PT Timah Tbk. (TINS)

Metal Mining

Pinning hopes on higher ASP and production

03 June 2022

Recommendations : BUY

Stock	
Price on 02/06/2021 (Rp)	1,995
12M target price (Rp)	2,400
Capital gain potential	20%

Stock Data	
Outstanding shares	7,447,753,454
Market cap (Rp)	14,858,268,140,730
Weight vs IHSG (%)	0.19

Shareholders	**(%)**
Government of Indonesia	65%
Public	35%
Outstanding Shares (unit)	7,447,753,454

Price Performance	
52-week high/low	Rp2,070/Rp1,240

Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
7.55	25.47	25.08	24.30	37.11

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	14,607	17,216	16,713
Operating Income	2,239	3,634	2,960
OPM (%)	15.33%	21.11%	17.71%
EBITDA	3,074	3,686	3,144
EV to EBITDA (x)*	4.28	4.69	5.51
Net Income	1,303	2,029	1,635
NPM (%)	8.92%	11.78%	9.78%
EPS (Rp)	175	272	219
EPS Growth (%)	-482.5%	55.7%	-19.4%
Price Earnings (x)*	8.32	7.32	9.09
Price to Book (x)*	1.72	1.95	1.71
Price to Sales (x)*	0.74	0.86	0.89
Return on Equity (%)	20.65%	26.63%	18.85%
Return on Assets (%)	8.87%	12.02%	8.55%
Tot Debt/Equity (x)	0.65	0.58	0.56

**) based on market price (02/06/2022) at Rp1,995*
Sources :Company, Bloomberg and KB Valbury Sekuritas

Analyst(s)
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Alfiansyah

TINS membukukan laba bersih Rp601,5 miliar pada 1Q22
Performa didorong oleh kenaikan ASP dan kenaikan produksi
Rekomendasi "BUY" dengan target harga Rp2,400 per saham

Kenaikan pendapatan mendorong laba bersih

Laba bersih TINS mencapai Rp601,5 miliar pada 1Q22 (-12,9% QoQ) dibandingkan Rp10,8 miliar pada tahun sebelumnya. Kenaikan laba bersih tersebut ditopang oleh pendapatan naik 79,6% YoY pada 1Q22 menjadi Rp4,39 triliun (-10,5% QoQ). GPM naik signifikan dari 13,2% pada 1Q21 menjadi 24,9% pada 1Q22 ditengah kenaikan beban pokok 55,4% YoY akibat kenaikan biaya jasa pihak ketiga, bahan mentah dan gaji pegawai. Kemudian, beban operasional naik 8,7% YoY pada 1Q22 terutama dari beban penjualan dari kenaikan biaya freight. Akan tetapi, margin operasional TINS tetap meningkat dari 5,4% pada 1Q21 menjadi 20,2% pada 1Q22. Akan tetapi, beban keuangan turun 42,1% YoY pada 1Q22 seiring dengan penurunan utang dan suku bunga rendah. Net gearing TINS membaik mencapai 14,4% pada 1Q22.

Kenaikan pendapatan ditengah penguatan ASP kendati produksi turun

Kenaikan pendapatan TINS didorong oleh kenaikan penjualan logam timah 71,5% YoY pada 1Q22 menjadi Rp3,6 triliun utamanya dari kenaikan ASP yang meningkat 75,8% YoY menjadi USD43.946 per MT ditengah supply yang masih ketat di pasar global ditengah recovery permintaan. Kendati volume penjualan 3,5% YoY pada 1Q22 menjadi 5,703 MT ditengah belum optimalnya kapasitas kapal dan perubahan penambangan dari darat ke laut. Hal ini juga seiring dengan produksi logam timah yang turun 7,7% YoY pada 1Q22 menjadi 4.508 MT. Meski demikian, kontribusi dari logam timah turun dari 85,3% pada 1Q21 menjadi 81,4% pada 1Q22.

Kenaikan ASP, tetapi resiko dari kebijakan pemerintah

Kami memperkirakan TINS dapat mencatatkan pendapatan Rp17 triliun, Kami memperkirakan ASP dapat meningkat YoY, akan tetapi tren QoQ, ASP cenderung menurun, yakni pada akhir Mei 2022 mencapai USD34.025 per MT, dibandingkan dengan 1Q22 yang rata-rata mencapai USD42.973 Per MT. Namun, kami mereduksi proyeksi produksi logam timah TINS menjadi 25.000-28.000 MT dari 35.000 MT ditengah perpindahan dari tambang darat menjadi tambang laut. Sementara itu, kami memperkirakan produksi TINS baru dapat optimal dan mencapai diatas 35.000 MT pada 2023, setelah selesainya proyek Ausmelt Furnace yang berpotensi mendorong produksi menjadi dua kali lipat. Adapun, kami melihat adanya rencana pemerintah untuk membatasi ekspor timah dapat beresiko terhadap performa TINS, mengingat kontribusi pasar ekspor berkontribusi >90% terhadap pendapatan TINS. Jika teralisasi, TINS berencana untuk mendorong supply untuk industry smelter domestic yang saat ini sedang meningkat. Adapun, TINS akan membagikan dividen sebesasr 35% dari laba bersih tahun lalu.

