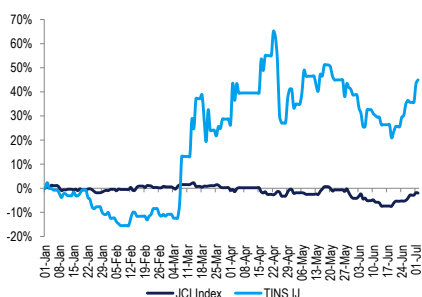


Stock Data

Target price	N/A
Prior TP	N/A
Current price	Rp935
Upside/downside	N/A
Shares outstanding (mn)	7,448
Market cap (Rp bn)	6,964
Free float	29%
Avg. 6m daily T/O (Rp bn)	52

Price Performance

	3M	6M	12M
Absolute	14.7%	45.0%	3.3%
Relative to JCI	15.8%	47.0%	-3.1%
52w low/high (Rp)	545 – 1,065		



Major Shareholders

Mineral Industri Indonesia	65.0%
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## Prudent RKAB approval could lead to structural cash costs improvement

- Based on our channel-check, only two sizable players have obtained mining-quota (RKAB) approval YTD, including PT Timah (TINS).
- While TINS' Apr24 & May24 indicative volume were below national export volume (Fig. 1), TINS benefitted from higher tin price (+30% YTD).
- In addition, we think TINS' production cash-costs may structurally improve, should recent prudent approach in RKAB approval remains.

### RKAB approval is imperative to illegal mining clampdown

During our group call with MIND ID and TINS, ESDM has adopted more prudent approach and only granted mining-quota (RKAB) approval to tin-miners that fulfills all requirements (incl. TINS). Such practice is also apparent in other base-metal mining such as nickel, in order to avoid the previous illegal mining cases occurring in Mandiodo (nickel) and Bangka & Belitung (tin). Hence, we think the reform via RKAB approval is imperative to illegal mining clampdown as miners/smelters could not export their tin products without having RKAB approval. As of now, only c.55kt RKAB quota has been approved vs. >100kt in FY22 & FY23.

### Indonesia tin export volume declined by 57% yoy in 5M24

As a result, coupled with ongoing investigation on illegal tin miners ([report](#)), 5M24 Indonesia tin exports have declined by 57% yoy to 10.3kt. Such low export volume has led to lower LME inventory (Fig. 3) with tighter supply reflected in +30% YTD rally in tin price. We think supply would remain tight following: 1) continuation of prudent approach in RKAB approval, and 2) planned maintenance in Yunnan and Jiangxi in Jun24 and Jul24 (c.30% global supply) due to low tin ore availability, positive to LME tin price.

### Higher tin price has led to costs improvement & elevated cash margin

TINS recorded US\$10k/t production cash margin in 1Q24 owing to lower cash-costs of US\$17k/t vs. ~US\$21k/t in FY23. We think cash costs could structurally improve due to higher bargaining power as TINS could purchase tin ore (raw material) from *Mitra Tambang* at a lower price, as it doesn't have to compete with illegal private-smelters. As of now, only two sizable players – incl. TINS, have obtained RKAB approval.

### Production may pick-up in 2H

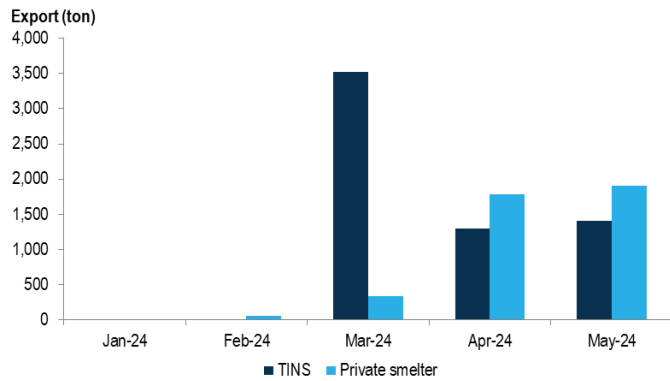
Our discussion with management indicates that TINS' average monthly production volume was around 1.4-1.5kt in 2Q24F due to weather-related issues with a target to increase monthly production to 2kt in 2H24F. Hence, our calculation indicates that at current production run-rate and ASP level (US\$32k/t), TINS is valued at 6x FY24F P/E. In the optimistic scenario, taking into account 2kt monthly production/sales in 2H24F, TINS is currently valued at only 4x FY24F P/E – lower than peers valuation (Fig. 7).

