

Timah Tbk (TINS IJ)

Kinerja Berangsur Membaik

Company Update | Aug 25, 2020

Buy

Target Price (IDR)	1,200
Consensus Price (IDR)	934
TP to Consensus Price (%)	+28.5
vs. Last Price (%)	+60.0

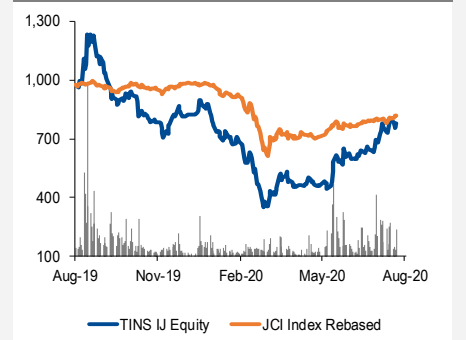
Shares Data

Last Price (IDR)	750
Price Date as of	Aug 24, 2020
52 wk Range (Hi/Lo)	1,285/328
Free Float (%)	35.0
Outstanding Shares (mn)	7,448
Market Cap (IDR bn)	5,809
Market Cap (USD mn)	393
Avg. Trd Vol - 3M (mn)	38.7
Avg. Trd Val - 3M (bn)	24.9
Foreign Ownership (%)	5.3

Mining Metal

Bloomberg	TINS IJ
Reuters	TINS.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-9.1%	20.9%	69.6%	-20.0%
Rel. Ret.	6.9%	17.6%	54.1%	-3.9%



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TINS membukukan rugi bersih Rp390 miliar di 1H20 tetapi membaik di kuartalan karena mencatat pemulihan pendapatan dengan laba bersih Rp23 miliar di 2Q20. Impor timah di China pada bulan Mei sudah naik 1.762% YoY, sehingga kami melihat kondisi ini akan memperkuat harga timah dunia dan berpotensi meningkatkan ASP TINS di 2H20. Kami merevisi perkiraan kami untuk 2020F dan merevisi naik asumsi harga rata-rata timah dunia menjadi USD16.805/metrik ton. Kami tetap mempertahankan rekomendasi BUY untuk TINS.

Masih Rugi Bersih tetapi Sudah Membaik Secara Kuartalan

Pada 1H20, TINS membukukan rugi bersih sebesar Rp390 miliar (vs. laba bersih sebesar Rp205 miliar pada 1H19) yang disebabkan oleh rendahnya harga timah rafinasi (-23% YoY) ditambah beban bunga yang lebih tinggi (+17% YoY). Rugi bersih 1H20 masih dibawah ekspektasi 1H20 kami dan pendapatan 1H20 sudah mencapai 51% dari target kami untuk 2020F (target revisi). Pada 2Q20, volume penjualan lebih rendah (-21% QoQ) dan ASP timah rafinasi menurun (-3% QoQ). Namun TINS mencatatkan pemulihan pendapatan dengan laba bersih sebesar Rp23 miliar pada 2Q20 (vs. rugi bersih sebesar Rp413 miliar pada 1Q20).

Berharap Performa yang Lebih Baik di 2H20

Berdasarkan data China Customs terakhir, Tiongkok telah melakukan impor timah rafinasi sebesar 3.674 metrik ton di Mei 2020 (+1,762% YoY) atau tertinggi sejak Maret 2012. Mayoritas impor tersebut berasal dari Indonesia yaitu sebesar 2.586 metrik ton. Adapun pada 5M20, impor timah rafinasi ke Tiongkok menjadi 7.677 metrik ton (+10% YoY). Menurut pandangan kami, hal tersebut akan memperkuat harga timah dunia dan berpotensi memperbaiki ASP TINS di 2H20.