Rekomendasi BUY ditengah peningkatan permintaan di pasar global

Kami mempertahankan rekomendasi "BUY" dengan target harga Rp2,400 per saham, yang merefleksikan valuasi 2022E PE pada 7,32x. Adapun, rekomendasi kami berdasarkan factor 1) ASP yang kuat tahun ini ditengah adanya konflik geopolitik, dan pemulihan ekonomi ; 2) produksi dari produk-produk teknologi dan juga solar panel yang meningkat; 3) beroperasi-nya ausmelt furnace yang mendorong kapasitas produksi; dan 4) kurs USD yang cenderung menguat. Namun, kami melihat resiko atas rekomendasi kami yakni 1) permintaan yang lebih lamban dibandingkan perkiraan; 2) kendala supply sehingga volume cenderung turun; 3) pelarangan ekspor timah dan 4) pengetatan moneter dapat mengkoreksi harga komoditas, termasuk timah.

FINANCIAL OVERVIEW

Income Statement (Rp bn)	1CQ2021	1CQ2022	YoY Change	4Q2021	1Q2022	QoQ Change
Revenue	**2,446**	**4,393**	*79.6%*	**4,908**	**4,393**	*(10.5%)*
Cost of Revenue	(2,123)	(3,299)	*55.4%*	(3,470)	(3,299)	*(4.9%)*
Gross Profit	**323**	**1,094**	*238.5%*	**1,438**	**1,094**	*(23.9%)*
Gross Margin (%)	***13.2%***	***24.9%***		***29.3%***	***24.9%***	
Operating Expenses	(192)	(209)	*8.7%*	(393)	(209)	*(46.9%)*
Operating Profit	**131**	**885**	*575.3%*	**1,045**	**885**	*(15.3%)*
Operating Margin (%)	***5.4%***	***20.2%***		***21.3%***	***20.2%***	
EBITDA	**358**	**1,070**	*199.2%*	**288**	**1,070**	*272.1%*
EBITDA Margin (%)	***14.6%***	***24.4%***		***5.9%***	***24.4%***	
Non-Operating Income (Losses)	(107)	(36)	*(66.0%)*	(197)	(36)	*(81.5%)*
Pretax Income	**24**	**849**	*3462.7%*	**849**	**849**	*0.02%*
Income Tax (Expense)/ Benefit	(13)	(247)	*1792.5%*	(147)	(247)	*67.7%*
Profit for This Year	**11**	**601**	*5,489.9%*	**701**	**601**	*(14.2%)*
Net Profit (Losses)	**10**	**601**	*5,715.2%*	**691**	**601**	*(12.9%)*
Profit Margin (%)	***0.4%***	***13.7%***		***15.8%***	***13.7%***	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Revenue	**15,216**	**14,607**	**17,216**	**16,713**	**15,590**
Revenue growth yoy	*(21.3%)*	*(4.0%)*	*17.9%*	*(2.9%)*	*(6.7%)*
- Cost of Goods Sold	(14,096)	(11,173)	(13,006)	(12,928)	(12,366)
Gross Income	**1,120**	**3,434**	**4,210**	**3,785**	**3,224**
- Operating Expenses	(902)	(1,195)	(577)	(824)	(949)
Operating Income	**217**	**2,239**	**3,634**	**2,960**	**2,275**
Op income growth yoy	(377.2%)	929.8%	62.3%	(18.5%)	(23.2%)
- Non Operating Gains (Losses)	*(487)*	*(511)*	*(987)*	*(845)*	*(764)*
EBITDA	**1,047**	**3,074**	**3,686**	**3,144**	**2,025**
Pretax Income	**(270)**	**1,729**	**2,646**	**2,115**	**1,511**
- Income Tax Expense	(67)	(425)	(618)	(481)	(340)
Profit for This Year	**(336)**	**1,303**	**2,029**	**1,635**	**1,171**
Net Income	**(341)**	**1,303**	**2,029**	**1,635**	**1,171**
Net income growth yoy	*(44.3%)*	*(482.5%)*	*55.7%*	*(19.4%)*	*(28.4%)*
EPS (IDR)	**(46)**	**175**	**272**	**219**	**157**
Dividends Per Share (IDR)	**0**	**61**	**95**	**77**	**55**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	**6,557**	**7,424**	**8,273**	**9,157**	**9,233**
+ Cash & Near Cash Items	807	1,782	1,979	2,375	2,097
+ Accounts & Notes Receivable	1,198	1,871	2,087	2,249	2,366
+ Inventories	2,881	3,106	3,466	3,734	3,929
+ Other Current Assets	1,671	665	741	799	841
Total Long-Term Assets	**7,960**	**7,267**	**8,598**	**9,965**	**11,815**
+ Property, Plant & Equip, Net	3,858	3,705	3,991	3,514	3,380
Property, Plant & Equip	10,481	11,071	12,324	12,680	12,803
Accumulated Depreciation	6,623	7,366	8,333	9,166	9,423
+ Long Term Investments	1,627	1,665	1,987	2,770	3,992
+ Other Long Term Assets	2,475	1,897	2,621	3,682	4,443
Total Assets	**14,518**	**14,691**	**16,872**	**19,122**	**21,048**
Total Current Liabilities	**5,865**	**5,686**	**6,335**	**7,286**	**8,168**
+ Payables & Accruals	1,026	1,438	1,680	1,991	2,334
+ Short Term Borrowings	3,802	2,655	2,843	3,161	3,441
+ Other Short Term Liabilities	1,037	1,593	1,812	2,134	2,393
Total Long Term Liabilities	**3,712**	**2,697**	**2,919**	**3,164**	**3,452**
+ Long Term Borrowings	2,449	1,434	1,548	1,670	1,802
+ Other Long Term Borrowings	1,263	1,262	1,371	1,494	1,650
Total Liabilities	**9,578**	**8,383**	**9,254**	**10,450**	**11,620**
+ Share Capital & APIC	437	437	437	437	437
+ Retained Earnings & Other Eq.	4,610	5,913	7,231	8,294	9,055
+ Other Equity	(107)	(41)	(51)	(58)	(63)
Total Shareholders Equity	**4,940**	**6,308**	**7,617**	**8,672**	**9,428**
Total Equity	**4,940**	**6,308**	**7,618**	**8,673**	**9,428**
Total Liabilities & Equity	**14,518**	**14,691**	**16,872**	**19,122**	**21,048**
Book Value Per Share (IDR)	**663**	**847**	**1,023**	**1,164**	**1,266**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	(341)	1,303	2,029	1,635	1,171
+ Depreciation & Amortization	830	835	1,167	1,133	1,057
+ Other Non-Cash Adjustments	4,264	1,576	2,202	2,138	1,994
Cash From Operating Activities	**4,754**	**3,713**	**5,398**	**4,905**	**4,222**
+ Disposal of Fixed Assets	(933)	(858)	(1,363)	(1,323)	(1,235)
+ Capital Expenditures	(21)	(2)	322	783	1,222
+ Other Investing Activities	(223)	87	(724)	(1,061)	(761)
Cash From Investing Activities	**(1,178)**	**(773)**	**(1,765)**	**(1,601)**	**(774)**
+ Dividends Paid	0	0	(710)	(572)	(410)
+ Change in long Term Borr.	(4,694)	(2,227)	(2,787)	(2,478)	(3,468)
+ Other Financing Activities	327	261	60	142	151
Cash From Financing Activities	**(4,368)**	**(1,966)**	**(3,437)**	**(2,908)**	**(3,727)**
Net Changes in Cash	**(792)**	**975**	**197**	**396**	**(278)**