Financial Summary (Rp bn)	2019A	2020A	2021A	2022A	2023A
Revenue	19,303	15,216	14,607	12,504	8,392
EBITDA	772	1,039	3,066	2,129	403
Net profit	(611)	(341)	1,303	1,041	(450)
EPS growth	-215%	-44%	-482%	-20%	-143%
ROE	-12%	-7%	21%	15%	-7%
PER (x)	-11.4	-20.4	5.3	6.7	-15.5
EV/EBITDA (x)	22.1	12.0	3.2	4.2	20.5
Dividend yield	0.0%	0.0%	6.5%	0.0%	0.0%

Source: Company, Indo Premier

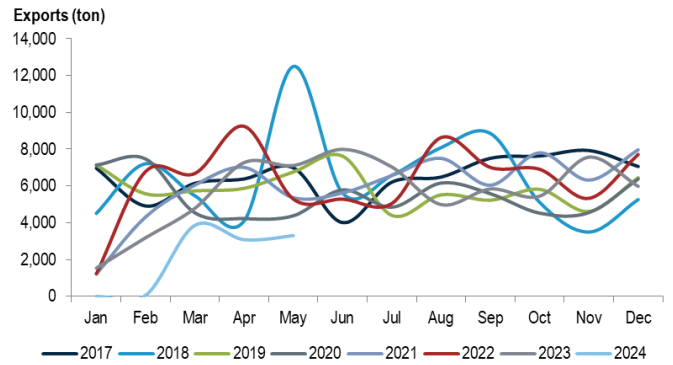
Share price closing as of: 2 July 2024

**Fig. 1: TINS export vs private smelter export (2024)**



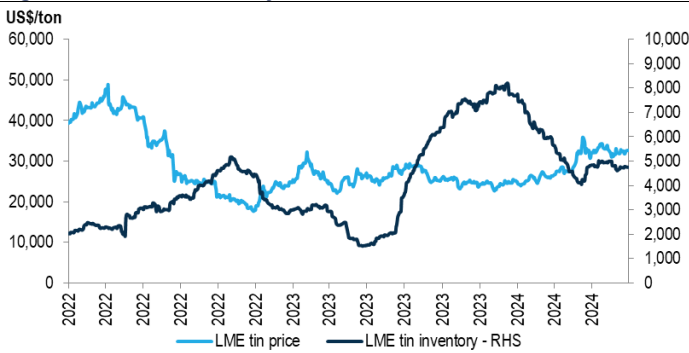
Source: Ministry of trade, Company data, Indo Premier; TINS' Apr24 and May24 volume are estimates