Merevisi Estimasi Kami untuk 2020F

Kami merevisi estimasi kami untuk 2020F (di halaman 4), mempertimbangkan: 1) potensi ASP yang lebih tinggi di 2H20 sehingga meningkatkan pendapatan; 2) beban operasional hanya turun sekitar 24% YoY sehingga memperkecil margin dan meningkatkan rugi bersih dari estimasi sebelumnya. Kami juga merevisi naik untuk asumsi harga rata-rata timah dunia menjadi USD16.805/metrik ton (sebelumnya USD16.109/metrik ton) dan ASP menjadi USD16.676/metrik ton (sebelumnya USD15.691/metrik ton) untuk 2020F.

Mempertahankan Rating BUY dengan Target Harga Lebih Tinggi di Rp1.200

Kami mempertahankan rekomendasi BUY dengan target harga Rp1.200. Meskipun 2020 akan menghasilkan laba negatif, kami melihat permintaan timah akan meningkat pada 2021 jadi kami meningkatkan target harga kami. Target harga berdasarkan forward EV/EBITDA sebesar 11,2x (+0,6 SD dari rata-rata historis 10 tahunnya), mengimplikasi EV/EBITDA 2020F sebesar 42,7x.

Timah Tbk | Summary

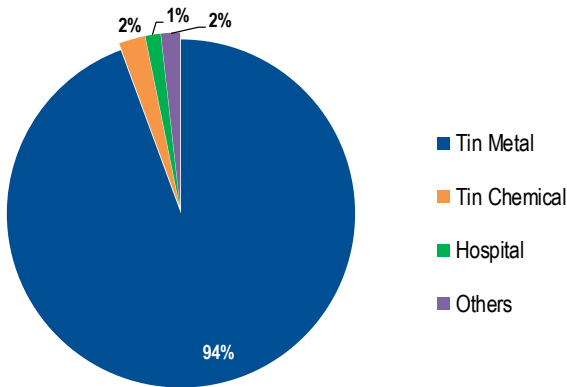
	2019A	2020F	2021F	2022F
Revenue (IDR bn)	19,303	15,364	17,141	19,080
Growth (%)	75.2	-20.4	11.6	11.3
EBITDA (IDR bn)	772	1,067	1,470	1,785
Net Profit (IDR bn)	-611	-253	101	296
EPS (IDR)	-82	-34	14	40
Growth (%)	N/A	N/A	140.1	192.5
P/E (x)	-10.1	-35.4	88.4	30.2
P/BV (x)	5.0	7.9	7.0	6.5
EV/EBITDA (x)	46.5	42.7	30.8	24.8
ROE (%)	-10.7	-5.0	2.0	5.2
DER (%)	287.2	250.8	235.2	205.6
Net Debt (IDR bn)	9,952	7,407	7,055	6,125

