)
<b>Gross profit</b>	<b>2,526</b>	<b>466</b>	<b>3,189</b>	<b>3,803</b>	<b>2,974</b>
<b>EBITDA</b>	<b>2,129</b>	<b>403</b>	<b>2,926</b>	<b>3,453</b>	<b>2,721</b>
<b>Oper. profit</b>	<b>1,403</b>	<b>(526)</b>	<b>2,126</b>	<b>2,653</b>	<b>1,921</b>
Interest income	22	21	46	51	91
Interest expense	(207)	(205)	(224)	(210)	(146)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	11	28	20	20	20
Other Income (Expenses)	178	235	(65)	0	0
<b>Pre-tax profit</b>	<b>1,407</b>	<b>(447)</b>	<b>1,903</b>	<b>2,514</b>	<b>1,886</b>
Income tax	(365)	(3)	(518)	(549)	(411)
Minority interest	0	0	0	0	0
<b>Net profit</b>	<b>1,041</b>	<b>(450)</b>	<b>1,385</b>	<b>1,965</b>	<b>1,476</b>
<b>Core Net Profit</b>	<b>1,041</b>	<b>(450)</b>	<b>1,385</b>	<b>1,965</b>	<b>1,476</b>

**Exhibit 11. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	1,209	1,527	1,688	3,027	3,425
Receivables	1,007	870	1,152	1,240	1,141
Inventory	2,910	2,523	2,670	2,772	2,704
Other Curr. Asset	508	600	600	600	600
Fixed assets - Net	3,513	3,161	3,143	3,020	2,853
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>13,442</b>	<b>14,866</b>	<b>14,945</b>
ST Debt	374	1,259	959	859	759
Payables	764	865	890	924	901
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>5,949</b>	<b>5,823</b>	<b>5,017</b>
Shareholder's Funds	7,042	6,242	7,492	9,042	9,928
Minority interests	0	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>13,067</b>	<b>12,853</b>	<b>13,442</b>	<b>14,866</b>	<b>14,945</b>

**Exhibit 12. Cash Flow**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	1,041	(450)	1,385	1,965	1,476
Depreciation and Amort.	726	929	800	800	800
Change in Working Capital	962	672	(404)	(156)	145
Other Oper. Cash Flow	(890)	(619)	(15)	(1)	1
<b>Operating Cash Flow</b>	<b>1,840</b>	<b>533</b>	<b>1,766</b>	<b>2,607</b>	<b>2,421</b>
Capex	(791)	(578)	(782)	(678)	(633)
Others Inv. Cash Flow	0	0	0	0	0
<b>Investing Cash Flow</b>	<b>(791)</b>	<b>(578)</b>	<b>(782)</b>	<b>(678)</b>	<b>(633)</b>
Net change in debt	(1,314)	712	(688)	(175)	(801)
New Capital	148	(37)	0	0	0
Dividend payment	(456)	(312)	(135)	(415)	(590)
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>(590)</b>	<b>(1,391)</b>
<b>Net Change in Cash</b>	<b>(573)</b>	<b>317</b>	<b>162</b>	<b>1,339</b>	<b>398</b>
Cash - begin of the year	1,782	1,209	1,527	1,688	3,027
Cash - end of the year	1,209	1,527	1,688	3,027	3,425

**Exhibit 13. Key Ratio**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
Sales	(14.4)	(32.9)	34.8	8.2	(8.5)
EBITDA	(30.5)	(81.1)	625.2	18.0	(21.2)
Operating profit	(37.3)	(137.5)	(504.1)	24.8	(27.6)
Net profit	(20.1)	(143.2)	(408.0)	41.9	(24.9)
<b>Profitability (%)</b>					
Gross margin	20.2	5.6	28.2	31.1	26.6
EBITDA margin	17.0	4.8	25.9	28.2	24.3
Operating margin	11.2	(6.3)	18.8	21.7	17.2
Net margin	8.3	(5.4)	12.2	16.1	13.2
ROAA	7.5	(3.5)	10.5	13.9	9.9
ROAE	15.6	(6.8)	20.2	23.8	15.6
<b>Leverage</b>					
Net Gearing (x)	0.2	0.2	0.1	(0.1)	(0.2)
Interest Coverage (x)	6.8	(2.6)	9.5	12.6	13.2

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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