**Fig. 2: Indonesia tin exports remains low**



Source: Ministry of trade, Indo Premier

**Fig. 3: LME tin vs inventory**



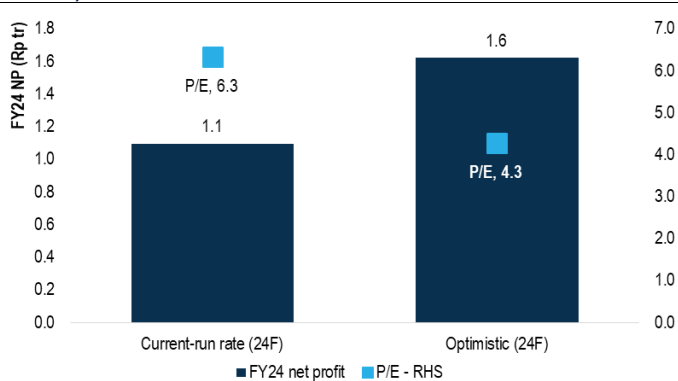
Source: Bloomberg, LME, Indo Premier

**Fig. 4: LME tin vs TINS share price**



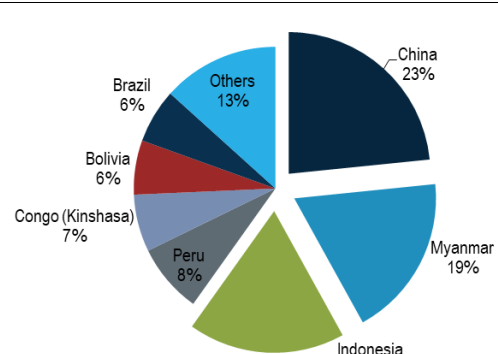
Source: Bloomberg, Indo Premier

**Fig. 5: FY24F NP estimates (based on US\$32k/t ASP in 2Q24F onwards)**



Source: Bloomberg, LME, Indo Premier

**Fig. 6: Global tin-mine supply**



Source: US Geological Survey (USGS), Indo Premier

**Fig. 7: Global tin producers' valuation comparison**

	P/E			EV/EBITDA			ROE (%)		
	FY21A	FY22A	FY23A	FY21A	FY22A	FY23A	FY21A	FY22A	FY23A
SMELT MK	9.2	11.0	12.7	6.7	8.3	9.0	20%	14%	11%
000960 CH	9.2	19.2	18.3	7.1	10.9	10.1	18%	8%	8%
TINS IJ	5.3	6.7	-15.5	3.2	4.2	20.5	21%	15%	-7%

Source: Company data, Indo Premier estimates; based on Rp925/share closing price

Income Statement (US\$ mn)	2019A	2020A	2021A	2022A	2023A
Net revenue	19,303	15,216	14,607	12,504	8,392
Cost of sales	(18,167)	(14,096)	(11,173)	(9,978)	(7,926)
<b>Gross profit</b>	<b>1,136</b>	<b>1,120</b>	<b>3,434</b>	<b>2,526</b>	<b>466</b>
SG&A Expenses	(1,212)	(902)	(1,195)	(1,123)	(992)
<b>Operating profit</b>	<b>(76)</b>	<b>217</b>	<b>2,239</b>	<b>1,403</b>	<b>(526)</b>
Net interest	(755)	(577)	(325)	(185)	(184)
Forex gain/(loss)	0	0	0	0	0
Others	108	90	(185)	188	263
<b>Pre-tax income</b>	<b>(722)</b>	<b>(270)</b>	<b>1,729</b>	<b>1,407</b>	<b>(447)</b>
Income tax	114	(67)	(425)	(365)	(3)
Minority interest	0	(0)	(0)	(0)	(0)
Others	(3)	(4)	(0)	0	0
<b>Net income</b>	<b>(611)</b>	<b>(341)</b>	<b>1,303</b>	<b>1,041</b>	<b>(450)</b>