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

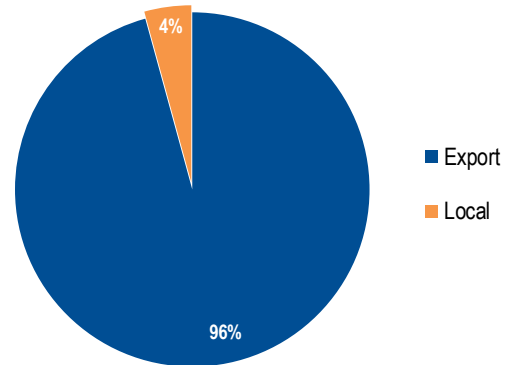
Performance Highlights in Charts

1H20 Revenue Breakdown



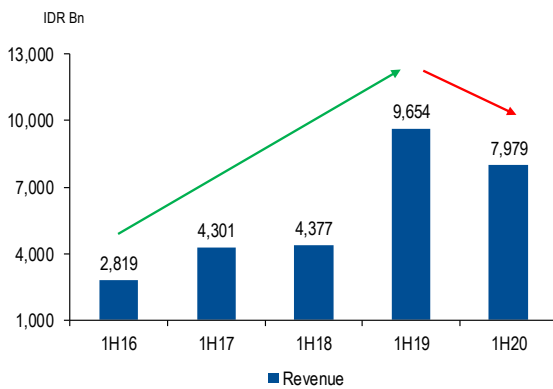
Source: Company Data, NHKSI Research

1H20 Destination of Sales



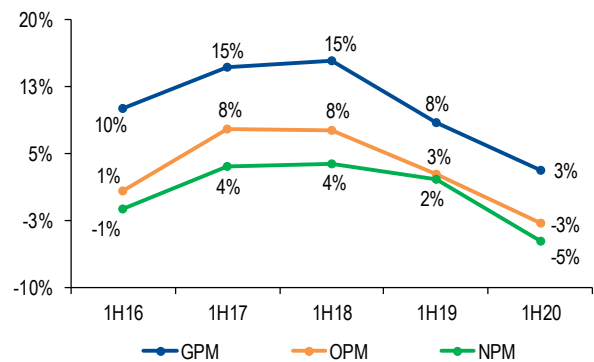
Source: Company Data, NHKSI Research

Revenue Trend



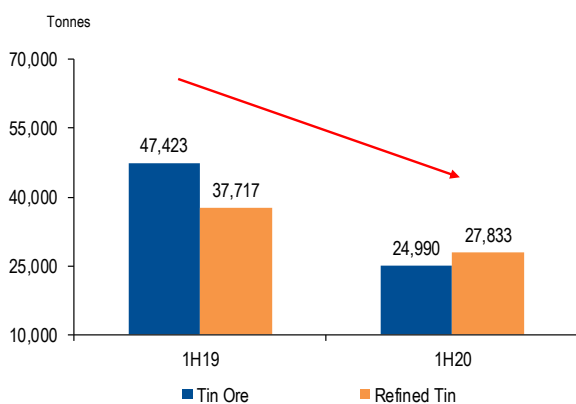
Source: Company Data, NHKSI Research

Margin Ratios



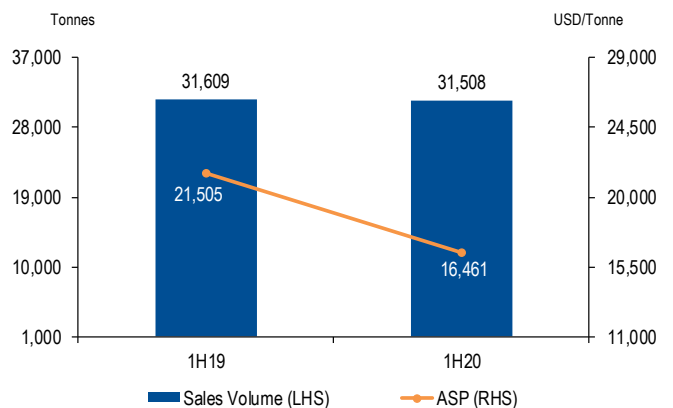
Source: Company Data, NHKSI Research

Tin Production



Source: Company Data, NHKSI Research

Refined Tin Sales Volume & ASP



Source: Company Data, NHKSI Research

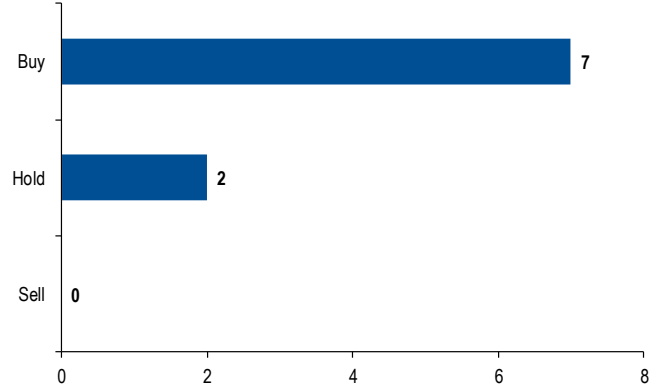
Valuation & Other Highlights in Charts

10-Year Forward EV/EBITDA Band



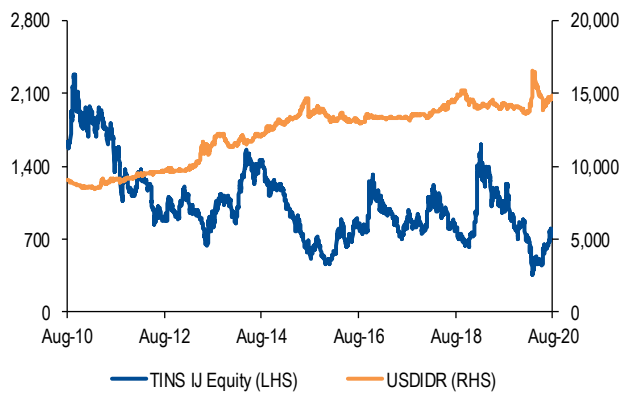
Source: Bloomberg, NHKSI Research

Recommendation by Analysts



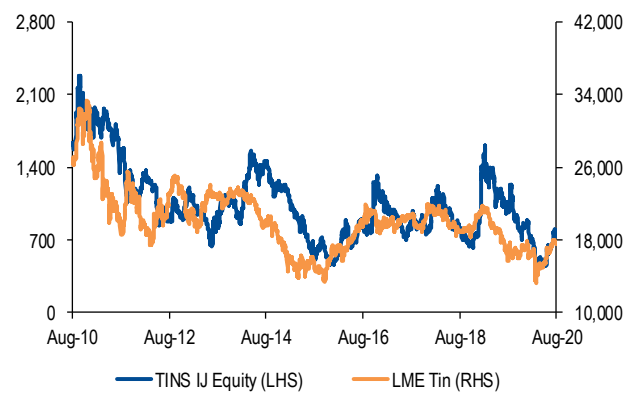
Source: Bloomberg, NHKSI Research

10-Year TINS & USDIDR Movement