Sources: Company, Bloomberg and KB Valbury Sekuritas

RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	nm	8.32	7.32	9.09	12.69
EV to EBIT*	75.90	5.87	6.86	8.61	18.60
EV to EBITDA*	15.76	4.28	4.69	5.51	8.89
Price to Sales*	0.73	0.74	0.86	0.89	0.95
Price to Book*	2.24	1.72	1.95	1.71	1.58
Dividend Yield*	0.0%	4.2%	4.8%	3.9%	2.8%
Profitability Ratios					
Gross Margin	7.36%	23.51%	24.46%	22.65%	20.68%
EBITDA Margin	6.88%	21.05%	21.41%	18.81%	12.99%
Operating Margin	1.43%	15.33%	21.11%	17.71%	14.59%
Profit Margin	nm	8.92%	11.78%	9.78%	7.51%
Return on Assets	nm	8.87%	12.02%	8.55%	5.56%
Return on Equity	nm	20.65%	26.63%	18.85%	12.42%
Leverage & Coverage Ratios					
Current Ratio	1.12	1.31	1.31	1.26	1.13
Quick Ratio	0.63	0.76	0.76	0.74	0.65
Interest Coverage Ratio (EBIT/I)	0.36	6.57	3.82	3.57	1.90
Tot Debt/Capital	0.36	0.27	0.23	0.25	0.26
Tot Debt/Equity	1.27	0.65	0.58	0.56	0.56
Others					
Asset Turnover	1.05	0.99	1.02	0.87	0.74
Accounts Receivable Turnover	12.70	7.81	8.25	7.43	6.59
Accounts Payable Turnover	14.84	10.16	10.25	8.40	6.68
Inventory Turnover	5.28	4.70	4.97	4.48	3.97

**) based on market price (02/06/2022) at Rp1,995*

Sources: Company, Bloomberg and KB Valbury Sekuritas

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