Balance Sheet (US\$ mn)	2019A	2020A	2021A	2022A	2023A
Cash & equivalent	1,599	807	1,782	1,209	1,527
Receivable	1,620	1,198	1,871	985	803
Inventory	6,501	2,881	3,106	2,910	2,523
Other current assets	2,586	1,671	665	530	667
<b>Total current assets</b>	<b>12,307</b>	<b>6,557</b>	<b>7,424</b>	<b>5,635</b>	<b>5,519</b>
Fixed assets	3,601	3,436	3,448	3,513	3,161
Other non-current assets	4,453	4,524	3,819	3,919	4,173
<b>Total non-current assets</b>	<b>8,054</b>	<b>7,960</b>	<b>7,267</b>	<b>7,432</b>	<b>7,334</b>
<b>Total assets</b>	<b>20,361</b>	<b>14,518</b>	<b>14,691</b>	<b>13,067</b>	<b>12,853</b>
ST loans	8,791	3,802	1,533	374	1,259
Payable	1,969	885	886	764	865
Other payables	434	1,072	1,752	923	1,541
Current portion of LT loans	764	106	1,515	487	317
<b>Total current liab.</b>	<b>11,958</b>	<b>5,865</b>	<b>5,686</b>	<b>2,547</b>	<b>3,982</b>
Long term loans	2,102	2,449	1,434	2,245	1,269
Other LT liab.	1,043	1,263	1,262	1,233	1,360
<b>Total non-current liabilities</b>	<b>3,145</b>	<b>3,712</b>	<b>2,697</b>	<b>3,478</b>	<b>2,629</b>
<b>Total liabilities</b>	<b>15,103</b>	<b>9,578</b>	<b>8,383</b>	<b>6,025</b>	<b>6,611</b>
Equity	372	437	437	437	437
Retained earnings	4,950	4,610	5,913	6,498	5,736
Minority interest	0	0	0	0	0
Others	(65)	(107)	(41)	107	69
<b>Total SHE + minority int.</b>	<b>5,258</b>	<b>4,940</b>	<b>6,308</b>	<b>7,042</b>	<b>6,242</b>
<b>Total liabilities &amp; equity</b>	<b>20,361</b>	<b>14,518</b>	<b>14,691</b>	<b>13,067</b>	<b>12,853</b>

Source: Company, Indo Premier

Cash Flow Statement (US\$ mn)	2019A	2020A	2021A	2022A	2023A
Net income	(611)	(341)	1,303	1,041	(450)
Depr. & amortization	822	826	726	929	10
Changes in working capital	1,207	(629)	(578)	729	287
Others	(3,498)	5,544	2,589	415	3,267
<b>Cash flow from operating</b>	<b>(2,080)</b>	<b>5,401</b>	<b>4,039</b>	<b>3,115</b>	<b>3,115</b>
Capital expenditure	(660)	129	154	(150)	271
Others	(847)	(1,307)	(926)	(667)	(1,088)
<b>Cash flow from investing</b>	<b>(1,507)</b>	<b>(1,178)</b>	<b>(773)</b>	<b>(817)</b>	<b>(817)</b>
Loans	5,416	(5,309)	(2,162)	(1,314)	(94)
Equity	(40)	22	65	148	(37)
Dividends	0	0	456	0	0
Others	(940)	257	(655)	(1,692)	(2,727)
<b>Cash flow from financing</b>	<b>4,437</b>	<b>(5,030)</b>	<b>(2,296)</b>	<b>(2,859)</b>	<b>(2,859)</b>
FX effect	(35)	0	0	0	0
<b>Changes in cash</b>	<b>815</b>	<b>(807)</b>	<b>971</b>	<b>(561)</b>	<b>(561)</b>

Key Ratios	2019A	2020A	2021A	2022A	2023A
Gross margin	6%	7%	24%	20%	6%
Operating margin	0%	1%	15%	11%	-6%
Pre-tax margin	-4%	-2%	12%	11%	-5%
Net margin	-3%	-2%	9%	8%	-5%
ROA	-3%	-2%	9%	8%	-3%
ROE	-12%	-7%	21%	15%	-7%
Acct. receivables TO (days)	11.9	12.7	7.8	12.7	10.5
Inventory TO (days)	2.8	4.9	3.6	3.4	3.1
Payable TO (days)	9.2	15.9	12.6	13.1	9.2
Debt to equity	222%	129%	71%	44%	46%
Interest coverage ratio (x)	1.0	1.7	9.0	10.3	2.0
Net gearing	191%	112%	43%	27%	21%

Source: Company, Indo Premier