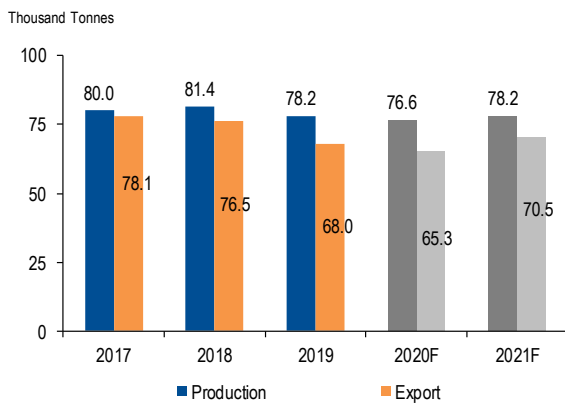
Source: Bloomberg, NHKSI Research

10-Year TINS & Tin Prices Movement



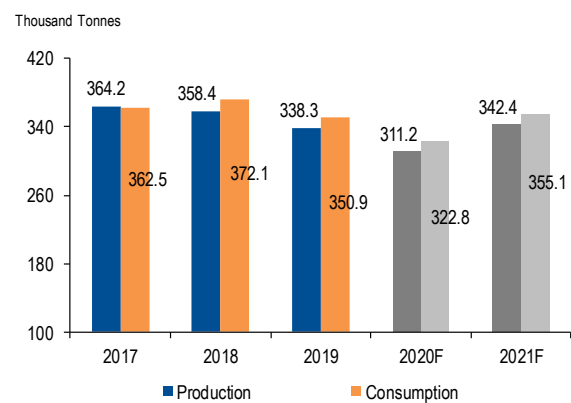
Source: Bloomberg, NHKSI Research

Indonesia's Tin Export



Source: Company Data, Bloomberg, NHKSI Research

Global Tin Consumption



Source: Company Data, U.S. Geological Survey, NHKSI Research

Financial Review

Quarterly Review

	2Q19	3Q19	4Q19	1Q20	2Q20					3Q20E
					Actual	Estimate	YoY %	QoQ %	Surprise %	
Income Statement										
Revenue	5,417	4,946	4,703	4,384	3,594	3,016	-33.6	-18.0	19.2	3,629
Gross Profit	71	247	71	-174	424	452	499.5	-344.0	-6.4	428
EBIT	-237	-111	-215	-437	208	317	-188.0	-147.7	-34.2	210
EBITDA	-48	90	83	-235	400	457	-930.2	-270.1	-12.3	409
Net Profit	-96	-381	-435	-413	23	101	-123.7	-105.5	-77.4	48
Margin										
Gross Margin	1.3	5.0	1.5	-4.0	11.8	15.0	10.5	15.7	-3.2	11.8
EBIT Margin	-4.4	-2.2	-4.6	-10.0	5.8	10.5	10.2	15.8	-4.7	5.8
EBITDA Margin	-0.9	1.8	1.8	-5.4	11.1	15.1	12.0	16.5	-4.0	11.3
Net Profit Margin	-1.8	-7.7	-9.3	-9.4	0.6	3.3	2.4	10.1	-2.7	1.3

Unit: IDR bn, %

Source: Company Data, NHKSI Research

Earnings Revisions

		2020F	2021F	2022F
Income Statement				
Revenue	-Revised	15,364	17,141	19,080
	-Previous	14,143	17,076	20,462
	-Change %	+8.6	+0.4	-6.8
	-Consensus	15,821	17,282	18,098
Gross Profit	-Revised	1,120	1,560	1,946
	-Previous	1,290	1,708	2,251
	-Change %	-13.2	-8.7	-13.5
	-Consensus	1,402	2,068	2,266
EBIT	-Revised	199	600	897
	-Previous	639	854	1,125
	-Change %	-68.8	-29.7	-20.3
	-Consensus	648	810	1,125
EBITDA	-Revised	1,067	1,470	1,785
	-Previous	1,220	1,616	2,052
	-Change %	-12.5	-9.0	-13.0
	-Consensus	1,091	1,513	1,843
Net Profit	-Revised	-253	101	296
	-Previous	-57	164	278
	-Change %	N/A	-38.2	+6.4
	-Consensus	-104	154	430
Margin				
Gross Margin	-Revised	7.3	9.1	10.2
	-Previous	9.1	10.0	11.0
EBIT Margin	-Revised	1.3	3.5	4.7
	-Previous	4.5	5.0	5.5
EBITDA Margin	-Revised	6.9	8.6	9.4
	-Previous	8.6	9.5	10.0
Net Profit Margin	-Revised	-1.6	0.6	1.5
	-Previous	-0.4	1.0	1.4

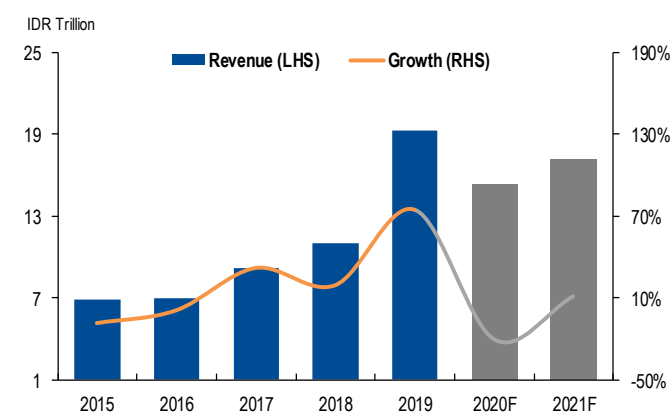
Unit: IDR bn, %

Source: Company Data, Bloomberg, NHKSI Research

Company Overview

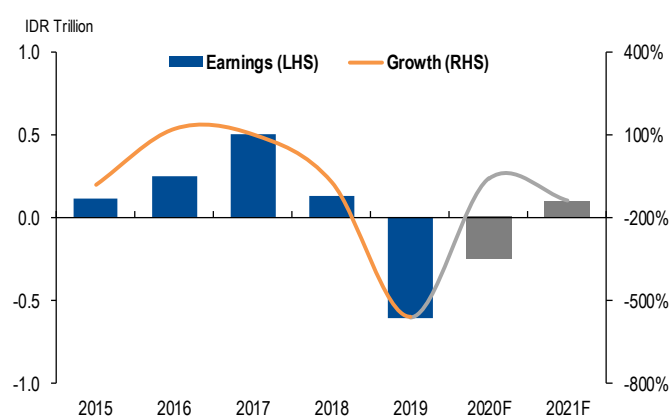
PT Timah Tbk (TINS) adalah perusahaan yang bergerak dalam bisnis penambangan timah terintegrasi. TINS adalah anggota dari Mining Industry Indonesia (MIND ID) yang beroperasi di Provinsi Bangka Belitung dan Kepulauan Riau, Indonesia. Menurut data International Tin Association (ITA), pada 2019, TINS adalah produsen logam timah terbesar di dunia kemudian diikuti oleh Yunnan Tin (Tiongkok) diposisi kedua. Saat ini, TINS terdaftar sebagai anggota ITA. Lingkup bisnis TINS meliputi penambangan bijih timah, produksi timah olahan (industri), perdagangan timah, eksplorasi, penelitian dan pengembangan, penambangan non-timah dan bisnis berbasis kompetensi lainnya (real estat, rumah sakit, pengiriman & galangan kapal) yang dijalankan terintegrasi melalui anak perusahaannya.

Revenue & Growth Movement



Source: Company Data, NHKSI Research

Earnings & Growth Movement



Source: Company Data, NHKSI Research

Global Peers Comparison

	Market Cap (USD mn)	Total Asset (USD mn)	Total Sales* (USD mn)	Net Profit* (USD mn)	NPM* (%)	ROE (%)	EV/EBITDA (x)	P/BV (x)
Indonesia								
TIMAH TBK	393	1,470	1,231	-84	-6.8	-21.4	36.1	1.2
China								
YUNAN TIN CO	2,400	5,046	6,210	101	1.6	5.7	N/A	1.3
Hong Kong								
GREENTECH TECHNO	88	96	57	-8	-13.9	-13.2	22.7	1.6
Peru								
MINSUR SA	1,383	3,459	612	-37	-6.1	-3.0	7.6	0.4
Russia								
RUSOLOVO	276	178	204	-6	-3.0	-14.2	N/A	7.9

Note: * = Last Twelve Months (LTM)

Source: Bloomberg, NHKSI Research

Financial Summary

INCOME STATEMENT				
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Revenue	19,303	15,364	17,141	19,080
Growth	75.2%	-20.4%	11.6%	11.3%
COGS	(18,167)	(14,244)	(15,581)	(17,134)
Gross Profit	1,136	1,120	1,560	1,946
Gross Margin	5.9%	7.3%	9.1%	10.2%
Operating Expenses	(1,212)	(921)	(960)	(1,049)
EBIT	(76)	199	600	897
EBIT Margin	-0.4%	1.3%	3.5%	4.7%
Depreciation	848	868	870	888
EBITDA	772	1,067	1,470	1,785
EBITDA Margin	4.0%	6.9%	8.6%	9.4%
Interest Expenses	75	267	298	331
EBT	(722)	(265)	126	370
Income Tax	111	12	(25)	(74)
Minority Interest	0	0	0	0
Net Profit	(611)	(253)	101	296
Growth	N/A	N/A	140.0%	192.5%
Net Profit Margin	-3.2%	-1.6%	0.6%	1.5%

PROFITABILITY & STABILITY				
	2019/12A	2020/12F	2021/12F	2022/12F
ROE	-10.7%	-5.0%	2.0%	5.2%
ROA	-3.4%	-1.4%	0.6%	1.6%
ROIC	-0.4%	1.4%	3.6%	5.6%
Cash Dividend (IDR bn)	-	-	-	81
Dividend Yield	0.0%	0.0%	0.0%	0.2%
Payout Ratio	0.0%	0.0%	0.0%	80.0%
DER	287.2%	250.8%	235.2%	205.6%
Net Gearing	203%	167%	140%	112%
LT Debt to Equity	39.8%	43.2%	38.4%	35.2%
Capitalization Ratio	68.7%	63.4%	59.1%	53.6%
Equity Ratio	25.8%	28.5%	29.8%	32.7%
Debt Ratio	56.7%	49.4%	43.1%	37.8%
Financial Leverage	369.8%	342.6%	319.8%	305.6%
Current Ratio	102.9%	140.5%	111.5%	112.8%
Par Value (IDR)	100	100	100	100
Total Shares (mn)	31,986	31,986	31,986	31,986
Share Price (IDR)	825	1,200	1,200	1,200
Market Cap (IDR tn)	26.4	38.4	38.4	38.4

BALANCE SHEET				
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Cash	1,599	986	817	741
Receivables	1,620	1,867	1,918	2,055
Inventories	6,501	5,819	5,279	4,578
Total Current Assets	12,307	11,366	10,786	10,244
Net Fixed Assets	3,988	3,317	4,623	5,967
Other Non Current Asset	4,066	2,314	2,866	1,969
Total Assets	20,361	16,997	18,275	18,181
Payables	2,189	3,272	3,558	3,953
ST Bank Loan	9,459	6,299	5,779	4,774
LT Debt	2,093	2,093	2,093	2,093
Total Liabilities	15,103	12,151	12,823	12,231
Capital Stock + APIC	317	317	317	317
Retained Earnings	5,377	4,698	5,304	5,802
Shareholders' Equity	5,258	4,845	5,451	5,949

VALUATION INDEX				
	2019/12A	2020/12F	2021/12F	2022/12F
Price/Earnings	-10.1x	-35.4x	88.4x	30.2x
Price/Book Value	5.0x	7.9x	7.0x	6.5x
Price/Sales	1.4x	2.5x	2.2x	2.0x
PE/EPS Growth	N/A	N/A	0.6x	0.2x
EV/EBITDA	46.5x	42.7x	30.8x	24.8x
EV/EBIT	-472.0x	228.5x	75.4x	49.4x
EV (IDR bn)	35,849	45,564	45,212	44,283
Sales CAGR (3-Yr)	40.4%	18.6%	15.9%	-0.4%
EPS CAGR (3-Yr)	-234.4%	-179.5%	-8.6%	-178.5%
Basic EPS (IDR)	(82)	(34)	14	40
Diluted EPS (IDR)	(82)	(34)	14	40
BVPS (IDR)	164	151	170	186
Sales PS (IDR)	603	480	536	597
DPS (IDR)	-	-	-	3

CASH FLOW STATEMENT				
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Operating Cash Flow	(2,862)	2,964	1,687	2,061
Investing Cash Flow	(1,507)	(748)	(3,641)	(1,334)
Financing Cash Flow	5,219	(2,847)	(16)	(803)
Net Changes in Cash	850	(631)	(169)	(75)

TOP OWNERSHIP		
By Geography	% Shareholders	%
Indonesia	94.7 Inalum	65.0
United States	3.8 Dimensional Fund	1.3
Norway	1.0 Vanguard Group	1.2
Luxembourg	0.3 Norges Bank	0.7

Source: Company Data, NHKSI Research

Closing & Target Price Update



Source: Bloomberg, NHKSI Research

Rating & Target Price Update

Date	Rating	Target Price	Consensus
2017.07.21	Buy	IDR870	IDR1,099
2017.09.29	Buy	IDR1,070	IDR1,181
2018.01.16	Buy	IDR1,140	IDR1,165
2018.03.29	Buy	IDR1,240	IDR1,281
2020.06.26	Buy	IDR750	IDR540
2020.08.25	Buy	IDR1,200	IDR934

Source: NHKSI Research

NHKSI Stock Ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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